The Karur Vysya Bank Limited
Registered & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002
[CIN No: L65110TN1916PLC001295] [e-Mail: kvb_sig@kvbmail.com]
[Website: www.kvb.co.in] [Tel No: 04324-269441] [Fax No: 04324-225700]

NOTICE OF THE 100TH ANNUAL GENERAL MEETING

Notice is hereby given that the 100th Annual General Meeting of The Karur Vysya Bank Limited **(the 'Bank')** will be held at the Registered Office of the Bank, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002 on Thursday, July 18, 2019 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2019 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend on equity shares.

3. To appoint a Director in the place of Shri A K Praburaj (DIN: 07004825), who retires by rotation and being eligible, offers himself for re-appointment.

4. To re-appoint M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi, as the Statutory Auditors of the Bank and fix their remuneration.

   To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and the provisions of Section 30 of the Banking Regulation Act, 1949 and guidelines issued by Reserve Bank of India (RBI), (including any amendment, modification, variation or re-enactment thereof for the time being in force), and subject to the approval of Reserve Bank of India, M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi, (Firm Registration Number 001076N/N500013), be and are hereby re-appointed as the statutory auditors of the Bank to hold office from the conclusion of 100th Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank on such terms and conditions, including annual remuneration/ fees of ₹ 68,00,000/- (Rupees Sixty Eight Lakh only) plus out of pocket expenses not exceeding 15% of the fees and applicable GST, with the power to the Board including Audit Committee thereof to alter and vary the terms and conditions of appointment, the remuneration, etc., including by reason of necessity on account of conditions as may be stipulated by RBI and/or any other authority, in such manner and to such extent as may be mutually agreed with the statutory auditors."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to Sections 139, 143(8) and other applicable provisions of the Companies Act, 2013 read with the Companies(Audit and Auditors) Rules, 2014 and other applicable rules, if any, and the applicable provisions of the Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by the Reserve Bank of India, Board of Directors of the Bank, in consultation with Statutory Auditors, be and is hereby authorized to appoint the Branch Auditors, who are qualified to act as Auditors including Statutory Auditors and to fix their remuneration and out of pocket expenses, based on the recommendations of the Audit Committee of the Board."

6. To appoint Shri Sriram Rajan (DIN: 02162118) as a Non-Executive Independent Director.

   To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to Sections 149, 152, 160, Schedule IV and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, and the provisions of the Articles of Association of the Bank, Shri Sriram Rajan (DIN: 02162118), be

and is hereby appointed as 'Non- Executive Independent Director' of the Bank for a period of three (3) years with effect from January 19, 2019, not liable to retire by rotation."

7. To take on record the appointment of Shri N S Srinath (DIN: 01493217) as a Non-Executive Independent (Part-time) Chairman of the Bank and to approve his remuneration.

To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder, and the approval accorded by the Reserve Bank of India in terms of Section 10B(1A)(i) and other applicable provisions of the Banking Regulation Act, 1949 and Regulation 17(6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, and the provisions of the Articles of Association of the Bank, consent of the Members of the Bank be and is hereby accorded to take on record the appointment of Shri N S Srinath (DIN: 01493217) as Non-Executive Independent (Part-time) Chairman of the Bank for a period of three (3) years with effect from May 27, 2019 and to approve the following terms and conditions of remuneration and other perquisites."

Sl No	Particulars	
1	Remuneration	Consolidated salary of ₹ 12 Lakh per annum (₹ 1 lakh per month)
2	Perquisites Furnished House/Use of Bank's car/ Subscription to news papers/Provident Fund/ Gratuity Telephone	 Free use of Banks car for official purpose. Provision of residential phone with Mobile
3	Travelling and Halting Allowance	As applicable to Bank's other Directors as per RBI Circular No. BC.54/08.95.004/98 dated June 10,1998
4	Insurance Cover	Insurance cover for journey by Air/Road/Rail for official purposes as applicable to other Directors of the Bank from time to time.
5	Sitting Fees for attending Board/ Committee Meetings	May be guided by RBI Circular No:BC.54/08.95.004/98 dated June 10, 1998.

8. To continue the second term of Shri N S Srinath (DIN: 01493217) Non-Executive Independent (Part–time) Chairman of the Bank as a Non-Executive Independent Director.

To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Section 10A (2A) (i) and other applicable provisions of the Banking Regulation Act, 1949 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, and the provisions of the Articles of Association of the Bank, consent of the members of the Bank be and is here by accorded to continue the second term of Shri N S Srinath (DIN: 01493217) as Non-Executive Independent Director of the Bank co-terminus with his tenure as Non-Executive Independent (Part-time) Chairman of the Bank, not liable to retire by rotation."

9. To re-appoint Smt CA K L Vijayalakshmi (DIN: 07116809) as a Non-Executive Independent Director for second term.

   To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to Sections 149, 152, 160, Schedule IV and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, and the provisions of the Articles of Association of the Bank, Smt CA K L Vijayalakshmi (DIN: 07116809) be and is hereby re-appointed for second term as Non-Executive Independent Director of the Bank to hold office with effect from July 21, 2019 to March 21, 2023, not liable to retire by rotation."

10. To re-appoint Dr K S Ravichandran (DIN: 00002713) as a Non- Executive Independent Director for second term.

    To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

    "RESOLVED THAT pursuant to Sections 149, 152, 160, Schedule IV and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, and the provisions of the Articles of Association of the Bank, Dr K S Ravichandran (DIN: 00002713) be and is hereby re-appointed for second term as Non-Executive Independent Director of the Bank to hold office with effect from July 21, 2019 to May 25, 2024,not liable to retire by rotation."

By order of the Board
For the Karur Vysya Bank Limited

Srinivasa Rao M
Company Secretary
(Membership No. ACS 19189)

Place: Karur
Date: 28.05.2019

NOTES

1. DATES OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Bank will remain closed from Friday, July 12, 2019 to Thursday, July 18, 2019 (both days inclusive).

2. PROXIES

A Member/beneficial owner entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself/herself and such a proxy need not be a member of the Bank. The instruments appointing proxies (i.e. Form No.MGT-11) in order to be effective should be lodged with the Registered & Central Office of the Bank not less than 48 hours before the commencement of the meeting.

Pursuant to the provisions of the Companies Act, 2013 and the underlying Rules viz., Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Bank carrying voting rights. Proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll.

3. Corporate Members intending to authorize their representative to attend the Meeting and vote on their behalf are requested to send a certified copy of the Board Resolution to the Registered & Central Office of the Bank.

4. The Attendance at the Meeting will be regulated through the Attendance Slip and the same will be verified with the records maintained with the Bank. Members who hold shares in dematerialised form are requested to quote their DP ID and Client ID number(s) and those who hold shares in physical form are requested to quote their folio number(s) along with valid identity proof to facilitate their identification at the Meeting.

5. The certificate from the Statutory Auditors of the Bank certifying that the Bank's Employees Stock Option Schemes are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolutions passed by the Members of the Bank, will be available for inspection by the members at the AGM.

6. All statutory registers and the relevant documents referred to in this Notice requiring the approval of the Members at the meeting shall be available for inspection by the Members at the Registered & Central Office of the Bank on all working days between 10 a.m. and 12 noon upto the date of the meeting i.e., July 18, 2019. This Notice and the Annual Report will also be available on the Bank's website www.kvb.co.in for download.

7. EXPLANATORY STATEMENT

An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the meeting is annexed hereto.

Brief profile of the Directors proposed to be appointed/re-appointed, as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard 2 (SS-2) on General Meetings issued by the Institute of Company Secretaries of India is attached to this Notice.

8. DIVIDEND ENTITLEMENT

Board of Directors of the Bank, at its meeting held on May 15, 2019 recommended Dividend of ₹ 0.60 per equity share (face value of ₹ 2/- each) for the financial year ended March 31, 2019, subject to approval of the statutory authorities and shareholders of the Bank in the Annual General Meeting.

The Bank has notified closure of Register of Members and Share Transfer Books from Friday, July 12, 2019 to Thursday, July 18, 2019 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if approved at the meeting.

The dividend on equity shares, if approved at the meeting, will be paid/dispatched between Friday, July 19, 2019 and Thursday, July 25, 2019 to those Members whose names appear on the Bank's Register of Members on Thursday, July 11, 2019. In respect of shares held in dematerialised form, the dividend will be paid to those Members whose names are furnished by the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.

9. DEMATERIALISATION OF SHARES

The shares of the Bank have been traded in Dematerialised form in the Stock Exchanges. The shareholders who have not so far dematerialised their shares are requested to do so in their own interest having regard to the safety and benefits attached thereto.

As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In this regard, shareholders holding shares in physical form are requested to dematerialize their shares in order to avail the benefit of free transferability. Any request for transfer of shares with effect from April 1, 2019 will not be permitted if the shares are held in physical mode. Physical shareholders are requested to contact the Registered & Central Office of the Bank or Registrars & Transfer Agents of the Bank: M/s S.K.D.C. Consultants Ltd., for further information in this regard.

10. CHANGE OF ADDRESS

Members in respect of shares held in physical form, are requested to notify changes in their addresses along with pin code to the Registrars & Share Transfer Agents of the Bank:

M/s S.K.D.C. Consultants Ltd.,
(Unit: The Karur Vysya Bank Limited)
"Kanapathy Towers", 3rd Floor, 1391/A1,
Sathy Road, Ganapathy Post, Coimbatore – 641006
Phone: +91 422 4958995, 2539835-836 Fax: +91 422 2539837
e-Mail: info@skdc-consultants.com | Website: www.skdc-consultants.com
CIN: U74140TZ1998PLC008301

In case the shares are held in electronic form (demat), changes, if any, in their addresses shall be communicated to the Depository Participants (DPs) where the beneficiary account is maintained.

11. UNCLAIMED DIVIDENDS

a) In compliance with Section 124 of the Companies Act, 2013, dividend for the financial year ended March 31, 2012 which remains Unclaimed for a period of seven years, shall become due for transfer on **August 29, 2019** to the Investor Education and Protection Fund (IEPF) of the Central Government. Members who have not claimed their dividend for the above mentioned year are requested to make their claim to Shri Srinivasarao Maddirala, Compliance Officer, The Karur Vysya Bank Limited, Investor Relations Cell, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002 or to Registrars & Share Transfer Agents of the Bank: M/s S.K.D.C. Consultants Ltd., (Unit: The Karur Vysya Bank Limited), "Kanapathy Towers", 3rd Floor, 1391/A1, Sathy Road, Ganapathy Post, Coimbatore – 641006 **as early as possible but not later than August 29, 2019.**

b) Intimation Letters were sent to members of the Bank who have not claimed their Dividends for FY 2011-12 for seven consecutive years. An Advertisement was also published in Business Standard (all editions) and Dinamalar (Trichy edition) and requested the Shareholders to claim the Dividends from the Bank by August 29, 2019, failing which, their shares would be transferred to the IEPF Authority as per the procedure prescribed in the IEPF rules.

The information pertaining to Unclaimed Dividends and the details of such Members and the Shares due for transfer to the IEPF Authority are also available on the Bank's website at www.kvb.co.in

c) The Bank has already transferred all Shares in respect of which Dividend had not been claimed for seven consecutive years or more along with Unclaimed Dividend, declared for the Financial Year ended March 31, 2011 and earlier periods to the Investor Education and Protection Fund.

12. In order to receive the dividend without loss of time, Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Bank for payment of dividend. Members are requested to update their bank account details as per the Core Banking System (CBS), including 9 digit MICR Code and 11 digit IFSC, e-Mail ID and Mobile No(s) with their respective Depository Participants. This will enable the Bank for making of payments of future dividends directly to their bank account through National Automated Clearing House (NACH) mode.

13. Shareholders holding shares in physical form are requested to update the bank account details as per the Core Banking System (CBS), including 9 digit MICR Code and 11 digit IFSC, e-Mail ID and Mobile No(s) with the Registrars and Share Transfer Agents, M/s S.K.D.C. Consultants Ltd., by mentioning the folio number and attaching a cancelled Cheque leaf of their current bank account and a self-attested copy of the PAN card and Bank Pass Book/Voter ID/Aadhaar Card to confirm the present address of the shareholder.

14. The Securities and Exchange Board of India vide its Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 has mandated submission of Permanent Account Number (PAN) and bank account details by every participant in securities market. Accordingly, Members holding shares in physical form are requested to submit self-attested copy of the PAN Card(s) and Aadhaar Card, unsigned copy of the cheque leaf where an active Bank account is maintained to the Bank's Registrars and Transfer Agent: M/s S.K.D.C. Consultants Ltd. Further members holding shares in electronic form are requested to submit their PAN Card(s) and Bank Details to their Depository Participants with whom they are maintaining their demat accounts.

15. Members described as "Minors" in the address but who have attained majority of age, may get their status in Register of Members updated by producing proof of age.

16. Members holding shares in single name and physical form may avail facility for making nominations in respect of the shares held by them. All rights of transfer and/or to amounts payable in respect of the shares shall vest in the nominee in the event of the death of the shareholder. The specimen of the Nomination Form is attached to this Notice and can also be downloaded from the Bank's website in the link https://www.kvb.co.in/docs/share-holding-nomination-form.pdf. A minor may be a nominee provided that the name of the guardian is mentioned in the Nomination form. The facility of nomination is not available to non-individual members such as bodies corporate, kartas of Hindu Undivided Families, partnership firms, societies, trusts and holders of Power of Attorney.

17. Members who have not registered their e-Mail addresses so far are requested to register their e-Mail address so that they can receive the Annual Report and other communications from the Bank electronically.

Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits sending of soft copies of Annual Reports to all those shareholders who have registered their e-Mail addresses with the Bank/Depository Participant unless the member has specifically requested for a hard copy of the same.

The Companies Act, 2013 has also recognized serving of documents to any Member through electronic mode. In terms of the Circular No. NSDL/CIR/II/10/2012 dated March 9, 2012, issued by NSDL, e-Mail addresses made available by the

Depository (for your respective Depository Participant) accounts as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be your registered email address for serving notices/documents including those covered under Sections 101 and 136 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014 relating to serving of documents in electronic mode.

In the light of the requirements prescribed by the aforesaid circulars for those Members whose Depository Participant (DP) accounts do not contain the details of their email address, printed copies of the Notice of Annual General Meeting and Annual Report for the year ended March 31, 2019, would be dispatched through permitted mode.

18. In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Amendment Rules, 2015, the Bank is providing the e-Voting facility to its Members holding shares in physical or dematerialized form, as on the 'cut-off' date being Thursday, July 11, 2019, to exercise their right to vote by electronic means on any or all of the Resolutions specified in this Notice (the 'Remote e-Voting'). A person who is not a Member as on the said cut-off date, will not be entitled to vote and should treat this Notice, for information purpose only. Details of the process and manner of Remote e-Voting along with the User Id and Password are furnished separately.

    In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the related rules, the Bank is pleased to provide the e-Voting facility to all its Members, to enable them to cast their votes electronically. The Bank has engaged the services of NSDL for the purpose of providing e-Voting facility to all its Members.

19. For those members who do not have access to e-Voting facility, the Bank is offering Physical Ballot attached to the Notice of the meeting and the same may be used for casting their votes. The Bank has also enclosed Business Reply Envelope for this purpose. Instructions for using ballot form are furnished on reverse of the ballot form. Members who have exercised their right to vote by physical ballot form may attend AGM, but shall not vote at the AGM.

20. Kindly note that members can opt for only one mode of voting i.e. either by Physical Ballot or through e-Voting. However, in case Members casting their vote both by Physical Ballot and e-Voting, then voting done through e-Voting shall prevail and voting done by Physical Ballot will be treated as invalid.

21. Pursuant to the Companies (Management and Administration) Amendment Rules, 2015, the Bank is pleased to offer voting through electronic means facility at the Annual General Meeting. Members attending the meeting should note that those who are entitled to vote but have not exercised their right to vote by 'Remote' e-Voting/Physical Ballot Voting may vote at the Annual General Meeting through electronic means for all the resolutions specified in the Notice. The voting rights of the Members shall be in proportion to their shares of the paid up Equity Share Capital of the Bank as on the 'cut-off' date being Thursday, July 11, 2019 subject to the provisions of the Banking Regulation Act, 1949 as amended and the extant RBI guidelines.

22. Members may please note that in case of any technical failure or eventuality resulting into non-functionality of the electronic voting system at the meeting, Members would be provided the Physical Ballot Paper for casting their votes at the meeting.

23. The Board of Directors has appointed Shri S Solaiyappan (FCS No. 9293), M/s Solaiyappan & Associates, Practising Company Secretaries as the Scrutinizer to scrutinize the Postal Ballot Forms/e-Voting process in a fair and transparent manner.

24. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of electronic means to all those Members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-Voting/Physical Ballot Voting through post.

25. The Scrutinizer will collate the votes downloaded from the e-Voting system, votes received through Physical Ballot Forms and the votes cast at the AGM for all resolutions set forth in the Notice convening the AGM. On completion of the Scrutiny, the Scrutinizer will submit his report to the Chairman, who shall counter sign the same and declare the results of the voting.

The Results on the above resolutions stated in the Notice shall be declared not later than 48 hours from the conclusion of the AGM of the Bank and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions.

26. The results declared along with the report of the Scrutinizer shall be made available on the website of the Bank www.kvb.co.in and on the website of NSDL immediately after the declaration of results by the Chairman. The results shall also be immediately forwarded to the Stock Exchange where the Bank's shares are listed.

27. The e-Voting facility will be available during the following voting period:

Commencement of e-Voting	End of e-Voting
Saturday, July 13, 2019 (10:00 a.m. IST)	Wednesday, July 17, 2019 (5:00 p.m. IST)

During this period Members of the Bank, holding shares either in physical form or in dematerialised form, as on the cut-off date viz., **Thursday, July 11, 2019** may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

28. The route map of the venue of the meeting is given in the Notice.

29. **e-Voting procedure is as under:**

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at **https://www.evoting.nsdl.com/**

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN123*** and Client ID is 12****** then your user ID is IN123***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Bank. For example EVEN is 123456 and folio number is A0****, then user ID is 123456A0****

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      1. If your e-Mail ID is registered in your demat account or with the Bank, your 'initial password' is communicated to you on your e-Mail ID. Trace the e-Mail sent to you from NSDL from your mailbox. Open the e-Mail and open the attachment i.e. pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.

      2. If your email ID is not registered, you can check the communication sent to your postal address for further instructions about obtaining password.

   d) Member may obtain a User ID and password for casting his/her vote by remote e-voting by sending a request at evoting@nsdl.co.in by providing the details such as Demat account no or Folio no, PAN no, name, address etc.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "**Forgot User Details/Password**?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **Physical User Reset Password**?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, name and your registered address.

7. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

8. After entering your password, tick on Agree to the "Terms and Conditions" by selecting on the check box.

9. Now, you will have to click on "Login" button.

10. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of "The Karur Vysya Bank Limited" company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders:

1. Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to solaiofficeballot@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Bank as on the cut-off date of Thursday, July 11, 2019. Any person, who acquires shares of the Bank and become member of the Bank after dispatch of the notice and holding shares as of the cut-off date i.e. Thursday, July 11, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or kvb_sig@kvbmail.com or info@skdc-consultants.com.

A member may participate in the AGM even after exercising his right to vote through remote e-Voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting as well as voting at the AGM through electronic means.

Note to Item No. 4 on Appointment of Statutory Central Auditors

M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi, (Firm Registration Number 001076N/N500013) was appointed as Statutory Auditors of the Bank from the conclusion of 99th Annual General Meeting until the conclusion of 100th Annual General Meeting of the Bank.

The Board of the Bank recommends the re-appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi, (Firm Registration Number 001076N/N500013) as the statutory auditors of the Bank, subject to approval of Reserve Bank of India, to hold office from the conclusion of 100th Annual General Meeting until the conclusion of next Annual General Meeting of the Bank, at the annual remuneration/fee of ₹ 68,00,000/- (Rupees Sixty Eight Lakh only) plus out of pocket expenses not exceeding 15% of the fees and applicable GST, for the purpose of audit of the Bank's accounts at its head office, branches and other offices.

M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi have confirmed their eligibility to be appointed as Statutory Auditors in terms of Section 141 of the Companies Act, 2013 and applicable rules.

Your Directors, therefore, recommend the re-appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi as the Bank's statutory auditors.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in this resolution.

EXPLANATORY STATEMENT

(As required under Section 102(1) of the Companies Act, 2013)

In conformity with Section 102(1) of the Companies Act, 2013 ("Act") the following explanatory statement set out the material facts relating to Item Nos. 5 to 10 of the Notice.

Item No. 05

In terms of the provisions of Companies Act, 2013 ("Act") and the Rules, if any, made thereunder, the Branch Offices of the Bank have to be audited either by Statutory Auditors or other qualified Auditors. Bank intends to entrust the Audit of Branch Offices either to the Statutory Auditors or to other qualified Auditors in consultation with Statutory Auditors on such remuneration and on such terms and conditions as the Board deems fit based on the recommendations of the Audit Committee of the Board.

Your Directors, therefore, recommend passing of the resolution, as set forth in Item No.5 of this Notice.

None of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in this resolution.

Item No. 06

Shri Sriram Rajan (DIN: 02162118) was co-opted as an Additional (Independent) Director of the Bank in the Board Meeting held on January 19, 2019 under the provisions of Section 161 of the Companies Act, 2013 and Article 27 of the Articles of Association of the Bank. He holds office up to the date of this Annual General Meeting. Nomination and Remuneration Committee (NRC) of the Board proposed his candidature for the office of Director of the Bank under the provisions of the Companies Act, 2013. Shri Sriram Rajan is a senior Information Technology professional with 18 years of experience spanning the entire IT landscape.

Shri Sriram Rajan has furnished the consent for his appointment and declarations as required under the Act, Rules made thereunder. The NRC at its meeting held on May 10, 2019 made the due diligence of declaration and undertaking submitted by Shri Sriram Rajan and having found him to be 'fit and proper' in terms of criteria prescribed by the Reserve Bank of India for Directors of banks, recommended his appointment to the Board of Directors. Based on the declaration received from him that he meets the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board is of the opinion that he fulfils the conditions for appointment as an Independent Director of the Bank and is independent of the management.

Your Directors, therefore, recommend the appointment of Shri Sriram Rajan (DIN: 02162118) as a Non-Executive Independent Director of the Bank, for a period of three years with effect from January 19, 2019, not liable to retire by rotation, as set forth in Item No. 6 of this Notice. The Brief Profile of the Director sought to be appointed as Non-Executive Independent Director is set out in the Additional Information.

Except Shri Sriram Rajan and his relatives, none of the other Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in this resolution.

Item Nos. 07 & 08

Consequent to completion of tenure, Shri B Swaminathan, Non-Executive Independent (Part-time) Chairman, demitted office at the close of office hours on January 19, 2019. The Board of the Bank in its meeting held on March 25, 2019 has appointed Shri N S Srinath (DIN: 01493217) as Non-Executive Independent (Part-time) Chairman of the Bank subject to the approval of Reserve Bank of India for a period of three years. Reserve Bank of India accorded their approval vide their letter DBR.Appt. No.9955/08.41.001/2018-19 dated May 27, 2019 for the appointment of Shri N S Srinath as Non-Executive Independent (Part-time) Chairman of the Bank for a period of three years with effect from May 27, 2019 on the terms and conditions as mentioned in the resolution. Shri N S Srinath has furnished declarations as required under the Act and the Rules made thereunder.

Shri N S Srinath is experienced Banker having over 35 years of rich experience in the banking industry. He has been on the Board of the Bank since 2012 as a Non-Executive Independent Director representing Majority Sector "Banking – Human Resources

Management". His long association with the Board of the Bank as also his enormous Banking experience will be of immense value to the Bank in his capacity as (Part-time) Chairman.

Shri N S Srinath was co-opted as an Additional Director on June 29, 2012 and was elected as a Director in the Annual General Meeting held on July 30, 2012. Pursuant to Sections 149 and 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri N S Srinath was appointed as an Independent Director of the Bank, for a period of 3 years in the AGM held on July 23, 2014. Further in the AGM held on July 21, 2017, he was re-appointed for second term as an Independent director for further period up to June 28, 2020 in compliance with the provisions of Section 10A (2A) of the Banking Regulation Act, 1949.

In terms of Section 10A (2A) of the Banking Regulation Act, 1949, no director of a banking company, other than its Chairman or whole-time Director, by whatever name called, shall hold office continuously for a period exceeding eight years. In the extant case, Reserve Bank of India accorded their approval for the appointment of Shri N S Srinath as Non-Executive Independent (Part-time) Chairman of the Bank for a period of three years and being the Chairman of the Board, he is allowed to continue on the Board of the Bank beyond eight (8) years. As the second term of Shri N S Srinath as an Independent Director ends on June 28, 2020, Board recommends the continuation of his second terms as an Independent Director of the Bank co-terminus with his tenure as Non-Executive Independent (Part-time) Chairman of the Bank pursuant to the provisions of Section 149 of the Companies Act, 2013 and Section 10A (2A) of the Banking Regulation Act, 1949.

Based on the declaration received from him, that he meets the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board is of the opinion that he fulfils the conditions for continuation of his second term as an Independent Director of the Bank and is independent of the management.

Your Directors, therefore, recommend to take on record the appointment of Shri N S Srinath (DIN: 01493217) as Non-Executive Independent (Part-time) Chairman of the Bank and to approve his terms and conditions of remuneration. Further Board also recommends the continuation of his second term as an Independent Director co-terminus with his tenure as Chairman of the Bank as set forth in Item Nos. 7 & 8 of this Notice. The brief profile of the Non-Executive Independent (Part-time) Chairman of the Bank is set out in the Additional Information.

Except Shri N S Srinath and his relatives, none of the other Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in this resolution.

Item No. 09

Smt CA K L Vijayalakshmi (DIN: 07116809), a Non-Executive Independent Director of the Bank, was co-opted as an Additional Director on March 22, 2015. She was appointed as a Director in the Annual General Meeting held on July 22, 2015.

Pursuant to the provisions of Section 149, 152 and Schedule IV of the Companies Act, 2013 and the Rules made thereunder and Section 10 A (2A) of the Banking Regulation Act, 1949, Smt CA K L Vijayalakshmi was appointed as a Non-Executive Independent Director of the Bank for a period of three years at 97th Annual General Meeting held on July 21, 2016, the said three years term of appointment ends on July 20, 2019.

In terms of Section 149 (10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment for a further period upto five years on passing of a special resolution by the company. Further, in terms of Section 10A (2A) of the Banking Regulation Act, 1949, no director of a banking company, other than its Chairman or whole-time Director, by whatever name called, shall hold office continuously for a period exceeding eight years.

As Smt CA K L Vijayalakshmi is completing her four year and four months period on July 20, 2019 from the date of co-option and she may be re-appointed for a second term up to the completion of her continuous period of eight years in compliance of Section 10A(2A) of the Banking Regulations Act, 1949.

Smt CA K L Vijayalakshmi has furnished the consent for her re-appointment and declarations as required under the Act, Rules made thereunder. The NRC in its meeting held on May 10, 2019 made due diligence of declaration and undertaking submitted by Smt CA K L Vijayalakshmi and having found her to be 'fit and proper' in terms of criteria prescribed by the Reserve Bank of India for Directors of banks, recommended her appointment to the Board of Directors.

Based on the declaration received from her that she meets the criteria of independence as prescribed under section 149 (6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board is of the opinion that she fulfils the conditions for re-appointment as Independent Director and is independent of the management. Based on the skills, integrity, experience, knowledge and performance evaluation, Board appointed Smt CA K L Vijayalakshmi as Non-Executive Independent Director of the Bank for second term with effect from July 21, 2019 up to March 21, 2023, subject to the approval of the shareholders at the Annual General Meeting by passing a special resolution.

Your Directors, therefore, recommend the re-appointment of Smt CA K L Vijayalakshmi (DIN: 07116809) as a Non-Executive Independent Director of the Bank, not liable to retire by rotation, as set forth in Item No. 9 of this Notice. The Brief Profile of the Director sought to be re-appointed as Non-Executive Independent Director is set out in the Additional Information.

Except Smt CA K L Vijayalakshmi and her relatives, none of the other Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in this resolution.

Item No. 10

Dr K S Ravichandran (DIN: 00002713), a Non-Executive Independent Director of the Bank, was co-opted as an Additional Director on May 26, 2016. Pursuant to the provisions of Section 149, 152 and Schedule IV of the Companies Act, 2013 and the Rules made thereunder and Section 10 A (2A) of the Banking Regulation Act, 1949, Dr K S Ravichandran was appointed as a Non-Executive Independent Director of the Bank for a period of three years at 97th Annual General Meeting held on July 21, 2016, the said three years term of appointment ends on July 20, 2019.

In terms of Section 149 (10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment for a further period upto five years on passing of a special resolution by the company. Further, in terms of Section 10A (2A) of the Banking Regulation Act, 1949, no director of a banking company, other than its Chairman or whole-time Director, by whatever name called, shall hold office continuously for a period exceeding eight years.

As Dr K S Ravichandran is completing his first term of appointment on July 20, 2019, he may be re-appointed for a second term upto the completion of his continuous period of eight years in compliance of Section 10A(2A) of the Banking Regulation Act, 1949.

Dr K S Ravichandran has furnished consent for his re-appointment and declarations as required under the Act, Rules made thereunder. The Board in its meeting held on May 15, 2019 made due diligence of declaration and undertaking furnished by Dr K S Ravichandran and found him to be 'fit and proper' in terms of criteria prescribed by the Reserve Bank of India for Directors of banks. Further based on the declaration received from him that he meets the criteria of independence as prescribed under section 149 (6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board is of the opinion that he fulfils the conditions for re-appointment as independent Director and is independent of the management. Based on the skills, integrity, experience, knowledge and performance evaluation, Board appointed Dr K S Ravichandran as Non-Executive Independent Director of the Bank for second term with effect from July 21, 2019 upto May 25, 2024, subject to the approval of the shareholders at the Annual General Meeting by passing a special resolution.

Your Directors, therefore, recommends the re-appointment of Dr K S Ravichandran (DIN: 00002713) as a Non-Executive Independent Director of the Bank, not liable to retire by rotation, as set forth in Item No. 10 of this Notice. The Brief Profile of the Director sought to be re-appointed as Non-Executive Independent Director is set out in the Additional Information.

Except Dr K S Ravichandran and his relatives, none of the other Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in this resolution.

Additional Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 (SS-2) with respect to the Director, seeking appointment/re-appointment:

Item No. 3

Brief Resume:

Shri A K Praburaj (DIN: 07004825), aged 48 years, is a Commerce graduate and is one of the Promoters of the Bank. He was a Director of the Bank during the period December 04, 1997 to March 07, 2004. He is a dealer in Indian Oil Corporation and has interest in certain finance firms. He was co-opted as an Additional Director on December 09, 2014 and elected as Director in 96th AGM held on July 22, 2015. He is a Non-Executive Non-Independent Director of the Bank.

Nature of his experience in specific functional areas	Trade and Commerce
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is not related to any of the Directors, Manager, Key Managerial Personnel of the Bank.
Shareholding	89,866 Equity Shares
No of Board Meetings attended during the year	18/18
Terms and conditions of appointment or re-appointment including remuneration	Non-Executive Non-Independent Director, liable to retire by rotation, eligible for sitting fees.
Sectoral Representation	Minority Sector “Trade & Commerce”
Names of the listed entities (other than The Karur Vysya Bank Limited) in which the person also holds the directorship and the membership of Committees of the Board	Directorships: Nil Memberships of Committees: Not Applicable

Item No. 6

Brief Resume:

Shri Sriram Rajan, (DIN: 02162118), aged 46 years, graduated with Bachelor of Engineering (Electrical Engineering) from Regional Engineering College (NIT) Bhopal (with distinction) and Post Graduate Diploma in Management from Xavier Institute of Management, Bhubaneswar.

Shri Sriram Rajan is a Technology professional with over 18 yrs of experience in the IT industry. His experience in the technology sector spans across Analytics, Cloud, Security, IoT, Middlware, Hardware, Software and Services. He believes that Software has the potential to transform businesses fundamentally - thereby infusing unprecedent growth and scale.

He has a proven track record of building and scaling large businesses his leadership style is collaborative and team-work oriented. He believes that ‘People’ are the cornerstones of an organization, and that leaders play a significant role in establishing a climate where they are invigorated to bring their best selves to work every day. He led, through his career, talent and people development from the front, by focusing on their skills and competencies.

He has experience spanning various aspects of the business – product management, leading channels and branches, P&L management, services delivery, fulfillment, customer satisfaction. In his last assignment at IBM he led the Analytics Platform business for the Asia Pacific markets. He is currently engaged in growing and scaling an organic farming business, with the vision to make available chemical free vegetables and fruits to customers; develop sustainable farms; help communities, in and around the farm, gain economic prosperity and make advancements in education.

He has completed a program in ‘Executive Leadership’ from Cornell University. He is certified across the entire range of IBM Analytics products, ‘Watson Data Platform’, Block Chain to name a few. His guiding career purpose is to create an impact in the IT industry, that is global in its applicability, and contribute significantly towards poverty alleviation, and children’s education.

Nature of his experience in specific functional areas	Information Technology
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is not related to any of the Directors, Manager, Key Managerial Personnel of the Bank.
Shareholding	2,500 Equity Shares
No of Board Meetings attended during the year	3/3
Terms and conditions of appointment or re-appointment including remuneration	Non-Executive Independent Director for a period of three (3) years, not liable to retire by rotation, eligible for sitting fees.
Sectoral Representation	Majority Sector 'Information Technology'
Names of the listed entities (other than The Karur Vysya Bank Limited) in which the person also holds the directorship and the membership of Committees of the Board	Directorships: Nil Memberships of Committees: Not Applicable

Item Nos. 7 & 8

Brief Resume:

Shri N S Srinath (DIN: 01493217), aged 67 years, is a graduate in Science and Law and a Certified Associate of the Indian Institute of Bankers. He holds certificate in Industrial Finance. He started his career in Banking by joining Canara Bank in the year 1970 and worked in the Bank in the various geographical regions viz., Bihar, Karnataka, Tamil Nadu and New Delhi. He was elevated to various cadres between 1970 to April 2006 and worked in the Bank as a General Manager in charge of Personnel Wing at its Head Office at Bangalore from May 2006. In Canara Bank, he has served in different locations, worked in various administrative offices (Head Office and Circle Office) departments like Development, Internal Control, Recovery, Information Technology, Credit, Operations, HR, etc., besides banking operations. He was instrumental in implementing ERP solutions in Canara Bank and has deep insight into leveraging technology and optimization of Human Resources Management.

He was appointed as an Executive Director of the Bank of Baroda, a whole time Directorship as Government of India Nominee from December 07, 2009, a post which he had held up to his retirement on May 31, 2012. In Bank of Baroda, being executive Director, besides the Board responsibilities, he was in charge of HR, Recovery, SME, Priority Sector Lending, International operations, Retail Lending. Bank of Baroda won the Best Bank award among Public Sector Banks for the performance for the year 2011.

He was Chairman on the Boards of Bank of Baroda (Trinidad and Tobago) Limited and Bank of Baroda Ghana Limited, wholly owned subsidiaries of Bank of Baroda till May 31, 2012 and was also on the Board of India Infrastructure Finance Company (UK) Limited from December 01, 2010 till October 31, 2011.

He was also on the Board of Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), a Section 25 Company registered under the Companies Act, 1956, since its inception till May 31, 2012. He was trustee (Government of India Appointment) in Stressed Assets Stabilization Fund till December 31, 2015.

Nature of his experience in specific functional areas	Banking
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is not related to any of the Directors, Manager, Key Managerial Personnel of the Bank.
Shareholding	3,463 Equity Shares
No of Board Meetings attended during the year	18/18

Terms and conditions of appointment or re-appointment including remuneration	Non-Executive Independent (Part-time) Chairman of the Bank for a period of three (3) years, not liable to retire by rotation, eligible for sitting fees & remuneration as detailed in the resolution.
Sectoral Representation	Majority Sector “Banking – HRM”
Names of the listed entities (other than The Karur Vysya Bank Limited) in which the person also holds the directorship and the membership of Committees of the Board	Directorships: Nil Memberships of Committees: Not Applicable

Item No. 9

Brief Resume:

Smt CA K L Vijayalakshmi (DIN: 07116809), aged 54 years, is a graduate in Business Management from University of Mysore and Fellow Member of the Institute of Chartered Accountants of India. She is a Partner in M/s Khicha and Prabu Kesavan, Chartered Accountants, Coimbatore since 1995. She has more than 28 years of experience in various Statutory Audits, Bank Branch Audits, Concurrent Audits, Income Leakage Audits, Stock Audits etc., and Audit of Public Sector Undertakings, Branch Audit of Insurance companies. She also has rich experience in providing taxation and Project Advisory for SMEs. Currently she is a Non-Executive Independent Director of the Bank.

Nature of her experience in specific functional areas	Practising Chartered Accountant
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	She is not related to any of the Directors, Manager, Key Managerial Personnel of the Bank.
Shareholding	3,207 Equity Shares
No of Board Meetings attended during the year	17/18
Terms and conditions of appointment or re-appointment including remuneration	Non-Executive Independent Director of the Bank for a period commencing from July 21, 2019 to March 21, 2023, not liable to retire by rotation, eligible for sitting fees.
Sectoral Representation	Minority sector “Commerce & Special Knowledge -Accountancy”
Names of the listed entities (other than The Karur Vysya Bank Limited) in which the person also holds the directorship and the membership of Committees of the Board	Directorships: Nil Memberships of Committees: Not Applicable

Item No. 10

Brief Resume:

Dr K S Ravichandran (DIN: 00002713), aged 57 years, holds a Masters in Commerce, a Bachelor in Law, a Fellow Member of the Institute of Company Secretaries of India, a Diploma in Electronics and Radio Communication Engineering and a Diploma in Technology. He was awarded a doctorate from the Department of Management, Alagappa University on Prosecution of Directors under Company Law and Criminal Law in India & UK. He had served the Indian Air Force for over 9 years specializing in Russian Radar Systems. He is the Founder and Managing Partner of M/s KSR & Co Company Secretaries LLP.

He specializes in Corporate Laws, Insolvency and Bankruptcy Code, 2016, Intellectual Property Rights and Arbitrations and appears regularly before various Tribunals, Appellate Tribunals, Regulators and Adjudicating Authorities. Many cases argued by him have been reported in leading law journals. He was one of the longtime member of the Secretarial Standards Board of the Institute of Company Secretaries of India.

He is a member of International Association for Protection of Intellectual Property Rights; INSOL International, a global organization of corporate insolvency professionals and Chartered Institute of Arbitrators, UK. He is the Co-Chairman of the Karnataka Council of ASSOCHAM. He has authored more than 500 Articles and 7 books, the latest being on "Contraventions under Corporate Laws''. He has addressed in more than 300 seminars and conferences. Currently, he is a Non-Executive Independent Director of the Bank.

Nature of his experience in specific functional areas	Practising Company Secretary
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is not related to any of the Directors, Manager, Key Managerial Personnel of the Bank.
Shareholding	3,248 Equity Shares
No of Board Meetings attended during the year	15/18
Terms and conditions of appointment or re-appointment including remuneration	Non-Executive Independent Director of the Bank for a period commencing from July 21, 2019 to May 25, 2024, not liable to retire by rotation, eligible for sitting fees.
Sectoral Representation	Majority Sector "Law"
Names of the listed entities (other than The Karur Vysya Bank Limited) in which the person also holds the directorship and the membership of Committees of the Board	Directorships: Nil Memberships of Committees: Not Applicable

By order of the Board
For the Karur Vysya Bank Limited

Place: Karur
Date: 28.05.2019

Srinivasa Rao M
Company Secretary
(Membership No. ACS 19189)

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The Karur Vysya Bank Limited
Registered & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002
[CIN No: L65110TN1916PLC001295] [e-Mail: kvb_sig@kvbmail.com]
[Website: www.kvb.co.in] [Tel No: 04324-269441] [Fax No: 04324-225700]

PHYSICAL BALLOT FORM

1.	Name of Sole/First Member	
2.	Name(s) of Joint Member (s), if any	
3.	Registered Folio No./DP & Client ID	
4.	Number of Shares held	

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed through e-Voting/Physical Ballot for the business stated in the 100th AGM Notice of the Bank by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below.

Item No.	Description	Type of resolution (Ordinary/ Special)	No. of Shares held	I assent to the resolution (FOR)	I dissent to the resolution (AGAINST)
1	Adoption of the audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon	Ordinary			
2	Declaration of Dividend on equity shares	Ordinary			
3	Appointment of Director in the place of Shri A K Praburaj (DIN: 07004825), who retires by rotation and being eligible, offers himself for re-appointment	Ordinary			
4	Re-appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi, (Registration No. 001076N/N500013) as the Statutory Auditors of the Bank and fixation of remuneration thereof	Ordinary			
5	Appointment of Branch Auditors of the Bank and fixing their remuneration	Ordinary			
6	Appointment of Shri Sriram Rajan (DIN: 02162118) as a Non-Executive Independent Director	Ordinary			
7	Taking on record the appointment of Shri N S Srinath (DIN: 01493217) as a Non-Executive Independent (Part-time) Chairman of the Bank and to approve his remuneration	Ordinary			
8	Continuation of Second term of appointment of Shri N S Srinath (DIN: 01493217) Non-Executive Independent (Part-time) Chairman of the Bank as a Non-Executive Independent Director	Special			
9	Re-appointment of Smt CA K L Vijayalakshmi (DIN: 07116809) as a Non-Executive Independent Director for second term	Special			
10	Re-appointment of Dr K S Ravichandran (DIN: 00002713) as a Non-Executive Independent Director for second term	Special			

Place :

Date : **(Signature of Member)**

NOTE: Kindly read the instructions printed overleaf before filling the form.

Last date for receipt of Physical Ballot Form by Scrutinizer is **Wednesday, the July 17, 2019, 5.00 pm.**

INSTRUCTIONS FOR VOTING THROUGH PHYSICAL BALLOT

1. Physical Ballot Form is being provided to facilitate members, who do not have access to e-Voting facility provided by the Bank for the 100th AGM in terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Members may send their assent or dissent in writing for the business stated in the notice.

2. A Member desiring to exercise his/her vote by Physical Ballot Form should complete this Physical Ballot form, sign and send in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer as per instruction 6 below at the address Shri Solaiyappan Scrutinizer, C/o S.K.D.C. Consultants Limited, (Unit: The Karur Vysya Bank Limited), "Kanapathy Towers", 3rd Floor, 1391/A1, Sathy Road, Ganapathy Post, Coimbatore – 641006. Postage will be borne and paid by the Bank. Envelopes containing Physical Ballots, if deposited in person or sent by courier at the expenses of the Members will also be accepted.

3. The self-addressed envelope bears the name of the Scrutinizer appointed by the Board of Directors of the Bank and the address at which the Physical Ballot Form is to be sent.

4. The Physical Ballot form should be completed and signed by the Members. In the case of joint shareholding, this form should be completed and signed by the first named Member and in his absence, by the next named Member(s). Unsigned Physical Ballot Forms will be rejected. The signature on the Physical Ballot Form must tally with the specimen signature registered with the Bank.

5. Where the Physical Ballot Form has been signed by an Authorized Representative of a body corporate, a certified copy of the relevant authorizations to vote on the Physical Ballot should accompany the Physical Ballot Form. A member may sign the Form through an Attorney appointed specifically for this purpose, in which case an attested true copy of the Power of Attorney should be attached to the Physical Ballot Form.

6. Duly completed Physical Ballot Forms should reach the Scrutinizer not later than **5.00 p.m. on July 17, 2019.** Any Physical Ballot Form received after this time and date will be treated as if the reply from the Member has not been received.

7. A Member may request for a duplicate Physical Ballot Form, if so required. However the duly filled in duplicate Physical Ballot Form should reach the Scrutinizer not later than the time and date specified at Item No. 6 above.

8. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Member on **Thursday, July 11, 2019,** which is the Cut-off date fixed for this purpose.

9. Members are requested not to send any other paper along with the Physical Ballot Form in the enclosed self-addressed postage pre-paid envelope and any extra paper found in such envelope would be destroyed by the Scrutinizer. A Member need not use all the votes nor does he need to cast all the votes in the same way.

10. There will be only one Physical Ballot Form for every folio irrespective of the number of joint member(s).

11. The Scrutinizer's decision on the validity of a Physical Ballot will be final and binding. Any Incomplete, unsigned or incorrect Physical Ballot Forms will be rejected.

12. The right of e-Voting and Physical Ballot Form through post shall not be exercised by a Proxy.

13. Members may please note that they have to vote through anyone of the modes viz: e-Voting, Physical Ballot through post or voting at AGM venue. **Members who have already voted prior to the Meeting Date would not be entitled to vote at the Meeting Venue.**

Form No. SH-13
Nomination Form

[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To,
The Karur Vysya Bank Limited
Registered & Central Office,
No. 20, Erode Road, Vadivel Nagar,
L.N.S., Karur - 639002

I/We……the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.	
				From	To

(2) PARTICULARS OF NOMINEE/S –

(a) Name:
(b) Date of Birth: __/__/_____
(c) Father's/Mother's/Spouse's name:
(d) Occupation:
(e) Nationality:
(f) Address:
(g) e-Mail id:
(h) Relationship with the security holder:

Signature of the Nominee

(3) IN CASE NOMINEE IS A MINOR –

(a) Date of birth:
(b) Date of attaining majority
(c) Name of guardian:
(d) Address of guardian:

Signature of the Nominee

Name of the Security Holder:			
Signature of Security Holder:			
Name & Address of the Witness:			
Signature of witness:			

FOR OFFICE USE ONLY

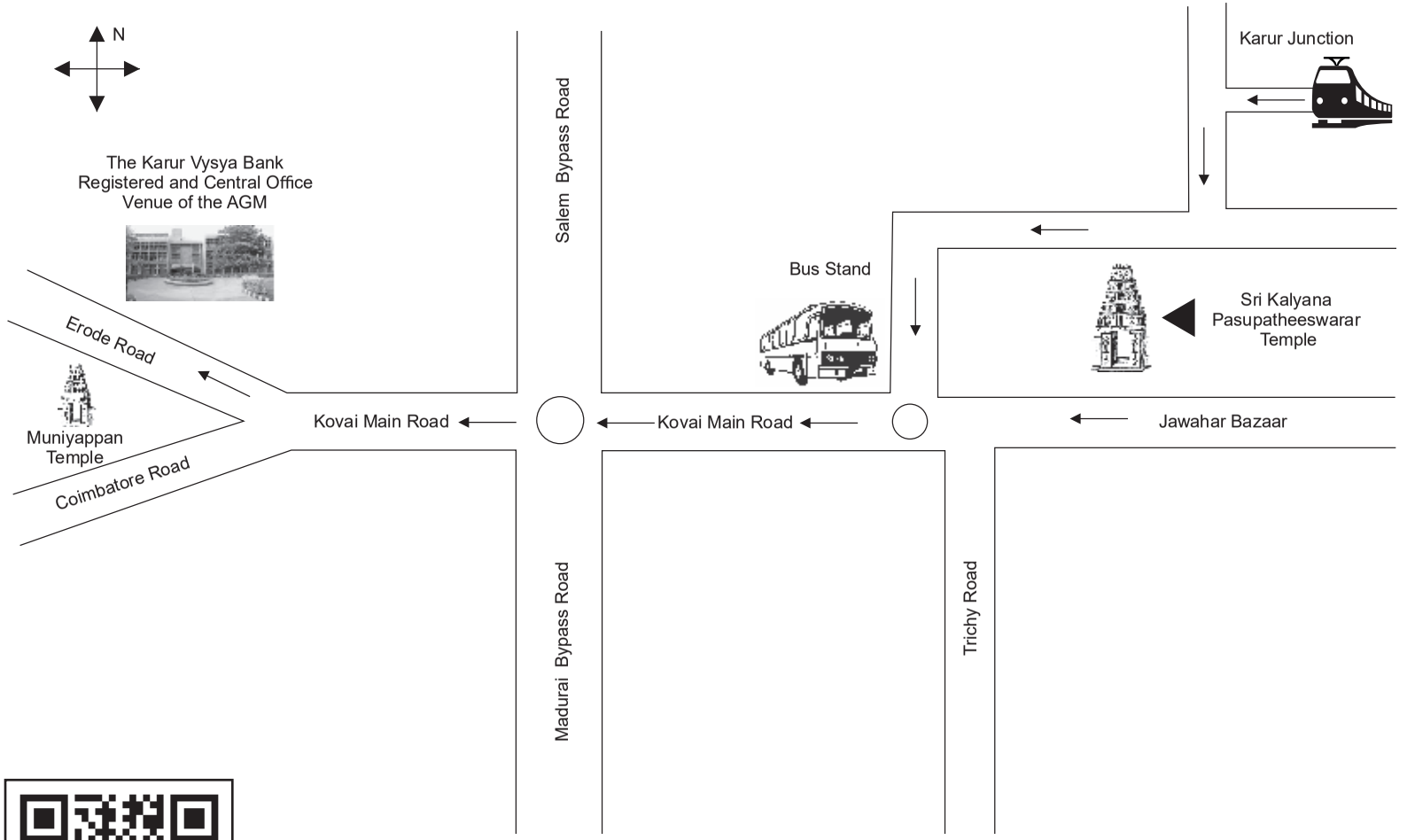
Nomination Registration Number:	
Date of Registration:	
Checked by and Signature of Emp.:	

INSTRUCTIONS

1. Please read the instructions given below carefully before filling up the Nomination form. If it is not filled up as per instructions, the same will be rejected.
2. The Nomination can be made only by individuals holding shares on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form. Nomination forms shall be valid only if it is signed by all the holders. Space is provided as specimen, if there are more joint holders more sheets can be added for signatures of holders of shares and witness.
3. Separate Nomination form should be used for each ledger Folio irrespective of the number of shares held under the Folio.
4. A minor can be nominated by a holder of shares and in that event the name and address of the guardian shall be given by the holder.
5. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on repartriable basis (Subject to the approval of RBI as applicable).
6. Nomination stand rescinded upon transfer of share.
7. Transfer of share in favour of a nominee shall be a valid discharge by the Bank against the legal heirs.
8. The Nomination will be registered only when it is complete in all respects including the signature(s) of (a) all registered holders (as per specimen lodged with the Bank) and (b) the nominee.

NOTES:

Map Showing Location of the Venue of the 100th Annual General Meeting of the Karur Vysya Bank Limited



To view the route map of AGM venue in your smartphone/tabs, please scan this QR Code with your camera-enabled smartphone/tabs. If you do not have a QR Code scanner, you may download the same from your app store.



ANNUAL REPORT 2018 - 19

KVB Karur Vysya Bank
Smart way to bank

OUR VISION

Delight customers continually by blending tradition with technology, to deliver innovative products and services at affordable rates, through a PAN India network.

OUR MISSION

Adapt technology to introduce innovative products and services as well as increase the value of products on an on-going basis and provide them at reasonable rates.

Expand branch network to reach the top business centres, besides unbanked and under banked areas in the country.

Strengthen the financials through effective deployment of funds and ensuring financial discipline while adhering to the regulator's guidelines.

Update the knowledge and skills of the human capital to provide quality customer support.

OUR FOUNDERS



SHRI M A VENKATARAMA CHETTIAR



SHRI ATHI KRISHNA CHETTIAR

The Vision of Two Legends

KVB, one of the oldest banks in the country, has been a trendsetter in the field of banking and has justly merited the reputation of being one of the best of its kind. The seeds of the Bank were sown on 1st July 1916 by two great visionaries and illustrious sons of Karur, late Shri M. A. Venkatarama Chettiar and late Shri Athi Krishna Chettiar. They were men with sound business acumen, pragmatic vision, clear foresight, unwavering determination and a high spirit of nationalism.

The founders envisaged a commercial bank which will meet the credit needs of the merchants, thereby alleviate the problems of the middle class. They took upon themselves the task of proceeding with the formation of the banking company. It took them nearly three years to mobilise seed capital, a major part of which was collected only on the basis of their personal assurance / guarantees.

On their part, while promoting a company for the purpose of banking, they visualized that it should be an institution based on ethics and integrity. It was more of a mission for trust and community service rather than a commercial venture.

Today KVB continues the glorious tradition initiated by the founders and is committed to serving its clientele and society at large with the same zeal and enthusiasm.



BOARD OF DIRECTORS



Sitting left to right: SMT CA K.L. VIJAYALAKSHMI, SHRI M.K. VENKATESAN, SHRI N.S. SRINATH (CHAIRMAN), SHRI P.R. SESHADRI (MD & CEO), Dr. V.G. MOHAN PRASAD

Standing left to right: SHRI A.K. PRABURAJ, SHRI R. RAMKUMAR, SHRI SRIRAM RAJAN, SHRI M.V. SRINIVASAMOORTHI, Dr. K.S. RAVICHANDRAN



J. NATARAJAN
PRESIDENT & COO



G.S. ANANTHA KUMAR
CHIEF GENERAL MANAGER



S. BALAJI
CHIEF GENERAL MANAGER



T. SIVARAMA PRASAD
GENERAL MANAGER & CFO



V. SRINIVASAN
GENERAL MANAGER



M. BALACHANDRAN
GENERAL MANAGER



S. SEKAR
GENERAL MANAGER



C. SARAVANUN
GENERAL MANAGER



SAIRAJ G R
GENERAL MANAGER



T S NARAYAN
GENERAL MANAGER



ASHOK KUMAR G P
GENERAL MANAGER



M D RAMESH MURTHY
GENERAL MANAGER & CRO



DOLPHY JOSE
GENERAL MANAGER



GURURAJA RAO S
GENERAL MANAGER

COMPANY SECRETARY & ASSISTANT GENERAL MANAGER

SRINIVASA RAO MADDIRALA

DEPUTY GENERAL MANAGER

UNNIKRISHNAN K
RAJAGOPALAN R
JARARD THOMAS
MURALI KUMAR M
VENKATESAN R
RAMSHANKAR R
RAMESH E
N TIRUMALA RAMANA RAJASHEKER
VARADHARAJAN A
RAMKUMAR B
MURALI L
CHANDRASEKARAN R N
ANBURAJ V
RADHESYAM T
RAMAKRISHNA C
RAMESH PRABHU V
GOKULCHANDAR D S
AKBAR DORAI D
SESHADRINATHAN L
RATHINAM K
R V S RAMANJANEYA KUMAR
RAVICHANDRAN K
GIRIDHARAN S
RAJEEV RANJAN
ABHISHEK BEDBAK
NITIN RANGASWAMI A

REGISTERED & CENTRAL OFFICE

CIN: L65110TN1916PLC001295 | Registered & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S. Karur - 639002.
Phone: 04324-269440-43 | Fax: 04324-225700 | E-mail: kvb_sig@kvbmail.com | Website: www.kvb.co.in

LEGAL ADVISER

K.N. SHRINIVASAN

AUDITORS

M/s WALKER CHANDIOK & CO LLP, CHARTERED ACCOUNTANTS, KOCHI

SECRETARIAL AUDITOR

M/s SOLAIYAPPAN & ASSOCIATES, COMPANY SECRETARIES, SALEM.

KVB Karur Vysya Bank
Smart way to bank

CONTENTS

MD & CEO's letter to shareholders 5

Photo Gallery 9

Directors' Report 17

Management Discussion and Analysis 31

Corporate Governance Report 48

Independent Auditors' Report 99

Balance Sheet 108

Profit and Loss Account 109

Schedules 110

Cash Flow Statement 153

BASEL III – Pillar 3 Disclosures 155

Network of Branches 178

Principal Correspondent Banks 188

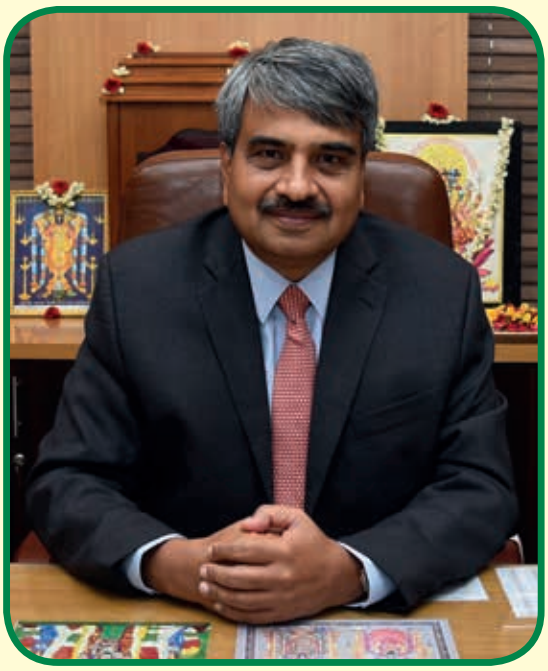
Go Green!

View our Annual Report online and help us in reducing the usage of paper for printing this report, at

https://www.kvb.co.in/investor-corner/annual-general-meeting/agm-annual-reports/

You can also scan the QR Code on your smartphone to view the Annual Report online.

Managing Director & CEO's Letter to the shareholders



Dear Shareholders,

On behalf of the Board of Directors and Employees of the Bank, it gives me great pleasure to invite you all to the 100th Annual General Meeting of your Bank.

It is a humbling experience to stand before you on this momentous occasion – the 100th AGM. At the outset, I would like to thank our various constituents – customers, shareholders, regulators, staff, and business-partners - for their help and support in making our journey a success. Without your continued trust and support, this journey would indeed have been parlous. We continue to remain grateful for the confidence that all of you repose on us.

Before I brief you of the developments that have taken place during the year in your Bank, I would like you to visualise the changing environment in which we are operating now.

The trite and hackneyed phrase, "change is the only constant", has never been truer than in our times. The rapid evolution of technology is impacting life in general. Its effect on businesses that are more amenable to automation – e.g. banking and finance – have been even more startling. These changes can be classed into the following broad types: first, impacting how banking products and services are accessed by consumers; and, second, the nature of the products and services offered.

Technological changes with respect to first have changed the way customers are interacting with the bank. Initially, the customers shifted away from the Teller at the branch to an Automated Teller Machine. From there, they have moved to the web and thereafter to their phones. Every type of banking transaction can be carried out by the customer – save for accessing his / her locker – without setting foot in a branch.

The pace of migration from physical channels to digital channels is only increasing. Banks that do not adapt to these changes would face a Darwinian future. Your Bank has over the last year made considerable progress in adapting itself to the new paradigm. Your Bank's KVB Dlite App allows customers to carry out their normal banking operations – checking balances, looking at payment status, account statements, stopping cheques, activating / deactivating cards, making payments etc. - seamlessly from their phones. It also enables them to pay bills and shop seamlessly! I am happy to inform you that KVB Dlite has been downloaded over a million times and has received very good ratings from users. KVB Dlite also allows non-customers' to access our services in a simple and seamless manner, thereby increasing our customer count considerably.

The revolution on the lending side has been similarly notable. The market today is crowded by "FinTechs", which have taken advantage of the digital infrastructure in the country to disintermediate Banks. These

entities rely on the “India Stack” and the rapidly developing infrastructure of Credit Bureaus and other information providers to process loan applications electronically and quickly. I am happy to inform you that your Bank is a leading player in this arena as well. Your Bank launched its “Digital Transformation” journey approximately 18 months ago. During this period, all our retail loans and smaller ticket commercial facilities (less than INR 2 crore) have been fully automated and digitalised. This has given us – for the first time – the capability to compete with the newer private sector banks and Fintech’s on an equal footing. Indeed in some cases, your Bank’s offerings are superior to those that are offered by any competitor. This has helped your Bank grow retail loans by 48% (24% excluding Interbank Participation Certificates).

“May you live in interesting times”, is said to be an ancient Chinese curse. Our times are anything but interesting. By definition, ‘interesting’ implies volatility which in turn implies risk. Over the last year many events have driven volatility: first, external events led to a sharp devaluation of the Rupee followed by a subsequent recovery; second, factors connected with the ‘first’, and perhaps others, led to sharp movements in money market instrument yields; third, events associated with a NBFC in the infrastructure space led to sharp contraction of credit, initially in the NBFC space and thereafter to the broader market; fourth, trade related events on account of protectionism.

This by no means a comprehensive list. What it does highlight is the need for your Bank to remain vigilant at all times and to have risk management systems that can address events of this nature.

To this end, I am happy to report that we have made very substantial progress. Not only has the staffing of our Risk Department been substantially enhanced, their access to tools / technologies to deal with risk have also been enhanced. Your Bank, till a year ago, underwrote most of its loans relying solely on the judgment of the underwriter. Whilst this is not a problem when the underwriter is skilled, consistency of the underwriting decisions taken at the Branch level remains an issue. To address the same, our digital solutions deliver the underwriting decisions through score-card based models. This enables us to continue providing superior service at the branch – i.e. decisions can be communicated immediately at the Branch while enhancing controls within the lending process. Over the year, all retail and small ticket commercial loans (below INR 2 crore) have transitioned to this model. I am happy to inform you that the portfolio performance on the newer cohorts is significantly better than the older ones.

Frank Knight of the University of Chicago – a leading thinker in the area of risk - makes a distinction between risk and uncertainty in his seminal work – Risk, Uncertainty and Profit. As Knight saw it, an ever-changing world brings new opportunities for businesses to make profits, but also means we have imperfect knowledge of future events. Therefore, according to Knight, risk applies to situations where we do not know the outcome of a given situation, but can accurately measure the odds. Uncertainty, on the other hand, applies to situations where we cannot know all the information we need in order to set accurate odds in the first place.

For all Banks risk and uncertainty need to be managed as a composite quantity. As an aside, I am as yet unaware of any bank that has an “Uncertainty Department” - only a “Risk Department” that perforce has to manage both. Rapid environmental changes – of the type that we have been going through – create significant uncertainty. That in turn adds to volatility in the portfolio as the impact of uncertainty flows through. Your Bank is taking steps to ensure that the impact of Risk and Uncertainty are managed effectively. An important hedge against risk is capital. On this count, I am happy to report that your Bank is one of the best capitalised entities operating in the country today with CRAR at 16%.

While your Bank rolled out the initiatives envisaged in the prior year and had many successes during the current year, it is perhaps appropriate to address the challenges first.

During the year we continued to face headwinds with respect to portfolio performance. These arose principally from the Corporate and Commercial books. Your Bank has invested a great deal of effort to improve its collections practices – a consequence of which has the sharp reduction in delinquent principal (i.e. the total principal of loans where loans remain unpaid for more than 30 days). Your Bank is working hard to ensure that the gains made in portfolio performance are maintained as we go into this year. I would like to reiterate that the newer vintages – i.e. new loans underwritten using the digital systems – are performing much better and this gives us confidence that the portfolio performance will improve with time.

Our successes during the year include the following:

a. Successfully enhancing capital without diluting existing holders by raising INR 487 crore of Tier II Debt. As stated earlier, CRAR stands at 16% with CET1 ratio 14.28%, well above the regulatory prescription.

b. Total business grew by 7%. While Advances grew by 10%, Liabilities grew by 5%. Savings Deposits grew 10%, Demand Deposits grew 4% and Time Deposits grew 4%. Measured on averages, Savings Deposits grew 12%, Demand Deposits 6% and Time Deposits 2%.

c. CASA performance was good with your Bank hitting the 30% mark (as a proportion of total deposits) for the first time.

d. The nature of our Advances Portfolio changed materially during the year. The Retail – our best performing portfolio – grew 48% to account for 22% of the total portfolio (up from 17%). Corporate shrank 2%, whilst Commercial and Agriculture grew at 6% and 3% respectively.

e. Your Bank implemented Risk Based Pricing. This enabled your Bank to ensure that the Net Interest Margins remained at levels close to industry best. While NIM on an annualised basis was lower than prior year (on account of large non-recurring interest income in the prior year), however, the last quarter of FY 2018-19 saw our NIMs expand to 3.88%.

f. Revenues grew 4% in aggregate (Net Interest Income (NII) grew 3% and Other Income grew 7%). NII growth was adversely impacted by reversals on account of flows into NPA. As the portfolio performance improves growth on this count will get restored. Other Income continues to very encouraging. It may be noted that your Bank is an outlier amongst peers with respect to the Other Income.

g. Expense grew by 14%. While other operating costs were under control (growing by 9%), staff expenses grew 19% on account of: first, larger than expected accruals for employee retirement benefits; and second, full year impact of expected IBA wage settlement.

h. Your Bank's treasury portfolio has been substantially restructured during the year. This results in reduced risk / volatility.

i. Provision Coverage Ratio ((PCR) as defined by RBI) improved to 56.86%. PCR - defined as Provisions Held divided by Gross NPA - improved from 36.17% to 44.07%.

j. Upgraded the Core Banking Platform to give us multi-channel transactional capabilities together with Open API Banking.

k. Launched Commercial Credit Card

Your Bank is positioned well to take on the challenges / opportunities of tomorrow. Our investments over the last year in technology, manpower, knowledge and infrastructure will enable us target the right customers and serve them in the right manner. Changes to our risk acceptance and risk management functions will help us originate high quality risk and thereafter ensure its appropriate maintenance. Our traditional focus on customer service – delivered through our friendly staff – has helped build an enviable reputation with our customers.

The market is offering us enormous opportunities. Our competitors – many of the other banks and NBFCs - are unable to address customers as they battle Capital or Liquidity challenges. In this background, our new systems should undoubtedly give us an advantage that we are determined to convert into realised market share gains.

As we move into the current year, our focus shifts to the following:

First, to get throughput from our technology initiatives – both on the assets and liabilities side. While our new systems have been adopted well by our staff, greater familiarity will result in higher sales.

Second, scale Transaction Banking Platform – both on the loans as well as deposit side. This platform is currently undergoing upgradation. This will enable us to grow our share in Supply Chain Finance.

Third, we intend to launch and scale a digital gold loan offering during the year. Your Bank has been traditionally dominant in this space. However, newer players and newer technologies have reduced our efficacy in this area. We intend to ensure that is corrected over the year.

Fourth, scale our Commercial Cards business. Whilst the launch and test phases have been successful, we have thus far not added cards aggressively as we continue to test the systems / processes. Over the year we intend to scale this business and turn this into an engine of revenue growth.

Fifth, grow non-banking revenues. These grew by 38% last year. We intend to continue to grow in this space. We have proposed to establish a Wealth Management joint venture with M/s. Centrum Wealth Management Ltd., subject to approval by the RBI. This will enable us to enhance the services that we currently provide our customers. Our current offerings - transactional services together with savings and borrowing – will be expanded to include investment related services. This will increment the level of engagement with our key customers and open up other opportunities for the bank.

We remain confident of continuing to add value to our various constituents – customers, shareholders, employees and business partners.

I would like to take this opportunity to thank our shareholders for their support and patronage. In addition, I would like to place on record our thanks to the Reserve Bank of India and other regulatory authorities for the continuing support and guidance.

With warm greetings,

P. R. Seshadri,
MD & CEO



99TH ANNUAL GENERAL MEETING



FOUNDERS' DAY CELEBRATION



Lighting of Gayathri lamp by Shri N. Ram, Chairman of The Hindu Publishing Group



FOUNDERS' DAY CELEBRATION

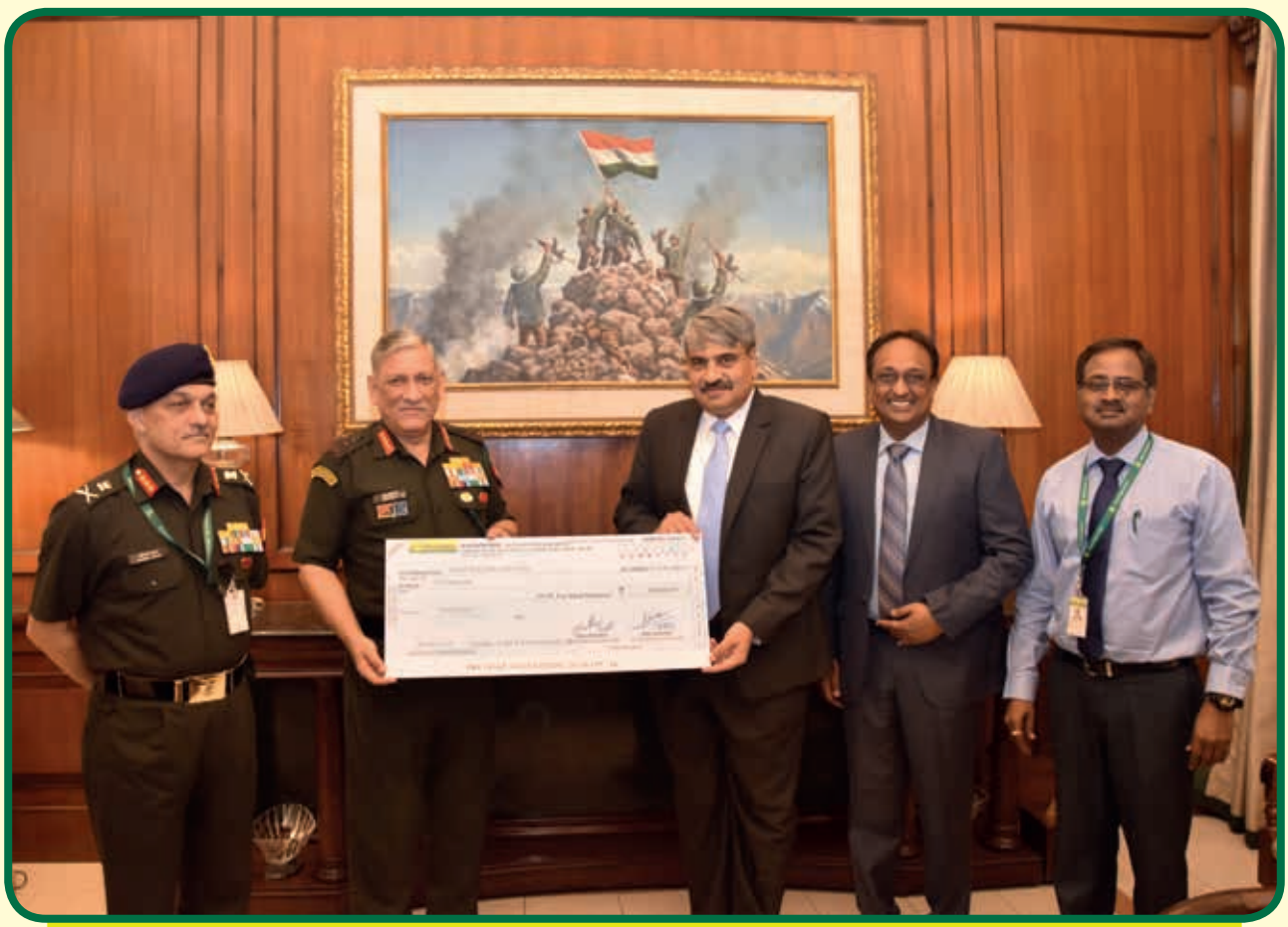




CSR ACTIVITIES

Donation for Army Welfare

The Bank has donated ₹ 5 crore to Army Welfare Fund as a part of CSR activity. Shri. P R Seshadri, MD & CEO handing over the donation to General Bipin Rawat, Chief of the Army Staff.



Left to right: Lt General Ashwani Kumar, PVSM, AVSM, VSM, ADC, Adjutant General, General Bipin Rawat, PVSM, UYSM, AVSM, YSM, SM, VSM, ADC, Chief of the Army Staff, Shri. P R Seshadri, MD & CEO, Karur Vysya Bank Ltd. , Shri. G R Sairaj, General Manager, Karur Vysya Bank Ltd. and Shri. Prabhakar Gorthi, Delhi Division Head, Karur Vysya Bank Ltd.

CSR ACTIVITIES

Donation for a Noble Cause



Dr. V. Shanta (4th from right) , Chairperson, Cancer Institute, Adyar receiving the ambulance in the presence of other dignitaries.

FAREWELL TO CHAIRMAN



Bank gave an affectionate farewell to
Shri B. Swaminathan, Chairman who retired on 19th January 2019.

MSME BANKING EXCELLENCE AWARD



Bank received BEST MSME BANK Award from Chamber of Indian Micro Small and Medium Enterprises (CIMSME). Shri. Srinivasan V, General Manager, Commercial Banking Group, along with Shri. Jarard Thomas, Deputy General Manager & Shri. Vinoth Kumar S, Assistant General Manager are seen receiving the award on behalf of the Bank from Honorable Union Minister for MSME, Shri. Giriraj Singh, Govt. of India at a function held at New Delhi on 20th July 2018.

DIGITAL TRANSFORMATION PROJECT MOVING AHEAD WITH A RAPID PACE



INTEGRATED TREASURY AT MUMBAI



Bank's state of art Integrated Domestic & Forex Treasury became functional at Mumbai in June 2018



Karur Vysya Bank
Smart way to bank

DIRECTORS' REPORT

To the Members

Your Directors are immensely pleased to present the 100th Annual Report of business and operations of your Bank together with audited statement of accounts for the financial year ended 31st March 2019.

Key Performance Indicators

Your Bank achieved reasonable growth in its operations during the year under review. The Indian economic environment, while exhibiting its traditional robustness, still had to contend with pockets of stress – e.g. increased asset quality related issues, liquidity driven issues arising from Non-bank lenders being unable to access professional markets which in turn had a knock on effect on the economy in general. In addition, the year saw a heightening of risks associated with cyber security. Under these circumstances, your Bank made significant progress as highlighted below:

Particulars	31.03.2019 (₹ in Cr)	31.03.2018 (₹ in Cr)
Deposits	59,867.95	56,890.09
Advances	50,615.66	45,973.14
Investments	15,136.52	15,992.25
Total Income	6,778.59	6,599.59
Total Expenditure	5,067.81	4,822.26
Operating Profit	1,710.78	1,777.32
Net Profit	210.87	345.67

Total Business

The total business of your Bank reached ₹ 1,10,483.61 Cr as on 31st March 2019 as compared to ₹ 1,02,863.23 Cr of previous year with a growth of 7.41%.

Deposits

Your Bank's Gross Deposits improved to ₹ 59,867.95 Cr as on 31st March 2019 from ₹ 56,890.09 Cr of previous year, by registering a growth of 5.23%.

Term deposits increased by 4.07% to ₹ 41,952.97 Cr from ₹ 40,313.14 Cr of previous year, while Savings Bank deposits improved by 10.01% to ₹ 12,101.39 Cr from ₹ 11,000.57 Cr and other demand deposits improved by 4.25% to ₹ 5,813.59 Cr from ₹ 5,576.38 Cr of previous year. Total CASA deposits of your Bank grew by 8.07% to ₹ 17,914.98 Cr from ₹ 16,576.95 Cr of previous year.

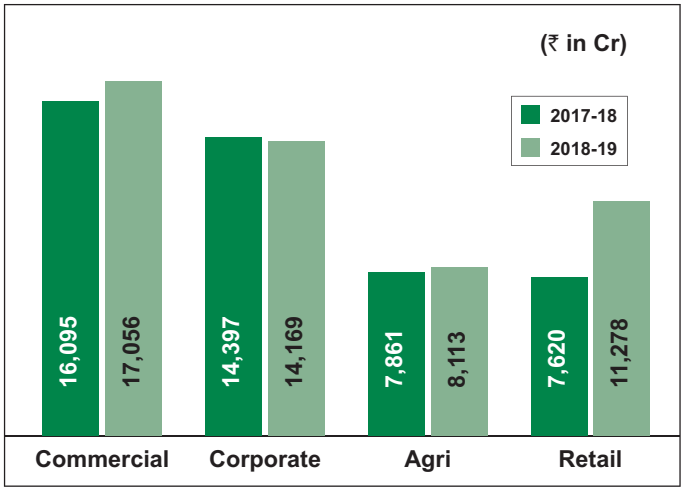
Advances

Credit portfolio grew by 10.10%, (which was marginally lower than that of the industry), and crossed the ₹ 50,000 Cr land-mark during the year to ₹ 50,615.66 Cr, up from ₹ 45,973.14 Cr during the previous year. Out of which, Priority sector advances of the Bank improved by 6.02% to ₹ 19,684.52 Cr from ₹ 18,567.61 Cr of previous year. It constitutes 43.01% of Bank's Adjusted Net Bank Credit (ANBC) as against the statutory mandate of 40%.

Classification of Advances Portfolio

Particulars	March 2019 (₹ in Cr)	March 2018 (₹ in Cr)	Y-o-Y Growth %
Commercial	17,056	16,095	5.97
Corporate	14,169	14,397	(1.58)
Agriculture	8,113	7,861	3.21
Retail (Personal Banking)	11,278	7,620	48.01*
Total Advances	**50,616**	**45,973**	**10.10**

* Y-o-Y growth is 24.37% excluding Inter-Bank Participatory Certificates (IBPC)



Agriculture Advances

Your Bank's average Agriculture Advances in terms of RBI guidelines stood at ₹ 8,345.83 Cr as on 31st March 2019, which constitutes 18.82% of ANBC, as against the regulatory stipulation of 18%. Average advances to micro enterprises and weaker sections stood at 9.71% and 11.93% respectively. Your Bank has achieved the targets stipulated as per regulatory guidelines under priority sector, agricultural lending and weaker section advances.

DIRECTORS' REPORT

Asset Quality

Asset quality parameters, on an industry-wide basis, continue to be stressed. This is despite resolution processes – for large exposures – improving during the period. Your Bank has taken many steps to improve asset quality. Starting with ensuring that new loans are underwritten using the most up-to-date techniques – including but not limited to the use of statistically validated score-cards with overlays for customer authentication and fraud control – to enhancing collections capabilities across customer segments, are actions that your Bank has taken over this year. This has resulted in reduction in stressed accounts (SMA 1 / 2 – i.e. those that have not paid for greater than 30 days but less than 90 days) to levels significant below historical levels. This has been achieved by creating collections/recovery mechanisms – Asset Recovery Branches, Tele-calling Capabilities, Enhanced Collection Systems – and greater managerial focus. This has also enabled our branches to focus more on business by improving collections/recovery efficacy.

Risk acceptance processes in the bank have been reviewed and changed to ensure that the underwriting processes are effective. This has been achieved in the following ways: first, by creation of statistically validated score-cards that rely on validate-able information; second, by greater use of Credit Bureau and other validated information sources; third, by restructuring and enhancing the Risk Department to enable it more effectively oversee risk; fourth, by reducing and limiting single party exposure so as to avoid event risks of the nature observed in the Corporate Book. Whilst newer vintages of loans are performing significantly better than older vintages – on a like for like basis – older vintages still contribute to a greater share of the current balances. The latter fact has an impact on NPA accretion for the present; however, such impact reduces with time.

During the year, your Bank's Corporate and Commercial portfolios experienced high NPA formation (Gross Slippages). However, the reduction in stressed assets (i.e. SMA 1 / 2) points to movement in the right direction from a portfolio quality perspective. Bank experienced higher slippages to Gross Non-Performing Assets (Gross NPA stood at 8.79% in FY 2018-19 as against 6.56% of previous year) mainly due to slippage in Corporate/Consortium and Commercial accounts. Other portfolios – e.g. Retail and Agriculture – continued to perform well. It may be noted that the highest growth asset segment for the Bank was Retail, during the period.

The Gross and Net NPA stood at ₹ 4,449.57 Cr and ₹ 2,420.34 Cr for the FY 2018-19 as against ₹ 3,015.76 Cr and ₹ 1,862.83 Cr of previous year. The Bank has increased its Provision Coverage Ratio (PCR) by 36 basis point to 56.86% as against the last fiscals' 56.50%. The Bank has recorded a Cash recovery of ₹ 440.84 Cr during FY 2018-19 as against ₹ 179.09 Cr of previous year.

Senior Executives of your Bank had taken initiative to handle high value accounts as a special task and have monitored the progress in recovery.

The Bank had delegated requisite powers to Branch Heads and Divisional Heads to make quick decisions for speedy recovery from all those small value accounts by offering one time settlements to all the eligible accounts. Various OTS adalats and camps have been conducted to offer quick settlements and ensured recovery subsequently.

e-Auctions of immovable & movable properties secured to the Bank were carried out throughout the year and special thrust was given in taking physical possession of immovable properties by moving application before the concerned authority under SARFAESI Act.

As a part of improving its recovery mechanism the Bank had also utilized various legal tools and also moved DRT wherever it is required for obtaining orders in favour of the Bank.

Large and high value accounts had been referred to NCLT as directed by RBI and few have been resolved and few more are in the process. Resolutions through the IBC route – where they have taken place expeditiously – give banks an opportunity to increase the usage of this new mechanism.

As mentioned earlier, to enhance collections efficacy in Retail/Small Ticket Commercial loans, your Bank has started a centralized outbound calling facility for pre-delinquent, delinquent and NPA accounts. This has helped to improve portfolio performance. Your Bank has enhanced loan monitoring and recovery efforts. Bank has witnessed good reduction in SMA-1 and SMA-2 during FY 2018-19.

Disclosure on Divergence in Asset Classification and Provisioning

In terms of the RBI circular DBR.BP.BC.No.32/21.04.018/2018-19 dated 1st April 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit

DIRECTORS' REPORT

before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period. Since the divergence for the year 2017-18 is lesser than the threshold prescribed above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for FY 2017-18.

Investments

The investment portfolio of the Bank stood at ₹ 15,136.52 Cr as on 31st March 2019 as against ₹ 15,992.25 Cr of previous year. The average investment stood at ₹ 16,364.93 Cr as on 31st March 2019. The investment portfolio composition is consistent with the corporate requirement, risk appetite and investment policy of the Bank.

Interest income earned on investments was ₹ 1,150.59 Cr for the FY 2018-19 as against ₹ 1,122.93 Cr of previous year, by registering a growth of 2.46%. Profit on sale of investments was ₹ 70.48 Cr for the FY 2018-19 as against ₹ 101.08 Cr of previous year. With a view to prevent large volatility, the portfolio was downsized and modified duration was reduced in AFS & HTM portfolio. Liquidity position was comfortable throughout the FY 2018-19.

Foreign Exchange Transactions

During the year under report, the merchant turnover of the Bank stood at ₹ 26,256 Cr as against ₹ 26,679 Cr of previous year. Export credit declined by 25.55% to ₹ 1,294 Cr for the FY 2018-19, as against ₹ 1,738 Cr of previous year.

In the FY 2018-19, the total Income earned through forex transactions declined by 19.76% to ₹ 81.52 Cr as against ₹ 101.60 Cr for the previous year. Out of the total income earned, exchange profit accounted for ₹ 41.85 Cr and Commission & others accounted for ₹ 39.67 Cr.

While Exchange income remained flat, decline in commission & other income was a result of drop in interest & other income on customer facilities such as Buyers Credit coupled with reduction in business in specific industries – e.g. timber – and also as a consequence of revised business models which envisaged reduction and/or limiting the exposure levels in the corporate segment.

Income

The interest income of your Bank has increased by ₹ 116.17 Cr and stood at ₹ 5,815.82 Cr for the FY 2018-19. Net Interest Income of the bank increased from ₹ 2,298.11 Cr to ₹ 2,362.82 Cr, by registering a growth of 2.82%.

Non-Interest Income for the FY 2018-19 grew by 6.98% to ₹ 962.77 Cr from ₹ 899.93 Cr of previous year. Yield on advances declined from 10.29% to 9.75% and Yield on investment increased from 7.00% to 7.03%.

Expenditure

The interest expenditure of your Bank increased from ₹ 3,401.54 Cr to ₹ 3,453.00 Cr for the FY 2018-19. Operating expenses increased from ₹ 1,420.72 Cr to ₹ 1,614.81 Cr for the FY 2018-19, registering an increase of 13.66% (₹ 194.09 Cr), owing to higher establishment expenses.

Cost of Deposits of the Bank stood at 5.80% for FY 2018 -19 as against 5.99% of previous year, a decrease by 0.19%. In spite of the fact of increase in total deposit by 5.23%, your Bank aggressively reduced Cost of Deposits by sourcing low cost/ no cost deposits during the year under report. Your Bank's Net Interest Margin (NIM) decreased from 3.86% to 3.67% and the Spread decreased from 3.22% to 2.90% for FY 2018-19.

Profit

The operating profit of your Bank for the FY 2018-19 was ₹ 1,710.78 Cr as against ₹ 1,777.32 Cr of previous year and the net profit of the Bank declined to ₹ 210.87 Cr as against ₹ 345.67 Cr of previous year, due to increase in operating expenses and provisioning requirements.

Appropriations

During the year under report, your Bank has appropriated net profit of ₹ 210.87 Cr along with ₹ 1.70 Cr brought forward from the previous year, aggregating to ₹ 212.57 Cr as under:

Appropriation – Transfer to	Amount (₹ in Cr)
Statutory Reserve	52.80
Capital Reserve	22.17
General Reserve	22.50
Investment Fluctuation Reserve	30.53
Special Reserve	25.00
Balance carried to Balance Sheet*	59.57

*Including proposed Dividend & Dividend distribution tax amount of ₹ 57.82 Cr.

Dividend

Bank had formulated Dividend Distribution Policy as per the requirements of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'). The objective of the Policy is to establish the

Karur Vysya Bank
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DIRECTORS' REPORT

parameters to be considered by the Board before declaring or recommending dividend. The Policy endeavours to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient funds are retained for growth of the Bank. Bank has a consistent track record in dividend distribution. The dividend policy of the Bank is available in Bank's website and can be accessed at https://www.kvb.co.in/docs/dividend-distribution-policy.pdf.

Consistent with this policy and in recognition of the overall performance during the year under review, your Directors are pleased to recommend a dividend of ₹ 0.60 per Equity Share of face value of ₹ 2 each (i.e., 30%) for the FY 2018-19, payable to the shareholders whose name appear in the Register of Members as on the Record Date. The total dividend payment works out to ₹ 47.96 Cr excluding dividend tax and the pay-out ratio works out to 22.74% excluding dividend tax. The dividend is subject to the approval of the shareholders at the Annual General Meeting. This dividend will be subject to dividend distribution tax and is to be paid by the Bank. In terms of revised Accounting Standards (AS)-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not appropriated proposed dividend & tax thereon, and the same is included in the balance of profit for the year ended 31st March 2019. However, the effect of the proposed dividend including tax on dividend aggregating to ₹ 57.82 Cr has been reckoned in determining capital funds in the computation of capital adequacy ratio as at 31st March 2019.

Share Capital

The Authorised Capital of the Bank is ₹ 200.00 Cr with 100 Cr Equity Shares of face value of ₹ 2/- each and the Paid-up Capital of the Bank stood at ₹ 159,86,21,894 consisting of 79,93,10,947 Equity Shares of face value of ₹ 2/- each as on 31st March 2019.

During the year under report, Directors of your Bank recommended the issue of Bonus shares in the ratio of one share for every ten equity shares held as on the record date (i.e. August 18, 2018) which was duly approved by the shareholders in the 99th Annual General Meeting and 7,26,63,937 shares were allotted on 20th August 2018. Consequent to resolution of disputes, Bank has allotted 7,639 shares pertaining to various Right and Bonus Issues held in abeyance category. Pursuant to the allotments, paid-up share capital increased from ₹ 145.32 Cr to ₹ 159.86 Cr.

Net owned funds of your Bank increased by ₹ 153.27 Cr to ₹ 6,364.98 Cr from ₹ 6,211.71 Cr of previous year. The market capitalization of your Bank as on 31st March 2019 stood at ₹ 5,699.09 Cr.

Earnings per share/Book Value

The earnings per share (Basic) stood at ₹ 2.64 and the book value per equity share of ₹ 2/- each fully paid stood at ₹ 79.56 as on 31st March 2019.

Debt Instruments & Credit Rating

The Bank had issued Unsecured Redeemable Non-convertible Subordinated (Lower Tier II) Bonds to the value of ₹ 150.00 Cr in September 2009. ICRA Limited had revised the rating of Unsecured Redeemable Non-convertible Subordinated (Lower Tier II) debt instruments as "ICRA A" (Outlook on Long Term: Stable) from "ICRA A+" (Outlook on Long Term: Negative). Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

During the year under report, Bank issued 48,700 BASEL III compliant unsecured, redeemable, non-convertible, Tier II Bonds in the Nature of Debentures of face value ₹ 1,00,000 each aggregating to ₹ 487.00 Cr (Rupees Four Hundred and Eighty Seven Crore only) on private placement basis with a coupon rate of 11.95% p.a. and tenor of 123 months (maturing on 12th June 2029). The issue was opened on 08th March 2019 and allotment was made on 12th March 2019. The issue was rated by ICRA Ltd ('ICRA') and India Ratings & Research Pvt. Ltd ('India Ratings'). ICRA had assigned a rating of "ICRA A(hyb) (Stable)" and India Ratings assigned a rating of "Ind A+ (Stable)". The Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations and such instruments carry low credit risk.

CRISIL has re-affirmed A1+ rating (pronounced as CRISIL A One Plus) for ₹ 3000 Cr Certificate of Deposits Programme of your Bank. ICRA Limited has re-affirmed ICRA A1+ (Pronounced as ICRA A One Plus) rating to the Bank's Certificate of Deposits Programme for ₹ 3000 Cr. Both the ratings indicate a very strong degree of safety regarding timely payment of financial obligations.

The details of Credit Rating and change/revision in the Credit Ratings for various debt instruments issued by the Bank from time to time are provided in the Corporate Governance Report forming part of this Annual Report.

DIRECTORS' REPORT

Capital Adequacy

Capital Adequacy Ratio stood at 16% as per BASEL III norms. The Bank's Capital Adequacy Ratio is well above the statutory limit of 9% (10.875% including Capital Conservation Buffer) prescribed by the Reserve Bank of India.

During FY 2018-19, in order to augment capital and strengthen capital adequacy, Bank has issued unsecured redeemable non-convertible Basel III compliant Tier II bonds to the tune of ₹ 487.00 Cr through private placement.

Subsidiaries and Associates

Your Bank does not have any Subsidiaries or Associates to report during the year under review.

Management Discussion and Analysis

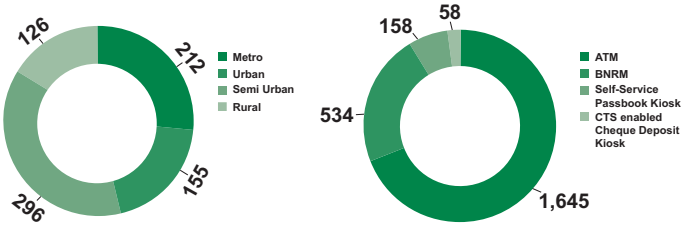
The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2)(e) of the Listing Regulations is presented in a separate section forming part of this Annual Report.

Network of Branches

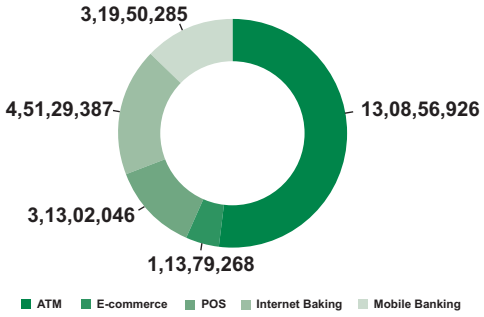
The Banking sector has been witnessing numerous changes in the recent past and the implementation of digital technology across the globe which helps the people to operate their bank accounts through smart phones. Customers have the option of doing any banking transaction through alternate channel other than Locker operations. Hence the branch expansion model was studied, twelve non performing branches and one Extension Counter were merged with nearer Branches during the year under report. The total number of branches including Asset Recovery Branches and Corporate Business Units stood at 789 as on 31st March 2019.

Your Bank has 1,645 ATMs, 534 Bunch Note Recycler Machines (BNRM), 158 Self-service Passbook Kiosks and 58 CTS enabled Cheque Deposit Kiosks as on 31st March 2019 for providing prompt service to the customers.

Classification of Branches and Alternate Channels



No. of Transactions through Alternate Channels - FY 2018-19



Currency Chest

Your Bank has Currency Chests in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka at 7 different locations for providing adequate cash supply to branches & ATMs. Currency Chests plays a vital role in providing effective customer service at branches and support the branches in adhering to the Clean Note Policy of RBI. Branches are also remitting their excess cash as well as soiled cash to our Currency Chests which in turn helps branches to maintain minimum cash balance. Currency Chests are providing adequate Sorted cash for loading ATM's which is as per the RBI guidelines. Currency Chests are also conducting soiled note exchange and coin mela's through the chest attached branches by which the lower denomination currencies and coins are distributed to customers and general public.

Financial Inclusion

Financial Inclusion ensures availability of basic banking services and products to all, thereby reaching the unreached, un-banked and under-banked areas. Your Bank has taken up the mammoth task of delivering the benefits of financial services to the doorsteps of majority of unbanked population. Your Bank is using the technology backed solutions by utilizing the services of Bank Mitras in reaching the unreached segment of the society. With the active support of Bank Mitras, Bank is offering basic financial services to Self-Help Groups (SHGs) and Joint Liability Groups (JLGs). By this way, Bank has scaled up products and service offerings at their doorstep.

Your Bank has reached the deprived segment of the society and extended its focussed financial services through 125 Bank Mitras in rural villages, 3 Bank Mitras in urban locations with 39 Ultra Small Branches. Your Bank continues to provide basic financial products including Basic Savings Bank Deposit Account (BSBDA), Insurance products and Pension accounts and thereby support the Government in implementation of various social welfare schemes.

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DIRECTORS' REPORT

Performance highlights under Financial Inclusion

Your Bank has opened 10,083 PMJDY accounts during the year with outstanding balance of ₹ 18.43 Cr as on 31st March 2019. The Bank has issued 9,578 Rupay Debit Cards under PMJDY accounts during the year under report. Hand-held devices are provided to Bank Mitras for facilitating payments, which are enabled for accepting Rupay Cards/Smartcards. Bank Mitras have done 10.78 lakh transactions, amounting to ₹ 132.85 Cr during the year under report which includes of DBT/Old Age Pension/MGNREGS transactions.

Financial Literacy campaign

Financial Literacy programes are intended to provide basic banking knowledge to people across various corners of the Society. Your Bank has been in the forefront in creating awareness to the rural mass on the financial services and products through the Financial Literacy Campaigns. During the FY 2018-19, your Bank has conducted 155 financial literacy campaigns in Rural, Semi Urban/Urban areas.

Performance under Sovereign Gold Bond Scheme, 2015

During the year, your Bank has collected a total subscription of ₹ 11.76 Cr for 37,202 grams of gold in six tranches under the Sovereign Gold Bond Scheme, 2015.

Technology Initiatives

Your Bank has always been a forerunner in embracing & leveraging evolving technology, to provide enchanting customer experience. The financial market, in which the banks operate, is increasingly characterized by new generation of customers who are very busy (i.e. time-short and therefore, impatient), individualistic and seeking customised & flexible financial solutions.

- **Opening of savings accounts through Bank's website and mobile App:** Your bank has introduced self-service mode for opening of saving accounts through Bank's website and mobile App. Accounts can be opened quickly, through a few simple steps requiring limited guidance.
- **Self-registration to internet banking facility for retail users:** PIN mailers are passé. Your Bank enabled the self-service mode for availing internet banking facility, which is completely paperless. Now, customers can enable internet banking at their convenience without visiting the branch.
- **SMS based blocking/unblocking of accounts:** Your bank has enabled the facility to block all accounts of a customer by way of a single SMS sent from his/her registered mobile, if they notice any unauthorized transaction in their accounts.
- **Implementation of ATM E-receipts:** To fall in line with the 'Go Green' initiative of the Govt., your Bank has replaced physical paper receipts with e-receipts in its ATMs and cash recyclers.

Digital Transformation Project

Your Bank, foresaw the tectonic shift in the customers behaviour - their increasing acquaintance with technology, and their increasing desire to consume at the click of a button. Since October 2017, your Bank decided to engage customers in a manner that they expected to be engaged – i.e. in a user friendly digital environment. This resulted in our journey to create one of the most advanced, automated, paper-less, digital, liability/ loan product set. Over the last year, all our retail loans – home loans, loans against property, vehicle loans, personal loans etc. - and our commercial loans (below ₹ 2 Cr threshold) – overdrafts and term facilities - were converted to this mode. Your Bank today provides most of its loans (in number of loans) through this automated process – thereby cutting turnaround times and enhancing customer satisfaction. Most importantly, this change is positioning your Bank to bank the millennial/younger customers more effectively. In addition, with the launch of the KVB Dlite App – an app that has garnered over 1 million downloads – similar capabilities have been made available for customers requiring banking accounts.

The digital loan products were designed to be a fully digital end-to-end, rule based, with strong underwriting and authentication processes providing a seamless albeit paperless experience for customers. The inbuilt score-cards in the digital system enable a more granular understanding of risk being accepted. This in-turn, has enabled us to ensure that loan pricing is reflects the risk accepted. Whilst risk pricing is limited by market forces, the new tools provide your Bank with information regarding areas wherein current market pricing of risk is unacceptable thereby enabling appropriate refocusing. The newer cohorts originated using the new system are currently exhibiting performance characteristics – on a like for like basis – significantly superior to older cohorts underwritten using the judgmental models of the past.

In this journey, your Bank has integrated its systems with various information providers – Credit Bureaus (CIBIL TransUnion & Experian), data providers and data validators. This has enabled your Bank to access validated information like GST data, Financial Returns filed with ROC etc. so as to make the loan

underwriting process quick and error free. In addition, the system has powerful fraud monitoring & control process starting with mechanisms to detect identity fraud and documentation related fraud. The latter is provided by accessing the data validators referred to earlier. It also formalises processes and streamlines them. For instance, if physical verification is required, the system creates a task for an appropriate entity to perform the verification.

Now, your Bank has a full bouquet of retail & commercial loan products available in digital form with best-in-the-class underwriting processes reducing turn-around-time to loan sanction to 15 minutes (where all prerequisites are met)- probably the first of its kind in the banking industry.

This initiative has enabled your Bank to grow retail loans – the best performing risk segment in the market – at a pace significantly faster than the market. Your Bank has been successful in realigning its offerings, retraining its staff, re-architecting its processes so as enable it to compete in this extremely competitive market place. As a consequence home loans grew at 29% and loans against property at 23%. The dynamic pricing of loans based on risk derived using scorecards is resulting in improved yield. As mentioned earlier, newer cohorts originated using the new digital platform are performing better on a like for like basis.

"KVB DLite" – Your Bank's all in one digital banking application provides the highest quality banking services to our customer set. It enables over 1 million of our customers who have downloaded the application to transfer funds, pay bills, shop – through an integrated shopping platform. In addition, it enables new customers' access our banking services in minutes – subject to KYC processes being completed subsequently. This new facility will enable us to make available our products more effectively as it emerges as a mechanism for cross sell.

Your bank has been at the forefront of technological change. This paradigm shift in banking provides new and exciting opportunities that your Bank will leverage to continue its legacy of success.

Information Security

The Board and Executive Management of your Bank has instituted an Information Security function for designing, developing, implementing and maintaining an Information Security Management System (ISMS) to protect the Bank's Information Assets in accordance with the determined risk profile of the assets. The Chief Information Security Officer (CISO) is responsible for providing leadership and oversight in the effective implementation and operation of ISMS in the Bank in accordance with approved Policies and Procedures. The ISMS considers the nature of the Bank's business along with internal and external factors and is aligned with the overall objectives and policies. The ISMS promotes security awareness amongst staff members and service providers, aims to facilitate all the constituents such as IT Department, Data Centre, Disaster Recovery Site, Branches and Offices to implement the controls and monitors its effectiveness. Your Bank accords top priority for regulatory compliance and within a record time of less than 2 years, most of the mandatory controls stipulated by RBI through Cyber Security Framework have been implemented.

Your Bank has invested in modern technology solutions for timely application of security patches in the IT systems, host based intrusion prevention, network segregation, privileged access control and firewalls for superior vulnerability management. Thus, vulnerabilities in the IT systems are prevented from being exploited across the network and hence are minimal. Notwithstanding these preventive control measures, your Bank has a reliable Vulnerability Assessment (VA) and Penetration Testing (PT) process to assess the IT systems periodically, detect vulnerabilities and undertake timely remediation measures.

Call Centre

Your Bank has a dedicated, 24/7 call centre to handle outbound and inbound calls. Outbound call facility is being used to follow up recoveries in SMA & NPA accounts and welcome calls for the newly on-boarded CASA customers. The queries, complaints and service requests emanating from the customers are received through inbound call facilities for resolution. The call centre offers multilingual services in English and select regional languages. Apart from carrying out the above operations, call centre also seeks potential leads from interested customers for up-selling and cross-selling.

System for Internal Financial Control and its Adequacy

Your Bank is operating in a fully computerized environment with Core Banking System, handling the various day to day financial transactions. CBS is supported by diverse application platforms for handling various functions such as treasury, trade finance, retail loans etc., The process of recording of transactions in each application platform is subject to various forms of control such as in-built system checks, maker checker authorisations and independent post transaction reviews etc., Besides, Bank has also put in place various reporting systems as well as internal inspection/concurrent audit system to monitor the day to day operations. Annual audit of all the branches is also undertaken

with the help of independent external auditors. The Bank has implemented adequate procedures and internal controls which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements and were operating effectively during the year.

Risk Management

Managing risk is an integral part of a bank's function. Your Bank is exposed principally to the following risk types – credit, market, liquidity, operational, information security and fraud. Risk management is a principal responsibility of the Board. The Board approves the risk policies of the institution. A Board approved "Risk Appetite Statement" articulates the risk that your Bank is willing to run.

The Board establishes the overall risk parameters within which your bank operates by ensuring that the various risk related policies – approved by it – are, in the considered view of the Board, appropriate. These are reviewed and reapproved from time to time. The Board has delegated to specified Board Committees powers that enable the orderly discharge of the risk function. Several Management Committees provide support to the Board as part of the Risk Governance Framework.

Your Bank has continuously enhanced its risk management capabilities over time. Today, the risk function consists of several sub-components – Risk Policy, Risk Underwriting, Risk Analytics, Fraud Risk Management, Information Security Risk etc. It is your Bank's policy to ensure that these functions are appropriately staffed and equipped. This is required to ensure that risk acceptance and risk management are appropriate to the risk underwritten.

Executive level risk management committees, such as Credit Risk Management Committee, Asset Liability Management Committee, Operational Risk Management Committee and Fraud Risk Management Committee regularly assess the functional efficiency of the Bank in risk management and refine the policies and processes.

Your Bank is viewing the risk management as a core competency and tries to ensure sound management of risks through timely identification, assessment and management. The goal of risk management is to ensure that the Bank takes only well-calculated risks, which it can understand, monitor, mitigate and control, thereby minimising unexpected outcomes. All material risks of the Bank emerging in the course of its business are identified, assessed and monitored.

Your Bank is well capitalised – CRAR stands at 16% as on 31st March 2019. Capital provides the buffer required to manage unexpected/unanticipated risks that materialise in spite of every prudent risk management action. Your Bank's portfolio of Corporate and Commercial Loans have not performed as expected, leading to higher NPA accretion. This has been partly compensated by elevated provisioning during the period. However, Net NPA continues to higher than that of peers. Whilst this is an area of concern, the healthy capital structure, changes made to underwriting and collection processes mitigate incremental risk accretion.

In our opinion presently there are no material risks which threaten the existence of the Bank.

Vigil Mechanism/Whistle Blower Policy

In compliance with RBI Guidelines, provisions of the Companies Act, 2013, the Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended; your Bank has in place the "Whistle Blower Policy" since 2011. The Policy also incorporates the Protected Disclosure Scheme (PDS) for Private Sector Banks, instituted by the Reserve Bank of India. The Audit Committee of the Board reviews the complaints received through Vigil Mechanisms on quarterly basis. The Bank's Whistle Blower Policy is in synchrony with all statutory and regulatory guidelines on Vigil Mechanism. The Whistle Blower Policy of the Bank is available in Bank's website and can be accessed at https://www.kvb.co.in/docs/whistle-blower-policy.pdf.

Compliance of Anti Sexual Harassment Norms & Ensuring safety of Women employees

The Bank has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013]. The same has been elaborated in the Corporate Governance forming part of this Annual Report.

Related Party Transactions

During the year under review, the Bank has not entered into any materially significant transactions, which could lead to potential conflict of interest, other than transactions entered into in the ordinary course of its business.

Transactions entered into by the Bank with related parties in the normal course of its business were placed before the Audit Committee of the Board (ACB). Omnibus approval is obtained from the Audit Committee for transactions which are repetitive in nature and the same are reviewed on periodic basis. There are no material related party transactions during the year under

DIRECTORS' REPORT

report. Therefore the provisions of Section 188 of the Companies Act, 2013 are not attracted. Accordingly, AOC-2 is not applicable to the Bank.

Audit Committee Related Disclosure under Sub-Section 8 of Section 177 of the Companies Act, 2013

The Board of the Bank has constituted the Audit Committee under the extant guidelines of Reserve Bank of India (RBI), provisions of the Companies Act, 2013 and Listing Regulations. The details of the composition of the Audit Committee are furnished in the Corporate Governance Report.

Deposits Related Disclosure under Rule 8(5)(v) of Companies (Accounts) Rules, 2014

Being a banking company, the disclosures required as per rule 8(5)(v) of the Companies (Accounts) rules, 2014, read with section 73 and 74 of the Companies Act, 2013 are not applicable to your Bank.

Particulars of Loans, Guarantees and Investments

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given, securities provided or acquisition of securities by a banking company in the ordinary course of its business are exempted from the disclosure requirement under Section 134(3)(g) of the Companies Act, 2013.

Auditors

Statutory Auditors

In terms of Section 139 of the Companies Act, 2013 read with Sec 30(1A) of the Banking Regulation Act, it is proposed to re-appoint, M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi, (Firm Registration Number 001076N/N500013) who are retiring at the conclusion of the ensuing Annual General Meeting (AGM) and are eligible for re-appointment, subject to the approval of the Reserve Bank of India and shareholders of the Bank. The Bank has received consent from the Auditors and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and the rules made thereunder.

Accordingly, the Board of Directors have recommended to the shareholders, the reappointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi (Firm Registration Number 001076N/N500013) as Statutory Auditors of the Bank to hold office from the conclusion of the ensuing AGM till the conclusion of the next AGM. Fee payable to Statutory Audit is proposed at ₹ 68,00,000/- (Rupees Sixty Eight Lakh only) plus out of pocket expenses with a cap of 15% of fees and applicable GST for the FY 2019-20, subject to the approval of RBI and Shareholders of the Bank.

Members are requested to consider the re-appointment of M/s Walker Chandiok & Co. LLP as Statutory Auditors of the Bank.

Pursuant to the Regulation 33(1)(d) of the Listing Regulations, the Statutory Auditors have confirmed that they are subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

Independent Auditors' Report

M/s Walker Chandiok & Co. LLP, Statutory Auditors of the Bank, have audited the accounts of the Bank for the FY 2018-19 and their Report is annexed. Pursuant to Section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as "Annexure A" to Independent Auditor's Report.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the FY 2018-19.

During the FY 2018-19, no frauds were reported by Auditors under sub-section (12) of Section 143 of the Companies Act, 2013.

Secretarial Audit

Pursuant to the provisions of Sec 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank, with the approval of its Board appointed M/s Solaiyappan & Associates, Company Secretaries, Salem to conduct the Secretarial Audit of the Bank for the FY 2018-19. The Bank produced all necessary records to the Secretarial Auditors for smooth conducting of their Audit. The Secretarial Audit Report is annexed herewith as **Annexure - 1**.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 2018-19.

Implementation of Indian Accounting Standards (Ind AS)

The Bank has formed a Steering Committee for implementation of Ind AS. Bank has engaged a consultant to assist in the preparation of proforma Ind AS financial statements as well as process changes required for implementation of Ind AS. The analysis of current accounting framework, policies, data extraction, documentation etc. have been undertaken and are

DIRECTORS' REPORT

being continuously updated as a part of this process. Further, discussions have been also held with various solution providers to handle the Ind AS accounting & system requirements, including generation of various data and reports required for preparation and submission of financial statements. These activities will be continued during the year 2019-20, in view of RBI directives on extension in time lines for implementation of Ind AS by Banks. During the FY 2018-19, Bank has prepared and submitted proforma Ind AS statements on quarterly basis, including the opening proforma Ind AS financial statements as on 1st April 2018, in compliance of RBI instructions.

Compliance with Secretarial Standards

The Board of Directors confirm that the Bank has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (ICSI) related to the Board meetings and General Meetings during the year.

Statutory Disclosures

Considering the nature of its activities as an entity in the Financial Services sector, your Bank has voluntarily taken steps towards conservation of energy, technology absorption and foreign exchange earnings and outgo. Ensuring compliance of the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014, the relevant disclosures to be made are as under:

Conservation of Energy

Your Bank has undertaken various energy efficiency improvement initiatives for energy conservation across all its premises by installing LED lights in phased manner. VRF (Variant Refrigerant Flow) AC Units have been installed at Back Offices in Chennai and Mumbai to save electricity by energy conservation technology. During the year under report, Bank has spent ₹ 1.67 Cr towards procuring of energy conservation equipment.

Your Bank owns 850 KW Wind Turbine Generator at Govindanagaram, Theni District, Tamilnadu, installed in the year of 2011. The Bank is utilizing the power generated by Wind Turbine Generator for its Registered & Central Office at Karur and also Divisional Office, Chennai premises. 15,05,762 units were generated by the wind mill during the year under report.

Technology Absorption

New technology in banking is already transforming the financial sector, and the traditional banking landscape is set to rapidly change in the next few years. Safety features will help to protect the applications and remote applications will make it easier to do your banking without visiting a branch. Your Bank uses the sophisticated technologies to offer better services in a secure, reliable and affordable manner and sustain competitive advantage over other banks.

In order to provide quick and efficient customer service, your Bank has rolled out the Digital Transformation Process through which the Account opening and Retail/SME lending solution process is digitized as on date and the required customer data is verified online from the respective entities.

Your Bank has launched KVB DLite, all-in-one mobile banking App for both Financial and Non-Financial operations with enriched User Interface design, loaded with many user-friendly options and Enhanced Security Features which has crossed one million downloads. Your Bank is consistently maintaining the state of art infrastructure with optimum utilization of the resources.

Your Bank has made strategic investments in the space of Information Security and implementing the best standards for safe guarding information assets and building up sound security features for the protection of customer information and touch points.

Your Bank has been awarded ISO 27001 certification for the various IT offices in establishing a framework of policies and procedures that includes all legal, physical and technical controls involved in the organization's information risk management process.

Bank has not imported any Technology during the last three years reckoned from the beginning of the financial year and no amount was spent towards Research and Development.

Foreign Exchange Earnings and Outgo

Your Bank continuously supports and encourages the country's export efforts through its export financing operations. The details on foreign exchange earnings and outgo forms part of this report.

Material events that have happened after the Balance Sheet date

No material changes and commitments affecting the financial position of the Bank which has occurred between the end of the Financial Year of the Bank i.e., 31st March 2019 and the date of the Directors' Report i.e., 28th May 2019.

Significant and Material Orders passed by Regulators

During the year under report, there are no significant and material orders that were passed by the Regulators or Courts or Tribunals against the Bank impacting the going concern status and Bank's operations in future.

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DIRECTORS' REPORT

Maintenance of Cost Records

Being Banking Company, your Bank is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

Extracts of Annual Return

Pursuant to provision of sec 134(3)(a) and sec 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at 31st March 2019 is uploaded in Bank's website and can be accessed at https://www.kvb.co.in/investor-corner/annual-general-meeting/mgt-9-extract-of-annual-return/.

Particulars of Employees

The statement containing the ratio of remuneration of each Director to the median employee's remuneration and particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rules 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure - 2.**

Employee Stock Option Scheme

The Bank has formulated and adopted Employee Stock Option Schemes to provide a platform to employees for participating in the ownership of the Bank and in its long-term growth. Your Bank uses stock options as a compensation tool to attract, retain the critical talent and encourage employees to align individual performances with that of Banks' objectives. Currently Bank has the following Schemes in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations):

- Karur Vysya Bank Employees Stock Option Scheme 2011 ("KVB-ESOS-2011")
- Karur Vysya Bank Employees Stock Option Scheme 2018 ("KVB-ESOS-2018")

During the year under review, the Nomination and Remuneration Committee has granted 7,25,000 Stock Options to employees under both the schemes. Further MD & CEO was granted 10,00,000 stock options under KVB-ESOS-2018, subject to the approval of RBI and the same was not acceded by the Reserve Bank of India.

Pursuant to corporate action by way of Bonus issue in the ratio of 1:10 i.e., 1 (one) Equity Shares for every 10 (ten) Equity Shares of face value of ₹ 2 each, the pool of options under KVB-ESOS-2018 Scheme and the outstanding options granted under KVB-ESOS-2011 Scheme and the exercise price were adjusted during the year under report.

There are no material changes made to the above Schemes and these Schemes are in compliance with the SEBI SBEB Regulations. Your Bank's Statutory Central Auditors, M/s Walker Chandiok & Co, LLP, have certified that the Bank's above-mentioned Schemes have been implemented in accordance with the SEBI SBEB Regulations, and the Resolutions passed by the Shareholders for the 2011 & the 2018 Scheme. Disclosure as required under the SEBI SBEB Regulations is uploaded in Bank's website and can be accessed at https://www.kvb.co.in/investor-corner/esos-disclosures/.

Corporate Social Responsibility (CSR)

Your bank recognizes its responsibility towards the society and environment in which it operates. In line with the Banks' CSR objectives, your Bank has committed to various community development projects that have a large positive impact and Sustainable Development. In accordance with the provisions of Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, the Bank has constituted the Corporate Social Responsibility (CSR) Committee of the Board.

During the year under report, resources deployed and CSR spends had increased significantly over the previous Financial Year. The CSR activities of the Bank touches a wider footprint through areas like Health, Education, Women empowerment, Environment sustainability and other activities permitted by the Schedule VII of the Companies Act, 2013.

The brief outline of the CSR Policy, overview of the programs undertaken by the Bank, the composition of the CSR Committee, prescribed CSR expenditure and details of the amounts spent by the Bank on CSR activities during the year under review, have been provided in **Annexure - 3** to this report.

Your Bank is committed to identify and support outreach programmes aimed at developing and advancing the community. All CSR spends are as per the allocations made to it and unspent money if any would be used in the due course. Further committee reaffirmed to strengthen its processes to evaluate all projects which will benefit the society in a large way as per the requirements and is passionately committed towards CSR objectives.

Business Responsibility Report (BRR)

In compliance with Regulation 34(2)(f) of the Listing Regulations the Business Responsibility Report describing the initiatives

DIRECTORS' REPORT

taken by the Bank from an environmental, social and governance perspective, in the format as specified by SEBI. The same has been hosted on the website of the Bank and can be accessed at https://www.kvb.co.in/investor-corner/annual-general-meeting/agm-business-report/.

The Business Responsibility Report (BRR) of the Bank for the FY 2018-19 forms part of this Report as **Annexure - 4**.

Board Meetings

The schedule of the meetings of the Board is circulated in advance to the Members of the Board, for their consideration and approval. During the period under report, eighteen Board meetings were held and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant regulations. Details of the composition of Board, Meetings held and attendance of the Directors at such Meetings are provided in the Corporate Governance Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out annual evaluation of its own performance (Board as a whole), all its Directors, Committees of the Board, its Non-Executive Chairman and MD & CEO. The manner of evaluation conducted during the year under report is furnished in the Corporate Governance Report.

Board of Directors

The Board comprises of ten Directors as on the date of this report, with rich experience and specialized knowledge in various areas of relevance to the Bank, including Banking, Accountancy, Law, MSME, Trade & Commerce, Finance, Agriculture, Human Resource Management and Information Technology.

Chairman of the Board

Shri N S Srinath (DIN: 01493217), was appointed as Non-Executive Part-time Chairman of the Bank for a period of three years in the Board meeting held on 25th March 2019 subject to the approval of Reserve Bank of India. Further RBI accorded its approval in terms of section 10B(1A)(i) of the Banking Regulation Act, 1949 vide its letter DBR.Appt.No.9955/08.41.001/2018-19 dated 27th May 2019 for the appointment of Shri N S Srinath as Non-Executive Part-time Chairman of the Bank for a period of three years with effect from 27th May 2019. Pursuant to RBI's approval and in terms of Provisions of Section 149 of Companies Act, 2013, Section 10A (2A) of the Banking Regulation Act, 1949, Board recommends the continuation of his second term as an Independent Director Co-terminus with his tenure as Chairman of the Bank. Approval of the shareholders is being requested by way of agenda items in the Notice of the ensuing AGM.

Appointment

Shri Sriram Rajan (DIN: 02162118), a senior Information Technology professional with 18 years of experience spanning the entire IT landscape was co-opted as an Additional Director in the category of 'Non-Executive Independent Director' in the Board meeting held on 19th January 2019. He is representing Majority Sector "Information Technology" on the Board. He has signified his willingness to seek election as Non-Executive Independent Director at the ensuing AGM.

Approval of the shareholders is being requested for the appointment of Shri Sriram Rajan as Non-Executive Independent Director of the Bank.

Re-appointment

Smt CA K L Vijayalakshmi (DIN: 07116809), was on the Board since 22nd March 2015. She is representing Minority Sector "Commerce & Special Knowledge - Accountancy" on the Board. She was elected as a Non-Executive Independent Director at the 97th AGM held on 21st July 2016 for a period of 3 years. The three years term of her appointment ends on 20th July 2019.

Dr K S Ravichandran (DIN: 00002713), was on the Board since 26th May 2016. He is representing Majority Sector "Law" on the Board. He was elected as a Non-Executive Independent Director at the 97th AGM held on 21st July 2016 for a period of 3 years. The three years term of his appointment ends on 20th July 2019.

Based on the expertise, knowledge, integrity, relevant experience in professions, performance evaluation and substantial contribution made by the Non-Executive Independent Directors Smt CA K L Vijayalakshmi (DIN: 07116809) and Dr K S Ravichandran (DIN: 00002713), the Board recommends their re-appointment for second term pursuant to the provisions of Section 10A of Banking Regulation Act and Sec 149(10) and Sec 152 read with Companies (Appointment and Qualification of Directors) Rules, 2014. Approval of the shareholders is being requested for re-appointment of the Non-Executive Independent Directors Smt CA K L Vijayalakshmi (DIN: 07116809) and Dr K S Ravichandran (DIN: 00002713).

Retirement by Rotation

In terms of Sec 152 of the Companies Act, 2013, Non-Executive Non-Independent Director **Shri A K Praburaj (DIN: 07004825)**, retire by rotation and being eligible offer himself for re-election at the ensuing Annual General Meeting (AGM). He is one of the Promoters of the Bank. He was on the Board since 09th December 2014 and represents Minority Sector "Trade & Commerce".

DIRECTORS' REPORT

Approval of the shareholders is being requested for re-appointment of Shri A K Praburaj as Non-Executive Non-Independent Director of the Bank.

The relevant details including profiles of directors seeking appointment/re-appointment/retirement by rotation are included separately in the AGM Notice and also in the Corporate Governance report forming part of this Annual Report.

Cessations

Shri B Swaminathan (DIN: 00245189), Non-Executive Part-time Chairman of the Bank, demitted office consequent to completion of his three years tenure at the close of office hours on 19th January 2019. Board places on record its sincere appreciation for the valuable services rendered by him during his tenure as Director of the Bank as also as the Chairman of the Bank.

Shri A J Suriyanarayana (DIN: 02251823), Non-Executive Non-Independent Director of the Bank, demitted office after office hours on 26th October 2018 consequent to completion of his eight years tenure in terms of Section 10A(2A)(1) of the Banking Regulation Act, 1949. Board places on record its sincere appreciation for the valuable services rendered and contribution made by him during his tenure as Director of the Bank.

Apart from the above, there were no changes in the Directors holding office.

Key Managerial Personnel

During the year under report, there is no Appointment or Retirement of Key Managerial Personnel.

Appointment & Remuneration of Directors

Criteria for determining qualifications, positive attributes for Appointment/Re-appointment of Directors

Pursuant to provisions of Section 178(3) of the Companies Act, 2013 and relevant guidelines of RBI, the Nomination and Remuneration Committee (NRC) formulated the criteria for determining qualifications, positive attributes and independence of a Director to adhere the various provisions and guidelines as detailed below:

- 'Fit and Proper' criteria as per Dr Ganguly Committee Norms which stipulates age, educational qualification, experience, track record, integrity etc., and various circular instructions and guidelines issued by Reserve Bank of India from time to time.
- Norms laid down by the Banking Regulation Act, 1949 as amended from time to time which stipulates substantial interest, sectorial representation as per Section 10A(2)(a), restrictions as per Section 16 and 20 of the Banking Regulation Act, 1949 etc.,
- Disqualification/Conflict of Interest of Directors, and other norms as per the provisions of the Companies Act, 2013 and rules made thereunder from time to time.
- Criteria of Independence of a Director as per the provisions of Companies Act, 2013 and rules made thereunder and other applicable provisions as amended from time to time.
- Applicable regulations of Listing Regulations as amended from time to time.
- Articles of Association of the Bank.
- Any other factors as the NRC may deem fit and in the best interest of the Bank and its stakeholders.

The terms and conditions of appointment of Independent Director are disclosed on the website of the Bank and can be accessed at https://www.kvb.co.in/docs/terms-and-conditions-of-the-independent-directors.pdf.

Policy on Remuneration of Directors

The remuneration of Directors is governed by the Compensation Policy of the Bank. This Policy is in tune with the guidelines issued by the Reserve Bank of India, provisions of Companies Act, 2013 and the Listing Regulations amended from time to time. The Compensation Policy of the Bank in terms of RBI circular no. DBOD.No.BC.72/29.67.001/2011-12 dated 13th January 2012 covers the aspects of remuneration payable to Whole Time Director (WTD) i.e. MD & CEO, Non-Executive Chairman, Non- Executive/Independent Directors, Key Managerial Personnel of the Bank, staff engaged in financial & risk control functions and all other employees. The Policy is available on the website of the Bank and can be accessed at https://www.kvb.co.in/docs/investor-compensation-policy.pdf.

Declaration by Independent Directors

The Bank has received necessary declarations from all the Independent Directors under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR that they meet the criteria of independence laid down thereunder. Based on the declarations submitted by the Independent Directors, Board is of the opinion that, they fulfil the conditions specified in the Act and SEBI LODR and are independent of the management.

Familiarization Programmes of Independent Directors

All Directors including Independent Directors are made familiar with their rights, roles and responsibilities in the Bank at the time of appointment and also on a recurrent basis. Directors

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DIRECTORS' REPORT

are offered opportunity to attend the Programmes conducted by CAFRAL, IDRBT, Boston Consulting Group and other Management Institutes to familiarize with the latest trends in credit appraisal, Cyber Security, SME lending in Digital era, IT Strategy, Risk and Governance issues. Considering the Role and responsibilities of Audit Committee few programmes on Risk Management, analytics driven monitoring, risk management in UPSI were organised. The details of programmes undertaken for familiarizing the Directors are disclosed in Corporate Governance Report, which forms part of this Annual Report.

Corporate Governance

A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures as stipulated under Listing Regulations and Companies Act, 2013 and the rules made thereunder is enclosed as an annexure to this report.

A certificate from M/s Solaiyappan & Associates, Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under Listing Regulations is annexed to this report.

Directors' Responsibility Statement

Pursuant to Sec 134(5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the annual accounts on a going concern basis;

e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively; and

f) The Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively;

Awards and Accolades

Your Bank received the following Awards and Accolades during FY 2018-19:

1. "Best MSME Bank" from Chamber of Indian Micro Small and Medium Enterprises (CIMSME).

2. Palarivattom Branch has been selected as the 3rd Best performing Branch in Kerala under Private Sector category for the year 2017-18 in the State Forum of Bankers' Clubs Kerala (SFBCK) Banking Excellence Award 2018.

Acknowledgements

The Board of Directors places on record its sincere thanks to the Government of India, Reserve Bank of India, Securities Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), Statutory Auditors, Secretarial Auditors, various State Governments and regulatory authorities in India for their valuable guidance, support and co-operation. The Board also acknowledges with gratitude the cooperation and support received from stock exchanges, rating agencies and other banking/financial institutions.

The Board takes this opportunity to place on record its deep sense of gratitude to its loyal shareholders for extending their support during the year and looks forward to their continued association in the years ahead.

The Board thanks the valued customers for their goodwill, patronage and continued support and looks forward to their continued patronage in scaling greater heights.

The Board appreciates the sincere and dedicated services displayed by its entire staff and highly values their commitment in improving the Bank's performance.

For and on behalf of the Board of Directors

Place : Karur
Date : May 28, 2019

N S Srinath
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview

Global economic activity slowed down notably in the second half of last year, on account of factors affecting major economies including worries over trade war - with increasing trade tensions & tariff hikes between the United States and China. This has led to a decline in business confidence, tightening of financial conditions, weak global growth and higher policy uncertainty across many economies. The World Bank sketched a gloomy outlook in the upcoming years, re-enforcing fears of a global slowdown. US Federal Reserve, in response to rising global risks, paused interest rate increases and signalled no increases for the rest of the year. The stance of other Central Banks was also more accommodative e.g. China which has ramped up its fiscal and monetary stimulus to counter the negative effect of trade tariff.

International crude oil prices have declined sharply from their October 2018 highs, though they continue to be volatile. The outlook for supply is uncertain and depends to a large extent on production decisions by OPEC and its non-OPEC partners, apart from uncertainty on the full impact of Iranian sanctions, as well as the outlook for Venezuelan production. Metal prices fell sharply in the second half and are expected to stabilize between 2019 and 2020 and agricultural prices are projected to remain broadly stable. Moderating activity and heightened risks are clouding global economic prospects. Faced with these headwinds, recovery in Emerging & Developing Market Economies (EMDEs) has lost momentum. Downside risks have become more acute and include the possibility of disorderly financial market movements and an escalation of trade disputes.

In a nutshell, the outlook for global economy has darkened, witnessing a synchronised deceleration and risks have increased. The global trade outlook is uncertain as the largest economies of the world struggle to strike a deal. EMDEs face some of the greatest risks and spill over effects could be profound. Inflation pressures across geographies remain benign on soft commodity prices and slowing demand. Global growth and trade concerns are expected to remain the dominant theme of 2019, which will drive markets & future monetary and fiscal actions. IMF projects global economic growth at 3.3% for 2019 and 3.6% during 2020 factoring in the challenging economic situations and short term uncertainties in many countries.

Indian Economic Scenario

Indian economy started the fiscal year 2018–19 with a healthy 8.2% growth in the first quarter on the back of domestic resilience. Growth eased to 7.3% in subsequent quarter and hovered around 7% at the end of FY 19, due to subdued expansion in agriculture, manufacturing and government expenditure. Furthermore, the Indian rupee suffered on account of crude price shock, and conditions exacerbated as recovery in some advanced economies caused faster investment outflows.

Despite softer growth, the Indian economy remains one of the fastest growing globally. It has also demonstrated resilience and has thus far been maintained a level of de-coupling from global economic trends. In fact, the effects of the aforementioned external shocks were contained in part by India's strong macroeconomic fundamentals and policy changes such as amendments to the Insolvency and Bankruptcy Code, Bank recapitalization etc. There is no doubt that India's recent budget has tried to strike a balance between fiscal prudence and growth. Further, India jumped up 23 notches in the World Bank's Ease of Doing Business Index 2018, achieving a rank of 77, denoting the favourable business conditions in the country. The various welfare schemes - Ayushman Bharat (National Health Protection Scheme covering 10 Crore poor families), GOBAR-Dhan Yojana (an effort by the government to make Indian villages open-defecation free) will improve the quality of life of Indians.

The Indian economy, according to RBI, is buoyed by narrowing of current account deficit, higher foreign portfolio investments, decline in fuel inflation and improvement in disbursement of credit to large industries.

Notwithstanding the above, the economy remains vulnerable to domestic and geopolitical risks. While expectations of inflationary pressures remain benign, concerns have risen on the twin deficit problem viz., current account deficit and fiscal deficit, especially as portfolio investments remain subdued while trade deficit stays high. The government's fiscal deficit for the full-year is estimated at 3.4%, as against the set target of 3.3%. India's current account deficit moderated in Q4 and trade deficit for the entire year is likely to be the highest since 2012-13. India's foreign exchange reserves were at US$ 412.9 billion on March 31, 2019.

Inflation remained within the RBI band of 4% (+/-2%) mainly on the back of benign food and oil prices. CPI inflation was at 2.86% in March 2019 and Core CPI inflation was 5.4%. International oil prices and rainfall pattern of the current monsoon season with its impact on food production, will be the key factors driving inflation in FY 20. However, CPI inflation is expected to remain below the RBI target mid-point of 4% for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

The newly re-elected Government at the Centre is expected to continue its agenda vis-à-vis reform and infrastructure development, this is likely to result in recovery of GDP growth rates. An added boost is expected from the benefits arising from the stabilisation of GST, increased formalisation of the economy and improvement in ease of doing business. Further, downside risks in the form of subdued private and public consumption, moderation in manufacturing, pharmaceuticals, machinery and equipment industries, muted credit flow to small and medium enterprises by the banks, contraction in sales of commercial vehicles (indicative of slowing demand in the economy), could have a bearing on the growth prospects. However India is expected to remain the fastest growing emerging market economy, and is expected to grow at 7.3% during FY 20.

Developments in the Banking Sector

India's banking sector has undergone a paradigm shift in the last two decades - evolving from physical banking to becoming almost fully digital. This has been facilitated by the development of technologies – eg. Open API, improvements in mobile technologies etc. – and by the rapid proliferation of validate-able information – e.g. Aadhar, GST etc. The Indian digital infrastructure is today enabling banks to become fully digital – not merely the automation of branch paperwork, but the elimination of paper through the use of new technologies. Technology is playing a central role in the evolution of banking practices, products and services. The centrality of technology in defining not only the products, services and delivery mechanism – i.e. the business model in itself - cannot be overemphasised. While technology redefines banking, new entrants – fintechs, new age NBFCs – are innovating with newer products, services and delivery frameworks. This will further reduce the protection that the regulatory framework has historically provided to the banks.

The credit portfolio of the banking industry witnessed a growth of 13.1% during FY 19 with a deposit growth of 10%, despite the continuing challenges in the fronts of deteriorated asset quality, slowdown in profit levels and challenging economic conditions. The bank credit is expected to accelerate and continue its double digit growth in fiscal 2019-20 also.

Retail segment is expected to continue to grow at a rapid pace, led by strong consumer demand and increase in penetration by banks. Within retail, non-housing retail segment may see relatively strong growth. The regulator's move to benchmark the retail loans with external rate is expected to bring transparency and better understanding of loan products.

Overall profitability in the banking system is expected to remain subdued on account of higher provisioning due to ageing of NPAs and high level of haircuts on many of the NPAs referred to National Company Law Tribunal (NCLT) for resolution. The NPA situation in the Indian banking system has been stabilizing. Amendments to the Insolvency and Bankruptcy Code is expected to further strengthen the NPA recovery efforts by banking sector. Further, additional capitalization of PSBs for a total of ₹ 1.06 lakh Cr during FY19 will improve the CRAR of these banks.

RBI modified its stance from "calibrated tightening" to "neutral" during FY 19 and reduced the Repo Rate by 25 bps each time in February and April 19. During FY 19, RBI reduced the SLR from 19.5% to 19.25%, further announced a phased reduction in SLR by 25 bps each quarter until it reaches 18% from 1st January 2019, while CRR remain unchanged. Further, the 10 year G-Sec yield came down gradually from 7.57% to 7.35% during FY 19. RBI permitted banks to reckon an additional 2% of government securities within the mandatory SLR requirement, as FALLCR for the purpose of computing LCR, in a phased manner, for harmonization of effective liquidity requirements with LCR.

A separate ombudsman scheme for digital payments was launched to redress complaints raised by customers for digital transaction and RBI commenced the process of setting up an extensive database of credit information viz., Public Credit Registry (PCR), which will be accessible to all stakeholders. Further, the definition of bulk deposits were revised to ₹ 2.00 Cr and above instead of existing ₹ 1.00 Cr.

Your Bank is all set to translate the opportunities into business and thereby expects the year to be characterized by quality growth both under assets & liabilities front. To progress in this direction, your Bank has rolled out the following initiatives during the year under report:

- Fully digitalized, end-to-end, loan approvals under retail and commercial segments with strong underwriting metrics.
- KVB Dlite, a fully loaded Mobile Application, enabled with online savings account opening, FASTag purchase, e-ASBA and an unique shopping experience, apart from other regular financial/non-financial services.

MANAGEMENT DISCUSSION AND ANALYSIS

- KVB NEO, a dedicated arm for exploring the untapped distribution channels, marking a shift from the age-old branch based banking.
- Co-origination and co-lending of retail loans by way of tie-ups with established fintech companies.
- Portfolio purchase of select NBFCs to build a healthy asset book.
- A new sales structure dedicated for acquiring New To Bank customers to build a strong liability base for the Bank.

Opportunities and Threats

As mentioned earlier, banking is digitising at a rapid pace. This offers ample opportunities to your Bank as it is an acknowledged pioneer in this area.

Your Bank currently offers fully paperless loans for commercial and personal purposes using the very latest in digital technologies. Using this system, your Bank has enabled its branches to approve loans in minutes as against the days/ weeks it used to take earlier. This has not only empowered our branches to serve our customers better, it has also improved the control environment by ensuring that credit acceptance processes are driven through statistically validated scorecards. Your Bank's business model has always been customer centric with the branch playing a key role – both features are maintained in the digital business model that has been adopted. Not only can your Bank process credit applications quickly, it can also do so at low cost – resulting significant strategic benefits in the future. We expect this new system to set-us up for rapid high quality growth in the future while keeping operating costs low. Finally, the new scorecards enable your Bank to understand the risk being accepted better than before, which in turn makes it possible for the bank to ensure appropriate pricing of risk.

The liquidity crunch faced by the NBFC sector is expected to give banks an opportunity to broad-base their presence in the retail and commercial space. While your Bank is all set to increase its presence in the retail & commercial segment, it has taken a cautious approach on lending to corporates, keeping in mind the asset quality exhibited by this portfolio. Bank is deploying all available resources to enhance the recovery rate on this portfolio. However, the NCLT processes are still at their infancy and are as yet to mature. Marked slowdown in recovery processes will result in a downside risk for the Bank.

Opportunities are always accompanied with underlying risk also. While digital way of lending has its own unique strengths, possibilities of its inappropriateness with certain products/ customer segments do exist and your Bank is committed to continuously update/modify the sanctioning metrics. Further, digital processes are vulnerable to cyber-attacks, posing operational & reputation risk, and your Bank has a well-defined cyber security policy supported with upgraded cyber technology to mitigate the risks.

Business Segment Overview

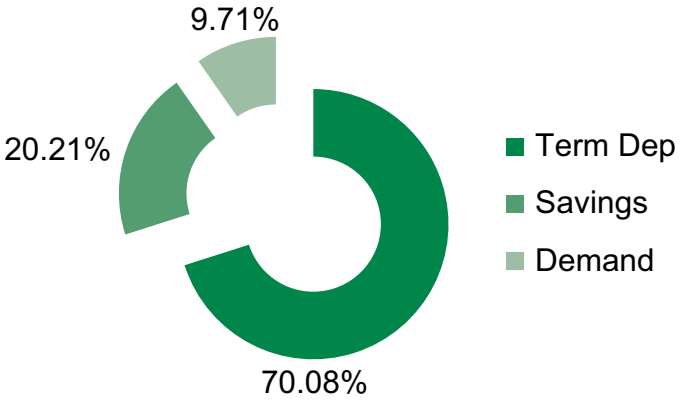
Despite a challenging macro-economic environment, your Bank has made progress in most of the core parameters for the year ended 31st March 2019. Bank's Total Business stood at ₹ 1,10,483.61 Cr recording an increase of ₹ 7,620.38 Cr from ₹ 1,02,863.23 Cr as on 31st March 2018, a y-o-y growth rate of 7.41%.

Deposits increased to ₹ 59,867.95 Cr from ₹ 56,890.09 Cr, recording an incremental growth of ₹ 2,977.86 Cr over the previous fiscal.

CASA share in the aggregate deposit stood at 29.92% as on 31st March 2019 as against 29.14% at the end of the previous fiscal. Savings Bank deposits grew to ₹ 12,101.39 Cr as on 31st March 2019 from ₹ 11,000.57 Cr as on 31st March 2018 with a growth of 10.01%.

Demand Deposits grew by 4.07% over previous fiscal and stood at ₹ 5,813.59 Cr as on 31st March 2019.

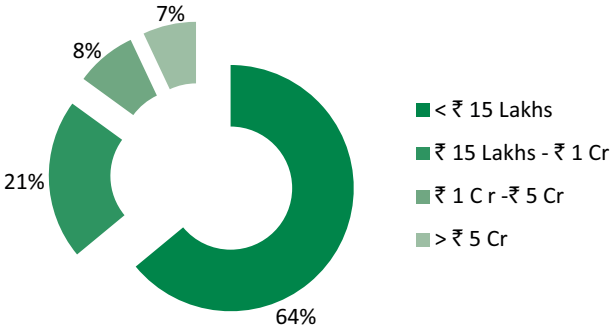
Break Up of Deposits (FY 19)



Retail Deposits viz., Term Deposits of less than ₹ 1.00 Cr constitute 85.00% and Term Deposits less than ₹ 5.00 Cr constitute 93.00% of the total Term Deposits as at 31st March 2019. During FY 19, the concentration of top twenty deposits were reduced to 6%.

MANAGEMENT DISCUSSION AND ANALYSIS

Low dependence on wholesale deposits



Corporate and Institutional Group (CIG)

Your Bank's Corporate and Institutional Group (CIG) provides comprehensive client focused services comprising of Working Capital finance, Term Loans, Specialized Corporate Finance products, Trade and Transaction Banking Services and liquidity management solutions.

In your Bank, exposures above ₹ 25 Cr or Consortium Advances or Loans to Corporates having a turnover of ₹ 150 Cr and above are handled by CIG vertical. The Bank's customers under this segment are mostly mid corporates. Your Bank prioritized credit quality and all sanctions are made following an appropriate credit appraisal of the clients risk profile as well as pro-active monitoring of credit risk.

CIG advances requires skilled workforce who should be well versed with the latest guidelines/market requirements and hence a dedicated team is expected to take care of the entire gamut of corporate advances, including monitoring and ensuring higher asset quality of the corporate book. Your Bank has formed Corporate Business Unit (CBU) at major centres which is staffed by a dedicated team, experienced/trained in corporate credit, which takes care of the entire requirements of the corporate clients.

The CBUs were originally started at Bengaluru, Chennai, Coimbatore, Delhi, Hyderabad & Mumbai centres; are now extended to Ahmedabad, Madurai & Vijayawada also. With the establishment of the new CBUs in the current year, the entire credit portfolio under CIG vertical is now handled by the CBUs. During FY 19, performance of CIG is as below:

- As on 31st March 2019, your Bank's CIG advances were at ₹ 14,168 Cr, which accounted for 28% of the Advances portfolio of the Bank.
- Fresh releases made during the year was ₹ 2,057 Cr, which consists of ₹ 1,286 Cr from New to Bank portfolio; and ₹ 771 Cr from existing clientele.
- CIG vertical of your Bank concluded syndication deal for ₹ 390 Cr. during FY 2019. Fee income earned on the above syndication deal is ₹ 3 Cr.
- Your Bank, under CIG portfolio, recovered ₹ 701 Cr from various NPA accounts through NCLT resolution process, full cash sale to ARC, Cash Recovery/OTS etc.
- Your Bank, under the CIG portfolio, is also effecting limit reduction/exit of the accounts wherever it is felt necessary based on the internal/external ratings and risk perception of these accounts.

Your Bank's Corporate sector advances is being given a push in the fiscal 2019-20 with more thrust on mid-corporate segment. A separate vertical viz., Emerging Mid Corporate Group has been formed within the Corporate Business Unit and separate Relationship Managers have been posted exclusively for this segment with specific business targets to cater to the existing and New To Bank relationships. Going by the increased investment in infrastructure and additional focus on completion of smart city projects pan India, financing requirement is set to increase. Capitalising this area, mid corporate/corporate business is expected to be bullish in FY 20.

Commercial Banking Group (CBG)

Your Bank is ensuring continuous flow of credit to MSME customers and traders having credit requirements up to ₹ 25 Cr. Your Bank has aligned its products & services, in line with market trends & expectations, adding more flexibility and value to the facility. It is more so with the advent of digitalization process last year, using automated customer interface, your Bank has considerably reduced TAT in sanctioning credit facilities, working capital limits up to ₹ 2.00 Cr, to begin with.

The loan underwriting parameters are strengthened and risk based pricings have been implemented, resulting in constructive build-up of quality asset portfolio. The response from the customers are overwhelming and this enabled the Bank to take forward the digital lending journey to the next step of including both fund based and non-fund based facilities in this segment. When fully operationalized, the suite of products in digital lending platform is expected to catapult the Bank's MSME franchise to higher growth trajectory.

In line with its commitment to extend need based assistance to MSMEs, Bank has promptly adopted and implemented the RBI guidelines dated 1st January 2019 on One Time Restructuring of Advances of MSMEs facing temporary stress in handling

MANAGEMENT DISCUSSION AND ANALYSIS

disruptive changes ushered in by demonetization and introduction of GST. Further, your Bank continues to support eligible MSME customers in availing the benefits of various Government sponsored programmes like TUFS/CLCSS/MUDRA, Start-up India, Stand-up India etc.

Your Bank has implemented the Interest Subvention Scheme to Micro, Small and Medium Enterprises (MSMEs) as per RBI instructions dated 21st February 2019. Interest subvention of 2.00% is eligible under this Scheme for all GST registered MSMEs availing fresh or incremental loans upto ₹ 100 lakhs from 2nd November 2018 in FY 2018-19 and FY 2019-20. Bank has taken required measures to cover all the eligible MSME accounts under the scheme.

Bank's Commercial Banking Group Advances were at ₹ 17,056 Cr constituting 33.98% of the total advances as on 31st March 2019.

Corporate Credit Card

Your Bank has always been at the forefront in evolving products which are fine-tuned to the emerging business needs of MSMEs and Small Traders. The Bank launched for the first time, an unique Credit Card product viz., KVB Corporate Credit Card to help business entities in managing and controlling their business expenses more effectively with a revolving credit period of up to 45 days. KVB Corporate Credit Card is backed by highly secure technology. The best-in-class partnerships and alliances offer convenience to business and privileges that suit the lifestyle of our corporate and commercial customers. Proprietors, Partners, Directors and Employees of business enterprises can use the cards for their business spends.

The product facilitates effective payment solutions to bank's business customers offering them highly customizable and simplified expense management solutions. Your Bank has introduced a very effective credit management framework to support the credit card business. With highly differentiated & customized product offerings and leveraging on its branch distribution in SME clusters, the business is well placed to register a robust growth.

Personal Banking Group (PBG)

Your Bank has taken digital technology for end-to-end processing of retail loans with the launch of KVB NEXT, aimed at simplifying the process for the retail loan customers.

KVB NEXT is the first of its kind in the Indian banking sector, to process the retail loan requests using a tab-based application, which offers in-principle loan sanction to eligible customers within 15 minutes and the loan disbursement in two-three days.

KVB NEXT leverages the information obtained from a variety of sources such as GST returns, Income Tax filings, Annual Reports and CIBIL score (in case of individuals), to generate score card for loan applicants.

The digital loan processing solution covers products such as home loans, personal loans, vehicle loans and loans against property in the retail segment.

Your Bank's Retail Advances business registered a growth of 48% in the year under review. Total Retail advances grew from ₹ 7,620 Cr to ₹ 11,278 Cr. (Excluding Interbank Participation Certificate (IBPC) deals ₹ 2,050 Cr, the Retail Advances grew by 24%).

Growth in Retail Assets was contributed by Housing Loans at 29.48%, Mortgage Loan at 22.90% and Personal Loan at 43.24%. Your Bank has digitalized the major Retail Loans (Housing, Mortgage, Four Wheeler, Two Wheeler and Personal Loans). The Bank is also building its retail books through direct assignment of loans.

During the financial year, your Bank has introduced the following variants under Retail Loan products:

- Pre-approved Personal Loan for the existing CASA customers
- KVB Digital Top up Home loans/Reimbursement/Takeover
- Digital Mortgage Loans
- Digital Four Wheeler and Two Wheeler loans
- Digital Personal Loans.

Risk based pricing and product features are reviewed and revised from time to time based on the market trends, demand and customer needs.

As at 31st March, 2019, the total retail advances portfolio of the bank stood at ₹ 11,278 Cr constituting 22.28% of the total advances. Home loan segment contributed 7.15%, Mortgage loan 3.38%, Vehicle Loan 2.06%, Personal loans 0.83% and IBPC deals & Direct Assignments contributed 7.15% of the total advances.

On the liabilities front, your Bank introduced the following retail liability products during this Financial Year 2018-19:

- "KVB Co-Op" was launched on 12th June 2018 for targeting the co-operative societies.

MANAGEMENT DISCUSSION AND ANALYSIS

- "KVB Arogya Card" for senior citizen customers with an aim to provide 'Cashless hospitalization' against fixed deposit was launched on 23rd August 2018 and 4,697 Arogya cards were issued to senior citizen customers.
- "KVB Fleet" Current Account for catering to the needs of Transport/Fleet Operators was launched on 02.10.18, and 3,656 fleet accounts were opened.
- KVB DLite SB Account – digital and paperless hassle free instant account opening through mobile application by keying-in Aadhaar Number and PAN number, was launched on 04.09.2018 and 57,849 DLite SB accounts were opened.

CASA

Your Bank opened a total of 7,08,934 new CASA accounts during FY19. The current account levels stood at ₹ 5,813.59 Cr and Saving accounts moved to ₹ 12,101.39 Cr as on 31st March 2019 taking the CASA base of the bank to ₹ 17,914.98 Cr. Incremental growth in savings was 10.01% while in current accounts the growth was 5.01%. The CASA to Gross Deposit ratio as on 31st March 2019 stood at 29.92% as against 29.14% as on 31st March 2018.

POS

Your Bank deployed 4,672 new Point of Sales (POS) machines during the year, taking the total number of machines deployed to 21,959. Total number of transactions through the machines during the year was 314.11 lakh with a volume of ₹ 4,860.73 Cr.

FASTag

Your Bank has been certified by NPCI to issue FASTag (a contactless card, operates on RFID technology and is linked to a prepaid account) along with few other banks in the industry and subsequently launched FASTag for the public with the prime objective to adopt "Cashless Payment" at toll plazas. During FY 18-19, your Bank issued 36,546 tags and the number of transactions through FASTag at Toll plazas is 48.84 lakh.

Debit Cards

On the cards front, your Bank issued 18.78 lakh debit cards during FY 18-19. During the period 959.50 lakh transactions amounting to ₹ 33,144.15 Cr were put through the debit cards of the bank. In line with the RBI guidelines, your Bank had replaced all magnetic stripe debit cards with EMV chip cards, which are more secure than magnetic stripe cards. In a further push to cashless banking, 2,03,446 new customers signed in for internet banking facility. In respect of Mobile banking 3,04,210 new users registered for the facility, which is a growth of 99.12% over the previous fiscal. In terms of total number of transactions across internet/mobile banking, the growth was by 75.67% and in volume terms, the growth was by 36.22%.

Demat Services

The Bank has registered with National Securities Depository Limited as a Depository Participant (DP) and offering demat services to the participants in the security market. The Bank also has tied up with M/s IDBI Capital Markets & Securities Ltd., and M/s Religare Securities Ltd., for providing trading accounts facility.

Bancassurance & Credit Cards

As you are aware, your Bank has partnered with Aditya Birla Sun Life Insurance Co. Ltd for sale of life insurance products and Bajaj Alliance General Insurance Co., for sale of their general insurance products. Also, for the benefit of our customers, Bank has empanelled with Aditya Birla Health Insurance Co Ltd., and Max Bupa Health Insurance Co Ltd., during the year. ABSLI Guaranteed Milestone and Monthly Income Plan have been launched by ABSLI during the financial year. Sampad Suraksha, Super Suraksha, Swarna Suraksha, M-Care, Tax gain & Two wheeler insurance through QR code were launched by BAGIC during the financial year. Your Bank reached a new benchmark level of ₹ 125 Cr fresh premium under life, non-life and health insurances. Your Bank issued 4,030 new Credit Cards (co-branded with SBI) during the year.

Agricultural Banking Group (ABG)

Agriculture is the backbone of our country and it is the focus area for your Bank as well for serving the farming community. Agricultural Banking Group plays a major role in extending helping hand for the improvement of farm production in the country thereby contributing to nation's objective of increasing agriculture production. Your Bank is associated in the Evergreen revolution (Crop loans), White revolution (Dairy loans), Blue revolution (Fishery loans), Silver revolution (Poultry loans) and Golden revolution (Horticulture loans). With its widespread presence across the country and predominantly in rural, semi-urban locations, your Bank extended warehouse receipt loans to farming community to avoid distress sale of farm produce thereby protecting the interest of the farmers. Your Bank is offering a bouquet of products for agriculture and its allied sector in line with the emerging market requirements.

Your Bank is having a dedicated team of Agricultural Officers positioned at Divisional Offices and at cluster branches. They are effectively utilized for promoting the bank's agricultural loans

MANAGEMENT DISCUSSION AND ANALYSIS

and for improving the business of the bank. Your Bank has also funded high-tech projects under agriculture and horticultural sector. Specialized products are being offered for food and agro based processing units which generates additional employment opportunities in the local area.

In order to improve the livelihood and socio economic conditions of the rural population, your Bank continues to support them in the form of Self Help Group, Joint Liability Group loans and through various government sponsored schemes emanating from central and state governments.

During the Financial Year, your Bank has surpassed the regulatory targets stipulated by RBI with respect to Priority Sector, Agricultural Sector, Small and Marginal Farmer Category, Micro Enterprises and Weaker Section Advances. Total Priority Sector Advances (Net of PSLC) as on March 2019 stood at ₹19,684.52 Cr constituting 43.01% of Adjusted Net Bank Credit as against the mandated target of 40%. Bank's Agricultural advances were at ₹8,457.12 Cr, constituting 18.48% of Adjusted Net Bank Credit as against the mandated target of 18%. Bank has continuously achieved and surpassed the statutory Agri target of 18% for the 9th year in a row by lending to agriculturists and other allied sectors. Average Total Priority Sector and Average Agriculture Advances for FY 2018-19 is tabulated below:

Particulars	Amount (₹ in Cr)	% to ANBC
Average Total Priority Sector (Net of PSLC)	19,960.29	45.00%
Average Agriculture & Allied activities (Net of PSLC)	8,345.83	18.82%

Transaction Banking Group (TBG)

Your Bank's Transaction Banking Group is offering Cash Management Services (Collection and Payment) on electronic platform. Your Bank is providing customized MIS and a customer front end (CBX – Customer Business Exchange) portal to CMS clients. Your Bank is leveraging the CMS capabilities to improve the current account portfolio by on boarding mid and large sized corporates.

Under Supply Chain Finance, your Bank is offering vendor and dealer finance products to automobile majors, engineering and agriculture equipment manufacturer. Your Bank has actively tied up with some of the leading auto majors & engineering industries in this regard. Further in order to cater their requirements and to strengthen the Supply Chain Finance, your Bank has added factoring products also.

Your Bank is actively participating in all the three "TReDS Platforms" for financing MSME vendors. Your Bank is expecting the TReDS business to gain momentum due to a host of Government initiatives. Central Government has made it mandatory that all companies registered under the Companies Act, 2013 with a turnover of more than ₹ 500 Cr and all Central Public Sector Enterprises should register in TReDS platforms.

Digital Transformation Journey

Digital Banking is an adoption of various existing and emerging technologies by the banks, in concert with associated changes in internal operations as well as external relationships for providing superior customer services and experiences, effectively and efficiently.

The new innovative digital technologies and futuristic thought processes have given birth to whole new businesses opportunities. Currently, there are several technologies, infrastructure and processes available to enable banks to provide efficient and dependable service. Adaptation and implementation of highly capital intensive global technologies, infrastructure and processes are decisive in order to remain ahead of the curve. Transition and Interoperability related issues viz. from traditional banking to state-of-the-art digital banking such as data integrity, authentication (including third party authentication) and trust factors in a digital banking environment are gaining importance. Digital banking provides mission critical solutions for the short term and long term business and technological requirements. Today, aspects such as enhanced customer satisfaction and value through unified customer experiences, faster output, infinite banking volumes, financial inclusion, operational efficiencies, scale of economy etc., are being sought after, by leveraging digital banking and mobile technologies. Becoming a digital bank can improve efficiency and provide a better customer experience.

Digital Transformation Journey continues to be a key initiative and thrust area of your Bank. Bank continues to enhance its reputation and offering in the digital space. About a million customers have downloaded the KVB Dlite application and registered for mobile banking. Your Bank is proud to inform you that about 80% of commercial and retail portfolio (excluding jewel loans and agricultural loans) is today being sourced through digital platform.

Some of the key benefits of the program are:

- Quick turnaround for customers. Bank has been successful in giving same day sanctions and disbursements across digital lending portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

- Automated credit checks and underwriting with enhanced credit controls in place.
- Direct integration with GST enabling reliable and real time authentication of customer sales.
- Data driven decisions enriched by multiple third party data sources to support credit process (bureaus, vehicle pricing, fraud checks, etc. to authenticate customer information).
- Tightly managed credit risk.
- Reduced paperwork – end to end paperless process.

Information Technology

Technology in the banking industry is highly dynamic, and your Bank continues to leverage the latest of these technologies to address the changing needs of customers. Your Bank has been constantly upgrading its IT infrastructure and implementing new process, systems and structures for improved customer experience, and to ensure the safety and integrity of the institution.

Your Bank has embarked upon digital transformation journey to offer value added services to the customers and enhance customer experiences.

Your Bank's digital transformation initiative, 'KVB NEXT', has revolutionised the lending process for commercial and retail segments, by infusing automation to the loan disbursement process with built in credit checks and other balances, to extend loans, of the right quality, with steeply reduced turn around time. The loans are originated at the branches, or at customers premises, using mobile end points that access native cloud applications, which are highly scalable to allow for future growth, with security architected in.

Your Bank has a well-established Data Centre at Chennai and a Disaster Recovery Site at Hyderabad with updated infrastructure, being located at different seismic zones, apart from a Near Data Centre site at Chennai. In addition your bank has undertaken a successful upgradation of the Core Banking Application (FlexCube) to its latest version (11.7) so that your bank benefits from the latest features such as – Open API enabling the CBS to connect securely with numerous born in the cloud, digital native, mobile first applications, that will help your bank improve customer experiences and reach out to newer segments of customers for growth and profitability. This new version, additionally, integrates Relationship pricing for customers, IMPS gateway, and few such modules, as part of CBS thereby reducing the cost of operation. Another key feature is the consolidation of corporate and retail modules into a single application helping your bank gain a single view of a customer across their products and services.

Your Bank is constantly upgrading its security measures in all its cash dispensing machines (ATMs included) as per regulatory compliance such as upgradation to the latest operating systems, voice guidance facility for differently abled, EMV/ Biometric authentication and other such security features for the safety and security of the customer accounts/cards.

Analytics

Your Bank's Analytics department is further strengthened during FY 18-19 to increase the use of analytics and to promote greater understanding of data across the bank. Analytics Department also supports Risk Management Department on Retail Credit Policy formulation, portfolio tracking, scorecard development and data management.

A few key deliverables during last year were:

- Bank delivered Pre-Approved Personal Loan for improving customer engagement and enhance the cross-selling opportunities.
- Customer Sourcing Analysis to understand new customers better for offering improved service and engagement. Non Starter Analysis for identification of stress accounts at an early stage and take remedial measures.
- Bank strengthened credit monitoring by designing an in-house Early Warning System (EWS) for the commercial portfolio for proactive monitoring.

Project NEO

Your Bank has been predominantly delivering its products and services through branch network and there are several opportunities to scale up the business using other distribution channels. Growing market is an opportunity and introduction of new products will help the Bank to grow both the asset/liabilities portfolio.

Based on the need of hour, your Bank introduced a new project in the name of KVB – NEO. The aim of NEO is to expand the operations through non-branch outlets. Under the project, tie-ups will be made with other large loan aggregators. There are multiple global examples of similar effort which has successfully built business and also the revenue path. NEO will target

MANAGEMENT DISCUSSION AND ANALYSIS

principally NTB customers.

The Project will concentrate on establishing new channels of distribution through digital technology and develop digitally enabled feet on street which can acquire customers as a part of traditional sourcing. Both the above are equipped with digital tools to ensure highest level of productivity. Products and the services to be offered in NEO will be in digital and on a 'self-service' mode.

Outlook for the fiscal 2019-20

Indian economic activity weakened in the second half of 2018-19. Going forward, favourable factors such as increase in financial flows to the commercial sector, expected hastening of private consumption, increase in public spending in rural areas and increase in disposable incomes of the households and anticipation of a normal monsoon are expected to boost economic activity. However, there could be headwinds from greater than expected moderation in global growth & trade, unanticipated volatility in global financial markets, sub-dued investment activity, slowdown in production and lower exports due to slowdown in global economic growth.

The complete embargo on importing oil from Iran would mean that India has to shift to other markets for sourcing oil and the possible increase in oil import bills shall put pressure on the Indian Rupee. Brexit shall impact the Indian economy by way of increased demand for skilled labour – an expectation based on statements which may not reflect the intent of the Government of the UK - from India and possibility of a free trade agreement with UK. However, there could be possible FPI outflows, which could negatively impact growth.

The large corporate borrowers having long term borrowings more than ₹ 100.00 Cr (excluding foreign loans and inter-corporate deposits) with rating of AA and above are required to raise 25% of their long funding requirement via corporate bonds, as per the framework for Large Corporate Borrowers announced by SEBI effect from 1st April 2019. Hence, banks will be required to re-strategize their credit growth through more active participation in the bond market and consequential impact on profit margins is anticipated. However, the positive impact is expected to be limited since these corporates are already in the bond market.

In the NPA resolution process, the Insolvency and Bankruptcy Code (IBC) has been a game changer, having facilitated resolution of assets worth approximately ₹ 3 lakh Cr, leading to a recovery of about ₹ 71,000 Cr. The IBC is a new system and many of its provisions are being tested legally, leading to some delay. However, the resolution has been faster than earlier and will have a major impact on the banking system in future.

Higher farm sector productions, higher contribution to GDP by manufacturing sector, enhancing business vibrancy through Start-up India and Stand up India, introduction of water transport, creating better road and rail network etc. together with higher FDIs are expected to make Indian Economy grow faster in future.

Your Bank will address the issue of tackling potential slippages by having a resilient approach of persistent follow ups and leverage on the enactments including IBC proceedings and wherever possible will adopt a realistic approach in recovering NPAs, including settlements.

Your Bank has set up a large team for non-branch distribution, a shift from its traditional distribution through branch outlets, and is confident that this sweet spot is expected to perform substantially well, adding escalated revenues on the asset side.

Your Bank continues to change its organisation structure and established dedicated Business Banking Units (BBUs) for the commercial customers requiring credit between ₹ 3.00 Cr to ₹ 15.00 Cr, with a view to bring consistency in processing, improve credit quality and to create specialised skillset for quick delivery. BBUs will house committed Relationship Managers, taking care of specialised needs of these customers.

To further strengthen the retail books, your Bank has forayed into co-origination and co-lending of retail loans with established NBFCs and Fintech companies, having deep market penetration, without compromising on the standards of underwriting metrics adopted by the Bank.

Going forward, your Bank envisages a robust credit growth with escalated asset quality standards, widening market presence and improved loan yield.

Risks & Concerns

A robust risk management system will ensure long term financial security, stability and success of the Bank. Risk Management Department of the Bank has been taking initiatives on a continuous basis for fine tuning the functioning and to further strengthen the risk management framework.

The overall responsibility of setting the Bank's risk appetite and effective risk management rests with the Board and Top Management of the Bank.

The risk framework lays down the following components for effective risk management across the bank:

MANAGEMENT DISCUSSION AND ANALYSIS

- An independent risk organisation and governance structure with a clear common framework of risk ownership and accountability
- Governance standards and controls to identify, measure, monitor and manage risks
- Policies to support and guide risk taking activities across the Bank
- Risk Appetite statements
- Periodic stress testing to assess the impact of adverse business conditions on earnings, capital and liquidity

The major risks namely Credit, Market, Liquidity and Operational risk are managed through following Committees viz:

- Risk Management and Asset Liability Management Committee of the Board (RM&ALM),
- Credit Risk Management Committee (CRMC),
- Asset and Liability Management Committee (ALCO),
- Operational Risk Management Committee (ORMC) and
- Market Risk Management Committee (MRMC).

These Committees work within the overall guidelines and policies approved by the Board.

Chief Risk Officer in the rank of General Manager has been engaged in creating a more dynamic Risk Management Department that has broad oversight of the various risks that the bank takes. Major key functional groups like Credit Monitoring, Information Security Group, Data Analytics, Collections, Alternate Channel Risk Cell are reporting to Chief Risk Officer directly. An exclusive Fraud Prevention and Management Cell (FPMC) has been established to provide timely guidance towards strengthening the internal control systems and procedures. Risk Management Department acts as a nodal centre for co-ordination with other Departments/ operating units engaged in managing risk in their respective business areas.

Whilst the above activity is being undertaken, your Bank is leveraging its existing risk management architecture to ensure that risks assumed by it are within the defined risk appetite, and are closely monitored.

The Bank has policies for identification, measurement and management of major risks - liquidity risk, market risk, credit risk and operational risk. The functional efficiency of these policies are regularly assessed and the policies are refined, keeping in view the dynamic business environment and emerging risks.

Credit Risk Management

Macro level factors such as slowdown in economic growth, imbalances in the economy, stress in certain industries etc. and micro level factors such as deficiencies in the underwriting standards, weak recovery mechanism etc. are few elements that contribute to the credit risk of a bank.

Your Bank has a centralized credit risk management division, independent of its business functions, to manage credit risk. Appropriate credit underwriting standards, risk mitigation processes, post-disbursement monitoring, strong collection and recovery mechanism via call centres and timely remedial actions ensure that credit risk is contained within acceptable level. Loan Policy of your Bank contains broad guidelines documenting the lending philosophy of the Bank, management of its diversified credit portfolio, and various aspects of credit dispensation and credit administration. The Bank monitors its exposures periodically to ensure that there are no breaches in the exposure ceilings fixed by the Board. A research unit functions within the Risk Department for conducting portfolio studies, industry/sector analysis and to capture up-to-date information. Internal Credit Risk Rating of proposals is mandatory for sanction of credit facilities in the Bank.

- For retail and small value loans – e.g. Home Loans, LAP and other retail loans, the Bank uses risk scoring models.
- For other advances, the Bank has a number of Board approved Credit Risk Rating Models for rating Manufacturers, Traders, Corporates etc.

Your Bank has moved the credit approval process of all the retail loans and SME working capital and term loan limits with certain caps, in the digital platform, a completely paperless solution which is in place for more than 12 months. With the experience gained and the working of the enhancements made on the platform, your Bank is contemplating on further digitalising the credit approval process. The process of digitalisation aims to:

- Improve the quality of credit underwriting process by placing various gating conditions tested based on the historic data base of the Bank and thus eliminating subjectivity in the credit approval process.
- Ensure better due diligence through system designs, sanity and bureau checks etc., on boarding risks shall get minimised substantially.
- Improve the credit delivery process by bringing down the TAT.

MANAGEMENT DISCUSSION AND ANALYSIS

Besides the above, a spate of measures is implemented to minimise the risks at each level and every process in the flow of credit.

- Divisional Credit Risk Officers are placed in each Division and credit proposals are evaluated by them before approval.
- Rapid reviews of key industries are made regularly to manage existing and additional exposures.
- Huddle internal rating grades are stipulated for Corporate and Commercial segments based on Bank's risk appetite.
- Exposure caps are applied to individual and group borrowers, with exceptions being referred to Board for approval.

Currently, credit risk capital is computed using the Standardized Approach. RBI Guidelines on Basel III Capital Regulations have been implemented and your Bank is sufficiently capitalized as per the current requirements under Basel III.

Market Risk Management

Your Bank has a well-developed framework, comprising of Board approved policies and established practices, for management of market risk. Your Bank is using various tools like stress testing, duration, modified duration, VaR, etc. to measure and control interest rate risk, liquidity risk and other market related risks. Your Bank has established an independent Mid-Office, as part of Market Risk Division, which reports directly to the Risk Management Department and functions as the risk control unit for its Treasury activities. The Mid-Office scrutinizes the treasury deals and transactions from the point of view of market risk and operational risk management. Detailed policies are put in place for the conduct of business exposed to market risk and also for effective management of all market risk exposures. The policies and practices also take care of monitoring and controlling of liquidity risk arising out of its banking book, trading book and off-balance sheet exposures.

Value at Risk (VaR) is a tool for monitoring risk in your Bank's trading portfolio. The VaR of various investment portfolios are monitored on a daily basis. Asset Liability Management of the Bank in respect of all its assets and liabilities is carried out on a daily basis to eliminate the possibility of any risk eventuality in this area.

Liquidity Risk Management & Interest Rate Risk Management

Liquidity risk is the potential inability to fund increase in assets, decrease in liabilities or meet obligations as they fall due, without incurring unacceptable losses. Interest rate risk is the risk where changes in market interest rates affect the Bank's earnings through changes in its Net Interest Income (NII) and the market value of equity through changes in the economic value of its interest rate sensitive assets, liabilities and off-balance sheet positions.

The policy framework for management of liquidity risk and interest rate risk is established vide the Bank's ALM policy. Your Bank has established various Board approved limits viz., maturity gap limits, limits on stock ratios and Liquidity Coverage Ratio for liquidity risk management and limits on the impact of adverse movement in interest rates in the net interest income and market value of its equity, for interest rate risk management.

A comprehensive Asset Liability Management (ALM) System is in place for effective management of Liquidity Risk and Interests Rate Risk, which are identified, measured and monitored by the ALCO through the prescribed statements viz: Statement of Structural Liquidity, Liquidity Coverage Ratio Statement, Statement of Interest Rate Risk Sensitivity (Traditional and Duration Gap methods) and Stress Testing on Liquidity and Earnings etc. ALCO discusses these statements in detail and takes corrective action wherever necessary.

Interest Rates for various types of Deposits and Advances are discussed and decided by ALCO on a monthly basis as per RBI guidelines.

Your Bank has strong Contingency Funding Plan (CFP) for taking action to ensure that the bank has adequate liquid financial resources to meet its liabilities as they fall due. Contingency Funding Plan is reviewed on quarterly basis by ALCO.

The Capital Charge for Market risk is computed under the Standardized Duration Approach.

Operational Risk Management

Operational Risk is managed by having a well-established internal control system, which includes segregation of duties, standardized operating procedures, clear lines of authority and reporting etc. Operational risk events are typically associated with weak links in internal control systems or laxity in complying with the existing internal control systems and procedures. The Bank has put in place a structured Internal Audit mechanism. The Bank also has a Board approved Business Continuity and Disaster Recovery (BCP&DR) policy to manage disruptions to its operations.

Product, process and outsourcing committees have representation from Risk Department for recording their views &

MANAGEMENT DISCUSSION AND ANALYSIS

perception besides suggesting mitigations for the identified risks in those products and process.

The Capital Charge for Operational Risk is computed under Basic Indicator Approach prescribed by RBI.

The Bank has implemented the Basel III capital framework and is calculating the Capital to Risk Weighted Assets Ratio (CRAR) as per the guidelines laid down by Reserve Bank of India.

Cyber Risk

Data-driven decision-making, cloud adoption, digital transformation, mobility, and implementation/integration of other new technologies are integral to how your bank functions today. The concept of a secured Data Centre (DC) is fast changing to an environment where data is spread across DC and cloud - hybrid clouds are the industry norm allowing banks the flexibility of operating within the security of their own DC, and the ability to scale, on-demand, through pubic clouds. Mobile and edge computing has become ubiquitous. All these rapid advancements in technology has increased the cyber-attack surface, and the pathways into the Bank's computer network.

Cyber crime is an epidemic plaguing every company in the world. Banks and financial institutions are prone to cyber attacks – lot more than companies in other industries - because of highly interconnected networks and the nature of business. RBI has viewed Cyber threat a key risk for banks across India, and has, therefore, followed a policy of no-compromise with plenty of policies and safeguards to be pro-active against Cyber criminals. US treasury, views cyber attacks as one of the key threats to the US economy. IMF, in one of its recent publications, categorised Cyber risk as a systemic risk to the industry.

Cyber attack leads to breach in customer's data, non-availability of data, fraud, financial losses, business disruptions, theft of intellectual property etc. DDoS, data breaches, card cloning are all examples of few of the types of cyber attacks.

Cyber-attacks and threats are evolving every day, with attackers using robots and technologies like Machine Learning to launch precision attack. Additionally, given the evolving nature of this industry (cyber security) trained, skilled manpower is an industry wide challenge. Given this backdrop that your bank has accorded the highest priority to implementing an effective cyber security framework.

Your Bank has a Board approved Cyber Security Policy that mandates, inter alia, requirements such as network security, advanced real-time threat defence, vulnerability management, cyber security awareness and compliance. Your Bank has invested on sophisticated security technologies such as network & web application firewalls with intrusion prevention, advanced threat protection, privileged access control, vulnerability assessment, a Security Incident and Event Management. All these technologies have been procured from leading software vendors to combat cyber threats and provide resilience. Your Bank has established a Security Operations Centre (SOC), that operates 24x7 by leveraging all the above mentioned security technologies, to identify threats and undertake timely remedial response measures. Your Bank's Board and Executive Management periodically oversees the effectiveness of the Cyber Security Program and provides direction to fortify the cyber security controls. To cover the eventuality of any miss, your Bank has also taken Cyber Security Risk Insurance Policy from a leading Insurance Company.

Internal Control systems and their adequacy

The Bank has in place a well-established independent audit system and structure to ensure adequate internal control for safe and sound operations. Your Bank's Inspection and Audit Department (IAD) performs independent and objective assessment to monitor adequacy, effectiveness and adherence to internal control systems and procedures laid down by the management and extant regulations. This function supports the Bank's role in safeguarding its assets. The macro level guidance and direction on the control aspects is provided by the Audit Committee of the Board (ACB).

An efficient and sound internal audit provides high quality counsel to the management on the effectiveness of risk management practices and internal control mechanisms as also the regulatory compliance by the Bank.

Internal Audit is carried out under Risk Based Internal Audit (RBIA) as envisaged under Risk Based Supervision of RBI with focus on assessment of risks on the basis of inherent business/ control risk and internal control mechanism. RBIA lays greater emphasis on the internal auditor's role in mitigating various risks while at the same time continuing the traditional risk management and control methods involving transaction testing etc. RBIA not only offer suggestions to the management for mitigating current risks but also on potential future risks, thus playing a vital role in the risk management process of the Bank.

Under RBIA, branches have been categorized into five groups as per risk perception and are subject to varying degrees of audit.

MANAGEMENT DISCUSSION AND ANALYSIS

IAD reports to MD & CEO for day to day activities and to the Audit Committee for audit planning and reporting. Your Bank had conducted the RBIA Audit of all the targeted Branches & Divisional Offices for the year.

Your Bank also subjects its operations to concurrent audit by various experienced audit firms to complement its Internal Audit function.

Concurrent Audit also covers core activities such as Treasury operations, International Division, Regional Processing Centres, ATM cell, Demat cell, other operations and branches.

Concurrent Audit of select branches are done by external audit firms taking into account risk perception and business turnover. During FY 2018-19, 170 branches covering 50% of the total deposit and 62% of total advance of the Bank were subjected to concurrent audit. Besides this all Corporate Business Units (CBU) were also subject to concurrent audit.

In addition to the regular inspection (RBIA) and concurrent audit, the Bank also conducted surprise inspection by the Bank Officers at identified branches and Extremely/Very high risk rated branches, as and when the need arose for such audits.

Apart from the RBIA and concurrent audits, your Bank also conducts revenue audit of identified branches once in a year. During FY 2018-19, all branches except concurrent audit branches were subjected to revenue audit.

Your Bank has also ventured into a unique area of integrating all audit systems under single software called e-THIC to enhance and provide focused attention in the audit mechanism taking cognizance of the various requirements borne out of experience.

Your Bank has also conducted SNAP audit in 631 branches to ensure that the compliance aspects in respect of internal control are followed at the branch level.

Your Bank has a system of re-appraisal of jewels pledged under Jewel Loan portfolio once in a year covering all branches having this portfolio. During FY 2018-19, re-appraisals including surprise re-appraisal totalling 794 appraisals were conducted in 754 branches. Further, during RBIA inspection, inspecting officials will carry out verification of purity of jewels on 10% of the outstanding jewel bags as of inspection date, subject to a minimum of 50 bags from the date of reappraisal with help of nearby branch appraisers.

Currency chests of the Bank are subjected to inspection at periodical intervals as per extant guidelines of RBI. Inspections of all the seven currency chests of the Bank were covered during the year under report.

Information Security Audit is conducted once in a year covering all branches and back offices viz., Central Office, Divisional Offices, Regional Processing Centres etc. During the year under report, the Bank conducted IS Audit across 823 branches/offices.

Your Bank is also ensuring the genuineness of compliance submitted by the branch for RBIA report by conducting Compliance Audit at the branches.

Your Bank has sharpened internal controls by instituting vigilance functions and a separate Staff Accountability Policy.

Credit Audit for advances with a fund based limits of ₹ 5 Cr and above or total exposure of ₹ 10 Cr and above, has been introduced from the fiscal 2017 onwards with the objective of improving the quality of credit portfolio with resultant favourable impact on the profitability and reduce stressed assets.

Your Bank has conducted Credit Audit for 317 accounts for the fiscal 2018-19. Credit Audit will provide feedback to the Top Management of the Bank, based on the information gathered from reports of the various Credit Audits conducted, on the state of compliance with:

- Instructions/directives from the Government and Reserve Bank of India and;
- Bank's extant Credit Policy/procedures

Credit Monitoring Group (CMG)

Your Bank has a well-structured credit monitoring arrangement for continuous tracking of performance of loan asset. There is a dedicated team to maintain and improve on the monitoring standards as practiced in the industry. It takes care of regulatory requirements, identifies early warning signals and is positioned to monitor the end use of credit lines sanctioned. It is a two tier arrangement at Central Office & Divisional Office where the former takes the overall responsibilities for the effectiveness of monitoring. Prompt follow up action to plug the pit falls, prevent slippages and minimize credit risks are the perpetual focus points. The Credit Monitoring Group comes under the overall Risk Management Department led by the Chief Risk Officer of the Bank.

Compliance Function

Your Bank has put in place a comprehensive Compliance Policy and the same was also reviewed during the year under report. Your Bank has followed the guidelines issued by RBI on various

MANAGEMENT DISCUSSION AND ANALYSIS

functions in the bank. Bank has also ensured that Statutory/ Regulatory and all other mandatory information required to be forwarded to RBI and other regulators are submitted.

Bank is focusing on employee education through circulars, frequent training sessions etc. to sensitize them of the need for a strong compliance culture and also striving to develop a robust compliance culture in the Bank. Department is functioning as a focal point for regulators and statutory authorities – Income Tax, Sales Tax, Customs etc. for all compliance related matters. Nodal Compliance Officers (NCOs) are identified and appointed at Branches, Divisional Offices, back offices and departments at Central Office for better compliance on an on-going basis. Quarterly Self-Assessment Report (SAR) for the Departments/ branches/Back offices is put in place in order to ensure the adherence to the regulatory guidelines.

Your Bank has also put in place KYC/AML Policy approved by the Board of Directors. The Bank has an AML Cell at Central Office which uses AMLOCK software for transaction monitoring. The customer accounts are profiled into different risk categories and alerts are generated based on predefined parameters. These alerts help in identification of suspicious transactions which are further reported to FIU-IND. Further, e-learning module on KYC/AML is implemented for the benefit of all the employees across India.

Financial Performance with respect to Operational Performance

During the fiscal 2018-19, the Interest income rose to ₹ 5,815.82 Cr, as against ₹ 5,699.65 Cr of previous fiscal, reflecting a growth of ₹ 116.17 Cr. Interest expenditure stood at ₹ 3,453.00 Cr as against the previous year figure of ₹ 3,401.54 Cr, showing an increase of 1.51%. The Net Interest Income increased to ₹ 2,362.82 Cr from ₹ 2,298.11 Cr, y-o-y growth of 2.82%.

Non-Interest Income (NII) increased by ₹ 62.84 Cr (6.98%) from ₹ 899.93 Cr in FY 2017-18 to ₹ 962.77 Cr.

Your Bank posted an Operating Profit of ₹ 1,710.78 Cr compared to ₹ 1,777.32 Cr in the previous fiscal, recorded a marginal decrease of 3.74%.

Operating Revenue of your Bank recorded a y-o-y growth of 3.98% and stood at ₹ 3,325.59 Cr as against previous year figure of ₹ 3,198.04 Cr.

The operating expenses increased from ₹ 1,420.72 Cr to ₹ 1,614.81 Cr, recording a growth of 13.65%. In the operating expenses, establishment expenditure registered an increase of 19% from ₹ 639.08 Cr in FY 18 to ₹ 761.17 Cr in FY 19 and other operating expenses increased to ₹ 853.64 Cr (14.00%) from ₹ 781.64 Cr.

For the year ended March 19, Net Interest Margin of the Bank decreased by 19 basis points from 3.86% to 3.67%, compared to the previous fiscal.

The Bank's Net Profit for FY 2018-19 registered a decrease of 39.00% from ₹ 345.67 Cr in FY 18 to ₹ 210.87 Cr.

The Return on Assets was 0.31% at the end of the fiscal under report as against 0.53% in the previous fiscal.

The Earning Per Share (EPS) and Book value of shares as on 31st March 2019 stood at ₹ 2.64 and ₹ 79.56 respectively as against ₹ 4.98 and ₹ 85.49 as on 31st March 2018.

The Bank's Return on Equity was 3.31% as against 5.52% for the previous fiscal FY 18.

Net owned funds of your Bank were ₹ 6,364.98 Cr as on 31st March 2019, showing an absolute increase of ₹ 153.27 Cr over the previous fiscal on account of plough back of profits during the year.

Key Financial Ratios

- Key Financial Ratios & details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, or sector-specific equivalent ratios, as applicable.

Sr. No	Particulars	FY 2018-19	FY 2017-18
i	CRAR %	16.00%	14.43%
ii	Tier I Capital	14.28%	13.92%
iii	Tier II Capital	1.72%	0.51%
iv	Gross NPA	8.79%	6.56%
v	Net NPA	4.98%	4.16%
vi	ROA	0.31%	0.53%
vii	NIM	3.67%	3.86%
vii	Interest Income as a % to Working Funds	8.45%	8.79%
viii	Operating Profit as a % to Working Funds	2.49%	2.74%
ix	Leverage Ratio	8.53%	8.49%
x	Book Value Per Share (₹)	79.56	85.49
xi	Earning Per Share (₹)	2.64	4.78

Basel III Tier II ratio has increased from 0.51% as on 31st March 2018 to 1.72% as on 31st March 2019, as Bank had issued

MANAGEMENT DISCUSSION AND ANALYSIS

Basel III compliant Tier II bonds to the tune of ₹ 487 crore during FY 2018-19. CRAR (Basel III) as on 31st March 2019 was 16.00% as compared to 14.43% as on 31st March 2018.

Increase in slippages, especially those in Corporate Sector, due to stress, macroeconomic conditions and other factors has resulted in Gross NPA ratio going up to 8.79% as on 31st March 2019 from 6.56% as on 31st March 2018.

The above resulted in higher provision requirements, due to which net profit for the year declined and Return on Assets stood at 0.31% for the year 2018-19 as compared to 0.53% for the year 2017-18. Resultant of decline in Net Profit has impacted the fall in EPS during the year 2018-19 to ₹ 2.64 as compared to ₹ 4.78 during the previous year.

Interest Income and Operating Profit, both as % of Working Funds, have declined marginally and hence changes therein are not significant.

- Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.

RONW for the year 2018-19 was 3.31% as compared to 5.56% for the year 2017-18, which was on account of decline in net profit for the year. Net Worth of the Bank has increased during the year by ₹ 154 Cr.

Disclosure of Accounting Treatment

The financial statements are prepared following the going concern concept, on historical cost basis and confirm to the Generally Accepted Accounting Principles (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) rules, 2014 to the extent applicable to Banks and current practices prevailing in the banking industry in India. Income and Expenditure are generally accounted on accrual basis, unless otherwise stated and comply with requirements as per RBI guidelines and the provisions of Banking Regulation Act, 1949. Accounting Policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

Recovery

Your Bank has been consistently taking measures for effective monitoring of its credit portfolio to avert stressed accounts and avoid delinquency. Bank's well defined recovery policy comprehending all areas of NPA management coupled with system triggered alerts, deployment of prudent credit monitoring tools and timely recovery actions has successfully contained the SMA levels of your Bank.

Board reviews the credit portfolios regularly and analyses the asset quality behaviour based on cohort analysis. Board evaluates the credit quality in each segment using various benchmarks viz., DPD, non-starter analysis, ever count quantum for better monitoring and early identification of stress. Further, your Bank has established ARBs for dedicated recovery process, reducing TAT in realising the mortgaged securities and to have a turnaround in NPA levels. The recovery performance is being monitored regularly by top Executives at Central Office by way of con-calls with respective Divisional heads, Branches, ARBs, apart from personally visiting the top NPA accounts for enhanced recovery possibilities.

Bank has given a call to its entire rank and file, to fight against Special Mentioned Accounts (SMAs) and the move is named as "SMA HATAO" (Eliminate SMA). Every Branch has to call the Borrowers on the Day-1 of the due date of the interest/ instalment (SMA-0) and should reach the Guarantor on first day of the delinquency (SMA-1). Entire process is systemized and automated SMS and e-mails will be sent to both Borrowers and Guarantors to remind about their due date to pay the arrears. Borrowers committed dates for the payments will be recorded in the system and an automated alert will be sent to the borrower/ guarantor if not paid within the promised date. Borrowers and guarantors are also explained about the impact on their credit scores with delayed payments.

Your Bank also started Centralised Collection Call Centre at Chennai for regular follow up and collections from SMA and NPA borrowers in addition to the Branch follow up. These initiatives will control the delinquency numbers and yield the desired results in the days to come.

Penalties

Reserve Bank of India, under Sections 35, 35A, 46 and 47A of Banking Regulation Act, 1949, levied penalty of ₹ 5.00 Cr for the violations of RBI guidelines observed during statutory inspection of the Bank with reference to financial position as on March 31, 2016 and March 31, 2017 and ₹ 1.00 Cr for non-compliance of regulatory guidelines on time bound implementation & strengthening of SWIFT related operational controls. The Bank paid the penalty amounts to RBI within the stipulated timelines.

MANAGEMENT DISCUSSION AND ANALYSIS

Human Resource Management

Human Resources play an important part in the performance of any organization. Banking being a service industry, it acts as a differentiator between competitors. The main emphasis of Human Resources Department (HRD) of your Bank is on attracting the right talent, developing and retaining the same. HR Department of your Bank focuses on talent acquisition, skill development, motivation, retention and employee engagement.

Recruitment

Manpower requirements of your Bank are systematically assessed during the beginning of the financial year and the hiring plan is approved by the Board. Entry level hiring is done through different modes including campus hiring. Ability cum Psychometric test is conducted as a part of recruitment process.

Skillset based recruitment is implemented during the financial year. 28 special skillsets are identified which includes Risk Management, Compliance, Credit Processing, Analytics, Treasury Management, IT & Cyber Security, Direct Sales, Industrial Relation, Forex Management, Retail Credit, Branch Banking, Bancassurance, Inspection, Legal, Credit Card, Networking etc. Distributed state wise recruitment started and have already recruited for Karnataka, Gujarat and Maharashtra.

Know Your Employee (KYE)

Bankers deal with public money and any employee joining a Bank should have impeccable character and should possess high ethical and moral values. Hence to understand the history and background of new recruits, Bank is doing background verification through external agencies on the aspects like Education Check, Employment Check, Criminal Check, Address Check, Database Check, Social Media Check, Character Reference Check and Gap Verification Check.

Succession Planning

Your Bank has done a detailed succession planning exercise for senior management positions with the guidance and approval of the Board. Succession planning helps the Bank in mitigating the risk associated with attrition, retirement, and cultivates existing talent by matching promising employees with future organizational needs. The succession plan includes grooming the mid-level executives by providing specialized training and 'on the job' exposure. Wherever skilled internal resources are not available the Bank hires skilled resources laterally from the market. Your Bank has already hired a few executives during the financial year by lateral hiring process, based on this succession plan.

Individual Sales Target

Your Bank believes in the philosophy of motivating the employees through monetary and non-monetary rewards. Key Responsibility Areas (KRA) are defined for every job role. Based on their KRA's, measurable Key Performance Indicators (KPI) are defined and individual targets set for each employee. All branch employees are given sales targets which are monitored through Daily Sales Report (DSR). Based on achievement of sales numbers against their individual targets, quarterly incentives are paid to branch employees. The employees who achieve all their KPI's are favourably considered for promotion and postings. Half yearly and annual performance appraisal is done every year and Career Development Scores (CDS) on a 5 point rating scale is given.

Business per employee of the Bank significantly increased to ₹ 14.42 Cr as on 31st March 2019, as against the ₹ 12.92 Cr as on 31st March 2018. Profit per employee decreased from ₹ 4.35 lakh as at 31st March 2018 to ₹ 2.75 lakh as at 31st March 2019.

Training & Development

Developing the knowledge, skills and attitude of employees to perform to their potential and to face the challenges in the market are the main objectives of training programs.

Training/E-Learning conducted during FY 2018-19			
S. No.	**Program Type**	**No. of Programs**	**No. of Learners**
1	Internal Programs at Staff Training College	338	5004
2	External Training Programs at various institutes	172	1235
3	Internal Programs conducted at Branches/Offices	953	9437
4	E-Learning on KYC & AML	NA	3482
5	E-Learning on Cyber Security Awareness	NA	4321

- The focus of training is on Compliance, Adherence to Systems and Procedures, Risk Management, Sales Effectiveness, Cyber Security Awareness, Service Excellence and other role based functional programs.
- Out of the total 7,515 employees, your Bank has trained 6,273 (unique) employees during the financial year; hence the training penetration works out to 83.50% for FY 2018-19.
- The total training man-days is 32,015 days and the average training man-days per employee works out to 4.26 days for the FY 2018-19.

MANAGEMENT DISCUSSION AND ANALYSIS

The training content is reviewed at least once in a year, by a committee of General Managers/Vertical Heads. Based on the suggestions received by the committee members and the need, the program content is updated.

Online feedback of the trainer by the trainees and for the trainees by the trainer is obtained session wise, the method of delivery is revised based on the feedback.

New Initiatives

- Various new processes are introduced during the financial year such as Learning Diary, Group Discussion, Online Quiz, In Camera Role Plays, Team Way Review, Business Management Games etc. for improving and helping the new employees in your Bank.
- Freshers are assigned with a seasoned senior as a mentor for career guidance and seamless integration with the organizational culture.
- Talent Tagging for Employees are done based on the special skillsets of the individual employees.

Capacity Building

- Capacity Building is implemented in your Bank to improve the quality of work and for efficiency in the specialized departments such as Credit, Forex, Treasury, Accounting and Cyber Security.
- As per RBI instruction, employees working in Commercial Business Group, Corporate and Institutional Group, Central Loan Processing Cell, Corporate Business Unit, Divisional Office Credit Processing, and Business Banking Units are insisted for Certified Credit Professional Certification.
- Employees working in Risk Management Departments, Central Forex Processing Cell, Treasury, Accounting and Cyber Security Departments are insisted to do Risk in Financial Services Certification, Forex Certification, Certified Treasury Professional, Certified Accounting and Audit Professional, IT Security & Cyber Security Certifications respectively within a specified timespan. Course fee reimbursements are also provided by your Bank for the special certifications mentioned above.

Revamped HR Website - Paperless Regime

- HR department website is revamped with full of informative details from personal to professional is provided for each individual employee.
- All approvals, from Recruitment to Resignations, are made system based to minimize the TAT and to improve efficiency and quality of the work.
- Daily Huddle meeting, DSR monitoring and New Incentive scheme announcements are made through new www.hr.com.
- IRDA specified person enrolment for examination is carried out online through our revamped www.hr.com for more than 1,500 employees.
- Staff benefits such as staff loans, terminal benefits details including individual e-vidal card can be downloaded from the website.
- Career guidance is provided through Banking Terminology, Management Jargons, JAIIB, CAIIB and various other study materials for knowledge enrichment.
- All India Open Quiz is being conducted in the new HR website. The quiz is conducted online mode and the winner is selected based on “Fastest Finger First”. The results are being published automatically once the quiz is completed.

Safe Harbour

Certain statements in the “Management Discussion and Analysis” describing the Bank’s objectives, estimates and expectations may be ‘forward-looking statements’ within the meaning of applicable Securities Laws and Regulations. Actual results could differ substantially from those expressed or implied. These statements are subject to risks and uncertainties, include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and government policies that may impact the businesses of The Karur Vysya Bank Limited as well as its ability to implement the strategy. The Karur Vysya Bank Limited does not undertake to update these statements. Figures for the previous year have been regrouped wherever necessary to conform to current year’s presentation. Important factors that could make a difference include economic conditions in the domestic and overseas markets, changes in Laws/Regulations and other incidental facto. This document also does not constitute an offer or recommendation to buy or sell any financial products offered by The Karur Vysya Bank Limited.

Karur Vysya Bank
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CORPORATE GOVERNANCE REPORT

Philosophy of Corporate Governance

Over our 103 years in existence, we have always thought of good Corporate Governance as an integral part of our business. Corporate Governance has been defined in various ways in the past. It encompasses the organisation's commitment to values, its commitment to doing business ethically even if it is at a cost to itself, ensuring stakeholder interests are protected, ensuring that the rules, regulations and all extant laws are followed in letter and spirit etc. A business's commitment to good corporate governance, demonstrated over time in action, results in enhancing trust by creating transparency. Corporate Governance encompasses a set of systems and practices to ensure that the affairs of the Bank are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and social expectations.

Effective Corporate Governance is critical to the proper functioning of the banking sector and the economy as a whole. Banks serve a crucial role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help drive economic growth. Banks' safety and soundness are key to financial stability and the manner in which they conduct their business, therefore, is central to economic health. Governance weaknesses at Banks that play a significant role in the financial system can result in the transmission of problems across the banking sector and the economy as a whole.

Corporate Governance determines the allocation of authority and responsibilities by which the business and affairs of a Bank are carried out by its Board and senior management, including how they: set the bank's strategy and objectives; establish control functions; select and oversee personnel; operate the bank's business on a day-to-day basis; protect the interests of depositors, meet shareholder obligations, and take into account the interests of other recognised stakeholders; align corporate culture, corporate activities and behaviour with the expectation that the Bank will operate in a safe and sound manner with integrity and in compliance with applicable laws and regulations.

Sound Corporate Governance permits the regulator(s) to place more reliance on the Bank's internal processes. As a highly regulated institution, this underscores the importance of having the highest level of Corporate Governance in your Bank. To reiterate, this implies appropriateness with respect to: levels of authority, responsibility, accountability and checks and balances within the Bank, not only including those of senior management but also of the Board of Directors and the risk, compliance and internal audit functions.

As part of the Bank's objective and commitment to implement best practices in Corporate Governance, Bank has framed and adopted "Corporate Governance and Business Responsibility Policy" for achieving highest standards of governance in all its activities and processes taking into account the relevant statutory provisions, directives, circulars and other guidelines of regulators from time to time.

Board Composition

The Board of Directors is a key construct of a Bank's Corporate Governance framework. Directors have a fiduciary responsibility towards all stakeholders and are expected to act diligently in carrying out their responsibilities. The Composition of the Board of Directors of the Bank is governed by the provisions of Section 10A (2) (a) of the Banking Regulation Act, 1949 and the extant guidelines issued by RBI from time to time, the Companies Act, 2013 and rules made thereunder, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations"), the Articles of Association of the Bank and all other applicable laws and in accordance with the best practices in Corporate Governance.

The composition of Board with varied skills by bringing about a blend of **"historical skills set"** i.e. regulation based representation of sectors like Agriculture, Rural Economy, Banking, Accountancy, Co-operation, Economics, Finance, MSME, Law etc. and the **"new skills set"** i.e. need based representation of skills such as Marketing, Risk Management, Payments & Settlement Systems, Credit, Recovery, Information Technology, Strategic Planning, Treasury Operations, Human Resources, etc. The Board shall have an optimum combination of Executive, Non-Executive and Independent Directors including Woman Director with diversity of skills which is an important aspect of a strong Board composition. The Board of the Bank is chaired by the Non-Executive (Part-time) Independent Director.

The Board Composition as on 31st March 2019 as under:

Particulars	No. of Directors
Non-Executive Independent (Part-time) Chairman	1
Managing Director & Chief Executive Officer	1
Non-Executive Non-Independent Directors	4
Non-Executive Independent Directors	3
Non-Executive Independent Woman Director	1
Total	**10**

CORPORATE GOVERNANCE REPORT

Profile of Board of Directors

Shri N S Srinath (DIN: 01493217), Non-Executive Independent (Part-time) Chairman

Shri N. S. Srinath, is a graduate in Science and Law and a Certified Associate of the Indian Institute of Bankers. He holds certificate in Industrial Finance. He started his career in Banking by joining Canara Bank in the year 1970 and worked in the Bank in the various geographical regions viz., Bihar, Karnataka, Tamil Nadu and New Delhi. He was elevated to various cadres between 1970 to April 2006 and worked in the Bank as a General Manager in charge of Personnel Wing at its Head Office at Bangalore from May 2006. In Canara Bank, he has served in different locations, worked in various administrative offices (Head Office and Circle Office) departments like Development, Internal Control, Recovery, Information Technology, Credit, Operations, HR, etc., besides banking operations. He was instrumental in implementing ERP solutions in Canara Bank and has deep insight into leveraging technology and optimization of Human Resources Management.

He was appointed as an Executive Director of Bank of Baroda, a whole time Directorship as Government of India Nominee from December 07, 2009, a post which he had held up to his retirement on May 31, 2012. In Bank of Baroda, being Executive Director, besides the Board responsibilities, he was in charge of HR, Recovery, SME, Priority Sector Lending, International operations, Retail lending. The Bank won the Best Bank award among Public Sector Banks for the performance for the year 2011.

He was Chairman on the Boards of Bank of Baroda (Trinidad and Tobago) Limited and Bank of Baroda Ghana Limited, wholly owned subsidiaries of Bank of Baroda till May 31, 2012 and was also on the Board of India Infrastructure Finance Company (UK) Limited from December 01, 2010 till October 31, 2011.

He was also on the Board of Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), a Section 25 Company registered under the Companies Act, 1956, since its inception till May 31, 2012. He was trustee (Government of India Appointment) in Stressed Assets Stabilization Fund till December 31, 2015. He is a Non-Executive Independent Director of the Bank since June 29, 2012. RBI accorded their approval for appointment of Shri N S Srinath as Non-Executive Part-time Chairman of the Bank for a period of three years with effect from 27th May 2019. He is representing Majority Sector "Banking - HRM" on the Board. Shri N S Srinath is holding 3,463 equity shares in the Bank.

Shri P R Seshadri (DIN: 07820690), Managing Director and Chief Executive Officer

Shri P R Seshadri, is a senior banker with Commercial and Retail Banking experience of over 25 years spanning multiple geographies. He is an alumnus of the Indian Institute of Management, Bangalore (Post Graduate Diploma in Management) and Delhi College of Engineering (Bachelor of Engineering). He has significant working experience in highly regulated businesses/environments in Asia/UK.

He started his banking career with Citibank N.A., India in early 1992. He was involved with Citibank India in various capacities till 2005. He made significant contributions to Citibank's businesses in India. From 2003 - 2005, he was the Managing Director of Citi Financial Consumer Finance India Limited, a pioneer in the consumer finance space. Prior to this, he was Marketing Director, Citibank India responsible for lending products and the development of structured products e.g. securitisation. He also held the position of Managing Director, Citi Financial Retail Services India Limited - another Citi-owned NBFC.

In his capacity as Head of Banking Collections, Citibank N.A., he pioneered many of the collection practices common place in the industry today. He was the principal architect of Citi's Collection Code of Conduct - a documentation of best practices that has been widely emulated.

In addition, whilst in India he held senior positions in retail and commercial (SME) businesses.

He moved to Singapore in 2005 as the Managing Director & Regional Head of Lending Businesses, Asia Pacific. In this capacity, he was responsible for Citibank's Lending Businesses in 13 countries/territories across Asia Pacific. Subsequently, he was appointed as the Managing Director & Head of Sales & Distribution, Citibank in Asia Pacific. In this capacity he was responsible for sales/distribution of all of Citi's products through branches/other non-branch channels. He was a key driver for the rapid changes to Citi's sales and distribution model over this period.

He was Chief Executive Officer of BFC Bank Limited - a 'Global Payment Bank' established in London to provide convenient and fast global payments capabilities while fully conforming to regulatory requirements - at reasonable costs - to payment service providers and medium sized corporates in UK and elsewhere. He is the MD & CEO of the Bank since 04th September 2017. He is representing Majority Sector "Banking" on the Board. Shri P R Seshadri is holding 2,860 equity shares in the Bank.

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

Dr. V. G. Mohan Prasad (DIN: 00002802),
Non-Executive Independent Director

Dr. V. G. Mohan Prasad, is a Medical Practitioner and also engaged in Agriculture. He is an M.D., D.M., F.C.C.P., M.I.A.S.L. He has practical experience in the field of Agriculture. He was on the Board of the Bank from 28.07.2003 till 27.07.2011. He is a Non-Executive Independent Director of the Bank. He is representing Majority Sector "Agriculture" on the Board. Dr V G Mohan Prasad is holding 1,46,180 equity shares in the Bank.

Shri M K Venkatesan (DIN: 00032235),
Non-Executive Non-Independent Director

Shri M K Venkatesan, is an Economics graduate and engaged in Mundy business (dealing in agricultural commodities). He is one of the Promoters of the Bank. He was a Director of the Bank during the periods from 22.02.1992 to 18.02.2000 and 26.11.2003 to 26.07.2009. He is a Non-Executive Non-Independent Director of the Bank. He is representing Majority Sector "Business - MSME" on the Board. Shri M K Venkatesan is holding 7,58,404 equity shares in the Bank.

Shri A K Praburaj (DIN: 07004825),
Non-Executive Non-Independent Director

Shri A K Praburaj, is a Commerce graduate and is one of the Promoters of the Bank. He was a Director of the Bank during the period from 04.12.1997 to 07.03.2004. He is a dealer in Indian Oil Corporation and has interest in certain finance firms. He is a Non-Executive Non-Independent Director of the Bank. He is representing Minority Sector "Trade & Commerce" on the Board. Shri A K Praburaj is holding 89,866 equity shares in the Bank.

Smt CA K L Vijayalakshmi, (DIN: 07116809),
Non-Executive Independent Director

Smt CA K L Vijayalakshmi, is a graduate in Business Management from University of Mysore and Fellow Member of the Institute of Chartered Accountants of India. She is a Partner in M/s Khicha and Prabu Kesavan, Chartered Accountants, Coimbatore since 1995. She has more than 28 years of experience in various Statutory audits, Bank Branch Audits, Concurrent Audits, Income Leakage Audits, Stock Audits, etc., and Audit of Public Sector Undertakings, etc., and Branch audit of Insurance companies. She also has rich experience in providing taxation and Project Advisory for SMEs. She is a Non-Executive Independent Director of the Bank. She is representing Minority Sector "Commerce & Special Knowledge -Accountancy" on the Board. Smt CA K L Vijayalakshmi is holding 3,207 equity shares in the Bank.

Shri M V Srinivasamoorthi (DIN: 00694618),
Non-Executive Non-Independent Director

Shri M V Srinivasamoorthi, is a graduate in Chemistry. He is an exporter of readymade garments and home textiles for the past 19 years. He is one of the Promoters of the Bank. He is a Non-Executive Non-Independent Director of the Bank. He is representing Majority Sector "Business - MSME" on the Board. Shri M V Srinivasamoorthi is holding 2,14,368 equity shares in the Bank.

Dr K S Ravichandran (DIN: 00002713),
Non-Executive Independent Director

Dr K. S. Ravichandran, holds a Masters in Commerce, a Bachelor in Law, a Fellow Member of the Institute of Company Secretaries of India, a Diploma in Electronics and Radio Communication Engineering and a Diploma in Technology. He was awarded a doctorate from the Department of Management, Alagappa University on Prosecution of Directors under Company Law and Criminal Law in India & UK. He had served the Indian Air Force for over 9 years specializing in Russian Radar Systems. He is the Founder and Managing Partner of M/s KSR & Co Company Secretaries LLP.

He specializes in Corporate Law, Insolvency and Bankruptcy Code, 2016, Intellectual Property Rights and Arbitrations and appears regularly before various Tribunals, Appellate Tribunals, Regulators and Adjudicating Authorities. Many cases argued by him have been reported in leading law journals. He was one of the longtime member of the Secretarial Standards Board of the Institute of Company Secretaries of India

He is a member of International Association for Protection of Intellectual Property Rights; INSOL International, a global organization of corporate insolvency professionals and Chartered Institute of Arbitrators, UK. He is the Co-Chairman of the Karnataka Council of ASSOCHAM. He has authored more than 500 Articles and 7 books, the latest being on "Contraventions under Corporate Laws''. He has addressed in more than 300 seminars and conferences. He is a Non - Executive Independent Director of the Bank, representing Majority Sector "Law" on the Board. Dr K S Ravichandran is holding 3,248 equity shares in the Bank.

Shri R. Ramkumar (DIN: 00275622),
Non-Executive Non-Independent Director

Shri R. Ramkumar, holds a Bachelor of Arts in Corporate Secretaryship (B.C.S.,) from Loyola College, Chennai and Masters in Business Administration in Human Resources.

CORPORATE GOVERNANCE REPORT

He has rich experience in the business of textiles and export of home textiles. He widely travelled overseas on his export business and had more than 13 years of experience in the textiles business and also has a business interest in certain finance firms. He hails from the promoter's family. He is Non-Executive Non-Independent Director representing Minority Sector "Business and Finance" on the Board of the Bank. Shri R. Ramkumar is holding 8,36,476 equity shares in the Bank.

Shri Sriram Rajan (DIN: 02162118),
Additional Director (Non-Executive Independent)

Shri Sriram Rajan is a Technology professional with over 18 years of experience in the IT industry. His experience in the technology sector spans across Analytics, Cloud, Security, IoT, Middlware, Hardware, Software and Services. He believes that Software has the potential to transform businesses fundamentally - thereby infusing unprecedent growth and scale.

He has a proven track record of building and scaling large businesses, his leadership style is collaborative and team-work oriented. He believes that 'People' are the cornerstones of an organization and that leaders play a significant role in establishing a climate where they are invigorated to bring their best selves to work every day. He led, through his career, talent and people development from the front, by focusing on their skills and competencies.

He has experience spanning various aspects of the business – product management, leading channels and branches, P&L management, services delivery, fulfillment, customer satisfaction. In his last assignment at IBM, he led the Analytics Platform business for the Asia Pacific markets. He is currently engaged in growing and scaling an organic farming business, with the vision to make available chemical free vegetables and fruits to customers; develop sustainable farms; help communities, in and around the farm, gain economic prosperity and make advancements in education.

He has completed a program in 'Executive Leadership' from Cornell University. He is certified across the entire range of IBM Analytics products, 'Watson Data Platform', Block Chain to name a few.

His guiding career purpose is to create an impact in the IT industry, that is global in its applicability and contribute significantly towards poverty alleviation and children's education.

He completed his graduation in Electrical Engineering (with distinction) and post-graduation in Management (PGDM). He is Non-Executive Independent Director representing Majority Sector 'Information Technology' on the Board of the Bank. Shri Sriram Rajan is holding 2,500 equity shares in the Bank.

Affirmation by Independent Directors

The Independent Directors have confirmed that they have met the criteria of Independence as provided in Sec 149(6) of the Companies Act, 2013 and the rules made thereunder. On the basis of this, the Board of Directors opines that the Independent Directors of the Bank fulfil the conditions specified in Companies Act, 2013 and Listing Regulations and are independent of the management.

Terms and Conditions for Appointment of Independent Directors

Terms and Conditions for appointment of Independent Directors shall be governed by the provisions of the Companies Act, 2013, the rules made thereunder and Listing Regulations from time to time and having regard to the provisions of the Banking Regulation Act, 1949 as amended from time to time and the extant guidelines of RBI and Articles of Association of the Bank. The Bank will issue a formal Letter of Appointment to Independent Directors at the time of their appointment. The terms and conditions of appointment of Independent Directors has been disclosed on the website of the Bank at https://www.kvb.co.in/about-us/board-of-directors/

Relationship between Directors inter-se

None of the Directors of the Bank are related to each other.

List of Core Skills/Experience/Competencies Identified by the Board

The Board of Directors have identified the following Core Skills/ Practical Experience/Special Knowledge/Competencies as required in the context of its business(es) and sector(s) for it to function effectively. The same are in line with the relevant provisions of the Banking Regulation Act, 1949 and relevant circulars issued by RBI from time to time viz., Accountancy, Agriculture and Rural Economy, Retail & Wholesale Banking, Co-operation, Economics, Finance, Law, MSME, Information Technology, Payments & Settlement Systems, Human Resources, Risk Management, Business Management, Credit, Recovery, Strategic Planning, Marketing, Security Systems, Corporate Advisory, Taxation, Corporate Governance, Forex & Trade Finance and Treasury Operations etc.,

CORPORATE GOVERNANCE REPORT

Board Meetings

During the fiscal 2018-19, your Bank had conducted 18 Board Meetings are as detailed below:

26.04.2018	09.08.2018	07.12.2018
24.05.2018	27.08.2018	18.12.2018
25.05.2018	04.09.2018	19.01.2019
06.06.2018	28.09.2018	12.02.2019
25.06.2018	24.10.2018	25.03.2019
25.07.2018	27.11.2018	26.03.2019

The details of attendance of each Director at the Board meetings held during the period from 01st April 2018 to 31st March 2019 are given below:

Name of the Director Sarvashri	Category	Special Knowledge/Practical Experience/Skills/Expertise/ Competencies #	No of Meetings	
			Conducted	Attended
N S Srinath $	Non-Executive Independent (Part-time) Chairman	Banking - HRM	18	18
P R Seshadri	Managing Director & Chief Executive Officer	Banking	18	18
Dr V G Mohan Prasad	Non-Executive Independent Director	Agriculture	18	13
M K Venkatesan	Non-Executive Non-Independent Director	Business - MSME	18	18
A K Praburaj	Non-Executive Non-Independent Director	Trade & Commerce	18	18
Smt CA K L Vijayalakshmi	Non-Executive Independent Director	Commerce & Special Knowledge - Accountancy	18	17
M V Srinivasamoorthi	Non-Executive Non-Independent Director	Business - MSME	18	16
Dr K S Ravichandran	Non-Executive Independent Director	Law	18	15
R Ramkumar (from 25th June 2018)	Non-Executive Non-Independent Director	Business & Finance	13	13
Sriram Rajan (from 19th January 2019)	Non-Executive Independent Director	Information Technology	3	3
G Rajasekaran (till 19th June 2018)	Non-Executive Non-Independent Director	Business & Finance	4	4
A J Suriyanarayana (till 26th October 2018)	Non-Executive Non-Independent Director	Business & Finance	11	11
B Swaminathan (till 19th January 2019)	Non-Executive Independent (Part-time) Chairman	Risk Management	15	15

Sectorial Representation as per the section 10A(2A) of Banking Regulation Act, 1949.

$ RBI accorded their approval for appointment of Shri N S Srinath as Non-Executive Part-time Chairman of the Bank for a period of three years with effect from 27th May 2019.

None of the Directors of the Bank is a Member/Chairperson of a Committee or a Director in any Public Limited Company and hence the requirement under Regulation 26 of Listing Regulations as to membership of ten Committees and chairmanship of five Committees is not applicable.

CORPORATE GOVERNANCE REPORT

Directors' Attendance at the last AGM

All the Directors of the Bank have attended the last Annual General Meeting of the Bank held on 09th August 2018.

Board Procedure

The Board of Directors evaluates the effectiveness of the Banks management policies, risks and opportunities, financial performance and provides strategic directions, etc., The Board and its Committees play a pivotal role in overseeing that the management serves long-term objectives and enhances stakeholder value. The Board has complete access to all the relevant information within the Bank. The schedule of Board and Committee along with date, time and place of the meeting are circulated to all Directors in advance. Board and Committee meetings are governed by a structured agenda. The Board agenda and notes thereof are backed by comprehensive background information are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and Listing Regulations.

The Directors are provided with agenda papers along with complete, relevant, adequate, material information, explanatory notes, etc., to facilitate open and substantive deliberations. In the course of its deliberations, the Board is free to endorse insertion of any other matter in the agenda for discussion. The respective Department Heads of the Bank are special invitees to the Board/ Committee Meeting. This enables the Board/Committee to get feedback from the operational heads directly.

The Board also passes resolutions by circulation along with necessary papers are circulated to enable the Directors for informed decision making and to seek clarification as may be required which are due to exigent business matters and the said resolutions are noted in the subsequent Board/Committee meetings.

Minutes of the Board and Board Committees are being circulated to all the Board and Committee members within the time lines prescribed under the Companies Act, 2013 and other regulatory guidelines. The Bank has in place a post meeting follow-up procedure, which will track the observations/decision taken by the Board/Board Level Committee meeting till the closure of such observations/decision. An Action Taken Report (ATR) is being placed before the Board/Board Level Committee on regular intervals.

Familiarisation Programmes

The main objective of the Familiarisation Programme is to ensure that the Non-Executive Directors are familiarised with their roles, rights and responsibilities in the Bank as well as with the nature of industry and business model of the Bank by providing all materials at the time of their appointment as Director and through presentations on economy & industry overview, key regulatory developments, strategy and performance which are made to the Directors from time to time. This enables the Directors to make informed decisions in the interest of the Bank and its stakeholders.

Pursuant to the Listing Regulations, your Bank has appropriate programmes for newly inducted Directors including Independent Directors and on-going familiarisation programmes with respect to the strategy, industry overview, performance, operations of the Bank, the organisation structure and their roles, rights and responsibilities as a Director.

During the year, Directors of your Bank attended training programmes organised by various Regulators/Bodies/ Institutions. The details of such familiarisation programmes are available in the website of the Bank at the link https://www.kvb.co.in/docs/disclosure-on-familiarisation-programmes-for-board-of-directors.pdf

Succession Planning

Succession planning is a tool for an organization to ensure its continued effective performance through leadership continuity. The Bank recognizes the importance of the process to Succession Planning to provide for continuity in the smooth functioning of the organization. Succession Planning is an on-going process that identifies necessary competencies and then works to assess, develop and retain a talent pool of employees, in order to ensure a continuity of leadership for all critical positions. The Bank has its Succession Planning for Board of Directors and Senior Management.

Board Committees

The Board has constituted various Committees that have oversight over specific areas in line with their terms of reference. The Board Committees play a crucial role in the governance structure of the Bank and help in delegating particular matters that require more focussed attention. Board Committees deliberate issues of import as per their terms of reference and make recommendations to the Board as and when required. The Board supervises the executing of its responsibilities by the Committees and minutes of the Committee meetings are placed before the Board for review. Board Committees are set up to meet specific business needs and to align with the provisions of the Companies Act, 2013, Listing Regulations and the Banking Regulation Act, 1949.

Karur Vysya Bank
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CORPORATE GOVERNANCE REPORT

Shri Srinivasarao Maddirala, Company Secretary and Assistant General Manager acts as the Secretary to all Board/Board Committees.

The Bank has Thirteen (13) Board Level Committees as on March 31, 2019 namely Audit Committee, Advances Committee, Nomination and Remuneration Committee (NRC), Staff & Development Committee, Risk Management & Asset Liability Management Committee, NPA Management Committee, Customer Service and Stakeholders Relationship Committee, Special Committee for Fraud Monitoring, Information Technology Strategy and Digital Transaction Monitoring Committee, Review Committee for Wilful Defaulters and Non-Cooperative Borrowers, Corporate Social Responsibility Committee, Business Development Committee and Capital Raising Committee.

1. Audit Committee of the Board (ACB)

Audit Committee of the Board (ACB) is constituted in accordance with the provisions of the Companies Act, 2013, Listing Regulations, the extant guidelines of RBI and its circulars from time to time. ACB is chaired by an Independent Director. All the members are financially literate and have accounting and financial management expertise.

ACB functions as an independent body and uphold the doctrine of good governance practices in the Bank. ACB conducts periodic reviews of various aspects of the business so as to provide assurance to the Board that the Bank is operating in a manner consistent with the highest standards of Corporate Governance. The Chairman of the ACB was present at the last Annual General Meeting.

The terms of reference of ACB are in align with the Listing Regulations which include, inter-alia, the following:

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing the quarterly, half-yearly and annual financial statements with the management and on auditors report thereon before submission to the Board for approval with specific reference to:
    a. Matters required to be included in the Directors' Responsibility Statement which is to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
    b. Changes in accounting policies and practices, if any, and reasons for the same;
    c. major accounting entries involving estimates based on the exercise of judgment by management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. Compliance with the Listing and other legal requirements relating to financial statements;
    f. Disclosure of related party transactions;
    g. modified opinion(s) in the draft audit report;
5. Reviewing the statement of application of funds raised through an issue (public, rights, preferential issue etc.,), the statement of funds utilized other than for those stated in the offer documents, report submitted by monitoring agency monitoring the utilization proceeds with the management and making appropriate recommendations to the Board to take steps in this regard;
6. Review and monitor the statutory auditor's independence and performance, and effectiveness of audit process;
7. Approval or any subsequent modification of transactions with related parties;
8. Scrutiny transactions pertaining to inter-corporate loans and investments, if any;
9. Valuation of undertakings or assets of the Bank, as and when required;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Reviewing the findings of any internal investigations by the internal auditors into matters where suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
14. Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
15. Review repayment obligations of Bank, assess and review the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

Karur Vysya Bank
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CORPORATE GOVERNANCE REPORT

16. Reviewing the Whistle Blower Policy and Vigil Mechanism;
17. Approval of appointment of CFO (i.e. the person who is heading the finance function after assessing the qualifications, experience and background etc.,);
18. Review of Long Form Audit Report as prepared by statutory auditors;
19. Review of periodic inspection report submitted by RBI;
20. Discussions and review with the internal audit and Concurrent Auditors, their reports/findings with an objective of reporting any significant/material findings to the Board;
21. Monitoring the adequacy of the internal control environment, adequacy of checks and balances including Management Information Systems (MIS) and the adequacy of internal audit function, its policies, its structure, coverage and frequency of internal audits;
22. Reviewing the compliance function periodically;
23. Review the following information:
    a. Management Discussion and Analysis of financial conditions and results of operations;
    b. Statement of significant related party transactions submitted by the management etc.,
24. Performing any other functions, duty as stipulated by the Companies Act, 2013, Reserve Bank of India, Listing Regulations and any other regulatory authority or under any applicable laws as prescribed from time to time;

During the financial year 2018-19, Audit Committee met 13 times and not more than one hundred and twenty days lapsed between two consecutive meetings of the ACB. The date of the meetings is as under:

08.05.2018	21.07.2018	12.02.2019
25.05.2018	25.07.2018	16.02.2019
06.06.2018	16.10.2018	25.03.2019
19.06.2018	24.10.2018	-
25.06.2018	19.12.2018	-

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
Smt CA K L Vijayalakshmi ^ Chairperson of the Committee	13	12
N S Srinath, Chairman $	6	6
Dr V G Mohan Prasad	13	10
M V Srinivasamoorthi (from 28th August 2018)	6	5
Dr K S Ravichandran &	11	10
R Ramkumar (from 27th October 2018)	4	4
M K Venkatesan (till 27th August 2018)	7	7
A K Praburaj (till 27th August 2018)	7	7
A J Suriyanarayana (from 28th August 2018 till 26th October 2018)	2	2
B Swaminathan, Chairman (till 26th October 2018)	9	9

^ Member of the Committee till 26th March 2019 and designated as Chairperson of the Committee w.e.f 27th March 2019

$ Chairman of the Committee from 27th October 2018 till 26th March 2019, Member of the Committee from 28th August 2018 till 26th October 2018 & from 27th March 2019

& Member of the Committee till 27th August 2018 and Member of the Committee from 27th October 2018

2. Nomination and Remuneration Committee (NRC)

NRC is a Board level Committee which shall be responsible for recommending candidates for appointment to Board and Senior Management Positions. It shall be instrumental in establishing Policies that define the criteria for qualifications for such positions, fixing of their remuneration and terms of employment, setting performance objectives and goals and provide inputs to Board for making requisite disclosures regarding the Compensation of Board of Directors and Senior Management.

Pursuant to the provisions of the Companies Act, 2013, Listing Regulations and the extant guidelines of Reserve Bank of India, Board of Directors of the Bank had constituted “Nomination & Remuneration Committee (NRC)”. The Committee should consist of minimum 3 Members and one member from Risk Management Committee, majority of the members should be Non-Executive Independent Directors, Executive Director should not be a member and Chairman of the Bank cannot be the Chairman of the Committee. The Committee is headed by a Non-Executive Independent Director.

The terms of reference of the Committee include:

1. To formulate criteria for determining qualifications, positive attributes and independence of a Director, in terms of fit and proper criteria issued by RBI from time to time;
2. To devise a policy on Board Diversity;
3. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of the Board;

Karur Vysya Bank
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CORPORATE GOVERNANCE REPORT

4. To recommend persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment or removal;
5. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy;
6. To also review and recommend to the Board, all remuneration, in whatever form, payable to Directors & Senior Management;
7. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines;
8. To provide inputs to Board for making disclosures regarding policies, appointments, remuneration etc. of Directors and Senior Management Personnel in the Annual Report/ Directors Report/Financial Statements etc. as may be required by the regulations from time to time; and
9. To perform any other function or duties as stipulated by the Companies Act, 2013, RBI, SEBI, Listing Regulations, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

Chairman of the Nomination and Remuneration Committee attended the 99th Annual General Meeting of the Bank.

The Committee met 5 times during the financial year 2018-19 the date of the meetings is as under:

09.04.2018	25.06.2018	05.03.2019
24.05.2018	19.01.2019	-

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
Dr K S Ravichandran $ Chairman of the Committee	5	4
N S Srinath, Chairman * (till 26th March 2019)	5	5
Dr V G Mohan Prasad ^	3	1
M K Venkatesan (from 27th October 2018)	2	2
A J Suriyanarayana (till 26th October 2018)	3	3
B Swaminathan, Chairman (till 19th January 2019)	4	4

$ Member of the Committee till 26th March 2019 & designated as Chairman of the Committee from 27th March 2019

* Chairman of the Committee till 26th March 2019 & Member of the Committee from 27th March 2019

^ Member of the Committee till 27th August 2018 and Member of the Committee from 27th March 2019

Policy on Board Diversity

Bank has devised a 'Board Diversity Policy' in compliance with Listing Regulations, which articulates the Board's desire to be truly diverse in perspective, experience, background, knowledge, skill, industry experience, gender, age etc. This diversity is, in the view of the Board, critical to ensure appropriate deliberation on complex issues as they arise which in turn lead to decisions appropriate for the issue discussed.

The Nomination and Remuneration Committee ("NRC") is responsible for reviewing and assessing the composition mix and performance of the Board as well as identifying appropriately qualified persons to ensure Board Diversity.

NRC shall assess the appropriate mix of diversity, skills, experience and expertise required on the Board. NRC shall make recommendations to the Board in relation to appointment and maintain an appropriate mix of diversity, skills, experience on the Board and periodically review and report to the Board in relation to diversity on the Board.

Nomination and Remuneration Committee of the Board formulated the criteria for determining qualifications, positive attributes and independence of a Director for the appointment/ re-appointment of Directors in tune with the 'fit and proper' criteria as per Dr Ganguly Committee Norms which stipulates age, educational qualification, experience, track record, integrity etc., and various circular instructions and guidelines issued by Reserve Bank of India from time to time.

Evaluation of Board's Performance

In accordance with the relevant provisions of the Companies Act, 2013, Listing Regulations and as per the Guidance Note on Board Evaluation issued by SEBI, Nomination and Remuneration

Karur Vysya Bank
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CORPORATE GOVERNANCE REPORT

Committee formulated the methodology and criteria for evaluation of the Individual Directors including Independent Directors and Non-Independent Directors, Managing Director & CEO, Chairperson, Committees of the Board and the Board as a whole.

Process of Annual Performance Evaluation is being carried out on the basis of the criteria and methodology laid down by the NRC. Board of Directors of the Bank evaluated the annual performance of the Board as whole, Independent Directors, Chairman of the Bank, MD & CEO and Committees of the Board for FY 2018-19 in the month of April 2019. The performance was evaluated based on criteria, such as qualifications, knowledge, attendance, participation in strategic planning, leadership qualities, responsibilities, analytical decision making and inter-personal relationship ability etc.,

The Board carries out an annual performance evaluation of its own performance based on criteria such as composition, periodicity of the meetings, management and human resources, implementation of policies and procedures, risk management, compliance of regulatory requirements, determination and implementation of strategies, business development, diversity of skills, oversight of the financial reporting process including internal controls, industry and market condition analysis and corporate governance framework, etc.,

The Board carried out performance evaluation of Independent Directors without the participation of the Director(s) being evaluated. Board acknowledged that Independent Directors are a diversified group of recognised professionals with competence and integrity and who expressed their opinions freely as well as exercised their own judgements.

Independent Directors comprise: first, an experienced ex-banker having rich experience over four decades in all facets of Banking; second, a leading multi-talented gastroenterologist with hands on knowledge of agriculture; third, an eminent Chartered Accountant who contributes her knowledge/experience in various ways including in strengthening of audit and internal control of your Bank; fourth, an eminent specialist in corporate laws and a recognised expert in the practice and laws related to Corporate Governance helps your Bank follows the rules/practices and conventions consistent with the highest level of governance in addition to providing his counsel on other matters; fifth, an experienced IT professional with rich experience enabling the Board to access specialist knowledge in a rapidly changing area in addition to providing valuable inputs in other areas.

The performance of the Chairman was evaluated based on the criteria such as personal attributes, leadership qualities, ability to synthesize discussion; management of balance with stakeholders; maintenance of good working relationship and communication within the Board and senior management; promotion of sense of participation among the members and implementing best Corporate Governance practices etc.,

The performance evaluation of Managing Director & CEO was carried out by the Board considering the parameters such as achievement of financial/business targets prescribed by the Board; developing and executing business plans; operational plans; risk management and maintaining harmonious relationship with stakeholders; leadership qualities; effective organisation structure etc.,

The performance of the Committees is evaluated on the basis of their terms of reference, effectiveness of suggestions and recommendations; conduct and periodicity of meetings and contribution by respective Committee in attaining their objective.

Independent Directors meeting was held on 16th March 2019; Shri N S Srinath chaired the meeting, which was held without the presence of Non-Independent Directors. The meeting was attended by all the Independent Directors except Shri Sriram Rajan to whom leave of absence was granted. The meeting reviewed the performance of Non-Independent Directors and the Board as a whole after taking into account views of Executive and Non-Executive Directors. The Independent Directors evaluated the performance of Non-Independent Directors on the basis of the criteria such as attendance and participation at the Board; knowledge and expertise; management of relationship with stakeholders; integrity and maintenance of confidentiality; independence of behaviour and judgement, etc., and assessed the quality, quantity and timelines of flow of information between the Bank Management and the Board. The Independent Directors expressed satisfaction about the quality, quantity and timelines of flow of information between the management and the Board.

Compensation Policy

The success of any organisation in achieving good performance and governance depends on its ability to manage the human capital. The Bank has in place a Compensation Policy in tune with the regulatory guidelines, objectives as enumerated in the Companies Act, 2013 and the Listing Regulations from time to time. The Compensation Policy of the Bank covers all the employees which include the remuneration payable to Whole Time Director (WTD) i.e. MD & CEO, Non-Executive Chairman, Non-Executive/Independent Directors and the Key Managerial

CORPORATE GOVERNANCE REPORT

Personnel of the Bank and Members of the staff engaged in financial and risk control functions.

The Bank is a party to Industry level Bi-partite settlements of IBA. The Bank has been following the emoluments/compensation as arrived at in Bi-partite settlements as per the IBA structure. In view of the salary structure based on Bi-partite settlement the Compensation Policy excludes all risk takers who are under contract of employment. Bank ensures that salary package payable for appointments under Cost to Company (CTC) basis are in line with the RBI guidelines.

Remuneration to Non-Executive Directors

All the Non-Executive Directors including the Independent Directors and the Part-time Chairman receive remuneration by way of sitting fees for each meeting of the Board and its various Committees. No stock options are granted to any of the Non-Executive Directors. Pursuant to the provisions of the Companies Act, 2013, Non-Executive Directors were paid sitting fees for attending a meeting of Board and Committee at ₹ 35,000/- and ₹ 20,000/- respectively.

No material pecuniary relationship exists between the Non-Executive Directors vis-à-vis the Bank, other than payment of Sitting Fees for attending the Board/Committee Meetings.

Remuneration paid to the Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2018-19 are given below:

Name of the Director Sarvashri	Amount (₹ in lakh)
N S Srinath, Chairman	13.90
Dr V G Mohan Prasad	7.35
M K Venkatesan	14.90
A K Praburaj	15.90
Smt CA K L Vijayalakshmi	12.75
M V Srinivasamoorthi	12.40
Dr K S Ravichandran	10.05
R Ramkumar	8.15
Sriram Rajan (from 19th January 2019)	1.05
B Swaminathan, Chairman (till 19th January 2019)	11.25
G Rajasekaran (till 19th June 2018)	2.80
A J Suriyanarayana (till 26th October 2018)	8.05

Remuneration to Non-Executive (Part-time) Chairman and Managing Director & Chief Executive Officer

Shri B Swaminathan, Non-Executive (Part-time) Chairman was paid remuneration of ₹ 7,20,968/- during the period under report till 19th January 2019. He was also paid ₹ 11,25,000/- towards sitting fees for attending the Board and Committee meetings.

Shri P R Seshadri, MD & CEO, was paid ₹ 1,28,98,416/- (Gross), being the fixed pay and perquisites for the year 2018-19.

The remuneration paid to the Shri B Swaminathan, Non-Executive (Part-time) Chairman and Shri P R Seshadri, MD & CEO are in accordance with the terms of appointment approved by RBI and also the shareholders of the Bank.

3. Customer Service and Stakeholders Relationship Committee

Reserve Bank of India vide its circular on 01st July 2015 has suggested Banks to constitute a Customer Service Committee of the Board in compliance with the recommendations of Committee on Procedures and Performance Audit on Public Service (CPPAPS) and to include experts and representatives of customers as invitees to enable the Bank to formulate policies and assess the compliance thereof internally with a view to strengthening the Corporate Governance structure and bring about on-going improvements in the quality of customer service provided by the banks, thereby improving the level of customer satisfaction for all categories of clientele consistently. The Committee is entrusted with the responsibility of monitoring the quality of services rendered to the customers and also ensuring the implementation of directives received from RBI in this regard.

Pursuant to provisions of Section 178 of the Companies Act, 2013, a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee.

The Companies Act, 2013 and the Listing Regulations requires that, the Committee so constituted has to consider and resolve the grievances of shareholders.

The Board of the Bank had constituted a Customer Service and Stakeholders' Relationship Grievance Committee in tune with the Corporate Governance requirements under Listing Requirements. The Committee consists of 3 Directors with 1 Non-Executive Independent Director and the Committee is chaired by a Non-Executive Director.

CORPORATE GOVERNANCE REPORT

The terms of reference of the Committee, inter-alia, include the following:

1. The Committee also reviews and monitors the mechanism to redressal the complaints received from security holders such as shareholders, bond holders and any other stake holders with specific reference to non-receipt of dividend, non-receipt of interest on bonds, annual report, transfer or transmission of shares, issue of duplicate share certificates, splitting or consolidation, dematerialization, rematerialisation, transmission of securities etc. Bank shall seek confirmation in this regard from share transfer agents and verify adequacy and timeliness of complaint redressal received through these agents or through SCORES etc.;
2. Review of measures taken for effective exercise of voting rights by the shareholders;
3. To review the adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrars & Share Transfer Agent to its shareholders;
4. To review the various measures/initiatives taken by the Bank inter alia for reducing the quantum of unclaimed dividends, ensuring timely receipt of dividend warrant/annual report/ statutory notice by the shareholders of the Bank and recommend measures to further enhance the service standards for the benefit of the security holders of the Bank;
5. The Committee shall also examine any other issues which have a bearing on the quality of customer service rendered by the Bank;
6. To review the actions taken/being taken by the Bank to standardize the delivery of customer service;
7. Appointment of Internal Ombudsman for reviews the complaints that were partly or wholly rejected by the Bank; and
8. To consider and review such other matters, as the Committee may deem fit, from time to time.

SEBI Complaints Redress System (SCORES)

SEBI launched a centralized web based complaints redress system SEBI Complaints Redress System ("SCORES") during 2011. SCORES is a web-based complaints redressal system whereby complaints lodged by investors are forwarded to the listed entity. The purpose of SCORES is to provide a platform for aggrieved investors, whose grievances, pertaining to securities market, which remain unresolved by the concerned listed company or registered intermediary after a direct approach. The listed companies and SEBI registered intermediaries shall update the Action Taken Reports ("ATR") along with supporting documents, if any, electronically in SCORES. This acts as a spy on the company's redressal system and does not allow them to shrug off their responsibilities towards investors grievances.

The Bank receives Investor complaints through Stock Exchanges, SCORES, Bank's Registrars & Transfer Agents, direct correspondence from investors' and from the investors personal visits to the Bank. The details of each complaints (category wise) received and redressed are furnished to the Customer Service & Stakeholders Relationship Committee of the Board on half-yearly basis.

During the FY 2018-19, there were 6 complaints received from Investors through "SCORES" and 76 complaints were received from the shareholders and investors other than through "SCORES". All the complaints were redressed after giving suitable reply to the shareholders.

No complaints are pending as on 31st March 2019. Investors' grievances are attended to within the time lines prescribed by SEBI and as per the Banks' Policy.

The Committee met 2 times during the financial year 2018-19 the date of the meetings is as under:

29.09.2018	25.03.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
N S Srinath, Chairman $ Chairman of the Committee (from 27th March 2019)	-	-
P R Seshadri, MD&CEO	2	2
M V Srinivasamoorthi	2	2
Smt CA K L Vijayalakshmi # (from 27th March 2019)	-	-
B Swaminathan, Chairman (till 19th January 2019)	1	1
M K Venkatesan (till 26th March 2019)	2	2
R Ramkumar (till 26th March 2019)	2	2

$ Chairman of the Committee with effect from 27th March 2019 & no meetings were conducted after he became Chairman of the Committee.

Member of the Committee with effect from 27th March 2019 & no meetings were conducted after she became a member of the Committee.

CORPORATE GOVERNANCE REPORT

Shri Srinivasa Rao Maddirala, Company Secretary and Assistant General Manager, is the Compliance Officer in terms of Regulation 6 of the Listing Regulations.

4. Advances Committee

Advances Committee is a Board level sub-committee constituted to consider various credit related business matters having material significance. Committee inter alia consider sanctioning of large credit proposals, reviewing, renewing or modifying of various types of funded and non-funded credit facilities to customers within the powers delegated to the Committee by the Board from time to time. This Committee also reviews the sanctions made by the Central Office Credit Committee of Executives (COCC).

The terms of reference of the Committee, inter-alia, include the following:

1. Consider proposals for approval, renewal or any modification in sanctioned terms and conditions of various types of funded and non-funded credit facilities to customers within the delegated powers fixed by the Board from time to time;
2. This facilitates quick response to the needs of the customers and speedy disbursement of loans;
3. To review the sanctions made by the Central Office Credit Committee of Executives (COCC); and
4. Any other matters identified from time to time or advised by the Board.

The Committee met 11 times during the financial year 2018-19 the date of the meetings is as under:

25.04.2018	24.07.2018	17.11.2018	12.03.2019
23.05.2018	11.09.2018	20.12.2018	27.03.2019
11.06.2018	17.10.2018	13.02.2019	-

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 were as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, MD&CEO Chairman of the Committee	11	11
N S Srinath, Chairman	11	9
M K Venkatesan	11	10
A K Praburaj	11	11
Smt CA K L Vijayalakshmi (from 28th August 2018)	7	7
M V Srinivasamoorthi (from 27th October 2018)	5	5
G Rajasekaran (till 19th June 2018)	3	3
A J Suriyanarayana (till 26th October 2018)	6	6

5. Staff and Development Committee ("SDC")

Staff and Development Committee ("SDC") is a Board level sub-committee constituted to address and deal with the Human Resources (HR) related aspects of the Bank such as recruitment, performance measurement management, safety, wellness, benefits, employee motivation, training, work place culture, work environment, remuneration, etc. specifically for staff who are below the Senior Management Cadre. HR policy including recruitment, addressing the concerns expressed by various sections of Employees, Employees' Union, Officers' Association, etc. are dealt with by SDC.

The terms of reference of the Committee, inter-alia, include the following:

1. To formulate HR Policies and undertake periodic review of existing HR Policies of the Bank;
2. To guide the Bank in Manpower Planning and Recruitment of staff below the Senior Management Cadre and aligning with the business strategy of the Bank;
3. To review the staff strength regularly and recruit employees through lateral recruitment to carry out specialized functions like corporate credit, forex, treasury and risk management, etc;
4. To review skill gaps and talent pool creation by assessing learning initiatives and direct on employee engagement initiatives to drive organization success;
5. To design a grievance redressal mechanism to address grievances of staff below Senior Management Cadre; and
6. Any other matters identified from time to time or advised by the Board.

The Committee met 9 times during the financial year 2018-19 the date of the meetings is as under:

09.04.2018	08.08.2018	18.01.2019
23.05.2018	27.08.2018	05.03.2019
25.06.2018	23.10.2018	27.03.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, MD&CEO Chairman of the Committee	9	9
N S Srinath, Chairman (from 28th August 2018)	4	4
M K Venkatesan	9	9
A K Praburaj	9	9
Smt CA K L Vijayalakshmi (from 27th March 2019)	1	1
R Ramkumar (from 28th August 2018)	4	4
G Rajasekaran (till 19th June 2018)	2	2
A J Suriyanarayana (till 27th August 2018)	5	5
M V Srinivasamoorthi (till 27th August 2018)	5	4
B Swaminathan, Chairman (till 19th January 2019)	7	7

6. Risk Management and Asset Liability Management Committee

This Committee shall put in place explicit procedures for managing enterprise wide risk that the Bank is exposed to based on the regulatory guidelines. The Committee is responsible for ensuring effective implementation of the risk management strategies and decides the policies and strategies for risk management in the Bank. In compliance with RBI circular guidelines, the Risk Management Department of the Bank is headed by the Chief Risk Officer and the Committee is headed by the MD & CEO of the Bank.

The terms of reference of the Committee, inter-alia, include the following:

1. To review foresee future changes and threats and prioritize action steps;
2. Review and approve the development and implementation of risk assessment methodologies and tools, including assessments, reporting etc.;
3. Identification of key risk indicators and verifying their threat levels;
4. Setting and defining the risk appetite of the Bank;
5. Monitor and oversee the implementation of the Risk Management Framework in the Bank;
6. Discuss and recommend suitable controls/mitigations for managing different risks;
7. To review Stress Testing Results & Back-testing report, review Cyber Security of the Bank on a regular basis;
8. To review the Asset Liability Management (ALM) of the Bank on a regular basis;
9. To advise the Board on all risk matters;
10. To consider any major regulatory issues that may have a bearing on the risk profile and risk appetite of the Bank;
11. To approve the strategy and policies of the Bank, to ensure well integrated enterprise risk management in the Bank;
12. To exercise oversight over the risk management function of the Bank;
13. To review regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored and to give clear focus to current and forward-looking aspects of risk exposure;
14. To provide guidance and inputs to the Board and the Management on the hiring and reporting structure of the Chief Risk Officer of the Bank; and
15. Any other functions as may be stipulated by SEBI, Ministry of Corporate Affairs, RBI, Stock Exchanges and any other statutory authorities from time to time.

The Committee met 4 times during the financial year 2018-19 the date of the meetings is as under:

06.06.2018	29.09.2018	19.12.2018	26.03.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, MD&CEO Chairman of the Committee	4	4
Dr V G Mohan Prasad (till 28th August 2018 and from 27th March 2019)	1	1
Dr K S Ravichandran $ (from 27th March 2019)	-	-
R Ramkumar (from 28th August 2018)	3	3
G Rajasekaran (till 19th June 2018)	1	1
B Swaminathan, Chairman (till 19th January 2019)	3	3
CA K L Vijayalakshmi (from 28th August 2018 till 26th March 2019)	3	3
M V Srinivasamoorthi (till 26th March 2019)	4	4

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

$ Dr K S Ravichandran is a member of the Committee with effect from 27th March 2019 & no meetings were conducted after he became a member of the Committee.

7. NPA Management Committee

As per the directions of Reserve Bank of India, the Bank has constituted the NPA Management Committee to monitor stressed assets, monitor and review the recovery process, study quick mortality assets and review NPA Accounts. In order to bring down the level of NPAs, Bank takes appropriate legal actions against the borrowers to realise the assets and recovery of dues from them. The Committee is vested with powers for approving settlement proposals in respect of NPAs and to initiate legal actions against the borrowers as per the Recovery Policy of the Bank.

The terms of reference of the Committee, inter-alia, include the following:

1. Periodical review of the large corporate loans and advances appearing in SMA lists;
2. Periodical review of Non-performing Assets of large value (₹ 2.5 crore and above) and also a pool of NPAs in various categories (substandard, doubtful and loss);
3. To review the position of stressed assets (SMA 1, SMA 2) position in the Bank;
4. To review the:-
   a) progress of recovery and monitor the process of recovery mechanism of the Bank;
   b) status of SARFAESI compliance for every six months;
   c) report of quick mortality accounts in the Bank;
   d) trends of NPAs in the industry and direct the recovery measures;
   e) suit filed cases of large value (₹ 2.5 crore and above);
   f) status on technical write off accounts;
   g) recovery policy of the Bank; and
   h) provisioning requirements and disclosures to be made in the financial statements with respect to NPAs.
5. Any other relevant matters identified from time to time, or advised by the board.

The Committee met 4 times during the financial year 2018-19 the date of the meetings is as under:

26.06.2018	29.09.2018	19.12.2018	26.03.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 were as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, MD&CEO Chairman of the Committee	4	4
M K Venkatesan	4	4
A K Praburaj (from 27th October 2018)	2	2
Dr K S Ravichandran (from 28th August 2018)	3	1
R Ramkumar $ (from 27th March 2019)	-	-
N S Srinath, Chairman (till 27th August 2018)	1	1
Smt CA K L Vijayalakshmi (till 27th August 2018)	1	1
A J Suriyanarayana (till 26th October 2018)	2	2
B Swaminathan, Chairman (from 28th August 2018 till 19th January 2019)	2	2

$ Member of the Committee with effect from 27th March 2019 & no meetings were conducted after he became a member of the Committee.

8. Special Committee for Fraud Monitoring (SCFFM)

Reserve Bank of India vide its circular No. DBS.CO.CFMC.BC.No.1/23.04.001/2016-17 on Master Directions on Frauds - Classification and Reporting by Commercial Banks has advised the constitution of Special committee of the Board to monitor frauds.

In accordance with the directives, Audit Committee of the Board (ACB) shall monitor all the cases of frauds in general, Banks are required to constitute a Special Committee of the Board for monitoring and follow up of cases of frauds involving amounts of ₹ 1 Cr and above exclusively. The periodicity SCFFM may be decided according to the number of cases involved. In addition, the SCFFM should meet and review as and when a fraud involving an amount of ₹ 1.00 Crore and above comes to light. Further the name of the Committee was rechristened as Special Committee for Fraud Monitoring.

As per RBI circular guidelines, the Committee should consist of five members of which two members must be from ACB along with two Non-Executive Directors. Committee is headed by MD & CEO of the Bank.

The major functions of the Committee are to monitor and review all frauds of ₹ 1 Cr and above so as to:

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

1. Identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same;
2. Identify the reasons for delay in detection, if any, and reporting to top management of the Bank and RBI;
3. Monitor progress of Central Bureau of Investigation/Police Investigation, and recovery position;
4. Ensure that staff accountability is examined at all levels in all the cases of frauds;
5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
6. To delineate a policy document stating the processes for implementation of the Committee's directions and enable a dedicated outfit of the Bank to implement the directions in this regard and review the same;
7. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds;
8. The Committee is also entrusted with responsibility of monitoring the cyber and electronic banking frauds as per extant guidelines;
9. To identify reasons for delay in detection and reporting of frauds; and
10. To review the report on the Red Flag Accounts (RFA), which shall include the synopsis of the remedial action taken together with their current status.

The Committee met 8 times during the financial year 2018-19 the date of the meetings is as under:

24.05.2018	28.09.2018	27.11.2018	12.02.2019
25.06.2018	24.10.2018	18.12.2018	25.03.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, MD&CEO Chairman of the Committee	8	8
A K Praburaj (from 28th August 2018)	6	6
Smt CA K L Vijayalakshmi $	2	2
M V Srinivasamoorthi	8	6
R Ramkumar ^ (from 27th March 2019)	-	-
N S Srinath, Chairman (till 26th March 2019)	8	8
Dr K S Ravichandran (till 26th March 2019)	8	6

$ Member of the Committee till 27th August 2018 and from 27th March 2019

^ Member of the Committee with effect from 27th March 2019 & no meetings were conducted after he became a member of the Committee.

9. Information Technology Strategy and Digital Transaction Monitoring Committee

The Bank has in place Information Technology Strategy Committee so as to ensure that the Bank is appropriately placed in a rapidly changing technological environment. Given the centrality of technology to banking, this Committee is charged with ensuring that the Bank adopts the right technology at the right time to ensure continued competitiveness, safety and security.

The purpose of the Committee includes, encouraging of digital transaction in line with national objectives and formulation of IT strategies. The Committee provides directions in terms of strategy; action plans and monitors the progress. The Committee should consist of a minimum of two Members and one of them shall be an Independent Director and the Chairman should be an Non-Executive Independent Director.

The terms of reference to Information Technology Strategy and Digital Transaction Monitoring Committee, inter-alia, include the following:

1. Suggest improvement and monitor the implementation of modern technology in the Bank;
2. Approving IT strategy and policy documents;
3. Ensuring that the management has put an effective strategic planning process in place;
4. Ratifying that the business strategy is indeed aligned with IT strategy;
5. Ensuring that the IT organizational structure complements the business model and its direction;
6. Ensuring that management has implemented processes and practices that ensure that the IT delivers value to the business;

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CORPORATE GOVERNANCE REPORT

7. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
8. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
9. Ensuring proper balance of IT investments for sustaining bank's growth;
10. Understanding exposure to IT related risks; the proposed controls thereof and evaluating effectiveness of management's monitoring of IT risks;
11. Assessing Senior Management's performance in implementing IT strategies;
12. Issuing high-level policy guidance (e.g. related to risk, funding or sourcing tasks);
13. Confirming whether IT or Business Architecture has been designed, to derive the maximum business value;
14. Overseeing the aggregate funding of IT at a Bank-level and ascertaining if the management has resources to ensure the proper management of IT risks;
15. Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value);
16. Reviewing and monitoring the Bank's Digital Banking strategy, providing direction on areas of focus; and
17. Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines, IBA etc., from time to time.

The Committee met 4 times during the financial year 2018-19 the date of the meetings is as under:

23.05.2018	18.01.2019
29.09.2018	27.03.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
Sriram Rajan, Chairman of the Committee (from 27th March 2019)	1	-
P R Seshadri, MD&CEO	4	4
N S Srinath, Chairman (from 27th March 2019)	1	1
M K Venkatesan	4	4
A K Praburaj	4	4
M V Srinivasamoorthi	4	3
R Ramkumar (from 27th October 2018)	2	2
G Rajasekaran (till 19th June 2018)	1	1
A J Suriyanarayana (till 26th October 2018)	2	2
B Swaminathan, Chairman (till 19th January 2019)	3	3

10. Review Committee for Wilful Defaulters and Non-Cooperative Borrowers

Review Committee for Wilful Defaulters and Non-Cooperative Borrowers is a Board level sub-committee constituted to review the orders passed by the Committee of Executives for Identification of Wilful Defaulters & Non-cooperative borrowers and provide the final decision with regard to identified Wilful Defaulters & Non-cooperative borrowers. The Committee has been re-christened as "Review Committee for Wilful Defaulters and Non-Cooperative Borrowers". The Committee is headed by MD & CEO of the Bank and consists of two Non-Executive Independent Directors as members of the Committee.

In compliance with RBI circulars, the decision to classify the borrower as Wilful Defaulter/Non-cooperative borrower should be entrusted to an Executive Committee headed by MD&CEO and two other senior executives' in the rank of GM/DGM.

Order of the said Executive Committee should be reviewed by Board level sub-committee headed by MD&CEO and consisting of two Independent Directors. Further the said order shall become final only after it is conferred by the Board level sub-committee.

The terms of reference of the Committee, inter-alia, include the following:

1. Review and confirmation of the order of the Committee for Classification of borrowers as "Non-Cooperative Borrowers" or "Wilful Defaulters";
2. Reviewing the status of "Wilful Defaulters" at least on an annual interval or at such other intervals as may be required by RBI;
3. Reporting periodically to Central Repository of Information of Large Credits (CRILC) and deciding on removal of the names from the list of "Non-Cooperative Borrowers" or "Wilful Defaulters" as reported to CRILC;

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

4. Identifying and recommending corrective action plans;
5. Issuing show cause notices or other communications to wilful defaulters or non-cooperative borrowers and conducting meetings if required to convey the position of the Bank with respect to handling their credit limits and recovery;
6. Reviewing, noting and deciding on any matter pertaining to "Wilful Defaulters" annually; and
7. Any other matters identified from time to time or advised by the Board.

The Committee is headed by Shri P R Seshadri, Managing Director & Chief Executive Officer of the Bank and other members are Dr K S Ravichandran, Non-Executive Independent Director (from 28th August 2018) and Shri N S Srinath, Non-Executive Independent (Part-time) Chairman (from 27th March 2019), Shri B Swaminathan, Non-Executive Independent (Part-time) Chairman (till 19th January 2019) and Smt CA K L Vijayalakshmi, Non-Executive Independent Director (till 27th August 2018).

As no wilful defaulter was identified by the Executive Committee, no meetings of the Committee were held during the financial year 2018-19.

11. Corporate Social Responsibility Committee

Corporate Social Responsibility (CSR) Committee has been constituted, in accordance with the terms of Section 135 of the Companies Act, 2013 and the rules made there under. Bank has a robust CSR policy which aims at promoting education, sanitation, safe drinking water facilitation, rural healthcare, promotion of sports, promotion of arts and culture etc., Bank has contributed immensely to infrastructural development in schools and has provided financial assistance to meritorious & needy students from economically weaker students. Bank will continue to strengthen its processes to evaluate projects which will benefit the society at large in line with regulatory requirements. The Committee should consist of three or more members and one member should be Non-Executive Independent Director. The Committee is headed by MD & CEO of the Bank.

The terms of reference of the CSR Committee, inter-alia, include the following:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013;
2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (1);
3. To review and monitor amounts spent under the Corporate Social Responsibility Policy of the Bank and to report reasons for not spending minimum prescribed amounts;
4. To monitor the Corporate Social Responsibility Policy of the Bank from time to time;
5. To consider and recommend Annual Corporate Social Responsibility Report to the Board for approval;
6. Conduct an impact assessment of the various initiatives undertaken in terms of the CSR Policy of the Bank at periodic intervals;
7. Institute a transparent monitoring mechanism for ensuring implementation of the project/programs/activities proposed to be undertaken by the Bank; and
8. Performing such other duties with respect to CSR activities, as may be required to be done by the Bank under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

The details of the CSR activities undertaken by the Bank during the year under review have been provided in the annexure to the Directors' Report.

The Committee met 2 times during the financial year 2018-19. The date of the meetings is as under:

19.06.2018	05.03.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, MD&CEO Chairman of the Committee	2	2
M K Venkatesan (from 28th August 2018)	1	1
A K Praburaj	2	2
Dr K S Ravichandran	2	2
Dr V G Mohan Prasad (till 27th August 2018)	1	1
Smt CA K L Vijayalakshmi (till 27th August 2018)	1	1

CSR Committee of the Board has recommended the Corporate Social Responsibility Policy (CSR Policy) to the Board and the same was approved. Board will review the Policy on annual basis by updating the same in line with the regulatory guidelines.

CORPORATE GOVERNANCE REPORT

12. Business Development Committee ("BDC")

With a view to enhance business under the Retail segment, viz., Retail Advances, Retail Deposits and Insurance & Investment, Personal Banking Group of the Bank has been taking various initiatives to enter into arrangements with different companies. The Committee is being formulated to support the business of your Bank through various initiatives and to enter into arrangements with different companies.

The terms of reference of the BDC, inter-alia, include the following:

1. Determining, implementing, reviewing of partnering agreements, approving of the business tie-ups;
2. To provide direction on the business under the Retail segment, viz., Retail Advances, Retail Deposits and Insurance & Investment, Personal Banking;
3. Reviewing the results of business surveys conducted that provide quantitative and qualitative information on the state of business in the industry;
4. Reviewing metrics and indicators that provide information on the requirement for business development activities in the bank; providing direction to the management of the Bank on actions to be taken to improve metrics; and
5. Any other matter identified from time to time or advised by the Board.

The Committee met 3 times during the financial year 2018-19. The date of the meetings is as under:

27.04.2018	11.06.2018	12.09.2018

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, MD&CEO Chairman of the Committee	3	3
N S Srinath, Chairman	3	3
M K Venkatesan ^ (from 27th March 2019)	-	-
A K Praburaj	3	3
Smt CA K L Vijayalakshmi	3	3
M V Srinivasamoorthi	3	2

^ Member of the Committee with effect from 27th March 2019 & no meetings were conducted after he became a member of the Committee.

13. Capital Raising Committee

During the year under report, the Board constituted Capital Raising Committee for considering "Bonus Issue 2018" & Issue of Basel III Complaint Tier II Unsecured non-convertible debentures ("Debt Instruments") and other related matters such as for approval, negotiate, carry out and decide upon all the activities relating to the Bonus Issue and the raising of capital through debt instruments.

The Committee met 4 times during the financial year 2018-19. The date of the meetings is as under:

20.08.2018	20.12.2018	05.03.2019	12.03.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2018-19 are as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
P R Seshadri, MD&CEO Chairman of the Committee	4	4
M K Venkatesan	4	4
A K Praburaj	4	4
Smt CA K L Vijayalakshmi (from 07th December 2018)	3	3
M V Srinivasamoorthi (from 07th December 2018)	3	3
R Ramkumar (from 07th December 2018)	3	3
A J Suriyanarayana (till 26th October 2018)	1	1
B Swaminathan, Chairman (till 06th December 2018)	1	1

Consequent to the completion of allotment of shares under Bonus Issue 2018 and Basel III compliant, Tier II, Unsecured, Non-Redeemable Debentures the Committee is non-functional now.

Karur Vysya Bank
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CORPORATE GOVERNANCE REPORT

General Body Meetings

a) Location and time, where the last three Annual General Meetings were held:

AGM	Financial Year	Details of Location	Day, Date and Time
99th	2017-18	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S. Karur- 639002.	Thursday, 09th August 2018, 10.00 a.m.
98th	2016-17	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S. Karur- 639002.	Friday, 21st July 2017, 10.00 a.m.
97th	2015-16	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar,L.N.S. Karur- 639002.	Thursday, 21st July 2016, 10.00 a.m.

(b)	Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	Yes. 1. At the 99th AGM held on 09th August 2018, one special resolution was passed viz., Approval for the raising funds by issuing of debt instruments upto ₹ 1,200 Cr on private placement basis. 2. At the 98th AGM held on 21st July 2017, three special resolutions were passed viz., a) Reappointment of Shri N S Srinath (DIN: 01493217) as an Independent Director of the Bank. b) Reappointment of Dr V G Mohan Prasad (DIN: 00002802) as an Independent Director of the Bank. c) Reservation to the Employees of the Bank along with the Rights Issue. 3. No special resolutions were passed at the 97th Annual General Meeting held on 21st July 2016.
(c)	Whether any special resolution passed last year through postal ballot-details of voting pattern	During the FY 2018-19, No Resolutions were transacted through Postal Ballot.
(d)	Person who conducted the postal ballot exercise	Not Applicable
(e)	Whether any special resolution is proposed to be conducted through postal ballot?	No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank.
(f)	Procedure for the postal ballot	Not Applicable

Means of Communication

After the approval of Quarterly/Half yearly financial results ('Results') by the Board of Directors, the same are being disclosed to the Stock Exchange/s, formal presentations are made to analysts by the management and the same is also placed on the Bank's website www.kvb.co.in.

The results are communicated through newspaper advertisements, press releases and by posting information on the Bank's website. Results are generally published in the Business Line and Tamil Daily "Dinamalar" on the next day of results declaration.

The Bank conducts meetings with Institutional Investors and Analysts every quarter, after the results are declared. The Investors Presentations are uploaded in the Bank's website www.kvb.co.in

Financial Calendar for publication of financial results: 1st April 2018 to 31st March 2019

Quarter ending	Date of approval	Quarter ending	Date of approval
30.06.2018	25.07.2018	31.12.2018	12.02.2019
30.09.2018	24.10.2018	31.03.2019	15.05.2019

Karur Vysya Bank
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CORPORATE GOVERNANCE REPORT

GENERAL SHAREHOLDER INFORMATION

100th Annual General Meeting	Date	18th July 2019
	Day	Thursday
	Time	09.30 A.M.
	Venue	Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S. Karur- 639002.
Financial Year	01st April 2018 to 31st March 2019	
Date of the Book Closure	12th July 2019 to 18th July 2019	
Dividend Payment Date	Between 19th July 2019 and 25th July 2019	
Listing on Stock Exchanges	Listed on National Stock Exchange of India Limited, Mumbai Equity Shares of the Bank are traded as a 'permitted' category security in BSE.	
Stock Code	NSE: KARURVYSYA BSE: 590003	
ISIN	Equity: INE036D01028 Debt Instruments: INE036D09013 & INE036D08015	
Share Transfer Agents (Both Physical and Demat Segments)	**Equity (INE036D01028) & Debt Instrument (INE036D09013)** S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy Post, Coimbatore - 641 006. Tel: +91 422 - 2539835, 2539836, 4958995 e-Mail: info@skdc-consultants.com CIN: U74140TZ1998PLC008301 **Debt Instrument (INE036D08015)** Karvy Fintech Pvt. Ltd. (Formerly known as KCPL Advisory Services P Ltd) Karvy Selenium Tower B, Plot Nos: 31&32, Gachibowli Financial District, Nanakaramguda, Hyderabad 500 032. Phone: 040 - 67162222 Fax: 040 - 23431551 e-Mail: einward.ris@karvy.com Website: www.karvyfintech.com	
Share Transfer System	The Board has delegated the authority for approving transfer, transmission, etc. of the Bank's securities to the Chairman of the Bank and MD & CEO in absence of Chairman. A half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges.	
Trustee for the Subordinated (Lower Tier II) Bonds	Axis Trustee Services Limited, The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai- 400 028 Direct Line: + 91 22 6230 0451 e-Mail: debenturetrustee@axistrustee.com	
Bank's address for correspondence/ Compliance Officer Address	Shri Srinivasarao Maddirala The Karur Vysya Bank Limited Investor Relations Cell, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S. Karur- 639002. Phone: 04324-269440-44, 227133 Fax: 04324-225700 e-Mail: kvb_sig@kvbmail.com Website: www.kvb.co.in	
Corporate Identity Number (CIN)	L65110TN1916PLC001295	

Listing fees payable to the National Stock Exchange for the financial year 2018-19 where the shares are listed, has already been paid.

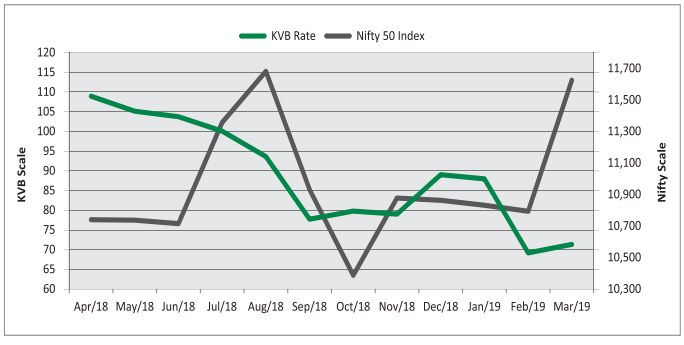
Stock Market Price Data of Bank's Shares

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Limited, Mumbai.

Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
Apr-18	109.70	100.40	Oct-18	81.10	73.50
May-18	110.00	93.70	Nov-18	84.35	77.40
Jun-18	108.55	100.20	Dec-18	89.40	76.25
Jul-18	105.20	96.20	Jan-19	95.00	86.10
Aug-18	109.80	92.40	Feb-19	89.65	63.20
Sep-18	94.40	75.00	Mar-19	74.90	68.40

The Bank's equity share price has moved in accordance with the movement of NIFTY. It touched a high of ₹ 110.00 in May 2018 and low of ₹ 63.20 in February 2019.

The Equity performance in comparison to NSE Nifty during 01.04.2018 to 31.03.2019:



KVB Karur Vysya Bank
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CORPORATE GOVERNANCE REPORT

Dematerialization of shares and liquidity

The shares of the Bank being traded in dematerialised form are transferable through the Depository system. The share transfers in physical form are processed by the Share Transfer Agents M/s S.K.D.C. Consultants Ltd., Coimbatore and approved by the Chairman/Board of Directors at least once in a fortnight. There are no share transfer requests pending for transfer as on 31st March 2019.

As on 31st March 2019, 78,14,99,384 shares i.e., 97.77% have been dematerialized. Out of which 87.38% with NSDL and 10.39% with CDSL and except 1,78,11,563 shares (2.23%) which are being held in physical form.

As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In this regard, shareholders holding shares in physical form are requested to dematerialize their shares in order to avail the benefit of free transferability as any request for transfer of shares with effect from April 1, 2019 will not be permitted if the shares are held in physical mode. Physical shareholders are requested to contact the Registered & Central Office of the Bank or Registrar & Transfer Agent of the Bank: M/s S.K.D.C. Consultants Ltd., for further information in this regard.

The Shareholders of the Bank who have not dematerialized their share so far may approach any of the Depository Participants of National Securities Depository Ltd (NSDL) or Central Depository Services (India) Ltd (CDSL) for dematerializing their shareholding.

Reconciliation of Share Capital Audit

The Bank has complied with SEBI requirements with regard to Secretarial Audit for the purpose of reconciliation of the total admitted capital in physical mode as also with both the Depositories NSDL & CDSL. The total issued & listed capital of the Bank and in respect of other matters covered under the directions of SEBI by the statutory auditors of the Bank. Quarterly compliance reports have been submitted to NSE in this regard.

Shareholding Pattern as on March 31, 2019

Sr. No	Particulars	No. of Shareholders	No. of Shares	% of Shares
A.	**Promoters**			
1.	Promoters & Promoters Group	35	1,66,51,624	2.08
B.	**Other Institutions**			
2.	Financial Institutions & Banks	7	16,17,083	0.20
3.	Mutual Funds	16	14,85,65,670	18.59
4.	Insurance Companies	6	3,13,08,167	3.92
5.	Foreign Financial Institutions/Banks	4	1,76,515	0.02
6.	Foreign Portfolio Investors	112	14,46,57,692	18.10
7.	Alternate Investment Funds	5	78,13,463	0.98
C.	**Other Non-Institutions/Individuals/Others**			
8.	Bodies Corporate	829	2,95,48,075	3.70
9.	Non-Resident Indians	2,598	88,01,806	1.10
10.	Clearing Members	234	36,41,628	0.46
11.	Hindu Undivided Families	2,338	1,10,88,040	1.39
12.	Trusts	7	3,00,399	0.04
13.	Directors & Relatives	9	3,89,385	0.05
14.	Resident Individuals	1,37,336	39,38,63,838	49.28
15.	Unclaimed Suspense Account	1	1,85,800	0.02
16.	IEPF	1	7,01,762	0.09
Total		**1,43,538**	**79,93,10,947**	**100**

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

List of Shareholder holding more than 1% shares in the Bank as on March 31, 2019:

Sr. No	Particulars	No. of Shares	% of Shares
1	ICICI Prudential Mutual Fund (Under various Schemes)	3,92,61,075	4.91
2	Franklin India Mutual Fund (Under various Mutual Fund Schemes)	3,78,27,940	4.73
3	HDFC Trustee Company Limited (Under various Schemes)	2,41,57,675	3.02
4	Olympus India Holdings Limited	2,33,27,768	2.92
5	NTASAIN Discovery Master Fund	2,21,49,089	2.77
6	Jhunjhunwala Rakesh Radheshyam	2,00,33,516	2.51
7	Saif Advisors Mauritius Limited	1,85,15,729	2.32
8	Reliance Capital Trustee Company	1,71,36,809	2.14
9	HDFC Standard Life Insurance Company Limited	1,50,00,000	1.88
10	Ashish Dhawan	1,39,40,430	1.74
11	Rakesh Jhunjhunwala (Rare Enterprises)	1,35,50,000	1.70
12	Sundaram Mutual Fund (Under various Mutual Fund Scheme)	1,30,80,051	1.64
13	Abu Dhabi Investment Authority - Behave	1,30,46,147	1.63
14	Acacia Partners LLP	80,22,378	1.00
Total		**27,90,48,607**	**34.91**

Distribution of shareholding as on March 31, 2019:

Category	No. of Shares				No. of Shareholders			
	Physical	Demat	Total	%	Physical	Demat	Total	%
Upto 250	2,68,752	63,91,661	66,60,413	0.83	3,001	74,156	77,157	51.05
251 - 500	3,49,064	63,02,094	66,51,158	0.83	959	17,673	18,632	12.33
501 - 1000	6,82,788	1,20,01,586	1,26,84,374	1.59	945	17,127	18,072	11.96
1001 - 2000	12,57,272	1,69,27,623	1,81,84,895	2.28	880	12,092	12,972	8.58
2001 - 3000	10,74,693	1,92,54,637	2,03,29,330	2.54	437	7,363	7,800	5.16
3001 - 4000	10,11,067	1,05,90,651	1,16,01,718	1.45	288	3,038	3,326	2.20
4001 - 5000	7,23,236	78,05,384	85,28,620	1.07	160	1,731	1,891	1.25
5001 - 10000	26,09,426	3,51,61,099	3,77,70,525	4.73	384	5,047	5,431	3.59
10001 & above	98,35,265	66,70,64,649	67,68,99,914	84.69	287	5,562	5,849	3.87
Total	1,78,11,563	78,14,99,384	79,93,10,947	100.00	7,341	1,43,789	1,51,130	100.00
% to Total	2.23	97.77	100.00		4.86	95.14	100.00	

Disclosures

During the financial year ended 31st March 2019:

a) Related Party Transactions:

During the year, transactions entered with Related Parties were in the ordinary course of business and on arm's length basis and do not attract the provisions of Sec 188 of the Companies Act, 2013. The Bank has not entered into any materially significant related party transactions which could lead to a potential conflict with the interests of the Bank.

Transactions with related parties were placed before the Audit Committee for review as per the Regulations from time to time. There was no material transactions entered with related parties. Details of related party transaction under AS - 18 entered into during the FY 2018-19 are given in notes to the financial statements.

The Board put in place a policy on materiality of related party transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Listing Regulations and the same has been displayed on the website of the Bank https://www.kvb.co.in/docs/related-party-transactions-policy.pdf

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

b) Strictures and Penalties:

There are no instances of non-compliance by the Bank; no penalties or strictures have been imposed by Stock Exchanges and SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

During the year under report, Reserve Bank of India has imposed a monetary penalty of ₹ 50 million (Rupees fifty million only) for non-compliance of directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms, reporting of frauds and on need for discipline at the time of opening of current accounts with reference to the financial position as on March 31, 2016 and March 31, 2017 and ₹ 10 million (Rupees ten million only) on Time Bound Implementation and Strengthening of Swift - Related Operational Controls, in exercise of the powers conferred under section 47(A) (1) (c) read with section 46(4) (i) of the Banking Regulation Act, 1949.

During the year, RBI has levied penalty of ₹ 4,11,300/- emanating out of deficiencies found while processing the notes remitted by our Currency Chests. The penalties levied were pertaining to the deficiencies found in Specified Bank Notes (SBN's) and soiled notes remittance by our Currency Chests to RBI.

A penalty of ₹ 50,000/- was imposed by UIDAI for Non-Compliance of UIDAI Guidelines by an outsourced operator engaged for Aadhaar enrolment/updation activities.

c) Code of Conduct:

All the Directors and Senior Managerial Personnel have affirmed the compliance of the Code of Conduct laid down by the Bank. An annual confirmation of the Code of Conduct is taken from all the Directors and Senior Managerial Personnel to whom the Code applies. MD & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is given at the end of this report.

d) MD & CEO/CFO Certification:

MD & CEO and Chief Financial Officer have issued certificate pursuant to the provisions of Regulation 17 certifying that the financial statements do not, to the best of their knowledge and ability, contain any materially untrue statement and these statements represent true and fair view of the Bank's affairs. They have also further certified that, to the best of their knowledge and ability, no transactions entered into during the year were fraudulent, illegal or violative of the code of conduct of the Bank. They are responsible for establishment and maintenance of the Internal Financial Control for Financial Reporting and they have reported to the auditors and the Audit Committee significant changes in internal control over financial reporting, significant changes in the accounting policies, and instance of significant frauds of which they were aware. The said certificate is annexed and forms part of this report.

e) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Bank has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the Rules framed thereunder. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Also includes anybody visiting the Bank. It will always be a constant effort of the Bank to prevent sexual harassment and to create a conducive work environment. The Bank is committed to the implementation of objectives of this policy and procedures laid down therein.

At the beginning of the last fiscal, Bank had one complaint pending from the previous fiscal. The Internal Complaints Committee (ICC) reviewed the said allegation/complaint and found during FY 17-18 itself that the same was malicious, malafide and false. Further, ICC closed the complaint and recommended for appropriate disciplinary action against the complainant for knowingly making a false complaint. Accordingly, disciplinary proceedings were initiated in this regard. Pending these disciplinary proceedings, the employee was dismissed from the services of the Bank on the basis of disciplinary proceedings pending in another charge sheet. Hence, the said complaint was effectively closed and is not pending at the close of the FY 19. Number of complaints filed during the Financial Year is Nil; Number of complaints disposed-off during the Financial Year is one; Number of complaints pending at the end of Financial Year is Nil.

f) Whistle Blower Policy:

The Bank put in place a 'Whistle Blower Policy' in compliance of the provisions of Regulation 4(2)(d) of the Listing Regulations, the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended. This policy also incorporates suggestions of the Protected

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

Disclosure Scheme for Private Sector Banks instituted by the Reserve Bank of India. Under the Whistle Blower Policy, the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The objective of the policy is to identify any untoward events with the help of the employees and to take timely corrective measures so as to prevent/protect the Bank at the initial stage itself. This mechanism also provides adequate safeguards against victimization of employees who avail of this mechanism and also provides for direct access to the Chairman of the Audit Committee of the Board, in exceptional cases. None of the whistle blowers have been denied access to the Audit Committee of the Board. The details of the Whistle Blower Policy is available on the website of the Bank https://www.kvb.co.in/docs/whistle-blower-policy.pdf

g) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

Not Applicable. The Bank does not have any outstanding GDRs/ADRs/Warrants or any other convertible instrument as on 31st March 2019.

h) Plant Locations:

As the Bank is engaged in the business of Banking/Financial Services there are no Plant Locations. However, the Bank has 789 Branches (including Asset Recovery Branches and Corporate Business Units), 1,645 ATMs, 534 Bunch Note Recycler Machines (BNRM), 158 Self-service Passbook Kiosks and 58 CTS enabled Cheque Deposit Kiosks as on 31st March 2019.

i) Commodity Price Risks and Foreign Exchange Risks and hedging activities:

Your Bank has a Market Risk policy and an Integrated Treasury Policy approved by the Board specifying risk control framework for undertaking any Commodity price risk and Foreign exchange risk. The Board of the Bank has defined overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap limit (AGL), Value at Risk (VaR) limit to control the Foreign exchange risk within its risk control framework. Your Bank has not undertaken any purchase or sale of Gold or Silver during the period. The Bank maintains adequate margin while lending against commodities and has put in place a system of monitoring the commodity price.

Your Bank uses Derivatives including Forwards & Swaps for hedging its currency risk in its balance sheet, customer offerings and proprietary trading, in compliance with overall risk limit and control framework. The management of these products and businesses is governed by Board approved Policies of the Bank.

j) Mandatory Requirements:

The Bank has complied with all mandatory requirements under the provisions of Listing Regulations and amendments thereon from time to time.

k) Certificate under Regulation 34(3) of Listing Regulations:

Pursuant to the Regulation 34(3) read with Schedule V of the Listing Regulations, a certificate has been obtained from Shri S Solaiyappan (FCS No: 9293), M/s Solaiyappan & Associates, Practising Company Secretaries, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities.

l) Fees paid to Statutory Auditors (including Branch Statutory Auditors):

The total fees incurred by the Bank for services rendered by Statutory Auditors (including Branch Statutory Auditors) are given below:

Particulars	FY 2018-19 (₹ in Lakh)
Audit Fees/Statutory Certificates	196.09
Reimbursement of Expenses	28.13
Total	224.22

m) Details of utilization of funds:

During the year under review, there were no Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the Listing Regulations.

n) Policies of the Bank:

As a part of good Corporate Governance, the Bank has adopted various policies/codes from time to time which are hosted on the website of the Bank at https://www.kvb.co.in/investor-corner/policies/

o) Credit Ratings and Change/Revisions in Credit Ratings for Debt Instruments and Certificate of Deposit Programme:

1. ICRA Limited reaffirmed the rating as “ICRA A1+” for Certificate of Deposit Programme of ₹ 3000 Cr dated 25th June 2018, 27th August 2018, 30th November 2018 and 18th February 2019. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

2. CRISIL Ratings rated as "CRISIL A1+" for Certificate of Deposit Programme of ₹ 3000 Cr on 04th May 2018, 30th October 2018, 3rd January 2019 and 14th March 2019.
3. ICRA Limited reaffirmed the rating as "ICRA A+" and revised Outlook on Long Term from 'Stable' to 'Negative' on 27th August 2018 for Lower Tier II Bond Issue of ₹ 300 Cr where ₹ 150 Cr was utilized. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
4. ICRA Limited revised the rating as "ICRA A" (Outlook on Long Term: Stable) from "ICRA A+" (Outlook on Long Term: Negative) on 18th February 2019 for Lower Tier II Bond Issue of ₹ 300 Cr where ₹ 150 Cr was utilized. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. Reason for the revision in credit rating: Stress level in commercial and corporate segment is higher than the anticipated.
5. Indian Rating & Research rated "IND A+" (Outlook Stable) on 18th February 2019 for Basel III Tier 2 Bond Issue of ₹ 1200 Cr where ₹ 487 Cr was utilized.
6. ICRA Limited revised the rating as "ICRA A (Hyb)" (Outlook on Long Term: Stable) from "ICRA A+ (Hyb)" (Outlook on Long Term: Negative) on 18th February 2019 for Basel III Tier 2 Bond Issue of ₹ 1200 Cr where ₹ 487 Cr was utilized. Reason for the revision in credit rating: Stress level in commercial and corporate segment is higher than the anticipated.

p) All disclosures in compliance with the Corporate Governance requirement specified in regulation 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 to the extent applicable is available in Banks' website www.kvb.co.in. The Bank has obtained certificate affirming the Compliances with these regulations from Shri S Solaiyappan (FCS No: 9293), M/s Solaiyappan & Associates, Practising Company Secretaries and forms part of this Report. It may be noted that Shri S Solaiyappan (FCS No: 9293), M/s Solaiyappan & Associates, in his certificate has confirmed that the Bank has complied with the conditions of Corporate Governance as prescribed under Listing Regulations.

q) Non-Mandatory Requirements:

In addition to the Mandatory Requirements, your Bank has ensured the implementation of the non-mandatory requirements as suggested in Regulation 27 of the Listing Regulations.

1) Shareholders' Rights:

The Bank publishes its financial result once approved by the Board of Directors to the Stock Exchanges within 30 minutes (under Regulation 30 of the Listing Regulations) of the conclusion of the such agenda. The same are also available on the websites of the Stock Exchanges.

The quarterly results are also published in newspapers - an English Newspaper having wide circulation and a Tamil Newspaper having wide circulation in Tamil Nadu; the same is also uploaded on Bank's website www.kvb.co.in which is accessible to the public.

2) Separate posts of Chairman and MD & CEO:

The Bank has separate positions of the Chairman and MD & CEO. Shri B Swaminathan, (DIN: 00245189) was the Non-Executive Independent (Part-time) Chairman of the Bank till 19th January 2019. Board in the meeting held on 25th March 2019 appointed Shri N S Srinath (DIN: 01493217) as Non-Executive Independent (Part-time) Chairman of the Bank for a period of three years subject to approval of Reserve Bank of India (RBI). Further RBI accorded their approval for the appointment of Part-time Chairman of the Bank for a period of three years with effect from 27th May 2019. Shri P R Seshadri (DIN: 07820690) is the Managing Director & Chief Executive Officer of the Bank. The Bank is maintaining a Chairman's office at its Registered & Central Office.

3) Unmodified audit opinion/reporting:

The Auditors have expressed an unmodified opinion on the financial statement of the Bank.

Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015

In compliance with the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") as amended, Bank has formulated/revised the "Internal Code of Conduct for Prevention of Insider Trading" ("Internal Code") in Bank's Securities and the "Internal Code of Conduct for dealing in securities of other Listed or to be Listed entities" and also the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information".

The amended Code is applicable with effect from 01st April 2019 to the Promoters, Directors, KMPs, Auditors and Designated Persons & their immediate relatives and other Connected Persons of the Bank. The Designated Persons are required to ensure fullest compliance with the Internal Code at the time

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

of trading in Bank's Securities, Trading means and includes subscribing, buying, selling, dealing, securities acquired by way of transmission as a legal heir, Gift, Off-market Transactions, pledging or agreeing to subscribe, buy, sell, deal in or pledge any securities and "trade" shall be construed accordingly. Chief Financial Officer (CFO) has been designated as the Chief Investor Relations Officer and Company Secretary has been designated as the Compliance Officer for this purpose.

The Code requires pre-clearance for dealing in the Bank securities beyond threshold limits. Further it prohibits the purchase or sale of Bank's securities by the Promoters, Directors, KMPs, Auditors, Designated Persons & their immediate relatives and other Connected Persons of the Bank while in possession of UPSI in relation to the Bank. Further, the trading window for dealing in shares of the Bank has been closed for the Promoters, Directors, KMPs, Auditors, Designated Persons & their immediate relatives, other Connected Persons of the Bank and the details of Trading Window closure were as under:

Trading Window Closure Period	Purpose of closure of Trading Window
16th May 2018 to 27th May 2018	Declaration of Quarterly Financial Results for the quarter ended March 2018 and Annual Financial Results for the FY 2017-18.
16th July 2018 to 27th July 2018	Declaration of Quarterly Financial Results for the quarter ended June 2018.
15th October 2018 to 28th October 2018	Declaration of Quarterly Financial Results for the quarter ended September 2018.
28th January 2019 to 14th February 2019	Declaration of Quarterly Financial Results for the quarter ended December 2018.
01st April 2019 to 17th May 2019	Declaration of Quarterly Financial Results for the quarter ended March 2018 and Annual Financial Results for the FY 2018-19.

Dividend

The Board of Directors of the Bank in its meeting held on 15th May 2019 has recommended dividend of ₹ 0.60 per equity share on the face value of ₹ 2/- each (i.e., 30%) for the financial year ended 31st March 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Bank. If approved, the dividend shall be paid during the period between 19th July 2019 and 25th July 2019.

Dividend Distribution Policy

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Bank has Board approved "Dividend Distribution Policy". The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time, the provisions of the Companies Act, 2013 & the rules made thereunder, Listing Regulations, as amended to the extent applicable for Banking Companies. The Policy has been displayed on the website of the Bank https://www.kvb.co.in/docs/dividend-distribution-policy.pdf

Dividend Payments through electronic mode

The Listing Regulations have directed that all listed companies shall mandatorily make all payments to shareholders including dividend, by using any of the electronic mode of payment facility approved by Reserve Bank of India viz., NACH, direct credit, RTGS, NEFT, etc.

In order to receive the dividend without loss of time, all the eligible shareholders holding shares in dematerialised form, are requested to update their bank account details as per the Core Banking System (CBS), including 9 digit MICR Code and 11 digit IFSC, e-Mail ID and Mobile No(s) with their respective Depository Participants. This will enable the making of payments of future dividends directly to their bank account through National Automated Clearing House (NACH) mode.

Shareholders holding shares in physical form are requested to update the bank account details as per the Core Banking System (CBS), including 9 digit MICR Code and 11 digit IFSC, e-Mail ID and Mobile No(s) with the Registrars and Share Transfer Agents by mentioning the folio number and attaching a cancelled Cheque leaf of their current bank account and a self-attested copy of the PAN card and Bank Pass Book/Voter ID/Aadhaar Card to confirm the present address of the shareholder.

In case, dividend paid by electronic mode is returned or rejected by the corresponding Bank due to any reason, then Bank will issue a dividend warrant with the bank account details available on its records to avoid fraudulent encashment of the warrants.

Unclaimed Dividend

As per the provisions of Sec 124 (5) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the Bank is statutorily required to transfer to the Investor Education & Protection Fund ('IEPF'), established by the Central Government, all dividends remaining unpaid/unclaimed for a period of 7 years, from the date of such transfer to the unclaimed dividend account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank.

CORPORATE GOVERNANCE REPORT

The unclaimed dividends for the FY 2010-11 have already been transferred to Investor Education and Protection Fund (IEPF). Unclaimed dividends for the financial year 2011-12 shall be transferred to IEPF after the due date i.e. August 29, 2019.

The following table gives the unclaimed amount from the year 2011-12 with the position as on 31st March 2019 and the last date for claiming the dividend before transfer to the said Fund.

Financial Year	Unclaimed Amount (₹)	Date of Declaration	Last date for claiming the amount
2011-12	52,55,810.00	30.07.2012	29.08.2019
2012-13	68,01,732.00	19.07.2013	18.08.2020
2013-14	63,33,990.00	23.07.2014	22.08.2021
2014-15	71,97,177.00	23.07.2015	22.08.2022
2015-16 Interim Dividend	57,43,000.00	28.03.2016	27.04.2023
2015-16 Final Dividend	24,55,276.00	22.07.2016	21.08.2023
2016-17	74,87,615.20	24.07.2017	23.08.2024
2017-18	24,20,185.80	10.08.2018	09.09.2025
Unclaimed Refund Orders & Fractional Warrants of Rights and Bonus Issue:			
Rights 2017 Refund Order	8,32,429.00	22.11.2017	21.12.2024
Bonus 2018 Fractional Warrant	1,66,931.19	27.09.2018	26.10.2025

Shareholders who have not enchased their dividend warrants relating to the dividends as specified above are advised to send their request letter to Registrars and Share Transfer Agents viz., S.K.D.C. Consultants Limited or Nodal Officer of the Bank Mr. Srinivasarao Maddirala. The details of unpaid/ unclaimed dividends are available on the website of the Bank www.kvb.co.in

Pursuant to Regulation 6(2)(d) Listing Regulations, Bank has created a separate e-Mail ID for redressal of Investor Complaints and Grievances. The said e-Mail ID is kvb_sig@kvbmail.com

Intimation to the Shareholders for claiming of dividends

The Bank has been sent individual reminder letters to the relevant shareholders at regular intervals for encashing of unclaimed dividend on equity shares declared by the Bank from time to time.

Updation of Permanent Account Number (PAN) and Bank Details

The Securities and Exchange Board of India vide its Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 has mandated submission of Permanent Account Number (PAN) and bank account details by every participant in securities market. Accordingly, Members holding shares in physical form are requested to submit self-attested copy of the PAN Card(s) and any one of the Officially Valid Documents (OVD), cancelled cheque leaf where an active Bank account is maintained to the Bank's Registrars and Transfer Agents: M/s S.K.D.C. Consultants Ltd. Further members holding shares in electronic form are requested to submit their copy of the PAN Card(s) and Bank Account Details to their Depository Participants with whom they are maintaining their demat accounts.

Transfer of shares to Investor Education and Protection Fund (IEPF) Suspense Account

In terms of the applicable provisions of Section 124 (6) of the Companies Act, 2013 and read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), as amended from time to time, all shares in respect of which dividend are not claimed/ paid for the last 7 consecutive years in respect of any shareholder shall be transferred to the IEPF Suspense A/c as may be identified by the IEPF Authority. Subsequent to such transfer of shares to "IEPF Authority", all future benefits which may accrue, on these shares, including future dividend, will be credited to the said IEPF Authority only.

As per the said Rules, Bank is required to transfer all shares in respect of which dividend has been unclaimed by the shareholders for the FY 2011-12 for a period of seven consecutive years. Bank has sent individual communication to the concerned shareholders whose shares are liable to be transferred to IEPF Suspense a/c for taking appropriate action and submitting requisite documents to claim the unclaimed dividend amount. Subsequently, a public notice was issued on 06th May 2019 in Business Standard - English version for all India Circulation and Dinamalar for vernacular (i.e. Tamil) language in Trichy Edition covering Karur.

Pursuant to the IEPF Rules, 3,94,975 shares in respect of which unclaimed/unpaid dividend was not claimed from 2010-11 for seven consecutive years were transferred to IEPF Authority Ministry of Corporate Affairs Account (IEPF) on 27th August 2018 bearing demat account no IN300708-10656671 which is opened with National Securities Depository Limited (NSDL) with Depository Participant at Punjab National Bank.

The information pertaining to unpaid/unclaimed dividends for last seven years and the details of such members whose unclaimed dividend/shares have been transferred to IEPF Authority is also available on the Bank's website www.kvb.co.in.

CORPORATE GOVERNANCE REPORT

Guidelines to claim the shares transferred to Investors Education and Protection Fund (IEPF) Suspense Account

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 7 of the IEPF Rules, the shareholders can claim the shares from IEPF Account by making an online application in e-Form IEPF - 5 which can be downloaded from the link www.iepf.gov.in.

After downloading the e-Form IEPF - 5 from the website of IEPF for filing the claim for refund of shares, read the instructions provided on the website/instructions kit along with the e-Form carefully before filling the form.

After filling the form, submit the same by following the instructions given in the upload link on the website. On successful uploading the acknowledgment will be generated indicating Service Request Number (SRN). This SRN is to be used for future communications and tracking the e-Form in the website.

Printout of the duly filled e-Form IEPF - 5 along with the acknowledgment generated after uploading the form have to be submitted together with an Indemnity Bond in original, Copy of acknowledgment and self-attested copy of e-Form along with other documents as mentioned in the e-Form IEPF - 5 to Shri Srinivasarao Maddirala, Nodal Officer (IEPF) of the Bank in an envelope marked "Claim for refund from IEPF Authority". In the process general information about the Bank which has to be provided are as under:

a) Corporate Identification Number (CIN) of Bank	L65110TN1916PLC001295
b) Name of the Bank	The Karur Vysya Bank Ltd
c) Address of Registered Office of the Bank	The Karur Vysya Bank Limited, Investor Relations Cell, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S, Karur- 639002. e-Mail: kvbiepf@kvbmail.com

Disclosure of details of Unclaimed Shares Suspense Account under Regulation 39(4) of Listing Regulations

Sl. No.	Particulars	Number of shareholders	No. of shares
01	Aggregate Number of shareholders and the outstanding shares as on 01st April 2018	816	4,20,740
02	**Less:** No. of shareholders who approached the Bank for transfer of shares and to whom shares were transferred during the fiscal 2018-19	8	6,838
03	**Add:** No. of Shares credited on account of Bonus Issue 2018	812	41,353
04	**Less:** No. of Shares transferred to the IEPF authority in terms of Section 124(6) of the Companies Act, 2013	577 #	2,69,455
05	Aggregate Number of shareholders and the outstanding shares as on 31st March 2019	774	1,85,800

Out of 577 shareholders, 34 shareholders shares were entirely transferred to IEPF Suspense Account

The voting rights on the above mentioned 1,85,800 shares shall remain frozen till the rightful owner of such shares claims the same.

Declaration as required under Regulation 26(3) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of the Board of Directors and Senior Management Personnel of the Bank have affirmed compliance with the Code of Conduct of the Bank for the year ended March 31, 2019.

Place: Karur
Date: May 28, 2019

P R Seshadri
Managing Director & Chief Executive Officer

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

CEO/CFO CERTIFICATION

We, P R Seshadri, Managing Director & CEO and T Sivarama Prasad, Chief Financial Officer, of The Karur Vysya Bank Limited (the 'Bank') hereby certify that:

a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief these statements:

   i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee of the Board, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee of the Board:

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours faithfully

P R Seshadri
Managing Director & CEO

T Sivarama Prasad
Chief Financial Officer

Place: Karur
Date: May 15, 2019

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CORPORATE GOVERNANCE REPORT

Certificate of Compliance of conditions of Corporate Governance

To

The Members,
The Karur Vysya Bank Limited,
CIN : L65110TN1916PLC001295
Regd. & Central Office,
No. 20, Erode Road, Vadivel Nagar,
L.N.S. Karur – 639002

I have examined the compliance of conditions of Corporate Governance by The Karur Vysya Bank Limited ('the Bank') for the year ended March 31, 2019, as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and paras C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (LODR) for the period from April 1, 2018 to March 31, 2019.

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

In my opinion, and to the best of my information and according to the explanations given to me, I certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned LODR.

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

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **Solaiyappan & Associates**
Company Secretaries
(ICSI Unique Code: S2017TN484200)

CS Solaiyappan S
Sole Proprietor
FCS No. 9293; CP No. 3573

Place: Karur
Date: May 28, 2019

Karur Vysya Bank
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CORPORATE GOVERNANCE REPORT

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
The Karur Vysya Bank Limited,
CIN: L65110TN1916PLC001295,
No. 20, Erode Road, Vadivel Nagar,
L.N.S. Karur – 639002

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of The Karur Vysya Bank Limited having CIN: L65110TN1916PLC001295 and having registered office at Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S. Karur - 639002 (hereinafter referred to as 'the Bank), produced before me for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Bank & its officers, I hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Director of Bank by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of Director Sarvashri	DIN	Date of Appointment in Bank
1	N S Srinath	01493217	29.06.2012
2	P R Seshadri	07820690	04.09.2017
3	Dr V G Mohan Prasad	00002802	15.06.2014
4	M K Venkatesan	00032235	09.12.2014
5	A K Praburaj	07004825	09.12.2014
6	Smt CA K L Vijayalakshmi	07116809	22.03.2015
7	M V Srinivasamoorthi	00694618	27.08.2015
8	Dr K S Ravichandran	00002713	26.05.2016
9	R Ramkumar	00275622	25.06.2018
10	Sriram Rajan	02162118	19.01.2019

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For Solaiyappan & Associates
Company Secretaries
(ICSI Unique Code: S2017TN484200)

CS Solaiyappan S
Sole Proprietor
FCS No. 9293; CP No. 3573

Place: Karur
Date: 21st May, 2019

Annexure - 1

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

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

To

The Members,
The Karur Vysya Bank Limited,
CIN: L65110TN1916PLC001295
No: 20, Erode Road, Vadivel Nagar,
L.N.S, Karur – 639 002

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by The Karur Vysya Bank Limited (hereinafter called the 'Bank') for the audit period covering the financial year ended 31st March, 2019. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate actions and practices/statutory compliances and expressing my opinion thereon.

Based on my verification of the Books, Papers, Minutes Book, Forms and Returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minutes Book, Forms and Returns filed and other records maintained by the Bank for the financial year ended on 31st March, 2019, in accordance to the provisions of:

1. The Companies Act, 2013 and the amendments thereon (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder, including the FDI Policy;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended;
   b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;
   d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   f) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
6. Following other applicable laws:
   a) The Banking Regulation Act, 1949;
   b) Reserve Bank of India Act, 1934;
   c) The Banking Companies (Period of Preservation of Records) Rules, 1985;
   d) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
   e) Recovery of Debts due to Bank & Financial Institution Act, 1993; and
   f) The Insolvency and Bankruptcy Code, 2016.

I have also examined compliances with the applicable Laws and Regulations of the following:

(i) The Companies Act, 2013 including Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) relating to the Board and General Meetings.

(ii) The Equity and Debt Listing Agreement and also SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Bank with National Stock Exchange of India Limited, Mumbai.

(iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

(iv) The Bank has constituted Corporate Social Responsibility Committee of the Board in accordance to the provisions of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended. The Bank has made the necessary reporting of CSR in its Report of the Board of Directors as required under the Act and the Rules made thereunder.

I further report that,

(i) The Board of Directors of the Bank is duly constituted with proper balance of Non-Executive Non-Independent Directors and Non-Executive Independent Directors including a Woman Director. The Board of the Bank is chaired by the Non-Executive (Part-time) Independent Director and the Composition of Board of Directors is in tune with the applicable provisions of the Banking Regulation Act, 1949, the Companies Act, 2013, the Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the applicable provisions.

(ii) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before and at the meeting for meaningful deliberations and participation at the meeting. Decisions of the Board/Committee meetings are on consensus and results are recorded in minutes with observations/directions if any made in respect of any agenda item.

(iii) There are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. Directors of the Bank have furnished necessary declarations & executed Deed of Covenants as required under extant guidelines of Reserve Bank of India.

I further report that during the Audit Period:

(i) The Bank has issued 7,26,63,937 Equity Shares of face value of ₹ 2/- each by way of Bonus Shares in the ratio of one share for every ten shares held on the record date on 18th August, 2018, by complying the required provisions of the Act and the relevant Rules thereon and SEBI Regulations.

(ii) The Board of the Bank and shareholders have approved the issue of rated, listed, non-convertible, redeemable, unsecured, BASEL III compliant Tier II Bonds, in the nature of debentures ("Debentures"), aggregating to ₹ 1,200 crores on private placement basis in one or more tranches. Out of that 48,700 Debentures of ₹ 1,00,000 each aggregating to ₹ 487 crore were issued and allotted by the Capital Raising Committee of the Board on 12th March, 2019 on private placement basis.

(iii) The Bank has issued & allotted 7,639 Equity Shares of face value of ₹ 2/- pertaining to various Rights issues and Bonus issues held in abeyance category, by complying the required provisions of the Act and the relevant Rules thereon and SEBI Regulations.

(iv) The Bank has been levied with penalties of ₹ 5 Crores and ₹ 1 Crore by RBI in pursuance of section 46 and 47A of the Banking Regulation Act, 1949 for the non compliance of RBI Guidelines and Directions, and non-strengthening of SWIFT related operational controls respectively.

(v) The Bank has received RBI authorisation for Import of gold/ silver for the financial year 2019-20.

(vi) The unclaimed dividend amount and Shares due to be transferred to the Investor Education and Protection Fund (IEPF) during the year ended 31st March, 2019 has been transferred without any delay.

Note: This Report is to be read with my Letter of even date which is annexed as Annexure 'A' and forms an integral part of this Report.

For Solaiyappan & Associates
Company Secretaries
(ICSI Unique Code: S2017TN484200)

CS Solaiyappan S
Sole Proprietor
FCS No. 9293 CP No. 3573

Date: 28th May, 2019
Place: Karur

ANNEXURE 'A'

My Report of even date is to be read along with the following:

1. Maintenance of Secretarial Records and Statutory Registers is the responsibility of the management of the Bank. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For Solaiyappan & Associates
Company Secretaries
(ICSI Unique Code: S2017TN484200)

CS Solaiyappan S
Sole Proprietor
FCS No. 9293 CP No. 3573

Date: 28th May, 2019
Place: Karur

Annexure - 2

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

I. The ratio of the remuneration of each director to the median remuneration of the employees of the financial year:-

Name of Executive Director/Chairman	Ratio of Remuneration to median remuneration of all employees*
Shri P R Seshadri, Managing Director & CEO	19.41x
Shri B Swaminathan, Non-Executive Independent (Part-time) Chairman $	1.08x

$ Demitted office at the close of office hours on 19th January 2019.

II. The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year:-

Name of Executive Director/ Chairman/Key Managerial Personnel	Percentage increase in the remuneration in the FY 2018-19*
Executive Director/Chairman	
Shri P R Seshadri, Managing Director & CEO	–
Key Managerial Personnel	
Shri J Natarajan, President & COO	11.80%
Shri T Sivarama Prasad, GM&CFO	–
Shri Srinivasa Rao Maddirala, Company Secretary	3.29%

* No remuneration is paid to Non-Executive Directors except Part-time Chairman other than the Sitting Fees for attending Board/Committee meetings. The Sitting Fees paid to Non-Executive Directors is not considered for calculation of median remuneration. There is no increase in the remuneration paid to MD&CEO and GM&CFO.

III. The percentage increase in the median remuneration of employees in the financial year:-

Median remuneration of the employees in the financial year was decreased by 2.64% as compared to the previous financial year 2017-18.

IV. The number of permanent employees on the rolls of the Bank:-

The Bank has 7,368 permanent employees as on 31st March 2019.

V. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:-

Average remuneration increase for Non-Managerial Personnel of the Bank was 2.34% in the FY 2018-19.

The average percentage increase in the remuneration paid to the Managerial Personnel is around 16.98%. The said marginal increase in the remuneration paid to Managerial Personnel is in line with the market trends and industry benchmarks of the peer group Banks.

VI. Affirmation that the remuneration is as per the remuneration policy of the Bank:-

The Bank has Board approved Compensation Policy, which is in line with RBI guidelines. We affirm that the remuneration paid to employees is as per the Compensation Policy of the Bank.

Notes:

- 'x' denotes the median remuneration of the employees in the Financial Year.
- Remuneration in case of MD & CEO is regulated by Reserve Bank of India Guidelines and as approved by the Reserve Bank of India.
- For calculation of the percentage increase in remuneration of Shri P R Seshadri, MD&CEO in the FY 2018-19, the remuneration paid during the period September 2017 to March 2018 is annualized.

Details of top ten employees of the Bank in terms of remuneration drawn pursuant to Sec 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Amendment Rules, 2016 for the Year ended 31st March,2019:

Sr. No.	Name Sarvashri	Designation	Qualification	Age	Remuneration Received Amount ₹	Experience No. of years	a) Date of Commencement of Employment b) Nature of Employment, whether contractual or otherwise;	Last Employment
1	Seshadri P R	MD & CEO	B.E. (Electrical), PGDM Management) (IIM Bengaluru)	55	1,28,98,415.81	26	a) 04/09/2017 b) Whole Time	BFC Bank Limited
2	Mocherla Durga Ramesh Murty	General Manager & CRO	M.Com, A.C.A, Cert.Prog.in IT & Cyber Security	54	49,64,682.98	27	a) 09/04/2018 b) Regular	Commerical Bank International (CBI BANK)
3	Natarajan J	President & COO	M.A. (Economics), C.A.I.I.B.	58	39,43,588.58	35	a) 27/04/1983 b) Regular	-
4	Thathai Narayan Seetharaman	General Manager	B.Sc. (Chemistry) P.G. Cert.in Business Management, C.A.I.I.B.,	56	39,38,020.00	33	a) 10/11/2017 b) Regular	Equitas Small Finance Bank
5	Anantha Kumar G S	Chief General Manager	M.Com.	58	34,53,115.89	35	a) 15/02/1984 b) Regular	-
6	Balaji S	Chief General Manager	L.L.B., M.A.(Sociology), C.A.I.I.B.,	58	34,03,558.65	35	a) 31/08/1994 b) Regular	Syndicate Bank
7	Srinivasan V	General Manager	B.Sc (Agriculture), M.B.A, J.A.I.I.B	57	30,50,443.78	32	a) 07/08/1987 b) Regular	Nedungadi Bank Ltd
8	Saravanun C	General Manager	B.G.L, M.Com, PG Dip in Pers.Mgmt & Labour Law, Cert. Prog. In IT &Cyber Security, C.A.I.I.B., NCFM (Depository operations), Dip. In Comp Application	55	30,17,449.20	32	a) 01/08/1986 b) Regular	-
9	Balachandran M	General Manager	B.A. (Economics), M.B.M., PG DIP.IN Fin. Management, C.A.I.I.B.,	60	29,85,538.32	33	a) 24/04/1996 b)Contract from 02/11/2018	Andhra Bank
10	Ashok Kumar GP	General Manager	B.Com, D.C.M.P, C.A.I.I.B., C.I.S.A.,	57	28,82,658.80	36	a) 19/02/1983 b) Regular	-

Notes:

None of the above employee holds 2% or more of the paid-up share capital of the Bank as on 31st March 2019 and none of the above employee is a relative of any Director of the Bank.

Annexure – 3

Annual Report on Corporate Social Responsibility (CSR) Activities

A brief outline of the Bank's CSR policy, including overview of projects or programs proposed to be undertaken.

Karur Vysya Bank Limited's CSR Policy

In the recent arena of corporate world, different statutes, regulators mandated the CSR activities. But the bank is performing the CSR activities much earlier than the requirements of the statutes. It is recognized in the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. This approach also reaffirms the view that businesses are an integral part of society and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity and in upholding the essentials of ethical practices and good governance.

The vision of the founders of your Bank is that apart from being a good Bank in providing financial assistance to the people where we operate, the Bank also has an obligation to help in every respect to improve the economic conditions of the ordinary people which has been our guiding principle from the beginning.

The founders of the Bank thought about CSR as can be seen from one of the Articles contained in MOA and AOA incorporated in 1916 which lays down as under:

"Every year the bank has to appropriate a sum out of the net profits of the year at the rate of one rupee for every one hundred rupees for the purpose of Charity which shall be added to the charity fund.

The Board of Directors shall utilize the amounts which are lying in the Charity Fund account for charitable purpose."

The Bank's CSR mission is to contribute to the social and economic development of the community. Through a series of interventions the Bank seeks to mainstream economically, physically & socially challenged groups and to draw them into the cycle of growth, development & empowerment. At the core of this is its commitment to reach out to marginalized communities through its Sustainable Livelihood Initiatives.

The Bank's strategy is to integrate its activities in community development, social & environmental responsibility and encourage each business unit or function to include these considerations into its operations.

The policy shall apply to all CSR initiatives and activities to be undertaken by the Bank at various locations, within India, for the benefit of targeted segments of the society.

Key areas under CSR:

(i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

(ii) promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled and livelihood enhancement projects;

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion & development of traditional and handicrafts:

(vi) measures for the benefit of armed forces veterans, war widows and their dependents;

(vii) training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;

(viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;

(ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(x) rural development projects; and

(xi) Slum area development.

Your Bank focus areas under CSR:

(a) Promotion of sanitation through construction of toilets in educational institutions with particular focus on institutions for girls, providing sanitary napkin dispensers and incinerators in educational institutions; contribution to the Swachh Bharat Kosh of the Central Government;

(b) Promoting preventive healthcare, providing clean drinking water by way of setting up RO plants, especially in rural centres;

(c) Support to education through construction of classrooms, providing classroom equipment like benches, computers, laboratory equipment, sports facilities & equipment;

(d) Promotion of sports by sponsoring sporting events at various levels; providing financial support to budding sports persons;

(e) Promotion of arts and culture by sponsoring events featuring dance and music;

(f) Protection of environment and its sustainability by developing green parks, gardens etc., at various important public locations like educational institutions, public libraries, bus/railway stations;

Overview of Activities

In line with the CSR policy and in accordance of Schedule VII of the Companies Act, 2013, your Bank contributed to various activities during the year, the details of which are briefly as under:

(a) Promoting Preventive Health Care (including Swachh Bharat), Sanitation, Education & empowering Women;

(b) Social Business Projects, Art & Culture;

(c) Ensuring Environment Sustainability, Promoting sports and Rural development.

Web-link to the CSR Policy

The CSR Policy as recommended by the CSR Committee and as approved by the Board is available on the Bank's website viz., URL: https://www.kvb.co.in/docs/csr_policy.pdf

Composition of CSR committee:

As per the requirements of the Sec 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, the bank has constituted the CSR Committee, the bank has constituted the CSR Committee and the Committee met twice during the year under report.

Members of the committee as on 31st March, 2019:

1. Shri. P R Seshadri, MD &CEO, Chairman of the Committee
2. Shri. M K Venkatesan, Non-Executive Non-Independent Director
3. Shri. A K Praburaj, Non-Executive Non-Independent Director
4. Shri. Dr K S Ravichandran, Non-Executive Independent Director

Average Net Profits for the three Immediately Preceding Years: ₹ 765.87 Cr

Prescribed CSR Expenditure (Two Per Cent Of the amount as above): ₹15.32 Cr

Details of CSR spent during the financial year

a) Total amount to be spent for the financial year: ₹ 15.32 Cr. The Bank has spent ₹ 7.09 Cr

b) Manner in which the amount spent is as detailed below :

S NO (1)	CSR PROJECT OR ACTIVITY IDENTIFIED (2)	SECTOR IN WHICH THE PROJECT IS COVERED (3)	PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN (4)	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAM WISE (₹ In lakh) (5)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS (₹ In lakh) (6)	CUMULATIVE EXPENDITURE UPTO THE REPORTING PERIOD (₹ In lakh) (7)	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY (8)
1	Education, Health, Empowering Women, Technology Incubator	Promoting Preventive Health Care, Sanitation, Education & empowering Women	Tamilnadu, Telengana, Andhra Pradesh, Karnataka & Kerala	388.34	189.55	798.39	Direct and through implementing Agency
2	Arts, Social Business Responsibility	Social Business Projects & Art and Culture	Tamilnadu and Maharashtra	100.00	12.90	178.84	Direct
3	Sports	Ensuring Environment Sustainability, Promoting sports, Rural development	Tamilnadu, Karnataka	43.66	6.85	80.74	Direct
4	Prime Minister's National Relief Fund	Prime Minister's National Relief Fund	Govt of India	500.00	0.00	0.00	Direct
5	Army welfare CSR fund	Benefit of Armed force veterans, War widows and dependents	Govt of India	500.00	500.00	500.00	Direct
				1532.00	**709.30**	**1557.97**	

Reasons for not spending prescribed CSR expenditure:

Your Bank, as responsible member of society, recognises the importance of contributing to the wellbeing of society in general. The Bank has a rich history of engaging the communities that it serves and in contributing to them. The Bank also has a well-articulated CSR policy. The Bank has aggressively attempted to ensure that the financial aspects of CSR – i.e. total spending on eligible areas – are met.

The CSR Committee of the Board periodically reviewed all aspects of the Bank's CSR activities during the year. Given that the Bank has been able to operate freely in India and given that its staff and their families have been provided the opportunity to lead happy and fulfilled lives by the contributions of our Armed Forces, it was decided to make a contribution to the Army Welfare CSR Fund. Accordingly, an amount of INR 5 Crores was handed over to General Rawat, The Chief of Army Staff during a function in Delhi, prior to this writing.

Similarly, the CSR Committee also decided to make a contribution of INR 5 Crore to the Prime Minister's National Relief Fund so as to ensure that our countrymen in need are helped.

The Bank's contributions on CSR are rising on an annual basis – both financially and in non-financial terms. The bank is also studying other aspects by which it may contribute to society. During the year under report, your bank has identified CSR projects which are in various stages of implementation and expected to be completed during this fiscal.

During the year, the Bank allocated ₹ 15.32 Cr as CSR expenditure out of which ₹ 7.09 Cr was spent towards CSR activities as on date. Your Bank has made provision for the balance amount of ₹ 8.23 Cr and the CSR Committee has already identified the activities towards which it is going to be spent in due course – one of which is listed above. Bank is fully committed to meeting

the financial targets associated with CSR whilst ensuring that the Bank's CSR Goals - preventive healthcare, green environment projects, providing safe drinking water and waste management process etc. - are met.

Further, the Bank will continue to strengthen its processes with respect to project evaluation and implementation so as to ensure social benefits are maximised.

We have been enabled by society to succeed, and therefore, owe to society a continued debt of gratitude which we, as good corporate citizens, are determined to discharge.

Our CSR Responsibility:

We hereby affirm that the Corporate Social Responsibility Policy approved by the Board, has been implemented and CSR Committee monitors the implementation of the CSR projects/activities in compliance with our CSR objectives of the Bank.

P R SESHADRI
MANAGING DIRECTOR & CEO
CHAIRMAN OF CSR COMMITTEE

N S SRINATH
CHAIRMAN OF THE BANK

Annexure – 4

The Karur Vysya Bank Limited
Business Responsibility Report 2018-19

Section A: General Information about the Bank		
1	Corporate Identity Number (CIN) of the company	L65110TN1916PLC001295
2	Name of the Company	The Karur Vysya Bank Limited
3	Registered address	Registered & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002
4	Website	www.kvb.co.in
5	e-Mail ID	kvb_sig@kvbmail.com
6	Financial Year reported	2018-19
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K – Financial and Insurance Activities Code: 64191 – Banking & Financial Services The company governed by the Banking Regulations Act, 1949.
8	Three key products/services of the Bank (as in balance sheet)	• Deposits • Loans • Foreign Exchange, Investment & Treasury
9	Total Number of Locations where Business Activity is Undertaken by the Company	
	(i) Number of International Locations	NIL
	(ii) Number of National locations	789 branches as on 31.03.2019 #
10	Markets served by the Company-Local/State/National/ International.	National : Pan India

including 5 Asset Recovery Branches & 6 Corporate Business Units (treated as branches as per RBI guidelines)

Section B: Financial Details of the Bank		
1	Paid-up capital (₹ in Cr)	159.86
2	Total turnover (₹ in Cr)	6778.59
3	Total profit after Taxes (₹ in Cr)	210.87
4	CSR spend as percentage of profit after tax (%)	3.36%
5	List of CSR activities in which expenditure has been incurred	The Bank undertakes various CSR activities in accordance with the "Corporate Social Responsibility Policy" viz., Promoting Preventive Health Care (including Swachh Bharat), Sanitation, Education & empowering Women, Social Business Projects, Art & Culture, Ensuring Environment Sustainability, Promoting sports and Rural Development. Disclosure of information on CSR activities is made in the Annual Report 2018-19 as per the provisions of the Companies Act, 2013.

Section C: Other details		
1	Company subsidiaries/joint-ventures	NIL
2	Subsidiaries participating in Company's Business Responsibility (BR) initiatives	NA
3	Other entities (e.g. suppliers, distributors etc.) participating in Company's BR initiatives	NIL

Section D (1): Business Responsibility Information		
1.a.	Details of Director responsible for implementation of BR policies	
	Director Identification Number (DIN)	DIN: 07820690
	Name	Shri P R Seshadri
	Designation	Managing Director & Chief Executive Officer
1.b.	Details of BR Head	
	Director Identification Number (DIN)- (if applicable)	NA
	Name	Shri M Murali Kumar
	Designation	Chief Compliance Officer & Deputy General Manager
	BR Head (Telephone number)	+914324-269103
	BR Head (e-Mail ID)	muralikumarm@kvbmail.com

Section D (2): BR Information – Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)										
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for ….	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies of the Bank are in line with the requirements of RBI guidelines, listing agreement with stock exchange, the Companies Act, 2013 and rules made thereunder or the Bank's internal requirements and best practices.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/Appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies of the Bank are recommended by respective Committee of the Board and approved by the Board.								
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/. The remaining policies other than that are available in the Bank website are being internal documents and are only available to the employees through the Bank's intranet.								

Section D (2): BR Information – Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)										
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies that are related to external stake holders are hosted in the Banks' website and other Policies related to internal stake holders are available in the Bank's intranet.								
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		The policies are annually reviewed by the Board. Compliance Department monitors adherence to implementation of policy mandated by RBI.								

Section D (2): BR Information - Principle-wise (as per NVGs) BR Policy/Policies (Yes/No) – Not Applicable									
	The Bank has	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Not understood the principles	-	-	-	-	-	-	-	-	-
2	Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	Does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	Planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	Planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Other reasons	-	-	-	-	-	-	$	-	-

$ While there is no specific policy outlined for this principle, the Bank through trade bodies and associates put forth suggestions with respect to Economy in general and Banking sector in particular.

# Principle-wise policies	
P1	Compliance Policy, Whistle Blower Policy, Anti Money Laundering Policy, Vigilance Policy, HRD Policy, Procurement Policy, Policy on Outsourcing of Financials, Code of Bank's Commitment to Customers, Customer Rights Policy, Grievance Redressal Policy, Code of Bank's Commitment to Micro and Small Enterprise, Code of Conduct and Ethics, Code of Conduct and Conflict of Interest Norms in respect of Board of Directors, Code of Conduct for Direct Selling Agents, Policy on Related Party Transactions, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI), Policy on criteria for determining Materiality of events.
P2	Code of Bank's Commitment to Micro and Small Enterprise, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs), e-Waste Management Policy.
P3	Remuneration Policy, Staff Housing Loan Policy, Staff Rules and Guidelines (covering leave policy, insurance benefits, superannuation scheme etc.), Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace, Policy on Human Rights, HRD Policy and Vigilance Policy.
P4	Code of Bank's Commitment to Micro and Small Enterprise, Corporate Social Responsibility Policy, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs),
P5	Policy on Human Rights, Code of Conduct and Ethics, HRD Policy, IT Policy, Vigilance Policy.
P6	Financial Inclusion practices, MSME Policy, Corporate Social Responsibility Policy, Business Continuity Plan and Disaster Recovery Policy (BCPDR).
P7	NIL
P8	Code of Bank's Commitment to Customers, Policy on outsourcing of financial services, Information Systems Security Policies, Corporate Social Responsibility Policy.
P9	Code of Bank's Commitment to Customer, Citizen's Charter – A Charter for Customer Service, Customer Rights Policy

Section D (3): BR Governance		
3.a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
3.b.	Does the Company publish a BR or a sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Bank annually publishes its BR Report as part of its Annual Report https://www.kvb.co.in/investor-corner/annual-general-meeting/agm-business-report/

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   The Bank has put in place a Code of Conduct and Ethics which is applicable to all its employees. The Code articulates the ethical principles and acceptable behaviour that the Bank's employees are expected to demonstrate to uphold the Bank's values. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. The Bank has put in place a Vigilance policy relating to ethics/bribery/corruption which is applicable to all its employees. The Bank has adopted a "zero tolerance" approach to bribery and corruption and employees who commit such acts are dealt firmly by imposing deterrent punishments as per the provisions of bi-partite settlement (workmen) and Discipline and Appeal Regulation (Officers).

   The Bank's HRD policy-vision document highlights building of a strong team with integrity and aligning human resources with business goals. The Bank has also adopted Code of Conduct and Conflict of Interest Norms in respect of Board of Directors to guide the Board members in ensuring highest ethical standards in managing the affairs of the Bank.

   The Bank has adopted 'Model Code of Conduct for Direct Selling Agents' and is applicable to all persons involved in marketing and distribution of any loan or other financial product of the Bank.

   Similarly the Bank in its procurement policy has stipulated code of business conduct and ethics to act with utmost integrity from employees and suppliers as well. The Bank is having executive level Committees viz., Product Development Committee, Standing Committee on Customer Service, Staff Accountability Committee and Outsourcing Committee to ensure these principles. Further various Board level committees such as Audit Committee, Customer Service Committee, CSR Committee, etc., to review periodically and take necessary actions to protect behavioural and ethical standards in operations.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

   KVB established various channels for its stakeholders to communicate their expectations/concerns. The details of the stakeholder complaints during the FY 2018-19 are as below:

	Pending as on 31.03.2018	2018-19		% of cases resolved satisfactorily	Pending as on 31.03.2019
		Received	Redressed		
Customer Complaints	5	470	465	97.89%	10
Investor Complaints	0	82	82	100.00 %	0
Consumer cases	27	2	6	20.69 %	23

Investor's grievances are redressed either directly by Investor Relation Cell of the Bank or through Bank's Registrar and Transfer Agents, M/s SKDC Consultants Ltd, Coimbatore. Complaints received on SCORES (a centralized web based complaint redress system of SEBI) are attended within stipulated time. The Bank conducts meeting of Standing Committee on customer service as per RBI guidelines to review the customer service aspects prevalent in the Bank and to take necessary corrective action on an on-going basis.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   Considering the nature of the business of the bank and the products/initiatives, the banking products are not directly related to environmental concerns, risks and opportunities. During the reporting period, the Bank focused on Digitization of its process on banking products, to cater the needs of different classes of customers, which incorporates social or environmental concerns, risks and opportunities;

   a) Digital Banking Products –Online Account Opening, KVB-Next, KVB DLite, Self Registration of Internet Banking, e-Receipt for ATM Transactions, Enhancements in LOS and etc.,

   b) Financial Inclusion Products - KVB Grama Jyothi, KVB Kalpatharu, KVB JanDhan Yojna and etc.,

   c) Loan Products - SOLAR Pump Agri Term Loan, PMJDY Over Drafts, Joint Liability Group (JLG) and other Central and State Governments sponsored schemes and flagship programs.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

   Considering the nature of the business of the bank and its products/initiatives, usage of energy, water and raw material are not a significant issue to the banking sector in general. The major resources consumed at the Bank are grid electricity and paper. KVB undertakes various initiatives for energy conservations at its premises. Some of such initiatives are discussed below:

   - Alternative and Renewable Energy - (i) KVB owns 850 KW Wind Turbine Generator at Govindanagaram village, Theni District in Tamil Nadu. 15,05,762 units of power were generated during the fiscal and the same were utilized for its Registered & Central Office at Karur and also at its Divisional Office, Chennai premises. (ii) Installation of ATMs with solar powered/ Lithium UPS Batteries.
   - Energy Efficiency - Replacement with LED lights in the office and Star rated and energy efficient Air Conditioners.
   - Waste Management - e-Waste of the bank are disposed-off through authorized vendors as per the banks policy.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Considering the nature of the business of the bank and the products/initiatives resource consumption during usage by consumers is not a significant material issue for the banking sector in general.

   However, KVB is always forge ahead in swift adoption of technology, digitize operation and offering technology based products, reducing the incidence of paper usage and travel among its customers. Among many initiatives in line with such perception, few are mentioned below:

   - 'KVB-Next' - Moves from the age of Paper to Digital. Major number of loan products are covered under the KVB-Next System for the convenience of customers which resulting customers to receive quick decisions a through a tab based application, It saves papers, movement of documents and the time consumed.
   - 'Online Account Opening' - customers can open the account by themselves at their convenience.
   - 'KVB DLite' an updated version of the existing mobile banking solution which offers bunch of new facilities.

- 'Self-Registration of Internet Banking' - enabled the customers of the bank to create Internet Banking by themselves which reduces usage of paper and the time consumed.
- 'e-Receipt for ATM Transactions' - an eco-friendly measure to reduce paper usage.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably?

   Given that the Banking sector's primary product offering is financial services, the Bank does not have any raw material requirements. The primary resources consumed for its day-to-day operations are paper, grid electricity, water from municipal sources, and diesel, for DG sets in locations with erratic availability of electricity. Through a centralized procurement process, led by the Central Procurement Unit, the Bank strives to achieve greater transparency, compliance & adoption of environmental and best practices.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The nature of banking sector is service oriented and not material resource intensive. However, the Bank procures locally the daily use items and services such as stationery, food and beverages and local transport. It works with most local vendors to align them with the Bank's procurement requirements and standards.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

   The waste generated at its offices are managed as per the waste disposal process and e-waste materials generated due to upgradation/replacement of existing components like computers, modems, printers, UPS and etc., are disposed as per the e-waste management policy.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

   Total No. of employees as on 31.03.2019 - 7663.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

   Contract employees hired between 01.04.2018 and 31.03.2019 – 6

3. Please indicate the Number of permanent women employees.

   No. of permanent women employees as on 31.03.2019 – 2237.

4. Please indicate the Number of permanent employees with disabilities.

   No. of permanent employees with disabilities - 20.

5. Do you have an employee association that is recognized by management?

   Yes, KVB Officers Association (KVBOA) and KVB Employees Union (KVBEU) are recognized employee associations. The Bank respects the right of 'Freedom of Association'. The Bank ensures that all employee grievances are received and addressed promptly.

6. What percentage of your permanent employees is members of this recognized employee association?

   No. of KVBOA members – 82% and No. of KVBEU members – 99%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the FY19	No of complaints pending as on end of the FY19
01	Child labour/forced labour/ involuntary labour	Nil	Nil
02	Sexual harassment	Nil	Nil
03	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

   (a) Permanent Employees – 83.47%

   (b) Permanent Women Employees – 83.94%

   (c) Casual/Temporary/Contractual Employees – 15.62%

   (d) Employees with Disabilities – 70%. (Most of them belong to physically handicapped category, Polio affected and they were given training along with other employees).

   Employee health and safety is of prime importance and the Bank conducts robust and periodic training like advanced and basic fire safety training, first aid, Cardio Pulmonary Resuscitation (CPR) training, evacuation related training for floor marshals and employees across offices & branches. Periodic fire evacuation drills were conducted at the office locations as well as branches to sensitise employees about fire safety norms and regulations. The Bank has tie-ups with vendors to educate and demonstrate use of fire-fighting equipment to branch staff.

   The Bank continues to focus on skilling all its employees with the requisite knowledge and skill. The Bank has training centres where various function-related training programmes, designed to meet the changing skill requirements of its employees are conducted. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. In addition to classroom training, e-learning programmes are also available for employees.

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

1. Has the company mapped its internal and external stakeholders? Yes/No

   Yes. Customers are segmented into Corporate, Retail customers and members of the Bank. Human Resources Department looks after the interest of the Bank Employees.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

   The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, to disadvantaged, vulnerable and marginalised stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

   Under Financial Inclusion, the Bank is rendering services to the disadvantaged, rural/semi-urban section of the society by providing basic banking services at their doorstep. The Bank is also extending service to the Senior Citizens by distributing the eligible Pension through the Banking Correspondents in their locality. In order to create awareness among rural and semi-urban populations about the need for banking and to inculcate savings habits, the Bank has conducted 155 Financial Literacy campaigns through branches.

   The Bank is taking steps to enable easier access to the Bank's branches and ATMs for the physically challenged through provision of ramps and is also providing facility for the visually challenged to transact through talking 'Braille' keypad enabled ATMs.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?

   The Bank's philosophy/policies ensure non-discrimination among employees in all its dealings with employees and grievance redressal mechanisms are put in place. The Bank is committed to uphold the dignity of every individual engaged or associated with them. The Bank also seeks to ensure that there is no discrimination in selection of suppliers and vendors and has put in place a grievance redressal mechanism for the same.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaints have been received from the stakeholders during the reporting period with respect to Human Rights violations from internal or external stakeholders.

Principle 6: Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.

   The aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in initiatives towards addressing environmental issues.

   The CSR policy of the Bank includes Environment Sustainability as one of its focus areas. The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of skill development & sustainable livelihoods, education, primary healthcare & sanitation, Promotion of national heritage, Art & Culture, Promoting sports, Rural Development Projects and financial literacy programs.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

   The Bank constantly aims to reduce the impact on the environment by identifying ways to optimise resource consumption in its operations by promoting

   (A) 'KVB-Next' - Moves from the age of Paper to Digital. Major number of loan products are covered under the KVB-Next System for the convenience of customers which resulting customers to receive quick decisions a through a tab based application, It saves papers, movement of documents and the time consumed for.

   (B) Multi channel digital delivery of banking products through - Net Banking, Mobile Banking, conversion of statements into e-Statements, paperless account opening, e-slip for ATM transactions, paperless internet banking user creation, Password Generation and numerous other initiatives via paperless transactions

   (C) IT Initiatives - Automated server and desktop shutdown to reduce consumption of energy, Video conferencing, Video chatting to reduce emissions as a result of air travel, Responsible e-Waste disposal methods.

3. Does the company identify and assess potential environmental risks? Yes/No

   The Bank is aware of the potential environmental risks and participates in initiatives as mentioned above to address the environmental concerns. The Bank complies with applicable environmental regulations in respect of its premises and operations.

4. Does the company have any project related to Clean Development Mechanism? Also, if yes, whether any environmental compliance report is filed?

   The above question is not applicable to the Bank as it is not a manufacturing company.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Yes/No. If yes, please give hyperlink for web page etc.

   The Bank leverages its Digital Banking (KVB – NEXT) strategy to enhance the digitization of its operations which positively connects with reduction in environmental impacts such as paper usage in bank or avoidance of travel by the customers to the bank.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Not Applicable.

7. Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e., not resolved to satisfaction) as on end of Financial Year.

   The Bank has not received any notice during the reporting period.

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

1. Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:

   (a) Indian Banks Association (IBA)

(b) Fixed Income Money Market and Derivatives Association (FIMMDA)

(c) Foreign Exchange Dealers Association of India (FEDAI)

(d) Federation of Indian Chambers of Commerce and Industry (FICCI)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Bank, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8.

The Bank has put in place 'Corporate Social Responsibility Policy' to guide its efforts on CSR initiatives that contribute to inclusive growth and equitable development. The Bank's primary CSR philosophy rests on purpose driven approach to create a meaningful and measurable positive impact on the lives of economically, physically and socially challenged communities of the country by supporting initiatives aimed at creating conditions suitable for sustainable livelihood in these communities. In order to improve the livelihood of small/marginal/tenant farmers, sharecroppers and also entrepreneurs engaged in various non-farm activities, the Bank has rolled out a special credit scheme called "Joint Liability Group". Under the scheme, required credit at concessional rate, training and marketing arrangements are provided to the people jointly with local NGOs acting as Business Facilitators.

The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of health care and education, sanitation, sustainable livelihoods, promoting sports, protection of culture, environment sustainability, buildings of national heritage etc.,

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

The Bank undertakes CSR programmes/projects directly and with the assistance of implementation through any other trust or agencies if required.

3. Have you done any impact assessment of your initiative?

Periodic reviews are undertaken on various projects. The Bank's initiatives in the area of rural development, particularly with regard to progress made in providing access to banking and financial services to underprivileged customers are reviewed regularly.

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.

The Bank has spent ₹ 7.09 Cr in fiscal 2018-19 towards various CSR activities out of the amount spent ₹ 5.00 Cr was contributed to Army Welfare CSR Fund and also the bank has made a provision of ₹ 8.23 Cr for the projects and the same will be disbursed during this year. The expenditure has been undertaken primarily on sustainable livelihoods, education, primary healthcare & sanitation, socio economic development, Promotion of national heritage, Art & Culture, Promoting sports, Rural Development Projects and Army Welfare CSR Fund.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The Community development initiatives are driven by its five-pronged approach towards CSR-promote, Invest, Engage, Collaborate and Monitor. The Bank's CSR Policy guides the Bank in ensuring that its initiatives are mapped to the focus areas and are relevant, effective and replicable.

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

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Please refer the response to Point No. 2 under Principle 1 for details on Customer Complaints/Consumer Cases.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/Not Applicable/Remarks (additional information).

   As the Bank operates in highly customer-focused sector, product-related transparency and communications are of highest priority to it. In line with the guidelines of the Reserve Bank of India and service standards set by the Banking Codes and Standards Board of India (BCSBI), the Bank provides transparent information on its products through its website (www.kvb.co.in) and at its branches. This includes details on product features, service charges and fees applicable. Interest rates are published and updated on the website as and when there is a change in interest for various deposit/loan schemes. The Bank provides sufficient data to customers to understand their eligibility, applicable interest rates and service charges for consumer loan products. SMS alerts are sent to customers when any charges or fees are triggered or levied to their account.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?

   Nil. In the ordinary course of banking business, some customers and borrowers have disputes with the Bank which could result in their filing a civil suit or a consumer complaint alleging deficiency of services. The Bank always strives to have a cordial relationship with its customers/ borrowers and attempts to have an amicable settlement of the dispute.

4. Did your company carry out any consumer survey/consumer satisfaction trends?

   The Bank on a continuous basis measures the satisfaction levels of customers transacting across various sectors. As part of this exercise, the customer's feedback and satisfaction levels with the transaction experience are measured. This feedback is then analysed and the insights from the same are implemented to improve products and processes and enhance the service quality of the Bank. Also, regular branch visits by the top executives of the Bank to ensure the efficacy of the process. A standing committee on customer service, chaired by Managing Director & CEO/President & COO besides 3 Senior Executives of the Bank evaluate feedback on quality customer service on a quarterly interval and place a review note to the customer service committee of the Board.

INDEPENDENT AUDITOR'S REPORT

To the Members of The Karur Vysya Bank Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of The Karur Vysya Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2019, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are included the returns of 15 branches and treasury branch audited by us and 772 branches and other offices audited by the respective branch auditors of the Bank for the year ended on that date.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the section 29 of the Banking Regulation Act, 1949, as well as the Companies Act, 2013 ('Act') and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Bank as at 31 March 2019, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI'), together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

Information Technology (IT) systems and controls impacting financial reporting

Key audit matter	How our audit addressed the key audit matter
The IT environment of the Bank is complex and involves a large number of both independent and inter-dependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions in numerous locations on a daily basis. As a result, there is a high degree of reliance and dependency on such IT systems for financial reporting process of the Bank. Appropriate automated general and application controls are required to ensure that such IT systems and applications are able to process the data, as required, completely, accurately and consistently, which directly impact the completeness and accuracy of financial reporting. Appropriate and adequate controls contribute to mitigating the risk of potential misstatements caused by frauds or errors, as a result of changes to applications and data. Thus, our audit approach focuses on IT systems and the related control environment including: • IT general controls over user access management and change management across applications, networks, database and operating systems; • IT automated application controls Due to the significance of the impact of the IT systems and related control environment on the Bank's financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter for current year audit.	Our audit procedures include, but were not limited to, the following: In assessing the controls around IT systems relevant for financial reporting, we included specialized IT auditors as part of our audit team to obtain an understanding of the IT infrastructure and selected IT systems, based on their importance and relevance to Bank's financial reporting process, for evaluation and testing of IT general controls and IT automated controls existing in such IT systems. Access rights were tested over applications, operating systems, networks and databases which are relied upon for financial reporting. We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested segregation of duties including preventive controls to ensure that access to change applications, the operating system or databases in the production environment were granted only to authorized personnel. Other areas that were independently assessed under the IT control environment included password policies, security configurations and controls around change management to ensure there were no unauthorized changes made to the IT systems and applications during the year. We also evaluated the design and tested operating effectiveness of key automated controls within various business processes.

INDEPENDENT AUDITOR'S REPORT

Identification and provisioning for non-performing assets ('NPA's)

Key audit matter	How our audit addressed the key audit matter
As at 31 March 2019, the Bank reported total gross advances of ₹ 50615.66 crores, gross NPAs of ₹ 4449.57 crores and provision for non-performing assets of ₹ 1961.19 crores. Refer Note No. 3 in Schedule 17 for the accounting policy for provision for NPA's and Note No. 5.1(iii) and 5.2 in Schedule 18 for the related financial disclosures. The identification and provisioning for advances is made in accordance with the RBI Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances ('RBI IRAC Norms'). Based on our risk assessment, the following are the significant factors in assessment of the provisions for NPAs: • Completeness and timing of recognition of defaults, in accordance with the criteria set out in the ('RBI IRAC norms'). In addition to this, the management is also required to apply its judgement in identification and provision required for NPAs based on qualitative assessment; • The measurement of provision under RBI IRAC norms are dependent on the ageing of overdue balances, secured / unsecured status of advances, stress and liquidity concerns in certain sectors and valuation of collateral. Considering the significance of the above matter to the financial statements, the heightened regulatory inspections and significant auditor attention required to test identification and provision of NPAs, we have identified this as a key audit matter for current year audit.	Our procedures include, but were not limited to, the following: We tested the design and operating effectiveness of key controls, including IT based controls, focusing on the following: • Credit appraisals and sanctioning of advances; • Identification of NPAs in line with the RBI IRAC norms and qualitative factors prescribed by RBI; • Periodic internal reviews of asset quality; • Assessment and adequacy of NPA provisions; • Periodic valuation of collateral for NPAs; • Audited returns from branches To test the completeness of the identification of loans with default events and qualitative factors, we selected a sample of performing loans including Special Mention Accounts (SMA) and independently assessed as to whether there was a need to classify such loans as NPAs. Returns from branches duly audited by branch auditors were reviewed and their reports were properly dealt with in testing of NPA at Central Office. We recomputed the provision calculations as per the RBI IRAC norms and compared such outcome to that prepared by management and investigated differences arising between the two and challenged the assumptions and judgements which were used by the management. We assessed the appropriateness, and adequacy of disclosures as per relevant accounting standards and RBI requirements relating to NPAs.

INDEPENDENT AUDITOR'S REPORT

Statutory Tax Litigations

Key audit matter	How our audit addressed the key audit matter
As at 31 March 2019, the Bank has tax litigations pending to the tune of ₹ 387.94 crores, for which no provision is made in the books of accounts and the same has been disclosed in financial statements. Refer Note No. 14 in Schedule 17 for the accounting policy and Schedule 12 and Note No. 9.8 and 10.8 of Schedule 18 for the related financial disclosures. The Bank has ongoing tax cases with varied degree of complexities. This indicates that a significant degree of management judgement is involved in determining the appropriateness of provisions and related disclosures. Significant management judgement is needed in determining whether an obligation exists and whether a provision should be recognised as at reporting date, in accordance with the accounting criteria set under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets ('AS 29') or whether it needs to be disclosed as a contingent liability. Further, significant judgements are also involved in measuring such obligations, the most significant of which are: Assessment of liability: Judgement is involved in the determination of whether an outflow in respect of identified material matters are probable and can be estimated reliably; Adequacy of provisions: The appropriateness of assumptions and judgements used in the estimation of significant provisions; and Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities. Considering the significance of the above matter to the financial statements, and significant auditor attention required to test such estimates, we have identified this as a key audit matter for current year audit.	Our audit procedures included, but were not limited to, the following: We tested the design and operating effectiveness of the Bank's key controls over the identification, estimation, monitoring and disclosure of tax litigations. We involved our tax specialists to gain an understanding of the current status of the outstanding tax matters, including understanding of various orders/notices received by the Bank and management's appeals before with the relevant appellate authorities, and critically evaluated the management's assessment of the likelihood of the liability devolving upon the Bank as per principles of AS 29. We also compared the actual results to the estimates made in prior period by the management to determine the efficacy of the process of estimation by the management. Further, we assessed whether the disclosures related to taxation matters were appropriate and adequate in terms of whether the potential liabilities and the significant uncertainties were fairly presented.

INDEPENDENT AUDITOR'S REPORT

Information other than the Financial Statements and Auditor's Report thereon

6. The Bank's Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

9. The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i)

INDEPENDENT AUDITOR'S REPORT

of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. The financial statements of the Bank for the year ended 31 March 2018 were audited by the predecessor auditor, Abarna & Ananthan, who have expressed an unmodified opinion on those financial statements vide their audit report dated 25 May 2018.

16. We did not audit the financial statements of 772 branches included in the financial statements of the Bank whose financial statements/financial information reflect total assets of ₹ 42583.15 crores as at 31 March 2019, and total revenue of ₹ 4744.17 crores for the year ended on that date, as considered in the financial statements. The financial statements/financial information of these branches have been audited by the branch auditors whose reports have been furnished to us by the management, and our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors which have been properly dealt with while reporting on the financial statements of the Bank.

    Our opinion on the standalone financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

17. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 and section 133 of the Act read with rule 7 of the Companies (Rules), 2014 (as amended).

18. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

    a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

INDEPENDENT AUDITOR'S REPORT

b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

c) the returns from branches / other offices of the Bank were received duly audited by other auditors and were found adequate for the purpose of our audit.

19. As required by section 197(16) of the Act, we report that the Bank has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

20. Further, as required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion, proper books of account as required by law have been kept by the Bank, so far as it appears from our examination of those books and proper returns, adequate for the purposes of our audit, have been received from the branches not audited by us;

c) the reports on the accounts of the branch offices of the Bank audited under section 143(8) of the Act by the branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report;

d) the financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not audited by us;

e) in our opinion, the aforesaid financial statements comply with Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), to the extent they are not inconsistent with the accounting policies prescribed by RBI;

f) on the basis of the written representations received from the directors as on 31 March 2019 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Bank as on 31 March 2019 in conjunction with our audit of the financial statements of the Bank for the year ended on that date and our report dated 15 May 2019 as per Annexure A expressed an unmodified opinion;

h) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Bank, as detailed in Schedule 12 and Note No. 9.8 and 10.8 of Schedule 18 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;

ii. the Bank as detailed in Schedule 12 and Note No. 9.8 of Schedule 18 to the financial statements, has made provision as at 31 March 2019, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank during the year ended 31 March 2019;

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Karur
Date :15 May 2019

INDEPENDENT AUDITOR'S REPORT

Annexure A to the Independent Auditor's Report of even date to the members of The Karur Vysya Bank Limited on the financial statements for the year ended 31 March 2019

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of The Karur Vysya Bank Limited ('the Bank') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Bank as at that date.

Management's Responsibility for Internal Financial Controls

2. The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Bank's business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. An entity's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. An entity's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorisations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Karur Vysya Bank
Smart way to bank

INDEPENDENT AUDITOR'S REPORT

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Owing to the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Karur
Date: 15 May 2019

Karur Vysya Bank
Smart way to bank

BALANCE SHEET AS AT 31ST MARCH 2019

(000's omitted)

	SCHEDULE	AS AT 31.03.2019 ₹	AS AT 31.03.2018 ₹
CAPITAL & LIABILITIES			
Capital	1	**159 86 22**	145 32 79
Reserves & Surplus	2	**6262 94 26**	6118 85 90
Deposits	3	**59867 95 19**	56890 09 06
Borrowings	4	**1565 33 96**	2393 98 65
Other Liabilities and Provisions	5	**1484 01 81**	1393 16 85
TOTAL		**69340 11 44**	66941 43 25
ASSETS			
Cash and Balances with Reserve Bank of India	6	**2934 68 19**	2960 07 47
Balances with Banks and Money at call and short notice	7	**762 36 36**	1349 14 44
Investments	8	**14881 58 54**	15803 20 77
Advances	9	**48580 81 40**	44800 14 52
Fixed Assets	10	**582 98 58**	528 19 15
Other Assets	11	**1597 68 37**	1500 66 90
TOTAL		**69340 11 44**	66941 43 25
Contingent Liabilities	12	**10137 06 70**	14837 60 53
Bills for collection		**2341 83 77**	2316 05 01
Significant Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of Balance Sheet.

N. S. SRINATH
CHAIRMAN

P. R. SESHADRI
MD&CEO

Dr. V.G. MOHAN PRASAD
DIRECTOR

CA K. L.VIJAYALAKSHMI
DIRECTOR

M. V. SRINIVASAMOORTHI
DIRECTOR

Dr. K. S. RAVICHANDRAN
DIRECTOR

J. NATARAJAN
PRESIDENT & COO

T. SIVARAMA PRASAD
GENERAL MANAGER & CFO

Place : Karur
Date : 15th May 2019

Karur Vysya Bank
Smart way to bank

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2019

(000's omitted)

		SCHEDULE	Year Ended 31.03.2019 ₹	Year Ended 31.03.2018 ₹
I	**INCOME**			
	Interest earned	13	**5815 82 01**	5699 65 33
	Other Income	14	**962 77 18**	899 93 37
	TOTAL		**6778 59 19**	6599 58 70
II	**EXPENDITURE**			
	Interest expended	15	**3453 00 13**	3401 53 90
	Operating expenses	16	**1614 80 89**	1420 72 24
	Provisions and Contingencies		**1499 91 43**	1431 65 34
	TOTAL		**6567 72 45**	6253 91 48
III	**PROFIT**			
	Net Profit for the year		**210 86 74**	345 67 22
	Exceptional item		**Nil**	Nil
	Net Profit for the year		**210 86 74**	345 67 22
	Profit brought forward from previous year		**54 25 58**	193 31 17
	TOTAL		**265 12 32**	538 98 39
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**52 80 00**	87 00 00
	Transfer to Capital Reserve		**22 17 10**	12 05 30
	Transfer to Revenue & Other Reserves		**22 50 00**	160 00 00
	Transfer to Investment Reserve		**Nil**	Nil
	Transfer to Investment Fluctuation Reserve		**30 52 60**	Nil
	Transfer to Special Reserve U/s 36(1)(viii) of IT Act, 1961		**25 00 00**	35 00 00
	Dividend (including tax on dividend)		**52 56 01**	190 67 51
			205 55 71	484 72 81
	BALANCE OF PROFIT		**59 56 61**	54 25 58
	TOTAL		**265 12 32**	538 98 39
	Basic Earnings Per Share (*)	(in ₹)	**2.64**	4.78
	Diluted Earnings Per Share (*)	(in ₹)	**2.64**	4.78

(*) Refer Schedule 18 (point no.9.5)

The schedules referred to above form an integral part of Profit and Loss account

M. K. VENKATESAN
DIRECTOR

A. K. PRABURAJ
DIRECTOR

R. RAMKUMAR
DIRECTOR

SRIRAM RAJAN
ADDITIONAL DIRECTOR

SRINIVASA RAO .M
COMPANY SECRETARY

As per our report of even date
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No. 206229

SCHEDULES

(000's omitted)

	AS AT 31.03.2019 ₹	AS AT 31.03.2018 ₹
SCHEDULE 1 - CAPITAL		
Authorised Capital		
100,00,00,000 Equity Shares of ₹2/- each (100,00,00,000 Equity Shares of ₹ 2/- each)	**200 00 00**	200 00 00
Issued Capital:		
79,99,87,642 Equity Shares of ₹ 2/- each (72,72,61,493 Equity Shares of ₹2/-each)	**159 99 75**	145 45 23
Subscribed & Paid up Capital:		
72,66,39,371 Equity Shares of ₹ 2/- each (60,93,22,270 Equity Shares of ₹ 2/- each)	**145 32 79**	121 86 45
7,26,63,937 Equity Shares of ₹2/- each issued as Bonus shares	**14 53 28**	Nil
7,639 Equity Shares of ₹2/- each kept in abeyance allotted during the year	**15**	Nil
11,73,17,101 Equity Shares of ₹2/- each issued as Rights shares	**Nil**	23 46 34
TOTAL	**159 86 22**	145 32 79
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory Reserve		
Opening Balance	**1655 53 31**	1568 53 31
Add: Addition during the year	**52 80 00**	87 00 00
TOTAL	**1708 33 31**	1655 53 31
II Capital Reserve		
Opening Balance	**180 81 54**	168 76 24
Add: Addition during the year	**22 17 10**	12 05 30
TOTAL	**202 98 64**	180 81 54
III Share Premium		
Opening Balance	**2079 88 44**	1214 92 16
Add: Addition during the year	**Nil**	868 14 65
Less: Bonus shares issued during the year	**(14 53 28)**	Nil
Add: Allotment of Bonus Shares for Shares kept in abeyance	**2 03**	Nil
Less: Rights issue expenses	**Nil**	(3 18 37)
TOTAL	**2065 37 19**	2079 88 44
IV Revenue and Other Reserves		
a) General Reserve		
Opening Balance	**1800 03 03**	1454 96 36
Add: Addition during the year	**22 50 00**	160 00 00
Add : Write back of unamortised loss on sale to ARC	**Nil**	185 06 67
TOTAL	**1822 53 03**	1800 03 03
b) Investment Reserve		
Opening Balance	**53 34 00**	53 34 00
Add :Addition during the year	**Nil**	Nil
Less :Deduction during the year	**Nil**	Nil
TOTAL	**53 34 00**	53 34 00

SCHEDULES

(000's omitted)

		AS AT 31.03.2019 ₹	AS AT 31.03.2018 ₹
c)	Investment Fluctation Reserve		
	Opening Balance	**Nil**	Nil
	Add :Addition during the year	**30 52 60**	Nil
	TOTAL	**30 52 60**	Nil
d)	Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961		
	Opening Balance	**295 00 00**	260 00 00
	Add: Addition during the year	**25 00 00**	35 00 00
	TOTAL	**320 00 00**	295 00 00
e)	Employee Stock Option		
	Opening Balance	**Nil**	Nil
	Add: Addition during the year	**28 88**	Nil
	TOTAL	**28 88**	Nil
V	Balance in Profit and Loss account	**59 56 61**	54 25 58
	TOTAL I, II, III, IV & V	**6262 94 26**	6118 85 90

SCHEDULE 3 - DEPOSITS

A	I.	Demand Deposits		
		i) From Banks	**8 64 44**	12 94 91
		ii) From Others	**5804 94 84**	5563 42 99
		TOTAL	**5813 59 28**	5576 37 90
	II.	Savings Bank Deposits	**12101 39 38**	11000 57 36
	III.	Term Deposits		
		i) From Banks	**5 05 67**	56 86 92
		ii) From Others	**41947 90 86**	40256 26 88
		TOTAL	**41952 96 53**	40313 13 80
		TOTAL I, II & III	**59867 95 19**	56890 09 06
B	Deposits from Branchess			
	i)	In India	**59867 95 19**	56890 09 06
	ii)	Outside India	**Nil**	Nil
		TOTAL	**59867 95 19**	56890 09 06

SCHEDULE 4 - BORROWINGS

I	Borrowings in India		
i)	Reserve Bank of India	**75 00 00**	830 00 00
ii)	Other Banks	**Nil**	Nil
iii)	Other Institutions and Agencies	**815 22 51**	1238 73 70
iv)	Subordinated debt Tier II Capital	**637 00 00**	150 00 00
	TOTAL	**1527 22 51**	2218 73 70
II	Borrowings outside India	**38 11 45**	175 24 95
	TOTAL I & II	**1565 33 96**	2393 98 65
Secured Borrowings included in I and II above		**390 44 17**	1901 85 84

SCHEDULES

(000's omitted)

		AS AT 31.03.2019 ₹	AS AT 31.03.2018 ₹
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I	Bills Payable	**275 74 62**	317 05 25
II	Inter Office Adjustments (Net)	**Nil**	Nil
III	Interest Accrued	**186 00 44**	178 41 29
IV	Deferred Tax (Net)	**42 49 24**	16 83 81
V	Other liabilities (including provisions)	**979 77 51**	880 86 50
	TOTAL	**1484 01 81**	1393 16 85
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I	Cash in Hand	**541 46 15**	725 93 67
	(Including Foreign Currency Notes)		
II	Balances with Reserve Bank of India in Current Account	**2393 22 04**	2234 13 80
	TOTAL	**2934 68 19**	2960 07 47
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE			
I	In India		
	i) Balances with Banks		
	(a) In Current Accounts	**17 93 40**	81 79 96
	(b) In Other Deposit Accounts	**4 65 00**	427 22 45
	ii) Money at Call and Short Notice		
	(a) In RBI Reverse Repo	**40 00 00**	325 00 00
	(b) With Banks	**540 00 00**	Nil
	(c) With Other Institutions	**Nil**	Nil
	TOTAL	**602 58 40**	834 02 41
II	Outside India		
	(a) In Current Accounts	**21 83 40**	33 38 40
	(b) In Other Deposit Accounts	**137 94 56**	481 73 63
	TOTAL	**159 77 96**	515 12 03
	TOTAL I & II	**762 36 36**	1349 14 44
SCHEDULE 8 - INVESTMENTS			
I	Investments in India	**15136 08 40**	15992 25 34
	Less : Provision for Investment Depreciation & NPI	**254 91 39**	189 04 57
	TOTAL	**14881 17 01**	15803 20 77
	Break-up		
	i) Government Securities	**12670 98 66**	14012 79 99
	ii) Other Approved Securities	**Nil**	Nil
	iii) Shares	**53 77 52**	105 11 76
	iv) Debentures and Bonds	**1398 05 44**	1245 88 04
	v) Subsidiaries & Joint Ventures	**Nil**	Nil
	vi) Others	**758 35 39**	439 40 98
		14881 17 01	15803 20 77
II	Investments outside India	**41 53**	Nil
	TOTAL I & II	**14881 58 54**	15803 20 77

SCHEDULES

(000's omitted)

			AS AT 31.03.2019 ₹	AS AT 31.03.2018 ₹
SCHEDULE 9 - ADVANCES (Net of Provisions)				
A	i)	Bills purchased and discounted	**1339 72 98**	1316 89 00
	ii)	Cash Credits, Overdrafts and Loans repayable on demand	**35043 15 87**	34662 91 49
	iii)	Term Loans	**12197 92 55**	8820 34 03
		TOTAL	**48580 81 40**	44800 14 52
B	i)	Secured by tangible assets (incl. Book Debts)	**47890 18 06**	44343 14 01
	ii)	Covered by Bank / Government guarantees	**536 55 46**	387 76 99
	iii)	Unsecured	**154 07 88**	69 23 52
		TOTAL	**48580 81 40**	44800 14 52
C	I	Advances in India		
	i)	Priority Sector	**19192 22 45**	18276 75 03
	ii)	Public Sector	**573 51 18**	609 76 47
	iii)	Banks	**Nil**	Nil
	iv)	Others	**28815 07 77**	25913 63 02
		TOTAL	**48580 81 40**	44800 14 52
	II	Advances outside India	**Nil**	Nil
		TOTAL CI & CII	**48580 81 40**	44800 14 52
SCHEDULE 10 - FIXED ASSETS				
I		Premises		
		At cost as on 31st March of the preceding year	**234 19 90**	198 32 61
		Add : Addition during the year	**64 73 78**	35 87 90
			298 93 68	234 20 51
		Less: Deduction during the year	**2 40**	61
			298 91 28	234 19 90
		Less : Depreciation to date	**58 85 15**	51 48 56
		TOTAL	**240 06 13**	182 71 34
II		Premises under construction ^	**16 83 15**	32 98 29
III		Capital Work-in-Progress	**21 20 98**	20 50 57
IV		Other Fixed Assets (including Furniture & Fixtures)		
		At cost as on 31st March of the preceding year	**955 27 63**	842 57 06
		Add : Addition during the year	**109 59 71**	113 66 88
			1064 87 34	956 23 94
		Less: Deduction during the year	**3 05 52**	96 31
			1061 81 82	955 27 63
		Less : Depreciation to date	**756 93 50**	663 28 68
		TOTAL	**304 88 32**	291 98 95
		TOTAL I, II, III & IV	**582 98 58**	528 19 15

^ includes premises for which registration is pending in the name of bank

SCHEDULES

(000's omitted)

		AS AT 31.03.2019 ₹	AS AT 31.03.2018 ₹
SCHEDULE 11 - OTHER ASSETS			
I	Inter Office Adjustments (Net)	**36 01 32**	81 83 22
II	Interest Accrued	**345 09 47**	323 66 58
III	Tax paid in advance / Tax deducted at source (Net)	**147 18 91**	Nil
IV	Stationery and Stamps	**1 95 94**	6 98 96
V	Deferred Tax	**Nil**	Nil
VI	Non Banking Assets acquired in satisfaction of claims	**Nil**	Nil
VII	Others	**1067 42 73**	1088 18 14
	TOTAL	**1597 68 37**	1500 66 90
SCHEDULE 12 - CONTINGENT LIABILITIES			
I	Claims against the Bank not acknowledged as debts	**12 47 88**	2 30 32
II	Liability on account of outstanding		
	a) Forward Exchange Contracts	**2929 91 45**	5926 48 46
	b) Derivatives	**Nil**	Nil
III	Guarantees given on behalf of constituents in India	**3425 37 43**	3765 21 47
IV	Acceptances, Endorsements and other Obligations	**1526 75 57**	2742 01 76
V	Other items for which the Bank is contingently liable @	**2242 54 37**	2401 58 52
	TOTAL	**10137 06 70**	14837 60 53

@ Includes transfer to DEAF of ₹112,10,20 in thousand (Previous year of ₹98,56,55 in thousand)

SCHEDULES

(000's omitted)

		Year Ended 31.03.2019 ₹	Year Ended 31.03.2018 ₹
SCHEDULE 13 - INTEREST EARNED			
I	Interest / discount on advances / bills	**4596 37 53**	4420 80 90
II	Income on Investments	**1150 59 19**	1122 92 82
III	Interest on balances with Reserve Bank of India & other inter-bank funds	**42 90 35**	77 21 13
IV	Others	**25 94 94**	78 70 48
	TOTAL	**5815 82 01**	5699 65 33
SCHEDULE 14 - OTHER INCOME			
I	Commission, Exchange and Brokerage	**654 92 26**	617 13 22
II	Profit / Loss on sale of investments - Net	**70 47 80**	101 07 62
III	Profit on sale of land, buildings and other assets	**1 25 38**	51 93
IV	Profit on exchange transactions - Net	**41 84 55**	43 64 27
V	Miscellaneous Income	**194 27 19**	137 56 33
	TOTAL	**962 77 18**	899 93 37
SCHEDULE 15 - INTEREST EXPENDED			
I	Interest on Deposits	**3341 40 67**	3309 69 33
II	Interest on Reserve Bank of India / Inter-bank borrowings	**43 43 60**	17 34 88
III	Others	**68 15 86**	74 49 69
	TOTAL	**3453 00 13**	3401 53 90
SCHEDULE 16 - OPERATING EXPENSES			
I	Payments to and Provisions for employees	**761 17 41**	639 07 85
II	Rent, Taxes and Lighting	**175 41 18**	169 28 13
III	Printing and Stationery	**17 73 33**	16 27 65
IV	Advertisement and Publicity	**10 52 81**	17 41 02
V	Depreciation	**101 21 66**	85 24 60
VI	Directors' fees, allowances and expenses	**1 44 57**	1 63 58
VII	Auditors' fees and expenses (including branch auditors fees and expenses)	**2 24 22**	2 29 26
VIII	Law Charges (net)	**4 30 62**	1 51 57
IX	Postages, Telegrams, Telephones, etc.	**25 50 56**	25 09 36
X	Repairs and Maintenance	**55 57 12**	60 32 10
XI	Insurance	**61 58 07**	57 14 01
XII	Other Expenditure	**398 09 34**	345 43 11
	TOTAL	**1614 80 89**	1420 72 24

SCHEDULES

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

The Karur Vysya Bank Limited, incorporated in Karur, India is a publicly held banking company governed by the Banking Regulation Act, 1949 and is engaged in providing a wide range of banking and financial services including commercial banking and treasury operations.

B. BASIS OF PREPARATION

The financial statements are prepared following the going concern concept, on historical cost basis and conform to the Generally Accepted Accounting Principles (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and current practices prevailing in the banking industry in India. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

Use of Estimates:

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities including contingent liabilities as of the date of the financial statement and the reported income and expenses during the reported period. The Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The differences, if any between estimates and actual will be dealt appropriately in future periods.

C. PRINCIPAL ACCOUNTING POLICIES

1. Revenue Recognition

Income and Expenditure are generally accounted on accrual basis, except otherwise stated.

Interest/other charges from loans, advances and investments other than on non-performing assets, are recognized on accrual basis. Interest income on non performing Advances/Investments, Income from Funded Interest Term Loans (FITL) accounts, Income from all eligible restructured advances are recognized upon realisation, as per prudential norms prescribed by RBI.

Recoveries made in Non-performing advances are appropriated as under :

a) In case of substandard assets, the recoveries are appropriated in the order of charges, interest and principal dues;

b) In case of doubtful and loss assets or in case of assets disposed off, the recoveries are appropriated in the order of principal dues, interest, penal interest and fees and other charges; and

c) In case of One Time settlement (OTS) accounts the recoveries are first adjusted to principal balance.

In compromise settlement cases / Sale to ARC, sacrifice on settlement is accounted at the time of closure of account.

Commission on Bank Guarantees, Commission on Letters of Credit, Locker Rent, Annual Fee on Cards, Bancassurance Commission, Commission on PSLC trading are accounted on receipt basis. Processing / other fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception / renewal of the facility. Dividend income and interest on Income Tax Refund is recognised when the right to receive payment is established. Stationery and security items are charged to expenses on consumption basis.

Goods & Service tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

2. Investments

Investments are categorized into three categories –

(i) Held to Maturity (HTM), (ii) Held for Trading (HFT) and (iii) Available for Sale (AFS) with sub-classification under each category viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures & Bonds, (v) Subsidiary and Joint Ventures and (vi) Others – Units of Mutual Funds, Certificate of Deposits, Commercial Paper, Security Receipts and other investments, in accordance with the guidelines issued by Reserve Bank of India.

SCHEDULES

The category under which the investments would be classified is decided at the time of acquisition. Investments which the bank intends to hold till maturity are classified as "Held to Maturity". Investments which are primarily held for sale within 90 days from the date of purchase are classified as "Held for Trading". As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date. Investments which are not classified in either of the above two categories are classified as "Available for Sale".

Shifting of securities among the categories is accounted at the least of the acquisition cost / book value / market price prevailing on the date of shifting and depreciation, if any, on such shifting is fully provided for.

Investments classified under HTM category are carried at acquisition cost. Any premium on acquisition of government securities are amortized over the remaining maturity of the security on a straight line basis.

Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades / quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared by Financial Benchmark India Private Limited, periodically. Net depreciation, if any, within each category of investment classification is recognised in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

The Bank follows settlement date method of accounting for purchase / sale of investments, and weighted average cost method for determining cost and accounting of profit on sale of investments.

Brokerage, commission and STT etc., pertaining to investment, paid at the time of acquisition are charged to the profit and loss account. Broken period interest on debt instruments and government securities is treated as a revenue item.

Security Receipts are valued as per Net Asset Value (NAV) provided by the issuing Asset Reconstruction Company from time to time. Treasury Bills, Commercial Paper and Certificate of Deposits, being discounted instruments, are valued at carrying cost. Units of Mutual Funds are valued at the latest repurchase price / NAV declared by the Mutual Fund. In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FIMMDA / PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose. Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at Re. 1/- per company.

Non Performing Investments are identified and valued based on RBI Guidelines.

Sale / Redemption of Investments

Profit or loss on sale / redemption in respect of securities in HFT and AFS category is included in the Profit and Loss account. Profit on sale / redemption of investments in HTM category is included in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve, as per RBI guidelines.

Short sales

Short sale transactions, including 'notional' short sale, is undertaken in Government securities as per RBI guidelines. The short sales positions are reflected in 'Securities Short Sold ('SSS') A/c', and categorized under HFT category. These positions are marked–to-market along with other securities under HFT portfolio and resultant MTM gains / losses are accounted for as per RBI guidelines.

Repo and Reverse Repo transactions

Repo and reverse repo transactions in government securities and corporate debt securities including those

SCHEDULES

conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

3. Advances

Advances are classified as Performing and Non-performing Assets and provisions are made as per the prudential norms prescribed by RBI. Advances stated in the Balance Sheet are net of provisions, claims received from credit guarantee institutions and recoveries pending appropriation and held in sundry account. Interest on Non Performing advances is transferred to an unrealized interest account and not recognized in profit and loss account until received. Amounts recovered against debts written off is recognised as income and provisions no longer considered necessary based on the current status of the borrower, is reversed in the profit and loss account.

In respect of restructured / rescheduled assets, provision is made in accordance with RBI guidelines, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period.

Provision for Unhedged Foreign currency Exposure (UFCE) of borrower entities, is made considering their unhedged exposure to the Bank.

Provision for standard assets, is made in accordance with the guidelines and at levels stipulated by RBI from time to time.

Transfer of advances through inter-bank participation is undertaken with and without risk in accordance with RBI guidelines. In case of participation with risk, the aggregate amount of participation sold / purchased by the Bank is reduced from / included in advances. In case of participation without risk, the aggregate amount of participation sold / purchased by the Bank is classified under borrowings / investments.

4. Fixed Assets

Premises and other fixed assets are accounted for at historical cost as reduced by depreciation written off. The cost includes cost of purchase and all expenditure such as site preparation, installation cost, expenditure incurred for development of software, professional fees and GST (net of ITC). Subsequent expenditure incurred on the assets already in use are capitalised only when it increases the future benefits from such assets or their functioning capacity.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.

5. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) in respect of all fixed assets other than buildings. Computers, including software, are depreciated under SLM at the rate of 33.33% as per Reserve Bank of India guidelines.

Useful life of the assets has been estimated in line with Schedule II of the Companies Act, 2013, as determined by the management, as under –

Class of Asset	Useful life (years)	Method
a. BUILDING	58	WDV
b. PLANT & MACHINERY		SLM
ATM, Cash Deposit Machine, Cash Dispenser, Bunch Note Recyclers, Cash / Currency Sorting Machine, Air-conditioner / Air Coolers, Generator, general electrical works and other plant & machinery etc.	10	
Safe Deposit Lockers, Safe / Strong Room Door / Cage, Wind Mill	15	
c. FURNITURE & FIXTURES		
Furniture & Fixtures at bank premises	10	
Furniture & Fixtures at staff quarters / guest house	5	
Electric & Electronic items, Cellular / Mobile phones etc.	3	
d. MOTOR VEHICLES	8	
e. COMPUTERS (including software)	3	

SCHEDULES

Depreciation on assets purchased and sold during the year is recognised on a pro-rata basis from the date of purchase / till the date of sale.

6. Foreign Exchange Transactions

In terms of FEDAI and AS-11 guidelines, all our Foreign Currency assets and liabilities like Mirror accounts, FCNR, RFC, PCFC and FCTL are valued at closing Spot rates announced by FEDAI and the resultant revaluation Profit or Loss as the case may be, is taken to our Exchange Profit account and not reversed. Forward Contracts and other Forward maturity items like Cheque / Bills purchased are valued at the appropriate residual forward rates and the resultant Profit or Loss is discounted using MIFOR rates and this unrealised Profit or Loss is reversed on next working day.

Non Fund Based Assets like Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations in foreign currencies are translated at Closing Spot Rates notified by FEDAI at the Balance sheet date.

7. Derivatives

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

8. Proposed Dividend

In terms of Accounting Standard (AS) 4 “Contingencies and Events occurring after the Balance sheet date” as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016, Proposed Dividend or Dividend declared after balance sheet date are not shown as liability in current year balance sheet.

9. Employee Benefits

Contributions to the Provident Fund and ‘Defined Contributory Pension Scheme’ are charged to the Profit and Loss account. Contributions to the recognised Gratuity Fund, Pension Fund and leave encashment benefits are made on accrual basis as per actuarial valuation as at the Balance Sheet date and net actuarial gains/ losses are recognised as per the Accounting Standard 15. Short term benefits are accounted for as and when the liability becomes due.

Options as and when granted under Employee Stock Option Scheme (ESOS) are valued and accounted for using Intrinsic Value Method, on accrual basis.

10. Segment Reporting

The Bank recognises the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

Business Segment is classified into (a) Treasury (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations.

11. Earnings per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to the equity share-holders by the weighted average number of equity shares outstanding during the year.

Diluted Earnings per equity share are computed by using the weighted average number of equity shares and dilutive potential equity share outstanding as at the year end.

12. Income Tax

Income Tax expense comprises of current tax provision made after due consideration of the judicial pronouncements and legal opinion (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards) and the net change in the deferred tax asset or liability during the year.

Deferred income taxes recognizes timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

13. Impairment of Assets

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount. In case the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

14. Provisions and Contingent Liabilities

A provision is recognised when there is an obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In case where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Contingent Assets are not recognized since this may result in the recognition of income that may never be realized.

15. Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited (“ECGC”) guidelines and provision is made in respect of the country where the net funded exposure is 1% or more of the bank’s total funded assets.

16. Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 are recognised in the Profit and Loss Account.

17. Operating Lease

Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms.

18. Net Profit

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

- Provision for Taxes, Standard Assets and Non Performing Assets;
- Provision for Depreciation on investments,
- Provision for employee benefits; and
- Other usual and necessary provisions

SCHEDULES

SCHEDULE 18 – NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Disclosure requirements as per RBI's Master Circular on Disclosure in Financial Statements for the year ended March 31, 2019 are given below. Amounts given herein are denominated in Rupees Crore unless specified otherwise)

1. Capital Ratio (CRAR) – Basel III

SN	Particulars	As at	
		March 31, 2019	March 31, 2018
1	Common Equity Tier 1 capital ratio (%)	14.28	13.92
2	Tier 1 capital ratio (%)	14.28	13.92
3	Tier 2 capital ratio (%)	1.72	0.51
4	Total Capital ratio (CRAR) (%)	16.00	14.43
5	Amount of equity capital raised (₹ Crore)	14.53	23.46
6	Amount of additional Tier 1 capital raised of which	NIL	
	- PNCPS		
	- PDI		
7	Amount of Tier 2 capital raised (₹ Crore) of which	487.00	NIL
	- Debt capital instruments (refer note 1.2 below)	487.00	
	- Preference share capital instruments	-	
	- Perpetual cumulative preference shares (PCPS)	-	
	- Redeemable non-cumulative preference shares (RNCPS)	-	
	- Redeemable cumulative preference shares (RCPS)	-	

In accordance with RBI circular DBR.No.BPBC.1/21.06.201/2015-16 dated July 01, 2015, read together with RBI circular DBR. No.BP.BC.80/21.06.201/2014-15 dated March 31, 2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, Pillar 3 disclosures under Basel III capital regulations have been made available on our website at the following link https://www.kvb.co.in/about-us/disclosures/disclosures-pillar-III/ These disclosures have not been subjected to audit by the Statutory Central Auditors.

1.1 Bonus shares issued during FY 2018-19

In the Annual General Meeting held on August 09, 2018, shareholders of the bank approved the issue of 7,26,63,937 bonus shares to equity share holders in the proportion of 1 (one) bonus share of ₹ 2/- each for every 10 (ten) fully paid up equity shares. The bonus issue has resulted in an increase of ₹14.53 crore in Share Capital. Pursuant to the bonus issue, Earnings per Share (EPS) in respect of previous year has been restated as per Accounting Standard 20 - Earnings per Share, prescribed under Section 133 of the Companies Act, 2013.

1.2 Tier II Capital

During the year 2018-19, Bank has raised Tier II capital of ₹ 487.00 crore through issue of Basel III compliant bonds, and the comparative position of bonds issued by the Bank is given below :

(₹ in crore)

SN	Particulars	As at	
		March 31, 2019	March 31, 2018
1	Subordinated Lower Tier II Bonds	150.00	150.00
2	Basel III Compliant Tier II Bonds	487.00	Nil
	TOTAL	**637.00**	**150.00**

SCHEDULES

1.3 Proposed Dividend and taxes thereon

The Board of Directors have recommended a dividend of 30% i.e. ₹ 0.60 per equity share of ₹ 2.00 each for the year 2018-19, subject to the approval of the shareholders at the ensuing Annual General Meeting. In accordance with Accounting Standards 4 - Contingencies and Events Occurring after the Balance Sheet date (notified by the MCA on March 30, 2016), the proposed dividend including corporate dividend tax, together amounting to ₹ 57.82 crore has not been shown as an appropriation from the Profit and Loss account as of March 31, 2019 and correspondingly not reported under Other Liabilities and Provisions as at March 31, 2019. However, capital adequacy ratio has been computed by reducing the proposed dividend and tax thereon.

1.4 Investment Fluctuation Reserve

As per RBI circular No. DBR.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 effect from the year 2018-19, bank has created Investment Fluctuation Reserve (IFR) of ₹ 30.53 crore, which is 0.67% to HFT and AFS portfolio.

2. Business Ratios

Particulars	2018-19	2017-18
1. Interest Income as a percentage to Working Funds (%)	8.45	8.79
2. Non-interest income as a percentage to Working Funds (%)	1.40	1.39
3. Operating Profit as a percentage to Working Funds (%)	2.49	2.74
4. Return on Assets (%)	0.31	0.53
5. Business (Deposits plus Advances) per employee (₹ in crore)	14.42	12.92
6. Profit per employee (₹ in Lakh)	2.75	4.35

Working Funds are based on average of total assets as reported to RBI in Form X during the year; Employee productivity ratios are based on actual number of employees at the end of the year.

3. Investments

(₹ in crore)

Particulars	As at	
	Mar. 31, 2019	Mar. 31, 2018
1. Value of Investments		
(i) Gross Value of Investments		
a) In India	15,136.08	15,992.25
b) Outside India	0.43	Nil
(ii) Provisions for Depreciation		
a) In India	153.06	135.73
b) Outside India	0.02	Nil
(iii) Provisions for NPI		
a) In India	101.85	53.32
b) Outside India	Nil	Nil
(iv) Net Value of Investments		
a) In India	14,881.17	15,803.20
b) Outside India	0.41	Nil
2. Movement of provisions held towards depreciation on investments		
i) Opening balance	135.73	72.36
ii) Add: Provisions made during the year	128.04	63.37
iii) Less: Write-off/ write-back of excess provisions during the year	110.69	Nil
iv. Closing balance	153.08	135.73
3. Movement of provisions held towards Non Performing Investments		
i) Opening balance	53.32	25.63
ii) Add: Provisions made during the year	51.69	27.69
iii) Less: Write-off/ write-back of excess provisions during the year	3.16	Nil
iv. Closing balance	101.85	53.32

SCHEDULES

Note on Spreading of mark to market (MTM) Losses

As per RBI Circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 and RBI/2017-18/200 DBR.No.BP.BC.113/21.04.048/2017-18 dated June 15, 2018, Banks are permitted to spread the provisioning on MTM losses on investments held in AFS and HFT for the quarters ended December 31, 2017, March 31, 2018 and June 30, 2018 equally over up to four quarters, commencing with the quarter in which the loss is incurred.

Accordingly, the Bank has spread the provisioning on MTM losses for the above quarters; the remaining amount of ₹ 9.40 crore and ₹ 13.05 crore pertaining to the quarters ended Dec. 31, 2017 and March 31, 2018 as well as ₹ 84.21 crore pertaining to the quarter ended June 30, 2018 have been fully provided for during the current financial year. As on March 31, 2019 the entire amount of depreciation on investments has been fully provided for and there is no amount pending to be amortised.

3.1 Repo Transactions (in face value terms)

(₹ in crore)

Particulars	Outstanding during FY 2018-19 (FY 2017-18)			Outstanding as on 31.03.2019 (31.03.2018)
	Minimum	Maximum	Daily Average	
1. Securities sold under RBI repo				
Government Securities	77.59 (98.01)	852.19 (852.19)	17.09 (18.11)	77.59 (852.19)
2. Securities purchased under RBI reverse repo				
Government Securities	3.77 (16.94)	873.09 (771.05)	67.33 (74.15)	39.95 (304.77)
3. Securities sold under Market repo				
a. Government Securities	4.00 (5.00)	1,555.00 (1,818.00)	346.04 (250.60)	205.00 (334.00)
b. Corporate Debt Securities	Nil (Nil)			
4. Securities purchased under reverse market repo				
a. Government Securities	34.00 (Nil)	488.00 (Nil)	44.24 (Nil)	0.00 (Nil)
b. Corporate Debt Securities	Nil (Nil)			
5. Securities sold under Tri – Party repo*				
a. Government Securities	1.02 (Nil)	537.86 (Nil)	50.57 (Nil)	101.82 (Nil)
b. Corporate Debt Securities	Nil (Nil)			
6. Securities purchased under Tri – Party repo*				
a. Government Securities	10.00 (Nil)	244.00 (Nil)	28.39 (Nil)	0.00 (Nil)
b. Corporate Debt Securities	Nil (Nil)			

Note – Figures in parenthesis pertain to the year ended March 31, 2018

** The daily average has been considered from the day of launch of Tri – Party Repo by CCIL (i.e.November 05,2018)*

SCHEDULES

3.2 Non-SLR Investment Portfolio

i) Issuer Composition of Non SLR investments (₹ in crore)

S. N.	Issuer	Amount	Extent of			
			Private Placement	Below Investment Grade Securities	Unrated securities	Unlisted Securities
1	2	3	4	5	6	7
As at March 31, 2019						
i	PSUs	804.26	425.75	-	24.33	24.33
ii	FIs	824.01	562.22	-	0.22	0.22
iii	Banks	252.55	171.15	-	0.00	0.00
iv	Private Corporates	141.37	33.33	-	39.49	44.49
v	Subsidiaries / Joint Ventures	-	-	-	-	
vi	Others *	424.20	422.72	-	-	422.72
Sub Total		**2,446.39**	**1,615.17**	**-**	**64.04**	**491.76**
Less: Provision for depreciation on investments		133.93	-	-	-	-
Less: Provision for non performing investments		101.85	-	-	-	-
Total		**2,210.61**	**1,615.17**	-	**64.04**	**491.76**
As at March 31, 2018						
i	PSUs	458.52	280.68	-	24.33	70.64
ii	FIs	819.75	526.31	-	0.22	0.22
iii	Banks	36.55	20.00	-	-	-
iv	Private Corporates	148.43	42.87	-	42.65	47.65
v	Subsidiaries / Joint Ventures	-	-	-	-	-
vi	Others *	502.46	492.48	-	-	492.48
Sub Total		**1,965.71**	**1,362.34**	**-**	**67.20**	**610.99**
Less: Provision for depreciation on investments		121.98	-	-	-	-
Less: Provision for non performing investments		53.32	-	-	-	-
Total		**1,790.41**	**1,362.34**	-	**67.20**	**610.99**

** Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive; 2. Others include Security Receipts of ₹422.72 crore (Previous Year ₹492.48 crore) and Exchange Traded Funds of ₹1.48 crore (Previous Year ₹9.98 crore)*

ii) Non performing Non-SLR investments (₹ in crore)

Particulars	2018-19	2017-18
Opening balance	**84.12**	**62.63**
Additions during the year	56.30	21.49
Reductions during the year	3.16	0.00
Closing balance	**137.26**	**84.12**
Total provisions held	101.85	53.32

3.3 Sale and transfers to / from HTM (Held to Maturity) Category

Sale of securities from HTM category does not exceed 5% of the book value of investments held in HTM category at the beginning of the year. During the current financial year, Bank has not shifted securities from / to HTM category.

SCHEDULES

3.4 Net profit on sale of securities includes profit of ₹ 45.44 crore on sale of securities from HTM portfolio during the year (₹ 24.58 crore during previous year). As per RBI guidelines, an amount of ₹ 22.17 crore has been appropriated towards Capital Reserve after netting off taxes and appropriation to Statutory Reserve. (₹ 12.05 crore during the previous year). Interest income on investment is net of amortization expenses of ₹ 43.93 crore (₹ 40.24 crore during previous year).

3.5 The percentage of SLR investment under HTM category as on March 31, 2019 was 17.35% of Demand and Time Liability of the Bank (previous year 19.49%) which is within permissible limit as per RBI guidelines.

4. Derivatives

4.1. Forward Rate Agreement/Interest Rate Swap

(₹ in crore)

Particulars	Mar. 31, 2019	Mar. 31, 2018
1. The notional principal of swap agreements	Nil	Nil
2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements		
3. Collateral required by the bank upon entering into swaps		
4. Concentration of credit risk arising from the swaps		
5. The fair value of the swap book		

4.2 Exchange Traded Interest Rate Derivatives

(₹ in crore)

Particulars	Mar. 31, 2019	Mar. 31, 2018
1. Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	Nil	Nil
2. Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2019 (instrument wise)		
3. Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		
4. Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		

4.3 Disclosures on risk exposure in derivatives

Qualitative Disclosure

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

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

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

Forex derivative deals are offered to clients on back-to-back basis. The outstanding deals are marked to market on monthly basis. The MTM values are informed to the clients every month and margin topped up where required.

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

Accounting:

Accounting Policies as per RBI guidelines have been adopted. The hedge swaps are accounted for like a hedge of the asset or liability. The income / expense on hedge swaps are accounted on accrual basis except where swap transactions whose underlying is subjected to MTM. Such hedge swaps are marked to market on a monthly basis and the gain / losses are recorded

SCHEDULES

as an adjustment to the designated asset / liability. The non-hedge swaps are marked to market every month and the MTM losses in the basket are accounted in the books while MTM profits are ignored.

Collateral Security:

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

Credit Risk Mitigation:

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

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

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

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

Risk monitoring on forex derivatives is done on a monthly basis. It is reported to the top management and related clients on monthly basis.

Quantitative Disclosures: (₹ in crore)

Particulars	Mar. 31, 2019		Mar. 31, 2018	
	Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1. Derivatives (Notional Principal Amount)				
a) For hedging	Nil		Nil	
b) For trading				
2. Marked to Market Positions				
a) Asset (+)	Nil		Nil	
b) Liability (-)				
3. Credit Exposure	Nil		Nil	
4. Likely impact of one percentage change in interest rate (100*PV01)				
a) on hedging derivatives	Nil		Nil	
b) on trading derivatives				
5. Maximum and Minimum of 100*PV01 observed during the year				
a) on hedging	Nil		Nil	
b) on trading				

Note: There are no derivative transactions undertaken during the year, other than Forward Forex Contracts. Bank does not have any open position in the Derivative instruments in trading book as on March 31, 2019.

SCHEDULES

5. Advances and Asset Quality

5.1 (i) Movement of NPAs

(₹ in crore)

Particulars	2018-19	2017-18
Gross NPAs* as on the beginning of the year	**3,015.76**	**1,483.81**
Additions (incl. Fresh NPA) during the year	2,342.92	2,091.75
Sub-total (A)	**5,358.68**	**3,575.56**
Less : -(i) Up gradations	20.82	18.24
(ii) Recoveries (excluding recoveries made from upgraded accounts)	440.84	179.09
(iii) Technical/Prudential write-offs/Sale to ARC	0.00	347.84
(iv) Write off other than those (iii) above	447.45	14.63
Sub-total (B)	**909.11**	**559.80**
Gross NPAs as at the end of the year (A – B)	**4,449.57**	**3,015.76**

**Gross NPAs arrived at as per item 2 of Annex to RBI Circular DBOD.BP.BC.No.46/21.04.048/2009-10 dated September 24, 2009*

5.1 (ii) Movements in Technical write off

(₹ in crore)

Particulars	2018-19	2017-18
Opening balance	1,267.01	966.96
Add: Technical/prudential write-offs during the year	Nil	347.84
Sub-total (A)	**1,267.01**	**1,314.80**
Less: Recoveries / Sale made from previously technical/prudential written–off accounts during the year (B)	106.76	47.79
Closing balance (A – B)	**1,160.25**	**1,267.01**

5.1 (iii) Gross and Net Non-Performing Assets and Provisions for NPA

(₹ in crore)

Particulars	2018-19	2017-18
1. Net NPAs to Net Advances (%)	4.98	4.16
2. Movement of Gross NPAs		
a. Opening balance	3,015.76	1,483.81
b. Additions during the year	2,342.92	2,091.75
c. Reductions during the year	909.11	559.80
d. Closing balance	4,449.57	3,015.76
3. Movement of Net NPAs*		
a. Opening balance	1,862.83	1,033.46
b. Additions during the year	930.80	1,102.77
c. Reductions during the year	373.29	273.40
d. Closing balance	2,420.34	1,862.83
4. Movement of provisions for NPAs		
a. Opening balance	1,090.90	428.74
b. Provisions made during the year	1,406.11	1,024.63
c. Write off/Write back of excess provisions	535.82	362.47
d. Closing balance	1,961.19	1,090.90

** Net NPAs are arrived at after deduction of other provisions and claims received / settled amounting to ₹ 68.04 crore (₹ 61.03 crore during previous year).*

5.2 Provision Coverage Ratio

Provision Coverage Ratio as on 31.03.2019 is 56.86% (previous year 56.50%)

(₹ in Crore)

5.3 Disclosure of Restructured Accounts (FY 2018-19)

Sl No	Type of Restructuring / Asset Classification / Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others ~					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures*)	No. of borrowers	3	1	0	0	4	3	0	4	1	8	16	3	15	32	66	22	4	19	33	78
		Amount outstanding	70.09	26.85	0.00	0.00	96.94	6.37	0.00	0.38	0.04	6.79	185.97	361.24	119.35	0.58	667.14	262.43	388.09	119.73	0.62	770.87
		Provision thereon	3.50	6.71	0.00	0.00	10.21	0.32	0.00	0.06	0.04	0.42	9.30	85.26	36.41	0.10	131.07	13.12	91.97	36.47	0.14	141.70
2	Fresh Restructuring during the year	No. of borrowers	0	0	0	0	0	0	0	0	0	0	29	2	0	0	31	29	2	0	0	31
		Amount outstanding	0.00	0.00	0.00	1.90	1.90	0.00	0.00	0.00	0.00	0.00	70.41	2.93	0.00	0.00	73.34	70.41	2.93	0.00	1.90	75.24
		Provision thereon	0.00	0.00	0.00	1.90	1.90	0.00	0.00	0.00	0.00	0.00	3.70	0.44	0.00	0.00	4.14	3.70	0.44	0.00	1.90	6.04
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	1	-1	0	0	0	0	0	0	0	0	1	-1	0	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.01	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	-0.01	0.00	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	*Restructured standard advanced which cease to attract higher provisioning and / or additional weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	0	0	0	0	0	-1	0	0	0	-1	-4	0	0	0	-4	-5	0	0	0	-5
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	-0.04	0.00	0.00	0.00	-0.04	-1.71	0.00	0.00	0.00	-1.71	-1.75	0.00	0.00	0.00	-1.75
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.09	0.00	0.00	0.00	-0.09	-0.09	0.00	0.00	0.00	-0.09
5	Downgradations of restructured accounts during the FY	No. of borrowers	-1	-1	1	1	0	0	0	0	0	0	-3	-1	1	3	0	-4	-2	2	4	0
		Amount outstanding	-26.14	-26.85	26.85	26.14	0.00	0.00	0.00	0.00	0.00	0.00	-174.46	-290.66	440.07	25.05	0.00	-200.60	-317.51	466.92	51.19	0.00
		Provision thereon	-1.30	-6.71	14.87	26.14	33	0.00	0.00	0.00	0.00	0.00	-8.72	-74.67	286.43	25.05	228.09	-10.02	-81.38	301.30	51.19	261.09
6	Write-offs of restructured accounts during the FY	No. of borrowers	-2	0	0	0	-2	-2	0	0	-1	-3	-4	0	-2	-8	-14	-8	0	-2	-9	-19
		Amount outstanding	-43.95	0.00	0.00	-0.13	-44.08	-6.33	0.00	-0.01	-0.04	-6.38	-8.12	-4.70	-23.58	-7.00	-43.40	-58.40	-4.70	-23.59	-7.17	-93.86
		Provision thereon	-2.20	0.00	0.00	-0.13	-2.33	-0.32	0.00	-0.01	-0.04	-0.37	-0.41	-0.71	-16.51	-7.00	-24.63	-2.93	-0.71	-16.52	-7.17	-27.33
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	0	0	1	1	2	0	1	3	0	4	34	4	14	27	79	34	5	18	28	85
		Amount outstanding	0.00	0.00	26.85	27.91	54.76	0.00	0.01	0.36	0.00	0.37	72.09	68.81	535.84	18.63	695.37	72.09	68.82	563.05	46.54	750.50
		Provision thereon	0.00	0.00	14.87	27.91	42.78	0.00	0.00	0.05	0.00	0.05	3.78	10.32	306.33	18.15	338.58	3.78	10.32	321.25	46.06	381.41

** - Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)*

Foot Note 1 – The figures under S.N. 2 include fresh accounts restructured under onetime restructuring of MSME advances , Tamilnadu Gaja Cyclone Relief package and additions to existing restructured accounts (2.38 crore)

Foot Note 2 – The figures under S.N. 6 include reduction from existing restructured accounts by way of closure / recovery / write-offs.

Foot Note 3 – The figures under S.N.7 includes total provision held on restructured accounts.

~ - Accounts restructured under Flexible Structuring, SDR, Change of ownership outside SDR etc., are disclosed separately.

(₹ in Crore)

5.3 Disclosure of Restructured Accounts (FY 2017-18)

Sl No	Type of Restructuring / Asset Classification / Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others ~					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures*)	No. of borrowers	7	0	0	0	7	3	3	4	0	10	23	1	13	43	80	33	4	17	43	97
		Amount outstanding	248.90	0.00	0.00	0.00	248.90	12.74	0.46	0.45	0.00	13.65	580.16	0.15	56.03	0.80	637.14	841.80	0.61	56.48	0.79	899.68
		Provision thereon	34.75	0.00	0.00	0.00	34.75	0.62	0.07	0.07	0.00	0.76	69.76	0.01	20.37	0.12	90.26	105.13	0.08	20.44	0.12	125.77
2	Fresh Restructuring during the year	No. of borrowers	0	0	0	0	0	0	0	0	0	0	3	0	0	0	3	3	0	0	0	3
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.15	38.58	11.62	0.00	63.35	13.15	38.58	11.62	0.00	63.35
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.66	5.79	4.65	0.00	11.10	0.66	5.79	4.65	0.00	11.10
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	1	0	-1	0	0	1	0	0	-1	0	2	0	-1	-1	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.04	0.00	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00	-0.04	0.00	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.02	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00
4	Restructured standard advanced which cease to attract higher provisioning and / or additional weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY*	No. of borrowers	0	0	0	0	0	-1	0	0	0	-1	-2	0	0	0	-2	-3	0	0	0	-3
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	-3.97	0.00	0.00	0.00	-3.97	-6.24	0.00	0.00	0.00	-6.24	-10.21	0.00	0.00	0.00	-10.21
		Provision thereon	0.00	0.00	0.00	0.00	0.00	-0.20	0.00	0.00	0.00	-0.20	-0.31	0.00	0.00	0.00	-0.31	-0.51	0.00	0.00	0.00	-0.51
5	Downgradations of restructured accounts during the FY	No. of borrowers	-3	1	0	0	-2	0	-2	1	1	0	-5	2	4	1	2	-8	1	5	2	0
		Amount outstanding	-122.17	27.68	0.00	0.00	-94.49	0.00	-0.23	0.15	0.08	0.00	-360.00	332.70	121.77	0.02	94.49	-482.17	360.15	121.92	0.10	0.00
		Provision thereon	-6.11	6.92	0.00	0.00	0.81	0.00	-0.06	0.06	0.08	0.08	-40.75	82.01	43.71	0.02	84.99	-46.86	88.87	43.77	0.10	85.88
6	Write-offs of restructured accounts during the FY	No. of borrowers	-1	0	0	0	-1	0	-1	0	0	-1	-4	0	-2	-11	-17	-5	-1	-2	-11	-19
		Amount outstanding	-56.64	-0.83	0.00	0.00	-57.47	-2.44	-0.23	-0.18	-0.04	-2.89	-41.10	-10.19	-70.07	-0.24	-121.60	-100.18	-11.25	-70.25	-0.28	-181.96
		Provision thereon	-25.14	-0.21	0.00	0.00	-25.35	-0.10	-0.01	-0.06	-0.04	-0.21	-20.06	-2.55	-32.32	-0.04	-54.97	-45.30	-2.77	-32.38	-0.08	-80.53
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	3	1	0	0	4	3	0	4	1	8	16	3	15	32	66	22	4	19	33	78
		Amount outstanding	70.09	26.85	0.00	0.00	96.94	6.37	0.00	0.38	0.04	6.79	185.97	361.24	119.35	0.58	667.14	262.43	388.09	119.73	0.62	770.87
		Provision thereon	3.50	6.71	0.00	0.00	10.21	0.32	0.00	0.06	0.04	0.42	9.30	85.26	36.41	0.10	131.07	13.12	91.97	36.47	0.14	141.70

** - Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).*

Foot Note 1 - Two accounts exited from CDR Mechanism to Others .

Foot Note 2 - The figures under Sr. No.2 include fresh accounts restructured under Tamil Nadu Drought Relief Package (₹0.05 crore) & additions to existing restructured accounts (₹ 63.30 crore).

Foot Note 3 - The figures under Sr.No.6 include ₹178.96 crore of reduction from existing restructured accounts by way of Partial closure/Recovery/Write-off.

Foot Note 4 - The provision under Sr. No.7 includes total provision held on restructured accounts.

~ - Accounts restructured under Flexible Structuring, SDR, Change of ownership outside SDR etc., are disclosed separately.

SCHEDULES

5.4 Disclosure on restructuring of MSME Accounts

As per guidelines issued by RBI vide circular DBR.No.BP.BC.18/21.04.048/2018-19 dated Jan. 01, 2019, on "Micro, Small and Medium Enterprise (MSME) sector – Restructuring of Advances", the details of restructured MSME accounts as on 31.03.2019 is as under:

No. of Accounts Restructured	Amount (₹ In Crore)
30	69.73

5.5 Flexible Structuring of Existing Loans

(₹ in crore)

Period	No. of borrowers taken up for flexible structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
2018-19	Nil	Nil	Nil	Nil	Nil
2017-18	Nil	Nil	Nil	Nil	Nil

5.6 Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period) as on March 31, 2019

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding & Classified as					
	As on 31.03.2019 (31.03.2018)		Accounts where conversion of debt to equity is pending		Accounts where conversion of debt to equity has taken place	
	Standard	NPA	Standard	NPA	Standard	NPA
Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Figures in brackets indicate the position as of 31.03.2018.

5.7 Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period) as on March 31, 2019

(₹ in crore)

No. of accounts where the effect change in ownership is decided	Amount outstanding & Classified as							
	As on 31.03.2019 (31.03.2018)		Accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Standard	NPA	Standard	NPA	Standard	NPA	Standard	NPA
Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Figures in brackets indicate the position as of 31.03.2018.

5.8 Change in Ownership of Projects under Implementation (accounts which are currently under the stand-still period) as on March 31, 2019

(₹ in crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Figures in brackets indicate the position as of 31.03.2018.

SCHEDULES

5.9 Scheme for Sustainable Structuring of Stressed Assets (S4A), as on March 31, 2019

(₹ in crore)

No of accounts where S4A has been applied		Aggregate amount outstanding	Amount Outstanding		Provision Held
			In Part A	*In Part B*	
Classified as Standard	Nil (1)	Nil (78.89)	Nil (42.59)	Nil (29.36**)	Nil (39.88)
Classified as NPA	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

*** Excluding the equity portion of ₹ 6.94 crore (held as per CDR package) prior to the implementation of S4A scheme. Figures in brackets indicate the position as of 31.03.2018.*

5.10 Disclosures relating relief for MSME borrowers

RBI circular DBR.No.BP.BC.108/21.04.048/2017-18 dated June 06, 2018 permitted banks to continue the exposures to MSME borrowers to be classified as standard assets where the dues between September 1, 2017 and December 31, 2018 are paid not later than 180 days from their respective original due dates. Accordingly the bank has continued to classify exposure to MSME borrowers of ₹ 87.94 Crore as standard as at March 31, 2019. In accordance with the provisions of the circular the bank had not recognised interest income of ₹1.47 Crore and has created a standard asset provision @ 0.25% of ₹ 0.22 Crore and @5% additional provision of ₹4.40 crore in respect of such accounts.

5.11 Disclosure related to divergence in asset classification and provisioning (as per RBI Circular No.: DBR.BP.BC. No.32/21.04.018/2018-19 dated 1st April 2019)

Since the additional provisioning for NPAs assessed by RBI does not exceed 10% of the profit before provisions and contingencies and the additional gross NPAs identified by RBI does not exceed 15% of the published incremental gross NPAs as per RBI supervisory process for the year 2017-18, disclosure on divergences in asset classification and provisioning is not required to be made.

5.12 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in crore)

Particulars	2018-19	2017-18
1. No. of accounts	Nil	Nil
2. Aggregate value (net of provisions) of accounts sold to SC/RC		
3. Aggregate consideration		
4. Additional consideration realized in respect of accounts transferred in earlier years		
5. Aggregate gain / (loss) over net book value.		

For FY 2018-19 – Sale to ARC on 100% cash basis – effected .The amount of gain or loss over net book value has been accounted for in profit and loss account.

5.13 Investments in Security Receipts

(₹ in crore)

Particulars	2018-19	2017-18
i. Backed by NPAs sold by the bank as underlying	422.72	492.48
ii. Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil	Nil
Total	**422.72**	**492.48**

SCHEDULES

5.14 Ageing of Investments held as Security Receipts

(₹ in crore)

Particulars		SRs issued					
		Within past 5 years		More than 5 years ago but within past 8 years		More than 8 years ago	
		2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
1	Book value of SRs backed by NPAs sold by the bank as underlying	275.47	392.49	147.25	99.99	Nil	Nil
	Provision held against (1)	9.94	23.61	89.01	62.27		
2	Book value of SRs backed by NPAs sold by other banks / financial institutions /non-banking financial companies as underlying	Nil					
	Provision held against (2)	Nil					
Gross Book value		275.47	392.49	147.25	99.99		
Total provision held against above		9.94	23.61	89.01	62.27	Nil	Nil
Net Book Value		**265.53**	**368.88**	**58.24**	**37.72**	**Nil**	**Nil**

5.15 Details of Non Performing Financial Assets Purchased / Sold - (sold / purchased to / from other banks)

A. Details of non-performing financial assets purchased

(₹ in crore)

Particulars	2018-19	2017-18
1. (a) No. of accounts purchased during the year	NIL	NIL
(b) Aggregate outstanding		
2. (a) Of these, number of accounts restructured during the year		
(b) Aggregate outstanding		

B. Details of non-performing financial assets sold

(₹ in crore)

Particulars	2018-19	2017-18
1. No. of accounts sold	NIL	NIL
2. Aggregate outstanding		
3. Aggregate consideration received		

5.16 Overseas Asset, NPAs and Revenue

(₹ in crore)

Particulars	2018 - 19	2017 - 18
Total Assets	138.38	481.73
Total NPAs	Nil	Nil
Total Revenue	1.54	0.51

SCHEDULES

6 Exposures

6.1 Exposure to Real Estate Sector

(₹ in crore)

Category	2018-19	2017-18
a) Direct exposure		
(i) Residential Mortgages – Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loans eligible for priority sector advances may be shown separately)	4,152.08	3,119.34
(ii) Commercial Real Estate – Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	3,415.83	2,844.15
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	76.82	55.51
Total Exposure to Real Estate Sector	**7,644.73**	**6,019.00**

6.2 Exposure to Capital Market

(₹ in crore)

Particulars	2018-19	2017-18
1. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	135.79	168.31
2. Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	1.32	1.18
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	72.37	122.14
6. Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	25.25
7. Bridge loans to companies against expected equity flows/issues;	Nil	Nil
8. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
9. Financing to stockbrokers for margin trading;	Nil	Nil
10. All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	**209.48**	**316.88**

SCHEDULES

6.3 Risk Category wise Country Exposure

(₹ in crore)

Risk Category	2018-19		2017-18	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	380.92	Nil	767.93	Nil
Low	91.56		225.84	
Moderate	6.51		44.09	
High	1.06		0.26	
Very High	1.17		Nil	
Restricted	Nil		Nil	
Off-credit	Nil		Nil	
Total	**481.22**		**1,038.12**	**Nil**

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

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

The Bank has not exceeded the prudential credit exposure limits in respect of Single Borrower Limit and Group Borrower Limit other than food credit.

6.5 Sector-wise Advances

(₹ in crore)

SN	Sector	As on 31.03.2019			As on 31.03.2018		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied Activities	8,555.82	328.41	3.84%	7,825.34	228.13	2.92%
2	Industries eligible under priority sector	5,068.01	315.59	6.23%	4,128.35	149.11	3.61%
3	Services	6,675.48	592.21	8.87%	5,526.11	215.05	3.89%
4	Personal Loans	922.74	60.60	6.57%	1,101.51	25.29	2.30%
	Subtotal (A)	**21,222.05**	**1,296.81**	**6.11%**	**18,581.31**	**617.58**	**3.32%**
B.	**Non Priority Sector**						
1	Agriculture and allied Activities	678.11	37.35	5.51%	772.42	13.16	1.70%
2	Industry	8,093.72	2,341.63	28.93%	13,780.54	2,027.80	14.71%
3	Services	11,702.77	681.82	5.83%	6,471.46	329.82	5.10%
4	Personal Loans	8,919.01	91.96	1.03%	6,367.41	27.40	0.43%
	Subtotal (B)	**29,393.61**	**3,152.76**	**10.73%**	**27,391.83**	**2,398.18**	**8.76%**
	Total (A+B)	**50,615.66**	**4,449.57**	**8.79%**	**45,973.14**	**3,015.76**	**6.56%**

The above data has been furnished by the management and have been relied upon by the auditors.

6.6 Unsecured Advances

The total of advances for which intangible securities such as charge over the rights, licenses, authorisations, etc. have been taken as securities is NIL.

SCHEDULES

6.7 Information on concentration of business

(₹ in crore)

Particulars	2018-19	2017-18
a. Concentration of Deposits		
Total deposits of Twenty Largest Deposits	3,663.37	3,553.25
Percentage of deposits of Twenty Largest Depositors to Total Deposits	6.12%	6.25%
b. Concentration of Advances		
Total Advances to Twenty Largest Borrowers	3098.81	4,711.85
Percentage of advances to Twenty Largest Borrowers to Total Advances	6.12%	8.54%
c. Concentration of Exposures		
Total Exposures to Twenty Largest Borrowers / Customers	4177.59	4,783.16
Percentage of exposures to Twenty Largest Borrowers/Customers to Total Exposure	7.38%	8.37%
d. Concentration of NPAs		
Total Exposure to top four NPA Accounts	865.41	980.23

The above data has been furnished by the management and have been relied upon by the auditors.

6.8 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The bank has no off-balance sheet SPVs sponsored as on 31.03.2019 and 31.03.2018.

6.9 Disclosures relating to Securitisation

The bank has not sponsored any SPVs for Securitization transactions.

SN	Particulars	2018-19		2017-18	
		Number	Amount	Number	Amount
1	No. of SPVs sponsored by the Bank for securitization transactions	Nil		Nil	
2	Total amount of securitized assets as per the books of the SPVs sponsored by the bank				
3	Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet a) Off-balance sheet exposures i. First Loss ii. Others b) On-balance sheet exposures i. First Loss ii. Others				
4	Amount of exposures to securitisation transactions other than MMR a) Off-balance sheet exposures i. Exposures to own securitisations 1. First Loss 2. Others ii. Exposures to third party securitisations 1. First Loss 2. Others b) On-balance sheet exposures i. Exposures to own securitisations 1. First Loss 2. Others ii. Exposures to third party securitisations 1. First Loss 2. Others				

SCHEDULES

6.10 Credit Default Swaps

The bank has not initiated any trade in Credit Default Swaps during FY 2018-19 and FY 2017-18.

6.11 Intra Group Exposures

The bank has no intra group exposures on 31.03.2019 and 31.03.2018.

7. Provisions and Contingencies

Break-up of 'Provision and Contingencies' shown under the head Expenditure in Profit & Loss Account (₹ in crore)

Provision for	2018-19	2017-18
Standard Assets	(2.07)	(2.74)
Bad & Doubtful Debts *	1,317.73	1,024.63
Loss on sale of assets to ARC	Nil	185.07
Depreciation on Investments including NPI	69.05	91.05
Specified accounts referred to NCLT	(12.34)	12.34
Interest sacrifice on Restructured Advances	(7.57)	(11.21)
Fraud other than advances	5.24	Nil
Other Provisions	23.55	(9.19)
SDR, S4A etc.	(10.19)	(1.99)
MSME Dispensation & Restructured accounts, Food Credit	7.73	(15.67)
Unhedged Foreign Currency Exposure	(2.58)	1.40
Income Tax	85.71	206.71
Deferred Tax	25.65	(48.74)
Total	**1,499.91**	**1,431.66**

** Includes provision related to fraud on advances amounting to ₹68.01 crore (PY ₹19.43 crore).*

7.1 Movement of Floating Provision/Counter Cyclical Buffer

(₹ in crore)

Particulars	2018-19	2017-18
Floating Provision at the beginning of the year	9.69	9.69
Floating Provision made during the year	Nil	Nil
Amount transferred to counter cyclical buffer as per RBI guidelines	Nil	Nil
Floating Provision at the end of the year	9.69	9.69

7.2 Provisions on Standard Asset

(₹ in crore)

Particulars	2018-19	2017-18
Provisions towards Standard Assets	180.66	182.74

7.3 Provision for Unhedged Foreign Currency Exposure

The Bank holds a provision of ₹ 5.36 crore towards unhedged forex exposure for its clients for the year ended March 31, 2019 (previous year ₹ 7.94 crore).

7.4 The Bank holds a provision of ₹ 7.01 crore being 15% of the outstanding food credit availed by the State Government of Punjab as at March 31, 2016. During the year ended March 31, 2019 an excess provision of ₹ 0.16 crore was written back as per RBI circular DBR(BP) No. /3992/21.04.048/2016-17 dated October 03, 2016.

8.1 Asset Liability Management

Maturity pattern of certain items of assets and liabilities (₹ in crore)

Particulars	Deposits		Gross Advances		Gross Investments		Borrowings		Foreign Currency Assets		Foreign Currency Liabilities	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
1 day	127.93	81.49	1,247.39	2,753.19	1,263.56	2,975.02	219.03	348.02	519.97	635.11	559.93	508.78
2 to 7 days	1,002.67	452.80	449.46	245.20	286.09	318.78	209.52	1,553.84	171.60	35.67	34.91	1.36
8 to 14 days	628.83	481.97	675.59	430.02	331.59	172.56	Nil	Nil	49.89	24.06	0.51	1.26
15 to 30 days	784.15	855.25	1,394.47	920.09	407.19	422.05	Nil	Nil	103.90	126.63	2.92	4.29
31 days to 2 months	1,440.77	1,524.43	3,412.22	1,259.04	807.19	692.02	Nil	Nil	177.48	136.69	7.44	175.56
More than 2 months and up to 3 months	1,389.25	2,009.52	1,605.88	1,907.83	753.34	715.92	Nil	97.76	129.53	232.18	16.96	2.48
Over 3 months to 6 months	3,713.45	2,581.80	3,472.14	3,433.68	1,590.50	1,093.25	168.63	65.18	172.48	815.87	55.58	96.60
Over 6 months to 1 year	7,953.81	6,228.71	5,347.66	5,480.20	2,764.03	2,251.37	Nil	Nil	0.88	11.94	110.44	151.11
Over 1 year to 3 years	11,353.09	9,655.58	20,154.48	19,250.49	3,326.54	3,613.02	481.16	231.53	20.80	13.38	267.80	238.77
Over 3 years to 5 years	7,431.78	6,892.23	5,069.50	4,420.26	918.14	989.13	Nil	85.35	17.40	10.20	54.90	85.16
Over 5 years	24,042.23	26,126.31	7,786.88	5,873.16	2,661.74	2,749.12	487.00	Nil	2.13	3.24	0.00	0.00
Total	**59,867.96**	**56,890.09**	**50,615.67**	**45,973.14**	**15,109.91**	**15,992.25**	**1,565.34**	**2,381.68**	**1366.06**	**2,044.97**	**1,111.39**	**1,265.37**

The above data has been compiled on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

8.2 Liquidity Coverage Ratio (LCR)

The following table sets forth, the daily average of un-weighted and weighted values for all the quarters in FY 2018-19 (₹ in crore)

	Particulars	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018		Quarter ended March 31, 2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)		11,147.08		11,823.04		10,825.57		10,054.92		10,197.33
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	40,941.83	3,923.58	40,073.22	3,839.11	40,079.44	3,843.09	38,797.53	3,714.56	36,838.77	3,521.27
(i)	Stable deposits	3,412.03	170.60	3,364.18	168.21	3,297.02	164.85	3,303.64	165.18	3,252.17	162.61
(ii)	Less stable deposits	37,529.80	3,752.98	36,709.04	3,670.90	36,782.42	3,678.24	35,493.89	3,549.38	33,586.60	3,358.66
3	Unsecured wholesale funding, of which:	5,891.79	755.93	5,599.16	698.72	5,937.92	736.53	5,962.04	727.15	6,211.62	788.22
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	5,891.79	755.93	5,599.16	698.72	5,937.92	736.53	5,962.04	727.15	6,211.62	788.22
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Secured wholesale funding		0.00		0.00		0.00		0.00		0.00
5	Additional requirements, of which	6,903.41	540.02	7,430.09	607.23	7,542.98	601.72	7,465.18	605.71	7,636.50	614.72
(i)	Outflows related to derivative exposures and other collateral requirements	65.39	65.39	84.35	84.35	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	6,838.02	474.63	7,345.74	522.88	7,542.98	601.72	7,465.18	605.71	7,636.50	614.72
6	Other contractual funding obligations	33.32	33.32	53.62	53.62	494.07	494.07	285.97	285.97	359.34	359.34
7	Other contingent funding obligations	109.45	3.28	151.13	4.53	281.01	8.43	248.34	7.45	296.65	8.90
8	**Total Cash Outflows**		**5,256.13**		**5,203.21**		**5,683.84**		**5,340.84**		**5,292.45**
Cash inflows											
9	Secured lending (e.g. reverse repos)	293.87	0.00	132.57	0.00	92.35	0.00	25.83	0.00	56.08	0.00
10	Inflows from fully performing exposures	1,135.60	782.90	923.88	658.47	1,192.17	791.45	818.89	545.99	726.81	488.75
11	Other cash inflows	71.94	71.94	89.75	89.75	0.00	0.00	0.00	0.00	0.00	0.00
12	**Total Cash Inflows**	**1,501.41**	**854.84**	**1,146.20**	**748.22**	**1,284.52**	**791.45**	**844.72**	**545.99**	**782.89**	**488.75**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**11,147.08**		**11,823.04**		**10,825.57**		**10,054.92**		**10,197.33**
14	**Total Net Cash Outflows (8-12)**		**4,401.29**		**4,454.99**		**4,892.39**		**4,794.85**		**4,803.70**
15	**Liquidity Coverage Ratio (%)**		**253.27%**		**265.39%**		**221.27%**		**209.70%**		**212.28%**

Note – LCR data has been calculated based on simple average of daily observations

8.2 Liquidity Coverage Ratio (LCR)

The following table sets forth, the daily average of un-weighted and weighted values for all the quarters in FY 2017-18 (₹ in crore)

	Particulars	Quarter ended March 31, 2018		Quarter ended December 31, 2017		Quarter ended September 30, 2017		Quarter ended June 30, 2017		Quarter ended March 31, 2017	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)		10,197.33		9,716.03		9,015.69		8,605.45		9,272.57
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	36,838.77	3,521.27	37,217.32	3,559.74	36,637.11	3,503.17	36,384.53	3,474.58	36,750.40	3,498.64
(i)	Stable deposits	3,252.17	162.61	3,239.81	161.99	3,210.79	160.54	3,277.57	163.88	3,528.04	176.40
(ii)	Less stable deposits	33,586.60	3,358.66	33,977.51	3,397.75	33,426.32	3,342.63	33,106.96	3,310.70	33,222.36	3,322.24
3	Unsecured wholesale funding, of which:	6,211.62	788.22	5,916.41	746.38	5,491.34	706.56	5,533.13	747.44	5,671.36	789.25
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	6,211.62	788.22	5,916.41	746.38	5,491.34	706.56	5,533.13	747.44	5,671.36	789.25
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Secured wholesale funding										
5	Additional requirements, of which	7,636.50	614.72	7,706.40	638.82	7,917.77	714.88	7,584.13	784.00	7,106.93	590.06
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	7,636.50	614.72	7,706.40	638.82	7,917.77	714.88	7,584.13	784.00	7,106.93	590.06
6	Other contractual funding obligations	359.34	359.34	58.36	58.36	7.69	7.69	2.74	2.74	11.17	11.17
7	Other contingent funding obligations	296.65	8.90	432.11	12.96	400.48	12.01	364.52	10.94	379.24	11.37
8	**Total Cash Outflows**		**5,292.45**		**5,016.26**		**4,944.31**		**5,019.70**		**4,900.49**
Cash Inflows											
9	Secured lending (e.g. reverse repos)	56.08	0.00	26.51	0.00	37.69	0.00	207.35	0.00	839.87	0.00
10	Inflows from fully performing exposures	726.81	488.75	659.85	392.94	757.39	472.48	622.80	373.27	1407.48	1165.28
11	Other cash inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	**Total Cash Inflows**	**782.89**	**488.75**	**686.36**	**392.94**	**795.08**	**472.48**	**830.15**	**373.27**	**2,247.35**	**1,165.28**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**10,197.33**		**9,716.03**		**9,015.69**		**8,605.45**		**9,272.57**
14	**Total Net Cash Outflows (8-12)**		**4,803.70**		**4,623.32**		**4,471.83**		**4,646.43**		**3,735.21**
15	**Liquidity Coverage Ratio (%)**		**212.28%**		**210.15%**		**201.61%**		**185.21%**		**248.25%**

Note - LCR data has been calculated based on simple average of daily observations

SCHEDULES

8.3 Qualitative disclosure around LCR

Pursuant to RBI guidelines on implementation of Basel III framework applicable to banks in India with effect from January 01, 2015, LCR promotes short term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

Objective

LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

The bank has consistently maintained LCR above 100% during FY 2018-19 as against the regulatory minimum of 90% (till December 2018) / 100% (from January 2019). The quarterly daily average LCR of the Bank for the quarter ended March 2019 is 253.27%.

Composition of HQLA

- Cash in hand
- Excess CRR balance as on that particular day
- Excess Government Securities in excess of minimum SLR requirement
- Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (Presently to the extent of 2% of NDTL as allowed for MSF)
- Facility to avail liquidity for liquidity coverage ratio at 9% of NDTL
- AAA rated bonds and AA- & above bonds and adding marketable securities representing claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%
- Common equity shares not issued by the bank/financial institution/NBFC or any of its affiliated entities and included in NSE CNX Nifty and / or S & P BSE Sensex indices.

9. Disclosure requirement as per Accounting Standards (AS)

In compliance with the guidelines issued by the RBI regarding disclosure requirements of the various Accounting Standards, the following information is disclosed:

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

For the preparation of these financial results, the bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended March 31, 2019.

9.2 Employee Benefits (AS -15)

The Bank is following AS-15 (Revised 2005) 'Employee Benefits' as under:

a. In respect of Contributory Plan, viz., Provident Fund, the Bank pays fixed contribution at pre-determined rates to a separate trust, which invests in permitted securities. The obligation of the Bank is limited to such fixed contribution.

b. In respect of Defined Benefit Plans, viz., Gratuity and Pension, provision has been made based on actuarial valuation as per the guidelines.

SCHEDULES

c. In respect of Leave Encashment, provisioning requirement has been made based on actuarial valuation.

d. As per industry settlement dated April 27, 2010, employees who have joined on or after 01.04.2010 are covered under National Pension System (NPS) regulated by Provident Fund Regulatory Development Authority (PFRDA). Employer's contribution to NPS has been recognised as expenditure in the profit and loss account.

e. The disclosure requirements as per the AS-15 are given below

Principal Actuarial Assumptions

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
Discount Rate (%)	7.78	7.71	7.79	7.71	7.78	7.71
Salary escalation rate (%)	5.50	5.50	5.50	5.50	5.50	5.50
Attrition rate (%)	0.50	1.62	0.50	2.57	0.50	1.01
Expected rate of return on Plan Assets (%)	7.78	8.26	7.79	8.85	-	-

Expenses recognized in Profit and Loss Account (₹ in crore)

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
Current Service Cost	10.26	7.44	14.46	12.78	0.84	0.74
Past Service Cost	-	22.24	-	-	-	-
Interest cost on benefit obligation	12.40	9.23	35.03	30.92	8.94	8.09
Expected return on plan assets	(13.30)	(11.52)	(40.93)	(35.77)	-	-
Net Actuarial (gain) / loss recognised in the year	0.60	8.21	108.97	25.75	9.42	3.40
Expenses recognised in the Profit and Loss Account	9.96	35.60	117.53	33.68	19.20	12.23

Changes in the present value of the defined benefit obligation (₹ in crore)

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
Present value of obligation at the beginning of the year	160.85	123.09	454.29	423.67	115.89	107.84
Current Service Cost	10.26	7.44	14.46	12.78	0.84	0.74
Past Service Cost	-	22.24	-	-	-	-
Interest Cost	12.40	9.23	35.03	30.92	8.94	8.09
Net actuarial (gain) / loss on obligation	(0.43)	7.34	92.50	17.46	9.42	3.40
Benefits Paid	(15.03)	(8.49)	(62.70)	(30.54)	(6.35)	(4.18)
Present value of the defined benefit obligation at the end of the year	168.05	160.85	533.58	454.29	128.74	115.89

SCHEDULES

Change in the fair value of plan assets (₹ in crore)

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
Fair value of plan assets at the beginning of the year	161.03	126.62	462.46	437.55	-	-
Expected Return on plan assets	13.30	11.52	40.93	35.77	-	-
Contribution by employer	9.79	32.25	109.37	27.97	6.35	4.18
Benefits Paid	(15.03)	(8.49)	(62.70)	(30.54)	(6.35)	(4.18)
Actuarial gain / (loss)	(1.03)	(0.87)	(16.47)	(8.29)	-	-
Fair value of plan assets at the end of the year	168.06	161.03	533.59	462.46	-	-

9.3 Segment Reporting: (AS-17)

A. Business Segments

For the purpose of segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale banking, Retail banking and other banking operations, in compliance with RBI guidelines. Brief description of activities of each segment and revenue attributable thereto is as under :

1. Treasury portfolio comprises of investments in Central and State Government securities, debt instruments of Banks, FIs, Insurance companies, PSUs and corporates, certificate of deposits, equity shares, mutual funds, security receipts etc. as well as forward contracts, derivatives and foreign exchange operations on proprietary account and for customers, including trading in these instruments as well as borrowing and lending operations.

   Treasury income is primarily earned through interest on investments, forex income as well as income from securities trading; expenditure includes interest on funds borrowed and other allocated overheads.

2. Corporate/ Wholesale banking is based on RBI definition and comprises of credit facilities and other banking services provided to corporate and other clients where value of individual exposure exceeds ₹ 5 crore.

   Revenue comprises of interest and fees / charges earned from such clients and expenses are those incurred on interest towards funds utilized and other allocated overheads.

3. Retail banking comprises of lending and other banking services to individuals/small business customers, other than corporate/wholesale banking customers.

   Revenue comprises of interest and fees / charges earned from such clients and expenses are those incurred on interest towards utilised and other allocated overheads.

4. Other Banking Operations includes items not included above i.e. para-banking activities like bancassurance, third party product distribution, demat services and other banking transactions and includes items like deposits in RIDF, MSME Funds etc.

   Income earned from such services and costs related thereto are reported thereunder.

B. Geographical Segment

The Bank operates only in India and hence the reporting consists only of domestic segment.

Segment information is prepared on the basis of management estimates/ assumptions and is based on internal reporting systems. Methodology adopted in compiling the above information has been relied upon by the auditors.

SCHEDULES

Part A: Business segments

(₹ in crore)

SN	Particulars	2018-19 (Audited)	2017-18 (Audited)
a	**Segment Revenue**		
	1. Treasury Operations	1,307.25	1,345.22
	2. Corporate/Wholesale Banking Operations	1,653.86	1,709.86
	3. Retail Banking Operations	3,792.50	3,526.60
	4. Other Banking Operations	24.98	17.90
	Total	**6,778.59**	**6,599.58**
b	**Segment Results**		
	1. Treasury Operations	345.90	382.84
	2. Corporate/Wholesale Banking Operations	484.84	555.14
	3. Retail Banking Operations	1,098.55	1,045.55
	4. Other Banking Operations	22.19	16.18
	Total	**1,951.48**	**1,999.71**
c	Unallocated Income/Expenses	240.69	222.39
d	Operating Profit	1,710.79	1,777.32
e	Income Taxes	111.37	157.98
f	Other Provisions	1,388.55	1,273.67
g	Exceptional Item	Nil	Nil
h	Net Profit	210.87	345.67
i	Other Information	Nil	Nil
j	**Segment Assets**		
	1. Treasury Operations	15,604.18	16,555.43
	2. Corporate/Wholesale Banking Operations	13,598.70	14,029.84
	3. Retail Banking Operations	34,982.11	30,770.30
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Assets	5,155.12	5,585.86
	Total Segment Assets	**69,340.11**	**66,941.43**
k	**Segment Liabilities**		
	1. Treasury Operations	14,462.91	16,479.82
	2. Corporate/Wholesale Banking Operations	12,260.53	12,307.40
	3. Retail Banking Operations	31,542.55	26,992.90
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Liabilities	4,651.62	4,897.12
	Total (a)	**62,917.31**	**60,677.24**
l	**Capital Employed (Segment Assets-Segment Liabilities)**		
	1. Treasury Operations	1,141.27	1547.57
	2. Corporate/Wholesale Banking Operations	1,338.17	1,311.82
	3. Retail Banking Operations	3,439.86	2,876.60
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Liabilities	503.50	528.20
	Total (b)	**6,422.80**	**6,264.19**
	Total Segment Liabilities (a+b)	**69,340.11**	**66,941.43**

SCHEDULES

Part B: Geographic segments

Geographical Segment consists only of the Domestic Segment since the Bank does not have any foreign branch.

9.4 Related Party Transactions (AS-18)

Disclosure about transactions with Key Management Personnel

Key Management Personnel	Designation	Item	Amount (₹)
Shri. B. Swaminathan (retired on Jan.19, 2019)	Chairman	Honorarium	7,20,968.00
Shri. N.S. Srinath (with effect from Mar.26, 2019)	Chairman	Honorarium	Nil
Shri. P.R. Seshadri	MD & CEO	Remuneration	1,28,98,416.00

(₹ in crore)

Items/ Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
March 31st	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Deposit	Nil	Nil	Nil	Nil	Nil	Nil	3.05 (maximum during the year 6.12)	2.51 (maximum during the year 4.32)	Nil	Nil	3.05	2.51
Placement of deposits	NIL											
Advances												
Investments												
Non-funded commitments												
Leasing/HP arrangements availed												
Leasing/HP arrangements provided												
Purchase of fixed assets												
Sale of fixed assets												
Interest paid	Nil	Nil	Nil	Nil	Nil	Nil	0.13	0.17	Nil	Nil	0.13	0.17
Interest received	NIL											
Rendering of services												
Receiving of services Management contracts												

SCHEDULES

9.5 Earnings per Share (AS-20)

(₹ in crore)

Computation of Basic EPS (before and after Extraordinary items)			
S N	**Particulars**	**2018-19**	**2017-18**
1	Net Profit (₹ in crore)	210.87	345.67
2	Weighted number of shares	79,93,10,947	72,37,78,019
3	Basic EPS (A/B) (₹)	2.64	4.78
4	Nominal Value per share (₹)	2.00	2.00
Computation of Diluted EPS (before and after Extraordinary items)			
S N	**Particulars**	**2018-19**	**2017-18**
1	Net Profit (₹ in crore)	210.87	345.67
2	Weighted number of shares (including Potential Equity Shares)	79,93,19,500	72,37,78,019
3	Diluted EPS (A/B) (₹)	2.64	4.78
4	Nominal Value per share (₹)	2.00	2.00

Note – There are no extraordinary items recognised in the profit and loss account during FY 2018-19 and FY 2017-18; accordingly, EPS is disclosed as above.

9.6 Accounting for Taxes on Income (AS-22)

The Bank has recognized Deferred Tax Asset / Liability (DTA/DTL) and has accounted for the Net Deferred Tax as on March 31, 2019. Major components of Deferred Tax Assets and Deferred Tax Liabilities are as under:

Deferred Tax Liabilities

(₹ in crore)

Particulars	**2018-19**	**2017-18**
1. Depreciation on Fixed Asset	17.70	19.04
2. Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961	111.82	102.09
TOTAL	**129.52**	**121.13**

Deferred Tax Assets

(₹ in crore)

Particulars	**2018-19**	**2017-18**
1. Provision for leave encashment	44.99	44.26
2. Provision for Bad and doubtful debts	22.41	36.24
3. Others	19.63	23.80
TOTAL	**87.03**	**104.30**

Note : The provision for Income Tax has been worked based on the Income Computation and Disclosures Standards (ICDS).

9.7 Impairment of Assets (AS - 28)

In the opinion of the Management, there is no impairment of its Fixed Asset to any material extent as at March 31,2019 requiring recognition in terms of Accounting Standard 28.

9.8 Description of Contingent Liabilities.

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

SCHEDULES

b) Liability on account of forward exchange and derivative contracts

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank counterparties and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference. The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favorable (assets) or unfavorable (liabilities).

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the bank is contingently liable

Includes Capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF). (Refer schedule 12 for amounts relating to contingent liability.)

10. ADDITIONAL DISCLOSURES

10.1 Disclosure of Complaints

(a) Customer Complaints (including ATM transaction complaints) as on 31.03.2019

Particulars	2018-19	2017-18
No. of complaints pending at the beginning of the year	39	52
No. of complaints received during the year #	59,110	84,105
No. of complaints redressed #	59,107	84,118
No. of complaints pending at the end of the year	42	39

 # Includes ATM failed transactions complaints received and redressed of 58,414 during FY 2018-19 (Previous Year 83,376 complaints).

(b) Awards passed by Banking Ombudsman

Particulars	2018-19	2017-18
1. No. of unimplemented awards at the beginning of the year	Nil	Nil
2. No. of awards passed by Banking Ombudsman during the year		
3. No. of awards implemented during the year		
4. No. of unimplemented awards at the end of the year		

Note: The above data has been compiled on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

SCHEDULES

10.2 Disclosure of Letter of Comfort (LOCs)

The amount of Letter of Comfort issued during the year 2018-19 was Nil (Previous year ₹3,875.39 crore) and outstanding as on March 31, 2019 was Nil (Previous year ₹ 1,180.45 crore).

10.3 Bancassurance Business

The bank has received an amount of ₹ 22.52 crore (Life Insurance ₹ 16.48 crore and Non-Life Insurance ₹ 6.04 crore) towards fee/remuneration in respect of the bancassurance business undertaken during FY 2018-19. [Previous year ₹ 15.60 crore (Life Insurance ₹ 10.93 crore and Non-Life Insurance ₹ 4.67 crore)]

10.4 Transfers to Depositor Education and Awareness Fund (DEAF) :

As per RBI guidelines, the credit balance in accounts which have not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for a period exceeding ten years is transferred to DEAF as per details given below.

(₹ in crore)

Particulars	2018-19	2017-18
Opening balance of amounts transferred to DEAF	98.56	83.60
Add : Amounts transferred to DEAF during the year	15.84	16.22
Less : Amounts reimbursed by DEAF towards claims	2.30	1.26
Closing balance of amounts transferred to DEAF	112.10	98.56

10.5 Disclosure on Priority Sector Lending Certificates sold/purchased during the year

(₹ in crore)

Particulars	2018-19	2017-18
PSLC purchased during the year		
(I) PSLC – Agriculture	Nil	Nil
(II) PSLC- SF/MF	300.00	
(III) PSLC- Micro Finance	Nil	
(IV) PSLC- General	Nil	
Total	**300.00**	
PSLC sold during the year		
(I) PSLC – Agriculture	Nil	Nil
(II) PSLC- SF/MF	500.00	500.00
(III) PSLC- Micro Finance	200.00	Nil
(IV) PSLC- General	1,300.00	300.00
Total	**2,000.00**	**800.00**

10.6 Disclosure on Provisioning relating to frauds

(₹ in crore)

SN	Particulars	2018-19	2017-18
A	Number of Frauds reported during the year	51	14
B	Amount involved in fraud net of recoveries / interest reversal on NPA	73.25	19.43
C	Provisions made during the year	73.25	19.43
D	Quantum of un amortised provision debited from 'Other Reserves' at the end of the year	Nil	Nil

SCHEDULES

10.7 Disclosure of Remuneration

Qualitative Disclosure

a) Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC):

The Nomination & Remuneration Committee (NRC) of the Board consists of four Directors, majority being Independent Directors. The Composition complies with RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR').

The mandate of Nomination and Remuneration Committee includes:

a) To formulate criteria for determining qualifications, positive attributes and independence of a director, in terms of fit and proper criteria issued by the RBI.

b) To devise a policy on Board Diversity;

c) To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.

d) To recommend persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

e) To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy.

f) To also review and recommend to the board, all remuneration, in whatever form, payable to Directors & senior management.

g) To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines;

h) To provide inputs to Board for making disclosures regarding policies, appointments, remuneration etc. of Directors and Senior Management personnel in the Annual Reports/ Directors Reports/Financial Statements etc. as may be required by the regulations from time to time.

i) To perform any other functions or duties as stipulated by the Companies Act, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

The Bank has Board approved Compensation Policy in terms of the RBI guidelines. NRC shall work in close co-ordination with the Risk Management and Asset Liability Management Committee of the Board in order to achieve effective alignment between remuneration and risks.

The Compensation Policy of the Bank covers the compensation payable to all the employees including the Part-time (Non-Executive) Chairman, MD&CEO/ WTD, Key Managerial Personnel and Senior Management as per the guidelines of RBI. NRC will review the policy from time to time.

As the Bank is a party to the Bi-partite settlements at all India level in respect of workmen cadre employees and Officer Employees for the payment of salary and other emoluments, the Bank follows the emoluments / compensation as arrived at in each Bi-partite settlement. Currently bank has given its mandate to Bi-partite settlement at all India level that all employees up to the Scale III cadre would be subjected to such emoluments / compensation structure. Presently Bank is following the emoluments / compensation structure as arrived at the Bi-partite settlements from Scale IV to VII cadres. Taking into account

the said Bi-partite salary structure, the policy excludes all risk takers who are under contract of employment. Compensation for employees appointed under CTC basis is determined based on the industry standards, the exposure, skill sets, talent and qualification attained. Bank shall ensure that the salary package payable to them shall be in line with RBI guidelines.

Objective of the Compensation policy is to align the compensation with prudent risk taking;

- Compensation must be adjusted for all types of risks
- Compensation outcomes must be symmetric with risk outcomes
- Compensation pay-out schedules must be sensitive to the time horizon of risks
- The proportion of cash, equity and other forms of compensation must be consistent with risk alignment.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

Compensation Policy adopted by the Bank address the issues pertaining to current and future risks. Risk measures in the policy are reviewed on timely basis and are updated to suit the skill gaps and current day needs. A wide variety of measures of credit, market and liquidity risks are used by the bank in implementation of risk adjustment. This risk adjustment has both quantitative and qualitative elements. The Policy effectively aligns the compensation with prudent risk taking and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

Bank being a party to IBA settlement all emoluments / compensation are as arrived in IBA structure. Further Bank also has (Cost to Company) CTC structure for which a comprehensive framework has been adopted. Bank also recognises long term incentives in the form of ESOPS. The remuneration system strives to maintain the ability to attract, retain, reward and motivate the talent in order to enable the Bank to attain its strategic objectives.

Board of Directors of the Bank through its NRC shall exercise oversight & effective governance over the framing and implementing the Compensation policy.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Bank would ensure that the compensation is adjusted to all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Bank follows a performance-based remuneration, which motivates and rewards high performers who strengthen long-term customer relations, and generate income and shareholder value.

The Bank while designing the compensation structure ensures that there is a proper balance between fixed pay and variable pay. The variable pay could be in cash, stock linked instruments or a mix of both, However Employees Stock Option shall not form part of the total compensation as per the policy adopted in line with the RBI Guidelines. Bank ensures that variable pay shall relate to the performance of the Bank.

While fixing the Variable Pay, performance parameters under financial and non-financial areas of operations are assessed. The financial performance of the bank is factored while determining the amount of variable remuneration to be paid. The Bank's compensation policy stipulates that Variable pay shall not exceed 40% of the fixed pay in any year.

In the event of negative growth of the bank and or the relevant line of business in any year, the deferred compensation shall be subjected to malus and claw back arrangements in tune with the RBI guidelines.

e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

As per the Compensation Policy, variable pay is eligible on the achievement of certain business/compliance targets fixed by the management. Compensation policy of the Bank prescribes the maximum variable pay, which shall not exceed 40 per cent of the fixed pay. In terms of the RBI extant guidelines, the variable pay is fixed to 70 per cent of the fixed pay and

deferral arrangement for payment of variable pay is necessitated where such proposed variable pay exceeds substantial portion of the fixed pay, i.e. 50% or more. However, as the variable pay limit fixed by the Bank is less than the threshold limit for having the deferral arrangement of variable remuneration. Hence, the criteria for adjusting deferred remuneration do not arise to the Bank.

f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:

The Bank ensures that the compensation structure is comprehensive and considers both, qualitative and quantitative performance measures. Bank uses an optimum mix of cash, non-cash, ESOPS to decide the compensation of all employees. Variable pay is purely based on performance and is measured through score cards.

Bank subscribes to different forms of variable pay such as performance linked incentives, Ex-gratia for other employees, non–cash incentives, Bonus, any other incentives by whatever name called having the similar features.

Bank has Employees Stock Option Scheme or Plan i.e. ESOS or ESOP. NRC may grant stock options under the Employees Stock Options Plan/Scheme from time to time in terms of SEBI (Share Based Employee Benefits) Regulations, 2015. Such Stock Options will be excluded from the components of variable pay.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions).

Bank shall not provide any facility or funds or permit to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

Quantitative Disclosures:

Particulars	2018-19	2017-18
a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	5 Meetings and remuneration of ₹ 3.80 lakh	5 Meetings and remuneration of ₹ 4.80 lakh
b) Number of employees having received a variable remuneration award during the financial year	Nil	Nil
c) Number and total amount of sign-on awards made during the financial year		
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus		
e) Details of severance pay, in addition to accrued benefits, if any		
f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms		
g) Total amount of deferred remuneration paid out in the financial year		
h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred		
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments		
j) Total amount of reductions during the financial year due to ex-post explicit adjustments		
k) Total amount of reductions during the financial year due to ex-post implicit adjustments		

SCHEDULES

10.8 Stock options

Bank has granted 7,25,000 Stock Options to its Senior Management & other employees under KVB ESOS 2011 and ESOS 2018 Schemes. Further Nomination and Remuneration Committee granted 10,00,000 stock options under KVB ESOS 2018 to MD&CEO subject to the approval of RBI and the same was not acceded by the Reserve Bank of India. A sum of ₹ 0.29 crore has been provided as Employee Compensation Cost being the proportionate accounting value in respect of stock option.

10.9 Disclosure on Investor Education and Protection Fund

As per the Companies Act 2013, dividend unclaimed (including respective shares) for more than seven years from the date of declaration is to be transferred to Investor Education and Protection Fund. In compliance with the above provisions, the unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund (IEPF) during the year ended March 31, 2019 has been transferred without any delay.

10.10 The Bank has deposited an amount of ₹ 387.94 crore towards disputed tax liability. In the opinion of the Bank, no provision is considered necessary based on favourable decisions by various courts.

10.11 Basel III disclosures

In accordance with RBI circular DBOD. No. BPBC.1/21.06.201/2015-16 dated 01.07.2015, read together with RBI circular DBR. No.BP.BC.80/21.06.201/2014-15 dated 31.03.2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, Pillar 3 disclosures under Basel III capital regulations have been made available on the Bank's website at the following link - http://www.kvb.co.in/footer/pillarIII_disclosures.html. These disclosures have not been subjected to audit by the Statutory Central Auditors.

10.12 Corporate Social Responsibility (CSR)

The bank has incurred an expenditure of ₹1.99 crore and has provided ₹ 13.39 crore towards CSR, after carrying out the process of identifying various projects and its appropriateness for spending (Previous year ₹ 3.70 crore).

10.13 Inter-branch transactions

Inter Branch/Office accounts reconciliation has been completed upto March 31, 2019 and all the inter branch entries have been reconciled upto March 31, 2019.

10.14 Balancing of books

The books of accounts have been balanced and tallied in all branches of the Bank as on March 31, 2019.

10.15 Disclosure of penalties imposed by RBI

During the year RBI has levied the following penalties –

1. ₹4,11,300/- emanating out of deficiencies found while processing the notes remitted by our currency chests.
2. ₹ Five crore and ₹ One crore for non-compliance of IRAC norms, need for discipline at time of opening current accounts and directions issued on time bound implementation and strengthening of SWIFT related controls.

10.16 Status with regard to Ind AS Implementation

As per RBI notification DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016, the progress, status and strategy for Ind AS implementation is given below :

The Bank has formed a Steering Committee for implementation of Ind AS. Bank has engaged a consultant to assist in the preparation of proforma Ind AS financial statements as well as process changes required for implementation of Ind AS. The

SCHEDULES

analysis of current accounting framework, policies, data extraction, documentation etc. have been undertaken and are being continuously updated as a part of this process. Further, discussions have also been held with vendors to identify an appropriate solution to handle the IndAS measurement, accounting and reporting requirements. These activities will be continued during the year 2019-20, in view of RBI directives on extension in time lines for implementation of IndAS by Banks. As a prudential safeguard, Bank has taken various measures in preparation of migration to IndAS standards, including increasing CRAR so as to meet the capital requirements, if any, which may arise on migration. During the year 2018-19, Bank has prepared and submitted proforma IndAS statements on quarterly basis, including the opening proforma IndAS financial statements as on 1st April 2018, in compliance of RBI instructions.

11. Figures of the previous year have been regrouped/rearranged/reclassified wherever necessary

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N. S. SRINATH
CHAIRMAN

P.R.SESHADRI
MD & CEO

Dr. V.G. MOHAN PRASAD
DIRECTOR

M.K. VENKATESAN
DIRECTOR

A.K. PRABURAJ
DIRECTOR

CA K.L. VIJAYALAKSHMI
DIRECTOR

M.V. SRINIVASAMOORTHI
DIRECTOR

Dr. K.S. RAVICHANDRAN
DIRECTOR

R. RAMKUMAR
DIRECTOR

SRIRAM RAJAN
ADDITIONAL DIRECTOR

J. NATARAJAN
PRESIDENT & COO

T. SIVARAMA PRASAD
GENERAL MANAGER & CFO

M. SRINIVASA RAO
COMPANY SECRETARY

As per our report of even date
For **Walker Chandiok & Co. LLP,**
Chartered Accountants
Firm Regn. No: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Karur
Date : May 15th 2019

Karur Vysya Bank
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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

(000's omitted)

	Particulars	Year Ended 31.03.2019 (Audited) ₹	Year Ended 31.03.2018 (Audited) ₹
Cash Flow from Operating Activities			
	Net Profit as per Profit and Loss account	**210 86 74**	345 67 22
Adjustments for			
1	Depreciation for the year	**101 21 66**	85 24 60
2	Interest Paid on Tier II Bond issued	**17 97 88**	14 79 00
3	Provisions and Contingencies	**3 83 55**	160 73 84
4	Provision for Taxes	**111 36 88**	157 98 09
5	Provision for depreciation on Investment	**17 35 41**	63 36 71
6	Provision for Standard Assets	**(2 07 59)**	(2 74 37)
7	Provision for Bad and doubtful debts	**1317 73 56**	1024 62 63
8	Provision for non performing Investments	**51 69 63**	27 68 43
9	Provision for Leave Encashment	**19 21 00**	12 25 00
10	Amortization of premium paid on HTM securities	**(1 50 58)**	15 66 17
11	Provision for ESOP	**28 88**	Nil
12	(Profit) on sale of investments	**(70 47 80)**	(101 07 61)
13	(Profit) on sale of assets	**(1 25 38)**	(51 93)
	Operating Profit before Working Capital changes	**1776 23 84**	1803 67 78
Changes in Working Capital			
1	(Increase) / Decrease in Investments	**879 11 65**	(975 93 49)
2	(Increase) / Decrease in Advances	**(5090 83 35)**	(4905 83 61)
3	(Increase) / Decrease in Other Assets	**(8 38 36)**	(228 67 38)
4	Increase / (Decrease) in Deposits	**2977 86 13**	3190 27 93
5	Increase / (Decrease) in Borrowings	**(828 64 69)**	698 33 65
6	Increase / (Decrease) in Other operating liabilities	**64 66 23**	68 63 70
	Cash Flow from Operating activities before Tax	**(229 98 55)**	(349 51 42)
1	Direct Taxes paid	**(200 00 00)**	(200 00 00)
	Net Cash used in Operating activities	**(429 98 55)**	(549 51 42)

(000's omitted)

Particulars		Year Ended 31.03.2019 (Audited) ₹	31.03.2018 (Audited) ₹
Cash Flow from Investing Activities			
1	Purchase of Fixed Assets	**(156 01 10)**	(174 86 36)
2	Profit on sale of investments HTM securities	**45 43 93**	24 57 50
3	Sale of fixed assets / other assets	**1 25 38**	(19 44 64)
	Net Cash used in Investing Activities	**(109 31 79)**	(169 73 50)
Cash Flow from Financing Activities			
1	Proceeds from Share Capital	**15**	23 46 34
2	Proceeds from Share Premium (net of share issue expenses)	**2 03**	864 96 28
3	Interest paid on Tier II Bond issued	**(17 97 88)**	(14 79 00)
4	Dividend paid (including Dividend Distribution Tax)	**(54 91 32)**	(190 25 97)
	Net Cash used in Financing Activities	**(72 87 02)**	683 37 65
1	Cash Flow used in Operating Activities	**(429 98 55)**	(549 51 42)
2	Cash Flow used in Investing Activities	**(109 31 79)**	(169 73 50)
3	Cash Flow used in Financing Activities	**(72 87 02)**	683 37 65
	Net Decrease in Cash & Cash Equivalents	**(612 17 36)**	(35 87 27)
	Cash and Cash Equivalents at the beginning of the year	**4309 21 91**	4345 09 18
	Cash and Cash Equivalents at the end of the year	**3697 04 55**	4309 21 91
The above Cash Flow Statement is followed based on indirect method.			

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As per our report of even date
For **Walker Chandiok & Co. LLP,**
Chartered Accountants
Firm Regn. No: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place : Karur
Date : 15th May 2019

Karur Vysya Bank
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BASEL III – PILLAR 3 DISCLOSURES

BASEL PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2019)

1. SCOPE OF APPLICATION (DF 1)

Karur Vysya Bank Limited is a Scheduled Commercial Bank which was incorporated on June 22, 1916 at Karur. As on 31.03.2019, the Bank does not have any subsidiaries.

2. CAPITAL ADEQUACY AND CAPITAL STRUCTURE (DF 2)

Under Basel III banks are required to maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than Capital Conservation Buffer (CCB), Counter Cyclical Capital Buffer (CCCB) etc.). Banks are required to maintain CCB of 1.875% for the year ended 31.03.2019.

Capital funds are classified into Tier-I and Tier-II capital under the capital adequacy framework.

Tier-I Capital:

The Bank's Tier I capital shall consist of Common Equity Tier I (CET 1) and admissible Additional Tier I (AT 1) capital. CET 1 capital must be at least 5.5% of risk-weighted assets (RWAs) i.e. for Credit risk + Market risk + Operational risk on an ongoing basis and AT 1 capital can be a maximum of 1.5%, thus making total Tier I capital to be at least 7%.

In addition to the minimum CET 1 capital of 5.5% of RWAs, banks are also required to maintain CCB in the form of CET 1 capital, progressively from Financial Year 2015-16, to reach a level of 2.5% of RWAs, by 31.03.2020.

Tier I capital includes paid-up equity capital, share premium, statutory reserves, capital reserves, other disclosed free reserves and balance in Profit and Loss account at the end of the previous financial year. Profits in current financial year may be included in Tier I on fulfillment of certain conditions regarding incremental provisions for non-performing assets.

Equity Capital

The Bank has authorized share capital of ₹ 200 crore comprising of 100,00,00,000 equity shares of ₹ 2/- each. As on 31.03.2019 the Bank has Issued, Subscribed and Paid-up capital of ₹ 1599 million constituting 79,93,10,947 shares of ₹ 2/- each.

Tier II Capital:

The Bank's Tier II capital includes provisions for standard assets and debt instruments (Tier II bonds) eligible for inclusion in Tier II capital.

Provisions or loan-loss reserves held against future, presently unidentified losses, which are freely available to meet losses which subsequently materialize, will qualify for inclusion within Tier II capital. Tier II capital will also include debt capital instruments issued by banks and premium, if any, and Revaluation Reserves.

Tier II bonds

Details of subordinated debt instruments issued by the Bank and outstanding as on 31.03.2019 is as under :

(₹ in million)

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenor (in Months)	Amount as on 31.03.2019
I	September 25, 2009	9.86	120	1,500.00
2	March 12, 2019	11.95	123	4,870.00

Karur Vysya Bank
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BASEL III – PILLAR 3 DISCLOSURES

Composition of Capital – Tier I and Tier II:

(₹ in million)

1. Tier I capital	
1.1 Paid-up share capital	1,599
1.2 Reserves	61,213
1.3 Gross Tier I capital (1.1 + 1.2)	**62,811**
1.4 Deductions	365
1.5 Total Tier I capital (1.3 - 1.4)	**62,446**
2. Tier II capital	
2.1 Subordinated Debt	6,370
2.2 General Provisions and Revaluation Reserves	1,807
2.3 Investment Reserve & Investment Fluctuation Reserves	838
2.4 Gross Tier II capital (2.1 + 2.2+2.3)	**9,015**
2.5 Deductions	1,500
2.6 Total Tier II capital (2.4 - 2.5)	**7,515**
3. Debt capital instruments eligible for inclusion in Basel III Tier II capital	
3.1 Total amount outstanding	4,870
3.2 Of which amount raised during the current year	4,870
3.3 Amount eligible to be reckoned as capital funds	4,870
4. Subordinated debt eligible for inclusion in Lower Tier II capital	
4.1 Total amount outstanding	-
4.2 Of which amount raised during the current year	-
4.3 Amount eligible to be reckoned as capital funds	-
5. Other deductions from capital	
5.1 Other deductions from capital	-
6. Total eligible capital	
6.1 Total eligible capital (1.5 + 2.6)	**69,961**

2.1 CAPITAL ADEQUACY ASSESSMENT PROCESS

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process ensures that the Bank has adequate capital to support all the material risks and an appropriate capital cushion. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through robust risk management framework, control mechanism and an elaborate process for capital calculation and planning.

The Bank has formalized and implemented a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). The Bank's ICAAP covers the process for assessment of the adequacy of capital to support current and projected business levels / risks.

The Bank has a structured process for the identification and evaluation of all risks that the Bank faces, which may have a material impact on its financial position. The Bank considers the following risks as material risks it is exposed to in the normal course of its business and therefore, factors these while assessing / planning capital:

1.	Credit Risk
2.	Market Risk
3.	Operational Risk
4.	Liquidity Risk
5.	Interest Rate Risk in the Banking Book
6.	Concentration Risk
7.	Strategic Risk
8.	Reputational Risk

The Bank has also implemented a Board approved Stress Testing policy. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible ("stressed") business conditions. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on the Bank's on and off balance sheet exposures to test the impact of Credit risk, Market risk, Liquidity risk and Interest Rate Risk in the Banking book (IRRBB). The stress test results are put up to the Risk Management Committee (RMC) of the Board for their review and guidance. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture

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BASEL III – PILLAR 3 DISCLOSURES

material risks as well as reflect possible extreme market moves that could arise as a result of market conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013.

In accordance with the RBI's requirement, the Bank has continued to adopt Standardized Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on 31.03.2019. Besides this, the Bank continues to apply the Standardized Duration Approach (SDA) for computing capital requirement for Market Risk. RBI has prescribed banks to maintain a minimum CRAR of 10.875% with regard to credit risk, market risk and operational risk.

2.2 CAPITAL ADEQUACY AS ON 31.03.2019

The total Capital to Risk Weighted Assets Ratio (CRAR) as per Basel III guidelines works to 16.00% as on 31.03.2019 (as against minimum regulatory requirement of 10.875%). The Tier I CRAR stands at 14.28%. The Bank has followed the RBI guidelines in force to arrive at the eligible capital, risk weighted assets and CRAR.

Capital requirements for Credit Risk, Market Risk and Operational Risk:

(₹ in million)

1. Capital requirement for Credit Risk	
- Portfolio subject to Standardized Approach	**40,121**
- Securitization exposures	
2. Capital requirement for Market Risk	
Standardized Duration Approach	**1,789**
• Interest Rate Risk	1,011
• Foreign Exchange Risk (Including gold)	49
• Equity Risk	729
3. Capital requirement for Operational Risk	
Basic Indicator Approach	**5,629**
Total capital requirements at 10.875% (1 + 2 + 3)	**47,539**
Total capital	**69,961**
CRAR %	16.00%
Tier-I CRAR %	14.28%
CET 1 %	14.28%

3. RISK EXPOSURE AND ASSESSMENT

The Bank is exposed to various types of risk such as Credit, Market, Operational, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. The Bank has separate and independent Risk Management Department in place which oversees the management of all types of risks in an integrated fashion.

The objective of risk management is to have optimum balance between risk and return. It entails the identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through framework defined in policies approved by the Board of Directors and supported by an independent risk management function which monitors and takes corrective action so that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities through quantitative or qualitative examination of the embedded risks in various activities. The Bank continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements keeping in view the business objectives.

The Board of Directors (BOD) approves the strategies and policies for Risk Management, based on recommendations of the Risk Management Committee (RMC) of the Board set up to focus upon risk management issues. The Risk Management Committee of the Board reviews various aspects of risk arising from the businesses undertaken by the Bank. Operating level risk committees comprising of senior management viz. Asset Liability Management Committee (ALCO), the Operational Risk Management Committee (ORMC), Market Risk Management Committee (MRMC) and the Credit Risk Management Committee (CRMC) oversee specific risk areas. These committees in turn provide inputs for review by the Risk Management Committee (RMC) of the Board.

3.1 Risk Management Committee (RMC) of the Board:

The Risk Management Committee of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and policies, as well as adherence to prescribed tolerance limits etc. The RMC oversees the functioning of Executive level Committees for risk management.

BASEL III – PILLAR 3 DISCLOSURES

3.2 Executive Level Committees:

At Executive Management level, the organizational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

S. No.	Executive Level	Committee Focus Area	Chairman
1	Asset Liability Management Committee (ALCO)	All aspects of Asset Liability Management, Monitoring & Control, Interest rate review etc.	Chief Operating Officer
2	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk Management, Monitoring & Control	MD & CEO
3	Market Risk Management Committee (MRMC)	All aspects of Market Risk Management, Monitoring & Control.	Chief Operating Officer
4	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring & Control.	Chief Operating Officer

4. CREDIT RISK (DF 3)

4.1 Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and Provisioning (IRAC) norms.

4.1.1. Credit Risk Management

Credit Risk Management Committee (CRMC) headed by MD & CEO is the top-level functional committee for managing credit risk. The committee is responsible for implementation of Credit Policy approved by the Bank's Board. The committee considers and takes decision necessary to manage and control credit risk within the overall quantitative prudential limits approved by the Bank's Board. The Committee is entrusted with the responsibilities to formulate standards for presentation of credit proposals, financial covenants, rating standards and benchmarks.

The Bank has adopted an integrated approach to credit risk management, which encompasses:

- Establishment and articulation of corporate priorities
- Institution and inculcation of an appropriate credit culture
- Determination of specific credit risk strategy and profile
- Implementation of appropriate credit risk controls
- Monitoring the effectiveness of credit risk controls

The Bank has implemented the Standardized approach for regulatory capital measurement for credit risk.

4.1.2. Credit Risk Strategy and Risk Profile:

The bank has adopted a credit risk strategy and risk appetite, which is in line with its risk taking ability to ensure conservation and growth of shareholder funds, with a proper balance between risk and reward. Financial resources are allocated to optimize the risk reward ratio.

There is a clearly articulated definition of acceptable credit risk, based upon:

- Identification of target markets/segments
- Establishing of characteristics of desirable customers within the target market
- Assessing whether adequate resources are available to support the business
- Ensuring that all legal and regulatory requirements are complied with
- Ensuring that the portfolio is consistent with the Bank's strategy and objectives especially in relation to risk concentration, maturity profile and liquidity management

4.1.3 Credit Risk Controls:

Credit risk controls focus on identification, measuring, monitoring and managing the assumed risks and include:

- A documented credit policy and credit risk rating policy
- Approval process with delegated authorities
- Asset quality and risk rating system and its verification
- Effective loan disbursement mechanism to minimize the legal risk
- Effective loan administration to ensure past-due management and bad loan detection
- A loan review mechanism
- Portfolio management tools to manage portfolio risks

Management of credit risk is at three levels:

- Strategic or Portfolio level, so as to ensure that no single event can have a significant adverse impact.

BASEL III – PILLAR 3 DISCLOSURES

- Established credit policy to have a minimum standard for assuming risk
- Reliance on the competence of trained staff to make sound credit decisions

The Bank relies upon formal and conventional credit risk assessment, viz.:

- The ability and willingness of borrowers to repay.
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment.
- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs.
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'.
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision.
- Documentation of all assessment, rationale and decisions.
- Know Your Customers 'KYC' forms the bedrock of initiating and sustaining any relationship.

4.2 Total gross credit risk exposure:

(₹ in million)

Category Domestic	Amount
Fund based	555,145
Non fund based	45,043
Total	**600,188**

Note:

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, investments in shares and bonds etc., deposits placed with NABARD, SIDBI & NHB, Fixed and Other assets.
2. Non-fund based exposure includes outstanding Letter of Credit, Acceptances and Bank Guarantee exposures.

   Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). The sanctioned limits or outstanding, whichever is higher, is reckoned for arriving at the exposure limit. In case of fully drawn term loans (i.e. where there is no scope for further drawal of any portion of the sanctioned limit), the outstanding is treated as the exposure.

4.3 Geographical Distribution of Credit:

(₹ in million)

STATE	FUND BASED	STATE	FUND BASED
ANDHRA PRADESH	73,556	CHANDIGARH	681
BIHAR	17	DELHI	19,127
CHHATTISGARH	270	GUJARAT	15,065
GOA	375	JHARKHAND	275
HARYANA	3,789	KERALA	7,872
KARNATAKA	31,082	MAHARASHTRA	36,747
MADHYA PRADESH	3,342	PONDICHERRY	3,999
ORISSA	1,600	RAJASTHAN	548
PUNJAB	1,590	TELANGANA	39,756
TAMILNADU	251,207	UTTARAKHAND	38
UTTAR PRADESH	2,888		
WEST BENGAL	12,333	**TOTAL**	**506,157**

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BASEL III – PILLAR 3 DISCLOSURES

4.4 Industry wise distributions of exposures

(₹ in million)

Industry	Fund Based	Non-Fund Based
MINING & QUARRYING	2,694	529
FOOD PROCESSING	8,638	1,657
BEVERAGES & TOBACCO	1,910	96
TEXTILES	42,746	829
LEATHER AND LEATHER PRODUCTS	450	8
WOOD AND WOOD PRODUCTS	4,767	3,674
PAPER AND PAPER PRODUCTS	3508	200
PETROLEUM	458	6
CHEMICALS AND CHEMICAL PRODUCTS	5,057	804
RUBBER, PLASTIC AND THEIR PRODUCTS	5,710	221
GLASS & GLASSWARE	361	4
CEMENT & CEMENT PRODUCTS	2,464	116
BASIC METAL AND METAL PRODUCTS	8,374	1,733
ALL ENGINEERING	5,195	1,179
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	4,382	126
GEMS AND JEWELLERY	6,289	3,226
CONSTRUCTION	4,594	4,233
INFRASTRUCTURE	19,656	4,687
OTHER INDUSTRIES	4,365	129
OTHERS	374,539	21,586
TOTAL	**506,157**	**45,043**

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BASEL III – PILLAR 3 DISCLOSURES

4.5 Exposure to Industries in excess of 5% of total exposure

(₹ in million)

Industry	Fund based Facilities	Non-Fund based Facilities
TEXTILES	42,746	829
Total	**42,746**	**829**

4.6 Residual contractual maturity breakdown of assets*

(₹ in million)

	Cash	Bal. with RBI	Bal. with other banks	Investments	Advances *(Performing)*	Gross NPA + NPI	Fixed Assets	Other Assets	Total
Day 1	5,415	466	7,137	12,735	12,474	-	-	2,799	41,025
2-7 Days	-	521	400	2,859	4,495	-	-	350	8,624
8-14 Days	-	326	-	3,314	6,756	-	-	350	10,746
15-30 Days	-	782	-	4,069	13,945	-	-	-	18,795
31 Days & upto 2 Months	-	1,202	-	8,067	34,122	-	-	-	43,391
Over 2 Months & upto 3 Months	-	1,239	-	7,528	16,059	-	-	-	24,826
Over 3 Months & upto 6 Months	-	2,841	-	15,893	34,721	-	-	-	53,456
Over 6 Months & upto 1 Year	-	5,416	-	27,617	53,476	-	-	-	86,510
Over 1 Year & upto 3 years	-	4,738	40	33,246	201,545	-	-	-	239,568
Over 3 Years & upto 5 years	-	1,482	-	9,175	34,127	16,568	-	-	61,352
Over 5 Years	-	4,920	-	25,224	49,941	29,301	5,830	9,417	124,632
Total	**5,415**	**23,933**	**7,577**	**149,727**	**461,661**	**45,869**	**5,830**	**12,916**	

** As per ALM Guidelines*

4.7 Non Performing Advances and Provisions

(₹ in million)

Particulars	Amount
a) Gross NPA	
i. Substandard	16,568
ii. Doubtful 1	14,033
iii. Doubtful 2	10,606
iv. Doubtful 3	728
v. Loss	2,561
Total	44,496
b) Net NPA	24,203
c) NPA Ratios	
i. Gross NPAs to Gross Advances (%)	8.79
ii. Net NPAs to Net Advances (%)	4.98
d) Movement of NPA (Gross)	
i. Opening balance 01.04.2018	30,158
ii. Additions during the year	23,429
iii. Reductions during the year	9,091
iv. Closing balance 31.03.2019	44,496

Particulars			Amount	
e)	Movement of provisions for NPA		Specific Provision	General Provision
	i.	Opening balance as on 01.04.2018	10,909	-
	ii.	Provision made during the year	14,061	-
	iii.	Write-off / write-back of excess provisions	5,358	-
	iv.	Closing balance 31.03.2019	19,612	-
f)	Write Offs / Recoveries that have been booked directly to the income statement			
	i.	Write Offs that have been booked directly to the income statement		-
	ii.	Recoveries that have been booked directly to the income statement		701
g)	Amount of Non-Performing Investments			1,373
h)	Amount of provisions held for non-performing investments			1,019
i)	Movement of depreciation on investments			
	i.	Opening balance as on 01.04.2018		1,357
	ii.	Add - Provision made during the year		1,281
	iii.	Less - Write-off / write-back of excess provision during the year (including depreciation utilized on the sale of securities)		1,107
	iv.	Closing balance as on 31.03.2019		1,531

4.7.1 Major Industry break up of NPA (₹ in million)

Industry	Gross NPA	Specific Provision	Write Off during the current period
MINING & QUARRYING	1	-	-
FOOD PROCESSING	4,404	2,742	-
BEVERAGES & TOBACCO (EXCLUDING TEA & COFFEE)	292	47	7
TEXTILES	1,808	879	1,404
LEATHER AND LEATHER PRODUCTS	89	29	-
WOOD AND WOOD PRODUCTS	1,239	216	-
PAPER AND PAPER PRODUCTS	89	24	-
PETROLEUM	21	3	-
CHEMICALS AND CHEMICAL PRODUCTS	441	169	2
RUBBER, PLASTIC AND THEIR PRODUCTS	2,420	614	-
CEMENT & CEMENT PRODUCTS	903	389	45
BASIC METAL AND METAL PRODUCTS	1,476	627	2,854
ALL ENGINEERING	300	115	-
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	3,105	2,126	-
GEMS AND JEWELLERY	85	13	-
CONSTRUCTION	177	107	-
INFRASTRUCTURE	9,500	4,063	1
OTHER INDUSTRIES	222	60	2
TOTAL	**26,572**	**12,223**	**4,315**

4.7.2 Geography wise distribution of NPA and Provision

(₹ in million)

Geography	Gross NPA	Specific Provision
Domestic	44,496	19,612
Overseas	-	-
Total	**44,496**	**19,612**

5. CREDIT RISK: Disclosures for portfolio subject to the Standardized Approach (DF 4)

5(a). The Bank has used the ratings of the following domestic external credit rating agencies for the purpose of risk weighting Bank's claims on the domestic entities for capital adequacy purpose:

i. CRISIL
ii. CARE
iii. ICRA
iv. India Ratings
v. Brickwork
vi. SMERA
vii. Infomerics

5(b). A description of the process used to transfer public issuer ratings onto comparable assets in the banking book:

Bank has used short term ratings for assets with maturity upto one year and long-term ratings for assets maturing after one year as accorded by the approved external credit rating agencies. Bank has not cherry picked ratings. Bank has not used one rating of a CRA (Credit Rating Agency) for one exposure and another CRA's rating for another exposure on the same counterparty unless only one rating is available for a given exposure.

Cash credit exposures have been rated as long-term facility, notwithstanding the repayable on demand condition.

If an obligor has a long term external credit rating that warrants RW (Risk Weight) of 150%, all unrated exposures on the same obligor whether long or short is assigned the same 150% RW unless mitigated by recognized Credit Risk Mitigates.

Bank has used only solicited rating from the recognized CRAs. In case the obligor has multiple ratings from CRAs, the rating to be used is selected as per RBI guidelines.

If there is only one rating by a chosen credit rating agency for a particular claim, that rating is used to determine the risk weight of the claim.

If there are two ratings accorded by chosen credit rating agencies that map into different risk weights, the higher risk weight is applied.

If there are three or more ratings accorded by chosen credit rating agencies with different risk weights, the ratings corresponding to the two lowest risk weights is referred to and the higher of those two risk weights is applied. i.e., the second lowest risk weight.

Where RW associated with the rating by a CRA for a specific investment instrument is lower than one corresponding to unrated exposure, but the Bank's exposure is not in that instrument but some other debt, the RW for the rated exposure has been applied to Bank's unrated exposure provided the latter ranks pari-passu or senior to the specific rated exposure and the maturity of Bank's claim is not later than the rated exposure.

If either the issuer or a single issue has been rated warranting RW equal or higher than unrated claim, a claim on the same issuer which is unrated but ranks pari-passu or junior to the rated exposure has been assigned the same RW as the rated exposure.

No recognition of CRM technique has been taken into account in respect of a rated exposure if that has already been factored by the CRA while carrying out the rating.

For exposure amounts after risk mitigation subject to the standardized approach, amount of the Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on 31.03.2019 are as follows:

(₹ in million)

S.N.	Risk Weight	Fund Based	Non Fund Based
1	Below 100%	372,313	13,532
2	100%	139,029	14,103
3	More than 100%	47,257	3,403
	Total (1 + 2 + 3)	**558,599**	**31,038**

BASEL III – PILLAR 3 DISCLOSURES

6. CREDIT RISK MITIGATION: Disclosures for Standardized Approach (DF 5)

6.1 The Bank has adopted Credit Risk Mitigation (CRM) Techniques and Collateral Management (CM) guidelines issued by RBI under Master circular – Prudential guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF).

The Bank has utilized credit risk mitigation in the form of Bank's own deposits, LIC Policies, National Saving Certificate and gold, wherever the collateral is identifiable, marketable & enforceable and complies with RBI requirements. Sovereign exposures and Sovereign guaranteed exposures are risk weighted as per RBI directives.

The general principles applicable for use of credit risk mitigation techniques are as under:

i. No transaction in which Credit Risk Mitigation (CRM) techniques are used has been assigned higher capital requirement than as otherwise identical transaction where such techniques are not used

ii. The Bank has taken care to see that effects of CRM are not double counted. To ensure this no additional supervisory recognition of CRM for regulatory capital purposes is made available on claims for which an issue-specific rating is used that already reflects that CRM.

iii. Principal-only ratings will not be allowed within the CRM framework. The rating should cover principal and interest.

The Bank has, therefore, put in place robust procedures and processes to control these risks, including strategy, consideration of the underlying credit, valuation, policies and procedures systems, control of Roll-off risks, and management of concentration risk arising from the use of CRM techniques and its Interaction with the Bank's overall credit risk profile.

6.2 Eligible Financial Collateral:

The following collaterals are used as risk mitigants –

i. Cash margins and fixed deposit receipts of the counterparty with the Bank

ii. Gold bullion and jewelry

iii. Securities issued by Central and State Governments

iv. National Savings Certificates, Kisan Vikas Patras

v. Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.

vi. Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity and where they are either:

   a) Attracting 100% or lesser risk weight i.e. rated at least BBB (-), when issued by public sector entities and other entities (including banks and Primary Dealers); or

   b) Attracting 100% or lesser risk weight i.e. rated at least PR3/ P3/F3/A3 for short-term debt instruments.

vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:

   a) Issued by a bank

   b) Listed on a recognized exchange

   c) Classified as senior debt

   d) All rated issues of the same seniority by the issuing bank are rated at least BBB(-) or A3 by a chosen Credit Rating Agency; and

viii) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the bank's operation and mutual funds where:

   a) Price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and

   b) Mutual fund is limited to investing in permitted instruments listed.

6.3 Total exposure covered by guarantees/credit derivatives

Nil

7. SECURITIZATION EXPOSURES (DF 6)

As per RBI guidelines on Securitization exposure, investments by banks in securitized assets, representing loans to various categories of priority sector, except 'others'

BASEL III – PILLAR 3 DISCLOSURES

category, are eligible for classification under respective categories of priority sector lending (PSL) depending on the underlying assets.

As on 31.03.2019 the Bank does not have any securitization exposure as originator.

8. MARKET RISK IN TRADING BOOK (DF 7)

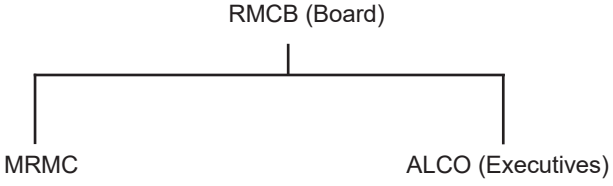
Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. Market Risk in Trading Book is assessed as per the Standardized Duration approach. The capital charge for Held for Trading (HFT) and Available for Sale (AFS) portfolios is computed as per Reserve Bank of India guidelines.

Market risk management objectives:

The objectives of market risk management are as follows:

- Management of liquidity
- Management of interest rate risk and exchange rate risk.
- Proper classification and valuation of investment portfolio
- Adequate and proper reporting of investments and derivative products
- Compliance with regulatory requirements

Structure and organization of the market risk management function:



Strategies and processes:

To comply with the regulatory guidelines and to have independent control groups there is clear functional separation of:

- Trading (Front office)
- Monitoring and control (Middle office) and
- Settlements (Back office)

The strategy/guidelines for controlling market risk include:

- Direct involvement of experienced line management
- Stringent controls and limits
- Strict segregation of front, middle and back office duties
- Comprehensive periodical reporting of positions
- Regular independent reviews of all controls and limits
- Rigorous testing and auditing of all pricing, trading and risk management

The scope and nature of risk reporting and measurement systems:

Reporting – The Bank periodically reports on the various investments and their related risk measures to the senior management and the committees of the Board. The Bank also periodically reports to its regulator in compliance with regulatory requirements.

Measurement - The Bank has devised various risk metrics for measuring market risk. These are reported to Asset Liability Management Committee. Some of the risk metrics adopted by the Bank for monitoring its risks are Value-at-Risk, Earnings at Risk, Modified Duration, Stop Loss limits amongst others.

The capital requirements for market risk are detailed below:

(₹ in million)

SN	Risk Category	Capital Charge
1	Interest Rate Risk	1,011
2	Foreign Exchange Risk (Including gold)	49
3	Equity Risk	729
	Capital requirement for Market Risk (1 + 2 + 3)	1,789

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BASEL III – PILLAR 3 DISCLOSURES

9. OPERATIONAL RISK (DF 8)

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk.

The Bank has put in place a Board approved Operational Risk Management Policy which outlines overall framework for management of Operational Risk.

The Bank manages Operational Risk by way of adopting best practices in processes as well as products. Utmost importance is given on communication and understanding of processes at transactional level and compliance to same are monitored through effective internal audits.

The Bank's selection of personnel and systems of rewarding performance are aligned to meet Bank's stated key priorities. There is a commitment to training and upgrading of staff skills. Strong 'ownership' of exposures is encouraged, through rewards as well as strong accountability.

The Bank understands the criticality of business continuity in the event of any undesirable/ unforeseen incident and has put in place an exhaustive Business Continuity Plan (BCP) in place which is subject to periodic drills. The Bank has robust Information Technology set up with Disaster Recovery (DR) site for critical functions and backups. Further there is a strict adherence to Information Security Policy across the Bank.

As per the mandate from RBI, the Bank is following the Basic Indicator Approach (BIA) for assessment of Operational Risk Capital.

Capital requirement for operational risk as per Basic Indicator Approach (BIA) as on 31.03.2019 is ₹ 5,629 million.

10. INTEREST RATE RISK IN BANKING BOOK (DF 9)

Interest Rate Risk in the Banking Book (IRRBB):

Interest rate risk is the potential change in Net Interest Income (NII) or Economic Value of Equity (Balance Sheet impact), caused by unexpected changes in market interest rates. Since NII or Net Interest Margin (NIM) of Bank is dependent on the movements of interest rates, any mismatches or gaps in the cash-flows on re-pricing dates exposes Bank's NII or NIM to interest rate risk. Interest Rate Risk in Banking Book results from an unavoidable position or gap arising from Bank's normal day to day business by holding assets and liabilities in different maturities and different re-pricing dates.

Risk management framework and monitoring:

The Board of the Bank, through Asset Liability Management Committee, has overall responsibility for management of risks and it sets limits and policies for management of liquidity risk, market risk including foreign exchange, interest rate and equity risk. The Asset Liability Management Committee (ALCO), a strategic decision making body, headed by Chief Operating Officer and comprising of senior executives of the Bank is responsible for deciding the mix and maturity profile of the assets and liabilities, recommendation of risk policies, setting up of prudential limits to manage the risks and ensuring compliance with the limits set by the Board. The ALM policy of the Bank includes the prudential limits on interest rate risk, liquidity risk, foreign exchange risk and equity risk.

Risk Management Department is monitoring the limits laid down in the ALM Policy through various reports.

Risk measurement and reporting framework:

As a part of its regular activities, ALCO manages the impact of the interest rate risk in banking book, through various limits, reports and tools such as interest rate sensitive gaps, Earnings at risk analysis, duration gap analysis, stress testing, etc. detailed as follows:

a) Interest rate sensitivity:

The interest rate gap risk, at any given date, is the risk arising from the mismatches in the assets & liabilities over the different time intervals. These mismatches or gaps are arrived at after matching rate sensitive assets and rate sensitive liabilities in the particular time bucket taking into account all assets and liabilities (including off Balance Sheet exposure). The rate sensitive assets and liabilities are grouped in the buckets as per the residual maturity or re-pricing date, whichever is earlier and is reported on monthly basis. The gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap approximates the change in net interest income for any given interest rate shift. Limits are fixed on individual gaps.

BASEL III – PILLAR 3 DISCLOSURES

b) Earnings at Risk Analysis (EaR):

The gaps in the report indicates whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL > RSA). The Bank monitors the Earnings at Risk on NII for 2% change in interest rates on the open periodic gaps.

c) Stress testing:

The Bank measures the impact on NII/ EaR after taking into account various possible movement in interest rates across tenor and impact on the earnings is calculated for each of these scenarios.

d) Duration gap analysis:

Movement in the interest rates also have a long-term impact on the market value of equity of the Bank, as the economic value of the Bank's assets, liabilities and off-Balance Sheet positions get affected. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage change in the market value of an asset or liability (or equity) for a given change in interest rates. Thus Duration Gap Analysis measures by how much the market value of equity of a firm would change for the possible change in the interest rates.

The following table shows the impact on NII and economic value of equity for a given change in the interest rates. The impact is calculated assuming parallel shifts in the yield curve across all time buckets.

(₹ in million)

Currency = INR (*)	100 bps	200 bps
Impact on NII	80	160
Impact on economic value of equity	4,335	8,670

* No major exposure in foreign currencies

11. General disclosures for exposures related to counter party credit risk (DF 10)

Counterparty exposure :

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward transactions.

Credit limits:

The credit limit for counterparty bank is fixed based on their financial performance as per the latest audited financials. Various financial parameters such as Capital, Net worth etc., are taken into consideration while assigning the limit. Credit exposures are monitored to ensure that they do not exceed the approved credit limits.

Credit exposures on forward contracts :

The Bank enters into the forward contracts in the normal course of business for positioning and arbitrage purposes, as well as for its own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Credit exposure :

(₹ in million)

	Notional Amount	Gross positive fair value of the contracts	Potential Future Exposure	Total Credit Exposure
Forward contracts	29,299	30,092	602	30,694

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BASEL III – PILLAR 3 DISCLOSURES

12. Composition of Capital (DF 11)

(₹ in million)

	Common Equity Tier1 capital: instruments and reserves	
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	22,253
2	Retained earnings	17
3	Accumulated other comprehensive income (and other reserves)	40,541
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)*	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET 1)	-
6	**Common Equity Tier1 capital before regulatory adjustments**	**62,811**
	Common Equity Tier1 capital : regulatory adjustments	
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles (net of related tax liability)	352
10	Deferred tax assets	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitization gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	13
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible Short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	*Of which: significant investments in the common stock of financial entities*	-
24	*Of which: mortgage servicing rights*	--
25	*Of which: deferred tax assets arising from temporary differences*	

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BASEL III – PILLAR 3 DISCLOSURES

26	National specific regulatory adjustments(26a+26b+26c+26d)	-
26a	*Of which:* Investments in the equity capital of unconsolidated insurance subsidiaries	-
26b	*Of which:* Investments in the equity capital of unconsolidated non- financial subsidiaries	-
26c	*Of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-
26d	*Of which:* Unamortized pension funds expenditures	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier1 and Tier2 to cover deductions	-
28	**Total regulatory adjustments to Common Equity Tier1**	365
29	**Common Equity Tier1 capital (CET1)**	62,446
	Additional Tier1 capital: instruments	
30	Directly issued qualifying Additional Tier1 instruments plus related stock surplus (share premium) (31+32)	-
31	*Of which:* classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-
32	*Of which:* classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-
33	*Directly issued capital instruments subject to phase out from Additional Tier I*	-
34	Additional Tier1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	*Of which: instruments issued by subsidiaries subject to phase out*	-
36	**Additional Tier1 capital before regulatory adjustments**	-
	Additional Tier1 capital: regulatory adjustments	
37	Investments in own Additional Tier1 instruments	-
38	Reciprocal cross-holdings in Additional Tier1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (41a+41b)	-
41a	*of which:* Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-
41b	*Of which:* Shortfall in the Additional Tier1 capital of majority owned financial entities which have not been consolidated with the bank	-
42	Regulatory adjustments applied to Additional Tier1 due to insufficient Tier 2 to cover deductions Tier 2 to cover deductions	-
43	**Total regulatory adjustments to Additional Tier1 capital**	-
44	**Additional Tier1 capital (AT1)**	-

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BASEL III – PILLAR 3 DISCLOSURES

44a	**Additional Tier1 capital reckoned for capital adequacy**	-
45	**Tier1 capital(T1=CET1+Admissible AT1)(29+44a)**	**62,446**
	Tier 2 capital: instruments and provisions	
46	Directly issued qualifying Tier2 instruments plus related stock surplus	-
47	*Directly issued qualifying Tier 2 instruments subject to phase out*	4,870
48	Tier2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties(amount allowed in group Tier2)	-
49	*Of which: instruments issued by* subsidiaries *subject to phase out*	-
50	Other Reserves and Provisions	2,645
51	**Tier 2 capital before regulatory adjustments**	**7,515**
	Tier 2 capital: regulatory adjustments	
52	Investments in own Tier2 instruments	-
53	Reciprocal cross - holdings in Tier2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
56	National specific regulatory adjustments (56a+56b)	-
56a	*Of which:* Investments in the Tier2 capital of unconsolidated insurance subsidiaries	-
56b	*Of which:* Short fall in the Tier2 capital of majority owned financial entities which have not been consolidated with the bank	-
57	**Total regulatory adjustments to Tier2 capital**	**-**
58	**Tier 2 capital (T2)**	**7,515**
58a	**Tier2 capital reckoned for capital adequacy**	**7,515**
58b	**Excess Additional Tier1 capital reckoned as Tier2 capital**	**-**
58c	**Total Tier2 capital admissible for capital adequacy (58a+58b)**	**7,515**
59	**Total capital (TC=T1+Admissible T2) (45+58c)**	**69,961**
60	**Total risk weighted assets (60a+60b+60c)**	**437,141**
60a	*Of which: total credit risk weighted assets*	368,930
60b	*Of which: total market risk weighted assets*	16,454
60c	*Of which: total operational risk weighted assets*	51,757
	Capital ratios and buffers	
61	Common Equity Tier1 (as a percentage of risk weighted assets)	14.28%
62	Tier1 (as a percentage of risk weighted assets)	14.28%

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BASEL III – PILLAR 3 DISCLOSURES

63	Total capital (as a percentage of risk weighted assets)	16.00%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus counter cyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.375%
65	*Of which: capital conservation buffer requirement*	1.875%
66	*Of which: bank specific counter cyclical buffer requirement*	-
67	*Of which: G-SIB buffer requirement*	-
68	Common Equity Tier1 available to meet buffers (as a percentage of risk weighted assets)	6.905%
	National minima (if different from Basel III)	
69	National Common Equity Tier1 minimum ratio (if different from Basel III minimum)	7.375%
70	National Tier1 minimum ratio (if different from Basel III minimum)	7.00%
71	National total capital minimum ratio (if different from Basel III minimum)	10.875%
	Amounts below the thresholds for deduction(before risk weighting)	
72	Non-significant investments in the capital of other financial entities	-
73	Significant investments in the common stock of financial entities	-
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-
Applicable caps on the inclusion of provisions in Tier2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,807
77	Cap on inclusion of provisions inTier2 under standardized approach	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
79	Cap for inclusion of provisions inTier2 under internal ratings-based approach	-
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)	
80	*Current cap on CET1 instruments subject to phase out arrangements*	-
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	-
82	*Current cap on AT1 instruments subject to phase out arrangements*	-
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	-
84	*Current cap onT2 instruments subject to phase out arrangements*	-
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	-

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BASEL III – PILLAR 3 DISCLOSURES

13. MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS (DF-13)

SN	Particulars	Tier II bonds	
1	Issuer	KARUR VYSYA BANK LIMITED	
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE036D09013	INE036D08015
3	Governing law(s) of the instrument	Indian Laws	
4	Transitional Basel III rules	Tier II Bonds	
5	Post-transitional Basel III rules	Ineligible	Eligible
6	Eligible at solo/group/ group & solo	Solo	
7	Instrument type	Lower Tier II – Debt Instruments	Subordinated Tier II – Debt Instruments
8	Amount recognized in regulatory capital (₹ in million), as of most recent reporting date.	1,500	4,870
9	Par value of instrument (₹ in million)	1	0.1
10	Accounting classification	Liability – other borrowings	
11	Original date of issuance	25.09.2009	12.03.2019
12	Perpetual or dated	Dated	Dated
13	Original maturity date	25.09.2019	12.06.2029
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	NA	12.03.2024; redemption at par
16	Subsequent call dates, if applicable	NA	On every anniversary after 12.03.2024
17	Coupons / dividends	Coupon	Coupon
18	Fixed or floating dividend/coupon	Fixed	Fixed
19	Coupon rate and any related index	9.86% p.a.	11.95% p.a.
20	Existence of a dividend stopper	No	No
21	Fully discretionary, partially discretionary or Mandatory	Mandatory	Fully discretionary
22	Existence of step up or other incentive to redeem	No	No
23	Noncumulative or cumulative	Cumulative	Non-Cumulative
24	Convertible or Non-convertible	Non-Convertible	Non-Convertible
25	If convertible, conversion trigger(s)	NA	NA
26	If convertible, fully or partially	NA	NA
27	If convertible, conversion rate	NA	NA
28	If convertible, mandatory or optional conversion	NA	NA
29	If convertible, specify instrument type convertible into	NA	NA
30	If convertible, specify issuer of instrument it converts into	NA	NA
31	Write-down feature	No	Yes
32	If write-down, write-down trigger(s)	NA	Point of non-viability trigger
33	If write-down, full or partial	NA	Full
34	If write-down, permanent or temporary	NA	Permanent
35	If temporary write-down, description of write-up mechanism	NA	NA
36	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other creditors	All depositors and other creditors
37	Non-compliant transitioned features	Yes	No
38	If yes, specify non-compliant features	Loss absorption feature	NA

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BASEL III – PILLAR 3 DISCLOSURES

14. FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS (DF-14)

Instrument	Terms & Conditions	
1. Unsecured Redeemable Non-Convertible Subordinated Lower Tier II Bonds – INE036D09013	Issue size	₹ 1500 million
	Face Value	₹ 1 million per bond
	Date of Allotment	25th September 2009
	Maturity	25th September 2019
	Coupon	9.86%
	Interest payment	Half yearly
2. Unsecured Redeemable Non-Convertible Tier II Bonds – INE036D08015	Issue size	₹ 4870 million
	Face Value	₹ 0.1 million per bond
	Date of Allotment	12th March 2019
	Maturity	12th June 2029
	Call Option	On 5th anniversary from deemed date of allotment and annually thereafter
	Coupon	11.95%
	Interest payment	Annual

15. DISCLOSURES ON REMUNERATION (DF 15)

Qualitative Disclosures:

a) Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC):

The Nomination & Remuneration Committee (NRC) of the Board consists of five Directors. The Composition complies with RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR').

The mandate of Nomination and Remuneration Committee includes:

1. To formulate criteria for determining qualifications, positive attributes and independence of a director, in terms of fit and proper criteria issued by the RBI.
2. To devise a policy on Board Diversity;
3. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.
4. To recommend persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy.
6. To also review and recommend to the board, all remuneration, in whatever form, payable to Directors & senior management.
7. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines;
8. To provide inputs to Board for making disclosures regarding policies, appointments, remuneration etc. of Directors and Senior Management personnel in the Annual Reports/ Directors Reports/Financial Statements etc. as may be required by the regulations from time to time.
9. To perform any other functions or duties as stipulated by the Companies Act, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

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BASEL III – PILLAR 3 DISCLOSURES

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

The Bank has Board approved Compensation Policy in terms of the RBI guidelines. NRC shall work in close co-ordination with the Risk Management and Asset Liability Management Committee of the Board in order to achieve effective alignment between remuneration and risks.

The Compensation Policy of the Bank covers the compensation payable to all the employees including the Part-time (Non-Executive) Chairman, MD&CEO/ WTD, Key Managerial Personnel and Senior Management as per the guidelines of RBI. NRC will review the policy from time to time.

As the Bank is a party to the Bi-partite settlements at all India level in respect of workmen cadre employees and Officer Employees for the payment of salary and other emoluments, the Bank follows the emoluments / compensation as arrived at in each Bi-partite settlement. Currently bank has given its mandate to Bi-partite settlement at all India level that all employees up to the Scale III cadre would be subjected to such emoluments / compensation structure. Presently Bank is following the emoluments / compensation structure as arrived at the Bi-partite settlements from Scale IV to VII cadres. Taking into account the said Bi-partite salary structure, the policy excludes all risk takers who are under contract of employment. Compensation for employees appointed under CTC basis is determined based on the industry standards, the exposure, skill sets, talent and qualification attained. Bank shall ensure that the salary package payable to them shall be in line with RBI guidelines.

Objective of the Compensation policy is to align the compensation with prudent risk taking;

- Compensation must be adjusted for all types of risks
- Compensation outcomes must be symmetric with risk outcomes
- Compensation pay-out schedules must be sensitive to the time horizon of risks
- The proportion of cash, equity and other forms of compensation must be consistent with risk alignment.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

Compensation Policy adopted by the Bank address the issues pertaining to current and future risks. Risk measures in the policy are reviewed on timely basis and are updated to suit the skill gaps and current day needs. A wide variety of measures of credit, market and liquidity risks are used by the bank in implementation of risk adjustment. This risk adjustment has both quantitative and qualitative elements. The Policy effectively aligns the compensation with prudent risk taking and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

Bank being a party to IBA settlement all emoluments / compensation are as arrived in IBA structure. Further Bank also has (Cost to Company) CTC structure for which a comprehensive framework has been adopted. Bank also recognises long term incentives in the form of ESOPS. The remuneration system strives to maintain the ability to attract, retain, reward and motivate the talent in order to enable the Bank to attain its strategic objectives.

Board of Directors of the Bank through its NRC shall exercise oversight & effective governance over the framing and implementing the Compensation policy.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Bank would ensure that the compensation is adjusted to all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Bank follows a performance-based remuneration, which

BASEL III – PILLAR 3 DISCLOSURES

motivates and rewards high performers who strengthen long-term customer relations, and generate income and shareholder value.

The Bank while designing the compensation structure ensures that there is a proper balance between fixed pay and variable pay. The variable pay could be in cash, stock linked instruments or a mix of both, However Employees Stock Option shall not form part of the total compensation as per the policy adopted in line with the RBI Guidelines. Bank ensures that variable pay shall relate to the performance of the Bank.

While fixing the Variable Pay, performance parameters under financial and non-financial areas of operations are assessed. The financial performance of the bank is factored while determining the amount of variable remuneration to be paid. The Bank's compensation policy stipulates that Variable pay shall not exceed 40% of the fixed pay in any year.

In the event of negative growth of the bank and or the relevant line of business in any year, the deferred compensation shall be subjected to malus and claw back arrangements in tune with the RBI guidelines.

e) **A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:**

As per the Compensation Policy, Variable pay is eligible on the achievement of certain business/compliance targets fixed by the management. Compensation policy of the Bank prescribes the maximum variable pay, which shall not exceed 40 per cent of the fixed pay. In terms of the RBI extant guidelines, the variable pay is fixed to 70 per cent of the fixed pay and deferral arrangement for payment of variable pay is necessitated where such proposed variable pay exceeds substantial portion of the fixed pay, i.e. 50% or more. However, as the variable pay limit fixed by the Bank is less than the threshold limit for having the deferral arrangement of variable remuneration. Hence, the criteria for adjusting deferred remuneration do not arise to the Bank.

f) **Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:**

The Bank ensures that the compensation structure is comprehensive and considers both, qualitative and quantitative performance measures. Bank uses an optimum mix of cash, non-cash, ESOPs to decide the compensation of all employees. Variable pay is purely based on performance and is measured through score cards.

Bank subscribes to different forms of variable pay such as performance linked incentives, Ex-gratia for other employees, non–cash incentives, Bonus, any other incentives by whatever name called having the similar features.

Bank has Employees Stock Option Scheme or Plan i.e. ESOS or ESOP. NRC may grant stock options under the Employees Stock Options Plan/Scheme from time to time in terms of SEBI (Share Based Employee Benefits) Regulations, 2015. Such Stock Options will be excluded from the components of variable pay.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions).

Bank shall not provide any facility or funds or permit to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

BASEL III – PILLAR 3 DISCLOSURES

Quantitative Disclosures on Remuneration (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers):

Particulars	2018-19	2017-18
a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	5 Meetings Remuneration - ₹ 3.80 lakh	5 Meetings Remuneration - ₹ 4.80 lakh
b) Number of employees having received a variable remuneration award during the financial year.	Nil	Nil
c) Number and total amount of sign-on awards made during the financial year.	Nil	Nil
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
e) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil	Nil
g) Total amount of deferred remuneration paid out in the financial year.	NA	NA
h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Nil	Nil
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil	Nil
j) Total amount of reductions during the financial year due to ex-post explicit adjustments.	Nil	Nil
k) Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil

16. LEVERAGE RATIO DISCLOSURES (DF-17)

(₹ in million)

	Item	Leverage ratio framework
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	693,401
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	366
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	693,035
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	200
5	Add-on amounts for PFE associated with all derivatives transactions	172
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	**Total derivative exposures (sum of lines 4 to 10)**	372
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	CCR exposure for SFT assets	
15	Agent transaction exposures	

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BASEL III – PILLAR 3 DISCLOSURES

16. LEVERAGE RATIO DISCLOSURES (DF-17)

(₹ in million)

	Item	Leverage ratio framework
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	135,093
18	(Adjustments for conversion to credit equivalent amounts)	96,161
19	**Off-balance sheet items (sum of lines 17 and 18)**	**38,932**
Capital and total exposures		
20	**Tier 1 capital**	**62,446**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**732,339**
	Leverage ratio	
22	**Basel III leverage ratio**	**8.53%**

17. LIQUIDITY COVERAGE RATIO

(₹ in million)

Particulars		Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		111,471
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	409,418	39,236
(i)	Stable deposits	34,120	1,706
(ii)	Less stable deposits	375,298	37,530
3	Unsecured wholesale funding, of which:	58,918	7,559
(i)	Operational deposits (all counterparties)	-	-
(ii)	Non-operational deposits (all counterparties)	58,918	7,559
(iii)	Unsecured debt	-	-
4	Secured wholesale funding		-
5	Additional requirements, of which	69,043	5,400
(i)	*Outflows related to derivative exposures and other collateral requirements*	654	654
(ii)	*Outflows related to loss of funding on debt products*	-	-
(iii)	*Credit and liquidity facilities*	68,380	4.746
6	Other contractual funding obligations	333	333
7	Other contingent funding obligations	1,095	33
8	**Total Cash Outflows**		52,561
Cash Inflows			
9	Secured lending (e.g. reverse repos)	2,939	-
10	Inflows from fully performing exposures	11,356	7,829
11	Other cash inflows	719	719
12	**Total Cash Inflows**	15,014	8,548
			Total Adjusted Value
13	**TOTAL HQLA**		111,471
14	**Total Net Cash Outflows**		44,010
15	**Liquidity Coverage Ratio (%)**		253.27%

(Quarterly details are given under Item No. 6 of Schedule 18- Notes to Accounts).

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NETWORK OF BRANCHES

REGISTERED AND CENTRAL OFFICE

No. 20, Erode Road, Vadivel Nagar,
L.N.S. Karur - 639002
{CIN No.L65110TN1916PLC001295}
Ph. : 04324 - 269000, 226520, 225521-25
Fax No. 04324-225700
Website : www.kvb.co.in

INTEGRATED TREASURY	Second Floor, 954, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025

DIVISIONAL OFFICE

AHMEDABAD	First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
BANGALORE	No.6, Second Floor, Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi temple, Bangalore - 560004
CHENNAI	KVB Towers, 1st Floor, 568 Anna Salai, Teynampet, Chennai-600018
COIMBATORE	No.1498-C, 3rd Floor, KVB Towers,Avinashi Road, Peelamedu, Coimbatore-641004
DELHI	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
ERNAKULAM	K.C.Centre, IInd Floor , Opp. North Police Station, Chittoor Road Kacheripady, Ernakulam - 682018
HYDERABAD	5-8-356 to 362 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500001
KARUR	PB No.91 ,No.633-637, First Floor, Jawahar Bazaar, Karur - 639001
KOLKATA	15 Bondel Road, First Floor, Ballygunge, Kolkata-700019
MADURAI	Gayathri Illam, 16 A.A.Road 1st Floor, Gnanaolivupuram, Madurai-625016
MUMBAI	954 Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025
SALEM	1st Floor, 269-A Bharathi Street, Swarnapuri, Alagapuram, Salem-636 004
TAMBARAM	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TRICHY	D-54 Ground Floor, L.I.C. Building, Bharathiar Salai Cantonment, Trichy-620001
VIJAYAWADA	Gayathri Nilayam,1st Floor 38-8-46, Labbipet, M.G.Road, Vijayawada-520010
VISAKHAPATNAM	D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane, Dwarkanagar, Visakhapatnam - 530016
TIRUPATHI	6-8-1250, I floor, Priya Towers, NGOs Colony, K.T.Road, Near Anna Rao Circle, Tirupathi - 517501
VILLUPURAM	No.15, I floor, G.V.Farms Building, Mampazhapattu Road, Villupuram - 605602

OTHER OFFICES

DATA CENTRE	6th Floor D North Block, Tidel Park, Taramani, Chennai-600113
ATM CELL	338/1, Uffizi Complex - Basement, Avinashi road, Peelamedu, Coimbatore-641004
REGIONAL PROCESSING CENTRE (RPC)	338 Uffizi Complex - 1st Floor, Avinashi Road, Peelamedu, Coimbatore-641004
DEMAT CELL	No.1, Padmavathiyar Road, 4th Floor, Off Peters Road, Gopalapuram, Chennai - 600086
DISASTER RECOVERY SITE	V Floor, Unit - 3, Block-I, Cyber Pearl, Hi-Tech City, Madhapur, Hyderabad - 500 081
TAX CELL	No.1 Padmavathiyar Road, 2nd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CENTRALISED FOREX PROCESSING CELL	Unit No.156/4 2nd Floor,Jeevan Anand Building, No.556 Anna Salai, Teynampet, Chennai- 600018

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NETWORK OF BRANCHES

CHANNEL RECONCILIATION CELL	No.1, Padmavathiyar Road, 3rd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
TRANSACTION BANKING GROUP	No.1 Padmavathiar Road, 2nd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
NEO	First Floor, 954, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025
CHENNAI CPC	KVB Towers,Second Floor, 568, Anna Salai, Teynampet,Chennai-600018
HYDERABAD CPC	5-8-356 to 362 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500001
MUMBAI CPC	Plot No 1414, Kamanwala Chambers, SIR P.M Road Fort, Mumbai-400001
NEW DELHI CPC	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
MADURAI C.P.C.LOANS	16 A A Road,First Floor,Gnanavolivupuram,Madurai - 625016
TRICHY C.P.C.LOANS	D-54,Ground Floor, LIC Building,Bharathiar Salai,Cantontment Trichy - 620001
VILLUPURAM C.P.C.LOANS	No:15, I Floor, G.V.Farms Building, Mampazhapattu Road,Villupuram - 605602
TIRUPATHI C.P.C. LOANS	6-8-1250, 1st Floor, Priya Towers,NGOs Colony, K.T. Road,Near Anna Rao Circle,Tirupathi - 517501
COIMBATORE CLPC	No.1498-C, KVB Towers, Avinashi Road, Peelamedu, Coimbatore-641004
BANGALORE CLPC	No 6 Shri Vasavi Temple Road,Visweshwarapuram,Near Sajjan Rao Circle,Bangalore, Karnataka - 560004
AHMEDABAD - CLPC	First Floor Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
VISAKHAPATNAM - CLPC	D.No: 47-10-15, A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016
KARUR - CLPC	No. 633-637, First Floor, Jawahar Bazaar, Karur - 639001
VIJAYAWADA - CLPC	Gayathri Nilayam,1st Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010
TAMBARAM - CLPC	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
SALEM - CLPC	269a Bharathi Street, First Floor, Swarnapuri, Alagapuram, Salem - 636003
DIGITAL TRANSFORMATION PROJECT CELL	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.

CENTRAL CLEARING OFFICES	CURRENCY CHEST
CHENNAI	CHENNAI
DELHI	KARUR
MUMBAI	MADURAI
	VIJAYAWADA
	BANGALORE
	COIMBATORE
	HYDERABAD

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NETWORK OF BRANCHES

ANDHRA PRADESH

ANANTAPUR
ANANTAPUR
DHARMAVARAM
HINDUPUR
GUNTAKAL
KADIRI
TADIPATRI

CHITTOOR
CHITTOOR
NAGARI
SRIKALAHASTI
PUTTUR
TIRUPATHI - MAIN
RALLABUDUGURU
TIRUPATHI - KHADI COLONY
KUPPAM
MADANAPALLE
MURAKAMBATTU
TIRUPATHI M.R.PALLI

CUDDAPAH
CUDDAPAH
PRODDATUR
RAJAMPET

EAST GODAVARI
RAJAHMUNDRY
KAKINADA
PEDDAPURAM
MANDAPETA
RAVULAPALEM
KADIAM
AMALAPURAM
TUNI
SAMALKOT
RAJAHMUNDRY - TILAK ROAD
BOMMURU
PITHAPURAM
ARYAVATAM
RAZOLE
KAKINADA - BHANUGUDI JUNCTION
G.MAMIDADA
ANNAIPETA

GUNTUR
GUNTUR
TENALI
GUNTUR - LAKSHMIPURAM
NARASARAOPET
BAPATLA
CHINTALAPUDI
CHILAKALURIPET
MANGALAGIRI
BUDDHAM
GUNTUR-GUJJANAGUNDLA
VENKATAPALEM
PIDUGURALLA
VINUKONDA
BANDARUPALLE

KRISHNA
VIJAYAWADA-GOVERNORPET
VIJAYAWADA - NO.1 TOWN
GUDIVADA
VIJAYAWADA -BUNDER ROAD
PORANKI
KANKIPADU
MACHILIPATNAM
VUYYURU
VIJAYAWADA -BHAVANIPURAM
NUZVID
GANNAVARAM
VIJAYAWADA - SATYANARAYANAPURAM
VIJAYAWADA - BENZ CIRCLE
CHORAGUDI
TIRUVURU

KURNOOL
KURNOOL
NANDYAL
ADONI
VENKATARAMANA COLONY
MAYALURU
KADUMUR
ALLAGADA

NELLORE
NELLORE
KAVALI
NAIDUPET
NELLORE - ISKON CITY

PRAKASAM
CHIRALA
ONGOLE
MARKAPUR
VALLURU
BUDAWADA
KANDUKUR
KONIKI
DARSI

SRIKAKULAM
SRIKAKULAM
RAJAM
PALASA
ICHCHAPURAM
NARASANNAPETA

VISAKHAPATNAM
VIZAG - PEDAWALTAIR
ANAKAPALLE
VIZAG - MAIN
GAJUWAKA
NARSIPATNAM
PENDURTHI
VIZAG - DWARKANAGAR
YELAMANCHILI
VISAKHAPATNAM - GOPALAPATNAM
VISAKHAPATNAM - SEETHAMMADHARA
VIZAG-MADHURAWADA
VIZAG-M.V.P.COLONY
VIZAG - AKKAYAPALEM

VIZIANAGARAM
VIZIANAGARAM
SALUR
PARVATHIPURAM
GAJAPATHINAGARAM
BOBBILI
G. AGRAHARAM

WEST GODAVARI
PALAKOL
TADEPALLIGUDEM
NIDADAVOLU
JANGAREDDYGUDEM
BHIMAVARAM
ELURU
TANUKU
NARASAPUR
AKIVIDU
CHINAAMIRAM

BIHAR

PATNA
PATNA

CHANDIGARH - UT

CHANDIGARH
CHANDIGARH

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NETWORK OF BRANCHES

CHATTISGARH

RAIPUR
RAIPUR

DELHI

CENTRAL DELHI
DELHI - CHANDNI CHOWK
DELHI - KAROLBAGH
CORPORATE BUSINESS UNIT - DELHI

NORTH DELHI
DELHI - KAMLA NAGAR
DELHI - KASHMERE GATE

SOUTH EAST DELHI
NEW DELHI - OKHLA

EAST DELHI
DELHI - LAXMI NAGAR

NORTH WEST DELHI
DELHI - LAWRENCE ROAD
DELHI - PITAMPURA
DELHI - ROHINI

SOUTH WEST DELHI
DELHI - JANAKPURI

SOUTH DELHI
DELHI - EAST OF KAILASH

WEST DELHI
DELHI - RAMESH NAGAR

GOA

NORTH GOA
PANAJI

GUJARAT

AHMEDABAD
AHMEDABAD - MAIN
AHMEDABAD - MANINAGAR
AHMEDABAD - SATELLITE ROAD
AHMEDABAD - SANAND
AHMEDABAD - NARODA
AHMEDABAD - SHAHIBAUG

ANAND
ANAND

BHARUCH
BHARUCH

KACHCHH
GHANDIDHAM

MAHESANA
UNJHA
MAHESANA

RAJKOT
RAJKOT - MAIN

SURAT
SURAT
SURAT - UM ROAD

VADODARA
VADODARA

HARYANA

FARIDABAD
FARIDABAD

GURGAON
GURGAON

KARNAL
KARNAL

PANIPAT
PANIPAT

ROHTAK
ROHTAK

SONIPAT
SONIPAT

JHARKHAND

RANCHI
RANCHI

KARNATAKA

BANGALORE URBAN
BANGALORE - MAIN
MALLESWARAM
HALASURU
J.C. ROAD
RAJAJINAGAR
ISRO LAYOUT
JAYANAGAR
KORAMANGALA
BASAVANAGUDI
BTM LAYOUT
INDIRA NAGAR
HEBBAGODI
HSR LAYOUT
ATTIBELE
CHANDAPUR
BANGALORE- R T NAGAR
BANGALORE - WHITEFIELD
BANGALORE - V V PURAM
BANGALORE - VIDYARANYAPURA
BANGALORE - J P NAGAR
BANGALORE- KENGERI
BANGALORE-BANASHANKARI
BANGALORE - CHANDRA LAYOUT
BANGALORE RAJA RAJESHWARI NAGAR
BANGALORE YESHWANTHPUR
BANGALORE - KALAYAN NAGAR
BANGALORE - SAHAKAR NAGAR
CORPORATE BUSINESS UNIT - BANGALORE
CHIKKABANAVARA

BANGALORE RURAL
DODDABALLAPUR
HOSAKOTTE
NELAMANGALA
DEVANAHALLI

BELGAUM
BELGAUM

BELLARY
BELLARY

CHITRADURGA
CHITRADURGA
HIRIYUR

DAKSHINA KANNADA
MANGALORE

DAVANGERE
DAVANGERE

DHARWAD
HUBLI

CHIKBALLAPUR
CHINTAMANI
GAURIBIDANUR

GULBARGA
GULBARGA

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NETWORK OF BRANCHES

HASSAN
HASSAN
ARISEKERE
KOLAR
KOLAR GOLD FIELDS

KOPPAL
GANGAVATHI

MYSORE
MYSORE

RAICHUR
RAICHUR

SHIMOGA
SHIMOGA

TUMKUR
TUMKUR

RAMANAGARAM
RAMANAGARAM

KERALA

ALAPPUZHA
CHENGANNUR
ALAPPUZHA

ERNAKULAM
ERNAKULAM
TRIPUNITHURA
ERNAKULAM - EDAPPALLY
ERNAKULAM - PALARIVATTOM
ANGAMALY

IDUKKI
THODUPUZHA

KANNUR
KANNUR
THALASSERY

KOLLAM
KOLLAM

KOTTAYAM
KOTTAYAM

KOZHIKODE
KOZHIKODE

PALAKKAD
PALAKKAD

KASARAGOD
KASARAGOD

PATHANAMTHITTA
TIRUVALLA
PATHANAMTHITTA

THRISSUR
THRISSUR
IRINJALAKUDA

THIRUVANANTHAPURAM
THIRUVANANTHAPURAM
BALARAMAPURAM

MADHYA PRADESH

BHOPAL
BHOPAL

GWALIOR
GWALIOR

INDORE
INDORE

JABALPUR
JABALPUR

MAHARASHTRA

AHMEDNAGAR
AHMEDNAGAR

AMARAVATI
AMARAVATI

AURANGABAD
AURANGABAD

KOLHAPUR
ICHALKARANJI
KOLHAPUR

MUMBAI
MUMBAI - FORT
MUMBAI - PRABHADEVI
MUMBAI - KALBADEVI
MUMBAI - MATUNGA
ASSET RECOVERY BRANCH - MUMBAI

MUMBAI SUB URBAN
MUMBAI - BORIVALI
MUMBAI - CHEMBUR
MUMBAI - MULUND
MUMBAI - ANDHERI
MUMBAI - GHATKOPAR
MUMBAI - KANDIVALI
CORPORATE BUSINESS UNIT - MUMBAI

NANDED
NANDED

NAGPUR
NAGPUR

NASIK
NASIK

PUNE
PUNE
CAMP AREA

SOLAPUR
SOLAPUR

THANE
MUMBAI - VASHI
MUMBAI - ICL SCHOOL
MUMBAI - THANE (W)
MUMBAI - NERUL
BHIWANDI
DOMBIVALI

ORISSA

CUTTACK
CUTTACK

GANJAM
BERHAMPUR
ASKA

KHURDA
BHUBANESHWAR

SUNDERGARH
ROURKELA

PONDICHERY-UT

PONDICHERRY
PONDICHERRY
PONDICHERRY-LAWSPET
VILLIANUR
PILLAYARKUPPAM
REDDIYARPALAYAM

KARAIKAL
KARAIKAL

YANAM
YANAM

PUNJAB

AMRITSAR
AMRITSAR

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NETWORK OF BRANCHES

FATEHGARH SAHIB
MANDI GOBINDGARH

KAPURTHALA
HARDASPUR (LPU)

JALANDHAR
JALANDHAR

LUDHIANA
LUDHIANA

PATIALA
PATIALA

RAJASTHAN

JAIPUR
JAIPUR

TAMILNADU

ARIYALUR
ARIYALUR
JAYANKONDAM
SENDURAI
THELUR

CHENNAI
CHENNAI - MAIN
TRIPLICANE
ROYAPURAM
MYLAPORE
ANNA NAGAR
KODAMBAKKAM
T.NAGAR
WHITES ROAD
PURASAWALKAM
DHANDAPANI ST.
TEYNAMPET
NANGANALLUR
ADYAR
MOGAPPAIR
VALASARAVAKKAM
VELACHERY
ASHOK NAGAR
EGMORE
R.A.PURAM
ARUMBAKKAM
K K NAGAR
SAIDAPET
CHENNAI - SALIGRAMAM
CHENNAI - NUNGAMBAKKAM
CHENNAI - GODOWN STREET
CHENNAI - RAMAPURAM
CHENNAI - NELSON MANICKAM ROAD
CHENNAI - BESANT NAGAR
CHENNAI - PERIYAR NAGAR
CHENNAI - MANDAVELI
CHENNAI - KOTTURPURAM
CHENNAI - WEST MAMBALAM
CHENNAI - CHINMAYA NAGAR
CHENNAI - PERAMBUR
CHENNAI - HARRINGTON ROAD
CORPORATE BUSINESS UNIT - CHENNAI
ASSET RECOVERY BRANCH - CHENNAI

COIMBATORE
COIMBATORE - MAIN
POLLACHI
DR. NANJAPPA ROAD
R.S.PURAM
ANAIMALAI
DHULLY
SARAVANAM PATTI
SAIBABA COLONY
GANAPATHY
SOMANUR
KOVAIPUDUR
VADAVALLI
RAMANATHAPURAM
ANNUR
KUNIAMUTHUR
SULUR
METTUPALAYAM
AVINASHI ROAD
KALAPATTI
COIMBATORE- GOUNDAMPALAYAM
CHINNIYAMPALAYAM
COIMBATORE - SIVANANDA COLONY
VADASITHUR
COIMBATORE - THUDIYALUR
THEETHIPALAYAM
COIMBATORE - SINGANALLUR
COIMBATORE - SARAVANAMPATTI MAIN
KUNNATHUR
PERIYANAICKENPALAYAM
NALLATTIPALAYAM
VILANKURICHI
COIMBATORE -SUNDARAPURAM
KITTAMPALAYAM
COIMBATORE - NEW SIDDHAPUDUR
COIMBATORE - PAPPANAICKENPALAYAM
RASIPALAYAM
CORPORATE BUSINESS UNIT - COIMBATORE
ASSET RECOVERY BRANCH - COIMBATORE

CUDDALORE
CHIDAMBARAM
VRIDHACHALAM
CUDDALORE
NEYVELI
CHIDAMBARAM-ANNAMALAI NAGAR
PANRUTI
ERAIYUR
VADALUR
BHUVANAGIRI
KALLUR

DHARMAPURI
KAMBAINALLUR
DHARMAPURI
HARUR
PAPPIREDDIPATTI

DINDIGUL
DINDIGUL
BATLAGUNDU
CHINNALAPATTI
PALANI
NEIKARAPATTI
ODDTANCHATRAM
VEDASANDUR
NILAKOTTAI
VILPATTI
KOOMBUR
DINDIGUL-R.M.COLONY

ERODE
ERODE
GOBICHETTIPALAYAM
SATHYAMANGALAM
KAVINDAPADI
BHAVANI
PERUNDURAI
KOLATHUPALAYAM
METTUKADAI
PERUNDURAI - KEC NAGAR
SAMPATH NAGAR

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NETWORK OF BRANCHES

SIVAGIRI
VEERAPPANCHATIRAM
CHENNIMALAI
ANTHIYUR
PUNJAIPULIYAMPATTI
KARUMANDAPALAYAM
ERODE- CHINNIAMPALAYAM
OTHAKADAI
MULLAMPARAPPU
KANAKAMPALAYAM
T. VELLODE
SAVANDAPUR
NAMBIYUR
KONGARPALAYAM
ORICHERI
KATHIRAMPATTI

KANCHEEPURAM
CHENNAI - TAMBARAM
CHENNAI - ALANDUR
KANCHEEPURAM
CHENNAI - CHROMEPET
ULLAVOOR
CHENNAI - St THOMAS MOUNT
CHENNAI - URAPPAKKAM
CHENNAI - SINGAPERUMAL KOIL
CHENNAI - SHOLINGANALLUR
CHENNAI - SRIPERUMPUDUR
CHENNAI - KELAMBAKKAM
CHENNAI - MEDAVAKKAM
CHENNAI - SELAYUR
CHENNAI - PALAVAKKAM
CHENGALPATTU
CHENNAI - MADIPAKKAM
CHENNAI - PALLAVARAM
GUDUVANCHERRY
CHENNAI - SITTALAPAKKAM
MADURANTHAKAM
PERUNGUDI
KUNDRATHUR
ACHARAPAKKAM
EAST - TAMBARAM
THORAIPAKKAM
CHEMMANCHERY
NANMANGALAM
OLD PERUNGALATHUR
VARADHARAJAPARAM
NEW COLONY - CHROMPET
PADAPPAI
CHENNAI - MANGADU
CHENNAI - KOLAPAKKAM

KANYAKUMARI
NAGERCOIL
MARTHANDAM
PANCHALINGAPURAM

KARUR
KARUR - MAIN
KULITHALAI
KARUR -CENTRAL
KARUR - WEST
VEERARAKKIYAM
GANDHIGRAMAM
VENGAMEDU
ARAVAKURICHI
THANTHONIMALAI
PADIRIPATTI

KRISHNAGIRI
KRISHNAGIRI
HOSUR
BARGUR
HOSUR - BATHALAPALLI
SAMALPATTI
AGARAM
MARUDANDAPALLI

MADURAI
MADURAI - MAIN
MADURAI - SOUTH
ALANGANALLUR
GNANAOLIVUPURAM
ELUMALAI
TALLAKULAM
ANNA NAGAR
PALANGANATHAM
MELUR
THIRUNAGAR
THIRUPPALAI
MADURAI - KAMARAJAR SALAI
POTHUMBU
MADURAI - NORTH
THENUR
MADURAI - K.PUDUR
MADURAI - VILLAPURAM
MADURAI-THIRUMANGALAM
MADURAI - BIBIKULAM
MADURAI KOSAKULAM
MADURAI - MATTUTHAVANI
AYYANKOTTAI
ASSET RECOVERY BRANCH - MADURAI

NAGAPATTINAM
NAGAPATTINAM
NEERMULAI
MAYILADUTHURAI

NAMAKKAL
NAMAKKAL MAIN
KOMARAPALAYAM
TIRUCHENGODE
PAUNDAMANGALAM
NAMAGIRIPET
PUDUCHATRAM
VALAYAPATTI
KALAPPANAICKENPATTI
BELUKURICHI
NAMAKKAL WEST
MANGALAPURAM
VELLAPILLAIAR KOIL
RASIPURAM
PARAMATHI VELUR
PALLIPALAYAM
MOHANUR
PARAMATHI - KOTTAMANGALAM

NILGIRIS
COONOOR
UDHAGAMANDALAM
KOTAGIRI

PERAMBALUR
PERAMBALUR

PUDUKOTTAI
KOTHAMANGALAM
PUDUKOTTAI
ARANTHANGI
PONNAMARAVATHI
KURIVIKONDANPATTI
ALAVAYAL

RAMANATHAPURAM
RAMANATHAPURAM
PARAMAKUDI
RAMANATHAPURAM-BHARATHI NAGAR
NARIPAYYUR

SALEM
SALEM - MAIN
IDAPPADI

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NETWORK OF BRANCHES

METTUR DAM R.S.
SHEVAPET
ATTUR
KARUPPUR
KARIPATTI
ALAGAPURAM
ILAMPILLAI
JALAKANDAPURAM
GUGAI
AYOTHIAPATTINAM
THAMMAMPATTI
SANKAGIRI (SANKARI)
DEVIYAKURICHI
OMALUR
VAZHAPADI
SALEM - KONDALAMPATTI

THANJAVUR
KUMBAKONAM
THANJAVUR
PATTUKOTTAI
VILAR
MADUKKUR
PERAVURANI
THIRUVIDAIMARUDUR
THIRUPALATHURAI
PULIYANTHOPPU
THANJAVUR - R.R.NAGAR

THENI
AUNDIPATTI
BODINAYAKANUR
CHINNAMANUR
CUMBUM
GUDALUR
KOMBAI
PERIYAKULAM
THENI
KATHIRNARASINGAPURAM
UPPUKOTTAI

THIRUVALLUR
CHENNAI - TIRUVERKADU
CHENNAI - VELAPPANCHAVADI
CHENNAI - AMBATTUR
CHENNAI - RED HILLS
THIRUVALLUR
PUTHAGARAM
CHENNAI - AVADI
PODATHURPET
SEETHANJERI
CHENNAI - PADI
CHENNAI - MADURAVOYIL
TIRUTTANI
NEMILICHERRY
PORUR
MINJUR
CHENNAI - MADHAVARAM
CHENNAI - POONAMALLEE
PONNERI

THIRUVARUR
MANNARGUDI
THIRUVARUR
KOOTHANUR
THAMBIKOTTAI

TIRUPUR
DHARAPURAM
UDUMALPET
TIRUPUR - MAIN
MULANUR
GANAPATHIPALAYAM
KOLUMAM
ERISANAMPATTI
PAPPANKULAM
TIRUPUR - OVERSEAS
TIRUPUR - P.N.ROAD
KANGEYAM
PALLADAM
VELLAKOIL
P.KOMARAPALAYAM
PATTANAM
AVINASHI
MANNARAI
MUDALIPALAYAM
VELAMPALAYAM
MUTHANAMPALAYAM
TIRUPUR - S.R.NAGAR
PONGALUR

TIRUNELVELI
PALAYAMKOTTAI
TIRUNELVELI TOWN
TENKASI
SANKARANKOIL
AMBASAMUDRAM
SURANDAI
KADAYANALLUR
VALLIYUR
TIRUNELVELI JUNCTION
MUDALIYARPATTI
ALANGULAM

TIRUVANNAMALAI
TIRUVANNAMALAI
POLUR
PERUNDURAIPATTU
ARNI
VANDAVASI
TIRUVETHIPURAM (CHEYYAR)
CHENGAM
ADAMANGALAM
KORUKKATHUR
NADUKUPPAM
KONALUR
ALATHUR
CHETPET

TRICHY
TRICHY - MAIN
MUSIRI
THATHIENGARPET
JEEYAPURAM
CANTONMENT
KANNANUR
THILLAINAGAR
SRIRANGAM
K.K.NAGAR
SURIYUR
TIRUVERUMBUR
SRINIVASA NAGAR
MANAPPARAI
KARUMANDAPAM
THURAIYUR
APPANALLUR
LALGUDI
SAMAYAPURAM
SOBANAPURAM
MOOVANUR
MANACHANALLUR
TRICHY -WEST BOULIWARD ROAD
VENKATESAPURAM
MONDIPATTI
THIRUPPATTUR
TRICHY - ARIYAMANGALAM

TUTICORIN
TUTICORIN
KOVILPATTI
SEYDUNGANALLUR

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NETWORK OF BRANCHES

VAZHAVALLAN
IDAICHIVILAI
TIRUCHENDUR

VELLORE
VELLORE
KANIYAMBADI
VANIYAMBADI - NEW TOWN
TIRUPATHUR
ARAKONAM
SALAI
SHOLINGUR
BRAHMAPURAM
GUDIYATHAM
RANIPET
POOTUTHAKKU
ARCOT
VIRUPAKSHIPURAM
PERUMUCHI
NARIYANERI
NATRAMPALLI
JOLARPET
DEVALAPURAM
KATPADI

VILLUPURAM
VILLUPURAM
KADUVANUR
THOTTIYAM
TINDIVANAM
GINJEE
KALLAKURICHI
ULUNDURPETTAI
THIRUMANGALAM
MURARBADU
CHINNASALEM
PRIDIVIMANGALAM
TIRUKKOYILUR
PANANKUPPAM
RANGAPANUR
SANKARAPURAM

VIRUDHUNAGAR
VIRUDHUNAGAR
RAJAPALAYAM
SIVAKASI
ARUPPUKKOTTAI
SRIVILLIPUTHUR
NAKKENERI
S.N.PURAM
KALASALINGAM UNIVERSITY E.C.

SIVAGANGAI
KARAIKUDI
SINGAMPUNERI
SAKKOTTAI
DEVAKOTTAI
KOVILOOR

TELANGANA

ADILABAD
ADILABAD

HYDERABAD
SECUNDERABAD
HYDERABAD MAIN
HYDERABAD S R NAGAR
HYDERABAD NALLAKUNTA
HYDERABAD ABIDS
HYDERABAD KALYANAGAR
HYDERABAD JUBILLEE HILLS
HYDERABAD HIMAYATNAGAR
HYDERABAD MIYAPUR
HYDERABAD AMEERPET
HYDERABAD SANTOSH NAGAR
HYDERABAD BANJARA HILLS
CORPORATE BUSINESS UNIT - HYDERABAD
ASSET RECOVERY BRANCH - HYDERABAD

KARIMNAGAR
KARIMNAGAR
JAMMIKUNTA

NIRMAL
BHAINSA

KHAMMAM
KHAMMAM

MAHABUBNAGAR
MAHBUBNAGAR
JADCHERLA

NALGONDA
MIRYALAGUDA
NALGONDA

NIZAMABAD
NIZAMABAD

RANGA REDDY
HYDERABAD DILSUKH NAGAR
HYDERABAD MANIKONDA
HYDERABAD MEHADIPATNAM
HYDERABAD MEERPET
HYDERABAD KONDAPUR
HYDERABAD L.B. NAGAR
HYDERABAD HAYATHNAGAR
BRAHMANAPALLY
HYDERABAD VANASTHALIPURAM
HYDERABAD - TADBUND

WANAPARTHY
WANAPARTHY

WARANGAL URBAN
WARANGAL - MAIN
WARANGAL - HANAMAKONDA
WARANGAL - KHAZIPET

MEDAK
MEDAK

BHANDRADRI KOTHEGUDEM
PALONCHA (PALWANCHA)
KOTHAGUDEM

JAGTIAL
JAGTIAL

KAMAREDDY
KAMAREDDY

MANCHERIAL
MANCHERIAL

MEDCHAL-MALKAJGIRI
HYDERABAD MALKAJ GIRI
HYDERABAD A.S.RAO NAGAR
HYDERABAD KUKATPALLY
HYDERABAD PRAGATHI NAGAR
HYDERABAD BODUPPAL
HYDERABAD NIZAMPET
HYDERABAD CHANDANAGAR
HYDERABAD ALWAL
HYDERABAD HABSIGUDA
MEDCHAL
NAGARAM

SANGAREDDY
SANGAREDDY
ZAHEERABAD

SIDDIPET
SIDDIPET

Karur Vysya Bank
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NETWORK OF BRANCHES

SURYAPET
KODAD

YADADRI BHUVANA GIRI
YADAGIRIGUTTA

NAGAR KURNOOL
NAGAR KURNOOL

UTTARPRADESH

GHAZIABAD
GHAZIABAD

GOWTAM BUDDHA NAGAR
NOIDA

KANPUR
KANPUR

LUCKNOW
LUCKNOW

MEERUT
MEERUT

VARANASI
VARANASI

UTTARAKHAND

DEHRADUN
DEHRADUN

WEST-BENGAL

PASCHIM BARDHMAN
DURGAPUR

HOWRAH
JAGACHA
BAGNAN
GHOSHPARA

KOLKATA
KOLKATA-MAIN
SHAKESPHERE SARANI
BALLYGANGE
KOLKATA - N.S.ROAD

PASCHIM MEDINIPUR
KHARAGPUR

NORTH 24 PARGANAS
SALT LAKE
KOLKATA-DAKSHINESHWAR
KOLKATA-BANGUR AVENUE

SOUTH 24 PARGANAS
GARIA
JOKA

Karur Vysya Bank
Smart way to bank

PRINCIPAL CORRESPONDENT BANKS

OUR SWIFT CODE KVBLINBBIND
CHIPS UID: 154137

Name of the Bank and address

USD	EURO	JPY	GBP
Wells Fargo Bank NA NY 4080 375 Park Avenue New York NY - 10152 **Ac.No. 2000193005826** **SWIFT : PNBPUS3NNYC** **FEDWIRE ROUTING** **NUMBER 026005092** **Chips ABA No. 0509**	**Commerz Bank AG** Theodor-Heuss-Allee 50 60489 Frankfurt AM Main **Germany** **Ac. No. 400875119000EUR** **SWIFT : COBADEFF**	**Standard Chartered Bank** 30-16, Ogikubo 4-chome, Suginami-ku Tokyo 167-8530, Japan **Ac.No. 0219600 - 1110** **SWIFT:SCBLJPJT**	**Standard Chartered Bank** 1 Alderman bury Square London EC2V 7SB United Kingdom **Ac.No. GBP 01 265520901** **SWIFT : SCBLGB2L** **I-BAN NO** **GB94SCBL60910412655209**
USD	**EURO**	**AUD**	**CHF**
Standard Chartered Bank One Madison Avenue New York, NY 10010-3603 USA **Ac.No.3582069922001** **SWIFT : SCBLUS33** **FEDWIRE ROUTING** **NUMBER 026002561**	**Standard Chartered Bank Gmbh** Postfach 110162 Theodor-Heuss-Allee 112 D-60036,Frankfurt am Main, GERMANY **Ac.No.18021504** **SWIFT : SCBLDEFX** **I-BAN NO** **DE39512305000018021504**	**Australia & New Zealand Banking Corporation** 55 Collins Street Melbourne, Victoria AUSTRALIA **Ac.No. 237776-00001** **SWIFT : ANZBAU3M** **BSB Number: 013024**	**ZUERCHER KANTONAL BANK** Zurich, Switzerland **Ac.No.0700-01283278** **SWIFT :ZKBKCHZZ80A** **I-BAN NO** **CH5200700070001283278**
USD	**SGD**	**CAD**	**SEK**
Citi Bank, N A 111, Wall Street New York City , NY 10018, USA **Ac.No.36844037** **SWIFT : CITIUS33** **FEDWIRE ROUTING** **NUMBER 021000089**	**Standard Chartered Bank** Battery Road Branch, 6, Battery Road, SINGAPORE 049909 **Ac.No. 0106342533** **SWIFT:SCBLSGSG**	**ICICI Bank Canada** Don Valley Business Park, 150 Ferrand Drive, Suit No 700 North York, Ontario CANADA M3C3E5 **Ac.No.101928815** **SWIFT:ICICCATT**	**Skandinaviska Enskilda Banken** S-106, 40 Stockholm SWEDEN **Ac.No.5201-85-335-84** **SWIFT:ESSESESS**
AED	**SGD**		
Commercial Bank of Dubai Po Box 2668, Al Ittihad street Dubai,UAE **A/c.No.1001361656** **SWIFT: CBDUAEADXXX** **I-BAN NO** **AE590230000001001361656**	**Indian Overseas Bank** 64, Cecil Street, IOB Building, Singapore 049711 **A/c. No. 4916210132** **SWIFT: IOBASGSG**		

NOSTRO ACCOUNT FOR NRI / FCNR DEPOSIT

GBP	EUR	USD
Wells Fargo Bank London **A/c.No.07515036** **SWIFT: PNBPGB2L** **Sort Code 16-56-71** **IBAN GB34PNBP16567 107 515036**	Wells Fargo Bank London **A/c.No.07515168** **SWIFT: PNBPGB2L** **IBAN GB59PNBP16567 107 515168**	Wells Fargo Bank New York **A/c.No.2000191007059** **SWIFT: PNBPUS3NNYC** **FEDWIRE ROUTING** **NUMBER 026005092** **Chips ABA No. 0509**

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KVB Karur Vysya Bank
Smart way to bank

A DECADE OF PROGRESS

(₹ in Crore)

Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Paid up Capital	54	94	107	107	107	122	122	122	145	160
Reserves	1,566	2,020	2,601	2,978	3,219	4,124	4,451	4,723	6,066	6,205
Owned funds	1,620	2,114	2,708	3,085	3,326	4,246	4,573	4,845	6,211	6,365
CRAR - Basel II (%)	14.49	14.41	14.33	14.41	12.77	14.63	12.26			
Basel III (%)					12.60	14.62	12.17	12.54	14.43	16.00
Deposits	19,272	24,722	32,112	38,653	43,758	44,690	50,079	53,700	56,890	59,868
Advances	13,675	18,052	24,205	29,706	34,226	36,691	39,476	41,435	45,973	50,616
Total Business	32,947	42,774	56,317	68,359	77,984	81,381	89,555	95,135	1,02,863	1,10,484
Total Income	2,005	2,482	3,621	4,695	5,680	5,977	6,150	6,405	6,600	6,779
Operating Profit	463	600	726	849	838	943	1,303	1,571	1,777	1,711
Net Profit	336	416	502	550	430	464	568	606	346	211
Dividend (%)	120	120	140	140	130	130	140	130	30	30
Branches (No.)	335	369	451	551	572	629	667	711	790	778
EPS (₹)	62.23	44.90	46.81	51.35	40.08	39.86	46.59	9.95*	4.78	2.64
Return on Assets (%)	1.76	1.71	1.56	1.35	0.86	0.88	1.03	1.00	0.53	0.31
Book Value(₹)	297.60	193.04	252.68	287.85	308.91	348.42	375.25	79.51*	85.49	79.56
No of Employees	4,175	4,574	5,673	6,730	7,339	7,197	7,211	7,400	7,956	7,663

* During the Financial Year 2016-17, one Equity Share face value of ₹10/- each was subdivided into five Equity Shares of face value ₹ 2/- each



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