KVB Karur Vysya Bank
Smart way to bank

IRC: F-48: 81:489:2020 31.08.2020

The Manager,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, 'G' Block,
Bandra - Kurla Complex,
Bandra (East),
Mumbai 400 051

Dear Sir,

Sub: Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Annual Report along with Notice of the 101st Annual General Meeting of the Bank

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In continuation to our earlier intimation dated August 20, 2020, we have enclosed a copy of the Annual Report 2019-20 and Notice of the 101st Annual General Meeting of the Bank to be held on Wednesday, 23rd September 2020 at 11:00 a.m. through Video Conferencing (VC) or Other Audio Visual Means (OAVM), in compliance with the extant guidelines issued by Ministry of Corporate Affairs (MCA) & Securities Exchange Board of India (SEBI).

We hereby confirm that dispatch of 101st Annual General Meeting Notice along with Annual report has been made through electronic mode today i.e., August 31, 2020.

A copy of the same is also uploaded on the website of the Bank at https://www.kvb.co.in/investor-corner/annual-general-meeting/

Kindly take the above information for your records in terms of SEBI (LODR) Regulations, 2015.

Srinivasarao M
Company Secretary &
Asst. General Manager

Encl: as above

THE KARUR VYSYA BANK LIMITED
Investor Relations Cell, Registered & Central Office,
No.20, Erode Road, Vadivel Nagar, L.N.S.,
Karur - 639 002.
✆: 04324-269431,35,40-43, Fax: 04324-225700
Email: kvbshares@kvbmail.com
Website: www.kvb.co.in
CIN: L65110TN1916PLC001295

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 101st ANNUAL GENERAL MEETING

Notice is hereby given that the 101st Annual General Meeting of The Karur Vysya Bank Limited (**the 'Bank'**) will be held on Wednesday, September 23, 2020 at 11.00 a.m. through **Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Bank for the Financial Year ended March 31, 2020 together with the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in the place of Shri M. K. Venkatesan (DIN: 00032235), who retires by rotation and being eligible, offers himself for re-appointment.

3. 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 approval accorded by the Reserve Bank of India, 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), 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 this 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 ₹ 75,00,000/- (Rupees Seventy Five 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

4. To appoint Branch 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 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, ("Board") in consultation with Statutory Auditors, be and is hereby authorised 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".

5. To appoint Shri KG Mohan (DIN: 08367265) as 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 KG Mohan (DIN: 08367265), be and is hereby appointed as 'Non- Executive Independent Director' of the Bank with effect from February 01, 2020 to October 11, 2022, not liable to retire by rotation."

6. To appoint Dr. Harshavardhan Raghunath (DIN: 01675460) as 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, Dr. Harshavardhan Raghunath (DIN: 01675460), be and is hereby appointed as 'Non-Executive Independent Director' of the Bank for a period of three (3) years with effect from July 30, 2020, not liable to retire by rotation."

7. To appoint Shri B. Ramesh Babu (DIN: 006900325) as a Director of the Bank.

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

"**RESOLVED THAT** pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, pursuant to Section 10A and other applicable provisions of the Banking Regulation Act, 1949, Shri B. Ramesh Babu (DIN: 06900325) be and is hereby appointed as a Director of the Bank, not liable to retire by rotation."

8. Approval for appointment of Shri B. Ramesh Babu (DIN: 006900325) as a Managing Director and Chief Executive Officer of the Bank.

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

"**RESOLVED THAT** pursuant to the approval accorded by the Reserve Bank of India under Section 35B of the Banking Regulation Act, 1949, the provisions of Section 196 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable regulations, if any, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the approval of the Members of the Bank be and is hereby accorded for the appointment of Shri B. Ramesh Babu (DIN: 06900325) as the Managing Director & Chief Executive Officer of the Bank, for a period of three years with effective from the date of taking charge **i.e., July 29, 2020** on the terms and conditions mentioned here under:

Sr. No.	Particulars	(₹) per annum
Part-A: Fixed Pay (including perquisites):		
1.	Salary ₹ **9.55 Lakh per month**	1,14,60,000
2.	Dearness allowance	Nil
3.	Superannuation benefits:	
	Provident Fund -10% of salary	11,46,000
4.	Leave Fare Concession/ Allowance	1,90,000
5.	Entertainment Allowances	2,00,000
6.	Perquisites:	
	i) Free Furnished House and its maintenance/House Rent Allowance	3,00,000
	ii) Conveyance Allowance/Free use of Bank's car for Official purposes	45,000
	iii) Driver's salary	25,000

Sr. No.	Particulars	(₹) per annum
	iv) Reimbursement of medical expenses	60,000
	v) Subscription to Newspaper and Business Magazines	12,000
	vi) Telephone Charges	25,000
	Total Fixed pay (including perquisites)	1,34,63,000
Further he is eligible for the following perquisites which are reimbursable nature without any monetary ceilings:		
01	Traveling and halting allowance: To & fro fare by Business/Executive class for air travel for Official purpose and halting allowances, Boarding and lodging charges as applicable to other Directors of the Bank.	
02	Reimbursement of medical hospitalisation charges to the extent of 100% of self and dependent family members.	
03	Leave: Casual leave:12 days; Privilege leave:1 day for every 11 days of service; Sick leave: 15 days for each completed year of service. Encashment of privilege leave is as per the Bank's policy from time to time.	
Part-B: Variable Pay: Amount of variable pay will be as approved by the RBI from time to time for each financial year as per the achievement of performance parameters fixed by the Nomination and Remuneration Committee of the Bank.		
Variable Pay: For each FY / Performance Period		100% of Fixed pay
1.	Cash Component	18% of Variable pay with upfront payment of 100%
2.	Non Cash Component (Share-linked instruments/ESOPs)	82% of Variable pay with deferral vesting of 100% in three years

Place: Karur
Date: August 19, 2020

By order of the Board
For the **Karur Vysya Bank Limited**

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

NOTES

1. Ministry of Corporate Affairs (MCA) vide its Circular No. 20/2020 dated May 05, 2020, has issued Clarification on holding of Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") read with Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020. Further Securities and Exchange Board of India also vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 has issued Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In view of the continuing COVID-19 global pandemic, holding of the AGM through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") is permitted.

2. Members can join the AGM through VC / OAVM mode 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis. The Members can join the AGM in the VC/OAVM mode by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee; Auditors etc., who are allowed to attend the AGM without restriction on account of first come first served basis.

3. DATES OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Bank will remain closed from Thursday, September 17, 2020 to Wednesday, September 23, 2020 (both days inclusive).

4. 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. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice**.

5. Corporate Members intending to authorise their representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting are required to send a scanned copy of the Board Resolution authorizing its representative to the Scrutiniser by email through its registered email address to byascrutiniser@gmail.com with a copy marked to evoting@nsdl.co.in. The email should be received by the Bank not less than 48 hours before the commencement of the meeting.

6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

7. 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 electronic inspection by the members at the AGM.

8. All the relevant documents referred to in this Notice requiring the approval of the Members at the meeting and other Statutory Registers shall be available for electronic inspection by the Members upto the date of the meeting **i.e., September 23, 2020**. This Notice and the Annual Report will also be available on the Bank's website www.kvb.co.in for download.

9. RBI vide their Circular no. DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 directing all Banks not to make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions with a view that Banks must safeguard capital in an environment of heightened uncertainty caused by COVID-19 pandemic. Pursuant to this, no dividend was recommended by the Board of Directors of the Bank from the profits pertaining to the financial year ended March 31, 2020

10. 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 Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is attached to this Notice.

11. DEMATERIALISATION OF SHARES

The shares of the Bank have been traded compulsorily 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 dematerialised 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 dematerialise their shares in order to avail the benefit of free transferability as any request for transfer of shares with effect from April 01, 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.

12. QUERIES AT THE AGM

Shareholders may submit their queries relating to the Accounts, Directors' Report or any other matters to be placed at the 101st AGM, from their registered email address, mentioning their name, DP ID and Client ID /folio number and mobile number, to reach the Bank's email address at kvbagmspeakers@kvbmail.com from **September 16, 2020 till September 19, 2020**. The same will be answered during the meeting.

Further, Members, who would like to ask queries during the AGM with regard to the financial statements or any other matter to be placed at the AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number and mobile number, to reach the Bank's email address at kvbagmspeakers@kvbmail.com from **September 16, 2020 till September 19, 2020**.

Those Members who have registered themselves as a speaker will only be allowed to ask queries during the AGM. The Bank reserves the right to restrict the number of speakers at the AGM depending upon the availability of the time.

13. CHANGE OF ADDRESS

Shareholders who are holding shares in physical form are requested to notify changes in their addresses along with pin code to the Registrars & Share Transfer Agents of the Bank whose address is given below:

M/s S.K.D.C. Consultants Ltd.,
(Unit: KVB Ltd),
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road, Ganapathy,
Coimbatore - 641006
Tel: 0422 - 2539835, 2539836, 4958995
e-Mail: info@skdc-consultants.com; Website: www.skdc-consultants.com
CIN: U74140TZ1998PLC008301

14. UNCLAIMED DIVIDENDS

Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Bank, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Bank, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on the website at www.iepf.gov.in. For details, please refer to Corporate Governance Report of Annual Report.

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 nomination form can 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.

    In compliance with the SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Bank/Depositories.

    Members may note that the Notice and Annual Report 2019-20 will also be available on the Bank's website https://www.kvb.co.in, websites of the Stock Exchange i.e., National Stock Exchange of India Limited at https://www.nseindia.com, and on the website of National Securities Depository Limited (NSDL) https://www.evoting.nsdl.com

18. VOTING THROUGH ELECTRONIC MEANS

a. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended) and MCA Circulars, the Bank is pleased to provide Members the facility to exercise their right to vote by electronic means. The Bank has appointed NSDL for facilitating voting through electronic means, as the authorised agency.

b. 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 **Wednesday, September 16, 2020** subject to the provisions of the Banking Regulation Act, 1949 as amended and the extant RBI guidelines. Details of the process and manner of Remote e-Voting is furnished separately in the Notice.

c. Members who have already exercised their right to vote by e-Voting may attend Annual General Meeting through VC or OAVM, but shall not vote at the Annual General Meeting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

d. The Board of Directors has appointed Shri R K Bapulal (FCS No. 5893 CP No. 3842), M/s Bapulal Yasar & Associates as the Scrutiniser to scrutinise the e-Voting process in a fair and transparent manner.

e. The Scrutiniser shall after the conclusion of voting at the AGM, will collate the votes downloaded from the e-Voting system and the votes cast at the AGM through e-voting for all resolutions set forth in the Notice convening the AGM. On completion of the Scrutiny, the Scrutiniser 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.

f. The results declared along with the report of the Scrutiniser 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.

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

Commencement of e-Voting	End of e-Voting
Saturday, September 19, 2020 (10:00 a.m. IST)	Tuesday, September 22, 2020 (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., **Wednesday, September 16, 2020** 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.

19. Since the meeting will be held through VC/OAVM, the route map of the venue of the meeting is not annexed in the Notice.

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/ in the address bar, 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 'Shareholder/ Member' 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'?

   If your email ID is registered in your demat account or with the Bank, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., 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'.

d) Member may obtain a User ID and password for casting his/her vote through 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 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 authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to byascrutiniser@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

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids in the e-voting system for the resolutions set out in this Notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back) along with Self-attested scanned copy of PAN and Aadhaar by email to green@skdc-consultants.com.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement along with Self-attested scanned copy of PAN and Aadhaar to green@skdc-consultants.com.

3. Alternatively, member may send an email request to evoting@nsdl.co.in for obtaining user id and password by providing the details mentioned in the above (1) or (2) points as the case may be.

The Instructions for Members for e-Voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

Instructions for members for attending the AGM through VC/OAVM are as under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Bank will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptop or Computer for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience latency, Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid problems.

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 **Wednesday, September 16, 2020**. 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., **Wednesday, September 16, 2020**, 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 shall only be entitled to avail the facility of remote e-Voting as well as voting at the AGM through electronic means.

Note to Item No. 3 on Re-appointment of Statutory Central Auditors

M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi, (Firm Registration Number 001076N/N500013) were appointed as Statutory Auditors of the Bank from the conclusion of 100th Annual General Meeting until the conclusion of 101st 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 the approval of Reserve Bank of India, to hold Office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Bank, at the annual remuneration/fee of ₹ 75,00,000/- (Rupees Seventy Five 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 Central 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. The Reserve Bank of India accorded their approval vide letter ref DOS. ARG. No. PS-18 /08.12.005/2020-21 dated July 17, 2020 for the appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, Kochi as Statutory Auditors of the Bank for the year 2020-21 under Section 30(1A) of the Banking Regulation Act, 1949.

Statutory Central Auditors have audited 35 Branches, as a part of year end Audit, covering 32.35% of the total advances, besides Central Office, Karur and Integrated Treasury, Mumbai. Remuneration paid to them for Annual Audit and Quarterly Financial Review for the year 2019-20 is as under:

Particulars	**Amount (₹ in Lakh)**
Fee for year-end audit including issue of statutory certificates[1]	53.00
Fee for quarterly limited review (for three quarters @ ₹ 5 lakh each)	15.00
Fee paid for year-end audit of branches[2]	8.15
Reimbursement of out of pocket expenses incurred (based on actual expenses)	10.01
Total	**86.16**

Note:

[1] *Audit of Central Office, Integrated Treasury and 15 Branches as a part of Statutory Central Audit assignment*
[2] *Audit of 20 additional Branches (apart from above 15 Branches) and additional review of advances at 43 Branches due to COVID-19 restrictions*

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. 4 to 8 of the Notice.

ITEM NO. 04

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, recommend passing of the resolution, as set out in Resolution No. 4 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. 05

Shri KG Mohan (DIN: 08367265) was co-opted as an Additional Director under Independent Category of the Bank in the Board Meeting held on February 01, 2020 under the provisions of Section 161 of the Companies Act, 2013 (the Act) 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 KG Mohan is a senior Information Technology professional having around four decades of corporate experience, as well as independent technology professional post retirement.

Shri KG Mohan 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 23, 2020 made the due diligence of declaration and undertaking and scrutinised the profile submitted by Shri KG Mohan 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. Shri KG Mohan is attaining 70 years of age on October 12, 2022 which is the maximum age to become a director of the Bank as per fit and proper criteria policy of the Bank in tune with the extant guidelines of Reserve bank of India.

Your Directors, therefore, recommend the appointment of Shri KG Mohan (DIN: 08367265) as Non- Executive Independent Director of the Bank, from February 01, 2020 to October 11, 2022, not liable to retire by rotation, as set forth in Item No. 5 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 KG Mohan, none of the other Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in this resolution.

ITEM NO. 06

Dr. Harshavardhan Raghunath (DIN: 01675460) was co-opted as an Additional Director under Independent Category of the Bank in the Board Meeting held on July 30, 2020 under the provisions of Section 161 of the Companies Act, 2013 (the Act) 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. Dr. Harshavardhan Raghunath was a Senior Advisor to leading international management consulting firm Bain & Company and led its financial services practice in India.

Dr. Harshavardhan Raghunath has furnished the consent for his appointment and declarations as required under the Act, Rules made thereunder. The NRC at its meeting held on July 29, 2020 made the due diligence of declaration and undertaking and scrutinised the profile submitted by Dr. Harshavardhan Raghunath 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 Dr. Harshavardhan Raghunath (DIN: 01675460) as Non- Executive Independent Director of the Bank for a period of three years with effect from July 30, 2020, 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 Dr. Harshavardhan Raghunath, none of the other Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in this resolution.

ITEM NO. 07 & 08

The Board of the Bank has co-opted Shri B Ramesh Babu (DIN: 06900325) as an Additional Director of the Bank, pursuant to provisions of the Section 161 of the Companies Act, 2013 and Article 24 of the Articles of Association of the Bank. Reserve Bank of India has accorded its approval in terms of Section 35B of the Banking Regulation Act, 1949 for appointment of Shri B. Ramesh Babu as Managing Director & Chief Executive Officer of the Bank for a period of three years from the date of taking charge i.e., July 29, 2020. The terms and conditions approved by the Reserve Bank of India are furnished in the resolution part of this Notice. He was representing "Majority Sector - Banking" in the Board of the Bank.

Further, RBI vide circular No.DOR.Appt. BC. No.23/ 29.67 .001 / 2019-20 dated November 4, 2019 has issued the revised guidelines on 'Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function staff, etc., for the pay cycles beginning from April 2020. The compensation structure of Managing Director & CEO presented in the resolution is in line with the revised guidelines. The Compensation structure shall comprise of Fixed pay & Variable pay. The revised RBI Guidelines explicitly lay down that the Variable Pay component is a part of the overall compensation package and such variable pay shall be at least 100% with a maximum ceiling limit of 300% of fixed pay. Variable pay shall be in the form of cash/non-cash mode (Share linked instruments).

As per the extant guidelines of RBI, the Board of Directors recommended minimum Variable Pay i.e., 100% of fixed pay, which is in the form of cash and non-cash component (share linked instruments), 18% of variable pay in cash with upfront payment and 82% of variable pay is in the form of non-cash component (share linked instruments) with deferral arrangement of three years. The percentage of variable pay to the fixed pay will be based on the achievement of performance parameters fixed by the NRC and approval of the Board subject to the approval of Reserve Bank of India. The quantum of cash component and options under non-cash component (share linked instruments) will not be ascertained at this stage.

Board of directors of the Bank will evaluate the performance of the Managing Director & CEO for each financial year during his tenure on the recommendations of NRC's evaluation on the performance based metrics (both Quantitative and Qualitative), will determine the amount of variable pay payable to MD & CEO for each FY with an upper ceiling of 100% of fixed pay subject to the approval of RBI. The total monetary value of variable pay in the form of cash and non-cash component cannot be determined at this juncture. The options under Share-linked Instruments will be granted at Market Price. In order to arrive the number of options under share linked instruments the eligible quantum will be divided with fair value of KVB shares using Black-Scholes model on the date of grant by the Bank.

Shri B. Ramesh Babu appointed as an Additional Director of the Bank shall hold Office upto the date of ensuing Annual General Meeting. Nomination and Remuneration Committee of the Board proposed his candidature for the Office of Director of the Bank under the provisions of the Companies Act, 2013.

The Board of Directors recommends the Resolution as set out in item No. 7 & 8 for the approval of the members.

Except Shri B. Ramesh Babu, 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. 02

Brief Resume:

Shri Munugoor Krishnamoorthy Venkatesan (DIN: 00032235), aged 63 years, is an Economics graduate. M K Venkatesan is one of the promoters of the Bank. He is engaged in the trading of agricultural products/ Commodities since four decades. He has been dealing in many niche agri products under the brand name of M/s M K V Mundy. He has rich & vast experience in the field of agriculture and allied activities besides MSME sector.

He was co-opted as an Additional Director of the Bank on December 09, 2014 and was elected as a Director at the 96th AGM held on July 22, 2015. He held two terms earlier as a Director of the Bank from February 22, 1992 to February 18, 2000 and November 26, 2003 to July 26, 2009. He is a Non-Executive Non-Independent Director of the Bank, liable to retire by rotation.

Nature of his experience in specific functional areas	Economics, MSME & Agriculture
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	7,58,404 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	Majority Sector 'Economics, MSME & Agriculture'.
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. 05

Brief Resume:

Shri Mohan Krishnan Ganapathy (DIN: 08367265), aged 67 years, an IIT Madras alumni with a PGDIE from NITIE.

Shri KG Mohan is a senior Information Technology professional having around 4 decades of corporate experience working with large multinational corporations as well as independent technology professional post retirement. He mixes sharp business sense and experienced leadership skills with international operating experience in strategic IT Business value delivery.

Shri KG Mohan held varied global IT leadership positions at FMCG giant Unilever for 27 years and subsequently at Healthcare leader Johnson & Johnson for 4 years. At Unilever the positions he held includes VP IT for Hindustan Unilever, VP IT & CIO for South Asia / Africa and Global VP IT for Networking and Telecommunication. At J&J, he was the VP IT and CIO for Asia Pacific working out of Singapore. He was a Member of Asia Pacific Business Board for J&J Medicals and a Member of Global IT Leadership Teams at Unilever and Johnson & Johnson. He has led several business transformation exercises using technology, renegotiated global contracts, set up shared service facilities and developed global IT Teams across countries.

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	2/2
Terms and conditions of appointment or re-appointment including remuneration	Non-Executive Independent Director with effect from February 01, 2020 to October 11, 2022, 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 NO. 06

Brief Resume:

Dr. Harshavardhan Raghunath (DIN: 01675460), aged 54 years, graduated with Bachelor degree in Mechanical Engineering from VNIT Nagpur followed by an MBA from IIM Kolkata, and an MS in Quantitative Finance and PhD in Business Economics & Strategy from the Smith School of Business at the University of Maryland USA.

Dr. Harshavardhan Raghunath is an Independent Business Advisor. He was a Senior Advisor to leading international management consulting firm Bain & Company and led its financial services practice in India. He joined Bain in 2010 after spending over 14 years with other international consulting firms including the Boston Consulting Group and Arthur Andersen. He has also worked in the Banking industry for about 2 years as an analyst and trader. He has worked primarily in the financial services (Banking - retail and corporate, private banking and wealth management, insurance, asset management, etc.,) where he has advised top management of companies in India, North America, Europe, South East Asia and Greater China, on issues of strategy, operations, organisation, risk management, etc. He has worked extensively on the issues of corporate finance including mergers and acquisitions, alliance structuring and negotiations, valuations, review of major investment decisions for private equity and strategic investors, strategic due diligence, etc.,

Dr. Harshavardhan Raghunath is actively involved in policy making related to financial services in India and was a member of the Banking Working Group of the Financial Services Legislative Reforms Commission (FSLRC) set up by the Government of India as well as the Dr. P. J. Nayak Committee on Governance in Banking set up by the RBI. He has served on CII National Committees for Private Equity, Regulatory Affairs and Commodity Markets. He regularly contributes articles and is quoted frequently in business media on important sector issues. He is a frequently invited speaker at conferences organised by Confederation of Indian Industries (CII), the Indian Banks Association (IBA), Indian Merchants Chambers, Reserve Bank of India (RBI), etc., as well as in business schools. He regularly contributes to articles in academic and business journals.

Nature of his experience in specific functional areas	Strategic, Operational, Risk Management, Banking & Financial Services
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	Not Applicable
Terms and conditions of appointment or re-appointment including remuneration	Non-Executive Independent Director for a period of three years with effect from July 30, 2020, not liable to retire by rotation, eligible for sitting fees.
Sectoral Representation	Majority Sector 'Strategic Planning & Risk Management'
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. 07 & 08

Brief Resume:

Shri Ramesh Babu Boddu (DIN: 06900325), aged 60 years, is a Post Graduate in Commerce from Andhra University, Waltair and a Certified Associate of the Indian Institute of Bankers. He is an astute Banker with 40 years of all-round experience in wide range of Commercial Banking, Financial and Non-Banking services to Retail, MSME, Corporate, Institutional, Stressed Assets Management, Risk Management, Compliance, Asset Liability Management, Human Resources Management, Investment Operations, Trade Finance and Agricultural customers in different geographies in India and abroad (SBI, Chicago Branch as Vice President). He was Ex-Deputy Managing Director & Chief Operating Officer in State Bank of India and has recent experience of developing and overseeing the Retail Business and Banking Operations for more than 21,000 retail Branches and 1,20,000 other touch points of the Bank (ATMs/Customer Service Points) successfully. He has successfully headed the whole business and operations of 1,300 Branches of Chennai Circle of SBI (Branches in Tamil Nadu and Pondicherry) for three years with excellent understanding of business dynamics and man management. He has extensive experience in redressing pain-points in Customer Service related areas and furthering Financial Inclusion by actively leveraging the services of Business Correspondents in SBI. He actively involved in Direction setting and Policy formulation by participating in various apex committees of State Bank of India.

Nature of his experience in specific functional areas	Retail, MSME, Corporate, Institutional, Stressed Assets Management, Risk Management, Compliance, Asset Liability Management, Human Resources Management, Investment Operations, Trade Finance and Agricultural
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	Nil
No of Board Meetings attended during the year	Not Applicable
Terms and conditions of appointment or re-appointment including remuneration	Managing Director & Chief Executive Officer of the Bank for a period of three years from the date of taking charge i.e., July 29, 2020 on the terms and conditions approved by Reserve Bank of India.
Sectoral Representation	Majority Sector 'Banking'
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

Place: Karur
Date: August 19, 2020

By order of the Board
For the **Karur Vysya Bank Limited**

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

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New energy
New initiatives

Banking for a new India











Annual Report 2019-20

KVB Karur Vysya Bank
Smart way to bank



Karur Vysya Bank, Registered and Central office, Karur

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.





Shri M A Venkatarama Chettiar



Shri Athi Krishna Chettiar

The Vision of Two Legends

Karur Vysya Bank (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.

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KVB at a glance
02



Strategic priorities
16

Performance highlights: FY 2019 - 20

₹48,516 Crore
Gross advances

₹59,075 Crore
Total deposits

₹2,348 Crore
Net Interest Income

₹235 Crore
Net profit

New energy
New initiatives

Banking for a new India

At KVB, we have built an institution of banking excellence through a happy confluence of tradition, technology, teamwork and trust. Anchored to our illustrious legacy our focus on adopting industry-leading practices and cutting-edge technology enables us to deliver a differentiated value proposition. At the same time, we have achieved higher operational efficiencies by centralising and digitalising our processes and systems.

Evolving to address the banking needs of our diverse customers, we have entered new segments (NEO, Precious Metals Division) and strengthened the existing ones. To further elevate their banking experience and ensure seamless delivery, we are optimising our comprehensive digital offerings, deploying data analytics tools for personalisation and forming strategic partnerships that include fintech companies.

That being said, our success story hinges on the relentless efforts of every Kayveebian in delivering seamless services, even during challenging times. Their unwavering commitment and dedication motivates us to progress towards our goals with renewed zeal and energy. As we move forward, we are propelled with new energy to undertake new initiatives for an aspirational new India.

KVB AT A GLANCE

Old values. New vigour.

KVB is one of the prominent private sector banks in India. Incorporated in 1916 by two great visionaries, late Shri M. A. Venkatarama Chettiar and late Shri Athi Krishna Chettiar; our bank's primary objective is to meet the financial needs of merchants across the middle class.

Our businesses are classified as Commercial Banking Group (CBG), Corporate and Institutional Group (CIG), Personal Banking Group (PBG) and Agricultural Banking Group (ABG). During FY 2019-20, we forayed into the bullion segment by starting our Precious Metals Division (PMD). We cater to our customers through a robust network of physical and digital touch points spread across the country.



Quick facts

100+ years
of legacy

7,935
Employees

779 branches
Across India

Our customer base

4.5 Lakh
Small and mid-sized businesses

7 Lakh+
Individuals engaged in agriculture

77 Lakh+
Retail customers

OUR KEY BUSINESS SEGMENTS

Convenient solutions for a new India

T Loan size B Book size as on March 31, 2020

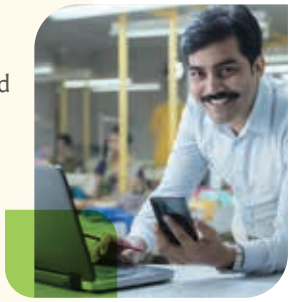
Commercial Banking Group (CBG)

T Up to ₹25 Crore

B ₹15,620 Crore

- Customised loans (Pharma Plus, Transport Plus, Textile Plus, Steel Plus, among others)
- Commercial loans
- MSME loans

- Mortgages
- Gold loans
- Corporate credit card
- Business debit card
- Transaction banking services



Corporate and Institutional Group (CIG)

T ₹25 Crore and above

B ₹12,767 Crore

- Working capital finance
- Term loans
- Specialised corporate finance products
- Trade and transaction banking services
- Liquidity management solutions



Personal Banking Group (PBG)

T Upto ₹10 Crore (for individuals)

B ₹11,193 Crore

- Housing loans
- Personal loans
- Mortgage loans
- Four wheeler loans
- Two wheeler loans
- Current account

- Savings account
- Fixed deposits
- FASTag
- Debit card
- Demat services
- Bancassurance



Agricultural Banking Group (ABG)

B ₹8,936 Crore

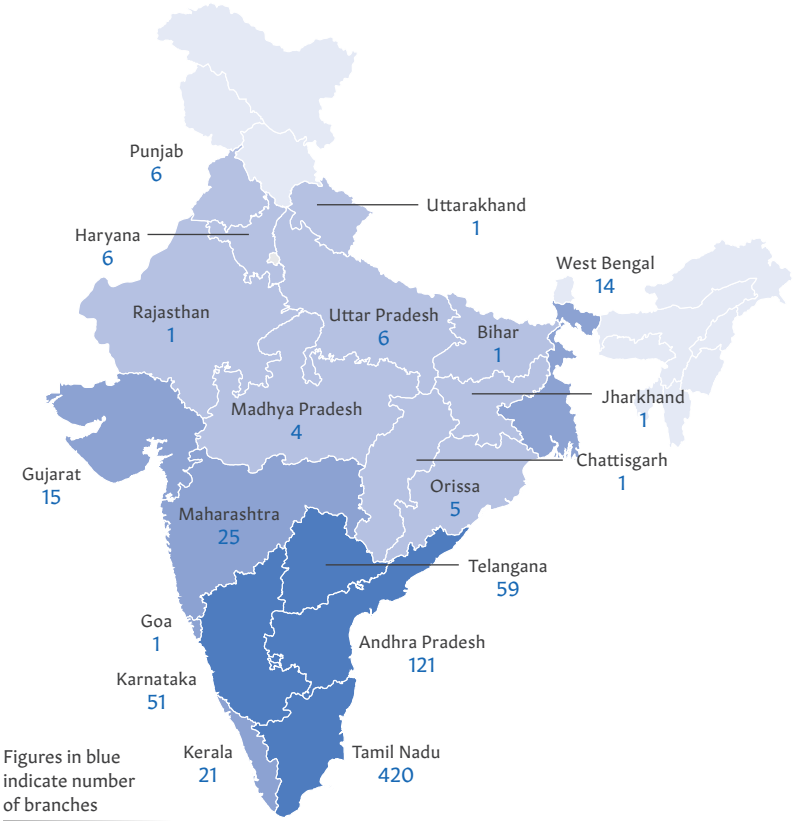
- Gold loans
- Crop loans
- Dairy loans
- Fishery loans
- Poultry loans
- Horticulture loans
- Warehouse receipt loans
- Joint Liability Group (JLG) loans



OUR PRESENCE

Networks for a new era

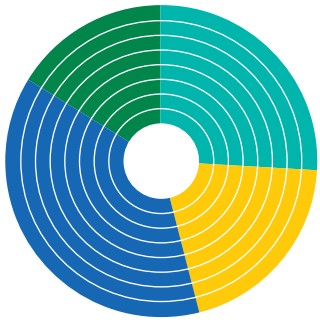
We engage with our customers via a strong distribution network spread across 19 states and 3 Union Territories. Our strong foothold in the southern region of India lends us a distinct edge over our peers. We offer our customers the convenience of engaging with us across touchpoints that include branches, PoS terminals, ATMs, cash deposit machines and more.



Figures in blue indicate number of branches

BRANCH MIX FY 2019-20

(%)



Metro	26
Urban	20
Semi-urban	38
Rural	16

MULTI-CHANNEL DELIVERY

	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020
Branches	667	711	790	778	**779**
PoS terminals	10,157	22,068	22,873	21,959	**15,534**
Cash deposit machines	353	444	533	534	**565**
ATMs	1,655	1,747	1,795	1,645	**1,659**

OUR STRENGTHS

Our value proposition

Diverse suite of offerings

All our business segments offer a multitude of products and services including loans and deposits. Our aim is to be a one-stop destination for all the financial needs of our customers. To this end, we plan to launch select products where we have witnessed increasing demand from our customers.

Number of products

17
CBG/CIG

35
ABG

156+
PBG

Customer-centric approach

For over a century, we have built a legacy of long-standing relationships with our customers, based on trust. We are able to understand their unique needs that we are quick to fulfil, making us the preferred banker of our patrons. In a highly competitive market, this is a major strength for us.

NUMBER OF CUSTOMERS

in Million



Best-in-class digital platforms and offerings

We have been among the early movers in the banking sector to embrace technology for achieving scale and enhancing efficiency of our systems and processes. Over the years, we have built a digital ecosystem encompassing a wide range of customer touchpoints across the customer lifecycle. Digitalisation also enables us to serve our customers better, at a faster pace and at the time and place of their convenience, thus, helping us enhance customer loyalty.

85%
Retail loans disbursed digitally during FY 2019-20

(excluding jewel loans and deposit loans)

Strong presence in tier-2 and tier-3 towns

We have built a significant presence in the non-metro markets, with more than half of our branches in semi-urban and rural areas. We focus on catering to the financial needs of the those sections of the society that are relatively underserved. We are looking to further strengthen our offer in these markets, which present a large headroom for growth and are expanding via a prudent mix of digital and physical channels.

54%
Branches in semi-urban and rural areas

Experienced management team

We are led by a team of experts having rich experience in their specific domains within the banking sector. Their foresight enables us to craft timely and relevant strategies. Their strong execution capabilities and continued guidance provides us strength and makes us resilient as an organisation.

33.71 years
Average experience of our leadership team

BUSINESS HIGHLIGHTS

New relationships. New possibilities.

During the year, we continued to implement several growth initiatives by joining hands with prominent financial institutions and by launching distinct, need-based products. We also focused on driving operational efficiencies by centralising our operations across key locations. Some of the key developments are explained in this section.

Strengthening our bancassurance offerings

We formed tie-ups with Go-Digit, ICICI Lombard and Star Health, enabling them to sell their insurance products at our branches. Our customers across the country now have access to these insurer's portfolios.

With this, our customers can chose from eight insurers that we are allied with.

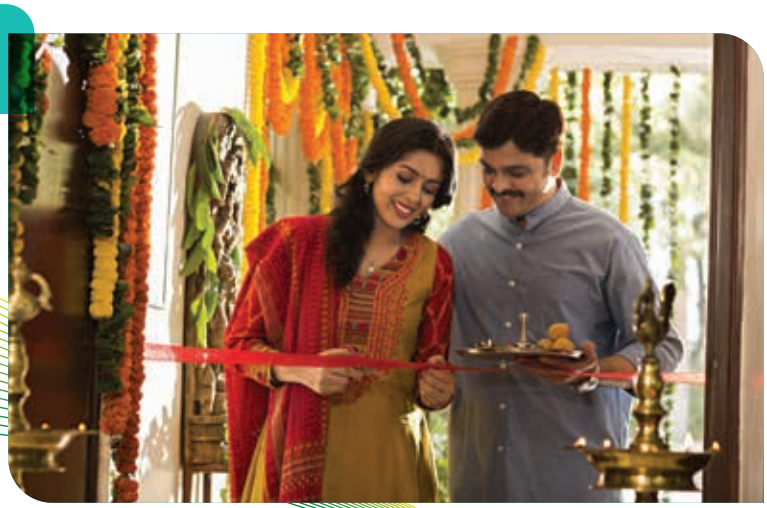
Forming new co-lending partnerships

In February, we tied up with Home Credit India (HCIN – a local arm of the international consumer finance provider) for joint lending using end-to-end automated processing which will help the customer get real-time approval and disbursement. Under the agreement, HCIN and KVB will disburse loans in a single amount to customers.

This partnership will enable us to reach out to 10 million customers of Home Credit India and leverage their global experience, knowledge and expertise.

Creating centralised operations centres

We opened a Centralised Operations Centre (COC) in March 2020. This move is the latest in our efforts to centralise our operations. As a part of this strategy, we are moving all non-time critical operational activities to the freeing up valuable time and capacity COC at our branches to provide a superior experience to our customers. The newly-opened COC spans about 20,000 sq. feet area on a single floor and conducts several activities under one roof, hitherto undertaken across different locations.



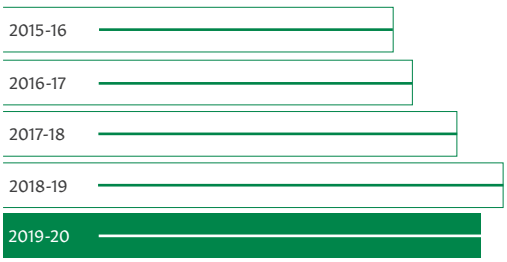
KEY PERFORMANCE INDICATORS

Solid financial profile

Balance Sheet

TOTAL ADVANCES

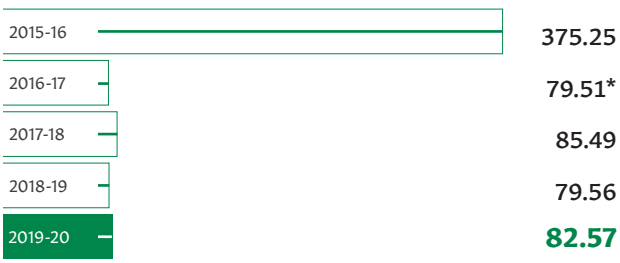
₹ in Crore



2015-16	39,476
2016-17	41,435
2017-18	45,973
2018-19	50,616
2019-20	**48,516**

BOOK VALUE

₹



2015-16	375.25
2016-17	79.51*
2017-18	85.49
2018-19	79.56
2019-20	**82.57**

*In FY 2016-17, one equity share of face value of ₹10/- each was subdivided into five equity shares of face value ₹2/- each

TOTAL DEPOSITS

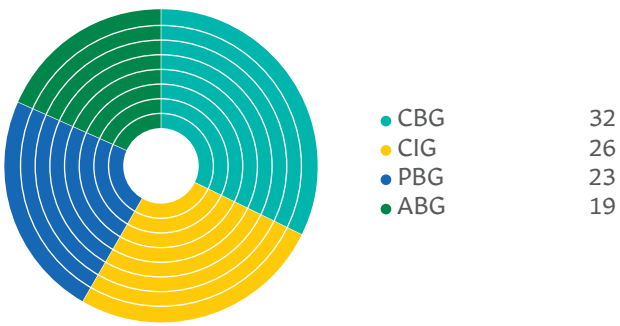
₹ in Crore



2015-16	50,079
2016-17	53,700
2017-18	56,890
2018-19	59,868
2019-20	**59,075**

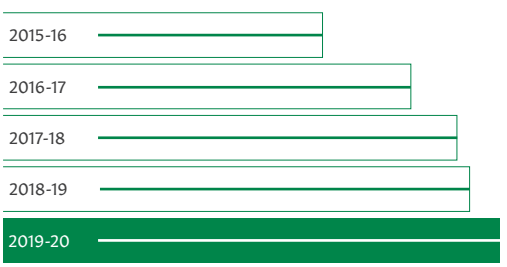
ADVANCES MIX

FY 2019-20 (%)



CASA

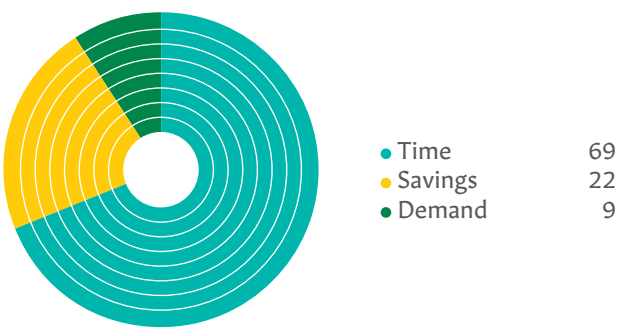
₹ in Crore



2015-16	11,675
2016-17	14,889
2017-18	16,577
2018-19	17,915
2019-20	**18,507**

DEPOSIT MIX

FY 2019-20 (%)



KEY PERFORMANCE INDICATORS (CONTD)

Profit and Loss

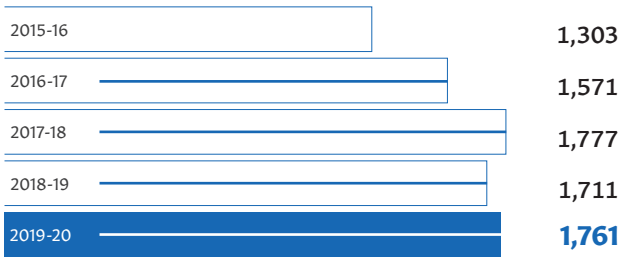
NET INTEREST INCOME

₹ in Crore



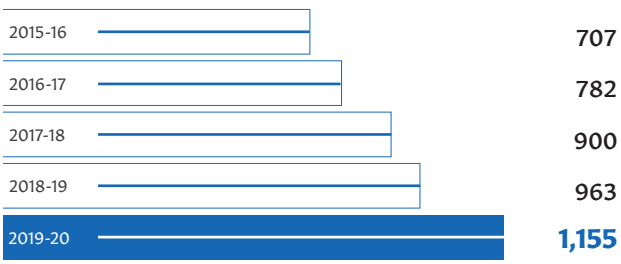
OPERATING PROFIT

₹ in Crore



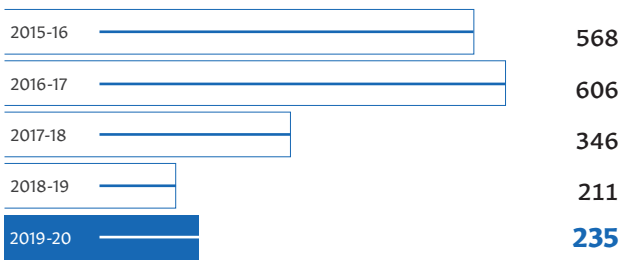
NON-INTEREST INCOME

₹ in Crore



NET PROFIT

₹ in Crore



TOTAL INCOME

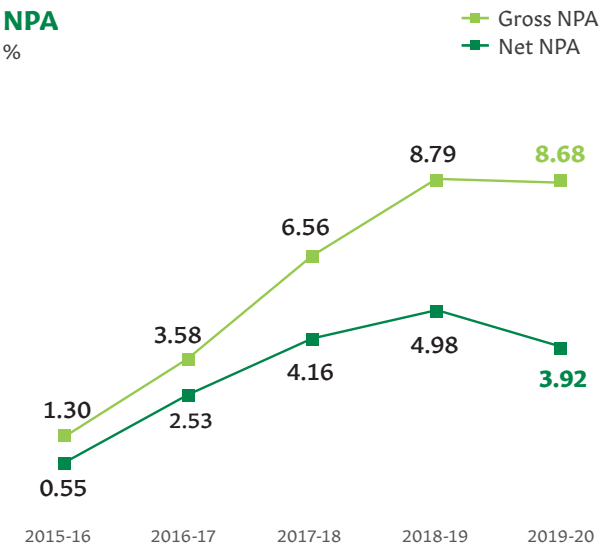
₹ in Crore



Key ratios

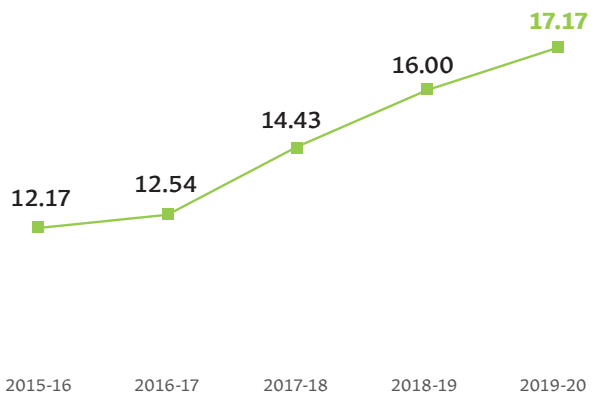
NPA

%



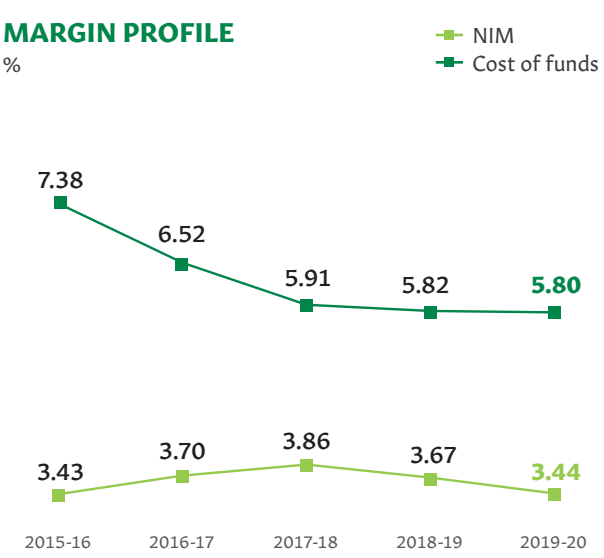
CAR

%



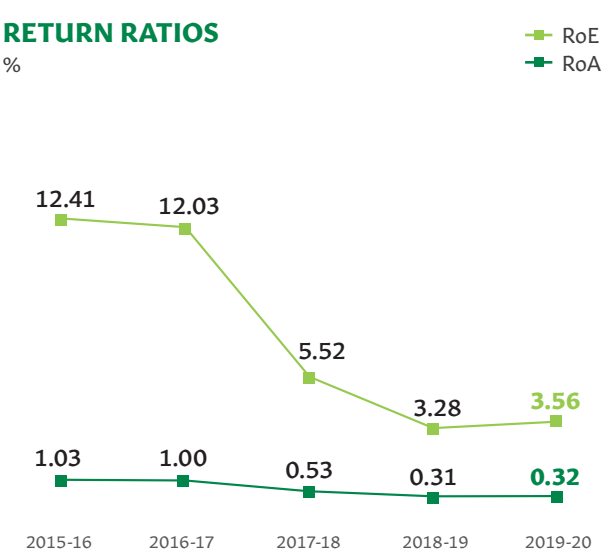
MARGIN PROFILE

%



RETURN RATIOS

%



CHAIRMAN'S MESSAGE

Progressing towards a new growth paradigm



N. S. Srinath
Chairman

Dear Stakeholders,

Before discussing our performance for the year, I would like to wish all of you and your family the best of health and safety. We live in times where the world is grappling with an unprecedented health crisis. The COVID-19 pandemic has affected not just our lives but also the way in which we work, posing several challenges to our healthcare and financial ecosystems alike. However, the crisis has also ended up opening new frontiers of growth, with lessons for us all.

As I took to writing this letter aimed at bringing forth the highlights and salient features of our healthy performance for FY 2019-20, my thoughts kept going to one place only: our strong relationships in the market and the drive for results demonstrated by our people.

I believe we have acted with foresight and agility, which are our key strengths in view of the current macroeconomic conditions facing us. We continue to interact with our depositors, borrowers, various service providers and other stakeholders, including our employees, in order to ensure that our services remain uninterrupted. This has also helped us to identify opportunities for value creation.

With this background, I would revisit the year under review.

REVIEWING THE MACROECONOMIC SCENARIO

The Indian economy, though dealing with its own issues around slowing consumption demand, rising inflation, weak private sector capex, was still among the fastest growing large economies globally. However, by March 2020, the pandemic had arrived. The country went into a nation-wide lockdown from March 24, 2020. Owing to all these pressures , the country's GDP grew at a decade-low level of 4.2% in FY 2019-20. The government has announced a slew of measures to provide relief to small and medium enterprises and to revive the economy.

There is a silver lining, however. We are witnessing a bumper harvest; this, coupled with increased maximum selling prices for major food crops and oil seeds, holds the promise of agriculture growth. Further, as global MNCs consider diversifying their manufacturing operations outside China, India could emerge as a preferred destination given the low corporate tax rate, skilled population, relatively low wages and a large domestic market. A good monsoon, weakening inflation, falling crude oil prices and revival in consumption will augur well for the economy.

A MIXED YEAR FOR THE BANKING SECTOR

India's banking sector witnessed a credit growth of ~6% during FY 2019-20 (as against 13% in FY 2018-19), with the retail segment continuing to lead from the front and corporate segment remaining under pressure. Asset quality pressures remained elevated during the year amid rising macroeconomic challenges. Further, the NBFC sector's woes continued with big names undergoing resolution process under the Insolvency and Bankruptcy Code (IBC). With a large private sector bank caught in crisis, the sector has come under increased scrutiny.

The Government of India as well as the Reserve Bank of India have taken several measures to support the economy and the banking sector. This includes the grant of moratorium on payment of interest and / or instalments by the borrowers, Guaranteed Emergency Credit Line to meet the additional credit needs of the business community, lowering risk weights for retail loans (excluding credit card loans) from 125% to 100% and ensuring transmission of lower policy rates to the end borrowers among others.

Going forward, the demand for credit and credit quality both could drop as consumption demand continues to weaken. In this scenario, banks are likely to adopt a cautious stance on incremental lending and significantly step up their focus on asset quality. However, the agriculture & allied industries as well as the MSMEs will need short-term and long-term credit and provide growth opportunities for banks and NBFCs.

Despite these challenges, we have recorded a resilient performance in the year. Healthy growth in the retail advances along with steady loan book in the agri segment offset the impact of a degrowth in the corporate credits. While net interest income remained largely stable, strong growth in non-interest income (on the back of good-performance by treasury) aided overall profitability.

KVB PUTS UP A RESILIENT PERFORMANCE

Despite the challenges we have been facing, we have recorded a resilient performance in the year. Healthy growth in the retail advances along with a steady loan book in the agriculture segment has helped offset the impact of a degrowth in the corporate credit. While our net interest income remained largely unchanged, strong growth in non-interest income (on the back of good treasury performance) delivered overall profitability.

A key highlight of our performance was the improvement in asset quality ratios - Gross NPA and Net NPA which contracted versus the levels recorded in FY 2018-19. Our constant focus on enhancing our underwriting practices, adopting superior risk appraisal processes and pushing recoveries have paid off well.

The most interesting and rather an important achievement during the year, according to me, is growing our

Highlights: FY 2019 - 20

68.90%
Provision Coverage Ratio (PCR)

17.17%
Capital Adequacy Ratio (CAR)

CHAIRMAN'S MESSAGE (CONTD)

Our NEO project is playing a prominent role in driving branchless growth.

Provision Coverage (PCR) and Capital Adequacy Ratio (CAR). We surpassed our target PCR to reach 68.90% (from 56.86% in FY 2018-19) and improved our CAR to 17.17%, as against 16.00% in FY 2018-19. I am glad to note that these ratios have firmed up further during Q1 of the current fiscal.

MOVING FORWARD WITH RENEWED ZEAL

The year gone by has strengthened our resolve to improve our services and offerings for our valued customers. I am happy to share with you that we are the first bank in the country to disburse the Emergency Credit Line Guarantee Scheme (ECLGS) loans to MSMEs in the post lockdown scenario. We continue to be liberal in providing temporary enhancements in working capital, helping our customers to tide over these tough times.

In my speech at the AGM last year, I had highlighted the future of digital banking. I take pride in saying that KVB is among the early birds to pursue digital transformation, especially in lending and our digital stance is vindicated in a post-pandemic world. It lends us distinct strengths as we work to expand our digital offerings, providing customers with a seamless banking experience and driving efficiency across all our business functions. In this regard, our NEO project is playing a prominent role in driving branchless growth.

We have carried out a thorough stress testing of our exposures to various industries and we will continue to pursue select opportunities in segments signifying relatively lower risks, especially in the corporate and MSME sector. We are constantly monitoring slippages and are working to improve recoveries from NPA accounts.

Going forward, we expect our new business segments such as bullion to bring in growth over the medium to long term. We are also focusing on growing our gold loan and vehicle loan portfolio through tie-ups. The other important focus areas will be optimisation of expenses through various measures including centralised branch operations, digitalisation and more.

BUILDING ON OUR LEGACY OF TRUST

For us at KVB, the values of being fair, ethical and transparent in business are an absolute non-negotiable. This approach has helped us build time-tested, trustworthy relationships with all our stakeholders including customers, employees, business partners, and the society at large. We are thankful to our Board of Directors for their invaluable guidance and oversight.

While our Bank is all poised to set its sails to a new journey, I am glad to welcome three new members to our Board, who are recognised among the top talents in their respective domains - our new MD & CEO Shri B Ramesh Babu, whose long years of banking experience in SBI will add great value; Independent Directors on our Board Shri K G Mohan and Shri Dr HarshaVardhan, who are both seasoned professionals highly respected for their contributions in their fields of expertise.

To conclude, I would like to extend my heartfelt gratitude to each and every Kayveebian for their dedication to the organisation. Many of you exceeded the call of duty to contribute to KVB's success and wellbeing - my thanks to you and your family. I would like to thank the leadership team for demonstrating strong execution capabilities and our shareholders, our business partners, customers and other stakeholders for their continued support.

I am confident that together, we will take KVB to greater heights.

Best Regards,

N. S. Srinath

MD & CEO'S MESSAGE

Building the new by consolidating the core

Dear Stakeholders,

I am very excited to join the esteemed KVB family. I consider it a privilege to be part of a Bank that has been religiously following, since 104 years, the time-tested principles of banking passed on by its founding fathers. In my experience, I have perceived banking as a service based on 'trust' and providing 'customer delight', qualities that are inherent in KVB. Qualities that are also the reason for the excellent goodwill we enjoy in the market.

We are always mindful of the trust, faith and confidence that our customers and our investors have reposed in us. The many milestones we have achieved through over a century are the result of having successfully safeguarded this trust by making the correct choices. Therefore, the choices we make today will create our tomorrow. This is how each one of us at the Bank contributes to shaping its destiny.

At present, the world at large is in the throes of a crisis unseen in the recent human history. It is forcing us to unlearn and relearn. Such a phase also brings with it a solid opportunity to innovate. While we cannot stop waves, we can learn quickly how to surf. When our vision is clear, we will find our future contributory space, challenges notwithstanding. Therefore, it is in times like these, it is important to remain strong, identify our areas of growth as well as our strengths, and leverage them for success.



B Ramesh Babu
MD and CEO

MD & CEO'S MESSAGE (CONTD)

Thus, we are focusing on identifying suitable opportunities for growth as well as potential threats as we try to grow our Bank while staying true to our values and principles. I would like to remind everyone that we have successfully navigated two world wars and four major recessions in independent India, apart from several other historical challenges. I am confident of emerging triumphant and even stronger than before.

I am glad to present our performance for FY 2019-20, a year marked by several macroeconomic challenges. In my view, this serves to validate our faith in our strategies and execution capabilities.

REALISING HIGHER OPERATIONAL EFFICIENCIES

We have registered growth in operating profit and net profit of 3% and 11% year-on-year basis. This was delivered through a robust performance of the treasury function backed by several initiatives to improve our operational efficiency. We also improved our PCR to 68.90% in FY 2019-20 from 56.86% in FY 2018-19.

Owing to our constantly improving underwriting practices as well as sharp focus on asset quality, during the year our Gross NPA came down to 8.68% from 8.79% in FY 2018-19 and our Net NPA to 3.92% from 4.98% in FY 2018-19.

We have generated healthy networth for investment in our growth, even as our Net Interest Income remained flat and the advances witnessed a 4% y-o-y decline. This was due in part to our conscious efforts to prune our exposure to a select few large but riskier corporate accounts (CIG segment), but also largely because of the overall weakness in the economy.

Our deposits witnessed a minor downtick of 1% as compared to FY 2018-19 owing to a decline in total demand deposits and term deposits. A 3% y-o-y growth in CASA (Current Account Savings Account), though, offset this pressure to a large extent. The PBG segment witnessed a robust 16% growth (excluding IBPC) and contributed almost 23% to the overall loan book. The ABG segment also did well by clocking-in nearly 10% y-o-y growth in loans and formed 19% of the total loans.

With A CAR of 17.17% (16.0% in FY 2018-19), we have generated a healthy amount of networth for investment in our growth.

OUR NEW INITIATIVES

The year witnessed the launch of our Precious Metals Division, which enables us to cater to the bullion needs of our customers. Having served several marquee customers in the organised as well as unorganised jewellery sector, expanding into precious metals was a logical next step.

While we delivered our first consignment in February 2020, the business has slowed down since March post COVID-19 outbreak. However, it carries immense promise over the medium to long term and we expect a swift revival once the situation normalises.

Our corporate cards business, launched in the later part of FY 2018-19, also gained healthy traction during the year and we are confident of scaling it further.

Performance snapshot: FY 2019-20

₹48,516 Crore
Gross advances

₹59,075 Crore
Total deposits

During FY 2019-20, the NEO project achieved significant growth. Set up to explore avenues of driving branchless banking through strategic partnerships and identifying ways to optimise digitalisation, we have made significant headway on all these parameters. We will soon be able to leverage the results for rapid growth and expansion.

SUPPORTING OUR STAKEHOLDERS DURING THE PANDEMIC

Post the implementation of the nation-wide lockdown from March 24, 2020, we activated our business continuity plan with the dual objectives of ensuring the safety and wellbeing of all our employees and undertaking business activities as seamlessly as possible. Our IT, HR, sales and other teams' agility and responsiveness is highly appreciable.

While we activated work from home for some of our people, our branches and divisional offices remained operational with skeletal staff to ensure that our customers received essential banking services. Likewise, we undertook all the necessary precautions to ensure hygiene and safety of all our premises and ensured employees are fully aware about all the developments and precautions to be adopted during the pandemic.

Our customer-facing teams across the country constantly engaged with customers to check on their health and wellbeing as well as to provide support in the form of financial solutions as per their needs. We encouraged our customers to adopt digital banking and also guided them in a process of smooth transition.

We undertook several measures such as distribution of masks and other essentials to corona warriors, several government hospitals and municipalities in our communities. During the year, we continued with our initiatives to drive upliftment and prosperity in our key communities.

THE ROAD AHEAD

From a strategy perspective, very clearly we want to strengthen our connection to our roots. We have very strong local linkages and we work as a part of the community we are surrounded by. Thus, we have a very sticky consumer base, which is our greatest strength. As a result, we continue to operate in the long-term interest of our customers.

Over the near term, we will refocus on SMEs and emerging corporates with the aim to drive rapid growth. Our digital transformation will enable us to achieve greater efficiencies in underwriting loans as well as providing various other customised services. We will continue to strengthen the capabilities of our people and enhance our digital offerings & platforms and our customer connect.

Our digital transformation will enable us to drive greater efficiencies in underwriting loans as well as providing various other customised services.

We will also scale up our newer business segments, through a customer-centric approach to providing need-based banking solutions. In a competitive environment, where products can be replicated instantly, the loyal relationships that we have with our customers emerge as a key differentiator. The customer trust that brand KVB enjoys defines us truly.

Our goal, therefore, is to enable KVB to emerge as a leading player and to keep it 'relevant' at all times and seeing to it that the traditional warmth of relationship banking is retained. This is in the DNA of Kayveebians.

In conclusion, I would like to thank the Central & State Governments, Regulators, all the members of our Board customers, employees, shareholders, communities and all other stakeholders for their constant faith and belief in us. Together, we will progress well in the journey of providing new-age banking solutions to meet the banking needs of a new India with new energy and new intitatives.

Best Regards,

B Ramesh Babu

STRATEGIC PRIORITIES

Solid strategy, speedy execution

At KVB, we have well-articulated strategies in place to ensure we progress in the correct direction. We revisit these strategies periodically to ensure they are in sync with the emerging realities in our external environment.

OUR STRATEGIC PRIORITIES

Leverage our solid foundation and further fortify our financial profile. This will enable us to take KVB to its next level

Focus on bringing in consistency in operational as well as financial performance

Growing market share by leveraging our traditional strengths, empowering our people and deploying the tools of best-in-class technology



During the year under review, we have progressed well towards achieving our strategic priorities. This is reflected in our improving return ratios.

As the benefits from our new initiatives start fructifying, we will achieve all our goals and objectives over the next two to three years. We believe, digital evolution will continue at a rapid pace and we will move towards a healthier, more efficient and sustainable way of conducting business.

Read more on our strategies on PG 51

New energy
New initiatives

Banking for a new India

Digitalisation, Distribution and Diversification are the three engines powering our initiatives to provide banking solutions for a new India.



Digitalisation

By stepping up the ante on digitalisation, we can reach out to a larger universe of consumers and provide them banking solutions as per their convenience and preference. It allows us to welcome new customers at relatively lower costs. By becoming a truly digital organisation, we look forward to making our processes and functions more lean and efficient.



Diversification

Providing relevant, need-based banking solutions will enable us to better serve existing customers and add more customers in our universe. In order to achieve this, we have entered into the bullion and corporate credit card segments. We believe, new product launches will be an important growth driver for us, going forward.



Distribution

In sync with evolution of the banking sector, multiple frontiers have emerged to drive branchless growth of banks. We envisage moving towards a hybrid distribution model comprising branches, digital platforms as well collaborations with select fintech and financial services companies. Our project NEO is a step in this direction and has grown rapidly in the year under review.

DIGITALISATION

Smart banking for an aspiring India

At KVB, we follow a holistic approach towards developing our digital offerings across platforms. We established the Digital Transformation Project Cell (DTPC) as a Centre of Excellence for all our digital initiatives in 2017. Vision of the DTPC is to build digital products with state-of-the-art technology, superior user experience, quicker turnaround time (TAT) and improved credit quality.

During the year under review, we collaborated with multiple technology companies and fintech solutions. We launched assisted digital application for retail loans, business loans and digital co-lending. The COVID-19 pandemic has made people more aware and open towards digital banking.

OUR DIGITAL ECOSYSTEM



Paperless on-boarding
A complete feature rich digital application catering all types of loan products in retail and business loans

Faster sanctions
In-principle sanction in less than 15 minutes and speedy disbursements

Improved credit quality
The leads generated in the system get processed post various credit checks thus ensuring applications with better credit quality

Better risk mitigation
Technical indicator driven approach provides more visibility to mitigate risk during the applications processing period

Digital documentation
Loan documents generated with e-Stamping and e-Signatures making the product truly paperless

Best- in-class customer experience
The digital application and workflow provides a hassle-free customer experience

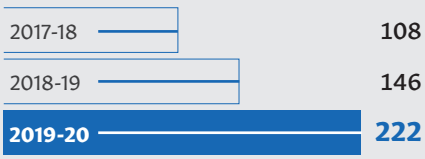
DIGITAL OFFERINGS LAUNCHED DURING FY 2019-20

Online business loans	- Digitalised entire loan portfolio including commercial business banking, emerging and mid-corporate and corporate segments
Retail loans on mobile/tablet	- Included more loan products on tablet-based application including: - Corporate personal loans - Secured personal loans - NRI home loans - NRI Loan Against Property (LAP)
Co-lending	- Formed tie-ups to focus on co-origination of loans with several leading fintech and NBFCs to enhance last-mile connectivity - Welcomed over 60,000 customers (for loans) across the country

Our digitalisation initiatives have helped us achieve a virtually paper-less digital lending system, besides developing a quick, scalable and configurable Loan Origination System (LOS). We provide our users with an omnichannel front-end interface for best-in-class user experience including a secured API gateway to integrate with multiple fintech products.

RAPID GROWTH IN MOBILE TRANSACTIONS

₹ in Lakh



ROAD AHEAD

KVB is now focusing on building more products and innovative solutions in the retail, SME and co-lending space. Our Bank is actively working on launching new products, driving process improvements across products and platforms, making operations as well as credit risk management more efficient.

Front-end application
An omni device front-end that enables both assisted and self-served model with best in class user interfaces

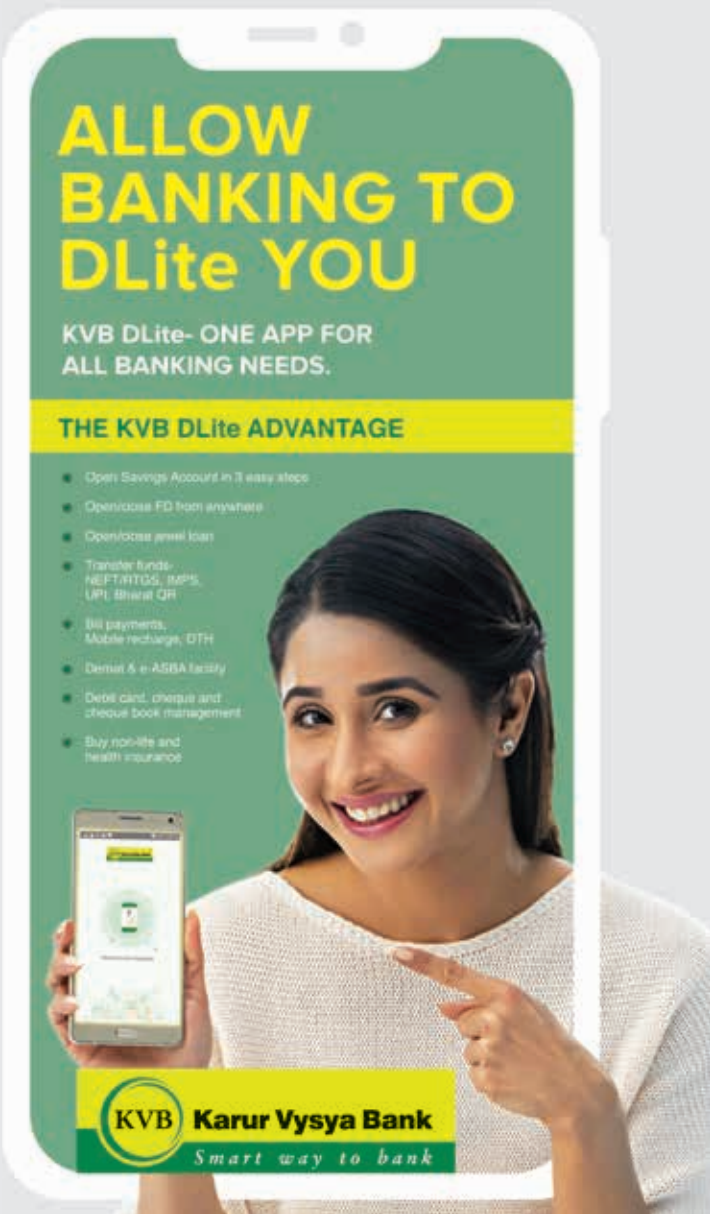
API gateway
A secured API gateway which enables and orchestrates secure interactions with external organisations and service providers

External systems

DTPC has integrated our Bank's digital platform with multiple external digital ecosystems of various fintech platforms.

Loan orientation system
Flexible, configurable and scalable architecture for the LOS providing customer journeys, high performance and maximum availability

Other systems
- Loan Management System (LMS)
- Analytics
- Audit



DISTRIBUTION

Phygital growth

In addition to undertaking calibrated expansion of our branch network, we have also been exploring other avenues to grow our reach. Project NEO and DTPC have donned the mantle for this purpose and have seen steady progress.



PROJECT NEO PURPOSE

To expand the operations through non-branch outlets

Inspired by the 'Bank-in-Bank' model, NEO focuses on optimising our digital capabilities to establish new channels of distribution with a sharp eye on increasing productivity and embracing insight-driven underwriting practices.

Through its unique API platform, NEO is integrating with multiple financial institutions across secured and unsecured lending space to offer new products to both retail and SME customers. The API platform has the flexibility to accommodate any lending or liability product in the industry and with this NEO will seek to tie-up with more strategic partners in the years to come.

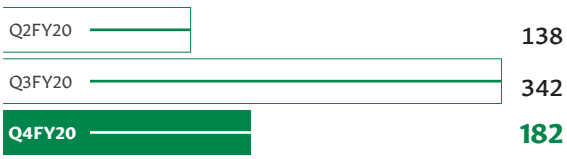
In its first year of operations itself, NEO has set high standards and is already at par with the top new generation banks on multiple parameters including average productivity and average ticket size (secured). It is enabling our Bank to achieve the dual objectives of expansion as well as efficiency. NEO have formed several partnerships during the year and are also exploring new strategic partnerships.





NEO: QUARTERLY DISBURSALS

₹ in Crore



The NEO edge

	NEO	Industry benchmark
Average productivity (₹ Crore) (Loans disbursedper employee per month)	3.00	3.00-4.00
Cost of acquiring a new customer	0.45%	0.7-1.0%
Insurance penetration	95%	40-50%
Processing fee (as a % of loans disbursed)	0.8%	0.5%
Average ticket size (₹ Crore) (secured)	3.3	3.0

DIVERSIFICATION

Customer-centricity, a legacy

Our customers form the heart of our existence and we have succeeded in building a top-of-the-mind recall for our brand. We engage with our customer very closely to identify and fulfil their existing and emerging needs. Accordingly, we venture into new segments and launch distinct, targeted products.

PRECIOUS METALS DIVISION (PMD)

In our journey so far, we have built solid relationships with large jewellers. We have been extending gold loans as well as working capital facilities to these customers so that they can source bullion from other banks. We also provide them with bank guarantees and letters of credit.

With this foray, we have joined 15 other banks authorised to import Gold and Silver. We are entering agreements with international bullion suppliers to supply bullion on consignment basis. We are looking to cater to bullion requirements of customers across both domestic and exports markets.

Our constant engagement with them made us cognisant of the immense promise of the bullion segment in India. Consequently, we launched the PMD business by establishing all requisite processes, systems and people. In February 2020, we delivered our first gold consignments to customers in Chennai and Coimbatore. But for the pandemic, this business would have performed exceptionally well. However, the long-term growth story of this segment is intact and we are focusing on expanding our operations into Andhra Pradesh, Telangana, Kerala and Karnataka soon. At present, this business is operating in Tamil Nadu, West Bengal, Delhi and Maharashtra.

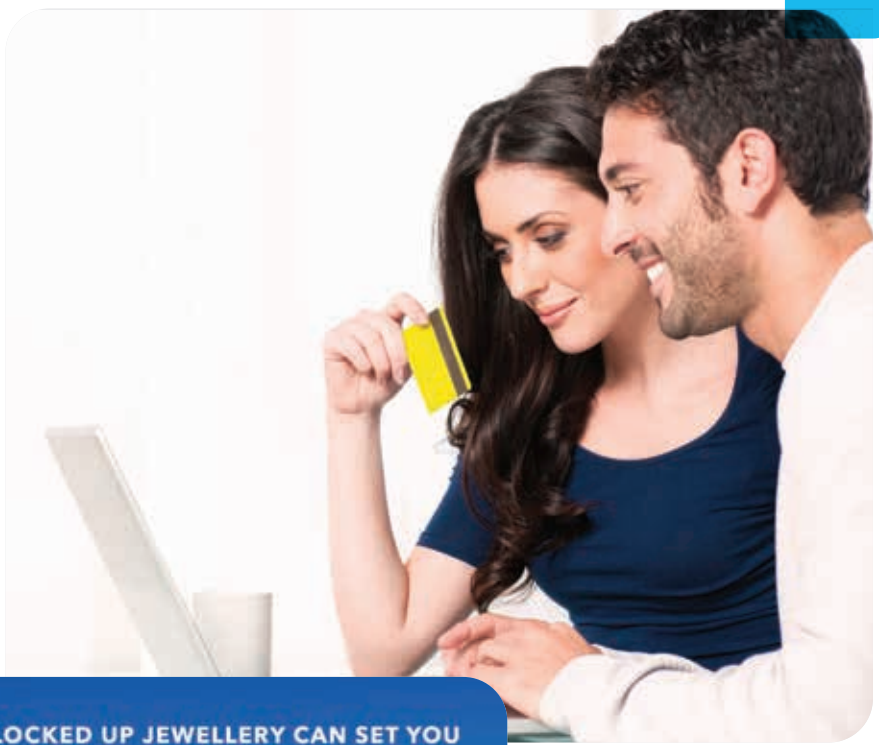


We aspire to become one of the top bullion banks in India

CREDIT CARDS

We launched our corporate credit cards in FY 2018-19 to cater to our customers in the MSME and other segments. With this product, we have onboarded 2,500+ MSMEs so far and are confident of adding more customers in the future.

In December 2019, we initiated the retail credit cards project. We have joined hands with over 10 fintech companies for developing a complete life cycle of retail credit card journey, digitally. We are looking to launch retail credit cards in FY 2020-21 and are enthused by the potential to grow this product.





PEOPLE
Unlocking new possibilities

At KVB, we believe that our people are the cornerstones of our success. We ensure that they experience a nurturing work environment, and a culture of meritocracy, enabling them to unlock their full potential and achieve newer possibilities. Outperformers are rewarded.

Some of our prominent people initiatives include:

LEARNING AND DEVELOPMENT

We have introduced a Knowledge Updation Test (KUT) for all officers in Scale 1 and 2 during the year to enhance their knowledge on several banking concepts, namely, liability, asset & technology products, credit policy and processes and more. The scores obtained in these KUTs are included in their annual performance appraisal. We sent some officials to attend specialised external programmes conducted by IDRBT, CAFRAL, NIBM, IIBF, SIBSTC, NIBSCOM, among others.

During the year, we have introduced the following new programmes:

- Industry specific credit risk training
- Credit risk and credit structuring programme
- Workshop on jewellery appraisal
- Advanced SME acquisition strategies
- Risk management and compliance programme
- Risk mitigation programme for high-risk branches
- Branch compliance for officers / clerks
- Sales workshop for branch sales managers
- Programme for personal effectiveness

PERFORMANCE APPRAISAL

We evaluate the performance of all employees in an objective manner using the Career Development System (CDS). The employees who achieve their key performance indicators are considered favourably for promotion and key postings. We undertake half yearly and annual performance appraisal and rate our employees on a 5-point scale using the CDS.

EMPLOYEE ENGAGEMENT

In memory of our founders, we celebrate Founders' day on the July 1 of every year. Employees are encouraged to participate in several cultural and sports events. The competitions are held at various divisional offices across the country and the winners participate in the grand finale held at our central office. The final winners are recognised and rewarded. We also give merit certificates and cash awards to deserving children of Kayveebians at this event.

Our holistic efforts to facilitate the professional development of our people is reflected in high levels of job satisfaction and superior performance metrics.

ENSURING EMPLOYEE WELL-BEING DURING THE PANDEMIC

At branches and other administrative offices

- Regular communications with employees to generate awareness around best practices to combat the virus and circulars were issued by HR Department.
- Encouraged employees to use Arogya Setu app, wear face masks and gloves, practice social distancing
- Ensured strict adherence to guidelines issued by government, local authorities and regulators
- Issued travel advisory to avoid any non-essential travel to other districts/states
- Issued standard operating procedures for branches/offices where some employees tested positive for COVID-19

6,779
employees
participated in our training programmes during FY 2019-20

Improving employee metrics

	2015-16	2016-17	2017-18	2018-19	2019-20
Number of employees (including employees on contracts)	7,211	7,400	7,956	7,663	7,935
Business per employee (₹ Crore)	12.40	12.85	12.92	14.42	13.54
Profit per employee (₹ Lakh)	7.9	8.2	4.4	2.8	2.96

AWARDS AND ACCOLADES

Recognised for our excellence

CII Digital Transformation DX Summit and Awards

Best practice in digital transformation, 2019: Most Innovative Category

IBS India Banking Summit and Awards, 2019

Best Retail Bank of the year

Technology Senate Digital South India Awards, 2019

Enterprise mobility category for KVB NEXT (Digital Loan Processing)

Kamikaze Payments and Cards Awards, 2019

Best contactless innovation of the year for our product 'at Money'

Skoch Order of Merit Silver, 2019

Semi-finalist in banking category

CORPORATE SOCIAL RESPONSIBILITY

Engaging closely with our communities

We are a responsible corporate citizen determined to create value for our communities and play a proactive role in their upliftment. Our aim is to create a significant positive impact on the communities in the long run, by playing a stimulating role in the sustainable socioeconomic development in the areas where we operate.

CSR ACTIVITIES DURING FY 2019-20

Prime Minister's National Relief Fund

We donated ₹5 Crore to the Prime Minister's National Relief Fund to support citizens affected by natural calamities and other unforeseen events.

Coimbatore Medical College Hospital

KVB joined hands with Rotary Club of Coimbatore East to provide hospital equipment and furniture and donated ₹25 Lakh for this purpose.



Donation of eco friendly electric car to Karur Railway station

At the request of the Southern Railway authorities, we donated an electric car to the Karur railway station. This car will help senior citizens and differently-abled persons to move across platforms without taking the stairs.



EMPOWERING COMMUNITIES DURING THE PANDEMIC

We undertook the following steps

- Distributed masks and sanitisers worth ₹4.82 Lakh to frontline workers (police, sanitary workers, nurses) and among the general public in Tamil Nadu.
- Provided equipment (including high pressure sprayer with tractor) worth ₹11.95 Lakh to Kulithalai municipality and government hospitals in Tamil Nadu
- In order to support the government in our collective fight against the COVID-19 pandemic, we contributed ₹1.00 Crore to the Tamil Nadu Chief Minister's Public Relief Fund





CONSTRUCTION OF CLASSROOM BLOCK AT THE KARUR MUNICIPAL HIGHER SECONDARY SCHOOL

Project

KVB partnered with Rotary Club of Karur Texcity to construct a class room block (ground plus first floor) at the Municipal Higher Secondary School – a 120 year old government School in Karur at an estimated cost of ₹2.25 Crore.

Benefits

Several sections of the school are damaged and are in a precarious condition. Construction of the class room blocks will provide a safe structure for about 600 students studying in the school, besides strengthening the laboratory and other infrastructure.



CORPORATE SOCIAL RESPONSIBILITIES (CONTD)

FOCUS ON PUBLIC INFRASTRUCTURE

Project

The Desikachar Bridge, more popularly known as Old Amaravati Bridge had been lying in a state of dispair ever since the new bridge was constructed across the river Amaravati in Karur. At the request of the Karur District Administration, we took up the project to convert the bridge into a walkers path. We have completed this project, named, Walk 'n' Jog by spending ₹2.04 Crore. Once the lockdown eases, the bridge will be inaugurated for public use.

Benefits

The bridge provides the people of Karur with a neat and safe walking track. The attached park with a Miyawaki forest will create a green lung for the town and also provide a place of recreation for the locals who do not have a space for relaxation.



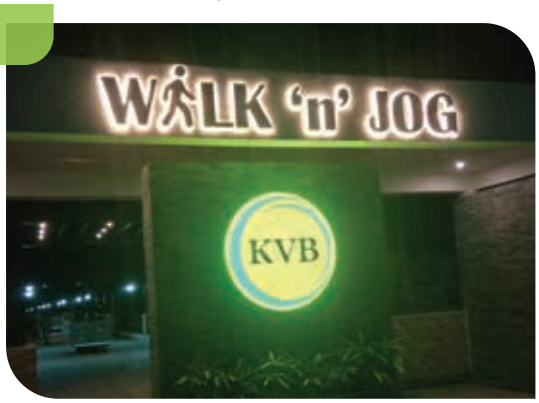
Ground breaking ceremony of the makeover of the Old Amaravati Bridge, Karur into "Walk 'n' Jog" Walkers' path



Old Amaravati Bridge prior to the makeover



Old Amaravati Bridge after the makeover





A view of "Walk 'n' Jog"

REMINISCING MOMENTS FROM OUR 100TH AGM







BOARD OF DIRECTORS

Driving prudent practices



Shri N S Srinath
Non-Executive Independent
(Part-time) Chairman



Shri B Ramesh Babu
Managing Director &
Chief Executive Officer



Dr. V G Mohan Prasad
Non-Executive
Independent Director



Shri M K Venkatesan
Non-Executive
Non-Independent Director



Shri A K Praburaj
Non-Executive
Non-Independent Director



Smt CA. K L Vijayalakshmi
Non-Executive
Independent Director



Shri M V Srinivasamoorthi
Non-Executive
Non-Independent Director



Dr. K S Ravichandran
Non-Executive
Independent Director



Shri R Ramkumar
Non-Executive
Non-Independent Director



Shri KG Mohan
Additional Director
Non-Executive Independent



Dr. Harshavardhan Raghunath
Additional Director
Non-Executive Independent

SENIOR MANAGEMENT TEAM
Led by experts



Shri J Natarajan
President & COO

Shri J Natarajan joined our Bank in the year 1983. He has 37 years of banking experience both at various operational and administrative levels. He worked in different facets of banking such as treasury, branch banking, Operations & IT, Human resources, among others. He has also expertise in commercial and retail credit. He headed various divisions of our Bank including the data centre and has been instrumental in implementing core banking across the organisation. He led the digital transformation project cell and was elevated to the position of President and Chief Operating Officer with effect from April 1, 2018. He is regarded as an insightful domain expert with strong conceptual and analytical skills. He has spearheaded the digital transformation of our Bank.



Shri G S Anantha Kumar
Chief General Manager - Head- CBG and ABG

Total experience:
36 years

Areas of expertise:
Inspection & audit, personal banking, commercial banking, Divisional Banking, HRD, Finance, IT and operations

Education: M. Com, B.G.L



Shri T Sivarama Prasad
General Manager - CFO

Total experience:
41 years

Areas of expertise: Finance, Corporate/ MSME banking, branch banking, divisional Head, among others

Education:
B. Tech (Chemical engineering), JAIIB



Shri V Srinivasan
General Manager -
Head - Credit Monitoring, legal & Recovery

Total experience:
34 years

Areas of expertise:
Branch banking, commercial/ MSME banking, inspection & audit, finance and credit monitoring

Education: B. Sc. (Agriculture), Master of Business Administration, JAIIB



Shri S Sekar
General Manager -
IT - CIO

Total experience:
35 years

Areas of expertise:
IT governance, IT strategies and technology infrastructure management

Education: B.Sc (Maths), Cert. prog. in IT & Cyber Security



Shri C Saravanun
General Manager -
Operations

Total experience:
34 years

Areas of expertise:
Programming, trade finance, Core Banking Solution (CBS) and internet banking

Education: Bachelor of General Law, Master of commerce, CAIIB



Shri G R Sairaj
General Manager -
Personal Banking-Assets

Total experience:
35 years

Areas of expertise:
Retail credit processing, product management, digital banking, marketing, sales & distribution, collections, branch banking and operations

Education: B.Com



Shri T S Narayan
General Manager -
Treasury

Total experience:
35 years

Areas of expertise:
Treasury management, investments, forex & derivatives, Balance Sheet management, risk management and credit structures

Education: B.Sc (Chemistry) CAIIB



Shri G P Ashok Kumar
General Manager -
Data Centre - CTO

Total experience:
37 years

Areas of expertise:
Banking technology & data center operations, Identifying, qualifying, building consensus, and implementing enabling technologies and enterprise systems for banking

Education: B.Com, CAIIB, C.I.S.A.

SENIOR MANAGEMENT TEAM (CONTD)



Shri M D Ramesh Murthy
General Manager &
Chief Risk Officer

Total experience:
30 years

Areas of expertise:
Investment banking, risk management and corporate relationship management

Education: M. Com, CA and General Management Programme from Harvard Business School



Shri Dolphy Jose
General Manager -
NEO - Business

Total experience:
28 years

Areas of expertise:
Retail banking assets-
Mortgages(LAP),
WC, AL, BL & PL

Retail Banking Liabilities-
Institutional
business- TASC & GB

Education: B. Com, MBA



Shri K V S M. Sudhakar
General Manager -
Compliance - CCO

Total experience:
34 years

Areas of expertise:
Retail Banking, Business Banking, Compliance

Education: M. Sc, CAIIB



Shri Shekhar Ramarajan
General Manager -
NEO - Risk

Total experience:
18 years

Areas of expertise:
Debt syndication, risk management, underwriting, operations and compliance

Education: B. Com(H) CA



Shri K Mahendran
Head - Precious
Metals Division

Total experience:
32 years

Areas of expertise:
Commodities, metals & minerals and banking

Education: B. Com, MBA

CORPORATE INFORMATION

COMPANY SECRETARY & ASSISTANT GENERAL MANAGER

Srinivasa Rao Maddirala

DEPUTY GENERAL MANAGERS

K Unnikrishnan
R Rajagopalan
Jarard Thomas
R Venkatesan
R Ramshankar
N Tirumala Ramana Rajasheker
A Varadharajan
B Ramkumar
L Murali
R N Chandrasekaran
V Anburaj
C Ramakrishna
V Ramesh Prabhu
D S Gokulchandar
D Akbar Dorai
R V S Ramanjaneya Kumar
K Ravichandran
S Giridharan
Rajeev Ranjan
Abhishek Bedbak
A Nitin Rangaswami
Jatla Sivaramakrishna
Subramanya Iyer Lakshmanan .
S Ravi
K Prasad
S D Nandakumar
L Lakshmanan
S Vinoth Kumar
T Radhesyam

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

AUDITORS

M/S Walker Chandiok & Co LLP,
Chartered Accountants, Kochi

SECRETARIAL AUDITOR

M/s. Bapulal Yasar & Associates,
Company Secretaries, Madurai

DIRECTORS' REPORT

To the Members,

The Board of Directors take great pleasure in presenting the 101st Annual Report on business and operations of the Bank together with the audited accounts for the financial year ended March 31, 2020.

KEY PERFORMANCE INDICATORS

Indian Banking Sector witnessed a mix of opportunities and challenges in this financial year. Digital Technology has brought major changes in the Banking Sector - the way customers could perceive a unique digital Banking experience at their fingertips in hassle-free manner - resulting in efficient customer service even from a remote location. But, the continuing shocks in NBFC sector, escalated trade tenses between US-China, emergence of numerous FinTechs, stress in real estate sector, crisis in a new private sector Bank, subdued consumption and slowdown in credit & recovery due to outbreak of COVID-19 were challenges to the Banks during the financial year. Despite these headwinds during the year, your Bank has made reasonable performance in its operations as highlighted below.

Particulars	31.03.2020 (₹ in Cr)	31.03.2019 (₹ in Cr)
Deposits	59,075.08	59,867.95
Advances	48,516.30	50,615.66
Investments	16,072.60	15,136.52
Total Income	7,144.60	6,778.59
Total Expenditure	5,383.76	5,067.81
Operating Profit	1,760.85	1,710.78
Net Profit	235.02	210.87

TOTAL BUSINESS

Your Bank's total business stood at ₹ 1,07,591.38 Cr as on March 31, 2020 as against ₹ 1,10,483.61 Cr of previous financial year.

DEPOSITS

The Gross Deposits of the Bank stood at ₹ 59,075.08 Cr as on March 31, 2020 as against ₹ 59,867.95 Cr of previous financial year.

Bank's Term deposits stood at ₹ 40,568.37 Cr as on March 31, 2020 as against ₹ 41,952.97 Cr of previous financial year. On the CASA side, Savings deposits reached ₹ 13,002.61 Cr by registering a growth of 7.45% from ₹ 12,101.39 Cr of previous financial year and other demand deposits stood at ₹ 5,504.10 Cr as against ₹ 5,813.59 Cr of previous financial year. Your Bank's total CASA reached ₹ 18,506.71 Cr as on March 31, 2020 by registering a growth of 3.30% from ₹ 17,914.98 Cr of previous financial year.

ADVANCES

Bank's Credit portfolio stood at ₹ 48,516.30 Cr as on March 31, 2020, a de-growth of 4.15% over the ₹ 50,615.66 Cr level of previous year. This is due to the conscious call taken by the Board to strengthen asset quality and to concentrate on building a granular loan book. Bank's Priority sector advances improved to ₹ 21,026.39 Cr from ₹ 19,684.52 Cr of previous financial year, by registering a growth of 6.82%. Priority sector advances constitutes 42.49% of Bank's Adjusted Net Bank Credit (ANBC) as against the statutory mandate of 40%.

CLASSIFICATION OF ADVANCES PORTFOLIO

Particulars	March 2020 (₹ in Cr)	March 2019 (₹ in Cr)	Y-o-Y Growth %
Commercial	15,620	17,056	(8)
Corporate	12,767	14,169	(10)
Agriculture	8,936	8,113	10
Retail (Personal Banking)	11,193	11,278	(1)
Total Advances	**48,516**	**50,616**	**(4)**

AGRICULTURE ADVANCES

Bank's average Agriculture Advances, in terms of RBI guidelines, stood at ₹ 8,845.27 Cr as on March 31, 2020, which constitutes 18.75% of ANBC, as against the regulatory stipulation of 18%. Average advances to micro enterprises and weaker sections stood at 7.89% and 10.50% respectively. Your Bank has continuously achieved and surpassed the statutory Agriculture target of 18% by lending to agriculture and other allied sectors.

ASSET QUALITY

The Entire Banking Industry has been facing headwinds on asset quality and escalated NPA levels. Your Bank is focusing on containing the NPAs through better credit monitoring, follow-ups through dedicated outbound call center as well as compromise settlements to recover the impaired assets. Bank took several initiatives to arrest fresh slippages and to speed up recovery from overdue loan accounts by regular & constant follow-ups, in addition to regularly reviewing its credit underwriting system using the technical environment and Information technology platform.

The Gross NPA of your Bank as on March 31, 2020 stood at ₹ 4,212.77 Cr. Gross NPA as a percentage to Gross Advances is 8.68% which is lower by 0.11% of previous year. Net NPA stood at ₹ 1,808.65 Cr and this as a percentage to Net Advances is 3.92%. The Provision Coverage Ratio (including technical write-offs) stood at 68.90%.

Management has taken focused efforts on the recovery of NPA accounts. Special NPA recovery drives have been initiated at various divisions and OTS adalats were conducted in order to quicken the recovery process. As a part of the drive, Branch Heads were empowered with sanctioning of OTS on NPA accounts up to principle outstanding of ₹ 5 Lakh to take quick decisions on OTS, apart from the powers already available with respective Divisional Heads, Executives, Board and Board level Committees.

A separate NCLT cell has been formed under the supervision of a Senior Executive to focus more on corporate accounts; for speedy decisions on voting and other related matters. NPA accounts of above ₹ 100 Lakh are being periodically reviewed by the Top Management with the Divisional Managers/Branch Heads and with the respective business unit Heads. Bank is having dedicated Asset Recovery Branches headed by the Executives in order to bring in more and exclusive focus on chronic NPA accounts with accelerated recovery efforts & actions.

Despite the turbulent economic environment foreseen in India, your Bank is taking all possible steps to recover NPAs and curtail fresh slippages in the days to come.

With reference to the RBI Circular dated April 1, 2019 on disclosure and provisioning requirements on NPAs, we are pleased to report that no disclosure is required on divergence in asset classification and provisioning for NPAs with respect to RBI's supervisory process for fiscal 2019.

INVESTMENTS

Investment portfolio of the Bank reached ₹ 16,072.60 Cr as on March 31, 2020 by recording a growth of 6.18% from ₹ 15,136.52 Cr of previous financial year. The investment portfolio composition is consistent with the corporate requirements, risk perception and investment policy of the Bank.

Income earned on investments was ₹ 1,149.67 Cr for the financial year 2019-20 as against ₹ 1,150.59 Cr of previous financial year. Bank has recorded a profit of ₹ 339.99 Cr on sale of investments as against ₹ 70.48 Cr of previous financial year, a strong growth of 382.39%. With a view to prevent large volatility, Modified Duration of overall portfolio was reduced. Liquidity position was maintained at comfortable levels throughout the financial year 2019-20.

FOREIGN EXCHANGE TRANSACTIONS

During the financial year 2019-20, Bank's merchant turnover stood at ₹ 22,549 Cr as against ₹ 26,256 Cr of previous financial year. Bank's export credit declined by 22.41% to ₹ 1,004.16 Cr for the financial year 2019-20 as against ₹ 1,294.13 Cr of previous financial year.

In the financial year 2019-20, the total Income earned through forex transactions declined by 12.57% to ₹ 71.27 Cr as against ₹ 81.52 Cr of previous financial year. Out of the total income earned, exchange profit accounted for ₹ 37.35 Cr and Commission & others accounted for ₹ 33.82 Cr. Exchange income reduced due to fine tuning of customer margins and reduction in forex business turnover. Decline in commission & other income was a result of drop in forex business in some of the Industries like Cotton, Textile, Timber, etc., as also a consequence of revised business models which envisaged reduction and/or limiting the exposure levels in the corporate segment.

INCOME

Bank's interest income reached ₹ 5,989.99 Cr as on March 31, 2020 by recording a growth of 2.99% from ₹ 5,815.82 Cr of previous financial year and Net Interest Income of the Bank stood at ₹ 2,347.94 Cr which is slightly down by 0.63% from ₹ 2,362.82 Cr of previous financial year.

Non-Interest Income of the Bank has reached ₹ 1,154.62 Cr by recording a sound growth of 19.93% from ₹ 962.77 Cr of previous financial year. Yield on advances and Yield on investment stood at 9.63% and 6.63% respectively.

EXPENDITURE

Bank's interest expenditure increased to ₹ 3,642.04 Cr for the financial year 2019-20 from ₹ 3,453.00 Cr of previous financial year and operating expenses increased to ₹ 1,741.71 Cr from ₹ 1,614.81 Cr of previous financial year owing to higher establishment expenses.

Bank's Cost of Deposits stood at 5.76% as against 5.80% of previous financial year. Your Bank's Net Interest Margin (NIM) decreased to 3.44% from 3.67% and the Spread declined to 2.67% from 2.90%.

PROFIT

Your Bank's operating profit increased to ₹ 1,760.85 Cr for the financial year 2019-20 as against ₹ 1,710.78 Cr of previous financial year and Bank's net profit reached ₹ 235.02 Cr as against ₹ 210.87 Cr by recording a growth of 11.45% from previous financial year.

APPROPRIATIONS

During the year under report, the net profit of ₹ 235.02 Cr along with ₹ 1.75 Cr brought forward from the previous financial year, aggregating to ₹ 236.77 Cr, is appropriated as under:

Appropriation – Transfer to	Amount (₹ in Cr)
Statutory Reserve	58.76
Capital Reserve	132.04
Investment Fluctuation Reserve	44.23
Balance carried to Balance Sheet	1.74

PANDEMIC COVID-19 & IMPACT ON BUSINESS

The pandemic outbreak has confronted the world with an unprecedented situation. Government of India and

State Governments took various containment measures which include series of lockdowns and quarantine. While Government of India announced various fiscal initiatives to cushion the fall in economy, the Reserve Bank of India (RBI) has also announced several monetary measures to ease stress in financial sector, including enhancing the system liquidity, reducing interest rates, moratorium on loan repayments for borrowers & easing asset classification norms. During lockdown, Banks were allowed to carry out certain essential Banking services in order to fulfil the Banking needs, by adopting standard operating procedures in line with the guidelines issued by the Governments/local authorities. In enforcing social distancing to control the spread of virus, Branches/Offices operated with minimal staff under prescribed safety measures, i.e. with frequent use of hand sanitizer, wearing mask, social distancing, etc., Your Bank has witnessed increased utilisation of digital channels by customers and has ensured that the IT infrastructure is able to handle any unexpected surge in digital transactions. KVB DLite App has ensured seamless and convenient Banking experience for our customers. After relaxation in lockdown, Branches/Offices resumed to normal operations by adhering to various safety measures and guidelines prescribed by the Governments/local authorities. Your Bank is closely monitoring the position and necessary arrangements are put in place to ensure business continuity. Your Bank also remains committed to continually explore new opportunities to further accelerate the digital journey of the Bank and its customer's service levels.

DIVIDEND

Due to heightened uncertainty caused by COVID-19, with a view that Banks must conserve capital to retain their capacity to support the economy and absorb losses, RBI has communicated to all Banks vide Circular no. DOR. BP.BC.No.64/21.02.067/2019-20 dated April 17,2020 that Banks shall not make any further dividend pay-outs from the profits pertaining to the financial year ended March 31, 2020 until further instructions. Accordingly, your Bank has not proposed any dividend for the financial year 2019-20.

Your Bank has formulated Dividend Distribution Policy as per the requirements of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'). Objective of the Policy is to establish the 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. In general, your Bank has a consistent track record in dividend distribution. The Dividend Distribution Policy is available on Bank's website at https://www.kvb.co.in/docs/dividend-distribution-policy.pdf.

SHARE CAPITAL

During the financial year under review, there has been no change in the Authorized share capital of the Bank. The Authorized share capital of the Bank as on March 31, 2020 stood at ₹ 200.00 Cr divided into 100 Cr Equity Shares with face value of ₹ 2/- each.

During the year under report, consequent to resolution of disputes, Bank has allotted 9,772 equity shares pertaining to Rights and Bonus Issues held in abeyance category. Post allotment of aforesaid equity shares, paid-up share capital increased from ₹ 1,59,86,21,894 to ₹ 159,86,41,438 consisting of 79,93,20,719 equity shares with face value of ₹ 2/- each. Other than the aforementioned, there is no change in capital structure of the Bank during the year.

Bank's Net owned funds grew to ₹ 6,600.27 Cr as against ₹ 6,364.98 Cr of previous financial year and market capitalization of Bank stood at ₹ 1,614.28 Cr as on March 31, 2020.

EARNINGS PER SHARE/BOOK VALUE

Bank's Earnings Per Share (Basic) stood at ₹ 2.94 and the book value stood at ₹ 82.57 as on March 31, 2020 per equity share of ₹ 2/- each fully paid.

DEBT INSTRUMENTS & CREDIT RATING

Your Bank had issued Basel III Compliant Unsecured, Redeemable Non-Convertible Tier II Bonds to the value of ₹ 487.00 Cr in March 2019 through Private Placement with a coupon rate of 11.95% p.a. and tenor of 123 months (maturing on 12th June 2029). First coupon interest has been duly paid to the Debenture holders on March 12, 2020. During the financial year 2019-20, Bank had redeemed the Unsecured Redeemable Non-convertible Subordinated (Lower Tier II) Bonds to the value of ₹ 150.00 Cr which was issued in September 2009. Consequently, the outstanding of Tier II Bonds stood at ₹ 487.00 Cr as on March 31, 2020.

Instruments	Rating	Rating Agency
Unsecured, Redeemable Non-Convertible Tier II Bonds for ₹ 1200 Cr	ICRA A (Hyb) (Stable) *	ICRA
Unsecured, Redeemable Non-Convertible Tier II Bonds for ₹ 1200 Cr	IND A+/Stable*	India Ratings & Research Limited
Certificate of Deposit Programme for ₹ 3000 Cr	CRISIL A1+^	CRISIL
Certificate of Deposit Programme for ₹ 3000 Cr	ICRA A1+^	ICRA

*Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

^Instruments with this rating indicate a very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

The details on change/revision in the Credit Ratings to the instruments during the financial year are provided in the Corporate Governance Report that forms part of this Annual Report.

CAPITAL ADEQUACY

Bank's Capital Adequacy Ratio stood at 17.17% as per BASEL III norms as on March 31, 2020 and is well above the statutory limit of 10.875% (Capital Conservation Buffer of 1.875% is required to be maintained as of 31.03.2020) prescribed as per extant guidelines of Reserve Bank of India.

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 financial year 2019-20 as specified under Regulation 34(2) (e) of the Listing Regulations is discussed in separate section that forms part of this Annual Report.

NETWORK OF BRANCHES

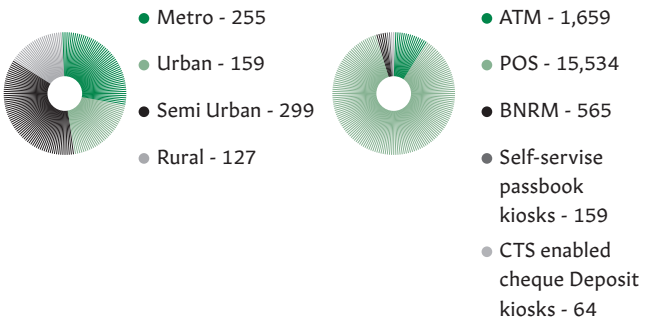
Banking sector has been witnessing major changes in its day to day functioning and implementation of digital platform across the Bank has helped the customers to open accounts & execute their transactions through smart phones without a need to visit the Branch. Keeping in view the increased adaptability to digital operations, the Branch expansion model was revisited and two non-performing Branches were merged with nearer Branches during the financial year 2019-20.

During the financial year 2019-20, three regular Branches were opened at Panjakalipatti in Tamil Nadu, Guntur and Gorantla (Anantapur Dist.) in Andhra Pradesh in addition to opening of three Corporate Business Units and fifteen Banking Business Units. Bank has also established Precious Metal Division Branch at Bangalore for carrying out bullion business.

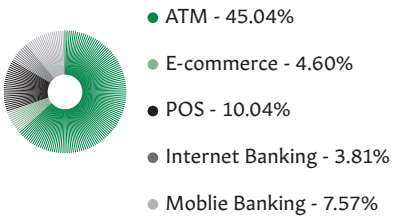
The total number of Branches including Asset Recovery Branches, Business Banking units, NEO, Precious Metal Division and Corporate Business Units stood at 810 excluding Extension Counters and Satellite Offices as on March 31, 2020.

To provide uninterrupted Banking services to customers, your Bank has 1,659 ATMs, 565 Bunch Note Recycler Machines (BNRM), 159 Self-service Passbook Kiosks and 64 CTS enabled Cheque Deposit Kiosks as on March 31, 2020.

Classification of Branches and Alternate Channels



No of Transactions FY 2019-20 - Alternate Channels vis-a-vis Branches



Branch channels contributed to 28.94% of Bank's total transactions.

CURRENCY CHEST

As on March 31, 2020, your Bank has seven Currency Chests in different areas at Tamil Nadu, Andhra Pradesh, Telangana and Karnataka to provide adequate cash supply to Branches & ATMs and promptly adhering to Clean Note Policy. Currency chests also support the Branches to maintain cash within the retention limit. To provide prompt services to customers/general public, Bank has also conducted soiled note exchange melas and distribution of coins through Currency Chest linked Branches.

FINANCIAL INCLUSION

Your Bank is pioneer in taking initiatives in the area of financial inclusion and numerous measures have been taken for rendering services to the disadvantaged, rural/semi-urban section of the society by providing basic Banking services at their doorstep.

Your Bank has reached the deprived segment of the society and extended its focused financial services through 130 Bank Mitras in rural villages, 3 Bank Mitras in urban locations and with 39 Ultra Small Branches. Your Bank continues to provide basic financial products including Basic Savings Bank Deposit Account (BSBDA), Insurance products, Pension accounts and thereby support the Government in implementation of various social welfare schemes. Your Bank has opened 2,81,313 Basic Savings Bank Deposit account (BSBD) during the financial year 2019-20.

PradhanMantri Jan DhanYojana (PMJDY)

Your Bank has been implementing PMJDY as per the directives of Ministry of Finance, Govt. of India. The scheme was launched by the Prime Minister of India on 15th August 2014. The Bank has opened 5,342 no of accounts amounting to ₹ 55.42 Lakh during the financial year 2019-20. The Total outstanding balance in PMJDY accounts as on March 31, 2020 is ₹ 23.33 Cr and we have issued 5,342 No. of RuPay Debit Cards during the year under this scheme. Hand-held devices are provided to Bank Mitras for facilitating payments, which are enabled for accepting Rupay Cards/Smartcards. Bank Mitras have made 4.26 Lakh transactions, amounting to ₹ 49.74 Cr during the year. Your Bank has done 1,67,784 transaction on DBT/Old Age Pension/ MGNREGS amounting to ₹ 16.77 Cr under Bank Mitras during the financial year 2019-20.

Micro Credit (SHGS Bank Linkage)

Your Bank is pioneer in providing credit facilities to SHG/ JLG to meet out the credit needs of the poor in a flexible manner. As on March 31,2020, Bank has 588 JLG loans with outstanding amount of ₹ 2.47 Cr.

Financial Literacy

With the objective of imparting financial literacy and facilitating effective use of financial services, your Bank has reached out the beneficiaries by conducting financial literacy programs to enhance the awareness levels and to attain financial betterment.

Special training was given to Branch Managers for conducting financial literacy programs at their Branches and in their service area. Your Bank has conducted 182 Financial Literacy camps across the country during the financial year 2019-20.

DIGITAL AGRI GOLD LOAN PRODUCTS

Your Bank has always been in the forefront in implementing digital technologies for the convenience of customers and Bank has witnessed an impressive pickup under Risk Mitigated loans such as Gold Loan. A new online digital based Gold loan product has been rolled out to reduce the TAT at Branches which resulted in Digital Gold loan portfolio (Agri) at ₹ 2,769.32 Cr in the financial year 2019-20.

PERFORMANCE UNDER SOVEREIGN GOLD BOND SCHEME

During the year, your Bank has collected ₹ 17.66 Cr towards subscription for 47,071 grams of gold in ten tranches under the Sovereign Gold Bond Scheme.

TECHNOLOGY INITIATIVES

Your Bank is always taking many initiatives to keep pace with the Technology changes evolving in the market and provide a new user customer experience to meet their demands by taking advantage of the digital transformation.

- **Jewel loan digitalization:** Your Bank has introduced digitization for opening of Jewel loan at Branches. Jewel loan Accounts can be opened quickly, through a few simple steps.

- **Customer service request through KVB DLite mobile application:** Your Bank enabled the self-service mode in KVB DLite mobile application to update your account details such as profile update, account porting, request processing, etc., - which are completely paperless. Now, customers can process their account updation request at their convenience without visiting the Branch.

- **Self-service options provided to reset Internet Banking credentials:** Your Bank provided self-service option to reset the Internet Banking credentials with an easy and secured way, which is completely paperless.

DIGITAL TRANSFORMATION PROJECT

- **Web Based Online Business Loans:** Your Bank has digitized Entire Loan Portfolio which includes Commercial, Business Banking Unit, Emerging and mid-Corporate and Corporate segments. While partnering with the best of the Digital Eco system, your Bank is making use of the best available technology to assess the borrowers to minimize the risk and maximize the profitability from lending. Your Bank has also digitized Credit operations, Risk and Monitoring activities, which is resulting in better portfolio performance. With the Digitized Loan Origination, your Bank is taking a giant leap in new customer acquisition and poised to grow its market share.

- **App based Retail Loans:** In the financial year 2019-20, the retail loan processing of your Bank was further strengthened by including more loan products on tablet based application as a part of the Digital Transformation. The Retail Lending Digital application is now equipped with Corporate Personal Loans, Secured Personal Loans, NRI Home Loans & NRI Loan Against Property thus enabling the Branches to source various loans using the Retail Lending digital application. The underwriting process are system driven and a separate scoring mechanism has been configured for each product, basis which the loan sanctioning will happen.

  The customers are now offered with various loan products with a quicker turnaround time for sanctions and best-in-class user experience on the digital platform. The Retail Loan Portfolio is growing at a faster pace of 40% and delinquency levels have reduced considerably. With this Digital Transformation and more products in offer, KVB is now strongly competing with all its peers.

- **Co-Lending Initiations:** During the Financial Year, your Bank has actively entered into the arrangement of co-origination of loans with various top rated fin-techs and NBFCs. As per the norms issued by RBI, the arrangement will involve sharing of risks and rewards between Banks and NBFCs.

  Through this co-lending route, the Bank can reach more SMEs through digital platform and utilize the opportunities in the areas where NBFCs have expertise in lending. The robust Business Rule Engine of our Bank

will decide on the sanction by considering various factors and hence manual intervention has been minimized to achieve quick turnaround time. The model helps KVB to connect the last mile for micro-lending in areas which are inaccessible to Banks. In addition to SMEs, the Bank could reach more retail customers through online digital Platform.

The customers are increasingly adapting to avail credit services through online platforms, more so during the pandemic situations. Bank has leveraged on this opportunity and catered to the retail segments through digital personal loans. One of the recent initiations is that Bank is digitally lending to the retail customers of Amazon's online platform, where the customer creation and due diligence are done digitally through online platform seamlessly. The co-lending route is properly utilized by the Bank for digitalized online lending and within a shortest span of time, more than 60,000 loan customers are created across the country.

INFORMATION SECURITY

The Board and Executive Management of your Bank has instituted an Information Security function for designing, developing, implementing, maintaining and monitoring 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 is designed not just to focus on Confidentiality, Integrity and Availability of Information; but also on the other principles such as Authenticity, Non-Repudiation and Accountability in order to ensure the following:

- Safety and privacy of sensitive customer and Bank information.
- Protect against any anticipated threats or hazards to the security or integrity of such information.
- Protect against unauthorized access to or use of such information that could result in harm or inconvenience to any customer.

The ISMS identifies reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration or destruction of customer information or customer information systems. It assesses the likelihood and potential damage of these threats, taking into consideration the sensitivity of customer information and assesses the sufficiency of policies, procedures, organizational structures, customer information systems, and other arrangements in place to control the risks. Bank accords top priority for regulatory compliance and all regulatory requirements pertaining to Cyber Security are addressed in a timely manner.

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 to manage and control identified risks in a manner corresponding with the sensitivity of the information and the complexity and scope of the Bank's activities. Your Bank also recently received an award from dynamicCISO.com platform and Grey Head Media for certain innovations in the implementation of Cyber Security.

CALL CENTRE

Your Bank has a dedicated one stop contact point to handle inbound and outbound calls. This facility is used to address the queries/requests received from customers, all over the world and works seamlessly round the clock. Apart from this, it involves in the activity of making welcome calls for the newly on-boarded CASA/Loan/Corporate Credit Card customers, Telesales, Tele collection, etc., and also seeks valuable leads from the customers for any cross-selling /up-selling. Tele collection facility is primarily used to remind the Individual/Corporate customers of their upcoming dues and also used to follow up recoveries in SMA & NPA accounts. Call centre also makes the alert calls to customers if any unusual transaction is noticed in their account done through Internet and Mobile Banking.

CHANGE IN NATURE OF BUSINESS

There was no change in the nature of business of the Bank during the financial year.

SYSTEM FOR INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Bank functions in a fully computerised environment with an established core Banking platform, viz., 'Flexcube', that is in use by several Banks in the country. All daily transactions are entered and processed in CBS, which is set up with well-defined protocols like establishing user credentials, maker-checker requirements, maintenance of GL accounts, automation of interest and charges, application transaction accounting across digital channels, etc., ensuring necessary internal financial controls. Core Banking platform is subject to IT Audit, to ensure adherence with all regulatory and mandatory guidelines. Bank utilises reliable reporting software equipped with appropriate systems and protocols. All these systems are periodically reviewed. The Bank has put in place necessary procedure which includes implementation of internal controls, operational effectiveness in order to ensure proper conduct, recording and reporting of Bank's business. The systems and operations also ensure accuracy and completeness of the accounting records, prevention and detection of frauds and errors, adherence to policies, safeguarding of assets, as well as preparation and reporting of financial information. These systems enable the Bank to maintain and establish internal control over financial reporting.

Bank has Board approved policies in respect of various Banking activities like lending, investment, borrowing,

etc., with well-defined hierarchy of Officials vested with sanctioning powers. Inspection Department and Risk Management Department review various aspects of internal control, adherence to procedure and credit assessment protocols periodically.

The above internal controls over financial reporting is subject to Audit by Statutory Central Auditors of the Bank and a separate report is submitted to the Board of Directors which contain the salient features of their observations, including shortcomings, if any.

RISK MANAGEMENT

In today's fast changing, complex and increasingly unpredictable world of business, prudent and effective risk management is imperative for your Bank's growth and sustainability. Bank has adopted the best risk practices and technologies in order to put in place the required Risk Management measures.

Managing risk is an integral part of any Bank and the key risks that your Bank is exposed to include – credit, market, liquidity, operational, information security and fraud.

Risk management is a principal responsibility of the Board, which approves a fundamental "Risk Appetite Statement" articulating the risk that your Bank is willing to take on to its books. The Risk Policies of the Bank are formulated based on the Risk Appetite Statement and the Board approves the risk policies of the Bank.

The risk policies of the Bank are modified as and when necessary, to facilitate growth of business within the limit of the acceptable risk appetite and these policies are reviewed periodically.

The Board, responsible for designing the overall risk management framework by approving various policies relating to the Risk functions, has delegated powers to Board Level Risk Management and Asset Liability Management Committee (RM & ALM) for monitoring the implementation of Risk Governance Framework, compliance to various policies & processes. The RM & ALM ensures the same by closely monitoring & guiding the functions through Executive Level Credit Risk Management Committee, Market Risk Management Committee, Operational Risk Management Committee and Fraud Risk Management Committee, which regularly assess the functional efficiency of the Bank's risk management processes. Minutes of these Committee meetings are placed to the RM & ALM Committee of the Board for its perusal and further guidance.

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, etc., It is your Bank's policy to ensure that these functions are appropriately staffed, well equipped and managed effectively.

Your Bank is viewing 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 minimizing 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 17.17% as on March 31, 2020. Capital provides the buffer required to manage and meet the unexpected risks / losses that materialize in spite of prudent and timely risk management actions. 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 Vigilance Mechanisms on quarterly basis. The Bank's Whistle Blower Policy is in synchrony with all statutory and regulatory guidelines on Vigilance Mechanism. The policy is available on Bank's website at https://www.kvb.co.in/docs/whistle-blower-policy.pdf.

COMPLIANCE OF ANTI SEXUAL HARASSMENT NORMS & ENSURING SAFETY OF WOMEN EMPLOYEES

The particulars related to Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013] are detailed in the Corporate Governance Report that forms part of this Annual Report.

RELATED PARTY TRANSACTIONS

All transactions entered into by the Bank with related parties in the ordinary course of business and on arm's length basis were placed before Audit Committee for approval. Omnibus approval is obtained from the Audit Committee for transactions which are repetitive in nature and the same are reviewed on periodic basis.

During the year 2019-20, there were no materially significant transactions with related parties, which could lead to potential conflict of interest, other than transactions entered into in the ordinary course of its business. Therefore, the provisions of Section 188 of the Companies Act, 2013 are not attracted. Accordingly, filing of 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. There were no recommendations of Audit committee which were not accepted by the Board. The details of the composition of the Audit Committee are disclosed in the Corporate Governance Report that forms part of this Annual 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, 1949, 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 shareholders. The Bank has received consent from the Auditors on their appointment 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 re-appointment 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. Reserve Bank of India accorded their approval for the appointment of M/s Walker Chandiok & Co. LLP for the financial year 2020-21 vide their letter No.DOS.ARG. No.PS-18/08.12.005/2020-21 dated July 17, 2020. Fee payable to Statutory Audit is proposed at ₹ 75,00,000/- (Rupees Seventy Five Lakh only) plus applicable taxes and out of pocket expenses with a cap of 15% of fees for the financial year 2020-21.

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 financial year 2019-20 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 financial year 2019-20.

During the period under review, no frauds were reported by the 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, your Bank has appointed M/s Bapulal Yasar & Associates, Company Secretaries, Madurai to undertake the Secretarial Audit of the Bank for the financial year 2019-20. The Bank produced all necessary records to the Secretarial Auditors for smooth conduct of their Audit. The Secretarial Audit Report for the financial year 2019-20 is annexed to this report as **Annexure – 1.**

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the financial year 2019-20.

IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (IndAS)

RBI guidelines for implementation of IndAS by Banks in India are awaited. In the interim, Bank has submitted quarterly proforma IndAS statements to RBI as per prescribed guidelines. Further details are given in Schedule 18 – Notes to Account of the Balance Sheet.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirm 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, its Committee Meeting and General Meeting during the financial year 2019-20.

STATUTORY DISCLOSURES

Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014, the relevant disclosures towards conservation of energy, technology absorption and foreign exchange earnings and outgo are detailed as under:

Conservation of Energy

Your Bank has undertaken various energy efficiency improvement initiatives for energy conservations 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, Mumbai and other Metro centres to save electricity by energy conservation technology. During the financial year 2019-20, Bank had spent ₹ 1.38 Cr towards procuring of energy conservation equipment.

Your Bank owns 850 KW Wind Turbine Generator at Govindanagara, Theni District, Tamilnadu. During the year under report, 13,97,312 units were generated by the wind mill. The Bank is utilizing the power generated by Wind Turbine Generator for its Registered & Central Office at Karur and also premises of Divisional Office at Chennai.

Technology Absorption

Technology is the backbone of the Banking industry and remains the key factor for successful functioning of this industry. To be able to survive and grow in the changing market environment, your Bank is going for the latest technologies continually which is being perceived as an 'enabling resource' that help in responding quickly to the dynamics of a fast changing market scenario. Information Technology in your Bank enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. Your Bank has adopted the robotic process automation with which many of the human intrinsic activities are automated and managed more efficiently. Your Bank has implemented the Intelligent Character Recognition & Optical Character Recognition technologies for the monotonous activities to improvise the speed and accuracy of the work involved. Digital transformation process has given a new dimension in your Bank on the lending arena which has simplified the entire process for better TAT and helps your Bank in identifying the right customer. Your Bank has already implemented the FASTag (RFID) for the vehicles passing the toll plaza in a hassle-free manner. Your Bank has adopted the cloud platform to achieve the immediate availability and scalability of the applications taken in agile methodology. 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 are furnished in the Foreign Exchange Transactions section that forms part of this report.

MATERIAL EVENTS THAT HAVE HAPPENED AFTER THE BALANCE SHEET DATE

There are no material changes and commitments, which affect the financial position of the Bank between the end of the financial year of the Bank i.e., March 31, 2020 and the date of the Directors' Report i.e., 19th August, 2020.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the financial year 2019-20, no significant and material orders were passed by the Regulators or Courts or Tribunals against the Bank impacting its going concern status and Bank's operations in future.

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, Bank's extract of the Annual Return as on March 31, 2020 is annexed to this report as **Annexure – 2** and also available on Bank's website at https://www.kvb.co.in/investor-corner/annual-general-meeting/mgt-9-extract-of-annual-return/

PARTICULARS OF EMPLOYEES

The statement related to 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 and the ratio of remuneration of each Director to the median employee's remuneration are annexed to this report as **Annexure –3**.

EMPLOYEE STOCK OPTION SCHEME

Your 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. 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 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")

There are no material changes made to the above Schemes during the year and these Schemes are in compliance with the SEBI SBEB Regulations. No employee stock options were granted during the period under report. 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 SBEB Regulations and the Resolutions passed by Shareholders for 2011 & 2018 Scheme. Disclosures as required under the SBEB Regulations are available on Bank's website at https://www.kvb.co.in/investor-corner/esos-disclosures/.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

It has always been avowed policy of the Bank that it should give back to society to make it a better place for the citizens to live in. Your Bank has taken up developmental projects that would help the community at large and create a positive impact. A Corporate Social Responsibility (CSR) Committee has been constituted in accordance with provisions of Section 135 of the Companies Act, 2013, read with the amended Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the financial year 2019-20, your Bank has spent / committed to spend substantially higher than the spends of the previous years and also provided for the shortfall in spending vis-à-vis the CSR budget from the profits for the financial year. In line with the CSR policy of the Bank, spends have been spread across key areas like education, health and sanitation, sports, environmental sustainability and other activities permitted in Schedule VII of the Companies Act, 2013.

The brief outline of the CSR policy, overview of the initiatives taken up by the Bank, the composition of the CSR Committee, prescribed CSR expenditure and details of amounts spent by the Bank on CSR initiatives during the financial year 2019-20 are annexed to this report as **Annexure – 4**.

Your Bank is committed to identify and support programmes aimed at improving the living standards of the community. All spends as per the allocations made towards various heads prescribed under Schedule VII will be spent. Unspent amounts, if any, will be provided for, in subsequent years. The CSR Committee affirms that its focus will be on using the CSR route to improve the lives of society in a much bigger way.

BUSINESS RESPONSIBILITY REPORT (BRR)

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Bank from an environmental, social and governance perspective has been prepared as per the format specified by SEBI. The same has been made available on the Bank's website at https://www.kvb.co.in/investor-corner/annual-general-meeting/agm-business-report/.

The Business Responsibility Report (BRR) of the Bank for the financial year 2019-20 is annexed to this Report as **Annexure - 5**.

BOARD MEETINGS

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949, the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The schedule of the meetings of the Board is circulated in advance to the Members of the Board, for their consideration and approval. In the financial year 2019-20, 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 that forms part of this Annual 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 financial year 2019-20 is furnished in the Corporate Governance Report that forms part of this Annual Report.

BOARD OF DIRECTORS

The Board comprises of Eleven 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, Economics, Trade & Commerce, Finance, Agriculture, Risk Management & Strategic planning, Human Resource Management and Information Technology. The following changes took place in the composition of the Board of Directors of the Bank from April 01, 2019 to Date of Directors' Report:

Appointment

Shri B Ramesh Babu (DIN: 06900325), was co-opted as an Additional Director and appointed as Managing Director & Chief Executive Officer of the Bank by the Board in its meeting held on 20th July 2020, for a period of three years from the date of taking charge, in terms of the RBI approval under the provisions of the Section 35B of the Banking Regulation Act, 1949. He has taken charge on 29th July 2020 as Managing Director & Chief Executive Officer of the Bank.

Shri KG Mohan (DIN: 08367265), was co-opted as an Additional Director in the category of 'Non-Executive Independent Director of Bank, with effect from February 01, 2020 to October 11, 2022, pursuant to the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Shareholders of the Bank. He is a senior leadership professional with 44 years of experience in the Information Technology sector and is representing "Majority Sector - Information Technology" on the Board.

Dr. Harshavardhan Raghunath (DIN: 01675460), was co-opted as an Additional Director in the category of 'Non-Executive Independent Director', with effect from

July 30, 2020 for a period of three years, pursuant to the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Shareholders of the Bank. Dr. Harshavardhan Raghunath is an Independent Business Advisor. He was a Senior Advisor to leading international management consulting firm Bain & Company, led its financial services practice in India and is representing "Majority Sector - Strategic Planning & Risk Management" on the Board.

Approval of the shareholders is being requested for the appointment of Shri B Ramesh Babu as Managing Director & Chief Executive Officer, Shri KG Mohan and Dr. Harshavardhan Raghunath as Non-Executive Independent Directors of the Bank.

Retirement by Rotation

Shri M K Venkatesan (DIN: 00032235), Non-Executive Non-Independent Director, who retires by rotation at the ensuing 101st Annual General Meeting (AGM) and being eligible, offers himself for re-appointment in terms of Sec 152 of the Companies Act, 2013. He is one of the Promoters of the Bank. He was on the Board since December 09, 2014 and is representing "Majority Sector - Economics, MSME & Agriculture" on the Board.

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

The brief profile and details in terms of Regulation 36 (3) of SEBI Listing Regulations and the Secretarial Standard on General Meetings, in respect of the Directors seeking appointment/ re-appointment has been annexed to the Notice of the ensuing AGM and also in the Corporate Governance Report that forms part of this Annual Report.

Cessation

Shri Sriram Rajan (DIN: 02162118), Non-Executive Independent Director of the Bank, tendered his resignation on November 08, 2019 with effect from the close of business hours. Board places on record its appreciation for the insightful perspectives and suggestions provided by him at the meetings of the Board/ Committee of the Bank.

Shri P R Seshadri (DIN: 07820690), Managing Director and Chief Executive Officer of the Bank, tendered his resignation on January 04, 2020 and had been relieved from the services of the Bank at the close of Office hours on March 31, 2020. The Board acknowledges the invaluable contributions rendered by Shri P R Seshadri at the business front, and places on record its deep appreciation for the insightful perspectives and for his leadership, as the Managing Director and Chief Executive Officer of the Bank.

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

KEY MANAGERIAL PERSONNEL

During the financial year 2019-20, there is no Appointment/ Retirement/Resignation 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 the Companies Act, 2013 and rules made thereunder and other applicable provisions as amended from time to time.
- Applicable 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 available on the website of the Bank at https://www.kvb.co.in/docs/terms-and-conditions-of-appointment-of-independent-directors.pdf.

Your Bank is also having succession planning for KMPs & Senior Management.

Policy on Remuneration of Directors

The remuneration of Directors is governed by the Compensation Policy of the Bank in terms of RBI circular no. DOR.Appt.BC.No.23/29.67.001/2019-20 dated 4th November 2019, which covers the aspects of remuneration payable to Board of Director, Whole Time Directors/ Chief Executive Officers/ Material Risk Takers, KMPs, Control Function Staff and all other employees. 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. Your Bank has adopted a revised compensation policy on the basis of the aforesaid RBI Circular at a meeting of the Board held on May 18, 2020 and the revised Policy is available on the Bank's website at https://www.kvb.co.in/docs/investor-compensation-policy.pdf.

DECLARATION BY INDEPENDENT DIRECTORS

Your Bank has received necessary declarations from all the Independent Directors under Section 149(6), 149(7) of the Companies Act and Regulation 16(1)(b) of the Listing Regulation that they meet the criteria of independence laid down thereunder. Based on the declarations submitted by the Independent Directors, Board has reviewed the disclosure as required under Schedule IV and is of the opinion that, they fulfil the conditions specified in the Companies Act and Listing Regulation 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 are offered with opportunity to attend the Programmes conducted by CAFRAL, IDRBT and other Management Institutes, to familiarize with the latest trends in Information Technology, Cyber Security, etc., The details of programmes undertaken in this regard are disclosed in Corporate Governance Report that forms part of this Annual Report.

CORPORATE GOVERNANCE

The details 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 are deliberated in Corporate Governance Report that forms part of this Annual Report.

A certificate from M/s Babulal & Yasar 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 that 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 the financial year 2019-20:

1. CII Digital Transformation DX Summit & Awards – Award for best practice in digital transformation, 2019 – Most Innovative Category
2. IBS India Banking Summit & Awards, 2019 – Best Retail Bank of the year
3. Kamikaze Payments & Cards Awards, 2019 – Best Contactless innovation of the year
4. Technology Senate Digital South India Awards, 2019 – Enterprise mobility category
5. Skoch Order of Merit Silver, 2019 – semi-finalist in Banking category

ACKNOWLEDGEMENTS

The Board of Directors place on record their gratitude to the Government of India, Reserve Bank of India, Securities Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), Stock Exchanges, Rating Agencies, Statutory Auditors, Secretarial Auditors, various State Governments & Union Territories and other regulatory authorities in India for their valuable guidance and strong support .

The Board express their sincere thanks to the Bank's valued shareholders, esteemed customers, and all other stakeholders and well-wishers for their continued faith, confidence and patronage on us and look forward for their continuous support.

The Board also appreciates entire staff for their sincere and dedicated services rendered for the growth of Bank, especially when they have braved the COVID-19 threats to work for wheels of economy to continue to run and ensure that needs of the customers of the Bank are as far as possible met without any hindrances to them. The Board records its special appreciation to the officers, and employees of the Bank for their commitment to serve the cause of Bank's customers during these difficult times.

For and on behalf of the Board of Directors

Place: Karur
Date : August 19, 2020

N S Srinath
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global economy

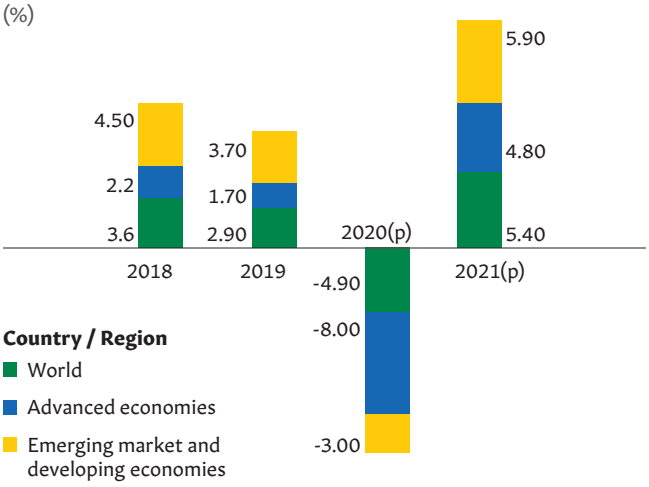
FY 2019-20 was a challenging year with most economies around the world slowing down during the first three quarters. Uncertainty over the US-China trade war, and the attendant value chain impacts thereof, were the key pressure points that affected manufacturing and trade, resulting in lowered investments. The phase 1 of US-China trade deal temporarily resolved this issue, leading to a spurt of activity in December and January mainly due to increased consumption and business investments, but the COVID-19 outbreak in China caused conditions to weaken again. This resulted in multiple value chain disruptions and took activity metrics sharply lower across the board, beginning with China, and quickly turning into a global pandemic. Most central banks around the globe adopted an accommodative policy stance and implemented multiple monetary policy measures, keeping in mind the benign inflation and aiming to propel economic growth.

Outlook

Lockdown measures enforced in major countries are likely to keep the growth in negative horizon for FY 2020-21, as a whole. Authorities have reacted swiftly, using several monetary and fiscal support tools. These will likely remain for some time, with the recovery in growth also likely to be slower and more interrupted than initially anticipated. The IMF's latest World Economic Outlook projects a contraction of global growth in CY20 at -4.9%, and that of advanced economies declining by 8.0%.

GLOBAL GROWTH

(%)



Source: International Monetary Fund (IMF), June 2020
World Economic Outlook p: projections

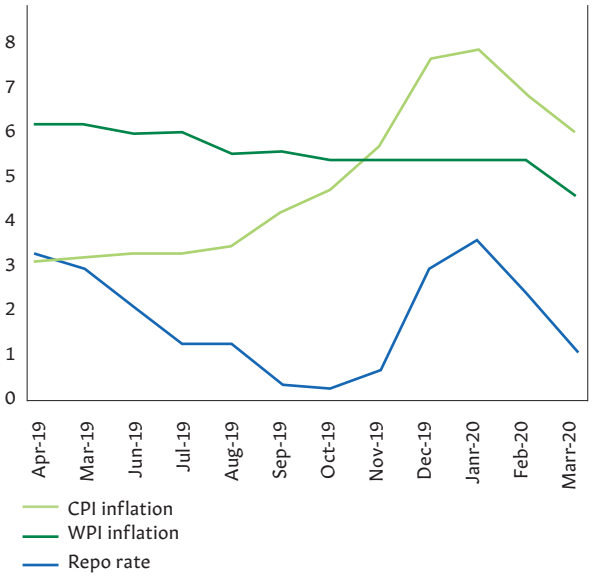
Indian economy

India's macro fundamentals deteriorated in FY 2019-20, with growth conditions continuing to worsen, while inflation – long managed through government's good food price management – rose sharply in the second half. India's GDP growth touched a decadal low of 4.2% in FY 2019-20. The government invoked the escape clause available under the Fiscal Responsibility and Budget Management (FRBM) Act to exceed its budgeted FY 2019-20 fiscal deficit by 0.5% of GDP (to 3.8%).

Growth and fiscal metrics deteriorated sharply in the last quarter of the year, given the focus on containing the COVID-19 pandemic and the ensuing fiscal policy measures. Consumption demand too, remained muted. Current inflation trends remain elevated, driven by higher food prices around the start of the calendar year. A good monsoon and high levels of sowing bode well for agri output, though unseasonal rains and unavailability of labour pose risks to this. However, weak conditions are likely to keep inflation subdued in the medium term, allowing RBI to continue and further its accommodative stance as and when required. The fall in crude oil prices is once again fortuitous for India, but the direct impact will be offset by weaker exports, reduced remittance inflows, as well as higher interest outflows given the heavy borrowing carried out in FY 2019-20.

REPO RATE AND INFLATION TRENDS

(%)



Source: RBI

Outlook

Given the evolving situation, it is currently difficult to assess the exact impact of the COVID-19 pandemic on growth in economic activity. Stimulative measures announced by the RBI and the government should help counter the impact on growth to a certain extent. Further, this combination of a weak near-term growth, liquidity easing and low commodity prices bode well for global rates and inflation, which may remain lower for an extended period and may also result in lower yields in India.

While the immediate impact of disruption is negative for India in the near term, once the spread is contained, India stands to benefit in this environment. Disruption in global supply chains caused by this event has highlighted the risk of overdependence on a single country. Thus, over the medium to long term, many global MNCs are likely to consider diversifying their manufacturing operations from China, and India could be a likely beneficiary, given the low corporate tax rate, skilled population, relatively low wages and a large domestic market.

SECTOR OVERVIEW

Indian banking sector

The sector grappled with multiple pressures during the last financial year, including slowdown in GDP growth, continued liquidity stress in NBFCs, subdued private sector capex, crisis in a new private sector bank and emergence of the pandemic towards the end of the year.

The government too announced several measures in the budget to aid the prospects of the banking sector.

In this scenario, the RBI acted proactively and kept announcing measures to support the stability of the sector and inspire growth. Some of these measures included:

- Lowering risk weights for retail loans (excluding credit card loans) from 125% to 100%
- Ensuring transmission of lower policy rates to the end borrowers – by making it compulsory for banks to link all new floating rate personal or retail loans, Micro, Small and Medium Enterprises(MSMEs) loans to an external benchmark
- Easing the CRR requirements partly in the short term
- Relaxation of Non-Performing Assets (NPA) recognition for loans
- Conducting Long-Term Repo Operations (LTROs) helped reduce funding costs in corporate bond markets to 10-year low levels
- Restructuring of a troubled private sector bank

Key measures for the financial sector

Proposals	Impact
Increased deposit insurance coverage from the current ₹1 Lakh to ₹5 Lakh per depositor.	Positive for overall stability of banking system.
Extended tax holiday by one year to March 31, 2021 for affordable housing projects. Tax holiday is provided on the profits earned by developers of affordable housing projects.	Beneficial for affordable housing finance segment.
Extended MSME restructuring scheme. The extant scheme for restructuring of MSME loans was up to March 31, 2020; which is extended to March 31, 2021.	Provides interim relief to struggling MSMEs, which have been impacted by the slowdown in economic activity.
An overall economic package worth ₹20 lakh crore (US$280 billion) was announced.	This package includes the government's previous packages (₹1.7 lakh crore) as well as the RBI decisions (₹5-6 lakh crore) and will benefit small businesses, migrants, farmers, agricultural & allied sectors, among others.
Government announced the Atmanirbhar Bharat programme.	Beneficial for MSMEs, is boosting scope for private participation in numerous sectors and increasing FDI in the defence sector.

Overall, bank credit grew 6.4% (y-o-y) in Q4FY20, with private sector banks continuing to outpace their public sector counterparts. This was another year of solid credit demand from the retail segment, while the non-retail segment continued to remain under pressure.

Credit and deposit trends (y-o-y growth in %)

	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Aggregate deposits	10.1	10.1	10.0	9.5
Bank credit	11.7	8.9	7.4	6.4
Credit-deposit ratio*	76.7	75.6	75.7	76.0
Private sector banks				
Aggregate deposits	16.3	16.9	14.0	10.4
Bank credit	17.5	14.4	13.1	9.3
Public sector banks				
Aggregate deposits	6.7	6.6	7.8	8.2
Bank credit	8.7	5.2	3.7	4.2

Source: RBI
*Actual ratio

Asset quality pressures remained elevated during the year, with the lockdown adding to the woes of borrowers in both retail as well as non-retail segments.

Outlook

As the pandemic situation is still evolving, it is extremely difficult to forecast growth estimates for the next couple of years. While the lockdown is a pre-requisite to contain the spread of the virus, it has a significant impact on the economy and the Banking sector, particularly in the short term. However, there are some opportunities even in these trying times. One opportunity is in the agriculture sector. The government has implemented several measures to address issues in procurement, warehousing and to formalise the micro-food processing segment. This will attract more private participation and benefit the food processing industry. As the pandemic pressures persist, focus on healthcare will boost the growth prospects of pharmaceutical and medical equipment segments. On the other hand, the slowing economy would have a bearing on both credit demand as well as asset quality. Thus, banks will have to tread with caution during these times and take prudent, well-calculated initiatives to boost growth.

KARUR VYSYA BANK (KVB): SWOT ANALYSIS

Strengths

- Diverse suite of products
- Customer-centric approach
- Best-in-class digital platforms and offerings
- Strong presence in India's Southern hinterlands
- Well experienced management team
- Robust risk management framework

Weaknesses

- Relatively low presence in the retail segment

Opportunities

- Rapid digitalisation of the banking sector
- Immense growth potential of retail (housing, vehicle, personal loans, gold loans) and MSME segments
- Wide experience in semi-urban and rural markets – well placed to target this huge underserved sector

Threats

- Intensifying competition in most product categories
- Longer-than-expected slowdown in the economy

FINANCIAL PERFORMANCE HIGHLIGHTS FY 2019-20

Revenue

- Interest income increased by ₹174 Crore to ₹5,990 Crore.
- Interest expenditure stood at ₹3,642 Crore as against ₹3,453 Crore in FY 2018-19.
- Net interest income remained flat at ₹2,348 Crore.
- Non-interest income grew 19.9% y-o-y to ₹1,155 Crore.

Profitability

- Operating profit increased 2.9% y-o-y to ₹1,761 Crore.
- Operating expenses increased 7.9% y-o-y to ₹1,742 Crore; establishment expenditure registered an increase of 13% from ₹761 Crore to ₹857 Crore; other operating expenses increased to ₹885 Crore (4%) from ₹854 Crore.
- Net interest margin fell 23 basis points y-o-y to 3.44%.
- Net profit grew 11.4% y-o-y to ₹235 Crore.
- Earnings Per Share (EPS) and Book Value per share stood at ₹2.94 (versus ₹2.64 in FY 2018-19) and ₹82.57 (versus ₹79.56 in FY 2018-19), respectively.
- Return on Assets inched up from 0.31% in FY 2018-19 to 0.32% in FY 2019-20
- Return on Equity improved to 3.56% from 3.28%
- Net owned funds grew 3.7% y-o-y to ₹6,600 Crore on account of plough back of profits during the year

Disclosure of accounting treatment

The financial statements are prepared on a 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 to Banks and current practices prevailing in the banking sector in India. Income and Expenditure are generally accounted on an 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.

Asset quality

- Despite the weak operating environment, we managed to improve our asset quality, which reflects the robust underwriting practices and credit risk appraisal processes, combined with focus on recoveries.
- Gross NPA and Net NPA fell to 8.68% and 3.92% from 8.79% and 4.98%, respectively.
- Provision Coverage Ratio (including technical write-offs) improved to 68.90% from 56.86%.

Key financial ratios (%)

Particulars	FY 2019-20	FY 2018-19
CRAR	17.17	16.00
Tier I Capital	15.27	14.28
Tier II Capital	1.90	1.72
Gross NPA	8.68	8.79
Net NPA	3.92	4.98
ROA	0.32	0.31
NIM	3.44	3.67
Interest Income as a % to Working Funds	8.17	8.45
Operating Profit as a % to Working Funds	2.40	2.49
Leverage Ratio	8.95	8.53
Book Value Per Share (₹)	82.57	79.56
Earnings Per Share (₹)	2.94	2.64

Strictures and penalties

There were no instances of non-compliance by our Bank; no penalties or strictures were imposed by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets in the last three years.

During the year under review, the RBI imposed a penalty of ₹3,92,950, pertaining to the deficiencies found in Specified Bank Notes (SBNs) and soiled notes remittance by our currency chests to the central bank.

OUTLOOK

We will pursue growth in select, relatively low risk segments and will continue to run down our exposures in riskier segment within our corporate business. Our endeavour is to fine tune our practices around underwriting, recovery and asset quality to maintain stress within reasonable levels. We will continue our efforts to recover from NPA accounts, and closely monitor the assets to keep fresh slippages under check.

Though our new initiatives have hit the slow lane due to the pandemic, the long-term story remains intact. We remain cautiously optimistic and will ramp up these offerings gradually.

Digitalisation will remain a prominent focus area for us. Our priorities will be:

- Upgrading our credit risk management platform;
- Further reducing our loan processing time;
- Increasing the use of advanced analytical models to drive efficient decision making;
- Deeper data mining and tie-ups with Fintech companies

BUSINESS-WISE REVIEW

Corporate and Institutional Group (CIG)

Highlights of FY 2019-20	Segment-wise review	Impact of the lockdown	Road ahead
• Accounted for 26% of total advances and the Portfolio de-grew by 9.9% y-o-y • Decline in the loan book was largely due to our conscious decision to reduce exposure to select large corporate accounts • Slowdown in textiles sector and weak market sentiments also contributed to the decline	• Telecom, infrastructure, iron & steel and automobile segments were found to be witnessing high pressure on demand as well as delay in collection of dues	• With businesses virtually closed, cashflows came under severe stress • Travel restrictions affecting tourism, aviation and hospitality sectors severely • Export demand is under pressure owing to worldwide weakening of economic growth We supported our borrowers by: • Extending term loan moratorium and postponing interest for working capital limits • Extending due dates for the bills discounted and packing credit limits • Relaxing margin on stocks and book debts • Sanctioning working capital term loans under Guaranteed Emergency Credit Line scheme to eligible borrowers	• Stepped up focus on customer engagement; looking to add quality customers • Pressures on asset quality likely to persist in the foreseeable future; improving recoveries to be our top priorities

Commercial Banking Group (CBG)

Highlights of FY 2019-20	Segment-wise review	Impact of the lockdown	Road ahead
• This segment accounted for 32% of total advances and registered a decline of 8.42% y-o-y. • Formed Business Banking Units (BBU) at 15 centres to cater to MSME customers across India and are handled by trained and experienced officers capable of addressing the entire gamut of financials products required by customers. • Introduced the early warning signal monitoring tool for tracking the performance of working capital accounts. • Proposals upto ₹2.00 Crore to the Micro and Small units were exclusively handled at respective Divisional Offices with shortest TAT by serving the clients digitally.	• This division comprises Small Business group (SBG) which focuses on enterprises requiring working capital limit up to ₹2.00 Crore and Business Banking Unit (BBU) which focuses on meeting working capital limit up to ₹15.00 Crore. • SBG advances stood at ₹8,929 Crore as on March 31, 2020 forming 65% of the total CBG Advances. • BBU advances were ₹4,808 Crore as on March 31, 2020 constituting 35% of the total CBG advances. • Outstanding advances to MSMEs as on March 31, 2020 stood at ₹7,822 Crore forming 58% share of total CBG advances.	• Cashflows of MSMEs were impacted. • MSMEs' turnover reduced by more than 25% in the first quarter. • We have sanctioned ₹994 Crore from May 29,2020 to August 23, 2020 to MSMEs under the government stimulus package (emergency credit line) to limit the impact on MSMEs. • We are also providing immediate solutions by way of additional funds to meet their unforeseen requirements during this pandemic.	• Adopt cluster-based approach to tap the MSME market especially in agro-based industries (Mandi, APMC markets, among others), retail, pharmaceuticals & health care, FMCG and more. • Appoint product managers/ specialists in credit sales to understand market dynamics and drive our CBG products.

Commercial Banking Group (CBG)

Highlights of FY 2019-20	Segment-wise review	Impact of the lockdown	Road ahead
• Corporate Credit Card offering was fine-tuned to meet the emerging business needs of MSMEs and small traders, facilitating them in controlling their expenses more effectively with a revolving credit period of upto 45 days. • Our Corporate Credit Card is backed by highly secure technology and offer convenience to Proprietors, Partners, Directors and Employees of business enterprises. • As on March 31,2020, we had issued 2,889 cards to various customers with a total portfolio of ₹83.34 Crore. • Conducted customer awareness programmes and SME meet at Coimbatore, Karur, Madurai and business campaigns at various parts of the country. New offerings introduced include: • General Business OD for a maximum of ₹2.00 Crore. • Under the e-vendor Finance System through Fintech companies, we have entered into agreements with M/s EPI money and M/s Flexi loan technologies private limited for referral arrangements. We are discounting vendor bills of M/s Flipkart India Private Limited. • Implemented the MSME restructuring package as announced by the RBI, effective until March 31, 2021.		• We are extending the tenor of the Export Finance to our clients, providing extension of tenor for Usance Bills, offering adhoc facilities to minimise the adverse impacts of economy. • We also provided interest moratorium to all the customers by giving 'opt out' option. • We are the first Bank to disburse the Loan under WCTL – ECLG within the shortest TAT of just five days from the announcement by the Government (NGCTC). We have extensively contacted our customers for highlighting the scheme features and rolled out the product digitally to ensure seamless disbursements. We also proactively coordinated with NGCTC authorities to maximise the client coverage and ensure timely sanction of financial assistance to needy MSMEs.	New offerings planned include: • Specialised products like flexi overdraft, gold overdraft, pre-approved loans for current account customers and more to meet the needs of MSMEs. • A specialised product for financing Commercial Vehicles and Construction Equipment under co-lending arrangement with a blue chip NBFC. • More business under CGTMSE guarantee.

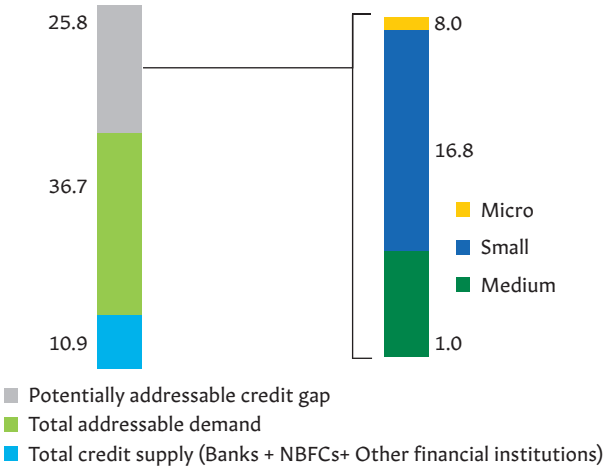
The opportunity landscape

In FY 2018-19, MSMEs accounted for 30% of nominal GDP (as per the Annual Report of the Ministry of MSME) and employs over 11 Crore people (97% working with micro enterprises). Development of this sector is critical to the macroeconomic growth of the country. The central government continues to announce multiple measures to support this sector and is looking to increase its contribution to the GDP to over 50% in the next few years.

With limited documentation around income proof and lack of collaterals, this segment is perceived to be riskier for banks and there is a wide gap in the demand and supply of credit to this segment. As per an IFC study, the addressable credit gap in this segment stood at ₹25.8 Lakh Crore or more than 2.5 times the current cumulative formal credit lent to MSMEs. In the past few years, select mid-sized banks have stepped up lending to this segment and have built feasible lending models for it. Given the high unsatiated credit demand from MSMEs, this segment offers immense potential for growth.

MSME SECTOR IN INDIA: DEMAND-SUPPLY TRENDS

(₹ in Lakh Crore)



Source: IFC Report - Nov 2018

Personal Banking Group (PBG)

Highlights of FY 2019-20

- This segment accounted for 23% of total advances and registered 16% y-o-y growth (excluding IBPC)
- All the products in this segment are now available on our digital platforms
- We have launched a first-of-its-kind online gold loan product wherein customers can pledge gold ornaments in the branch and take a sanctioned limit which is valid for three years. Loans can be drawn in multiple tranches and closed by customers on-the-go.
- Robust digital platforms capable of giving loan sanction to customers in 15 minutes and complete disbursements in a day.

Segment-wise review

- Housing loan portfolio grew to ₹929 Crore, (y-o-y increase of 25.67%); 42.10% of the loans disbursed during the year were in bureau score slab of 751-800.
- Jewel loans (₹270 Crore, 43% y-o-y growth)
- Personal loans (₹137 Crore, 32.31% y-o-y growth)
- Vehicle loan segment and Loan against Property did not grow as expected, registering de-growth of 5.26% and 1.69%, respectively
- In terms of average balance, we have reached a current account level of ₹5,830 Crore and saving accounts level of ₹12,308 Crore as on 31.03.2020 taking the CASA base of our bank to ₹18,138 Crore. Incremental growth in average CASA during the year was 8.00% .

Impact of the lockdown

- Business was subdued during the months of April and May 2020 owing to the lockdown
- We have provided moratorium to customers opting for it
- CASA new customer acquisition got affected during the months of April and May 2020 owing to the lockdown; Signs of business revival are seen since June 2020

Road ahead

- Immediate priority for FY 2020-21 is to improve collections and drive gold loan business
- Drive growth of vehicle loan product by partnering more OEMs viz., Maruti Suzuki to roll out new schemes on car loans and Tata Motors to launch new schemes on select vehicles
- We see significant scope to grow personal loan and vehicle loan products, post resolution of the pandemic crisis
- Gold and personal loan products are also likely to witness good uptake
- We endeavour to open specialised gold loan branches in important towns, exclusively for sourcing and disbursing gold loans. The first of such branches was opened at Madurai during July 2020.
- For our existing customer base , we intend to offer pre - approved car loans for High-end vehicles.

Personal Banking Group (PBG)

Highlights of FY 2019-20	Segment-wise review	Impact of the lockdown	Road ahead
• We sanctioned loans worth over ₹3,500 Crore through digital platform. • During the year, new scheme viz., co-orgination of personal loan with Home Credit India Private Limited, has been introduced. We deepened our existing relationships for co-origination/ co-lending and other tie ups: • Orange Retail: For two-wheeler loans • Centrum Housing Finance Limited: For home loan and mortgage loans • Purchased retail portfolio with good credit score, seasoning and more through direct assignments of loan receivables from NBFCs and HFCs • Strengthened our tie-up with Rupeek Fintech Private Limited as our business correspondent for sourcing gold loans at customer doorsteps in select cities. • Collaborated with corporate direct sales agents for sourcing retail loan products	• 1,90,085 FASTags were issued during FY 2019-20, a y-o-y growth of 420.13% • 1,11,609 new customers were signed in for net banking facility and 3,79,728 were signed in for mobile banking, which was a growth of 24.82% over the previous fiscal • Sourced new business premium of ₹109.84 Crore under life insurance, non-life insurance and health insurance products • 1,429 new credit cards (co-branded with SBI) were sourced during the year • Added 10,109 new SIPs during this year with AUM of ₹90.80 Crore		New product launches lined up in FY 2020-21: • Retail credit cards • Loan against sovereign gold bonds

Agricultural Banking Group (ABG)

An overview

We provide a diversified portfolio of products for agriculture & allied activities and also extend specialised products for horticulture as well.

Performance highlights FY 2019-20

We were comfortably ahead of the RBI's mandate on lending to priority sector, agriculture, small and marginal farmers and economically weaker sections.

₹ in Crore

	FY 2019-20	% growth y-o-y	Share of adjusted net bank credit (%)
Priority Sector Advances (Net of PSLC)	21,026.39	6.82%	42.49
Agricultural advances	9,127.31	12.50	18.75
Advances to weaker sections	5,159.31	(-)0.67%	10.50

The opportunity landscape

A promising future for the agriculture sector in India

- Recent farm sector reforms to develop and scale up location specific, cost effective and climate resilient technology will enhance agricultural output & productivity and enable the government to achieve its target of doubling farmers' income by 2024
- Adoption of state-specific developmental strategies in horticulture, livestock, fisheries, and post-harvest processing sectors for increasing farmers income
- Post-production reforms enabling producers to get better remunerative prices, and simultaneously adopting new technology and management practices for higher productivity
- Increase in MSPs of major food crops and oil seeds
- Launch of a new pan-India Agri-Infrastructure Fund (₹1 Lakh Crore) to provide medium- to long-term debt financing facility for investments in viable projects for post-harvest management infrastructure and community farming assets.

Road ahead

Demand for agricultural credit depends on forecast such as monsoon, availability of labour, government policies, network and financial strength of the credit institution, among others.

The India Meteorological Department (IMD) forecast a normal monsoon in FY 2020-21. The country has witnessed above normal rainfall in Jul 2020, though the distribution has not been uniform. Agriculture and allied activities are expected to grow 2-3% in FY 2020-21, after a 4% expansion in FY 2019-20. Further, due to the pandemic, millions of migrant workers have returned to their native places and turned to farming for sustenance. Timely monsoon and ample availability of farm labourers have led to a significant increase in the planted acreage under various kharif crops.

We are now pursuing a more diversified rural lending strategy, moving away from providing simple farm credit. We have adopted a community-based lending model for small farmers and communities, thereby generating additional employment opportunities in the local area.

We are equipped to handle all the major schemes in agricultural credit which have enormous potential over the next two to three years.

- Rural warehouse construction
- Nursery scheme
- Hi-tech floriculture
- Dairy farming
- Tissue culture banana
- Poly house cultivation
- Milk processing
- Farm infrastructure
- Poultry – broiler/layer
- Flower/vegetable grading
- Seed/cotton/turmeric/chilly/coconut processing unit
- Spices trading

Our new digital gold loan product, designed to meet the immediate financial needs of farmers for agriculture and allied activities, is showing a healthy demand.

We plan to launch a new KCC agri gold loan product for crop cultivation purposes. We also have plans to digitalise the other agriculture products making our processes more simple and convenient.

We derive a strategic advantage from our strong presence in semi-urban, rural and unbanked areas of three major agrarian states – Andhra Pradesh, Telangana and Tamil Nadu – which is a key future growth enabler for the ABG business. About a fifth of our total branches are located near the fertile, riverine plains of the Southern states – Cauvery (63 branches), Vaigai and Thamirabarani (42 branches),and Krishna and Godavari (41 branches).

Transaction Banking Group (TBG)

Through this segment, we offer Cash Management Services (CMS) products, namely collection and payment via an electronic platform. We provide our corporate customers with customised MIS and Customer Business Exchange (CBX) portal for front-end services. We also offer Supply Chain Finance (SCF) products to fund vendors and dealers of larger corporates operating in different industries including automobile, engineering and agriculture equipment sectors. Our Bank is active across all the three 'TReDS (Trade Receivable Discounting System) platforms' for financing MSME vendors. TReDS platforms are witnessing a healthy momentum due to the government's initiative to make it mandatory for all companies registered under the Companies Act, 2013 with a turnover of more than ₹500 Crore and all Central Public Sector Enterprises to register on this platform.

Highlights of FY 2019-20	Segment-wise review	Impact of the lockdown	Road ahead
• Added 28 counter parties through our different supply chain programmes • Upgraded the supply chain finance software to meet specific requirements of our customers • Leveraged the virtual account feature to enhance the current accounts portfolio • Joined hands with a couple of Fintech companies to drive growth of supply chain finance products	• Disbursals under the TReDS platform crossed ₹500 Crore level in FY 2019-20. • No delinquencies in loans sourced through TReDS platform • Approved limits for 34 buyer companies operating on the TReDS platform	• There has been an increase in the working capital needs of MSMEs We support them with the following facilities: • Funding them under vendor finance programme • Funding them via all three TReDS platforms	• We will focus on partnering with larger corporates to fund both vendors as well as dealers across the supply chain • Fortify our relationships with Fintech companies to on-board more counter parties • Upgrade our cash management services platform to provide greater utility and value to customers • Exploring the strategies to shift our credit underwriting process to a digital platform

Precious Metals Division (PMD)

We entered the Precious Metals business to directly cater to the bullion requirements of our clients in the gem and jewellery sector, as a bank authorised by RBI to import Bullion. Our foray into the business is guided by our significant client-base in existing jewellery business across the country to whom we have been providing working capital facilities for sourcing gold from other banks. The focus moved towards specialised service to clients in this sector and garner higher market share by being the supplier of Gold and Silver directly to them.

It is well recognised that this segment holds immense potential given that India is the second-largest gold importer in the world. We now have set up dedicated infrastructure with customised systems, processes and a team of professionals with decades of relevant industry experience. We have also engaged with leading overseas bullion suppliers for competitive and smooth operations across the supply chain. Our primary focus is to build the bullion loan portfolio with jewellers across India and offer products for the domestic as well as export requirements.

The precious metals business commenced in February 2020 with the import of our first gold consignments into Chennai and Coimbatore. Currently, our bullion services are offered in Tamil Nadu, West Bengal, Delhi, Maharashtra, Gujarat, Kerala and Andhra Pradesh. We are in the process of securing the registrations for Telangana and Karnataka. We are working to leverage our relationships with jewellers across India, to grow this business and be amongst the top bullion banks in India. The outbreak of the pandemic and the subsequent imposition of various containment measures led to a pause to this business. However, given gold's safe haven status and special place in India's culture, business is expected to pick up as soon as the pandemic subsides and customers start visiting Jewellery stores for their purchases. We are well positioned to offer all products and services and are being competitive to establish ourselves as a long term service provider in this business vertical.

DIGITALISATION

We implemented our digital initiatives through the Digital Transformation Project Cell (DTPC) and made significant progress in FY 2019-20 towards becoming a truly digital organisation (End to End Paperless Automated/System based Sanction Process). Besides making a few more products available online, we also formed strategic partnerships with e-commerce players and Fintech companies.

Introduction to Tab based assisted mode of lending to customer has given a substantial growth in the respective business verticals. This has improved the customer experience by allowing our bank to reach the customer conveniently at customer locations. System (Score) based Sanction has drastically improved the selection of good customer with automatic processing and sanction without clerical or authoriser errors. This has enabled a good remarkable change in the process of lending. Our Pre-Approved Personal loan has shown significant improvement and with reduced TAT of 5 to 10 minutes. We are improvising the product consistently and providing the best in class technology and services to meet the customer needs in time.

Our foray into the business is guided by our significant client-base in existing jewellery business across the country to whom we have been providing working capital facilities for sourcing gold from other banks.

Performance of key digital products in FY 2019-20

Digital product	Total applications	Disbursements
Home loans	44,510	₹1,408 Crore
LAP	17,404	₹314 Crore
Unsecured personal loans	78,517	₹216.7 Crore
Two wheeler loans	7,647	₹13.43 Crore
Two wheeler no income proof	2,884	₹1.36 Crore
Four wheeler loans	15,927	₹284.49 Crore
Four wheeler no income proof	2,610	₹9.91 Crore
SME renewals	33,790	₹6,714 Crore
SME new loans	9,976	₹1,448 Crore

Projects undertaken from April to June 2020

- New product development in digital segment using Agile methodologies.
- COVID loan implementation as per the RBI guidelines.
- Education loan automation using vidhyalakshmi portal. (System based Sanction)
- Pre-Approved loan processing for existing customer implemented for Vehicle Loan and Personal Loan.
- CIBIL V 3.0 Score card implementation to have better loan outlook of a customer.
- We integrated our digital platform with new bancassurance partners to give better options for customers to choose health insurance products.
- API Based online mandate registration through internet banking to recover the installment/collections on due date automatically from other bank accounts.
- New co-lending Tie-up with 7 partners for both retail and SME segment.

COLLECTIONS

Given the current environment, it is critical to maintain financial discipline and focus on recoveries to maintain asset quality at comfortable levels. Our bank intitated several measures to minimise slippages and enhance recovery prospects.

- Sale of assets under SARFAESI Provisions, leading to quick, hassle free and undisputed realisation of sale of securitised assets.
- Vigorous recovery follow-ups through field staff on a daily basis and also through call center to reduce special mention accounts (SMA).
- Special focus on recoveries through one-time settlement scheme for NPA accounts.
- Set up Commodity Monitoring Cell to follow up with warehouse loan defaulters to pay out/clear the outstanding on a daily basis.

Steps taken to protect asset quality

- Redefined the scope of Credit Monitoring Department to handle wide range of monitoring functions and further strengthened the recovery and legal group by posting a GM cadre Executive to steer its functions and to keep stressed assets under check
- Initiated multiple special NPA recovery drives
- Conducted one-time settlement (OTS) adalats to expedite recovery process
- Empowered branch heads to take quick decisions on OTS
- Created a separate NCLT cell to focus on corporate accounts
- Periodic reviews of NPA accounts of over ₹1 Crore by the top management
- Leveraging technology for constant upgradation of our credit underwriting system

Road ahead

We are proactively looking out for early signals about potential NPAs in the initial stages itself. There is significant scope to deploy Artificial Intelligence (AI) tools in implementing superior credit filters, taking appropriate credit decisions, and avoiding fresh slippages. We will also craft product-wise recovery strategies and decentralise the decision-making process.

PROJECT NEO

Overview

During the year under review, we successfully launched project NEO aimed at expanding our operations through non-branch outlets. NEO focuses on the key pillars of People, Process and Technology with the intent of catapulting our customer acquisition capabilities to the best in the sector. It is led by a core team with a cumulative banking experience of 70+ years and a proven track record of setting up successful business units in the financial services sector.

NEO has laid the foundation to drive our next phase of growth. It offers superior digital capabilities to establish new channels of distribution, leading to increased productivity of the channel and insights-driven underwriting practices. It can also develop new business models with other financial services players with similar interests. NEO has built a one-of-a-kind open API platform, which allows for quick and seamless integration with our lending partners across the secured and unsecured space to digitally acquire, underwrite and disburse for both Retail and SME customers. The platform has the flexibility to accommodate any lending or liability product.

Performance highlights FY 2019-20

- Established fully functional Neo Direct (Direct Sales Team) offices in eight locations
- Recruited and trained specialists in core functions – sales, credit, technology, data sciences and operations
- Partnered with over 300 direct sales agents
- Operational in 15+ locations with average productivity of more than ₹3 Crore per employee
- Co-lending partnerships with Amazon Pay, Capital Float went live
- Launched new products in secured as well as unsecured lending

Road ahead

NEO will continue to explore new channels of distribution to optimise our digital capabilities and offer superior banking experience to our customers. During FY 2020-21, there will be enhanced focus on improving collections and maintaining repayment discipline to protect our Bank's asset quality. We will continue to form strategic, mutually beneficial partnerships under the co-lending model. Our endeavour is to enhance NEO's footprint to 12 locations in India from 8 currently as well as improve cross-sell and up-sell activities with existing customers.

MARKETING AND BRANDING

Brand KVB reflects our strong technology capabilities. In 1993, we were one of the early movers to deploy our proprietary software across our branches. In 2005, we migrated the core banking solutions platform ahead of most of our peers.

We advertise across several media including print, television, radio and out-of-home. Our branches are provided with posters and banners periodically for display at the counters and ATMs. Details of all products and services are available on our website – www.kvb.co.in. We also conduct roadshows and events at our branches. Our Bank sponsors several events to enhance brand visibility. We regularly send SMS to promote our products and services to existing and potential customers.

In FY 2020-21, we will set up our official Facebook, Twitter, YouTube and LinkedIn profiles to effectively engage with existing customers and reach out to a vast universe of prospects.

Our branding campaigns are largely concentrated in our primary markets of Tamil Nadu, Andhra Pradesh, Telangana and Karnataka. During FY 2019-20, we ran a radio campaign to promote our DLite app and digital retail loans. Recently, we produced two TVCs to promote our DLite app and launch of jewel loans through the DLite app. During the campaign period, we could see a spike in the number of accounts opened through the app from the regular 100 per day to 600+.

CUSTOMER SERVICE

We are committed to provide our customers a superior experience every time they engage with us. We highlight some of the prominent initiatives in this direction.

- We implemented a 'single window' system at all branches in metro, urban and selected semi-urban centres. This system facilitates delivery of all banking services at a single counter, leading to reduced waiting and processing times. It will be rolled out across all our branches in phases.
- All our branches are equipped with 'May I Help You' counters to provide the necessary assistance to our customers in carrying out their banking transactions seamlessly.
- For our senior citizen and differently-abled customers, we provide our services at their doorsteps to ensure the highest level of convenience.
- We train our staff regularly on various aspects of banking to enhance their soft skills so that they can serve our customers in the best possible manner.
- We have partnered with premier external training institutes like SIBSTC, NIBM, CRISIL, IMAGE, NIRB, ASCI, Manipal Institute, among others to upskill our people continuously.
- To promote best practices, every year we award "best customer service branch" to branches that excel in customer service. Branches are evaluated on the key parameters of promptness, maintenance of infrastructure, display of information, staff approach, among others.
- Every year, our branches conduct two structured meets, apart from monthly customer meeting by inviting feedback from customers across segments on areas of improvement in customer service.
- Our Divisional Managers/Divisional Operating Officers visit the branches under their control periodically to assess the efficacy of customer services and suggest corrective actions.
- Our customer service committee of the Board interacts with customers once in every six months to get their feedback. Similarly, C.O. Executive level standing committee meetings are conducted every quarter wherein members of the committee engage with customers of all divisions across the country.
- Most of our banking services are enabled through various channels like mobile banking, internet banking and available to the customers on a 24 x 7 basis.
- We have dedicated Call Centre functioning to cater to the needs of the customers on various products and services including handling customer claims / grievances.
- We have put in place a comprehensive and well-defined mechanism to address customer complaints in a swift and efficient manner. All customer complaints are resolved within the respective regulatory timeframe.
- Our bank is also conducting customer awareness programme on Code of Bank's Commitment to customers across the country to make the customers aware about banking services and their rights.
- We have put in place robust customer grievance redressal mechanism enabling customers to lodge their grievances through various channels like website, mail, call centre, apart from physical letters.
- We have also implemented Internal Ombudsman Scheme for satisfactory and timely redressal of customer grievances.

TREASURY

An overview

Our treasury portfolio includes investments in Central and State Government securities, debt instruments of banks, financial institutions, insurance companies, PSUs and corporates, certificate of deposits, equity shares, mutual funds, security receipts, 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.

Our treasury income is primarily generated through interest earned on investments, forex income as well as income from securities trading, while expenditure includes interest on funds borrowed and other allocated overheads. We undertook a substantial restructuring of our treasury portfolio during FY 2019-20 to reduce overall risk and volatility.

Segmental Performance highlights during FY 2019-20

₹ in Crore

	FY 2018-19	FY 2019-20	% Growth (y-o-y)
Treasury gross Result	345.90	578.25	67.17%
Treasury gross Revenue	1,307.25	1,668.96	27.66%
Treasury Gross assets	15,604.18	17,386.69	11.42%

Effective investment and reinvestment strategies based on timely market positioning and riding of the yield curve enabled increased returns despite maintaining low duration of the investment book.

Key focus areas

Our treasury segment focuses on the following key areas:

- Liquidity and contingency planning
- Maintaining all required statutory requirements including CRR and SLR
- Aligning investment portfolio in line with our Bank's ALM
- Minimising interest rate risk and volatility by maintaining a low duration of the overall investment book
- Managing surplus funds
- De-risking of the investment book by reducing illiquid securities
- Balance sheet management and pricing of bulk deposits

RISK MANAGEMENT

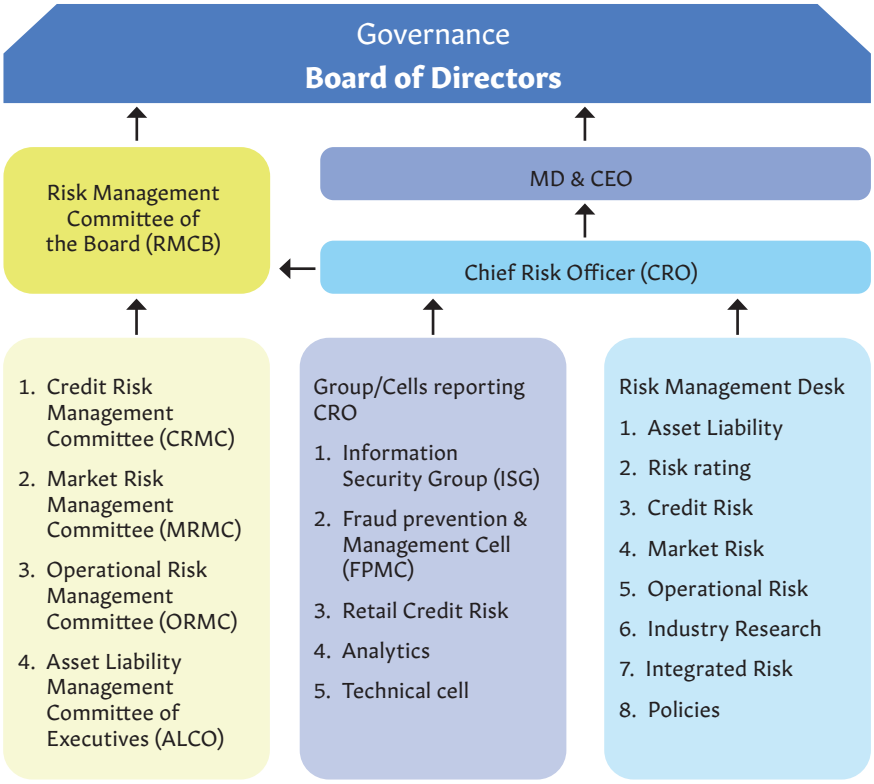
An overview

A robust risk management system ensures long-term financial security and stability. The overall responsibility of setting our Bank's risk appetite and effective risk management rests with the Board and leadership team.

The Board focuses on:

- Approving and reviewing our Risk Management Framework annually
- Assessing the effectiveness of risk mitigation plan implemented by RMD
- Providing strategic guidance on various initiatives undertaken/to be undertaken by our Bank towards management and mitigation of various risks

Our risk management framework



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

- 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 our Bank
- Risk Appetite Statements
- Periodic stress testing to assess the impact of adverse business conditions on earnings, capital and liquidity

We have well-defined, Board-approved policies for identification, measurement and management of major risks – liquidity risk, market risk, credit risk and operational risk. The effectiveness of these policies are regularly assessed, and the policies are refined in accordance with the dynamic business environment and emerging risks.

We also have a dedicated Fraud Prevention and Management Cell (FPMC) for managing fraud risk which reports to Chief Risk Officer (CRO) of our Bank. FPMC submits reports to the Board and Senior Management Committees, periodically. Fraud detection, analysis, mitigation and prevention are a continuous process, and our Bank follows a structured approach for the same as furnished below.

Early Warning Signal (EWS): A number of Early Warning Signals (EWS) are studied daily and the results are shared with concerned business verticals. Besides internal data, public domain data are also analysed as a preventive and monitoring mechanism. Our Bank has installed specialised computer applications to fetch both internal and external data and to present different EWS in an orderly manner. On-line transactions are also monitored by specialised computer applications and processed until the logical end.

Red Flagged Accounts (RFA): Some of the Large Borrowal accounts that emanate a number of EWS are studied in detail for a period of six months, and appropriate decisions are taken based on the results of the study.

Risk and Control Self-Assessment (RCSA): RCSA is a proactive tool in identifying lacuna, if any, in different processes of our Bank. Different processes of our Bank are being studied for gaps (if any), controls available, adequacy of corresponding controls, lead and lag indicators etc. Corrective steps required are being initiated by the concerned stakeholder departments based on the RCSA.

Root Cause Analysis: Root cause analysis is comprehensively carried out to study the transactions to understand the weaknesses in the system and suggest additional controls to prevent recurrence.

Whistle Blower Policy: We encourage employees, customers and vendors to communicate any information they may come across about serious malpractices or impropriety/ abuse of powers etc. to the Top Management without fear of reprisal. The policy is popularised through various measures such as internal circulars, e-mail advisories, training sessions etc. to spot aberrations and deal with it at the earliest.

Our Bank weighs all new products and processes, the embedded options or enhancements of the existing products critically before it is offered to the public as a preventive measure to avoid systemic lacuna, if any.

Besides the above, our Bank is subject to several audits, periodic visits by Divisional Heads, Divisional Operating Officers, and Central Office personnel for effective monitoring and continuous surveillance of all operations.

During the FY 2019-20, our Bank has reported 42 frauds amounting to ₹495.28 Crore. Broadly, the nature of the frauds are 31 Credit related frauds amounting to ₹493.16 Crore, and 11 Operations related frauds amounting to ₹2.12 Crore.

Of the credit related frauds reported, 68% fall under Consortium/Multiple Banking Arrangement and the balance 32% being Sole Banking. The nature of frauds under Consortium/Multiple Banking Arrangement includes cancellation of coal mines allocation by the Honourable Supreme Court of India, diversion of funds, related party transactions and fraudulent removal of plant and machinery etc. In the case of Sole Banking, frauds mainly relate to Warehouse Loans, inflated stock statements and diversion of funds.

Root cause analysis of the Warehouse Loan frauds reveals that the employees of the Collateral Managers, in collusion with Godown Owners and Borrowers perpetrated the fraud involving clandestine removal of stocks from the godowns and replacing the same with inferior commodity. Our Bank is taking serious measures in recovery process and ensuring proper systems are put in place to avert recurrance of such instances in future.

Our Bank has put in place a Fraud Risk Management Policy to detect, control and monitor frauds and ensure continuous surveillance to prevent frauds, besides managing the risk of loss arising from both internal and external fraudulent events. The macro level guidance and directions on the above aspects is provided by the Board and different Board Committees.

Our Bank continues to be engaged in enhancing the Risk Management Standards on par with the best practices in the banking sector. The Risk Management Process in our Bank is subjected to an annual review by an external consulting agency to evaluate the level of effectiveness and to bring fresh perspectives to the Risk Management approach adopted by us.

Prominent risks and mitigation steps

Risks	Mitigation steps
Credit risk	
Macro factors including slowdown in economic growth, imbalances in the economy, stress in certain industries and micro level factors including deficiencies in underwriting standards, weak recovery mechanism that could adversely impact our performance.	We have a centralised credit risk management division, independent of our 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 levels. We monitor our exposures periodically to ensure that those are within the 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. We deploy risk scoring models and several Board-approved credit risk rating models for rating our borrowers. We are stepping up digitalisation to: • Improve the credit underwriting process by placing various gating conditions tested based on the historical database of our Bank and thus eliminating subjectivity in the credit approval process • Ensure better due diligence through system designs, sanity and bureau checks to minimise onboarding risks We have divisional credit risk officers in each division who evaluate credit proposals before approval.
Market risk	
We invest and trade in securities market instruments, for our customers and on a proprietary basis. The potential loss in value of financial instruments held by us due to adverse market movements constitutes market risk.	We have put in place well-defined and comprehensive policies, framework and practices to monitor and manage this risk. We deploy tools like stress testing, duration, modified duration, VaR, among others to measure and mitigate market-related risks. We have established an independent mid-office, as part of the market risk division, which reports directly to the risk management department and functions as the risk control unit for our treasury operations. The mid-office scrutinises the treasury deals and transactions.
Liquidity risk and interest rate risk	
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 our 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.	Our Asset Liability Management (ALM) policy covers management of liquidity risk and interest rate risk. Our Board has approved several limits, namely, 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 on net interest income and market value of its equity. These risks are identified, measured and monitored by the ALCO through the prescribed statements, namely, Statement of Structural Liquidity, Liquidity Coverage Ratio Statement, among others. 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 the ALCO on a monthly basis as per RBI guidelines. Our Contingency Funding Plan (CFP) ensures that we have adequate liquid financial resources to meet our liabilities as they fall due. The CFP is reviewed quarterly by the ALCO.

Risks	Mitigation steps
Operational risk	
This risk arises from inadequate or failed internal processes, controls and systems, and procedures due to employee error or breach, fraud or external events or a combination of these factors.	We have a well-established internal control system, which includes segregation of duties, standardised operating procedures, clear lines of authority and reporting, among others. We have adopted a structured internal audit mechanism. We have a Business Continuity and Disaster Recovery (BCP & DR) policy to manage disruptions to our operations. Product, process and outsourcing committees have representation from the risk department for recording their views, besides suggesting mitigations for the identified risks in those products and process. We have implemented the Basel III capital framework and calculate the Capital to Risk Weighted Assets Ratio (CRAR)as per the guidelines laid down by the RBI.
Cyber risk	
Banks and financial institutions are more prone to cyber-attacks due to highly interconnected networks and the inherent nature of the business. Our Bank's systems face cyber risks in the form of hacking, phishing, ransomware and other means, resulting in disruption of our services or theft or leak of sensitive internal data or customer information.	Our cyber security policy mandates, inter alia, requirements such as network security, advanced real-time threat defence, vulnerability management, cyber security awareness and compliance. We have invested in best-in-class security technologies such as network and web application firewalls with intrusion prevention, advanced threat protection, privileged access control, vulnerability assessment, among others. Our Security Operations Centre (SOC) operates 24x7 by leveraging all the above mentioned security technologies, to identify threats and undertake timely remedial response measures. While we monitor this risk closely and take corrective actions when needed, to cover the eventuality of any miss, we have also taken cyber security risk insurance policy.
Fraud risk	
Banks and financial institutions are vulnerable to several frauds occurring both at external and internal levels.	We have put in place a fraud risk management policy to detect, control and monitor frauds and ensure continuous surveillance to prevent frauds, besides managing the risk of loss arising from both internal and external fraudulent events. A number of Early Warning Signals (EWS) are studied daily and the results are shared with concerned verticals. Besides internal data, public domain data are also analysed as a preventive and monitoring mechanism. We have installed specialised computer applications to fetch both internal and external data and to present different EWS in an orderly manner. On-line transactions are also monitored by specialised computer applications and processed until the logical end. Some of the Large loan accounts that emanate a number of EWS are studied in detail for a period of six months, and appropriate decisions are taken based on the results of the study. Root cause analysis is comprehensively carried out to study the transactions to understand the weaknesses in the system and suggest additional controls to prevent recurrence. We weigh all new products and processes, the embedded options or enhancements of the existing products critically before it is offered to the public as a preventive measure to avoid systemic lacuna, if any.
COVID-19 pandemic	
It poses additional risks for our Bank, both directly as well as indirectly through the global and domestic macroeconomic factors, and external operating environment.	We undertook a comprehensive study to identify industries / sectors that are likely to be affected seriously by the pandemic. Credit flow to these industries / sectors were monitored (and continue to be monitored) to avoid any concentration risks, while ensuring that viable businesses under temporary financial stress were extended necessary credit facilities within the risk appetite of our Bank. The advances portfolio of our Bank is under close monitoring, both at the portfolio level as well as at individual borrower / account level, to ensure that it stays healthy.

Leveraging technology to strengthen risk management

Our dedicated risk analytics team in Chennai generates and provides key reports on performance of different portfolios, products, verticals, divisions, geographies, customer constitution, income levels and delinquency trends from the perspective of risk. It also suggests changes to the scoring models depending on the performance of the credit rating models.

A technology-driven solution provides early warning signals and is utilised by the RMD, Credit Monitoring Group (CMG) and the wholesale business groups, CIG and CBG. Technology also enables us to monitor various breaches by instituting suitable threshold limits for daylight limit, overnight limit, overseas borrowing limits, net open position, limit validity, online monitoring, activating data centre, disaster recovery site from remote location without physically attending the office, unusual transaction pattern, system security breaches, to mention a few.

Actioning our business continuity policy (BCP) during the lockdown

The primary objective of our business continuity and disaster recovery policy (BC & DR) is to ensure that business operations continue within an acceptable period of time and at an acceptable level without being critically affected by unforeseen disruptions or disasters. This policy also ensures swift normalisation of our operations during such crisis.

This policy is applicable to all our branches, administrative/service units and employees engaged in developing or creating, maintaining, using data in electronic form in relation to various IT applications and system running in our Bank.

During the lockdown, our branches are operating in line with the directions issued by the district administration. All our employees as well as customers entering the branch premises are made aware about the precautions to be taken to stay safe. Our branch premises are sanitised and sanitisers are provided. We have ensured that only front office/counter staff operated from our branches, and that too on rotation. Our back-offices and other functions are conducted by enabling our people to work from home. We have extended VPN connection and provided table-top PCs to the teams to ensure seamless operations. In a bid to strengthen remote working, we increased the existing internet bandwidth and added a new connection, besides installing additional firewalls.

Further, we continue to monitor our liquidity position on a daily basis and have maintained a comfortable liquidity position, well above the threshold set by the RBI.

INFORMATION TECHNOLOGY

Technology has been a key differentiator in the banking sector. We have been constantly embracing the best available technologies, which enables us to respond quickly to the rapidly changing market dynamics. Information Technology (IT) enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. We have been upgrading our IT infrastructure and implementing new technologies, systems and products for enhanced customer experience and to ensure the safety and integrity of the institution.

We have adopted robotic process automation to minimise human interventions in some processes and improve efficiency. We have implemented the Intelligent Character Recognition and Optical Character Recognition technologies to increase speed and accuracy. Digital transformation has given a new dimension to lending, simplifying the entire process for better TAT and identification of the right customer. The D-Lite mobile application offers a wide range of features (Transfer Funds, Term Deposit, e-ASBA, Card Control, Demat, FASTag, Bill Payment, Reward Programme and so on) for our retail customers in managing their finances in a better way.

Our Bank has transitioned to the cloud platform to achieve the immediate availability and scalability of applications.

We have made strategic investments in Information Security and implementing the best standards for safeguarding information assets. We have received ISO 27001 certification for establishing a framework of policies and procedures, including all legal, physical and technical controls involved in the organisation's information risk management process.

Our primary data centre is in Chennai. The secondary centre is in Hyderabad, acting as a backup for the applications and data available in the primary site. We have also invested in a host of customer touchpoints such as ATMs, Cash Recyclers, Debit Card, Credit Card, FASTag, Mobile Application, Internet Banking, and Electronic Payment Systems, among others, to make our products and services accessible anytime, anywhere.

We continuously upgrade our security measures as per regulatory compliance, such as installing the latest operating systems, voice guidance facility for differently-abled, EMV/ Biometric authentication, Talking ATM facility in all our cash dispensing machines. Our digital gold loan enables customers to avail credit facility several times by pledging the jewels once. Our Bank's account opening and lending applications are enabled on portable devices, so that such activities can be carried out at customer locations in a safe and secure manner.

ANALYTICS

Our Bank's analytics department was further strengthened during FY 2019-20. We employ traditional as well as advanced methods (Machine Learning) to identify growth opportunities, customer engagement, portfolio quality and collection strategies.

Highlights of FY 2019-20

- Delivered pre-approved products and targeted campaigns to improve customer engagement and cross-selling opportunities
- Designed and rolled out in-house predictive collections management system across retail and commercial portfolio
- Developed new scorecards to strengthen underwriting
- Robust portfolio quality monitoring framework put in place to identify trends with lead and lag indicators of delinquency and other KPIs

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

An overview

We have in place a well-established independent audit system and structure to ensure adequate internal control for safe and sound operations. Our 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 our 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 our 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, among others. 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 our Bank.

Under RBIA, branches have been categorised into five groups as per risk perception and are subject to varying degrees of audit. IAD reports to the MD & CEO for day-to-day activities and to the Audit Committee for audit planning and reporting.

The Department had conducted the RBIA and IS Audits of all the branches and divisional offices targeted for the year. We subject our operations to concurrent audit by various experienced audit firms to complement our internal audit function. Concurrent audit is conducted covering core activities such as Treasury operations, International Division, Regional Processing Centres, ATM cell, Demat Cell, Transaction Banking Group, Precious Metal Division, other operations and branches.

Concurrent Audit of select branches were carried out by external audit firms taking into account risk perception and business turnover. During FY 2019-20, 158 branches covering 51.16% of total deposits and 56.54% of total advances were subjected to concurrent audit. Besides, Corporate Business Units (CBU) and Business Banking Unit (BBU) were also subjected to concurrent audit. In addition to the regular inspection (RBIA) and concurrent audit, our bank officers also conducted surprise inspection at identified branches and extremely/very high risk rated branches as and when the need arose for such audits.

We have also ventured into strengthening the audit process by all audit activity under single software called e-Thic to enhance and provide focused attention in the audit mechanism taking cognisance of the various requirements borne out of experience. The department has also conducted SNAP audit in 724 branches to ensure that the compliance aspects in respect of internal control are followed at the branch level.

Further, the department has a system of re-appraisal of jewels pledged under the jewel loan portfolio once in a year covering all branches which have the portfolio. During FY 2019-20, re-appraisals including surprise re-appraisal totalling 779 were conducted. Further, during RBIA inspection, inspecting officials carry out verification of the purity of jewels on 10% of the outstanding jewel bags as of inspection date, subject to a minimum of 50 bags.

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

Information System Audit is conducted once in a year covering all branches, back offices, applications and critical process viz., Central Office, Divisional Offices, Data Centre Regional Processing Centres etc. During the year we have conducted IS Audit across 724 branches, 27 offices and 15 other specialised audits.

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 Crore and above or total exposure of ₹10 Crore and above including non-funded exposure, has been introduced from FY 2016-17 onwards with the objective of improving the quality of credit portfolio with resultant favourable impact on the profitability and reduce stressed assets.

We have conducted credit audit for 199 accounts for FY 2019-20. This audit will provide feedback to the Top Management of our 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

Road ahead

Our Board and ACB continuously provide guidelines on setting up a robust internal audit ecosystem to meet the requirements of the changing times. Audit process is planned suitably to face the various challenges of the future. Leveraging the scope of technology, online monitoring is enhanced to overcome the challenges posed by travel restrictions.

A technically qualified team is set up to monitor IS related controls and audits. Considering the pace at which digital transactions are growing in volume and value, IAD has equipped itself to meet the challenges. A reputed external IS team and IS Auditors shall also be engaged for this purpose. We have a system of measuring risk profile of front line offices and back offices. Periodicity of audits/inspection is formulated by the ACB according to risk perceptions and as approved by the ACB.

This way, the IAD ensures that a robust and effective monitoring and control mechanism is put in place to safeguard all assets of our Bank.

COMPLIANCE

We have a transparent and comprehensive compliance policy and a robust KYC/AML/CFT Policy, duly approved by the Board and subject to an annual review. Compliance, to us, is non-negotiable and our compliance department independently tracks, monitors, assesses and ensures that we meet regulatory guidelines and internal standards. This department works closely with the nodal compliance officers of the business and operations teams. The department is headed by the Chief Compliance Officer (CCO), who assists the Board, Audit Committee of the Board and leadership team in managing the compliance risk, that is, the risk of legal or regulatory sanctions, financial loss or reputational loss arising out of any failure to comply with the applicable laws, regulations or code of conduct applicable to our banking activities.

The team at the Compliance Department remains up-to-date about the regulatory developments and acts swiftly to ensure timely adherence by respective business/operation teams. We also participate in industry working groups that discuss evolving regulatory requirements and impart training on matters related to compliance to employees on an ongoing basis. The CCO is a member of various executive committees for exchange of information. The Compliance Department keeps the management/Board/ACB informed about compliance related matters through monthly, quarterly and annual compliance reviews. The Board and leadership team are committed to implementing and maintaining a robust compliance culture with integrity and ethical conduct in carrying out our business within the regulatory/internal frameworks set by our Bank.

HUMAN RESOURCES

Our people are the driving force behind our success and also a key differentiator in an intensely competitive sector. We are committed to providing them with a growth-oriented work environment and have put in place fair, transparent and well-defined people policy in place. These policies cover all aspects of the human resources function including recruitment, training, upskilling, retention and employee engagement. We have also been digitalising our people processes over the past few years to make our people practices more efficient and convenient.

For more details, read pages 24 of this report.

INFORMATION SECURITY GROUP (ISG)

An overview

Our Board and leadership team have instituted an Information Security function for designing, developing, implementing and maintaining an Information Security Management System (ISMS) to protect our 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 our Bank in accordance with approved policies and procedures. The ISMS considers the nature of our 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 (ITD), Data Centre (DC), Disaster Recovery Site (DRS), Branches and Offices to implement the controls and monitors its effectiveness. We accord top priority for regulatory compliance and within a record time of less than two years, most of the mandatory controls stipulated by RBI through Cyber Security Framework have been implemented.

We have 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, we have a reliable Vulnerability Assessment (VA) and Penetration Testing (PT) process to assess the IT systems periodically, detect vulnerabilities and undertake timely remediation measures.

Key activities FY 2019-20

- Maintained the ISO 27001:2013 certification by adhering to the standard processes.
- Used all the security solutions effectively to successfully prevent or detect and respond to security related alerts and events.
- Successfully implemented the cyber security framework recommended by the RBI

- Implemented CERT-In's Threat Intelligence client and it has been integrated with our Security Suite and other security systems for automatic blocking of threats.
- Undertook the red teaming exercise for the first time in our Bank to assess our preparedness for timely incident response.
- Strengthened privileged access management.
- Implemented enterprise fraud risk management solution to monitor select online channels and identify suspicious transactions.
- Undertook vulnerability assessments and penetrating exercises for the new IT initiatives to make the new system implementations on time as well as free from vulnerabilities.
- Implemented e-learning on cyber security and mandated all employees of our bank for self –awareness.
- Procured and implemented database activity monitoring (DAM) to identify and report instances of unauthorised database manipulations.

The onset of the COVID-19 pandemic led to increased origination of 'Covid-19', 'Corona-Virus' themed Cyber Security threat vectors, along with the existing attack vectors such as Malwares, Ransomwares and Banking Trojans.

Some prominent measures undertaken in this scenario:

- Threat Intelligence Data provided by regulators and other partners through Advisories, Incidents, Phishing Campaigns, Malware Campaigns, Advanced Persistent Threat Campaigns and Ransomware Campaigns were promptly reviewed and the Indicators of Compromise (IOCs) were blocked to protect our Bank's IT environment from threat vectors and ensure compliance.
- We implemented timely measures to increase employee and customer awareness on cyber security, in particular, 'COVID-19 themed cyber-attacks' and other security risks, to stay vigilant against cyber security attackers and ensure safety.
- After a proper assessment of security vulnerability, we scaled up the work-from-home facility to allow back-office staff to work remotely and securely.
- Cyber security audits were performed securely and remotely without any deferral to ensure that our Bank remains secure and compliant. Regulatory submissions were ensured promptly.
- We utilised the lockdown to strengthen our endpoint security with the best of breed solutions.

Leveraging technology

With increasing role of several technologies such as Internet of Things (IoT), cloud environments, Artificial Intelligence (AI), Machine Learning (ML), Big data analytics, there are now more potential cyber threats than ever before, and attacks are becoming more sophisticated. Protecting against these threats requires a proactive, continuously integrated and automated approach to cyber security. These challenges and opportunities have also led the Information Security functions to use emerging technologies such as security orchestration, automation, Artificial Intelligence, Machine Learning and predictive analytics to ensure cyber resilience.

We have implemented the following initiatives to enhance cyber security:

- Adoption of information security in the early stages of application development lifecycle
- Provide continuous training to staff on cyber security
- Perform regular vulnerability assessment and penetration testing
- Integration of new and existing security systems and automation of security response measures
- Subscribe to threat intelligence feeds and taking timely action to block them in our Bank's IT environment

Road ahead

Our focus will remain on strengthening our ability for timely detection of security incidents, immediate counter response measures to contain the risks and minimise the impacts, and implementation of proper prevention techniques to ensure better cyber resilience. We are looking at leveraging AI/ML technologies for prevention of cyber security risks. Regulatory compliance will remain a high priority area for us.

SAFE HARBOUR

Certain statements in the 'Management discussion and analysis' describing our 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 our Bank as well as our ability to implement the strategy. We do 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 KVB.

CORPORATE GOVERNANCE REPORT

PHILOSOPHY OF CORPORATE GOVERNANCE

Corporate Governance is a system by which entities are directed and governed by the management in the best interests of the stakeholders and others by ensuring better management, greater transparency and timely financial reporting. 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 enterprises and help to drive economic growth. Good and effective system of corporate governance in Banks will ensure appropriate standards of conduct on managing, controlling and monitoring the procedures in order to maximize opportunities for legitimate profits subject to the best interests of depositors and stakeholders.

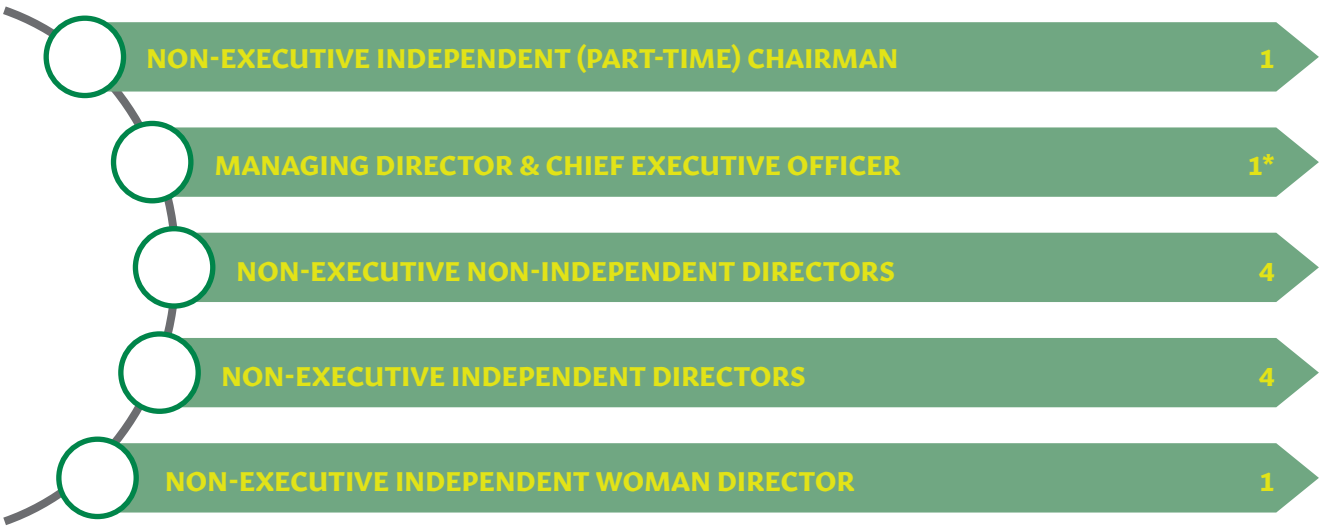
Board of Directors of the Bank are the ultimate custodians of governance and are accountable to Stakeholders ranging from Shareholders, Regulators, Customers, Vendors, Employees and Society. With emphasis on transparency, integrity and accountability, the Board of Directors of the Bank had implemented best practices in Corporate Governance by framing the "Corporate Governance and Business Responsibility Policy". The Policy takes into account relevant statutory, SEBI / Stock Exchange listing requirements, Reserve Bank of India (RBI) directives and other guidelines under the Companies Act, 2013. This Policy aims at achieving highest standards of governance in all activities of the Bank and processes taking into account the relevant statutory provisions, directives, circulars and other guidelines of regulators from time to time.

BOARD COMPOSITION

The Corporate Governance philosophy of your Bank establishes that the Board's independence is essential to bring objectivity and transparency in the Management and dealings of the Bank. 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, in accordance with the best practices in Corporate Governance.

The Board comprises of Eleven Directors as on the date of this report, with an optimum combination of Non-Executive Independent and Non-Executive Non-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 the date is as under:



* Shri B Ramesh Babu was co-opted as an Additional Director and appointed as MD&CEO of the Bank for a period of three years from the date of taking charge on the terms and conditions approved by the Reserve Bank of India vide its communication dated 20th July 2020. He had taken charge on 29th July 2020.

Board recognizes importance of a balanced mix of knowledge, skills, experience and judgment relevant to the Bank's policies, operations and needs. In line with the relevant provisions of the Banking Regulation Act, 1949 and relevant circulars issued by RBI from time to time, Board of Directors have identified the Core Skills/Practical Experience/ Special Knowledge/ Competencies, viz., Accountancy, Economics, Banking, MSME, Trade & commerce, Law, Agriculture & Rural Economy, Human Resources, Finance, Risk Management & strategic planning, Information Technology and Payment & Settlement Systems.

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.

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 May 27, 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 B Ramesh Babu (DIN: 06900325), Managing Director and Chief Executive Officer

Shri B Ramesh Babu is an astute Banker with 40 years of all-round experience in wide range of Commercial Banking, Financial and Non-Banking services to Retail, MSME, Corporate, Institutional, Stressed Assets Management, Risk Management, Compliance, Asset Liability Management, Human Resources Management, Investment Operations, Trade Finance and Agricultural customers in different geographies in India and abroad (SBI, Chicago branch as Vice President). He was Ex-Deputy Managing Director & Chief Operating Officer in State Bank of India and has experience of developing and overseeing the Retail Business and Banking Operations for more than 21,000 retail branches and 1,20,000 other touch points of the Bank (ATMs/ Customer Service Points) successfully. He has extensive experience in redressing pain-points in Customer Service related areas and furthering Financial Inclusion by actively leveraging the services of Business Correspondents in SBI.

He actively involved in Direction setting and Policy formulation by participating in various apex committees of State Bank of India. He has successfully headed the whole business and operations of 1,300 Branches of Chennai Circle of SBI (Branches in Tamil Nadu and Pondicherry) for three years with excellent understanding of business dynamics and man management. He has expertise in "International Factoring" and passed with Distinction "Diploma in International Factoring" conducted by Factors Chain International, Netherlands. He has also vast experience as a Director on the Boards of five Associate Banks of SBI with sizeable loan books and Invitee on to the Boards of Non-Banking Subsidiaries. He was one of the permanent invitee to the State Bank of India's Central Board, highest policy making body of the Bank and Board level committees.

He is a Strategic planner with comprehensive managerial acumen, offering varied experience in Banking and excelled in every assignment creating high performance organisation through various successful HR initiatives and Relationship Management. He has deeper Analytical skills, Managing Crisis effectively, Strong abilities for goal setting, executing result oriented strategic initiatives even under high stress scenarios and tight timelines. He is a Post Graduate in Commerce from Andhra University, Waltair and a Certified Associate of the Indian Institute of Bankers.

He was co-opted as an Additional Director in the Board Meeting held on 20th July 2020 and appointed as Managing Director and Chief Executive Officer of the Bank for a period of 3 (three) years from the date of taking charge, on the terms and conditions approved by Reserve Bank of India. He had taken charge on 29th July 2020. He is representing Majority Sector "Banking" on the Board.

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 96,180 equity shares in the Bank.

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

Shri M K Venkatesan, is an Economics graduate. M K Venkatesan is one of the promoters of the Bank. He is engaged in the trading of agricultural products/ Commodities since four decades. He has been dealing in many niche agri products under the brand name of M/s M K V Mundy. He has rich & vast experience in the field of agriculture and allied activities besides MSME sector. He was co-opted as an Additional Director of the Bank on December 09, 2014 and was elected as a Director at the 96th AGM held on July 22, 2015. He held two terms earlier as a Director of the Bank from February 22, 1992 to February 18, 2000 and November 26, 2003 to July 26, 2009. He is a Non-Executive Non-Independent Director of the Bank. He is representing Majority Sector "Economics MSME & Agriculture" 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. In her graduation (BBM) she is a University Topper & also a Gold Medalist. She is a Partner in M/s Khicha and Prabu Kesavan, Chartered Accountants, Coimbatore since 1995. She has more than 29 years of experience in various Statutory Audits, Bank Branch Audits, Concurrent Audits, Revenue Leakage Audits, Stock Audits, 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 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 had served the Indian Air Force for over 9 years specializing in Russian Radar Systems. 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 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 (ICSI) and currently he is a member of the core group formed by ICSI on NCLT / NCLAT matters.

He is a member of International Association for Protection of Intellectual Property Rights - AIPPI; also a member of INSOL International, a global organization of corporate insolvency professionals and an associate member of the 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 the third edition of his book titled "A Treatise on Contraventions under Corporate Laws'' and the second edition of his another book with the title "Related Party Transactions". He has addressed in more than 300 seminars, webinars 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. 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 a Non-Executive Non-Independent Director representing Minority Sector "Business and Finance" on the Board of the Bank. Shri R. Ramkumar is holding 9,57,484 equity shares in the Bank.

Shri KG Mohan (DIN: 08367265),
Additional Director (Non-Executive Independent)

Shri KG Mohan is a senior Information Technology professional having around 4 decades of corporate experience working with large multinational corporations as well as independent technology professional post retirement. He mixes sharp business sense and experienced leadership skills with international operating experience in strategic IT Business value delivery.

He's an IIT Madras alumni with a PGDIE from NITIE. KG Mohan held varied global IT leadership positions at FMCG giant Unilever for 27 years and subsequently at Healthcare leader Johnson & Johnson for 4 years.

At Unilever he held the positions of VP IT, VP IT & CIO for South Asia / Africa and Global VP IT for Networking and Telecommunication. At J&J, he was the VP IT and CIO for Asia Pacific, working out of Singapore.

He was a Member of Asia Pacific Business Board for J&J Medicals and a Member of Global IT Leadership Teams at Unilever and Johnson & Johnson. He has led several business transformation exercises using technology, renegotiated global contracts, set up shared service facilities and developed global IT Teams across countries.

Currently KG Mohan is the Managing Partner of ASIMA Consulting LLP providing consulting inputs in the strategic deployment of technology to various organizations. He is also a Partner with Social Venture Partner Philanthropy Foundation and works for enhancing livelihood for the under privileged.

Expertise includes • Transforming business by leveraging appropriate technology • Developing IT Strategy and implementation roadmap • Conceiving and setting up shared business processes and technology capabilities • Partnering with CXOs to innovate business solutions • Evaluating IT capabilities for due diligence in M&As • Mentoring technology teams to enhance their impact.

Shri KG Mohan is an Additional Director under Independent category representing Majority Sector "Information Technology" on the Board of the Bank. He is holding 2,500 equity shares in the Bank.

Dr. Harshavardhan Raghunath (DIN: 01675460),
Additional Director (Non-Executive Independent)

Dr. Harshavardhan Raghunath is an Independent business advisor. He was a Senior Advisor to leading international management consulting firm Bain & Company and led its financial services practice in India. He joined Bain in 2010 after spending over 14 years with other international consulting firms including the Boston Consulting Group and Arthur Andersen. He has also worked in the Banking industry for about 2 years as an analyst and trader. He has worked primarily in the financial services (Banking - retail and corporate, private banking and wealth management, insurance, asset management, etc.,) where he has advised top management of companies in India, North America, Europe, South East Asia and Greater China, on issues of strategy, operations, organisation, risk management, etc. He has worked extensively on the issues of corporate finance including mergers and acquisitions, alliance structuring and negotiations, valuations, review of major investment decisions for private equity and strategic investors, strategic due diligence, etc.

Dr. Harshavardhan is actively involved in policy making related to financial services in India and was a member of the Banking Working Group of the Financial Services Legislative Reforms Commission (FSLRC) set up by the Government of India as well as the Dr. P J Nayak Committee on Governance in Banking set up by the RBI. He has served on CII National Committees for Private Equity, Regulatory Affairs and Commodity Markets. He regularly contributes articles and is quoted frequently in business media on important sector issues.

He is a frequently invited speaker at conferences organised by Confederation of Indian Industries (CII), the Indian Banks Association (IBA), Indian Merchants Chambers, Reserve Bank of India (RBI), etc., as well as in business schools. He regularly contributes to articles in academic and business journals.

Dr. Harshavardhan has a Bachelor degree in Mechanical Engineering from VNIT Nagpur followed by an MBA from IIM Kolkata, and an MS in Quantitative Finance and PhD in Business Economics & Strategy from the Smith School of Business at the University of Maryland USA. He is Additional Director under Independent category representing Majority Sector "Strategic Planning & Risk Management" on the Board of the Bank. He 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.

In terms of the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, all the Independent Directors of the Bank have enrolled their names in the online databank of Independent Directors maintained by the Government.

All the Independent Directors of the Bank have undertaken to comply with the requirements relating to passing of online proficiency self-assessment test, as applicable to them, within the timelines prescribed in the said Rules.

Dr K S Ravichandran, Non-Executive Independent Director of the Bank, has qualified the online proficiency self- assessment test for Independent Director's Databank. In terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri N S Srinath and Dr V G Mohan Prasad, Non-Executive Independent Directors of the Bank, have eligibility criteria of being exempted from passing online proficiency self - assessment test for Independent Director's Databank.

Terms and Conditions for Appointment of Independent Directors

Independent Directors' tenure is subject to Regulation 10A of the Banking Regulation Act, 1949 and also subject to the tenure fixed for appointment of all the Independent Directors of the Bank by the shareholders/Board.

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/

RESIGNATION OF INDEPENDENT DIRECTOR

Shri Sriram Rajan (DIN: 02162118), resigned from the Directorship of the Bank with effect from closing hours of 08th November 2019.

Shri Sriram Rajan in his resignation letter submitted to the Board indicated that he would like to pursue a full time career opportunity in the technology sector. In accordance with Clause 7B of Schedule Ill, Part A of the Listing Regulations, Shri Sriram Rajan confirmed that there was no other material reason for his resignation, other than the above stated.

RELATIONSHIP BETWEEN DIRECTORS INTER-SE

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

BOARD MEETINGS

During the fiscal 2019-20, Eighteen Board Meetings were held and the maximum time gap between any two meetings was not more than one hundred and twenty day and the detailed are as under:

30.04.2019	13.08.2019	10.12.2019
15.05.2019	14.08.2019	11.12.2019
28.05.2019	16.09.2019	04.01.2020
24.06.2019	11.10.2019	01.02.2020
18.07.2019	01.11.2019	19.02.2020
24.07.2019	21.11.2019	20.03.2020

The details of attendance of each Director at the Board meetings held during the period from 01st April 2019 to 31st March 2020 are mentioned below:

Name of the Directors Sarvashri	**Category**	**Special Knowledge/ Practical Experience/ Skills/Expertise/ Competencies #**	**No of Meetings during his/her tenure**	
			Conducted	**Attended**
N S Srinath	Non-Executive Independent (Part-time) Chairman	Banking – HRM	18	17
B Ramesh Babu @	Managing Director & Chief Executive Officer	Banking	NA	NA^
Dr V G Mohan Prasad	Non-Executive Independent Director	Agriculture	18	13
M K Venkatesan	Non-Executive Non-Independent Director	Economics, MSME & Agriculture	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	18
M V Srinivasamoorthi	Non-Executive Non-Independent Director	Business – MSME	18	16

Name of the Directors Sarvashri	Category	Special Knowledge/ Practical Experience/ Skills/Expertise/ Competencies #	No of Meetings during his/her tenure	
			Conducted	Attended
Dr K S Ravichandran	Non-Executive Independent Director	Law	18	15
R Ramkumar	Non-Executive Non-Independent Director	Business & Finance	18	18
KG Mohan (from 01st February 2020)	Additional Director (Non-Executive Independent)	Information Technology	2	2
Dr Harshavardhan Raghunath (from 30th July 2020)	Additional Director (Non-Executive Independent)	Strategic Planning & Risk Management	NA	NA^
Sriram Rajan (till 08th November 2019)	Non-Executive Independent Director	Information Technology	11	11
P R Seshadri $	Managing Director & Chief Executive Officer	Banking	18	18

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

@ Shri B Ramesh Babu was co-opted as an Additional Director and appointed as MD&CEO of the Bank for a period of three years from the date of taking charge on the terms and conditions approved by Reserve Bank of India vide its mail dated 20th July 2020.

$ Demitted office at the close of office hours on 31st March 2020.

^Shri B Ramesh Babu and Dr. Harshavardhan Raghunath were appointed after 31.03.2020

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.

DIRECTORS' ATTENDANCE AT THE LAST ANNUAL GENERAL MEETING (AGM)

All Directors of the Bank, who are members of the Board as on the date of last AGM, held on 18th July 2019, have attended the Meeting.

BOARD PROCEDURE

The Board and its Committees play a crucial role in overseeing that the management serves long-term objectives and enhances stakeholder value. The Board evaluates the effective function of the Management as well as the Bank by Policies of the Bank and by accessing all relevant information with in the Bank.

The meeting of the Board and its Committee is scheduled well in advance and the information including date, time and place of the meeting is circulated to all Directors as per the Secretarial Standards. The Meetings of the Board and its Committees are governed by a structured agenda. The Board agenda and notes thereof 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 Memorandum/notes contains all complete relevant information related to the requests of the Departments to facilitate open and substantive deliberations. The respective Department Heads of the Bank are special invitees to the Meeting to give any explanations, feedback to the Board if require. The members of the Board exercise due diligence in performance of their functions as Directors of the Bank and follow highest degree of business ethics, transparent practices and code of good governance amidst cordial environment.

In case of business urgency, the need based memorandums are circulated to the Directors to get their directions, deliberations via resolution passed by circulation. Due to imposed restriction on travel/physical movements, video conferencing facility is used effectively to facilitate participation of Directors, who are unable to attend the meetings, in person complying with the provisions of Companies Act, 2013.

Minutes of the Board and its 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.

The Board has established procedures to periodically review compliance report pertaining to all laws applicable to the Bank as well as steps taken by the Bank to rectify instances of non-compliance, if any.

FAMILIARISATION PROGRAMMES

Pursuant to the Listing Regulations, 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.

Non-Executive Directors are provided with a formal letter of appointment with all materials related to their roles, rights, responsibilities in the Bank as well as with the nature of industry and business model of the Bank at the time of their appointment as Director and through periodical presentations on economy & industry overview, key regulatory developments, strategy and performance. This enables the Directors to have a clear picture of the Bank and make informed decisions in the interest of the Bank and its stakeholders.

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 an integral part of the operations and a tool of the Bank to ensure the smooth and effective function of the Board and Senior Management. 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 continuity of leadership for all critical positions. The Bank strives to maintain an appropriate balance of skills and experience within the organization. Board in an endeavour to introduce new perspectives while maintaining experience and continuity has framed Succession Planning Policy for Board of Directors and Senior Management of the Bank.

The Bank's Nomination and Remuneration Committee (NRC) oversees matters of succession planning of its Directors, Senior Management and Key Managerial Personnel. The Board of the Bank also ensures that proper plans are put in place for orderly succession of appointment to the Board and to senior management of the Bank.

DIRECTORS AND OFFICERS INSURANCE

The Bank had undertaken Directors and Officers insurance ('D & O insurance') for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank from time to time.

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 are entrusted with particular matters that require more focussed attention. 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.

Committees deliberate issues as per their terms of reference and make recommendations to the Board as and when required. The Board supervises executing of its responsibilities by the Committees and minutes of the Committee meetings are placed before the Board for review.

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

Board had constituted and function with 13 Committees as on March 31, 2020 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 Search 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 who is a Chartered Accountant. 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 line 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 of fees to Statutory Auditors for any other services rendered by them;

4. Reviewing quarterly, half-yearly and annual financial statements with the management and 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 forms part of 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, if any;

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 on the utilization proceeds with the management and making appropriate recommendations to the Board to take steps in this regard;

6. Reviewing and monitoring the Statutory Auditor's independence, performance, and effectiveness of Audit process;

7. Approving 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. Discussions with Statutory Auditors before commencement of Audit, about the nature and scope of Audit as well as post-Audit discussion to ascertain any area of concern;

15. Reviewing 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;

16. Reviewing the Whistle Blower Policy and Vigil Mechanism;

17. Approving the appointment of CFO (i.e. the person who is heading the finance function after assessing his qualifications, experience, background and etc.,);

18. Reviewing Long Form Audit Report as prepared by Statutory Auditors;

19. Reviewing 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. Reviewing 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 2019-20, Audit Committee met 12 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:

30.04.2019	24.07.2019	19.12.2019
10.05.2019	28.08.2019	21.01.2020
15.05.2019	10.10.2019	01.02.2020
15.07.2019	01.11.2019	04.03.2020

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
Smt CA K L Vijayalakshmi, Chairperson of the Committee	12	12
N S Srinath, Chairman	12	12
Dr V G Mohan Prasad #	09	05
M V Srinivasamoorthi	12	11
Dr K S Ravichandran	12	10
R Ramkumar	12	12
Sriram Rajan ^	03	03

Member of the Committee till 24.07.2019 & from 22.11.2019

^ Member of the Committee from 25.07.2019 till 08.11.2019

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 as a whole, Committees of the 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 on 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 100th Annual General Meeting of the Bank.

The Committee met 6 times during the financial year 2019-20 the dates of the meetings are as under:

10.05.2019	10.10.2019	18.02.2020
28.05.2019	01.02.2020	31.03.2020

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
Dr K S Ravichandran, Chairman of the Committee	06	06
N S Srinath, Chairman	06	06
Dr V G Mohan Prasad	06	03
M K Venkatesan	06	06
M V Srinivasamoorthi #	04	04

Member of the Committee since 25.07.2019.

Policy on Board Diversity

Bank had formulated and adopted 'Board Diversity Policy' covering all the aspects of Board composition, skill sets, diversification of the Board of Directors as required under the Companies Act, 2013, Listing Regulations, the Banking Regulations Act, 1949 and other regulatory and business requirement. The Diversity Policy adopted by the Board sets out its approach to diversity in skill set.

The Bank continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance, recognizes and embraces the benefits of diversity in the boardroom. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities.

The Nomination and Remuneration Committee ("NRC") 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.

NRC of the Bank is responsible for reviewing and assessing the composition mix and performance of the Board as well as identifying appropriately qualified persons to confirm Board Diversity.

Evaluation of Board's Performance

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

Independent Directors Meeting was held on 19th March 2020 without the attendance of Non-Independent Directors and Members of Management. The Members of the meeting reviewed the performance of Non-Independent Directors and the Board as a whole after taking into account the views of Executive and Non-Executive Directors. The Performance evaluation of Non-Independent Directors was 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 Senior Management and the Board.

The Board of Directors in their meeting held on 23rd April 2020 have carried out the annual evaluation on the performance of Board, its Committees and Independent Directors. The evaluation process was initiated by putting in place, a structured questionnaire after taking into consideration of the inputs received from the Directors.

- The performance of the Board was evaluated after getting inputs from all Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

- The performance of the Committees was evaluated by the Board after getting inputs from minutes of the committee meetings placed before Board and the members of the respective Committee on the basis of criteria such as the composition of Committees, Periodicity of Meetings, effectiveness of Committee meetings, etc.

- The performance evaluation of the Independent Directors was carried out by the entire Board, without the participation of Independent Director being evaluated. The evaluation criteria is based on, qualifications, knowledge, attendance, Participation in ID meeting and inter-personal relationship ability, etc.,

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.

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.

As the Chairman is an Independent Director, The performance evaluation of the Chairman was carried out by the Board. The evaluation was 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.,

After publishing the annual financial statements, the performance evaluation of Managing Director & CEO was carried out by the Board in its meeting held on 30th July 2020, 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.

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 Personnel of the Bank, Material Risk Takers and Control Function Staff.

Based on the Financial Stability Board (FSB) principles for sound compensation practices, Reserve Bank of India has issued the Compensation Guidelines dated 13.01.2012 vide its circular DBOD No. BC 72/29.67.001/2011-12. Further as a part of regulatory reforms RBI has come out with new set of guidelines vide its circular DOR. Appt. BC. No. 23/29.67.001/2019-20 dated 04.11.2019 superseding the earlier guidelines with effect from April 01, 2020. These guidelines reflect "pay for performance principles" and align the compensation structure with prudent risk taking norms as also to address the misconduct risk. These new guidelines are applicable to Whole Time Directors/Chief Executive Officer/ Material Risk Takers and Control function staff, etc. Based on the recommendation of Nomination Remuneration Committee, Board in its meeting held on 18th May 2020 has reviewed the compensation policy in line with the new guidelines issued by RBI. Revised compensation structure will be applicable for the pay cycles commencing from April 1, 2020 onwards.

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

Sitting fees may be payable to the Directors as remuneration for attending Board and its Committee Meetings. 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 2019-20 are given below:

Name of the Director Sarvashri	Amount (₹ in lakh)
N S Srinath, Chairman	14.15
Dr V G Mohan Prasad	06.95
M K Venkatesan	13.10
A K Praburaj	13.10
Smt CA K L Vijayalakshmi	14.50
M V Srinivasamoorthi	12.60
Dr K S Ravichandran	11.45
R Ramkumar	13.90
KG Mohan (from 01st February 2020)	01.10
Sriram Rajan (till 08th November 2019)	05.85

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

Shri N S Srinath, Non-Executive (Part-time) Chairman was paid remuneration of ₹ 10,16,130/- during the period under report. He was also paid ₹ 14,15,000/- towards sitting fees for attending the Board and Committee meetings.

Shri P R Seshadri, Ex-MD & CEO, was paid ₹ 1,44,85,073/- (Gross), being the fixed pay and perquisites for the year 2019-20.

The remuneration paid to Shri N S Srinath, Non-Executive (Part-time) Chairman and Shri P R Seshadri, Ex-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. In terms of RBI Circular DBOD.No.CID.BC.127/20.16.056/2013-14 dated June 27, 2014 Bank shall have a structured process of complaints redressal by constituting a Consumer Protection Committee under Board with respect to Credit Information Report submitted by the Bank.

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 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 is chaired by a Non-Executive Director.

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, 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 the updation, alteration of credit information, resolution of disputes, process of complaint redressal, with respect to Credit Information Report submitted in terms of RBI Circular DBOD.No.CID.BC.127/20.16.056/2013-14 dated June 27, 2014.

3. Review of measures taken for effective exercise of voting rights by the shareholders;

4. 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;

5. 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;

6. The Committee shall also examine any other issues on the quality of customer service rendered by the Bank;

7. To review the actions taken/being taken by the Bank to standardize the delivery of customer service;

8. Appointment of Internal Ombudsman for reviews on the complaints that were partly or wholly rejected by the Bank; and

9. 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 FY 2019-20, there were no complaints received from Investors through "SCORES" and 160 complaints were received from the shareholders and investors other than "SCORES". All the complaints were redressed and communication of the same was made to the shareholders.

No complaints are pending as on 31st March 2020. Investors' grievances are attended within the time lines prescribed by SEBI and as per the Banks' Policy.

The Committee met 2 times during the financial year 2019-20 the date of the meetings is given below:

13.08.2019	19.02.2020

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
N S Srinath, Chairman Chairman of the Committee	02	02
P R Seshadri, Ex-MD&CEO	02	02
Dr V G Mohan Prasad #	02	01
Smt CA K L Vijayalakshmi	02	02
R Ramkumar #	02	02

Shri M V Srinivasamoorthi is member of the Committee till 24.07.2019 and no meetings were conducted during his membership in the Committee.

Member of the Committee from 25.07.2019

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. 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 8 times during the financial year 2019-20 the date of the meetings is as under:

29.04.2019	25.06.2019	17.09.2019	20.12.2019
27.05.2019	25.07.2019	02.11.2019	20.02.2020

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 were as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, Ex-MD & CEO Chairman of the Committee	08	08
N S Srinath	08	07
M K Venkatesan	08	08
A K Praburaj	08	08
Smt CA K L Vijayalakshmi	08	07
M V Srinivasamoorthi	08	07

5. Staff and Development Committee

Staff and Development Committee 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 by Staff and Development Committee.

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 other than 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 5 times during the financial year 2019-20 the date of the meetings is as under:

29.04.2019	24.06.2019	20.12.2019
14.05.2019	31.10.2019	-

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, Ex-MD & CEO Chairman of the Committee	05	05
N S Srinath, Chairman	05	04
M K Venkatesan	05	05
A K Praburaj	05	05
Smt CA K L Vijayalakshmi #	03	03
M V Srinivasamoorthi $	02	02
R Ramkumar #	03	03
Sriram Rajan &	01	01

Member of the Committee till 24.07.2019

$ Member of the Committee from 25.07.2019

& Member of the Committee from 25.07.2019 till 08.11.2019

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 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 hiring and reporting structure of Chief Risk Officer of the Bank;

15. To oversee, monitor and guide the functions of Executive Level Committees viz., Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC), Operational Risk Management Committee (ORMC) and Fraud Risk Management Committee (FRMC); and

16. 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 2019-20 the date of the meetings is as under:

24.06.2019	21.12.2019
13.08.2019	17.03.2020

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, Ex-MD&CEO Chairman of the Committee	04	04
Dr V G Mohan Prasad	04	02
A K Praburaj #	03	03
Dr K S Ravichandran	04	04
R Ramkumar	04	04

Member of the Committee from 25.07.2019

7. NPA Management Committee

As per the directions of Reserve Bank of India, Bank constituted 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 2019-20 the date of the meetings is as under:

24.06.2019	21.12.2019
26.09.2019	17.03.2020

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 were as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, Ex-MD&CEO Chairman of the Committee	04	04
M K Venkatesan	04	04
A K Praburaj	04	04
Smt CA K L Vijayalakshmi #	03	02
Dr K S Ravichandran	04	03
R Ramkumar $	01	01

Member of the Committee from 25.07.2019

$ Member of the Committee till 24.07.2019

8. Special Committee for Fraud Monitoring (SCFM)

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 advised the constitution of Special committee of the Board. The main objective of the Committee is to oversee investigation of frauds, conduct root cause analysis, review actions taken by the Bank against the perpetrators of such frauds and suggesting / reviewing corrective steps to plug systemic loopholes, if any.

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, however in accordance with the directives, Audit Committee of the Board (ACB) shall monitor all the cases of frauds in general. The periodicity of SCFM may be decided according to the number of cases involved. In addition, SCFM 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:

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 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 11 times during the financial year 2019-20 the date of the meetings is as under:

09.04.2019	25.06.2019	11.10.2019	01.02.2020
29.04.2019	14.08.2019	01.11.2019	18.02.2020
27.05.2019	16.09.2019	10.12.2019	-

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, Ex-MD&CEO, Chairman of the Committee	11	11
A K Praburaj #	04	04
Smt CA K L Vijayalakshmi	11	11
M V Srinivasamoorthi	11	09
R Ramkumar	11	11
Sriram Rajan $	04	04

Member of the Committee till 24.07.2019

$ Member of the Committee from 25.07.2019 till 08.11.2019

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. The Committee is headed by 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;
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 2019-20 the date of the meetings is as under:

25.06.2019	20.12.2019
17.09.2019	19.03.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
N S Srinath, Chairman $ Chairman of the Committee	04	03
Sriram Rajan # Chairman of the Committee	02	02
P R Seshadri, Ex-MD&CEO	04	04
M K Venkatesan	04	04
A K Praburaj	04	04
M V Srinivasamoorthi &	01	-
R Ramkumar	04	04
K G Mohan *	01	01

Chairman of the Committee till 08.11.2019

$ Chairman of the Committee from 22.11.2019

& Member of the Committee till 24.07.2019.

* Attended the meeting as Special Invitee.

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 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.

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;

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 met 2 times during the financial year 2019-20 the date of the meetings is as under:

15.07.2019	01.11.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, Ex-MD&CEO Chairman of the Committee	02	02
N S Srinath, Chairman	02	02
Dr K S Ravichandran	02	02

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 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 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 and recommend the same to the Board;

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 Corporate Social Responsibility Policy of the Bank from time to time;

5. Conduct an impact assessment of the various initiatives undertaken in terms of the CSR Policy of the Bank at periodic intervals;

6. Institute a transparent monitoring mechanism for ensuring implementation of the project/ programs/activities proposed to be undertaken by the Bank; and

7. 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 CSR activities undertaken by the Bank during the year under review have been provided in the annexure to the Directors' Report.

The Committee met 3 times during the financial year 2019-20. The date of the meetings is as under:

14.08.2019	21.12.2019	17.03.2020

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, Ex-MD&CEO Chairman of the Committee	03	03
M K Venkatesan	03	03
A K Praburaj	03	03
Smt CA K L Vijayalakshmi #	03	02
Dr K S Ravichandran	03	03

Member of the Committee from 25.07.2019

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.

12. Business Development Committee

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; and

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 2 times during the financial year 2019-20. The date of the meetings is as under:

15.07.2019	20.12.2019

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
P R Seshadri, Ex-MD&CEO Chairman of the Committee	02	02
N S Srinath, Chairman	02	02
M K Venkatesan	02	02
A K Praburaj &	01	01
Smt CA K L Vijayalakshmi &	01	01
M V Srinivasamoorthi	02	02
R Ramkumar #	01	01

Shri Sriram Rajan was a member of the Committee from 25.07.2019 till 08.11.2019 and no meetings were held during his membership.

& Member of the Committee till 24.07.2019

Member of the Committee from 25.07.2019

13. Search Committee

During the year under report, the Board constituted Search Committee to identify a suitable successor for the position of Managing Director & CEO of the Bank keeping in view the timelines to complete the process.

The Committee met twice during the financial year 2019-20. The date of the meetings is as under:

01.02.2020	02.03.2020

The composition of the Committee and details of participation of the members at the meetings during the fiscal 2019-20 are as under:

Name of the Director Sarvashri	No of Meetings	
	Conducted	Attended
N S Srinath, Chairman Chairman of the Committee	02	02
M K Venkatesan	02	02
A K Praburaj	02	02
Dr K S Ravichandran	02	02

General Body Meetings

a) Location, day, date and time, where the last three Annual General Meetings were held:

AGM	Financial Year	Location	Day, Date and Time
100th	2018-19	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S. Karur- 639002.	Thursday, 18th July 2019, 9.30 a.m.
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.

(b)	Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	Yes. 1. At the 100th AGM held on 18th July 2019, three special resolutions were passed, viz., a) 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. b) Reappointment of Smt CA K L Vijayalakshmi (DIN: 07116809) as a Non-Executive Independent Director of the Bank for a second term. c) Reappointment of Dr K S Ravichandran (DIN: 00002713) as a Non-Executive Independent Director of the Bank for a second term. 2. 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. 3. At the 98th AGM held on 21st July 2017, three special resolutions were passed, viz., d) Reappointment of Shri N S Srinath (DIN: 01493217) as an Independent Director of the Bank. e) Reappointment of Dr V G Mohan Prasad (DIN: 00002802) as an Independent Director of the Bank. f) Reservation to the Employees of the Bank along with the Rights Issue.
(c)	Whether any special resolution passed last year through postal ballot-details of voting pattern	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 available in the Bank's website www.kvb.co.in

Financial Calendar for publication of financial results: 1st April 2019 to 31st March 2020

Quarter ending	Date of approval	Quarter ending	Date of approval
30.06.2019	24.07.2019	31.12.2019	01.02.2020
30.09.2019	01.11.2019	31.03.2020	24.06.2020

GENERAL SHAREHOLDER INFORMATION

101st Annual General Meeting	Date	23rd September 2020
	Day	Wednesday
	Time	11.00 a.m. IST
	Venue	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
Financial Year	01st April 2019 to 31st March 2020	
Date of the Book Closure	17th September 2020 to 23rd September 2020	
Dividend Payment Date	Not Applicable	
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: INE036D08015	
Share Transfer Agents (Both Physical and Demat Segments)	**Equity (INE036D01028):** 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):** KFin Technologies Private Limited. Selenium Tower B, Plot No's: 31&32, Gachibowli Financial District, Nanakaramguda, Serilingampally, Hyderabad 500 032. Phone: 040 - 67162222 Fax: 040 - 23001153 e-Mail: einward.ris@kfintech.com Website: www.kfintech.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. 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 where the shares and debentures are listed, has already been paid.

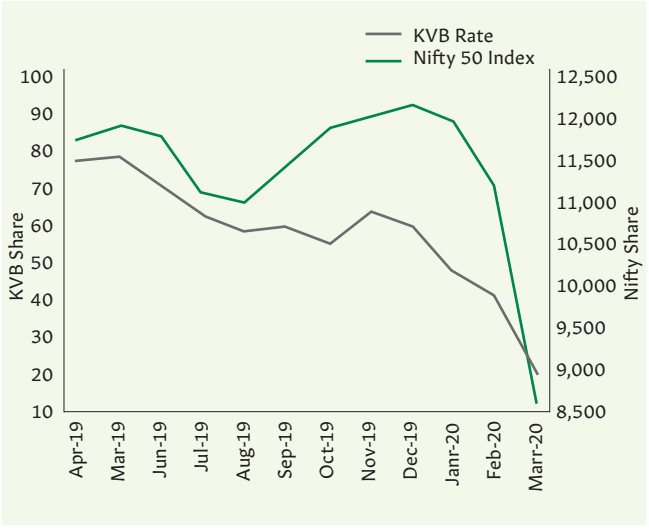
Stock Market Price Data of Bank's Shares

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Limited, Mumbai.

Month	High (₹)	Low (₹)
Apr-19	82.15	71.70
May-19	83.60	73.10
Jun-19	81.00	69.60
Jul-19	71.70	60.00
Aug-19	63.55	55.20
Sep-19	64.65	54.50
Oct-19	60.60	54.40
Nov-19	64.00	54.90
Dec-19	64.60	59.10
Jan-20	61.00	45.75
Feb-20	52.15	40.40
Mar-20	43.00	18.75

The Bank's equity share price has moved in accordance with the movement of NIFTY. It touched a high of ₹ 83.60 in May 2019 and low of ₹ 18.75 in March 2020.

The Equity performance in comparison to NSE Nifty during 01.04.2019 to 31.03.2020:



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. There are no share transfer requests pending for transfer as on 31st March 2020.

As on 31st March 2020, 78,44,12,926 shares i.e., 98.135% have been dematerialized. Out of which 89.661% with NSDL and 8.474% with CDSL and 1,49,07,793 shares (1.865%) which are being held in physical form.

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 Depositories viz., 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, 2020

Sr. No	Particulars	No. of Shareholders	No. of Shares	% of Shares
A.	**Promoters**			
1.	Promoters & Promoters Group	35	1,68,91,603	2.11
B.	**Other Institutions**			
2.	Financial Institutions & Banks	9	14,91,262	0.19
3.	Mutual Funds	10	13,85,97,209	17.34
4.	Insurance Companies	8	3,47,52,002	4.35
5.	Foreign Financial Institutions/Banks	1	60	-
6.	Foreign Portfolio Investors	112	17,25,40,292	21.59
7.	Alternate Investment Funds	4	73,87,815	0.92

Sr. No	Particulars	No. of Shareholders	No. of Shares	% of Shares
C.	**Other Non-Institutions/Individuals/Others**			
8.	Bodies Corporate	597	1,67,69,552	2.10
9.	Non-Resident Indians	2,437	78,78,670	0.99
10.	Clearing Members	177	45,03,564	0.56
11.	Hindu Undivided Families	2,256	1,03,39,276	1.29
12.	Trusts	5	2,69,936	0.03
13.	Directors & Relatives	10	3,34,884	0.04
14.	Resident Individuals	1,37,792	3,86,675,122	48.37
15.	Unclaimed Suspense Account	1	1,28,192	0.02
16.	IEPF	1	7,61,280	0.10
	Total	**1,43,455**	**79,93,20,719**	**100**

List of Shareholder holding more than 1% shares in the Bank as on March 31, 2020:

Sr. No	Particulars	No. of Shareholders	% of Shares
1	ICICI Prudential Mutual Fund (Under various Schemes)	3,93,57,695	4.92
2	Franklin India Mutual Fund (Under various Mutual Fund Schemes)	3,58,07,940	4.48
3	Ntasain Discovery Master Fund	3,42,49,089	4.28
4	Jhunjhunwala Rakesh Radheshyam	3,35,83,516	4.20
5	HDFC Trustee Company Limited (Under various Schemes)	3,22,52,309	4.03
6	Olympus India Holdings Limited	2,33,27,768	2.92
7	Dovetail India Fund (Under various Schemes)	2,28,87,649	2.86
8	Ashish Dhawan	1,96,00,180	2.45
9	Reliance Capital Trustee Company	1,77,51,809	2.22
10	HDFC Standard Life Insurance Company Limited	1,60,00,000	2.00
11	Ellipsis Partners LLC	1,34,00,000	1.68
12	Abu Dhabi Investment Authority - Behave	1,32,01,973	1.65
13	Acacia Partners LLP	80,22,378	1.00
	Total	**30,92,42,306**	**38.69**

Distribution of shareholding as on March 31, 2020:

Category	No. of Shares				No. of Shareholders			
	Physical	Demat	Total	%	Physical	Demat	Total	%
Upto 250	2,56,331	65,21,857	67,78,188	0.85	2,942	76,299	79,241	52.57
251 - 500	3,18,794	66,23,224	69,42,018	0.87	877	18,203	19,080	12.66
501 - 1000	6,31,743	1,16,17,785	1,22,49,528	1.53	877	16,090	16,967	11.26
1001 - 2000	11,65,009	1,63,86,067	1,75,51,076	2.20	815	11,484	12,299	8.16
2001 - 3000	9,57,733	1,80,56,358	1,90,14,091	2.38	389	6,896	7,285	4.83
3001 - 4000	9,07,091	1,02,90,954	1,11,98,045	1.40	258	2,940	3,198	2.12
4001 - 5000	6,36,972	79,45,120	85,82,092	1.07	141	1,755	1,896	1.26

Category	No. of Shares				No. of Shareholders			
	Physical	Demat	Total	%	Physical	Demat	Total	%
5001 - 10000	22,66,610	3,43,39,257	3,66,05,867	4.58	335	4,908	5,243	3.48
10001 & above	77,67,510	67,26,32,304	68,03,99,814	85.12	253	5,278	5,531	3.67
Total	**1,49,07,793**	**78,44,12,926**	**79,93,20,719**	**100.00**	**6,887**	**1,43,853**	**1,50,740**	**100.00**
% to Total	**1.87**	**98.13**	**100.00**		**4.57**	**95.43**	**100.00**	

Disclosures

During the financial year ended 31st March 2020:

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. Further Bank has obtained Omni Bus approval for the transactions which are of repetitive nature. 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 of the Board 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 2019-20 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, Listing Regulations and the same has been available on the website of the Bank https://www.kvb.co.in/docs/related-party-transactions-policy.pdf

b) Strictures and Penalties:

There are no instances of non-compliance by the Bank; no penalties or strictures have been imposed by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during last three years.

During the year under report, RBI has levied penalty of ₹ 3,92,950/- 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.

c) Code of Conduct:

All 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 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:

Shri P R Seshadri, Ex-MD & CEO has been relieved from the services of the Bank at the close of office hours on 31st March 2020 consequent to his resignation. President & Chief Operating Officer (President & COO) of the Bank was authorised by the Board to handle the day-to-day operations of the Bank till the Appointment of New MD&CEO, hence the required certification of financial statement is signed by President & COO instead of MD&CEO.

President & COO 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 an efficient work environment. The Bank is

committed to the implementation of objectives of this policy and procedures laid down therein.

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. No case was reported during the financial year 2019-20. Number of complaints disposed-off during the Financial Year is Nil. 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 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 2020.

h) Plant Locations:

As the Bank is engaged in the business of Banking/ Financial Services there are no Plant Locations. However, the Bank has 810 Branches (including Asset Recovery Branches, Business Banking units, NEO, Precious Metal Division and Corporate Business Units), 1,659 ATMs, 565 Bunch Note Recycler Machines (BNRM), 159 Self-Service Passbook Kiosks and 64 CTS enabled Cheque Deposit Kiosks as on 31st March 2020.

i) Commodity Price Risks and Foreign Exchange Risks and hedging activities:

Your Bank has a Market Risk Policy, an Integrated Treasury Policy and Precious Metals Division 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. 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 R K Bapulal (FCS No: 5893), M/s. Bapulal Yasar & Associates, Company Secretaries, confirming that none of the Directors on the Board of the Bank as on 31st March, 2020 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 2019-20 (₹ in Lakh)
Audit fees/ Statutory certificates	230
Reimbursement of expenses	48
Total	**278**

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 ₹ 3,000 Cr. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

2. CRISIL Ratings rated as "CRISIL A1+" for Certificate of Deposit Programme of ₹ 3,000 Cr.

3. ICRA Limited reaffirmed the rating as "ICRA A (Hyb)" (Outlook on Long Term: Stable) for Basel III Tier 2 Bond Issue of ₹ 1,200 Cr where ₹ 487 Cr was utilized.

4. Indian Rating & Research rated "IND A+" (Outlook Stable) for Basel III Tier 2 Bond Issue of ₹ 1,200 Cr where ₹ 487 Cr was utilized.

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 on Banks' website www.kvb.co.in. The Bank has obtained certificate affirming the Compliances with these regulations from Shri R K Bapulal (FCS No. 5893), M/s Bapulal Yasar & Associates, Company Secretaries and forms part of this Report. It may be noted that in his certificate 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 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 available 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. 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 "Internal Code of Conduct for Prevention of Insider Trading" as per Regulation 9 and also the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" as per Regulation 8.

The Code is applicable 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 of trading in Bank's Securities. Company Secretary has been designated as the Compliance Officer and Chief Financial Officer (CFO) has been designated as the Chief Investor Relations Officer (CIRO) 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. Trading window shall be closed from the end of every quarter till 48 hours after the declaration of financial results. The details of Trading Window closure during the period under report are mentioned below:

Trading Window Closure Period	Purpose of closure of Trading Window
01st April 2019 to 17th May 2019	Declaration of Quarterly Financial Results for the quarter ended March 2019 and Annual Financial Results for the FY 2018-19.
01st July 2019 to 26th July 2019	Declaration of Quarterly Financial Results for the quarter ended June 2019.
01st October 2019 to 03rd November 2019	Declaration of Quarterly Financial Results for the quarter ended September 2019.
01st January 2020 to 03rd February 2020	Declaration of Quarterly Financial Results for the quarter ended December 2019.
01st April 2020 to 26th June 2020	Declaration of Quarterly Financial Results for the quarter ended March 2020 and Annual Financial Results for the FY 2019-20.

Dividend

The Reserve Bank of India, vide its circular DOR.BP.BC. No.64/21.02.067/2019-20 dated April 17, 2020, has decided that Banks shall not make any further dividend pay outs from profits pertaining to the financial year ended March 31, 2020 until further instructions with a view that Banks must safeguard capital in an environment of heightened uncertainty caused by COVID-19 pandemic. Accordingly, the Board of Directors of the Bank have not recommended any dividend for the year 2019-20 (Previous Year 30% i.e. 0.60 paisa per Equity Share).

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 is available on the website of the Bank https://www.kvb.co.in/docs/dividend-distribution-policy.pdf

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.

The unclaimed dividends for FY 2011-12 have already been transferred to Investor Education and Protection Fund (IEPF). Unclaimed dividends for the financial year 2012-13 shall be transferred to IEPF after the due date, i.e. August 18, 2020.

The following table gives the unclaimed amount from the year 2012-13 with the position as on 31st March 2020 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
Unclaimed Dividend Warrants:			
2012-13	63,17,066.00	19.07.2013	18.08.2020
2013-14	59,32,407.00	23.07.2014	22.08.2021
2014-15	65,19,448.00	23.07.2015	22.08.2022
2015-16 Interim Dividend	53,72, 510.00	28.03.2016	27.04.2023
2015-16 Final Dividend	22,79,020.00	22.07.2016	21.08.2023
2016-17	69,85,464.20	24.07.2017	23.08.2024
2017-18	22,60,821.00	10.08.2018	09.09.2025
2018-19	22,84,068.00	19.07.2019	18.08.2026
Unclaimed Refund Orders & Fractional Warrants of Rights Issue and Bonus Issue:			
Rights 2017 Refund Order	7,31,577.00	22.11.2017	21.12.2024
Bonus 2018 Fractional Warrant	1,62,276.55	27.09.2018	26.10.2025
Unclaimed Debenture Interest Warrant:			
Debenture Interest Warrant 2019-20	28,43,347.00	12.03.2020	11.04.2026

Shareholders who have not enchased their dividend warrants for the period 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 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.

- Public notice/Advertisement is issued in Business Standard for all India Circulation and Dinamalar in Trichy Edition covering Karur, as per statutory requirements.

- Reaching out shareholders through calls/ e-Mails, whose contact details are available and through divisional offices where ever possible.

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/s are not claimed 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 FY 2012-13 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 in Business Standard for all India Circulation and Dinamalar in Trichy Edition covering Karur.

Pursuant to the IEPF Rules, 59,518 shares in respect of which unclaimed/unpaid dividend was not claimed from 2011-12 for seven consecutive years were transferred to IEPF Authority Ministry of Corporate Affairs Account (IEPF) on 23rd September 2019 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.

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 a web Form IEPF - 5 which can be file from the link www.iepf.gov.in

The shareholders may registered themselves for filling of Web IEPF Form in the IEPF Site http://www.iepf.gov.in/IEPF/corporates.html or existing user you may login by using the website http://www.mca.gov.in/mcafoportal/login.do

After registration, shareholders may ask to follow the instruction and fill the particulars as laid down by the IEPF. After filling the web form, submit the same by following the instructions given by IEPF. On successful submission 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 acknowledgment generated 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 & Central 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 2019	774	1,85,800
02	Less: No. of shareholders who approached the Bank for transfer of shares and to whom shares were transferred during the fiscal 2019-20	8	56,538
03	Less: No. of Shares transferred to the IEPF authority in terms of Section 124(6) of the Companies Act, 2013	16#	1,070
04	Aggregate Number of shareholders and the outstanding shares as on 31st March 2020	766	1,28,192

Consequent to non claiming of dividends for a consecutive period of seven years, the shares of the respective shareholders, pertaining to the unclaimed period of seven years, were transferred to IEPF Authority.

The voting rights on the above mentioned 1,28,192 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, 2020.

Place: Karur
Date: August 19, 2020

B Ramesh Babu
Managing Director & Chief Executive Officer

CEO/CFO CERTIFICATION

We, J Natarajan, President & COO 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, 2020 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,

J Natarajan
President & COO

T Sivarama Prasad
Chief Financial Officer

Place: Karur
Date: June 24, 2020

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

We, M/s Bapulal Yasar & Associates have examined the compliance of conditions of Corporate Governance by The Karur Vysya Bank Limited ('the Bank') (CIN:L65110TN1916PLC001295) having Regd. & Central Office at No. 20, Erode Road, Vadivel Nagar, L.N.S.,Karur - 639002 for the year ended March 31, 2020, as prescribed in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and Paras C, D and E of Schedule V of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'), (as amended).

We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our 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 our opinion, and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned LODR.

We 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.

Note: Due to COVID – 19 pandemic throughout the nation and restrictions on physical movement enforced by Government of India, we could not carry out physical verification of documents and we have relied on the information, facts, inputs provided by the Bank to us through electronic means.

Place: Madurai
Date: August 19, 2020
UDIN: F005893B000603622

For Bapulal Yasar & Associates
Company Secretaries

R.K.BAPULAL, FCS: 5893; CP: 3842
Senior Partner

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 (as amended))

To

The Members,
The Karur Vysya Bank Limited,
CIN: L65110TN1916PLC001295
Regd. & Central Office,
No. 20, Erode Road, Vadivel Nagar,
L.N.S., Karur – 639002

We, M/s. Bapulal Yasar & Associates have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. The Karur Vysya Bank Limited (CIN: L65110TN1916PLC001295) having its Regd. & Central Office at No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002 (hereinafter referred to as "the Bank"), produced before us 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 (as amended).

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status and other data / information relating to the directors available at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that **None of the Directors on the Board of the Bank as stated below for the Financial Year ending on 31st March, 2020 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 Directors Sarvashri	DIN	Date of Appointment on Bank's Board
1	N S SRINATH	01493217	29/06/2012
2	V G MOHAN PRASAD	00002802	15/06/2014
3	M K VENKATESAN	00032235	09/12/2014
4	A K PRABURAJ	07004825	09/12/2014
5	K L VIJAYALAKSHMI	07116809	22/03/2015
6	M V SRINIVASAMOORTHI	00694618	27/08/2015
7	K S RAVICHANDRAN	00002713	26/05/2016
8	R RAMKUMAR	00275622	25/06/2018
9	KG MOHAN	08367265	01/02/2020
10	P R SESHADRI $	07820690	04/09/2017
11	SRIRAM RAJAN #	02162118	19/01/2019

$ Ceased to be a director of the Bank from 01/04/2020

Ceased to be a director of the Bank from 09/11/2019

Ensuring the eligibility 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.

Note: Due to COVID – 19 pandemic throughout the nation and restrictions on physical movement enforced by Government of India, we could not carry out physical verification of documents and we have relied on the information, facts, inputs provided by the Bank to us through electronic means.

Place: Madurai
Date: July 20, 2020
UDIN: F005893B000476077

For Bapulal Yasar & Associates
Company Secretaries

R.K.BAPULAL, FCS: 5893; CP: 3842
Senior Partner

ANNEXURE - 1

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

(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

We 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 March 31, 2020. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's 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, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2020, 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:

We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2020, according 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, Guidelines and the amendments thereon 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;

   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;

   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) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

   h) 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; and

   i) The Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994.

6. Following other applicable laws:

   a) The Banking Regulation Act, 1949 and Rules, Notifications and Circulars issued by Reserve Bank of India from time to time;

   b) The Reserve Bank of India Act, 1934;

   c) The Banking Companies (Period of Preservation of Records) Rules, 1985;

d) The Banking Ombudsman Scheme, 2006;

e) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

f) Recovery of Debts due to Bank & Financial Institution Act, 1993;

g) The Insolvency and Bankruptcy Code, 2016;

h) The Bankers' Books Evidence Act, 1891;

i) Credit Information Companies (Regulation) Act, 2005;

j) Prevention of Money Laundering Act, 2002;

k) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;

l) Industrial Disputes (Banking and Insurance Companies) Act, 1949;

m) Information Technology Act, 2000;

n) Negotiable Instruments Act, 1881; and

o) Insurance Regulatory and Development Authority of India Act, 1999;

We have also examined compliance with the applicable clauses 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.

We further report that,

(i) The Board of Directors of the Bank is duly constituted with proper balance of MD & CEO/ Executive Director, Non-Executive Directors and Independent Directors including a Woman Director. 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.

We further report that 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.

We further report that during the Audit Period:

(i) The Bank has allotted 9,772 Equity Shares on April 30, 2019 out of shares held in abeyance pursuant to provisions of the Act and the relevant Rules thereon and SEBI Regulations.

(ii) The Bank has redeemed debentures (Subordinated debt Tier II Capital) amounting to ₹ 150 Crore on September 25, 2019.

(iii) The Bank has received RBI authorisation for Import of gold/silver for the FY 2020-21.

(iv) The Bank has promptly paid the debenture interest with respect to the Unsecured, Non-Convertible, Redeemable Tier II Bonds on March 12, 2020.

Note: Due to COVID – 19 pandemic throughout the nation and restrictions on physical movement enforced by Government of India, we could not carry out physical verification of documents and we have relied on the information, facts, inputs provided by the Bank to us through electronic means.

For Bapulal Yasar & Associates
Company Secretaries

R.K.BAPULAL,
Senior Partner
FCS: 5893
CP: 3842
UDIN: F005893B000476088

Place: Madurai
Date: July 20, 2020

Note: This Report is to be read with our Letter of even date which is annexed as Annexure 'A' and forms an integral part of this Report.

ANNEXURE 'A'

Our 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. Our responsibility is to express an opinion on these Secretarial Records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

4. Wherever required, we 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. Our 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 Bapulal Yasar & Associates
Company Secretaries

R.K.BAPULAL,
Senior Partner
FCS: 5893
CP: 3842
UDIN: F005893B000476088

Place: Madurai
Date: July 20, 2020

ANNEXURE - 2

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN AS ON 31.03.2020

(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS:

i	CIN	L65110TN1916PLC001295
ii	Registration Date	22.06.1916
iii	Name of the Company	THE KARUR VYSYA BANK LTD
iv	Category/Sub-category of the Company	PUBLIC LIMITED COMPANY
v	Address of the Registered Office & contact details	NO. 20, ERODE ROAD, VADIVEL NAGAR, L.N.S., KARUR – 639002 Phone No: 04324-269441 Email: kvb_sig@kvbmail.com
vi	Whether listed company	YES
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. SKDC CONSULTANTS LIMITED, KANAPATHY TOWERS, 3RD FLOOR, 1391/A-1, SATHY ROAD, GANAPATHY, COIMBATORE - 641 006 Phone No: 0422- 2539835, 836 Email: info@skdc-consultants.com Contact Person: Mr.K Jaya Kumar/ Mr. K S Ramachandran

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL NO	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Banking Services	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: THE BANK HAS NO HOLDING, SUBSIDIARY & ASSOCIATE COMPANY.

SL NO	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Not Applicable					

IV. SHARE HOLDING PATTERN: (EQUITY SHARE CAPITAL BREAKUP AS % TO TOTAL EQUITY)

(i) Category-Wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,66,51,624	0	1,66,51,624	2.08	1,68,91,603	0	1,68,91,603	2.11	0.03
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f) Any other	0	0	0	0.00	0	0	0	0.00	0
Sub Total (A) (1)	**1,66,51,624**	**0**	**1,66,51,624**	**2.08**	**1,68,91,603**	**0**	**1,68,91,603**	**2.11**	**0.03**
(2) Foreign									
a) NRI Individuals	0	0	0	0.00	0	0	0	0.00	0
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0
e) Any other	0	0	0	0.00	0	0	0	0.00	0
Sub Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**1,66,51,624**	**0**	**1,66,51,624**	**2.08**	**1,68,91,603**	**0**	**1,68,91,603**	**2.11**	**0.03**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/UTI	14,85,65,430	240	14,85,65,670	18.59	13,85,96,969	240	13,85,97,209	17.34	-1.25
b) Banks / FI	16,17,083	0	16,17,083	0.20	14,91,262	0	14,91,262	0.19	-0.02
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f) Alternate Investment Funds	78,13,463	0	78,13,463	0.98	73,87,815	0	73,87,815	0.92	-0.05
g) Foreign Portfolio Investors - Corporate	14,46,57,692	0	14,46,57,692	18.10	17,25,40,292	0	17,25,40,292	21.59	3.49
h) Insurance Companies	3,13,08,167	0	3,13,08,167	3.92	3,47,52,002	0	3,47,52,002	4.35	0.43

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0
j) Others (specify)	0	0	0	0.00	0	0	0	0.00	0
Foreign Financial Institutions/ Banks	1,71,065	4680	1,75,745	0.02	0	60	60	0.00	-0.02
Foreign Banks	770	0	770	0.00	0	0	0	0.00	0
Sub-total (B)(1)	**33,41,33,670**	**4,920**	**33,41,38,590**	**41.80**	**35,47,68,340**	**300**	**35,47,68,640**	**44.38**	**2.58**
2. Non-Institutions									
a) Bodies Corporates									
i) Indian	2,94,86,824	61,251	2,95,48,075	3.70	1,67,46,587	22,965	1,67,69,552	2.10	-1.60
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	18,18,80,462	1,18,61,779	19,37,42,241	24.24	17,84,21,750	1,06,18,525	18,90,40,275	23.65	-0.59
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	19,42,47,613	58,73,984	20,01,21,597	25.04	19,33,78,624	42,56,223	19,76,34,847	24.73	-0.31
c) Others (specify)									
Directors & their Relatives	3,89,385	0	3,89,385	0.05	3,34,884	0	3,34,884	0.04	-0.01
Trusts	3,00,399	0	3,00,399	0.04	2,69,936	0	2,69,936	0.03	0.00
Non Resident Indians	87,92,177	9,629	88,01,806	1.10	78,68,890	9,780	78,78,670	0.99	-0.12
Clearing Members	36,41,628	0	36,41,628	0.46	45,03,564	0	45,03,564	0.56	0.11
Hindu Undivided Families	1,10,88,040	0	1,10,88,040	1.39	1,03,39,276	0	1,03,39,276	1.29	-0.09
Investors Education and Protection Fund Authority	7,01,762	0	7,01,762	0.09	7,61,280	0	7,61,280	0.10	0.01
Unclaimed Suspense Account	1,85,800	0	1,85,800	0.02	1,28,192	0	1,28,192	0.02	-0.01
Sub-total (B)(2)	**43,07,14,090**	**1,78,06,643**	**44,85,20,733**	**56.11**	**41,27,52,983**	**1,49,07,493**	**42,76,60,476**	**53.50**	**-2.61**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**76,48,47,760**	**1,78,11,563**	**78,26,59,323**	**97.92**	**76,75,21,323**	**1,49,07,793**	**78,24,29,116**	**97.89**	**-0.03**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**78,14,99,384**	**1,78,11,563**	**79,93,10,947**	**100.00**	**78,44,12,926**	**1,49,07,793**	**79,93,20,719**	**100.00**	**0**

(ii) Shareholding of Promoters and Promoters Group

SL NO	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% of change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	A J SURIYANARAYANA	28,50,292	0.36	51.61	28,70,292	0.36	58.02	-
2	SURIYANARAYANA A J (HUF)	20,34,807	0.25	-	20,34,807	0.25	-	-
3	A S SUDHA	5,10,647	0.06	-	5,10,647	0.06	-	-
4	JAYANTHKRISHNA A S	3,24,802	0.04	-	3,24,802	0.04	-	-
5	VARUNPRASAD A S	3,24,802	0.04	-	3,24,802	0.04	-	-
6	A J VIJAYA	6,06,015	0.08	-	6,06,015	0.08	-	-
7	NIRMALA	5,34,355	0.07	16.47	5,34,355	0.07	16.47	-
8	ANURADHA C B	3,66,997	0.05	-	3,66,997	0.05	-	-
9	G RAJASEKARAN	16,45,272	0.21	43.52	16,65,272	0.21	43.54	-
10	G RAJASEKARAN (HUF)	4,22,242	0.05	-	4,22,242	0.05	-	-
11	R NAGESWARI	11,78,343	0.15	5.60	11,93,343	0.15	6.29	-
12	R RAMKUMAR	3,81,753	0.05	17.29	5,02,761	0.06	14.92	0.02
13	R RAMKUMAR (HUF)	4,54,723	0.06	-	4,54,723	0.06	-	-
14	R ARCHANA	6,56,533	0.08	-	6,56,533	0.08	-	-
15	SRIMATHI E	1,00,039	0.01	84.67	1,00,039	0.01	-	-
16	G MANI	10,76,444	0.13	-	10,76,444	0.13	-	-
17	G MANI (HUF)	4,19,485	0.05	-	4,19,485	0.05	-	-
18	SHYAMALA A	9,666	-	-	9,666	-	-	-
19	M K VENKATESAN	3,68,643	0.05	35.81	3,68,643	0.05	35.81	-
20	M K VENKATESAN (HUF)	3,89,761	0.05	-	3,89,761	0.05	-	-
21	M V USHA	2,94,292	0.04	-	2,94,292	0.04	-	-
22	ISWARRYA V	35,747	-	-	35,747	-	-	-
23	PRAJEETH M V	2,87,824	0.04	-	2,87,824	0.04	-	-
24	M K SRINIVASAN	4,89,236	0.06	50.07	4,89,236	0.06	50.07	-
25	NIRMALA B	10,393	-	-	10,393	0.00	-	-
26	SUGUNA LEELA K	176	-	-	176	-	-	-
27	M V SRINIVASAMOORTHY	2,14,368	0.03	99.81	2,14,368	0.03	99.81	-
28	S NIRUPAMA	3,57,068	0.04	99.78	4,17,040	0.05	85.43	0.01
29	SHRUTHI M S	34,400	-	-	34,400	-	-	-
30	A K PRABURAJ	89,866	0.01	95.19	89,866	0.01	95.19	-
31	A P PREETHA	63,740	0.01	43.52	63,740	0.01	43.52	-
32	A P NETRA PRIYADHARSHINI	220	-	-	470	-	-	-
33	A P MITRA PRIYAMVATHA	220	-	-	470	-	-	-

SL NO	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% of change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
34	A V KANDASWAMY	62,796	0.01	-	62,796	0.01	-	-
35	A K KASTHURI	55,657	0.01	-	59,156	0.01	-	-
	Total	**1,66,51,624**	**2.08**	**21.33**	**1,68,91,603**	**2.11**	**21.84**	**0.03**

(iii) Change in Promoters and Promoters Group Shareholding (Please Specify, if there is No Change)

SL NO	Name of Promoter/Promoter Group	Shareholding at the beginning of the year (01.04.2019)		Date #	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (31.03.2020)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	A J SURIYANARAYANA	28,50,292	0.36	13.03.2020	20,000	Transfer	28,70,292	0.36
2	SURIYANARAYANA A J (HUF)	20,34,807	0.25				20,34,807	0.25
3	A S SUDHA	5,10,647	0.06				5,10,647	0.06
4	JAYANTHKRISHNA A S	3,24,802	0.04				3,24,802	0.04
5	VARUNPRASAD A S	3,24,802	0.04		No Change		3,24,802	0.04
6	A J VIJAYA	6,06,015	0.08				6,06,015	0.08
7	NIRMALA	5,34,355	0.07				5,34,355	0.07
8	ANURADHA C B	3,66,997	0.05				3,66,997	0.05
9	G RAJASEKARAN	16,45,272	0.21	31.03.2020	20,000	Trasfer	16,65,272	0.21
10	G RAJASEKARAN (HUF)	4,22,242	0.05		No Change		4,22,242	0.05
11	R NAGESWARI	11,78,343	0.15	31.03.2020	15,000	Transfer	11,93,343	0.15
12	R RAMKUMAR	3,81,753	0.05	14.06.2019	1,11,006	Transfer	5,02,761	0.06
				31.03.2020	10,002	Transfer		
13	R RAMKUMAR (HUF)	4,54,723	0.06				4,54,723	0.06
14	R ARCHANA	6,56,533	0.08				6,56,533	0.08
15	SRIMATHI E	1,00,039	0.01				1,00,039	0.01
16	G MANI	10,76,444	0.13				10,76,444	0.13
17	G MANI (HUF)	4,19,485	0.05				4,19,485	0.05
18	SHYAMALA A	9,666	-				9,666	-
19	M K VENKATESAN	3,68,643	0.05				3,68,643	0.05
20	M K VENKATESAN (HUF)	3,89,761	0.05		No Change		3,89,761	0.05
21	M V USHA	2,94,292	0.04				2,94,292	0.04
22	ISWARRYA V	35,747	-				35,747	-
23	PRAJEETH M V	2,87,824	0.04				2,87,824	0.04
24	M K SRINIVASAN	4,89,236	0.06				4,89,236	0.06
25	NIRMALA B	10,393	-				10,393	-
26	SUGUNA LEELA K	176	-				176	-
27	M V SRINIVASAMOORTHY	2,14,368	0.03				2,14,368	0.03

SL NO	Name of Promoter/Promoter Group	Shareholding at the beginning of the year (01.04.2019)		Date #	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (31.03.2020)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
28	S NIRUPAMA	3,57,068	0.04	06.03.2020	31,971	Transfer	4,17,040	0.05
				13.03.2020	14,000	Transfer		
				20.03.2020	14,001	Transfer		
29	SHRUTHI M S	34,400	-	No Change			34,400	-
30	A K PRABURAJ	89,866	0.01				89,866	0.01
31	A P PREETHA	63,740	0.01				63,740	0.01
32	A P NETRA PRIYADHARSHINI	220	-	09.08.2019	250	Transfer	470	-
33	A P MITRA PRIYAMVATHA	220	-	09.08.2019	250	Transfer	470	-
34	A V KANDASWAMY	62,796	0.01	No Change			62,796	0.01
35	A K KASTHURI	55,657	0.01	21.06.2019	1,000	Transfer	59,156	0.01
				16.08.2019	1,500	Transfer		
				21.02.2020	999	Transfer		
	Total	**1,66,51,624**	**2.08**				**1,68,91,603**	**2.11**

 # Date of transfer has been considered as the date on which the beneficiary position was provided by Depositories to the Bank.

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRS and ADRS)

SL NO	Name of Shareholder	Shareholding at the beginning of the year (01.04.2019)		Change in Shareholding			Cumulative Shareholding during the year (31.03.2020)	
		No. of shares	% of total shares of the Company	Date #	Increase/ Decrease in Shareholding (No. of Shares)	Reason	No. of shares	% of total shares of the Company
1	ICICI PRUDENTIAL MUTUAL FUND (Under various Scheme)	3,92,61,075	4.91	12.04.2019	(2,15,877)	Transfer	3,93,57,695	4.92
				26.04.2019	(59,086)	Transfer		
				17.05.2019	1,50,000	Transfer		
				21.06.2019	2,52,698	Transfer		
				28.06.2019	50,760	Transfer		
				12.07.2019	36,888	Transfer		
				26.07.2019	49,060	Transfer		
				06.12.2019	(1,96,044)	Transfer		
				20.12.2019	(1,15,419)	Transfer		
				03.01.2020	(8,95,463)	Transfer		
				17.01.2020	(61,312)	Transfer		
				07.02.2020	7,36,914	Transfer		
				21.02.2020	1,13,501	Transfer		
				28.02.2020	2,50,000	Transfer		
2	FRANKLIN TEMPLETON MUTUAL FUND (Under various Scheme)	3,78,27,940	4.73	10.05.2019	(5,20,000)	Transfer	3,58,07,940	4.48
				17.05.2019	(10,00,000)	Transfer		
				24.05.2019	(5,00,000)	Transfer		

SL NO	Name of Shareholder	Shareholding at the beginning of the year (01.04.2019)		Change in Shareholding			Cumulative Shareholding during the year (31.03.2020)	
		No. of shares	% of total shares of the Company	Date #	Increase/ Decrease in Shareholding (No. of Shares)	Reason	No. of shares	% of total shares of the Company
3	NTASAIN DISCOVERY MASTER FUND	2,21,49,089	2.77	24.05.2019	13,73,110	Transfer	3,42,49,089	4.28
				31.05.2019	55,55,890	Transfer		
				14.06.2019	3,71,000	Transfer		
				27.09.2019	53,836	Transfer		
				30.09.2019	1,27,000	Transfer		
				04.10.2019	3,75,000	Transfer		
				11.10.2019	3,31,000	Transfer		
				18.10.2019	3,49,850	Transfer		
				25.10.2019	2,47,000	Transfer		
				01.11.2019	2,73,300	Transfer		
				08.11.2019	10,26,614	Transfer		
				15.11.2019	5,47,000	Transfer		
				22.11.2019	1,69,400	Transfer		
				13.03.2020	10,50,000	Transfer		
				20.03.2020	2,50,000	Transfer		
4	JHUNJHUNWALA RAKESH RADHESHYAM	2,00,33,516	2.51	02.08.2019	1,14,00,000	Transfer	3,35,83,516	4.20
				09.08.2019	16,50,000	Transfer		
				27.09.2019	5,50,000	Transfer		
				20.12.2019	3,50,000	Transfer		
				27.12.2019	(4,00,000)	Transfer		
				31.01.2020	(20,00,000)	Transfer		
				27.03.2020	20,00,000	Transfer		
5	HDFC TRUSTEE COMPANY LIMITED (Under various Scheme)	2,41,57,675	3.02	05.04.2019	14,29,000	Transfer	3,22,52,309	4.03
				12.04.2019	12,40,000	Transfer		
				19.04.2019	17,81,543	Transfer		
				26.04.2019	11,07,000	Transfer		
				03.05.2019	2,37,000	Transfer		
				10.05.2019	7,56,000	Transfer		
				17.05.2019	5,16,581	Transfer		
				30.08.2019	27,510	Transfer		
				18.10.2019	10,00,000	Transfer		
6	OLYMPUS INDIA HOLDINGS LIMITED	2,33,27,768	2.92	No Change			2,33,27,768	2.92

SL NO	Name of Shareholder	Shareholding at the beginning of the year (01.04.2019)		Change in Shareholding			Cumulative Shareholding during the year (31.03.2020)	
		No. of shares	% of total shares of the Company	Date #	Increase/ Decrease in Shareholding (No. of Shares)	Reason	No. of shares	% of total shares of the Company
7	DOVETAIL INDIA FUND (Under Various Scheme)	15,00,000	0.19	13.09.2019	1,30,88,453	Transfer	2,28,87,649	2.86
				13.12.2019	26,34,783	Transfer		
				20.12.2019	6,26,764	Transfer		
				17.01.2020	2,50,000	Transfer		
				07.02.2020	44,50,000	Transfer		
				14.02.2020	3,37,649	Transfer		
8	ASISH DHAWAN	1,39,40,430	1.74	13.09.2019	4,00,000	Transfer	1,96,00,180	2.45
				20.09.2019	6,59,570	Transfer		
				30.09.2019	1,00,000	Transfer		
				04.10.2019	4,46,819	Transfer		
				11.10.2019	1,53,181	Transfer		
				27.12.2019	67,119	Transfer		
				31.12.2019	2,32,881	Transfer		
				03.01.2020	13,00,000	Transfer		
				07.02.2020	12,00,000	Transfer		
				14.02.2020	41,201	Transfer		
				21.02.2020	8,58,799	Transfer		
				28.02.2020	2,00,180	Transfer		
9	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED (Under Various Scheme)	1,71,36,809	2.14	31.05.2019	5,00,000	Transfer	1,77,51,809	2.22
				21.06.2019	(3,85,000)	Transfer		
				09.08.2019	4,00,000	Transfer		
				27.03.2020	1,00,000	Transfer		
10	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED (Under various Scheme)	1,51,95,113	1.90	19.04.2019	(8,00,000)	Transfer	1,60,00,000	2.00
				10.05.2019	(2,00,000)	Transfer		
				09.08.2019	20,00,000	Transfer		
				10.01.2020	(87,956)	Transfer		
				31.01.2020	(1,07,157)	Transfer		
11	SAIF INDIA HOLDING LIMITED	1,85,15,729	2.32	31.05.2019	(53,00,000)	Transfer	-	-
				12.07.2019	(20,000)	Transfer		
				09.08.2019	(21,00,000)	Transfer		
				13.09.2019	(1,10,95,729)	Transfer		

 # Date of transfer has been considered as the date on which the beneficiary position was provided by Depositories to the Bank.

(v) Shareholding Of Directors and Key Managerial Personnel:

SL NO	Name of the Director and KMP Sarvashri	Shareholding at the beginning of the year (01.04.2019)		Change in Shareholding			Shareholding at the end of the year (31.03.2020)	
		No. of shares	% of total shares of the Company	Date #	Increase/ Decrease in Shareholding (No. of Shares)	Reason	No. of shares	% of total shares of the Company
1	N S SRINATH	3,463	-	No Change			3,463	-
2	P R SESHADRI, EX-MD & CEO *	2,860	-				2,860	-
3	DR V G MOHAN PRASAD	1,46,180	0.02	27.03.2020	(50,000)	Transfer	96,180	0.01
4	M K VENKATESAN	7,58,404	0.09	No Change			7,58,404	0.09
5	A K PRABURAJ	89,866	0.01				89,866	0.01
6	SMT K L VIJAYALAKSHMI	3,207	-				3,207	-
7	M V SRINIVASAMOORTHI	2,14,368	0.03				2,14,368	0.03
8	DR K S RAVICHANDRAN	3,248	-				3,248	-
9	R RAMKUMAR	8,36,476	0.10	14.06.2019	1,11,006	Transfer	9,57,484	0.12
				31.03.2020	10,002	Transfer		
10	SRIRAM RAJAN ^	-	-	24.05.2019	2,500	Transfer	NA	NA
11	KG MOHAN $	NA	NA	NA	NA	NA	2,500	-
	KEY MANAGERIAL PERSONNEL							
12	J NATARAJAN, (President & COO)	23,030	-	06.03.2020	5,013	Transfer	37,043	-
				20.03.2020	4,000	Transfer		
				31.03.2020	5,000	Transfer		
13	T SIVARAMAPRASAD, (General Manager & CFO)	29,419	-	02.08.2019	1,000	Transfer	36,419	-
				09.08.2019	1,000	Transfer		
				06.03.2020	2,000	Transfer		
				27.03.2020	1,000	Transfer		
				31.03.2020	2,000	Transfer		
14	M SRINIVASARAO, (Company Secretary)	2,860	-	No Change			2,860	-

 # Date of transfer has been considered as the date on which the beneficiary position was provided by Depositories to the Bank.
** Relived from the Bank at the close of working office hours on 31.03.2020.*
^ Relived from the Bank at the close of working office hours on 08.11.2019.
$ Co-opted as Additional Director of the Bank w.e.f 01.02.2020

V. Indebtedness:

Indebtedness of the Company Including Interest Outstanding/Accrued but Not due for Payment

Particulars	Secured Loans excluding deposits (in ₹)	Unsecured Loans * (in ₹)	Total Indebtedness (in ₹)
INDEBTEDNESS AT THE BEGINNING OF THE FINANCIAL YEAR			
i) Principal Amount	3,90,44,17,075.58	11,71,36,09,000.00	15,61,80,26,075.58
ii) Interest due but not paid	0.00	0.00	0.00
iii) Interest accrued but not due	16,85,817.00	6,44,76,408.62	6,61,62,225.62
Total (i+ii+iii)	3,90,61,02,892.58	11,77,80,85,408.62	15,68,41,88,301.20
CHANGE IN INDEBTEDNESS DURING THE FINANCIAL YEAR			
* Addition	14,19,74,32,02,738.59	28,59,43,247.78	14,20,02,91,45,986.36
* Reduction	14,19,68,48,07,730.84	4,18,00,24,000.00	14,23,86,48,31,730.84
Net Change	**5,83,95,007.75**	**-3,89,40,80,752.22**	**-3,83,56,85,744.47**
INDEBTEDNESS AT THE END OF THE FINANCIAL YEAR			
i) Principal Amount	3,96,28,12,083.33	7,81,95,28,247.78	11,78,23,40,331.11
ii) Interest due but not paid	0.00	0.00	0.00
iii) Interest accrued but not due	1,35,39,528.00	3,27,77,184.00	4,63,16,712.00
Total (i+ii+iii)	**3,97,63,51,611.33**	**7,85,23,05,431.78**	**11,82,86,57,043.11**

**(i) excluding NOSTRO Accounts-Outside India since its not considered as borrowing &*

(ii) Overdrawings from BANKS not considered for the Workings

VI. Remuneration of Directors and Key Managerial Personnel:

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

SL NO	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount (in ₹)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	P R SESHADRI EX-MD&CEO	1,08,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		9,25,073
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		NIL
2	Stock Option		NIL
3	Sweat Equity		NIL
4	Commission		
	- as % of profit		NA
	- others, specify		
5	Others, please specify		
	1. Bank's Contribution to Provident Fund		10,80,000
	2. Entertainment Allowance		1,20,000
	3. Encashment of PL		15,60,000
	Total (A)		**1,44,85,073**

Ceiling as per the Act: See Note

NOTE: In terms of Provisions of the Companies Act, 2013 the remuneration payable to MD&CEO shall not exceed 5% of netprofit of the Bank. The remuneration paid to MD&CEO is within the said limit. Remuneration is approved by RBI.

B. Remuneration to Other Directors:

Sl. No	Particulars of Remuneration	Name of the Directors (Sarvashri)						Total Amount	
1	Independent Directors	N S Srinath (Part-time Chairman)	V G Mohan Prasad	Smt K L Vijyalakshmi	K S Ravichandran	Sriram Rajan	KG Mohan		
	(a) Fee for attending board/ committee meetings *	5,95,000	4,55,000	6,30,000	5,25,000	3,85,000	70,000	26,60,000	27,40,000
		8,20,000	2,40,000	8,20,000	6,20,000	2,00,000	40,000		
	(b) Commission	NOT APPLICABLE							
	(c) Others, please specify- Honorarium/Salary	10,16,129						10,16,129	
	Total (1)	**24,31,129**	**6,95,000**	**14,50,000**	**11,45,000**	**5,85,000**	**1,10,000**	**36,76,129**	**27,40,000**
2	Other Non Executive Directors	M K Venkatesan	A K Praburaj	M V Srinivasamoorthi	R Ramkumar			Total Amount	
	(a) Fee for attending board/ committee meetings *	6,30,000	6,30,000	5,60,000	6,30,000			24,50,000	28,20,000
		6,80,000	6,80,000	7,00,000	7,60,000				
	(b) Commission	NOT APPLICABLE							
	(c) Others, please specify.	NOT APPLICABLE							
	Total (2)	**13,10,000**	**13,10,000**	**12,60,000**	**13,90,000**			**24,50,000**	**28,20,000**
	Total Managerial Remuneration (1+2)							**61,26,129**	**55,60,000**
	Overall Ceiling as per the Act	See Note							

Note: In terms of Provisions of the The Companies Act, 2013 the remuneration payable to Directors other than Executive Director shall not exceed 1% of Netprofit. The Directors were paid only sitting fees for attending Board/Committee meetings. The remuneration paid is well within the said limit.

@ The Honorarium Paid to Part-time Chairman of the Bank was approved by RBI and by the shareholders in the Annual General Meeting held on 18.07.2019.

** Sitting fee for attending Board Meeting ₹ 35,000 & Sitting fee for attending Committee Meeting ₹ 20,000.*

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

SL NO	Particulars of Remuneration	President&COO	GM&CFO	Company Secretary	Total Amount (in ₹)
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	47,51,174	25,81,100	21,73,260	95,05,534
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,12,566	1,26,122	1,26,837	4,65,524
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission				
	- as % of profit	NA	NA	NA	NA
	- others, specify				
5	Others, please specify - Bank's Contribution to Provident Fund	1,32,104	NIL	82,884	2,14,988
	Total (A)	**50,95,844**	**27,07,222**	**23,82,981**	**1,01,86,047**

VII. Penalties/Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			**NIL**		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE - 3

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, Ex-Managing Director & CEO$	19.31x
Shri N S Srinath, Non-Executive Independent (Part-time) Chairman	1.35x

$ Demitted Office at the close of Office hours on March 31, 2020

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 2019-20 *
Executive Director/Chairman	
Shri P R Seshadri, Ex-Managing Director & CEO$	12.30x
Shri N S Srinath, Non-Executive Independent (Part-time) Chairman	33.33x
Key Managerial Personnel	
Shri J Natarajan, President & COO	29.22%
Shri T Sivarama Prasad, GM&CFO	8.01%
Shri Srinivasa Rao Maddirala, Company Secretary	24.34%

$ Demitted Office at the close of Office hours on March 31, 2020

** 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.*

III. The percentage increase in the median remuneration of employees in the financial year:-

Median remuneration of the employees in the financial year was increased by 12.86% as compared to previous FY 2018-19.

IV. The number of permanent employees on the rolls of the Bank:-

The Bank has 7,363 permanent employees as on March 31, 2020.

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 8.76% in the FY 2019-20.

The average percentage increase in the remuneration paid to the Managerial Personnel is 16.08%. 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 the 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 & Non-Executive Independent (Part-time) Chairman are 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 N S Srinath, Non-Executive Independent (Part-time) Chairman in the FY 2019-20 (i.e. from May 27, 2019 to March 31, 2020) and the remuneration paid to Shri B Swaminathan, Non-Executive Independent (Part-time) Chairman during the period April 2018 to January 2019 is annualised.

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 March 31, 2020:

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	Ex-MD & CEO$	B.E. (Electrical), PGDM (Management) (IIM Bengaluru)	56	1,44,85,073	27	a) September 4, 2017 b) Whole Time	BFC Bank Limited
2	Mocherla Durga Ramesh Murthy	General Manager & CRO	M.Com., A.C.A., Cert. Prog.in IT&Cyber Security	55	56,81,458	30	a) April 9, 2018 b) Regular	Commercial Bank International (CBI Bank)
3	Thathai Narayan Seetharaman	General Manager - Treasury	B.Sc (Chemistry), P.G.Cert. in Business Management, Cert. IT&Cyber Sec.- Senior Mgmt, C.A.I.I.B.	57	51,13,073	35	a) November 10, 2017 b) Regular	Equitas Small Finance Bank
4	Natarajan J	President & COO	M.A. (Economics), C.A.I.I.B.	59	50,95,844	37	a) April 27, 1983 b) Regular	-
5	Dolphy Jose	General Manager - NEO	B.Com, M.B.A, Cert.IT & Cyber Sec.- Senior Mgmt	50	49,09,100	28	a) January 7, 2019 b) Regular	Kotak Mahindra Bank Ltd
6	Gururaja Rao S	General Manager - Head Liability	B.Com, L.L.B. F.C.S., C.A.I.I.B.	57	48,38,702	33	a) November 28, 2018 till March 24, 2020 b) Contract	Axis Bank Ltd
7	Mahendran K	General Manager - Head - Precious Metals Division	B.Com, M.B.A (Marketing)	54	43,49,242	32	a) August 30, 2019 b) Regular	Bank of Nova Scotia
8	Anantha Kumar G S	Chief General Manager	M.Com	59	42,97,217	36	a) February 15, 1984 b) Regular	-
9	Balaji S	Chief General Manager	L.L.B., M.A. (Sociology), C.A.I.I.B.	59	42,75,665	37	a) August 31, 1994 b) Regular	Syndicate Bank
10	Nitin Rangaswami A	Deputy General Manager - NEO	B.Com, PG Dip.in Business Admn.	40	40,52,704	16	a) May 9, 2019 b) Regular	Kotak Mahindra Bank

Notes:
None of the above employees holds 2% or more of the paid-up share capital of the Bank as on March 31, 2020 and none of the above employees is a relative of any Director of the Bank.
$ Demitted Office at the close of Office hours on March 31, 2020

KVB Karur Vysya Bank Smart way to bank

ANNEXURE - 4

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:

Your Bank understands the challenges faced by the environment in this contemporary world. The objective is to pro-actively support and to bring meaningful and measurable impact in the lives of socially, physically and economically challenged communities. The Bank is grateful to the society that has supported it in its journey of growth and development.

The Founders' values and ethos are embedded in the Bank's principles and policies. Their vision for your Bank is that apart from being a good institution providing financial assistance to the people where it operates, the Bank also has the duty to serve in every aspect in improving the socio-economic conditions of the ordinary people.

The Founders of the Bank were conscious about CSR much before CSR originated as a concept. This can be seen from one of the article contained in MOA and AOA incorporated in 1916 which is 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.

Your Bank not only ensures compliance with statutory requirements but also showcases efforts to go beyond.

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) contribution to incubators funded by Central Government or State Government or any Agency or Public Sector Undertaking of Central Government or State Government, contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organization (DRDO), Department of Science and Technology (DST),

Ministry of Electronics and Information Technology (MEIT) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)

(x) rural development projects;

(xi) Slum area development; and

(xii) Disaster Management including relief, rehabilitation, and reconstruction works

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 and livelihood enhancement projects;

(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 and facilities for senior citizens;

(f) Protection of environment, animal welfare and its sustainability by developing green parks, gardens etc., at various important public locations like educational institutions, public libraries, bus / railway stations;

(g) Contributions towards benefits of armed forces veterans, war widows and their dependents; and

(h) Any other project found suitable and falling within the definition of CSR activity as spelt out under Schedule VII of the Companies Act, 2013.

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 and the Committee met three times during the year under report.

MEMBERS OF THE COMMITTEE AS ON 31ST MARCH, 2020:

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. Smt CA K L Vijayalakshmi, Non-Executive Independent Director
5. Shri. Dr K S Ravichandran, Non-Executive Independent Director

* Shri. P R Seshadri, Ex-MD & CEO has been relieved from the services of the Bank at the close of office hours on 31st March 2020.

Average Net Profits for the three Immediately Preceding Years: ₹ 569.02 Cr

Prescribed CSR Expenditure (Two Per Cent of the amount as above): ₹ 11.38 Cr

DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

a) Total amount to be spent for the financial year: ₹ 11.38 Cr. The Bank has spent ₹ 6.07 Cr
b) Amount unspent: ₹ 5.31 Cr
c) Manner in which the amount spent is as detailed below:

S No	CSR Project or Activity Identified	Sector in which the Project is Covered	Projects or Programs (1) Local Area or other (2) Specify the State and District where Projects or Programs was Undertaken	Amount Outlay (Budget) Project or Program Wise (₹ In Lakh)	Amount Spent on the Projects or Programs Subheads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In Lakh)	Cumulative Expenditure Upto the Reporting Period (₹ In Lakh)	Amount Spent: Direct or Through Implementing Agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Education, Vocational skills & livelihood enhancement, Health, Empowering Women, Technology Incubator	Promoting Preventive Health Care, Sanitation, Eradicating Hunger, Poverty, Malnutrition, Education & empowering Women, Safe drinking water	Tamilnadu, Andhra Pradesh, Karnataka	741.76	476.19	1484.72	Direct and through Implementing Agency
2	Arts, Social Business Responsibility	Social Business Project, Art & Culture, protection of National Heritage and facilities for senior citizens	Tamilnadu and Maharashtra	41.11	21.64	200.48	Direct
3	Sports & Environmental related projects	Ensuring Environment Sustainability, animal welfare, Promoting sports, Rural development	Tamilnadu, Karnataka	184.68	109.56	292.15	Direct and through Implementing Agency
4	Prime Minister's National Relief Fund, Army welfare CSR fund	Prime Minister's National Relief Fund, Benefit of Armed force veterans, War widows and dependents	Govt of India, Tamilnadu	0.30	0.30	1000.30	Direct and through Implementing Agency
				967.85	**607.69**	**2977.65**	

REASONS FOR NOT SPENDING PRESCRIBED CSR EXPENDITURE:

During the year under review, your Bank has to spend ₹ 11.38 crores for its CSR activities. Bank has identified projects worth of ₹ 9.67 Crores and is still in process of identifying projects for ₹ 1.71 Crores. Out of this identified projects, a sum of ₹ 6.07 crores was spent towards various CSR initiatives during the year. Moreover, a sum of ₹ 8.12 crores was spent out of the provision made against unspent portion of CSR budget for the previous year (FY 2018-19). Thus total CSR spending during the current financial year was ₹ 14.19 crores effectively. This amount also includes a sum of ₹ 5.00 crores that was provided for in the previous financial year towards contribution to the Prime Minister's National Relief Fund.

For the current financial year 2019-20, the Bank could spend only ₹ 6.07 crores against the amount to be spent of ₹ 11.38 crores. Bank has made provision for the remaining amount to be spent i.e. a sum of ₹ 5.31 Crores for FY 19-20. This provision has been made to provide for various projects identified by your Bank and is in various stages of implementation / consideration as also includes the unidentified projects budget. This amount will be judiciously used during the ensuing financial year to ensure maximum good to the welfare of society and attainment of Sustainable Development Goals.

In the COVID – 19 scenario, your Bank has undertaken various initiatives that are aimed at improving the sanitation, general health and well-being of the public besides containing the spread of the virus. Efforts will continue to support any activity that will help to keep the spread in control.

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.

M K VENKATESAN
MEMBER OF THE CSR COMMITTEE

N S SRINATH
CHAIRMAN OF THE BANK

ANNEXURE - 5

Business Responsibility Report 2019-20

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	2019-20
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	810 Branches as on March 31, 2020 #
10	Markets served by the Company-Local/State/National/ International	National: Pan India

 # including Asset Recovery Branches & Corporate Business Units

Section B: Financial Details of the Bank

1	Paid-up capital (₹ in Crore)	159.86
2	Total turnover (₹ in Crore)	7144.60
3	Total profit after Taxes (₹ in Crore)	235.02
4	CSR spend as percentage of profit after tax (%)	2.58%
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., Art & Education, Preventive healthcare & Sanitation, Eradicating Hunger, Poverty, Malnutrition, Technology incubators, Promoting Sports. Disclosure of information on CSR activities is made in the Annual report 2019-20 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: 01493217
	Name	Shri N S Srinath
	Designation	Non-Executive Independent (Part-time) Chairman
1.b	Details of BR Head	
	Director Identification Number (DIN)- (if applicable)	NA
	Name	Shri K V S M Sudhakar
	Designation	Chief Compliance Officer
	BR Head (Telephone number)	+914324-269233
	BR Head (e-Mail ID)	kvsmsudhakar@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
		Y	Y	Y	Y	Y	Y	NA	Y	Y
		All policies have been developed after detailed consultations and research on the best practices adopted by banks and in line with the requirements of RBI guidelines, listing agreement with stock exchange, the Companies Act, 2013 and rules made thereunder or as per the requirements of the Bank.								
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
		All policies are approved by the Board of Directors or Committee of the Board of Directors or senior management of the Bank								
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 on the Bank website are being internal documents are only available to the employees through the Bank's intranet.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies that are related to external stake holders are hosted on the Banks' website and other Policies related to internal stake holders are available on the Bank's intranet.								

Section D (2): BR Information – Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)

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
		All policies are subject to audits and reviews done internally in the Bank from time to time.								

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 puts through 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 expected from employees and suppliers. The Bank has executive level Committees viz., Product Development Committee, Standing Committee on Customer Service, Staff Accountability Committee and Outsourcing Committee to enforce these principles. Further various Board level committees such as Audit Committee, Customer Service Committee, CSR Committee, etc., to review the policies 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 2019-20 are as below:

	Pending as on March 31, 2019	2019-20		% of cases resolved satisfactorily	Pending as on March 31, 2020
		Received	Redressed		
Customer Complaints	10	556	563	95.58%	3
Investor Complaints	0	160	160	100.00%	0
Consumer cases	23	12	2	5.71%	33

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 centralised 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 Digitisation 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):

   Not Applicable

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 centralised 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.

   All obsolete IT hardware items are sold to the vendors who are certified for E-waste management under Govt. of India. Further, we also procure under buy-back model where the same OEM will take back the same who are reputed in the market.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

   Total No. of employees as on March 31, 2020 - **7935**

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

   Total number of employees hired on temporary/ contractual/casual basis - **716**

3. Please indicate the Number of permanent women employees.

   No. of permanent women employees as on March 31, 2020 – **2175**

4. Please indicate the Number of permanent employees with disabilities.

   No. of permanent employees with disabilities - **16**

5. Do you have an employee association that is recognised by management?

   Yes, KVB Officers Association (KVBOA) and KVB Employees Union (KVBEU) are recognised 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 recognised employee association?

   92.13%

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 FY20	No of complaints pending as on end of the FY20
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 – **63.65 %**

   (b) Permanent Women Employees – **72.69%**

   (c) Casual/Temporary/Contractual Employees – **98.50%**

   (d) Employees with Disabilities – **31.25%** (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 marginalised.

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 & marginalised 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 182 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 has resulted in customers receiving quick decisions through a tab based application. It saves papers, movement of documents and the time consumed.

   (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 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. 13, 97,312 units of power were generated during the fiscal and the same were utilised 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 – The bank has undertaken various energy efficiency improvement initiatives for energy conservations 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, Mumbai and other Metro centres to save electricity by energy conservation technology. During the year under report, Bank has spent ₹1.38 Crore towards procuring of energy conservation equipments.

- Waste Management - e-Waste of the bank are disposed-off through authorised vendors as per the banks policy.

- '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 has resulted in customers receiving quick decisions 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.

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.

   None

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.

   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 organisation?

   The Bank undertakes CSR programmes/projects directly and with the assistance of implementation through supplementary agencies.

3. Have you done any impact assessment of your initiative?

   Periodic reviews are undertaken for bigger projects

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 ₹ 6.07 crore in FY 2019-20 and made a further provisioning of ₹ 5.31 crore for the remaining amount to be spent. The details of the projects undertaken are as follows:

   1. Makeover of Old Amaravathi Bridge as Walkers path - ₹ 0.54 Lakh (Budget ₹ 1.75 Crore);
   2. Construction of kitchen and dining hall for providing free food at Penugonda - ₹ 2.00 Crore;
   3. Construction of class rooms for KVBOA School - ₹ 11.00 lakhs (Budget ₹ 33.00 Lakh);
   4. Construction of public toilet at Penugonda - ₹ 15.00 Lakh;
   5. Hospital equipment to Government GH, Coimbatore - ₹ 29.50 Lakh;
   6. Computers to Vasavi Vidyalaya School, Coimbatore - ₹ 15.41 Lakh;
   7. Construction of School block in Municipal Government Higher Secondary School, Karur - ₹ 2.25 Crore;

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 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 a 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.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   Yes, The Bank continuously measures the satisfaction levels of its customers with respect to its products and services. The customers can submit their feedback at branches, post it on website, or express them in customer meetings held regularly. The feedbacks received from customers are analysed and implemented to improve the service levels and attributes of various products offered to the customers. The Top Executives of the Bank visit the customers regularly to understand the satisfaction level of the customers. A standing committee on customer service chaired by President & COO besides 4 Senior Executives evaluate the quality of customer service by interacting with the customers on a quarterly basis and the proceedings of the meetings are placed to customer service committee of the Board. The Bank is in the process of engaging an agency to conduct customer surveys through various channels.

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 March 31, 2020, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are included the returns for the year ended on that date audited by the respective Statutory branch auditors of the Bank's branches at 754 branches and other offices.

2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the Statutory branch auditors as referred to in paragraph 16 below, the aforesaid financial statements give the information required by 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 March 31, 2020, 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 and that obtained by the Statutory branch auditors, in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

4. We draw attention to Note No. 5.13 of Schedule 18, of the accompanying financial statements, which describes the uncertainties due to the outbreak of COVID 19 and management's evaluation of its impact on the operations of the Bank. In view of these uncertainties, the impact on the Bank's financial results is significantly dependent on future developments.

   Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

5. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the Statutory branch auditors as referred to paragraph 16 below, 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.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Information Technology (IT) systems and controls impacting financial reporting

Key audit matter	How our audit addressed the key audit matter
The Information Technology environment of the Bank is complex and involves a large number of both independent and inter-dependent Information Technology 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.	Our audit procedures included, but were not limited to, the following: In assessing the controls around the IT systems relevant for financial reporting, we included our specialist in information technology audits as part of our audit team to obtain an understanding of the Information Technology infrastructure and selected Information Technology systems, based on their importance and relevance to Bank's financial reporting process, for evaluation and testing of Information Technology general controls and Information Technology automated controls.

Key audit matter	How our audit addressed the key audit matter
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. Amongst, its multiple IT systems, Flexcube, IDEAL, LAPS, LOS, SWIFT, Peoplesoft and Mercury systems are key for its overall financial reporting. Thus, our audit approach focusses on IT systems and the related control environment including: • IT related general controls over user access management and change management across applications, networks, database and operating systems; • IT application controls Because of the high level automation, being used by the management and 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	Access rights were tested over applications, operating systems 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, operating system or databases in the production environment were granted only to authorized personnel. Other areas that were independently assessed under the Information Technology control environment included password policies, security configurations and controls around change management to ensure there were no unauthorized changes made to the Information Technology systems and applications during the year. We also evaluated the design and tested operating effectiveness of key automated controls within various business processes.

Identification and provisioning for non-performing assets ('NPA's)

Key audit matter	How our audit addressed the key audit matter
As at March 31, 2020, the Bank reported total gross advances of ₹ 48516.30 crores, gross NPAs of ₹ 4212.77 crores and provision for non-performing assets of ₹ 2350.55 crores. Refer Note No. 3 in Schedule 17 for the accounting policy for provision for NPA's and Note No. 5.1 and 5.3 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 significant efforts required in identifying NPAs, valuation of security, determining the provision for NPA and heightened regulatory inspections, these matters are significant to the financial statements, we have identified NPA identification and provision on advances as a key audit matter.	Our procedures included, 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: • Identification of NPAs in line with the RBI IRAC norms and qualitative factors prescribed by the RBI; • Periodic internal reviews of asset quality; • Assessment and adequacy of NPA provisions; • Periodic valuation of collateral for NPAs; 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 recomputed the ageing of advances to ascertain the accuracy of the ageing captured in the system generated reports and assessed as to whether there was a need to classify such loans as NPAs. Returns from branches duly audited by Statutory branch auditors were reviewed and their reports were properly dealt with by us in testing of NPA. We re-computed the provision calculations as per 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. Obtained Board's policy pursuant to RBI Circular dated March 27, 2020 and subsequent circulars dated April 17, 2020 and May 23, 2020 with respect to the relief measures under 'COVID-19 regulatory package', wherein Commercial Banks were permitted to grant moratorium on Term loans and deferment of interest on cash credit/ Overdraft accounts for a period of six months. Understood the relief measures sanctioned to various class of borrowers and verified the eligibility conditions as per the above RBI circular.

Key audit matter	How our audit addressed the key audit matter
	We also tested on sample basis the asset classification and provisioning norms as per the above circular for accounts where moratorium/ relief measures are extended by the bank. We also assessed the appropriateness, and adequacy of disclosures as per relevant accounting standards and RBI requirements relating to NPAs including disclosures relating to COVID 19 regulatory package.

Statutory tax litigations

Key audit matter	How our audit addressed the key audit matter
The Bank has ₹369.61 crores of tax litigations pending as at March 31, 2020, for which no provision is made in the books of accounts. Refer Note No. 15 in Schedule 17 for the accounting policy and Schedule 12 and Note No. 9.8 and 10.10 of Schedule 18 for the related disclosure in financial statements. The tax litigations of the Bank involve varied degree of complexities. In accordance with the accounting criteria set under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets ('AS 29') the management needs to evaluate whether an obligation exists and whether a provision should be recognised as at reporting date, or whether it needs to be disclosed as a contingent liability. The most significant judgements of management include: • 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 materiality of the amounts involved, significance of the above matter to the financial statements, and significant judgements required to test such estimates, we have identified this as a key audit matter.	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 experts to assess the Company's interpretation and application of relevant tax laws to evaluate the appropriateness of key assumptions used and the reasonableness of estimates made in relation to uncertain tax positions, taking into account past precedents. We exercised our professional judgement to assess the management's assessment of the probability of the liability devolving upon the Bank as per principles of AS 29. We also compared the actual results to the management estimates made in prior period to determine the efficacy of the process of estimation by the management. Further, we assessed whether the disclosures in financial statements related to taxation matters were appropriate and adequate in terms of whether the potential liabilities and the significant uncertainties are fairly presented.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

7. The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report including the Pillar III Disclosure under the New Capital Adequacy Framework (Basel III disclosures), 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 standalone 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

8. 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.

9. 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.

10. The Board of Directors are also responsible for overseeing the Banks's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

11. 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.

12. 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) of the Act, we are also responsible for explaining our opinion on whether the Bank has adequate internal financial controls with reference to financial statements 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank to express an opinion on the financial statement. We are responsible for the direction, supervision and performance of the audit of financial information of the Bank and such branches included in the financial statements, of which we are the independent auditors. For the other branches included in the financial statements, which have been audited by the Statutory branch auditors, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. 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.

14. 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.

15. 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 MATTER

16. We did not audit the financial information of 754 branches and other offices included in the financial statements of the Bank, whose financial information reflects total assets of ₹ 28847.07 crores as at March 31, 2020, and total revenue of ₹ 3201.88 crores, for the year then ended on that date, as considered in the financial statement. The financial information of these branches have been audited by the Statutory 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 these branches, is based solely on the audit report of such Statutory branch auditors. Out of the aforesaid branches, in case of 43 branches the Statutory branch auditors have relied on alternative audit procedures on account of restrictions on physical visit to the branches, as per their report.

    Our opinion on the standalone financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the Statutory branch auditors

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;

    b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

    c) the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.

19. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under the Banking Regulation Act, 1949; the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

20. Further, as required by section 143 (3) of the Act, based on our audit, and on the consideration of the reports of the Statutory branch auditors as referred to in paragraph 16 above, we report, to the extent applicable, 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 of the accompanying financial statements;

    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 visited 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 Statutory 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 visited 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 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act;

g) we have also audited the internal financial controls with reference to the financial statements of the Bank as on March 31, 2020 in conjunction with our audit of the financial statements of the Bank for the year ended on that date and our report dated June 24, 2020 as per Annexure A expressed unmodified opinion; and

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 10.10 of Schedule 18 to the financial statements, has disclosed the impact of pending litigations on its financial position as at March 31, 2020;

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 March 31, 2020, 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 March 31, 2020; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were not applicable to the banking companies and pertained to the period from November 8, 2016 to December 30, 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
UDIN: 20206229AAAABO6311

Place: Kochi
Date: June 24, 2020

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 MARCH 31, 2020

Independent Auditor's Report on the internal financial controls with reference to the financial statements 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 March 31, 2020, we have audited the internal financial controls with reference to financial statements of the Bank as at that date.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR INTERNAL FINANCIAL CONTROLS

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 FOR THE AUDIT OF THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

3. Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements 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') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

6. A company's internal financial controls with reference to financial statements 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. A company's internal financial controls with reference to financial statements 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 company; (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 company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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

internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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, and based on the consideration of the reports of the Statutory branch auditors as referred to in paragraph 16 of our report on the audit of the financial statements, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to financial statements 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.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 20206229AAAABO6311

Place: Kochi
Date: June 24, 2020

BALANCE SHEET

as at March 31, 2020

(₹ 000's omitted)

	Schedule	As at 31.03.2020	As at 31.03.2019
CAPITAL & LIABILITIES			
Capital	1	159 86 42	159 86 22
Reserves & Surplus	2	6440 41 10	6262 94 26
Deposits	3	59075 07 86	59867 95 19
Borrowings	4	1184 17 55	1565 33 96
Other Liabilities and Provisions	5	1418 64 08	1484 01 81
TOTAL		**68278 17 01**	**69340 11 44**
ASSETS			
Cash and Balances with Reserve Bank of India	6	2732 67 40	2934 68 19
Balances with Banks and Money at call and short notice	7	1659 87 85	762 36 36
Investments	8	15762 44 57	14881 58 54
Advances	9	46098 10 82	48580 81 40
Fixed Assets	10	586 63 69	582 98 58
Other Assets	11	1438 42 68	1597 68 37
TOTAL		**68278 17 01**	**69340 11 44**
Contingent Liabilities	12	8437 97 54	10137 06 70
Bills for collection		2232 37 11	2341 83 77
Significant Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of Balance Sheet.

N. S. Srinath
Chairman
Place : Bengaluru

Dr. V. G. Mohan Prasad
Director
Place: Coimbatore

M. K. Venkatesan
Director
Place: Karur

A. K. Praburaj
Director
Place : Karur

CA K. L. Vijayalakshmi
Director
Place: Coimbatore

M. V. Srinivasamoorthi
Director
Place : Karur

Dr. K. S. Ravichandran
Director
Place: Coimbatore

R. Ramkumar
Director
Place: Karur

K. G. Mohan
Additional Director
Place : Bengaluru

J. Natarajan
President & COO
Place : Karur

T. Sivarama Prasad
General Manager & CFO
Place : Karur

Srinivasa Rao M.
Asst. Gen.Manager &
Company Secretary
Place : Karur

Date : June 24, 2020

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
Place: Kochi

PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2020

(₹ 000's omitted)

	Schedule	Year Ended 31.03.2020	Year Ended 31.03.2019
I INCOME			
Interest earned	13	5989 98 58	5815 82 01
Other Income	14	1154 61 81	962 77 18
TOTAL		**7144 60 39**	**6778 59 19**
II EXPENDITURE			
Interest expended	15	3642 04 43	3453 00 13
Operating expenses	16	1741 71 10	1614 80 89
Provisions and Contingencies		1525 82 39	1499 91 43
TOTAL		**6909 57 92**	**6567 72 45**
III PROFIT			
Net Profit for the year		235 02 47	210 86 74
Exceptional item		Nil	Nil
Net Profit for the year		**235 02 47**	**210 86 74**
Profit brought forward from previous year		59 56 61	54 25 58
TOTAL		**294 59 08**	**265 12 32**
IV APPROPRIATIONS			
Transfer to Statutory Reserve		58 76 00	52 80 00
Transfer to Capital Reserve		132 04 00	22 17 10
Transfer to Revenue & Other Reserves		Nil	22 50 00
Transfer to Investment Reserve		Nil	Nil
Transfer to Investment Fluctuation Reserve		44 23 00	30 52 60
Transfer to Special Reserve U/s 36(1)(viii) of IT Act, 1961		Nil	25 00 00
Dividend (including tax on dividend)		57 81 74	52 56 01
		292 84 74	**205 55 71**
BALANCE OF PROFIT		1 74 34	59 56 61
TOTAL		**294 59 08**	**265 12 32**
Basic Earnings Per Share (*)	(in ₹)	2.94	2.64
Diluted Earnings Per Share (*)	(in ₹)	2.94	2.64

(*) Refer Schedule 18 (point no.9.5)

The schedules referred to above form an integral part of Profit and Loss account

N. S. Srinath
Chairman
Place : Bengaluru

A. K. Praburaj
Director
Place : Karur

Dr. K. S. Ravichandran
Director
Place: Coimbatore

J. Natarajan
President & COO
Place : Karur

Dr. V. G. Mohan Prasad
Director
Place: Coimbatore

CA K. L. Vijayalakshmi
Director
Place: Coimbatore

R. Ramkumar
Director
Place: Karur

T. Sivarama Prasad
General Manager & CFO
Place : Karur

M. K. Venkatesan
Director
Place: Karur

M. V. Srinivasamoorthi
Director
Place : Karur

K. G. Mohan
Additional Director
Place : Bengaluru

Srinivasa Rao M.
Asst. Gen.Manager &
Company Secretary
Place : Karur

Date : June 24, 2020

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
Place: Kochi

SCHEDULES

SCHEDULE 1 - CAPITAL

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
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	**159 99 75**	**159 99 75**
Subscribed & Paid up Capital:		
79,93,10,947 Equity Shares of ₹ 2/- each (72,66,39,371 Equity Shares of ₹ 2/- each)	159 86 22	145 32 79
(7,26,63,937 Equity Shares of ₹ 2/- each issued as Bonus Shares)	Nil	14 53 28
9,772 Equity Shares of ₹ 2/- each kept in abeyance allotted during the year (7,639 equity shares of ₹ 2/- each kept in abeyance allotted)	20	15
TOTAL	**159 86 42**	**159 86 22**

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
I Statutory Reserve		
Opening Balance	1708 33 31	1655 53 31
Add: Addition during the year	58 76 00	52 80 00
TOTAL	**1767 09 31**	**1708 33 31**
II Capital Reserve		
Opening Balance	202 98 64	180 81 54
Add: Addition during the year	132 04 00	22 17 10
TOTAL	**335 02 64**	**202 98 64**
III Share Premium		
Opening Balance	2065 37 19	2079 88 44
Add: Addition during the year	Nil	Nil
Less: Bonus shares issued during the year	Nil	(14 53 28)
Add: Allotment of Bonus Shares for Shares kept in abeyance	6 03	2 03
Less: Rights issue expenses	Nil	Nil
TOTAL	**2065 43 22**	**2065 37 19**
IV Revenue and Other Reserves		
a) General Reserve		
Opening Balance	1822 53 03	1800 03 03
Add: Addition during the year	Nil	22 50 00
Add: Write back of unamortised loss on sale to ARC	Nil	Nil
TOTAL	**1822 53 03**	**1822 53 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 31.03.2020	As at 31.03.2019
c) Investment Fluctuation Reserve		
Opening Balance	30 52 60	Nil
Add: Addition during the year	44 23 00	30 52 60
TOTAL	**74 75 60**	**30 52 60**
d) Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961		
Opening Balance	320 00 00	295 00 00
Add: Addition during the year	Nil	25 00 00
TOTAL	**320 00 00**	**320 00 00**
e) Employee Stock Option		
Opening Balance	28 88	Nil
Add: Addition during the year	20 08	28 88
TOTAL	**48 96**	**28 88**
V Balance in Profit and Loss account	1 74 34	59 56 61
TOTAL I, II, III, IV & V	**6440 41 10**	**6262 94 26**

SCHEDULE 3 - DEPOSITS

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
A I. Demand Deposits :		
i) From Banks	10 50 79	8 64 44
ii) From Others	5493 59 12	5804 94 84
TOTAL	**5504 09 91**	**5813 59 28**
II. Savings Bank Deposits	13002 61 01	12101 39 38
III. Term Deposits		
i) From Banks	103 18 91	5 05 67
ii) From Others	40465 18 03	41947 90 86
TOTAL	**40568 36 94**	**41952 96 53**
TOTAL I, II & III	**59075 07 86**	**59867 95 19**
B Deposits from Branches :		
i) In India	59075 07 86	59867 95 19
ii) Outside India	Nil	Nil
TOTAL	**59075 07 86**	**59867 95 19**

SCHEDULES

SCHEDULE 4 - BORROWINGS

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
I Borrowings in India		
i) Reserve Bank of India	260 00 00	75 00 00
ii) Other Banks	Nil	Nil
iii) Other Institutions and Agencies	417 63 97	815 22 51
iv) Subordinated debt Tier II Capital	487 00 00	637 00 00
TOTAL	**1164 63 97**	**1527 22 51**
II Borrowings outside India	19 53 58	38 11 45
TOTAL I & II	**1184 17 55**	**1565 33 96**
Secured Borrowings included in I and II above	396 28 12	390 44 17

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
I Bills Payable	213 54 65	275 74 62
II Inter Office Adjustments (Net)	Nil	Nil
III Interest Accrued	176 46 29	186 00 44
IV Deferred Tax (Net)	Nil	42 49 24
V Other liabilities (including provisions)	1028 63 14	979 77 51
TOTAL	**1418 64 08**	**1484 01 81**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
I Cash in Hand (Including Foreign Currency Notes)	776 56 90	541 46 15
II Balances with Reserve Bank of India in Current Account	1956 10 50	2393 22 04
TOTAL	**2732 67 40**	**2934 68 19**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
I In India		
i) Balances with Banks :		
(a) In Current Accounts	18 00 28	17 93 40
(b) In Other Deposit Accounts	2 63 98	4 65 00
ii) Money at Call and Short Notice		
(a) In RBI Reverse Repo	260 00 00	40 00 00
(b) With Banks	Nil	540 00 00
(c) With Other Institutions	Nil	Nil
TOTAL	**280 64 26**	**602 58 40**

SCHEDULES

	As at 31.03.2020	As at 31.03.2019
II Outside India		
(a) In Current Accounts	17 63 30	21 83 40
(b) In Other Deposit Accounts	1361 60 29	137 94 56
TOTAL	**1379 23 59**	**159 77 96**
TOTAL I & II	**1659 87 85**	**762 36 36**

SCHEDULE 8 - INVESTMENTS

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
I Investments in India	16072 13 26	15136 08 40
Less : Provision for Investment Depreciation & NPI	310 12 94	254 91 39
TOTAL	**15762 00 32**	**14881 17 01**
Break-up		
i) Government Securities	13211 93 29	12670 98 66
ii) Other Approved Securities	Nil	Nil
iii) Shares	32 59 30	53 77 52
iv) Debentures and Bonds	1022 02 06	1398 05 44
v) Subsidiaries & Joint Ventures	Nil	Nil
vi) Others	1495 45 67	758 35 39
	15762 00 32	**14881 17 01**
II Investments outside India	**44 25**	**41 53**
TOTAL I & II	**15762 44 57**	**14881 58 54**

SCHEDULE 9 - ADVANCES (NET OF PROVISIONS)

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
A i) Bills purchased and discounted	818 30 27	1339 72 98
ii) Cash Credits, Overdrafts and Loans repayable on demand	34914 66 54	35043 15 87
iii) Term Loans	10365 14 01	12197 92 55
TOTAL	**46098 10 82**	**48580 81 40**
B i) Secured by tangible assets (incl. Book Debts)	45096 26 81	47890 18 06
ii) Covered by Bank / Government guarantees	225 50 44	536 55 46
iii) Unsecured	776 33 57	154 07 88
TOTAL	**46098 10 82**	**48580 81 40**
C I Advances in India		
i) Priority Sector	20282 46 95	19192 22 45
ii) Public Sector	748 47 27	573 51 18
iii) Banks	Nil	Nil
iv) Others	25067 16 60	28815 07 77
TOTAL	**46098 10 82**	**48580 81 40**
II Advances outside India	Nil	Nil
TOTAL CI & CII	**46098 10 82**	**48580 81 40**

SCHEDULES

SCHEDULE 10 - FIXED ASSETS

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
I Premises :		
At cost as on 31st March of the preceding year	298 91 28	234 19 90
Add : Addition during the year	6 77 00	64 73 78
	305 68 28	**298 93 68**
Less: Deduction during the year	Nil	2 40
	305 68 28	**298 91 28**
Less : Depreciation to date	67 80 90	58 85 15
TOTAL	**237 87 38**	**240 06 13**
II Premises under construction ^	**14 97 34**	**16 83 15**
III Capital Work-in-Progress	**8 18 95**	**21 20 98**
IV Other Fixed Assets (including Furniture & Fixtures) :		
At cost as on 31st March of the preceding year	**1061 81 82**	**955 27 63**
Add : Addition during the year	146 10 00	109 59 71
	1207 91 82	**1064 87 34**
Less: Deduction during the year	16 36 20	3 05 52
	1191 55 62	**1061 81 82**
Less : Depreciation to date	865 95 60	756 93 50
TOTAL	**325 60 02**	**304 88 32**
TOTAL I, II, III & IV	**586 63 69**	**582 98 58**

^ includes premises for which registration is pending in the name of the Bank

SCHEDULE 11 - OTHER ASSETS

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
I Inter Office Adjustments (Net)	2 63 31	36 01 32
II Interest Accrued	323 58 32	345 09 47
III Tax paid in advance / Tax deducted at source (Net)	111 73 74	147 18 91
IV Stationery and Stamps	2 59 77	1 95 94
V Deferred Tax	17 78 60	Nil
VI Non Banking Assets acquired in satisfaction of claims	Nil	Nil
VII Others~	980 08 94	1067 42 73
TOTAL	**1438 42 68**	**1597 68 37**

~ Includes application money towards investment in Securitiy Receipts for ₹ 51,57,80 in thousand (Previous year Nil)

SCHEDULES

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ 000's omitted)

	As at 31.03.2020	As at 31.03.2019
I Claims against the Bank not acknowledged as debts	3 25 01	12 47 88
II Liability on account of outstanding		
a) Forward Exchange Contracts	3679 79 89	2929 91 45
b) Derivatives	Nil	Nil
III Guarantees given on behalf of constituents in India	2891 76 95	3425 37 43
IV Acceptances, Endorsements and other Obligations	1028 24 61	1526 75 57
V Other items for which the Bank is contingently liable@	834 91 08	2242 54 37
TOTAL	**8437 97 54**	**10137 06 70**

@ Includes transfer to DEAF of ₹ 129,13,49 in thousand (Previous year of ₹ 112,10,20 in thousand)

SCHEDULE 13 - INTEREST EARNED

(₹ 000's omitted)

	Year Ended 31.03.2020	Year Ended 31.03.2019
I Interest / discount on advances/bills	4665 06 04	4596 37 53
II Income on Investments	1149 66 93	1150 59 19
III Interest on balances with Reserve Bank of India & other inter-bank funds	140 76 03	42 90 35
IV Others	34 49 58	25 94 94
TOTAL	**5989 98 58**	**5815 82 01**

SCHEDULE 14 - OTHER INCOME

(₹ 000's omitted)

	Year Ended 31.03.2020	Year Ended 31.03.2019
I Commission, Exchange and Brokerage	658 04 02	654 92 26
II Profit/Loss on sale of investments - Net	339 99 10	70 47 80
III Profit/(loss) on sale of land, buildings and other assets	(12 45 66)	1 25 38
IV Profit on exchange transactions - Net	37 46 95	41 84 55
V Miscellaneous Income	131 57 40	194 27 19
TOTAL	**1154 61 81**	**962 77 18**

SCHEDULE 15 - INTEREST EXPENDED

(₹ 000's omitted)

	Year Ended 31.03.2020	Year Ended 31.03.2019
I Interest on Deposits	3518 76 27	3341 40 67
II Interest on Reserve Bank of India / Inter-bank borrowings	65 82 20	43 43 60
III Others	57 45 96	68 15 86
TOTAL	**3642 04 43**	**3453 00 13**

SCHEDULES

SCHEDULE 16 - OPERATING EXPENSES

(₹ 000's omitted)

		Year Ended 31.03.2020	Year Ended 31.03.2019
I	Payments to and Provisions for employees	856 64 94	761 17 41
II	Rent, Taxes and Lighting	176 47 19	175 41 18
III	Printing and Stationery	15 92 25	17 73 33
IV	Advertisement and Publicity	13 41 53	10 52 81
V	Depreciation	118 88 16	101 21 66
VI	Directors' fees, allowances and expenses	1 28 25	1 44 57
VII	Auditors' fees and expenses (including branch auditors fees and expenses)	2 78 24	2 24 22
VIII	Law Charges (net)	8 35 64	4 30 62
IX	Postages, Telegrams, Telephones, etc.	26 04 20	25 50 56
X	Repairs and Maintenance	70 41 04	55 57 12
XI	Insurance	67 03 08	61 58 07
XII	Other Expenditure	384 46 58	398 09 34
TOTAL		**1741 71 10**	**1614 80 89**

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 requires 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 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 accounts the recoveries are first adjusted to principal balance.

In compromise settlement cases/ sale to Asset Reconstruction Companies, sacrifice on settlement is accounted at the time of closure of account.

Commission on bank guarantees / letters of credit, locker rent, annual fee on cards, bancassurance commission, commission on Priority Sector Lending Certificate trading are accounted on receipt basis. Processing/ other fees collected on loans approved/ 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) Subsidiaries 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.

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

SCHEDULES

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 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

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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 to 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 category only after the specified period.

Provision for Unhedged Foreign currency Exposure 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 RBI 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	

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

As per guidelines of Foreign Exchange Dealers Association of India (FEDAI) and AS-11 requirements, all foreign currency assets and liabilities like Nostro balances, Foreign Currency Non-Resident deposits, Resident Foreign Currency deposit, Pre and Post shipment Credit in Foreign Currency and Foreign Currency Term Loans are valued at closing spot rates announced by FEDAI and the resultant revaluation profit or loss, as the case may be, is taken to exchange profit account and not reversed. Forward Contracts and other forward maturity items like cheques / bills purchased and negotiated are valued at the appropriate

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FEDAI forward rates and the resultant profit or loss is discounted using Mumbai Interbank Forward Offer Rate (MIFOR) and the 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. Bullion Business

The Bank imports, on a back-to-back basis, consignments of bullion, including precious metal bars, for sale to its clients. The price quoted to the customer is based on price quoted by the supplier. The difference between the price paid by the customer and the cost of bullion is classified under other income.

The Bank also borrows and lends bullion in accordance with RBI guidelines, which is treated as borrowings or lending and interest paid / received thereon is classified as interest expense / income, respectively.

Metal Loan Advances are valued based on the prevailing market rate and foreign exchange rates as on the date of Balance Sheet.

8. 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.

9. Proposed Dividend

In terms of 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 is not shown as liability in current year Balance Sheet.

10. 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 AS 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.

11. Segment Reporting

The Bank recognises the Business Segment as the primary reporting segment and Geographical Segment as the secondary reporting segment, in accordance with RBI guidelines and in compliance with AS 17.

Business Segment is classified into (a) Treasury (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations.

12. 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 Share is computed by using the weighted average number of equity shares and dilutive potential equity share outstanding as at the year end.

13. 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.

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14. 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, 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.

15. Provisions and Contingent Liabilities

A provision is recognised when there is an obligation as a result of past event, and there is a probability of an outflow of resources that 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.

16. 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 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.

17. Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 is recognised in the Profit and Loss Account.

18. 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.

19. 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

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SCHEDULE 18 – NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Disclosure requirements for the year ended March 31, 2020 as per Reserve Bank of India's (RBI) Master Circular on Disclosure in Financial Statements are given below. Amounts given herein are denominated in Rupees Crore unless specified otherwise)

1. Capital Ratio (CRAR) – Basel III

SN	Particulars	As at Mar. 31, 2020	As at Mar. 31, 2019
1	Common Equity Tier 1 capital ratio (%)	15.27	14.28
2	Tier 1 capital ratio (%)	15.27	14.28
3	Tier 2 capital ratio (%)	1.90	1.72
4	Total Capital ratio (CRAR) (%)	17.17	16.00
5	Amount of equity capital raised (₹ Crore)	Nil	14.53
6	Amount of additional Tier 1 capital raised (₹ Crore) of which		
	- PNCPS	Nil	Nil
	- PDI		
7	Amount of Tier 2 capital raised (₹ Crore) of which		487.00
	- Debt capital instruments (refer note 1.2 below)		487.00
	- Preference share capital instruments		
	- Perpetual cumulative preference shares (PCPS)	Nil	
	- Redeemable non-cumulative preference shares (RNCPS)		Nil
	- Redeemable cumulative preference shares (RCPS)		

Basel III disclosures

In accordance with RBI circular DBR.No.BP.BC.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, necessary disclosures have been made available on the Bank's website - https://www.kvb.co.in/about-us/disclosures/disclosures-pillar-III/. These disclosures have not been subjected to audit by the Statutory Central Auditors.

1.2 Tier II Capital

(₹ Crore)

SN	Particulars	As at Mar. 31, 2020	As at Mar. 31, 2019
1	Subordinated Lower Tier II Bonds	Nil	150.00
2	Basel III Compliant Tier II Bonds	487.00	487.00
	TOTAL	**487.00**	**637.00**

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1.3 Proposed Dividend and taxes thereon

RBI, vide circular DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020, has decided that banks shall not make any further dividend pay-outs from the profits pertaining to the financial year ended March 31, 2020 until further instructions, in order to enable the banks to conserve capital to retain their capacity to support the economy and absorb losses in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on June 24, 2020, has not recommended any dividend for the year ended March 31, 2020.

2. Business Ratios

SN	Particulars	2019-20	2018-19
1.	Interest Income as a percentage to Working Funds (%)	8.17	8.45
2.	Non-interest income as a percentage to Working Funds (%)	1.58	1.40
3.	Operating Profit as a percentage to Working Funds (%)	2.40	2.49
4.	Return on Assets (%)	0.32	0.31
5.	Business (Deposits plus Advances) per employee (₹ Crore)	13.54	14.42
6.	Profit per employee (₹ Lakh)	2.96	2.75

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

(₹ Crore)

SN	Particulars	As at Mar. 31, 2020	As at Mar. 31, 2019
1.	Value of Investments		
	(i) Gross Value of Investments		
	a) In India	16,072.13	15,136.08
	b) Outside India	0.46	0.43
	(ii) Provisions for Depreciation		
	a) In India	172.17	153.06
	b) Outside India	0.02	0.02
	(iii) Provisions for NPI		
	a) In India	137.96	101.85
	b) Outside India	Nil	Nil
	(iv) Net Value of Investments		
	a) In India	15,762.00	14,881.17
	b) Outside India	0.44	0.41
2.	Movement of provisions held towards depreciation on investments		
	i Opening balance	153.08	135.73
	ii Add: Provisions made during the year*	43.54	128.04
	iii Less: Write-off/ write-back of excess provisions during the year	24.43	110.69
	iv Closing balance	172.19	153.08

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(₹ Crore)

SN	Particulars	As at Mar. 31, 2020	As at Mar. 31, 2019
3.	Movement of provisions held towards Non Performing Investments		
	i Opening balance	101.85	53.32
	ii Add: Provisions made during the year	36.11	51.69
	iii Less: Write-off/ write-back of excess provisions during the year	Nil	3.16
	iv Closing balance	137.96	101.85

** includes provision of ₹ 15.00 crore made towards Security Receipts as per RBI circular DBR No.BP.BC.9/21.04.048/2016-17 dated Sept.01, 2016*

3.1 Repo Transactions (in face value terms)

(₹ Crore)

Particulars	Outstanding during FY						Outstanding as on	
	Minimum		Maximum		Daily Average			
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	Mar. 31, 2020	Mar. 31, 2019
1. Securities sold under RBI Repo								
Government Securities	26.90	77.59	313.53	852.19	28.89	17.09	255.79	77.59
2. Securities purchased under RBI Reverse Repo								
Government Securities	4.90	3.77	1003.86	873.09	233.33	67.33	224.49	39.95
3. Securities sold under Market Repo								
a. Government Securities	3.00	4.00	880.00	1555.00	283.49	346.04	130.00	205.00
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4. Securities purchased under Reverse Market Repo								
a. Government Securities	50.00	34.00	868.00	488.00	46.07	44.24	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5. Securities sold under Tri–Party Repo*								
a. Government Securities	7.30	1.02	1852.28	537.86	277.94	50.57	Nil	101.82
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6. Securities purchased under Tri–Party Repo*								
a. Government Securities	5.00	10.00	515.20	244.00	9.60	28.39	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

** The daily average for FY 2018-19 has been considered from the day of launch of Tri – Party Repo by CCIL (i.e. November 05, 2018)*

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3.2 Non-SLR Investment Portfolio

i) Issuer Composition of Non-SLR investments

(₹ 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 Mar. 31, 2020						
i	PSUs	402.03	192.77		24.33	24.33
ii	FIs	1,182.10	870.40		0.22	0.22
iii	Banks	394.03	218.46		Nil	Nil
iv	Private Corporates	130.83	33.33		39.47	44.47
v	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
vi	Others *	751.67	751.67		Nil	620.89
Sub Total		**2,860.66**	**2,066.63**		**64.02**	**689.91**
Less: Provision for depreciation on investments		172.19				
Less: Provision for non performing investments		137.96				
Total		**2,550.51**	**2,066.63**	**Nil**	**64.02**	**689.91**
As at Mar. 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		Nil	Nil
iv	Private Corporates	141.37	33.33		39.49	44.49
v	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
vi	Others *	424.20	422.72		Nil	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**	**Nil**	**64.04**	**491.76**

** 1. Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive; 2. Others include Security Receipts of ₹ 620.89 crore (Previous Year ₹ 422.72 crore) and Exchange Traded Funds of ₹ 130.78 crore (Previous Year ₹ 1.48 crore)*

ii) Non performing Non-SLR investments

(₹ Crore)

Particulars	2019-20	2018-19
Opening balance	**137.26**	**84.12**
Additions during the year	1.35	56.30
Reductions during the year	Nil	3.16
Closing balance	**138.61**	**137.26**
Total provisions held	137.96	101.85

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3.3 Sale and transfers to / from Held to Maturity (HTM) Category

During the year, the bank has sold government securities amounting to ₹ 3,816.28 crore from HTM category, i.e. in excess of 5% of the book value of investments held in HTM category at the beginning of the year.

3.4 Transfer to Capital Reserve

Net profit on sale of securities includes profit of ₹ 235.25 crore on sale of securities from HTM category (₹ 45.44 crore during the previous year). As per RBI guidelines, an amount of ₹ 132.04 crore, after netting of taxes and transfer to Statutory Reserve, is transferred to Capital Reserve (₹ 22.17 crore during the previous year).

3.5 Transfer to Investment Fluctuation Reserve (IFR)

An amount of ₹ 44.23 crore is transferred to IFR during the year 2019-20 (₹ 30.53 crore during the year 2018-19), as per RBI circular No. DBR. BP.BC.102/21.04.048/2017-18 dated April 02, 2018. Balance in IFR as on March 31, 2020 stands at ₹ 74.76 crore, which is 1.82% to HFT and AFS portfolio.

3.6 Shifting of securities from / to HTM category

In accordance with RBI guidelines, during the first quarter of the financial year, securities amounting to ₹ 544.24 crore have been shifted from AFS to HTM category and ₹ 4,097.86 crore from HTM to AFS category and the resultant depreciation of ₹ 21.10 crore has been charged to Profit and Loss account.

3.7 SLR investments under HTM category -

The percentage of SLR investment under HTM category as on March 31, 2020 was 19.33% of Demand and Time Liability of the Bank (previous year 17.35%) which is within permissible limit as per RBI guidelines.

3.8

Interest income on investment is net of amortization expenses of ₹ 67.08 crore (₹ 43.93 crore during previous year).

4. Derivatives

4.1 Forward Rate Agreement/Interest Rate Swap

(₹ Crore)

Particulars	Mar. 31, 2020	Mar. 31, 2019
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

(₹ Crore)

Particulars	Mar. 31, 2020	Mar. 31, 2019
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, 2020 (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)		

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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 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:

(₹ Crore)

Particulars	Mar. 31, 2020		Mar. 31, 2019	
	Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1. Derivatives (Notional Principal Amount)				
a) For hedging	Nil		Nil	
b) For trading				

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(₹ Crore)

Particulars	Mar. 31, 2020		Mar. 31, 2019	
	Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
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, 2020.

5. Advances and Asset Quality

5.1 Movement of NPAs

(₹ Crore)

Particulars	2019-20	2018-19
Gross NPAs* as on the beginning of the year	**4,449.57**	**3,015.76**
Additions (incl. Fresh NPA) during the year	1,602.25	2,342.92
Sub-total (A)	**6,051.82**	**5,358.68**
Less : -(i) Up gradations	50.59	20.82
(ii) Recoveries (excluding recoveries made from upgraded accounts)	827.14	440.84
(iii) Technical/Prudential write-offs/Sale to ARCs	941.39	342.87
(iv) Write off other than those (iii) above	19.93	104.58
Sub-total (B)	**1,839.05**	**909.11**
Gross NPAs as at the end of the year (A – B)	**4,212.77**	**4,449.57**

**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*

5.2 Movements in Technical write off

(₹ Crore)

Particulars	2019-20	2018-19
Opening balance	1,160.25	1,267.01
Add: Technical/prudential write-offs during the year	492.78	Nil
Sub-total (A)	**1,653.03**	**1,267.01**
Less: Recoveries / Sale made from previously technical/prudential written–off accounts during the year (B)	50.29	106.76
Closing balance (A – B)	**1,602.74**	**1,160.25**

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5.3 Gross and Net Non-Performing Assets and Provisions for NPA

(₹ Crore)

Particulars	2019-20	2018-19
1. Net NPAs to Net Advances (%)	3.92	4.98
2. Movement of Gross NPAs		
a. Opening balance	4,449.57	3,015.76
b. Additions during the year	1,602.25	2,342.92
c. Reductions during the year	1,839.05	909.11
d. Closing balance	4,212.77	4,449.57
3. Movement of Net NPAs*		
a. Opening balance	2,420.34	1,862.83
b. Additions during the year	85.71	930.80
c. Reductions during the year	697.40	373.29
d. Closing balance	1,808.65	2,420.34
4. Movement of provisions for NPAs		
a. Opening balance	1,961.19	1,090.90
b. Provisions made during the year	1,511.21	1,406.11
c. Write off/Write back of excess provisions	1,121.85	535.82
d. Closing balance	2,350.55	1,961.19

** Net NPAs are arrived at after deduction of other provisions and claims received / settled amounting to ₹ 53.57 crore (₹ 68.04 crore during previous year).*

5.4 Provision Coverage Ratio

Provision Coverage Ratio as on March 31, 2020 is 68.90% (previous year 56.86%)

5.5 Disclosure of Restructured Accounts (FY 2019-20)

(₹ Crore)

S N	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	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
2	Fresh Restructuring during the year	No. of borrowers	0	0	0	0	0	0	0	0	0	0	52	6	0	0	58	52	6	0	0	58
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	169.31	21.76	0.00	6.78	197.85	169.31	21.76	0.00	6.78	197.85
		Provision thereon	0.00	0.00	11.98	0.00	11.98	0.00	0.00	0.00	0.00	0.00	8.47	3.40	88.49	6.78	107.14	8.47	3.40	100.47	6.78	119.12
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amount outstanding	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
		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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amount outstanding	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
		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
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	-1	0	1	0	-12	5	3	4	0	-12	4	3	5	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.02	0.00	-44.91	-28.76	37.04	31.23	-5.40	-44.91	-28.77	37.03	31.25	-5.40
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.02	0.01	-2.25	-4.25	4.41	31.23	29.14	-2.25	-4.25	4.40	31.25	29.15

(₹ Crore)

S N	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others ~					Total				
	Asset Classification Details		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	0	-2	0	-2	-1	0	-1	-6	-8	-1	0	-3	-6	-10
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.34	0.00	-0.34	-3.20	-0.04	-227.23	-18.23	-248.70	-3.20	-0.04	-227.57	-18.23	-249.04
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	0.00	-0.04	-0.16	0.00	-144.57	-18.23	-162.96	-0.16	0.00	-144.61	-18.23	-163.00
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	0	0	1	1	2	0	0	1	1	2	73	15	16	25	129	73	15	18	27	133
		Amount outstanding	0.00	0.00	26.85	27.91	54.76	0.00	0.00	0.01	0.02	0.03	193.29	61.77	345.65	38.41	639.12	193.29	61.77	372.51	66.34	693.91
		Provision thereon	0.00	0.00	26.85	27.91	54.76	0.00	0.00	0.00	0.02	0.02	9.84	9.47	254.66	37.93	311.90	9.84	9.47	281.51	65.86	366.68

** - 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 and additions to existing restructured accounts.

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.

5.5 Disclosure of Restructured Accounts (FY 2018-19)

(₹ Crore)

SN	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others ~					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
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

(₹ Crore)

SN	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
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.

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5.6 Restructuring of MSME Accounts

As per guidelines issued by RBI vide circular DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, on "Micro, Small and Medium Enterprise (MSME) sector – Restructuring of Advances", the details of restructured MSME accounts is as under:

(₹ Crore)

Year ended	No. of Borrowers	Amount
March 31, 2020	87	261.08
March 31, 2019	30	69.73

5.7 Accounts covered under Resolution Plan (RP) of Stressed Assets

Details of stressed asset accounts covered under resolution plan vide RBI circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 are as under :

(₹ Crore)

Particulars	NO	Amount
Accounts covered under RP	7	485.38
of above, accounts where RP –		
a. implemented	1	25.27
b. implementation period is yet to be completed	2	124.86
c. not implemented within stipulated timelines	3	276.57
d. not applicable (account under CIRP/NCLT)	1	58.68

Bank holds a provision of ₹ 331.62 crore (including additional provision required as per above RBI guidelines) towards the above accounts as on March 31, 2020.

5.8 Flexible Structuring of Existing Loans

(₹ 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
2019-20	Nil				
2018-19					

5.9 Strategic Debt Restructuring (SDR) Scheme (accounts which are currently under the stand-still period)

(₹ Crore)

Period	No. of accounts where SDR has been invoked	Amount outstanding & classified as					
		As on Mar. 31		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
2019-20	Nil						
2018-19							

5.10 Change in ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(₹ Crore)

Period	No. of accounts where the effect change in ownership is decided	Amount outstanding & classified as							
		As on Mar. 31		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
2019-20	Nil								
2018-19									

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5.11 Change in ownership of projects under implementation (accounts which are currently under the stand-still period)

(₹ Crore)

Period	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
2019-20	Nil			
2018-19				

5.12 Scheme for Sustainable Structuring of Stressed Assets (S4A)

(₹ Crore)

	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount Outstanding		Provision Held
			In Part A	In Part B	
2019-20	Classified as Standard	Nil			
2018-19					
2019-20	Classified as NPA				
2018-19					

5.13 COVID-19 Regulatory Package – Asset classification and provisioning

The COVID-19 global pandemic continues to spread rapidly across the globe including India. COVID-19 has caused a significant impact and volatility in the global and domestic financial markets and economic activities. The Government of India had announced a series of lock-down measures at the beginning of March 24, 2020 with an extension thereof up to May 31, 2020, in order to limit the spread of the pandemic across India. A calibrated and gradual withdrawal of lockdown and partial resumption of various business / economic activities are implemented with effect from June 1, 2020, based on the guidelines to be issued by the respective states. The impact of COVID-19 on the Bank's operations and financial results will depend on future developments and resumption of various business activities, which are highly uncertain as the same will be dependent on the severity and spread of the COVID-19 pandemic and measures undertaken to mitigate the same.

In accordance with the RBI guidelines vide circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 and DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on the 'COVID-19 Regulatory Package', Board has approved a policy for implementation of the said guidelines by the Bank, including, inter-alia granting of moratorium on the payment of installments and / or interest falling due between March 01, 2020 and May 31, 2020 upto June 30, 2020 (and subsequently extended to August 31, 2020 vide RBI circular DOR.No.BP.BC.72/21.04.048/2019-20 dated May 23, 2020) as well as relaxation of certain parameters, to eligible borrowers. The moratorium period / benefits, wherever granted, shall be excluded for the purpose of asset classification as per Income Recognition and Asset Classification norms. Bank is required to make additional provision @ 10%, over two quarters beginning with quarter ending March 31, 2020, in respect of such borrowers whose accounts, though classified as standard as on March 31, 2020, would have become non-performing but for these benefits/relaxations. Accordingly, Bank has made the required provision in full as under :

(₹ Crore)

Particulars	Amount
1. Outstanding amount as on March 31, 2020 in SMA/overdue category where moratorium/deferment is extended*	2,896.46
2. Out of (1) above, outstanding amount in respect of which asset classification benefit is extended	194.96
3. Provisions made during Q4 of FY 2019-20 vide above guidelines	19.50
4. Provisions adjusted against slippages during Q4 of FY 2019-20	NA
5. Residual provision outstanding as on March 31, 2020	19.50

** - Amount outstanding as on February 29, 2020 is ₹ 2,981.49 crore*

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5.14 Divergence in asset classification and provisioning

As per supervisory process conducted for the year 2018-19 by RBI, the additional provisioning for NPAs assessed does not exceed 10% of the profit before provisions and contingencies and the additional gross NPAs identified does not exceed 15% of the published incremental gross NPAs. Hence, disclosure on divergences in asset classification and provisioning is not required.

5.15 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ Crore)

Particulars	2019-20	2018-19
1. No. of borrowers	122	Nil
2. Aggregate value (net of provisions) of accounts sold to SC/RC	535.61	
3. Aggregate consideration	493.12	
4. Additional consideration realized in respect of accounts transferred in earlier years	Nil	
5. Aggregate gain / (loss) over net book value.	(42.49)	

During FY 2019-20, sale through Security Receipts amounted to ₹ 355.40 crore and ₹ 180.21 crore on cash basis has been effected; the amount of gain or loss over net book value has been accounted for in profit and loss account.

5.16 Investments in Security Receipts

(₹ Crore)

Particulars	2019-20	2018-19
i. Backed by NPAs sold by the bank as underlying	620.89	422.72
ii. Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil	Nil
Total	**620.89**	**422.72**

5.17 Ageing of Investments held as Security Receipts

(₹ Crore)

Particulars	SRs issued					
	Within past 5 years		More than 5 years ago but within past 8 years		More than 8 years ago	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
1 Book value of SRs backed by NPAs sold by the bank as underlying	458.46	275.47	162.43	147.25	Nil	Nil
Provision held against (1)	15.00	9.94	120.28	89.01		
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	458.46	275.47	162.43	147.25		
Total provision held against above	15.00	9.94	120.28	89.01	Nil	Nil
Net Book Value	**443.46**	**265.53**	**42.15**	**58.24**	**Nil**	**Nil**

5.18 Details of Non Performing Financial Assets purchased from / sold to other banks

(₹ Crore)

Particulars	2019-20	2018-19
A. Details of non-performing financial assets purchased		
1. (a) No. of accounts purchased during the year (b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year (b) Aggregate outstanding		

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(₹ Crore)

Particulars	2019-20	2018-19
B. Details of non-performing financial assets sold		
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding		
3. Aggregate consideration received		

5.19 Overseas Asset, NPAs and Revenue

(₹ Crore)

Particulars	2019-20	2018-19
Total Assets	1,379.70	138.38
Total NPAs	Nil	Nil
Total Revenue	46.73	1.54

6 Exposures

6.1 Exposure to Real Estate Sector

(₹ Crore)

Category	2019-20	2018-19
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)	5,474.26	4,152.08
(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;	3,239.85	3,415.83
(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).	156.53	76.82
Total Exposure to Real Estate Sector	**8,870.64**	**7,644.73**

6.2 Exposure to Capital Market

(₹ Crore)

Particulars	2019-20	2018-19
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;	123.68	135.79
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;	0.55	1.32
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

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(₹ Crore)

Particulars	2019-20	2018-19
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;	40.91	72.37
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	Nil
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	**165.14**	**209.48**

6.3 Risk Category wise Country Exposure

(₹ Crore)

Risk Category	2019-20		2018-19	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	175.32		380.92	
Low	54.86		91.56	
Moderate	2.31		6.51	
High	0.79	Nil	1.06	Nil
Very High	Nil		1.17	
Restricted	Nil		Nil	
Off-credit	Nil		Nil	
Total	**233.28**	Nil	**481.22**	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

(₹ Crore)

SN	Sector	As on Mar. 31, 2020			As on Mar. 31, 2019		
		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	9,127.31	313.51	3.43	8,555.82	328.41	3.84
2	Industries eligible under priority sector	3,907.42	325.61	8.33	5,068.01	315.59	6.23

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(₹ Crore)

SN	Sector	As on Mar. 31, 2020			As on Mar. 31, 2019		
		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
3	Services	5,065.63	479.94	9.47	6,675.48	592.21	8.87
4	Personal Loans	2,779.33	69.58	2.50	922.74	60.60	6.57
	Subtotal (A)	**20,879.69**	**1,188.64**	**5.69**	**21,222.05**	**1,296.81**	**6.11**
B	**Non Priority Sector**						
1	Agriculture and allied activities	954.83	108.63	11.38	678.11	37.35	5.51
2	Industry	6,903.74	1,697.49	24.59	8,093.72	2,341.63	28.93
3	Services	11,689.36	1,099.55	9.41	11,702.77	681.82	5.83
4	Personal Loans	8,088.68	118.46	1.46	8,919.01	91.96	1.03
	Subtotal (B)	**27,636.61**	**3,024.13**	**10.94**	**29,393.61**	**3,152.76**	**10.73**
	Total (A+B)	**48,516.30**	**4,212.77**	**8.68**	**50,615.66**	**4,449.57**	**8.79**

The above data has been furnished by the management and have been relied upon by the auditors.

6.6 Unsecured Advances

(₹ Crore)

Particulars	As on	
	Mar. 31, 2020	Mar. 31, 2019
Total advances for which intangible securities such as charge over the rights, licenses, authorisations, etc. have been taken as securities	Nil	Nil

6.7 Information on concentration of business

(₹ Crore)

Particulars	2019-20	2018-19
a. Concentration of Deposits		
Total deposits of Twenty Largest Deposits	3,387.62	3,663.37
% of above to Total Deposits	5.73%	6.12%
b. Concentration of Advances		
Total Advances to Twenty Largest Borrowers	3,643.30	3,098.81
% of above to Total Advances	6.30%	6.12%
c. Concentration of Exposures		
Total Exposures to Twenty Largest Borrowers / Customers	4,260.29	4,177.59
% of above to Total Exposure	7.17%	7.38%
d. Concentration of NPAs		
Total Exposure to top four NPA Accounts	766.31	865.41

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 March 31, 2020 and March 31, 2019.

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6.9 Disclosures relating to Securitisation

The bank has not sponsored any SPVs for Securitization transactions.

(₹ Crore)

SN	Particulars	2019-20		2018-19	
		Number	Amount	Number	Amount
1	No. of SPVs sponsored by the Bank for securitization transactions				
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		Nil		Nil
	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				

6.10 Credit Default Swaps

The bank has not initiated any trade in Credit Default Swaps during FY 2019-20 and FY 2018-19.

6.11 Intra Group Exposures

The bank has no intra group exposures on March 31, 2020 and March 31, 2019.

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7. Provisions and Contingencies

Break-up of 'Provision and Contingencies' shown under the 'Expenditure' head in Profit & Loss Account

(₹ Crore)

Provision for	2019-20	2018-19
Standard Assets	1.76	(2.07)
Bad & Doubtful Debts *	1,356.17	1,317.73
Depreciation on Investments and Non Performing Investments	76.32	69.05
Specified accounts referred to NCLT	Nil	(12.34)
Interest sacrifice on Restructured Advances	Nil	(7.57)
Fraud other than advances	1.15	5.24
COVID-19 Relief Package	19.50	Nil
SDR, S4A etc.	Nil	(10.19)
MSME Dispensation & Restructured accounts, Food Credit	5.96	7.73
Unhedged Foreign Currency Exposure	0.05	(2.58)
Other Provisions	27.75	23.55
Income Tax	97.44	85.71
Deferred Tax (Net)	(60.28)	25.65
Total	**1,525.82**	**1,499.91**

** Includes provision related to fraud on advances amounting to ₹ 89.75 crore (PY ₹ 68.01 crore)*

7.1 Movement of Floating Provision/Counter Cyclical Buffer

(₹ Crore)

Particulars	2019-20	2018-19
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 Assets, Unhedged Foreign Currency Exposure, Food Credit

(₹ Crore)

Provisions for	2019-20	2018-19
1. Standard Assets	182.42	180.66
2. Unhedged Foreign Currency Exposure	5.41	5.36
3. Food Credit (Punjab State Government) *	6.80	7.01

** Provision @15% of outstanding food credit availed by Punjab State Government, vide 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

(₹ Crore)

Particulars	Deposits		Gross Advances		Gross Investments		Borrowings		Foreign Currency Assets		Foreign Currency Liabilities	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
1 day	145.39	127.93	1,025.03	1,247.39	1,932.70	1,263.56	142.22	219.03	29.52	519.97	94.91	559.93
2 to 7 days	1,243.41	1,002.67	833.21	449.46	292.14	286.09	Nil	209.52	106.41	171.60	1.43	34.91
8 to 14 days	827.80	628.83	513.50	675.59	183.33	331.59	Nil	Nil	134.76	49.89	1.19	0.51
15 to 30 days	1,063.45	784.15	1,793.32	1,394.47	475.72	407.19	Nil	Nil	47.62	103.90	5.50	2.92
31 days to 2 months	1,911.71	1,440.77	1,216.51	3,412.22	667.74	807.19	Nil	Nil	188.24	177.48	23.44	7.44
More than 2 months and up to 3 months	1,814.90	1,389.25	1,438.67	1,605.88	946.30	753.34	Nil	Nil	0.00	129.53	0.00	16.96
Over 3 months to 6 months	4,248.46	3,713.45	3,984.61	3,472.14	1,920.23	1,590.50	18.61	168.63	145.99	172.48	78.12	55.58
Over 6 months to 1 year	8,358.16	7,953.81	6,367.84	5,347.66	3,055.18	2,764.03	61.00	Nil	2.10	0.88	222.82	110.44
Over 1 year to 3 years	14,672.37	11,353.09	18,161.59	20,154.48	3,444.91	3,326.54	475.35	481.16	11.91	20.80	204.79	267.80
Over 3 years to 5 years	10,033.91	7,431.78	4,551.03	5,069.50	1,724.16	918.14	Nil	Nil	37.35	17.40	67.00	54.90
Over 5 years	14,755.52	24,042.23	8,630.99	7,786.88	1,432.83	2,661.74	487.00	487.00	21.23	2.13	0.72	0.00
Total	**59,075.08**	**59,867.96**	**48,516.30**	**50,615.67**	**16,075.24**	**15,109.91**	**1,184.18**	**1,565.34**	**725.13**	**1,366.06**	**699.92**	**1,111.39**

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 2019-20

(₹ Crore)

Particulars		Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019		Quarter ended March 31, 2019	
		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)		13,303.95		13,748.98		12,977.34		11,923.75		11,147.08
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	43,119.24	3,909.99	43,111.80	4,140.02	42,425.15	4,073.75	41,882.34	4,016.33	40,941.83	3,923.58
(i)	Stable deposits	8,038.76	401.94	3,423.15	171.16	3,375.23	168.76	3,437.89	171.89	3,412.03	170.60
(ii)	Less stable deposits	35,080.48	3,508.05	39,688.65	3,968.86	39,049.92	3,904.99	38,444.45	3,844.44	37,529.80	3,752.98
3	Unsecured wholesale funding, of which:	6,304.54	863.39	6,153.37	827.44	6,185.25	805.67	6,139.87	781.93	5,891.79	755.93
(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)	6,304.54	863.39	6,153.37	827.44	6,185.25	805.67	6,139.87	781.93	5,891.79	755.93
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

8.2 Liquidity Coverage Ratio (LCR) (Contd..)

(₹ Crore)

Particulars		Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019		Quarter ended March 31, 2019	
		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)
5	Additional requirements, of which	5,181.69	437.11	6,017.52	508.93	6,009.23	469.47	5,361.85	462.16	6,903.41	540.02
(i)	Outflows related to derivative exposures and other collateral requirements	17.61	17.61	19.31	19.31	39.22	39.22	95.51	95.51	65.39	65.39
(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	5,164.08	419.50	5,998.21	489.62	5,970.01	430.25	5,266.34	366.65	6,838.02	474.63
6	Other contractual funding obligations	36.81	36.81	18.76	18.76	22.85	22.85	58.85	58.85	33.32	33.32
7	Other contingent funding obligations	57.51	1.73	51.16	1.53	57.68	1.73	59.86	1.80	109.45	3.28
8	**Total Cash Outflows**		**5,249.03**		**5,496.68**		**5,373.47**		**5,321.07**		**5,256.13**
Cash inflows											
9	Secured lending (e.g. reverse repos)	387.96	0.00	209.67	0.00	310.77	0.00	354.24	0.00	293.87	0.00

(₹ Crore)

Particulars		Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019		Quarter ended March 31, 2019	
		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)
10	Inflows from fully performing exposures	1,046.37	821.55	1,210.04	985.09	1,448.87	1,110.04	2,216.48	1,908.71	1,135.60	782.90
11	Other cash inflows	22.54	22.54	24.67	24.67	47.66	47.66	98.72	98.72	71.94	71.94
12	**Total Cash Inflows**	**1,456.87**	**844.09**	**1,444.38**	**1,009.76**	**1,807.30**	**1,157.70**	**2,669.44**	**2,007.43**	**1,501.41**	**854.84**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**TOTAL HQLA**		**13,303.95**		**13,748.98**		**12,977.34**		**11,923.75**		**11,147.08**
14	**Total Net Cash Outflows (8-12)**		**4,404.94**		**4,486.92**		**4,215.77**		**3,313.64**		**4,401.29**
15	**Liquidity Coverage Ratio (%)**		**302.02%**		**306.42%**		**307.83%**		**359.84%**		**253.27%**

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 2018-19

(₹ 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

(₹ 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)
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

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 (contd..)

(₹ 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)
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

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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 2019-20 as against the regulatory minimum of 100%.

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, 2020.

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.

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 April 01, 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

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Principal Actuarial Assumptions

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019
Discount Rate (%)	6.86	7.78	6.81	7.79	6.86	7.78
Salary escalation rate (%)	5.00	5.50	5.00	5.50	5.00	5.50
Attrition rate (%)	*	0.50	0.50	0.50	*	0.50
Expected rate of return on Plan Assets (%)	6.86	7.78	6.81	7.79	-	-

**Attrition rate for FY 2019-20 - 0.50% for those under defined benefit pension option and 3.94% for others.*

Expenses recognized in Profit and Loss Account

(₹ Crore)

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019
Current Service Cost	11.90	10.26	16.59	14.46	3.54	0.84
Past Service Cost	-	-	-	-	-	-
Interest cost on benefit obligation	13.08	12.40	41.57	35.03	10.02	8.94
Expected return on plan assets	(13.08)	(13.30)	(41.57)	(40.93)	-	-
Net Actuarial (gain) / loss recognised in the year	23.55	0.60	117.11	108.97	(3.44)	9.42
Expenses recognised in the Profit and Loss Account	35.45	9.96	133.70	117.53	10.12	19.20

Changes in the present value of the defined benefit obligation

(₹ Crore)

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019
Present value of obligation at the beginning of the year	168.05	160.85	533.58	454.29	128.75	115.89
Current Service Cost	11.90	10.26	16.59	14.46	3.54	0.84
Past Service Cost	-	-	-	-	-	-
Interest Cost	13.08	12.40	41.57	35.03	10.02	8.94
Net actuarial (gain) / loss on obligation	23.87	(0.43)	114.39	92.50	(3.44)	9.42
Benefits Paid	(14.91)	(15.03)	(81.00)	(62.70)	(5.41)	(6.35)
Present value of the defined benefit obligation at the end of the year	201.99	168.05	625.13	533.58	133.46	128.74

Change in the fair value of plan assets

(₹ Crore)

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019
Fair value of plan assets at the beginning of the year	168.06	161.03	533.59	462.46	-	-
Expected Return on plan assets	13.08	13.30	41.57	40.93	-	-
Contribution by employer	35.47	9.79	134.91	109.37	5.41	6.35
Benefits Paid	(14.91)	(15.03)	(81.00)	(62.70)	(5.41)	(6.35)
Actuarial gain / (loss)	0.32	(1.03)	(2.71)	(16.47)	-	-
Fair value of plan assets at the end of the year	202.02	168.06	626.36	533.59	-	

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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.

Part A: Business segments

(₹ Crore)

SN	Particulars	2019-20 (Audited)	2018-19 (Audited)
	Segment Revenue		
	1. Treasury Operations	1,668.96	1,307.25
a	2. Corporate/Wholesale Banking Operations	1,505.47	1,653.86
	3. Retail Banking Operations	3,938.81	3,792.50
	4. Other Banking Operations	31.36	24.98
	Total	**7,144.60**	**6,778.59**
	Segment Results		
	1. Treasury Operations	578.25	345.90
b	2. Corporate/Wholesale Banking Operations	392.59	484.84
	3. Retail Banking Operations	1,025.77	1,098.55
	4. Other Banking Operations	27.60	22.19
	Total	**2,024.21**	**1,951.48**

SCHEDULES

(₹ Crore)

SN	Particulars	2019-20 (Audited)	2018-19 (Audited)
c	Unallocated Income/Expenses	263.36	240.69
d	**Operating Profit**	**1,760.85**	**1,710.79**
e	Income Taxes	37.16	111.37
f	Other Provisions	1,488.67	1,388.55
g	Exceptional Item	Nil	Nil
h	**Net Profit**	**235.02**	**210.87**
i	Other Information		
j	**Segment Assets**		
	1. Treasury Operations	17,386.69	15,604.18
	2. Corporate/Wholesale Banking Operations	12,130.77	13,598.70
	3. Retail Banking Operations	33,967.34	34,982.11
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Assets	4,793.37	5,155.12
	Total Segment Assets	**68,278.17**	**69,340.11**
k	**Segment Liabilities**		
	1. Treasury Operations	16,075.50	14,462.91
	2. Corporate/Wholesale Banking Operations	10,871.41	12,260.53
	3. Retail Banking Operations	30,436.27	31,542.55
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Liabilities	4,294,72	4,651.62
	Total (a)	**61,677.90**	**62,917.31**
l	**Capital Employed (Segment Assets-Segment Liabilities)**		
	1. Treasury Operations	1,311.19	1,141.27
	2. Corporate/Wholesale Banking Operations	1,259.36	1,338.17
	3. Retail Banking Operations	3,531.07	3,439.86
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Liabilities	498.65	503.50
	Total (b)	**6,600.27**	**6,422.80**
	Total Segment Liabilities (a+b)	**68,278.17**	**69,340.11**

Part B: Geographic segments
Geographical segment consists only of domestic segment, as 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. N.S. Srinath	Chairman	Honorarium	10,16,129
Shri. P.R. Seshadri	MD & CEO	Remuneration	1,44,85,073

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(₹ Crore)

Items/ Related Party	Parent (as per ownership or control		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
Mar. 31	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Deposit							2.46 (maximum during the year 3.11)	3.05 (maximum during the year 6.12)			2.46	3.05
Placement of deposits							Nil	Nil			Nil	Nil
Advances												
Investments												
Non-funded commitments												
Leasing/HP arrangements availed												
Leasing/HP arrangements provided												
Purchase of fixed assets												
Sale of fixed assets												
Interest paid							0.19	0.13			0.19	0.13
Interest received							Nil	Nil			Nil	Nil
Rendering of services												
Receiving of services												
Management contracts												

9.5 Earnings per Share (AS-20)

(₹ Crore)

SN	Particulars	2019-20	2018-19
1.	**Computation of Basic EPS (before and after Extraordinary items)**		
	1 Net Profit (₹ Crore)	235.02	210.87
	2 Weighted number of shares	79,93,19,945	79,93,10,947
	3 Basic EPS (A/B) (₹)	2.94	2.64
	4 Nominal Value per share (₹)	2.00	2.00
2.	**Computation of Diluted EPS (before and after Extraordinary items)**		
	1 Net Profit (₹ Crore)	235.02	210.87
	2 Weighted number of shares (including Potential Equity Shares)	79,93,19,945	79,93,19,500
	3 Diluted EPS (A/B) (₹)	2.94	2.64
	4 Nominal Value per share (₹)	2.00	2.00

Note – There are no extraordinary items recognised in the profit and loss account during FY 2019-20 and FY 2018-19; accordingly, EPS is disclosed as above.

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9.6 Accounting for Taxes on Income (AS-22)

The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendments) Ordinance, 2019. Accordingly, provision for Income Tax for the year ended March 31, 2020 as well as re-measurement of Deferred Tax Liability and Assets (DTL & DTA) have been made basis the rate prescribed in the aforesaid section. DTA of ₹ 45.95 crore has been recognised on provision for standard assets during the year ended March 31, 2020, which was hitherto not recognized by the Bank. Net Deferred Tax has been accounted as on March 31, 2020, and the major components of DTA and DTL are as under :

(₹ Crore)

Particulars	2019-20	2018-19
Deferred Tax Liabilities		
1. Depreciation on Fixed Asset	10.32	17.70
2. Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961	80.54	111.82
TOTAL	**90.86**	**129.52**
Deferred Tax Assets		
1. Provision for Standard Assets	45.95	Nil
2. Provision for Leave Encashment	33.59	44.99
3. Provision for Bad and Doubtful Debts	Nil	22.41
4. Others	29.11	19.63
TOTAL	**108.65**	**87.03**

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, 2020 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.

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.)

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10. ADDITIONAL DISCLOSURES

10.1 Status of Complaints

Particulars	2019-20	2018-19
a. Customer Complaints (including ATM transaction complaints)		
No. of complaints pending at the beginning of the year	42	39
No. of complaints received during the year #	91,861	59,110
No. of complaints redressed #	91,833	59,107
No. of complaints pending at the end of the year	70	42
# Includes ATM failed transactions complaints received and redressed - FY 2019-20 : 90,839 & FY 2018-19 : 58,414		
b. Awards passed by Banking Ombudsman		
1. No. of unimplemented awards at the beginning of the year		
2. No. of awards passed by Banking Ombudsman during the year	**Nil**	Nil
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 RBI guidelines and certain assumptions made by management and have been relied upon by auditors

10.2 Letter of Comfort (LOCs)

(₹ Crore)

Particulars	2019-20	2018-19
Letter of Comfort issued during the year	Nil	Nil
Outstanding Letter of Comfort as on 31st March		

10.3 Bancassurance Business

(₹ Crore)

SN	Fee/Remuneration from sale of	2019-20	2018-19
1	Life Insurance Products	17.86	16.48
2	Non-Life Insurance Products	6.76	6.04
3	Health Insurance Products	1.33	Nil
	Total	**25.95**	**22.52**

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.

(₹ Crore)

Particulars	2019-20	2018-19
Opening balance	112.10	98.56
Add : Amounts transferred during the year	18.05	15.84
Less : Amounts reimbursed towards claims paid	1.02	2.30
Closing balance	**129.13**	**112.10**

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10.5 Priority Sector Lending Certificates sold/purchased during the year

(₹ Crore)

Particulars	2019-20	2018-19
PSLC purchased during the year		
1. Agriculture		Nil
2. SF/MF		300.00
3. Micro Finance	Nil	Nil
4. General		Nil
Total		**300.00**
PSLC sold during the year		
1. Agriculture		Nil
2. SF/MF		500.00
3. Micro Finance	Nil	200.00
4. General		1,300.00
Total		**2,000.00**

10.6 Provision towards frauds

(₹ Crore)

SN	Particulars	2019-20	2018-19
A	Number of frauds reported during the year	42	51
B	Amount involved	495.28	86.48
C	Amount recovered / adjusted	8.83	11.74
D	Amount of interest reversal on NPA	21.17	1.49
E	Balance outstanding as on March 31, 2020	465.28	73.25
F	Provisions held in respect of item 'E' above	465.28	73.25
G	Quantum of un amortised provision, if any, debited to 'Other Reserves' at the end of the year	Nil	Nil

10.7 Disclosures on Remuneration

Qualitative Disclosure

a) **Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC)**

The 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 NRC 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

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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 a 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 cost to Company (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.

RBI in tune with the FSB Principles and Implementation Standards for Sound Compensation Practices has issued revised guidelines on Compensation of Whole Time Directors/ Chief Executive Officers /Material Risk Takers vide circular No. DOR. Appt. BC. No. 23/29.67.001/2019- 20 dated November 4, 2019 superseding the earlier circular issued on compensation guidelines. Bank has Board approved revised Policy in line with the said guidelines and the same will be applicable for pay cycles beginning from/after April 01, 2020.

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

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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 a 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, 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.

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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	2019-20	2018-19
a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	6 Meetings and remuneration of ₹ 5.00 lakh	5 Meetings and remuneration of ₹ 3.80 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		

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. No option was exercised during the year. A sum of ₹ 0.20 crore has been provided as Employee Compensation Cost being the proportionate accounting value in respect of stock option during the year 2019-20 (₹ 0.29 crore during FY 2018-19).

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, 2020 has been transferred without any delay.

10.10 The Bank has deposited an amount of ₹ 369.61 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 Corporate Social Responsibility (CSR)

The bank has incurred an expenditure of Rs.3.72 crore towards CSR and has also provided ₹ 7.66 crore during the year after carrying out the process of identifying various projects and its appropriateness for spending / coverage under CSR (Previous year ₹ 13.39 crore).

10.12 Inter-branch transactions

Inter Branch/Office accounts reconciliation has been completed upto March 31, 2020 and all the

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inter branch entries have been reconciled upto March 31, 2020.

10.13 Balancing of books

The books of accounts have been balanced and tallied in all branches of the Bank as on March 31, 2020.

10.14 Disclosure of penalties imposed by RBI

During the year, and amount of Rs.3,97,950/- has been charged as penalty by RBI, emanating out of deficiencies found while processing the currency notes remitted by the Bank.

10.15 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 :

RBI has deferred the implementation of IndAS by Banks in India, till further instructions. Bank has continued to adhere with the guidelines given by RBI and accordingly, proforma IndAS statements of the Bank has been submitted on quarterly basis, as advised by RBI, during the year 2019-20. The Steering Committee for implementation of IndAS in the Bank met periodically, and continued the engagement of the consultant to assist in the preparation of proforma IndAS financial statements as well as evaluation of process changes required for implementation of IndAS during the year 2019-20 also. Evaluation of IndAS solution offered by some vendors have been undertaken, to undertake implementation of IndAS in the Bank, including measurement, accounting, reporting and other related data to be prepared by the Bank for this purpose. It is proposed to continue with these activities during FY 2020-21 also.

11. Figures of the previous year have been regrouped/ rearranged/reclassified wherever necessary

N. S. Srinath
Chairman
Place : Bengaluru

A. K. Praburaj
Director
Place : Karur

Dr. K. S. Ravichandran
Director
Place: Coimbatore

J. Natarajan
President & COO
Place : Karur

Dr. V. G. Mohan Prasad
Director
Place: Coimbatore

CA K. L. Vijayalakshmi
Director
Place: Coimbatore

R. Ramkumar
Director
Place: Karur

T. Sivarama Prasad
General Manager & CFO
Place : Karur

M. K. Venkatesan
Director
Place: Karur

M. V. Srinivasamoorthi
Director
Place : Karur

K. G. Mohan
Additional Director
Place : Bengaluru

Srinivasa Rao M.
Asst. Gen.Manager &
Company Secretary
Place : Karur

Date : June 24, 2020

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
Place: Kochi

CASH FLOW STATEMENT

for the year ended March 31, 2020

(₹ 000's omitted)

Particulars	Year ended 31-03-2020 (Audited)	Year ended 31-03-2019 (Audited)
Cash flow from/(used in) operating activities		
Net Profit as per Profit and Loss account	**2350247**	**2108674**
Adjustments for		
Depreciation on Bank's property	1188816	1012166
Interest paid on TIER II bonds	653686	179788
Provisions for other contingencies	524691	38355
Provision for taxes	371633	1113688
Provision for depreciation on investment	402150	173541
Provision for standard assets	37028	(20759)
Provision for bad and doubtful debts	13561702	13177356
Provision for non performing investments	361035	516963
Provision for leave encashment	101100	192100
Amortization of premium paid on Held to Maturity (HTM) investments	670811	439335
Provision for employees stock option plan / scheme	2008	2888
(Profit) /Loss on sale of fixed assets (net)	124566	(12538)
Operating profit before working capital changes	**20349473**	**18921557**
Adjustments for working capital changes		
(Increase) / Decrease in investments (excluding HTM investments)	3753654	1045299
(Increase) / Decrease in advances	11222351	(50908335)
(Increase) / Decrease in other assets	1818152	(83836)
Increase / (Decrease) in deposits	(7928732)	29778613
Increase / (Decrease) in borrowings	(2311641)	(13156469)
Increase / (Decrease) in other liabilities and provisions	(665059)	646623
	5888725	**(32678105)**
Direct taxes paid	(1200000)	(2000000)
Net cash flow from / (used in) operating activities	**25038198**	**(15756548)**
Cash flow from investing activities		
Purchase of fixed assets	(1225327)	(1560110)
(Increase)/Decrease in HTM investments	(13996254)	7041086
Sale of fixed assets / other assets	(124566)	12538
Net cash flow from / (used in) investing activities	**(15346147)**	**5493514**
Cash flow from financing activities		
Proceeds from issue of share capital	20	15
Proceeds from share premium	603	203
Increase/(Decrease) in tier II bonds	(1500000)	4870000
Interest paid on tier II bonds	(653686)	(179788)
Dividend paid (including tax on dividend)	(583918)	(549132)
Net cash flow from /(used in) financing activities	**(2736981)**	**4141298**

CASH FLOW STATEMENT

for the year ended March 31, 2020

(₹ 000's omitted)

Particulars	Year ended 31-03-2020 (Audited)	Year ended 31-03-2019 (Audited)
Net Increase/(Decrease) in cash & cash equivalents	**6955070**	**(6121736)**
Cash and cash equivalents at the beginning of the year	**36970455**	**43092191**
Cash and cash equivalents at the end of the year	**43925525**	**36970455**

The above Cash Flow Statement is based on indirect method

N. S. Srinath
Chairman
Place : Bengaluru

Dr. V. G. Mohan Prasad
Director
Place: Coimbatore

M. K. Venkatesan
Director
Place: Karur

A. K. Praburaj
Director
Place : Karur

CA K. L. Vijayalakshmi
Director
Place: Coimbatore

M. V. Srinivasamoorthi
Director
Place : Karur

Dr. K. S. Ravichandran
Director
Place: Coimbatore

R. Ramkumar
Director
Place: Karur

K. G. Mohan
Additional Director
Place : Bengaluru

J. Natarajan
President & COO
Place : Karur

T. Sivarama Prasad
General Manager & CFO
Place : Karur

Srinivasa Rao M.
Asst. Gen.Manager &
Company Secretary
Place : Karur

Date : June 24, 2020

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
Place: Kochi

BASEL PILLAR III DISCLOSURES

BASEL PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (March 31, 2020)

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 March 31, 2020, the Bank does not have any subsidiaries.

2. CAPITAL ADEQUACY AND CAPITAL STRUCTURE (DF 2)

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 also required to maintain CCB of 1.875% and to achieve a level of 2.50% by September 30, 2020, as per extant RBI guidelines.

Capital funds are classified into Tier-I and Tier-II capital under the capital adequacy framework.

Tier-I Capital:

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 requiring 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 September 30, 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

Bank has an authorized share capital of ₹ 200 crore comprising of 100,00,00,000 equity shares of ₹ 2/- each. As on March 31, 2020 the Bank has Issued, Subscribed and Paid-up capital of ₹ 1600 million constituting 79,93,20,719 shares of ₹ 2/- each.

Tier II Capital:

Bank's Tier II capital includes provisions for standard assets and debt capital instruments (Tier II bonds) and other reserves 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 bonds

Details of subordinated debt instruments issued by the Bank and outstanding as on March 31, 2020 are as under:

(₹ million)

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenor (in Months)	Amount as on 31.03.2020
1	March 12, 2019	11.95	123	4,870.00

Composition of Capital – Tier I and Tier II:

(₹ million)

1.	Tier I capital	
1.1	Paid-up share capital	1,599
1.2	Reserves	63,123
1.3	**Gross Tier I capital (1.1 + 1.2)**	**64,722**
1.4	Deductions	679
1.5	**Total Tier I capital (1.3 - 1.4)**	**64,043**
2.	Tier II capital	
2.1	Subordinated Debt	4,870
2.2	General Provisions and Revaluation Reserves	1,824
2.3	Investment Reserve & Investment Fluctuation Reserves	1,281
2.4	**Gross Tier II capital (2.1 + 2.2 + 2.3)**	**7,975**
2.5	Deductions	-
2.6	**Total Tier II capital (2.4 - 2.5)**	**7,975**
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	-
3.3	Amount eligible to be reckoned as capital funds	4,870
4.	Subordinated debt eligible for inclusion in 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)**	**72,018**

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 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 March 31, 2020. 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 as on March 31, 2020.

2.2 Capital Adequacy as on March 31, 2020

The total Capital to Risk Weighted Assets Ratio (CRAR) as per Basel III guidelines works to 17.17% as on March 31, 2020 (as against minimum regulatory requirement of 10.875%). The Tier I CRAR stands at 15.27%. 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:

	(₹ million)
1. Capital requirement for Credit Risk	
-Portfolio subject to Standardized Approach	**37,113**
-Securitization exposures	
2. Capital requirement for Market Risk	
Standardized Duration Approach	**2,267**
• Interest Rate Risk	867
• Foreign Exchange Risk (Including gold)	49
• Equity Risk	1,351
3. Capital requirement for Operational Risk	
Basic Indicator Approach	**6,238**
Total capital requirements at 10.875% (1 + 2 + 3)	**45,618**
Total capital	**72,018**
CRAR %	17.17%
Tier-I CRAR %	15.27%
CET 1 %	15.27%

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 RMC of the Board set up to focus upon risk management issues. The RMC 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 RMC of the Board.

3.1 Risk Management Committee of the Board:

The RMC 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.

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.N.	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

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.
- 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:

(₹ million)

Category Domestic	Amount
Fund based	564,952
Non fund based	37,953
Total	**602,905**

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:

(₹ million)

STATE	FUND BASED	STATE	FUND BASED
ANDHRA PRADESH	68,634	CHANDIGARH	560
BIHAR	38	DELHI	13,452
CHHATTISGARH	177	GUJARAT	13,960
GOA	326	JHARKHAND	200
HARYANA	3,756	KERALA	8,912
KARNATAKA	32,790	MAHARASHTRA	40,326
MADHYA PRADESH	797	PONDICHERRY	4,082
ORISSA	1,411	RAJASTHAN	286
PUNJAB	1,078	TELANGANA	39,518
TAMIL NADU	242,622	UTTARAKHAND	80
UTTAR PRADESH	2,554		
WEST BENGAL	9,604	**TOTAL**	**485,163**

4.4 Industry wise distribution of exposures

(₹ million)

Industry	Fund Based	Non-Fund Based
MINING & QUARRYING	2,433	430
FOOD PROCESSING	3,657	2,012
BEVERAGES & TOBACCO	1,827	21
TEXTILES	42,516	1,369
LEATHER AND LEATHER PRODUCTS	502	8
WOOD AND WOOD PRODUCTS	4,406	2,417
PAPER AND PAPER PRODUCTS	4,445	401
PETROLEUM	326	5
CHEMICALS AND CHEMICAL PRODUCTS	4,738	241
RUBBER, PLASTIC AND THEIR PRODUCTS	5,735	269
GLASS & GLASSWARE	449	8
CEMENT & CEMENT PRODUCTS	2,574	140
BASIC METAL AND METAL PRODUCTS	9,026	1,528
ALL ENGINEERING	5,079	1,306
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIPMENT	4,606	114
GEMS AND JEWELLERY	7,636	2,977
CONSTRUCTION	4,063	3,495
INFRASTRUCTURE	19,261	4,222
OTHER INDUSTRIES	4,171	260
OTHERS	384,376	16,730
TOTAL	**511,826**	**37,953**

4.5 Exposure to Industries in excess of 5% of total exposure

(₹ million)

Industry	Fund based Facilities	Non-Fund based Facilities
TEXTILES	42,516	1,369
Total	**42,516**	**1,369**

4.6 Residual contractual maturity breakdown of assets*

(₹ million)

	Cash	Bal. with RBI	Bal. with other banks	Investments	Advances (Performing)	Gross NPA + NPI	Fixed Assets	Other Assets	Total
Day 1	7,766	462	321	19,327	10,250	-	-	5,338	43,464
2-7 Days	-	448	905	5,521	8,332	-	-	285	15,491
8-14 Days	-	289	1,093	1,833	5,135	-	-	285	8,635
15-30 Days	-	793	2,162	4,757	17,933	-	-	-	25,645
31 Days & upto 2 Months	-	1,109	8,361	6,677	12,165	-	-	-	28,312
Over 2 Months & upto 3 Months	-	1,054	1,095	9,463	14,387	-	-	-	25,999
Over 3 Months & upto 6 Months	-	2,406	-	19,202	39,846	-	-	-	61,454
Over 6 Months & upto 1 Year	-	3,994	-	30,552	63,678	-	-	-	98,224
Over 1 Year & upto 3 years	-	4,882	36	34,449	181,616	-	-	-	220,983

(₹ million)

	Cash	Bal. with RBI	Bal. with other banks	Investments	Advances (Performing)	Gross NPA + NPI	Fixed Assets	Other Assets	Total
Over 3 Years & upto 5 years	-	2,162	-	17,242	32,108	13,402	-	-	64,914
Over 5 Years	-	1,962	-	12,713	57,585	30,111	5,866	8,477	116,714
Total	**7,766**	**19,561**	**13,973**	**161,736**	**443,035**	**43,513**	**5,866**	**14,385**	

** As per ALM Guidelines*

4.7 Non Performing Advances and Provisions

(₹ million)

Particulars		Amount
a) Gross NPA		
i. Substandard		13,402
ii. Doubtful 1		6,275
iii. Doubtful 2		12,148
iv. Doubtful 3		4,360
v. Loss		5,943
Total		**42,128**
b) Net NPA		18,087
c) NPA Ratios		
i. Gross NPAs to Gross Advances (%)		8.68
ii. Net NPAs to Net Advances (%)		3.92
d) Movement of NPA (Gross)		
i. Opening balance April 01, 2019		44,496
ii. Additions during the year		16,023
iii. Reductions during the year		18,391
iv. Closing balance March 31, 2020		42,128
e) Movement of provisions for NPA	Specific Provision	General Provision
i. Opening balance as on April 01, 2019	19,612	-
ii. Provision made during the year	15,112	-
iii. Write-off / write-back of excess provisions	11,218	-
iv. Closing balance March 31, 2020	23,506	-
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		91
g) Amount of Non-Performing Investments		1,386
h) Amount of provisions held for non-performing investments		1,380
i) Movement of depreciation on investments		
i. Opening balance as on April 01, 2019		1,531
ii. Add - Provision made during the year		435
iii. Less - Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities)		244
iv. Closing balance as on March 31, 2020		**1,722**

Shifting loss booked during annual shifting from AFS to HTM

4.7.1 Major Industry break up of NPA

(₹ million)

Industry	Gross NPA	Specific Provision	Write Off during the current period
MINING & QUARRYING	4	3	-
FOOD PROCESSING	490	84	3,017
BEVERAGES & TOBACCO (EXCLUDING TEA & COFFEE)	74	48	57
TEXTILES	1,609	694	399
LEATHER AND LEATHER PRODUCTS	86	46	-
WOOD AND WOOD PRODUCTS	1,033	249	93
PAPER AND PAPER PRODUCTS	311	76	-
PETROLEUM	36	9	-
CHEMICALS AND CHEMICAL PRODUCTS	716	203	1
RUBBER, PLASTIC AND THEIR PRODUCTS	2,457	2,408	-
CEMENT & CEMENT PRODUCTS	1,404	513	-
BASIC METAL AND METAL PRODUCTS	1,630	763	107
ALL ENGINEERING	293	182	-
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	3,249	3,108	-
GEMS AND JEWELLERY	208	38	-
CONSTRUCTION	112	51	7
INFRASTRUCTURE	6,401	4,732	2,313
OTHER INDUSTRIES	118	57	33
TOTAL	**20,231**	**13,264**	**6,027**

4.7.2 Geography wise distribution of NPA and Provision

(₹ million)

Geography	Gross NPA	Specific Provision
Domestic	42,128	23,506
Overseas	-	-
Total	**42,128**	**23,506**

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 March 31, 2020 are as follows:

(₹ million)

S.N.	Risk Weight	Fund Based	Non Fund Based
1	Below 100%	369,694	11,343
2	100%	124,152	10,554
3	More than 100%	47,175	5,679
	Total (1 + 2 + 3)	**541,021**	**27,576**

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 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 CRA 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 CRA 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 CRA; 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' category, are eligible for classification under respective categories of priority sector lending (PSL) depending on the underlying assets.

As on March 31, 2020 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

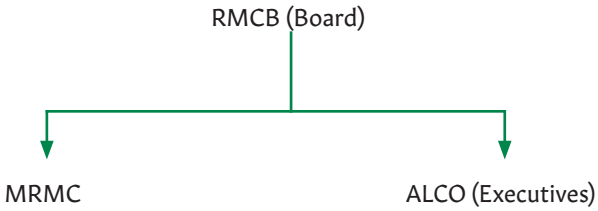
Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign 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:

(₹ million)

SN	Risk Category	Capital Charge
1	Interest Rate Risk	867
2	Foreign Exchange Risk (Including gold)	49
3	Equity Risk	1,351
	Capital requirement for Market Risk (1 + 2 + 3)	**2,267**

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 BIA as on March 31, 2020 is ₹ 6,238 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. IRRBB 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 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 IRRBB, 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.

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 EaR 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.

(₹ million)

Currency = INR (*)	100 bps	200 bps
Impact on NII	137	273
Impact on economic value of equity	365	729

** 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:

(₹ million)

	Notional Amount	Gross positive fair value of the contracts	Potential Future Exposure	Total Credit Exposure
Forward contracts	36,798	36,914	738	37,652

12. COMPOSITION OF CAPITAL (DF 11)

(₹ million)

Common Equity Tier 1 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)	42,452
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 Tier 1 capital before regulatory adjustments**	**64,722**
Common Equity Tier 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles (net of related tax liability)	672
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)	-

(₹ million)

17	Reciprocal cross-holdings in common equity	7
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	-
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 Tier 1 and Tier 2 to cover deductions	-
28	**Total regulatory adjustments to Common Equity Tier 1**	679
29	**Common Equity Tier 1 capital (CET1)**	64,043
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	31,35,36 42
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 Tier 1 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 Tier 1 capital before regulatory adjustments**	-
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 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 Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	**Total regulatory adjustments to Additional Tier 1 capital**	**-**
44	**Additional Tier 1 capital (AT1)**	**-**

(₹ million)

44a	**Additional Tier 1 capital reckoned for capital adequacy**	**-**
45	**Tier 1 capital(T1=CET1+Admissible AT1)(29+44a)**	**64,043**
Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	Directly issued qualifying Tier 2 instruments subject to phase out	4,870
48	Tier 2 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 Tier 2)	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Other Reserves and Provisions	3,105
51	**Tier 2 capital before regulatory adjustments**	**7,975**
Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross- holdings in Tier 2 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 Tier 2 capital of unconsolidated insurance subsidiaries	-
56b	of which: Short fall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-
57	**Total regulatory adjustments to Tier 2 capital**	**-**
58	**Tier 2 capital (T2)**	**7,975**
58a	**Tier 2 capital reckoned for capital adequacy**	**7,975**
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	**-**
58c	**Total Tier 2 capital admissible for capital adequacy (58a+58b)**	**7,975**
59	**Total capital (TC=T1+Admissible T2) (45+58c)**	**72,018**
60	**Total risk weighted assets (60a+60b+60c)**	**419,477**
60a	**of which: total credit risk weighted assets**	**341,265**
60b	**of which: total market risk weighted assets**	**20,850**
60c	**of which: total operational risk weighted assets**	**57,362**
Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	**15.27%**
62	**Tier 1 (as a percentage of risk weighted assets)**	**15.27%**
63	**Total capital (as a percentage of risk weighted assets)**	**17.17%**
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 Tier 1 available to meet buffers (as a percentage of risk weighted assets)**	**7.895%**
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	7.375%
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7%
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	-

(₹ million)

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 Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,824
77	Cap on inclusion of provisions in Tier 2 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 in Tier 2 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)	-

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)	INE036D08015
3	Governing law(s) of the instrument	Indian Laws
4	Transitional Basel III rules	Not Applicable
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Subordinated Tier II – Debt Instruments
8	Amount recognized in regulatory capital (₹ in million), as of most recent reporting date.	4,870
9	Par value of instrument (₹ in million)	0.1
10	Accounting classification	Liability – other borrowings
11	Original date of issuance	March 12, 2019
12	Perpetual or dated	Dated
13	Original maturity date	June 12, 2029
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	March 12, 2024; redemption at par
16	Subsequent call dates, if applicable	On every anniversary after March 12, 2024
17	Coupons / dividends	Coupon
18	Fixed or floating dividend/coupon	Fixed
19	Coupon rate and any related index	11.95% p.a.
20	Existence of a dividend stopper	No
21	Fully discretionary, partially discretionary or Mandatory	Fully discretionary
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Non-Cumulative

SN	Particulars	Tier II bonds
24	Convertible or Non-convertible	Non-Convertible
25	If convertible, conversion trigger(s)	NA
26	If convertible, fully or partially	NA
27	If convertible, conversion rate	NA
28	If convertible, mandatory or optional conversion	NA
29	If convertible, specify instrument type convertible into	NA
30	If convertible, specify issuer of instrument it converts into	NA
31	Write-down feature	Yes
32	If write-down, write-down trigger(s)	Point of non-viability trigger
33	If write-down, full or partial	Full
34	If write-down, permanent or temporary	Permanent
35	If temporary write-down, description of write-up mechanism	NA
36	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other creditors
37	Non-compliant transitioned features	NA
38	If yes, specify non-compliant features	NA

14. FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS (DF-14)

Instrument	Terms & Conditions	
Unsecured Redeemable Non-Convertible Tier II Bonds – INE036D08015	Issue size	₹ 4870 million
	Face Value	₹ 0.1 million per bond
	Date of Allotment	March 12, 2019
	Maturity	June 12, 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, 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:

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 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 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.

b) **Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:**

The Bank has a 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.

RBI in tune with the FSB Principles and Implementation Standards for Sound Compensation Practices has issued revised guidelines on Compensation of Whole Time Directors/ Chief Executive Officers /Material Risk Takers vide circular No. DOR. Appt. BC. No. 23/29.67.001/2019- 20 dated November 4, 2019 superseding the earlier circular issued on compensation guidelines. Bank has a Board approved policy in line with the said guidelines and the same will be applicable for pay cycles beginning from/after April 01, 2020.

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 recognizes 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 business 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, 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 on Remuneration (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers):

Particulars	2019-20	2018-19
a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	6 Meeting and remuneration of ₹ 5.00 lakh	5 Meeting and remuneration of ₹ 3.80 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 expost 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)

(₹ million)

	Item	Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	682,782
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	679
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**682,103**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	23
5	Add-on amounts for PFE associated with all derivatives transactions	230
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)**	**253**
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	-
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	126,353
18	(Adjustments for conversion to credit equivalent amounts)	92,850
19	**Off-balance sheet items (sum of lines 17 and 18)**	**33,503**

(₹ million)

	Item	Leverage ratio framework
Capital and total exposures		
20	**Tier 1 capital**	**64,043**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**715,859**
Leverage ratio		
22	**Basel III leverage ratio**	**8.95%**

17. LIQUIDITY COVERAGE RATIO

(₹ million)

	Particulars	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		133,040
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	431,193	39,100
	(i) Stable deposits	80,388	4,019
	(ii) Less: stable deposits	350,805	35,081
3	Unsecured wholesale funding, of which:	63,045	8,634
	(i) Operational deposits (all counterparties)	-	-
	(ii) Non-operational deposits (all counterparties)	63,045	8,634
	(iii) Unsecured debt	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	51,817	4,371
	(i) Outflows related to derivative exposures and other collateral requirements	176	176
	(ii) Outflows related to loss of funding on debt products	-	-
	(iii) Credit and liquidity facilities	51,641	4,195
6	Other contractual funding obligations	368	368
7	Other contingent funding obligations	575	17
8	**Total Cash Outflows**		52,490
Cash Inflows			
9	Secured lending (e.g. reverse repos)	3,880	-
10	Inflows from fully performing exposures	10,464	8,216
11	Other cash inflows	225	225
12	**Total Cash Inflows**	14,569	8,441
			Total Adjusted Value
13	**TOTAL HQLA**		133,040
14	**Total Net Cash Outflows**		44,049
15	**Liquidity Coverage Ratio (%)**		302.02%

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 st floor, Priya Towers, NGOs Colony, K.T.Road, Near Anna Rao Circle, Tirupathi - 517501
VILLUPURAM	D.No.15, I st floor, G.V.Farms Building, Mampazhapattu Road, Villupuram - 605602

OTHER OFFICES

DATA CENTRE	6th Floor D North Block, Tidel Park, Taramani, Chennai-600113
DISASTER RECOVERY SITE	V Floor, Unit - 3, Block-I, Cyber Pearl, Hi-Tech City, Madhapur, Hyderabad - 500 081
ATM CELL	338/1 , Uffizi Complex - Basement, Avinashi road, Peelamedu, Coimbatore-641004

NETWORK OF BRANCHES

OTHER OFFICES	
DEMAT CELL	No.1, Padmavathiyar Road , 4th Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CENTRALISED OPERATIONS CENTRE	Block D, 3rd Floor, Hanudev InfoPark, Udayampalayam Road, Nava India, Coimbatore - 641 028.
CENTRALISED FOREX PROCESSING CELL	Unit No.156/4 2nd Floor,Jeevan Anand Building ,No.556 Anna Salai, Teynampet, Chennai- 600018
CHENNAI TAX CELL	No.1 Padmavathiyar Road, 2nd Floor, Off Peters Road, Gopalapuram,Chennai - 600086
DELHI CPC	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
TRANSACTION BANKING GROUP	No.1 Padmavathiar Road, 2nd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CHENNAI - CHANNEL RECONCILIATION CELL	No.1, Padmavathiyar Road, 3rd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CHENNAI D.T.P.C.	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
CALL CENTRE - CHENNAI	First floor, A - North Block, Tidel Park, Taramani, Chennai - 600 113.
INFORMATION SECURITY GROUP	Elenet Software City, Ground Floor Module G3, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
EXPENSES MANAGEMENT CELL	KVB Towers, 3rd Floor, 568 Anna Salai, Teynampet, Chennai-600018

CENTRAL CLEARING OFFICES	CURRENCY CHEST
CHENNAI	CHENNAI
DELHI	KARUR
MUMBAI	MADURAI
	VIJAYAWADA
	BANGALORE
	COIMBATORE
	HYDERABAD

NETWORK OF BRANCHES

ANDHRA PRADESH

ANANTAPUR

ANANTAPUR
DHARMAVARAM
HINDUPUR
GUNTAKAL
KADIRI
TADIPATRI
GORANTLA

CHITTOOR

CHITTOOR
NAGARI
SRIKALAHASTI
PUTTUR
TIRUPATHI - MAIN
RALLABUDUGURU
TIRUPATHI - KHADI COLONY
KUPPAM
MADANAPALLE
MURAKAMBATTU
TIRUPATHI M.R.PALLI
BUSINESS BANKING UNIT - TIRUPATHI

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
GUNTUR - PATTABHIPURAM

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
BUSINESS BANKING UNIT - VIJAYAWADA
CORPORATE BUSINESS UNIT - VIJAYAWADA

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
BUSINESS BANKING UNIT - VISAKHAPATNAM

VIZIANAGARAM

VIZIANAGARAM
SALUR
PARVATHIPURAM
GAJAPATHINAGARAM
BOBBILI
G. AGRAHARAM

WEST GODAVARI

PALAKOL
TADEPALLIGUDEM
NIDADAVOLU
JANGAREDDYGUDEM
BHIMAVARAM
ELURU
TANUKU
NARASAPUR
AKIVIDU
CHINAAMIRAM

BIHAR

PATNA

PATNA

NETWORK OF BRANCHES

CHANDIGARH - UT

CHANDIGARH

CHANDIGARH

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 AREA
AHMEDABAD - SANAND
AHMEDABAD - NARODA
AHMEDABAD - SHAHIBAUG
BUSINESS BANKING UNIT - AHMEDABAD
CORPORATE BUSINESS UNIT - AHMEDABAD

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
BUSINESS BANKING UNIT - BANGALORE
PRECIOUS METALS DIVISION

NETWORK OF BRANCHES

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

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

AMARAVATI
AMARAVATI

AURANGABAD
AURANGABAD

KOLHAPUR
ICHALKARANJI
KOLHAPUR

MUMBAI
MUMBAI - FORT
MUMBAI - PRABHADEVI
MUMBAI - KALBADEVI
MUMBAI - MATUNGA
BUSINESS BANKING UNIT - MUMBAI
MUMBAI - BORIVALI
MUMBAI - CHEMBUR
MUMBAI - MULUND
MUMBAI - ANDHERI
MUMBAI - GHATKOPAR
MUMBAI - KANDIVALI

NETWORK OF BRANCHES

CORPORATE BUSINESS UNIT - MUMBAI
ASSET RECOVERY BRANCH - MUMBAI
NEO

NANDED

NANDED

NAGPUR

NAGPUR

NASIK

NASIK

PUNE

PUNE

SOLAPUR

SOLAPUR

THANE

MUMBAI - VASHI
MUMBAI - ICL SCHOOL
MUMBAI - THANE (W)
MUMBAI - NERUL
BHIWANDI
DOMBIVALI

ORISSA

CUTTACK

CUTTACK

GANJAM

BERHAMPUR
ASKA

KHURDA

BHUBANESHWAR

SUNDERGARH

RAURKELA

PONDICHERRY - UT

PONDICHERRY

PONDICHERRY
PONDICHERRY-LAWSPET
VILLIANUR
PILLAYARKUPPAM
REDDIYARPALAYAM

KARAIKAL

KARAIKAL

YANAM

YANAM

PUNJAB

AMRITSAR

AMRITSAR

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
BUSINESS BANKING UNIT - 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

NETWORK OF BRANCHES

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
BUSINESS BANKING UNIT - 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
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
BUSINESS BANKING UNIT - TAMBARAM

KANYAKUMARI

NAGERCOIL
MARTHANDAM
PANCHALINGAPURAM

KARUR

KARUR - MAIN
KULITHALAI
KARUR -CENTRAL
KARUR - WEST
VEERARAKKIYAM
GANDHIGRAMAM
VENGAMEDU
ARAVAKURICHI
THANTHONIMALAI
PADIRIPATTI
BUSINESS BANKING UNIT - KARUR

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

NETWORK OF BRANCHES

MADURAI - K.PUDUR
MADURAI - VILLAPURAM
MADURAI-THIRUMANGALAM
MADURAI - BIBIKULAM
MADURAI KOSAKULAM
MADURAI - MATTUTHAVANI
AYYANKOTTAI
ASSET RECOVERY BRANCH - MADURAI
BUSINESS BANKING UNIT - MADURAI
CORPORATE BUSINESS UNIT - 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
METTUR DAM R.S.
SHEVAPET
ATTUR
KARUPPUR
KARIPATTI
ALAGAPURAM
ILAMPILLAI
JALAKANDAPURAM
GUGAI
AYOTHIAPATTINAM
THAMMAMPATTI
SANKAGIRI (SANKARI)
DEVIYAKURICHI
OMALUR
VAZHAPADI
SALEM - KONDALAMPATTI
PANJAKALIPATTI
BUSINESS BANKING UNIT - SALEM

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

NETWORK OF BRANCHES

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
BUSINESS BANKING UNIT - TRICHY

TUTICORIN

TUTICORIN
KOVILPATTI
SEYDUNGANALLUR
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
BUSINESS BANKING UNIT - VILLUPURAM

VIRUDHUNAGAR

VIRUDHUNAGAR
RAJAPALAYAM
SIVAKASI
ARUPPUKKOTTAI
SRIVILLIPUTHUR
NAKKENERI
S.N.PURAM

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
BUSINESS BANKING UNIT - HYDERABAD

KARIMNAGAR

KARIMNAGAR
JAMMIKUNTA

NIRMAL

BHAINSA

KHAMMAM

KHAMMAM

MAHABUBNAGAR

MAHBUBNAGAR
JADCHERLA

NETWORK OF BRANCHES

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

SURYAPET

KODAD

YADADRI

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

PRINCIPAL CORRESPONDENT BANKS

OUR SWIFT CODE KVBLINBBIND
CHIPS UID: 154137

Name of the Bank and address

USD

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

EURO

Commerz Bank AG
Theodor-Heuss-Allee 50
60489 Frankfurt AM Main
Germany
Ac. No. 400875119000EUR
SWIFT: COBADEFF

JPY

Standard Chartered Bank
30-16, Ogikubo 4-chome,
Suginami-ku
Tokyo 167-8530, Japan
Ac.No. 0219600 - 1110
SWIFT: SCBLJPJT

GBP

Standard Chartered Bank
1 Alderman bury Square
London EC2V 7SB
United Kingdom
Ac.No. GBP 01 265520901
SWIFT: SCBLGB2L
I-BAN NO
GB94SCBL60910412655209

USD

Standard Chartered Bank
One Madison Avenue
New York,
NY 10010-3603 USA
Ac.No.3582069922001
SWIFT: SCBLUS33
FEDWIRE ROUTING NUMBER 026002561

EURO

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

AUD

Australia & New Zealand Banking Corporation
55 Collins Street
Melbourne, Victoria
AUSTRALIA
Ac.No. 237776-00001
SWIFT : ANZBAU3M
BSB Number: 013024

CHF

Zuercher Kantonal Bank
Zurich, Switzerland
Ac.No.0700-01283278
SWIFT: ZKBKCHZZ80A
I-BAN NO
CH5200700070001283278

USD

Citi Bank, N A
111, Wall Street
New York City ,
NY 10018, USA
Ac.No.36844037
SWIFT: CITIUS33
FEDWIRE ROUTING NUMBER 021000089

SGD

Standard Chartered Bank
Battery Road Branch,
6, Battery Road,
SINGAPORE 049909
Ac.No. 0106342533
SWIFT:SCBLSG22

CAD

ICICI Bank Canada
Don Valley Business Park,
150 Ferrand Drive,
Suit No 700
North York, Ontario
CANADA M3C3E5
Ac.No.101928815
SWIFT: ICICCATT

SEK

Skandinaviska Enskilda Banken
S-106, 40 Stockholm
SWEDEN
Ac.No.5201-85-335-84
SWIFT: ESSESESS

AED

Commercial Bank of Dubai
Po Box 2668,
Al lttihad street
Dubai,UAE
A/c.No.1001361656
SWIFT: CBDUAEADXXX
I-BAN NO
AE590230000001001361656

SGD

Indian Overseas Bank
64, Cecil Street,
IOB Building,
Singapore 049711
A/c. No. 4916210132
SWIFT: IOBASGSG

NOSTRO ACCOUNT FOR NRI / FCNR DEPOSIT

GBP

Wells Fargo Bank
London
A/c.No.07515036
SWIFT: PNBPGB2L
Sort Code 16-56-71
IBAN GB34PNBP16567 107 515036

EUR

Wells Fargo Bank
London
A/c.No.07515168
SWIFT: PNBPGB2L
IBAN GB59PNBP16567 107 515168

USD

Wells Fargo Bank
New York
A/c.No.2000191007059
SWIFT: PNBPUS3NNYC
FEDWIRE ROUTING NUMBER 026005092
Chips ABA No. 0509

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A Decade of Progress

(₹ crore)

Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Paid up Capital	94	107	107	107	122	122	122	145	160	160
Reserves	2,020	2,601	2,978	3,219	4,124	4,451	4,723	6,066	6,205	6,440
Owned funds	2,114	2,708	3,085	3,326	4,246	4,573	4,845	6,211	6,365	6,600
CRAR - Basel II (%)	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	17.17
Deposits	24,722	32,112	38,653	43,758	44,690	50,079	53,700	56,890	59,868	59,075
Advances	18,052	24,205	29,706	34,226	36,691	39,476	41,435	45,973	50,616	48,516
Total Business	42,774	56,317	68,359	77,984	81,381	89,555	95,135	1,02,863	1,10,484	1,07,591
Total Income	2,482	3,621	4,695	5,680	5,977	6,150	6,405	6,600	6,779	7,145
Operating Profit	600	726	849	838	943	1,303	1,571	1,777	1,711	1,761
Net Profit	416	502	550	430	464	568	606	346	211	235
Dividend (%)	120	140	140	130	130	140	130	30	30	-
Branches (No.)	369	451	551	572	629	667	711	790	778	779
EPS (Rs.)	44.90	46.81	51.35	40.08	39.86	46.59	9.95*	4.78	2.64	2.94
Return on Assets (%)	1.71	1.56	1.35	0.86	0.88	1.03	1.00	0.53	0.31	0.32
Book Value(Rs.)	193.04	252.68	287.85	308.91	348.42	375.25	79.51*	85.49	79.56	82.57
No of Employees	4,574	5,673	6,730	7,339	7,197	7,211	7,400	7,956	7,663	7,935

* During the Financial Year 2016-17, one Equity Share face value of Rs.10/- each was subdivided into five Equity Shares of face value ₹ 2/- each

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Concept, content and design at AICL (hello@aicl.in)