



**TAMILNAD MERCANTILE BANK LIMITED**  
**Regd. Office: 57, V.E.Road, Thoothukudi – 628002**

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**TRANSCRIPT OF THE 101<sup>ST</sup> AGM HELD ON 05<sup>TH</sup> SEPTEMBER, 2023 AT 11.00 A.M.**

**Moderator:**

Good morning, everyone. Let us begin the 101st Annual General Meeting with the prayer song Tamil Thai Valthu.

*Anthem plays.*

**Moderator:**

Thank you. Now, we request our Chairman to commence the 101st Annual General Meeting of the bank.

**Chairman:**

Welcome to the members for the 101st Annual General Meeting of your Bank. I, S.Ravindran, Non-Executive Independent Director, Chairman nominated by the Board of Directors for today's meeting, in terms of Clause 74 of the Articles of Association of the Bank, for the 101<sup>st</sup> AGM of the Bank, welcome you all to this Annual General Meeting being held through video conference. I hope all of you are in good health.

Dear Members, this 101<sup>st</sup> Annual General Meeting of the Tamilnad Mercantile Bank Limited is being held through video conference in accordance with the guidelines of the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India ('SEBI') and as per the applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

I have ascertained from the Video Conference facility provider National Securities Depository Limited (NSDL) that we have the requisite quorum present through video conferencing to conduct the proceedings of this AGM, and all the members attending this meeting through video conference are counted for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013 and therefore, I call this meeting to order.

In accordance with the extant circular issued by the Ministry of Corporate Affairs, the Bank has published the Notice of the 101<sup>st</sup> AGM to be held on 05<sup>th</sup> September 2023 in the Newspapers on 14<sup>th</sup> August 2023, and it was also made available on the Bank's website. In addition to this, the bank has also sent notices through post to the shareholders whose email addresses are not registered with the Bank / Depositories and through electronic

mode to those members whose email addresses are registered with the Bank / Depositories.

Further, as this meeting is held through video conference, there will be no show of hands, no physical poll and no proxy. As the Notices have already been circulated to all the members, with your permission, I will take the notices of the AGM as read.

I have joined this meeting from the Bank's Registered & Head Office, Thoothukudi accompanied by Mr S.Krishnan, MD & CEO, Mr. A.Nirajan Sankar, Non-Executive Director, Chairman of Stakeholders Relationship and Capital Planning Committee of the Board, Mr.K.Nagarajan, Independent Director, Chairman of Nomination and Remuneration Committee of the Board, Mr. C.Chiranjeeviraj, Independent Director, Chairman of Audit Committee of the Board and Mr. Prakash Chandra Panda, Company Secretary of the Bank.

Before I start the main proceedings of the meeting, I request all my colleagues who are attending this meeting through video conference to introduce themselves.

<b>Directors in Attendance</b>
Shri P.C.G.Asok Kumar, Non-Executive Director
Shri D. N. Nirranjan Kani, Non-Executive Director
Shri.S.R.Ashok, Non-Executive Director
Shri. B.Prabakaran, Non-Executive Director
Shri.B.Vijayadurai, Non-Executive Independent Director
Smt.S.Ezhil Jothi, Non-Executive Independent Director

Apart from them, there are other senior executives of the Bank who have also joined through video conference from the Head Office, Thoothukudi.

The Bank's Joint Statutory Central Auditors M/s. Suri & Co, Chartered Accountants & M/s.Abarna & Ananthan, Chartered Accountants (for the financial year ending 31.03.2023), have also joined the meeting through video conference.

The Bank's Secretarial Auditor M/s. SPNP & Associates, Company Secretary in practice, Chennai (for the financial year ending 31.03.2023), has also joined the meeting through video conference. Mr Sachin Sharma, Senior Partner of Sharma & Trivedi LLP, Company Secretaries, Mumbai, has been appointed as the scrutinizer to oversee the conduct of the remote e-voting and the e-voting at the AGM in a fair and transparent manner. He has also joined the meeting through video conference. I now request Mr Prakash Chandra.

I now request Mr. Prakash Chandra Panda, Company Secretary, to present the rules and guidelines for participation in the meeting and voting during the AGM to the Members.

**Company Secretary:**

Thank you, Chairman. Good morning to all.

Dear Members, please note that this 101<sup>st</sup> Annual General Meeting of Tamilnad Mercantile Bank Limited is being held through video conference in as per the applicable provisions of the Companies Act, 2013, circulars issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India ('SEBI') and as per the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, circular issued by the MCA and SEBI. The proceedings of this meeting are being recorded. Sufficient connection for joining this meeting through video conference is made available for the members as required by the MCA guidelines, and the members will be permitted on a first-come-first-served basis.

All the Members attending/joining the AGMs will, by default, be placed on mute mode, and during the question-answer session, on the announcement of the name by the Chairman, the microphone of the members will be shifted to unmute mode. If a speaker is unable to speak due to connectivity issues, the name of such speaker member shall be announced once again at the end, i.e. once the other members who have registered to speak have finished their speeches.

The Bank has received requests from 13 members to register themselves as speakers at the meeting. Audio and Video icons of such speakers will be enabled by the moderator one by one once the Chairman opens the floor for questions and answers. For the said shareholders, the "Q&A option" will also be enabled at that time.

It may kindly be noted that the Chairman of this Meeting reserves the right to limit the number of members asking questions and also the number of questions, depending on the availability of time at the AGMs.

Further, the Bank had provided the facility to cast the votes electronically on the resolutions set forth in the Notices and remote e-voting facility was open between 9.00 a.m. on Saturday, 02/09/2023 until 5.00 P.M. on Monday, i.e., 04/09/2023. Members who have not yet cast their votes electronically and participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system provided by NSDL. All the documents referred to in the notices pertaining to the agenda set out in the notices / explanatory statements and also the Register of Directors and Key Managerial Personnel etc., are available electronically for inspection upon request by the members, and I request you to send an email to [shareholders@tmbank.in](mailto:shareholders@tmbank.in) if you so desire to inspect it. The proxy register is not available for inspection since there is no proxy facility for this AGM.

For any technical support in connection with the AGM, Members may contact the helpline number mentioned in the AGM notice.

Thank you very much. Over to you, Mr. Chairman.

**Chairman:**

Thank you.

Dear Members, on behalf of the Bank, I want to thank you for taking out your valuable time to join this meeting today. I would like to briefly highlight the current global economic

situation, status of our country's economy and specifically the banking industry before touching upon the performance highlights of your Bank for the Financial Year 2022-2023.

## **Global Economy**

Global growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upwards. (Source: IMF, World Economic Outlook update, July 23)

## **Indian Economy**

*(Source: RBI Monetary Policy Committee, Aug'23 meeting minutes & Deloitte insights about Indian economic outlook report during July'23)*

While the Global uncertainties due to the Russia-Ukraine war still continue, IMF has projected India's GDP growth for 2023 & 2024 as 6.1% & 6.3%, respectively. The first quarter data points to further building up on the positive momentum in the economic data. The Indian economy is expected to grow between 6.0% and 6.3% during FY2023–24 in the baseline scenario, followed by 6.6% and 7.2% over the next two years as the global economy turns buoyant. However, if downside risks weigh on the economic fundamentals and outlook, there may be a substantial economic slowdown.

## **Banking Industry**

As per the press release by the RBI on June 9, 2023, aggregate deposits (y-o-y) have grown by 10.2% for FY 2022-23 and the bank credit by 15.9%. The share of Current and Savings account deposits in total deposits was 43.1%. The all-India Credit Deposit ratio was 75.6% in March 2023.

Further, as per RBI press release dated June 15, 2023, Bank credit growth (Y-o-Y) accelerated over the last 1 year and stood at 15.9% in March 2023 (10.7% a year ago). All population groups maintained double-digit credit growth during 2022-23; bank branches in metropolitan centres accounted for 62% of total credit in March 2023.

The personal loans segment has been driving the overall bank credit growth in recent years. It recorded 19.7% growth in March 2023 (16.5% a year ago). The share of personal loans in total credit increased to 28.6% in March 2023 from 21.5 per cent five years ago and 16.0% ten years ago.

With rising economic activities, industrial credit growth (Y-o-Y) accelerated to 9.1% in March 2023 from 4.8% a year ago; demand for working capital loans also surged (18.5% y-o-y growth in March 2023).

Within credit to individuals, the share of women borrowers has been rising gradually. It stood at 22.9% March 2023 (20.6% five years ago).

Private sector banks accounted for 45 per cent of the incremental loans during 2022-23; their share in total credit rose to 39.0% in March 2023 from 38.1% a year ago and 30.2% five years ago.

Among states, Maharashtra maintained the highest share (28.2%) in total bank credit, followed by the National Capital Territory (NCT) of Delhi (10.9%) and Tamil Nadu (9.1%).

The weighted average lending rate (WALR) on outstanding credit increased by 26 basis points (bps) during January-March 2023 and by 117 bps during April 2022-March 2023.

In the context of this global and Indian economic environment and the current banking industry scenario, I now request Mr S. Krishnan, MD and CEO to highlight the performance of your bank for the financial year 2022-23.

### **Managing Director & CEO:**

Thank you, Chairman,

### **Your Bank's Performance**

Dear Shareholders, Good Morning, Over the next few minutes, I will present an overview of the performance of your Bank for the financial year 2022 - 2023.

- Ø The bank, which was opened with a small capital of ₹6,000/- in 1921, has built up its Net worth to ₹ 6,928.35 crores as of 31.03.2023, registering consistent growth during the last 3 years from ₹ 3,979.65 crores as on 31.03.2020.
- Ø The Bank successfully launched its IPO on 15th September 2022 and listed its shares on both Stock Exchanges
- Ø The Bank opened 21 branches during the financial year across the country, taking the total number of branch count to 530.
- Ø We have migrated to a newer version of Core Banking Solutions 10.2.25, which has the capability to provide cutting-edge technology and an enhanced digital banking experience to our customers.
- Ø The Bank tied up with new Insurance Partners to sell Life & General Insurance Products to our customers.

Let me also touch upon the performance highlights for the financial year ended 2022-23.

### **Performance Highlights for the Financial Year ended 2022-23**

- Deposits of the Bank increased from ₹ 44,933.11 crores to ₹ 47,766.49 crores during the year, registering a growth of 6.31%.

- Gross Advances increased from ₹33,748.17 crores to ₹37,582.11 crores during the year, registering a growth of 11.36%.
- The total business has increased from ₹ 78,681.28 crore to ₹ 85,348.6 crore during the year, registering a growth of 8.47%.
- The net profit increased from ₹ 821.92 crore to ₹ 1029.26 crore, registering a growth of 25.23%.
- Operating profit increased from ₹1,516.47 crores to ₹1,572.84 crores, i.e., a growth of 3.72%.
- The gross NPAs decreased from 1.69% to 1.39%.
- The net NPAs decreased from 0.95% to 0.62%.
- Provision Coverage Ratio (PCR) increased from 87.92% to the mark of 90.90%.
- Net Advances increased from ₹33,491.54 crores to ₹37,289.69 crores (+11.34%) during the year,
- Net Profit increased from ₹821.92 crores to ₹1,029.26 crores (+25.23%).
- The total income increased by ₹64.03 crore during the year from ₹4,646.12 crores in the previous year to ₹4,710.15 crores during the year, with a growth of 1.38%.
- The net interest income from ₹ 1,815 crore to ₹ 2,094 crore, registering a growth of 15.37%.
- The net interest margin increased from 4.1% to 4.46%.
- The return on assets of the bank increased from 1.66% to 1.97%.
- The return on equity increased from 16.58% to 16.78%.
- The net worth of the bank increased from ₹ 5,336 crore to ₹ 6,928 crore.
- The CRAR and CET-1, i.e., the common equity tier-1 of the bank increased from 22.06% to 26.26%, and 20.44% to 24.61% respectively.
- The per-employee business as on 31.03.2022 was at ₹17.75 crores, and the same has been increased to ₹19.04 crores as on 31.03.2023.
- The Earnings Per Share (EPS) increased from ₹57.67 to ₹68.06.
- The Book Value of the Share increased from ₹374.41 to ₹437.53.

## Dividend

Dear Shareholders,

Your Bank has had an exemplary record of declaring and distributing dividends since inception, except for FY 2019-20, where RBI restricted the declaration of dividends due to the COVID-19 pandemic. In continuation of this enviable record, your bank has already declared an interim dividend of ₹5/- (Rupees Five only) per equity share as against the face value of ₹10/- per share for this year. Now, it has declared a final dividend of ₹5/- (Rupees

Five only) per equity share as against the face value of ₹10/- per share (50%) for the year ended March 31,2023, subject to your approval.

Thank you very much. Over to you, Mr. Chairman.

**Chairman:**

Thank you.

We now take up the agenda as set forth in the Notice.

I now request Mr.Prakash Chandra Panda, Company Secretary, to provide the summary of the Agenda Items.

**Company Secretary:**

Thank you, Chairman.

Dear Members,

There are Seven agenda items of business proposed in the Notice of the 101<sup>st</sup> AGM for the year 2022 – 2023, of which six are ordinary resolutions, and one is special resolutions and the same are given below:

**Agenda No.1 of the Notice – It is an Ordinary Resolution -** To receive, consider and adopt the Audited financial statements of the Bank for the year ended March 31, 2023, together with the Reports of the Board of Directors along with its annexures and the Auditor's Report thereon.

**Agenda No.2 of the Notice – It is an Ordinary Resolution -** To re-appoint Shri. P.C.G. Asok Kumar (DIN: 05142860), a director who retires by rotation, and being eligible, offers himself for re-appointment.

**Agenda No.3 of the Notice – It is also an Ordinary Resolution -** To re-appoint Shri.D. N. Nirranjan Kani (DIN: 00455352), a director who retires by rotation and being eligible, offers himself for re-appointment.

**Agenda No.4 of the Notice – It is an Ordinary Resolution -** To declare the final dividend of ₹5/- per equity share having face value of ₹10/- each (i.e. 50 % of face value) for the financial year ended March 31, 2023.

**Agenda No.5 of the Notice – It is an Ordinary Resolution – Appointment of Statutory Central Auditors of the Bank.**

To re-appoint M/s. Suri & Co, Chartered Accountants, Chennai (Firm Registration No. 004283S) and M/s. Abarna & Ananthan, Chartered Accountants, Bangalore (Firm Registration No. 000003S) as the Joint Statutory Central Auditors of the Bank for the financial year ending on March 31, 2024, for a total remuneration of ₹21,50,000/- each and reimbursement of other out of pocket expenses.

**Agenda No.6 of the Notice – It is an Ordinary Resolution** – Appointment of various Statutory Branch Auditors to audit the accounts of the branches of the Bank. To authorize the Board of Directors to appoint various statutory branch auditors to audit the accounts of the branches of the bank for the financial year ending March 31, 2024, and fix their remuneration in consultation with Joint Statutory Central Auditors.

Since the next agenda item, i.e., Agenda No.7, pertains to the appointment of Shri.S.Ravindran as an Independent Director, I have been informed by him that Agenda no. 7 shall be chaired by Shri. S. Krishnan, Shri.S.Ravindran being interested in this item. I now request Shri. MD & CEO, to conduct the proceedings.

**Managing Director & CEO:**

Thank you Mr. Prakash.

**Agenda No.7 of the Notice – It is a Special Resolution – Appointment of Independent Director.**

To appoint Shri.S.Ravindran as an Independent Director, not liable to retire by rotation for a period up to Monday, 02nd August 2026, i.e., up to a term of three consecutive years.

With this, we have completed all the items of business.

**Managing Director & CEO:**

I now request Shri.S.Ravindran, to resume the chair once again.

**Chairman:**

Thank you Mr. Krishnan.

The Auditors' report issued by the Statutory Auditors has no qualifications, observations, adverse comments or remarks.

As regards to the observation of the Secretarial Auditor for the reporting financial year 2022 – 23, there are no material remarks or observations in the report which require any explanation on the part of the Board. The observations made by the Secretarial Auditor are self-explanatory. As the Annual Reports has already been circulated to all the members, with your permission, I will take the auditor's report as read. Thank you.

Now, I request M/s. NSDL to allow the speakers, one by one and also enable the Q&A option. I request the speakers to mention their name, Folio Number or Demat Account Number and the location from where they have joined. In the interest of efficient time management, kindly make your questions very brief. To avoid repetition of answers to similar questions asked by the members, answers to all the questions will be provided at the end.

Dear Members, kindly note the following specific points while asking your queries:



1. While seeking clarifications, shareholders may kindly restrict the subject to the specific resolution on the agenda items. You are also requested to use the earphones for better audio experience.
2. Replies to clarifications sought by the shareholders will be provided at the end of the meeting.
3. Shareholders are requested to limit their queries to two minutes' time, in order to facilitate the other shareholders to participate.
4. If there is a connectivity problem at the speaker's end, the host will invite the next speaker, and all such speakers will be given a chance once their connectivity is restored within the available time.
5. In case of any query for which information is to be ascertained from the respective department of the bank are voluminous, the same may be sent by email.

Shareholders are requested to co-operate in this regard.

Now, I would request the speakers to come online one by one.

**Moderator:**

Thank you, Chairman. The first speaker shareholder is Mr. Manoj Kumar Gupta from Kolkata.

**Manoj Kumar Gupta:**

Good morning, respected Chairman, Board of Directors, and fellow shareholders. My name is Manoj Kumar Gupta. I'm an equity shareholder of Tamilnadu Mercantile Bank, and I feel proud to be a part of TMB. And I thank the MD & CEO and his entire team, executives and the staff for good results of the bank for the year 2022-2023. I thank the company secretary and his team for their excellent help in arranging this meeting through VC. I thank all your executives, employees and all people for their excellent service to the bank. And Sir, you have a classical staff, and you hold people that can serve the customer in a better manner. So, I salute all the staff for their excellent service to the customers. And Sir, what is your plan to spread the wings of bank branches in the country pan India, from Kashmir to Kanyakumari and Assam to Gujarat? So, what's your plan because the gap of the country is spreading, states are spreading, districts are spreading. So, what's your plan in that regard to increase the bank branches in the country? And, Sir, do you have any plans to launch new branches in tier 2 and 3 cities to fulfil the vision of our visionary Prime Minister to provide banking services? In 2015, the Prime Minister announced Jan Dhan zero balance accounts. So, Sir, in that regard, you should try to launch new branches in the interiors where we only have State Bank or Bank of Baroda. We should try to reach there. And Northeast is also growing, like as Assam, Tripura, Meghalaya, Arunachala, Manipur, and the central part of the country is also growing. Madhya Pradesh, Chhattisgarh and Eastern India are also growing, so try to bring some new branches in that part also, Sir. And

start to give some new schemes for the senior citizens of the country to open their account with your bank, with new scheme and inspire the investors, i.e., shareholders to open their and their family account with the bank with a special scheme like you can't increase the interest on the savings account. I will go to open a savings account. But you can give an additional facility like a debit card and others; a good debit card which can be used in any part. That you can offer to your new account holder and investors. So MD & CEO can send a mail to the investors because the investors' registered email address is with the Company Secretary so either the Company Secretary or MD can send a mail to request them to open their account with the bank with some facilities. How do you face the competition in private sector banks? There is a lot of competition. But I thank you and your team that bank is running, and we can't forget our founders, who founded the bank 100 years ago and the bank is going, and legacy is going on. So, I request you to keep that legacy in future to take the bank to new heights. Just now, I watched the MD's presentation. I thank the MD and his team for reducing the NPAs and I believe that when we wait for next two years, then we will be 0. And once again, I thank the Company Secretary and his team for helping us to join the meeting through VC, and I wish God to give you more success in the coming time to take the bank to new heights. Our share price should be in four digits when we meet next. Thank you.

**Moderator:**

Thank you, Sir. We will move on to the next speaker, shareholder Mr. Santosh Kumar Saraf from Kolkata. Sir, you can unmute yourself, and you can speak.

**Santosh Kumar Saraf:**

Hello, just a minute, Sir. Respected Chairman, Board members, and fellow shareholders, my name is Santosh Kumar Saraf. I am from Kolkata. Hope all of you are safe and in good health. First of all, I thank all our employees and workers who have positively worked in the growth of our Company all over India. I thank them for their hard work and for generating ₹19 crore per employee business. I hope they will do the same type of hard work in future for our bank's growth. Your bank's performance is very nice, and I have been an old shareholder since the IPO. Next, I thank you for the good dividend of ₹ 5, Sir. It is a very good dividend in the banking sector at present, Sir. I also thank our employees and all for receiving awards and accolades for their hard work and very good services. They are great. Also, I thank you for your CSR activities. Your CSR activities are nice. So I thank you for that. I saw your presentation. So many queries were clarified. But I want to ask, as a shareholder, what my true observations are. So, I see you have 543 branches in all of India but nil branches in Jharkhand, Himachal and Bihar. There are no branches. Northeast India, you have only one branch in Assam and in West Bengal, Kolkata, you opened a branch more than 40 years ago. But at Metro cities, you have not increased any branches. Only one branch is giving services. Kolkata is in the heart of West Bengal. So Sir, if you open more branches, you will get more business, and your Kolkata branch employees are very good, Sir, I have been connected with the Kolkata branch for the last 40 years. So, they are always very good, and their service is unbelievable. This experience is very nice

and always helpful. I want to know what is the reason for you to have only one branch in Eastern India like UP, Himachal Pradesh, Uttarakhand, and Chhattisgarh. What is the reason? Why are you not expanding the branches in these states, Sir? We have 386 branches in Tamilnadu. In East and North India, you have very less branches. So, I wish, and I hope in the future, you will be opening. My English is very weak. Please excuse me for any words because I am unable to and because I always speak in Hindi. But today, I thought I would try my best to speak in English. Your female employee percentage is very low. Only is 8.33% of your employees are female. 160 employees in total 500 branches. So what steps are taken to empower more and more females? As our Prime Minister said, our Chandrayaan-3 was successful due to Nari Shakti. So, I hope you will increase the number of female employees, and women are Lakshmi. I hope for the banking sector and service sector, it is better to increase female employees. Your average branch employee is only four. So, how are you working, because at 500 branches you have a total of 2000 employees? And I thank your Secretary and the Secretarial team. They are very nice and hope in the future that the bank will grow. I also wish our employees good luck with their hard work and hope in the future, our bank will be giving more dividends and more growth due to their hard work. Lastly, I wish all employees, Directors and all the staff and their families a happy financial year 2023-2024 and hope in the next year, when we meet on VC, they will be healthy, wealthy and prosperous. The last one thing that I want to say if the physical meeting is held, I request to combine it with a hybrid meeting. So, outside shareholders can join because your IPO came last year, and there are so many outside city shareholders. So they can express their opinion. Our staff is doing good work, Sir. Thank you for giving me time, and we thank our moderator for giving me an opportunity. Thank you, Sir, Namaskar once again, Sir.

**Moderator:**

Thank you sir. We will move on to the next speaker, shareholder Mr. Bimal Krishna Sarkar from Kolkata. You can unmute yourself, and you can speak.

**Mr Bimal Krishna Sarkar:**

Am I audible?

**Moderator:**

Yes, Sir, please go ahead.

**Mr Bimal Krishna Sarkar:**

Sir, very good morning. I am Bimal Krishna Sarkar, an equity shareholder of the Company joining from my residence in Kolkata. Respected Chairman and other dignitaries, the Company Secretarial department and the shareholders present in the VC meeting, at first, I thank the Chairman and MD for the excellent and valuable presentation regarding the performance of the Company. Thanks to Company Secretary Prakash Chandra Panda for sending the notice, the annual report and the link for joining the AGM. Excellent investor service and keeping a good relationship with the shareholders. Our Company is very good,

Sir. Geopolitical tension or the Russia-Ukrainian war is still unresolved. Despite all the economic challenges in India, TMB has been making a profit year after year. Interest income increased. Last year, it was ₹ 3833.86 crore. During the year it was ₹ 4000.81 crores. Profit after tax increased by 25.23%, and advances increased by 11.36%. Net NPA reduced. Within a short time, our bank NPA will come to zero. Earnings Per Share were 68.06. Last year, it was 57.67. Our Director has recommended an interim dividend and final dividend of ₹ 5 , respectively, a total of ₹10. Very good, Sir and excellent performance. I appreciate you Chairman, and your team for excellent results and excellent performance. Sir, please educate us about the reserve fund. What are the reasons for not issuing bonus shares? Please issue bonus shares. Sir, please split the share to a face value of ₹10 to increase the trading volume of small shareholders. Sir, as per section 135 (5), CSR obligation ₹1671.135 lacs, our bank has spent ₹1682.42 lacs, and our excessive spent was ₹11.07. Excellent performance, Sir. I request and suggest to the CSR committee to help the visually disabled and specially abled people through CSR activities. Sir, I pray to God for the good health of the Chairman, management team, Secretarial department employees of the company, and shareholders present in the VC. Thank you, Sir, for the patient hearing. Over to you Sir. Thank you very much, Chairman and your team.

**Moderator:**

Thank you, Sir. Now, we will move on to the next speaker holder, Mrs. Celestine Elizabeth Mascarenhas from Mumbai. Madam, you can unmute yourself, and you can speak now.

**Celestine Elizabeth Mascarenhas:**

Hello, am I audible?

**Moderator:**

Yes, ma'am, please go ahead.

**Celestine Elizabeth Mascarenhas:**

Respected Chairman, MD & CEO, Mr. S. Krishnan, other members of the Board, and my fellow shareholders who are in this virtual meeting, I am Mrs Celestine Elizabeth Mascarenhas, and I am speaking from Mumbai. First of all, I thank the Company Secretary Mr. Prakash Chandra Panda, for sending me an e-annual report and also registering me as a speaker at my request. I would have preferred a physical copy because I have eye problems and all, but even then, I have done some justice because I like banking shares. Now, I go to the Annual Report, well-presented and at the same time adhering to all the norms of Corporate Governance, our working is good, we have been always giving dividends as in the annual report it is stated. We have received the good dividend and will always give that I am quite sure. What I find great in this balance sheet is the gross and net NPA has come down, which is a real feather to our cap. Our EPS is 68.06, that's also good for the banking industry. Then, congratulations for all the awards and accolades received, which are all in the annual report. I will not elaborate on that due to time constraints. Also, very good CSR work, which I appreciate and am very happy with. Now, my queries. The

first query is on ESG front. Are we rated? If it is rated, what is the rating score? And if the score is very good, are we thinking of rating on some ESG platform, i.e., a dedicated platform whether in India or elsewhere abroad? Number two, we have 386 branches as of the March end, 956 ATMs and 292 CRMs. We are only concentrated in the states of Maharashtra, Karnataka and Andhra Pradesh. Why not in Gujarat, UP, Punjab, and Bengal, because our exposure will be good, and our customers will get a lot of benefits if we are with those customers in pan India. Then the next question is how much revenue we get from the non-core business like Insurance, which we are canvassing from various companies, also government business out of the total business. Our NIM has increased. Very good NIM. 4.46% is definitely very good, but my question is, will we be able to retain it as the interest rate on deposits is increasing every time, every month. So, could you throw some light on that? What is the average age, women percentage, physically challenged percentage and attrition level? So, rest, I don't want to ask more. I only want to wish Tamilnadu Mercantile Bank to become strong day by day and reward us with good market cap and dividends as it is the culture of this bank. I end by wishing you all the best. Good health to all of you Tamilnadu folks. With this, thank you and may God bless our company, our bank and Namaskar.

**Moderator:**

Thank you, Ma'am. Now, we will move on to the next speaker, Mr. Atanu Saha from Kolkata. Mr. Atanu, you can unmute yourself, and you can speak.

**Mr. Atanu Saha:**

Yes, Good morning. Kalai Vanakkam, I Atanu Saha is shareholder of TMB, Tamil Nadu Mercantile Bank; my respected Chairman, MD & CEO, S Krishnan Ji, Board of Directors and all Independent Directors, our Company's Secretary Prakash Chandra Panda, our CFO, all respected personalities, and all our shareholders present in this virtual meeting, Sir today is 5<sup>th</sup> September 2023; Our Company is organizing its 101st Annual General Meeting. Sir, before starting my speech, I wish to accord my gratitude to all our Founder Directors, one of them being M.V.Shanmugavel Nadar and another T.V Balasubramaniam Ji. Sir, my previous shareholders have raised a number of queries. So, I will not unnecessarily repeat. Only one question that sales growth has been 5% for three years, and another thing is that our MD & CEO is, S. Krishnan Ji, has completed a year journey from 04-09-22 to 05-09-23. So please tell us about his experience. Sir, I wish you a good year ahead with good results, and good dividends. All our shareholders, stakeholders and employees stand hand in hand and surround our TMB- Tamilnadu Mercantile Bank. I wish you a good year ahead. I, Atanu Saha, am forwarding this to our moderator. Thank you. Vanakkam.

**Moderator:**

Thank you Mr. Saha. We will move on to the next speaker, Mr Sundar R from Sivakasi, Tamilnadu. Sir, he has not joined. We will see at the end of all the speaker shareholders. Mr. G Satish Kumar from Sivakasi Tamil Nadu. He has also not joined. So, we will move on

to the next speaker, Mr A. Shidambaranathan, Madurai, Tamilnadu. Sir, you can unmute yourself, and you can speak.

**Mr. A. Shidambaranathan:**

Good morning, everyone. Respected Chairman, respected members of the board of directors and my fellow shareholders. I thank everyone for the opportunity given to me to talk in this meeting. In a scenario to increase the growth in deposits, many banks have resorted to the process of accepting deposits in bulk. The same was adopted by our bank. I would like to know the quantum of bulk deposits accepted by us. Of this bulk deposit, what was the quantum of deposits that were accepted above the card rate? Accepting deposits above the card rate would result in an impact on the bottom line since they are outside the ALM assessment. What is the estimated impact of the deposit accepted above the card rate during the last year and the tenor of such accepted deposits? We may say that the industry does so, but our size and profit margin may have a huge impact on such type of business. The decrease in the percentage of CASA year-on-year would definitely impact the bottom line. And these above card-rated deposits could have a cascading effect. The next point, our bank pioneered and partnered with Jocata to offer digital-first solutions for MSMEs. Our bank plans to leverage Jocata's low-cost digital lending platform to improve its digital transformation strategy, offering MSME end-to-end digital, personalized, and experience-led value proportions. As the MSME segment expands, the bank aims to digitalize MSME financing programs, providing secure and unsecured products covering fund and non-fund-based facilities. Our bank has boarded this digital transformation agenda, together with business process re-engineering, as one of its milestones to bring in digital credit products to MSME customers through technology. By leveraging the potential to improve digital lending with the Jocata platform. The bank aims to improve its presence in India by providing a seamless experience to MSMEs by implementing Jocata's digital lending platform. The fintech platform's objective is to improve the current process and reduce the time to credit for businesses while enabling operational ease for the bank's customers. The bank has also partnered with McKinsey for business process re-engineering. The bank has engaged the services of this external consultant to come up with a detailed project report on BPR and recommend solutions for the bank on the way forward. The BPR initiative is intended to bring about rethinking in the way our bank does its work. The objective is simple: to improve customer service, cut operational costs and become more efficient. The BPR would focus on the analysis and design of workflow and business processes within the organization. My question in this regard is, MSME lending has been the core of this bank's portfolio with these process implementations, what targets have been fixed for the growth in this portfolio in the short term and long term? What would be the top and bottom-line growth for 2024 and 2025? Thank you.

**Moderator:**

Thank you, Sir. Now we will move on to the next speaker, Mr Thomas Sankaranarayananprabu, from Virudhnagar, Tamil Nadu. Sir Thomas, you can unmute yourself, and you can speak. Sir, we are unable to hear you. We can see your video.

Please unmute yourself and go ahead. Please disconnect and rejoin. We will give you an opportunity at the last. We will move on to the next speaker, Mr Lakshmi Narayanan, representing Tunga India Long Term Equity Fund. You can unmute yourself and switch on your video. Mr. Lakshmi Narayanan, you are unmuted, and you can speak now. Since we are unable to hear you, we will see you in the end. We will move on to the next speaker, Mr. Chenthilrajan J from Tirunuvveli, Tamilnadu. You can unmute yourself and speak.

**Chenthilrajan J:**

Hi Sir, good day to everybody. So, I have already sent the list of my questions to the shareholder's email. It is mainly regarding the financial performance, which is supposed to be increasing, but unfortunately, it has not been so in the past year. So even though we are a 100-year-old bank, we are quite young in terms of the public market. So, we need to showcase its performance. I'm sure the entire board and my fellow shareholders will agree to such a thing. So, I would like to hear from the Board and the Chairman that what are the steps taken to improve the key financial performance metrics for the next financial year. So, and apart from that, I'm very shocked but unfortunately, for the reasons unknown, maybe you are unable to find the right person for MD and CEO, a person who's retired from another nationalized bank or any bank which has been long and established team in place compared with our TMB bank. So, when you hire such an old person to do such a young person's job, the problem that we will face is that they will not be cohesive with the team and they will not build the whole team. What we need in TMB is a leader who can lead our branch managers who in turn will give us growth. So, our next CEO & Managing Director, whoever the Board decides to hire, if you can hire someone below the age of 50, of course with the proper qualifications, and if you do something like that I am sure that he will be with the bank for at least 10 years, which will, in turn, help us quite a lot. If you look at other banks or not only banks or any other public limited companies, which shows consistent growth, all this because the person at the end will be consistent at least for 10 years. There will not be any growth if the person who is at the helm is being you know that he will lose his job or retire or retain only for one year or two years, that is a really short time for a 100-year-old bank. And another important thing is that fintech is racing faster. I know that TMB has mentioned in all the documents that have been made public, it is showing that we are investing in technology and everything. My opinion that hiring McKinsey or any other firm that can improve our business process is not going to improve our internal process until the person has the technological capability. So, this is another reason why you have to go for what I have suggested: that the MD and CEO, that you select has to be below the age of 50. Many people on the Board may find it offensive, but we have to face the harsh truth that if RBI had not forced our bank, TMB would have missed the UPI bus. Even now, we are not very popular with people using UPI. When I say I mean the unified payment interface, I believe there is no doubt about that. So, I'm sure we signed up for UPI not because of its efficiency but because the RBI has forced us to do something like this. I mean, you may or may not agree with me, but this is my opinion, and to do better than the Board and the Chairman or the new MD or CEO should introspective themselves that whether this is true or not. We missed the UPI bus, and I am sure it will be a long time before we will be able to

develop an application similar to that, like what the competing banks are having, and fintech is the new sector. There is new technology, new banks, which are based on the new technology, their application when you use it; we know the speed and the ease of use. But a similar application when we tried with TMB, I'm sorry to say it looks like a very cheap copy. So even though our financial performance is ok, and not very bad, the next 10-20 years' growth will come only when we go ahead of ourselves in technology. So not only invest money enough in the technology, but we also need a leader who understands the technology and who can bring about change throughout the bank. So I hope this is something that the Board will consider when they hire a new person for the workplace, who you hire for CEO or MD. On a closing note, I would just say, the customer service in our bank, I'm not only a shareholder, even though I have lots of friends who are regular customers of Tamilnadu Mercantile Bank, mostly business people. So, previously TMB was very successful and was able to show consistent profit and consistent growth and everything only because of loyal customers who are not based in cities, but in semi-urban and rural areas. I believe the financials also show the same, and these areas are largely ignored by other private-sector banks. But now, it is not the case. Everybody is competing for business and if at all, anyone, say, a shopkeeper or company with a turnover of around less than ₹50 crores, ₹30 crores or ₹100 crores if they have any trouble with the TMB they may be unable to meet the manager, or they may have a delay in extending their credit or something like that, if any other private bank they came to come to know about this, they immediately are waiting at the doorstep of the company. And I don't know how they know this. Maybe the customer informs them or not. It doesn't matter. But either way, they come to the place of our customer, that is TMB's customer, and they convince them, and they sign up with them. And I'm sure everybody will agree that maintaining customers is far less expensive than acquiring new customers. So, I would urge the Board to review its policies about customer retention and what our customer turnover because. Something like this you will agree. Some people will have accounts there, but there won't be any transactions. Of course, the Company will be doing the transaction they will move their loan to some other bank. I have personally seen this with many of my friends, who complain that the customer service of TMB is not very good. And I can assure you that they are all interest paying loyal customers of TMB. So, if you find a way to rate customer retention at the bank level, it will do wonders for the bank. That's what I believe. Thank you for your time.

**Moderator:**

Thank you, Sir. We will move on to the next speaker, Ms. Jwala T.S., from Madurai, Tamilnadu. You are unmuted. You can speak.

**Jwala T.S:**

I am Jwala from Madurai. Respected Chairman, Directors and the Company Secretary, good morning to all. Hearty congratulations on the excellent results given by the bank. It is our wish that the first result after the bank gets listed, and the results are very encouraging. Going forward, we wish that the bank would concentrate more and more on credit growth



CASA and other income. This will highly help the bank to achieve further heights under your able leadership. Thank you very much, Sir.

**Moderator:**

Thank you. We will move on to the next speaker, Ms. B Hemalatha Madurai, Tamilnadu. Madam, you can unmute, and you can switch on your video, and you can speak.

**B Hemalatha:**

Good morning, Sir. Respected Chairman, MD & CEO, all members of the Board and fellow shareholders of the bank. We are happy to note that the bank has achieved a net profit of more than ₹1000 Crores for the first time in the 100 years of its existence, the bank has done extremely well. And most of the key financial indicators are almost equal to HDFC, Axis and all other private banks. According to me, one area that the bank has to concentrate more is credit growth. The bank has to increase the pace of its credit growth without compromising the asset quality and collateral securities. This is my humble request sir. Thanks for giving me this opportunity.

**Moderator:**

Thank you. We will move on to the speaker shareholders who missed and were unable to speak. Mr. Thomas Sankaranarayanaprabu from Viruddhnagar, Tamilnadu. Sir, we have allowed you inside. You can speak now. Please unmute yourself, and you can speak.

**Thomas Sankaranarayanaprabu:**

Good morning, Sir. Happy with the good performance of the bank. The bank's approval to get the Government business is a positive note. We were informed that the bank is carrying out business reprocessing engineering with McKinsey and engaging Jocata for end-to-end digital lending. We will be glad to see that it is implemented faster and the bank achieves good credit growth. Thank you, Sir.

**Moderator:**

Thank you, sir. We will move on to Mr. Lakshmi Narayanan, representing Tunga India Long Term Equity Fund. Sir, we are allowing you one more time. Please unmute yourself and you can speak. You are unmuted. You can speak.

**Lakshmi Narayanan:**

Thank you so much for the time. Congratulations on a good set of numbers. I think we are on our way to becoming ₹ 10,000 crore market cap bank, and it will be a great achievement, and we are. I think, striking distance from that. And most importantly, it would be nice if we have a good ESOP pool that not only the shareholders benefit, but every employee of Tamil Nadu Mercantile Bank also benefits. So, I submit to the board that we should look at a good ESOP plan in case we don't have one. Something which all employees across all categories also become beneficiaries of the capital market success of

our bank. That's my first request. Second, when I looked at the senior management list, I saw that there are two senior people who have actually left the bank, and I think they left within one year of the appointment. So, I would like to know how we ensure we don't have such a fast and quick attrition. The third thing which I want to speak about is that when I look at the other segment which we are operating in which is the MSME segment, the growth we have is a little paltry when compared to the growth that is exhibited by the likes of the larger banks, like HDFC, Axis ICICI. The growth they are actually talking about in the MSME segment is in the high teens, and even a bank like Indian Overseas Bank, which is in the same category as us, is also growing faster in that segment. So what prevents us from actually having an industry-beating growth. How is the management benchmarking itself? I heard in the conference call that we are looking at somewhere between 12%-15% as the growth while we are an industry where the others are actually growing much faster. How do we think about it? Are we being conservative or are we being complacent? So, there's a thin line between being complacent and being conservative. And are you seeing real stress in that MSME because that's the largest profit pool for us, and we have tremendous customer connections there? That's the third thing and the fourth, I just want to know how many customers or how many accounts we have, which were the loan sizes more than ₹25 crores and the last submission is that given that we are listed, and we are also in a position to expand branches, it will be good to have someone who can enrich our board, I think our board can be a little more heterogeneous than where it is now. So, I think these are the five things. The first thing is that I request the board to consider ESOPs for all employees. Second, in terms of attrition, I see two senior people. One is Digital Officer, and another person leaving the organization. How do we ensure that we don't lose people? Third, how do we set targets, and why our growth is underwhelming when compared to the industry in a place which is our forte the next one is what is the loan size above ₹ 5 crore or ₹ 25 crore, and the last thing is that we want to have even richer board. Our board is excellent, and I think we can actually also have someone from a technology background or someone who has already spent a lot of time in a large private sector bank which we look up to. It will be good to enrich the board also. I think these are my few questions as well as observations. Thank you.

**Moderator:**

Thank you, Sir. The other two speaker shareholders, Mr. Sunder and G Satish Kumar have not joined. So, we are through with the speaker shareholders. now over to the Chairman.

**S. Ravindran:**

Thank you. Now, I would request Mr. S. Krishnan, MD & CEO to respond to the queries of the shareholders. And we may like to answer questions which are related to him, which I will take it up at the end.

**S. Krishnan:** Thank you, Chairman. Thank you, shareholders, for evincing a lot of interest and seeking clarifications. Let me address these one by one. The bank has a plan, for spreading its wings. The plan is to have pan India presence over a period of time. You all

might have noticed that the bank has put its first foot on the northeastern states in Guwahati, and we are also expanding in other states. It is not only that, but the Board has also approved for expansion of 50 branches in the first phase during this year towards that we have been working. We have been making an analysis of the potential centres, which are available where we can help and all the states for the period of time in the years, we will be able to cover and definitely the focus will be given on those places where we do not have presence as of now. So, we have noted your suggestion of having additional facilities for the new account holders, more particularly the investors. Definitely, we will introduce them, and we will be in touch with them through the mail or whatever mode that we can have. Be assured that we will be continuing the legacy of the bank on customer service and take the bank to greater heights. The other person also talked about the number of branches As I said, yes, we have been working on that. We have been opening in different parts and are slowly expanding. We will become the pan India in the years to come. Regarding the number of female employees, which is very low, the bank is recruiting the employees without any bias on gender and slowly, it is progressing, and we will be achieving the greater numbers in the period to come. So, we have noted the suggestion on issuance of the bonus shares and splitting of the shares, and definitely, this will be deliberated in the respective committees and will be kept informed. We have also noted your suggestion for contribution from the CSR activity to help the visually impaired and the senior citizen, this will be discussed and deliberated by the respective Board-level committee. Coming to the other one, the question is on few branches only in some states, why not we become pan India, as I said already, we will be becoming. There is a question on income from insurance and this I will just give you in one minute. From the life insurance, we had a total income of around ₹6.5 crore and from the general insurance, we had around ₹3.7 crore, but besides that, we have the Government insurance like ABPY, NPS, PMJJBY PMSBY, which again contributed around ₹1.33 crore. Totally it was ₹ 11.64 crore against the income of ₹6.57 crore in the last year. As regards the Government business, the bank has just received the agency business approval somewhere in December or so. After that there are a lot of procedures. Now, almost all the clearances have been obtained, and technology linking is in progress. That job will be commenced in this current year. There was also a question about the maintenance of the NIM, let me say that the NIM is 4.46, the guidance we have given to the streets is 4+ that is what the guidance we gave, and as rightly observed by the shareholder. In the rising interest rate scenario where the cost of deposits is increasing continuously, the maintenance of that NIM will be a challenge. However, your bank will make all our efforts to see that we are able to maintain the guidance that has been given to the streets. Number of employees, attrition and average age. We have total staff of 4468 employees, of which around 11% represent female employees. The average age of the employee is 35 years, total average age, and the attrition is 140 during 2022-2023 against 150 employees who attrited in the previous year.

There was also a question of my experience of completing a one year in this great bank. The journey has been highly satisfactory; with the support of the Board, guidance of the board, we were able to achieve good performance and the results are before you. More

than that the support of the shareholders is definitely applaudable. There was a question on the bulk deposits. Yes, the bulk deposits are being accepted as the shareholder himself was talking about the industry practice and other things and our bank cannot be an exception; however, we are conscious of that. The bank deposits as of 31st of March are around 12.1% of their total deposits amounting to ₹6063 crore and those bulk deposits which are above the card rate accounted for 10.43% of the total deposit, i.e., around ₹4283 crores. The estimated impact of these higher costs will be informed to their respective shareholder by mail in due course. Regarding the targets for achieving the MSME, particularly keeping in mind the business process reengineering project which has been taken up by the bank and also has entered into a tie-up with Jacota for digital lending, the Board has approved a target of around 19.37% for the MSME growth during the year 2023-2024. The other question from one of the shareholders is to implement the BPR faster. I can only say that the BPR project is going as per the schedule. The first phase has been taken for the MSME. The Board will review its implementation, and based on that, the other phases will be taken up in the periods to come.

Sir, your suggestion regarding the ESOP to be introduced. Definitely, the respective committee will be deliberating on that and we will be coming back with that based on the deliberations of the Board on the respective committee. Regarding the number of accounts which are about ₹25 crores, I can say that I have data readily available of ₹10 crore and above. I have around 1701 borrowing accounts amounting to ₹6179 crores as on 31st of March 2023, which represents 189 customers that is ₹10 crore and above. The other question regarding the technology needs to be improved. Yes, the bank is fully conscious, As you might have seen that the bank has taken a lot of technology and digital transformation, and we have been entering into MOU with leaders in the industry. The whole idea is that we will be able to give an excellent, comfortable, seamless digital journey for our customers, be it on the liability side or on the asset side. As far as customer service is concerned, the bank will definitely keep its legacy and be the number one on the customer service front. There was also a suggestion for the bank to concentrate on the CASA. Yes, the bank is concentrating on its growth. We have formulated a separate marketing department for mobilizing the liability product. Regarding the expansion of credit, as I was telling you that we have got business process reengineering started in phase 1 for the MSME. Towards that, we have introduced or changed our process. We have put in place a centralized processing MSME hub at select centres. We have also put in place the relationship managers in these places. These relationship managers will be attached to the customers, and they are responsible for them, they will be able to scout for new business. The advantage of this hub is that the underwriting and sourcing are differentiated. The underwriting centers of the hub have specialized people with credit analysts, a seasoned, experienced person as the head of the hub whereby the quality can be maintained, that was another question by another shareholder that quality should not be compromised. The necessary steps have been taken to ensure that the quality is not compromised. One of the shareholder has also sent their questions online. I will reply that also, which was also cited when he was presenting here. The net profit has reduced from ₹280 crore for the quarter that ended December 2022 to ₹250 crore for the quarter ended March 2023, was the

question. I can give the clarification stating that while the operating profit is almost the same in both quarters, that is ₹404.81 crore in Q3 and 404.4 crore in Q4. The reduction in the net profit is mainly due to the additional provisions made for the NPAs to the extent of ₹20 crore. Provision for standard assets with the increase in the advances portfolio one has to make additional provision for the standard assets, which amounted to ₹15 crore. The creation of deferred tax for special reserves and others was ₹11 crore, and the floating provision was around ₹4 crore. And while the net traditional approach and contingencies were ₹50 crore, there was a reduction tax procedure and retrieval of provision for restructured accounts totalling ₹24 crore, that's the net profit reduced by 26 crore in Q4. The next question is the net interest income as reduced from ₹534 crore for the quarter ended December 2022 to ₹527 crore for the quarter ended March 2023. I have to say that there was a slight dip in net interest income for Q4 due to the stress of increasing deposit interest rates because of the rising interest rates scenario at the industry level. Your bank was almost the last to increase the interest rate to have the higher cost of deposits thereby, we could minimize the increased cost which the industry faced for a little longer time. The next question was the operating profit has reduced from ₹426 crore for the quarter ended March 2022 to ₹404 crore for the quarter ended March 2023. Let may say that the interest income of Q4 FY 2022 was ₹986 crore, non-interest income was ₹214 crore, of which the recovery from the return of account was ₹85 crore. Interest expenses for Q4 of FY 2022 were for ₹499 crore, non-interest expenses were ₹275 crore, and operating profit was ₹426 crore. Similarly, these numbers for the FY 2023 were interest income at ₹1070 crore, non-interest income at ₹1,183 crore, interest expenses at ₹543 crore, non-interest expenses at ₹306 crore, operating profit at ₹404 crore. Though there was an increase in the interest income by ₹84 crore for Q4 of FY 2023 on a year-on-year basis, the non-interest income has dropped by ₹31 crore, and the interest expenses and non-interest expenses have gone up by ₹45 crore. Raising interest rate scenarios across the industry during the financial year 2023 was the reason for the increase in interest expenses. The reason for that dip in non-interest income was due to their recovery in the return of accounts to the tune of only ₹58 crore during Q4 of FY 2023 as against ₹84 crore during the Q4 of FY 2022. The next question was whether the bank's credit growth is very moderate compared to the industry performance and the peer bank's performance. We have achieved the advance position of ₹37,582 crore against the target of ₹37,500 crore for the financial year 2022-2023. Out of the total advance portfolio, RAM, i.e., the Retail, Agriculture and MSME constitutes 87%, and other advances are 13%. During FY 2022-2023 we have focused on the RAM segment where there is a diversified risk, and hence growth rate is registered at 11.36% against the industry growth rate of 15% on conservative basis. In the RAM growth agriculture sector and retail sector contributed growth of 15% and 14%, respectively. Among the Tamilnadu-based peer banks, our credit growth rate was on par for the financial year 2022-2023. The next question was whether all the key financial indicators for the recent quarter that ended June 2023 have further deteriorated as detained. The net interest income further reduced the operating profit reduced. The NIM has reached a near-term low of 4% when all other banks are witnessing increasing NA and NIM. The CASA has reduced, which effectively increases the cost of funds, so the major contributor reduction is NIM. The AGM is being conducted for the financial year 2022-2023, and the adoption of financial results for the year

ended 31st March 2023. As such, I am requesting the shareholders to restrict their questions on the financial statement for the year ended 31st March 2023. However, the financial results for the June quarter of the current financial year have been announced by the bank, and the disclosures and the bank's comment on the questions raised during the analyst meeting regarding that particular quarter is available in the public domain, including the Bank's website, which may be referred for the above questions. Though two shareholders were not present here, they have also sent the mail for their good order. Let me also read those questions and give my response to the same. While going through the annual report of 2022-2023 of our banks, I was shocked to see that it was reported highest ever profit in this regard. I need some clarification for the following, where he has given the workings of raising the IPO and yield on the IPO at the rate of 7.5% and also the additional provisions made during the last year to the total of ₹200 crore towards the COVID as a contingency fund which was created by the bank, adding that the net profit of the bank was ₹832 crore. That ₹200 crore and the yield on the average yield on the additional IPO funds collected, comes to ₹1,113 crore. And what are the future plans and programs to improve the company's performance? Let me say that the interest income on advances increased from ₹2952.8 crore to ₹ 3143 crore. That is a growth of 6.47% due to increase in average advances by ₹ 2103 crore. Income on investments increased from ₹822.48 crore to ₹ 904.5 crore, an increase of ₹9.97 crore due to an increase in average investment from ₹12,285.822 crore to ₹ 13,278.9 crore. Premium earned on priority sector lending certificate sold increased from ₹ 71.41 crore to ₹ 74.54 crore. Our bank raised the funds through IPO in the month of September 2022 to the tune of ₹ 807.84 crore. The net profit for the year ended 31st March 2023 was ₹ 1029.26 crore against ₹ 821.91 crore, showing an increase of ₹ 207.35 crore over the previous year, and the bank has raised ₹ 807.84 crore through the IPO. The above net profit is a historical milestone for the bank. However, the bank is taking various steps to increase the business further. The bank has taken steps for improving its advances growth in the MSME segment, which is the major portfolio of the advance of the bank. The bank has tied up with a globally leading consultant for business process reengineering, under which various actions have been taken. One such initiative is opening MSME Hubs. As I already told so far the bank has opened eight MSME hubs in Chennai, Madurai, Coimbatore, Thoothukudi, Trichi, Bengaluru, Salum and Hyderabad. The bank has also formed a new vertical- the Marketing Department which is headed by an AGM and the team under him in every region is working towards improving the CASA and fee-based products. Regional Marketing managers and Chief Manager grades have been posted at every region who will guide and assist the branches to grow liability business in their respective regions. The investors view the presence of two RBI nominee directors on the Board of our bank as a negative indicator, that the bank is still in trouble and having governance issues. Let me say that as per Section 36A (B) of the Banking Regulation Act 1949, the Reserve Bank of India has the power to appoint any Additional Directors of the banking company if the RBI is of the opinion that in the interest of the banking policy or in the public interest or in the interest of the banking company or its depositors it is necessary to do so. As such, it is the prerogative of the Reserve of India to appoint or to remove their Nominee Directors. One more Director has also sent a mail requesting to include this. He has said that the vehicle loan rate of interest is higher compared to peer banks so this can

be reduced. I can only say that this will be looked into. The ALCO and the Credit Risk Management Committee of the bank will be delivering upon the pricing, and we are definitely trying our best to be competitive. There was also a question by one of the shareholders on the attrition of the senior management. I can only say that the number of people leaving is very low in our bank, that too in the senior management. The management has got good for the employees. So, we will definitely be taking note of these suggestions and also look into how further we can improve upon them. Thank you, Trust, I have addressed all the shareholders' queries. Over to you, Mr. Chairman.

### **S. Ravindran:**

Thank you Mr. Krishnan. And there was one question relating to the appointment of the MD and CEO and the performance and the variable pay. This question does not relate to the agenda items circulated for this AGM. But still, in the interest of good governance and following the principles of transparency, I would like to briefly inform that first of all, his appointment was made after the due process and approval of the Board, shareholders and the RBI, and for a period of three years, and he has just completed the one year of that term. As far as his performance is concerned, the Board and the NRC has comprehensively reviewed the performance as well as the circumstances in which this evaluation was made and recommended a variable payable to him, which has been sent to RBI for approval. So, at this stage, it is still not final. So, let us leave it at that. Thank you very much. Let me move on to the next item. Members, you may kindly note that the voting on the NSDL platform will continue to be available for the next 30 minutes, i.e., up to 01:10 PM. Therefore, members who are present in this meeting and those who are yet to cast their votes are requested to do so. Mr. Sachin Sharma, Senior Partner of Sharma & Trivedi LLP, Company Secretaries, Mumbai, has been appointed the Scrutinizer to supervise the e-voting process. The e-voting results of the Annual General Meeting will be published on the Bank's website, on the websites of the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and also on the website of NSDL.

We are thankful to all Members who have participated through the video conference facility. Wish all members to remain safe and stay healthy.

Let me now acknowledge and thank everyone.

### **Acknowledgment**

- As we continue to embark on our transformation journey, I wish to express my gratitude to the Board of Director for providing their continuous support and guidance to maintain the highest standards of corporate governance and professionalism in guiding the Bank.
- I also thankfully acknowledge the continuous guidance and support of the Reserve Bank of India, Securities and Exchange Board of India, Indian Banks' Association, IRDAI, BSE, NSE, and other Regulatory / Statutory bodies.

- My sincere thanks to all the staff members for their wholehearted efforts and their continued support in all the endeavors of the Bank as partners in progress.
- My sincere thanks to all our customers for their continued support in all the endeavors of the Bank.
- My special thanks to all the esteemed shareholders for reposing your trust in the Bank and helping us to shape it as an institution of great stability.

With your permission, I call this meeting to an end.

I thank all the shareholders once again for attending the meeting, and I hereby declare the proceedings as closed.

Thank you.

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