

Impressive background and business model..

Tamilnad Mercantile Bank Limited ("TMB") was incorporated on May 11, 1921. TMB, headquartered at Thoothukudi (Tamil Nadu, India), is one of the oldest and leading old private sector banks in India, with a history of close to 100 years. The Bank offers a wide range of banking and financial services primarily to micro, small and medium enterprises ("MSME"), agricultural and retail customers ("RAM"). As of March 31, 2022, the Bank had 509 branches, of which 106 branches are in rural, 247 in semi-urban, 80 in urban and 76 in metropolitan centres. TMB has built a strong presence in the state of Tamil Nadu, with 369 branches and 949 automated teller machines ("ATMs") and 255 cash recycler machines ("CRMs"), 91 E-Lobbies, 3,939 PoS as of March 31, 2022. The Bank's overall customer base is approximately 5.08 million as of March 31, 2022 and 4.05 million or 79.78% of its customers have been associated with the Bank for a period of more than five years and have contributed to ₹350,14.23 Crore or 77.93% to its deposits and ₹ 21,902.22 Crore or 64.90% to its advances portfolios as of March 2022. As per the CRISIL Report, the Bank had the second highest Net Profit for Fiscal 2022 amongst its Peers, and its Return on Assets was also higher at 1.66% compared to a median 0.80% for its Peers for Fiscal 2022. The Bank's Return on Equity ratio, stood at 16.58% in fiscal 2022, while its peers reported a median of 8.30%. TMB is also well-capitalised with a tier-1 capital adequacy ratio of 20.44%.

Total deposits of the Bank have increased at a CAGR of 10.46% (compared with peer median: 7.90%) from ₹36,825.02 Crore in Fiscal 2020 to ₹ 44,933.114 Crore in Fiscal 2022. TMB's current account and savings account deposits to total deposits are also competitive among peers at 30.50%. The Bank's advances increased at a CAGR of 9.93% (compared with peer median: 8%).

TMB's net profits increased at a CAGR of 41.99% during fiscal 2020-22, with the bank reporting second highest net profit at ₹ 820 Crore during fiscal 2022 amongst the peers.

TMB's risk management processes is aimed at maximizing Bank's risk adjusted rate of return by maintaining credit exposure within acceptable parameters. The Bank's gross non-performing assets ("GNPA") have reduced from ₹ 1,020.98 Crore or 3.62% in Fiscal 2020 to ₹ 1,084.78 Crore or 3.44% in Fiscal 2021 to ₹ 570.93 Crore or 1.69% in Fiscal 2022. In Fiscal 2022, TMB reported a low GNPA of 1.69% compared with 4.40% for its peers (median).

In Fiscal 2022, the Bank's GNPA as a percentage of overall advances in RAM portfolio was ₹ 428.87 Crore or 1.45% and in corporate portfolio was ₹ 142.05 crore or 3.36 % respectively. Further, the Bank has maintained a provision coverage ratio ("PCR") at 80.75%, 79.53% and 87.92% as of March 31, 2020, March 31, 2021 and March 31, 2022 respectively.

K V Rama Moorthy* is the MD & CEO of the Bank. He has over 40 years of banking experience, including in Bank of Baroda and as an Executive Director in United Bank of India. Prior to joining the Bank, he was Executive Director in United Bank of India till 2017.

Appointment of Krishnan Sankarasubramaniam* instills confidence in the Bank

The Board, pursuant to its resolution has appointed Mr. Krishnan Sankarasubramaniam as the Managing Director & CEO with effect from September 4, 2022. Prior to joining the Bank, he was the MD & CEO of Punjab and Sind Bank. Earlier, he was associated with Indian Bank & Syndicate Bank (which was merged into Canara Bank). The term of the incumbent MD & CEO K V Rama Moorthy is due to end on September 3, 2022. The appointment of Mr .Krishnan Sankarasubramaniam as the Managing Director & CEO with effect from September 4, 2022 for a term of 3 years has been approved by the RBI, pursuant to its letter of approval dated August 18, 2022.

Type of Issue	Fresh issue of 15,840,000 Equity shares
Issue size	Rs. 831.6 Crore at the upper end of the price band
Issue date	September 05, 2022 - September 07, 2022
Listing date	September 15, 2022
Price Band	₹500 - ₹525 (Face value: ₹ 10)
Bid lot	28 equity shares and in multiple thereof
Issue structure	QIB - 75%, NIB - 15%, Retail -10%
Post issue shares	15.835 Crore equity shares
Promoter Public	Pre IPO: - Post IPO: - Pre IPO: 100% Post IPO: 100%
Post issue market cap	₹ 8,313.38 Crore
BRLMS	Axis Capital, Motilal Oswal Investment Advisors, SBI Capital Markets
Registrar to the issue	Link Intime India Pvt Ltd

Particulars (₹ Crore)	FY22	FY21	FY20
Total Business	78,681.25	72,511.45	65,061.2
Net Advances	33,491.54	31,069.60	27,715.76
Deposits	44,933.11	40,970.42	36,825.03
CASA (%)	30.50	28.52	25.85
C/D ratio	74.54%	75.83%	75.26%
Net Interest income	1,815.23	1,537.53	1,319.51
NIM (%)	4.10	3.77	3.64
Operating profit	1,526.77	1,202.23	995.03
Cost/Income (%)	42.12	44.90	46.10
Net Profit	821.91	603.33	407.69
Equity share cap.	142.51	142.51	142.51
Networth	5,335.71	4,579.98	3,979.65
Capital Adequacy (%)	22.06	18.94	16.74
GNPA (%)	1.69	3.44	3.62
NNPA (%)	0.95	1.98	1.80
PCR (%)	87.92	79.53	80.75
Credit cost (Avg. advances)	0.63	1.37	1.51
Book value per share (₹)	389.47#	321.38	279.25
RoA (%)	1.66	1.34	0.99
RoE (%)	16.58	14.10	10.73

Source: Source: RHP, # denotes Post IPO Book value

Investment recommendation and rationale

At the upper end of the price band of ₹525, the Company's IPO is valued at Price/Book Value of 1.35x at post IPO FY22 Book value, which we believe is decent considering its strong fundamentals. We recommend "SUBSCRIBE" to the issue due to the following factors: a) Strong legacy, loyal customer base and focus on improving servicing framework, b) Strong presence in Tamil Nadu with focus to increase presence in other strategic regions, c) Advances with focus on MSME, agricultural and retail segments, d) Consistently growing deposit base with focus on low-cost retail CASA. e) Professionally managed Bank with experienced senior management team and board of directors, f) Appointment of banking veteran - Krishnan Sankarasubramaniam as Managing Director & CEO of the Bank with effect from September 4, 2022 instills confidence in the Bank, g) Strong asset quality, underwriting practices and risk management policies and procedures, h) consistent financial performance.

About its Business

Tamilnad Mercantile Bank Limited ("TMB") is one of the oldest and leading old private sector banks in India with a history of almost 100 years. They offer a wide range of banking and financial services primarily to micro, small and medium enterprises ("MSME"), agricultural and retail customers ("RAM"). As of March 31, 2022, they have 509 branches, of which 106 branches are in rural, 247 in semi-urban, 80 in urban and 76 in metropolitan centres. Their overall customer base is approximately 5.08 million as of March 31, 2022 and 4.05 million or 79.78% of their customers have been associated with them for a period of more than 5 years and have contributed to ₹35,014.24 crore or 77.93% to their deposits and ₹ 21,902.23 crore or 64.90% to their advances portfolios as of March 2022. They had the 2nd highest Net Profit for Fiscal 2022 amongst their Peers, and their Return on Assets was also higher at 1.66% compared to a median 0.80% for their Peers for Fiscal 2022. The Bank's deposits have grown at a healthy pace of 10.46% CAGR (compared to median of its peers 7.90%), while its advances grew at 9.93% CAGR (compared to median of its peers: 8%). As of March 31, 2022, their deposits and advances portfolio in the state of Tamil Nadu has contributed 75.06% to their Total Business. The Bank is also focusing on diversifying its growth in other high growth regions of India which will help increase their network and client base. Other than Tamil Nadu, the Bank is present in 15 other states and 4 union territories of India. Apart from Tamil Nadu, the Bank has sizable presence in the states of Maharashtra, Gujarat, Karnataka, and Andhra Pradesh with presence across 90 branches and 125 ATMs and 18 CRMs as of March 31, 2022. The Bank also has been consistently growing its customer base from approximately 4.66 million as of March 31, 2020 to approximately 4.91 million as of March 31, 2021 to approximately 5.08 million as of March 31, 2022 at the CAGR of 4.36% from Fiscal 2020 to 2022. The Bank's focus on quality of service and nurturing long term relationship with their customers has enabled them to develop a well-recognized and trusted brand in south India, particularly in Tamil Nadu, India.

TMB was incorporated as 'Nadar Bank Limited' in 1921 and their name was changed to 'Tamilnad Mercantile Bank Limited' in the year 1962. They received their license to carry on banking business from the Reserve Bank of India in 1962. Since their incorporation, having head quartered at Thoothukudi, Tamil Nadu, India, they have built a strong presence in the state of Tamil Nadu., with 369 branches and 949 automated teller machines ("ATMs") and 255 cash recycler machines ("CRMs"), 91 E-Lobbies, 3,939 PoS as of March 31, 2022.

Source: Red Herring Prospectus (RHP)

The information in relation to the Bank's advance portfolio for asset products as of March 31, 2022

Category of loan portfolio	Amount outstanding (₹ Crore)	% of Total Advances	Average ticket size (₹ Crore)
RAM customers			
- MSMEs	12,615.19	37.38	0.19
- Agricultural customers	10,022.85	29.70	0.01
- Retail customers	6,882.46	20.39	0.05
Corporate customers	4,227.67	12.53	0.57
Total	33,748.17	100	0.03

Source: Red Herring Prospectus (RHP)

Brief details of Products

Parameter	MSMEs	Agricultural Customers	Retail Customers	Corporate Customers
FY22 Portfolio Size (₹ Crore)	10,706 -12,615	6,995 – 10,023	5,442 – 6,882	5,093 – 4,228
CAGR (FY20-FY22)	8.55%	19.70%	12.46%	12.46%
Average Ticket Size (₹ Millions)	1.89	0.13	0.47	5.67
% of Total Advances	37.38%	29.70%	20.39%	12.53%
Product Description	Typically working capital requirement loans with flexible security conditions	Short term crop loans, machinery loan	Home loans, LAP, Vehicle loans, Personal Loans, Education loans	Loans for working capital, term financial, trade financial, structured finance services, foreign exchange business funding
Target Industries	Textile, timber, engineering, health-care, hospitality, food processing	Agriculture	Individuals	Textile, infrastructure, power, iron & steel and other industries
Security & Limit	Tangible and marketable collateral of at least 50% of loan value	As per RBI Circular, no security for loans upto ₹ 0.16 million	Immoveable property / hypothecated vehicle	
Loan Product Names	TMB Vyapari, Traders & Services Loan, TMB MSME Credit, TMB Pharma Trade Finance Scheme, TMB LAP, TMB Mahalir	Kisan Credit Card, TMB Dhall Mill, TMB Rice Mill	TMB Home Loan, TMB Affordable Home Loan, TMB Home Loan for NRI, TMB Personal Lo	

Source: Red Herring Prospectus (RHP)

Competitive strengths

Strong legacy, loyal customer base and focus on improving servicing framework

With almost 100 years of history, TMB has established themselves as a well-recognized scheduled commercial bank having a strong network of branches, ATMs and CRMs across several states of South India including Tamil Nadu being their home state, along with Maharashtra, Gujarat, Karnataka, and Andhra Pradesh, which has enabled them to maintain a strong customer base. The Bank has consistently worked towards developing long-term relationships with its customers based on the knowledge of local needs and its experience in the sector, amongst other things.

With a focus on increasing their existing customer base, the Bank has introduced various alternate banking channels such as ATMs, CRMs, internet banking, mobile banking, E-Lobbies, point of sales ("PoS"), banking and debit and credit cards.

The Bank introduced internet banking to their customers in 2008 through 'TMB-Econnect' and utility payment facility which enabled their customers to pay bills. Their E-Lobbies are mini-branches which have been introduced with an aim to reduce human interface and cater to basic banking facilities of their customers.

Strong presence in Tamil Nadu with focus to increase presence in other strategic regions

Since its incorporation, TMB has built a strong and trusted network of customers in the State of Tamil Nadu. As of March 31, 2020, 2021 and 2022 their deposits and advances in the state of Tamil Nadu contributed to 75.93%, 76.33% and 75.06%, respectively, of their Total Business. As of March 31, 2022, the Bank had 4.32 million customers, 85.03% of their overall customer base, contributing to their deposits and advances portfolios in the State of Tamil Nadu.

Apart from their home state, Tamil Nadu, TMB focuses on diversifying their reach in their already existing network including in the states of Gujarat, Maharashtra, Karnataka and Andhra Pradesh. As of March 31, 2022, their businesses, including the deposits and advances portfolios, in the state of Tamil Nadu, Maharashtra, Andhra Pradesh, Karnataka and Gujarat contributed 75.06%, 5.78%, 3.67%, 3.47% and 2.91% to their Total Business. Their focus to increase their markets share in these states more specifically in their home state.

Advances with focus on MSME, agricultural and retail segments

The Bank has traditionally focused on small ticket size loan products to MSME customers, agricultural and retail customers for its growth. Bank's advances portfolio consists of a wide basket of retail finance and small ticket size MSME finance products. The Bank's focus is on understanding the needs and expectation of their customers, particularly in the RAM space and adopting strategies to target these customer segments for their growth. TMB leverages their presence in semi-urban and rural regions where they are located to attract more customers in the RAM segment. The Bank has dedicated branches at Thoothukudi and Chennai in Tamil Nadu, and at Surat, Gujarat to cater to the requirements of MSME customers in these regions.

TMB has structured loan products available to meet the financial requirements of their MSME customers, which aids in growing their MSME customer base across all places where they are currently present. These products include "TMB-Traders & Services", "TMB – MSME Credit", "TMB Vehicle Finance (for commercial purposes)", "TMB-Rice Mill", "TMB-Dhall Mill", "TMB-Pharma and Health Care", "TMB-Micro Entrepreneurs under Pradhan Mantri MUDRA Yojna ("PMMY)", "TMB Vyapari" and TMB Rental-100" (for business purposes).

The Bank believes in the development of a socially inclusive model, focusing on bringing in customers in the underserved sectors into the banking mainstream. Therefore, the Bank's focus has been to further enhance its RAM mix to help the Bank gain more market share in Tamil Nadu and other regions where it continues to exist.

Consistently growing deposit base with focus on low-cost retail CASA

TMB has adopted a customer-first approach, with an emphasis on customer relationships. Apart from the individual segment, the Bank has focused on account sourcing on value based CASA products. During Fiscals 2020-22, their deposits increased at a healthy CAGR of 10.46% compared with peer median of 7.90%. TMB's digital banking channels enable a smooth transition from physical to digital usage and enhance customer experience, designed to grow their business and improve the margins.

Professionally managed Bank with experienced senior management team and board of directors

Bank's Board of Directors comprises 11 directors and 2 nominee directors appointed by the RBI. The 11 directors include their Managing Director and Chief Executive Officer and 10 Non-Executive directors, of whom 6 are Independent Directors, 1 of whom is a woman Director. Their senior management team's capabilities, reputation, extensive network of industry relationships, and wide ranging experience in the finance and banking industry is critical to their strategy to grow, modernise, and develop further. The Bank also has a robust, comprehensive training program for employees which help them improve and maintain the quality of customer service and retention of customers.

Strong asset quality, underwriting practices and risk management policies and procedures

TMB focuses on selective lending and limit their exposure to certain industries and sectors as a part of their strategy to monitor concentration risk. The Bank has a Risk Management Committee to monitor their corporate customers on a monthly basis. TMB has reported a relatively lower GNPA of 1.69% as compared with 4.40% for their Peers (median) as of Fiscal 2022. The NNPA have reduced from 1.80% in Fiscal 2020 to 0.95% in Fiscal 2022. The Bank's Provision Coverage Ratio (PCR) stood at 87.92% as of March 31, 2022. As of March 31, 2022, TMB has 59.46% of their outstanding loan value with less

than 12 months tenures including working capital facilities renewable annually, 17.45% of their outstanding loan value with a tenure of 12-60 months and 23.09% with a tenure of more than 60 months. As of March 31, 2022, their average loan outstanding per branch is ₹ 66.30 crore.

Consistent financial performance

TMB focuses on increasing their digital footprint which in turn has improved their operational processes that has reduced the costs and resulted in improving the profitability of the Bank. The total income increased at a CAGR of 7.99% during 2020 to 2022. Their NIM has consistently grown over the years with an increase from 3.64% to 4.10% from Fiscal 2020 to Fiscal 2022 at a CAGR of 6.13%. The cost to income percentage has reduced from 46.10% in Fiscal 2020 to 42.12% in 2022 at a CAGR of (4.41)%. PAT of the Bank increased at a CAGR of 41.99% during Fiscal 2020 to Fiscal 2022. ROE of the Bank increased at a CAGR of 24.31% from 10.73% in Fiscal 2020 to 16.58% in Fiscal 2022. ROA of the Bank increased at a CAGR of 29.49% from 0.99% in Fiscal 2020 to 1.66% in Fiscal 2022.

Objects of the issue - Fresh issue of 15,840,000 Equity Shares aggregating up to 831.6 Crore

The Bank proposes to utilize the Net Proceeds towards augmenting its Tier-I capital base to meet its future capital requirements. Further, the Gross Proceeds from the Offer will also be used towards meeting the expenses in relation to the Offer. Additionally, the Bank expects to receive the benefits of listing the Equity Shares on the Stock Exchanges.

Peer comparison for advances and deposits (₹ In Crore)

Parameters (FY22)	TMB	City Union	Catholic Syrian	DCB	Federal	Karur Vysya	Karnataka Bank	RBL Bank	South Indian Bank
Deposits	44,933.10	47,689.70	20,188.30	34,691.70	1,81,700.60	68,676.30	80,386.80	79,006.50	89,142.10
CASA/Total Deposits	30.50%	32.56%	33.66%	26.75%	36.94%	34.81%	33.00%	35.29%	33.21%
Advances	33,491.50	40,358.50	15,814.70	29,095.80	1,44,928.30	55,334.60	56,783.10	60,021.80	59,993.40
Deposits CAGR FY20-22	10.46%	8.07%	13.07%	6.88%	9.23%	7.82%	5.82%	16.90%	3.61%
Advances CAGR FY20-22	9.93%	9.07%	17.96%	7.14%	8.87%	9.56%	(0.2)%	1.71%	(3.51)%
Net Profit	821.91	760.17	458.49	287.51	1,889.82	673.27	508.61	(74.74)	44.98
Net Profit CAGR FY20-22	41.99%	26.30%	not meaningful	(7.76)%	10.68%	69.25%	(6.62)%	not meaningful	(34.42)%

Source: Red Herring Prospectus (RHP)

Operating profitability of TMB and its peers

Parameters (FY22)	TMB	City Union	Catholic Syrian	DCB	Federal	Karur Vysya	Karnataka Bank	RBL Bank	South Indian Bank
Yield on advances	9.45%	9.36%	11.21%	10.71%	7.92%	8.47%	8.84%	12.22%	8.73%
Cost of deposits	4.91%	4.68%	4.31%	6.05%	4.28%	4.30%	4.66%	4.81%	4.75%
Net interest margins	4.10%	3.98%	5.27%	3.56%	3.16%	3.69%	3.18%	4.40%	2.62%
Cost-to-income	42.12%	40.37%	50.51%	55.40%	59.89%	53.20%	52.57%	56.90%	64.10%
Net profit margin	17.65%	15.62%	17.60%	7.30%	12.00%	10.60%	7.21%	(0.10)%	0.10%

Source: Red Herring Prospectus (RHP)

Profitability of TMB and its peers

Parameters (FY22)	TMB	City Union	Catholic Syrian	DCB	Federal	Karur Vysya	Karnataka Bank	RBL Bank	South Indian Bank
Credit costs/total assets	0.27%	1.00%	0.30%	0.91%	0.50%	0.90%	0.90%	2.70%	1.30%
Return on assets	1.66%	1.32%	1.88%	0.68%	0.89%	0.87%	0.57%	(0.07)%	0.05%
Return on assets (FY20-22 avg)	1.32%	1.16%	1.00%	0.82%	0.88%	0.57%	0.62%	0.35%	0.07%



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Return on equity	16.58%	12.23%	18.98%	7.37%	10.82%	9.25%	7.40%	(0.59)%	0.77%
Return on equity (FY20-22 avg)	13.17%	10.76%	10.28%	9.44%	10.79%	6.05%	9.05%	3.16%	1.33%
Tier-1 capital adequacy ratio	20.44%	19.80%	24.40%	15.80%	14.40%	17.50%	12.70%	16.20%	13.20%

Source: Red Herring Prospectus (RHP)

Asset quality and Provision Coverage Ratio of TMB and its peers (₹ In Crore)

Metric	TMB	City Union	Catholic Syrian	DCB	Federal	Karur Vysya	Karnataka Bank	RBL Bank	South Indian
GNPA	570.93	1,933.18	289.51	1,289.93	4,136.74	3,431.04	2,250.82	2,728.39	3,648.09
GNPA	1.69%	4.70%	1.81%	4.32%	2.80%	5.96%	3.90%	4.40%	5.90%
NNPA	317.58	1,191.10	107.00	573.23	1,392.62	1,260.79	1,376.97	806.56	1,777.77
NNPA	0.95%	2.95%	0.68%	1.97%	0.96%	2.28%	2.42%	1.34%	2.97%
Provision Coverage Ratio	87.92%	64.00%	89.70%	67.84%	65.54%	80.27%	73.47%	70.40%	69.55%

Source: Red Herring Prospectus (RHP)

Comparison with Listed Industry Peers

Name of the Bank	Total Revenue for FY 2022 (₹ Crore)	Face Value(₹)	EPS (₹) (Basic)	NAV (₹)	P/B (x)	P/E (x)	RoNW (%)
Tamilnad Mercantile Bank Ltd	4,656.44	10	57.67	374.41	1.35*	10.11#	15.40%
City Union Bank Ltd	4,863.86	1	10.29	89.05	1.45	12.54	11.54%
CSB Bank Ltd	2,285.11	10	26.43	152.78	1.38	8.01	17.29%
DCB Bank Ltd	3,964.80	10	9.26	130.15	0.53	7.49	7.10%
Federal Bank Ltd	16,502.46	2	9.52	91.58	1.05	10.23	10.21%
Karur Vysya Bank Ltd	6,356.73	2	8.42	94.95	0.49	5.50	8.86%
Karnataka Bank Ltd	7,175.54	10	16.36	227.98	0.24	3.39	7.16%
RBL Bank Ltd	10,796.37	10	(2.77)	209.01	0.62	NA	(1.33)%
South Indian Bank Ltd	7,620.43	1	0.21	27.97	0.27	35.81	0.77%

Source: Red Herring Prospectus (RHP), * calculated at upper end of the price band and Post IPO Book value of Rs. 389.47 per equity share, P/E Ratio has been computed based on the closing market price of the equity shares (BSE) on March 31, 2022, #P/E calculated on post IPO FY22 EPS of Rs. 51.90 at the upper end of the price band

Background

Bank and Directors

The Bank was initially formed as “Nadar Bank Limited” on May 11, 1921 at Thoothukudi, Tamil Nadu. The Bank is a professionally managed bank and does not have an identifiable promoter or promoter group in terms of SEBI ICDR Regulations and the Companies Act, 2013.

Brief Biographies of Directors

K V Rama Moorthy* is the MD & CEO of the Bank. He has over 40 years of banking experience, including in Bank of Baroda and as an Executive Director in United Bank of India. Prior to joining the Bank, he was Executive Director in United Bank of India till 2017.

Krishnan Sankarasubramaniam* The Board, pursuant to its resolution has appointed Krishnan Sankarasubramaniam as the Managing Director & CEO with effect from September 4, 2022. Prior to joining the Bank, he was associated with Indian Bank, Syndicate Bank (which was merged into Canara Bank) and Punjab and Sind Bank. * The term of K V Rama Moorthy is due to end on September 3, 2022. Krishnan Sankarasubramaniam has been approved by the RBI, pursuant to its letter of approval dated August 18, 2022, for appointment as the Managing Director & CEO with effect from September 4, 2022 for a term of 3 years.

Niranjan Sankar A is the Non-Executive Director of the Bank. He has over 22 years of experience in small scale undertakings.

S R Ashok is the Non-Executive Director of the Bank. He is a doctor by profession and presently serves at the Thoothukudi Medical College Hospital.

Research report written by - Akash Jain, MBA (Financial Markets), Vice – President Research



Asok Kumar P C G is the Non-Executive Director of the Bank. He has over 25 years of experience investing in the stock market.

Nirranjan Kani D N is the Non-Executive Director of the Bank. He is a director in VVD & Sons Pvt Ltd.

Balakrishnan Prabaharan is the Independent Director of the Board of the Bank.

Chiranjeevi Raj C is the Independent Director of the Bank. He has been practicing as a Chartered Accountant since 2005.

Ezhil Jothi S is the Independent Director of the Bank. She is also a member of the management committee of the Madurai chapter of the Institute of Company Secretaries of India.

Nagarajan K is the Independent Director of the Bank. He has been a practicing advocate and has over 30 years of experience at the bar.

Vijayadurai B is the Independent Director of the Bank. He is a practicing Chartered Accountant for more than 23 years.

B S Keshava Murthy is the Independent Director of the Bank. Prior to joining the Bank, he was associated with Indian Overseas Bank for more than 37 years.

Babu Suresh Kumar S is the RBI Nominee director of the Bank. He has more than 33 years of experience in various functions of Central Banking at different centres.

Natarajan Gopal is the RBI Nominee director of the Bank. He has 37 years of experience at the RBI.

Key Managerial Personnel

Prakash Chandra Panda is the company secretary of the Bank. He joined the Bank on April 17, 2017. He has 12 years of experience in the Secretarial, Legal and Listed companies.

P A Krishnan is the Chief Financial Officer of the Bank. He joined the Bank on August 3, 2021. He has 35 years of experience in the banking industry. He was previously the General Manager and CFO of Indian Bank.

Key risk

37.73% of the Bank's paid up equity share capital are subject to outstanding legal proceedings which are pending at various forums and, in connection with which, proceedings against the Bank have been initiated by various regulatory authorities, including the RBI, the Directorate of Enforcement, some of whom have imposed and sought to impose penalties on the Bank in the past.

The Bank cannot assure that these matters will be resolved in a timely manner or at all and any adverse developments in such proceedings could result in the imposition of injunctions or penalties or require it to incur significant costs to contest any of which could have a material impact on its reputation, business, financial condition and results of operation.

Disclosure under SEBI Research Analyst Regulations 2014:

Sr.no.	Particulars	Yes/No
1)	Research Analyst or his/her relative's or Ajcon Global Services Limited financial interest in the subject company(ies):	No
2)	Research Analyst or his/her relative or Ajcon Global Services Limited actual/beneficial ownership of 1% or more securities of the subject company (ies) at the end of the month immediately preceding the date of publication of the Research report	No
3)	Research Analyst or his/her relative or Ajcon Global Services Limited has any other material conflict of interest at the time of publication of the Research Report	No
4)	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
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7)	Ajcon Global Services Limited has received any compensation for products or services other than investment banking, or merchant banking, or brokerage services from the subject company in the past twelve months	No
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