

Karur Vysya aims to emerge as niche SME bank, customise products for the sector

Our Bureau

Will focus on differentiated offerings, digital push for future growth



K Venkataraman, MD and CEO, Karur Vysya Bank
Chennai, September 6:

Karur Vysya Bank (KVB), a mid-size private sector bank based in Tamil Nadu, seeks to position itself as a specialised SME (small and medium enterprise) bank, going forward.

The bank, which will celebrate its centenary during this week-end, seeks to build on its SME success story to emerge as a more comprehensive player for SME lending. Currently, SMEs account for about a third of its portfolio.

“Over these years, KVB has been standing strong despite several challenges and it has retained its identity for 100 years. Also, the bank has been driven by the same founder families even today. While strong balance sheet has been its core strength, high level of service quality is also key for our growth all these years,” K Venkataraman, Managing Director and CEO, KVB, said here.

The bank, which is in the process of finalising its blue print for future growth, will rely on two pillars — differentiated offerings and digital push — to achieve growth in its space.

Industry clusters

KVB will formulate customised package of products for the SME segment.

The bank expects its experience in lending to a range of SMEs to come in handy for coming out with comprehensive niche solutions. “We may probably choose some niche areas and develop products to suit the needs of business people in this category,” he said.

The bank targets SMEs whose credit needs are up to ₹ 25 crore. It has been offering industry-specific customised products like timber plus, pharma plus, transport plus, textile plus, rice plus, steel plus and commodity plus, among others, tailored to suit the specific requirements of each of these trades. KVB plans to broad-base its product portfolio by targeting various clusters across districts.

Moderate growth phase

Venkataraman said the bank was sustaining a strong growth till 2012-13 and was exceeding the growth targets set under its Golden Vision transformation programme kicked off in 2009. However, tough measures by the regulator and sluggish economic growth in the subsequent years resulted in a moderate growth phase for the bank.

“While we targeted a CAGR of 25 per cent when we set out our vision plan, we ended up with 19 per cent. In the past five years, which had a mix of good and challenging periods, our advances recorded a CAGR of 19 per cent, while deposits registered a CAGR of 17 per cent,” he added.

Growth guidance

For the current fiscal, the bank has revised its growth guidance downwards to 12-15 per cent from over 15 per cent. However, it is hopeful of taking the total business level to more than ₹ 1-lakh crore.

“We set a target of ₹ 1.03-lakh crore for the current fiscal and are confident of achieving it as the second half of this fiscal is expected to be much better,” said A.J. Suriyanarayana, Director, KVB.

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