

FCD/Q4/RES/46/2020

June 24, 2020

The Secretary,
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor,
Plot No. C-1, Block G,
Bandra-Kurla Complex,
Bandra East, Mumbai - 400 051.

Dear Sirs,

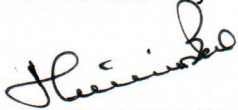
Reg: Audited Financial Results of the Bank for the quarter/year ended 31st March 2020.

Pursuant to Regulation 30 and Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015, please find enclosed copy of the audited financial results for the quarter/year ended 31st March 2020. The results were duly approved by the Board of Directors at its meeting held today.

A copy of the audit report of the Statutory Auditors is also enclosed. Pursuant to second proviso to Regulation 33(3)(d) of SEBI LODR Regulations, 2015, as amended, we hereby declare that the Statutory Auditors M/s. Walker Chandiok & Co. LLP (Registration No. 001076N/N500013), have submitted their audit report with unmodified opinion on the audited financial results of the Bank for the financial year ended March 31, 2020.

Kindly take the same on your records.

Yours faithfully



(M. Srinivasa Rao)
Asst. Gen. Manager & Company Secretary

THE KARUR VYSYA BANK LIMITED

Finance & Control Department
Registered & Central Office, No.20, Erode Road,
Vadivel Nagar, L.N.S. KARUR - 639 002. Tamil Nadu
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E.mail : fcd@kvbmail.com
Website : www.kvb.co.in
CIN : L65110TN1916PLC001295
GSTIN : 33AAACT3373J1ZD

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH 2020

Particulars	(Rs. in lakh)				
	Quarter ended			Year ended	
	31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
	Audited (Refer note 1 below)	Unaudited	Audited (Refer note 1 below)	Audited	
1. Interest earned (a+b+c+d)	145616	150378	147359	598998	581582
a) Interest / discount on advances / bills	114395	115236	116128	466505	459638
b) Income on investments	27552	29181	28162	114967	115059
c) Interest on balances with Reserve Bank of India & other interbank funds	2935	3732	1508	14076	4290
d) Other interest	734	2229	1561	3450	2595
2. Other income	34699	26006	27245	115462	96277
3. Total income (1+2)	180315	176384	174604	714460	677859
4. Interest expended	86568	92657	85436	364204	345300
5. Operating expenses (i+ii)	43764	45254	42691	174171	161480
(i) Employees cost	21442	22549	21228	85665	76117
(ii) Other operating expenses	22322	22705	21463	88506	85363
6. Total expenditure (excluding provisions and contingencies) (4+5)	130332	137911	128127	538375	506780
7. Operating profit before provisions and contingencies (3-6)	49983	38473	46477	176085	171079
8. Provisions (other than tax) and contingencies	42927	36426	35234	148867	138855
9. Exceptional items	-	-	-	-	-
10. Profit from ordinary activities before tax (7-8-9)	7056	2047	11243	27218	32224
11. Tax expense	(1314)	540	5241	3716	11137
12. Net profit from ordinary activities after tax (10-11)	8370	1507	6002	23502	21087
13. Extraordinary items (net of tax expense)	-	-	-	-	-
14. Net profit for the period (12-13)	8370	1507	6002	23502	21087
15. Paid-up equity share capital (FV Rs.2/- per share)	15986	15986	15986	15986	15986
16. Reserves excluding revaluation reserve				644041	626294


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(Rs. in lakh)					
Particulars	Quarter ended			Year ended	
	31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
	Audited (Refer Note 1 below)	Unaudited	Audited (Refer Note 1 below)	Audited	Audited
17. Analytical ratio					
(i) % of shares held by Government of India	-	-	-	-	-
(ii) Capital adequacy ratio - Basel III (%)	17.17	15.87	16.00	17.17	16.00
(iii) Earnings per share (EPS)^ (Rs.)					
a) Basic EPS before and after extraordinary items	1.05	0.19	0.75	2.94	2.64
b) Diluted EPS before and after extraordinary items	1.05	0.19	0.75	2.94	2.64
(iv) NPA ratios					
a) Gross NPA	421277	442397	444957	421277	444957
b) Net NPA	180865	194568	242034	180865	242034
c) % of Gross NPA	8.68	8.92	8.79	8.68	8.79
d) % of Net NPA	3.92	4.13	4.98	3.92	4.98
(v) Return on asset (annualised) (%)	0.46	0.08	0.35	0.32	0.31

^ EPS not annualised for the quarter.



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SEGMENT REPORTING FOR THE QUARTER AND YEAR ENDED 31st MARCH 2020

(Rs. in lakh)						
Business Segments	Quarter ended			Year ended		
	31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019	
	Audited (Refer note 1 below)	Unaudited	Audited (Refer note 1 below)	Audited		
Segment revenue						
1. Treasury	45183	38284	36667	166896	130725	
2. Corporate/Wholesale banking	37104	37270	40428	150547	165386	
3. Retail banking	97044	100010	96723	393881	379250	
4. Other banking operations	984	820	786	3136	2498	
Total	180315	176384	174604	714460	677859	
Segment results						
1. Treasury	19067	9472	13348	57825	34590	
2. Corporate/Wholesale banking	10352	9437	11632	39259	48484	
3. Retail banking	26175	25785	26981	102577	109855	
4. Other banking operations	867	717	694	2760	2219	
Total	56461	45411	52655	202421	195148	
Less: Unallocated income/expenses	6478	6938	6178	26336	24069	
Operating profit	49983	38473	46477	176085	171079	
Tax expense	(1314)	540	5241	3716	11137	
Other provisions	42927	36426	35234	148867	138855	
Net profit from ordinary activities	8370	1507	6002	23502	21087	
Extraordinary items	-	-	-	-	-	
Net profit	8370	1507	6002	23502	21087	
Segment assets						
1. Treasury	1738669	1978272	1560418	1738669	1560418	
2. Corporate/Wholesale banking	1213077	1245554	1359870	1213077	1359870	
3. Retail banking	3396734	3466386	3498211	3396734	3498211	
4. Other banking operations	-	-	-	-	-	
5. Unallocated	479337	575271	515512	479337	515512	
Total segment assets	6827817	7265483	6934011	6827817	6934011	


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(Rs. in lakh)					
Business Segments	Quarter ended			Year ended	
	31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
	Audited (Refer note 1 below)	Unaudited	Audited (Refer note 1 below)	Audited	
Segment liabilities					
1. Treasury	1607550	1896941	1446291	1607550	1446291
2. Corporate/Wholesale banking	1087141	1111004	1226053	1087141	1226053
3. Retail banking	3043627	3092531	3154225	3043627	3154225
4. Other banking operations	-	-	-	-	-
5. Unallocated	429472	513369	465162	429472	465162
Total (a)	6167790	6613845	6291731	6167790	6291731
Capital employed (Segment assets - Segment liabilities)					
1. Treasury	131119	81331	114127	131119	114127
2. Corporate/Wholesale banking	125936	134550	133817	125936	133817
3. Retail banking	353107	373855	343986	353107	343986
4. Other banking operations	-	-	-	-	-
5. Unallocated	49865	61902	50350	49865	50350
Total (b)	660027	651638	642280	660027	642280
Total segment liabilities (a+b)	6827817	7265483	6934011	6827817	6934011

For the above segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale banking, Retail banking and other banking operations in compliance with RBI guidelines. The Bank operates only in India.



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STATEMENT OF ASSETS AND LIABILITIES AS ON 31st March 2020
(Rs. in lakh)

Particulars	As on 31.03.2020 (Audited)	As on 31.03.2019 (Audited)
Capital and liabilities		
Capital	15986	15986
Reserves and surplus	644041	626294
Deposits	5907508	5986795
Borrowings	118418	156534
Other liabilities and provisions	141864	148402
Total	6827817	6934011
Assets		
Cash and balances with Reserve Bank of India	273267	293468
Balances with banks and money at call and short notice	165988	76237
Investments	1576244	1488159
Advances	4609811	4858081
Fixed assets	58664	58298
Other assets	143843	159768
Total	6827817	6934011



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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

		(Rs. In lakh)	
	Particulars	Year ended 31-03-2020 (Audited)	Year ended 31-03-2019 (Audited)
Cash flow from / (used in) operating activities			
	Net Profit as per Profit and Loss account	23502	21087
	Adjustments for		
	Depreciation on Bank's property	11888	10122
	Interest paid on TIER II bonds	6537	1798
	Provisions for other contingencies	5247	383
	Provision for taxes	3716	11137
	Provision for depreciation on investment	4022	1735
	Provision for standard assets	370	(208)
	Provision for bad and doubtful debts	135617	131774
	Provision for non performing investments	3610	5170
	Provision for leave encashment	1011	1921
	Amortization of premium paid on Held to Maturity (HTM) investments	6708	4393
	Provision for employees stock option plan / scheme	20	29
	(Profit) / Loss on sale of fixed assets (net)	1246	(125)
	Operating profit before working capital changes	203494	189216
	Adjustments for working capital changes		
	(Increase) / Decrease in investments (excluding HTM investments)	37537	10453
	(Increase) / Decrease in advances	112224	(509083)
	(Increase) / Decrease in other assets	18181	(838)
	Increase / (Decrease) in deposits	(79287)	297786
	Increase / (Decrease) in borrowings	(23116)	(131565)
	Increase / (Decrease) in other liabilities and provisions	(6651)	6466
		58888	(326781)
	Direct taxes paid	(12000)	(20000)
	Net cash flow from / (used in) operating activities	250382	(157565)
	Cash flow from investing activities		
	Purchase of fixed assets	(12253)	(15601)
	(Increase)/Decrease in HTM investments	(139963)	70411
	Sale of fixed assets / other assets	(1246)	125
	Net cash flow from / (used in) investing activities	(153462)	54935



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		(Rs. In lakh)	
Particulars	Year ended 31-03-2020 (Audited)	Year ended 31-03-2019 (Audited)	
Cash flow from financing activities			
Proceeds from issue of share capital	-	-	
Proceeds from share premium	6	2	
Increase/(Decrease) in tier II bonds	(15000)	48700	
Interest paid on tier II bonds	(6537)	(1798)	
Dividend paid (including tax on dividend)	(5839)	(5491)	
Net cash flow from /(used in) financing activities	(27370)	41413	
Net Increase/(Decrease) in cash & cash equivalents	69550	(61217)	
Cash and cash equivalents at the beginning of the year	369705	430922	
Cash and cash equivalents at the end of the year	439255	369705	

The above Cash Flow Statement is based on indirect method

Notes:

1. The figures for the quarter ended 31st March 2020 and 31st March 2019 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the respective financial year.
2. The above financial results for the year ended 31st March 2020 have been reviewed and recommended by the Audit Committee of the Board and approved by the Board of Directors at their meeting held on 24th June 2020. The same have been subjected to audit by the Statutory Central Auditors of the Bank in line with the guidelines issued by Reserve Bank of India and as per listing agreement with the stock exchange.
3. There has been no change in the accounting policies followed in the preparation of these financial results for the year ended 31st March 2020, as compared to those followed in the financial statements for the year ended 31st March 2019. A new accounting policy have been added for accounting for transactions in bullion business, which started in the current year.
4. The bank has made provisions in accordance with Reserve Bank of India guidelines, for loan losses and depreciation on investments, standard advances, restructured advances, exposures to entities with unhedged foreign currency exposure, taxes on income and other usual and necessary provisions. Provision for employees' retirement benefits viz. pension, gratuity and leave encashment has been made based on actuarial valuation.



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5. Other income includes fees earned from providing services to customers, commission from non-fund based banking activities, earnings from foreign exchange transactions, selling third party products, profit on sale of investments (net), income from priority sector lending certificates, recoveries from advances written off, etc.
6. The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendments) Ordinance, 2019. Accordingly, provision for Income Tax for the quarter and year ended 31st March 2020 as well as re-measurement of deferred tax liability and assets have been made basis the rate prescribed in the aforesaid section.
7. Deferred tax assets (DTA) of Rs. 45.95 crore has been recognised on provision for standard assets during the quarter ended 31st March 2020, which was hitherto not recognized by the Bank.
8. The COVID-19 global pandemic continues to spread rapidly across the globe including India. COVID-19 has caused a significant impact and volatility in the global and domestic financial markets and economic activities. The Government of India had announced a series of lock-down measures beginning 24th March 2020 with extension thereof up to 31st May 2020, in order to limit the spread of the pandemic across India. A calibrated and gradual withdrawal of lockdown and partial resumption of various business / economic activities are implemented with effect from 1st June 2020, based on the guidelines to be issued by the respective states. The impact of COVID-19 on the Bank's operations and financial results will depend on future developments and resumption of various business activities, which are highly uncertain as the same will be dependent on the severity and spread of the COVID-19 pandemic and measures undertaken to mitigate the same.

In accordance with the RBI guidelines vide circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 and DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on the 'COVID-19 Regulatory Package', Board has approved a policy for implementation of the said guidelines by the Bank, including, inter-alia granting of moratorium on the payment of installments and / or interest falling due between March 01, 2020 and May 31, 2020 upto June 30, 2020 (and subsequently extended to August 31, 2020 vide RBI circular DOR.No.BP.BC.72/21.04.048/2019-20 dated May 23, 2020) as well as relaxation of certain parameters, to eligible borrowers. The moratorium period / benefits, wherever granted, shall be excluded for the purpose of asset classification as per Income Recognition and Asset Classification norms. Bank is required to make additional provision @ 10%, over two quarters beginning with quarter ending March 31, 2020, in respect of such borrowers whose accounts, though classified as standard as on March 31, 2020, would have become non-performing but for these benefits/relaxations. Accordingly, Bank has made the required provision in full amounting to Rs. 19.50 crore during the quarter ended 31st March 2020.

9. Provision Coverage Ratio calculated as per the guidelines of Reserve Bank of India is 68.90% as on 31st March 2020 (previous year 56.86%).




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10. In accordance with RBI circular DBOD.No.BPBC.1/21.06.201/2015-16 dated July 01, 2015, read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated March 31, 2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, Pillar 3 disclosures under Basel III capital regulations have been made available on the Bank's website at the following link <https://www.kvb.co.in/about-us/disclosures/disclosures-pillar-III/> These disclosures have not been subjected to review/audit by the Statutory Central Auditors.
11. Reserve Bank of India, vide circular dated April 17, 2020, has decided that banks shall not make any further dividend pay-outs from the profits pertaining to the financial year ended 31st March 2020 until further instructions, in order to enable the banks to conserve capital to retain their capacity to support the economy and absorb losses in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on 24th June 2020, have not recommended any dividend for the year ended 31st March 2020.
12. Previous period /year's figures have been re-classified / regrouped wherever considered necessary to confirm to the current period/year's classification.

Place : Bengaluru
Date : 24.06.2020



For and on behalf of Board of Directors

NARASIPUR
SITARAMAIAH
SRINATH

Digitally signed by NARASIPUR
SITARAMAIAH SRINATH
Date: 2020.06.24 14:02:50
+05'30'

N. S. SRINATH
CHAIRMAN



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Independent Auditor's Report on Annual Financial Results of The Karur Vysya Bank Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of The Karur Vysya Bank Limited

Opinion

1. We have audited the accompanying annual financial results ('the Statement') of The Karur Vysya Bank Limited ('the Bank') for the year ended 31 March 2020, attached herewith, being submitted by the Bank pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time, except for the disclosures relating to Pillar 3 disclosure as at 31 March 2020, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on Bank's website and in respect of which a link has been provided in the Statement and have not been audited by us.
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the Bank's branch auditors as referred to in paragraph 12 below, the Statement:
 - (i) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, except for the disclosures relating to Pillar 3 disclosures as at 31 March 2020, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on Bank's website and in respect of which a link has been provided in the Statement and have not been audited by us; and
 - (ii) gives a true and fair view in conformity with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ('RBI Guidelines') and other accounting principles generally accepted in India, of the net profit after tax and other financial information of the Bank for the year ended 31 March 2020.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and that obtained by the Bank's branch auditors, in terms of their reports referred to in paragraph 12 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 8, of the accompanying Statement, which describes the uncertainties due to the outbreak of COVID 19 and management's evaluation of its impact on the operations of the Bank. In view of these uncertainties, the impact on the Bank's financial results is significantly dependent on future developments.

Our opinion is not modified in respect of this matter.

Management's and Those Charged with Governance Responsibilities for the Statement

5. This Statement has been prepared on the basis of the annual financial statements. The Bank's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit after tax and other financial information of the Bank in accordance with the AS prescribed under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) the relevant provisions of the Banking Regulation Act, 1949 and RBI Guidelines and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations including SEBI Circulars. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
6. In preparing the Statement, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

8. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs, specified under section 143(10) of the Act, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.



9. As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

12. We did not audit the financial information of 754 branches and other offices included in the Statement, whose financial information reflects total assets of ₹ 2,884,707 lakhs as at 31 March 2020, and total revenue of ₹ 320,188 lakhs, for the year then ended on that date, as considered in the Statement. The financial information of these branches and offices have been audited by the branch auditors, whose reports have been furnished to us by the management, and our opinion, in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the audit report of such branch auditors. Out of the aforesaid branches, in case of 43 branches the branch auditors have relied on alternative audit procedures on account of restrictions on physical visit to the branches, as per their report.



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13. The Statement includes the financial results for the quarter ended 31 March 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

Our opinion is not modified in respect of the above matters.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013



Krishnakumar Ananthasivan

Partner

Membership No. 206229

UDIN: 20206229AAAABN2668

Place: Kochi

Date: 24 June 2020

