



**Karur Vysya Bank**

*Smart way to bank*

IRC: F-56:32:854:2017

25.09.2017

The Secretary,  
Bombay Stock Exchange limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

Dear Sir,

Sub: Limited Review Financial Statements for the quarter ended June 30, 2017.

Ref: In continuation of our Intimation vide letter No. FCD/133/2017-18 dated 28<sup>th</sup> July 2017.

\*\*\*\*\*

We advise that Board of Directors of the Bank at their meeting held on 25<sup>th</sup> September 2017 approved the Limited Review Financial Statements of the Bank for the quarter ended June 30, 2017. The same is for the purpose of inclusion of the Limited Review Financial Statements in the Letter of Offer to be filed with Stock Exchange for the proposed Rights issue of the Bank along with Employee Reservation Portion. A copy of the Limited Review Financial Statements is enclosed along with the review report of Auditors.

Please take on record of the same.

Yours faithfully,

Srinivasarao M  
Company Secretary &  
Asst. General Manager

**THE KARUR VYSYA BANK LIMITED**

Investor Relations Cell, Registered & Central Office,

Erode Road, Karur - 639002

☎ : 04324 - 269440 -44 Fax:225700

E-mail: kvbshares@kvbmail.com

Website: www.kvb.co.in

CIN : L65110TN1916PLC001295

**REFORMATTED FINANCIAL STATEMENTS EXAMINATION REPORT**

To,  
The Board of Director,  
The Karur Vysya Bank Limited  
Registered & Central Office  
Erode Road,  
Karur 639002

Dear Sirs,

1. We are engaged to report on the reformatted financial statements ("**Financial Statements**") of The Karur Vysya Bank Limited ("**Bank**") for the quarter ended June 30, 2017 annexed to this report for the purpose of inclusion in the Letter Of Offer (herein after referred to as the "**Offering Document**") prepared by the Bank in connection with the proposed Rights Issue of its equity shares along with a reservation for the eligible employees of the Bank ("**Rights Issue**") in accordance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the "**SEBI ICDR Regulations**"). The preparation of the financial statements is the responsibility of the company's management.

Our responsibility is to report on the statements based on our procedures.

- 2 We have examined such statements taking in to consideration:
  - (a) the terms of reference dated August 11, 2017 received from Bank, in connection with the Offering Document being issued by the Bank for the Rights Issue of its equity shares; and
  - (b) the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.
- 3 We report that the figures disclosed in the "Financial Statements" of the Bank have been extracted by the Management from the financial statements of the Bank for the quarter ended June 30, 2017 that had been approved by the Board of Directors of the Bank. The financial statements for the quarter ended June 30, 2017 have been subjected to limited review by us and in respect of which we have issued an unqualified opinion.
- 4 For the purpose of this report, we have not performed any additional audit procedures on the above referred limited reviewed financial statements of the Bank for the quarter ended June 30, 2017, including evaluating the possible impact, if any, of subsequent events on the earlier audited financial statements of the Bank.
- 5 The "Financial Statements" annexed to this report are extracted from the limited reviewed financial statements for the quarter ended June 30, 2017. These "Financial Statements" have been prepared using the same set of accounting policies used for preparing the audited financial statements as at March 31, 2017.



Head Office: #521, 3<sup>rd</sup> Main, 6<sup>th</sup> Block, 2<sup>nd</sup> Phase, BSK 3<sup>rd</sup> Stage, Bangalore 560 085

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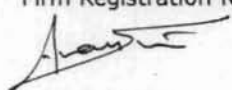
Branches at : Chennai & Mumbai

✉ : [audit@abarna-ananthan.com](mailto:audit@abarna-ananthan.com)

**CHARTERED ACCOUNTANTS  
ABARNA & ANANTHAN**

- 6 In our opinion, the financial information contained in this report have been prepared in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Section 129 of the Companies Act, 2013 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement) Regulations, 2009 as amended from time to time.
- 7 At the Bank's request, we have also examined the following information proposed to be included in the Offering Document prepared by the Management and annexed to this report:
  - (i) Accounting Ratios, and
  - (ii) Capitalization statement.
- 8 This report should not in any way construed as a re-reading of any of the previous audit report issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 9 This report is intended solely for your information and for inclusion in the Offering Document in connection with the proposed Rights issue by the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Abarna & Ananthan**  
Chartered Accountants  
Firm Registration No.000003S



**S Ananthan**  
Partner  
Membership No.: 026379



Place:-Karur  
Date: September 25, 2017

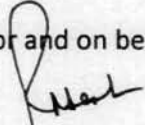
**THE KARUR VYSYA BANK LTD.**  
**CENTRAL OFFICE, ERODE ROAD, KARUR 639002**  
**BALANCE SHEET AS ON 30TH JUNE 2017**

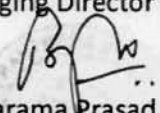
(₹ in crore)

	SCHEDULE	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	121.86	121.86
Reserves & Surplus	2	5125.00	4623.73
Deposits	3	54668.17	50714.83
Borrowings	4	1180.05	1786.68
Other Liabilities and Provisions	5	1433.48	1382.75
<b>TOTAL</b>		<b>62528.55</b>	<b>58629.85</b>
<b>ASSETS</b>			
Cash and Bank Balances with Reserve Bank of India	6	3107.30	2626.26
Balances with Banks and Money at call and short notice	7	733.86	285.68
Investments	8	15190.93	14568.90
Advances	9	41697.72	38893.83
Fixed Assets	10	426.80	415.90
Other Assets	11	1371.96	1839.29
<b>TOTAL</b>		<b>62528.55</b>	<b>58629.85</b>
Contingent Liabilities	12	11527.11	10746.47
Bills for collection		3029.29	2785.91

*The schedules referred to above form an integral part of Balance Sheet.*

For and on behalf of Board of Directors

  
P.R. Seshadri  
Managing Director & CEO

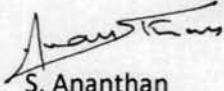
  
T. Sivarama Prasad  
Chief Financial Officer

Place : Karur  
Date : 25.09.2017



For Abarna & Ananthan

Chartered Accountants

  
S. Ananthan  
Partner

M. No 26379



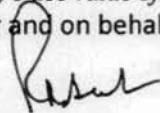
**THE KARUR VYSYA BANK LTD.**  
**CENTRAL OFFICE, ERODE ROAD, KARUR 639002**  
**PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED 30TH JUNE 2017**

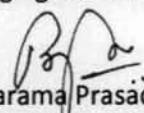
(₹ in crore)

	SCHEDULE	Q E 30.06.2017 ₹	Q E 30.06.2016 ₹
<b>I INCOME</b>			
Interest earned	13	1384.08	1385.04
Other Income	14	236.30	162.26
<b>TOTAL</b>		<b>1620.38</b>	<b>1547.31</b>
<b>II EXPENDITURE</b>			
Interest expended	15	845.51	903.91
Operating expenses	16	325.46	297.19
Provisions and Contingencies		301.44	199.86
<b>TOTAL</b>		<b>1472.41</b>	<b>1400.96</b>
<b>III PROFIT</b>			
Net Profit from ordinary activities		<b>147.97</b>	<b>146.35</b>
Exceptional item		Nil	Nil
Net Profit for the quarter		<b>147.97</b>	<b>146.35</b>
Profit brought forward		193.31	2.20
<b>TOTAL</b>		<b>341.28</b>	<b>148.55</b>
<b>IV APPROPRIATIONS</b>			
Transfers to			
Statutory Reserve		Nil	Nil
Capital Reserve		Nil	Nil
Revenue & Other Reserves		Nil	Nil
Investment Reserve		Nil	Nil
Special Reserve U/s 36(1)(viii) of IT Act		Nil	Nil
Proposed Dividend (Including Interim Dividend)		Nil	Nil
Dividend Tax			
		Nil	Nil
<b>BALANCE OF PROFIT</b>		<b>341.28</b>	<b>148.55</b>
<b>TOTAL</b>		<b>341.28</b>	<b>148.55</b>
Basic Earnings Per Share	(in ₹)	2.43	(*) 12.01
Diluted Earnings Per Share	(in ₹)	2.43	(*) 12.01
<i>(Face value Rs. 2/- per share as of June 2017 &amp; Rs. 10/- per share as of June 2016)</i>			

(\*) Face value of Rs.10/- each

For and on behalf of Board of Directors

  
P.R. Seshadri  
Managing Director & CEO

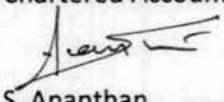
  
T. Sivarama Prasad  
Chief Financial Officer

Place : Karur  
Date : 25.09.2017



For Abarna & Ananthan

Chartered Accountants

  
S. Ananthan  
Partner

M. No 26379



(₹ in crore)

SCHEDULE 1 - CAPITAL	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
<b>Authorised Capital</b> 100,00,00,000 Equity Shares of Rs.2 each (20,00,00,000) Equity Shares of Rs. 10 each)	200.00	200.00
<b>Issued Capital:</b> 60,97,26,285 Equity Shares of Rs. 2/- each / 12,19,45,257 Equity Shares of ` 10/-each	121.95	121.95
<b>Subscribed &amp; Paid up Capital:</b> 60,93,22,270 Equity Shares of Rs. 2/- each 12,18,64,454 Equity shares of Rs. 10/- each	121.86	121.86
<b>TOTAL</b>	<b>121.86</b>	<b>121.86</b>
SCHEDULE 2 - RESERVES AND SURPLUS	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
<b>I Statutory Reserve</b>		
Opening Balance	1568.53	1416.53
Addition during the quarter	Nil	Nil
<b>TOTAL</b>	<b>1568.53</b>	<b>1416.53</b>
<b>II Capital Reserve</b>		
Opening Balance	168.76	94.89
Addition during the quarter	Nil	Nil
<b>TOTAL</b>	<b>168.76</b>	<b>94.89</b>
<b>III Share Premium</b>		
Opening Balance	1214.92	1214.92
Add : Addition during the quarter (ESOS 2011-234845 @ 457.65)	Nil	Nil
<b>TOTAL</b>	<b>1214.92</b>	<b>1214.92</b>
<b>IV Revenue and Other Reserve</b>		
<b>a) General Reserve</b>		
Opening Balance	1454.96	1460.50
Add : Write back of unamortise Fraud provision	Nil	Nil
Add: Addition during the quarter	63.19	Nil
<b>TOTAL</b>	<b>1518.15</b>	<b>1460.50</b>
<b>b) Investment Reserve</b>		
Opening Balance	53.34	53.34
Addition during the quarter	Nil	Nil
<b>TOTAL</b>	<b>53.34</b>	<b>53.34</b>
<b>c) Employee Stock Option outstanding</b>		
Opening Balance	Nil	Nil
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>



<b>d) Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961</b>		
Opening Balance	260.00	235.00
Addition during the quarter		
Add: transferred from General Reserve		
<b>TOTAL</b>	<b>260.00</b>	<b>235.00</b>
<b>V Balance of Profit :</b>	341.28	148.55
<b>TOTAL I, II, III, IV &amp; V</b>	<b>5124.99</b>	<b>4623.73</b>

SCHEDULE 3 - DEPOSITS	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
<b>A I. Demand Deposits :</b>		
i) From Banks	16.08	21.82
ii) From Others	5854.98	4227.22
<b>TOTAL</b>	<b>5871.05</b>	<b>4249.04</b>
<b>II. Savings Bank Deposits</b>	10073.68	8069.12
<b>III. Term Deposits</b>		
i) From Banks	4.74	23.06
ii) From Others	38718.70	38373.60
<b>TOTAL</b>	<b>38723.44</b>	<b>38396.66</b>
<b>TOTAL I, II &amp; III</b>	<b>54668.17</b>	<b>50714.83</b>
<b>B Deposits from Branches :</b>		
i) In India	54668.17	50714.83
ii) Outside India	Nil	Nil
<b>TOTAL</b>	<b>54668.17</b>	<b>50714.83</b>
<b>SCHEDULE 4 - BORROWINGS</b>	<b>AS ON</b>	<b>AS ON</b>
	<b>30.06.2017</b>	<b>30.06.2016</b>
	₹	₹
<b>I Borrowings in India</b>		
i) Reserve Bank of India	Nil	200.00
ii) Other Banks	Nil	Nil
iii) Other Institutions and Agencies	886.23	1245.05
iv) Other borrowings Subordinated debt bonds	150.00	150.00
<b>TOTAL</b>	<b>1036.23</b>	<b>1595.05</b>
<b>II Borrowings outside India</b>	143.81	191.63
<b>TOTAL I &amp; II</b>	<b>1180.05</b>	<b>1786.68</b>
Secured Borrowings included in I and II above	401.15	846.95



SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
I Bills Payable	391.82	241.21
II Inter Office Adjustments (Net)	Nil	Nil
III Interest Accrued	183.79	254.94
IV Deferred Tax	37.88	172.89
V Other liabilities (including provisions)	819.98	713.70
<b>TOTAL I, II, III, IV &amp; V</b>	<b>1433.48</b>	<b>1382.75</b>

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
I Cash in Hand (Including Foreign Currency Notes)	683.42	487.84
II Balances with Reserve Bank of India In Current Account	2423.88	2138.42
<b>TOTAL I &amp; II</b>	<b>3107.30</b>	<b>2626.26</b>

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICES	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
I In India		
i) Balances with Banks :		
a) In Current Accounts	41.79	50.04
b) In Other Deposit Accounts	300.72	0.44
ii) Money at Call and Short Notice with Banks		
(a) in RBI Reverse Repo	Nil	Nil
(b) with Banks	Nil	Nil
(c) with Other Institution	Nil	Nil
<b>TOTAL</b>	<b>342.51</b>	<b>50.48</b>
II Outside India		
In Current Accounts	Nil	Nil
In Other Deposit Accounts	391.35	235.20
<b>TOTAL</b>	<b>391.35</b>	<b>235.20</b>
<b>TOTAL I &amp; II</b>	<b>733.86</b>	<b>285.68</b>





SCHEDULE 8 - INVESTMENTS	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
I Investments in India		
Break-up		
i) Government Securities	12812.57	12718.10
ii) Other Approved Securities	Nil	Nil
iii) Shares	115.41	96.20
iv) Debentures and Bonds	1015.66	620.21
v) Subsidiaries & Joint Ventures	Nil	Nil
vi) Mutual Fund Units & Others	1247.29	1134.38
	<b>15190.93</b>	<b>14568.90</b>
I Investments in India	15293.08	14620.97
Less : Provision for Investment Depreciation	102.15	52.07
<b>TOTAL</b>	<b>15190.93</b>	<b>14568.90</b>
II Investments outside India	Nil	Nil
<b>TOTAL I &amp; II</b>	<b>15190.93</b>	<b>14568.90</b>

SCHEDULE 9 - ADVANCES	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
A i) Bills purchased and discounted	1593.13	1360.94
ii) Cash Credits, Overdrafts and Loans repayable on demand	32007.43	29376.81
iii) Term Loans	8097.15	8156.08
<b>TOTAL</b>	<b>41697.72</b>	<b>38893.83</b>
B i) Secured by tangible assets (incl. Book Debts)	40983.67	37327.08
ii) Covered by Bank / Government guarantees	449.16	1250.78
iii) Unsecured	264.89	315.96
<b>TOTAL</b>	<b>41697.72</b>	<b>38893.83</b>
C I Advances in India		
i) Priority Sector	18917.59	16601.92
ii) Public Sector	923.79	1814.42
iii) Banks	Nil	Nil
iv) Others	21856.33	20477.48
<b>TOTAL</b>	<b>41697.72</b>	<b>38893.83</b>
C II Advances outside India	Nil	Nil
<b>TOTAL CI &amp; CII</b>	<b>41697.72</b>	<b>38893.83</b>



SCHEDULE 10 - FIXED ASSETS	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
I Premises : ( After Depreciation)	160.11	155.55
II Building under construction	0.15	4.46
III Other Fixed Assets (including Furniture & Fixtures) : ( After Depreciation)	266.54	255.89
<b>TOTAL</b>	<b>426.80</b>	<b>415.90</b>
<b>TOTAL I, II &amp; III</b>	<b>426.80</b>	<b>415.90</b>

SCHEDULE 11 - OTHER ASSETS	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
I Inter Office Adjustments (Net)	88.05	67.01
II Interest Accrued	306.98	297.35
III Tax paid in advance / Tax deducted at source (Net)	Nil	284.65
IV Stationery and Stamps	7.68	7.73
V Deferred Tax	Nil	Nil
VI Non Banking Assets acquired in satisfaction of claims	Nil	Nil
VII Others	969.25	1182.55
<b>TOTAL</b>	<b>1371.96</b>	<b>1839.29</b>

SCHEDULE 12 - CONTINGENT LIABILITIES	AS ON	AS ON
	30.06.2017	30.06.2016
	₹	₹
I Claims against the Bank not acknowledged as debts	1.53	3.53
II Liability on account of outstanding		
a) Forward Exchange Contracts	5197.60	5121.84
b) Derivatives ( Including Forex Derivation)	Nil	Nil
III Guarantees given on behalf of constituents in India	3415.07	3125.82
IV Acceptances, Endorsements and other Obligations	2562.94	2424.71
V Other items for which the Bank is contingently liable	349.98	70.56
<b>TOTAL</b>	<b>11527.11</b>	<b>10746.47</b>



<b>SCHEDULE 13 - INTEREST EARNED</b>	<b>Q E 30.06.2017</b>	<b>Q E 30.06.2016</b>
	₹	₹
I Interest / discount on advances/bills	1088.55	1106.39
II Income on Investments	274.15	266.09
III Interest on balances with Reserve Bank of India & other inter-bank funds	18.75	3.60
IV Others	2.63	8.96
<b>TOTAL</b>	<b>1384.08</b>	<b>1385.04</b>

<b>SCHEDULE 14 - OTHER INCOME</b>	<b>Q E 30.06.2017</b>	<b>Q E 30.06.2016</b>
	₹	₹
I Commission, Exchange and Brokerage	161.07	124.17
II Profit/Loss on sale of investments - Net	47.00	15.12
III Profit on sale of land, buildings and other assets	0.18	0.08
IV Profit on exchange transactions - Net	10.64	10.08
V Miscellaneous Income	17.40	12.82
<b>TOTAL</b>	<b>236.30</b>	<b>162.26</b>

<b>SCHEDULE 15 - INTEREST EXPENDED</b>	<b>Q E 30.06.2017</b>	<b>Q E 30.06.2016</b>
	₹	₹
I Interest on Deposits	822.16	878.33
II Interest on Reserve Bank of India/ Inter-bank borrowings	Nil 3.97	Nil 4.50
III Others	19.38	21.09
<b>TOTAL</b>	<b>845.50</b>	<b>903.91</b>

<b>SCHEDULE 16 - OPERATING EXPENSES</b>	<b>Q E 30.06.2017</b>	<b>Q E 30.06.2016</b>
	₹	₹
I Payments to and Provisions for employees	151.45	139.96
II Rent, Taxes and Lighting	38.10	27.72
III Printing and Stationery	4.08	1.95
IV Advertisement and Publicity	3.49	5.91
V Depreciation on Bank's Property	19.77	20.01
VI Directors' fees, allowances and expenses	0.38	0.31
VII Auditors' fees and expenses (including branch auditors fees and expenses)	-0.12	0.21
VIII Law Charges	0.43	0.23
IX Postages, Telegrams, Telephones, etc.	6.17	3.56
X Repairs and maintenance	12.83	8.48
XI Insurance	11.95	16.30
XII Other Expenditure	76.93	72.52
<b>TOTAL</b>	<b>325.45</b>	<b>297.19</b>



(₹ in Crore)

CASH FLOW STATEMENT	As at 30.06.2017	As at 30.06.2016
	₹	₹
<b>Cash Flow from Operating Activities</b>		
<b>Net Profit as per Profit and Loss account</b>	147.97	146.35
Adjustments for		
Exceptional items	Nil	Nil
Depreciation	19.78	20.01
Interest Paid on TIER II Bond issued	3.69	3.68
Provisions and Contingencies	297.43	199.86
Provision for Leave Encashment	8.04	6.84
Amortization of HTM Securities	7.70	5.22
Provision for Impairment on investments	4.01	0.00
Profit / (Loss) on Sale of Investments	-47.00	-15.12
Profit / (Loss) on Sale of Assets	-0.18	-0.08
<b>Operating Profit before Working Capital changes</b>	441.45	366.76
(Increase) / Decrease in Operating Assets		
Purchase and Sale of Investments	-298.30	-1330.61
Funds Advanced to Customers	-945.53	102.26
Other Operating Assets	-136.94	193.64
	-939.32	-667.94
Increase / (Decrease) in Operating Liabilities		
Deposits from Customers	968.36	635.93
Borrowings from Banks	-515.60	213.44
Other Operating Liabilities	66.12	-11.69
<b>Cash generated from Operations</b>	-420.45	169.73
Direct Taxes Paid	-52.00	-30.00
<b>Net Cash Generated from Operations</b>	-472.45	139.73
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	-27.96	-15.86
Sale of Fixed Assets / Other Assets	0.18	0.15
<b>Net Cash Generated from Investing Activities</b>	-27.79	-15.71

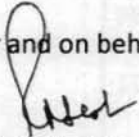


**Cash Flow from Financing Activities**

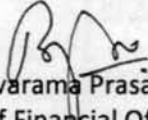
Proceeds from Share Capital	Nil	Nil
Proceeds from Share Premium	Nil	Nil
Interest paid on TIER II Bond issued	-3.69	-3.68
Dividend paid ( Incl Interim dividend and Dividend Distribution Tax )	Nil	Nil
<b>Net Cash Flow from Financing Activities</b>	<b>-3.69</b>	<b>-3.68</b>
Cash Flow From Operating Activities	-472.45	139.73
Cash Flow from investing Activities	-27.79	-15.71
Cash Flow from Financing Activities	-3.69	-3.68
Increase in Cash & Cash Equivalent	-503.93	120.34
Cash and Cash Equivalents at the beginning of the Quarter/Year	4345.09	2791.60
Cash and Cash Equivalents at the end of the Quarter / Year	3841.16	2911.94

The above Cash Flow Statement is followed based on indirect method.

For and on behalf of Board of Directors



P.R. Seshadri  
Managing Director & CEO

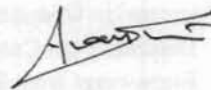


T. Sivarama Prasad  
Chief Financial Officer

Place : Karur  
Date : 25.09.2017



For Abarna & Ananthan  
Chartered Accountants



S. Ananthan  
Partner  
M. No 26379

