



Financial Statements

Independent Auditors' Report

To The Members of The Karur Vysya Bank Limited

Report on Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **The Karur Vysya Bank Limited** ('the Bank'), which comprise the Balance Sheet as at 31 March 2023, the Profit and Loss Account and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date, of
 - i) 22 branches including Treasury Branch and Expense Management Cell audited by us and
 - ii) 864 branches audited by statutory branch auditors located across India.
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 statutory branch auditors as referred to in paragraph 19 below, the aforesaid financial statements, read with notes thereon, give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act'), as amended in the manner so required for banking companies and circulars and guidelines issued by the Reserve Bank of India ('RBI'), in the manner so required for banking companies and give a true and fair view and are in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021, of the state of affairs of the Bank as at 31 March 2023, its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the financial statements 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 Financial Statements' 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 together with ethical requirements that are relevant to our audit of the financial statements in accordance with the accounting principles generally accepted in India, including the Accounting Standards

prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021, provisions of section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and that obtained by the statutory branch auditors, in terms of their reports referred in paragraph 19 below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the statutory branch auditors as referred to paragraph 19 below, were of most significance in our audit of the financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.
5. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

A. Identification of Non-Performing Assets ('NPA') and Provisions on Advances

Significant estimates and judgment involved

Key Audit Matter

Identification of Non-Performing Assets ("NPA"), restructured advances, and provisions on advances are made in accordance with norms, circulars and directions issued by Reserve Bank of India on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances from time to time, which also requires management's assessment as well as significant judgements and estimates associated with assessed

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significant risk of mis-statement.

Since the identification of NPAs, restructured advances and provisioning on advances require a high level of estimation/judgement and given its significance to the overall audit due to stakeholder and regulatory focus as well as being a significant area, we have ascertained this as a key audit matter.

Auditor's Response

Our key audit approach included assessing the design, implementation and operating effectiveness of key internal controls and substantive audit procedures over approval, recording and monitoring of loans, assessing the reliability of documentation, measurement of provisions, identification of NPA / restructured accounts, and Valuation of Security for such accounts along with basis and rationale for various other management information.

We have read the Bank's policies for NPA, Restructured Advances identification and provisioning on advances and assessing compliance with the IRAC & other RBI norms.

We have evaluated details for a sample of exposures for identification of NPA, restructured advances and calculation of provision on advances including valuation of primary and collaterals as at 31 March 2023 involving certain degree of estimation.

We have evaluated the Bank's internal control systems completeness, accuracy, and relevance of data and to ensure that the same is in compliance with the RBI guidelines, circulars and directions on the Prudential Norms on Income Recognition, Asset Classification & Provisioning issued from time to time.

We also selected samples to test potential cases of "ever-greening" of loans.

We tested on a samples basis to ensure completeness of documentation, adherence of the approval process to the Bank's Policy and board minutes, credit review of customers, review of Special Mention Accounts (SMA) reports in RBI's Central Repository of Information on Large Credits (CRILC) and other related documents including evaluation of the past trends of management judgement, governance, and review of internal control. Held discussion with the management of the Bank on sectors wherein

there has been stress and the steps taken by the Bank to mitigate such sectorial risks.

Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified under 'Other liabilities'.

We have also assessed disclosure requirements for classification and provisioning of NPAs, restructured & other advances in accordance with RBI circulars including those issued specifically issued for Covid-19 related matters.

B. Information Technology - IT Systems and Controls

Key Audit Matter

The Information Technology environment of the Bank is complex. The Bank's operations utilises many independent and inter-dependent information technology systems for processing and recording large volume of transactions in numerous locations on a daily basis. As a result, there is a high degree of reliance and dependency on such IT systems for financial reporting process of the Bank. Controls over access and changes to IT systems are critical to the recording of financial information and the preparation of a financial statements. Appropriate automated general and application controls are required to ensure that such IT systems and applications are able to process the data, as required, completely, accurately and consistently, which directly impact the completeness and accuracy of financial reporting.

The IT systems and controls is identified as a key audit matter because of high level of automation, significant number of systems being used and complexity of the IT infrastructure and its impact on the financial reporting system since our audit approach could significantly differ depending on the effective operation of the Bank's IT controls.

Auditor's Response

We tested the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested automated controls embedded within these systems which link the technology-enabled business processes. Our further audit procedures included:

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- Assessing the governance and higher-level controls across the IT Environment, including those regarding policy design, review and awareness, and IT Risk Management practices;
- Evaluation and understanding the IT systems being used by the Bank for its Core Banking and other operations.
- Assessing operative effectiveness of key controls within various business processes. It included testing of integrity of system interfaces, completeness and accuracy of the data, system reconciliation controls and automated calculations.
- Design and operating effectiveness testing of controls across the User Access Management, Change Management as well as effectiveness testing of automated business process controls including segregation of duties
- Design and operating effectiveness testing of controls to enable Change Management including how changes are initiated, documented, approved, tested and authorised prior to migration into the production environment of critical IT Applications. We assessed the appropriateness of users with access to release changes to IT application production environments in the Bank;

Reviewing effectiveness of mappings and flagging of financial transactions, and automated reconciliation controls (both between systems and intra-system); and

Data integrity of critical system reporting used by us in our audit to select samples and analyse data used by management to generate financial reporting.

C. Direct and Indirect Taxes

Key Audit Matter

The Bank assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter and the level of probability of outflow of economic resources.

Accordingly, this matter has been identified as a key audit matter due to the significant level of management judgment and assumptions to determine the possible outcome of disputes that is fundamentally required in the estimation of provision for taxes (or write back), wherein

factors like uncertain tax positions and interpretation of various rules and law are also considered.

Auditor's Response

Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the bank's controls over, assessment of uncertain tax positions for likely outcome that result in decision for provision for taxation / disclosure of contingencies.

We have obtained details of ongoing & open tax assessments and demands by the authorities from the management of the bank.

We discussed with appropriate senior management personnel, perused the opinion given by tax specialists, evaluated the management's underlying key assumptions in estimating the tax provisions / need for disclosure of contingent liability and independently assessed management's estimate of the possible outcome of the disputed cases.

We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions, the provisions made, and/or write back of the provisions.

For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the banks disclosures made in relation to contingent liabilities. We also obtained necessary representation from the bank's management with regard to the provisioning and disclosures in respect of the claims and litigations.

Information Other than the Financial Statements and Auditors' Report thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Overview, Directors' Report including annexures to Directors' Report, Management Discussion and Analysis, Basel III – Pillar 3 disclosures and Corporate Governance report included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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7. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
9. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

10. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 in so far as they apply to the Bank and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the RBI from time to time. 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 the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, 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 management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
12. The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 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 these financial statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, 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 adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by management.
 - Conclude on the appropriateness of management's use of

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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 financial statements 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of the Bank and such branches included in the financial statements, of which we are the independent auditors. For the other branches included in the financial statements, which have been audited by statutory branch auditors, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
15. Materiality in the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.
 16. 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.
 17. 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.

18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

19. We did not audit the financial statements / information of 864 domestic branches including processing centres included in the financial statements of the Bank whose financial statements / financial information reflects total assets of ₹ 70,095.34 crore at 31 March 2023 and total revenue of ₹ 6264.74 crore for the year ended on that date, as considered in the financial statements. These branches and processing centres cover 72% of advances, 92% of deposits, 57% of Non-performing assets as on 31st March 2023 and 83% of revenue for the year ended 31st March 2023. The financial statements/ information of these branches have been audited by the statutory branch auditors whose reports have been furnished to us and in our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect of branches, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid branches, are based solely on the report of such statutory branch auditors.
20. Our opinion on the financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the statutory branch auditors.

Report on Other Legal and Regulatory Requirements

21. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949 and Accounting Standards as per section 133 of the Act read with Companies (Accounting Standards) Rules, 2021.

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22. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949 and communication received by the Bank from Reserve Bank of India, and on the consideration of the reports of the statutory branch auditors as referred in paragraph 19 above, we report that:
- a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c) the returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.
23. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under the Banking Regulation Act, 1949; the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.
24. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the statutory branch auditors as referred to in paragraph 19 above, we further report to the extent applicable that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - (c) the reports on the accounts of the branch offices of the Bank audited under section 143(8) of the Act by the statutory branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report.
 - (d) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 to the extent they are not inconsistent with the policies prescribed by the RBI.
 - (f) On the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2023 from being appointed as a director in terms of section 164(2) of the Act.
 - (g) With respect to the adequacy of internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of such controls, our separate report in Annexure A is attached.
 - (h) The entity being a banking company as defined under Banking Regulation Act, 1949, the remuneration to its directors during the year ended 31 March 2023 has been paid / provided by the Bank in accordance with the provisions of Section 35B(1) of the Banking Regulation Act, 1949.
 - (i) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our knowledge and belief and according to the information and explanation given to us:
 - i. The Bank has disclosed the impact of pending litigations on its financial position in Schedule 12, Note 14.11 & 14.14 of Schedule 18 of the financial statements
 - ii. The Bank has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts as detailed in Schedule 12 and note 4.1(b) of Schedule 18 to the financial statements and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund during the year ended 31 March 2023;
 - iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 15 of Schedule 18 to the financial statements, no funds have

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- been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 15 of Schedule 18 to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. As stated in Note 1.2 of Schedule 18 and as disclosed in Profit and Loss Account under 'Appropriations' to the Financial Statements:
- (a) The final dividend proposed in the previous year, declared, and paid by the Bank during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The Bank did not pay any interim dividend during the year.
- (c) The Board of Directors of the Bank have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable, until the date of this report.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Bank only w.e.f. 01 April 2023, reporting under this clause is not applicable.

For **Sundaram & Srinivasan,**
Chartered Accountants
FRN: 004207S

P. Menakshi Sundaram
Partner
M. No. 217914
UDIN: 23217914BGWPCS1999

Place : Karur
Date : 15 May 2023

For **R.G.N. Price & Co.,**
Chartered Accountants
FRN: 002785S

Sriraam Alevoor M
Partner
M. No. 221354
UDIN:23221354BGXJKQ3524

Place : Karur
Date : 15 May 2023

Annexure “A”

To the Independent Auditor’s Report

(Referred to in paragraph 24(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls with reference to Financial Statements

We have audited the internal financial controls with reference to financial statements of The Karur Vysya Bank Limited (“the Bank”) as of 31 March 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date which includes internal financial controls with reference to financial statements of the Bank’s branches.

Management’s Responsibility for Internal Financial Controls

The Bank’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the RBI.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Bank’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference

to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial controls based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure “A” To the Independent Auditor’s Report

Opinion

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 statutory branch auditors referred to in the Other Matters paragraph of our report on the audit of the financial statements, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the criteria for internal control with reference to financial statements established by the Bank considering the essential components of internal control stated in the “Guidance Note on Audit of Internal Financial Controls Over Financial Reporting” issued by the ICAI.

Other Matters

Our aforesaid report insofar as it relates to the operating effectiveness of internal financial controls with reference to financial statements of 864 branches including processing centres is based on the corresponding reports of the respective statutory branch auditors of those branches.

Our opinion is not modified in respect of this matter.

For **Sundaram & Srinivasan,**
Chartered Accountants
FRN: 004207S

P. Menakshi Sundaram
Partner
M. No. 217914
UDIN: 23217914BGWPCS1999

Place : Karur
Date : 15 May 2023

For **R.G.N. Price & Co.,**
Chartered Accountants
FRN: 002785S

Sriraam Alevoor M
Partner
M. No. 221354
UDIN:23221354BGXJKQ3524

Place : Karur
Date : 15 May 2023