



Karur Vysya Bank

Smart way to bank

FCD\ 40 \2016-17

May 27, 2016

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 year ended 31/03/2016

Today our banks' Board of Directors meeting was held for adoption of audited financial statements for the year ended 31st March 2016. In the said meeting the audited accounts of the Bank for the period ended 31st March 2016 have been adopted. We have herewith enclosed the audited financial results of the Bank and auditor's report.

Yours faithfully

(K.Venkataraman)

Managing Director & CEO

Encl: as above.

THE KARUR VYSYA BANK LIMITED

Finance & Control Department

Central Office, Erode Road, KARUR - 639 002.

☎ (04324) 269326, 269328

Fax : 225595

E.mail : fcd@kvbmail.com

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH 2016

(₹ in lakhs)

Particulars	3 Months ended			Year ended	
	31/03/2016	31/12/2015	31/03/2015	31/03/2016	31/03/2015
	Audited	Reviewed	Audited	Audited	
1. Interest earned (a)+(b)+(c)+(d)	137016	135236	132782	544339	539587
a) Interest / discount on advances /bills	108728	107567	104446	432937	421131
b) Income on Investments	28009	27203	27778	109578	115816
c) Interest on balances with RBI and other interbank funds	89	20	54	224	624
d) Others	190	446	504	1600	2016
2. Other Income	16614	17278	17979	70682	58084
3. Total Income (1+2)	153630	152514	150761	615021	597671
4. Interest Expended	89752	90416	93044	366203	392997
5. Operating Expenses (i+ii)	37990	29541	31717	125276	110345
(i) Employees cost	13927	12655	15776	54738	54705
(ii) Other operating expenses	24063	16886	15941	70538	55640
6. Total Expenditure (4+5) excluding provision and contingencies	127742	119957	124761	491479	503342
7. Operating Profit before Provisions and Contingencies (3-6)	25888	32557	26000	123542	94329
8. Provisions (other than tax) and Contingencies	-1262	9274	19483	32379	48051
9. Exceptional items	0	0	0	0	0
10. Profit /(Loss) from Ordinary activities before tax (7-8-9)	27150	23283	6517	91163	46278
11. Tax expense	13350	8000	-6399	34400	717
12. Net Profit from ordinary activities after tax(10-11)	13800	15283	12916	56763	45561
13. Extraordinary items (net of tax expense)	0	0	-867	0	-867
14. Net Profit for the period (12-13)	13800	15283	13783	56763	46428
15. Paid-up equity share capital (FV Rs.10/-)	12186	12186	12163	12186	12163
16. Reserves excluding Revaluation Reserve (as per balance sheet of previous accounting year)	445109	412440	412440	445109	412440



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(₹ in lakhs)

17. Analytical Ratios					
(i) % of shares held by Government of India	0%	0%	0%	0%	0%
(ii) Capital Adequacy Ratio-Basel II	12.26%	13.30%	14.63%	12.26%	14.63%
Basel III	12.17%	12.90%	14.62%	12.17%	14.62%
(iii) Earnings per share (EPS)					
a) Basic EPS before extraordinary items (not to be annualized)	11.33	12.54	11.83	46.59	39.12
b) Diluted EPS before extraordinary items (not to be annualized)	11.33	12.54	11.81	46.59	39.04
a) Basic EPS after extraordinary items (not to be annualized)	11.33	12.54	11.09	46.59	39.86
b) Diluted EPS after extraordinary items (not to be annualized)	11.33	12.54	11.81	46.59	39.78
(iv) NPA Ratios					
a) Gross NPA	51118	72118	67778	51118	67778
b) Net NPA	21617	35951	28097	21617	28097
c) % of Gross NPA	1.30%	1.91%	1.85%	1.30%	1.85%
d) % of Net NPA	0.55%	0.96%	0.78%	0.55%	0.78%
e) Return on Asset(annualized)	0.97%	1.10%	1.04%	1.03%	0.88%

Segment Reporting for the year ended 31st March 2016

Particulars	3 Months ended			Year ended	
	31/03/2016	31/12/2015	31/03/2015	31/03/2016	31/03/2015
	Audited	Reviewed	Audited	Audited	
Business Segments					
Segment Revenue					
1. Treasury Operations	30118	30700	32099	124751	128011
2. Corporate/Wholesale Banking Operations	46177	44924	42842	178607	163005
3. Retail Banking Operations	77027	76633	75483	310566	305643
4. Other Banking Operations	309	257	337	1098	1013
Total	153631	152514	150761	615022	597672
Segment Results					
1. Treasury Operations	8397	3229	5973	25685	13109
2. Corporate/Wholesale Banking Operations	10158	12256	9639	44824	35739
3. Retail Banking Operations	12610	22556	15675	74823	67737
4. Other Banking Operations	281	234	308	1000	933
Total	31446	38275	31595	146332	117518



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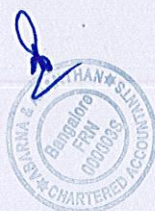
(₹ in lakhs)

Unallocated Income/Expenses	5558	5718	5595	22790	23189
Operating Profit	25888	32557	26000	123542	94329
Income Taxes	13350	8000	-6399	34400	717
Other Provisions	-1262	9274	19483	32379	48051
Net Profit from ordinary activities	13800	15283	12916	56763	45561
Extraordinary items	0	0	867	0	867
Net Profit	13800	15283	13783	56763	46428

Other Information	3 Months ended			Year ended	
	31/03/2016	31/12/2015	31/03/2015	31/03/2016	31/03/2015
	Audited	Reviewed	Audited	Audited	
Segment Assets					
1. Treasury Operations	1325211	1309645	1238559	1325211	1238559
2. Corporate/Wholesale Banking Operations	1399159	1418676	1345414	1399159	1345414
3. Retail Banking Operations	2509279	2315948	2265480	2509279	2265480
4. Other Banking Operations	0	0	0	0	0
5. Unallocated Assets	532723	455828	465795	532723	465795
Total	5766372	5500097	5315248	5766372	5315248

Other Information	3 Months ended			Year ended	
	31/03/2016	31/12/2015	31/03/2015	31/03/2016	31/03/2015
	Audited	Reviewed	Audited	Audited	
Segment Liabilities					
1. Treasury Operations	1285805	1258348	1234898	1285805	1234898
2. Corporate/Wholesale Banking Operations	1267263	1277327	1206349	1267263	1206349
3. Retail Banking Operations	2273342	2085623	2031394	2273342	2031394
4. Other Banking Operations	0	0	0	0	0
5. Unallocated Liabilities	482667	410587	418004	482667	418004
				0	
Capital Employed	457295	468212	424603	457295	424603
Total Liabilities	5766372	5500097	5315248	5766372	5315248

GEOGRAPHIC SEGMENTS: The Bank operates only in Domestic segment.



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(₹ in lakhs)

Statement of Assets and Liabilities

Capital and Liabilities	As on 31.03.2016 Audited	As on 31.03.2015 Audited
Capital	12186	12163
Reserve and Surplus	445109	412440
Deposits	5007890	4469027
Borrowings	157324	290075
Other Liabilities and Provision	143863	131543
Total	5766372	5315248

Assets	As on 31.03.2016 Audited	As on 31.03.2015 Audited
Cash & Balances with RBI	252906	269292
Balances with Banks and Money at Call	26254	5617
Investments	1322167	1237515
Advances	3908438	3610894
Fixed Assets	42012	41117
Other Assets	214595	150813
Total	5766372	5315248

Notes:

- 1) The above financial results for the year ended March 31,2016 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at their meeting held on May 27, 2016. The same have been subjected to audit by the Statutory Central Auditors of the Bank in line with the guideleines issued by Reserve Bank of India and as per listing agreement with the Stock Exchanges.
- 2) For the preparation of these financial results, the Bank has followed the same accounting policies and generally accepted practices adopted for the preparation of the audited finacial statements for the previous year.
- 3) The figures for the quarter ended 31st March 2016 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figure between audited figures in respect of the full financial year and the year to date figures upto the end of the third quarter of the relevant financial year.
- 4) The working results for the year ended 31st March 2016 have been arrived at after making provisions for Non-performing Assets, provision for Standard Assets, Depreciation on Investments, Taxes on Income and other usual and necessary provisions.



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5) During the first quarter of the current year, the Bank had allotted 2,34,845 shares pursuant to the exercise of stock options by certain employees at Rs. 275 per share and Rs. 10.75 crore has been credited to share premium account.

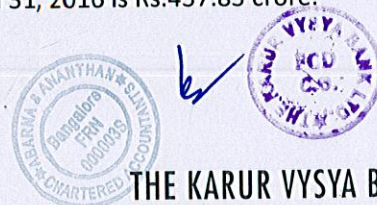
6) In accordance with the RBI circular DBOD. No. BPBC.1/21.06.201/2015-16 dated 01.07.2015, read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31.03.2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, Pillar 3 disclosures under Basel III capital regulations have been made available on the Bank's website at the following link http://www.kvb.co.in/footer/pillarIII_disclosures.html. These disclosures have not been subjected to audit by the Statutory Central Auditors.

7) Pursuant to RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated July 16, 2015, the Bank has, effective quarter ended June 30, 2015, included the deposits placed with NABARD / SIDBI / NHB on account of shortfall in priority sector targets under schedule 11 - "Other Assets". Hitherto these were included under "Investments". Interest Income on these deposits has been included under "Interest Earned - Others". Hitherto such interest income was included under "Interest Earned - Income on Investments". The above change in classification has no impact on the profit of the Bank for the year ended 31st March, 2016 and previous year presented.

8) In compliance of RBI communication no. DBR.No.BP.13018/21.04.048/2015-16 dated April 12th, 2016, Bank has provided a sum of Rs.35.52 crore being 15% of the existing outstanding of Rs.236.81 crore as on 31.03.2016 under food credit availed by Government of Punjab out of the total exposure of Rs. 589.80 crore in Food Credit. As permitted by RBI, Banks are required to make provision @ 7.50% by March, 2016 and additional 7.50% in June, 2016 on the amount outstanding as on that date. However, Bank has made the required provision in full (i.e., 15%) in March 2016 quarter itself.

9) In accordance with UDAY (Ujwal Discom Assurance Yojna) Scheme of GOI, Ministry of Power for operational and financial turnaround of Power Distribution Companies (DISCOMS), the Bank has subscribed to Non - SLR SDL Bonds of Government of Rajasthan (GoR) and Government of UP (GoUP) amounting to Rs. 55.24 crore and Rs. 14.81 crore respectively and discom bonds of Rs.15.07 crore issued by AVVNL (Rajasthan Discom). In compliance of the RBI communication no. DBR.BP.No.11657/21.04.132/2015-16 dated 17th March 2016, the Bank has made provisions of Rs. 1.01 crore towards diminution in the fair value of the loan/discom bonds envisaged to be converted into SDL during the year 2016-17. There is no part of DISCOM dues which is not envisaged to be converted as SDL Bonds by the end of March 2017.

10) In terms of RBI circular DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015 in respect of asset sold to SC/RCs, the shortfall arrived at by deducting the sale consideration and the provision held as on the date of the sale from the outstanding amount can be amortised over two years. Accordingly, for those sales that were concluded during the current financial year, the Bank has charged to the Profit and Loss Account an amount of Rs.67.63 crore during the year ended March 31, 2016 on proportionate basis and balance carried over as at March 31, 2016 is Rs.437.83 crore.



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11) In terms of RBI circular DBR.No.BP.BC.83/21.01.048/2014-15 dated 01st April 2015, banks are allowed to make provisions in respect of fraud accounts, over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected; During the year ended 31st March 2016, in accounts amounting to ₹157.43 crore, frauds were reported (Previous Year - ₹ 115.31 crore). The total amount of provision debited to profit and loss account during the year against these frauds was ₹ 200.91 crore (Previous Year - ₹ 30 crore) and unamortised amount at the year end is ₹41.83 crore (Previous Year end - ₹ 85.31 crore). In terms of RBI circular DBR.No.BP.BC.92/21.04.048/2015-16 dated 18th April 2016, the un amortised amount of ₹41.83 crore at the year end has been debited to General Reserve. The same will be debited to Profit and Loss account in the next year and correspondingly the General Reseve will be credited as per the said circular.

12) The business of the bank has been classified into four segments i.e., i) Treasury; ii) Corporate & Wholesale Banking; iii) Retail Banking; and iv) Other banking operations. Since the Bank does not have any overseas branch, reporting under geographic segment does not arise. Segment assets have been identified and segment liabilities have been allocated on the basis of segment assets. The segment results are annexed.

13) The Board of Directors recommend a final Dividend of Rs. 4/- per equity share of Rs.10/- each for the year 2015-16. Taking into account the interim dividend of Rs. 10/- per equity share already paid in March 2016, the total dividend comes to Rs. 14/- per equity share of Rs.10/- each for the year 2015-16.

14) The position of investor complaints is as under.

No. of complaints pending at the beginning of the quarter Nil ; received during the quarter - 8; disposed off during the quarter - 8; pending at the end of the quarter Nil.

15) Provision Coverage Ratio is 82.46% as on 31st March 2016.

16) Figures of the corresponding period have been re-classified/regrouped wherever considered necessary.

Place : Karur

Date : 27.05.2016

"As per our report of even date"
For Abarna & Ananthan
Chartered Accountants
Firm Registration No. 000003S

Lalitha Rameswaran
Partner

Membership No. 207867



For and on behalf of Board of Directors

K. Venkataraman
Managing Director & CEO

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Finance & Control Department

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Independent Auditor's Report

To
Board of Directors of
Karur Vysya Bank Limited

1. We have audited the accompanying statement of Financial Results of **The Karur Vysya Bank Limited** ("the Bank"), for the year ended 31st March 2016, (the "Statement") being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared on the basis of the related financial statements for the year ended 31st March, 2016 prepared in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as applicable to banks, other accounting principles generally accepted in India and the Guidelines issued by the Reserve Bank of India. Our responsibility is to express an opinion on the Statement. Further, the disclosures relating to "Pillar 3 under Basel III Capital Regulations" and "Leverage Ratio" as have been disclosed on the Bank's website and in respect of which a link have been provided in the aforesaid Statement, both of which have neither been reviewed nor been audited by us.
2. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the statement. The procedure selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the Statement, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, and evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to prove a basis for our audit opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, and based on the relevant returns of 7 branches / offices of the Bank audited by us and based on the audit reports received from the Branch auditors for the 717 branches / offices audited by them, specially appointed for this purpose, the Statement:



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

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Branch at : Chennai

✉ : audit@abarna-ananthan.com

- (i) is presented in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (ii) the standalone financial results give a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net profit and other financial information of the Bank for the year ended 31st March, 2016
4. The statement includes the standalone financial results for the quarter ended 31st March, 2016 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the three quarters ended 31st December, 2015 of the current Financial Year, which were previously subjected to limited review by us.

Emphasis of Matter

5. Attention is drawn to note nos 10 & 11 of the Statement, regarding deferment of loss of Rs. 437.83 Cr arising from the sale of certain non performing assets to Asset Reconstruction Companies, and Rs. 41.83 Cr on account of loss due to fraud reported during the year.

Our report is not qualified in respect of this matter.

For **ABARNA & ANANTHAN**
CHARTERED ACCOUNTANTS
Firm Registration No. 000003S



Lalitha Rameswaran
Partner
Membership No. 207867

Place: Karur
Date : 27-05-2016



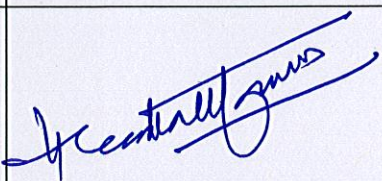
Head Office: #521, 3rd Main, 6th Block, 2nd Phase, BSK 3rd Stage, Bangalore 560 085

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Branch at : Chennai

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FORM A**(Pursuant to Clause 31 of the Listing Agreement)**

1.	Name of the Company:	THE KARUR VYSYA BANK LTD
2.	Annual financial statements for the year ended	31 st March 2016
3.	Type of Audit observation	Matter of Emphasis
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	K Venkataraman Managing Director & CEO	
	T Sivaramaprasad General Manager & CFO	
	M/s Abarna & Ananthan, Chartered Accountants Statutory Central Auditors of the company	 
	N.S.SRINATH Audit Committee Chairman	