

The Manager  
The Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers  
Dalal Street MUMBAI – 400 001  
Fax: 022-22722037/39/2041/2061/  
3121/1557/1278/3354/3577

The Manager  
Listing Department  
National Stock Exchange of India Ltd  
EXCHANGE PLAZA  
Bandra-Kurla Complex  
Bandra [E] MUMBAI 400051 Fax : 022 -  
26598237 / 238 / 26598347 / 348

प्रिय महोदय/ Dear Sir,

विषय/ Subject: Announcement of Results - 31.03.2015 - Audit Report on  
Consolidated Financial Results

Ref : Clause No. 20 & 41 of the Listing Agreement

We had, vide our letter MD&CEO SD 2495 2496 11 12 BNB, dated 25.05.2015, sent the copy of the Audited Financial Results of the Bank for the Quarter and Year ended 31.03.2015, which were approved by the Board of Directors at its meeting held on 25.05.2015, along with the copy of the Report of the Auditors.

Now, we attach the Copy of the Independent Auditors' Report on the Consolidated Financial Statements of the Bank.

धन्यवाद / Thanking you,

भवदीय/ Yours faithfully,

  
बी नगेशबाबू / B NAGESH BABU  
कंपनी सचिव/ COMPANY SECRETARY

सचिवीय विभाग

प्रबंध निदेशक व मुख्य कार्यकारी अधिकारी सचिवालय

प्रधान कार्यालय

112, जे सी रोड बेंगलूर - 560002

Secretarial Department

MD & CEO's Secretariat

Head Office

112 J C Road, Bangalore - 560002

T +91 80 22100250

F +91 80 22248831

E-Mail : [hosecretarial@canarabank.com](mailto:hosecretarial@canarabank.com)

[www.canarabank.com](http://www.canarabank.com)

**INDEPENDENT AUDITORS' REPORT  
ON THE CONSOLIDATED FINANCIAL STATEMENTS**

To

The Board of Directors  
Canara Bank

**Report on the Financial Statements**

1. We have audited the accompanying consolidated financial statements of Canara Bank (hereinafter referred to as "the Bank"), in which are incorporated the financial statements of its subsidiaries, associates, and jointly controlled entity (together referred to as "the Group"). The consolidated financial statements comprise of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2015, the Consolidated Profit & Loss Account, the Consolidated Cash Flow Statement for the Year ended on that date annexed thereto, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements"). In the Consolidated Financial Statements referred to hereinabove are incorporated:
  - i) Audited financial statements of Canara Bank audited by us.
  - ii) Audited financial statements of Seven (7) Subsidiaries, Three (3) Associates and One (1) Jointly Controlled Entity audited by other auditors.

**Management's Responsibility for the Consolidated Financial Statements**

2. The Bank's management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), as applicable, and the guidelines issued by the Reserve Bank of India. The respective management of the entities included in the Group are responsible for maintaining adequate accounting records in accordance with the provisions of applicable laws for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the management of the Bank, as aforesaid.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit of the accounts of the Bank. While conducting the audit we have taken into account the applicable accounting standards and the standards of auditing issued by the Institute of Chartered Accountants of India.





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 statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Bank's preparation and presentation of the consolidated financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the Bank's internal financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other 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 consolidated financial statements.

5. We report that the consolidated financial statements have been prepared by the management of the Bank in accordance with the requirement of the accounting Standard (AS) 21-"Consolidated Financial Statements", Accounting Standard (AS) 23-"Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 -"Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India.

#### Other Matters

6. We did not audit the financial statements of Seven (7) subsidiaries (whose financial statements reflect total assets of Rs.11562.21 Crore as at 31st March 2015, total revenues of Rs.395.52 Crore and net cash flows of Rs.41.29 Crore for the year then ended), Three (3) Associates (whose financial statements reflect total assets of Rs.35993.47 Crore as at 31st March 2015, total revenues of Rs.3373.82 Crore and net cash flows of Rs.1035.03 Crore for the year then ended) and One (1) Jointly Controlled Entity (whose financial statements reflect total assets of Rs.571.53 Crore as at 31st March 2015, total revenues of Rs.45.55 Crore and net cash flows of Rs.20.50 Crore for the year then ended). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Bank's management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the aforesaid subsidiaries, associates and jointly controlled entity, is based solely on the report of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.





## Emphasis of Matter

7. We draw attention to Schedule 19: Notes on Accounts of the Consolidated Financial Statements, regarding:
- i) Note 16, which provide details of crediting Sundry Liability (Interest Capitalization) on account of past period FITL directly from the Revenue Reserve as a one time measure, as permitted by Reserve Bank of India vide their letter dated June 27, 2014.
  - ii) Note 17 (a),(b), which provide details of identification and adjustment during the year regarding amortization of pension and gratuity liability as permitted by Reserve Bank of India vide their circular dated February 9, 2011.
  - iii) Note 20, which provide details of staggering of provision of Rs.801.07 crore for certain non-performing advances as permitted by Reserve Bank of India vide their letter dated May 15, 2015, due to predating of NPAs.
  - iv) Note 18, which provide details of short provision of Employee Benefits of Rs. 7.54 crore.
  - v) Note 19, which provide details of short provision of Bipartite Settlement of Rs. 28.15 crore.

Our opinion is not modified in respect of this matter.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us:
- i) the Consolidated Balance Sheet, read with the accounting policies and notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Group as at 31<sup>st</sup> March 2015 in conformity with accounting principles generally accepted in India;
  - ii) the Consolidated Profit and Loss Account, read with the notes thereon shows a true balance of Profit of the Group, in conformity with accounting principles generally accepted in India, for the year covered by the account; and
  - iii) the Consolidated Cash Flow Statement gives a true and fair view of the cash flows of the Group for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. i) The Balance Sheet and the Profit and Loss Account have been drawn up in Form "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.



- ii) In our opinion, the Consolidated Balance Sheet, Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of the Group comply with the applicable Accounting Standards.

For P. Chopra & Co.  
Chartered Accountants  
FRN : 004957N

  
(Rakesh Jain)  
Partner  
Membership No. 087925




For A.R. Das & Associates  
Chartered Accountants  
FRN : 306109E

  
(Piyali Basu)  
Partner  
Membership No. 054704




For S. C. Vasudeva & Co.  
Chartered Accountants  
FRN : 000235N

  
(Ashish Agarwal)  
Partner  
Membership No. 093790




For Vinay Kumar & Co.  
Chartered Accountants  
FRN : 000719C

  
(Vinay Kumar Agrawal)  
Partner  
Membership No. 013795




For Ram Raj & Co.  
Chartered Accountants  
FRN : 002839S

  
(K Siva Subramanya Prasad)  
Partner  
Membership No. 024456



For V K Niranjana & Co.  
Chartered Accountants  
FRN : 002468S

  
(Niranjana V K)  
Partner  
Membership No. 021432



Place: Bangalore

Date: 25<sup>th</sup> May, 2015