

FCD/ 67 /2019-20

15/05/2019

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

Dear Sirs,

Reg: Audited Financial Results of the Bank for the quarter/year ended 31st March 2019.

Please find enclosed copy of the audited financial results for the quarter/year ended 31st March 2019. 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.

This is for your kind information.

Yours faithfully



(P R Seshadri)
Managing Director & C E O



THE KARUR VYSYA BANK LIMITED

Finance & Control Department
Central Office, Erode Road, KARUR - 639 002.

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FCD/68/ 2019-20

15.05.2019

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

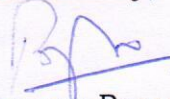
Sir,

Reg: Auditors Report on Audited Financial Results – Unmodified Opinion

We hereby confirm that pursuant to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors' Report on Audited Financial Results of the Bank for the year ended 31st March, 2019 approved at the Board Meeting held on 15th May, 2019 is with Unmodified Opinion.

Please take on record of the same.

Yours faithfully,



T Sivarama Prasad
General Manager & Chief Financial Officer



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AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2019
(Rs. in lakh)

Particulars	Quarter ended			Year ended	
	31-03-2019	31-12-2018	31-03-2018	31-03-2019	31-03-2018
	Audited	Unaudited	Audited	Audited	
1. Interest earned (a+b+c+d)	147359	144276	149088	581582	569965
a) Interest / discount on advances / bills	116128	114174	110493	459638	442081
b) Income on Investments	28162	29223	29392	115059	112293
c) Interest on balances with Reserve Bank of India & other interbank funds	1508	549	2183	4290	7721
d) Other Interest	1561	330	7020	2595	7870
2. Other Income	27245	25989	20865	96277	89993
3. Total Income (1+2)	174604	170265	169953	677859	659958
4. Interest Expended	85436	86193	84799	345300	340154
5. Operating Expenses (i+ii)	42691	41571	37183	161480	142072
(i) Employees cost	21228	19767	17920	76117	63908
(ii) Other operating expenses	21463	21804	19263	85363	78164
6. Total Expenditure (excluding provisions and contingencies) (4+5)	128127	127764	121982	506780	482226
7. Operating Profit before provisions and contingencies (3-6)	46477	42501	47971	171079	177732
8. Provisions (other than tax) and Contingencies	35234	40040	39417	138855	127367
9. Exceptional items	-	-	-	-	-
10. Profit from ordinary activities before tax (7-8-9)	11243	2461	8554	32224	50365
11. Tax expense	5241	341	3498	11137	15798
12. Net Profit from ordinary activities after tax (10-11)	6002	2120	5056	21087	34567
13. Extraordinary items (net of tax expense)	-	-	-	-	-
14. Net Profit for the period (12-13)	6002	2120	5056	21087	34567
15. Paid-up equity share capital (FV Rs.2/- per share)	15986	15986	14533	15986	14533
16. Reserves excluding Revaluation Reserve				626294	611886
17. Analytical Ratio					
(i) % of shares held by Government of India	-	-	-	-	-
(ii) Capital Adequacy Ratio - Basel III	16.00%	14.59%	14.43%	16.00%	14.43%
(iii) Earnings per share (EPS)^ (Rs.)					
a) Basic EPS before and after extraordinary items	0.75	0.27	0.63	2.64	4.78


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b) Diluted EPS before and after extraordinary items	0.75	0.27	0.63	2.64	4.78
(iv) NPA Ratios					
a) Gross NPA	444957	405573	301576	444957	301576
b) Net NPA	242034	229560	186283	242034	186283
c) % of Gross NPA	8.79%	8.49%	6.56%	8.79%	6.56%
d) % of Net NPA	4.98%	4.99%	4.16%	4.98%	4.16%
(v) Return on Asset (annualised)	0.35%	0.12%	0.30%	0.31%	0.53%

^ EPS not annualized for the quarter. EPS for the earlier periods / year has been re-stated after considering the issue of bonus shares during the year 2018-19.

(Rs. in lakh)

Segment Reporting for the year ended 31st March 2019					
Business Segments	Quarter ended			Year ended	
	31-03-2019	31-12-2018	31-03-2018	31-03-2019	31-03-2018
	Audited	Unaudited	Audited	Audited	
Segment Revenue					
1. Treasury	36667	33463	33697	130725	134522
2. Corporate/Wholesale Banking	40428	39759	43259	165386	170986
3. Retail Banking	96723	96458	92438	379250	352660
4. Other Banking Operations	786	585	559	2498	1790
Total	174604	170265	169953	677859	659958
Segment Results					
1. Treasury	13348	9914	9305	34590	38284
2. Corporate/Wholesale Banking	11632	10904	14706	48484	55514
3. Retail Banking	26981	27278	29171	109855	104555
4. Other Banking Operations	694	517	504	2219	1618
Total	52655	48613	53686	195148	199971
Less: Unallocated Income/Expenses	6178	6112	5715	24069	22239
Operating Profit	46477	42501	47971	171079	177732
Tax expense	5241	341	3498	11137	15798
Other Provisions	35234	40040	39417	138855	127367
Net Profit from ordinary activities	6002	2120	5056	21087	34567
Extraordinary items	-	-	-	-	-
Net Profit	6002	2120	5056	21087	34567
Segment Assets					
1. Treasury	1560418	1620475	1655543	1560418	1655543
2. Corporate/Wholesale Banking	1359870	1302805	1402984	1359870	1402984
3. Retail Banking	3498211	3297721	3077030	3498211	3077030
4. Other Banking Operations	-	-	-	-	-
5. Unallocated	515512	538049	558586	515512	558586
Total Segment Assets	6934011	6759050	6694143	6934011	6694143



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Segment Liabilities					
1. Treasury	1446291	1476163	1647982	1446291	1647982
2. Corporate/Wholesale Banking	1226053	1177702	1230740	1226053	1230740
3. Retail Banking	3154225	2981842	2699290	3154255	2699290
4. Other Banking Operations	-	-	-	-	-
5. Unallocated	465162	487093	489712	465162	489712
Total (a)	6291731	6122800	6067724	6291731	6067724
Capital Employed (Segment Assets - Segment Liabilities)					
1. Treasury	114127	144312	154757	114127	154757
2. Corporate/Wholesale Banking	133817	125103	131182	133817	131182
3. Retail Banking	343986	315879	287660	343986	287660
4. Other Banking	-	-	-	-	-
5. Unallocated	50350	50956	52820	50350	52820
Total (b)	642280	636250	626419	642280	626419
Total Segment Liabilities (a+b)	6934011	6759050	6694143	6934011	6694143

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.

SUMMARISED BALANCE SHEET AS ON 31st March 2019

(Rs. in lakh)

Particulars	As on 31.03.2019 (Audited)	As on 31.03.2018 (Audited)
Capital & Liabilities		
Capital	15986	14533
Reserves and Surplus	626294	611886
Deposits	5986795	5689009
Borrowings	156534	239398
Other Liabilities and Provisions	148402	139317
Total	6934011	6694143
Assets		
Cash & Balances with Reserve Bank of India	293468	296007
Balances with Banks and Money at Call and Short Notice	76236	134914
Investments	1488159	1580321
Advances	4858081	4480015
Fixed Assets	58299	52819
Other Assets	159768	150067
Total	6934011	6694143



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Notes:

1. The figures for the quarter ended 31st March 2019 and 31st March 2018 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 2019 have been reviewed and recommended by the Audit Committee of the Board and approved by the Board of Directors at their meeting held on 15th May 2019. 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 2019, as compared to those followed in the financial statements for the year ended 31st March 2018.
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.
5. Bank is required to disclose the divergences in asset classification and provisioning requirements as per circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1st April 2019, in either or both of the following cases - (a) additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period; (b) additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period. Since the divergence for the year 2017-18 are lower than the threshold prescribed above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process.
6. During the current quarter the bank had issued Basel III compliant Tier II bonds to the tune of Rs. 487 crore.
7. 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.
8. In the Annual General Meeting held on 9th August 2018, the shareholders of the bank approved an issue of 7,26,63,937 bonus shares to equity shareholders, in the proportion of 1 (one) bonus share of Rs. 2/- each for every 10 (ten) fully paid up equity shares. Correspondingly, the basic and diluted Earnings Per Share have been restated for the previous period / year.



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9. Reserve Bank of India vide circulars DBR No. BP.BC.102/21.04.048/2017-18 dated April 02, 2018 and DBR No. BP.BC.113/21.04.048/2017-18 dated June 15, 2018, granted Banks the option to amortize provision for mark-to-market losses on investments held in AFS and HFT categories for the quarters ended 31st December 2017, 31st March 2018 and 30th June 2018, equally over four quarters, commencing from the quarter in which the loss was incurred. Accordingly, the Bank has charged proportionate mark-to-market loss of Rs. 2106 lakhs pertaining to the quarter ended 30th June 2018 to the profit and loss account during the quarter ended 31st March 2019 (corresponding amount for the quarter ended 31st December 2018 was Rs. 2540 lakhs pertaining to the quarters ended 31st March, 2018 and 30th June, 2018). The entire MTM loss as on 31st March 2019 has been fully provided for and no unamortized mark-to-market loss provision is outstanding as on that date.
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. The Board of Directors in their meeting held on 15th May 2019 have proposed dividend of Rs. 0.60 per equity share of Rs.2/- each for the year 2018-19, subject to necessary approvals. In accordance with AS 4, Contingencies and Events Occurring after the Balance sheet date, the proposed dividend including corporate dividend tax amounting to Rs.57.82 crore has not been shown as an appropriation from the Profit and Loss appropriation account as on March 31st 2019. For computation of capital adequacy ratio, Bank has reduced the amount of proposed dividend and tax thereon for determining capital funds.
12. Provision Coverage Ratio calculated as per the guidelines of Reserve Bank of India is 56.86 % as on 31st March 2019.
13. The financial results for the quarter and year ended 31st March 2018 were audited by the predecessor Central Statutory Auditors.
14. Previous period's /year's figures have been re-classified / regrouped wherever considered necessary to conform to the current period's classification.

For and on behalf of Board of Directors

P R Seshadri
Managing Director & CEO

Place : Karur
Date : 15.05.2019



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Independent Auditor's Report on Standalone Financial Results of the Bank Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of The Karur Vysya Bank Limited

1. We have audited the financial results of **The Karur Vysya Bank Limited** ('the Bank') for the year ended 31 March 2019, being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The disclosures relating to Pillar 3 under Basel III Capital Regulations and those relating to Leverage Ratio, Liquidity Coverage Ratio under Capital Adequacy and Liquidity Standards issued by Reserve Bank of India ('RBI'), as disclosed on the Bank's website and in respect of which a link has been provided in the standalone financial results have neither been reviewed nor audited by us. Attention is drawn to Note 1 to the financial results regarding the figures for the quarter ended 31 March 2019 as reported in these financial results, which are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit.
2. These financial results are based on the financial statements for the year ended 31 March 2019 prepared in accordance with the accounting principles generally accepted in India, including Accounting Standards ('AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), provisions of Section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by the RBI from time to time and published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in AS 25, Interim Financial Reporting, prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial results



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

Walker Chandiook & Co LLP

based on our audit of the financial statements for the year ended 31 March 2019 and our review of standalone financial results for the nine month period ended ended 31 December, 2018.

3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
4. These financial results incorporate the relevant returns of 15 branches and treasury branch audited by us, and audited returns in respect of 772 branches audited by other branch auditors. The branches audited by us and advances audited by us in central office cover 36.22% of the total advance portfolio of the Bank.
5. In our opinion and to the best of our information and according to the explanations given to us, the standalone financial results:
 - (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard ;
 - (ii) give a true and fair view of the net profit and other financial information in conformity with the accounting principles generally accepted in India for the year ended 31 March 2019

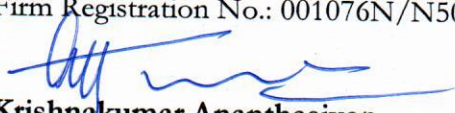
Other Matter Paragraph

6. The financial results for the quarter and year ended 31 March 2018, included in the Statement, were audited by the predecessor auditor, M/s. Abarna & Ananthan, Chartered Accountants, who expressed an unmodified opinion on those financial results, vide audit report dated 25 May, 2018. Our opinion is not modified in respect of this matter.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013


Krishnakumar Ananthasivan

Partner

Membership No.: 206229

Place: Karur

Date : 15 May, 2019

