

FCD/ 57 /2018-19

May 25, 2018

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

Dear Sirs,

Reg: Audited Financial Results of the Bank for the year ended 31<sup>st</sup> March 2018.

Please find enclosed the Audited Financial Results of the Bank for the quarter / the year ended 31<sup>st</sup> March, 2018, approved by the Board at its meeting held on May 25, 2018.

Yours faithfully



(P R Seshadri)  
Managing Director & C E O



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 2018**

(Rs. in lakhs)

Particulars	3 Months ended			Year ended	
	31/03/2018	31/12/2017	31/03/2017	31/03/2018	31/03/2017
	Audited	Reviewed	Audited	Audited	
<b>1. Interest earned (a)+(b)+(c)+(d)</b>	<b>149088</b>	<b>142232</b>	<b>143324</b>	<b>569965</b>	<b>562235</b>
(a) Interest / discount on advances / bills	110493	111654	110399	442081	440169
(b) Income on Investments	29392	28124	29183	112293	110604
(c) Interest on balances with RBI and other interbank funds	2183	2131	3431	7721	8777
(d) Others	7020	323	311	7870	2685
2. Other Income	20865	22485	23199	89993	78222
<b>3. Total Income (1+2)</b>	<b>169953</b>	<b>164717</b>	<b>166523</b>	<b>659958</b>	<b>640457</b>
4. Interest Expended	84799	86068	85325	340154	354865
5. Operating Expenses (i) + (ii)	37183	36530	30492	142072	128495
(i) Employees cost	17920	15336	13799	63908	60796
(ii) Other operating expenses	19263	21194	16693	78164	67699
<b>6. Total Expenditure (4+5)</b>	<b>121982</b>	<b>122598</b>	<b>115817</b>	<b>482226</b>	<b>483360</b>
<b>(excluding provisions and contingencies)</b>					
<b>7. Operating Profit before Provisions and Contingencies (3-6)</b>	<b>47971</b>	<b>42119</b>	<b>50706</b>	<b>177732</b>	<b>157097</b>
8. Provisions (other than tax) and Contingencies	39417	32470	21750	127367	68750
9. Exceptional items	0	0	0	0	0
<b>10. Profit from ordinary activity before tax (7-8-9)</b>	<b>8554</b>	<b>9649</b>	<b>28956</b>	<b>50365</b>	<b>83347</b>
11. Tax expense	3498	2500	7200	15798	27749
<b>12. Net Profit from ordinary activity after tax (10-11)</b>	<b>5056</b>	<b>7149</b>	<b>21756</b>	<b>34567</b>	<b>60598</b>
13. Extraordinary items (net of tax expense)	0	0	0	0	0
<b>14. Net Profit for the period (12-13)</b>	<b>5056</b>	<b>7149</b>	<b>21756</b>	<b>34567</b>	<b>60598</b>
15. Paid-up equity share capital (FV Rs. 2 /-)	14533	14533	12186	14533	12186
16. Reserves excluding Revaluation Reserve				611886	491383
<b>17. Analytical Ratios</b>					
(i) % of shares held by Government of India	0%	0%	0%	0%	0%
(ii) Capital Adequacy Ratio - Basel III	14.43%	13.92%	12.54%	14.43%	12.54%
(iii) Earnings per share (EPS) (*) (Rs.)					
a) Basic EPS before & after extraordinary items (not annualized for quarter)	0.66	1.04	3.34	4.98	9.29
b) Diluted EPS before & after extraordinary items (not annualized for quarter)	0.66	1.04	3.34	4.98	9.29
(iv) NPA Ratios					
a) Gross NPAs	301576	266332	148381	301576	148381
b) Net NPAs	186283	169892	103346	186283	103346
c) % of Gross NPAs	6.56%	5.94%	3.58%	6.56%	3.58%
d) % of Net NPAs	4.16%	3.88%	2.53%	4.16%	2.53%
(v) Return on Asset (annualized)	0.30%	0.43%	1.39%	0.53%	1.00%

\* EPS not annualised for the quarter. EPS for the previous period / year has been re-stated after considering the rights issue undertaken during the year. Diluted EPS has been calculated without considering the 6,22,122 shares held in abeyance (refer note no. 5 & 6)



**THE KARUR VYSYA BANK LIMITED**  
 CHAIRMAN'S SECRETARIET,  
 Central Office, Erode Road,  
 KARUR - 639 002.  
 ☎ (04324) 226520, 225521-25  
 Fax : 04324-225700  
 E.mail : kvbcs@kvbmail.com

(Rs. in lakhs)

Particulars	3 Months ended			Year ended	
	31/03/2018	31/12/2017	31/03/2017	31/03/2018	31/03/2017
	Audited	Reviewed	Audited	Audited	
<b>Business Segments</b>					
<b>Segment Revenue</b>					
1. Treasury Operations	33697	33694	41388	134522	143754
2. Corporate/Wholesale Banking Operations	43259	42757	44010	170986	175576
3. Retail Banking Operations	92438	87836	80763	352660	319998
4. Other Banking Operations	559	430	362	1790	1128
<b>Total</b>	<b>169953</b>	<b>164717</b>	<b>166523</b>	<b>659958</b>	<b>640456</b>
<b>Segment Results</b>					
1. Treasury Operations	9305	8932	12371	38284	38818
2. Corporate/Wholesale Banking Operations	14706	13347	15530	55514	54341
3. Retail Banking Operations	29171	25121	27743	104555	86431
4. Other Banking Operations	504	389	331	1618	1020
<b>Total</b>	<b>53686</b>	<b>47789</b>	<b>55975</b>	<b>199971</b>	<b>180610</b>
Unallocated Income/Expenses	5715	5670	5269	22239	23513
Operating Profit	47971	42119	50706	177732	157097
Tax expense	3498	2500	7200	15798	27749
Other Provisions	39417	32470	21750	127367	68750
<b>Net Profit from ordinary activities</b>	<b>5056</b>	<b>7149</b>	<b>21756</b>	<b>34567</b>	<b>60598</b>
Extraordinary items	0	0	0	0	0
<b>Net Profit</b>	<b>5056</b>	<b>7149</b>	<b>21756</b>	<b>34567</b>	<b>60598</b>
<b>Other Information</b>					
<b>Segment Assets</b>					
1. Treasury Operations	1655543	1720196	1495821	1655543	1495821
2. Corporate/Wholesale Banking Operations	1402984	1400733	1351162	1402984	1351162
3. Retail Banking Operations	3077030	2978520	2739610	3077030	2739610
4. Other Banking Operations	0	0	0	0	0
5. Unallocated Assets	557355	553676	594169	557355	594169
<b>Total Segment Assets</b>	<b>6692912</b>	<b>6653125</b>	<b>6180762</b>	<b>6692912</b>	<b>6180762</b>
<b>Segment Liabilities</b>					
1. Treasury Operations	1559607	1616347	1448711	1559607	1448711
2. Corporate/Wholesale Banking Operations	1255173	1253635	1219454	1255173	1219454
3. Retail Banking Operations	2752878	2666282	2472378	2752878	2472378
4. Other Banking Operations	0	0	0	0	0
5. Unallocated Liabilities	498834	495498	536649	498834	536649
<b>Total (a)</b>	<b>6066492</b>	<b>6031762</b>	<b>5677192</b>	<b>6066492</b>	<b>5677192</b>
<b>Capital Employed</b>					
<b>(Segment Assets - Segment Liabilities)</b>					
1. Treasury Operations	95936	103849	47110	95936	47110
2. Corporate/Wholesale Banking Operations	147811	147098	131708	147811	131708
3. Retail Banking Operations	324152	312238	267232	324152	267232
4. Other Banking Operations	0	0	0	0	0
5. Unallocated Liabilities	58521	58178	57520	58521	57520
<b>Total (b)</b>	<b>626420</b>	<b>621363</b>	<b>503570</b>	<b>626420</b>	<b>503570</b>
<b>Total Segment Liabilities (a+b)</b>	<b>6692912</b>	<b>6653125</b>	<b>6180762</b>	<b>6692912</b>	<b>6180762</b>

**GEOGRAPHIC SEGMENTS:** The Bank operates only in Domestic segment.



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**SUMMARISED BALANCE SHEET AS ON MARCH 31, 2018**

(Rs. in lakhs)

PARTICULARS	As on 31.03.2018 (Audited)	As on 31.03.2017 (Audited)
<b>Capital and Liabilities</b>		
Capital	14533	12186
Reserves and Surplus	611886	491383
Deposits	5689009	5369981
Borrowings	238167	169565
Other Liabilities and Provisions	139317	137647
<b>Total</b>	<b>6692912</b>	<b>6180762</b>
<b>Assets</b>		
Cash & Balances with RBI	296007	279047
Balances with Banks and Money at Call	133683	155462
Investments	1580321	1485749
Advances	4480015	4090772
Fixed Assets	52819	41861
Other Assets	150067	127871
<b>Total</b>	<b>6692912</b>	<b>6180762</b>

**Notes:**

1) The above financial results for the year ended March 31, 2018 have been reviewed and recommended by the Audit Committee of the Board and approved by the Board of Directors at their meeting held on May 25, 2018. 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 Exchanges.

2) For the preparation of these financial results, the Bank has followed the same accounting policies and practices adopted for the preparation of the audited financial statements for the previous year.

3) The figures for the quarter ended 31st March 2018 and the corresponding quarter of the previous year as reported in these financial results are the balancing figures 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 quarter and year ended 31st March 2018 have been arrived at after making provisions for Non-performing Assets, Standard Assets, Depreciation on Investments, Taxes on Income and other usual and necessary provisions.

5) During the year ended 31st March 2018, Bank has offered 11,87,81,048 Equity shares of Rs. 2/- each at a price of Rs.76/- including the premium of Rs.74/- per share [comprising of 10,16,21,048 Equity shares on rights basis in the ratio of 1:6 (i.e. one Equity share for every six fully paid-up Equity shares held as on the record date viz. 13th October 2017) aggregating to Rs.772.32 crore and reservation of up to 1,71,60,000 Equity shares for the eligible employees of the Bank aggregating up to Rs.130.42 crore]. Bank has allotted 11,73,17,101 shares (including 1,59,14,160 shares to employees under employee reservation portion), after keeping in abeyance entitlements to the extent of 2,18,107 shares, aggregating to Rs.891.61 crore under the Rights Issue of Equity shares, on 22nd November 2017.

6) Pursuant to the Rights issue, Earnings Per Share (EPS) in respect of previous year/periods has been restated as per Accounting Standard (AS) 20 on "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

7) The Rights issue has resulted in an increase of Rs.23.46 crore in Share Capital and Rs.864.96 crore (net of share issue expenses amounting to Rs.3.18 crore) in Share Premium account.

8) In accordance with 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/pillar3\\_disclosures.html](http://www.kvb.co.in/footer/pillar3_disclosures.html). These disclosures have not been subjected to review/audit by the Statutory Central Auditors.

9) a. In accordance with RBI guidelines, Bank has shifted securities amounting to Rs. 723.60 crore from HTM to AFS category during the first quarter of the current financial year and there was no impact on the Profit & Loss account. (Corresponding depreciation charged during the first quarter of the previous financial year being Rs. 0.93 crore).

b. RBI vide circular RBI/2017-18/70 DBR.No.Ret.BC.90/12.02.001/2017-18 dated October 4, 2017 advised all commercial banks that in order to align the ceiling on the SLR holdings under HTM category with the mandatory SLR, it was advised to reduce the ceiling from 20.50% to 19.50% in a phased manner and allowed shifting/sale of excess securities from HTM. Accordingly, securities worth of Rs. 360.86 Crore (Face Value Rs. 360.37 Crore) were during the third quarter and Rs. 119.26 Crore (Face Value Rs. 120.00 Crore) during the fourth quarter from HTM to AFS category and the resultant appreciation of Rs. 20.52 Crore and Rs. 2.72 Crore respectively were incurred.



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10) RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated 2nd April, 2018 grants option to spread provisioning for mark-to-market losses on investments held in AFS and HFT for the quarters ended 31st December, 2017 and 31st March, 2018 and permits the provisioning for each of these quarters to be spread equally over up to four quarters, commencing with the quarter in which the loss was incurred. Accordingly Bank has recognised depreciation of Rs. 20.69 crore towards mark-to-market loss on investments during the year ended 31.03.2018 and balance amount of Rs.22.45 crore are / will be spread over the next three quarters.

11) In terms of RBI guidelines vide circular DBR.No.BP.BC.102/21.04.048/2015-16 dated 13.06.2016, the Bank had debited General Reserves an amount of Rs. 185.07 crore as on 31.03.2017, being unamortised loss on sale of NPAs to ARCs during 2015-16, which was to be proportionately debited to Profit and Loss account during the current financial year (i.e. Rs. 63.18 crore each in the quarter ended June 2017 and September 2017 and the remaining Rs. 58.71 crore during the quarter ending December 2017). The entire amount of Rs.185.07 crore has been debited to Profit and Loss account and credited to General Reserves during the half year ended 30th September 2017.

12) Ministry of Labour and Employment, Government of India on 29th March, 2018 enhanced the ceiling on gratuity payable to an employee under Payment of Gratuity Act, 1972 from Rs. 10 lakh to Rs. 20 lakh. Bank has provided for the entire amount of additional liability during the current quarter and has not availed the dispensation of spreading the provision over a period of four quarters as permitted by RBI.

13) In conformity with RBI circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 the disclosure on divergence in Asset Classification and Provisioning for NPAs, is as under :

Particulars	(Rs. Crore)	
	Particulars	Amount
1. Gross NPAs as on March 31, 2017 as reported by the bank		1483.81
2. Gross NPAs as on March 31, 2017 as assessed by RBI		2134.71
3. Divergence in Gross NPAs (2-1)		650.90
4. Net NPAs as on March 31, 2017 as reported by the bank		1033.46
5. Net NPAs as on March 31, 2017 as assessed by RBI		1235.46
6. Divergence in Net NPAs (5-4)		202.00
7. Provisions for NPAs as on March 31, 2017 as reported by the bank		428.74
8. Provisions for NPAs as on March 31, 2017 as assessed by RBI		630.74
9. Divergence in provisioning (8-7)		202.00
10. Reported Net Profit after Tax (PAT) for the year ended March 31, 2017		605.98
11. Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning		473.89

The current impact of the above mentioned divergences in provisioning as noted by RBI have been duly reflected in the results for the year ended 31st March 2018.

14) The Board of Directors have recommended a dividend of Rs .0.60 per equity share of Rs. 2/- each for the year 2017-18, subject to necessary approvals. In accordance with AS 4, Contingencies and Events Occuring after the Balance Sheet date, the proposed dividend including corporate dividend tax amounting to Rs.52.47 crore has not been shown as an appropriation from the Profit and Loss appropriation account as of March 31, 2018. For computation of capital adequacy ratio, Bank has reduced the amount of proposed dividend and tax thereon for determining capital funds.

15) 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.




16) Provision Coverage Ratio is 56.50% as on 31st March 2018.

17) The position of investor complaints is : No. of complaints pending at the beginning and at end of the quarter Nil ; received and disposed off during the quarter - 36.


18) Previous period's /year's figures have been regrouped, wherever necessary to conform to the current period's / year's classification.

Place : Karur  
Date : 25.05.2018

For and on behalf of Board of Directors

  
P R Seshadri  
Managing Director & CEO

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

  
Lalitha Rameswaran  
Partner  
Membership No. 207867



- 5 -

**Auditor's Report on the Financial Results of The Karur Vysya Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015**

To

**The Board of Directors of The Karur Vysya Bank limited**

1. We have audited the accompanying annual Financial Results of **The Karur Vysya Bank Limited** ("The Bank") for the year ended 31st March 2018 ("the Financial Results") attached herewith, being submitted by the Bank pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 ("the SEBI Regulation"). The disclosures relating to the "Pillar 3 under Basel III Capital Regulations" and those relating to "Leverage Ratio", "Liquidity Coverage Ratio" under Capital Adequacy and Liquidity Standards issued by the Reserve Bank of India ("RBI") as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results have not been audited by us. Attention is drawn to the fact that the figures for the quarter ended 31st March 2018 and the corresponding quarter ended in the previous year as reported in these Financial Results ended 31st March 2018 are the balancing figures between the audited figures in respect of the full financial year and the published un-audited year-to-date figures up to the end of the third quarter of the relevant financial year.
2. These Financial Results have been prepared on the basis of the stand-alone financial statements and the unaudited quarterly financial results up to the end of the third quarter which are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial results based on our audit of the annual standalone financial statements which have been prepared in accordance with the recognition and measurement principles prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, provisions of section 29 of the Banking Regulation Act, 1949, circulars, guidelines and directions issued by the Reserve Bank of India from time to time and other accounting principles generally accepted in India.
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 misstatements. 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 the management. We believe that our audit provides a reasonable basis for our opinion.



**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**

**☎ : +91 88 8009 7322/+91 80 26426022 / 📠 : 2672 7430**


**Branches at : Chennai & Mumbai**

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



4. In our opinion and to the best of our information and according to the explanations given to us, these Financial Results:
- have been presented in accordance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 in this regard; and
  - give a true and fair view of the Net Profit and other financial information for the year ended 31st March 2018.

For Abarna & Ananthan  
Chartered Accountants  
Firm Regn. No. 000003S

  
**Lalitha Rameswaran**  
Partner  
Membership No: 207867



Place: Karur  
Date: May 25,2018



FCD/ 55 / 2018-19

25.05.2018

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

Sir,

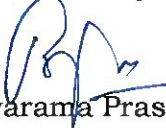
Reg: Auditors Report on Audited Financial Results – Unmodified Opinion

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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 March 31,2018 approved at the Board Meeting held on 25<sup>th</sup> May, 2018 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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