

आन्ध्रा बैंक

प्रधान कार्यालय ''डॉ. पट्टाभि भवन'' 5-9-11, सैफाबाद हैदराबाद - 500 004. Andhra Bank

HEAD OFFICE
"Dr. PATTABHI BHAVAN"
5-9-11, SAIFABAD
HYDERABAD - 500 094.

DEPT: Merchant Banking Division

Telefax: 040 - 23230883; Tel No. 040 - 23252371

E-mail: mbd@andhrabank.co.in

Dt: 22.05.2018

Lr. No. 666/25/P.29/P.77/77

The Bombay Stock Exchange Limited 25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001 Fax No. 022 – 22723121 bse.listing@bseindia.com

Dear Sirs,

Scrip: 532418

System: ANDBKDM

Sub: Submission of Financial Results of the Bank for the financial year / Quarter ended March 31,

Ref: Compliance to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In compliance to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the Audited Financial Results of the Bank for the financial year / quarter ended March 31, 2018 alongwith the Segment Reporting, Auditors Report and Declaration regarding unmodified opinion on Audited Financial Results of the Bank for the financial year / quarter ended March 31, 2018.

The same has been approved by the Board of Directors of the Bank at its meeting held on Tuesday, May 22, 2018.

No Dividend is recommended by the Bank for the financial year 2017-18.

The meeting of Board of Directors commenced at 04.15 P.M and concluded at 08.00 P.M.

Yours Faithfully

For Andhra Bank

(Ruchi R)

Company Secretary





### ANDHRA BANK :: HYDERABAD::

FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31ST MARCH, 2018

	. PARTICULARS			CONSOL	(₹ in Lacs				
SI. No.		STANDALONE QUARTER ENDED YEAR EN				NIDED	CONSOLIDATED		
						YEAR ENDED			
		AUDITED			31.03.2018		31.03.2018	31.03.2017	
1	Interest Earned (a) + (b) + (c) + (d)		REVIEWED	AUDITED	4=====		ITED		
•	(a) Interest / Discount on Advances / Bills	460587	454926	477409	1797454	1802742	1820852	1823153	
	(b) Income on investments	328162		353130	1306925	1359771	1307079	135992	
	(c) Interest on balances with Reserve Bank of	120306	119182	115889	448843	423006	471655	442716	
	India and Other inter bank funds	1096	1262	2806	13346	10939	13775	11474	
	(d) Others	11023		5584	28340	9026	28343	9042	
2	Other Income	48675	54417	65060	237206	230830	309694	308766	
Α	Total Income (1+2)	509262	509343	542469	2034660	2033572	2130546	2131919	
3	Interest Expended	288542	287705	308903	1163978	1249578	1163984	1249603	
4	Operating Expenses (e)+(f)	84097	88606	90121	334579	345199	428519	441985	
	(e) Employees cost	44315	48966	53010	185779	209678	190644	21365	
	(f) Other Operating expenses	39782	39640	37111	148800	135521	237875	228334	
В	Total Expenditure (Excluding Provisions & Contingencies) (3+4)	372639	376311	399024	1498557	1594777	1592503		
C	Operating Profit (Profit before Provisions &		0.0011	000024	1430337	1334111	1592503	1691588	
	Contingencies) (A-B)	136623	133032	143445	536103	438795	538043	440224	
D	Provisions (other than tax) and Contingencies	542933	242334	129933	1082184	402862		440331	
	Of which provisions for Non-performing Assets	556276	174499	117158	1010287		1082174	402870	
E	Exceptional Items	000210	174433	-	1010267	383404	1010287	383404	
F	Provision for taxes	(152728)	(56100)	10000		- 40500	(00.1000)	-	
G	Net Profit / (Loss) from Ordinary activity (C-D-E-F)	(253582)			(204828)	18500	(204692)	18682	
Н	Extraordinary items (net of tax expense)	(2.55562)	(53202)	3512	(341253)	17433	(339439)	18779	
ī	Net Profit / (Loss) for the period (G-H)	(253582)		-	(044050)	-	-	-	
J	Share of earnings from Associate	(253562)	(53202)	3512	(341253)	17433	(339439)	18779	
	Consolidated Net Profit / (Loss) for the year						2867	1931	
	attributed to the Group (I+J)						(336572)	20710	
	Paid-up equity share capital (Face value of each share ₹ 10/-)	119883	87280	68116	119883	68116	119883	68116	
6	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	878396	983577	983577	878396	983577	890200	989828	
	Analytical Ratios				0.0000	- 000077	030200	303020	
	(i) Percentage of shares held by Government of India	77.99	69.77	61.26	77.99	C4 0C	77.00	0.1.00	
	(ii) Capital Adequacy Ratio (%)	11.00	12.17	12.38	11.00	61.26	77.99	61.26	
	a. CET 1 Ratio (%)	5.61	6.79	7.69	5.61	12.38	11.11	12.45	
	b. Additional Tier 1 Ratio (%)	1.83	1.77	1.48	1.83	7.69	5.72	7.75	
	(iii) Earnings per share in ₹ (not annualised)	1.00	1.77	1.40	1.03	1.48	1.83	1.49	
	a. Basic	(28.58)	(6.10)	0.52	(38.94)	2.56	(38.41)	2.04	
	b. Diluted	(28.58)	(6.10)	0.52	(38.94)	2.56	(38.41)	3.04	
	(iv) a. Amount of Gross Non Performing Assets	2812436	2159932	1766998	2812436	1766998	2812436	3.04	
	b. Amount of Net Non Performing Assets	1263687	1085832	1035481	1263687	1035481	1263687	1766998	
	c. % of Gross NPAs	17.09	14.26	12.25	17.09	12.25		1035481	
	d. % of Net NPAs	8.48	7.72	7.57	8.48	7.57	17.09 8.48	12.25	
	(v) Return on Assets (annualised) (%)	(4.18)	(0.90)	0.06	(1.46)	0.08	(1.42)	7.57 0.10	

### STATEMENT OF ASSETS & LIABILITIES:

(\* in Lacs) STANDALONE CONSOLIDATED AS ON **PARTICULARS** 31.03.2018 31.03.2017 31.03.2018 31.03.2017 **AUDITED Capital and Liabilities** Capital 68116.00 Reserves and Surplus Deposits Borrowings Other Liabilities and Provisions Total Assets Cash and Balances with Reserve Bank Of India Balances with Banks and Money at Call and Short Notice Investments Advances (net) Fixed Assets Other Assets Total 



#### SEGMENT REPORT:

Part A: Business Segments

(₹ in Lacs)

SI.			STANDALONE				CONSOLIDATED		
No.	PARTICULARS	QL	QUARTER ENDED			NDED	DED CONSOLIDATED YEAR ENDED		
		31.03.2018			31.03.2018 3		31.03.2018		
		AUDITED	REVIEWED	31.03.2017 AUDITED	31.03.2016		OITED	31.03.2017	
1	Segment Revenue			AODITED		AUL	JILED		
	(a) Treasury	126431	130144	140976	520761	523324	549901	FFF00	
	(b) Corporate/Wholesale Banking	124772				699721	571630	55580	
	(c) Retail Banking	185039			711682	633316	711682	69972	
	(d) Other Banking Operations	73020		44527	230587	177211	297333	63331 24307	
	Total	509262		542469	2034660	2033572	2130546		
	Less: Inter Segment Revenue		-	-	2034000	2033372	2130546	213191	
	Income from Operations	509262	509343	542469	2034660	2033572	2130546	213191	
2	Segment Results								
_	(a) Treasury	00044	00000						
	(b) Corporate/Wholesale Banking	33944		37188	137213	112921	139611	11530	
	(c) Retail Banking	33590		47688		150983	145127	14515	
	(d) Other Banking Operations	49598 19491	50095	46614	187518	136654	180684	13138	
	Total	136623	13322	11955	60756	38237	75488	5042	
	Less : Other Un-allocable Expenditure		133032	143445	536103	438795	540910	44226	
	Total Profit Before Tax	542933	242334	129933	1082184	402862	1082174	40287	
	Income tax and other taxes paid	(406310)	(109302)	13512	(546081)	35933	(541264)	3939	
	Net Profit	(152728)	(56100)	10000	(204828)	18500	(204692)	1868	
	Net Fiont	(253582)	(53202)	3512	(341253)	17433	(336572)	2071	
3	Segment Assets								
	(a) Treasury	7605732	7511916	7252126	7605732	7252126	7989887	757919	
	(b) Corporate/Wholesale Banking	7581540	7165969	7435636	7581540	7435636	7564035	741694	
	(c) Retail Banking	6995610	6797143	5995756	6995610	5995756	6973818	597884	
	(d) Other Banking Operations	1602327	1213008	1271851	1602327	1271851	1649184	131026	
	(e) Unallocated	431928	337002	354569	431928	354569	434203	35684	
	Total	24217137	23025038	22309938	24217137	22309938	24611127	2264209	
4	Segment Liabilities								
	(a) Treasury	7501991	7343892	7084496	7501991	7084496	7000075	740004	
	(b) Corporate/Wholesale Banking	7434876	6939040	7159740	7434876	7159740	7886975 7426845	740801	
	(c) Retail Banking	6708570	6484987	5729233	6708570	5729233		715565	
	(d) Other Banking Operations	1480930	1097357	1187985	1480930		6703473	572652	
	(e) Unallocated	8942	7457	11818	8942	1187985	1484729	119220	
	Total	23135309	21872733	21173272	23135309	11818 <b>21173272</b>	15472	1678	
		20100003	21012133	211/32/2	23135305	41113212	23517494	2149918	
	Capital Employed								
	(a) Treasury	103741	168024	167630	103741	167630	102912	17117	
	(b) Corporate/Wholesale Banking	146664	226929	275896	146664	275896	137190	26129	
	(c) Retail Banking	287040	312156	266523	287040	266523	270345	25231	
	(d) Other Banking Operations	121397	115651	83866	121397	83866	164455	11806	
	(e) Unallocated	422986	329545	342751	422986	342751	418731	34006	
	Total	1081828	1152305	1136666	1081828	1136666	1093633	114291	

Part B: Geographic Segments: There is only one segment i.e. Domestic Segment. However, the consolidated statement includes the figures of Joint Venture incorporated in Malaysia viz. India International Bank (Malaysia) Berhad to the extent of 25%.

#### Notes:

- 1) The Bank has followed the same Accounting Policies in preparation of this financial results as we're followed in the Annual Financial Statements for the year ended 31<sup>st</sup> March, 2017 except for the depreciation method and the treatment of depreciation on revalued portion of fixed assets in accordance with the revised Accounting Standard (AS-10) on 'Property Plant & Equipment' issued by the Institute of Chartered Accountants of India as also explained in note no. 5 below.
- 2) The above results have been reviewed by the Audit Committee of the Board, and approved by the Board of Directors of the Bank at the meeting held on 22<sup>nd</sup> May, 2018 duly audited by the Statutory Central Auditors of the Bank in line with the guidelines issued by the Reserve Bank of India and as per the requirements of listing agreement with Stock Exchanges.
- The working results of the Bank for the quarter ended 31st March, 2018 have been arrived at after assets, non performing assets, diminution in fair value of restructured accounts, depreciation on borrowers made on the basis of extant guidelines issued by Reserve Bank of India and other usual necessary provisions. Provision for pension, gratuity and leave encashment has been made as per actuarial valuation. The provision for Income Tax, Deferred tax and the other usual and necessary provisions have been made as per extent guidelines.

- 4) During the quarter, the Bank allotted 32,60,30,705 equity shares of ₹ 10 each at a premium of ₹ 47.97 per share to Government of India in respect of capital funds received to the tune of ₹ 1890 crore. As a result, during the quarter, equity capital of the Bank increased by ₹ 326.03 crore to ₹ 1198.83 crore and share premium by ₹ 1563.97 crore to ₹ 4963.64 crore. As a result percentage of shares held by Government of India increased to 77.99% from 69.77%.
- 5) Subsequent to the adoption of the revised Accounting Standard 10 'Property Plant & Equipment' issued by the Institute of Chartered Accountants of India applicable form 1<sup>st</sup> April, 2017, depreciation of ₹ 14.22 crore during the year on the revalued portion of the fixed assets has been debited to Profit and Loss account. An equivalent amount has been transferred from Revaluation Reserve to Revenue Reserve.
- 6) RBI issued a revised framework on "Resolution of Stressed Assets" vide their circular no. RBI/2017-18/131 DBR.No.BP.BC.101/21.04.048/2017-18 dated 12<sup>th</sup> February, 2018. As a result, the extant instructions or resolution of stressed assets with respect to Corporate Debt Restructuring Schemes (CDR), Flexible Structuring of Existing Long term project loans (5/25 Scheme). Strategic Debt Restructuring Scheme (SDR), Change in ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets (S4A) were withdrawn with immediate effect. Under the revised framework, the stand-still benefits for accounts where any of these schemes had been invoked but not yet fully implemented were revoked and accordingly such accounts have been classified as per the extant RBI prudential norms on Income Recognition and Asset Classification.
- 7) In view of fraud being reported during the year in respect of two Gems and Jewellery groups, the bank has classified such accounts of the groups as Non Performing assets and fully provided for the entire funded exposures as at the year end.
- 8) Pursuant to Reserve Bank of India circular no. DBR.BP.BC.No.50/21.06.201/2016-17 dated 2<sup>nd</sup> February, 2017 on `Basel III Capital Regulations Additional Tier 1 Capital' read with Reserve Bank of India circular no. DBR.No.BP.BC.71/21.06.201/2015-16 dated 14<sup>th</sup> January, 2016 on `Master Circular Basel III Capital Regulations Clarification', Bank has drawn an amount of ₹ 147.34 crore during the year ended 31<sup>st</sup> March, 2018 from Revenue Reserve towards interest of Additional Tier-I Perpetual Basel III Compliant bonds.
- 9) In terms of Accounting Standard (AS) 4 Contingencies and events occurring after the Balance Sheet date issued by the Institute of Chartered Accountants of India, provision in respect of an account in respect of which an NCLT order was passed subsequent to the year end, the actual provision existing as at the year end in respect of the said account has been reduced by an amount of ₹ 215 crore to match the actual loss incurred on closure of such account in the subsequent year.
- Pursuant to Reserve Bank of India circular no. DBR.No.BP.BC.102/21.04.048/2017-18 dated 2<sup>nd</sup> Apr I, 2018 on 'Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)', the Bank has exercised the option to spread the provision for Mark to Market (MTM) losses on Investments held in AFS and HFT category. Accordingly, the depreciation provision for the quarter ended 31<sup>st</sup> December, 2017 of ₹ 257.11 crore (out of total provision made for the quarter of ₹ 514.22 crore) and ₹ 30.16 crore (out of total provision requirement of ₹ 120.64 crore) for the quarter ended 31<sup>st</sup> March 2018 has been provided. The balance amount of ₹ 347.59 crore will be provided in subsequent quarters.
- 11) In terms of RBI "Directions for initiating Insolvency Process Provisioning Norms" vide letter no. DBR No.BP.15199/21.04.048/2016-17, dated 23<sup>rd</sup> June, 2017 and RBI letter no. DBR.No.BP.1842/21.04.048/2017-18, dated 28<sup>th</sup> August, 2017 on "Resolution of Stressed assets", in respect of certain twenty two (22) identified NPA accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), 2016 the bank has made additional provision as at ₹ 427.06 crore as at 31<sup>st</sup> March, 2018.
- RBI vide letter no. DBR.BP.9730/21.04.018/2017-18 dated 27<sup>th</sup> April, 2018 has given the option to Banks to spread the additional liability on account of the enhancement of Gratuity limits from ₹ 10 lac to ₹ 20 lac from 29<sup>th</sup> March, 2018 under Payment of Gratuity Act, 1972, over four quarters beginning with the quarter ended 31<sup>st</sup> March, 2018. The bank has exercised the option and the quarter and deferred ₹ 186.76 crore to the subsequent three quarters of the ensuing financial year.
- 13) The Bank has recognised net Deferred Tax Assets as on 31<sup>st</sup> March, 2018 aggregating to ₹ 2539.71 crore (previous year ₹ 292.59 crore) on timing differences in accordance with Accounting Standard 22 on 'Taxes on Income' issued by the Institute of Chartered Accountants of India and the guidelines issued by the Reserve Bank of India.
- RBI vide letter no. DBR.No.BP.8756/21.04.048/2017-08 dated 2<sup>nd</sup> April, 2018 has provided 40% of secured portion of the outstanding plus 100% of the unsecured portion or provision required to be maintained as per IRAC norms which ever is higher and provision of ₹ 353.11 crores has been carried forwarded which is to be provided in the quarter ending June 2018.
- 15) Divergence in Asset Classification and Provisioning for NPAs in compliance to Risk Assessment Report (RAR) of RBI for the year 2016-17 are reported as under:

S. No.	Particulars	₹ in crore
1.	Gross NPA as on 31st March 2017 as reported by the Bank	17669.98
2.	Gross NPA as on 31st March 2017 as assessed by the RBI	18370.78
3.	Divergence in Gross NPA (2-1)	700.80
4.	Net NPA as on 31st March, 2017 as reported by the Bank	10354.81
5.	Net NPA as on 31 <sup>st</sup> March, 2017 as assessed by the RBI	10734.31
6.	Divergence in Net NPA (5-4)	379.50
7.	Provision for NPA as on 31st March, 2017 as reported by the Bank	7315.17
8.	Provision for NPA as on 31st March, 2017 as assessed by the RBI	7636.47
9.	Divergence in Provisioning (8-7)	321.30
10.	Reported Net Profit after tax (PAT) for the year ended 31st March 2017	174.33
11.	Adjusted (Notional) Net Profit after tax (PAT) for the year ended 31 <sup>st</sup> March, 2017 after taking into account divergence in provisioning	86.66



- 16) In terms of Reserve Bank of India circular no. DBOD.No.BP.BC.1/21.06.201/2015-16 dated 1<sup>st</sup> July, 2015 on 'Basel III Capital Regulations' read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31<sup>st</sup> March, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standard Amendments' requires banks to make applicable Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III Framework. These disclosures are being made available on the Bank's website http://andhrabank.in.
- 17) The provision coverage ratio as on 31st March, 2018 is 60.90%.
- Status of Investor Complaints: No Investor complaints were pending as on 31<sup>st</sup> March, 2017. Complaints received and disposed off during the year: Nil. Pending as on 31<sup>st</sup> March, 2018: Nil.
- 19) The figures of last quarter 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 third quarter of the respective financial year.
- 20) The consolidated financial results have been prepared in accordance with the Accounting Standard AS-21 "Consolidated Financial Statements", AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and the guidelines issued by the Reserve Bank of India.
- 21) The consolidated financial results comprise of financial statements of Andhra Bank (Parent Bank) and its subsidiary M/s Andhra Bank Financial Services Limited, one associate Chaitanya Godavari Grameena Bank and three joint ventures M/s India First Life Insurance Company Limited, ASREC (India) Limited and India International Bank (Malaysia) Berhad.
- 22) Corresponding period's figures have been regrouped/re-classified wherever considered necessary.

KUL BHUSHAN JAIN EXECUTIVE DIRECTOR MD & CEO (ADDL. CHARGE)

AJIT KUMAR RATH
EXECUTIVE DIRECTOR
MD & CEO (ADDL. CHARGE)

Place: Hyderabad Date: 22.05.2018





### ANDHRA BANK :: HYDERABAD::

### FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31ST MARCH 2018

						(₹ in Lacs)	
CINIC	PARTICULARS		STANDALONE		CONSOLIDATED		
SI.No.		QUARTER ENDED	YEAR ENDED	QUARTER ENDED	YEAR ENDED	YEAR ENDED	
		31.03.2018	31.03.2018	31.03.2017	31.03.2018	31.03.2017	
-				AUDITED	01:00:2011		
1	Total income from operations (net)	509262	2034660	542469	2130546	2131919	
2	Net Profit / (Loss) for the period (before Tax,			012100	2100040	2131919	
	Exceptional and/or Extraordinary items)	(406310)	(546081)	13512	(541264)	20202	
3	Net Profit / (Loss) for the period before tax (after		100001	100 2	(341204)	39392	
	Exceptional and/or Extraordinary items)	(406310)	(546081)	13512	(541264)	39392	
4	Net Profit / (Loss) for the period after tax (after		(0.0001)	100 12	(341204)	39392	
	Exceptional and/or Extraordinary items)	(253582)	(341253)	3512	(336572)	20740	
5	Equity Share Capital	119883	119883	68116		20710	
6	Reserves (excluding Revaluation Reserve) as		110000	00110	119003	68116	
	shown in the Audited Balance Sheet of the						
	previous year	878396	878396	002577	000000		
7	Earnings Per Share (of ₹10/- each) (for	070030	070390	983577	890200	989828	
	continuing and discontinued operations)						
	Basic :	(28.58)	(20.04)	0.50			
	Diluted:		(38.94)	0.52	(38.41)	3.04	
		(28.58)	(38.94)	0.52	(38.41)	3.04	

Note: The above is an extract of the detailed format of standalone quarterly / annual and consolidated annual financial results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The ful format of the standalone quarterly / annual and consolidated annual financial results are available on the websites of Stock Exchange www.nseindia.com, www.bseindia.com and on Bank's website www.andhrabank.in under Investor Relations.

KUL BHUSHAN JAIN EXECUTIVE DIRECTOR MD & CEO (ADDL. CHARGE) AJIT KUMAR RATH
EXECUTIVE DIRECTOR
MD & CEO (ADDL. CHARGE)

Place: Hyderabad Date: 22.05.2018



SAGAR & ASSOCIATES Chartered Accountants H.No. 6-3-244/5, Sarada Devi Street, Prem Nagar Hyderabad – 500 004

AGARWAL & SAXENA Chartered Accountants 510-511, City Centre, 63/2, The Mall, Kanpur – 208 001

RAY & CO
Chartered Accountants
Shakespeare Court, 21A,
Shakespeare Sarani, Flat 8C,
8<sup>th</sup> Floor,
Kolkata – 700 017

SANTOSH GUPTA & CO Chartered Accountants 417, Atlanta Estate, G M Link Road, Vitt Bhatti, Goregaon (East), Mumbai – 400 063

# INDEPENDENT AUDITORS' REPORT

To the Members of Andhra Bank

## Report on the Standalone financial statements

1. We have audited the accompanying standalone financial statements of Andhra Bank ('the Bank') as at 31st March 2018, which comprise the Balance Sheet as at 31st March 2018, the Profit and Loss Account, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these standalone financial statements are the returns of 20 branches audited by us and 1442 branches audited by Statutory Branch Auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss are the returns from 1449 branches which have not been subjected to audit. These unaudited branches account for 9.48 per cent of advances, 16.77 per cent of deposits, 7.15 per cent of interest income and 15.92 per cent of interest expenses.

# Management's Responsibility for the Standalone financial statements

2. Management is responsible for the preparation of these standalone financial statements in accordance with the Banking Regulation Act 1949, Reserve Bank of India guidelines issued from time to time and Accounting Standards generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

# Auditors' Responsibility

- 3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Aud ting 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 standalone financial statements are free from material misstatements.
- 4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Bank's preparation and fair presentation of the standalone financial statements 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

Gupta

SAGAR & ASSOCIATES Chartered Accountants H.No. 6-3-244/5, Sarada Devi Street, Prem Nagar Hyderabad – 500 004 AGARWAL & SAXENA Chartered Accountants 510-511, City Centre, 63/2, The Mall, Kanpur – 208 001

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Mumbai – 400 063

appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the standalone financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

- 6. In our opinion, as shown by the books of the Bank, and to the best of our information and according to the explanations given to us:
  - I. the Balance sheet, read with the significant accounting policies and the 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 the state of affairs of the Bank as at 31<sup>st</sup> March, 2018 in conformity with the accounting principles generally accepted in India;
  - II. the Profit and Loss Account, read with the significant accounting policies and the notes thereon shows a true balance of loss, in conformity with the accounting principles generally accepted in India, for the year covered by the account; and
  - III. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

# Report on Other Legal and Regulatory Requirements

- 7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949.
- 8. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 / 1980, and subject also to the limitations of disclosure required therein, 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 purposes of our audit.
- 9. We further report that:
  - a) the Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and returns;









SAGAR & ASSOCIATES Chartered Accountants H.No. 6-3-244/5, Sarada Devi Street, Prem Nagar Hyderabad – 500 004 AGARWAL & SAXENA Chartered Accountants 510-511, City Centre, 63/2, The Mall, Kanpur – 208 001

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Chartered

Accountants

FRN-003510S

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RAY & CO
Chartered Accountants
Shakespeare Court, 21A,
Shakespeare Sarani, Flat 8C,
8<sup>th</sup> Floor,
Kolkata – 700 017

SANTOSH GUPTA & CO Chartered Accountants 417, Atlanta Estate, G M Link Road, Vitt Bhatti, Goregaon (East), Mumbai – 400 063

- b) the reports on the accounts of the Branch offices audited by the branch auditors of the Bank under Section 29 of the Banking Regulation Act, 1949 have been sent to properly dealt with by us in preparing this report; and
- c) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

For Sagar & Associates Chartered Accountants (Firm Reg. No. 003510S)

(CA B. Srinivasa Rao)

Partner

M. No. 202352

For Agarwal & Saxena

Chartered Accountants

(Firm Reg. No. 002405C)
Chartered Accountant

(CA Anil K. Saxena)

For Santosh Gupta & Co

**Chartered Accountants** 

(Firm Reg. No. 009713N)

Partner

M. No. 71600

For Ray & Co
Chartered Accountants

(Firm Reg. No. 313124E)

(CA Sumit Sikdar)

**Partner** 

M. No. 120622

Chartered Accountants FRN-313124E

Place : Hyderabad

Date: 22<sup>nd</sup> May 2018

(CA Manoj Kumar)

Partner

M. No. 108603

Chartered Accountants FRN-009713N

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प्रधान कार्यालय ''डॉ. पट्टाभि भवन' 5-9-11, सेफाबाद हेदराबाद - 500 004.

आन्ध्रा बैंक Andhra Bank

HEAD OFFICE "Dr. PATTABHI BHAVAN" 5-9-11, SAIFABAD HYDERABAD - 500 094.

# TO WHOMSOEVER IT MAY CONCERN

Pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby declare that our financial results of the Bank for the financial year/ quarter ended March 31, 2018 does not contain any modified opinion of the Auditors of the Bank.

(M B Rajendra Prasad) Chief Financial Officer

(Kul Bhushan Jain) **Executive Director** 

(Ajit Kumar Rath) **Executive Director** 

**SAGAR & ASSOCIATES Chartered Accountants** H.No. 6-3-244/5, Sarada Devi Street, Prem Nagar Hyderabad - 500 004

**AGARWAL & SAXENA Chartered Accountants** 510-511, City Centre, 63/2, The Mall, Kanpur - 208 001

RAY & CO **Chartered Accountants** Shakespeare Court, 21A, Shakespeare Sarani, Flat 8C, 8<sup>th</sup> Floor, Kolkata - 700 017

**SANTOSH GUPTA & CO Chartered Accountants** 417, Atlanta Estate, G M Link Road, Vitt Bhatti, Goregaon (East), Mumbai - 400 063

### INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors Andhra Bank

### **Report on the Consolidated Financial Statements**

- We have audited the accompanying consolidated financial statements of Andhra Bank (the "Bank") and its subsidiary, associate and joint ventures together referred to as "the Group", comprising of the Consolidated Balance Sheet as at 31st March 2018, Consolidated Profit and Loss Account, account, and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information in which are incorporated:
  - Audited Financial statements of Andhra Bank (the "Bank") audited by us vide our audit report dated 22<sup>nd</sup> May 2018;
  - b) Audited Financial statements of one Subsidiary, one Associate and two Joint Ventures audited by other auditors; and
  - Unaudited Financial Statements of one Joint Venture i.e., ASREC (India) Limited.

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

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 requirements of the Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 23 "Accounting for Investment in Associates in Consolidated Financial Statements", Accounting Standard 27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India, provisions of Section 29 of the Banking Regulation Act, 1949, applicable guidelines issued by the Reserve Bank of India from time to time and other accounting principles generally accepted in India. This responsibility of the management of the Bank includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

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& Co Chartered Independent Auditor's Report on Consolidated Financial Statements of Andhra Bank

- 4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the banks preparation of the consolidated financial statements that give 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 effectiveness of the entity'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 of the entities of the group, as well as evaluating the overall presentation of the consolidated financial statements.
- 5. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

- 6. In our opinion and to the best of our information and according to the explanations given to us and based on our consideration of the reports of other auditors on separate financial statements of the subsidiary, associate and joint ventures and the unaudited financial statement:
  - The Consolidated Balance Sheet, read with the accounting policies and notes the reon is a full and fair Consolidated Balance Sheet containing all the necessary particulars and, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Group as at 31st March 2018 in conformity with the accounting principles generally accepted in India;
  - b) The Consolidated Profit and Loss Account, read with the notes thereon shows a true balance of Loss of the Group, in conformity with accounting principles generally accepted in India, for the year covered by the account; and
  - c) 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.

#### **Other Matters**

- 7. We have jointly audited the financial statements of the Bank, whose financial statements reflect total assets of Rs. 2,42,171 Crores as on 31st March 2018, and total revenue of Rs. 20,347 Crores and net cash outflows amounting to Rs. 1791 Crores for the year then ended.
- 8. We did not audit the financial statements of one subsidiary, one associate and three joint ventures whose financial Statements reflects total assets of Rs. 3,940 Crores as at 31st March, 2018, and total revenue of Rs. 958 Crores for the year then ended. These financial statements and other information of one subsidiary, one associate and two joint ventures have been audited by other auditors whose reports have been furnished to us by the banks management and unaudited accounts of one joint venture have been furnished to us. Our opinion, on the consolidated financial statements, in so far as it relates to the aforesaid subsidiary, associate and Joint ventures, is based solely on the report of the other auditors and unaudited financial statements respectively.
- 9. Our opinion is not modified in respect of the above mentioned matters based on our reliance on the work done and the reports of the other auditors/ management.

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### Report on Other Legal and Regulatory Requirements

- 10. The Consolidated Balance Sheet and the Consolidated Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949;
- 11. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 / 1980, and subject also to the limitations of disclosure required therein, 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) In our opinion, the consolidated Balance Sheet, consolidated Profit & Loss account and consolidated Cash Flow statement comply with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India.

& Assoc Chartered Accountants

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& Co

Chartered

Accountants

FRN-313124E

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For Sagar & Associates Chartered Accountants

(Firm Reg. No. 003510S)

(CA Ajay Kumar Mishra)

Partner M. No. 205468

For Ray & Co Chartered Accountants

(Firm Reg. No. 313124E)

(CA Sumit Sikdar)

Partner

M. No. 120622

Place: Hyderabad Date: 22<sup>nd</sup> May 2018 For Agarwal & Saxena Chartered Accountants

(Firm Reg. No. 002405C)

(CA Anil K. Saxena)

**Partner** 

M. No. 71600

For Santosh Gupta & Co Chartered Accountants

(Firm Reg. No. 009713N)

(CA Manoj Kumar)

**Partner** 

M. No. 108603

FRN-0024050

# ANDHRA BANK FINANCIAL SERVICES LTD

# TO WHOMSOEVER IT MAY CONCERN

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby declare that our financial results for the financial year/ quarter ended March 31, 2018 does not contain any modified opinion of the Auditors of the Bank.

(M.B.Rajendra Prasad)

Director