LAKSHMI VILAS BANK

Secretarial Department CIN: L65110TN1926PLC001377

Ref/Sec/205 & 266/ 220/2017-2018 November 16, 2017

The National Stock Exchange of India Limited Listing Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. Company symbol: LAKSHVILAS	**BSE Limited** Department of Corporate Services, Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. Security code no: 534690

Dear Sir,

Sub: Disclosure about Reformatted Financials of the Bank for March 2017 and September 2017

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We hereby inform you that that the Board of Directors of The Lakshmi Vilas Bank Limited (the "**Bank**") Bank have approved the Reformatted Financial Statements of the Bank on November 15, 2017. The Reformatted Financial Statements have been prepared for the purpose of inclusion in the Letter of offer to be filed with the Securities and Exchange Board of India and the Stock Exchanges for the proposed Rights Issue of the Bank. The Reformatted Financial Statements pertain to the financial year ended March 31, 2017 and for six month period ended September 30, 2017. A copy of the Reformatted Financial Statements is enclosed along with the corresponding examination reports of our Statutory Auditors.

Thanking you,

Yours faithfully,

N Ramanathan
Company Secretary

THE LAKSHMI VILAS BANK LTD. Secretarial Department Corp. Office, Chennai

R.K. KUMAR & CO

CHARTERED ACCOUNTANTS

Second Floor, Congress Building, 573, Anna Salai, Chennai – 600 006.

E-mail : rkkco@dataone.in TEL. : 24349866, 24349867

REFORMATTED FINANCIAL STATEMENTS EXAMINATION REPORT

TO

The Board of Directors
The Lakshmi Vilas Bank
Salem Road, Kathaparai,
Karur – 639 006, Tamil Nadu, India

Dear Sirs,

1. We are engaged to report on the financial statement (**"Financial Statements"**) of The Lakshmi Vilas Bank Limited (**"the Bank"**) for the half-year ended September 30, 2017 annexed to this report for the purpose of inclusion in the letter of offer (the **"Offer"** documents) prepared by the Bank in connection with the Rights Issue (**"Rights Issue"**) of its equity shares, in accordance with the provision of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("**the ICDR Regulations**") as amended to date

   Our responsibility is to report on such statements based on our procedure.

2. We have examined such statements taking into consideration:
   (i) the terms of reference dated October 12, 2017 received from the Bank in connection with the Offering Documents being issued by the Bank for its proposed Rights Issue of equity shares having face value of Rs.10/- each, under the applicable Regulations (**"Issue"**); and

   (ii) the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

3. We report that the figures disclosed in the "Financial Statements" have been extracted by the management from the financial statements for the half-year ended September 30, 2017. The financial statements for the half-year ended September 30, 2017 have been reviewed by us and in respect of which we have issued an unqualified opinion dated October 11, 2017. A copy of our report dated October 11, 2017 is attached as Annexure 1 to this report.

4. For the purpose of this report we have not performed any additional audit procedure on the above unaudited/reviewed financial statements of the Bank for the half-year ended September 30, 2017, including evaluating the possible impact, if any, of subsequent events on the earlier audited financial statements of the Bank.

R.K. KUMAR & CO. CHENNAI Chartered Accountants

R.K. KUMAR & CO

CHARTERED ACCOUNTANTS

Second Floor, Congress Building, 573, Anna Salai, Chennai – 600 006.

E-mail : rkkco@dataone.in TEL. : 24349866, 24349867

5. The "Financial Statements" annexed to this report are extracted from the unaudited/reviewed financial statements for the half-year ended September 30,2017. These "Financial Statements" have been prepared using the same set of accounting policies used for preparing the audited financial statements as at March 31, 2017.

6. At the Bank's request, we have also examined the following information proposed to be included in the Offering Documents prepared by the managements and annexed to this report;
   (i) Accounting Ratios; and
   (ii) Capitalization Statements.

7. In our opinion, the financial information contained in this report have been prepared in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with section 129 of the Companies Act 2013 and requirements of the Securities and Exchange Board of India (Issued of Capital & Disclosure Requirement) Regulations, 2009 as amended till date.

8. This report should not be in any way construed as a re-dating of any of the previous audit report issued by us nor should this report be construed as a new opinion on any financial statements referred to herein.

9. This report is intended solely for your information and for inclusion in the Offer Documents in connection with the proposed Rights Issue by the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For R. K. Kumar & Co.
Chartered Accountants
Firm Registration No.: 001595S

R.K. KUMAR & CO. CHENNAI Chartered Accountants

[G Naganathan]
Partner
Membership No.: 022456

Place: Chennai
Date: November 15, 2017

THE LAKSHMI VILAS BANK LIMITED
BALANCE SHEET AS ON 30th SEPTEMBER 2017

(₹ in Crore)

	SCHEDULE	AS AT 30/09/2017	AS AT 30/09/2016
I. CAPITAL & LIABILITIES			
a. Capital	1	191.81	179.46
b. Reserves & Surplus	2	1,937.25	1,711.39
c. Deposits	3	29,171.11	26,680.14
d. Borrowings	4	5,097.84	668.20
e. Other Liabilities & Provisions	5	752.58	663.39
TOTAL		**37,150.59**	**29,902.58**
II. ASSETS			
a. Cash & Balances with Reserve Bank of India	6	1,612.49	1,375.21
b. Balances with Banks and Money at call & Short Notice	7	64.07	200.40
c. Investments	8	11,215.13	7,226.20
d. Advances	9	22,926.49	20,069.16
e. Fixed Assets	10	401.36	372.59
f. Other Assets	11	931.05	659.02
TOTAL		**37150.59**	**29902.58**
Contingent Liabilities	12	3,363.03	4,071.08
Bills for collection		863.29	833.32
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules 1 to 12 [illegible] form part of this Balance Sheet.

For and on behalf of Board of Directors

P. Mukherjee
Managing Director & CEO

RM. Meenakshisundaram
President

Place: Chennai
Date: 15.11.2017

THE LAKSHMI VILAS BANK LTD. Accounts Department * Corp. Office, Chennai *

For M/s. R.K. Kumar & Co

Chartered Accountants
FRN - 001595S

G. Naganathan
Partner
M.No.022456

R.K. KUMAR & CO. CHENNAI Chartered Accountants

THE LAKSHMI VILAS BANK LIMITED
PROFIT & LOSS ACCOUNT FOR THE HALF-YEAR ENDED 30th SEPTEMBER 2017

(₹ in Crore)

	SCHEDULE	HALF YEAR ENDED 30/09/2017	HALF YEAR ENDED 30/09/2016
I. INCOME			
a. Interest Earned	13	1,548.83	1,384.06
b. Other Income	14	281.18	221.11
TOTAL		**1,830.01**	**1,605.17**
II. EXPENDITURE			
a.Interest Expended	15	1,098.36	1,019.83
b.Operating Expenses	16	353.14	301.08
c.Provisions & Contingencies		301.89	158.73
TOTAL		**1,753.39**	**1,479.64**
III. NET PROFIT FOR THE HALF-YEAR		76.62	125.53
Profit brought forward		-	0.00
Transfer from Investment Reserve		0.00	0.00
TOTAL		**76.62**	**125.53**
IV. APPROPRIATIONS			
a. Transfer to Statutory Reserve		-	-
b. Transfer to Capital Reserve		-	-
c. Transfer to Other Reserves		-	-
d. Investment Reserve		-	-
e. Transfer to Special Reserve u/s 36(1)(viii) of the IT Act, 1961		-	-
f. Proposed Dividend		-	-
g. Tax on Proposed Dividend		-	-
h. Balance carried over to Balance Sheet		-	-
TOTAL		**76.62**	**125.53**
Earnings Per Share - Basic (₹)		4.00	6.99
Earnings Per Share - Diluted (₹)		3.96	6.97
Schedules 13 to 16 [illegible] form part of this Profit & Loss Account.			

For and on behalf of Board of Directors

P. Mukherjee
Managing Director & CEO

RM. Meenakshisundaram
President

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

Place: Chennai
Date: 15.11.2017

For M/s. R.K. Kumar & Co

Chartered Accountants
FRN - 001595S

G. Naganathan
Partner
M.No.022456

R.K. KUMAR & CO. CHENNAI Chartered Accountants

THE LAKSHMI VILAS BANK LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30th SEPTEMBER 2017

(₹ in Crore)

	30.09.2017		30.09.2016	
CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit as per Profit & Loss Account	76.62		125.53	
ADJUSTMENTS FOR:				
Provisions & Contingencies	301.89		158.73	
Depreciation	24.00		20.50	
Loss on sale of assets	0.07		-0.12	
Income Tax / T D S paid	-63.00		-54.00	
Net cash flow before changes in Working Capital		**339.58**		**250.64**
CHANGES IN WORKING CAPITAL :				
LIABILITIES : Increase/Decrease in				
Deposits	-1382.25		1249.18	
Refinances	3224.72		-24.81	
Other Liabilities	-357.27		-178.75	
		1485.20		**1045.62**
ASSETS : Increase/Decrease in				
Investments	2563.40		680.79	
Advances	-802.42		425.42	
Other Assets	-13.04		-137.07	
		-1747.94		**-969.14**
Net Cash Flow from operating activities		**76.84**		**327.12**
CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	-66.41		-26.24	
Sale of Fixed Assets	0.10		0.27	
Net Cash Flow from Investing activities		**-66.31**		**-25.97**
CASH FLOW FROM FINANCING ACTIVITIES:				
Share issue including share premium net of forfeited shares	4.55		0.00	
Proceeds received from Tier II Bonds	100.00		0.00	
Repayment of Tier II Bonds	0.00		-30.00	
Dividends paid	-62.39		-64.14	
Net Cash Flow from financing activities		**42.16**		**-94.14**
Cash flow for the half year ended		**52.68**		**207.01**
Cash & Cash equivalents at the beginning of the year		**1623.88**		**1368.61**
Cash & Cash equivalents at the half year end		**1676.56**		**1575.62**

For and on behalf of Board of Directors

P. Mukherjee
Managing Director & CEO

RM. Meenakshisundaram
President

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

Place: Chennai
Date: 15.11.2017

For M/s. R.K. Kumar & Co

Chartered Accountants
FRN - 001595S

G. Naganathan
Partner
M.No.022456

R.K. KUMAR & CO. CHENNAI Chartered Accountants

THE LAKSHMI VILAS BANK LTD.

SCHEDULE 1 - CAPITAL

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
AUTHORISED CAPITAL (50,00,00,000 equity shares of Rs.10/- each)	500.00		300.00
ISSUED CAPITAL (19,33,15,124 equity shares of Rs.10/- each	193.31		180.97
Subscribed, Called-up and Paid Up Capital i) 19,18,06,747 equity shares of Rs.10/- each	191.81		179.46
	191.81		**179.46**

SCHEDULE 2 - RESERVES & SURPLUS

(Rs.in Crore)

		AS AT 30/09/2017		AS AT 30/09/2016
I. STATUTORY RESERVE				
Opening Balance	481.40		417.30	
Additions during the year	-	481.40	-	417.30
II. CAPITAL RESERVE				
Opening Balance	140.27		63.11	
Additions during the year	-	140.27	-	63.11
III. SHARE PREMIUM				
Opening Balance	807.98		657.36	
Additions during the year	2.99		-	
	810.97		657.36	
Deductions during the year	-	810.97	-	657.36
IV. REVENUE & OTHER RESERVES				
Opening Balance	216.53		218.18	
Additions during the year	-		-	
	216.53		218.18	
Deductions during the year	26.19	190.34	-	218.18
V. EMPLOYEE STOCK OPTION OUTSTANDING				
Opening Balance	4.51		1.73	
Additions during the year	1.20		-	
	5.71		1.73	
Deductions during the year	-		-	
Less: Transferred to General Reserve		5.71		1.73
V. Special Reserve u/s 36(1)(viii) of IT Act, 1961				
Opening Balance	62.45		56.45	
Additions during the year	-	62.45	-	56.45
VI. REVALUATION RESERVE				
Opening Balance	169.49		171.73	
Additions during the year	-		-	
Depreciation on Revalued Asset	-	169.49	-	171.73
Deductions during the year				
VII. BALANCE IN PROFIT & LOSS ACCOUNT		76.62		125.53
		1,937.25		**1,711.39**

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

SCHEDULE 3 - DEPOSITS

(Rs.in Crore)

		AS AT 30/09/2017		AS AT 30/09/2016
A. I. DEMAND DEPOSITS				
1. From Banks	1.56		0.21	
2. From Others	1,773.43	1,774.99	1,520.57	1,520.78
II. SAVINGS BANK DEPOSITS		4,344.51		3,098.52
III. TERM DEPOSITS				
1. From Banks	1,052.15		1,209.91	
2. From Others	21,999.46	23,051.61	20,850.93	22,060.84
		29,171.11		**26,680.14**
B (I). DEPOSITS OF BRANCHES IN INDIA		29,171.11		26,680.14
(II). DEPOSITS OF BRANCHES OUTSIDE INDIA		NIL		NIL
		29,171.11		**26,680.14**

SCHEDULE 4 - BORROWINGS

(Rs.in Crore)

		AS AT 30/09/2017		AS AT 30/09/2016
I. BORROWINGS IN INDIA				
1. Reserve Bank of India	1,620.00		-	
2. Other Banks	495.00		-	
3. Other Institutions & Agencies*	2,982.84	5,097.84	668.20	668.20
II. BORROWINGS OUTSIDE INDIA		-		-
* Includes unsecured Tier II bonds of Rs.568.20 Crs (Previous year Rs.468.20 Crs)		**5,097.84**		**668.20**
SECURED BORROWINGS INCLUDED IN I & II ABOVE		0		0

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. Bills payable	52.18		48.09
II. Inter-office adjustments (net)	28.50		28.00
III. Interest accrued	233.33		232.83
IV. (I) Others - (including Provisions)	355.16		280.72
(ii) Contingent Provisions against Standard Assets	83.41		73.75
(iii) Deferred Tax Liabilities	-		-
	752.58		**663.39**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
Cash in Hand (including foreign Currency Notes)	351.28		309.37
Balances with Reserve Bank of India			
I) in current account	1,261.21		1,065.84
II) in other accounts	-		-
	1612.49		**1375.21**

THE LAKSHMI VILAS BANK LTD. Accounts Department *Corp. Office, Chennai*

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. IN INDIA			
[I] Balance with Banks			
a. in current accounts	50.07		48.43
b. in other deposit accounts	0.30		0.06
	50.37		48.49
[ii] Money at call and short notice			
a. with banks	-		100.00
b. with other institutions	-		-
	50.37		148.49
II. OUTSIDE INDIA			
[I] Balance with Banks			
a. in current accounts	13.70		51.91
b. in other accounts	-		-
	13.70		51.91
	64.07		**200.40**

SCHEDULE 8 - INVESTMENTS

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. INVESTMENTS IN INDIA			
I. Government Securities [incl. treasury bills, & zero coupon bonds]	10,405.33		6,577.25
II. Other approved securities	-		-
III. Shares	104.77		107.28
IV. Debentures & Bonds	365.85		208.63
V. Subsidiaries and Joint Ventures	-		-
VI Others [including Commercial Paper, Mutual Funds, NSC,Security Receipt, Units, etc.]	339.18		333.04
	11,215.13		**7,226.20**
GROSS INVESTMENTS IN INDIA	11,293.73		7,268.99
LESS: DEPRECIATION	78.60		42.79
NET INVESTMENTS IN INDIA	11,215.13		7,226.20
II. INVESTMENTS OUTSIDE INDIA	NIL		NIL
	11,215.13		**7,226.20**

SCHEDULE 9 - ADVANCES

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
A. I. Bills purchased & discounted	820.98		1,229.11
II. Cash credits, overdrafts & loans repayable on demand	11,405.20		11,179.62
III. Term loans	10,700.31		7,660.43
	22,926.49		**20,069.16**
B. PARTICULARS OF ADVANCES			
I. Secured by tangible assets [incl. advances against Book Debts	21,956.66		19,476.85
II. Covered by Bank / Govt. Guarantees	-		-
III. Unsecured	969.83		592.31
	22,926.49		**20,069.16**
C. SECTORAL CLASSIFICATION OF ADVANCES			
I. Priority Sector	8,219.73		7,710.24
II. Public Sector	-		-
III. Banks	-		-
IV. Others	14,706.76		12,358.92
	22,926.49		**20,069.16**



SCHEDULE 10 - FIXED ASSETS

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. PREMISES (after depreciation)	223.25		226.04
II. OTHER FIXED ASSETS (INCLUDING) FURNITURE & FIXTURES) (after depreciation)	178.11		146.55
	401.36		**372.59**

SCHEDULE 11 - OTHER ASSETS

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. Inter-Office Adjustments (net)	-		-
II. Interest Accrued	243.88		154.96
III. Tax Paid in Advance and Tax Deducted at Source	195.32		110.16
IV. Deferred Tax Asset	65.22		52.22
V. Stationery & Stamps	2.77		2.58
VI. Non Banking Assets acquired in satisfaction of claims	78.26		75.86
VII. Others	345.60		263.24
	931.05		**659.02**

SCHEDULE 12 - CONTINGENT LIABILITIES

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. Claims against the Bank not acknowledged as debts	135.51		240.02
II. Liability for partly paid Investments	-		-
III. Liability on account of outstanding forward exchange contracts	838.86		1,461.77
IV. Guarantees given on behalf of constituents			
in India	1,044.67		998.49
outside India	162.99		191.20
V. Acceptances, Endorsements & Other Obligations	1,144.10		1,159.90
VI. Other items for which the Bank is contingently liable	36.90		19.70
	3363.03		**4071.08**

SCHEDULE 13 - INTEREST EARNED

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. Interest / discount on advances / bills	1,225.92		1,123.30
II. Income on Investments	315.51		256.21
III. Interest on balance with Reserve Bank of India & other inter-bank Funds	5.48		3.69
IV. Others	1.92		0.86
	1548.83		**1384.06**

THE LAKSHMI VILAS BANK LTD. Accounts Department * Corp. Office, Chennai *

SCHEDULE 14 - OTHER INCOME

(Rs.in Crore)

		AS AT 30/09/2017		AS AT 30/09/2016
I. Commission, Exchange and Brokerage		57.42		69.55
II. Profit on sale of Investments	169.12		101.76	
Less: Loss on sale of Investments	32.79	136.33	0.09	101.67
III Profit on sale of land, Buildings & Other Assets	-		0.12	
Less: Loss on sale of land, Buildings & Other Assets	0.07	(0.07)	-	0.12
IV. Profit on Exchange Transactions	5.36		7.05	
Less: Loss on Exchange Transactions	-	5.36	-	7.05
V. Income earned by way of Dividends from Companies in India.	1.55	1.55		1.36
VI. Miscellaneous Income		80.59		41.36
		281.18		**221.11**

SCHEDULE 15 - INTEREST EXPENDED

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. Interest on Deposits	986.12		974.38
II. Interest on Reserve Bank of India / Inter-Bank Borrowings	112.24		45.45
TOTAL	**1,098.36**		**1,019.83**

SCHEDULE 16 - OPERATING EXPENSES

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. Payments to and Provision for Employees	176.57		158.08
II. Rent, Taxes & Lighting	36.58		31.17
III. Printing & Stationery	3.50		2.52
IV. Advertisement & Publicity	2.79		4.23
V. Depreciation on Bank's Property	24.00		20.50
VI. Director's fees, allowances	0.50		0.74
VII. Auditors' fees & Expenses (incl. Branch Auditors)	0.72		0.72
VIII. Law Charges	0.73		0.90
IX. Postage, Telegrams, Telephones, etc.,	6.10		6.27
X. Repairs & Maintenance	3.11		2.28
XI. Insurance	15.07		12.50
XII. Other Expenditure	83.47		61.17
TOTAL	**353.14**		**301.08**



R.K. KUMAR & CO

CHARTERED ACCOUNTANTS

Second Floor, Congress Building, 573, Anna Salai, Chennai – 600 006.

E-mail : rkkco@dataone.in TEL. : 24349866, 24349867

REFORMATTED FINANCIAL STATEMENTS EXAMINATION REPORT

To

The Board of Directors
The Lakshmi Vilas Bank
Salem Road, Kathaparai,
Karur – 639 006, Tamil Nadu, India

Dear sir,

1. We have examined the Reformatted Financial Statements (the **"Reformatted Financial Statements"**) of **The Lakshmi Vilas Bank Limited ("the Bank")** annexed to this report for the purpose of inclusion in the letter of offer (hereinafter referred to as the **"Offer"** document) prepared by the Bank in connection with the proposed Rights Issue of its equity shares in accordance with the provisions of Securities and Exchange Board of India (Issued of Capital & Disclosure Requirements) Regulations, 2009, as amended from time to time (**"the ICDR Regulations"**). The preparation of financial statements is responsibility of the Bank's management.

   Our responsibility is to report on such statements based on our procedure.

2. We have examined such statements taking into consideration:
   (i) the terms of reference dated October 12, 2017 received from the Bank, in connection with the Offer Documents being issued by the Bank for its proposed Rights Issue of its equity shares; and

   (ii) the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

   We report that the figures disclosed in the Reformatted Financial Statements of the Bank have been extracted from the audited Financial Statements of the Bank for the year ended March 31, 2017 that had been approved by the Board of Directors of the Bank. The amounts reported in the reformatted statements and notes to accounts have been modified from thousand to crores rounded to two decimals in Indian Rupees. The reformatted statements are only a reproductions of the audited financial statements and are not reclassified. The accounting polies and notes to accounts have been reproduced as they were disclosed in the financial statements for the year. The financial statements of the Bank for the year ended March 31, 2017 have been audited by us and in respect of which we have issued audit report dated April 26, 2017 to the Bank. A copy of our Audit Report dated April 26, 2017 is attached as Annexure I to this report. In the presentation of the reformatted statements based on the audited financial statements as referred to in paragraphs above, no adjustments have been made for any events occurring subsequent to the date of the audit report specified herein. The Audited Financial Statements were prepared in accordance with Indian GAAP and as per Banking Regulation Act, 1949.

R.K. KUMAR & CO. CHENNAI Chartered Accountants

R.K. KUMAR & CO

CHARTERED ACCOUNTANTS

Second Floor, Congress Building, 573, Anna Salai, Chennai – 600 006.

E-mail : rkkco@dataone.in TEL. : 24349866, 24349867

3. As stated in our audit report referred to in paragraph 2 above, 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends upon the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design the audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of the accounting estimates made by managements, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion. We have not audited any financial statements of the Bank for any period subsequent to March 31, 2017.

   Accordingly, we express no opinion on the financial position, results of the operation or cash flows of the Bank as of any date or for any period subsequent to March 31, 2017.

4. This report should not be in any way construed as a reissuance or re-dating of any of the previous audit report issued by us nor should this report be construed as a new opinion on any financial statements referred to herein.

5. We have no responsibility to update our report for events and circumstances occurring after the date of our last audit report dated April 26, 2017

6. This report is intended solely for your information and for inclusion in the offering documents in connection with the proposed Rights Issue by the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For R. K. Kumar & Co.
Chartered Accountants
Firm Registration No.: 001595S

R.K. KUMAR & CO. CHENNAI Chartered Accountants

[G Naganathan]
Partner
Membership No.: 022456

Place: Chennai
Date: November 15, 2017

THE LAKSHMI VILAS BANK LIMITED

BALANCE SHEET AS ON 31st MARCH 2017

(₹ in Crore)

	SCHEDULE	AS AT 31/03/2017	AS AT 31/03/2016
I. CAPITAL & LIABILITIES			
a. Capital	1	191.45	179.46
b. Reserves & Surplus	2	1944.89	1584.13
c. Deposits	3	30553.35	25430.96
d. Borrowings	4	1773.13	723.01
e. Other Liabilities & Provisions	5	781.90	752.92
TOTAL		**35244.72**	**28670.48**
II. ASSETS			
a. Cash & Balances with Reserve Bank of India	6	1454.81	1286.50
b. Balances with Banks and Money at call & Short Notice	7	169.07	82.11
c. Investments	8	8651.73	6545.40
d. Advances	9	23728.91	19643.74
e. Fixed Assets	10	359.12	367.00
f. Other Assets	11	881.08	745.73
TOTAL		**35244.72**	**28670.48**
Contingent Liabilities	12	3199.65	3687.01
Bills for collection		878.45	884.43
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules 1 to 12 and 17 to 18 form part of this Balance Sheet.

For and on behalf of Board of Directors

P. Mukherjee
Managing Director & CEO

RM. Meenakshisundaram
President

Place: Chennai
Date: 15.11.2017

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

For M/s. R.K. Kumar & Co

Chartered Accountants
FRN - 001595S

G. Naganathan
Partner
M.No.022456

R.K. KUMAR & CO. CHENNAI Chartered Accountants

THE LAKSHMI VILAS BANK LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2017

(₹ in Crore)

	SCHEDULE	YEAR ENDED 31/03/2017	YEAR ENDED 31/03/2016
I. INCOME			
a. Interest Earned	13	2846.66	2568.30
b. Other Income	14	502.76	304.53
TOTAL		**3349.42**	**2872.83**
II. EXPENDITURE			
a.Interest Expended	15	2064.00	1922.99
b.Operating Expenses	16	651.37	542.71
c.Provisions & Contingencies		377.98	226.89
TOTAL		**3093.35**	**2692.59**
III. NET PROFIT FOR THE YEAR		256.07	180.24
Profit brought forward		0.00	0.08
Transfer from Investment Reserve		0.00	0.72
TOTAL		**256.07**	**181.04**
IV. APPROPRIATIONS			
a. Transfer to Statutory Reserve		64.10	45.20
b. Transfer to Capital Reserve		77.16	6.04
c. Transfer to Other Reserves		46.55	50.00
d. Investment Reserve		0.00	0.00
e. Transfer to Special Reserve u/s 36(1)(viii) of the IT Act, 1961		6.00	15.00
f. Proposed Dividend		0.00	53.84
g. Tax on Proposed Dividend		0.00	10.96
h. Balance carried over to Balance Sheet		62.26	0.00
TOTAL		**256.07**	**181.04**
Earnings Per Share - Basic (₹)		14.07	10.05
Earnings Per Share - Diluted (₹)		13.95	10.05
Schedules 13 to 16 and 17 to 18 form part of this Profit & Loss Account.			

For and on behalf of Board of Directors

P. Mukherjee
Managing Director & CEO

RM. Meenakshisundaram
President

Place: Chennai
Date: 15.11.2017

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

For M/s. R.K. Kumar & Co

Chartered Accountants
FRN - 001595S

G. Naganathan
Partner
M.No.022456

R.K. KUMAR & CO. CHENNAI Chartered Accountants

THE LAKSHMI VILAS BANK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

(₹ in Crore)

	31.03.2017		31.03.2016	
CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit as per Profit & Loss Account	256.07		180.24	
ADJUSTMENTS FOR:				
Provisions & Contingencies	377.98		226.89	
Depreciation	48.06		37.76	
Loss on sale of assets	-0.26		0.08	
Income Tax / T D S paid	-125.00		-57.00	
Net cash flow before changes in Working Capital		**556.85**		**387.97**
CHANGES IN WORKING CAPITAL :				
LIABILITIES : Increase/Decrease in				
Deposits	5,122.39		3,466.75	
Refinances	1,080.12		224.81	
Other Liabilities	-330.49		-170.70	
		5,872.02		**3,520.86**
ASSETS : Increase/Decrease in				
Investments	2,106.33		494.25	
Advances	4,085.17		3,291.72	
Other Assets	10.30		12.29	
		-6,201.80		**-3,798.26**
Net Cash Flow from operating activities		**227.07**		**110.57**
CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	-40.62		-67.81	
Sale of Fixed Assets	0.66		0.33	
Net Cash Flow from Investing activities		**-39.96**		**-67.48**
CASH FLOW FROM FINANCING ACTIVITIES:				
Share issue including share premium net of forfeited shares	162.61		2.34	
Proceeds received from Tier II Bonds	-		140.10	
Repayment of Tier II Bonds	-30.00		-100.00	
Dividends paid	-64.45		-35.64	
Net Cash Flow from financing activities		**68.16**		**6.80**
Cash flow for the year		**255.27**		**49.89**
Cash & Cash equivalents at the beginning of the year		**1,368.61**		**1,318.72**
Cash & Cash equivalents at the year end		**1,623.88**		**1,368.61**

For and on behalf of Board of Directors

P. Mukherjee
Managing Director & CEO

RM. Meenakshisundaram
President

THE LAKSHMI VILAS BANK LTD. Accounts Department * Corp. Office, Chennai *

Place: Chennai
Date: 15.11.2017

For M/s. R.K. Kumar & Co

Chartered Accountants
FRN - 001595S

G. Naganathan
Partner
M.No.022456

R.K. KUMAR & CO. * CHENNAI * Chartered Accountants

SCHEDULE 1 - CAPITAL

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
AUTHORISED CAPITAL			
(50,00,00,000 equity shares of Rs.10/- each)	500.00		300.00
(Previous year 30,00,00,000 equity shares of Rs.10/ each)			
ISSUED CAPITAL			
(192,95,51,24 equity shares of Rs.10/- each			
(Previous year 18,09,69,986 equity shares of Rs.10/- each) of which 1,19,85,138 shares issued through QIP Issue)	192.96		180.97
Subscribed, Called-up and Paid Up Capital			
i) 19,14,46,747 equity shares of Rs.10/- each	191.45		179.46
(Previous year 17,94,61,609 shares of Rs.10/- each). (1,19,85,138 shares were allotted to QIB).			
ii) 1,26,42,131 Bonus Shares allotted (Previous year 1,26,42,131 shares)			
iii) Shares kept in abeyance 15,08,377,inclusive of Forfeited & lapsed shares.(Previous year 15,08,377 shares)			
iv)Shares Forfeited and lapsed 23,658 (Previous year 23,658 shares)			
	191.45		**179.46**

SCHEDULE 2 - RESERVES & SURPLUS

(Rs. in Crore)

		AS AT 31/03/2017		AS AT 31/03/2016
I. STATUTORY RESERVE				
Opening Balance	417.30		372.10	
Additions during the year	64.10	481.40	45.20	417.30
II. CAPITAL RESERVE				
Opening Balance	63.11		57.07	
Additions during the year	77.16	140.27	6.04	63.11
III. SHARE PREMIUM				
Opening Balance	657.36		659.63	
Additions during the year	155.80		2.05	
	813.16		661.68	
Deductions during the year	5.18	807.98	4.32	657.36
IV. REVENUE & OTHER RESERVES				
Opening Balance	218.18		167.47	
Additions during the year	48.79		50.71	
	266.97		218.18	
Deductions during the year	50.44	216.53		218.18
V. EMPLOYEE STOCK OPTION OUTSTANDING				
Opening Balance			2.03	
Additions during the year	4.51			
	4.51		2.03	
Deductions during the year			2.03	
Less: Transferred to General Reserve		4.51		
VI. SPECIAL RESERVE U/S 36(1)(VIII) OF IT ACT, 1961				
Opening Balance	56.45		41.45	
Additions during the year	6.00	62.45	15.00	56.45

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

VII. REVALUATION RESERVE				
Opening Balance	171.73		78.46	
Additions during the year			93.98	
	171.73		172.44	
Depreciation on Revalued Asset	2.24	169.49	0.71	171.73
VIII. INVESTMENT RESERVE				
Opening Balance			0.72	
Additions during the year				
			0.72	
Deductions during the year			0.72	
IX. BALANCE IN PROFIT & LOSS ACCOUNT		62.26		0.00
		1944.89		**1584.13**

SCHEDULE 3 - DEPOSITS

(Rs. in Crore)

		AS AT 31/03/2017		**AS AT 31/03/2016**
A. I. DEMAND DEPOSITS				
1. From Banks	5.37		0.01	
2. From Others	1,839.37	1,844.74	1,636.45	1,636.46
II. SAVINGS BANK DEPOSITS		3,999.61		2,779.06
III. TERM DEPOSITS				
1. From Banks	2,141.82		1,166.36	
2. From Others	22,567.18	24,709.00	19,849.08	21,015.44
		30,553.35		**25,430.96**
B (I). DEPOSITS OF BRANCHES IN INDIA		30,553.35		25,430.96
(II). DEPOSITS OF BRANCHES OUTSIDE INDIA		NIL		NIL
		30,553.35		**25,430.96**

SCHEDULE 4 - BORROWINGS

(Rs. in Crore)

		AS AT 31/03/2017		**AS AT 31/03/2016**
I. BORROWINGS IN INDIA				
1. Reserve Bank of India	65.00			
2. Other Banks	250.00			
3. Other Institutions & Agencies*	1,458.13	1,773.13	723.01	723.01
II. BORROWINGS OUTSIDE INDIA				
* Includes unsecured Tier II bonds of Rs. 468.20 Crs (PY Rs.498.20 Crs)		**1773.13**		**723.01**
SECURED BORROWINGS INCLUDED IN I & II ABOVE		**0.00**		**0.00**

SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS

(Rs. in Crore)

	AS AT 31/03/2017		**AS AT 31/03/2016**
I. Bills payable	66.23		77.86
II. Inter-office adjustments (net)	48.07		4.40
III. Interest accrued	210.57		224.53
IV. (I) Others - (including Provisions)	369.63		373.90
(ii) Contingent Provisions against Standard Assets	87.40		72.23
(iii) Deferred Tax Liabilities			
	781.90		**752.92**

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
Cash in Hand (including foreign Currency Notes)	341.27		315.91
Balances with Reserve Bank of India			
I) in current account	1,113.54		970.59
II) in other accounts			
	1454.81		**1286.50**

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
I.IN INDIA			
[i] Balance with Banks			
a. in current accounts	19.78		20.13
b. in other deposit accounts	0.06		0.06
	19.84		20.20
[ii] Money at call and short notice			
a. with banks			
b. with other institutions	110.00		-
	129.84		20.20
II. OUTSIDE INDIA			
[i] Balance with Banks			
a. in current accounts	39.23		61.91
b. in other accounts			
	39.23		61.91
	169.07		**82.11**

SCHEDULE 8 - INVESTMENTS

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
I. INVESTMENTS IN INDIA			
I. Government Securities [incl. treasury bills, & zero coupon bonds]	7,910.70		5,849.43
II. Other approved securities			
III. Shares	134.98		79.81
IV. Debentures & Bonds	282.33		355.24
V. Subsidiaries and Joint Ventures			
VI Others [including Commercial Paper, Mutual Funds,Security Receipt, Units, etc.]	323.72		260.92
	8651.73		**6545.40**
GROSS INVESTMENTS IN INDIA	8,703.13		6,594.44
LESS: DEPRECIATION	51.40		49.04
NET INVESTMENTS IN INDIA	**8651.73**		**6545.40**
II. INVESTMENTS OUTSIDE INDIA	NIL		NIL
	8651.73		**6545.40**

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

SCHEDULE 9 - ADVANCES

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
A. I. Bills purchased & discounted	863.82		1,758.20
II. Cash credits, overdrafts & loans repayable on demand	12,796.50		10,678.34
III. Term loans	10,068.59		7,207.20
	23,728.91		**19,643.74**
B. PARTICULARS OF ADVANCES			
I. Secured by tangible assets [incl. advances against Book Debts]	23,314.60		18,878.60
II. Covered by Bank / Govt. Guarantees			
III. Unsecured	414.31		765.14
	23,728.91		**19,643.74**
C. SECTORAL CLASSIFICATION OF ADVANCES			
I. Priority Sector	8,195.07		7,296.42
II. Public Sector			
III. Banks			
IV. Others	15,533.84		12,347.32
	23,728.91		**19,643.74**

SCHEDULE 10 - FIXED ASSETS

(Rs. in Crore)

		AS AT 31/03/2017		AS AT 31/03/2016
I. PREMISES				
At cost	64.86		63.88	
Addition due to Revaluvation	175.49		175.49	
Additions during the year	0.19		0.99	
	240.54		**240.36**	
Deductions during the year	0.00		0.00	
	240.54		**240.36**	
Depreciation to date	17.29	**223.25**	14.50	**225.86**
II. OTHER FIXED ASSETS (INCLUDING FURNITURE & FIXTURES)				
At Cost	369.02		303.72	
Additions during the year	40.43		66.82	
	409.45		**370.54**	
Deductions during the year	6.98		1.52	
	402.47		**369.02**	
Depreciation to date	266.60	**135.87**	227.88	**141.14**
		359.12		**367.00**

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

SCHEDULE 11 - OTHER ASSETS

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
I.Inter-Office Adjustments (net)	-		-
II. Interest Accrued	197.35		163.64
III. Tax Paid in Advance and Tax Deducted at Source (Net)	133.73		116.18
IV. Deferred Tax Asset / Liabilities (net)	65.22		52.22
V. Stationery & Stamps	2.56		2.42
VI. Non Banking Assets acquired in satisfaction of claims	78.26		75.86
VII. Others	403.96		335.41
	881.08		**745.73**

SCHEDULE 12 - CONTINGENT LIABILITIES

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
I. Claims against the Bank not acknowledged as debts	135.51		240.02
II. Liability for partly paid Investments			
III. Liability on account of outstanding forward exchange contracts	838.04		1,159.09
IV. Guarantees given on behalf of constituents			
In India	948.97		828.58
Outside India	162.92		189.23
V. Acceptances, Endorsements & Other Obligations	1,091.07		1,252.37
VI. Other items for which the Bank is contingently liable	23.14		17.72
	3199.65		**3687.01**

SCHEDULE 13 - INTEREST EARNED

(Rs. in Crore)

	YEAR ENDED 31/03/2017		YEAR ENDED 31/03/2016
I. Interest / discount on advances / bills	2,239.71		2,038.27
II. Income on Investments	577.60		519.40
III. Interest on balance with Reserve Bank of India & other inter-bank Funds	12.28		3.27
IV Others	17.07		7.36
	2846.66		**2568.30**

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai

SCHEDULE 14 - OTHER INCOME

(Rs. in Crore)

		YEAR ENDED 31/03/2017		YEAR ENDED 31/03/2016
I. Commission, Exchange and Brokerage		134.07		147.14
II. Profit on sale of Investments	350.53		56.85	
Less: Loss on sale of Investments	90.57	259.96	3.49	53.36
III Profit on sale of land, Buildings & Other Assets	0.37		0.06	
Less: Loss on sale of land, Buildings & Other Assets	0.11	0.26	0.14	(0.08)
IV. Profit on Exchange Transactions	13.30		16.64	
Less: Loss on Exchange Transactions		13.30		16.64
V. Income earned by way of Dividends from Companies in India.	3.17	3.17	2.97	2.97
VI.Miscellaneous Income		92.00		84.50
		502.76		**304.53**

SCHEDULE 15 - INTEREST EXPENDED

(Rs. in Crore)

	YEAR ENDED 31/03/2017		YEAR ENDED 31/03/2016
I. Interest on Deposits	1,938.16		1,833.29
II. Interest on Reserve Bank of India / Inter-Bank Borrowings	125.84		89.70
TOTAL	**2064.00**		**1922.99**

SCHEDULE 16 - OPERATING EXPENSES

(Rs. in Crore)

	YEAR ENDED 31/03/2017		YEAR ENDED 31/03/2016
I. Payments to and Provision for Employees	334.71		275.35
II. Rent, Taxes & Lighting	63.50		58.35
III. Printing & Stationery	6.62		5.77
IV. Advertisement & Publicity	9.65		8.40
V. Depreciation on Bank's Property	48.06		37.76
VI. Director's fees, allowances	1.40		1.15
VII. Auditors' fees & Expenses (incl. Branch Auditors)	1.39		1.25
VIII. Law Charges	2.04		1.16
IX. Postage, Telegrams, Telephones, etc.,	12.80		13.36
X. Repairs & Maintenance	4.37		3.41
XI. Insurance	26.58		23.82
XII. Other Expenditure	140.25		112.93
TOTAL	**651.37**		**542.71**

THE LAKSHMI VILAS BANK LTD. Accounts Department Corp. Office, Chennai