LAKSHMI VILAS BANK

Secretarial Department CIN: L65110TN1926PLC001377

Ref/Sec/205 & 266/48/2018-2019 May 25, 2018

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: Submission of statement on impact of Audit Qualifications for the financial year ended 31.03.2018.

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Please find enclosed herewith the "Statement of impact of Audit qualifications (for Audit Report with modified Opinion)" as per the format specified by SEBI vide Circular CIR/CFD/CMD/56/2016 dated May 27, 2016 for the year ended 31.03.2018.

This is for your information and records.

Thanking You,

Yours faithfully,

Authorised Signatory

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

Encl: A/a

R.K. KUMAR & CO

CHARTERED ACCOUNTANTS

ROOM NO. 101-106, 2ND FLOOR, CONGRESS BUILDING, 573, ANNA SALAI, CHENNAI – 600 006.

TEL. : 91-44- 2434 9866, 2434 9867 E-mail : rkkco@dataone.in

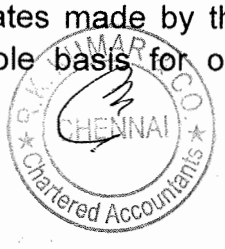
Auditor's Report on the Financial Results of the Lakshmi Vilas Bank Ltd pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015

To The Board of Directors of The Lakshmi Vilas Bank Ltd

1. We have audited the accompanying annual Financial Results of **The Lakshmi Vilas 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 upto the end of the third quarter of the relevant financial year.

2. These Financial Results have been prepared on the basis of the financial statements and the unaudited quarterly financial results upto 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 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.



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Basis for Qualified Opinion

4. *The financial statements of the bank include Advances (net of provisions) of Rs 25,768 Crore after adjustment of third party deposits amounting to Rs 794 Crore, duly supported by legal opinions. The said adjustment is being questioned by the deposit holder. Pending resolution of the same, we are unable to comment on the impact, if any on the financial statements and legal/regulatory consequences.*

5. *The series of transactions leading to the above adjustment has resulted in shortfall in CRR maintenance. Penal consequences if any, thereon is not ascertainable.*

Emphasis of Matter

6. *We draw attention to:*

   (i) Note No. 8 forming part of the financial results, regarding deferment of provision for Mark to Market (MTM) losses on Investments of Rs. 98.29 Crore; and

   (ii) Note No. 9 forming part of the financial results, regarding deferment of Gratuity provision of Rs. 11.27 Crore;

   Our opinion is not qualified in respect of these matters.

7. *Except for the possible effects of the matter described in the 'Basis for Qualified Opinion' paragraph,* in our opinion and to the best of our information and according to the explanations given to us, these Financial Results:

   a. 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

   b. give a true and fair view of the Net Loss and other financial information for the year ended 31st March 2018;

For R K Kumar & Co.,
Chartered Accountants
Firm Regn. No. 001595S

(G. Naganathan)
Partner
M. No. 022456

R.K. KUMAR & CO. CHENNAI Chartered Accountants

Place: Chennai
Dated: 25th May 2018

Annexure I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (in lakh)	Adjusted Figures (audited figures after adjusting for qualifications) (in lakh)
1.	Turnover / Total income	338842.95	338842.95
2.	Total Expenditure	303305.07	303305.07
3.	Net Profit/(Loss)	(58486.62)	(58486.62)
4.	Earnings Per Share (Rs.)	-28.29	-28.29
5.	Total Assets	4042922.60	4042922.60
6.	Total Liabilities	4042922.60	4042922.60
7.	Net Worth	166201.77	166201.77
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II.

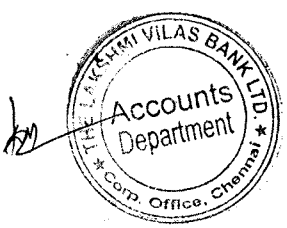
Audit Qualification (each audit qualification separately)

a. Details of Audit Qualification:

1. *The financial statements of the bank include Advances (net of provisions) of Rs.25,768 crore after adjustment of third party deposits amounting to Rs.794 crore duly supported by legal opinions. However, the said adjustment is being disputed by the deposit holder. Pending a final resolution to the dispute, we are unable to comment on the impact, if any on the financial statements and legal / regulatory consequences.*

2. *Shortfall in CRR compliances have occurred during the year. Penal consequences if any, thereon is not ascertainable.*

b. Type of Audit Qualification :	Qualified Opinion
c. Frequency of qualification:	Appeared first time:
d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not quantified
e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**	
(i) Management's estimation on the impact of audit qualification:	1. NIL 2. Rs.76.62 lakh - Interest provided.



(ii) If management is unable to estimate the impact, reasons for the same:

Reference is invited to the point no.16 to the notes to financial statements.

"The financial statement of the Bank includes Advances (net of provisions) of ₹25768 crore after adjustment of third party deposits amounting to ₹794 crore. The Bank has received legal notice questioning the said adjustment. As per legal opinion received by the Bank, the adjustment of deposits against loan is lawful. In the process of adjustment of the deposits as mentioned above, there was a resultant shortfall in the maintenance of CRR for a short period. The Bank has already notified RBI of the same. No legal or regulatory proceedings are pending against the Bank on account of the above."

(iii) Auditors' Comments on (i) or (ii) above:

As regards (i) & (ii) we are unable to ascertain the impact on the financial statements.

III.	**Signatories:**
◎ **Managing Director & CEO**	
◎ **Chief Financial Officer**	
◎ **Audit Committee Chairman**	
◎ **Statutory Central Auditor**	
Place: Chennai	
Date: 25.05.2018	

R.K. KUMAR & CO. CHENNAI Chartered Accountants

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