ఆంధ్రాబ్యాంక్
(భారత ప్రభుత్వ సంస్థ)
आन्ध्रा बैंक
(भारत सरकार का उपक्रम)
Andhra Bank
(A Govt. of India Undertaking)

आन्ध्रा बैंक Andhra Bank
प्रधान कार्यालय HEAD OFFICE
''डॉ. पट्टाभि भवन'' "Dr. PATTABHI BHAVAN"
5-9-11, सैफाबाद 5-9-11, SAIFABAD
हैदराबाद - 500 004. HYDERABAD - 500 094.

विभाग DEPT: Merchant Banking Division
Telefax 040-23230883;Tel.No.040-23252371/2388
E-mail: mbd@andhrabank.co.in

Lr. No. 666/25/P.30/81 Dt: 24.05.2018

The National Stock Exchange
Of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051.
Fax: 022-26598237/38

SYMBOL: ANDHRABANK

Dear Sir/ Madam,

Sub: Clarification regarding submission of Financial Results for the financial year/ quarter ended March 31, 2018
Ref: NSE Letter No. NSE/LIST/FR/5978 dated May 23, 2018

This is in reference to your above mentioned letter regarding clarification sought by the exchange for the deficiency/ies observed in the financial results submission.

In this regard, we wish to inform that due to the technical/ scanning problem, the said reports/statements has not appeared after uploading the same.

The Consolidated Audited Report, Full Fledged Balance Sheet and Statement of Profit and Loss for the financial year/ quarter ended March 31, 2018 is submitted to the exchange on 23.05.2018.

We assure you that the same will not happen in future. We regret for the inconvenience caused in this regard.

Thanking You

Yours Faithfully,

Ruchi R
Company Secretary

ANDHRA BANK M.B. Division H.O. Hyd.

ANDHRA BANK
:: HYDERABAD::

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

(₹ in Lacs)

Sl. No.	PARTICULARS	STANDALONE					CONSOLIDATED	
		QUARTER ENDED			YEAR ENDED		YEAR ENDED	
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
		AUDITED	REVIEWED	AUDITED	AUDITED			
1	**Interest Earned (a) + (b) + (c) + (d)**	**460587**	**454926**	**477409**	**1797454**	**1802742**	**1820852**	**1823153**
	(a) Interest / Discount on Advances / Bills	328162	330014	353130	1306925	1359771	1307079	1359921
	(b) Income on investments	120306	119182	115889	448843	423006	471655	442716
	(c) Interest on balances with Reserve Bank of India and Other inter bank funds	1096	1262	2806	13346	10939	13775	11474
	(d) Others	11023	4468	5584	28340	9026	28343	9042
2	**Other Income**	**48675**	**54417**	**65060**	**237206**	**230830**	**309694**	**308766**
A	**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	213651
	(f) Other Operating expenses	39782	39640	37111	148800	135521	237875	228334
B	**Total Expenditure (Excluding Provisions & Contingencies) (3+4)**	**372639**	**376311**	**399024**	**1498557**	**1594777**	**1592503**	**1691588**
C	**Operating Profit (Profit before Provisions & Contingencies) (A-B)**	**136623**	**133032**	**143445**	**536103**	**438795**	**538043**	**440331**
D	Provisions (other than tax) and Contingencies	542933	242334	129933	1082184	402862	1082174	402870
	Of which provisions for Non-performing Assets	556276	174499	117158	1010287	383404	1010287	383404
E	Exceptional Items	-	-	-	-	-	-	-
F	Provision for taxes	(152728)	(56100)	10000	(204828)	18500	(204692)	18682
G	Net Profit / (Loss) from Ordinary activity (C-D-E-F)	(253582)	(53202)	3512	(341253)	17433	(339439)	18779
H	Extraordinary items (net of tax expense)	-	-	-	-	-	-	-
I	**Net Profit / (Loss) for the period (G-H)**	**(253582)**	**(53202)**	**3512**	**(341253)**	**17433**	**(339439)**	**18779**
J	Share of earnings from Associate						2867	1931
K	**Consolidated Net Profit / (Loss) for the year attributed to the Group (I+J)**						**(336572)**	**20710**
5	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
7	Analytical Ratios							
	(i) Percentage of shares held by Government of India	77.99	69.77	61.26	77.99	61.26	77.99	61.26
	(ii) Capital Adequacy Ratio (%)	11.00	12.17	12.38	11.00	12.38	11.11	12.45
	a. CET 1 Ratio (%)	5.61	6.79	7.69	5.61	7.69	5.72	7.75
	b. Additional Tier 1 Ratio (%)	1.83	1.77	1.48	1.83	1.48	1.83	1.49
	(iii) Earnings per share in ₹ (not annualised)							
	a. Basic	(28.58)	(6.10)	0.52	(38.94)	2.56	(38.41)	3.04
	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	1766998
	b. Amount of Net Non Performing Assets	1263687	1085832	1035481	1263687	1035481	1263687	1035481
	c. % of Gross NPAs	17.09	14.26	12.25	17.09	12.25	17.09	12.25
	d. % of Net NPAs	8.48	7.72	7.57	8.48	7.57	8.48	7.57
	(v) Return on Assets (annualised) (%)	(4.18)	(0.90)	0.06	(1.46)	0.08	(1.42)	0.10

STATEMENT OF ASSETS & LIABILITIES:

(₹ in Lacs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	AS ON			
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	AUDITED			
Capital and Liabilities				
Capital	119883	68116	119883	68116.00
Reserves and Surplus	961945	1068550	973750	1074800
Deposits	20807048	19544125	20809292	19547594
Borrowings	1826905	885518	1831210	886691
Other Liabilities and Provisions	501356	743629	876992	1064896
Total	**24217137**	**22309938**	**24611127**	**22642097**
Assets				
Cash and Balances with Reserve Bank Of India	991105	932259	991135	932309
Balances with Banks and Money at Call and Short Notice	603326	841255	654651	885628
Investments	6477030	5969749	6793981	6238900
Advances (net)	14906413	13684633	14908588	13687092
Fixed Assets	147329	153071	148544	154273
Other Assets	1091934	728971	1114228	743895
Total	**24217137**	**22309938**	**24611127**	**22642097**

ANDHRA BANK
के.से.विभाग
Central Accounts

SEGMENT REPORT:

Part A: Business Segments

(₹ in Lacs)

Sl. No.	PARTICULARS	STANDALONE					CONSOLIDATED	
		QUARTER ENDED			YEAR ENDED		YEAR ENDED	
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
		AUDITED	REVIEWED	AUDITED	AUDITED			
1	**Segment Revenue**							
	(a) Treasury	126431	130144	140976	520761	523324	549901	555804
	(b) Corporate/Wholesale Banking	124772	136453	178226	571630	699721	571630	699721
	(c) Retail Banking	185039	191739	178740	711682	633316	711682	633316
	(d) Other Banking Operations	73020	51007	44527	230587	177211	297333	243078
	Total	509262	509343	542469	2034660	2033572	2130546	2131919
	Less: Inter Segment Revenue	-	-	-	-	-	-	-
	Income from Operations	**509262**	**509343**	**542469**	**2034660**	**2033572**	**2130546**	**2131919**
2	**Segment Results**							
	(a) Treasury	33944	33989	37188	137213	112921	139611	115300
	(b) Corporate/Wholesale Banking	33590	35626	47688	150616	150983	145127	145156
	(c) Retail Banking	49598	50095	46614	187518	136654	180684	131380
	(d) Other Banking Operations	19491	13322	11955	60756	38237	75488	50426
	Total	**136623**	**133032**	**143445**	**536103**	**438795**	**540910**	**442262**
	Less : Other Un-allocable Expenditure	542933	242334	129933	1082184	402862	1082174	402870
	Total Profit Before Tax	**(406310)**	**(109302)**	**13512**	**(546081)**	**35933**	**(541264)**	**39392**
	Income tax and other taxes paid	(152728)	(56100)	10000	(204828)	18500	(204692)	18682
	Net Profit	**(253582)**	**(53202)**	**3512**	**(341253)**	**17433**	**(336572)**	**20710**
3	**Segment Assets**							
	(a) Treasury	7605732	7511916	7252126	7605732	7252126	7989887	7579195
	(b) Corporate/Wholesale Banking	7581540	7165969	7435636	7581540	7435636	7564035	7416948
	(c) Retail Banking	6995610	6797143	5995756	6995610	5995756	6973818	5978840
	(d) Other Banking Operations	1602327	1213008	1271851	1602327	1271851	1649184	1310266
	(e) Unallocated	431928	337002	354569	431928	354569	434203	356848
	Total	**24217137**	**23025038**	**22309938**	**24217137**	**22309938**	**24611127**	**22642097**
4	**Segment Liabilities**							
	(a) Treasury	7501991	7343892	7084496	7501991	7084496	7886975	7408018
	(b) Corporate/Wholesale Banking	7434876	6939040	7159740	7434876	7159740	7426845	7155655
	(c) Retail Banking	6708570	6484987	5729233	6708570	5729233	6703473	5726522
	(d) Other Banking Operations	1480930	1097357	1187985	1480930	1187985	1484729	1192203
	(e) Unallocated	8942	7457	11818	8942	11818	15472	16783
	Total	**23135309**	**21872733**	**21173272**	**23135309**	**21173272**	**23517494**	**21499181**
5	**Capital Employed**							
	(a) Treasury	103741	168024	167630	103741	167630	102912	171177
	(b) Corporate/Wholesale Banking	146664	226929	275896	146664	275896	137190	261293
	(c) Retail Banking	287040	312156	266523	287040	266523	270345	252318
	(d) Other Banking Operations	121397	115651	83866	121397	83866	164455	118063
	(e) Unallocated	422986	329545	342751	422986	342751	418731	340065
	Total	**1081828**	**1152305**	**1136666**	**1081828**	**1136666**	**1093633**	**1142916**

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 were followed in the Annual Financial Statements for the year ended 31st 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 22nd 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.

3) The working results of the Bank for the quarter ended 31st March, 2018 have been arrived at after considering provisions for standard assets, non performing assets, diminution in fair value of restructured accounts, depreciation on investment, GST registered MSME 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 1st 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 12th February, 2018. As a result, the extant instructions on 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 2nd 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 14th January, 2016 on `Master Circular - Basel III Capital Regulations – Clarification', Bank has drawn an amount of ₹ 147.34 crore during the year ended 31st 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.

10) Pursuant to Reserve Bank of India circular no. DBR.No.BP.BC.102/21.04.048/2017-18 dated 2nd April, 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 31st 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 31st 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 23rd June, 2017 and RBI letter no. DBR.No.BP.1842/21.04.048/2017-18, dated 28th 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 31st March, 2018.

12) RBI vide letter no. DBR.BP.9730/21.04.018/2017-18 dated 27th 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 29th March, 2018 under Payment of Gratuity Act, 1972, over four quarters beginning with the quarter ended 31st March, 2018. The bank has exercised the option and has charged ₹ 62.25 crore during 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 31st 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.

14) RBI vide letter no. DBR.No.BP.8756/21.04.048/2017-08 dated 2nd 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 31st 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 31st March, 2017 after taking into account divergence in provisioning	86.66

आन्ध्र बैंक/ANDHRA BANK
के.ले.विभाग
Central
Accounts
Dept.
के.ले.वि./H.O., Hyd.

The Bank had duly recorded the impact of the above in its working results during the financial year ended on 31st March, 2018.

16) In terms of Reserve Bank of India circular no. DBOD.No.BP.BC.1/21.06.201/2015-16 dated 1st July, 2015 on 'Basel III Capital Regulations' read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31st 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%.

18) Status of Investor Complaints : No Investor complaints were pending as on 31st March, 2017. Complaints received and disposed off during the year : Nil. Pending as on 31st 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 केन्द्रीय विभाग Central Accounts Dept. Hyd.

ANDHRA BANK
:: HYDERABAD::

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

(₹ in Lacs)

Sl.No.	PARTICULARS	STANDALONE			CONSOLIDATED	
		QUARTER ENDED 31.03.2018	YEAR ENDED 31.03.2018	QUARTER ENDED 31.03.2017	YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2017
		AUDITED				
1	Total income from operations (net)	509262	2034660	542469	2130546	2131919
2	Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	(406310)	(546081)	13512	(541264)	39392
3	Net Profit / (Loss) for the period before tax (after Exceptional and/or Extraordinary items)	(406310)	(546081)	13512	(541264)	39392
4	Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)	(253582)	(341253)	3512	(336572)	20710
5	Equity Share Capital	119883	119883	68116	119883	68116
6	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	878396	878396	983577	890200	989828
7	Earnings Per Share (of ₹10/- each) (for continuing and discontinued operations)					
	Basic :	(28.58)	(38.94)	0.52	(38.41)	3.04
	Diluted:	(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 full 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

आन्ध्रा बैंक/ANDHRA BANK केन्द्रीय लेखा विभाग Central Accounts Dept. हैद./H.O., Hyd.

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, 8th 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 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 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

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 31st 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

Agarwal & Saxena Chartered Accountants

Ray & Co Chartered Accountants

Santosh Gupta & Co Chartered

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, 8th 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 us and have been 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)

(CA Anil K. Saxena)
Partner
M. No. 71600

For Ray & Co
Chartered Accountants
(Firm Reg. No. 313124E)

(CA Sumit Sikdar)
Partner
M. No. 120622

For Santosh Gupta & Co
Chartered Accountants
(Firm Reg. No. 009713N)

(CA Manoj Kumar)
Partner
M. No. 108603

Place : Hyderabad
Date : 22nd May 2018

ఆంధ్రాబ్యాంక్
(భారత ప్రభుత్వ సంస్థ)
आन्ध्रा बैंक
(भारत सरकार का उपक्रम)
Andhra Bank
(A Govt. of India Undertaking)

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.

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)	(Kul Bhushan Jain)	(Ajit Kumar Rath)
Chief Financial Officer	Executive Director	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, 8th 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

1. 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:

   a) Audited Financial statements of Andhra Bank (the "Bank") audited by us vide our audit report dated 22nd May 2018 ;
   b) Audited Financial statements of one Subsidiary, one Associate and two Joint Ventures audited by other auditors; and
   c) Unaudited Financial Statements of one Joint Venture i.e., ASREC (India) Limited.

Management's Responsibility for the Consolidated Financial Statements

2. 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

3. 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.

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:

   a) The Consolidated Balance Sheet, read with the accounting policies and notes thereon 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.

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.

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

(CA Ajay Kumar Mishra)
Partner
M. No. 205468

For Agarwal & Saxena
Chartered Accountants
(Firm Reg. No. 002405C)

(CA Anil K. Saxena)
Partner
M. No. 71600

For Ray & Co
Chartered Accountants
(Firm Reg. No. 313124E)

(CA Sumit Sikdar)
Partner
M. No. 120622

For Santosh Gupta & Co
Chartered Accountants
(Firm Reg. No. 009713N)

(CA Manoj Kumar)
Partner
M. No. 108603

Place : Hyderabad
Date : 22nd May 2018

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