



# LAKSHMI VILAS BANK

Secretarial Department

CIN: L65110TN1926PLC001377

Ref/Sec/205 & 266/117/2020-2021

November 07, 2020

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

**Sub: Financial Results for the period ended September 30, 2020.**

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In compliance with applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed the Un-Audited Financial Results and Limited Review Report of the Bank for the period ended September 30, 2020, approved by the Board in the meeting held on November 07, 2020.

The meeting of Board of Directors of the Bank commenced at 03:55 PM and concluded at 05:30 PM.

This is for your information and records.

Thanking You,

Yours faithfully,

  
N Ramanathan  
Company Secretary





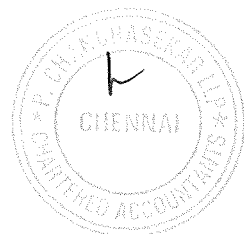
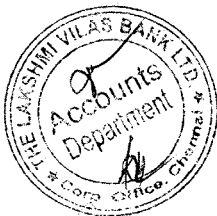
# LAKSHMI VILAS BANK

Corporate Office, "LVB HOUSE", No.4 Sardar Patel Road, Guindy, Chennai 600 032  
(Regd. Office: Salem Road, Kathapara, Karur - 639 006)

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/SIX MONTHS ENDED 30TH SEPTEMBER, 2020

(₹ in lakh)

PARTICULARS	QUARTER-ENDED			HALF-YEAR ENDED		YEAR ENDED
	30-Sep-20 (Reviewed)	30-Jun-20 (Reviewed)	30-Sep-19 (Reviewed)	30-Sep-20 (Reviewed)	30-Sep-19 (Reviewed)	31-Mar-20 (Audited)
<b>1. INTEREST EARNED (a+b+c+d)</b>	<b>42012.65</b>	<b>44250.18</b>	<b>60733.10</b>	<b>86262.83</b>	<b>123127.97</b>	<b>220668.55</b>
(a) Interest/discount on advances/bills	33352.71	35387.13	44652.01	68739.84	91392.29	165770.46
(b) Income on investments	7120.64	7883.07	14687.82	15003.71	30049.12	51038.82
(c) Interest on balances with RBI & Other inter- bank funds	386.45	362.96	1178.80	749.41	1400.73	2367.95
(d) Others	1152.85	617.02	214.47	1769.87	285.83	1491.32
<b>2. Other Income</b>	<b>7444.92</b>	<b>9633.53</b>	<b>5800.00</b>	<b>17078.45</b>	<b>11122.23</b>	<b>35134.47</b>
<b>3. Total Income (1+2)</b>	<b>49457.57</b>	<b>53883.71</b>	<b>66533.10</b>	<b>103341.28</b>	<b>134250.20</b>	<b>255803.02</b>
<b>4. Interest expended</b>	<b>34060.84</b>	<b>35174.23</b>	<b>49765.81</b>	<b>69235.07</b>	<b>99803.62</b>	<b>177896.29</b>
<b>5. Operating Expenses (I) + (II)</b>	<b>15962.30</b>	<b>18700.62</b>	<b>20804.01</b>	<b>34662.93</b>	<b>41038.43</b>	<b>79452.35</b>
(I) Employees cost	7730.69	8874.84	10470.88	16605.53	20743.46	33637.35
(ii) Other operating expenses	8231.61	9825.78	10333.13	18057.40	20294.97	45815.00
<b>6. Total Expenditure (excluding provisions and contingencies (4) + (5))</b>	<b>50023.14</b>	<b>53874.85</b>	<b>70569.82</b>	<b>103898.00</b>	<b>140842.05</b>	<b>257348.64</b>
<b>7. Operating Profit before provisions and contingencies (3) - (6)</b>	<b>-565.57</b>	<b>8.86</b>	<b>-4036.71</b>	<b>-556.72</b>	<b>-6591.85</b>	<b>-1545.62</b>
<b>8. Provisions (other than Tax) and Contingencies</b>	<b>39133.96</b>	<b>11237.28</b>	<b>31680.80</b>	<b>50371.24</b>	<b>52850.82</b>	<b>114659.84</b>
of which provisions for NPA & Diminution value of all restructured a/cs	30772.86	7264.14	30306.93	38037.00	45768.59	99706.84
<b>9. Exceptional Items</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>10. Profit/Loss from ordinary activities before tax (7)-(8)-(9)</b>	<b>-39699.54</b>	<b>-11228.42</b>	<b>-35717.51</b>	<b>-50927.97</b>	<b>-59442.67</b>	<b>-116205.47</b>
<b>11. Tax expense</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>32601.00</b>
<b>12. Net Profit/Loss from Ordinary activities after tax (10) - (11)</b>	<b>-39699.54</b>	<b>-11228.42</b>	<b>-35717.51</b>	<b>-50927.97</b>	<b>-59442.67</b>	<b>-83604.47</b>
13. Extra Ordinary items (Net of Tax Expense)	0.00	0.00	0.00	0.00	0.00	0.00
<b>14. Net Profit/Loss for the period (12-13)</b>	<b>-39699.54</b>	<b>-11228.42</b>	<b>-35717.51</b>	<b>-50927.97</b>	<b>-59442.67</b>	<b>-83604.47</b>
<b>15. Paid up equity share capital (Face Value ₹10/-)</b>	<b>33671.38</b>	<b>33671.38</b>	<b>33671.38</b>	<b>33671.38</b>	<b>33671.38</b>	<b>33671.38</b>
<b>16. Reserves excluding revaluation reserves as per balance sheet of previous accounting year</b>	<b>71424.86</b>	<b>71424.86</b>	<b>139106.50</b>	<b>71424.86</b>	<b>139106.50</b>	<b>71424.86</b>
<b>17. Analytical Ratios</b>						
I) Percentage of shares held by Govt. of India	NIL	NIL	NIL	NIL	NIL	NIL
II) Capital Adequacy Ratio (%) - Basel - III	-2.85	0.17	5.56	-2.85	5.56	1.12
III) Earnings Per Share (EPS)(*Not Annualised)						
(a) Basic EPS - before/after extraordinary items * (Not annualised) (₹)	-11.79	-3.33	-10.64	-15.13	-18.13	-25.16
(b) Diluted EPS - before/after extraordinary items * (Not annualised) (₹)	-11.79	-3.33	-10.63	-15.13	-18.11	-25.16
IV) NPA RATIOS						
(a) Gross NPA	406327.17	414237.30	409105.49	406327.17	409105.49	423331.11
Net NPA	94672.36	129817.39	177266.59	94672.36	177266.59	138785.99
(b) % of Gross NPA	24.45	25.40	21.25	24.45	21.25	25.39
% of Net NPA	7.01	9.64	10.47	7.01	10.47	10.04
(c) Return on Assets (%) (Annualised)	-5.73	-1.65	-4.12	-3.71	-3.42	-2.59

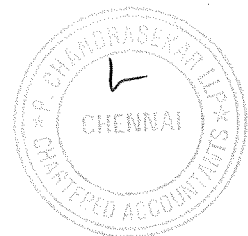




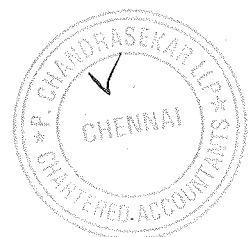
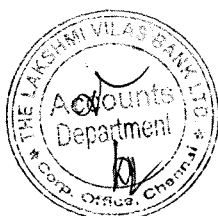
# LAKSHMI VILAS BANK

Notes:

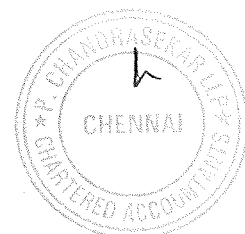
<b>Corporate Office, "LVB HOUSE", No.4 Sardar Patel Road, Guindy, Chennai 600 032</b>	
<b>(Regd. Office: Salem Road, Kathapurai, Karur - 639 006)</b>	
1.	The above financial results for the quarter ended 30th September 2020 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Bank in their meeting held on 7 <sup>th</sup> November, 2020. The same have been subjected to Limited Review by the Statutory Auditors of the Bank.
2.	The working results for the quarter ended 30th September 2020 have been arrived after considering various provisions as per RBI guidelines for Standard Assets and requirement for exposures to entities with unhedged Foreign Currency Exposure, Non-Performing Assets, Depreciation on Investments and other usual and necessary provisions.
3.	For the preparation of interim financial results, the Bank has followed the same accounting policies and generally accepted practices adopted in the preparation of audited financial statements for the year ended 31st March 2020.
4.	Bank has been put under Prompt Corrective Action framework (PCA) in terms of RBI letter dated 27.09.2019.
5.	During the financial year 2017-18, the Bank had adjusted deposit loans aggregating to Rs.794 crore, extended to M/s.RHC Holding Private Limited and M/s.Ranchem Private Limited, group companies of M/s Religare Finvest Limited against its deposits. Disputing the said adjustment, M/s.Religare Finvest Limited has filed a suit against the Bank in May, 2018 before the Honourable High Court of Delhi and the same is being defended appropriately by the Bank. The matter still remains sub-judice. The Reserve Bank of India advised that the Bank may on a prudential basis maintain provision to cover potential losses for the "claims against the Bank not acknowledged as debt". As per independent legal opinions received by the Bank, the adjustment of deposits against loans is lawful and tenable. Hence, the Bank management's decision on recognition and measurement of provisions on this score depends on the verdict of the court in the said suit. However the Bank holds a contingent provision of Rs.200 crore on this score which is not included in Tier I/Tier II capital nor for the PCR. Further the Bank has submitted replies to the clarifications sought by SEBI/EOW/SFIO/ED. EOW, Delhi has registered FIR against the then Board of Directors and a few employees of LVB and held enquiries with some of them. The Bank has assured to extend full co-operation in the investigation.



6.	<p>The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in Global and Indian financial markets and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The Government of India had announced a series of lock-down measures from March 24, 2020 onwards which have been extended from time to time upto 30th September, 2020. Numerous governments and companies, including the Bank have introduced a variety of measure to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.</p> <p>In accordance with the RBI guidelines vide circular DOR.No.BP. BC. 47 / 21. 04. 048 /2019-20 dated March 27, 2020 and DOR. No. BP.BC . 63/21.04.048/2019-20 dated April 17, 2020 on the 'COVID-19 Regulatory Package', Board has approved a policy for implementation of the said guidelines by the Bank, including, inter-alia granting of moratorium on the payment of installments and / or interest falling due between March 01, 2020 and May 31, 2020 upto June 30, 2020 (and subsequently extended to August 31, 2020 vide RBI circular DOR.No.BP.BC.72/21.04.048/2019-20 dated May 23, 2020) as well as relaxation of certain parameters, to eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain standstill during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).</p> <p>Bank is required to make additional provision @ 10%, over two quarters beginning with quarter ending March 31, 2020, in respect of such borrowers whose accounts, though classified as standard as on March 31, 2020, would have become non-performing but for these benefits/relaxations.</p> <p>Accordingly, the aggregate provision held towards Covid-19 is Rs.20.26 crore.</p>
7.	<p>Re-appointment of M/s. P. Chandrasekar LLP, Chartered Accountants, Bengaluru, as Statutory Central Auditors of our Bank for FY 2020-21 has not been approved by the shareholders of our Bank in the 93<sup>rd</sup> AGM held on 25.09.2020. However, as per sec. 139(10) of the Companies Act, 2013, where at any Annual General Meeting, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditors of the company. Accordingly, the existing Statutory Auditors M/s. P. Chandrasekar LLP, Bengaluru shall continue to be the Statutory Auditors of the Bank till the appointment of new statutory auditors by the shareholders at an Extraordinary General Meeting (EGM).</p>



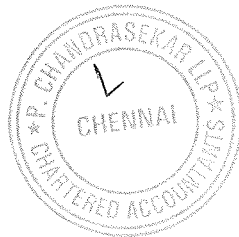
8.	In terms of RBI circular DBOD.No.BP.BC.85/21.06.200/2013-14 dated January 15, 2014, the Bank has estimated the liability for Un-hedged Foreign Currency (estimated based on available financial statements and declaration from Borrowers) and is holding a provision of Rs.31.92 lakh as on 30th September 2020.										
9.	<p>Disclosures as per RBI circular DOR. No. BP.BC. 62/21.04.048/2019-20 dated 17<sup>th</sup> April 2020 and DOR. No. BP.BC. 72/21.04.048/2019-20 dated 23<sup>rd</sup> May 2020 in respect of accounts where the resolution period was extended for the half year ended 30<sup>th</sup> September 2020</p> <table border="1" data-bbox="268 546 1289 622"> <tr> <td>Number of accounts in which resolution period was extended</td> <td>6</td> </tr> <tr> <td>Amount involved (Rs. in lakh)</td> <td>45892</td> </tr> </table>	Number of accounts in which resolution period was extended	6	Amount involved (Rs. in lakh)	45892						
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10.	<p>The Honourable Supreme Court in a writ petition bearing No.825 of 2020 by Gajendra Sharma Vs Union of India &amp; Anr had vide its interim order dated September 3, 2020 has directed the Banks that the accounts which were not declared as Non-Performing Assets (NPA) till August 31, 2020 shall not be declared as NPA till further orders. Pursuant to the said order, the Bank has not declared any account as NPA, which was not declared as NPA till August 31, 2020.</p> <p>The disclosures as required under RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 is given below for the half year ended as on September 30, 2020:</p> <table border="1" data-bbox="268 1061 1430 1391"> <thead> <tr> <th></th> <th style="text-align: right;">(Rs. in crore)</th> </tr> </thead> <tbody> <tr> <td>Amounts in SMA/overdue categories, where the moratorium/deferment was extended (As of March 31, 2020)</td> <td style="text-align: right;">722.19</td> </tr> <tr> <td>Amount where asset classification benefits is extended (As of September 30, 2020)</td> <td style="text-align: right;">243.55</td> </tr> <tr> <td>Provisions made during the quarter ended March 31, 2020 and June 30, 2020 (Mandatory 10% Provision)</td> <td style="text-align: right;">20.26</td> </tr> <tr> <td>Provisions adjusted during the half year ended September 30, 2020 against Non-Performing Assets (NPA)</td> <td style="text-align: right;">0.00</td> </tr> </tbody> </table> <p>* As on 30th Sep 2020, out of these accounts, balance in SMA-0 amounts to Rs.6.11 Crore, SMA-1 amounts to Rs.67.81 Crore and SMA-2 amounts to Rs.54.23 Crore.</p> <p>In accordance with RBI Circular RBI/2020-21/61 DOR.No.BP.BC.26/21.04.048/2020-21 dated October 26, 2020 and Ministry of Finance directive F.No.2/12/2020-BOA-I dated 23rd October 2020, the Bank is processing the scheme for grant of ex-gratia payments for borrowers for the period from 1st March 2020 till 31st August 2020 for eligible accounts.</p> <p>As per the Circular the ex-gratia payments have been credited to the borrowers accounts on 5th November 2020 and claim for reimbursement is to be made on or before 15th December 2020.</p>		(Rs. in crore)	Amounts in SMA/overdue categories, where the moratorium/deferment was extended (As of March 31, 2020)	722.19	Amount where asset classification benefits is extended (As of September 30, 2020)	243.55	Provisions made during the quarter ended March 31, 2020 and June 30, 2020 (Mandatory 10% Provision)	20.26	Provisions adjusted during the half year ended September 30, 2020 against Non-Performing Assets (NPA)	0.00
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Provisions adjusted during the half year ended September 30, 2020 against Non-Performing Assets (NPA)	0.00										



11.	As permitted by Reserve Bank of India (RBI) vide circular DBR No.BP.BC.92/21.04.048/2015-16 dated April 18,2016, the Bank has exercised the option to make provisions towards Non-Performing Investments identified as fraud accounts over a period of three quarters. Accordingly, the Bank has debited a sum of Rs.45.00 crore to the Profit and Loss Account for the quarter ended 30 <sup>th</sup> September, 2020 being 25% of the provision required towards one account identified as fraud and the remaining unprovided amount of Rs.45.00 crore will be recognized in the Profit & Loss account in the next quarter.
12.	Deferred tax asset/liabilities will be recognized at the year end.
13.	In reporting of segment Assets, Liabilities, Revenue, Results, certain estimates and assumptions have been considered by the Management, which have been relied upon by the Statutory Central Auditors.
14.	In accordance with RBI Circular no. DBOD.BP.BC.1/21.06.201/2015-16 dt: 01.07.2015 and DBR.BP.BC.80/21.06.201/2014-15 dt. 31.03.2015, Pillar 3 disclosures including leverage ratios and liquidity coverage ratios under Basel III framework is being made available on bank's website at <a href="http://www.lvbank.com/basel-iii.aspx">http://www.lvbank.com/basel-iii.aspx</a> and the disclosures have not been subjected to audit or limited review by the statutory auditors of the bank.
15.	Status of Investor Complaints for the quarter ended 30 <sup>th</sup> September 2020: -Complaints pending at the beginning of the Quarter : Nil -Complaints received during the Quarter : Nil -Complaints disposed during the Quarter: Nil -Complaints unresolved at the end of the Quarter: Nil
16.	Provision Coverage Ratio as on 30 <sup>th</sup> September 2020 is 79.66%. (Previous period 72.58%)
17.	The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary to conform to current period/ year classification.

Place: Chennai

Date: 07.11.2020



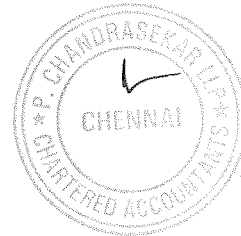
  
Chairman of the Meeting

**THE LAKSHMI VILAS BANK LIMITED**

**Statement of Assets & Liabilities of the bank as on 30/09/2020**

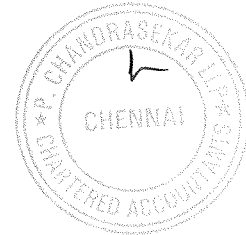
(Rs. in lakh)

<b>I. CAPITAL &amp; LIABILITIES</b>	<b>AS AT 30-SEPTEMBER- 2020</b>	<b>AS AT 30- SEPTEMBER-2019</b>	<b>AS AT 31-MAR-2020</b>
a. Capital	33671.38	33671.38	33671.38
b. Reserves & Surplus	38334.26	113853.21	89309.12
c. Deposits	2097274.99	2786357.87	2144319.41
d. Borrowings	107989.58	107937.90	75570.00
e. Other Liabilities & Provisions	89616.61	106974.54	99281.60
<b>TOTAL</b>	<b>2366886.82</b>	<b>3148794.90</b>	<b>2442151.51</b>
<b>II. ASSETS</b>			
a. Cash & Balances with Reserve Bank of India	111419.88	178073.49	104780.43
b. Balances with Banks and Money at Call & Short Notice	41865.96	47596.34	79232.01
c. Investments	549702.98	956110.64	538382.95
d. Advances	1350516.36	1693241.12	1382789.04
e. Fixed Assets	45876.45	49312.53	46342.13
f. Other Assets	267505.19	224460.78	290624.95
<b>TOTAL</b>	<b>2366886.82</b>	<b>3148794.90</b>	<b>2442151.51</b>



**THE LAKSHMI VILAS BANK LIMITED**  
**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30th SEPTEMBER 2020**

	(Rs. in '000)		
	Half year ended	Half year ended	Year ended
	30/09/2020 (Reviewed)	30/09/2019 (Reviewed)	31/03/2020 (Audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net Profit as per Profit & Loss Account	-5092797	-5944267	-8360447
<b>ADJUSTMENTS FOR:</b>			
Provisions & Contingencies	5037124	5285082	8205884
Depreciation on Fixed Assets	360000	420018	826482
Loss/(Profit) on sale of assets	-35	7690	6366
Income Tax / T D S paid	0	0	0
<b>Net cash flow before changes in Working Capital</b>	<b>304292</b>	<b>-231477</b>	<b>678286</b>
<b>CHANGES IN WORKING CAPITAL :</b>			
<b>LIABILITIES : Increase/Decrease in</b>			
Deposits	-4704442	-14158621	-78362467
Refinances	3241958	1581200	-1655590
Other Liabilities	-4864368	-3991579	-6976409
	<b>-6326852</b>	<b>-16569000</b>	<b>-86994467</b>
<b>ASSETS : Increase/Decrease in</b>			
Investments	2266621	11433719	-29638517
Advances	-3227267	-31708481	-62753690
Other Assets	-2311975	3709365	10325963
	<b>3272621</b>	<b>16565397</b>	<b>82066243</b>
<b>Net Cash Flow from operating activities</b>	<b>-2749939</b>	<b>-235080</b>	<b>-4249938</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Purchase of Fixed Assets	-316556	-664427	-788902
Sale of Fixed Assets	3159	5008	20907
<b>Net Cash Flow from Investing activities</b>	<b>-313397</b>	<b>-659419</b>	<b>-767995</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Share issue including share premium net of forfeited shares	-4689	1770962	1733391
Proceeds received from Tier II Bonds	0	0	0
Repayment of Tier II Bonds	0	0	0
Dividends paid	-4635	-609	-5343
<b>Net Cash Flow from financing activities</b>	<b>-9324</b>	<b>1770353</b>	<b>1728049</b>
<b>Cash flow for the period</b>	<b>-3072660</b>	<b>875855</b>	<b>-3289884</b>
<b>Cash &amp; Cash equivalents at the beginning of the year</b>	<b>18401244</b>	<b>21691128</b>	<b>21691128</b>
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>15328584</b>	<b>22566983</b>	<b>18401244</b>
Note: Cash, Balances with Other Banks, Balances with RBI, and Money at Call and Short Notice have been considered			





**THE LAKSHMI VILAS BANK LTD**

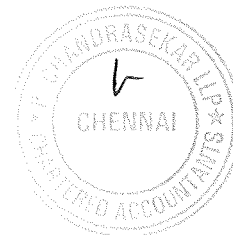
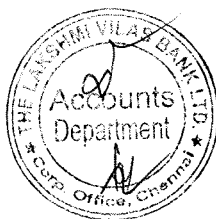
**SEGMENT REPORTING - SEP 2020**

(Rs.in lakh)

PART A: BUSINESS SEGMENTS	Quarter Ended			Half year ended		Year ended
	30-Sep-20 (Reviewed)	30-Jun-20 (Reviewed)	30-Sep-19 (Reviewed)	30-Sep-20 (Reviewed)	30-Sep-19 (Reviewed)	31-Mar-20 (Audited)
<b>1. SEGMENT REVENUE</b>						
a. Treasury operations	11550.83	14473.63	16152.99	26024.45	32779.10	64529.75
b. Corporate/wholesale banking operations	11263.26	11762.77	14998.38	23026.03	30304.04	57036.59
c. Retail banking operations	26280.93	27446.47	34996.22	53727.41	70709.42	133085.39
d. Other banking operations	362.55	200.84	385.51	563.39	457.64	1151.29
<b>TOTAL</b>	<b>49457.57</b>	<b>53883.71</b>	<b>66533.10</b>	<b>103341.28</b>	<b>134250.20</b>	<b>255803.02</b>
<b>2. SEGMENT RESULTS</b>						
a. Treasury operations	2772.56	6186.14	2752.07	8958.69	4614.91	16169.78
b. Corporate/wholesale Banking operations	-1062.31	-1857.33	-2089.88	-2919.65	-3376.20	-5421.65
c. Retail banking operations	-2478.74	-4333.78	-4876.37	-6812.52	-7877.81	-12650.52
d. Other banking operations	202.92	13.83	177.47	216.76	47.25	356.77
<b>TOTAL</b>	<b>-565.57</b>	<b>8.86</b>	<b>-4036.71</b>	<b>-556.72</b>	<b>-6591.85</b>	<b>-1545.62</b>
<b>OPERATING PROFIT</b>	<b>-565.57</b>	<b>8.86</b>	<b>-4036.71</b>	<b>-556.72</b>	<b>-6591.85</b>	<b>-1545.62</b>
<b>PROVISIONS OTHER THAN TAX</b>	<b>39133.96</b>	<b>11237.28</b>	<b>31680.80</b>	<b>50371.24</b>	<b>52850.82</b>	<b>114659.84</b>
<b>PROFIT BEFORE TAX</b>	<b>-39699.54</b>	<b>-11228.42</b>	<b>-35717.51</b>	<b>-50927.97</b>	<b>-59442.67</b>	<b>-116205.47</b>
Less : Tax expenses	0.00	0.00	0.00	0.00	0.00	-32601.00
<b>NET PROFIT / LOSS</b>	<b>-39699.54</b>	<b>-11228.42</b>	<b>-35717.51</b>	<b>-50927.97</b>	<b>-59442.67</b>	<b>-83604.47</b>
<b>3. SEGMENT ASSETS</b>						
a. Treasury operations	602712.72	618329.02	1027581.10	602712.72	1027581.10	627754.41
b. Corporate / Wholesale banking operations	329921.43	365908.51	488118.86	329921.43	488118.86	373252.79
c. Retail banking operations	1134128.06	1091352.14	1411912.54	1134128.06	1411912.54	1115512.48
d. Unallocated Assets	300124.61	314250.98	221182.39	300124.61	221182.39	325631.83
<b>TOTAL</b>	<b>2366886.82</b>	<b>2389840.65</b>	<b>3148794.90</b>	<b>2366886.82</b>	<b>3148794.90</b>	<b>2442151.51</b>
<b>4. SEGMENT LIABILITIES</b>						
a. Treasury operations	649065.92	658935.58	1025465.73	649065.92	1025465.73	596142.30
b. Corporate/wholesale banking operations	355294.90	389938.25	487114.02	355294.90	487114.02	354456.74
c. Retail banking operations	1221351.15	1163022.81	1409005.99	1221351.15	1409005.99	1059338.13
d. Unallocated liabilities	69169.22	66232.81	79684.57	69169.22	79684.57	309233.84
<b>Capital &amp; Other Reserves</b>	<b>72005.63</b>	<b>111711.20</b>	<b>147524.59</b>	<b>72005.63</b>	<b>147524.59</b>	<b>122980.49</b>
<b>Total Liabilities</b>	<b>2366886.82</b>	<b>2389840.65</b>	<b>3148794.90</b>	<b>2366886.82</b>	<b>3148794.90</b>	<b>2442151.51</b>

**PART B: GEOGRAPHICAL SEGMENTS**

Since the Bank is having domestic operation only, no reporting is necessary under this segment.



# **P. CHANDRASEKAR LLP**

**Chartered Accountants**

**Limited Review Report on the unaudited quarterly financial results and year to date financial results of The Lakshmi Vilas Bank Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**Review report to The Board of Directors of The Lakshmi Vilas Bank Limited**

**Introduction**

1. We have reviewed the accompanying statement of unaudited financial results (“the Statement”) of The Lakshmi Vilas Bank Limited (“the Bank”) for the quarter year ended 30<sup>th</sup> September 2020 and year to date results prepared for the period from 1<sup>st</sup> April 2020 to 30<sup>th</sup> September 2020, prepared by the Bank pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement is the responsibility of the Bank’s Management and has been approved by the Board of Directors in their meeting held on 7<sup>th</sup> November 2020. It has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder in so far as they apply to Banking Companies, circulars and guidelines issued by the Reserve Bank of India from time to time and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

**Scope of Review**

3. We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. The disclosures relating to “Pillar 3 under Basel III Capital Regulations”, “Leverage Ratio” and “Liquidity Coverage Ratio” as have been disclosed on the Bank’s website in respect of which a link has been provided in the Statement have not been reviewed by us.
5. In the conduct of our review, we have relied on the reports in respect of non-performing assets received from concurrent auditors of 135 Branches. These reports cover 70.61% of the advances portfolio of the Bank. Apart from these reports, in the conduct of our review, we have also relied upon various returns received from the Branches of the Bank.



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### Basis for Qualified Conclusion

6. We draw attention to Note 5 of the unaudited financial results. During the financial year 2017-18, the Bank had adjusted loans aggregating to ₹794 crore extended to M/s.RHC Holding Private Limited and M/s.Ranchem Private Limited against deposits of M/s.Religare Finvest Limited. The said adjustment has been contested by M/s.Religare Finvest Limited and a suit has been filed against the Bank in May 2018 before the Honourable High Court of Delhi. The matter still remains sub-judice. Further, the Economic Offences Wing, Delhi ("EOW") has registered FIR against the then Board of Directors and a few employees of the Bank and held enquiries with some of them. SEBI had also sought clarification on the above matter. However, as per the Bank, based on legal opinions obtained against the suit, the said appropriation is lawful and tenable and hence not made any specific provision on this score. The Reserve Bank of India ("RBI") had advised the Bank to maintain provisions, on a prudential basis, to cover potential losses for the "Claim against the Bank not acknowledged as debt" in respect of the above-mentioned matter. In case of adverse judgment, the Bank needs to provide an additional amount of ₹594 crore after considering the available contingent provision of ₹200 crore provided in the books. Considering the above, the Provisions (other than Tax) and Contingencies would have been increased, net loss for the period would have been increased, shareholders' funds would have been reduced, by ₹594 crore respectively and the Capital Adequacy Ratio (Basel III) would have been reduced by 4.60%. The audit opinion on the financial statements for the years ended 31<sup>st</sup> March 2018, 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2020 was also qualified in respect of this matter.
7. We refer to our qualification made in our auditor's report for the audited financial statements for the year ended 31<sup>st</sup> March 2020, in respect of the reversal of cumulative provision of ₹48.70 crore held towards revision of wages due to employees with effect from November 2017. The Bank has cited the withdrawal of mandate given to the Indian Banks' Association ("IBA") to negotiate revision of salary on its behalf, as the basis for reversing the provision and no provision has been made in this regard during the half-year ended 30<sup>th</sup> September 2020. With both the Officers' Association and the Employees' Union of the Bank seeking legal remedy against the action of the Bank, we are not able to ascertain any additional liability required in this regard as at 30<sup>th</sup> September 2020. Had the Bank continued to provide ₹2 crore per month towards wage revision, as was done till March 2020, net loss for the half-year ended 30<sup>th</sup> September 2020 would have been higher by ₹12 crore and "Other liabilities and provisions" as at 30<sup>th</sup> September 2020 would have been higher by ₹60.70 crore.
8. We draw attention to Note 12 of the unaudited financial results, which states that Deferred tax assets/ liabilities will be recognised at the year end. We refer to our qualification in respect of the Bank recognising net deferred tax asset of ₹1,185.57 crore as at 31<sup>st</sup> March 2020. Had the deferred tax asset not been recognised and retained, the net loss for the half-year ended 30<sup>th</sup> September 2020 would have been higher by ₹1,185.57 crore.



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### Qualified Conclusion

9. Based on our review conducted as above, with the exception of the matters described in the "Basis for Qualified Conclusion" paragraph, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the applicable Accounting Standards and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

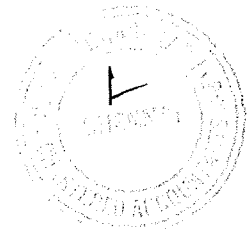
### Material uncertainty related to going concern

10. The Bank had incurred a loss of ₹836.04 crore during the year ended 31<sup>st</sup> March 2020. The Bank has been incurring losses for the 10 Quarters prior to that date and has also incurred loss of ₹112.28 crore and ₹397.00 crore for the quarter year ended 30<sup>th</sup> June 2020 and 30<sup>th</sup> September 2020 respectively. The Reserve Bank of India has initiated Prompt Corrective Action in September 2019, which inter alia prescribes the Bank to bring in additional capital, restrict further lending to corporates, reduce NPAs and improve the Provision Coverage Ratio to 70%. There has been a steady decline in the Bank's deposit base since September 2019 and increase in the NPA ratios. The Bank's Tier 1 Capital ratio has turned negative, at (0.88)%, (1.83)% and (4.85%) as at 31<sup>st</sup> March 2020, 30<sup>th</sup> June 2020 and 30<sup>th</sup> September 2020 respectively, as compared to the minimum requirement of 8.875%. This requires the Bank to take urgent effective steps to augment its capital base in the year 2020-21. We are informed that the Bank routinely evaluates capital raising options.

In line with the RBI's COVID-19 Regulatory Package dated 27<sup>th</sup> March 2020, 17<sup>th</sup> April 2020 and 23<sup>rd</sup> May 2020, the Bank has granted a moratorium of six months on the payment of all instalments and/ or interest, as applicable, falling due between 1<sup>st</sup> March 2020 and 31<sup>st</sup> August 2020 to all eligible borrowers classified as "Standard", even if overdue, as at 29<sup>th</sup> February 2020.

In the opinion of the Bank, based on their internal assessment and the likely capital infusion, the Bank will be able to realise its assets and discharge its liabilities in its normal course of business and hence the Financial Results have been prepared on a going concern basis. The said assumption of going concern is dependent upon the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios, augment its capital base and mitigate the impact of COVID-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, the Bank opines that there are mitigating factors to such uncertainties.

Our opinion on the unaudited financial results is not modified in respect of this matter.



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Emphasis of Matter

11. We draw attention to Note 6 of the unaudited financial results, which describes that the Bank has recognised provision on loans and overdrafts that were overdue but "Standard" as at 29<sup>th</sup> February 2020, for which moratorium benefit has been granted, based on the days past due status as on that date in accordance with the RBI's COVID-19 Regulatory Package.
12. We draw attention to Note 10 of the unaudited financial results, which describes that the Bank has not classified any borrower account as non-performing asset which was not declared non-performing till 31<sup>st</sup> August 2020, in view of the Supreme Court order dated 3<sup>rd</sup> September 2020.
13. We draw attention to Note 6 of the Financial Results, which describes the uncertainties due to the outbreak of COVID-19 and Management's evaluation of its impact on the operations of the Bank. In view of these uncertainties, the impact on the Bank's financial results is significantly dependent on several factors including the steps taken by the Governments, RBI and the Bank to mitigate the same.
14. Our conclusion on the unaudited financial results is not modified in respect of any of the above-mentioned matters of emphasis.

## Other Matter

15. In the Annual General Meeting of the Bank held on 25<sup>th</sup> September 2020, shareholders have not passed the Resolution to reappoint us as the statutory auditors for the current financial year. However, by virtue of Section 139(10) of the Companies Act, 2013, we are continuing as the statutory auditors of the Bank for the Quarter.

## For P.Chandrasekar LLP

Chartered Accountants

Firm Registration No.: 000580S/S200066

*S. Babu*

S. Babu  
Partner

Membership No.: 024136

UDIN: 20024136AAAAC98849

Place: Chennai

Date: 7<sup>th</sup> November 2020

