



# LAKSHMI VILAS BANK

Secretarial Department

CIN: L65110TN1926PLC001377

Ref/Sec/205 & 266/56/2020-2021

July 30, 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 Quarter Ended 30<sup>th</sup> June 2020.**

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In compliance with applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Un-Audited Financial Results and Limited Review Report of the Bank for the First Quarter ended 30<sup>th</sup> June, 2020, approved by the Board in the meeting held on 30<sup>th</sup> July 2020.

The meeting of Board of Directors of the Bank commenced at 01:00 PM and concluded at 04:45 PM.

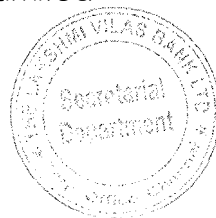
This is for your information and records.

Thanking You,

Yours faithfully,

For The Lakshmi Vilas Bank Limited

N Ramanathan  
Company Secretary





# LAKSHMI VILAS BANK

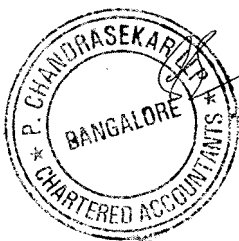
Corporate Office, "LVB HOUSE", No.4 Sardar Patel Road, Guindy, Chennai 600 032

(Regd. Office: Salem Road, Kathapara, Karur - 639 006)

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/THREE MONTHS ENDED 30th JUNE, 2020

(₹ in lakhs)

PARTICULARS	QUARTER-ENDED			YEAR ENDED
	30-Jun-20 (Reviewed)	31-Mar-20 (Audited)	30-Jun-19 (Reviewed)	31-Mar-20 (Audited)
1. INTEREST EARNED (a+b+c+d)	44250.18	45501.27	62394.87	220668.55
(a) Interest/discount on advances/bills	35387.13	34452.72	46740.28	165770.46
(b) Income on investments	7883.07	9935.08	15361.30	51038.82
(c) Interest on balances with RBI & Other inter- bank funds	362.96	479.93	221.93	2367.95
(d) Others	617.03	633.54	71.36	1491.32
2. Other Income	9633.53	17474.59	5322.23	35134.47
3. Total Income (1+2)	53883.71	62975.86	67717.10	255803.02
4. Interest expended	35174.23	38644.26	50037.81	177896.29
5. Operating Expenses (I) + (ii)	18700.62	17299.88	20234.43	79452.35
(I) Employees cost	8874.84	2425.65	10272.58	33637.36
(ii) Other operating expenses	9825.78	14874.23	9961.85	45815.00
6. Total Expenditure (excluding provisions and contingencies (4) + (5))	53874.86	55944.14	70272.24	257348.64
7. Operating Profit before provisions and contingencies (3) - (6)	8.86	7031.72	-2555.14	-1545.62
8. Provisions (other than Tax) and Contingencies	11237.28	30346.59	21170.02	114659.84
of which provisions for NPA & Diminution value of all restructured a/cs	7264.14	24924.67	15461.65	99706.84
9. Exceptional Items	0.00	0.00	0.00	0.00
10. Profit/Loss from ordinary activities before tax (7)-(8)-(9)	-11228.42	-23314.87	-23725.16	-116205.47
11. Tax expense	0.00	-32601.00	0.00	-32601.00
12. Net Profit/Loss from Ordinary activities after tax (10) - (11)	-11228.42	9286.13	-23725.16	-83604.47
13. Extra Ordinary items (Net of Tax Expense)	0.00	0.00	0.00	0.00
14. Net Profit/Loss for the period (12-13)	-11228.42	9286.13	-23725.16	-83604.47
15. Paid up equity share capital (Face Value ₹10/-)	33671.38	33671.38	31991.38	33671.38
16. Reserves excluding revaluation reserves as per balance sheet of previous accounting year	71424.86	71424.86	139106.50	71424.86
17. Analytical Ratios				
i) Percentage of shares held by Govt. of India	NIL	NIL	NIL	NIL
ii) Capital Adequacy Ratio (%) - Basel - III	0.17	1.12	6.46	1.12
iii) Earnings Per Share (EPS)(*Not Annualised)				
(a) BASIC EPS - before/after extraordinary items (Not annualised for quarter ended) (₹) *	-3.33	2.76	-7.42	-25.16
(b) Diluted EPS - before/after extraordinary items (Not annualised for quarter ended) (₹) *	-3.33	2.76	-7.41	-25.16
iv) NPA RATIOS				
(a) Gross NPA	414237.30	423331.11	355657.85	423331.11
Net NPA	129817.39	138785.99	153940.59	138785.99
(b) % of Gross NPA	25.40	25.39	17.30	25.39
% of Net NPA	9.64	10.04	8.30	10.04
(c) Return on Assets (%) (Annualised)	-1.65	1.27	-2.72	-2.59

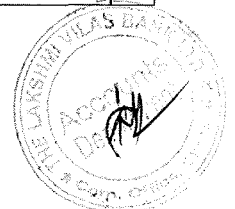
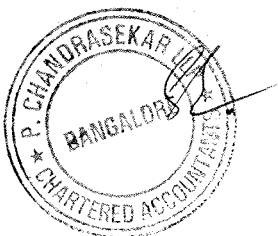




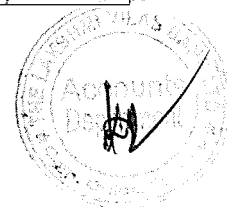
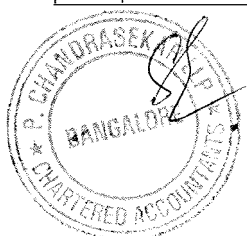
# LAKSHMI VILAS BANK

Notes:

<b>Corporate Office, "LVB HOUSE", No.4 Sardar Patel Road, Guindy, Chennai 600 032</b>	
<b>(Regd. Office: Salem Road, Kathapara, Karur - 639 006)</b>	
1.	The above financial results for the quarter ended 30th June 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 30th July, 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 June 2020 have been arrived after considering provisions for Standard Assets including requirements 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 for the preparation of audited financial statements for the year ended 31st March 2020.
4.	The figures for the quarter ended 31 <sup>st</sup> March 2020 as reported in these financial results are the balancing figures in respect of full financial year-audited and the published year to date figures reviewed up to the end of the third quarter of the relevant financial year.
5.	Deferred tax asset/liabilities will be recognized at the year end.
6.	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
7.	The provision coverage ratio as at 30th June 2020 stood at 72.58%.
8.	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>



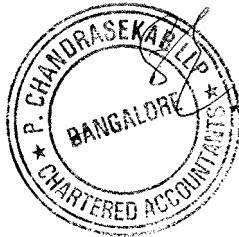
	and the disclosures have not been subjected to audit or limited review by the statutory auditors of the bank.
9.	In reporting of segment Assets, Liabilities, Revenue, Results, certain estimates and assumptions have been considered by the Management, which have been relied upon by the Statutory Central Auditors.
10.	Bank has been put under Prompt Corrective Action framework (PCA) in terms of RBI letter dated 27.09.2019.
11.	Shri. S.Sundar was appointed as Interim Managing Director & Chief Executive Officer of the Bank with effect from January 01, 2020 to April 30, 2020 or till regular MD & CEO assumed charge, whichever was earlier. The tenure was extended for a period of one month till May 30, 2020 and further for a period of 6 months till November 30, 2020 or till regular MD & CEO assumed charge, whichever is earlier and the same has been informed to the Stock Exchanges vide Ref/Sec/205 & 266/29/2020-2021 dated June 1, 2020.
12.	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.49.32 lakh as on 30th June 2020.
13.	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 crores to the Profit and Loss Account for the quarter ended June 30, 2020 being 33.33% of the provision required towards one account identified as fraud and the remaining unprovided amount of Rs.90.00 crores will be recognized in the Profit & Loss account equally in the two quarters.
14.	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 Organisation. Numerous governments and companies, including the Bank have introduced a variety of measure to contain the spread of the virus. The Government of India had announced a series of lock-down measures beginning 24th March 2020 with extension thereof up to 31st May 2020 and further to 31 <sup>st</sup> July 2020, in order to limit the spread of the pandemic across India. 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. 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



	<p>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, Bank has made the provision amounting to Rs. 10.25 crore for the quarter ended 30th June 2020. The aggregate provision held towards Covid-19 is Rs.20.26 crores.</p>
15.	<p>Status of Investor Complaints for the quarter ended 30th June 2020:</p> <ul style="list-style-type: none"> <li>-Complaints pending at the beginning of the Quarter : Nil</li> <li>-Complaints received during the Quarter : Nil</li> <li>-Complaints disposed during the Quarter: Nil</li> <li>-Complaints unresolved at the end of the Quarter: Nil</li> </ul>
16.	<p>The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary to conform to current period/ year classification.</p>

Place: Chennai

Date: 30.07.2020



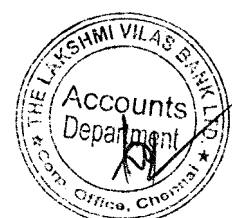
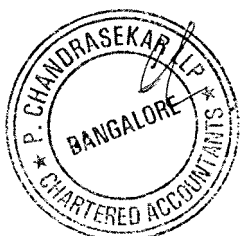
S.Sundar  
MD & CEO

A circular stamp with the text "THE LAKSHMI VILAS BANK LTD." around the top edge, "Accounts Department" in the center, and "Corp. Office Chennai" around the bottom edge. There is a signature over the stamp.

SEGMENT REPORTING - JUNE 2020				(Rs. in lakh)
PART A: BUSINESS SEGMENTS	Quarter Ended			Year ended
PARTICULARS	30-Jun-20	31-Mar-20	30-Jun-19	31-Mar-20
1. SEGMENT REVENUE	(Reviewed)	(Audited)	(Reviewed)	(Audited)
a. Treasury operations	14473.63	18497.13	16626.10	64529.75
b. Corporate/wholesale banking operations	11762.77	13232.90	15305.66	57036.59
c. Retail banking operations	27446.47	30876.78	35713.21	133085.39
d. Other banking operations	200.84	369.05	72.13	1151.29
<b>TOTAL</b>	<b>53883.71</b>	<b>62975.86</b>	<b>67717.10</b>	<b>255803.02</b>
2. SEGMENT RESULTS				
a. Treasury operations	6186.14	9128.93	1862.84	16169.78
b. Corporate/wholesale Banking operations	-1857.33	-687.98	-1286.33	-5421.65
c. Retail banking operations	-4333.78	-1605.28	-3001.44	-12650.52
d. Other banking operations	13.83	196.05	-130.22	356.77
<b>TOTAL</b>	<b>8.86</b>	<b>7031.72</b>	<b>-2555.14</b>	<b>-1545.62</b>
<b>OPERATING PROFIT</b>	<b>8.86</b>	<b>7031.72</b>	<b>-2555.14</b>	<b>-1545.62</b>
<b>PROVISIONS OTHER THAN TAX</b>	<b>11237.28</b>	<b>30346.59</b>	<b>21170.02</b>	<b>114659.84</b>
<b>PROFIT BEFORE TAX</b>	<b>-11228.42</b>	<b>-23314.87</b>	<b>-23725.16</b>	<b>-116205.47</b>
Less : Tax expenses	0.00	-32601.00	0.00	-32601.00
<b>NET PROFIT / LOSS</b>	<b>-11228.42</b>	<b>9286.13</b>	<b>-23725.16</b>	<b>-83604.47</b>
3. SEGMENT ASSETS				
a. Treasury operations	618329.02	627754.41	1004468.15	627754.41
b. Corporate/Wholesale banking operations	365908.51	373252.79	534958.28	373252.79
c. Retail banking operations	1091352.14	1115512.48	1481523.60	1115512.48
d. Unallocated Assets	314250.98	325631.83	222811.64	325631.83
<b>Total Assets</b>	<b>2389840.65</b>	<b>2442151.50</b>	<b>3243761.67</b>	<b>2442151.50</b>
4. SEGMENT LIABILITIES				
a. Treasury operations	658935.58	596142.30	1000596.46	596142.30
b. Corporate/wholesale banking operations	389938.25	354456.74	532896.31	354456.74
c. Retail banking operations	1163022.81	1059338.13	1475813.13	1059338.13
d. Unallocated liabilities	66232.81	309233.84	68911.85	309233.84
Capital & Other Reserves	111711.20	122980.49	165543.92	122980.49
<b>Total Liabilities</b>	<b>2389840.65</b>	<b>2442151.50</b>	<b>3243761.67</b>	<b>2442151.50</b>

**PART B: GEOGRAPHICAL SEGMENTS**

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



# P. CHANDRASEKAR LLP

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### Limited Review Report on the unaudited quarterly financial results pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

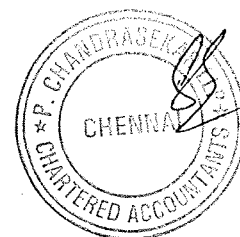
Review report to The Board of Directors of The Lakshmi Vilas Bank Limited

#### 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> June 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 30<sup>th</sup> July 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.

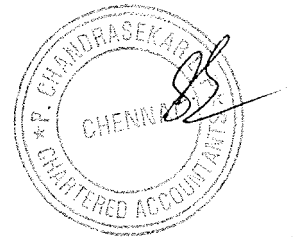


# P. CHANDRASEKAR LLP

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### Basis for Qualified Conclusion

5. We draw attention to Note 6 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 management need to provide an additional amount of ₹594 crores after considering the available contingent provision of ₹200 crores 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 crores respectively and the Capital Adequacy Ratio (Basel III) would have been reduced by 4.74%. 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.
6. 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. The matter remains the same as on date. Hence we are not able to ascertain any additional liability required in this regard as at 30<sup>th</sup> June 2020.
7. We draw attention to Note 5 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 Quarter would have been higher by ₹1,185.57 crore.





# P. CHANDRASEKAR LLP

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### Qualified Conclusion

8. 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.

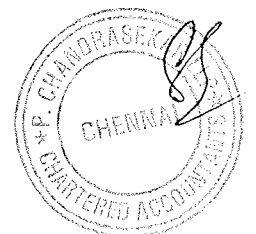
### Material uncertainty related to going concern

9. 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 past 10 Quarters and has incurred loss of ₹112.28 crore for the period under review. 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)% and (1.83)% as at 31<sup>st</sup> March 2020 and 30<sup>th</sup> June 2020 respectively, as compared to the minimum requirement of 8.875%. This requires the Bank to take 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.



# P. CHANDRASEKAR LLP

## Chartered Accountants

### Emphasis of Matter

10. We draw attention to Note 14 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.
11. We draw attention to Note 14 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.
12. In view of the restrictions on physical visit to the Branches and Offices due to outbreak of COVID-19, concurrent audit for most of the Branches could not be completed. Our review, thus, was based on alternative procedures such as through remote access.
13. Our conclusion on the unaudited financial results is not modified in respect of any of the above-mentioned matters of emphasis.

**For P.Chandrasekar LLP**

Chartered Accountants

Firm Registration No.: 000580S/S200066



S.Sriram

Partner

Membership No.: 205496

UDIN: 20205496A AAA DT 5934

Place: Chennai

Date: 30<sup>th</sup> July 2020

