



<p><b>The General Manager</b> Department of Corporate Services <b>National Stock Exchange of India</b> Exchange Plaza, C-1-Block G Bandra Kurla Complex, Bandra-E Mumbai - 400 051 Company Symbol: LAKSHVILAS</p>	<p><b>The General Manager</b> Department of Corporate Services <b>BSE Limited</b> Listing Department Phiroze Jeejeeboy Tower Dalal Street, Fort Mumbai - 400 001 Scrip Code: 534690</p>
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Dear Sir,

**Sub: Press Release**

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In compliance of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the press release pertaining to our bank's **Audited Financial Results for the year ended 31.03.2020** is enclosed for your information and records.

Thanking you,

Yours faithfully,  
For The Lakshmi Vilas Bank Limited

N Ramanathan  
Company Secretary



Encl : A/a



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

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

10<sup>th</sup> July 2020

## PRESS RELEASE

### FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED 31<sup>st</sup> March 2020

#### Major Performance Highlights

- ✓ Bank recorded operating Profit of ₹ 70.32 crore during the Q4 20 as against the Operating Loss of ₹ 19.85 crore during the Q3-20
- ✓ Bank earned the Net Profit of ₹ 92.86 crore .during the Q4 20 as against the Net Loss of ₹ 334.48 crore during the Q3-20
- ✓ Total Business mix stood at ₹. 38116 crore
- ✓ CASA increased to 26.63 % of Total Deposit as on 31.3.2020 as against 25.67 % as on 31.3.2019. and 25.88% as on 31<sup>st</sup> Dec 2019
- ✓ Bulk Term Deposit was around 4.86% of Total Deposits.
- ✓ Liquidity Coverage Ratio 273.21%
- ✓ Cost Income ratio 71.10% Vs 110.38%
- ✓ PCR 71.25%.

#### 1. Liquidity position

The Bank's liquidity position is comfortable with LCR of about 273.21 % against minimum 100 % required by RBI. Bank also does not have any Asset-Liability mismatch and is successfully fulfilling its commitments to deposit-holders, Bond holders account-holders and creditors.

#### 2. Capital raise

Ever since its start in 1926, bank and its management have industriously worked, to uphold the interests of its depositors and its minority shareholders, as supreme and foremost. In the last 5 years, the Bank has raised equity capital of Rs 2002 crores in various forms as detailed below

Fiscal year ended	Method	Number of shares issued	Amount, INR crores
Aug-14, FY2015	Rights issue to shareholders	8,12,60,919	406.0
Jan-17, FY2017	Qualified institutional placement	1,19,85,138	167.8
Jan-18, FY2018	Rights issue to shareholders	6,39,87,006	780.6
Mar-19, FY2019	Qualified institutional placement	6,38,31,945	459.6
May-19, FY2020	Preferential allotment	1,68,00,000	188.2
<b>Total</b>		<b>23,78,65,008</b>	<b>2,002.2</b>





We are glad to inform you that, despite the current pandemic, our relentless pursuance, resulted in the bank receiving a non-binding letter of intent dated 12-June-2020 "LOI" from Clix Group for amalgamation of Clix Capital Services Private Limited and its subsidiary into the bank. The LOI was executed in board meeting of the bank held on 15<sup>th</sup> June 2020 and was informed to RBI also.

As per the LOI, the proposed amalgamation of Clix Capital Service Pvt Ltd and Clix Finance India Pvt Ltd into the bank, is subject to completion of mutual due-diligence in exclusive window of 45 days and is subject to regulatory and other customary approvals. After the 45 days window, the binding commercial terms will be finalized and a regular proposal will be submitted for consideration of RBI. Currently, the due diligence process is underway. Upon amalgamation the entire shareholders' fund of Clix Capital of approximately INR 1,900 crores and total assets of approximately INR 4,600 crores, will get amalgamated into bank. Therefore, as per current quick estimates of the advisors, after amalgamation of Clix Capital, the CET-1 of bank might reach to reasonable threshold level stipulated under extant regulatory norms based on the present level of assets and capital.

In addition to the proposal from Clix Group, the Bank's advisors, we look for few large marquee long term investors as well in mutual consultation. We will share information on the developments in public domain as and when they materialise.

### 3. Steps taken to improve profitability

We are glad to inform you that, we have successfully embarked upon this efficiency improvement plan and are on track to achieve the targeted efficiency in first full year of impact of steps that are undertaken. The key steps already implemented are:

- i) **Deposit cost** – reduce interest rate on deposits to be comparable with peer banks and this should substantially reduce cost of deposits. Our treasury's nimbleness and hands on approach, enabled us to successfully reduce overall, cost of funds from 5.91 % during Mar 19 to 5.51 % for the year ended 31-Mar-20. The reduction in cost of funds has primarily been due to –
  - a. Increase in share of CASA funds, which increased from 25.67 % of total deposit as on 31-Mar-19 to 26.63 % as on 31-Mar-20.
  - b. Reduction in Bulk Deposit by around ₹ 2563 crore from the level of ₹ 3606 crore as on 31<sup>st</sup> March 2019 to around ₹ 1043 crore as on 31<sup>st</sup> March 2020.
  - c. Rationalization of fixed deposit rates across maturities.
- ii) **Establishment costs** –

We continue to believe in long term relationships with all stakeholders, especially, our customers, investors and employees. Bank would like to reward its employees in acknowledgement to higher productivity and better performance in business generation, recovery of bad loans and higher fee income. We have taken several steps in this direction to improve efficiency/business and profit per employee, such as –

  - a. we have started retraining, sections of employees, to do multiple roles to rationalize 'employee per branch',
  - b. our 'VRS plan received a good response. 69 eligible employees opted for Voluntary Retirement Scheme.
  - c. besides, VRS and re-training employees, about 350 employees chose to pursue their careers otherwise.
  - d. Bank has also withdrawn the mandate given to IBA to negotiate wage revision on its behalf for both its officers and workmen staff.





### iii) Reduce other operating costs

- a. During the current fiscal year, a number of branches were exchanged with either new location or reduced in floor space and many branches achieved revision in rental agreement. In parallel, to continuing cost optimization, the bank has also refocused branches along lines of use, viz., liability branch, assets branch, mixed use branch.
- b. We have enhanced security of ATM sites and have simultaneously achieved performance efficiency, by implementing e- surveillance on ATM or optimizing in watchman count for on-site ATMs and reducing opening hours of low hit ATMs in the late evenings.
- c. AMC costs are also being renegotiated for reduction.

### iv) Improve fee income

- a. Bank is moving all its ATMs to opex model whereby they will be owned and operated by identified vendors. The vendors have agreed to specified uptime targets which helps to improve the fee income therefrom
- b. Bank is aggressively pushing digital products for adoption by its customers and with lockdown continuing, the use of such products is increasing to yield higher our fee income.
- c. In the conducive market conditions, Bank is expects at trading profit through its treasury to improve its profitability.

## 4. Operations during COVID

Bank continues to be responsible to society and ensures safety and health of community. Under current unprecedented pandemic situation, we carefully, sanitization and maintain hygienic social distance standards at all our branches, offices and ATMs. We also distributed face mask to our visiting customers free-of cost.

Bank continued to exhibit operational resilience during the lockdown period. 99% of branches remained operational, 90% ATMs remained operational and digital channel had an uptime of more than 99.5%, during the lock down period.

## Performance Highlights:

Lakshmi Vilas Bank (LVB), a south-based private sector Bank, has declared its results for the Final Quarter ended 31.3.2020.

- ⊕ Total Business of the bank was ₹ 38,116. crore as of 31/03/2020 as against ₹ 51,235. crore as on 31<sup>st</sup> March 2019.
- ⊕ CASA as a percentage to total deposits stood higher at 26.63 % as on 31/3/2020 as against 25.67% as on 31.3.2019.
- ⊕ Gross Advances stood at ₹ 16,673 Crore as of 31/03/2020 as against ₹ 21,956 crore as on 31/3/2019, Y-O-Y decline of 24.06% , mainly due to hiving-off some low yielding bulk advances and conservative approach of selective security based low risk fresh lending..
- ⊕ The Bulk Deposits were reduced by around ₹ 2563 crore to ₹ 1043 crore from the level of ₹ 3606 crore as on 31<sup>st</sup> March 2019.
- ⊕ Operating Profit of the bank stood at ₹ 70.32 crore for the quarter ended 31<sup>st</sup> Mar 2020 as against the operating loss of ₹.19.85 crore for the quarter ended 31/12/2019 and Operating Loss of ₹ 21.18 crore for the quarter ended 31/3/2019.





- ⊕ Cost to Income ratio for the Q4 FY20 stood to 71.10 % as against the same in Q3 FY20 stood to 110.38% (sequentially). The Cost to Income Ratio for the Q4 of FY 2019 stood at 110.72 %. (Y-o-Y)
- ⊕ Loss before tax provision was at ₹.233.15 crore, for the quarter ended 31/3/2020 as against the Loss of ₹ 334.48 for the quarter ended 31/12/2019 and the Net loss Before Tax was ₹ 499.96 crore for the QE ended 31/3/2019 (Y-o-Y).
- ⊕ Net Profit after Tax is ₹ 92.86 Crore for the quarter ended March 20 as against Net loss of ₹ 334 48 crore in the previous quarter ended Dec 2019.
- ⊕ Net Interest Margin (NIM) of the bank stood at 1.56 % for the year ended 31<sup>st</sup> March 2020 as against 1.65 % for the year ended 31<sup>st</sup> March 2019.

### Capital Adequacy:

Net Worth of the Bank ( before DTA) stands at ₹ 996.14 crore. The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines, was at 1.12% as at 31<sup>st</sup> March 2020 as against 3.46% as at 31/12/2019, and 7.72 % as at 31/3/2019.

### NPA

The Gross NPA stood 25.39 % as on 31/3/2020 as against The Gross NPA stood 23.27 % as on 30-Dec 2019 sequentially. The Gross NPA stood 15.30% as on 31/03/2019

Net NPA stood at 10.04 %, as on 31/3/2020 as against the Net NPA of 9.81 %, as on 30-Dec 2019.

Net NPA of 7.49 %, as on 31-March 2019.

The provision coverage ratio increased to 71.25 % (68.70% as on 30-Dec 2019 and 62.08 % as on 31-March 2019. PCR is higher than the minimum of 70% prescribed under PCA

### Other Developments:

Bank has bagged an award as "Best Performing Private Bank Award" for performance under " Atal Pension Yojana" from Pension Fund Regulatory and Development Authority. The Pension Fund Regulatory and Development Authority (PFRDA), a statutory body, is the pension regulator of India which was established by Government of India and was authorized by Ministry of Finance, Department of Financial Services.

Our Bank has been featured among Top 10 Banks in India on digital transactions by National Payment Corporation of India and MEIT based on the increasing Debit and Digital transactions surpassing 100% Achievements on budgets set by NPCI & MEIT.

RBI on March 27 had permitted all lending institutions to allow a three-month **moratorium** relief to their borrowers from March 1, 2020 up to May 31, 2020 to help ease any debt servicing for borrowers impacted due to COVID-19. This has further been extended by another three months up to August 31, 2020. As per the extant RBI guidelines, We continue to concentrate in lending like Gold Loans, Deposit loans which carry nil risk weights. Bank also sanctioned the Gold Loan of around Rs 190 Crore during the quarter and the Bank also preapproved the Guarantee backed loan ( Lakshmi Guaranteed Emergency Credit Line) to the existing customers around Rs 662 crore and sanctioned Rs 143 crore .





## Steps Taken by the Bank and future Plan:-

1. Bank had already shifted its lending focus from Corporates to MRC (MSME, Rural, Commercial) and Retail Segments. Hence, the restriction for lending to Corporates due to PCA did not have any impact on us.
2. With improvement in technology , Bank has started extensive usage of digital technologies like Digital Customer on boarding and Digital Lending for servicing its customers and business development .The Bank has full-fledged multi-channel digital banking services offered via internet, mobile and other mean of new age technologies comparable to best in industry. Hence, the Bank did not felt the need for opening new branches during the year.
3. Bank had taken various measures including the centralization of the payment of expenses at Head office to monitor and rationalize the cost wherever feasible and taken simultaneous steps to boost other income. We have rationalized the staff in administrative office or redeployed them in branches to market to new customers and engage in recovery measures. We expect that these measures will result reduction in our Cost to Income Ratio.

## Network

As on 31/3/2020, Bank has extensive bouquet of digital products of 566 branches, 5 Extension Counters, 918 ATMs in 19 states and 1 union territory, the Bank offers various bouquets of products and services. The Bank is committed to build a sustainable business over the long term and upholding high standards of customer service - Life Smiles Where LVB Serves. Tamil Nadu continues to be the dominant contributor of business for the Bank.

The Board of Directors of The Lakshmi Vilas Bank Limited approved the financial results for the Quarter ended 31/3/2020 at their meeting held in Chennai on 10<sup>th</sup> July 2020.

( S.Sundar )  
MD & CEO

