



LAKSHMI VILAS BANK

Secretarial Department

CIN: L65110TN1926PLC001377

Ref/Sec/205 & 266/48/2020-2021

July 10, 2020

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

Sub: Financial Results for the Year Ended 31.03.2020.

[In compliance of Regulation 30 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Please find enclosed the Audited Financial Results of the Bank for the year ended 31st March, 2020 along with the audit report of the Statutory Auditors approved by the Board on 10.07.2020 for your records. The Board of Directors of the bank has not declared any dividend for the financial year ended 31st March 2020.

The meeting of Board of Directors of the Bank commenced at 01:20 PM and concluded at 03:30 PM.

This is for your information and records.

Thanking You,

Yours faithfully,
For The Lakshmi Vilas Bank Limited

N Ramanathan
Company Secretary
Encl: A/a

LAKSHMI VILAS BANK

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

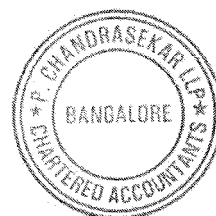
(Regd. Office: Salem Road, Kathapalai, Karur - 639 006)

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020

PARTICULARS	QUARTER-ENDED			YEAR ENDED	
	31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
	(Audited)	(Reviewed)	(Audited)	(Audited)	(Audited)
1. INTEREST EARNED (a+b+c+d)	45501.27	52059.30	68225.12	220668.55	283989.39
(a) Interest/discount on advances/bills	34452.72	39925.46	51926.01	165770.46	216315.27
(b) Income on investments	9935.08	11054.61	16106.81	51038.82	66634.80
(c) Interest on balances with RBI & Other inter-bank funds	479.93	467.29	123.06	2367.95	684.93
(d) Others	633.54	571.94	69.24	1491.32	354.39
2. Other Income	17474.59	6537.66	5747.42	35134.47	25031.79
3. Total Income (1+2)	62975.86	58576.96	73972.54	255803.02	309021.18
4. Interest expended	38644.26	39448.42	54205.45	177896.29	227975.13
5. Operating Expenses (I) + (II)	17299.88	21114.04	21885.94	79452.35	82242.66
(I) Employees cost	2425.65	10468.24	11142.43	33637.36	40166.07
(II) Other operating expenses	14874.23	10645.80	10743.51	45815.00	42076.59
6. Total Expenditure (excluding provisions and contingencies (4) + (5))	55944.14	60562.46	76091.39	257348.64	310217.79
7. Operating Profit before provisions and contingencies (3) - (6)	7031.72	-1985.50	-2118.85	-1545.62	-1196.61
8. Provisions (other than Tax) and Contingencies	20346.59	31462.44	47877.35	114659.84	127656.17
of which provisions for NPA & Diminution value of all restructured a/cs	24924.67	29013.58	30123.89	99706.84	86813.361
9. Exceptional Items	0.00	0.00	0.00	0.00	0.00
10. Profit/Loss from ordinary activities before tax (7)-(8)-(9)	-23314.87	-33447.94	-49996.20	-116205.47	-128852.78
11. Tax expense	-32601.00	0.00	-23553.07	-32601.00	-39443.07
12. Net Profit/Loss from Ordinary activities after tax (10) - (11)	9286.13	-33447.94	-26443.13	-83604.47	-89409.71
13. Extra Ordinary items (Net of Tax Expense)	0.00	0.00	0.00	0.00	0.00
14. Net Profit/Loss for the period (12-13)	9286.13	-33447.94	-26443.13	-83604.47	-89409.71
15. Paid up equity share capital (Face Value Rs. 10/-)	33671.38	33671.38	31990.32	33671.38	31990.32
16. Reserves excluding revaluation reserves as per balance sheet of previous accounting year	71424.86	139106.50	139106.50	71424.86	139106.50
17. Analytical Ratios					
i) Percentage of shares held by Govt. of India	NIL	NIL	NIL	NIL	NIL
ii) Capital Adequacy Ratio (%) - Basel - III	1.12	3.46	7.72	1.12	7.72
iii) Earnings Per Share (EPS) (*Not Annualised)					
(a) Basic EPS - before/after extraordinary items (Not annualised) (Rs.)	2.76	(9.93)	(10.02)	(25.16)	(34.66)
(b) Diluted EPS - before/after extraordinary items (Not annualised) (Rs.)	2.76	(9.93)	(10.00)	(25.16)	(34.59)
iv) NPA RATIOS					
(a) Gross NPA	423331.11	408106.48	335899.36	423331.11	335899.36
Net NPA	138785.99	146393.32	150629.49	138785.99	150629.49
(b) % of Gross NPA	25.39	23.27	15.30	25.39	15.30
% of Net NPA	10.04	9.81	7.49	10.04	7.49
(c) Return on Assets (%) (Annualised)	1.27	-4.40	-2.86	-2.59	-2.32



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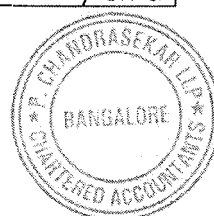


Notes:

Corporate Office, "LVB HOUSE", No.4 Sardar Patel Road, Guindy, Chennai 600 032 (Regd. Office: Salem Road, Kathapara, Karur - 639 006)	
1.	The above audited financial results for the quarter/year ended 31st March 2020 were recommended for approval to the Board by the Audit Committee at their meeting held on 10th July 2020 and approved by the Board of Directors of the Bank at their meeting held on 10th July, 2020. The same have been 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 SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
2.	The working results for the quarter/year ended 31st March 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 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 2019.
4.	The Bank has withdrawn the mandate given to IBA to negotiate revision of salary on its behalf for both its officer staff and clerical staff. Consequently no obligation is cast on the Bank to pay revised wages wef 01.11.2017 and hence the entire provision of Rs 48.70 crores (including Rs 24 crores for the Current year) created for wage arrears has been reversed as this no longer payable.
5.	The Actuary valuation report as on 31.3.2020 for the employee benefits has resulted in excess provision made under Pension, Gratuity and Leave encashment amounting to Rs.70.37 crore(including Rs 45.20 crores for the Current year) is reversed.
6.	The figures for the quarter ended 31st March 2020 and the corresponding quarter ended in the previous year 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.
7.	The Bank has recognized net Deferred Tax Assets as on 31st March, 2020 aggregating to Rs 1185.57 crores (PY Rs 859.55 crores) on timing differences in accordance with Accounting Standard - 22 on "Taxes and income" issued by the Institute of Chartered Accountants of India in the light of ongoing developments for capital infusion already reported to stock exchanges
8.	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



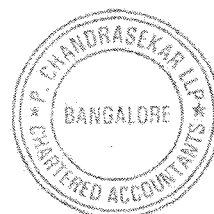
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	prudential basis maintain provision to cover potential losses for the "claims against the Bank not acknowledged as debt". As per legal opinions received by the Bank, the adjustment of deposits against loans is lawful and tenable. Hence, the Bank management's decision on recognition and measurement of provisions on this score depends on the verdict of the court in the said suit. The Bank holds a contingent provision of Rs.200 crore on this score. This amount of Rs 200 crores is not included in Tier I capital nor PCR. Further to the above, Bank has submitted replies to the clarifications sought by SEBI. EOW, Delhi has registered FIR against Directors of Board LVB, RHC Holding and Directors on the Board of RHC Holding and the investigation is in progress. The Bank has sent a detailed letter to EOW explaining its stand on the issue and assured to extend full co-operation in the investigation.		
9.	During the year, the book value of securities sold under HTM category exceeds 5% of the book value of investments held in HTM category as at the beginning of the year. The details of HTM category as on 31.03.2020 are furnished hereunder-		
	Market Value Book Value Excess of book value over market value for which provision is not made	(Rs.in Crore) 3533.64 3439.70 Nil	
10.	The provision coverage ratio as at 31st March 2020 stood at 71.25%. (62.08% as on March 31, 2019)		
11.	As per SEBI circular CIR/CFD/CMD1/120/2019 dated October 31, 2019, Divergence in Asset Classification and Provisioning for NPAs as per RAR report for the financial position as on 31.03.2019 was informed to NSE & BSE vide our letter dated 01.11.2019		
12.	In terms of the RBI Circular DBR.BP.BC.No. 32/21.04.018/2018-19 dated 1st April 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts wherever either a) the additional provisioning requirements assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period or b) the additional Gross NPAs identified by RBI exceed 15% of the published incremental Gross NPAs for the reference period, or both. Accordingly, divergence in Asset Classification and Provisioning for NPAs in compliance to Risk Assessment Report (RAR) of RBI for the financial year 2018-19 is reported hereunder.		
	S.no	Particulars	Amount (Rs in crore)
	1	Gross NPAs as on March 31, 2019 as reported by the bank	3358.99
	2	Gross NPAs as on March 31, 2019 as reported by RBI	3415.98
	3	Divergence in Gross NPAs (2-1)	56.99
	4	Net NPAs as on March 31, 2019 as reported by the bank	1506.29
	5	Net NPAs as on March 31, 2019 as reported by RBI	1451.37
	6	Divergence in Net NPAs (5-4)	-54.92
	7	Provisions for NPAs as on March 31, 2019 as reported by the bank	1785.27
	8	Provisions NPAs as on March 31, 2019 as reported by RBI	1897.17



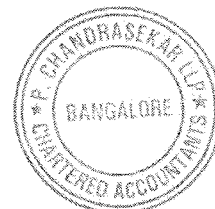
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9	Divergence in Provisioning (8-7)	111.90
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2019	-894.10
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	-1006.00
(Resultant impact of the RBI divergence has been duly considered and given effect to as of 31.03.2020)		
13.	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 http://www.lvbank.com/basel-iii.aspx and the disclosures have not been subjected to audit or limited review by the statutory auditors of the bank.	
14.	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.	
15.	Notes on Segment Reporting a. As per the guidelines with the Accounting Standards, the bank has adopted "Treasury Operations", "Corporate/Wholesale", "Retail" and Other Banking Operations, as primary business segments for the purpose of compliance with Accounting Standard 17 on Segment Reporting, issued by institute of Chartered Accountants of India (ICAI). b. Segment revenue represents revenue from external customers. c. Capital employed for each segment has been allocated proportionate to the assets of the respective segment.	
16.	Bank has been put under Prompt Corrective Action framework (PCA) in terms of RBI letter dated 27.09.2019.	
17.	Government of India has pronounced Section 115 BAA of Income Tax Act 1961 through Taxation Laws (Amendment) ordinance, 2019 which provides a non-reversible option to pay corporate tax at reduced rate effective 1st April 2019 subject to certain conditions. Based on the internal evaluation, the Bank has decided not to exercise this option in the current year and the Deferred Tax calculations made on existing tax rates.	
18.	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.	
19.	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.75.63 lakh as on 31st March 2020.	
20.	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	



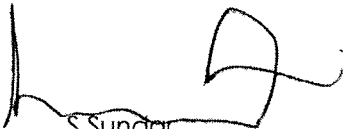
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	Global and Indian financial markets and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organisation. Numerous governments and companies, including the Bank have introduced a variety 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 31st 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 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). 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. Accordingly, Bank has made the provision amounting to Rs. 10.01 crore for the loan outstanding amount of Rs.200.17 crores during the quarter ended 31st March 2020.
21.	Status of Investor Complaints for the quarter ended 31st March 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
22.	The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary to conform to current period/ year classification.

Place: Chennai

Date: 10.07.2020

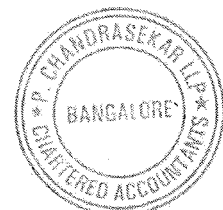

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MD & CEO



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o=LAKSHMI VILAS BANK LTD,
ou=Accounts Department,
email=LAKSHMY.CHANDRA
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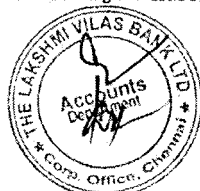
SEGMENT REPORTING - MAR 2020

(Rs. in lakh)

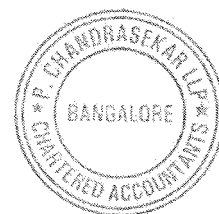
PART A: BUSINESS SEGMENTS		Quarter Ended			Year ended	
PARTICULARS	31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19	
1. SEGMENT REVENUE	(Audited)	(Reviewed)	(Audited)	(Audited)	(Audited)	
a. Treasury operations	18497.13	13253.53	16047.83	64529.75	66819.80	
b. Corporate/wholesale banking operations	13232.90	13499.65	16579.28	57036.59	70541.55	
c. Retail banking operations	30876.78	31499.18	40681.73	133085.39	170013.69	
d. Other banking operations	369.05	324.60	663.70	1151.29	1646.14	
TOTAL	62975.86	58576.96	73972.54	255803.02	309021.18	
2. SEGMENT RESULTS						
a. Treasury operations	9128.93	2663.29	-452.95	16169.78	1257.96	
b. Corporate/wholesale Banking operations	-687.98	-1428.67	-1232.25	-5421.65	-2608.51	
c. Retail banking operations	-1605.28	-3333.57	-878.50	-12650.52	-669.78	
d. Other banking operations	196.05	113.45	444.85	356.77	823.72	
TOTAL	7031.72	-1985.50	-2118.85	-1545.62	-1196.61	
OPERATING PROFIT	7031.72	-1985.50	-2118.85	-1545.62	-1196.61	
PROVISIONS OTHER THAN TAX	30346.59	31462.44	47877.35	114659.84	127656.17	
PROFIT BEFORE TAX	-23314.87	-33447.94	-49996.20	-116205.47	-128852.78	
Less : Tax expenses	-32601.00	0.00	-23553.07	-32601.00	-39443.07	
NET PROFIT / LOSS	9286.13	-33447.94	-26443.13	-83604.47	-89409.71	
3. SEGMENT ASSETS						
a. Treasury operations	627754.41	712952.88	909440.38	627754.41	909440.37	
b. Corporate / Wholesale banking operations	373252.79	451548.71	597296.89	373252.79	597296.89	
c. Retail banking operations	1115512.48	1270700.42	1582984.56	1115512.48	1582984.56	
d. Unallocated Assets	325631.83	200388.36	214894.46	325631.83	214894.47	
TOTAL	2442151.50	2635590.36	3304616.29	2442151.50	3304616.29	
4. SEGMENT LIABILITIES						
a. Treasury operations	596142.30	682109.68	888938.79	596142.30	888938.79	
b. Corporate/wholesale banking operations	354456.74	432014.17	592657.45	354456.74	592657.45	
c. Retail banking operations	1059338.13	1215728.39	1567891.96	1059338.13	1567891.96	
d. Unallocated liabilities	309233.84	191719.32	65870.46	309233.84	65870.46	
TOTAL	2319171.01	2521571.56	3115358.66	2319171.01	3115358.66	
CAPITAL EMPLOYED (Segment Assets - Segment Liabilities)						
a. Treasury operations	31612.10	30843.20	20501.59	31612.10	20501.59	
b. Corporate/wholesale banking operations	18796.05	19534.54	4639.44	18796.05	4639.44	
c. Retail banking operations	56174.35	54972.03	15092.60	56174.35	15092.60	
d. Unallocated	16397.98	8669.04	149024.00	16397.98	149024.00	
	122980.49	114018.80	189257.63	122980.49	189257.63	

PART B: GEOGRAPHICAL SEGMENTS

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



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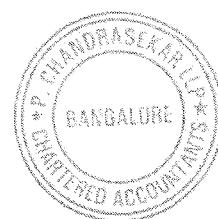
Statement of Assets & Liabilities of the bank as on 31/03/2020 is given below:

(Rs.in Lakhs)

	AS AT 31/03/2020	AS AT 31/03/2019
I. CAPITAL & LIABILITIES		
a. Capital	33671.38	31990.32
b. Reserves & Surplus	89309.12	157267.31
c. Deposits	2144319.41	2927944.08
d. Borrowings	75570.00	92125.90
e. Other Liabilities & Provisions	99281.60	95288.68
TOTAL	2442151.51	3304616.29
II. ASSETS		
a. Cash & Balances with Reserve Bank of India	104780.43	165407.21
b. Balances with Banks and Money at Call & Short Notice	79232.01	51504.07
c. Investments	538382.95	843016.53
d. Advances	1382789.04	2010325.93
e. Fixed Assets	46342.13	46995.43
f. Other Assets	290624.95	187367.12
TOTAL	2442151.51	3304616.29



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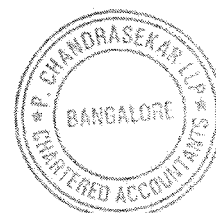


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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020		(Rs. in '000)
	31.03.2020	31.03.2019
	Audited	Audited
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit as per Profit & Loss Account	-836 04 47	-894 09 71
ADJUSTMENTS FOR:		
Provisions & Contingencies	820 58 84	882 13 10
Depreciation on Fixed Assets	82 64 82	67 20 93
Loss /(Profit) on sale of assets	61 85	- 82 54
Loss /(Profit) on sale of NBA	1 81	0
Income Tax / T D S paid	0	-10 00 00
Net cash flow before changes in Working Capital	67 82 86	44 41 78
CHANGES IN WORKING CAPITAL :		
LIABILITIES : Increase/Decrease in		
Deposits	-7836 24 67	-4030 04 21
Refinances	-165 55 90	-3091 52 13
Other Liabilities	-697 64 09	-573 01 61
	-8699 44 67	-7694 57 95
ASSETS : Increase/Decrease in		
Investments	-2963 85 17	-2155 04 01
Advances	-6275 36 90	-5664 94 24
Other Assets	1032 59 63	340 41 88
	8206 62 43	7479 56 36
Net Cash Flow used in operating activities	-424 99 38	-170 59 80
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-78 89 02	-118 70 63
Sale of Fixed Assets	2 09 07	1 45 29
Net Cash Flow used in Investing activities	-76 79 95	-117 25 34
CASH FLOW FROM FINANCING ACTIVITIES:		
Share issue including share premium net of forfeited shares	173 33 91	442 37 38
Proceeds received from Tier II Bonds	0	0
Repayment of Tier II Bonds	0	0
Dividends paid	- 53 43	- 37 32
Net Cash Flow from financing activities	172 80 49	442 00 06
Cash flow for the year	-328 98 84	154 14 92
Cash & Cash equivalents at the beginning of the year	2169 11 28	2014 96 36
Cash & Cash equivalents at the year end (refer Schedule 6 & 7)	1840 12 44	2169 11 28
Note: Cash, Balances with Other Banks, Balances with R B I, and Money at Call and Short Notice have been considered as cash and cash equivalents.		



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P. CHANDRASEKAR LLP

Chartered Accountants

**Independent Auditor's Report on Audited Standalone Annual Financial Results
pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015, as amended**

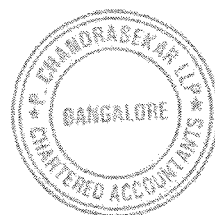
INDEPENDENT AUDITOR'S REPORT

**To The Board of Directors of
The Lakshmi Vilas Bank Limited**

Report on the Audit of the Standalone Annual Financial Results

Qualified Opinion

1. We have audited the accompanying standalone annual financial results ("the Financial Results") of **The Lakshmi Vilas Bank Limited** ("the Bank") for the year ended 31st March 2020, being submitted by the Bank pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), except for the disclosures relating to Pillar 3 as at 31st March 2020, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the financial results and have not been audited by us.
2. In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the "Basis for Qualified Opinion" section of our report, these standalone financial results:
 - i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard except for the disclosures relating to Pillar 3 disclosures as at 31st March 2020, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the financial results and have not been audited by us; and
 - ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, RBI guidelines and other accounting principles generally accepted in India of the net loss and other financial information for the year ended 31st March 2020.

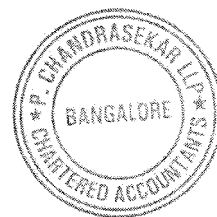


Basis for Qualified Opinion

3. We draw attention to Note 8 of the Financial Results. During the financial year ended 31st March 2018, the Bank had adjusted loans aggregating to Rs.794 crore extended to RHC Holding Private Limited and Ranchem Private Limited against deposits of Religare Finvest Limited. The said adjustment has been contested by 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 initiated proceedings against the Directors of the Bank and SEBI has 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") vide letter dated 21st November 2019, 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 needs to provide an additional amount of Rs.594 crore after considering the available contingent provision of Rs.200 crore provided in the books. Considering the above, the Provisions (other than Tax) and Contingencies would have increased, net loss for the year would have increased, shareholders' funds would have decreased, by Rs.594 crore each and the Capital Adequacy Ratio (Basel III) would have reduced by 4.50%.

The audit opinion on the financial statements for the years ended 31st March 2018 and 31st March 2019 was also qualified in respect of this matter.

4. We draw attention to Note 4 of the Financial Results, which states that the Bank has reversed the cumulative provision of Rs.48.70 crore held towards revision of wages due to employees with effect from November 2017. While 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, there is no evidence to suggest that there will not be any liability for the wage revision with effect from November 2017. While the quantum of wage revision cannot be determined as on date, it is likely that the provision required would at least be Rs.48.70 crore. Considering the above, the Employees Cost and the net loss for the year would have increased by Rs.24 crore each, Other income would have decreased by Rs.24.70 crore and Other liabilities and Provisions as at 31st March 2020 would have increased by Rs.48.70 crore.
5. We draw attention to Note 7 of the Financial Results, which states that the Bank has recognised net deferred tax asset of Rs.1,185.57 crore as at 31st March 2020, of which Rs.326.01 crore was created during the year ended 31st March 2020. As mentioned in Note 17 of the Financial Results, the Bank has decided not to opt for reduced corporate tax rate under Section 115BAA of the Income Tax Act and the deferred tax asset and liability have been calculated with the existing tax rate.



As per the requirements of AS 22 "Accounting for Taxes on Income", deferred tax assets should be recognised and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In our opinion, considering the recurring losses and in the present scenario of the Bank going through the Prompt Corrective Action imposed by the RBI, there is no certainty that the Bank will have sufficient future taxable income to justify the creation of deferred tax asset. Had the deferred tax asset not been created and retained, the net loss for the year would have been higher by Rs.1,185.57 crore.

6. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Bank in accordance with the Code of Ethics, as amended, issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Results, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics, as amended. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

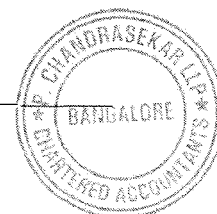
Material uncertainty related to going concern

7. The Financial Results indicate that the Bank has incurred a loss of Rs.836.04 crore during the year ended 31st March 2020. The Bank has been incurring losses for the past 10 Quarters and 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%, 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 were informed that the Bank routinely evaluates capital raising options.

In line with the RBI's COVID-19 Regulatory Package dated 27th March 2020 and 17th April 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/ or interest, as applicable, falling due between 1st March 2020 and 31st May 2020 to all eligible borrowers classified as "Standard", even if overdue, as at 29th 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 Financial Results is not modified in respect of this matter.

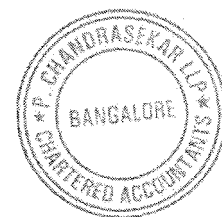


Emphasis of Matter

8. We draw attention to Note 20 of the Financial Results, which describes that the Bank has recognised provision on loans and overdrafts that were overdue but “Standard” as at 29th 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.
9. We draw attention to Note 20 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 future developments.
10. We draw attention to Note 5 of the Financial Results, which describes about the reversal of excess provision for employee benefits amounting Rs.70.37 crore as per the actuarial valuation report as at 31st March 2020 in accordance with AS 15 “Employee benefits” and this reversal of excess provision is mainly on account of the change in the principal actuarial assumption of salary escalation rate.
11. Our opinion on the Financial Results is not modified in respect of any of the above-mentioned matters of emphasis.

Responsibilities of Management and those charged with governance for the Standalone Annual Financial Results

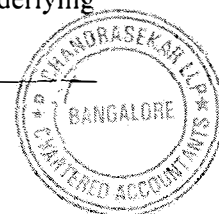
12. The Financial Results have been prepared on the basis of the standalone annual financial statements and reviewed quarterly standalone financial results up to the end of the third Quarter. The Bank’s Management and the Board of Directors are responsible for the preparation of these Financial Results that give a true and fair value of the net loss and other financial information in accordance with the recognition and measurement principles laid down in the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder in so far as they apply to banking companies, provisions of Section 29 of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (“RBI”) from time to time and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.



13. In preparing the Financial Results, the Management and the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
14. The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the Standalone Annual Financial Results

15. Our objectives are to obtain reasonable assurance about whether the Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Results.
16. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.



Annexure I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020

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

I.			
Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (in lakh)	Adjusted Figures (audited figures after adjusting for qualifications) (in lakh)
1.	Turnover / Total income	255803.02	253333.02
2.	Total Expenditure	257348.65	259748.65
3.	Net Profit/(Loss)	(83604.47)	(207030.47)
4.	Earnings Per Share (Rs.)	-25.16	-62.30
5.	Total Assets	2442151.50	2323595.50
6.	Total Liabilities	2442151.50	2323595.50
7.	Net Worth	-18942	-23812
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

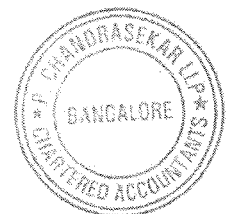
II. Audit Qualification (each audit qualification separately)

a. Details of Audit Qualification:

- During the financial year ended 31st March 2018, the Bank had adjusted loans aggregating to Rs.794 crore extended to RHC Holding Private Limited and Ranchem Private Limited against deposits of Religare Finvest Limited. The said adjustment has been contested by 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 initiated proceedings against the Directors of the Bank and SEBI has 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") vide letter dated 21st November 2019, 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 needs to provide an additional amount of Rs.594 crore after considering the available contingent provision of Rs.200 crore provided in the books. Considering the above, the Provisions (other than Tax) and Contingencies would have increased, net loss for the year would have increased, shareholders' funds would have decreased, by Rs.594 crore each and the Capital Adequacy Ratio (Basel III) would have reduced by 4.50%.



LAKSHMI
CHANDRA
SEKARAN



The audit opinion on the financial statements for the years ended 31st March 2018 and 31st March 2019 was also qualified in respect of this matter.

2. We draw attention to Note 4 of the Financial Results, which indicates that the Bank has reversed the cumulative provision of Rs.48.70 crore held towards revision of wages due to employees with effect from November 2017. While 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, there is no evidence to suggest that there will not be any liability for the wage revision with effect from November 2017. While the quantum of wage revision cannot be determined as on date, it is likely that the provision required would at least be Rs.48.70 crore. Considering the above, the Employees Cost and the net loss for the year would have increased by Rs.24 crore each, Other income would have decreased by Rs.24.70 crore and Other liabilities and Provisions as at 31st March 2020 would have increased by Rs.48.70 crore.
3. We draw attention to Note 7 of the Financial Results, which states that the Bank has recognised net deferred tax asset of Rs. 1,185.57 crore as at 31st March 2020, of which Rs.326.01 crore was created during the year ended 31st March 2020. As mentioned in Note 17 of the Financial Results, the Bank has decided not to opt for reduced corporate tax rate under Section 115BA of the Income Tax Act and the deferred tax asset and liability have been calculated with the existing tax rate.

As per the requirements of AS 22 "Accounting for Taxes on Income", deferred tax assets should be recognised and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In our opinion, considering the recurring losses and in the present scenario of the Bank going through the Prompt Corrective Action imposed by the RBI, there is no certainty that the Bank will have sufficient future taxable income to justify the creation of deferred tax asset. Had the deferred tax asset not been created and retained, the net loss for the year would have been higher by Rs.1,185.57 crore.

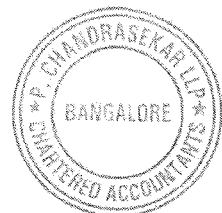
b. Type of Audit Qualification :	Qualified Opinion
c. Frequency of qualification:	Annual

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

1. "Board directed Management to withdraw the mandate given to IBA to negotiate wages of its officers and workmen staff from 1st November 2017. Accordingly, Bank has written separate letters to IBA regarding withdrawal of mandate for Officers and for workmen staff. Since the mandate stands withdrawn, there is no liability on the Bank to pay any arrears of wages with effect from 1st November, 2017. Accordingly, Bank has reversed the entire provision of arrears of wages amounting to Rs. 48.70 crore."
2. "Bank has already engaged services of merchant bankers and has received non-binding letter from Clix group for amalgamation with the bank which is under process. Simultaneously Bank will talk to other investors to raise capital. This will enable the Bank to grow the business and this along with other cost control measures undertaken by the Bank would generate sufficient profits in order to absorb DTA."



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(i) Management's estimation on the impact of audit qualification: NIL

Notes:

Reference is invited to the point no.8 to the notes to financial statements.

"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. Based on two independent legal opinion that the Bank's action is lawful and tenable, no liability is expected."

As regards (i) & (ii) our Qualification of Rs.594 crore in this regards continues.

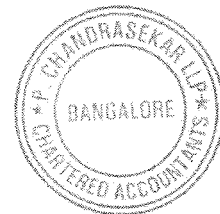
Signatories:

Antara

Approved through Mail. Mail
Attached.

**LAKSHMY
CHANDRASEKAR
AN**

Date: 10.07.2020



Hariharan K (VP & CFO)

From: Manjunath K <bkm9090@yahoo.co.in>
Sent: 10 July 2020 15:35
To: secretarial
Cc: Hariharan K (VP & CFO); Ramanathan N (Company Secretary)
Subject: Re: Annexure to Auditors Report for your signature

The note is approved

Regards

B.K.MANJUNATH
Chairman of Audit Committee

Sent from my iPad

On 10-Jul-2020, at 3:30 PM, secretarial <secretarial@lvbank.in> wrote:

Dear Sir,

Please find attached herewith the Annexure to Auditors Report for your signature.

Thanks and Regards,

<image001.jpg> **Sneha Sharma | Asst. Company Secretary**
Secretarial Department
The Lakshmi Vilas Bank Limited | CIN: L65110TN1926PLC001377
Corporate Office | No.4, Sardar Patel Road | Guindy | Chennai -600032
www.lvbank.com | LL:91-44-22205306.

<Annexure to Auditors Report.pdf>