



Ref/Sec/205 & 266/61/2019-2020

May 20, 2019

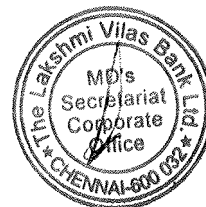
The National Stock Exchange of India Limited Listing Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. Company symbol: LAKSHVILAS	BSE Limited Department of Corporate Services, Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. Security code no: 534690
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Dear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

Sub: News item titled as "Lakshmi Vilas Bank misappropriated RFL's 4 FDs worth Rs.791 crore: Religare Enterprise" appearing in Business Today published on 17th May 2019

We refer to the email received on 17th May 2019 from BSE Limited seeking clarification on the above news item published in the Business Today on 17th May 2019 involving the Lakshmi Vilas Bank Ltd. ('LVB' or 'the Bank') (hereinafter referred to as "**said news article**"). We hereby submit as under:

1. At the outset, from the reading of the said news article, it appears to be a reporting of a false, frivolous and misleading Corporate Announcement made on 16th May 2019 by Religare Enterprises Ltd. (REL), which is the holding company of Religare Finvest Ltd. (RFL) (hereinafter referred to as "**said Corporate Announcement**"). The contents of the said news article and the said Corporate Announcement by REL are marred by incorrect and false statements and have been made with the only intention to malign the reputation of the Bank. In fact, RFL has been in a spree in filing false and frivolous proceedings and addressing false and frivolous letters to various entities and authorities claiming that the fixed deposits opened with the Bank were not secured in favour of the Bank for loans granted to group companies of RFL. However, the fact is completely contrary to what has been stated in the news article, which will be clear from what has been stated by us below.
2. It is denied that there was any misappropriation of the monies due to RFL on account of four fixed deposits aggregating to approx. Rs.791 crores. The true and correct facts with respect to the said four fixed deposits opened with the Bank are as follows:





P. Mukherjee | Managing Director & CEO

- a) As reflected from the Financial Statements of RFL for FY 2016-17, the individuals having direct or indirect voting power and control in RFL were Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and their related parties, who also exercised similar control and influence over RHC Holding Pvt. Ltd. (RHC), and Ranchem Pvt. Ltd. (Ranchem) Further, Ranchem is a wholly owned subsidiary of RHC. Therefore, RHC, Ranchem and RFL were all controlled and managed by the same promoter group.
- b) The three Religare group companies, i.e. RHC, Ranchem and RFL (together referred to as **"Religare Group Companies"**), being existing customers of the Bank who were maintaining their bank accounts regularly, approached LVB in November 2016 for "Financial Assistance Against Security of Term Deposits", by which they sought short-term loans of which RHC was to avail about Rs.200 Crores whereas Ranchem was to avail about Rs.175 Crores and the total of such loans was to be secured by RFL by way of fixed deposits which were to be opened with LVB and by post-dated cheques in favour of LVB. Accordingly, LVB agreed to sanction such short-term loans against the securities of FDs and post-dated cheques from RFL in favour of LVB.
- c) Pursuant thereto, RFL opened two fixed deposits of Rs.210 crores and Rs.190 crores respectively by instructing the Bank to debit its current account. Thereafter, RFL also handed over two post-dated cheques for an aggregate amount of Rs.402,13,42,437/-. With the creation of security, the Bank disbursed the loans of Rs.199.50 crores to RHC and Rs.174.8 crores to Ranchem, as per the agreement between the parties. It is also pertinent to note that since the short-term loans were agreed to be secured by the FDs opened by RFL, the original FD receipts were retained in the custody of LVB with the knowledge and consent of the said three companies and the same are still lying with LVB.
- d) Thereafter, in January 2017, RHC requested for another loan of Rs.400 crores against the fixed deposits which were to be opened by RFL. Similarly, two fixed deposits of Rs.200 crores and Rs.150 crores were opened by RFL to secure this loan, considering which, the Bank sanctioned another loan of Rs.332.50 crores to RHC against the two new fixed deposits opened by RFL.
- e) Owing to the default in repayment of loans by RHC and Ranchem, the Bank was constrained to appropriate the fixed deposits in July 2017. At this stage, RFL, for the first time alleged that the fixed deposits were not given as securities for the loans availed by RHC and Ranchem, which was without any basis. Since LVB rightly refused to reinstate the FD's, Religare Group





approached LVB and requested for reinstatement of FDs on the promise of making repayment of loans and also withdrew its allegations against the Bank. The withdrawal of all allegations against LVB was made in writing by RFL. Pursuant to the withdrawal of allegations raised by legal notices, the LVB reinstated the fixed deposits. However, the Religare Group yet again failed to repay the loans and the Bank was constrained to appropriate the fixed deposits to recover the outstanding loan amounts of the group companies. The same was done after sending several demand notices to the Religare Group companies including RFL.

- f) RFL has already filed a suit being CS (Comm.) 940 / 2018 against LVB in May 2018 before the Hon'ble High Court of Delhi, which is pending adjudication. It is stated that the order on interim application filed by RFL is reserved for orders.
3. In this backdrop, the allegations of misappropriation of monies made against the Bank are vehemently denied as false and frivolous, when the Bank merely enforced the securities given against the loans. In any case, the matter is already *sub-judice* before a competent forum. Notably, RFL failed to implead RHC and Ranchem as parties before the Hon'ble High Court and no reliefs whatsoever have been sought against them, despite being part of the above transaction. It is pertinent to mention that the Bank has already made necessary disclosures under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the stock exchanges on 12th June 2018 regarding filing of the aforesaid frivolous suit by RFL.
4. It is also not out of place to mention that this issue was put to rest by the Securities Exchange Board of India (SEBI) in its *ex-parte* interim order dated 14th March 2019 against Religare Enterprises Ltd. wherein it was observed by SEBI that RHC and Ranchem have siphoned off monies from RFL through the four FDs opened with LVB. SEBI in fact directed RFL to recover the FD amounts from RHC and Ranchem, despite of which, RFL is continuing to make such frivolous allegations against the Bank.
5. It is submitted for the sake of clarification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that the Bank and/or its officials have not committed any wrongdoing and are not liable for any such misappropriation of monies in respect of the said four fixed deposits of RFL, which were placed with LVB as securities against which Religare Group Companies had availed loans. The Bank is in the process of taking out necessary proceedings against RFL and its officers responsible for publishing such frivolous corporate





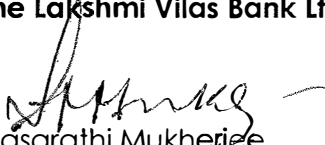
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announcements under the garb of 'disclosures', more so in view of the already pending dispute before a competent court of law.

6. The Bank hereby requests that the clarification provided in this letter be disseminated on the website of BSE Ltd. The Bank reserves its right to issue additional clarifications / disclosures, as and when required under the applicable laws.

Yours sincerely,

For **The Lakshmi Vilas Bank Ltd.**


Parthasarathi Mukherjee
Managing Director & CEO

