



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

DOR.PSBD.No.1407/16.01.067/2020-2021

November 17, 2020

**Supersession of the Board of Directors of The Lakshmi Vilas Bank Ltd.,
Under Section 36ACA of the Banking Regulation Act, 1949**

ORDER

The Lakshmi Vilas Bank Ltd., having its registered office at Karur, Tamilnadu is a banking company (hereinafter referred to as 'the banking company') licensed to do business under Section 22 of Banking Regulation Act, 1949.

2. The banking company has incurred a net loss of Rs.836 crore and Rs.112 crore for the FY 2019-20 and quarter ending June 30, 2020 respectively. The losses are expected to continue for other quarters of the FY 2020-21 also, as estimated by the Reserve Bank of India. As there is no likelihood of increase in fresh advances and slippages may continue, asset quality position is likely to deteriorate materially during FY 2020-21. The CET1 of the bank was negative at (-)1.83% and CRAR at 0.17% as reported as on June 30, 2020 [CRAR has declined to (-)1.94% as on September 30, 2020, as per unaudited position]. As per assessment, the banking company faces deteriorating asset quality due to large number of fresh slippages. The banking company has so far failed to bring any firm proposal for infusion of fresh capital. Apart from this, the banking company has serious governance and management issues.

3. Having regard to the factors narrated above, and taking a holistic view of the position of the banking company, the Reserve Bank of India has come to a considered view that any effort to revive the banking company will be in vain with the present Board of Directors in place, steering its affairs. Therefore, to protect the interest of the depositors and to secure proper management of the banking company, Reserve Bank



of India, in exercise of the powers conferred by Section 36ACA of the Banking Regulation Act, 1949 and in consultation with the Central Government, hereby supersedes the Board of Directors of the banking company for a period of 30 days.

4. This order comes into force with immediate effect.

(Saurav Sinha)
Executive Director