

BWR downgrades Lakshmi Vilas Bank

MUMBAI, JULY 24

Our Bureau

Brickwork Ratings (BWR) has downgraded Lakshmi Vilas Bank's rating for its unsecured redeemable non-convertible subordinated lower tier II bonds Series VII (Option 8) of ₹50.50 crore from 'A-' to 'BBB+'.

The outlook has been retained as 'stable'.

Instruments with 'A' rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

Poor performance

The credit rating agency said the rating factored in the weak performance of the bank in the fourth quarter of FY2018 in terms of increased slippages leading to steep decrease in the net interest income, operating loss in Q4, higher provisions leading to substantial loss for Q4 and also for full year of FY2018, thereby impacting capital adequacy.