

[Lakshmi Vilas Bank](#) on Tuesday said the adjustment of over Rs 7.90 billion deposits of Religare Finvest, held as security for loans taken by two other firms, is legal and it is fighting the case in the court appropriately.

Further, the bank said that [Religare Finvest](#) had filed a suit against its [Janpath Branch](#) in the Delhi High Court, disputing the said adjustment and it is defending the same.

The bank, in its financial statement for 2017-18, had informed about adjustment of third party deposits of over Rs 7.90 billion.

“The said deposits relates to [Religare Finvest](#) and the same were held as security for the loans extended to RHC Holding and Ranchem Pvt Ltd. On account of default in clearing the loans, the said deposits were closed and the proceeds were adjusted to clear the said loan loans,” the bank said in a regulatory filing. The lender said it had received legal opinion suggesting that adjustments of deposits against loans are “lawful”.

“Now, [Religare Finvest](#) has filed a suit in CS. (COMM) .940/2018 against our [Janpath Branch](#) before the High Court Delhi, disputing the said adjustment and the same is being defended appropriately by the bank,” it added.

In May-end, Religare Enterprises had informed about certain [fixed deposits](#) of its subsidiary Religare Finvest (RFL) with [Lakshmi Vilas Bank](#) (LVB) saying the lender through a letter had purported to allude to certain loans disbursed by the bank to third parties allegedly in consideration of security of the RFL’s [fixed deposits](#) (FDs) with LVB.

“By means of this letter, LVB also purported to call upon RFL to execute the security documentation in connection with the alleged loans,” it had said, adding it was informed expressly to the bank that RFL was not the party to any loans that were allegedly sanctioned by LVB to any third party.

Religare had also informed that the subsidiary RFL has filed a suit for recovery of the FDs aggregating to Rs 7.9 million appropriated by the bank before the [Delhi High Court](#).

Shares of [Lakshmi Vilas Bank](#) closed flat at Rs 117.45 on BSE today, while Religare Enterprises ended 1.22 per cent down at Rs 52.55 apiece.

(Only the headline and picture of this report may have been reworked by the Business Standard staff; the rest of the content is auto-generated from a syndicated feed.)