



LAKSHMI VILAS BANK

**Nourishing Growth.
Nurturing Profitability.**



84th Annual Report
2010 - 2011

BOARD OF DIRECTORS



Shri. P.R. SOMASUNDARAM
MANAGING DIRECTOR & CEO



Shri. N. SAIPRASAD



Shri. K. RAVINDRAKUMAR



Shri. KUSUMA R MUNIRAJU



Shri. D.L.N.RAO



Shri. B.K.MANJUNATH



Shri. K.R.PRADEEP



Shri. S.G.PRABHAKHARAN



Shri. S. DATTATHREYAN

**BOARD OF DIRECTORS****Sarvashree**

S. Narayan - Non-Executive Chairman (Till 27.01.2011)

K.S.R. Anjaneyulu - Managing Director & CEO (Till 02.08.2010)

P.R. Somasundaram - Managing Director & CEO (From 02.08.2010)

K. Balaji (Till 19.07.2011)

N. Saiprasad

K. Ravindrakumar

Kusuma R Muniraju

D.L.N. Rao

B.K. Manjunath

K.R. Pradeep

S.G. Prabhakaran

S. Dattathreya

EXECUTIVE DIRECTORS

K.S.R. Anjaneyulu

V. Prakash

Rajat Baldhi

CHIEF FINANCIAL OFFICER

M. Palaniappan

CHIEF TECHNOLOGY OFFICER

B. Murali Nair

GENERAL MANAGERS

S.R. Narayanamurthy

S. Ravishankar

T.N. Sundaram

V. Sudarsan

Niranjan K Rao

J.V.S. Chetty

S. Suresh Babu

Raghu Nagarajan

COMPANY SECRETARY

S. Venkateswaran

REGD. & ADMN. OFFICE

Salem Road, Kathapara, Karur-639 006, Tamilnadu

Phone: 04324-220051 to 220060 (10 lines)

Website: www.lvbank.com

E.Mail: secretarial@lvbank.in

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AUDITORS

M/s. Sagar & Associates,
Chartered Accountants,
Hyderabad.

REGISTRAR AND SHARE TRANSFER AGENT

M/s.Integrated Enterprises (I) Limited
II, Floor, "Kences Towers",
No.1, Ramakrishna Street,
North Usman Road, T.Nagar,
Chennai - 600 017.
Phone: 044-28140801/2/3 Fax: 28142479
Email: lvb@iepindia.com



NOTICE TO THE MEMBERS

Notice is hereby given that the 84th Annual General Meeting of Shareholders of The Lakshmi Vilas Bank Ltd will be held on Wednesday, 14th September, 2011 at 10.00 a.m at Regd. & Admn. Office, Salem Main Road, Kathapara, Karur-639 006 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended 31st March 2011 and the Report of the Directors and the Auditors' thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr.B.K.Manjunath who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.N.Saiprasad who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr.K.R.Pradeep who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint auditors.

To consider and if thought fit to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**.

"Resolved that M/s.Sagar & Associates, Chartered Accountants, Hyderabad be and is hereby re-appointed statutory Auditors of the Bank to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting, subject to approval of RBI, on such remuneration and reimbursement of out-of-pocket expenses, if any, as may be fixed by the Board of Directors on the recommendation of the Audit Committee of the Board."

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**.

"Resolved that the Board of Directors of the Bank be and is hereby authorised to appoint, in consultation with Statutory Auditors, the Branch Auditors who are qualified to act as Auditors, including Statutory Auditors pursuant to

the provisions of Section 226 of the Companies Act, 1956 for the purpose of audit of the Branches of the Bank and to decide the Branch Offices to be audited by such Branch Auditors and to fix their remuneration and reimbursement of out of pocket expenses incurred, if any in connection with the Audit, based on the recommendation of the Audit Committee of the Board."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**.

"Resolved that the Board of Directors be and is hereby authorized to apply to the Central Government under the Companies (Branch Audit Exemption) Rules, 1961 for exemption from audit of the accounts for the year ending 31.03.2012 of such branch offices of the Bank and in the event of such exemption being not granted in respect of any such branch offices, then the Board of Directors be and is hereby authorized to arrange for audit of such branches which are not exempted."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution, as a **SPECIAL RESOLUTION**:

RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) (including any statutory modification(s) or re-enactment thereof, for the time being in force), and in accordance with the provisions of Memorandum & Articles of Association of the Bank, the Listing Agreement entered into with the Stock Exchanges (Stock Exchanges), the provisions of Securities and Exchange Board of India (SEBI), Foreign Exchange Management Act (FEMA), and any other statutory guidelines/regulations, if any, prescribed by the SEBI, Reserve Bank of India (RBI), the Stock Exchanges, the Government of India (GOI) or any other relevant authority from time to time, to the extent applicable, and subject to such approvals, consents, permissions, and sanctions as may be required and subject to such conditions and modifications as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the Bank (herein after referred to as "Board" which term shall be deemed to include any Committee(s) constituted / to be constituted by the Board to exercise its powers including



the powers conferred by this Resolution), the consent of the Bank be and is hereby accorded to the Board to create, issue, offer and allot, upto 1,50,00,000 Equity Shares of ₹.10/- each or hybrid instruments / securities resulting in, upto 1,50,00,000 Equity shares of ₹.10/- each (including the provisions for reservation on firm and /or competitive basis, of such part of issue and for such categories of persons as may be permitted) in the course of one or more public or private offerings in domestic and/or international market(s), either in the form of Qualified Institutional Placement (QIPs) to Qualified Institutional Buyers (QIBs) and / or Equity Shares through Depository Receipts, including in the form of Global Depository Receipts (GDRs) and /or American Depository Receipts (ADRs) to eligible investors (whether residents and/or non-residents and/or strategic investors and/or institutions/banks and/or incorporated bodies and/or individuals and/or trustees and/or stabilization agents and/or mutual funds and/or venture capital funds, and/or Indian and/ or multi-lateral financial institutions or otherwise, and irrespective of whether or not such investors are members of the Bank, through prospectus and/or letter of offer or circular and /or on public and/or private , such issue and allotment to be made at such time(s) in one or more tranches, at such price or prices, in such manner, on such terms and conditions as the Board, may in its absolute discretion, decide at the time of issue of the aforesaid Securities.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the Mode of Issue viz QIPs, Public Offerings, Private Placements, GDRs, ADRs etc under the respective guidelines and fix the quantum of Issue, terms of the Issue(s), including the class of Investors, to whom the Securities are to be allotted, number of Securities to be allotted in one or more tranches, issue price, face value, premium amount on issue/conversion of Securities etc in respect of each Mode of Issue within the overall limit of 1,50,00,000 Equity Shares of ₹.10/- each, subject to the applicable guidelines for each Mode of Issue.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices etc.

RESOLVED FURTHER THAT the Bank and/or any agency or body or persons authorised by the Board, may issue Equity Shares and/or Depository Receipts representing the underlying Equity Shares in the Capital of the Bank or such

other Securities in negotiable, registered or bearer form (as may be permissible) with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchanges in and/ or outside India).

RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue Equity Shares and/or Depository Receipts shall be as per the applicable guidelines of Securities and Exchange Board of India.

RESOLVED FURTHER THAT the Board be and is hereby authorised to create, issue offer and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities referred to above and as may be necessary in accordance with the terms of the offer, subject to the provisions of Memorandum and Articles of Association of the Bank and shall rank pari passu inter se with the then existing equity shares of the Bank in all respects including as to dividend.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorised on behalf of the Bank, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in this regard in its absolute discretion and deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more Executives of the Bank.

BY ORDER OF THE BOARD

Place : Mumbai

S.VENKATESWARAN

Date : 20.07.2011

Company Secretary

Notes:

1. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, pertaining to the special business contained in Item No.7 to 9 above is annexed herewith.
2. The Additional information pursuant to clause 49 of the listing Agreement entered into with the Stock Exchange in respect of the Directors seeking re-election vide Item No.3, 4 & 5 are detailed in the Explanatory Statement.
3. All documents referred to in Notice are open for inspection at the Registered Office of the Bank on all working days between 11.00 a.m. to 01.00 p.m. upto the date of the Annual General Meeting.



4. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE BANK. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE BANK NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
5. The Register of members and the Share Transfer Books of the Bank will remain closed from **06.09.2011 to 14.09.2011 (both days inclusive)**.
6. Dividend, if declared, will be paid to those members holding physical shares whose names stand on the Register of Members of the Bank as on **14.09.2011** and in case of dematerialized shareholders, to those Beneficial owners whose names stand on the records of the Depositories as at the close of working hours on **05.09.2011**, subject to the provisions of Section 206 A of the Companies Act, 1956.
7. In compliance of SEBI direction to all listed companies to maintain all works relating to share registry - both physical and electronic at single point i.e. either in house or by SEBI Registered "Registrar & Transfer Agent (RTA)", Bank had appointed M/s. Integrated Enterprises (India) Limited, Chennai-600 017 as Share Transfer Agent for both physical and demat segments with effect from 30.01.2003.

Address of Share Transfer Agent:

M/s Integrated Enterprises (India) Limited
II floor, "Kences Towers" No.1 Ramakrishna Street
North Usman Road, T.Nagar, Chennai - 600 017
Ph: 044-28140801/2/3 Fax: 28142479/28143378
Email: lvb@iepindia.com

8. Members are requested to notify any change in their address immediately to Share Transfer Agent and in case their shares are held in demat form, this information should be sent to the concerned Depository Participant.
9. With a view to provide protection against fraudulent encashment of dividend warrants, members holding shares in physical form are requested to provide, if not already provided earlier, their bank account numbers, name and address of the bank and branch, to Share Transfer Agent M/s.Integrated Enterprises (India) Limited, Chennai-600 017 to incorporate the said details on the dividend warrants. Members will appreciate that the bank will not be responsible for any loss arising out of fraudulent encashment of the dividend warrants.

10. Unclaimed Dividends / Refunds (Rights Issue) :

- a) All the shareholders and Beneficial Owners who have not so far encashed / claimed the dividends for the last 7 years i.e. from 2003-2004 to 2009-2010 and also the Rights Issue Refund amount for the year 2005, 2006 & 2009, have to submit the dividend warrant/s or refund order/s if any available with them for revalidation to the

Registrar & Share Transfer Agent, M/s.Integrated Enterprises(India) Ltd., II Floor, "Kences Towers" No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai-600017. However, the dividend for the year 2004-2005 was not declared.

- b) In terms of the Section 205C of the Companies (Amendment) Act, 1999 the dividends / refunds which are unclaimed for a period of seven years have to be transferred to "Investor Education and Protection Fund" maintained with Central Government and the shareholders / Beneficial Owners cannot make any claim for the dividends once the unclaimed dividends are transferred to such Fund.
11. None of the items listed in the Agenda require Postal Ballot.
12. Investors are required to provide a copy of their PAN card for effecting share transfers, transmission & transposition in their favour.
13. Green Initiatives in Corporate Governance - Shareholders are requested to update the e-mail id with your DP who is holding shares in electronic form. In case holding shares in physical from kindly write a letter to our Registrar & Transfer Agent M/s.Integrated Enterprises (India) Ltd., Chennai enable us to send the notice, Audited Financial Statements, Directors' Report, Auditors' Report etc., electronically in future.

Additional information pursuant to Clause 49 of the listing agreement with National Stock Exchange Limited, Mumbai in respect of the Director seeking re-election.

Item No. 3

Mr.B.K.Manjunath, B.Com., FCA is a practicing Chartered Accountant with 22 years of standing and specialized in the areas of Audit, Accountancy, Taxation and Finance. He is occupying the position of Director representing majority sector as per Section 10A (2) (a) of the Banking Regulation Act, 1949. He holds 61130 Equity Shares of the Bank.

None of the Directors except Mr.B.K.Manjunath is concerned or interested in this resolution.

Item No.4

Mr.N.Saiprasad, M.Sc., M.B.A., specialized in textile business for more than a decade; widely travelled in India and abroad; participant in several National & International trade fairs and Textile shows; partner in many firms dealing in exports / wholesale trade in textiles. He has served as a Director of your Bank during the year 1990 to 1998. He holds 106938 Equity Shares of the Bank.

None of the Directors except Mr.N.Saiprasad is concerned or interested in this resolution.

**Item No.5**

Mr.K.R.Pradeep, B.B.M., FCA, is a practicing Chartered Accountant with 27 years of standing and specialized in the areas of Direct Taxes, Consultant, advisor to various group of Industries and Multinational Companies in India. He holds 1927166 Equity Shares of the Bank.

None of the Directors except Mr.K.R.Pradeep is concerned or interested in this resolution.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**Item No.7**

In terms of the Section 228 of the Companies Act, 1956, the Branch Offices of the Bank have to be audited either by Statutory Auditors or other qualified Auditors. Bank intends to entrust the Audit of Branch Offices either to the Statutory Auditors or to other qualified Auditors in consultation with Statutory Auditors on such remuneration and on such terms and conditions as the Board deems fit based on the recommendations of the Audit Committee of the Board.

None of the Directors is concerned or interested in this resolution.

Item No.8

The passing of this resolution is necessary in order to meet the requirement of Section 228(1) of the Companies Act, 1956, under which the accounts of every branch office is required to be audited either by Bank's auditors or by a person qualified to act as Auditors.

The Bank has made satisfactory arrangement for their inspection by responsible and competent officers of the bank.

This resolution is proposed to enable the Board of Directors to seek exemption of such of the branches which are not necessary

for external audit since such branches are covered under the Bank's inspection mechanism.

None of the Directors is concerned or interested in this resolution.

Item No.9

The Bank intends to raise long term funds for its expanding business requirements by issue of securities in the domestic/ international markets.

The proposed resolution at Item No.9 seeks the enabling authorization to the Board of Directors of the Bank, to raise additional long term funds through the issue of Equity Shares in the domestic and/or international markets in one or more tranches, in such form, on such terms, in such manner, at such price and at such time as may be considered appropriate by the Board, to the various categories of investors. In the best interest of the Bank, the above enabling resolution is being proposed to be passed to give adequate flexibility and discretion to the Board to finalize the terms of the issues.

As per the provisions of Section 81(1A) of the Companies Act, 1956 the above proposal requires the approval of members by way of Special Resolution.

The Board of Directors accordingly recommends the resolution set out at Item No.9 of the accompanying notice for the approval of members.

The directors of the bank may be deemed to be concerned or interested in the Resolution to the extent of securities that may be subscribed to by the companies/institutions of which they are directors or members.

BY ORDER OF THE BOARD

S.VENKATESWARAN

Company Secretary

Place : Mumbai

Date : 20.07.2011



DIRECTORS' 84th ANNUAL REPORT

TO THE MEMBERS

The Directors of your Bank have great pleasure in presenting this 84th Annual Report on the business and operations of your Bank together with the Audited Accounts for the year ended 31st March, 2011 (FY 2010-11).

1. FINANCIAL PERFORMANCE

The highlights of the financial performance of your Bank for the year ended 31st March, 2011 are as under:

	(₹ in crores) For the year ended	
	31 st March 2011	31 st March 2010
Total Deposits	11149.51	9075.38
Total Advances	8094.42	6277.50
Investments	3518.85	2983.22
Total Income	1201.85	1012.88
Operating profit	273.86	166.21
Provisions and contingencies	172.72	135.54
Net Profit	101.14	30.67

Your bank registered appreciable growth in business volumes that compares very favourably with the industry average. The Bank attained total business of ₹. 19,243.96 crores in FY 2010-11, a growth of 25.35% over ₹. 15,352.88 crores in FY 2009-10.

Deposits grew 23%, from ₹. 9075.38 crores as at 31st March 2010 to ₹. 11149.51 crores as at 31st March 2011, and total advances expanded by 29%, from ₹. 6277.50 crores to ₹. 8094.42 crores in FY 2010-11. Of this, lending to priority sector rose from ₹. 2142.44 crores in the previous year to ₹. 2635.22 crores as on 31st March 2011. Agricultural advances increased to ₹. 1199.35 crores from ₹. 980.26 crores and advances to weaker section recorded a significant growth from ₹. 569.27 crores to ₹. 735.02 crores.

The Bank's exposures to sensitive sectors including Real Estate and Capital Market were maintained well within the regulatory limits.

2. INVESTMENTS

As at the end of the year under review, the total investments of the Bank stood at ₹. 3518.85 crores as against ₹. 2983.22 crores at 31st March 2010.

Your Bank's Treasury continues to focus on sound Asset-Liability Management and on servicing clients with appropriate treasury products, and was managed well in a systematic way in a challenging year when interest rates kept moving up and liquidity conditions were tight for some part of the year.

3. PROFIT

The Bank has posted a healthy operating profit of ₹. 273.86 crores in FY 2010-11 against ₹. 166.21 crores in the previous year FY 2009-10, an increase of 65%. The net profit for the year, after provisions and taxes, crossed ₹. 100 Crores for the first time in the history of the bank, ending at ₹. 101.14 crores as against ₹. 30.67 crores recorded in the previous year - a growth of 240%.

4. APPROPRIATIONS

Particulars	(₹ in crores) For the year ended	
	31 st March 2011	31 st March 2010
Profit brought forward	0.16	0.28
Amount available for appropriation	101.30	30.96
Transfer to:		
Statutory Reserve	26.00	10.00
Capital Reserve	1.27	0.66
Other Reserve	40.25	12.32
Transfer to Special Reserve u/s 36 (1) (viii) of the IT Act, 1961	5.00	1.00
Proposed Dividend	24.38	5.85
Corporate Dividend Tax	4.15	0.97
Balance of Profit carried forward	0.25	0.16

In FY 2010-11, transfer to Reserves from profits amounted to ₹. 72.52 crores as against ₹. 23.98 crores in FY 2009-10.

5. DIVIDEND

Your Board of Directors are pleased to recommend a dividend of ₹. 2.50 (25%) per share for the year ended 31st March, 2011 as against ₹. 0.60 (6%) per share for previous year ended 31st March, 2010.

6. EPS / BOOK VALUE

Earnings Per Share stood at ₹.10.37 for the year ended 31st March, 2011 as compared to ₹. 4.95 as on 31st March, 2010.

Book Value of the share, after reckoning payment of dividend, has increased to ₹. 83.23 as on 31st March, 2011 as compared to ₹. 75.79 as on 31st March, 2010.

7. NET OWNED FUNDS / CAPITAL ADEQUACY RATIO

Net Owned Funds (NOF) of the Bank increased from ₹. 738.99 crores as at the end of FY 2009-10 to ₹. 811.70 crores as at the end of FY 2010-11, reflecting a growth of 9.83%. During the year, your Bank revalued its fixed assets portfolio of owned properties and transferred an amount of ₹. 80.73 crore to Revaluation Reserve.

As on 31st March, 2011 your Bank's Capital Adequacy Ratio (CAR) stood at 13.19% (Basel-II), well above the regulatory minimum of 9.00%. Without considering the Revaluation Reserve, the CAR would be 12.70%.

The Tier-I and Tier-II components of Capital Adequacy Ratio were comfortable at 10.78% and 2.41% respectively.

8. NON PERFORMING ASSETS (NPA's)

Your bank addressed the challenge of NPAs through structural and process changes led by the Board. Combining strong recovery efforts with tightening of credit processes and monitoring, Gross and Net NPAs were reduced



significantly. Gross NPA to Gross Advance as on 31st March 2011 stands at 1.93% and net NPA at 0.90% corresponding to 5.12% and 4.11% respectively as at 31st March 2010.

The Provision Coverage Ratio stood at 77.17% against the stipulated level of 70% as on 31st March 2011.

In FY 2010-11, provisions against NPAs was ₹. 56.64 Crores as against ₹.119.27 Crores in the previous year. The Board is constantly monitoring the performance of your Bank on the NPA front through frequent reviews aided by technology solutions for identifying NPAs in the system. Credit origination and monitoring skills are being added significantly to strengthen the ongoing efforts to build a strong credit portfolio so that NPAs remain under control and the bank continues to grow consistently and profitably as a significant player.

9. BRANCH AND ATM NETWORK

As mentioned in our previous report, during FY 2010-11, the Bank opened 3 branches, Surat in Gujarat (a second Branch), Punjagutta in Andhra Pradesh and Raipur in Chhattisgarh. The Bank now has 274 branches including one satellite office and 9 Extension counters spread across 15 states and one Union Territory. Your bank has also increased the number of own ATMs for better service to its Retail customers, increasing it from 175 to 274 as on date. More investments are in progress to expand the network of branches and ATMs in FY 2011-12. Besides, for better administration and operational efficiencies, 8 Regional offices have now replaced 4 Zonal offices, of which 6 have already started operations.

10. IMPROVING CUSTOMER SERVICE THROUGH TECHNOLOGY

Your Bank has a robust technology platform extending services that address customer needs across segments. Your Board is now focused on strengthening sales orientation at the branch level and through specific vertical streams to be able to market the capabilities more effectively. The strategy is to be amongst the top banks in the emerging technology products. In FY 2010-11, the emphasis has been on developing alternate channels as a powerful service delivery platform, focused on enhancing customer service. ATM and Mobile banking have become very important tools for your Bank for customer retention as well as acquisition. A string of technology-aided products and services were launched in FY 2010-11, namely:

- Interbank Mobile Payment Services.
- Funds transfer and Ticket Booking through mobile.
- Funds transfer facility in ATMs.
- Fee payment through ATM.
- Secured Intra / Inter Bank Funds transfer with multi factor authentication, in Internet Banking.
- Revamped website with more interactive functionalities / facilities.

Your Board is pleased to note that your Bank is the first Private Sector Bank in South India to launch "Interbank Mobile Payment Services" (IMPS) in association with National Payment Corporation of India (NPCI) and was the tenth bank pan India Bank to launch this facility. Your Bank is also ahead in

commencing the Cheque Truncation System (CTS) at Chennai, an initiative by NPCI.

Investments continue by way of network expansion - opening of branches and more ATMs. FY 2011-2012 could see the number growing to 500 ATMs. Your Bank is also focused on improving customer service at all points of contact, including making the ATM experience delightful for customers through innovation and new ideas. There are also initiatives on safe banking underway to benefit customers who are fast shifting to electronic channels. Through tie ups, our Customers now have the benefit of using over 70,000 ATMs across the country including those of other banks.

Bank has successfully implemented Enterprises Storage solution at its primary and DR site for high availability of critical applications. To ensure Business Continuity and Disaster Recovery regular DR Drills are being conducted.

Your bank's website has been given a new contemporary look to facilitate more features & services to the customers by introducing features like map based search, make an appointment with the bank etc. Technology will be used as an integral tool in the business strategy as we scale up our operations.

11. INTERNATIONAL BUSINESS

During the year, the Bank achieved Foreign Exchange Business turnover of ₹. 4900.58 crores as against ₹. 3462.43 crores during the previous year registering a growth of 41.53%. Lending to export sector however, decreased from ₹. 274.28 crores to ₹. 215.43 crores, FY 2011-12 will see a refreshed approach to service clients on the export front and to substantially increase the Foreign Exchange volumes through better reach of Treasury functions. Your Bank does not have any overseas operations.

12. WEALTH MANAGEMENT / PARABANKING ACTIVITIES

- **Life Insurance:** Bank has entered into a tie-up with LIC of India to solicit Life Insurance policies for our customers. All the products of LIC are available through our branches. Bancassurance tie up has been successfully embedded through training and we see this as a big step in improving fee income.
- **General Insurance:** Bank has tie-up with M/s.Bajaj Allianz General Insurance Company to market the General Insurance products.
- **Mutual Funds & PMS:** The Bank is presently having tie-up with Ten leading Asset Management Companies for promoting various Mutual Fund Schemes. In addition we are promoting Port Folio Management Services (PMS) through UTI Asset Management.
- **Money Transfer through Branch Channels:** In addition to foreign inward remittances arrangement with M/s.Weizmann Forex Ltd. for extending Western Union Money Transfer facility, Bank has tied-up with M/s.UAE Exchange & Financial Services Ltd., for offering Global Money Transfer services through Xpress Money and Moneygram.
- **Money Transfer through Direct Remittances:** Your Bank has tied up with Times Money - Remit 2 India & Al-ahalia for Inward remittance from Abroad which enables the NRIs to remit the amount directly to their account / other residents.



- **PAN Card Services:** Bank has tied-up with M/s.UTI Infrastructure & Technology Services Ltd., (UTIITSL) as PAN Service Agent (PSA) of collecting the PAN application across the country through Branches.
- **Depository Participant Services:** Your Bank has registered as a Depository Participant with NSDL and with necessary regulatory clearances, this product is part of the suite that is offered to our customers. As responsible equity culture spreads, this business will offer a good platform for more value added products.
- **ASBA:** As Bankers to the issue, the Bank can now receive subscriptions under ASBA mode thus enabling the investors to earn interest till allotment of securities.
- **Financial Inclusion :** Your bank has been actively participating in the Financial Inclusion campaign, extending basic banking services to the unorganized sectors of the economy, through Business Facilitator and Business correspondent model. During FY 2011-12, as a part of the policy initiatives of Reserve Bank of India, Business Correspondents have been engaged to implement financial inclusion in 18 allotted villages with population of over 2000 in Tamilnadu, based on this experience, this service will be extended to the 50 allotted villages. In addition, your Bank has opened over 28,000 No Frills Accounts to gradually improve banking penetration through its branches.

Wealth Management opportunities, in the towns your branch traditionally has presence, are significant and these new products are intended to improve the overall customer service and provide exposure to these products.

Even as more and more new products are being made available to the customers, responsible service continues to be imbedded in the Bank's tradition, and your Bank has an effective customer grievance redressal framework as well. Your Bank is committed to treating customers fairly as part of the BCSBI code and the policies and processes are designed to strict adherence, under Board's monitoring.

It will also be a matter of pride to note that your Bank was adjudged the second fastest growing Bank in the small Bank category in the BT-PWC survey in FY 2010-11.

13. RISK

Risk and Return are two sides of the same coin in the activities of any bank. Risk Management is critical in the way modern business is operated because of dynamic business environment to which businesses are exposed. It is not only a requirement under several voluntary codes and statutes, but also makes business sense to identify the probability of not achieving strategic and business goals. Risk management has to be embedded in business processes to ensure that it is being practised and made part of the culture of the organization. With this in mind, the bank has established systems and policies ensuring an ongoing assessment of relevant risk types on an individual basis and in the aggregate as well.

The Board of Directors effectively monitor the risk management. A Board Level Committee oversees the implementation of Credit risk, Market risk and

Operational risk policy prescriptions. The Asset Liability Management Committee (ALCO) looks into the management of Liquidity and Market risks and ensure adherence to prudential limits. At the organizational level, an Integrated Risk Management Department functions at Head Office to identify, measure, monitor and reduce risk; optimize returns and assess the required capital level. Bank has automated the process of Capital Calculation and introduced Base Rate as per RBI Guidelines during this financial year. Bank has a robust credit risk assessment system to ascribe borrower risk grades. This facilitates data collection and analysis for moving towards Advanced Approaches. Bank has in place well defined framework for managing Market Risk. Basic Indicator Approach has been adopted for computation of capital charge for Operational Risk.

The Bank has migrated to Basel II- New Capital Adequacy Framework (NCAF) - from March 2009 and is preparing ICAAP document to assess its inherent risks and capital requirements. Bank uses Stress Testing and Scenario Analysis in various risks as required under Pillar II for enhancing risk assessment and to provide the bank a better understanding of the likely impact even in extreme circumstances. Technology is extensively used in measuring and discussing market risk using statistical tools, including stress testing.

14. INTERNAL CONTROL SYSTEMS

The Bank has put in place well articulated internal control measures in tune with the complexity of business operations, organization's size and supervisory compliance standards. The following Audit & Inspections are carried out:

- Regular Comprehensive transaction based inspection by trained internal inspector of branches.
- Risk Based internal Audit to measure the risk in branches and work out the mitigating techniques.
- Pre-disbursement credit audit.
- Concurrent Audit by Empanelled Chartered Accountant Firms.
- Information System Audit by Specialized and trained inspectors.
- Statutory Audit of branches and Controlling offices by Chartered Accountant Firms in terms of the guidelines of the Reserve Bank of India.

The Audit Committee of the Executives review the inspection of branches carried out by the internal inspectors. The Audit Committee of the Board (ACB) is supervising the entire audit functions of the Bank and the compliance thereof. Budgets are agreed on various parameters including Revenue and Costs, and progress measured for appropriate mid-term corrective measures at the Board Level.

15. HUMAN RESOURCE

As on 31st March, 2011, the total number of employees of the Bank stood at 2626. The employee productivity measured in terms of Business per employee, increased to ₹.7.19 crores from ₹. 5.60 crores in the previous year. Following the 9th Bipartite settlement, significant arrears of salary was paid to employees. Gratuity too has been raised to the substantially revised statutory limit. Bank also offered the Defined Benefit Pension Option as per the All India Settlement signed by the Indian Banks Association on behalf of several banks including your own, with the All India Staff and Officers Unions / Federation, to 1386



eligible employees - both serving and retired. This employee benefit involved a significant investment of ₹. 90 Cr. Industrial relations in the Bank remained cordial during the year and both Staff Union and Officers Association continued to lend significant support to the management's initiatives in improving the productivity.

16. SOCIAL INITIATIVES

Your bank continues its tradition of being active in supporting worthy social causes. In FY 2010-11, your bank had given financial assistance for construction of building to Karur Anbu Karangal, an orphanage. The bank is sponsoring a medical centre at Vengamedu, Karur since 1994 catering to the medical requirements of the needy people under the aegis of Karur Rotary Club. Your bank has lent financial support to the Karnataka Arya Vysya Charitable Trust, Bangalore which extends scholarships to the needy students for their education. The bank has also joined hands with the Isha Foundation, Karur to plant 500 trees in Karur. The renovation work undertaken at the Sri Kadhira Narasinga Perumal Temple has had financial support from your bank. The bank has also provided material support to the orphanage during their visit to theme park, arranged by the Rotary Club of Karur.

Your bank has a policy of being a responsible corporate citizen, at the forefront of environmental and social causes in its areas of operations and this is built into the operational framework.

17. CORPORATE GOVERNANCE

Corporate Governance of the Bank continues to rest on the fundamental pillar of high ethical values, designed to enhance and protect the interest of all the stakeholders. The Bank has complied with the code of corporate governance as enumerated in Clause 49 of the Listing Agreement. All the Directors on the Board have executed deed of covenant and undertaking individually in line with the recommendations of Dr. Ganguly Committee Report.

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis is presented in Annexure-A, Report on Board Committees is furnished in Annexure-B. Composition of the Board of Directors together with the attendance of Directors at various meeting of the Board, its Committees and Annual General Meeting and the number of directorships held by them along with the details of Audit Committee and Share Transfer & Investors' Grievances Committee are furnished in Annexure-C. General Shareholders' information is furnished in Annexure-D.

18. BOARD OF DIRECTORS

Mr.S.Narayan demitted office as the Non-Executive Chairman of the Board on 27.01.2011 on completion of his two year term. Your Board wishes to place on record their sincere appreciation of the valuable services and guidance Mr.S.Narayan rendered during his tenure.

Mr.P.R.Somasundaram was appointed as Managing Director of the Bank with effect from 02.08.2010 for a period of three years as per the approval of Reserve Bank of India and Mr.K.S.R.Anjaneyulu, who functioned as the interim Managing Director from January 2010 has since reverted to his role as

Executive Director of the Bank. The Board places on record their appreciation of the effective role played by Mr.K.S.R.Anjaneyulu as the Managing Director in the interim.

Mr.K.Balaji, Director, resigned from the Board effective 19th July 2011 after having served on the Board for close to 6 years. Your Board wishes to thank Mr.K.Balaji for the advice and support he gave during his tenure.

Mr.B.K.Manjunath, Mr.N.Saiprasad and Mr. K.R.Pradeep are the directors retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Bank confirm that in the preparation of the annual accounts for the year ended March 31, 2011:

- The applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- The accounting policies framed in accordance with the guidelines of the Reserve Bank of India were applied consistently.
- Reasonable and prudent judgment and estimates were made wherever required so as to present a true and fair view of the state of affairs of the Bank as at the end of the financial year and the profit of the Bank for the year ended on March 31, 2011.
- Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of applicable laws governing banks in India; and
- Accounts have been prepared on a 'going concern' basis.

20. STATUTORY DISCLOSURE

1. The provisions of Section 217(1) (e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to your Bank. The Bank has, however, used Information Technology extensively in its operations.
2. The Bank continued to encourage the country's exports and will endeavor to enlarge its export financing.
3. The information required under Section 217(2A) of the Companies Act, 1956 and the rules made there under, is annexed elsewhere in this report.
4. The report on the Corporate Governance is annexed and forms part of this report.

21. FY 2011-12 : OUTLOOK

The Bank will continue its emphasis on consistent profitable growth even as it steps up investments behind improved customer service through a network of new branches and ATMs, refurbishment of existing branches, significant hiring of new talent from Tier 2 towns, training and significant process changes, with outsourcing where relevant. Responsible growth in Advances will be coupled with appropriate de-risking strategies on the portfolio to control NPAs while improving NIM. New products will focus on increasing fee income and



Retail business will be strengthened. Staff productivity will be key to improved profitability and technology-aided products will drive growth. Administrative functions like H.R and Audit will be significantly strengthened. Risk management and strict regulatory compliance will continue to be the platforms on which FY 2011-12 will consolidate the growth platform. The strategy should enable your Bank to rise sharply in the league of private sector Indian banks and reflect good growth in profitability.

22. AUDITORS

The Statutory audit of the Bank was carried out by M/s.Sagar & Associates, Chartered Accountants, Hyderabad whose report is annexed and forms part of this report. The Statutory Central and Branch Auditors have audited all the branches and other offices of the Bank.

Explanation is offered below on the auditors' qualification on Note 1(a) & (b) in Schedule 18 to the audited annual accounts.

Unadjusted items in Inter-Branch accounts adjusted till date have no significant impact on the published accounts. Reconciliation of entries continues to be in progress.

23. ACKNOWLEDGMENT

Your Directors would like to thank the shareholders and customers for their continued goodwill and support. The Board also gratefully acknowledges the guidance and co-operation received from the Reserve Bank of India and other regulatory and government authorities like SEBI, NSE and Department of Income Tax.

Your Directors would also like to express their sincere appreciation of the contribution made by the management and staff including the Staff Union and Officers' Association for their support in delivering a significantly improved performance and look forward to a more evolved relationship as steps are taken to re-orient the bank for the future.

A special word of thanks is recorded here from every member of the Board to the Executive administration and all the employees during the year for crossing the milestone of ₹.100 crores in Net Profit.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 20.07.2011

K.R.Pradeep
Chairman of the Meeting



REPORT OF AUDITORS TO THE MEMBERS
OF
THE LAKSHMI VILAS BANK LIMITED, KARUR

- 1) We have audited the attached Balance Sheet of THE LAKSHMI VILAS BANK LIMITED, KARUR as at 31st March, 2011, the annexed Profit and Loss Account and also the Cash Flow Statement of the bank for the year ended on that date in which are incorporated the returns of 18 Branches, 4 Zonal Offices, Central Processing Cell, Integrated Treasury, Data Centre audited by us and 255 Branches and 6 Service Branches audited by Branch Auditors appointed U/s 228 (4) of the Companies Act, 1956. There are no unaudited branches or other offices. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express our opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Balance Sheet and the Profit & Loss account have been drawn up in accordance with the provisions of section 29 of Banking Regulation Act, 1949 read with section 211 of the Companies Act, 1956, in Form A & B respective of Third Schedule to the Banking Regulation Act, 1949.
4. The reports on the accounts of the Branches audited by Branch Auditors have been dealt with in preparing our report in the manner considered necessary by us.
5. We report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory.
 - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - (c) In our Opinion, proper books of accounts, as required by law, have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the Bank.
 - (d) The Bank's Balance sheet and profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and audited returns from the branches of the bank.
 - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as director in terms of clause (g) of sub – section (1) of section 274 of the Companies Act, 1956.
6. In our opinion, the balance sheet, profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub- section(3c) of section 211 of the Companies Act, 1956 so far as they apply to banks.
7. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with the accounting policies followed by the bank together with the notes thereon and subject to Note No.1(a) & (b) of schedule 18 to the accounts regarding the effect of adjustments arising from reconciliation of inter – branch transactions and tallying of balances in the accounts as per general ledger with those of subsidiary ledgers, the quantum of which is not ascertained, give the information required by the Companies Act, 1956 in the manner so required for banking Companies and on such basis, give a true and fair view.
 - i) In the case of said balance sheet of the state of affairs of the bank as at 31st March 2011;
 - ii) In the case of profit & loss account, profit of the bank for the year ended on that date; and
 - iii) In case of cash flow statement of the cash flow of the bank for the year then endedand are in conformity with the accounting principles generally accepted in India.

For M/s. SAGAR & ASSOCIATES
Chartered Accountants
FRN. 003510S

(B. SRINIVASA RAO)

Partner

M.No.202352

Place : Karur

Date : 19th May 2011

**BALANCE SHEET AS ON 31-MARCH-2011**

(₹. In 000's)

	SCHEDULE	AS AT 31/03/2011	AS AT 31/03/2010
I. CAPITAL & LIABILITIES			
a. Capital	1	97,52,58	97,50,88
b. Reserves & Surplus	2	794,90,91	641,48,86
c. Deposits	3	11149,51,07	9075,37,77
d. Borrowings	4	725,10,70	333,93,49
e. Other Liabilities & Provisions	5	534,13,04	337,96,05
TOTAL ...		13301,18,30	10486,27,05
II. ASSETS			
a. Cash & Balances with Reserve Bank of India	6	943,60,53	750,82,70
b. Balances with Banks and Money at Call & Short Notice	7	82,95,54	82,96,39
c. Investments	8	3518,85,03	2983,22,23
d. Advances	9	8094,42,28	6277,49,52
e. Fixed Assets	10	179,13,14	65,67,07
f. Other Assets	11	482,21,78	326,09,14
TOTAL ...		13301,18,30	10486,27,05
Contingent Liabilities	12	3838,80,53	2360,26,06
Bills for collection		267,81,33	190,89,87
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules 1 to 12 and 17 to 18 form part of this Balance Sheet.

As Per Our Report of Date Annexed

For M/s. **SAGAR & ASSOCIATES**
Chartered Accountants
FRN. 003510S

(B. SRINIVASA RAO)
Partner
M.No.202352

Karur
19th May 2011

P.R. SOMASUNDARAM
Managing Director

M.PALANIAPPAN
Chief Financial Officer

DIRECTORS
K. BALAJI
N. SAIPRASAD
K. RAVINDRAKUMAR
KUSUMA R MUNIRAJU
D.L.N. RAO
K.R. PRADEEP
S.G. PRABHAKHARAN
S. DATTATHREYAN

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-MARCH 2011**

(₹. In 000's)

	SCHEDULE	YEAR ENDED 31/03/2011	YEAR ENDED 31/03/2010
I. INCOME			
a. Interest Earned	13	1064,83,55	909,32,40
b. Other Income	14	137,01,59	103,55,70
TOTAL ...		1201,85,14	1012,88,10
II. EXPENDITURE			
a. Interest Expended	15	699,84,44	660,19,38
b. Operating Expenses	16	228,14,82	186,47,79
c. Provisions & Contingencies		172,72,20	135,54,13
TOTAL ...		1100,71,46	982,21,30
III. NET PROFIT FOR THE YEAR		101,13,68	30,66,80
a. Excess Dividend Provided- Reversed		26	0
b. Profit brought forward		15,63	28,84
TOTAL ...		101,29,57	30,95,64
IV. APPROPRIATIONS			
a. Transfer to Statutory Reserve		26,00,00	10,00,00
b. Transfer to Capital Reserve		1,27,16	66,32
c. Transfer to Other Reserves		40,25,00	12,31,47
d. Transfer to Special Reserve u/s 36(1) (viii) of the IT Act, 1961		5,00,00	1,00,00
e. Proposed Dividend		24,38,15	5,85,05
f. Tax on Proposed Dividend		4,14,36	97,17
g. Balance carried over to Balance Sheet		24,90	15,63
TOTAL ...		101,29,57	30,95,64
Previous year figures are regrouped wherever necessary			
Earnings Per Share - Basic (₹.)		10.37	4.95

Schedules 13 to 16 and 17 to 18 form part of this Profit & Loss Account.

As Per Our Report of Date Annexed

For M/s. **SAGAR & ASSOCIATES**
Chartered Accountants
FRN. 003510S

(**B. SRINIVASA RAO**)
Partner
M.No.202352

Karur
19th May 2011

P.R. SOMASUNDARAM
Managing Director

M.PALANIAPPAN
Chief Financial Officer

DIRECTORS
K. BALAJI
N. SAIPRASAD
K. RAVINDRAKUMAR
KUSUMA R MUNIRAJU
D.L.N. RAO
K.R. PRADEEP
S.G. PRABHAKHARAN
S. DATTATHREYAN



(₹. In 000's)

	AS AT 31/03/2011		AS AT 31/03/2010	
SCHEDULE 1 - CAPITAL				
AUTHORISED CAPITAL				
(15,00,00,000 equity shares of ₹.10/- each)		<u>150,00,00</u>		<u>150,00,00</u>
ISSUED CAPITAL				
(9,83,52,564 equity shares of ₹.10/- each)		<u>98,35,25</u>		<u>98,35,25</u>
Subscribed, Called-up and Paid Up Capital		<u>97,52,58</u>		<u>97,50,88</u>
(9,75,25,840 equity shares of ₹.10/- each)				
i) 9,75,25,840 Paid-up Capital (Previous Year 9,75,08,796)				
ii) 1,26,41,186 Bonus Shares allotted (Previous Year 1,26,41,136)				
iii) Shares kept in abeyance 8,03,066 (Previous Year 8,20,110) - Released Bonus Shares 50 & Rights Shares 16,994 during the year 2010-2011				
iv) Shares Forfeited and lapsed 23,658 so far (Previous Year 23,658 shares)		<u>97,52,58</u>		<u>97,50,88</u>
SCHEDULE 2 - RESERVES & SURPLUS				
I. STATUTORY RESERVE				
Opening Balance	240,90,46		230,90,46	
Additions during the year				
Transfer from current year's Profit	<u>26,00,00</u>	266,90,46	<u>10,00,00</u>	240,90,46
II. CAPITAL RESERVE				
Opening Balance	46,60,71		45,94,39	
Additions during the year	<u>1,27,16</u>	47,87,87	<u>66,32</u>	46,60,71
III. SHARE PREMIUM				
Opening Balance	330,34,41		117,64,10	
Additions during the year	<u>7,47</u>		<u>214,41,85</u>	
	330,41,88		332,05,95	
Deductions during the year		330,41,88	<u>1,71,54</u>	330,34,41
IV. REVENUE & OTHER RESERVES				
Opening Balance	20,32,65		8,01,18	
Additions during the year	<u>40,25,00</u>		<u>12,31,47</u>	
	60,57,65		20,32,65	
Deductions during the year	<u>0</u>	60,57,65	<u>0</u>	20,32,65
V. Special Reserve u/s 36(1)(viii) of IT Act, 1961				
Opening Balance	3,15,00		2,15,00	
Additions during the year	<u>5,00,00</u>	8,15,00	<u>1,00,00</u>	3,15,00
VI. Revaluation Reserve				
Opening Balance	0		0	
Additions during the year	<u>81,50,52</u>		<u>0</u>	
Depreciation on Revalued Assets	<u>77,37</u>	80,73,15	<u>0</u>	
VII. BALANCE IN PROFIT & LOSS ACCOUNT		<u>24,90</u>		<u>15,63</u>
		<u>794,90,91</u>		<u>641,48,86</u>



(₹. In 000's)

	AS AT 31/03/2011		AS AT 31/03/2010	
SCHEDULE 3 - DEPOSITS				
A. I. DEMAND DEPOSITS				
1. From Banks	4,92,91		4,13,83	
2. From Others	830,43,94	835,36,85	624,38,87	628,52,70
II. SAVINGS BANK DEPOSITS		1262,08,01		1025,03,74
III. TERM DEPOSITS				
1. From Banks	443,55,00		262,25,00	
2. From Others	8608,51,21	9052,06,21	7159,56,33	7421,81,33
		11149,51,07		9075,37,77
B. (I). DEPOSITS OF BRANCHES IN INDIA		11149,51,07		9075,37,77
(II). DEPOSITS OF BRANCHES OUTSIDE INDIA		NIL		NIL
		11149,51,07		9075,37,77
SCHEDULE 4 - BORROWINGS				
I. BORROWINGS IN INDIA				
1. Reserve Bank of India	0		0	
2. Other Banks	450,00,00		51,40,00	
3. Other Institutions & Agencies*	275,10,70	725,10,70	282,53,49	333,93,49
II. BORROWINGS OUTSIDE INDIA		0		0
		725,10,70		333,93,49
* Includes unsecured Tier II bonds of ₹.140.00 Crs (Previous year ₹.170.00 Crs)				
SECURED BORROWINGS		0		0
INCLUDED IN I & II ABOVE				
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I. Bills payable		65,94,69		79,19,08
II. Inter-office adjustments (net)		0		0
III. Interest accrued		114,18,86		87,41,74
IV. (i) Others - (including Provisions)		295,21,89		147,15,23
(ii) Contingent Provisions against Standard Assets		30,73,00		24,20,00
(ii) Deferred Tax Liabilities		28,04,60		0
		534,13,04		337,96,05
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
Cash in Hand (including foreign Currency Notes)		143,54,98		83,74,62
Balances with Reserve Bank of India				
i) in current account		800,05,55		667,08,08
ii) in other accounts		0		0
		943,60,53		750,82,70



(₹. In 000's)

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE		
I. IN INDIA		
[i] Balance with Banks		
a. in current accounts	20,83,62	11,29,65
b. in other deposit accounts	21,24	15,00
	<u>21,04,86</u>	<u>11,44,65</u>
[ii] Money at call and short notice		
a. with banks	45,00,00	50,00,00
b. with other institutions	0	0
TOTAL	<u>66,04,86</u>	<u>61,44,65</u>
II. OUTSIDE INDIA		
[i] Balance with Banks		
a. in current accounts	16,90,68	19,49,79
b. in other accounts	0	2,01,95
	<u>16,90,68</u>	<u>21,51,74</u>
TOTAL	<u>82,95,54</u>	<u>82,96,39</u>
SCHEDULE 8 - INVESTMENTS		
I. INVESTMENTS IN INDIA		
I. Government Securities [incl. treasury bills & zero coupon bonds]	2969,58,59	2579,96,68
II. Other approved securities	6,55,16	7,53,96
III. Shares	13,87,24	13,00,76
IV. Debentures & Bonds	179,71,87	57,38,39
V. Subsidiaries and Joint Ventures	0	0
VI. Others [including Commercial Paper, Mutual Funds, NSC, Paper, Mutual Security Receipt, Units, etc.]	349,12,17	325,32,44
TOTAL	<u>3518,85,03</u>	<u>2983,22,23</u>
GROSS INVESTMENTS IN INDIA	3544,05,30	3009,80,56
LESS : DEPRECIATION	25,20,27	26,58,33
NET INVESTMENTS IN INDIA	<u>3518,85,03</u>	<u>2983,22,23</u>
II. INVESTMENTS OUTSIDE INDIA	NIL	NIL
TOTAL	<u>3518,85,03</u>	<u>2983,22,23</u>



(₹. In 000's)

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE 9 - ADVANCES		
A. I. Bills purchased & discounted	404,44,62	407,60,29
II. Cash credits, overdrafts & loans repayable on demand	4489,53,10	3197,69,65
III. Term loans	3200,44,56	2672,19,58
	<u>8094,42,28</u>	<u>6277,49,52</u>
B. PARTICULARS OF ADVANCES		
I. Secured by tangible assets [incl. advances against Book Debts]	6663,31,10	5659,90,22
II. Covered by Bank / Govt. Guarantees	228,18,79	77,28,36
III. Unsecured	1202,92,39	540,30,94
	<u>8094,42,28</u>	<u>6277,49,52</u>
C. SECTORAL CLASSIFICATION OF ADVANCES		
I. Priority Sector	2890,27,77	2142,43,55
II. Public Sector	20,06,31	13,06,33
III. Banks	11,91	26,00
IV. Others	5183,96,29	4121,73,64
	<u>8094,42,28</u>	<u>6277,49,52</u>
SCHEDULE 10 - FIXED ASSETS		
I. PREMISES		
At Revaluation Value	105,92,61	23,42,64 **
Additions during the year	30,75,93	1,05,45
	<u>136,68,54</u>	<u>24,48,09</u>
Deductions during the year	0	6,00
	<u>136,68,54</u>	<u>24,42,09</u>
Depreciation to date	10,90,15	9,51,16
** Land and Building at cost	125,78,39	14,90,93
II. OTHER FIXED ASSETS (INCLUDING FURNITURE & FIXTURES)		
At Cost	139,27,46	111,27,58
Additions during the year	22,45,10	28,26,23
	<u>161,72,56</u>	<u>139,53,81</u>
Deductions during the year	26,61	26,35
	<u>161,45,95</u>	<u>139,27,46</u>
Depreciation to date	108,11,20	88,51,32
	<u>53,34,75</u>	<u>50,76,14</u>
	<u>179,13,14</u>	<u>65,67,07</u>
SCHEDULE 11 - OTHER ASSETS		
I. Inter-Office Adjustments (net)	15,65,57	10,57,67
II. Interest Accrued	56,68,83	43,99,85
III. Tax Paid in Advance and Tax Deducted at Source	250,85,08	227,78,70
IV. Deferred Tax Asset	31,10,23	10,55,64
V. Stationery & Stamps	1,67,30	1,46,47
VI. Non Banking Assets acquired in satisfaction of claims	5,15,23	5,15,23
VII. Others	121,09,54	26,55,58
	<u>482,21,78</u>	<u>326,09,14</u>



(₹. In 000's)

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	214,90,48	178,41,85
II. Liability for partly paid Investments	0	0
III. Liability on account of outstanding forward exchange contracts	2055,91,52	1013,93,13
IV. Guarantees given on behalf of constituents		
in India	427,51,67	325,20,62
outside India	49,06	19,40
V. Acceptances, Endorsements & Other Obligations	1139,97,80	842,51,06
VI. Other items for which the Bank is contingently liable	0	0
	3838,80,53	2360,26,06
SCHEDULE 13 - INTEREST EARNED		
I. Interest / discount on advances / bills	833,88,02	720,24,66
II. Income on Investments	229,75,19	182,81,40
III. Interest on balance with Reserve Bank of India & other inter-bank Funds	1,20,34	6,26,34
	1064,83,55	909,32,40
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange and Brokerage	71,84,86	54,56,08
II. Profit on sale of Investments	18,81,10	15,24,70
Less: Loss on sale of Investments	10,38,65	8,42,45
III. Profit on sale of land, Buildings & Other Assets	17,91	24,48
Less: Loss on sale of land, Buildings & Other Assets	8,77	9,14
IV. Profit on Exchange Transactions	10,97,37	9,07,90
Less: Loss on Exchange Transactions	0	0
V. Income earned by way of Dividends from Companies in India	60,33	1,02,34
VI. Miscellaneous Income	45,07,44	26,56,76
	137,01,59	103,55,70
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	666,18,81	646,40,74
II. Interest on Reserve Bank of India / Inter-Bank Borrowings	33,65,63	13,78,64
TOTAL . . .	699,84,44	660,19,38



(₹. In 000's)

	Year ended 31/03/2011	Year ended 31/03/2010
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and Provision for Employees	116,29,75	92,46,78
II. Rent, Taxes & Lighting	22,32,97	16,97,22
III. Printing & Stationery	2,15,44	1,76,03
IV. Advertisement & Publicity	4,22,69	1,78,37
V. Depreciation on Bank's Property	20,21,50	17,30,24
VI. Director's fees, allowances	60,00	67,05
VII. Auditors' fees & Expenses (incl. Branch Auditors)	70,35	34,58
VIII. Law Charges	93,25	47,15
IX. Postage, Telegrams, Telephones, etc.,	5,85,49	6,37,23
X. Repairs & Maintenance	1,18,56	96,03
XI. Insurance	9,49,27	7,98,49
XII. Other Expenditure	44,15,55	39,38,62
TOTAL . . .	228,14,82	186,47,79



SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING:

The financial statements have been prepared in accordance with the historical cost convention except where otherwise stated and conform to the statutory provisions and practices prevailing within the banking industry in India and the guidelines / instructions of Reserve Bank of India issued from time to time.

2. TRANSACTIONS INVOLVING FOREIGN EXCHANGE:

- (a) Foreign Currency Assets and Liabilities have been translated at the exchange rates prevailing at the close of the year as per the guidelines issued by FEDAI. The resultant profit or loss is accounted for.
- (b) Income and Expenditure in foreign currency are translated at the exchange rates prevailing on the date of the respective transaction.
- (c) Forward Exchange Contracts:

In accordance with the guidelines of FEDAI and the provisions of AS-11, outstanding forward exchange contracts in each currency are revalued at the Balance Sheet date at the corresponding forward rates for the residual maturity of the contract. The difference between revalued amount and the contracted amount is recognized as profit or loss, as the case may be.

- (d) Contingent liabilities on guarantees, letters of credit, acceptances and endorsements are reported at the rates prevailing on the Balance Sheet date.

3. INVESTMENTS

Investments are categorized under the heads 'Held to Maturity', Available for Sale, and 'Held For Trading' and are valued category wise, in accordance with the guidelines of the Reserve Bank of India.

4. ADVANCES

- 4.1 In accordance with the prudential norms issued by RBI:

- (i) Advances are classified into standard, sub-standard, doubtful and loss assets borrower-wise;
- (ii) Provisions are made for loan losses, and
- (iii) General provision for standard advances is made.

- 4.2 Advances disclosed are net of provisions made for non-performing assets, ECGC claims settled, part recovery towards NPA accounts receipts under sundries, and provision made for sacrifice of interest/diminution in the value of restructured advances measured in present value terms as per RBI guidelines.

5. FIXED ASSETS AND DEPRECIATION :

- (a) Fixed assets (Premises portfolio) have been revalued during the year and accounted at their revalued cost. Fixed Assets other than premises portfolio have been accounted for at their historical cost.
- (b) Depreciation on assets other than computers has been provided for on the diminishing balance method at the rates specified in Schedule XIV to the Companies Act, 1956.
- (c) Depreciation on computers has been provided for on straight-line method at the rate of 33.33% as per the guidelines issued by the Reserve Bank of India.
- (d) Operating Software, which is an integral part of hardware, is capitalized and depreciation is provided for at the rate of 33.33% on straight-line method.
- (e) For premises, in which land cost and construction cost could not be ascertained separately, depreciation is provided for on the total cost.

6. EMPLOYEE BENEFITS:

- (a) Annual contribution to the approved Employees' Gratuity Fund, approved Pension Fund and provision for Leave Encashment including Sick leave Benefits have been made on actuarial basis. Contribution to Provident Fund is accounted for on actual basis.

- (b) The effect of transitional liability till 31.03.2007 as required by Revised AS 15 has been recognised as an expense on straight line basis over a period of five years.

- (c) Consequent to reopening of pension option to Employees and enhancement in Gratuity limits, the additional liability have been amortised over a period of 5 years and 1/5th of the additional liability have been charged to the current year Profit & loss account vide RBI circular DBOD. No. BP.BC.15896/21.04.018/2010-11 dated 08.04.2011.

7. PROVISION FOR TAXATION:

Provision for taxation is made on the basis of the estimated tax liability with adjustment for deferred tax in terms of the Accounting Standard 22 (Accounting for Taxes on Income) formulated by the Institute of Chartered Accountants of India.

8. REVENUE RECOGNITION:

- (a) Income and expenditure are accounted for on accrual basis.
- (b) The following items of income are recognized on realization basis, owing to the significant uncertainty in collection thereof:
 - (i) Interest on non-performing advances, including overdue bills and dividend income on investments.
 - (ii) Interest on non-performing investments.
 - (iii) Interest on tax refund from Income Tax Department based on Assessment/appeals concluded before the end of financial year.

9. NET PROFIT:

The net profit as per the Profit & Loss account is arrived at after necessary provisions towards: –

- (a) Taxation.
- (b) Advances and other assets.
- (c) Shortfall in the value of investments
- (d) Staff Retirement benefits including revision in wages, reopening of Pension option and enhancement in Gratuity ceiling.
- (e) Other usual and necessary provisions.

10. ACCOUNTING STANDARDS

Accounting Standards as specified in section 211(3C) of the Companies Act 1956, to the extent they are applicable to Banking Companies and as per directions issued by the RBI from time to time, have been followed.

11. SEGMENT INFORMATION:

The reportable business segments have been classified in accordance with the guidelines issued by Reserve Bank of India. The directly attributable income and assets are considered under respective segments and the other income; expenses, other assets & liabilities are considered on appropriate basis.

12. EARNING PER SHARE:

Basic and Diluted earnings per equity share are reported in accordance with the Accounting Standard 20 "Earnings per share" issued by the Institute of Chartered Accountants of India. Basic earnings per equity share are computed by dividing net profit by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

As per the Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realised.


SCHEDULE 18
NOTES ON ACCOUNTS

1. (a) The reconciliation of inter branch transactions and tallying of balances in the accounts as per general ledger with those of subsidiary ledgers is in progress. The impact of the above, if any, on the financial results for the year ended 31st March 2011, in the opinion of the management, is not material.
- (b) In a few branches, tallying of the balances in the accounts as per General Ledger with those of subsidiary ledgers/registers/schedules is in progress. The effect of this on the profit of the Bank is not ascertainable.
2. (a) Provision for income tax for the year is arrived at after due consideration of the various favourable judicial decisions on disputed issues.
- (b) The disputed Income Tax demand outstanding as on 31.03.2011 amounts to ₹204.59 crores (previous years ₹175.71 crores) and is included under Item I of Schedule 12 (Contingent Liabilities). No provision is considered necessary in respect of the disputed liabilities in view of favourable decision by various appellate authorities on similar issues.

3. DISCLOSURE REQUIREMENTS
3.1 Capital (₹. in Crore)

Items	2010-11	2009-10
i) CRAR (%)		
(Basel I)	12.09	14.21
(Basel II)	13.19	14.82
ii) CRAR - Tier I capital (%)		
(Basel I)	9.88	11.52
(Basel II)	10.78	12.01
iii) CRAR - Tier II Capital (%)		
(Basel I)	2.21	2.69
(Basel II)	2.41	2.81
iv) Percentage of the shareholding of the Government of India in Nationalised Bank	NIL	NIL
v) Amount raised by issue of IPDI	NA	NA
vi) Amount raised by issue of Tier-II Instruments	0.00	170.00

(₹. in crores)

Raised during the year	Nature	Amount	Reckoned for the purpose of CRAR computation (as per RBI guidelines)
2003-04	Lower Tier II	10	--
2006-07	Lower Tier II	30	30
2009-10	Lower Tier II	100	80

3.2.4. Non-SLR Investment Portfolio
i) Issuer composition of Non SLR investments

(₹. In crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	1.73	1.66	--	--	--
(ii)	FIs	31.54	20.00	--	--	--
(iii)	Banks	178.73	27.20	--	--	--
(iv)	Private Corporate	174.15	54.09	11.59	11.59	11.59
(v)	Subsidiaries/ Joint Ventures	--	--	--	--	--
(vi)	Others*	167.29	--	--	--	--
(vii)	Less: Provision held towards depreciation	10.74	--	--	--	--
	Total	542.70	102.95	11.59	11.59	11.59

* Others includes RIDF investments of ₹ 67.66 crores and Mutual Fund of ₹ 33.36 crores, and ARCs security receipts of ₹ 66.27 crores

3.2.1. In respect of securities held under HTM category premium of ₹3.19 crores (previous year ₹3.39 crores) has been amortized during the year and debited under interest received on Government Securities.

3.2.2 Investments

(₹. In crore)

Particulars	2010-11	2009-10
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	3544.05	3009.81
(b) Outside India	NIL	NIL
(ii) Provisions for Depreciation		
(a) In India	25.20	26.59
(b) Outside India	NIL	NIL
(iii) Net Value of Investments		
(a) In India	3518.85	2983.22
(b) Outside India	NIL	NIL
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	26.59	26.66
(ii) Add: Provisions made during the year	10.69	4.61
(iii) Less: Write-off/ write-back of excess provisions during the year	12.08	4.68
(iv) Closing balance	25.20	26.59

3.2.3 Repo Transactions (In face value terms)

(₹. In crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding As on March 31, 2011
Securities sold under repo				
I. Government Securities	20.00 (24.99)	200.00 (94.50)	30.85 (22.22)	Nil
II. Corporate debt Securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
I. Government Securities	10.00 (5.25)	315.00 (157.50)	7.08 (19.64)	Nil (42.00)
II. Corporate debt Securities	Nil	Nil	Nil	Nil

(Figure in bracket indicates in Previous Year)


ii) Non-performing Non-SLR investments

(₹. In crore)

Particulars	2010-11
(i) Net NPAs to Net Investment (%)	--
(ii) Movement of NPAs (Gross)	
Opening balance	7.82
Additions during the year since 1st April 2010	--
Reductions during the above period	--
Closing balance	7.82
(iii) Movement of Net NPAs	--
Opening balance	--
Additions during the year since 1st April 2010	--
Reductions during the above period	--
Closing balance	--
(iv) Movement of provision for NPAs	
Opening balance	6.82
Additions during the year since 1st April 2010	--
Reductions during the above period	0.05
Closing balance	6.77*

*An amount of ₹. 1.05 crores was received towards part settlement and the same is parked under sundries account.

3.3 Derivatives
3.3.1 Forward Rate Agreement/ Interest Rate Swap

(₹. In crore)

	Particulars	2010-11	2009-10
i)	The notional principle of swap agreements	NIL	NIL
ii)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	NIL	NIL
iii)	Collateral required by the bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	NIL	NIL
v)	The fair value of the swap book	NIL	NIL

3.3.2 Exchange Traded Interest Rate Derivatives:

(₹. in Crore)

S.No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (Instrument-wise)	NIL
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2011 (Instrument-wise)	NIL
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (Instrument-wise)	NIL
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (Instrument-wise)	NIL

3.3.3 Disclosures on risk exposure in derivatives
Qualitative Disclosure

The Bank does not have exposure in derivatives. Therefore the qualitative disclosure on risk exposure in derivatives is "Not Applicable".

Quantitative Disclosures

(₹. In Crore)

Sl.No	Particulars	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)	NA	NA
	a) For hedging	NA	NA
	b) For trading	NA	NA
(ii)	Marked to Market Positions [1]	NA	NA
	a) Asset (+)	NA	NA
	b) Liability (-)	NA	NA
(iii)	Credit Exposure [2]	NA	NA
(iv)	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	NA	NA
	b) on trading derivatives	NA	NA
(v)	Maximum and Minimum of 100*PV01 observed during the year		
	a) on hedging	NA	NA
	b) on trading	NA	NA

3.3.4 Shifting of securities:

For the year ended 31-03-2011, Bank has shifted securities amounting to ₹.96.32 crores (Face Value) (Previous year ₹.291.50 crores Face Value) from HTM to AFS category and loss has arose on account of such transfer amounting to ₹. 0.12 crores has been provided during the year. Further Bank has shifted securities amounting to ₹.226.66 crores (Face Value)(Previous year ₹.92.93 crores Face Value) from AFS to HTM category and loss which arose on such transfer amounted to ₹.11.96 crores which has been provided during the year. Total loss on account of shifting of securities is ₹. 12.08 crores during the year.

3.3.5 SLR Securities

(₹. In Crore)

	As at 31.03.2011		As at 31.03.2010	
Particulars	Book Value	Market Value	Book Value	Market Value
Government Securities	2984.02	2867.50	2593.25	2503.88
SLR (CG,SG, TB)				
Approved securities - SLR	6.59	6.55	7.54	7.71

3.4 Asset Quality
3.4.1 Non-Performing Asset

(₹. In Crore)

Particulars	2010-11	2009-10
(i) Net NPAs to Net Advances (%)	0.90%	4.11%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	325.17	144.05
(b) Additions during the year	137.54	389.30
(c) Reductions during the year	304.92	208.18
(d) Closing balance	157.79	325.17
(iii) Movement of Net NPAs		
(a) Opening balance	257.78	64.85
(b) Additions during the year	123.69	327.98
(c) Reductions during the year	308.59	135.05
(d) Closing balance	72.88	257.78
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	60.73	73.95
(b) Provisions made during the year	56.64	119.27
(c) Write-off/ write-back of excess provisions	83.09	132.49
(d) Closing balance	34.28	60.73

The provision coverage ratio of the Bank as on 31.03.2011 is 77.17%



3.4.2 Particulars of Accounts Restructured

In accordance with the option given by the Reserve Bank of India, the Bank has made provision at 5% of the total dues to the Bank in respect of diminution in the fair value of restructured advances where the total dues to the Bank is less than rupees one crore. The auditors have relied on the data provided by the management in regard to the compliance of Reserve Bank of India circulars on full implementation of the restructuring packages in respect of the said restructured advances.

(₹. in crore)

		CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured	No. of Borrowers	2	NIL	50
	Amount Outstanding	14.48	NIL	302.00
	Sacrifice (Diminution in the fair value)	2.00	NIL	6.33
Sub standard advances restructured	No. of Borrowers	NIL	NIL	14
	Amount Outstanding	NIL	NIL	0.27
	Sacrifice (Diminution in the fair value)	NIL	NIL	0.01
Doubtful advances restructured	No. of Borrowers	NIL	1	31
	Amount Outstanding	NIL	4.61	11.46
	Sacrifice (Diminution in the fair value)	NIL	0.45	0.57
TOTAL	No. of Borrowers	2	1	95
	Amount Outstanding	14.48	4.61	313.73
	Sacrifice (Diminution in the fair value)	2.00	0.45	6.91

3.4.3 Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction

(₹. in crore)

Particulars	2010-11	2009-10
(i) No. of accounts	7	1
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	186.41	NIL
(iii) Aggregate consideration	87.79	6.35
(iv) Additional consideration realized in respect of accounts transferred in earlier years	0.00	NIL
(v) Aggregate loss over net book value.	98.62	NIL

3.4.4. Details of non-performing financial assets purchased / sold

A.Details of non-performing financial assets purchased:

(₹. in Crore)

Particulars	2010-11	2009-10
1 (a) No. of accounts purchased during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL
2 (a) Of these, number of accounts restructured during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL

B. Details of non-performing financial assets sold:

(₹. in Crore)

Particulars	2010-11	2009-10
1. No. of accounts sold	7	NIL
2. Aggregate outstanding	186.41	NIL
3. Aggregate consideration received	87.79	NIL

3.4.5 Provisions on Standard Assets

(₹. in Crore)

Particulars	2010-11	2009-10
Provisions towards Standard Assets	30.73	24.20

3.5. Business Ratios

Particulars	2010-11	2009-10
(i) Interest Income as a percentage to Working Funds	9.63	9.66
(ii) Non-interest income as a percentage to Working Funds	1.24	1.10
(iii) Operating Profit as a percentage to Working Funds	2.48	1.77
(iv) Return on Assets	0.91	0.33
(v) Business (Deposits plus advances) per employee (₹. in Crs)	7.19	5.60
(vi) Profit per employee (₹.in lakhs)	3.85	1.13



3.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹. in crore)

Items	1Day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & up to 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	131.11 (72.89)	183.99 (98.54)	95.17 (127.16)	299.44 (216.92)	994.67 (1050.82)	1200.73 (925.13)	2487.02 (1540.36)	3459.01 (3133.68)	409.02 (341.81)	1889.36 (1568.07)	11149.51 (9075.38)
Advances (Net)	29.83 (30.37)	141.50 (38.65)	119.43 (117.71)	185.53 (146.87)	727.73 (530.17)	795.73 (748.14)	906.18 (672.56)	3910.21 (2682.42)	452.95 (487.08)	775.33 (823.53)	8094.42 (6277.50)
Investments (Net)	29.00 (54.79)	106.15 (106.92)	48.18 (59.89)	79.79 (19.44)	34.24 (31.20)	63.74 (0.15)	40.88 (24.88)	149.04 (120.78)	338.95 (236.03)	2628.87 (2329.14)	3518.85 (2983.22)
Borrowings	0.00 (0.00)	0.00 (0.00)	10.00 (0.00)	0.00 (0.00)	0.00 (50.00)	0.11 (1.70)	435.00 (37.69)	150.00 (114.54)	100.00 (0.00)	30.00 (130.00)	725.11 (333.93)
Foreign Currency assets	25.73 (5.18)	0.00 (0.00)	0.33 (0.00)	0.00 (0.17)	9.81 (12.46)	3.14 (10.98)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	39.01 (28.79)
Foreign Currency liabilities	27.88 (29.37)	0.00 (0.01)	0.59 (0.56)	0.00 (0.27)	1.41 (1.84)	2.52 (1.99)	1.82 (2.85)	4.77 (7.36)	0.49 (0.00)	0.00 (0.87)	39.48 (45.12)

Figures in brackets indicates in previous year)

The above data has been compiled on the basis of the guidelines of RBI which have been relied upon by Auditors

3.7 Exposures

3.7.1 Exposure to Real Estate Sector

(₹. in crore)

Category	2010-11	2009-10
a) Direct exposure		
(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans eligible for inclusion in priority sector advances may be shown separately)	181.80	156.13
(ii) Commercial Real Estate: Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	338.19	224.41
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
(a) Residential	0.00	0.00
(b) Commercial Real Estate	0.00	0.00
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	99.09	51.33
Total Exposure to Real Estate Sector	619.08	431.87

3.7.2 Exposure to Capital Market

(₹. in crore)

Particulars	2010-11	2009-10
(i) Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	21.18	28.17

3.7.2 Exposure to Capital Market (Contd.)

(₹. in crore)

Particulars	2010-11	2009-10
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investments in shares (including IPOs/ESOPS), convertible bonds, convertible debentures and units of equity oriented mutual funds.	5.24	4.47
(iii) Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	27.01	26.88
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	56.12	86.01
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
(vii) Bridge loans to companies against expected equity flows/issues;	NIL	NIL
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	NIL	NIL
(ix) Financing to stockbrokers for margin trading;	NIL	NIL
(x) All exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL
Total Exposure to Capital Market	109.55	145.53

The exposure to capital market of ₹.109.55 crore is within the limit of ₹.289.68 crore (i.e. 40% of Bank's Net Worth ₹.724.19 crore as on 31.03.2010). The direct exposure to capital market is ₹.21.18 crore and is within 20% of bank's Net Worth amounting to ₹. 144.84 crore (i.e. 20% of Banks Net Worth ₹.724.19 crores) as on 31.03.2010.


3.7.3 Risk Category wise Country Exposure (As complied by Management)

(₹ in crore)

Risk Category	Exposure (net) as at 31.3.2011	Provision held as at 31.3.2011	Exposure (net) as at 31.3.2010	Provision held as at 31.3.2010
Insignificant	50.65	NIL	96.32	NIL
Low	61.43	NIL	97.89	NIL
Moderate	5.94	NIL	5.57	NIL
High	0.52	NIL	2.12	NIL
Very High	0.00	NIL	0.00	NIL
Restricted	0.00	NIL	0.00	NIL
Off-credit	0.00	NIL	0.00	NIL
Total	118.54	NIL	201.90	NIL

3.7.4 Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the bank. (As complied by management)

- A. SBL exceeded by the Bank for the period 01.04.10 to 31.03.2011 NIL
- B. GBL exceeded by the Bank for the period from 01.04.2010 to 31.03.2011 NIL

3.7.5. Unsecured Advances (Amount of Advances for which, intangible securities has been taken)

(₹. In crores)

The total amount of Advances for which intangible Securities such as charge over the rights, licenses, Authority, etc. has been taken.	113.86
Estimated value of such intangible collaterals	401.36

3.7.6 Letter of Comforts issued by the bank (As complied by management)

Letter of comfort issued in earlier years and outstanding as on 01.04.10	NIL
ADD: Letter of comfort issued during the year	NIL
LESS: Letter of comfort expired during the year	NIL
Letter of comforts outstanding as on 31.03.2011	NIL

3.8 Miscellaneous
3.8.1 Amount of Provisions made for Income-tax during the year:

(₹. in crore)

Particulars	2010-11	2009-10
Provision for Income Tax	15.50	4.64
Provision for Deferred Tax (net)	7.50	0.55

3.8.2 Disclosure of Penalties imposed by RBI

No penalties were imposed by Reserve Bank of India during the year.

3.9. Disclosure in terms of Accounting Standards:
Accounting Standard 15 - Employee benefits

Payments to and provision for employees include provision made during the year towards pension, gratuity and leave encashment etc in accordance with Revised Accounting Standard AS-15.

Retirement benefits to employees

- a) The effect of transitional liability till 31.03.07 as required by the accounting standard has been recognized as an expense on straight line basis over a period of five years pursuant to limited revision of standard on 17.10.07. Accordingly an amount of ₹.3.96 crores has been charged to Profit & loss Account for the year ended 31.03.11 being 1/5th of the transitional liability. An amount of ₹.3.96 crores is being carried forward to be charged to profit and loss account in the next one year.
- b) The summarized position of Post employment benefits and long term employee benefits recognized in the profit and loss account and balance sheet as required in accordance with the **Accounting Standard - 15 (Revised)** are as under:

I) Principal Actuarial Assumptions at the Balance Sheet Date

(Expressed as weighted Averages)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Discount Rate	8.50%	8.50%	8.50%
Salary Escalation Rate	3.72%	3.72%	3.72%
Attrition Rate	4.00%	4.00%	4.00%
Expected Rate of return on Plan Assets	8.59%	8.59%	0.00%


II) Change in the Present value of obligations:

(₹. in lacs)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Present Value of obligations as at the beginning of the year	3173	2482	2214
Interest Cost	234	182	170
Current Service Cost	234	2615	109
Past service cost (non-vested benefits)	0	0	0
Past service cost (vested benefits)	1532	14950	0
Benefits Paid	(503)	(417)	(190)
Actuarial (gain) /loss on obligation (balancing figure)	360	733	21
Present Value of obligations as at the year end	5030	20545	2324

III) Change in Fair Value of Plan Asset

(₹. in lacs)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Fair Value of Plan Assets at the beginning of the year	2929	1679	0
Expected return on Plan Assets	248	549	0
Contributions	359	9731	190
Benefits Paid	(503)	(417)	(190)
Actuarial (gain)/loss on plan assets (balancing figure)	33	(337)	0
Fair Value of Plan Asset at the end of the year	3066	11205	0

IV) Actual Return on Plan Assets

(₹. in lacs)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Expected return on plan assets	248	549	0
Actuarial gain/(loss) on plan assets	33	(337)	0
Actual return on plan assets	281	212	0

V) Actuarial Gain / Loss recognized

(₹. in lacs)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Actuarial gain/(loss) for the Period - Obligation	(360)	(733)	(21)
Actuarial gain/(loss) for the Period - Plan Assets	33	(337)	0
Total (gain)/loss for the period	327	1070	21
Actuarial gain/(loss) recognised in the period	327	1070	21
Unrecognised actuarial (gain)/loss at the end of the year	0	0	0

VI) Amount recognized in Balance Sheet

(₹. in lacs)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Present value of the Obligation	5030	20545	2324
Fair value of plan assets	3066	11205	0
Difference	1964	9340	2324
Unrecognised Transitional liability	(16)	(26)	(156)
Unrecognised past service cost (non vested benefits)	(1226)	(6223)	0
Liability recognised in the Balance Sheet	722	3091	2168

VII) Expenses Recognized in Profit & Loss Account

(₹. in lacs)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Current Service Cost	234	2615	109
Interest Cost	234	182	170
Expected return on Plan assets	(248)	(549)	0
Net actuarial(gain)/loss recognised in the year	327	1070	21
Transitional Liability recognised in the year	17	25	156
Past service cost (non-vested benefits)	0	7171	0
Past service cost (vested benefits)	306	1556	0
Expenses Recognized in Profit & Loss Account	870	12070	456

VIII) Movements in the Liability Recognised in the balance Sheet

(₹. in lacs)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Opening net Liability	211	752	1902
Expense as Above	870	12070	456
Contribution paid	(359)	(9731)	(190)
Closing Net Liability	722	3091	2168

IX) Amount for the Current Period

(₹. in lacs)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Present value of Obligation	5030	20545	2324
Plan Assets	3066	11205	0
Surplus/(Deficit)	(1964)	(9340)	(2324)
Experience adjustments on Plan Liabilities - (loss)/gain	(735)	(2238)	(199)
Experience adjustments on Plan Assets - (loss)/gain	33	(337)	0


X) Major categories of Plan Assets

(As % of Total Plan Assets)

Particulars	Gratuity (Funded)	Pension (Funded)
Government of India Securities	12.30%	2.48%
State Government Securities	12.51%	2.60%
High Quality Corporate Bonds	30.47%	7.19%
Equity Share of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	2.19%	1.33%
Balance with Bank Account	--	--
Balance held at LIF India's Running account	--	--
Funds managed by insurer	--	8.86%
Amount receivable from Bank	40.16%	77.54%
Others	2.37%	--
Total	100.00%	100.00%

XI) Enterprises Best Estimate

(₹. in lacs)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Enterprises Best Estimate of Contribution during next year	400	800	0

XII) Other Long Term Employee benefit (Un-Funded)

(₹. in lacs)

Liability as on 01-04-2010	Sick leave
Liability as on 31-03-2011	1349.00
Transitional Liability debited to Profit & Loss Account (cumulative)	1450.00
Amount debited to Profit & Loss Account	793.44
	101.01

3.10 Prudential regulatory treatment prescribed by RBI in respect of pension and Gratuity liability.

In terms of the requirements of the Accounting Standard - 15(Revised) - Employee Benefits, the entire amount of ₹. 93.11 Crores (towards Pension ₹. 77.79 Crore and towards gratuity ₹. 15.32 Crore) on account of re-opening of pension option and enhancement in Gratuity limit during the year, is required to be charged to Profit & Loss Account. However, in accordance with the guidelines issued by Reserve Bank of India vide their Circular No.DBOD.BP.BC.80/21.04.018/2010-11 dated 09.02.2011 and letter DBOD. No. BP.BC. 15896 /21.04.018/2010-11 dated 08.04.2011, the Bank has charged to Profit & Loss Account a sum of ₹. 18.62 Crore, (representing 1/5th of the total amount) and the entire liability of ₹. 12.54 Crore towards separated / retired employees on account of pension and gratuity liability. The balance unamortized amount of ₹. 62.23 Crore towards Pension and ₹. 12.26 Crore towards Gratuity is carried forward.

4. Accounting Standard 17 - Segment Reporting (As compiled by the management)

(₹. in crore)

Particulars	Quarter Ended 31/03/2011	Quarter Ended 31/03/2010	Year Ended 31/03/2011	Year Ended 31/03/2010
1. Segment Revenue				
a. Treasury operations	64.77	55.59	238.78	196.08
b. Corporate/wholesale banking operations	166.51	121.21	555.79	487.38
c. Retail banking operations	111.43	90.25	405.61	326.23
d. Other banking operations	0.62	1.96	1.67	3.19
Total	343.33	269.01	1201.85	1012.88
2. Segment Result (Profit / loss before Tax)				
a. Treasury operations	7.37	7.49	36.89	-1.14
b. Corporate/wholesale banking operations	9.20	-68.61	30.94	20.18
c. Retail banking operations	15.67	12.79	56.16	9.98
d. Other banking operations	0.13	1.91	0.15	2.19
Total	32.37	-46.42	124.14	31.22
Less: Unallocated revenue / expenses	0.00	0.00	0.00	0.00
Less : Extra ordinary profit	0.00	0.00	0.00	0.00
Profit - Before Tax	32.37	-46.42	124.14	31.22
Less : Tax expenses	5.00	-25.65	23.00	0.55
Net Profit	27.37	-20.77	101.14	30.67
3. Segment Assets				
a. Treasury operations	3576.23	3027.89	3576.23	3027.89
b. Corporate/wholesale banking operations	5567.69	3851.74	5567.69	3851.74
c. Retail banking operations	3385.84	2993.85	3385.84	2993.85
d. Other banking operations	771.42	612.79	771.42	612.79
Total	13301.18	10486.27	13301.18	10486.27
4. Segment Liabilities				
a. Treasury operations	9.93	9.15	9.93	9.15
b. Corporate/wholesale banking operations	3560.44	3592.85	3560.44	3592.85
c. Retail banking operations	8415.61	5909.27	8415.61	5909.27
d. Other banking operations	422.76	236.00	422.76	236.00
Total	12408.74	9747.27	12408.74	9747.27
CAPITAL AND RESERVES	892.44	739.00	892.44	739.00
TOTAL	13301.18	10486.27	13301.18	10486.27

Part B: Geographic segments: Since the bank is having domestic operations only, no reporting is made under international segment.



5. Accounting Standard 18 - Related Party disclosures

Payment to and Provision for Employees' includes remuneration paid to Chairman and Managing Director of the Bank as detailed below:

Particulars	Managing Director (₹.)		Chairman (₹.)
	K.S.R.Anjaneyulu	P.R. Somasundaram	S.Narayan
	(from 01.04.10 to 01.08.10)	(from 02.08.10 to 31.03.11)	(from 01.04.10 to 27.01.11)
Consolidated Pay	907258.06	2662100.30	493548.39
Employers' contribution to Provident Fund	90726.00	306210.00	—
Leave encashment	—	—	—
Gas Electricity	—	—	—
Drivers Salary, petrol & Office expenses	—	127730.92	485500.00
Medical Expenditure	—	6724.00	—
Entertainment Expenditure	9320.04	38277.63	—
Others			
a. Child Education Payment	—	173542.00	—
b. Insurance Premium Payment	—	678211.00	—
c. Pension Policy Payment	—	500000.00	—
d. Rent Paid for Guest house	—	764516.00	—
Total	1007304.10	5257311.85	979048.39

6. Accounting Standard 20 - Earnings Per Share (EPS):

EPS calculation in accordance with the AS-20 issued by the ICAI is as under:

(₹. In lacs)

	2010-11	2009-10
Net profit after Tax	10113.65	3066.80
Weighted Average No. of Equity shares	97517320	61996027
Earnings per share - Basic & diluted (Rs.)	10.37	4.95

Note: There are no potential dilutive equity shares.

7. Accounting Standard 22 - Accounting for Taxes on Income

The bank has accounted for Income Tax in compliance with AS 22. Accordingly, Deferred Tax Assets & Liabilities are recognized. The major components of DTA/DTL are furnished as under:

(₹ In Crore)

Components	Deferred Tax Assets		Deferred Tax Liability	
	2010-11	2009-10	2010-11	2009-10
Leave Encashment	4.62	3.75	0.00	0.00
Depreciation on Fixed Assets	0.00	0.00	2.55	3.44
Employee Benefits	0.00	0.00	12.38	0.00
Others	26.48	19.48	13.12	9.23
TOTAL	31.10	23.23	28.05	12.67
Net DTA	3.05	10.56		

i) Deferred tax assets are recognised for future tax consequences of temporary differences arising between the carrying values of assets and liabilities and their respective tax bases and operating carry forward losses. Deferred tax assets are recognized only after giving due consideration to prudence. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. The impact on deferred tax assets and liabilities on account of a change in the tax rates is also recognized in the income statement.

ii) During the year, an amount of ₹. 7.50 crore (net) has been debited [Previous year ₹. 0.55 crore debited] to the Profit and Loss account by way of adjustment to Provision for deferred tax.

8. Intangible Assets AS 26:

The Bank has followed the AS 26 - Intangible asset issued by ICAI and the guidelines issued by the RBI to this regard.

9. Accounting Standard 28 - Impairment of Assets:

A substantial portion of the bank's assets comprises financial assets to which Accounting Standard 28 is not applicable. In the opinion of the bank, there is no impairment of other assets to any material extent as at 31st March 2011 requiring recognition in terms of the said standard.

10. Additional Disclosures

10.1 Disclosure in terms of AS 10 - Fixed Assets (Revaluation of Premises): During the year, Bank has revalued the Premises portfolio through the Bank's approved panel engineer / valuer and the market value of the premises has been taken into account. The following information has been disclosed as per the ICAI guidelines.

(₹.in Crore)

Gross Amount of Revaluation	105.92
Depreciation	10.90
WDV based on the Original Cost of such revalued assets	95.02

10.2 Provision and contingencies: Break up of 'Provisions & Contingencies' shown under the head in Profit & Loss Account

(₹.in Crore)

Particulars	31.03.2011	31.3.2010
Provision towards Standard Asset	6.53	—
Provision towards NPA	56.64	119.27
Provision made towards Income tax (net of deferred tax / interest tax)	23.00	5.19
Provisions for depreciation in market value of Investments	10.69	4.61
Transitional Termination Benefits under revised AS15	3.96	3.96
Provision for Sick Leave	1.01	2.44
Provision for leave encashment	2.60	2.57
Provision for Gratuity (Amortised)	3.06	—
Provision for Pension (Amortised)	15.56	—
Provision for Pension (Retirees)	12.54	—
Provision for other Assets	0.50	1.00
Provision for other liabilities (NLD agents gratuity)	0.49	—
MAT Tax Credit entitlement	—	-4.64
Floating Provision - Advances	30.80	—
Provision for Restructured Advances (Economic sacrifice)	5.34	1.14
TOTAL	172.72	135.54


10.3 Details of movement in provisions in accordance with Accounting Standard 29:

(₹ in Crore)

Particulars	Opening as on 01.04.2010	Provision made during the year	Provisions reversed/adjusted	Closing as on 31.03.2011
Prov. for Standard Assets	24.20	6.53	—	30.73
Prov. for Bad and Doubtful debts	60.73	56.64	83.09	34.28
Prov. for Income Tax	32.67	15.50	—	48.17
Prov. for depreciation in market value of Investments	26.59	10.69	12.08	25.20
Prov. for Sick Leave (including Transitional Liability)	9.52	2.99	0.00	12.51
Prov. for Leave encashment (including Transitional Liability)	19.02	4.16	1.50	21.68
Prov. for Gratuity (Amortised)	0.00	3.06	—	3.06
Prov. For Pension (Amortised)	0.00	15.56	—	15.56
Prov. For Pension (Retirees)	0.00	12.54	—	12.54
Prov. for Other assets	3.12	0.50	0.01	3.61
Prov. For Other Liabilities (NLD agents gratuity)	0.00	0.49	0.00	0.49
Floating Provision	7.00	30.80	—	37.80
Prov. for Interest Tax	0.48	0.00	0.38	0.10
Prov. for Fringe Benefit Tax	1.90	0.00	0.00	1.90
Prov. for Dividend (incl. Div. Tax)	6.82	28.52	6.82	28.52
Prov. for Restructured Advances & FITL	5.51	5.34	—	10.85
Others				
Prov. for Bonus.	0.48	0.08	0.02	0.54
Prov. for pension. (including Transitional Liability)	7.52	0.65	5.36	2.81
Prov. for Gratuity. (including Transitional Liability)	2.11	4.16	2.11	4.16
Prov. for Wage arrears	16.43	8.67	24.18	0.92

10.4. Movement Floating provisions

(₹. in crores)

Particulars	2010-11	2009-10
(a) Opening balance in the floating provisions account	7.00	7.00
(b) Provisions made in the accounting year	30.80	—
(c) Amount of draw down made during the accounting year	—	—
(d) Closing balance in the floating provisions account	37.80	7.00

11. Disclosure of Complaints; (As compiled by management)
A. Customer Complaints:

(a)	No. of complaints pending at the Beginning of the year	8
(b)	No. of complaints received during the year	133
(c)	No. of complaints redressed during the year	134
(d)	No. of complaints pending at the end of the year	7

B. Awards passed by the Banking Ombudsman.

(a)	No. of unimplemented Awards at the beginning of the year	0
(b)	No. of Awards Passed by the Banking Ombudsmen during the year	0
(c)	No. of Awards implemented during the year	0
(d)	No. of unimplemented Awards at the end of the year	0

12. Concentration of Deposits, Advances, Exposures and NPAs.
12.1 Concentration of Deposits

(₹. in crore)

Total Deposits of twenty largest deposits	1492.99
Percentage of deposits of twenty largest depositors to total deposits of the Bank	13.39%

12.2 Concentration of Advances

(₹. in crore)

Total advances to twenty largest borrowers	1940.51
Percentage of Advances to twenty largest borrowers to total Advances of the Bank	19.89%

12.3 Concentration of Exposures

(₹. in crore)

Total Exposures of twenty largest borrowers/customers	1940.51
Percentage of Exposures of twenty largest borrowers/customers to total Exposure of the Bank on borrowers/customers	19.89%

12.4 Concentration of NPAs: (As compiled by Management)

(₹. in crore)

Total Exposure to top four NPA accounts	44.73
-----------------------------------------	-------

12.5. Sector -wise NPAs (As compiled by Management)

Sl. No.	Sector	Percentage of NPA as to Total Advances in that sector
1	Agriculture & allied activities	0.20%
2	Industry (Micro & small, Medium and Large)	0.25%
3	Services	0.01%
4	Personal Loans	0.02%


12.6 Movement of NPAs (As compiled by Management)

Particulars	(₹. in Crore)
Gross NPAs as on 1st April of particular year (opening Balance)	325.17
Additions (Fresh NPAs) during the year	137.54
Sub - total (A)	462.71
Less:-	
(i) Upgradations	56.19
(ii) Recoveries (excluding recoveries made from upgraded accounts)	161.98
(iii) Write-offs	86.75
Sub-total (B)	304.92
Gross NPAs as on 31st March of following year (closing balance) (A-B)	157.79

12.7 Overseas Assets, NPAs and Revenue

Particulars	(₹. in Crore)
Total Assets	NIL
Total NPAs NIL	
Total Revenue	NIL

12.8 Off-balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

13. Bancassurance Business:
Fees, remuneration received from bancassurance business:

For the year ended 31.03.2011, the bank received income of ₹.2.55 Crore (Gross Commission) from Bancassurance business.

14. Previous year's figures have been regrouped / reclassified wherever considered necessary to conform to the current year's classification.


BASEL II - PILLAR 3 DISCLOSURES

Table DF- 1
Scope of application

Qualitative Disclosures

- a) The name of the Top bank in the group to which the Framework applies.

THE LAKSHMI VILAS BANK LTD

- b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated; (ii) that are pro-rata consolidated; (iii) that are given a deduction treatment; and (iv) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).

No group affiliation
Quantitative Disclosures

- c) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries.

Not Applicable

- d) The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction.

Not Applicable

Table DF- 2
Capital Structure

Qualitative Disclosures

- a)
- Tier 1 capital includes Equity share capital, Reserves comprising of statutory reserves, capital and other revenue reserves, share premium and Balance in profit and loss account and excludes Deferred Tax Asset (DTA).
 - Tier 2 Capital consists of the general provisions, Tier II bonds - subordinated Debt (Discounted value) as on 31.03.2011

Quantitative Disclosures

- b) The amount of Tier 1 capital as on 31.03.2011

₹. in Cr

Paid up Equity Share Capital	97.53
Innovative instruments	
Amounts deducted from Tier I capital (DTA), fixed assets, including goodwill and investments.	- 8.26
Reserves	707.18
Total Tier 1 Capital	796.45

- c) The total amount of Tier II capital (net of deductions from Tier II capital).

₹. in Cr

General Provisions (including floating provisions)	32.18
Tier II Bonds (Eligible for Tier II capital at different rates and different maturities)	110.00
Revaluation reserves	36.33
Total Tier II Capital	178.51

- d) Debt capital instruments eligible for inclusion in Upper Tier II capital
- Total amount outstanding - NIL
 - Of which amount raised during the current year - NIL
 - Amount eligible to be reckoned as capital funds - NIL
- e) Subordinated debt eligible for inclusion in Lower Tier II capital
- Total amount outstanding - ₹.140.00 Cr
 - Of which amount raised during the current year - ₹.0.00 Cr
 - Amount eligible to be reckoned as capital funds - ₹.110.00 Cr
- f) Other deductions from capital, if any (DTA and fixed assets software) - ₹. 8.26 Cr
- g) Total eligible capital (Tier I & Tier II) : **₹.974.96 Cr**

Table DF- 3
Capital Adequacy

Qualitative Disclosures

- Bank maintained Capital to Risk Weighted Assets Ratio (CRAR) at 13.19%
- Tier 1 CRAR of 10.78% is above the minimum requirement of 6% as per RBI guidelines.
- Bank's CRAR as per Basel II (13.19%) is higher than Basel I (12.09%).
- Total CRAR above the minimum requirement of 9 % including Pillar 2 requirements
- Bank maintained capital in terms of Revised Framework above the prudential floor viz. higher of
 - Minimum capital required as per the Revised Framework;
 - 80 % of the minimum capital required to be maintained as per the Basel I framework
- Tier II capital is within the stipulation of 50% of Tier I capital

Quantitative Disclosures

- a) Capital requirements for credit risk:
- Portfolio subject to standardized approach **₹. 587.43 Cr**
 - Securitisation exposures **NIL**
- b) Capital requirements for market risk:
- Standardised duration approach:
 - Interest rate risk **₹.28.46 Cr**
 - Foreign exchange risk (including gold) **₹. 1.70 Cr**
 - Equity risk **₹. 8.28 Cr**
- c) Capital requirements for operational risk:
- Basic indicator approach **₹.39.05 Cr**
- d) Total and Tier 1 Capital ratio : **Not applicable**
- For the top consolidated group; and
 - For significant bank subsidiaries (stand alone or sub-consolidated depending on how the framework is applied).

Table DF- 4
Credit Risk – General Disclosures

Qualitative Disclosures

- The Bank had put in place Credit Risk Management Policy and Lending Policy where all the credit aspects have been included. The policies stipulate borrower/credit standards, standards for loan collateral/guarantor acceptance, portfolio management, risk based pricing of loans & advances, loan review mechanism, credit audit, risk concentrations, risk monitoring and evaluation, provisioning and regulatory / legal compliance.



- Bank has adopted the Income Recognition and Asset Classification norms of the regulator.
- The Bank identifies the risks to which it is exposed and applies rating models to measure, monitor and control these risks. Bank considers rating of a borrowal account as an important tool to measure the credit risk associated with any borrower and accordingly a two dimensional credit rating system was adopted.
- While the Board / Integrated Risk Management Committee of the Board devises the policy, fixes various credit risk exposures and approves strategies, the Integrated Risk Management Committee of Executives implements them through the Integrated Risk Management Department
- The Bank studies the concentration risk by (a) fixing exposure limits for single and group borrowers (b) rating grade limits and (c) industry wise exposure limits
- Credit risks and compliance to risk limits were monitored on bank wide basis.
- Bank has Board approved policy framework on Stress Testing to measure vulnerability of profit and capital under stress conditions.

Quantitative Disclosures

- a) Total gross credit risk exposures, Fund based and Non-fund based separately.

Credit Risk Exposures	₹.in.cr
Fund Based *	12183.34
Non Based	1567.98
Total Fund & Non Based	13751.32

* It includes loans/advances, fixed assets, other assets, cash, balance balances, balance with RBI and investments.

- b) Geographic distribution of exposures, Fund based and Non-fund based separately.

- Overseas - NIL
- Domestic

₹. in Cr

	FUND BASED	NON FUND BASED
TOTAL ADVANCES	8187.67	1567.98
STATE	FUND BASED	NON FUND BASED
TAMILNADU	3971.48	394.15
MAHARASHTRA	1434.82	720.11
ANDHRA PRADESH	968.85	269.20

STATE	FUND BASED	NON FUND BASED
KARNATAKA	1148.07	38.56
KERALA	88.54	0.95
Other State:		
CHATTISGARH	0.65	0.17
DELHI	1.61	0.16
GUJARAT	180.47	6.29
HARYANA	8.18	2.19
JHARKHAND	0.74	0.02
MADHYA PRADESH	10.88	2.11
NEW DELHI	231.90	128.00
ORISSA	5.03	0.01
PONDICHERRY	47.92	1.70
RAJASTHAN	28.68	0.00
UTTARA PRADESH	3.51	0.13
WEST BENGAL	56.32	4.24
Grand Total	8187.67	1567.98

c) Industry type distribution Fund and non-fund based exposures

₹. in Cr

Industry	Amount	% to gross credit
Spinning Mills	593.79	6.09
Iron & Steel (Manufacturing & Trading)	956.68	9.81
Engineering (Manufacturing)	277.74	2.85
Electricity	151.78	1.56
Sugar	116.71	1.20
Food Processing	258.57	2.65
Paper & Paper Products	101.57	1.04
Cement	69.52	0.71
Infrastructure	588.75	6.03
NBFC	313.64	3.21
Drugs & Pharmaceuticals (Manufacturing)	339.37	3.48
Wind Mill (Captive & Non Captive)	31.77	0.33

Industries having exposure more than 5% of gross credit of the bank.

₹ in Cr

Industry	Amount	% to gross credit
Spinning Mills	593.79	6.09
Iron & Steel (Manufacturing & Trading)	956.68	9.81
Infrastructure	588.75	6.03

d) Residual contractual maturity breakdown of assets

₹. in Cr

OUTFLOWS	Cash	Balance With RBI	Balance With Other Banks	Investments	Call Money Placements	Advances	Fixed Assets	Other Assets
Overdue to Day 1	143.55	188.11	17.71	73.16	0.00	79.83	0.00	33.33
2-7 Days	0.00	10.34	0.00	150.37	45.00	141.50	0.00	1.73
8-14 Days	0.00	6.32	0.00	75.22	0.00	119.43	0.00	2.01
15-28 Days	0.00	11.39	0.00	148.17	0.00	185.53	0.00	4.01
29 Days to 3 Months	0.00	44.79	0.16	200.84	0.00	727.73	0.00	17.79
3-6 Months	0.00	66.88	0.00	306.49	0.00	795.73	0.00	25.83
6 Months-1 Year	0.00	138.70	0.00	625.65	0.00	906.18	0.00	0.00
1-3 Years	0.00	197.27	3.13	936.58	0.00	3910.21	0.00	401.50
3-5 Years	0.00	28.56	0.05	209.87	0.00	452.95	0.00	0.00
Over 5 Years	0.00	107.69	0.00	804.50	0.00	775.33	178.83	5.05
Total	143.55	800.06	21.05	3530.88	45.00	8094.42	178.83	491.25



e)	Amount of NPAs (Gross)	₹.in.cr
	Substandard	82.02
	Doubtful 1	43.82
	Doubtful 2	16.99
	Doubtful 3	10.42
	Loss	4.54
	Total	157.79
f)	Net NPAs	₹.72.88 cr
g)	NPA Ratios	
	• Gross NPAs to gross advances	1.93%
	• Net NPAs to net advances	0.90%
h)	Movement of NPAs (Gross)	₹.in.cr
	Opening balance	325.18
	Additions	137.53
	Reductions	304.92
	Closing balance	157.79
i)	Movement of provisions for NPAs	₹.in.cr
	Opening balance	60.72
	Provisions made during the period	33.39
	Write-off	0.09
	Write-back of excess provisions	59.74
	Closing balance	34.28

j)	Amount of non-performing investments	- ₹. 7.82 Cr
k)	Amount of provisions held for non-performing investments	- ₹. 6.77 Cr
l)	Movement of provisions for depreciation on investments	₹. in Cr
	Opening balance	26.59
	Provisions made during the period	10.61
	Write-off / Write-back of excess provisions	12.08
	Closing balance	25.20

Table DF- 5
Credit Risk: Disclosures for portfolios subject to the standardized approach

Qualitative Disclosures

- a) For portfolios under the standardized approach:
- The Board has approved four Rating Agencies identified by Reserve Bank of India namely (i) CRISIL (ii) ICRA (iii) CARE (iv) FITCH to facilitate the borrower customers to solicit the ratings for all types of exposures i.e. fund based, non-fund based, short and long term.
 - No agency has been added/deleted by the bank during the year.

Quantitative Disclosures

- a) For exposure amounts after risk mitigation subject to the standardized approach, amount of a bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted:

Particulars	Below 100% Risk Weight		100% Risk Weight		More than 100% Risk Weight		Grand Total	
	BV**	RWA**	BV	RWA	BV	RWA	BV	RWA
Fund Based								
Loans & Advances	2702.56	1569.86	3067.54	3067.54	571.01	794.42	6341.11	5431.82
Investments	2314.97	0.00	0.20	0.20	0.00	0.00	2315.17	0.20
Other Assets*	1356.89	21.66	331.02	331.02	0.00	0.00	1687.91	352.68
Loans & Advances Deducted	1266.63	0.00	575.81	0.00	4.12	0.00	1846.56	0.00
Total Fund Based	7641.05	1591.52	3974.57	3398.76	575.13	794.42	12190.73	5784.70
Non Fund Based inc. Contingent credit	211.03	153.56	548.55	548.55	30.81	40.17	790.39	742.28
Total Credit Risk Exposures	7852.08	1745.08	4523.12	3947.31	605.94	834.59	12981.14	6526.98

* other assets includes cash, balance with rbi, balance with other banks, fixed assets and others

** BV: Book Value; RWA: Risk Weighted Assets

Table DF- 6
Credit risk mitigation: Disclosures for standardized approach

Qualitative Disclosures

- a) The Bank has put in place Credit Risk Mitigation & Collateral Management Policy with the primary objective of (i) Mitigation of credit risks and enhancing awareness on identification of appropriate collateral taking into account the spirit of Basel II / RBI guidelines and (ii) Optimizing the benefit of credit risk mitigation in computation of capital charge as per approaches laid down in Basel II / RBI guidelines.
- The Bank generally relies on Risk Mitigation techniques like Loan Participation, Ceiling on exposures, Escrow mechanism, forward cover, higher margins, loan covenants, collateral and insurance cover.
- Valuation methodologies are detailed in the Credit Risk Management Policy.
- Bank accepts guarantees from individuals with considerable network and the corporates. Only guarantees issued by entities with a lower risk weight than the counterparty shall be accepted to get the protection for the counter party exposure.

Concentration risk in credit risk mitigation - All types of securities eligible for mitigation are easily realizable financial securities. As such, presently no limit / ceiling have been prescribed to address the concentration risk in credit risk mitigants recognized by the Bank.

Quantitative Disclosures

- b) For each separately disclosed credit risk portfolio the total exposure (after, where applicable, on- or off balance sheet netting) that is covered by eligible financial collateral after the application of haircuts.

Collateral Type	Exposure	Financial Collateral Amount	Rs. in Cr
			Net Exposure
Deposits	1058.61	1058.61	1058.61
Gold	1141.91	970.62	970.62
Securities			
KVP / NSC			
Life Insurance Policies			
Debt Securities			
Mutual Funds			



- c) For each separately disclosed portfolio the total exposure (after where applicable, on- or off balance sheet netting) that is covered by guarantees/ credit derivatives (Whenever specifically permitted by RBI). **NIL**

Table DF- 7
Securitisation Exposure: Disclosures for standardized approach
Qualitative Disclosures

The Bank has not undertaken any securitization activity.

Quantitative Disclosures

NIL

**Table DF- 8
Market risk in trading book**
Qualitative Disclosures

- a) Market Risk in trading book is assessed as per the Standardized duration method. The capital charge for HFT and AFS is computed as per Reserve Bank of India prudential guidelines.

Quantitative Disclosures

- b) The capital requirements for:
- Interest rate risk **₹. 28.46 Cr**
 - Equity position risk; and **₹. 8.28 Cr**
 - Foreign exchange risk **₹. 1.70 Cr**

**Table DF- 9
Operational risk**
Qualitative Disclosures

The Bank has put in place important policies like Operational Risk Management, Information System Security, Know your Customer (KYC) and Anti Money Laundering (AML), Business Continuity and Disaster Recovery Management. The updated manuals on all important functional areas have been circulated to the branches. Risk Based Internal Audit is introduced in 200 branches in our Bank.

The Operational Risk Management Policy outlines the Organisation structure and covers the process of identification, assessment / measurement and

control of various operational risks. Internal control mechanism is in place to control and minimize the operational risks.

Capital charge for operational risk is computed as per the Basic Indicator Approach. The average of the gross income, as defined in the New Capital Adequacy Framework guidelines, for the previous 3 years i.e 2009-10, 2008-09, 2007-08 is considered for computing the capital charge. The required capital is **₹. 39.05 Cr.**

Table DF- 10
Interest rate risk in the banking book (IRRBB)
Qualitative Disclosures

- a) Embedded Option Risk (Foreclosure of deposits) is studied and factored in the interest rate sensitivity analysis. Based on the interest rate sensitivity, interest rate risk in the Banking Book is studied on a Monthly basis. Earnings at Risk (EAR) are computed based on the Traditional Gap Analysis on a static position. Market Value of Equity (MVE) is computed adopting the Duration Gap Analysis.

Quantitative Disclosures

- b) The increase (decline) in earnings and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency (where the turnover is more than 5% of the total turnover).
- (i) **Earnings at Risk** - For a parallel shift of 200 bps, fall of NII is at 2.70% of Net worth.
- (ii) **Market Value of Equity (MVE)** - A '200 bps shock' is adopted as the standardized interest rate shock for arriving the MVE under the standardized stress scenario. The market values of above portfolios are calculated with respect to the 'shifted yield curves'. The MVE under the standardized shock is calculated as the difference between 'MV of assets under stress' and 'MV of liabilities under stress'.

Accordingly Change in MVE is estimated to fall by **₹. 12.55 cr.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011**

(₹. in 000's)

	31.03.2011	31.03.2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit as per Profit & Loss Account	1011368	306680
ADJUSTMENTS FOR:		
Provisions & Contingencies	1727220	1355413
Depreciation	202150	173024
Loss on sale of assets	(967)	1608
Income Tax / T D S paid	(227000)	(543971)
Net cash flow before changes in Working Capital	2712771	1292754
CHANGES IN WORKING CAPITAL :		
LIABILITIES : Increase/Decrease in		
Deposits	20741330	17144747
Refinances	3911721	1313305
Other Liabilities	(436603)	(1428784)
	24216448	17029268
ASSETS : Increase/Decrease in		
Investments	5356281	11201661
Advances	18169277	10412814
Leased-out Assets	0	0
Other Assets	589345	(12824)
	(24114904)	(21601651)
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(532102)	(293168)
Sale of Fixed Assets	3628	1628
	(528474)	(291540)
CASH FLOW FROM FINANCING ACTIVITIES:		
Share issue including share premium	917	2614357
Tier II Bonds	(300000)	600000
Dividends paid	(59064)	(119410)
	(358147)	3094947
Cash flow for the year	1927694	(476222)
Cash & Cash equivalents at the beginning of the year	8337909	8814131
Cash & Cash equivalents at the end of the year	10265603	8337909

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.

AUDITORS' CERTIFICATE

We have verified the Cash Flow Statement of The Lakshmi Vilas Bank Limited, Karur for the year ended March 31, 2011. This cash flow statement is the responsibility of the Management of the Bank in accordance with clause 32 of the listing agreement entered into with the Stock Exchange and is in agreement with the Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended March 31, 2011 dealt with in our report dated 19.05.2011 to the members of The Lakshmi Vilas Bank Limited.

For **SAGAR & ASSOCIATES**
Chartered Accountants
FRN: 003510S

(B. SRINIVASA RAO)
Partner
Membership No. 202352

Place: Karur
Date : 19th May, 2011



Auditors' Certificate on Corporate Governance

To,
The Members of
The Lakshmi Vilas Bank Limited
Karur.

We have examined the compliance of conditions of Corporate Governance by The Lakshmi Vilas Bank Limited for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Bank with Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Notes issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Bank and as per the records maintained by the Share Transfer and Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **SAGAR & ASSOCIATES**
Chartered Accountants
FRN: 003510S

(B. SRINIVASA RAO)
Partner
Membership No. 202352

Place: Karur
Date : 19th May, 2011



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI,
PART IV OF THE COMPANIES ACT 1956 (₹. IN 000's)**

A REGISTRATION DETAILS

Registration	1377
State	18
Balance Sheet Date	31.03.2011

B CAPITAL RAISED DURING THE YEAR

Public Issue	NIL
Bonus Issue	50
Rights Issue	16994
Private Placement	NIL

C POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	133011830
Total Assets	133011830

SOURCES OF FUNDS

Paid up capital	975258
Reserves and Surplus	7949091
Secured Loans	NIL
Unsecured Loans	7251070

D APPLICATION OF FUNDS

Net Fixed Assets	1791314
Investment	35188503
Net Current Assets	9746481
Miscellaneous Expenses	NIL
Accumulated Losses	NIL

PERFORMANCE OF THE COMPANY

Total Income	12018514
Total Expenditure	11007146
Profit Before Tax	12413.68
Profit After Tax	1011368
Earnings per share (₹.)	10.37
Dividend Rate	25%

**GENERAL NAMES OF THREE PRINCIPAL PRODUCTS OF
THE COMPANY (AS PER MONETARY TERMS)**

Items Code	N.A
Product Description	Banking Company



Annexure A
MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

Indian Banking industry comprises of Public Sector Banks including the State Bank of India and its subsidiaries, Old Private Sector Commercial Banks, New Private Sector Commercial Banks, Co-operative Banks, Regional Rural Banks and Foreign Banks, all operating in a stringent, transparent regulatory framework while competing with each other in a healthy environment to achieve excellence. Your Bank was established in 1926 as Banking Company and is a Scheduled Commercial Bank under RBI regulations.

The monetary policy in FY 2010-2011 was calibrated on growth-inflation dynamics amidst persistent global uncertainties. Against the backdrop of global and domestic macroeconomic conditions, we believe the following underpin the FY 2011-2012 policy:

- * Maintain an interest rate environment that moderates inflation and anchors inflation expectations.
- * Foster an environment of price stability that is conducive to sustaining growth in the medium term coupled with financial stability.
- * Manage liquidity to ensure that it remains broadly in balance, with neither a large surplus diluting monetary transmission nor a large deficit choking off fund flows.

Opportunities and Threats:

Indian Banking sector is growing at a fast pace, yet penetration is low. Though growth opportunities are plenty, competition is stiff from both banks and non-banking finance companies.

Availability of capital is a key factor to fund the growth in advances and for deeper penetration of credit and banking services to the under-banked areas. Investments in IT apart, talent acquisition and retention poses a big challenge. De-regulation of interest rates on savings bank accounts, a possibility, could push up cost for the Banks though your bank considers it a welcome step. Banks like yours, with a lower level of CASA could find it a more effective tool to acquire and retain customers and this could alter the competitive dynamics favourable to small banks.

Mobile technology and internet banking are fast becoming a trend among emerging young clientele and this could change the way branches function. NEFT and RTGS are fast outstripping traditional modes of payment and such transformational behavior changes could lead to technology redundancy costs.

One common theme now articulated in all regulatory and policy framework is inclusive banking through financial inclusion that is aimed to improve banking services in under-banked / un-banked areas and customer categories. These require investments and significant close monitoring by the top management in the initial years, apart from a Board level commitment to achieve the set targets. Your bank has all this. Growth could be linked to performance on this front. Making these initiatives self sustaining and profitable is a challenge that Banks have to face up to or risk relevance.

Basle III requirements - the depth and timing of their introduction - could also pose a significant risk to margins and return on capital as capital requirements are higher for the same level of operations.

Cost increases through any industry level / national settlement on the lines of the second option of pension and arrears without direct linkage to performance could push up costs and make banks like ours highly uncompetitive as compared with new generation banks where performance and pay are more closely linked.

New banking licences could make competition more severe in pockets and bring down net interest margins and overall returns.

Business Segmentation

The segment wise performance of the bank, both in deposits and advances are furnished below:

Deposits	₹. in Crs.	%	Advances	₹. in Crs.	%
Demand Deposits	835.37	7.49	Bills purchased & discounted	404.45	5.00
Savings Deposits	1262.08	11.32	Cash Credits, Overdrafts & Loans repayable on demands	4489.53	55.46
Term Deposits	9052.06	81.19	Term Loans	3200.44	39.54
Total	11149.51	100.00	Total	8094.42	100.00

Outlook

On the back of normal monsoon expectations and limited volatility in crude oil prices, the baseline projection of real GDP growth for 2011-12 for policy purposes is placed at around 8 percent. The growth is projected to be in the range of 7.4 percent and 8.5 percent in 2011-12 with 90 percent probability.

The aggregate deposits of SCBs are projected to grow by 17.0 percent. Growth in non-food credit of SCBs is projected at 19.0 percent. These monetary projections are consistent with the growth and inflation outlook.

The Bank has drawn various strategies to achieve a higher growth in business volume focusing on a healthy profitability. The various strategies include:

1. To continue to build a strong customer franchise across different business segments.
2. To leverage technology platform to deliver more products and control costs.
3. To maintain high standards for asset quality well supported by a rigorous credit management and strict adherence to prudential measures on industry concentration.
4. To develop more ancillary products and services enhancing profitability.
5. To invest in talent from our core areas and to improve training aimed at better sales orientation at the branch level.
6. To significantly invest in the network of new branches and ATMs
7. To diversify capital sources and improve capital efficiency.

**Risk and Concern**

The bank has adopted suitable risk management practices for managing market risk, credit risk and operational risk taking into consideration the volume and nature of business activities. Regulatory Compliance and overseeing of Risk continue to underlie all growth initiatives.

The Integrated Risk Management Committee of the Board ensures that risks are appropriately managed in the Bank. The policies put in by the Bank help to meet the dynamic challenges in the external and internal environments in which the bank operates and also to comply with the regulatory requirements. The present capital adequacy ratio placed the bank in a satisfactory level as per Basel II norms.

The bank is maintaining CRAR at 13.19%, well above the minimum level of 9% , with Tier I at 10.78% and Tier II at 2.41%. The bank will examine the need and timing of further capital, Tier I and / or Tier II , within the policy framework with shareholder and regulatory approvals as appropriate.

Internal Controls

Bank has a separate Audit and Inspection Department which subjects all the Branches including Integrated Treasury, Currency Chest, Service Branches and every department of the Administrative Office to regular inspection. Key branches including Integrated Treasury at Mumbai are under concurrent audit which covers almost 70% of the Bank's business. All computerized branches are subjected to separate security - audit regularly. Process lapses and other operational issues are studied and lessons drawn with changes in operating procedures where appropriate.

Audit Committee of the Board has been constituted in line with RBI guidelines. To meet the requirement of clause 49 of the Listing Agreement, the Audit Committee reviews the adequacy of the audit and compliance function, including the policies, procedures, and techniques.

Discussions on Financial parameters with respect to performance

The key financial parameters achieved in 2010-11 are given below:

Deposits increased by 22.85%

Advances increased by 28.93%

CASA deposits increased by 26.72%

Total Income increased by 18.66%

Net Interest Income increased by 46.50%

Operating profit 64.77%

Number of branches 274

Staff strength: 2626

The Net profit after Provisions and Tax ended at ₹. 101.14 Cr, a growth of 240% even whilst necessary provisions coupled with aggressive recovery and sale efforts yielded positive outcomes on the NPA front : Gross NPA and Net NPA as a percentage of advances fell from 5.12% and 4.11% as at 31st March 2010 to 1.93% and 0.90%

Transfer to various Reserves after proposed dividend was ₹. 72.52 Cr in FY 2010-2011 against ₹. 23.98 Cr in FY 2009-2010.

People

The Bank has assessed manpower needs aligning with requirements of the Business Plan and new initiatives and keeping a strategic timescale in mind. Hiring plans are underway at entry level and laterally, at middle and senior levels during FY 2011-2012, under both the existing wage structure as well as at Cost-to-Company (CTC) to be able to compete in the market for appropriate talent. Average age of Employees has come down as we continue to hire young talent.

Training and Development of Human resources are under taken with in-house Training facilities and by sending staff to reputed external training institutions.

The Industrial Relations remained cordial and harmonious throughout the year.

The bank is poised to take advantage of the opportunities in the current macro economic environment, however, inflationary pressures leading to rise in interest rates continuing into the second half of FY 2011-2012 could stem credit growth and also stress the portfolio. Disciplined approach to credit origination coupled with improved monitoring, liquidity support to clients and sectors with short term challenges and NPA management remain key for delivering consistent profitable performance.



Annexure B
BOARD OF DIRECTORS AND COMMITTEES

The composition of the Board of Directors is governed by the provisions of the Companies Act, 1956, Banking Regulation Act, 1949 and Listing Agreement entered with National Stock Exchange, Mumbai. The Board consists of 10 Directors as on 31.03.2011. The Board consists of eminent persons with considerable professional expertise and experience in Banking, Law, Accountancy, Engineering, Small Scale Industry, Rural Development, Consultancy and Business including Exports. Details of names of the Directors of the Board, number of meetings held and attendance during the year are provided in annexure C.

The Bank has not entered into any materially significant transaction which could have a potential conflict of interest with its promoters, directors, management or relatives etc., except the transactions entered into in the normal course of banking business.

Committees of Directors

The Board has constituted Committees of Directors to deal with matters, which need special focus and timely monitoring of the activities falling within the terms of reference of the Committees. The Board Committees are as follow:

Audit Committee

Audit Committee of the Board is chaired by Shri.B.K.Manjunath, an Independent Director who is a Chartered Accountant by profession. Audit Committee provides direction and oversees the operation of total audit function in the Bank as per RBI guidelines. Details of name of members and chairman, meetings and attendance during the year under review, are provided in annexure C. The terms of reference of Audit are in accordance with RBI guidelines and clause 49 of listing agreement interalia includes the following:

- Overseeing the Bank's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- Recommending appointment and removal of external auditors and fixing of their fees.
- Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements and
- Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements.

Share Transfer and Investors' Grievances committee

The Share Transfer and Investors' Grievances Committee approves and monitors share transfers, transmission, issue of duplicate shares, physical shares on demat requests, fixing book closure / record date etc., The Committee monitors the redressal of complaints of investors like Complaints on Share transfer, non-receipt of dividend declared, non-receipt of annual report & other related matters.

Details of name of the Chairman & members of the Committee, Compliance officer, meetings and attendance during the year are provided in annexure C.

Infrastructure Development committee

The committee approves purchase of computer software & hardware and also maintenance & services thereto.

Risk Management Committee

The Integrated Risk Management Committee constituted as per RBI guidelines, formulates Bank's credit and Market risk policies and reviews the Assets and Liabilities of the Bank based on periodical structural liquidity and dynamic liquidity statements on outflows and inflows and also analyses the interest rate sensitivity of assets and liabilities.

Remuneration Committee

No committee has been formed as the remuneration of whole time Director and sitting fees payable to other directors is decided only by the Board of Directors. The remuneration of Managing Director was approved by RBI on the recommendations of the Board, details of which is given in the Schedule 18 (under 5 Accounting Standards 18 - Related Party Disclosure) of the Annual accounts. The other directors were paid Rs. 15,000/- as sitting fees for Board / Committee of Board meetings which is within the limits prescribed under the Companies Act 1956.

Fraud Monitoring Committee

Pursuant to the Directions of the Reserve Bank of India, the Bank has constituted a Fraud Monitoring Committee, exclusively dedicated to the monitoring and following up of cases of fraud involving amounts of Rs.1 crore and more. The objective of this Committee is the effective detection of frauds and ensuring of prompt reporting thereof to regulatory and enforcement agencies.

Customer Service Committee

Pursuant to the Directions of the Reserve Bank of India, the Bank has constituted a Customer Service Committee exclusively dedicated to bring about improvement in the quality of customer service provided by the bank.

Management Committee

Pursuant to the Directions of the Reserve Bank of India, the Bank has constituted a Management Committee of the Board which is vested with full powers for sanction / ratification of all kinds of loans and advances normally falling within the purview of the lending policies framed by the Board from time to time and full powers for approving compromise proposals in respect of loans and advances normally falling within the purview of the compromise policy framed by the bank from time to time and approval of capital and revenue expenditure, acquisition and hiring of premises, filing suits / appeals, investments, donations and any other matter referred to / delegated to the Committee by the Board.

Nomination Committee

Pursuant to the Directions of the Reserve Bank of India, the Bank has constituted a Nomination Committee of the Board for conducting due diligence process to determine the suitability and other fit and proper criteria before inducting any individual to the Board.

Business Strategy Advisory Committee

Business Strategy Advisory Committee has been constituted by the Board to bring about paradigm shift in business process / operations / marketing technique and also to explore the avenues to promote subsidiary companies to carryout varied financial services in a focused manner.

Disclosure

There was no penalty or strictures passed on the bank by any regulatory authority for non- compliance of any laws.



ANNEXURE - C

Composition of the Board of Directors together with the attendance at meetings of the Board, its Committees and Annual General Meeting and directorship held

Name of the Director & No. of Shares held by them	Chairman of the Board / Committee	Representation as per Banking Regulation Act	Category as per Listing Agreement	Board (16 meetings)	Audit Committee (ACB) (7 meetings)	Share Transfer & Investors' Grievance Committee (5 meetings)	Management Committee (MCB) (20 meetings)	Integrated Risk Management Committee (IRMC) (2 meetings)	Infrastructure Development Committee (IDC) (4 meetings)	Customer Service Committee (CSC) (3 meetings)	Fraud Monitoring Committee (FMC) (3 meetings)	Annual General Meeting	No. of Directorships held	Other Companies Name in which he is the Director	Other Companies in which he is the Chairman of any Committee
Mr. S Narayan Non-Executive Chairman (No. of shares : Nil) (Till 29.01.2011)	Board	Majority - Strategic Planning & Rural Development	Independent / Non-executive	9	NA	NA	NA	NA	NA	NA	NA	YES	8	Mis. Apollo Tyres Ltd., Mis. Dabur India Ltd., Mis. Seshasayee Paper & Board Ltd., Mis. Testa Uja Ltd., Mis. Godrej Properties Ltd., Mis. AIP Power Private Ltd., Mis. Artemis Medicare Services Private Ltd., Mis. Castlewood Trading Private Ltd.	Nil
Mr.K.S.R.Anganagallu Managing Director & CEO (No. of shares: Nil) (Till 02.08.2010)	MCB, NCB, IRMC, IDC, CSC, Gratuity, PF, Pension, FMC	Majority - Banking	Executive - Director/Non Independent	4	NA	NA	5	1	2	1	1	YES		Nil	Nil
Mr.P.R.Somasundaram Managing Director & CEO (No. of Shares: Nil) (From 02.08.2010)	MCB, NCB, IRMC, CSC, Gratuity, PF, Pension, FMC	Majority - Banking	Executive - Director/Non Independent	11	NA	NA	15	1	1	2	2	YES		Nil	Nil
Mr.K.Balaji (No. of shares: 70132)		Majority-SSI	Independent / Non-executive	13	6	NA	NA	NA	NA	3	NA	YES		Nil	Nil
Mr.N.Saiprasad (No. of shares: 106938)	IDC	Minority-Business	Non Independent / Non-executive	14	NA	4	17	2	4	NA	NA	YES		Nil	Nil
Mr.K.Ravindrakumar (No. of shares: 40007)		Minority-Business	Non Independent / Non-executive	14	7	4	17	1	3	3	3	YES		Nil	Nil
Mr.Kusuma R Murugalu (No. of Shares : 201688)	CCB	Majority -Law	Independent / Non-executive	13	7	NA	17	NA	NA	NA	3	YES		Nil	Nil
Mr.D.L.N.Rao (No. of shares : 5188)		Majority - Law	Independent / Non-executive	11	6	3	NA	NA	NA	1	1	YES		Nil	Nil
Mr.B.K.Manjunath (No. of shares: 51130)	ACB	Majority - Accountancy	Independent / Non-executive	15	7	NA	NA	2	4	NA	NA	YES	2	Mis South Star Distilleries And Breweries (P) Ltd., Mis. Bhramaputra Power Private Ltd.,	Nil
Mr.K.R.Pradeep (No. of Shares : 1927166)	STGC & BSAC	Minority - Consultancy	Non Independent / Non-executive	13	5	5	18	2	NA	NA	NA	YES	5	Mis. Pranava Electronics (P) Ltd., Mis. Kare Electronics And Developments (P) Ltd., Mis. Kare Power Resources (P) Ltd., Mis. Vardaan Engineering & Services (P) Ltd., Mis. Celestial Techsoft and Services (P) Ltd.	Nil
Mr.S.G.Prabhakaran (No. of Shares : 2002)		Minority-Business	Non Independent / Non-executive	14	NA	NA	15	2	3	NA	NA	YES	3	Mis. Royalsoft Services Ltd., Mis. XS Real Properties Private Ltd., Mis. Arison Capital Asset Holdings Private Ltd.	Nil
Mr.S.Dattathreyan (No. of Shares: 83436)		Minority-Business	Independent / Non-executive	15	NA	5	20	2	4	NA	NA	YES	1	Mis. Valbhav Polycot (P) Ltd.	Nil

**ATTENDANCE AT AUDIT COMMITTEE MEETINGS**

Name of the Committee Members (Sarvashree)	Category of Director	Meeting details			Whether attended last AGM (Y/N)
		Held during the tenure of director/invitee	Attended	% of total	
B.K. Manjunath	Chairman NED/Independent	7	7	100%	YES
K.Balaji	NED / Independent	7	6	86%	YES
K.Ravindrakumar	NED / Non-Independent	7	7	100%	YES
Kusuma R. Muniraju	NED / Independent	7	7	100%	YES
D.L.N. Rao	NED / Independent	7	6	86%	YES
K.R. Pradeep	NED / Non-Independent	7	5	71%	YES

INFORMATION ABOUT SHARE TRANSFER WORK TO A DELEGATED AUTHORITY

Description of delegated authority	Full Address of delegated authority	Telephone Numbers	Fax Numbers	E-Mail IDs
Name and designation of officer of the Company	S.Venkateswaran Company Secretary / Compliance Officer Lakshmi Vilas Bank Ltd., Regd. & Admn. Office, Salem Road, Kathapara, Karur - 639 006	04324 - 220051-60	04324 - 223607	secretarial@lvbank.in
Name of Board Committee and Chairman's name	Share Transfer & Investors' Grievances Committee Mr.K.R.Pradeep, Director Lakshmi Vilas Bank Ltd., Regd. & Admn. Office, Salem Road, Kathapara, Karur - 639 006	080 - 22218206	04324 - 223607	krpradeep@krpradeep.com
The Registrar and Share Transfer Agent	M/s.Integrated Enterprises (India) Ltd., II Floor, "Kences Towers" No.1, Ramakrishna St, North Usman Road, T.Nagar, Chennai - 600 017	044 - 28140801 28140802 28140803	044 - 28142479 28143378	lvb@ieplindia.com



Annexure D
GENERAL SHAREHOLDERS' INFORMATION

Means of Communication

The Bank publishes its financial - quarterly and annual results in Business Line all editions (English) and Dinamalar (Vernacular). The results are displayed on the Bank's website at www.lvbank.com.

Management discussion and analysis forms part of the Annual Report, which is posted to the shareholders of the Bank.

**Financial Calendar 2010-2011 :
84th Annual General Meeting**

Date & Time : 14th September, 2011 10.00 A.M.

Venue : Registered Office, Salem Road, Kathapara, Karur - 639006, Tamilnadu.

Information of last three Annual General Meetings held

The 81st, 82nd and 83rd AGM were held on 14th August, 2008, 28th August, 2009 and 04th August, 2010 respectively.

Special Resolution passed during the last three AGMs.

81st AGM - 14/08/2008 - 10.00 a.m. - A.O.Karur.

Special Resolution passed:

Item No.11 - Subject to the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable laws, rules, guidelines (including any statutory modification or re-enactment thereof for the time being in force) and subject to all applicable approvals and permissions and sanctions and subject to such conditions as may be prescribed by the concerned authorities while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the bank, consent of the bank be accorded for acquiring shares of the company by permitted foreign investors including FII's FDI's and NRI's by purchase or acquisition on the recognized stock exchanges, subject to the condition that the individual holding of the above investors shall not exceed 5% of the paid up capital and the total holding of all the Foreign Investors together shall not exceed 26% of the paid up equity share capital of the Bank or such other maximum limit as may be prescribed from time to time.

the Board be and is hereby authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the object of the above resolution.

Item No.12 - Pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act 1956 (including any amendment thereto or re-enactment thereof), Banking Regulation Act, 1949, Foreign Exchange Management Act, 1999, SEBI (Disclosure and Investor Protection) Guidelines, 2000 (the Guidelines), applicable listing agreements and in accordance with the provisions of the Memorandum and Articles of Association of the Bank, the Board of Directors of the Bank, or a Committee of Directors (Committee) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution be and is hereby authorized, to offer, issue and allot, by way of Qualified Institutions Placement (QIP), to Qualified Institutional Buyers (QIB's) in terms of Chapter XIII-A of the Guidelines, whether or not such investors are existing Members of the Bank, through one or more tranches, such

number of equity shares of face value of Rs.10 each as may be decided by the Board at the appropriate time at such price or prices including premium on each share, as the Board or the Committee of the Board may determine in accordance with the Guidelines and where necessary in consultation with the Lead Managers and such that aggregate amount to be raised from the issue and allotment of such equity shares shall not exceed ₹. 250.00 Crores.

the QIP issue shall be completed within 12 months from the date of this resolution.

the allotment to each Qualified Institutional Buyer (QIB) in the proposed QIP issue will not exceed 5% of the post issue paid up capital of the Bank.

the relevant date for determination of the floor price of the Equity Shares to be issued by way of a QIP issue shall be as per the guidelines in force at the time of issue. However the offer price shall be determined at a price atleast 2.5 to 3 times of the book value of the equity share.

the equity shares to be offered and allotted under the QIP shall be in dematerialized form.

the Equity shares so issued shall rank pari passu with the existing Equity Shares of the bank in all respects including dividend.

for the purpose of giving effect, to any offer, issue or allotment of Equity shares, the Board or a Committee be and is hereby authorized on behalf of the Bank to do all such acts, matters and things as it may, in its absolute discretion, deems necessary or desirable for such purpose, including without limitation, signing of any agreement, the determination of the terms thereof, for entering into arrangements, for managing, underwriting, marketing, listing and trading, to issue placement documents, and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

All the Directors were present in the AGM.

No special resolutions were passed through postal ballot in the last AGM.

82nd AGM - 28/08/2009 - 10.00 a.m. - A.O.Karur

No Special Resolution was passed.

83rd AGM - 04/08/2010 - 10.00 a.m. - A.O.Karur

Special Resolution passed:

Item No.10 - pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force, subject to the provisions of Securities Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 and other Rules, Regulations, Guidelines, provisions of Memorandum and Articles of Association of the bank and further subject to such approval, permissions and sanctions as may be necessary from SEBI, the Stock Exchanges, Reserve Bank of India, Govt. of India and other appropriate authorities as may be required and subject to such terms and conditions that may be prescribed or imposed by such authorities while granting



such approval which may be agreed or accepted by the Board of Directors (hereinafter referred to as "the Board" which expression shall include compensation committee or any other committee of the Board duly authorized by the Board in this regard) at its sole discretion, the consent of the members of the Bank be and is hereby accorded to create, issue, grant / allot upto 50 lacs equity stock options to the eligible present and future employees including Directors of the Bank and in one or more tranches through Employees Stock Option Scheme (ESOS) of the Bank which entitles the option holders to subscribe to 1 (one) equity share of the Bank of ₹. 10/- each and in aggregate 50,00,000 equity shares of the face value of ₹. 10/- at such price, in such manner, during such period and on such terms and conditions and in the manner as may be determined by the Board.

the Board is hereby authorized to formulate, evolve, decide upon and bring into the ESOS on such terms and conditions as contained in the relevant Explanatory Statement to this notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the scheme from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule or to suspend, withdraw or revive the ESOS.

the new equity shares to be issued and allotted by the Bank under the aforesaid ESOS shall rank pari passu in all respects with the then existing shares of the Bank.

the Bank be and is hereby authorized to take necessary steps for listing of the securities allotted under ESOS on the stock exchanges where the securities of the Bank are listed as per the provisions of the listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

in case Bank's equity share capital or its valuation is affected due to any corporate actions like issue of bonus / rights shares, any split or consolidation of face value of equity shares or any event of merger / consolidation, capitalization or other reorganization of the Bank, tender offer of equity shares or sale of undertaking, the Board makes such adjustment with respect to stock options and take other action as it deems necessary or appropriate to reflect such corporate action including but without limitation the substitution of new stock options or adjustment of outstanding stock options, the acceleration of exercise period or the removal of restriction or outstanding stock options which shall however be subject to necessary approval.

the said options may be granted / equity shares may be allotted in accordance with the scheme framed in that behalf, to such eligible employees directly or through a Trust, which may be set up in any permissible manner, or to the Trust to be held on behalf of eligible employees.

for the purpose of giving effect to the above resolutions the Board be and is hereby authorized to do all such deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the Bank in this regard.

a compensation committee of majority of Independent Directors of the Bank as constituted by the Board be and is hereby authorized to administer

the ESOS scheme (s), identify eligible employees and determine the number of options that may be offered to them pursuant to the scheme.

the Bank do make an application to the National Securities Depositories Limited and / or Central Depositories Services (India) Limited for admission of the above said Equity Shares to be allotted under ESOS.

the number of options that may be granted to any Non-Executive Director of the Board (including any independent director) in any financial year under the Scheme shall not exceed 50,000 and in aggregate shall not exceed 10% of total options granted under the Scheme.

Item No.11 - pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) (including any amendment thereto or re-enactment thereof), and in accordance with the provisions of Memorandum & Articles of Association of the Bank, the Listing Agreement entered into with the Stock Exchanges (Stock Exchanges), the provisions of Securities and Exchange Board of India (SEBI), Foreign Exchange Management Act (FEMA), and any other statutory guidelines/regulations, if any, prescribed by the SEBI, Reserve Bank of India, the Stock Exchanges, the Government of India or any other relevant authority from time to time, to the extent applicable, and subject to such approvals, consents, permissions, and sanctions as might be required and subject to such conditions and modifications as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the Bank (herein after referred to as "Board" which term shall be deemed to include any Committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the consent of the Bank be and is hereby accorded to the Board to create, issue, offer and allot, upto 3,93,41,025 Equity Shares of ₹.10/- each or hybrid instruments / securities resulting in, upto 3,93,41,025 Equity Shares of ₹.10/- each (including the provisions for reservation on firm and /or competitive basis, of such part of issue and for such categories of persons as may be permitted) in the course of one or more public or private offerings in domestic and/or one or more international market(s), (including Qualified Institutional Placement under SEBI Guidelines) and / or Equity Shares through Depository Receipts, including in the form of Global Depository Receipts (GDRs) and /or American Depository Receipts (ADRs) to overseas investors and/or to eligible investors (whether residents and/ or non-residents and/or strategic investors and/or institutions/banks and/ or incorporated bodies and/or individuals and/or trustees and/or stabilization agents and/or mutual funds, venture capital funds, and/or Indian and/ or multi-lateral financial institutions or otherwise, and irrespective of whether or not such investors are members or not of the Bank), through prospectus and/or letter of offer or circular and /or on public and/or private /preferential basis, such issue and allotment to be made at such time(s) in one or more tranches, at such price or prices, at a discount, equal to or at a premium to market price or prices, in such manner and where necessary, in consultation with the Book Running Lead Managers and / or Merchant Bankers or other Advisors or otherwise, on such terms and conditions as the Board, may in its absolute discretion, decide at the time of issue of Securities.

without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices etc.



the Bank and/or any agency or body or persons authorised by the Board, may issue Equity Shares and/or Depository Receipts representing the underlying Equity Shares in the Capital of the Bank or such other Securities in negotiable, registered or bearer form (as may be permissible) with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchanges in or outside India).

the relevant date for the determination of applicable price for the issue Equity Shares and/or Depository Receipts shall be as per the applicable guidelines of Securities and Exchange Board of India.

the Board be and is hereby authorised to create, issue offer and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities referred to above and as may be necessary in accordance with the terms of the offer, subject to the provisions of Memorandum and Articles of Association of the Bank and shall rank pari passu inter se with the then existing equity shares of the Bank in all respects including as to dividend.

for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorised on behalf of the Bank, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in this regard in its absolute discretion and deem fit.

the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more Executives of the Bank.

All the Directors were present in the last AGM.

No special resolutions were passed through postal ballot in the last AGM.

Annual General Meeting (Next Year) September, 2012

Board Meetings

Results for the quarter ending June 2011 - On or before 14th August, 2011
Results for the quarter ending September 2011 - On or before 14th November, 2011.

Results for the quarter ending December 2011 - On or before 14th February, 2012.

Results for the quarter ending March 2012 - On or before 30th May, 2012.

Code of Conduct

The Board of Directors at its meeting held on 15.04.2005, approved the Code of Conduct for all the Directors and Senior Management Personnel. The said Code of Conduct has been placed on the website of the Company www.lvbank.com. The Annual Report contains a declaration signed by CEO.

Disclosure

Directors Shri.B.K.Manjunath, Shri.N.Saiprasad and Shri.K.R.Pradeep are retiring by rotation and being eligible, offer themselves for reappointment. Pursuant to the Listing Agreement pertaining to Corporate Governance a brief resume about the retiring directors seeking re-election is furnished in the Notice to the Shareholders.

CEO/CFO Certification

CEO/CFO Certification under the Corporate Governance Guidelines prescribed by SEBI has been submitted to the Board by the CEO and CFO. The certificate on compliance is furnished separately.

Unclaimed Dividend:

Information in respect of unclaimed dividend and last date for making claim is given below:

Financial Year	Date of Declaration	Amount as on 31.03.2011 in ₹	Last date for claim
2003-04	29.07.2004	15,06,809.23	28.07.2011
2004-05	29.09.2005	Dividend not declared	NA
2005-06	14.08.2006	10,85,993.68	28.07.2013
2006-07	26.09.2007	8,11,884.54	25.09.2014
2007-08	14.08.2008	15,81,497.10	13.08.2015
2008-09	28.08.2009	24,49,019.70	27.08.2016
2009-10	04.08.2010	11,69,802.60	03.08.2017

Compliance with clause 32 of the Listing Agreement

Name and address of the Stock Exchange where equity shares of Lakshmi Vilas Bank Limited is listed:

The National Stock Exchange of India Limited
Exchange Plaza, 5th floor, Plot No.C/1, G Block, Bandra - Kurla Complex, Bandra (E) , Mumbai - 400 051.

Bank confirms that the Annual Listing Fee has been paid to the National Stock Exchange.

Compliance with Clause 47 (f) of the Listing Agreement

SEBI has advised the listed companies to designate an exclusive email ID for Redressal of Investor Complaints. Pursuant to amendment to the listing agreement under clause 47(f), a separate e-mail id. investorsgrievances@lvbank.in was designated exclusively for redressal of investors' complaints.

Dematerialization

Bank has 63196 shareholders as on 31.03.2011. Of this 41269 folios representing 8,67,48,184 (88.95%) shares are in Demat Form.

Bank Code (NSE) : LAKSHVILAS

ISIN NO. : INE694C01018

(Fully paid shares of ₹.10/- each)

The shares of the Bank are admitted under demat mode with both the depositories of the country i.e., National Securities Depository Limited and Central Depository Services (India) Limited.

Stock Market Data

Month	Listed with NSE on 21.06.2000		No of shares Traded
	High	Low	
April - 2010	87.75	76.65	7338821
May	87.00	74.55	6610352
June	94.15	78.55	25963863
July	107.40	89.20	19107048
August	134.95	104.00	35795905
September	143.00	117.55	25658079
October	137.50	127.05	7049415
November	139.40	100.00	9883946
December	120.35	95.60	5618985
January - 2011	122.60	96.60	3443290
February	104.50	85.05	3949384
March	102.30	93.20	4964929

Distribution of Shareholding in break up as on 31.03.2011 is given below.

CATEGORY	NUMBERS	%	SHARES	% to capital
UPTO 500	46244	73.18	6695422	6.87
501 TO 1000	7213	11.41	5435207	5.57
1001 TO 2000	4637	7.34	6705039	6.88
2001 TO 3000	1714	2.71	4191062	4.30
3001 TO 4000	969	1.53	3416565	3.50
4001 TO 5000	601	0.95	2728933	2.80
5001 TO 10000	1026	1.62	7281586	7.47
10001 & ABOVE	792	1.26	61072026	62.62
TOTAL	63196	100.00	97525840	100.00

Nomination Facility

Shareholders may avail of the Nomination Facility under Section 109A of the Companies Act, 1956.

Bank Account Details

In order to avoid fraudulent encashment of dividend warrants, the members holding shares in physical form are requested to write their Bank Account details to the Office of our Registrar and Share Transfer Agent.

Shares held in Electronic form

All instructions regarding bank account details, which the shareholders wish to be incorporated in their dividend, warrant will have to be submitted to their depository participants.

Instructions already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form and the Bank or STA will not entertain any request for deletion / change of Bank details already printed on dividend warrants as per information received from both the depositories.

All instructions regarding change of address, nomination, power of attorney etc., shall be given directly to their Depository participants and the bank or STA will not entertain any such requests directly. Shareholders having the holdings partly in demat form and partly in physical form, should follow the steps narrated above separately.

Share Transfer Process

Bank ensures physical shares are processed by the Registrar and Share Transfer Agent - M/s. Integrated enterprises (India) Limited and approved by Share Transfer & Investor's Grievances Committee / Board and the certificates are dispatched to the transferees with in a maximum period of 4 weeks from the date of receipt of the transfer documents by M/s. Integrated enterprises (India) Limited, provided if the share documents are valid in all respects.

Share transfers, dividend payments, demat requests and all other investor related activities are attended to and processed at the office of our Registrar and Share Transfer Agent.

Shareholders' Correspondence should be addressed to :

M/s Integrated Enterprises (India) Limited
 II floor , "Kences Towers" No.1 Ramakrishna Street
 North Usman Road, T.Nagar, Chennai - 600 017
 Ph: 044-28140801/2/3 Fax: 28142479/28143378
 Email: lvb@iepindia.com

Compliance status of Clause 49 of Listing Agreement

The Bank has complied with all mandatory recommendations prescribed in Clause 49 of the Listing Agreement. A Certificate to this effect from the Bank's Statutory Auditors is annexed.

The Bank at present has not adopted the Non-Mandatory requirement in regard to Remuneration Committee, Sending of half yearly performance to the shareholders to their residence, Mechanism for evaluating non-executive Board Members, Whistle Blower Policy, etc.

DECLARATION BY CHAIRMAN & CEO

The Board of Directors and the Senior Management Personnel of the Bank have affirmed confirming to the code of conduct of the Bank for the year ended 31.03.2011.

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March, 2011.

Name	Age	Designation	Gross Income ₹	Qualification	Experience	Employment date	Previous Employment
Rajat Baldhi	51	Executive Director	64,18,375.00	B.Com (Hons)., FCA.,	28 Years	22.06.2010	Senior Vice-President, Citi Bank.

**STATEMENT OF PROGRESS (AMOUNT IN LAKHS OF RUPEES)**

Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Paid-up Capital	1150.88	1150.89	1150.89	1150.89	1953.46	4780.51	4877.22	4877.62	9750.87	9752.58
Reserves & Surplus	15290.57	18057.72	21513.39	21847.83	27151.90	34828.36	36890.54	40493.97	64148.86	79490.91
Deposits	247692.23	277050.16	329581.91	349592.51	433638.00	501987.23	561848.82	736090.00	907537.77	1114951.97
Advances	156525.19	176369.82	203870.40	231771.14	295281.97	361270.30	385878.75	524583.00	627749.52	809442.28
Investments	90420.57	103657.52	133816.81	118086.14	127986.68	130930.24	169367.77	186306.00	298322.23	351885.03
Net Profit	3022.11	3416.33	4104.85	334.44	2247.02	1758.43	2526.91	5030.00	3066.80	10113.68
Number of Branches	211	215	224	225	227	236	239	251	271	274
Staff Position	1933	1983	1946	1928	1873	1926	2078	2433	2655	2626
Earning Per Share (₹.)	26.25	29.68	35.67	2.91	11.50	3.60	5.18	10.31	4.95	10.37
Book Value (₹.)	142.86	166.90	196.93	199.83	149.00	81.18	85.63	93.02	75.79	82.23
Market Price (₹.)	46.17	65.98	98.72	138.20	105.16	77.70	97.95	63.50	79.21	98.00
Dividend Per Share (₹.)	5.00	5.00	5.00	Nil	2.50	0.70	1.50	2.50	0.60	2.50

Statewise Branch List

ANDHRA PRADESH

- 1 Adilabad *
- 2 Adoni
- 3 Ananthapur *
- 4 Asifabad *
- 5 Bhimavaram *
- 6 Chittoor *
- 7 Eluru
- 8 Doddavaram *
- 9 Guntur *
- 10 Hyderabad-Hubsiguda *
- 11 Hyderabad-Kothapeta *
- 12 Hyderabad-Kukatpalli *
- 13 Hyderabad-Main *
- 14 Hyderabad-Malkajiri *
- 15 Hyderabad-Secunderabad *
- 16 Kadapa *
- 17 Kakinada *
- 18 Karimnagar *
- 19 Khammam *
- 20 Krishnapatnam *
- 21 Miryalguda *
- 22 Nandiyal *
- 23 Nellore *
- 24 Ongole *
- 25 Punjagutta *
- 25 Proddattur *
- 26 Rajamundry
- 27 Suryapet *
- 28 Tanuku *
- 29 Tirupathi *
- 30 Vijayawada *
- 31 Vijayawada II *
- 32 Visakapatnam-Gajuwaka *
- 33 Vinukonda *
- 34 Visakapatnam-Gopalpatnam *
- 35 Visakapatnam-Main
- 36 Warangal *

CHHATTISGARH

- 37 Raipur *

GUJARAT

- 38 Ahmedabad *
- 39 Anand *
- 40 Gandhidham
- 41 Gandhinagar
- 42 Jamnagar
- 43 Navsari *
- 44 Rajkot
- 45 Surat *
- 46 Surat II *
- 47 Vadodra *

HARYANA

- 48 Faridabad *
- 49 Gurgaon *
- 50 Panipat *

JHARKHAND

- 51 Ranchi *

KARNATAKA

- 53 Bangalore -Cantonment *
- 54 Bangalore -Citymarket *
- 55 Bangalore -Jalahalli *
- 56 Bangalore -Jayanagar *
- 57 Bangalore -Koramangala *
- 58 Bangalore -Main *
- 59 Bangalore -Ulsoor *
- 60 Bellary
- 61 Chitradurga *
- 62 Davangere *
- 63 Devanahalli *
- 64 Hospet *
- 65 Hubli
- 66 Mandya

- 67 Mysore
- 68 Raichur *
- 69 Ranebennur
- 70 Shimoga *
- 71 Visveswarapuram *

KERALA

- 72 Calicut *
- 73 Ernakulam (Cochin)
- 74 Palakkad
- 75 Thrissur
- 76 Tiruvananthapuram *

MADHYAPRADESH

- 77 Indore

MAHARASHTRA

- 78 Mumbai -Andheri *
- 79 Mumbai -Borivali *
- 80 Mumbai -Fort *
- 81 Mumbai -Ghatkopar *
- 82 Mumbai -Kalyan *
- 83 Mumbai -Kharghar *
- 84 Mumbai -Matunga *
- 85 Mumbai -Vashi *
- 86 Nagpur
- 87 Pune *
- 88 Thane *

NEW DELHI

- 89 Krishnanagar *
- 90 New Delhi -Karol Bagh *
- 91 New Delhi -Rohini *
- 92 New Delhi -Janpath

ORISSA

- 93 Bhubaneswar *

PONDICHERRY

- 94 Ambagarathur *
- 95 Karaikal *
- 96 Pondicherry

RAJASTHAN

- 97 Bhilwara *

TAMILNADU

- 98 Alathur
- 99 Ambilikkai *
- 100 Ambur *
- 101 Anbil
- 102 Arakandanallur
- 103 Arantangi
- 104 Ariyalur *
- 105 Arni *
- 106 Attur *
- 107 Avalpoondurai *
- 108 Balasamudram
- 109 Bargur *
- 110 Bhuvanagiri *
- 111 C.Pudupatti
- 112 Chennai -Adyar *
- 113 Chennai -Annanagar *
- 114 Chennai -Cathedral Road *
- 115 Chennai -G.N.Street *
- 116 Chennai -Karanodai *
- 117 Chennai -Kodambakkam *
- 118 Chennai -Main *
- 119 Chennai -Mount Road *
- 120 Chennai -Mylapore *
- 121 Chennai -Nungambakkam *
- 122 Chennai -Purasawalkam *
- 123 Chennai -Royapuram *
- 124 Chennai -Selaiyur *
- 125 Chennai -T.Nagar *
- 126 Chennai -Triplicane *
- 127 Chennai -Valasarawalkam *
- 128 Chennai -Velacherry *
- 129 Chennai -West Tambaram *

- 130 Chennai -Perungalathur
- 131 Chinnasalem
- 132 Chinnadharapuram
- 133 Chittode
- 134 Coimbatore -Eachanari *
- 135 Coimbatore -Ganapathy *
- 136 Coimbatore -Gandhipuram *
- 137 Coimbatore -Kovaipudur *
- 138 Coimbatore -Koundampalayam *
- 139 Coimbatore -Main *
- 140 Coimbatore -R.S.Puram *
- 141 Coimbatore -Ramanathapuram *
- 142 Coimbatore -Uppilipalayam
- 143 Cuddalore
- 144 Cumbam *
- 145 Dharmapuri *
- 146 Dindigul *
- 147 Erode *
- 148 Gobichettipalayam *
- 149 Gopalapatti
- 150 Hosur *
- 151 Idyakottai
- 152 Iyampalayam
- 153 Jalakandapuram *
- 154 Kadambuliur *
- 155 Kallakurichi *
- 156 Kancheepuram
- 157 Kandili
- 158 Kangayam *
- 159 Kanjampatti
- 160 Karaikudi *
- 161 Karur -Kathaparai *
- 162 Karur -Main *
- 163 Karur -Vengamedu *
- 164 Karur -West *
- 165 Kattugudalur
- 166 Kattuputhur
- 167 Kaveripattinam *
- 168 Kovilpatti *
- 169 Krishnagiri *
- 170 kulithalai *
- 171 Kumbakonam *
- 172 Kurumbapatti
- 173 Lakkapuram
- 174 Lalgudi *
- 175 Madukkur North
- 176 Madurai -Main *
- 177 Madurai -Thallakulam *
- 178 Mahadhanapuram
- 179 Manamedu
- 180 Mannargudi *
- 181 Marandahalli
- 182 Mathur
- 183 Mayiladuthurai *
- 184 Melur *
- 185 Mettupalayam *
- 186 Mettur Dam *
- 187 Moolangudi
- 188 Muthugapatti
- 189 Muthupet
- 190 Muthur *
- 191 Nagapattinam *
- 192 Nagercoil
- 193 Namakkal *
- 194 Nathakadaiyur
- 195 Nerinjipettai
- 196 Neyveli *
- 197 Oddanchatram *
- 198 Olapalayam *
- 199 Palani *
- 200 Palacode *
- 201 Pallipalayam *
- 202 Panruti *
- 203 Papanad
- 204 Papanasam *

- 205 Pattukkottai *
- 206 Pennagaram
- 207 Perambalur *
- 208 Peravurani
- 209 Periyakulam *
- 210 Podakudy
- 211 Pollachi *
- 212 Pugalur *
- 213 R.Pudupatti
- 214 Rajapalayam *
- 215 Rajendram
- 216 Ramapuram *
- 217 Rasipuram *
- 218 Salem -Ayothiyapatnam *
- 219 Salem -C.K.Street *
- 220 Salem -Gugai *
- 221 Salem -Kondalampatti *
- 222 Salem -Shevapet
- 223 Salem -Swarnapuri *
- 224 Salem -Town *
- 225 Sankarapuram
- 226 Sankari *
- 227 Sattur
- 228 Seevalaperi (S.O)
- 229 Sendrapatti
- 230 Sivakasi *
- 231 Sriperumbudur *
- 232 Sundarapandiyan *
- 233 M.N.Palayam *
- 234 Tanjore *
- 235 Tenkasi *
- 236 Theni *
- 237 Thirukkattupalli
- 238 Thiruvaiyaru *
- 239 Thiruvallur *
- 240 Thiruvallur
- 241 Thittagudi *
- 242 Thokkavadi *
- 243 Thottiyam *
- 244 Tindivanam *
- 245 Tiruchengode *
- 246 Thirukadaiyur *
- 247 Tirukoilur
- 248 Tirunelveli Town *
- 249 Tirupur *
- 250 Tiruthuraiipoondi *
- 251 Tiruvannamalai
- 252 Trichy -Main *
- 253 Trichy -Srirangam *
- 254 Trichy -Thillainagar *
- 255 Turaiyur *
- 256 Tuticorin *
- 257 Udumalpet *
- 258 Ulipuram
- 259 Uthamarkoil *
- 260 Unjalur
- 261 Vadugapalayam
- 262 Vellakoil *
- 263 Velliyanai
- 264 Vellore *
- 265 Velur (Namakkal) *
- 266 Vettavalam *
- 267 Vilangudi *
- 268 Villupuram *
- 269 Virudhunagar *
- 270 Virudhachalam
- 271 Yethapur

UTTAR PRADESH

- 272 Ghaziabad *
- 273 Noida

WEST BENGAL

- 274 Kolkata

* On-site / Off-site ATMs available

CORPORATE VISION

"To be a sound and dynamic banking entity providing financial services of excellence with pan India presence"

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