



# LAKSHMI VILAS BANK

## 85<sup>th</sup> ANNUAL REPORT 2011-2012



RuPay Card



Prepaid Card



17 New Branches added in 2011 - 2012



300+ ATMs added in 2011 - 2012



Fund transfer (IMPS) on our ATMs



E-Tax remittance available at Branches/Online



Enjoy hassle-free & convenient banking

**When proud tradition is redefined through latest technology, trust and commitment endures.**

## 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**



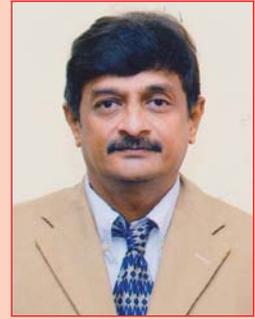
**Shri B.K. MANJUNATH**



**Shri K.R. PRADEEP**



**Shri S.G. PRABHAKHARAN**



**Shri S. DATTATHREYAN**



**Shri R. SHARAN**



**Shri A. SATISH KUMAR**

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

P.R. Somasundaram - Managing Director & CEO

N. Saiprasad

K. Ravindrakumar

Kusuma R Muniraju

D.L.N. Rao

B.K. Manjunath

K.R. Pradeep

S.G. Prabhakaran

S. Dattathreya

R.Sharan (From 30.05.2012)

A.Satish Kumar (From 30.05.2012)

**EXECUTIVE DIRECTOR**

K.S.R. Anjaneyulu

**CHIEF FINANCIAL OFFICER**

M. Palaniappan

**GENERAL MANAGERS**

S.R. Narayanamurthy

S. Ravishankar

S. Suresh Babu

Raghu Nagarajan

**COMPANY SECRETARY**

N. Ramanathan

**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: corpserv@integratedindia.in



## NOTICE TO THE MEMBERS

Notice is hereby given that the 85<sup>th</sup> Annual General Meeting of The Lakshmi Vilas Bank Ltd will be held at Regd. & Admn. Office, Salem Road, Kathapara, Karur-639 006 on 14<sup>th</sup> September 2012 at 10.00 a.m. to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2012 and the Profit and Loss Account for the year ended 31<sup>st</sup> March 2012 and the Report of the Directors and the Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in the place of Mr. S. G. Prabhakaran who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. S. Dattathreya who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. K. Ravindrakumar who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint auditors and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**.

"Resolved that M/s.Sagar & Associates, Chartered Accountants, Hyderabad be and is hereby re-appointed as 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 228 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 31.03.2013 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 as are not exempted."

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

Resolved that Mr.R.Sharan who was appointed as an Additional Director of the Bank with effect from 30.05.2012 pursuant to the provisions of Article 17(b) of the Bank and Section 260 of the Companies Act, 1956 and holds office up to the date of 85<sup>th</sup> Annual General Meeting and in respect of whom the Bank has received notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of director in terms of Article 17(c) of the Articles of Association of the Bank, be and is hereby appointed as a director of the bank, liable to retire by rotation.



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

Resolved that Mr. A.Satish Kumar who was appointed as an Additional Director of the Bank with effect from 30.05.2012 pursuant to the provisions of Article 17(b) of the Bank and Section 260 of the Companies Act, 1956 and holds office up to the date of 85<sup>th</sup> Annual General Meeting and in respect of whom the Bank has received notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of director in terms of Article 17(c) of the Articles of Association of the Bank, be and is hereby appointed as a director of the bank, liable to retire by rotation.

BY ORDER OF THE BOARD

Place : Chennai  
Date : 31.07.2012

**N. RAMANATHAN**  
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 10 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 **06.09.2012 to 14.09.2012 (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 **14.09.2012** 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 **05.09.2012**, 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: corpseiv@integratedindia.in

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) Shareholders and Beneficial owners who have not so far encashed/claimed the dividends for the last 7 years i.e from 2004-05 to 2010-2011 and also 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 – 600 017. Shareholders who have lost the dividend warrants/refund order are advised to execute the indemnity bond and send to the Registrar. However no dividend was declared for the year 2004-2005 and hence no transfer of unclaimed dividend for the period 2004-2005 to Investor Education and Protection Fund.
- b) In terms of the Section 205C of the Companies (Amendment) Act, 1999 the dividend / 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 dividend(s)/ refund(s) 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 on your behalf. In case holding shares in physical form kindly write a letter mentioning your email id to our Registrar & Transfer Agent, M/s. Integrated Enterprises (India) Ltd., Chennai in order to 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 Directors seeking re-election.**

### Item No. 3

Mr. S.G. Prabhakaran, B.Com, BL, ACS represents Law – Minority Sector as per Section 10A (2) (a) of Banking Regulation Act, 1949. He was instrumental in setting up the first Private Sector Mutual Fund in collaboration with Pioneer Mutual Fund, Boston, USA in 1993. He is a realtor having had sterling practice in Law from 1978 to 1994 and widely travelled. He is classified as a Non-Independent, Non- Executive Director in compliance of Clause 49 of Listing Agreement. He holds 2002 Equity Shares of the bank.

He has served as a Director of your Bank during the period 1998 to 2006.

None of the Directors except Mr.S.G.Prabhakaran is concerned or interested in this resolution.

### Item No. 4

Mr. S. Dattathreya, BE – Mechanical Engineer represents – Minority Sector as per Section 10A (2) (a) of Banking Regulation Act, 1949. He has more than 26 years of experience in business. He is classified as an Independent, Non-Executive Director in compliance of Clause 49 of Listing Agreement. He holds 80,076 Equity Shares of the Bank.

He has served the Board earlier during the period from 05.03.1992 to 23.04.1994.

None of the Directors except Mr. S. Dattathreya is concerned or interested in this resolution.

### Item No. 5

Mr. K. Ravindrakumar , M.Com represents – Minority Sector as per Section 10A (2) (a) of Banking Regulation Act, 1949. He is a partner in a leading Jewellery firm based at Karur with more than 25 years of experience as Jeweler. He is classified as an Non- Independent, Non-Executive Director in compliance of Clause 49 of Listing Agreement. He holds 40,007 Equity Shares of the Bank.

None of the Directors except Mr.K.Ravindrakumar 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 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 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 Directors to seek exemption of such of the branches as are not to be audited.

None of the Directors is interested in this resolution.

**Item No. 9**

Mr. R. Sharan was appointed as an additional director with effect from 30.05.2012 pursuant to Section 260 of the Companies Act, 1956 and Article 17(b) and shall hold office only up to the date of the next Annual General Meeting of the bank. He is an Indian Revenue Service (IRS) Retd person who held the post of Chief Commissioner and Director General (Investigation) in Ministry of Finance and retired in July 2007. He was re-employed by the Govt. of India as Member (Income Tax Settlement Commission) and super-annuated at the age of 62 years. Presently he is indulged in agricultural activities besides running his own consultancy Firm. In terms of Section 257 of the Companies Act 1956, the bank has received a notice from a member proposing the candidature of Mr. R. Sharan for the Office of director of the bank along with prescribed deposit. He holds 160 Equity Shares of the Bank.

None of the directors except Mr. R. Sharan is concerned or interested in this resolution.

**Item No. 10**

Mr. A. Satish Kumar was appointed as an additional director with effect from 30.05.2012 pursuant to Section 260 of the Companies Act, 1956 and Article 17(b) and shall hold office only up to the date of the next Annual General Meeting of the bank. He is an alumni of IIM, Ahmedabad and completed Senior Executive Programme from Columbia University and INSEAD (Henkal Executive Programme). He is having an experience of more than 25 years in Industrial and Commercial affairs by holding various positions in major Industrial Houses in India. In terms of Section 257 of the Companies Act 1956, the bank has received a notice from a member proposing the candidature of Mr. A. Satish Kumar for the Office of director of the bank along with prescribed deposit. He holds 100 Equity Shares of the Bank.

None of the directors except Mr. A.Satish Kumar is concerned or interested in this resolution.

BY ORDER OF THE BOARD

Place : Chennai  
Date : 31.07.2012

**N. RAMANATHAN**  
Company Secretary

**DIRECTORS' 85<sup>th</sup> ANNUAL REPORT****TO  
THE MEMBERS**

The Directors of your Bank have great pleasure in presenting this 85<sup>th</sup> Annual Report on the business and operations of your Bank together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2012 (FY 2011-2012).

**1. FINANCIAL PERFORMANCE**

The highlights of the financial performance of your Bank for the year ended 31<sup>st</sup> March, 2012 are as under:

	(₹ in crores) For the year ended	
	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
Total Deposits	<b>14,114.14</b>	11,149.51
Total Advances	<b>10,188.68</b>	8,094.42
Investments	<b>4,395.12</b>	3,518.85
Total Income	<b>1,677.18</b>	1,201.85
Operating profit	<b>235.44</b>	273.86
Provisions and contingencies	<b>128.42</b>	172.72
Net Profit	<b>107.02</b>	101.14

Your bank continued to register good growth in business, comparing very favourably in many respects with the industry. The Bank achieved total business of ₹ 24302.82 Crores in FY 2011-2012 a growth of 26% over ₹ 19243.96 Crores in FY 2010-2011.

Deposits grew 27%, from ₹ 11149.51 Crores as at 31<sup>st</sup> March 2011 to ₹ 14114.14 Crores as at 31<sup>st</sup> March 2012, and total advances expanded by 26%, from ₹ 8094.42 Crores to ₹ 10188.68 Crores in FY 2011-2012. Of this, lending to priority sector rose from ₹ 2635.22 Crores in the previous year to ₹ 3525.03 Crores as on 31<sup>st</sup> March 2012. Agricultural advances increased to ₹ 2099.42 Crores from ₹ 1199.35 Crores and advances to weaker section recorded a significant growth from ₹ 736.02 Crores to ₹ 1020.63 Crores.

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

As at the end of the year under review, the total investments of the Bank stood at ₹ 4395.12 Cr as against ₹ 3518.85 Cr as on 31<sup>st</sup> March 2011.

Your Bank's Treasury continues to focus on sound Asset-Liability Management and on servicing clients with appropriate treasury products, market risk was managed well in a systematic way in a challenging year when interest rates were constantly rising.

**2. PROFIT**

The Bank posted an operating profit of ₹ 235.44 Crores in FY 2011-2012 against ₹ 273.86 Crores in the previous year FY 2010-2011. The net profit for the year, after provisions and taxes, rose to ₹ 107.02 Crores as against ₹ 101.14 Crores recorded in 2010-2011 registering a growth of 6%. This is the second consecutive year when the bank's profit grew above ₹ 100 Cr, after continuing investments in I.T, Staff and Infrastructure. Several branches were refurbished, new products launched with improved I.T capabilities and staff hiring continued, all of which will address fundamental issues of productivity and competitiveness in the ensuing years.

**3. APPROPRIATIONS**

Particulars	(` in Crores) For the year ended	
	31.03.2012	31.03.2011
Profit brought forward	0.25	0.16
Amount available for appropriation	107.37	101.30
<b>Transfer to:</b>		
Statutory Reserve	28.00	26.00
Capital Reserve	0.85	1.27
Other Reserve	32.25	40.25
Transfer to Special Reserve U/s 36(1) (viii) of the IT Act, 1961.	6.50	5.00
Proposed Dividend	34.14	24.38
Corporate Dividend Tax	5.54	4.15
Balance of Profit carried forward	0.09	0.25

**4. DIVIDEND**

Your Board of Directors are pleased to recommend a dividend of ₹ 3.50 (35%) per share for the year ended 31<sup>st</sup> March, 2012 as against ₹ 2.50 (25%) per share for previous year ended 31<sup>st</sup> March, 2011. The total out go in the form of dividend, including taxes, amount to ₹ 39.68 Crores against ₹ 28.53 Cr in the previous year.

**5. EPS / BOOK VALUE**

Earnings Per Share was sustained at ₹ 10.97 for the year ended 31<sup>st</sup> March, 2012 against ₹ 10.37 for the previous year.

Book Value of the share, after reckoning payment of dividend, grew to ₹ 88.43 as on 31<sup>st</sup> March, 2012 as compared to ₹ 82.38 as on 31<sup>st</sup> March, 2011.

**6. NET OWNED FUNDS / CAPITAL ADEQUACY RATIO**

Net Owned Funds (NOF) of the Bank increased from ₹ 811.70 Crores as at the end of FY 2010-2011 to ₹ 879.14. Crores as at the end of FY 2011-2012, reflecting a growth of 8.31%.

The Capital Adequacy Ratio (CAR) as on 31<sup>st</sup> March 2012 is 13.10%. The bank has been consistently maintaining Capital Adequacy Ratio well above the regulatory minimum of 9% stipulated by the Reserve Bank of India.

The Tier-I and Tier-II components of Capital Adequacy Ratio were comfortable at 8.86% and 4.24% respectively, against 10.78% and 2.41% respectively as at 31<sup>st</sup> March 2011. The increase in Tier II bank follows new issuance of subordinated debt of ₹ 250 Cores in February 2012.

**7. NON PERFORMING ASSETS (NPA's)**

Your bank continues to address the NPA problem through a combination of process improvement, technology solutions for early alerts and strict credit delivery. During FY 2011-12, macro-economic conditions affected some of our old clients with resultant stress on NPAs, but the bank is supporting customers where the issues are temporary and not structural, and is confident that the level of NPAs will come down significantly no sooner the market conditions revive. There have been no concentration issues either and stress has been fairly dispersed. Some of our exposure in infrastructure, textile and real estate sector got affected during the year under review. Consequently, our bank Gross & Net NPA increased to



2.98% & 1.74% as on 31<sup>st</sup> March 2012 as against 1.93% & 0.90% as on 31<sup>st</sup> March 2011, strong recovery efforts have also yielded ₹ 133.03 Crores during the year.

The bank has already initiated remedial measures to improve the performance during FY 2012-13 to arrest slippages and improve recovery, and is confident that the systemic changes initiated by the Board will ensure repeat of the success of the previous year with a much stronger portfolio at the end of FY 2013.

## 8. BRANCH AND ATM NETWORK

The bank has a network of 290 branches, 1 satellite branch and 10 extension counters, spread over 15 states and the union territory of Pondicherry. The Bank's focus is on ensuring faster technology driven service, as it prepares to meet the challenges of the future, but whilst to continue to emphasize on personalized contact and service, its traditional values. Your bank has a strong and wide base in the State of Tamil Nadu, one of the progressive States in the country, which has a vibrant industrial environment but is emerging strong in the states like Andhra Pradesh, Karnataka, Maharashtra and Gujarat where its traditional presence in strong clusters has contributed immensely to the economic growth of its customers and the areas it was present. Your bank has been focusing on retail banking, corporate banking and bancassurance, by rendering high-tech services.

The Bank has an ATM network of 541, in vital / major locations for better service to our customers; customers can access over 83000 + ATMs across the country. Bank continues to invest in expanding the network of ATMs.

For better span of control and speed to market, 4 Zonal Offices have been replaced with 8 Regional Offices.

## 9. FINANCIAL INCLUSION

Your Bank continues to play an active role 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, the bank has implemented the Financial Inclusion plan in 32 villages besides the 18 villages covered during last year, thus covering all the 50 villages allotted by SLBC with population of over 2000 in Tamilnadu. The Bank has opened 25818 no-frill accounts to improve its penetration in rural areas.

## 10. INTERNATIONAL BUSINESS

The global economic issues have had their impact on India's exports. This made it challenging to achieve our stated purpose of expanding the exports business. During the year the Bank achieved Foreign Exchange business Turnover of ₹ 4358.73 Crore as against the previous year Turnover of ₹. 4900.58 Crore. Lending to Export Sector however decreased from ₹ 215.43 Crore to ₹ 175.44 Crore. The financial year 2012-13 will see a refreshed approach to service clients on the export front and to substantially increase the Foreign Exchange Volume. The bank is taking various initiatives including staff training and line of credit, to address the needs of the export fraternity in the areas it operates and is confident that this will be a growth area in the next few years.

## 11. LISTING AGREEMENT WITH STOCK EXCHANGE

The Equity Shares of the bank are listed on the National Stock Exchange of India Ltd, Mumbai. The Bank also made necessary arrangement for listing of our equity shares with Bombay Stock Exchange, Mumbai which will enhance the liquidity of our shares and investors get additional forum to purchase or sell the shares through over 13,300 trading terminals spread across 295 cities and will add visibility to the global investors through BSE Web Site – the most widely viewed exchange in the world.

## 12. ALIGNING TECHNOLOGY WITH BUSINESS OBJECTIVE

Leveraging on the robust technology platform & Core Banking Solution, your bank has introduced the following Technology Products, Delivery Channels and Services to serve our wide spectrum of customers, cutting across geographical location, age etc.



1. Increased the ATM network from 250 to 541.
2. Introduced flexible retail term deposit product (Lakshmi Flexi Deposit) and Current Account Product (Lakshmi Current Flexi Account)
3. Deployed point of sales devices across various locations.
4. Enabled on line Term Deposit opening in internet banking.
5. Introduced Instant VISA Debit Cards, VISA Gold Cards, Rupay Cards, Prepaid and Gift Cards.
6. Introduced centralized issue of personalized cheque book.
7. Enabled interbank fund transfer through bank

Acknowledging the progress made in implementation and promotion of alternate delivery channels and electronic payment systems your bank has been awarded with Best Bank award among small banks for 'Electronic Payment Systems' by the Institute for Development and Research in Banking Technology (IDRBT).

National Payment Corporation of India (NPCI), in recognition of Bank's pioneering efforts for implementing Cheque Truncation System in Chennai, has included your Bank in the list of pilot Banks for implementation of Cheque Truncation System (CTS) in Bangalore and Coimbatore.

Your Bank has embarked on the following strategic initiative in tune with the business objectives of the Bank.

- Your Bank has decided to implement a comprehensive system for Business Process Management (BPM) and Document Management System (DMS) to centralize and manage back office operations like new account opening process, service request etc. The ultimate objective is to streamline business processes and to provide the same level of fast, error-free and quality service across the bank.
- A Human Resource Management System (HRMS) project, which will aid better manpower planning, on boarding, motivation and monitoring of our Human Resource is under implementation.
- Enterprise wide General Ledger was implemented to have better control over fixed assets and Budget Management.

The bank's aggressive investment behind technology will ensure that the bank is poised to raise the bar on its products and services addressing the needs of customers of all ages, comparable to the best in the industry.

### 13. WEALTH MANAGEMENT / PARABANKING ACTIVITIES

- Life Insurance:** Bank has entered into a tie up with the Giant in the Life Insurance sector – LIC of India for soliciting Life Insurance policies for our customers. All the products of LIC are available through our branches. It opens up a reliable and trustworthy investment avenue, making LVB a one stop shop for all financial requirements.
- 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 thirteen leading Asset Management Companies for promoting various Mutual Fund schemes. In addition, we are promoting Port Folio Management Services (PMS) through UTI, Reliance and Sundaram Asset Management Company.
- Money Transfer through Branch Channels:** Foreign inward remittances arrangement with M/s. Weizmann Forex Ltd. for extending Western Union Money Transfer facility, in addition to this, the bank has also 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:** Tied up with Times of Money - Remit 2 India. & Al-ahalia for Inward remittance from Abroad which enables the NRIs to directly remit the amount to their account / residents.
- Investment & Infrastructure Bonds:** Bank empanelled with M/s Bajaj Capital Ltd. for promoting Investment & Infrastructure Bonds.
- PAN Card Services:** Bank has tied up with M/s. UTI Infrastructure & Technology Services Ltd., (UTIITSL) as PAN Service Agent (PSA) for collecting the PAN Application across the country through Branches.



- viii. **Depository Participant Services:** Registered as Depository Participant with NSDL and with necessary clearances, this product is offered to our customers.
- ix. **New Pension System (NPS):** Bank has registered with PFRDA and NSDL-CRA as Point of Presence (PoP) for offering NPS services for all citizens except Government Employees already covered by NPS.
- x. **ASBA:** As Bankers to the issue, the Bank can now receive applications under ASBA mode thus enabling the investors to earn interest till allotment of securities.
- xi. **POS:** The bank is realigning and retraining the branch staff to focus on a fuller range of services that customers expect and is improving capabilities to design specific products for specific category of clients.

## 14. RISK MANAGEMENT

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 operational because of dynamic business environment to which business is exposed. It is not only a requirement under several voluntary codes and statutes but also make 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 practiced 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 monitors 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 Executive Level also a committee consisting of Top Executives reviews periodically Liquidity Risk, Credit Risk & Market risk to take stock of the current situation. At the organization level an Integrated Risk Management Department functions specifically to identify measure, monitor and reduce risk; optimize returns and assess the required capital level. Bank has already automated the process of capital calculation and Base rate as per RBI Guidelines. 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 a well-defined frame work for managing market Risk .Basic Indicator Approach has been adopted for computation of capital charge for Operational Risk.

The Bank has since, migrated to Basel II –New Capital Adequacy Framework (NCAP) – from March 2009 and is preparing ICAAP document to assess its inherent risk 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.

## 15. 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. There is continuous review of the efficacy of the systems. and 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 Inspection 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.



## 16. HUMAN RESOURCES

Staff strength of the Bank was augmented during the year 2011-12 with recruitment of 6 Executives, 64 Officers, 430 Clerks, 82 Sub Staff and 246 Sales personnel, a significant scale-up. Promotion to higher scale and cadre rolled out and 371 staff got promoted. Total number of employees as on 31.03.2012 was 3054 as against 2626 as on 31.03.2011. Business per employee had gone up from ₹ 7.19 crores as on 31.03.2011 to ₹ 7.99 crores as on 31.03.2012, notwithstanding an increase in Human Resources during the financial year 2011-12.

The bank's focus on training the internal resources on a continual basis gained momentum with introduction of online e-learning duly leveraging technology. Bank has trained considerable number of resources in offsite training programmes in reputed institutions such as ISB (Hyd), COD, ASCI, CAB, SIBTC, IDRBT, NIBM & FEDAI.

Industrial Relations were cordial during the year.

## 17. SOCIAL INITIATIVES

Your bank continues its tradition of being active in supporting worthy social causes. In FY 2011-12, your bank has contributed to the following social causes:

- i) Assisted Government Higher Secondary Schools at Uppidamangalam and Velliyanai for Construction and Renovating of toilets through M/s. Rotary Club of Karur Angels.
- ii) Contributed for Purchase of New Ambulance to Inner Wheel Club, Bangalore.
- iii) Donated a new PC to Madurai Jesuit Province, Dindigul.
- iv) Funded to Nanjundeswara Seva Trust, Bangalore to carry out various social services.
- v) Donated used furniture and photo copier to Govt. Higher Secondary School, Pugalur.
- vi) Donated to Naradha Gana Sabha, Karur for constructing and renovating Sabha Auditorium in order to conduct cultural performances to motivate the youngsters.
- vii) Donated to Karnataka Arya Vysya Charitable Trust for scholarships for students to pursue their education.
- viii) Your bank continues to support the Rotary Medical Centre, a Platinum Jubilee initiative of the bank, managed by the Rotary Club of Karur.

## 18. ISSUE OF TIER II CAPITAL

The Bank issued 11.4% Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds Series VII in the year 2011-2012 for ₹ 250 Crores. The issue was fully subscribed. The issue was rated 'BWR A' by Brickwork Ratings India Pvt Ltd and 'A-' (Single A-) by Credit Analysis and Research Ltd (CARE). The issue opened on 03<sup>rd</sup> January 2012 and closed on 03<sup>rd</sup> February 2012 successfully. This is the first large issue your bank has made and the wider participation of banks and insurance companies as investors reflected the confidence the market has reposed on your bank's long term success.

## 19. 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 meetings 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.



## 20. CHANGES IN THE BOARD OF DIRECTORS

Mr. S.G. Prabhakaran, Mr. S. Dattathreyan and Mr. K. Ravindrakumar are the directors retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. R. Sharan and Mr. A. Satish Kumar were appointed as Additional Directors on the Board with effect from 30.05.2012 pursuant to the provisions of Section 260 of the Companies Act, 1956.

## 21. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SEC 217 (2AA) OF THE COMPANIES ACT, 1956

The Board of Directors of your Bank confirms that in the preparation of the annual accounts for the year ended March 31, 2012:

- 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, 2012.
- 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 for safeguarding the assets of the bank and for preventing and detecting fraud and other irregularities; and
- Accounts have been prepared on a 'going concern' basis.

## 22. EMPLOYEES STOCK OPTION SCHEME

In the year 2010, the shareholders of the Bank have approved the issue of shares through Stock Option Scheme. The necessary statutory disclosures regarding ESOS as per Clause 12 and Certificate from Auditors as per Clause 14 of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 has been furnished as part of this report.

## 23. 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.

## 24. FY 2012-13 – AN OUTLOOK

The Union Budget 2012-13 indicates a subdued yet favourable macroeconomic outlook in terms of real GDP growth (7.6 per cent), inflation scenario (6.4 per cent) and expected moderation in current account deficit. The budgetary estimates for 2012-13 indicate the commitment to carry forward fiscal consolidation. The RD, as a ratio to GDP, is budgeted to decline by 1 percentage point to 3.4 per cent of GDP in 2012-13. Similarly, the GFD-GDP ratio is budgeted to decline to 5.1 per cent in 2012-13 from the level of 5.9 per cent in the previous year.

The macro conditions will continue to be relatively challenging and in this context, your bank's focus will continue to be on consistent profitable growth, whilst investing behind network of new branches and upscaling talent and productivity. The bank is focused on sustainable growth, influencing employee productivity up to match competition and to strengthen



the credit portfolio in a manner that fundamentally addresses near term challenges and long term strategy. We will continue to expand the branch network and technology investments addressing products and processes will continue aggressively. System-based identification of NPAs will be introduced and process centralisation will be carried out, leaving branches to focus more on marketing and client service. Retail credit will drive growth in advances. The strategy is to continue the trend of growth in business, strengthen portfolio, drive employee productivity, invest behind I.T and yet maintain growth in profit. FY 2013 should enable the bank to consolidate the efforts of transformation and mark a sharp change towards a higher trajectory of growth. To this end, the Bank will also explore raising additional capital under TIER I or TIER II with appropriate approvals of the shareholders and regulators.

## 25. AUDITORS

The Statutory audit of the Bank was carried out by M/s. Sagar & Associates, Chartered Accountants, Hyderabad whose report is annexed.

M/s. Sagar & Associates, Chartered Accountants, Statutory Auditors of the Bank will retire on the conclusion of this Annual General Meeting and are eligible for re-appointment, subject to the approval of Reserve Bank of India and the shareholders. Resolution for their re-appointment is placed before the shareholders for approval.

As regards the auditor's qualification on reconciliation of accounts with other banks in Note No.1 in Schedule 18 to the annual accounts, reconciliation of some of these accounts is in progress and the impact, if any on the financial results is not material.

## 26. ACKNOWLEDGMENT

Your Directors wish to place on record their earnest appreciation of the support and guidance of all the shareholders, investors and customers, the Reserve Bank of India, SEBI, NSE, Department of Income tax and other regulatory agencies.

Your Directors would also like to express their sincere appreciation of the contribution made by the Management and Staffs including the Employees Union and Officers' Association and look forward to a more evolved relationship as steps are being taken to re-orient the bank for the future.

For and on behalf of the Board of Directors

Place : Chennai  
Date : 31.07.2012

**(K.R. PRADEEP)**  
Chairman of the Meeting

**DIRECTORS REPORT DISCLOSURES**

Statement as at March 31, 2012, pursuant to clause 12 (Disclosure in the Directors' Report) of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

**A. Summary of Status of ESOPs Granted**

The position of the existing schemes is summarized as under -

Sr. No.	Particulars	Details
1	Details of the Meeting	Authorised by the shareholders of the company in the Annual General Meeting dated 4th August 2010
2	Approved	50,00,000 shares
3	The Pricing Formula	Discount of 50% to the closing market price on the day preceeding the date of grant
4	Options Granted	16,85,238
5	Options Vested and Exercisable	0
6	Options Exercised	0
7	Options Cancelled	3,00,000
8	Options Lapsed	0
9	Total Number of Options in force	13,85,238
10	Variation in terms of ESOP	Not applicable
11	Total number of shares arising as a result of exercise of options	0
12	Money realised by exercise of options (₹ In Lakhs)	0

**B. Employee-wise details of options granted during the financial year 2011-12 to:**

(i)	<b>Senior managerial personnel</b>	P.R. Somasundaram - 9,75,238
		K.S.R. Anjaneyulu -3,60,000
		V. Prakash - 3,00,000 (Cancelled)
		M. Palaniappan - 50,000
(ii)	<b>Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year</b>	<b>Name and Options Granted</b>
		P. R. Somasundaram: 9,75,238 options
		K S R Anjaneyulu: 3,60,000 options
		V Prakash: 3,00,000 options
(iii)	<b>Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.</b>	No employees were granted options exceeding 1% of the issued capital at the time of grant

**C. Weighted average Fair Value of Options granted during the year whose**

(a)	Exercise price equals market price	Not Applicable
(b)	Exercise price is greater than market price	Not Applicable
(c)	Exercise price is less than market price	₹ 82.36
	<b>Weighted average Exercise price of options granted during the year whose</b>	
(a)	Exercise price equals market price	Not Applicable
(b)	Exercise price is greater than market price	Not applicable
(c)	Exercise price is less than market price	₹ 61.25

**D** The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2011-12 is ₹ 41,916,352. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2011-12 would be ₹ 56,751,293.16. The effect of adopting the fair value method on the net income and earnings per share is presented below:

<b>Pro Forma Adjusted Net Income and Earning Per Share</b>		
	<b>Particulars</b>	<b>₹</b>
	<b>Net Income as reported</b>	<b>1,07,02,22,029.52</b>
	Add: Intrinsic Value Compensation Cost	4,19,16,352.00
	Less: Fair Value Compensation Cost	5,67,51,293.16
	<b>Adjusted Pro Forma Net Income</b>	<b>1,05,53,87,088.36</b>
	<b>Earning Per Share: Basic</b>	
	As Reported	<b>10.97</b>
	Adjusted Pro Forma	10.82
	<b>Earning Per Share: Diluted</b>	
	As Reported	<b>10.98</b>
	Adjusted Pro Forma	10.83

**E. Method and Assumptions used to estimate the fair value of options granted during the year:**

The fair value has been calculated using the Black Scholes Option Pricing model		
The Assumptions used in the model are as follows:		
	<b>Variables</b>	<b>21-Jul-11</b>
1.	Risk Free Interest Rate	8.26%
2.	Expected Life in years	4.18
3.	Expected Volatility	49.07%
4.	Dividend Yield	0.49%
5.	Price of the underlying share in market at the time of the option grant.	₹ 123.30



**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 31<sup>st</sup> March 2012, 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 financial statements of the Administrative Office, 8 Regional Offices, 10 Branches, Central Processing Cell, Integrated Treasury, Data Centre, RTGS Cell and DP Cell audited by us and 280 Branches, 1 Satellite Branch 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 2012 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 31<sup>st</sup> March 2012;
- 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 ended and are in conformity with the accounting principles generally accepted in India.

For **SAGAR & ASSOCIATES**  
Chartered Accountants  
FR No. 003510S

**(D. MANOHAR)**  
Partner

Membership No. 029644

Place : Karur  
Date : 30<sup>th</sup> May 2012

## **AUDITORS' CERTIFICATE ON ESOS**

This is to certify that M/s. The Lakshmi Vilas Bank Ltd., Karur has implemented the Employees Stock Option Scheme 2010 (ESOS-2010) in accordance with resolution passed by the Shareholders on 04<sup>th</sup> August 2010 and as per Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

For **SAGAR & ASSOCIATES**  
Chartered Accountants  
FR No. 003510S

**(D. MANOHAR)**  
Partner

Membership No. 029644

Place : Karur  
Date : 02.07.2012

**BALANCE SHEET as on 31st March 2012**

(₹ 000's)

	Schedule	As at 31-03-2012	As at 31-03-2011
<b>I. CAPITAL &amp; LIABILITIES</b>			
a. Capital	1	97,52,58	97,52,58
b. Reserves & Surplus	2	860,83,93	794,90,91
c. Deposits	3	14114,14,00	11149,51,07
d. Borrowings	4	580,00,00	725,10,70
e. Other Liabilities & Provisions	5	591,06,30	534,13,04
<b>TOTAL</b>		<b>16243,56,81</b>	<b>13301,18,30</b>
<b>II. ASSETS</b>			
a. Cash & Balances with Reserve Bank of India	6	810,01,65	943,60,53
b. Balances with Banks and Money at Call & Short Notice	7	36,72,76	82,95,54
c. Investments	8	4395,11,80	3518,85,03
d. Advances	9	10188,67,97	8094,42,28
e. Fixed Assets	10	189,20,83	179,13,14
f. Other Assets	11	623,81,80	482,21,78
<b>TOTAL</b>		<b>16243,56,81</b>	<b>13301,18,30</b>
Contingent Liabilities	12	3762,97,86	3838,80,53
Bills for collection		331,69,66	267,81,33
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

**(D. MANOHAR)**  
Partner  
M. No. 029644

Karur  
30th May 2012

**P.R. SOMASUNDARAM**  
Managing Director & CEO

**K.S.R. ANJANEYULU**  
Executive Director

**M. PALANIAPPAN**  
Chief Financial Officer

**N. SAIPRASAD**  
**K. RAVINDRAKUMAR**  
**KUSUMA R MUNIRAJU**  
**D.L.N. RAO**  
**B.K. MANJUNATH**  
**K.R. PRADEEP**  
**S.G. PRABHAKHARAN**  
**S. DATTATHREYAN**  
Directors

**PROFIT AND LOSS ACCOUNT** for the year ended 31st March 2012

(₹ 000's)

	Schedule	Year ended 31-03-2012	Year ended 31-03-2011
<b>I. INCOME</b>			
a. Interest Earned	13	1519,25,63	1064,83,55
b. Other Income	14	157,92,55	137,01,59
<b>TOTAL</b>		<b>1677,18,18</b>	<b>1201,85,14</b>
<b>II. EXPENDITURE</b>			
a. Interest Expended	15	1148,03,26	699,84,44
b. Operating Expenses	16	293,71,08	228,14,82
c. Provisions & Contingencies		128,41,62	172,72,20
<b>TOTAL</b>		<b>1570,15,96</b>	<b>1100,71,46</b>
<b>III. NET PROFIT FOR THE YEAR</b>			
		107,02,22	101,13,68
a. Excess Dividend Provided- Reversed		9,42	26
b. Profit brought forward		24,90	15,63
<b>TOTAL</b>		<b>107,36,54</b>	<b>101,29,57</b>
<b>IV. APPROPRIATIONS</b>			
a. Transfer to Statutory Reserve		28,00,00	26,00,00
b. Transfer to Capital Reserve		84,95	1,27,16
c. Transfer to Other Reserves		32,25,00	40,25,00
d. Transfer to Special Reserve u/s 36(1)(viii) of the IT Act, 1961		6,50,00	5,00,00
e. Proposed Dividend		34,13,93	24,38,15
f. Tax on Proposed Dividend		5,53,82	4,14,36
g. Balance carried over to Balance Sheet		8,84	24,90
<b>TOTAL</b>		<b>107,36,54</b>	<b>101,29,57</b>
Previous year figures are regrouped wherever necessary			
Earnings Per Share - Basic (₹)		10.97	10.37

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

As per our Report of Date annexed

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

**(D. MANOHAR)**  
Partner  
M. No. 029644

Karur  
30th May 2012

**P.R. SOMASUNDARAM**  
Managing Director & CEO

**K.S.R. ANJANEYULU**  
Executive Director

**M. PALANIAPPAN**  
Chief Financial Officer

**N. SAIPRASAD**  
**K. RAVINDRAKUMAR**  
**KUSUMA R MUNIRAJU**  
**D.L.N. RAO**  
**B.K. MANJUNATH**  
**K.R. PRADEEP**  
**S.G. PRABHAKHARAN**  
**S. DATTATHREYAN**  
Directors



(₹ 000's)

	As at 31-03-2012	As at 31-03-2011
<b>SCHEDULE 1 - CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
(15,00,00,000 equity shares of ₹ 10/- each)	<u>150,00,00</u>	<u>150,00,00</u>
<b>ISSUED CAPITAL</b>		
(9,83,52,564 equity shares of ₹ 10/- each)	<u>98,35,25</u>	<u>98,35,25</u>
<b>Subscribed, Called-up and Paid Up Capital</b>	<u>97,52,58</u>	<u>97,52,58</u>
(9,75,25,840 equity shares of ₹ 10/- each)		
i) 9,75,25,840 Paid-up Capital (Previous year 9,75,25,840 shares)		
ii) 1,26,41,186 Bonus Shares allotted (Previous year 1,26,41,186 shares)		
iii) Shares kept in abeyance 8,03,066 (Previous Year 8,03,066 shares)		
iv) Shares Forfeited and lapsed 23,658 (Previous Year 23,658 shares)		
<b>TOTAL</b>	<u><u>97,52,58</u></u>	<u><u>97,52,58</u></u>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
<b>I. STATUTORY RESERVE</b>		
Opening Balance	266,90,46	240,90,46
Additions during the year		
Transfer from current year's Profit	<u>28,00,00</u>	<u>26,00,00</u>
	294,90,46	266,90,46
<b>II. CAPITAL RESERVE</b>		
Opening Balance	47,87,87	46,60,71
Additions during the year	<u>84,95</u>	<u>1,27,16</u>
	48,72,82	47,87,87
<b>III. SHARE PREMIUM</b>		
Opening Balance	330,41,88	330,34,41
Additions during the year	<u>0</u>	<u>7,47</u>
	330,41,88	330,41,88
Deductions during the year	<u>0</u>	<u>0</u>
	330,41,88	330,41,88
<b>IV. REVENUE &amp; OTHER RESERVES</b>		
Opening Balance	60,57,65	20,32,65
Additions during the year	<u>32,25,00</u>	<u>40,25,00</u>
	92,82,65	60,57,65
Deductions during the year	<u>0</u>	<u>0</u>
	92,82,65	60,57,65
<b>V. Special Reserve u/s 36(1)(viii) of IT Act, 1961</b>		
Opening Balance	8,15,00	3,15,00
Additions during the year	<u>6,50,00</u>	<u>5,00,00</u>
	14,65,00	8,15,00
<b>VI. REVALUATION RESERVE</b>		
Opening Balance	81,50,52	0
Additions during the year	<u>0</u>	<u>81,50,52</u>
Depreciation on Revalued Asset	<u>2,28,24</u>	<u>77,37</u>
	79,22,28	80,73,15
<b>VII. BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>		
<b>TOTAL</b>	<u><u>8,84</u></u>	<u><u>24,90</u></u>
	<u><u>860,83,93</u></u>	<u><u>794,90,91</u></u>



(₹ 000's)

	As at 31-03-2012		As at 31-03-2011	
<b>SCHEDULE 3 - DEPOSITS</b>				
<b>A. I. DEMAND DEPOSITS</b>				
1. From Banks	1,31,18		4,92,91	
2. From Others	720,81,44	722,12,62	830,43,94	835,36,85
<b>II. SAVINGS BANK DEPOSITS</b>		1382,66,62		1262,08,01
<b>III. TERM DEPOSITS</b>				
1. From Banks	417,00,00		443,55,00	
2. From Others	11592,34,76	12009,34,76	8608,51,21	9052,06,21
		14114,14,00		11149,51,07
<b>B. (I) DEPOSITS OF BRANCHES IN INDIA</b>		14114,14,00		11149,51,07
<b>(II) DEPOSITS OF BRANCHES OUTSIDE INDIA</b>		NIL		NIL
<b>TOTAL</b>		14114,14,00		11149,51,07
<b>SCHEDULE 4 - BORROWINGS</b>				
<b>I. BORROWINGS IN INDIA</b>				
1. Reserve Bank of India	0		0	
2. Other Banks	0		450,00,00	
3. Other Institutions & Agencies*	580,00,00	580,00,00	275,10,70	725,10,70
<b>II. BORROWINGS OUTSIDE INDIA</b>		0		0
* Includes unsecured Tier II bonds of ₹ 380.00 Crs (Previous year ₹ 140.00 Crs)		580,00,00		725,10,70
<b>SECURED BORROWINGS INCLUDED IN I &amp; II ABOVE</b>		0		0
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>				
I. Bills payable		68,63,35		65,94,69
II. Inter-office adjustments (net)		23,22,50		0
III. Interest accrued		153,15,45		114,18,86
IV. (i) Others - (including Provisions)		286,59,41		295,21,89
(ii) Contingent Provisions against Standard Assets		36,99,00		30,73,00
(iii) Deferred Tax Liabilities		22,46,59		28,04,60
<b>TOTAL</b>		591,06,30		534,13,04
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>				
Cash in Hand (including foreign Currency Notes)		179,64,82		143,54,98
Balances with Reserve Bank of India				
I) in current account		630,36,83		800,05,55
II) in other accounts		0		0
<b>TOTAL</b>		810,01,65		943,60,53



(₹ 000's)

	As at 31-03-2012	As at 31-03-2011
<b>SCHEDULE 7 - BALANCES WITH BANKS &amp; MONEY AT CALL AND SHORT NOTICE</b>		
<b>I. IN INDIA</b>		
<b>(i) Balance with Banks</b>		
a. in current accounts	20,15,31	20,83,62
b. in other deposit accounts	24,10	21,24
	<u>20,39,41</u>	<u>21,04,86</u>
<b>(ii) Money at call and short notice</b>		
a. with banks	0	45,00,00
b. with other institutions	0	0
	<u>20,39,41</u>	<u>66,04,86</u>
<b>II. OUTSIDE INDIA</b>		
<b>(i) Balance with Banks</b>		
a. in current accounts	16,33,35	16,90,68
b. in other accounts	0	0
	<u>16,33,35</u>	<u>16,90,68</u>
TOTAL	<u><u>36,72,76</u></u>	<u><u>82,95,54</u></u>
<b>SCHEDULE 8 - INVESTMENTS</b>		
<b>I. INVESTMENTS IN INDIA</b>		
I. Government Securities (incl. treasury bills & zero coupon bonds)	3553,54,62	2969,58,59
II. Other approved securities	4,91,92	6,55,16
III. Shares	21,93,78	13,87,24
IV. Debentures & Bonds	163,07,98	179,71,87
V. Subsidiaries and Joint Ventures	0	0
VI Others (including Commercial Paper, Mutual Funds, NSC, Security Receipt, Units, etc.)	651,63,50	349,12,17
	<u>4395,11,80</u>	<u>3518,85,03</u>
GROSS INVESTMENTS IN INDIA	4410,50,79	3544,05,30
LESS: DEPRECIATION	15,38,99	25,20,27
NET INVESTMENTS IN INDIA	4395,11,80	3518,85,03
<b>II. INVESTMENTS OUTSIDE INDIA</b>	<b>NIL</b>	<b>NIL</b>
TOTAL	<u><u>4395,11,80</u></u>	<u><u>3518,85,03</u></u>



(₹ 000's)

	As at 31-03-2012	As at 31-03-2011
<b>SCHEDULE 9 - ADVANCES</b>		
A. I. Bills purchased & discounted	329,76,35	404,44,62
II. Cash credits, overdrafts & loans repayable on demand	5865,92,40	4489,53,10
III. Term loans	3992,99,22	3200,44,56
	<u>10188,67,97</u>	<u>8094,42,28</u>
<b>B. PARTICULARS OF ADVANCES</b>		
I. Secured by tangible assets (incl. advances against Book Debts)	8838,25,08	6663,31,10
II. Covered by Bank / Govt. Guarantees	63,03,19	228,18,79
III. Unsecured	1287,39,70	1202,92,39
	<u>10188,67,97</u>	<u>8094,42,28</u>
<b>C. SECTORAL CLASSIFICATION OF ADVANCES</b>		
I. Priority Sector	3497,69,11	2890,27,77
II. Public Sector	0	20,06,31
III. Banks	14,09,71	11,91
IV. Others	6676,89,15	5183,96,29
TOTAL	<u>10188,67,97</u>	<u>8094,42,28</u>
<b>SCHEDULE 10 - FIXED ASSETS</b>		
<b>I. PREMISES</b>		
At Revaluation Value	136,68,54	105,92,61
Additions during the year	1,98,77	30,75,93
	<u>138,67,31</u>	<u>136,68,54</u>
Deductions during the year	0	0
	<u>138,67,31</u>	<u>136,68,54</u>
Depreciation to date	13,46,61	10,90,15
	<u>125,20,70</u>	<u>125,78,39</u>
<b>II. OTHER FIXED ASSETS (INCLUDING FURNITURE &amp; FIXTURES)</b>		
At Cost	161,45,95	139,27,46
Additions during the year	33,69,62	22,45,10
	<u>195,15,57</u>	<u>161,72,56</u>
Deductions during the year	1,79,82	26,61
	<u>193,35,75</u>	<u>161,45,95</u>
Depreciation to date	129,35,62	108,11,20
	<u>64,00,13</u>	<u>53,34,75</u>
TOTAL	<u>189,20,83</u>	<u>179,13,14</u>



(₹ 000's)

	As at 31-03-2012	As at 31-03-2011
<b>SCHEDULE 11 - OTHER ASSETS</b>		
I. Inter-Office Adjustments (net)	0	15,65,57
II. Interest Accrued	84,28,47	56,68,83
III. Tax Paid in Advance and Tax Deducted at Source	333,26,80	250,85,08
IV. Deferred Tax Asset	37,05,23	31,10,23
V. Stationery & Stamps	1,72,56	1,67,30
VI. Non Banking Assets acquired in satisfaction of claims	4,68,25	5,15,23
VII. Others	162,80,49	121,09,54
TOTAL	<u>623,81,80</u>	<u>482,21,78</u>
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
I. Claims against the Bank not acknowledged as debts	212,09,00	214,90,48
II. Liability for partly paid Investments	0	0
III. Liability on account of outstanding forward exchange contracts	2136,15,09	2055,91,52
IV. Guarantees given on behalf of constituents in India	488,66,76	427,51,67
outside India	78,93,72	49,06
V. Acceptances, Endorsements & Other Obligations	847,13,29	1139,97,80
VI. Other items for which the Bank is contingently liable	0	0
TOTAL	<u>3762,97,86</u>	<u>3838,80,53</u>
	Year ended 31-03-2012	Year ended 31-03-2011
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I. Interest / discount on advances / bills	1186,55,48	833,88,02
II. Income on Investments	324,17,19	229,75,19
III. Interest on balance with Reserve Bank of India & other inter-bank Funds	3,83,19	1,20,34
IV. Others	4,69,77	0
TOTAL	<u>1519,25,63</u>	<u>1064,83,55</u>



(₹ 000's)

	Year ended 31-03-2012	Year ended 31-03-2011
<b>SCHEDULE 14 - OTHER INCOME</b>		
I. Commission, Exchange and Brokerage	66,90,92	71,84,86
II. Profit on sale of Investments	19,51,47	18,81,10
Less: Loss on sale of Investments	15,11,08	10,38,65
III. Profit on sale of land, Buildings & Other Assets	11,85	17,91
Less: Loss on sale of land, Buildings & Other Assets	17,24	8,77
IV. Profit on Exchange Transactions	12,27,54	10,97,37
Less: Loss on Exchange Transactions	0	0
V. Income earned by way of Dividends from Companies in India.	11,42	60,33
VI. Miscellaneous Income	74,27,67	45,07,44
TOTAL	157,92,55	137,01,59
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I. Interest on Deposits	1060,58,70	666,18,81
II. Interest on Reserve Bank of India / Inter-Bank Borrowings	87,44,56	33,65,63
TOTAL	1148,03,26	699,84,44
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I. Payments to and Provision for Employees	141,24,83	116,29,75
II. Rent, Taxes & Lighting	31,83,92	22,32,97
III. Printing & Stationery	2,89,26	2,15,44
IV. Advertisement & Publicity	5,62,05	4,22,69
V. Depreciation on Bank's Property	23,56,61	20,21,50
VI. Director's fees, allowances	58,05	60,00
VII. Auditors' fees & Expenses (incl. Branch Auditors)	77,30	70,35
VIII. Law Charges	1,43,38	93,25
IX. Postage, Telegrams, Telephones, etc.,	5,79,33	5,85,49
X. Repairs & Maintenance	1,79,20	1,18,56
XI. Insurance	11,72,62	9,49,27
XII. Other Expenditure	66,44,53	44,15,55
TOTAL	293,71,08	228,14,82



## 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.

- (i) Brokerage / commission etc, paid in connection with the acquisition of investments is charged to revenue and included in cost.
- (ii) Broken period interest paid / received on debt instruments is treated as interest expended / income.

#### 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 held 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 accounted for 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) In view of fast changing technology and obsolescence, iPad communication device is depreciated in full.
- (e) 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.
- (f) 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 contributions 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, up to 31.03.2012.
- (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 1/5<sup>th</sup> 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.
- (d) The Employee Stock Option Scheme provides for grant of equity stock options to top executives of the bank that vest in a graded manner. The Bank follows the intrinsic value method to account for its employee compensation costs arising from grant of such options. The excess of fair market price over the exercise price shall be accounted as employee compensation cost over the respective period of vesting. The fair market price is the latest closing price of the shares on the stock exchanges in which shares of the bank are largely traded immediately prior to the date of meeting of the compensation committee in which the options are granted.

## 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 orders received.

## 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.
- 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

- The reconciliation of inter branch transactions and tallying of balances is ensured on an ongoing basis. Reconciliation of accounts with other Banks, in few branches, is in progress. The impact of the above, if any, on the financial results for the year ended 31<sup>st</sup> March 2012, in the opinion of the management, is not material.
- Provision for income tax for the year is arrived at after due consideration of the various favourable judicial decisions on disputed issues.
  - The disputed Income Tax demand outstanding as on 31.03.2012 amounts to ₹ 202.26 crores (previous year ₹ 204.59 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 decisions by various appellate authorities on similar issues.
  - In the current year, ₹ 4.70 crores being the interest on Income Tax refund is accounted based on assessment orders received.

### 3. DISCLOSURE REQUIREMENTS

#### 3.1 Capital

(₹ in crores)

Items	2011-12	2010-11
i) CRAR (%)		
(Basel I)	12.08	12.09
(Basel II)	13.10	13.19
ii) CRAR - Tier I Capital (%)		
(Basel I)	8.17	9.88
(Basel II)	8.86	10.78
iii) CRAR - Tier II Capital (%)		
(Basel I)	3.91	2.21
(Basel II)	4.24	2.41
iv) Percentage of the shareholding of the Government of India in Nationalised Banks	NA	NA
v) Amount raised by issue of IPDI	NA	NA
vi) Amount raised by issue of Tier-II Instruments during the year	250.00	0.00



(₹ in crores)

Raised during the year	Nature	Amount	Reckoned for the purpose of CRAR computation (as per RBI guidelines)
2006-07	Lower Tier II	30	24
2009-10	Lower Tier II	100	60
2011-12	Lower Tier II	250	250

**3.2.1** In respect of securities held under HTM category premium of ₹ 4.50 crores (previous year ₹ 3.19 crores) has been amortized during the year and debited under interest received on Government Securities.

**3.2.2 Investments**

(₹ In crores)

Particulars	2011-12	2010-11
(1) Value of Investments		
(i) Gross Value of Investments		3544.05
(a) In India	<b>4410.51</b>	NIL
(b) Outside India	<b>NIL</b>	NIL
(ii) Provisions for Depreciation		
(a) In India	<b>13.39</b>	25.20
(b) Outside India	<b>NIL</b>	NIL
(iii) Net Value of Investments		
(a) In India	<b>4395.12</b>	3518.85
(b) Outside India.	<b>NIL</b>	NIL
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	<b>25.20</b>	26.59
(ii) Add: Provisions made during the year	<b>9.00</b>	10.69
(iii) Less: Write-off / write-back of excess provisions during the year	<b>18.81</b>	12.08
(iv) Closing balance	<b>15.39</b>	25.20

**3.2.3 Repo Transactions (In face value terms)**

(₹ In crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding As on March 31, 2012
Securities sold under repo				
I. Government Securities	25.00 (20.00)	300.00 (200.00)	51.71 (30.85)	<b>Nil</b> <b>Nil</b>
II. Corporate debt Securities	Nil	Nil	Nil	<b>Nil</b>
Securities purchased under reverse repo				
I. Government Securities	5.00 (10.00)	175.00 (315.00)	4.10 (7.08)	<b>Nil</b> <b>Nil</b>
II. Corporate debt Securities	Nil	Nil	Nil	<b>Nil</b>

(Figures in bracket indicates in previous year)

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

(₹ In crores)

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)
1	PSUs	11.49	6.50	-	-	-
2	FIs	47.41	25.00	-	-	-
3	Banks	352.71	147.67	-	-	-
4	Private Corporate	220.21	162.26	13.92	13.92	13.92
5	Subsidiaries/ Joint Ventures	0.00	0.00	-	-	-
6	Others**	216.11	0.00	-	-	-
7	Less: Provision held towards depreciation	11.28	-	-	-	-
	<b>Total</b>	<b>836.65</b>	<b>341.43</b>	<b>13.92</b>	<b>13.92</b>	<b>13.92</b>

\*\* Others include RIDF investments of ₹ 52.59 crores, Mutual Fund of ₹ 72.11 crores and ARCs security receipts of ₹ 91.41 crores.

**ii) Non-performing Non-SLR investments**

(₹ In crores)

Particulars	2011-12
(i) Net NPIs to Net Investment (%)	-
(ii) Movement of NPIs (Gross)	
Opening balance	7.82
Additions during the year since 1st April 2011	-
Reductions during the above period	-
Closing balance	7.82
(iii) Movement of Net NPIs	-
Opening balance	-
Additions during the year since 1st April 2011	-
Reductions during the above period	-
Closing balance	-
(iv) Movement of provision for NPIs	
Opening balance	6.77
Additions during the year since 1st April 2011	-
Reductions during the above period	0.59
Closing balance	6.18*

\* An amount of ₹ 1.64 crores received towards part settlement is parked under sundries account.

**3.2.5 Sale and transfers to / from HTM category**

During the year the book value of securities sold under HTM category exceeds 5% of the book value of investments held in HTM category as at the beginning of the year. The following details are furnished as per the disclosure norms.

As on 31.03.2012 - HTM Category	(₹ in crores)
Market value	3094.83
Book Value	3254.87
Excess of book value over market value for which provision is not made	160.04

**3.3 Derivatives****3.3.1 Forward Rate Agreement/ Interest Rate Swap**

(₹ in crores)

Particulars	2011-12	2010-11
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 crores)

S.No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	NA
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2012 (instrument-wise)	NA
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NA
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NA

**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 crores)

Sl.No	Particular	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)	NA	NA
	a) On hedging derivatives	NA	NA
	b) On trading derivatives	NA	NA
(v)	Maximum and Minimum of 100*PV01 observed during the year	NA	NA
	a) On hedging	NA	NA
	b) On trading	NA	NA

**3.3.4 Shifting of securities:**

For the year ended 31.03.2012, Bank has not shifted any securities from HTM to AFS category {previous year ₹ 96.32 crores (Face Value)}. Bank has shifted securities amounting to ₹ 440.00 crores (Face Value) (Previous year ₹ 226.66 crores Face Value) from AFS to HTM category and loss which arose on such transfer amounting to ₹ 18.81 crores has been provided during the year.

**3.3.5 SLR Securities**

(₹ in crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Book Value	Market Value	Book Value	Market Value
Government Securities SLR (CG,SG, TB)	3557.58	3393.51	2984.02	2867.50
Approved securities - SLR	5.00	4.92	6.59	6.55

**3.4 Asset Quality****3.4.1 Non-Performing Asset**

(₹ in crores)

Particulars	2011-12	2010-11
(i) Net NPAs to Net Advances (%)	1.74%	0.90%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	157.79	325.17
(b) Additions during the year	282.97	137.54
(c) Reductions during the year	133.03	304.92
(d) Closing balance	307.73	157.79
(iii) Movement of Net NPAs		
(a) Opening balance	72.88	257.78
(b) Additions during the year	229.12	123.69
(c) Reductions during the year	124.91	308.59
(d) Closing balance	177.09	72.88
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	34.28	60.73
(b) Provisions made during the year	70.37	56.64
(c) Write-off / write-back of excess provisions	36.94	83.09
(d) Closing balance	67.71	34.28

The provision coverage ratio of the Bank as on 31.03.2012 is 61.27%

**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 crores)

		CDR	SME Debt	Others
		Mechanism	Restructuring	
Standard advances restructured	No. of Borrowers	4	1	42
	Amount Outstanding	14.58	4.80	260.39
	Sacrifice (Diminution in the fair value)	2.33	0.30	4.10
Sub standard advances restructured	No. of Borrowers	0	0	8
	Amount Outstanding	0.00	0.00	45.34
	Sacrifice (Diminution in the fair value)	0.00	0.00	1.93
Doubtful advances restructured	No. of Borrowers	0	0	31
	Amount Outstanding	0.00	0.00	5.90
	Sacrifice (Diminution in the fair value)	0.00	0.00	0.16
TOTAL	No. of Borrowers	4	1	81
	Amount Outstanding	14.58	4.80	311.63
	Sacrifice (Diminution in the fair value)	2.33	0.30	6.19

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

(₹ in crores)

Particulars	2011-12	2010-11
(i) No. of accounts	1	7
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	7.74	186.41
(iii) Aggregate consideration	8.45	87.79
(iv) Additional consideration realized in respect of accounts transferred in earlier years	0.00	0.00
(v) Aggregate profit/(loss) over net book value.	0.71	(98.62)

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

(₹ in crores)

Particulars	2011-12	2010-11
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 crores)

Particulars	2011-12	2010-11
1. No. of accounts sold	1	7
2. Aggregate outstanding	9.10	186.41
3. Aggregate consideration received	8.45	87.79

**3.4.5 Provisions on Standard Assets**

(₹ in crores)

Particulars	2011-12	2010-11
Provisions towards Standard Assets	36.99	30.73

**3.5. Business Ratios**

Particulars	2011-12	2010-11
(i) Interest Income as a percentage to Working Funds	10.28	9.63
(ii) Non-interest income as a percentage to Working Funds	1.07	1.24
(iii) Operating Profit as a percentage to Working Funds	1.59	2.48
(iv) Return on Assets	0.73	0.91
(v) Business (Deposits plus advances) per employee (₹ in Crs)	7.87	7.19
(vi) Profit per employee (₹ in lakhs)	3.50	3.85



## 3.6 Asset Liability Management

### Maturity pattern of certain items of assets and liabilities

(₹ in crores)

Items	1 Day	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 & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	121.07 (131.11)	172.68 (183.99)	222.37 (95.17)	320.15 (299.44)	1408.87 (994.67)	1403.02 (1200.73)	2637.64 (2487.02)	7246.48 (3459.01)	530.19 (409.02)	51.67 (1889.36)	14114.14 (11149.51)
Advances (Net)	98.22 (29.83)	204.60 (141.50)	216.04 (119.43)	319.52 (185.53)	1140.57 (727.73)	683.29 (795.73)	1983.87 (906.18)	4268.39 (3910.21)	553.64 (452.95)	720.54 (775.33)	10188.68 (8094.42)
Investments (Net)	70.00 (29.00)	58.85 (106.15)	0.00 (48.18)	24.47 (79.79)	148.76 (34.24)	216.18 (63.74)	65.85 (40.88)	109.61 (149.04)	466.29 (338.95)	3235.31 (2628.87)	4395.12 (3518.85)
Borrowings	0.00 (0.00)	0.00 (0.00)	0.00 (10.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.11)	200 (435.00)	0.00 (150.00)	130.00 (100.00)	250.00 (30.00)	580.00 (725.11)
Foreign Currency Assets	7.89 (25.73)	0.00 (0.00)	0.00 (0.33)	0.40 (0.00)	0.86 (9.81)	6.08 (3.14)	5.02 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	20.25 (39.01)
Foreign Currency Liabilities	22.41 (27.88)	0.00 (0.00)	0.04 (0.59)	0.23 (0.00)	1.88 (1.41)	1.74 (2.52)	7.03 (1.82)	1.79 (4.77)	0.65 (0.49)	0.00 (0.00)	35.77 (39.48)

(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 crores)

Category	2011-12	2010-11
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)	198.57	181.80
(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;	305.54	338.19
(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).	22.82	99.09
<b>Total Exposure to Real Estate Sector</b>	<b>526.93</b>	<b>619.08</b>

**3.7.2 Exposure to Capital Market**

(₹ in crores)

Particulars	2011-12	2010-11
(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.	22.72	21.18
(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;	3.50	5.24
(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;	1.03	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;	5.28	27.01
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	44.89	56.12
(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
<b>Total Exposure to Capital Market</b>	<b>77.42</b>	<b>109.55</b>

The exposure to capital market of ₹ 77.42 crore is within the limit of ₹ 321.38 crore (i.e. 40% of Bank's Net Worth ₹ 803.45 crore as on 31.03.2011). The direct exposure to capital market is ₹ 22.72 crore and is within 20% of bank's Net Worth amounting to ₹ 160.69 crore (i.e. 20% of Banks Net worth ₹ 803.45 crores as on 31.03.2011).

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

(₹ in crores)

Risk Category	Exposure (net) as at 31.3.2012	Provision held as at 31.3.2012	Exposure (net) as at 31.3.2011	Provision held as at 31.3.2011
Insignificant	52.78	NIL	50.65	NIL
Low	36.83	NIL	61.43	NIL
Moderate	1.23	NIL	5.94	NIL
High	0.05	NIL	0.52	NIL
Very High	-	NIL	0.00	NIL
Restricted	-	NIL	0.00	NIL
Off-credit	-	NIL	0.00	NIL
<b>Total</b>	<b>90.89</b>	<b>NIL</b>	<b>118.54</b>	<b>NIL</b>

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

- A. SBL exceeded by the Bank for the period 01.04.11 to 31.03.2012 ..... NIL
- B. GBL exceeded by the Bank for the period from 01.04.2011 to 31.03.2012 ..... 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.	As on 31-3-2012	As on 31-3-2011
Exposure	112.48	113.86
Estimated value of such intangible collaterals	150.69	401.36

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

(₹ In crores)

Letter of comfort issued in earlier years and outstanding as on 01.04.2011	NIL
Add : Letter of comfort issued during the FY 2011-12	218.16
Less : Letter of comfort expired during the FY 2011-12	135.83
Letter of comforts outstanding as on 31.03.2012	82.33

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

(₹ In crores)

Particulars	2011-12	2010-11
Provision for Income Tax	30.53	15.50
Provision for Deferred Tax (net)	(11.53)	7.50

**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 31.03.2007 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 17.10.2007. Accordingly an amount of ₹ 3.96 crores has been charged to Profit & loss Account for the year ended 31.03.2012 being 1/5<sup>th</sup> of the transitional liability.
- 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**

Particulars	Gratuity	Pension	Privilege Leave
Discount Rate	8.36%	8.36%	8.36%
Expected return on assets	9.00%	9.00%	0.00%
Salary Escalation Rate	3.06%	3.06%	3.06%
Attrition Rate	4.00%	4.00%	4.00%

**II. Change in Defined Benefit Obligation**

(₹ in lakhs)

Particulars	Gratuity	Pension	Privilege Leave
DBO at beginning of the period	5030	20545	2324
Service Cost	277	714	200
Interest Cost	413	1484	191
Curtailment Cost / (Credit)	-	-	-
Settlement Cost / (Credit)	-	-	-
Plan Amendments	-	-	-
Acquisitions	-	-	-
Actuarial Losses / (Gains)	187	1246	26
Benefit Payments	(336)	(6163)	(144)
DBO at end of the period	5571	17826	2597

**III. Change in Fair Value of Plan Asset**

(₹ in lakhs)

Particulars	Gratuity	Pension	Privilege Leave
Fair Value of Plan Assets at beginning of the period	3066	11205	-
Acquisition adjustment	-	-	-
Expected return on plan assets	333	1160	-
Actual Company contributions	1948	10771	144
Actuarial Gain / (Loss)	20	(43)	-
Benefits payments	(336)	(6163)	(144)
Fair Value of Plan assets at the end of period	5031	16930	-

**IV. Actual Return on Plan Assets**

(₹ in lakhs)

Particulars	Gratuity	Pension	Privilege Leave
Expected return on plan assets	333	1160	-
Actuarial gain/(loss) on plan assets	20	(43)	-
Actual return on plan assets	353	1117	-

**V. Actuarial Gain / Loss recognized**

(₹ in lakhs)

Particulars	Gratuity	Pension	Privilege Leave
Actuarial gain/(loss) for the Period - Obligation	(187)	(1246)	(26)
Actuarial gain/(loss) for the Period - Plan Assets	20	(43)	-
Total (gain)/loss for the period	(166)	(1289)	(26)
Actuarial (gain)/loss recognized in the period	(166)	(1289)	(26)
Unrecognized actuarial (gain)/loss at the end of the year	-	-	-

**VI. Net asset / liability recognized in Balance Sheet**

(₹ in lakhs)

Particulars	Gratuity	Pension	Privilege Leave
Present value of Defined Benefit Obligation	5571	17826	2597
Fair Value of Plan Assets	5031	16930	-
Funded status (Surplus/(Deficit))	(540)	(896)	(2597)
Unrecognized Transition Liability	-	-	-
Unrecognized Past Service Costs	920	4667	-
Net Asset / (Liability) recognized in the Balance Sheet	<b>380</b>	<b>3771</b>	<b>2597</b>

**VII. Disclosure of Employer Expenses**

(₹ in lakhs)

Particulars	Gratuity	Pension	Privilege Leave
Current Service cost (including risk premiums for fully insured benefits)	277	714	200
Interest Cost	413	1484	191
Expected Return on Plan Assets	(333)	(1160)	-
Curtailment Cost / (Credit)	-	-	-
Settlement Cost / (Credit)	-	-	-
Past Service Cost	306	1556	-
Transition Liability	16	26	156
Actuarial Losses / (Gains)	166	1289	26
Total employer expense recognized in P&L	<b>846</b>	<b>3909</b>	<b>573</b>

**VIII. Reconciliation of Net Asset / Liability Recognized in the balance Sheet**

(₹ in lakhs)

Particulars	Gratuity	Pension	Privilege Leave
Net Asset / (Liability) at beginning of period	(722)	(3091)	(2168)
Employer Expense	846	3909	573
Employer Contributions	1948	10771	144
Acquisitions / Business Combinations	-	-	-
Net Asset / (Liability) at end of period	<b>380</b>	<b>3771</b>	<b>(2597)</b>

**IX. Experience History**

(₹ in lakhs)

Particulars	Gratuity	Pension	Privilege Leave
Defined Benefit Obligation at end of the period	5571	17826	2597
Plan Assets at end of the period	5031	16930	-
Funded Status	(540)	(896)	(2597)
Experience adjustments on plan liabilities	(5357)	1382	(7)
Experience adjustments on plan assets	20	(43)	-

**X. Major categories of Plan Assets**

Particulars	Gratuity	Pension
Government of India Securities	12%	11%
State Government Securities	40%	34%
High Quality Corporate Bonds	37%	36%
Equity Share of listed Companies	0%	0%
Property	0%	0%
Special Deposit Scheme	2%	4%
Balance with Bank Account	5%	2%
Balance held at LIC of India's Running Account	0%	3%
Funds managed by insurer	0%	8%
Amount receivable from Bank	0%	0%
Others (Interest Receivables)	3%	2%
Total	100%	100.00%

**XI. Enterprises Best Estimate**

(₹ in lakhs)

Particulars	Gratuity	Pension	Privilege Leave
Enterprise's Best Estimate of Contribution during next year	350	800	150

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

(₹ in lakhs)

	Sick Leave
Liability as on 01.04.2011	1450.00
Liability as on 31.03.2012	1592.00
Transitional liability debited to Profit & Loss account (cumulative)	991.80
Amount debited to Profit & loss account	142.00

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

Reserve Bank of India issued guidelines 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. Accordingly, the liability on account of employee benefits of ₹ 93.11 Crores (towards Pension ₹ 77.79 Crore and towards gratuity ₹ 15.32 Crore) is amortised over a period of 5 years from FY 2010-11. Accordingly, Bank has charged to Profit & Loss Account a sum of ₹ 18.62 Crore, (representing 1/5<sup>th</sup> of the total amount) during the FY 2011-12. Unamortised amount of ₹ 46.68 crore in respect of pension liability and ₹ 9.17 crore in respect of gratuity liability is carried forward to be charged to P&L account in future periods.

Further, in accordance with the RBI Guidelines vide circular No. DBOD. No. BP.BC. 15896 / 21.04.018/ 2010-11 dated 08.04.2011, the Bank has to charge the entire liability towards separated / retired employees on account of pension and gratuity for the y.e. 31/03/2011. As the II Pension option scheme was open at the time of finalization of Balance sheet for the FY 2010-11, the pension liability was estimated at ₹. 12.54 crores, and the same was provided. The pension process for the retired employees was completed in July 2011 and an additional amount of ₹ 12.03 crore was provided during FY 2011-12.



### 3.11 Employee Stock Option Scheme

The Compensation Committee of the Board of Directors has granted in aggregate 1685238 stock options, grant date being 21.07.2011 to top Executives of the Bank under the Lakshmi Vilas Bank Employees Stock Option Scheme 2010 – LVB ESOS 2010 at an exercise price of ₹ 61.25 per share. As on 31<sup>st</sup> March, 2012, the options in force are 1385238. These options would vest over a period of 2 to 3 years and the Bank has provided a sum of ₹ 4.19 crore being the proportionate compensation expenses for the year ended 31<sup>st</sup> March 2012.

### 4. Accounting Standard 17 – Segment Reporting

#### PART A : BUSINESS SEGMENTS

(₹ in crores)

Particulars	Quarter ended 31-3-2012 (Audited)	Quarter ended 31-3-2011 (Audited)	Quarter ended 31-3-2011 (Reviewed)	Year ended 31-3-2012 (Audited)	Year ended 31-3-2011 (Audited)
<b>1. SEGMENT REVENUE :</b>					
a. Treasury operations	87.71	64.77	85.96	328.69	238.78
b. Corporate/wholesale banking operations	177.74	147.11	197.16	703.81	524.01
c. Retail banking operations	195.39	130.84	145.50	637.11	437.39
d. Other banking operations	5.41	0.62	0.87	7.57	1.67
<b>TOTAL</b>	<b>466.25</b>	<b>343.34</b>	<b>429.49</b>	<b>1677.18</b>	<b>1201.85</b>
<b>2. SEGMENT RESULTS (Profit/loss before Tax)</b>					
a. Treasury operations	7.70	7.37	0.46	31.27	36.89
b. Corporate/wholesale Banking operations	9.26	12.57	9.11	45.94	46.51
c. Retail banking operations	8.71	12.30	19.35	44.66	40.58
d. Other banking operations	4.29	0.13	0.43	4.15	0.15
<b>TOTAL</b>	<b>29.96</b>	<b>32.37</b>	<b>29.35</b>	<b>126.02</b>	<b>124.14</b>
Less: Unallocated revenue/expenses	0.00	0.00	0.00	0.00	0.00
Less : Extra ordinary profit	0.00	0.00	0.00	0.00	0.00
<b>PROFIT BEFORE TAX</b>	<b>29.96</b>	<b>32.37</b>	<b>29.35</b>	<b>126.02</b>	<b>124.14</b>
Less : Tax expenses	5.00	5.00	1.00	19.00	23.00
<b>NET PROFIT</b>	<b>24.96</b>	<b>27.37</b>	<b>28.35</b>	<b>107.02</b>	<b>101.14</b>
<b>3. SEGMENT ASSETS :</b>					
a. Treasury operations	4480.35	3576.23	4398.40	4480.35	3576.23
b. Corporate/wholesale banking operations	5223.10	4492.26	4903.23	5223.10	4492.26
c. Retail banking operations	5625.02	4461.27	5173.52	5625.02	4461.27
d. Other banking operations	915.10	771.42	836.57	915.10	771.42
<b>TOTAL</b>	<b>16243.57</b>	<b>13301.18</b>	<b>15311.72</b>	<b>16243.57</b>	<b>13301.18</b>
<b>4. SEGMENT LIABILITIES:</b>					
a. Treasury operations	21.92	9.93	7.94	21.92	9.93
b. Corporate/wholesale banking operations	3695.52	3552.45	2796.26	3695.52	3552.45
c. Retail banking operations	11128.10	8423.60	11168.33	11128.10	8423.60
d. Other banking operations	439.66	422.76	364.69	439.66	422.76
<b>TOTAL</b>	<b>15285.20</b>	<b>12408.74</b>	<b>14337.22</b>	<b>15285.20</b>	<b>12408.74</b>
<b>CAPITAL AND RESERVES</b>	<b>958.37</b>	<b>892.44</b>	<b>974.50</b>	<b>958.37</b>	<b>892.44</b>
<b>TOTAL</b>	<b>16243.57</b>	<b>13301.18</b>	<b>15311.72</b>	<b>16243.57</b>	<b>13301.18</b>

**PART B – GEOGRAPHICAL 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 Managing Director and CEO of the Bank as detailed below:

Particulars	Managing Director & CEO P.R. Somasundaram (from 01.04.11 to 31.03.12)
Consolidated Pay	40,00,000.00
Employers’ contribution to Provident Fund	4,80,000.00
Drivers Salary, petrol & Office expenses	2,34,093.80
Others including transit house rent – Mumbai	48,33,547.00
<b>Total</b>	<b>95,47,640.80</b>

**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)

	2011-12	2010-11
Net profit after Tax	10702.22	10113.65
Weighted Average No. of Equity shares	97525840	97525840
Weighted Average No. of Diluted Equity shares	97427611	97525840
Earnings per share – Basic (₹)	10.97	10.37
Earnings per share – Diluted (₹)	10.98	10.37

**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 crores)

Components	Deferred Tax Assets		Deferred Tax Liabilities	
	2011-12	2010-11	2011-12	2010-11
Leave Encashment	5.97	4.62	0.00	0.00
Employee Benefits	0.00	0.00	6.34	12.38
Others	31.08	26.48	16.13	15.67
<b>TOTAL</b>	<b>37.05</b>	<b>31.10</b>	<b>22.47</b>	<b>28.05</b>
Net DTA	14.58	3.05		

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.

**8. Intangible Assets AS 26:**

The Bank has followed AS 26 – Intangible asset issued by ICAI and the guidelines issued by the RBI in 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 31<sup>st</sup> March 2012 requiring recognition in terms of the said standard.

**10. Additional Disclosures**

**10.1 Provisions and Contingencies:** Break up of ‘Provisions & Contingencies’ shown under the head in Profit & Loss Account

(₹ in crores)

Particulars	2011-12	2010-11
Provision towards Standard Asset	6.26	6.53
Provision towards NPA	45.43	56.64
Provision made towards Income tax (net of deferred tax)	19.00	23.00
Provisions for depreciation in market value of Investments	9.00	10.69
Transitional Termination Benefits under revised AS15	3.96	3.96
Provision for Sick Leave	1.42	1.01
Provision for leave encashment	4.17	2.60
Provision for Gratuity (Amortised)	3.06	3.06
Provision for Pension (Amortised)	15.56	15.56
Provision for Pension (Retirees)	12.03	12.54
Provision for other Assets	-0.11	0.50
Provision for other liabilities (NLD agents gratuity)	0.00	0.49
Floating provision	0.00	30.80
Counter cyclical buffer provision for NPA	6.12	0.00
Provision for Restructured Advances (Economic sacrifice)	2.51	5.34
<b>TOTAL</b>	<b>128.42</b>	<b>172.72</b>

**10.2 Details of movement in provisions in accordance with Accounting Standard 29:****(₹ in Crores)**

Particulars	Opening as on 01.04.2011	Provision made during the year	Provision reversed / adjusted	Closing as on 31.03.2012
Prov. for Standard Assets	30.73	6.26	0.00	36.99
Prov. for Bad and Doubtful debts	34.28	45.43	12.00	67.71
Prov. for Income Tax (net of deferred tax)	48.17	30.53	0.00	78.70
Prov. for depreciation in market value of Investments	25.20	9.00	18.81	15.39
Prov. for Sick Leave (including Transitional Liability)	12.51	3.41	0.00	15.92
Prov. for Leave encashment (including Transitional Liability)	21.68	5.73	1.44	25.97
Prov. For Pension (Retirees)	12.54	12.03	24.57	0.00
Prov. for Other assets	3.61	0.75	0.86	3.50
Prov. For Other Liabilities (NLD agents gratuity)	0.49	0.00	0.00	0.49
Floating Provision *	37.80	0.00	37.80	0.00
Counter cyclical buffer	0.00	43.92	0.00	43.92
Prov. for Interest Tax	0.10	0.00	0.00	0.10
Prov. for Fringe Benefit Tax	1.90	0.00	0.00	1.90
Prov. for Dividend (incl. Div. Tax)	28.52	39.68	28.52	39.68
Prov. for Restructured Advances & FITL	10.85	2.51	0.00	13.36
<b>Others</b>				
Prov. for Bonus.	0.54	0.14	0.54	0.14
Prov. for pension. (including Transitional Liability)	2.81	10.52	2.81	10.52
Prov. for Gratuity. (including Transitional Liability)	4.16	4.60	4.16	4.60
Prov. for Wage arrears	0.92	0.14	0.35	0.70

\* During the year an amount of ₹ 37.80 crores has been transferred to counter cyclical buffer.

**10.3 Movement of Floating Provisions****(₹ in crores)**

Particulars	2011-12	2010-11
(a) Opening balance in the floating provisions account	37.80	7.00
(b) Provisions made in the accounting year	0.00	30.80
(c) Amount of draw down made during the accounting year *	37.80	—
(d) Closing balance in the floating provisions account	0.00	37.80

\* During the year, amount has been transferred to countercyclical buffer

**11. Disclosure of complaints (As complied by Management)****A. Customer Complaints:**

(a)	No. of complaints pending at the Beginning of the year	7
(b)	No. of complaints received during the year	80
(c)	No. of complaints redressed during the year	83
(d)	No. of complaints pending at the end of the year	4

**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 crores)

Total Deposits of twenty largest depositors	2004.45
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	14.26%

**12.2 Concentration of Advances**

(₹ in crores)

Total Advances to twenty largest borrowers	1601.75
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	15.53%

**12.3 Concentration of Exposures**

(₹ in crores)

Total Exposure to twenty largest borrowers/customers	2132.72
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	13.22%

**12.4 Concentration of NPAs (As compiled by Management)**

(₹ in crores)

Total Exposure to top four NPA accounts	81.09
---	-------

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

Sl.No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	0.74%
2	Industry (Micro & small, Medium and Large)	1.61%
3	Services	0.88%
4	Personal Loans	0.09%

**12.6 Movement of NPAs (As compiled by Management)**

Particulars	(₹ in crores)
Gross NPAs* as on 1 <sup>st</sup> April of particular year (opening Balance)	157.79
Additions (Fresh NPAs) during the year	282.97
Sub - total (A)	440.76
Less:-	
(i) Up gradations	34.88
(ii) Recoveries (excluding recoveries made from upgraded accounts)	86.92
(iii) Write-offs	11.23
Sub-total (B)	133.03
Gross NPAs as on 31 <sup>st</sup> March of following year (closing balance) (A-B)	307.73

**12.7 Overseas Assets, NPAs and Revenue**

Particulars	(₹ in crores)
Total Assets	NIL
Total NPAs	NIL
Total Revenue	NIL

**12.8 Off-balance Sheet SPVs sponsored**

Name of the SPV sponsored	
Domestic	Overseas
NA	NA

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

For the year ended 31.03.2012, the bank received income of ₹ 2.60 crore (Gross commission) from Bancassurance business.

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

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

**(D. MANOHAR)**  
Partner  
M. No. 029644

Karur  
30th May 2012

**P.R. SOMASUNDARAM**  
Managing Director & CEO

**K.S.R. ANJANEYULU**  
Executive Director

**M. PALANIAPPAN**  
Chief Financial Officer

**N. SAIPRASAD**  
**K. RAVINDRAKUMAR**  
**KUSUMA R MUNIRAJU**  
**D.L.N. RAO**  
**B.K. MANJUNATH**  
**K.R. PRADEEP**  
**S.G. PRABHAKHARAN**  
**S. DATTATHREYAN**  
Directors

**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 31.03.2012.

**Quantitative Disclosures**

- b) The amount of Tier I capital as on 31.03.2012 : (₹ in. cr)

Paid-up share capital	97.52
Innovative instruments	0.00
Amounts deducted from Tier I capital (DTA), fixed assets, including goodwill and investments	-16.74
Reserves	774.37
<b>Total Tier I Capital</b>	<b>855.15</b>

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

General Provisions (including floating provisions)	39.16
Tier II Bonds (Eligible for Tier II capital at different rates and different maturities)	334.00
Revaluation Reserves	35.65
<b>Total Tier II Capital</b>	<b>408.81</b>



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	₹ 334.00 Cr
f) Other deductions from capital, if any (DTA and fixed assets software)	NIL
g) Total eligible capital (Tier I & Tier II) :	₹ 1263.96 Cr

**Table DF- 3**  
**Capital Adequacy**

**Quantitative Disclosures**

a) Capital requirements for credit risk:	
• Portfolio subject to standardized approach	₹ 762.08 Cr
• Securitisation exposures	Nil
b) Capital requirements for market risk:	
• Standardised duration approach:	
- Interest rate risk	₹ 37.62 Cr
- Foreign exchange risk (including gold)	₹ 1.56 Cr
- Equity risk	₹ 13.83 Cr
c) Capital requirements for operational risk:	
• Basic indicator approach	₹ 53.13 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**

**Quantitative Disclosures**

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

Credit Risk Exposures	₹ in cr
Fund Based *	15236.99
Non Fund Based	1414.73
<b>Total Fund &amp; Non Fund Based</b>	<b>16651.72</b>

\* It includes loans/advances, fixed assets, other assets, cash / bank 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	15236.99	1414.73



## c) Industry type distribution of Fund based outstanding.

(₹ in cr.)

Industry	Balance Outstanding	% to gross credit
Spinning Mills	401.87	3.89
NBFCs (including Asset Finance Companies)	277.94	2.69
Timber & wood (Trading & Manufacturing)	66.59	0.64
Drugs & Pharmaceuticals	126.18	1.22
Iron & Steel (trading)	318.17	3.08
Iron & Steel (manufacturing)	494.88	4.79
Paper & Paper products (trading and manufacturing)	63.32	0.61
Wind Mills (captive uses)	13.30	0.13
Wind Mills (non-captive uses)	16.57	0.16
Infrastructure Projects	363.03	3.51
Engineering (Manufacturing)	48.86	0.47
Food Processing	173.38	1.68
Sugar	64.06	0.62
Cement	125.51	1.22

Industries having outstanding balance more than 5% of gross credit of the bank : NIL.

## d) Residual contractual maturity breakdown of assets

(₹ in. cr)

	Cash	Balance with RBI	Balance with other Banks	Investments	Advances	Fixed Assets	Other Assets
Overdue to Day 1	179.65	9.55	17.13	127.03	0.00	98.03	0.00
2-7 Days	0.00	8.06	0.00	103.45	0.00	204.70	0.00
8-14 Days	0.00	9.97	0.00	55.14	0.00	216.28	0.00
15-28 Days	0.00	14.19	0.00	102.77	0.00	320.30	0.00
29 Days to 3 Months	0.00	53.71	0.00	429.11	0.00	1144.02	0.00
3-6 Months	0.00	62.69	0.17	543.05	0.00	683.29	0.00
6 Months-1 Year	0.00	112.95	0.00	682.52	0.00	1983.87	0.00
1-3 Years	0.00	317.14	3.02	1837.94	0.00	4264.03	0.00
3-5 Years	0.00	29.02	0.06	293.45	0.00	553.64	0.00
Over 5 Years	0.00	13.09	0.00	219.29	0.00	722.18	189.21
Total	179.65	630.37	20.39	4393.73	0.00	10190.34	189.21

## a) Amount of NPAs (Gross)

(₹ in. cr)

Substandard	214.80
Doubtful 1	38.97
Doubtful 2	33.31
Doubtful 3	7.84
Loss	12.81
<b>Total</b>	<b>307.73</b>

## b) Net NPAs

₹ 177.09 cr

## c) NPA Ratios

- Gross NPAs to gross advances 2.98 %
- Net NPAs to net advances 1.74 %



d) Movement of NPAs (Gross)	(₹ in cr)
Opening balance	157.79
Additions	282.97
Reductions	133.03
Closing balance	307.73
e) Movement of provisions for NPAs	(₹ in cr)
Opening balance	34.28
Provisions made during the period	70.37
Write-off	11.22
Write-back of excess provisions	25.72
Closing balance	67.71
f) Amount of Non-performing investments	₹ 7.82 Cr
g) Amount of provisions held for non-performing investments	₹ 6.18 Cr
h) Movement of provisions for depreciation on investments	(₹ in. Cr)
Opening balance	25.20
Provisions made during the period	9.00
Write-off/ Write-back of excess provisions	18.81
Closing balance	15.39

**Table DF- 5**

**Credit Risk: Disclosures for portfolios subject to the standardized approach** **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
<b>Fund Based</b>								
Loans & Advances	5019.10	1217.33	4037.07	4033.93	1272.12	1808.67	10328.30	7059.94
Investments	3254.87	0.00	0.00	0.00	0.00	0.00	3254.87	0.00
Other Assets*	1267.10	12.25	386.70	384.55	0.00	0.00	1653.82	396.80
Loans & Advances Deducted (Taken for Mitigation purpose)	0.29	0.00	3.14	0.00	0.31	0.00	0.00	0.00
<b>Total Fund Based</b>	<b>9541.07</b>	<b>1229.58</b>	<b>4423.77</b>	<b>4418.48</b>	<b>1272.12</b>	<b>1808.67</b>	<b>15236.99</b>	<b>7456.74</b>
Non Fund Based inc. Contingent credit	383.60	261.26	586.30	586.30	109.44	163.21	1079.33	1010.77
<b>Total Credit Risk Exposures</b>	<b>9924.67</b>	<b>1490.84</b>	<b>5013.21</b>	<b>5004.78</b>	<b>1381.56</b>	<b>1971.88</b>	<b>16316.32</b>	<b>8467.51</b>

\* 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****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.

₹ in cr

Collateral Type	Exposure	Financial Collateral Amount	Net Exposure
Deposits	950.14	950.14	0.00
Gold	2056.14	1747.72	308.42
Securities	0.00	0.00	0.00
KVP / NSC	0.00	0.00	0.00
Life Insurance Policies	0.00	0.00	0.00
Debt Securities	0.00	0.00	0.00
Mutual Funds	0.00	0.00	0.00

- 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 Exposures: Disclosures for Standardized Approach**

Quantitative Disclosures : NIL

**Table DF- 8****Market risk in Trading Book****Quantitative Disclosures**

- b) The capital requirements for:
- Interest rate risk ₹ 37.62 Cr
  - Equity position risk; and ₹ 13.83Cr
  - Foreign exchange risk ₹ 1.56 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 2010-11, 2009-10, 2008-09 is considered for computing the capital charge. The required capital is ₹ 53.13 Cr.

**Table DF- 10****Interest Rate Risk in the Banking Book (IRRBB)****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 Nil is at 3.92% 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 ₹ 227.15 Cr.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012**

(₹ in '000)

	31.03.2012	31.03.2011
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit as per Profit & Loss Account	1070222	1011368
ADJUSTMENTS FOR:		
Provisions & Contingencies	1284162	1727220
Depreciation	235661	202150
Loss on sale of assets	539	(967)
Income Tax / T D S paid	(770000)	(227000)
Net cash flow before changes in Working Capital	1820584	2712771
<b>CHANGES IN WORKING CAPITAL :</b>		
<b>LIABILITIES :</b> Increase/Decrease in		
Deposits	29646291	20741330
Refinances	(3851070)	3911721
Other Liabilities	(355549)	(436603)
	25439672	24216448
<b>ASSETS :</b> Increase/Decrease in		
Investments	8762675	5356281
Advances	20942567	18169277
Leased-out Assets	0	0
Other Assets	1158677	589345
	(30863919)	(24114903)
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(356840)	(532102)
Sale of Fixed Assets	4789	3628
	(352051)	(528474)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Share issue including share premium net of forfeited shares	0	917
Tier II Bonds	2400000	(300000)
Dividends paid	(242450)	(59064)
	2157550	(358147)
Cash flow for the year	(1798164)	1927695
Cash & Cash equivalents at the beginning of the year	10265604	8337909
Cash & Cash equivalents at the end of the year	8467440	10265604

Note: Cash, Balances with Other Banks, Balances with RBI, 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, 2012. 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, 2012 and the Profit & Loss Account for the year ended March 31, 2012 dealt with in our report dated 30.05.2012 to the members of The Lakshmi Vilas Bank Limited.

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

**(D.MANOHAR)**

Partner  
Membership No. : 029644

Place : Karur  
Date : 30<sup>th</sup> May, 2012



## **Auditor's Certificate on Corporate Governance**

To,

The Members  
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 31<sup>st</sup> March, 2012 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

**(D.MANOHAR)**  
Partner  
Membership No. : 029644

Place : Karur  
Date : 30<sup>th</sup> May, 2012

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART IV OF THE COMPANIES ACT 1956**

	(₹ IN 000'S)
<b>A REGISTRATION DETAILS</b>	
Registration	1377
State	18
Balance Sheet Date	31.03.2012
<b>B CAPITAL RAISED DURING THE YEAR</b>	
Public Issue	NIL
Bonus Issue	NIL
Rights Issue	NIL
Private Placement	NIL
<b>C POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>	
Total Liabilities	162435681
Total Assets	162435681
<b>SOURCES OF FUNDS</b>	
Paid up capital	975258
Reserves and Surplus	8608393
Secured Loans	NIL
Deposits	141141400
Unsecured Loans	5800000
Other Liabilities & Provisions	5910630
<b>D APPLICATION OF FUNDS</b>	
Net Fixed Assets	1892083
Advances	101886797
Investment	43951180
Other Assets	14705621
Miscellaneous Expenses	NIL
Accumulated Losses	NIL
<b>PERFORMANCE OF THE COMPANY</b>	
Total Income	16771818
Total Expenditure	15701596
Profit Before Tax	1260222
Profit After Tax	1070222
Earnings per share (₹)	10.97
Dividend Rate	35%
<b>GENERAL NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)</b>	
Items Code	N.A.
Product Description	Banking Company

**Annexure A****MANAGEMENT DISCUSSIONS 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.

In India, reforms have continued with a view to building a robust and resilient financial system. More stringent capital and liquidity measures for commercial banks have been implemented and steps have been taken to build provision buffers. Basel III capital and liquidity standards for banks are in the process of being prescribed. New prudential compensation practices have been adopted. Various institutional mechanisms and tools for monitoring systemic risks have been put in place. Efforts are being made to develop effective macro prudential supervision.

Apart from commercial banks, measures have been taken to strengthen urban co-operative banks (UCBs), non-banking financial companies (NBFCs) and micro-finance institutions (MFIs). Alongside reforms in various segments of financial system, the focus on financial inclusion continues. The Reserve Bank has also engaged with banks to improve customer service.

**Opportunities and Threats**

While the baseline scenario is comforting, a number of downside risks to growth and upside risks to inflation need to be recognised.

The outlook for global commodity prices, especially of crude oil, is uncertain. Global crude and petroleum product prices have increased sharply since the TQR in January 2012. While global demand-supply imbalances, tight inventories and abundant global liquidity have contributed to this, price pressures have been recently accentuated by geo-political developments. Although upside risks to oil prices from the demand side are limited, geo-political tensions are a concern, and any disruption in supplies may lead to further increase in crude oil prices. This will have implications for domestic growth, inflation and the fiscal and current account deficits.

The fiscal deficit of the Central Government has remained elevated since 2008-09. The fiscal slippage in 2011-12 was also significantly high. Even though the Union Budget envisages a reduction in the fiscal deficit in 2012-13, several upside risks to the budgeted fiscal deficit remain. In particular, containment of non-plan expenditure within the budget estimates for 2012-13 is contingent upon the Government's ability to adhere to its commitment of capping subsidies. Going by the recent burden-sharing arrangements with the oil marketing companies (OMCs), the budget estimate of compensation for under-recoveries of OMCs at the present level of international crude prices is likely to fall significantly short of the required amount. Any slippage in the fiscal deficit will have implications for inflation.

Further, the large fiscal deficit also has led to large borrowing requirements by the Government. The budgeted net market borrowings through dated securities for 2012-13 at ₹ 4.80 lakh crores were even higher than the expanded borrowings of ₹ 4.40 lakh crores last year. Such large borrowings have the potential to crowd out credit to the private sector. Crowding out of the more productive private credit demand will become more critical if there is fiscal slippage.

Inflation in protein-based items continues to be in double digits with little sign of trend reversal. This is mainly because of structural imbalances in such commodities. The Government has announced some supply-side measures to redress protein-inflation in the medium to long term. In the near future, however, the pressure on prices of protein-rich items will continue to be a risk factor for food inflation.

The evolving growth-inflation dynamic will continue to influence the Reserve Bank's stance on interest rates. Core inflation has moderated, reflecting demand conditions and lower pricing power. However, both headline and retail inflation rates are rising, which have a bearing on inflation expectations. Future actions will depend on a continuing assessment of external and domestic developments that contribute to lowering inflation risks.

Management of liquidity remains a priority. Even as the liquidity situation converges to the comfort zone, the Reserve Bank will continue to use OMOs as and when warranted to contain liquidity pressures.



Finally, recognizing that the global situation is turbulent, the Reserve Bank stands ready to use all available instruments and measures to respond rapidly and appropriately to any adverse developments.

### 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	722.13	5.12	Bills purchased & discounted	329.76	3.24
Savings Deposits	1382.67	9.79	Cash Credits, Overdrafts & loans repayable on demand	5865.93	57.57
Term Deposits	12009.34	85.09	Term Loans	3992.99	39.19
Total	14114.14	100.00	Total	10188.68	100.00

### Outlook

Your bank's Business Plan for the year 2012-13 is being re-aligned to continue sustainable profitable growth, with sharper focus on retail and core geographies, on a philosophy of investing that ensures the bank stays ahead in emerging trends in technology and banking practices. To this end, the following initiatives are:

- Focused approach for business – Segment wise
- Leveraging the technological platform to deliver more products / services on customer expectation and reduce expenditure.
- Reorganize the portfolio and strengthen the asset quality, improve quality of origination through branches, adopt a disciplined approach to growth in this challenging environment.
- Focus on retail business and core geographies.
- Strict adherence to prudential norms on credit management.
- Invest on talent pool and to improve training aimed at better sales orientation at the branch level.
- More familiarization and publicity activities through both print and electronic Media, besides outdoor activities and lead generation process.
- Periodical launching of market friendly schemes and services.
- Special Marketing campaign (CASA & Retail Term deposits mobilization) at all branches.
- Image Building & Lead Generation activities.
- Focus for Enhancing Fee Based Income Mainly through LG / LC Business & Para Banking Activities.
- Stay ahead in raising capital

### 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 compliances and overseeing of risk continue to underlying all growth initiatives.

The Integrated Risk Management Committee of the Board ensures that risk is 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 13.10%, well above the minimum level of 9% with Tier I at 8.86% and Tier II at 4.24%. During the year the bank has raised Tier II subordinated debt to the tune of ₹ 250.00 Crores to improve the capital adequacy ratio necessitated by increase in the volume of business. Considering the emerging trends including Basel III, the Bank will examine the need and timing of further TIER I capital, with such shareholder and regulatory approvals as are 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.

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 2011-12 are given below:

- Deposits increased by 27%, of this, Retail deposits grew by 49%
- Advances increased by 26%
- Total Income increased by 40%
- Interest Income increased by 43%
- Operating profit stands at ₹ 235.44 Crores in 2011-12 against ₹ 273.86 Crores in 2010-11.
- Net profit after Provisions and Tax ended at ₹ 107.02 Cr, a growth of 6%.
- Number of branches 290, with the addition of 17 new branches towards end of the year and Number of ATMs 541, with the addition of over 300 during the year to improve customer access.
- Staff strength: 3054, enhanced during the year to support business growth at branches

Your bank is focused on consistent profitable growth even whilst finding space for improving processes in an institutionalized manner with higher I.T capabilities. Your bank today is more focused on process driven growth and certainly looks forward to an era of high growth and significant returns to shareholders. Interestingly, your bank, despite some short term challenges in the last 5 years, has delivered a CAGR of 23% in business and 44% growth in profits and over the last 2 years, a CAGR of 26% in business growth and 87% in profits. The challenge and focus is to ensure that this trend of growth is continued to the next 5 years for which certain short term challenges are being addressed.

## Staff / Industrial Relations

The Bank has increased its manpower to 3054 at the end of the financial year 2011-12. Specialist officers in IT, Marketing, Audit Department function were recruited during the year to address increased growth in Business, Branch Network, to drive New Initiatives and fill leadership gaps, besides identification of internal talents. The Bank has been continuously assessing manpower needs. Hiring has been under IBA scale wages, with the so-called cost-to-company (CTC) hires being driven by a strict Board policy restricted to very few roles, considering the need and availability of the right resource. RBI's guidelines on compensation of Whole Time Directors, CEO, Risk Takers and Control Function Staff have been placed before the Board and the same has been approved. The Bank enjoys a cordial relationship with the Staff Union and Officers' association, both of which are affiliated at All-India level and truly believes that there is sufficient mutuality in the bilateral relationship that is poised to accelerate the growth of the bank and enhance the productivity above peer levels.

Training is commensurate with requirements of updating the knowledge so as to compete with emerging challenges and newer forms of risk that are technology driven. Credit skills enhancement, KYC and Treating Customers Fairly are being institutionalized in the approach to staff training.

Sharpening the skill set of work force was ensured by deputing them to reputed Training institutions across the country and abroad. An intensive online training programme was also launched to train people in their seats on various Bank products, services, procedure and systems. Increasingly, technology is being used to train employees and the bank is exploring newer forms of training and equipping employees with information to serve customer better.

Overall, the bank is geared to meet the challenges of FY 2013 in a disciplined manner and will continue the growth qualitatively and quantitatively, to its goal of adding significant economic value in the geographies it operates in and eventually to its shareholders.

**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 9 Directors as on 31.03.2012 and with two additional Directors having been inducted on 30.05.2012, the present strength of the Board is 11 Directors. The Board consists of eminent persons with considerable professional expertise and experience in Banking, Law, Accountancy, Consultancy, Engineering, Agriculture & Rural Economy, Small Scale Industry and Business including Exports. Details of name 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 follows:

**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 the 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 and 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, requests from shareholders for conversion of demat shares into physical shares, 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, meetings and attendance during the year are provided in Annexure C.

**Integrated 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 are given in Schedule 18 (Accounting Standards 18 – Related Party Disclosure) of the Annual accounts.

**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 ₹ 1 crore and more. The objective of this Committee is the effective detection of frauds and ensuring 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 in bringing 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.

**IT Strategy Committee**

Pursuant to the Directions of the Reserve Bank of India, the Bank has constituted an IT Strategy Committee of the Board and the roles and responsibilities of this Committee includes oversight of the IT strategy and policy documents, measuring the contribution of IT to business and ensuring that the IT organizational structure complements the business model.

**Compensation Committee**

Constituted as per Regulation 5 of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with majority of independent Directors for formulating the detailed terms and conditions of ESOS besides dealing with approving the recruitment of resources and reviewing the internal resources.

**Infrastructure Development Committee**

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

**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 from 01.04.2011 to 31.03.2012

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 (11 meetings)	Audit Committee (10 meetings)	Share Transfer & Investors' Grievance Committee (4 meetings)	Management Committee of the Board (16 meetings)	Integrated Risk Management Committee (IRMC) (5 meetings)	Infrastructure Development Committee (IDC) (4 meetings)	Customer Service Committee (CSC) (2 meetings)	Fraud Monitoring Committee (FMC) (3 meetings)	Compensation Committee of the Board (5 meetings)	Annual General Meeting	No. of Other Directorships held	Other Companies Name in which he is the Director	Other Companies in which he is the Chairman of any Committee
Mr.P.R.Somasundaram Managing Director (No. of Shares: Nil)	MCB, NCB, IRMC, CSC, Gratuity, PF, Pension, FMC	Majority - Banking	Executive - Director/Non Independent	11	NA	NA	16	5	4	2	3	NA	YES	Nil	Nil	Nil
Mr.K.Balaji (No of shares: 70132 ) (Till 19.07.2011)		Majority-SSI	Independent / Non-executive	2	2	NA	NA	NA	NA	NA	NA	1	YES	Nil	Nil	Nil
Mr.N.Saiprasad (No of shares: 107538)	IDC	Minority- Business	Non Independent / Non-executive	11	NA	4	16	5	3	NA	NA	5	YES	Nil	Nil	Nil
Mr.K.Ravindrakumar (No of shares: 40007 )		Minority- Business	Non Independent / Non-executive	11	10	4	16	5	4	2	3	NA	YES	Nil	Nil	Nil
Mr.Kusuma R Munitiraju (No of Shares : 201688)	CCB	Majority -Law	Independent / Non-executive	10	7	NA	12	NA	NA	NA	3	5	YES	Nil	Nil	Nil
Mr.D.L.N.Rao (No of shares : 5188)		Majority - Law	Independent / Non-executive	10	6	3	NA	NA	NA	2	3	5	YES	Nil	Nil	Nil
Mr.B.K.Maniunath (No of shares : 61130)	ACB	Majority -Accountancy	Independent / Non-executive	10	9	NA	NA	5	4	NA	NA	4	YES	3	M/s.South Star Distilleries And Breweries (P) Ltd., M/s.Bhramaputra Power Private Ltd., M/s.Elyon Consultancy Services (P) Ltd.	Nil
Mr.K.R.Pradeep (No of Shares : 1927166)	STGC & BSAC	Minority - Consultancy	Non Independent / Non-executive	11	9	4	16	4	NA	NA	NA	5	YES	5	M/s.Pranava Electronics (P) Ltd., M/s.Kare Electronics And Developments (P) Ltd., M/s.Kare Power Resources (P) Ltd., M/s.Vision E-Tech and Services (P) Ltd. M/s.Celestial Techsoft and Services (P) Ltd.	Nil
Mr.S.G.Prabhakaran (No. of Shares : 2002)		Minority -Business	Non Independent / Non-executive	9	NA	NA	12	5	3	NA	NA	4	YES	3	M/s.Royalsoft Services Ltd. M/s.XS Real Properties Private Ltd. M/s.Ariston Capital Asset Holdings Private Ltd.	Refer Annexure-D
Mr.S.Dattathrayan (No.of Shares: 80076)		Majority - Agriculture	Non Independent / Non-executive	11	NA	4	16	5	4	NA	NA	NA	YES	1	M/s.Vatbhav Policoat (P) Ltd.	Nil

**ATTENDANCE AT AUDIT COMMITTEE MEETINGS FOR FY 2011-12**

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	10	9	90%	YES
K.Balaji	NED/Independent	2	2	100%	YES
K.Ravindrakumar	NED/Non-Independent	10	10	100%	YES
Kusuma R.Muniraju	NED/Independent	10	7	70%	YES
D.L.N.Rao	NED/Independent	10	6	60%	YES
K.R.Pradeep	NED/Non-Independent	10	9	90%	YES

**INFORMATION ABOUT SHARE TRANSFER WORK TO A DELEGATED AUTHORITY**

Description of delegated authority	Full Address of delegated authority	Telephone Numbers	Fax Numbers	E-Mails ID
Name and designation of officer of the Company	N. Ramanathan Company Secretary / Compliance Officer Lakshmi Vilas Bank Limited Regd. & Admn. Office, Salem Road, Kathapara, Karur - 639 006	04324 - 220051-60	04324 - 223607	<a href="mailto:secretarial@lvbank.in">secretarial@lvbank.in</a>
Name of Board Committee Chairman's Name	Share Transfer & Investors' Grievances Committee Mr. K.R. Pradeep, Director Lakshmi Vilas Bank Limited Regd. & Admn. Office, Salem Road, Kathapara, Karur - 639 006	080-22218206	04324 - 223607	<a href="mailto:krpradeep@krpradeep.com">krpradeep@krpradeep.com</a>
The Registrar and Share Transfer Agents	M/s.Integrated Enterprises (India) Ltd., II Floor, "Kences Towers" No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017	044 - 28140801 28140802 28140803	044 - 28142479 28143378	<a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a>



**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](http://www.lvbank.com).

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

**Financial Calendar 2011-2012:**

**85<sup>th</sup> Annual General Meeting**

Date & Time: 14<sup>th</sup> September, 2012 10.00 A.M.

Venue : Registered Office, Salem Road, Kathaparai, Karur - 639 006, Tamilnadu.

**Information of last three Annual General Meetings held**

The 82<sup>nd</sup>, 83<sup>rd</sup> and 84<sup>th</sup> AGM were held on 28<sup>th</sup> August, 2009, 04<sup>th</sup> August, 2010 and 14<sup>th</sup> September, 2011 respectively.

Special Resolution passed during the last three AGMs.

**82<sup>nd</sup> AGM - 28-08-2009 - 10.00 a.m. - A.O. Karur**

No Special Resolution was passed.

**83<sup>rd</sup> 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 Rs.10/- each and in aggregate 50,00,000 equity shares of the face value of Rs.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 AGM.

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

## **84<sup>th</sup> AGM - 14-09-2011 - 10.00 a.m. - A.O.Karur**

### **Special Resolution passed:**

**Item No.9** - 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.

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.

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 authorized 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).

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 authorized 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 authorized 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 authorized 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, 2013**

### **Board Meetings**

Results for the quarter ending June 2012 - On or before 14th August, 2012

Results for the quarter ending September 2012 - On or before 14<sup>th</sup> November, 2012.

Results for the quarter ending December 2012 - On or before 14<sup>th</sup> February, 2013.

Results for the quarter ending March 2013 - On or before 30<sup>th</sup> May, 2013.

### **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](http://www.lvbank.com). The Annual Report contains a declaration signed by CEO.

### **Disclosure**

During the financial year reported, the bank did not enter into any materially significant transactions with its Directors, promoters or their relatives that would potentially conflict with and / or adversely affect the interest of the Bank at large.

The Non-Executive Directors were paid ₹ 15,000/- as sitting fees for each Board / Committee meetings which is within the limits prescribed under the Companies Act 1956.

During the FY 2012, the Bank has paid ₹ 2.53 crores as lease rentals for a premises owned by a Non-Executive Director, which is as per the lease terms entered into during the FY 2011.

Directors Shri. S.G. Prabhakaran, Shri.S. Dattathreya and Shri. K. Ravindrakumar 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.

Director Shri. S.G. Prabhakaran is the Chairman of Shareholders/Investors Grievances Committee of M/s. RoyalSoft Services Limited. Mr. A. Satish Kumar was appointed as Additional Director of the bank on 30.05.2012. He is a member of the Audit Committees of M/s. Amrutanjan Health Care Ltd. & M/s. Royalsoft Services Ltd. and also the Chairman of the Audit Committee of M/s. First Leasing Company of India Ltd.

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 has at present adopted the following non-mandatory requirement:

**Whistle Blower Policy:** The Bank has laid down a Whistle Blower Policy, which is a mechanism for the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the bank's code of conduct or ethics policy.

#### **CEO/CFO Certification**

CEO/CFO Certification under the Corporate Governance Guidelines prescribed by SEBI has been submitted to the Board by CEO and CFO.

#### **Unclaimed Dividend:**

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

<b>Financial Year</b>	<b>Date of Declaration</b>	<b>Amount as on 31.03.2012 in ₹</b>	<b>Last date for claim</b>
2004-05	29.09.2005	Dividend Not declared	NA
2005-06	14.08.2006	10,62,056.18	28.07.2013
2006-07	26.09.2007	7,96,794.29	25.09.2014
2007-08	14.08.2008	15,61,548.60	13.08.2015
2008-09	28.08.2009	23,92,697.20	27.08.2016
2009-10	04.08.2010	10,98,841.80	03.08.2017
2010-11	14.09.2011	40,49,522.50	13.09.2018

#### **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 59654 shareholders as on 31.03.2012. Of this 38586 folios representing 8,75,19,377 (89.74%) 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 - 2011	115.40	98.75	4310425
May	116.50	101.00	3969658
June	124.60	108.30	3175717
July	140.00	116.70	2517810
August	126.80	98.10	2233680
September	108.70	95.00	1165710
October	92.95	88.75	1185416
November	115.10	87.00	995286
December	94.00	79.50	1354841
January - 2012	93.95	70.10	1540098
February	105.00	86.10	2542228
March	91.85	80.75	1419622

**Distribution of Shareholding in break up as on 31.03.2012 is given below.**

CATEGORY	NUMBERS	%	SHARES	% TO CAPITAL
Upto 500	43790	73.41	6258255	6.43
501 - 1000	6771	11.35	5074973	5.20
1001 - 2000	4359	7.31	6294519	6.45
2001 - 3000	1604	2.69	3919362	4.02
3001 - 4000	909	1.52	3212601	3.29
4001 - 5000	548	0.92	2489740	2.55
5001 - 10000	960	1.61	6772509	6.94
10001 & ABOVE	713	1.19	63503881	65.12
<b>TOTAL</b>	<b>59654</b>	<b>100.00</b>	<b>97525840</b>	<b>100.00</b>

**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 within 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: corpseiv@integratedindia.in

### DECLARATION BY MD & 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 31.03.2012.

**Mr. P.R. Somasundaram**  
 Managing Director & CEO

## 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 31<sup>st</sup> March 2012.

Name	Age	Designation	Gross Income (₹.)	Qualification	Experience	Employment Date	Date of Cessation of Employment	Previous Employment
K. S. R Anjaneyulu	58	Executive Director	81,80,000.00	M.Com, CAIIB, EGMP	34	08.10.2009	Till Date	Regional CEO/ Zonal/National/ Country Head, ING Vysya Bank
V. Prakash	49	Ex- ED	79,58,505.00	M.Sc, Dip in Mgt	26	21.06.2010	14.01.2012	General Manager, ICICI Bank
Rajat Baldhi	52	Ex-ED	58,16,261.00	B.Com, CA	29	22.06.2010	30.08.2011	Senior Vice President, Citi Bank

**A DECADE OF PROGRESS**

(Amount given in lakhs)

Year	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Paid-up Capital	1150.89	1150.89	1150.89	1953.46	4780.51	4877.22	4877.62	9750.87	9752.58	9752.58
Reserve & Surplus	18057.72	21513.39	21847.83	27151.90	34828.36	36890.54	40493.97	64148.86	79490.91	86083.93
Deposits	277050.16	329581.91	349592.51	433638.00	501987.23	561848.82	736090.00	907537.77	1114951.07	1411414.00
Advances	176369.82	203870.40	231771.14	295281.97	361270.30	385878.75	524583.00	627749.52	809442.28	1018867.97
Investments	103657.52	133816.81	118086.14	127986.68	130930.24	169367.77	186306.00	298322.23	351885.03	439511.80
Net Profit	3416.33	4104.85	334.44	2247.02	1758.43	2526.91	5030.00	3066.80	10113.68	10702.22
Number of Branches	215	224	225	227	236	239	251	271	274	291
Staff Position	1983	1946	1928	1873	1926	2078	2433	2655	2626	3054
Earning Per Share (₹)	29.68	35.67	2.91	11.50	3.60	5.18	10.31	4.95	10.37	10.97
Book Value (₹)	166.90	196.93	199.83	149.00	81.18	85.63	93.02	75.79	82.38	88.43
Market Price (₹)	65.98	98.72	138.20	105.16	77.70	97.95	63.50	79.21	98.00	85.05
Dividend Per Share (₹)	5.00	5.00	Nil	2.50	0.70	1.50	2.50	0.60	2.50	3.50

## A PART OF YOUR BANK'S PROGRESS



⇐ Opening of Ameerpet Branch

Opening of Chembur Branch ⇒



⇐ Opening of Madhapur Branch



Opening of Thippasandra Branch ⇒





84<sup>th</sup> Annual General Meeting

## Statewise Branch List

<b>ANDHRA PRADESH</b>		
1	Adilabad *	
2	Adoni *	
3	Ananthapur *	
4	Asifabad *	
5	Bhimavaram *	
6	Chittoor *	
7	Eluru *	
8	Doddavaram *	
9	Guntur *	
10	Hyderabad-Ameerpet *	
11	Hyderabad-Hubsiguda *	
12	Hyderabad-Kothapeta *	
13	Hyderabad-Kukatpalli *	
14	Hyderabad-Main *	
15	Hyderabad-Madhapur *	
16	Hyderabad-Malkajgiri *	
17	Hyderabad-Secunderabad *	
18	Kadapa *	
19	Kakinada *	
20	Karimnagar *	
21	Khammam *	
22	Krishnapatnam *	
23	Miryalguda *	
24	Nandiyal *	
25	Nellore *	
26	Ongole *	
27	Punjagutta *	
28	Proddattur *	
29	Rajamundry *	
30	Ramachandrapuram *	
31	Suryapet *	
32	Tanuku *	
33	Tirupathi *	
34	Vijayawada *	
35	Vijayawada II *	
36	Visakapatnam-Gajuwaka *	
37	Vinukonda *	
38	Visakapatnam-Gopalpatnam *	
39	Visakapatnam-Main *	
40	Warangal *	
41	<b>CHHATTISGARH</b>	
	Raipur *	
	<b>GUJARAT</b>	
42	Ahmedabad *	
43	Anand *	
44	Gandhidham	
45	Gandhinagar	
46	Jamnagar	
47	Navsari *	
48	Rajkot *	
49	Surat *	
50	Surat II *	
51	Vadadora *	
	<b>HARYANA</b>	
52	Faridabad *	
53	Gurgaon *	
54	Garia *	
55	Panipat *	
	<b>JHARKHAND</b>	
56	Ranchi *	
	<b>KARNATAKA</b>	
57	Bangalore-Banashankari *	
58	Bangalore-Cantonment *	
59	Bangalore-Citimarket *	
60	Bangalore-Jalahalli *	
61	Bangalore-Jayanagar *	
62	Bangalore-Koramangala *	
63	Bangalore-Main *	
64	Bangalore-Ulsoor *	
65	Bellary *	
66	Chitradurga *	
67	Davangere *	
68	Devanahalli *	
69	Gadag *	
70	Hospet *	
71	Hubli *	
72	Kengeri *	
73	Kollegal *	
74	Mandya *	
75	Mysore *	
76	Puttur *	
77	Raichur *	
78	Ranebennur *	
79	Shimoga *	
80	Sirsi *	
81	Thippasandra	
82	Visveshwarapuram *	
	<b>KERALA</b>	
83	Calicut *	
84	Ernakulam (Cochin) *	
85	Palakkad *	
86	Thrissur *	
87	Triruvananthapuram *	
88	Vallikkavu *	
	<b>MADHYAPRADESH</b>	
89	Indore	
	<b>MAHARASHTRA</b>	
90	Mumbai -Andheri *	
91	Mumbai -Borivali *	
92	Mumbai-Chembur *	
93	Mumbai -Fort *	
94	Mumbai -Ghatkopar *	
95	Mumbai -Kalyan *	
96	Mumbai -Kharghar *	
97	Mumbai -Matunga *	
98	Mumbai -Vashi *	
99	Nagpur *	
100	Pune *	
101	Thane *	
	<b>NEW DELHI</b>	
102	Krishnanagar *	
103	New Delhi -Karol Bagh *	
104	New Delhi -Rohini *	
105	New Delhi -Janpath *	
	<b>ORISSA</b>	
106	Bhubaneswar *	
	<b>PONDICHERY</b>	
107	Ambagarathur *	
108	Karaikal *	
109	Pondicherry *	
	<b>RAJASTHAN</b>	
110	Bhilwara *	
	<b>TAMILNADU</b>	
111	Alathur	
112	Ambilikkai *	
113	Ambur *	
114	Anbil	
115	Arakandanallur	
116	Arantangi *	
117	Ariyalur *	
118	Arni *	
119	Attur *	
120	Avalpoondurai *	
121	Balasamudram	
122	Bargur *	
123	Bhuvanagiri *	
124	C.Pudupatti *	
125	Chennai -Adyar *	
126	Chennai -Annanagar *	
127	Chennai -Cathedral Road *	
128	Chennai -G.N.Street *	
129	Chennai-Guduvancheri *	
130	Chennai -Karanodai *	
131	Chennai -Kodambakkam *	
132	Chennai-K K Nagar *	
133	Chennai -Main *	
134	Chennai -Mount Road *	
135	Chennai-Moulivakkam *	
136	Chennai -Mylapore *	
137	Chennai -Nungambakkam *	
138	Chennai -Purasawalkam *	
139	Chennai -Royapuram *	
140	Chennai -Selaiyur *	
141	Chennai -T.Nagar *	
142	Chennai -Triplicane *	
143	Chennai -Valasarawalkam *	
144	Chennai -Velacherry *	
145	Chennai -West Tambaram *	
146	Chennai - Perungalathur *	
147	Chinnasalem	
148	Chinnadharapuram *	
149	Chittode	
150	Coimbatore-Eachanari *	
151	Coimbatore-Ganapathy *	
152	Coimbatore-Gandhipuram *	
153	Coimbatore-Kovaipudur *	
154	Coimbatore-Koundampalayam *	
155	Coimbatore-Main *	
156	Coimbatore-Puliakulam *	
157	Coimbatore-R.S.Puram *	
158	Coimbatore-Ramanathapuram *	
159	Coimbatore - Uppilipalayam *	
160	Cuddalore *	
161	Cumbam *	
162	Dharmapuri *	
163	Dindigul *	
164	Erode *	
165	Gobichettipalayam *	
166	Gopalapatti	
167	Hosur *	
168	Idayakottai *	
169	Iyyampalayam *	
170	Jalakandapuram *	
171	Kadambuliur *	
172	Kallakurichi *	
173	Kancheepuram *	
174	Kandili	
175	Kangayam *	
176	Kanjampatti	
177	Karaikudi *	
178	Karur -Kathaparai *	
179	Karur -Main *	
180	Karur -Vengamedu *	
181	Karur - West *	
182	Kattugudalur	
183	Kattuputhur *	
184	Kaveripattinam *	
185	Kovilpatti *	
186	Krishnagiri *	
187	kulithalai *	
188	Kumbakonam *	
189	Kurumbapatti	
190	Lakkapuram *	
191	Lalgudi *	
192	Madukkur North *	
193	Madurai-Main *	
194	Madurai-Thallakulam *	
195	Mahadhanapuram *	
196	Manamedu	
197	Mannargudi *	
198	Marandahalli	
199	Mathur *	
200	Mayiladuthurai *	
201	Melur *	
202	Mettupalayam *	
203	Mettur Dam *	
204	Moolangudi	
205	Muthugapatti *	
206	Muthupet *	
207	Muthur *	
208	Nagapattinam *	
209	Nagercoil *	
210	Namakkal *	
211	Nathakadaiyur	
212	Nerinjipettai	
213	Neyveli *	
214	Oddanchatram *	
215	Olapalayam *	
216	Palani *	
217	Palacode *	
218	Pallipalayam *	
219	Panruti *	
220	Papanad	
221	Papanasam *	
222	Pattukkottai *	
223	Pennagaram *	
224	Perambalur *	
225	Peravurani *	
226	Periyakulam *	
227	Podakudy	
228	Pollachi *	
229	Pugalur *	
230	R.Pudupatti	
231	Rajapalayam *	
232	Rajendram	
233	Ramapuram *	
234	Rasipuram *	
235	Salem -Ayothiyapatnam *	
236	Salem -C.K.Street *	
237	Salem -Gugai *	
238	Salem -Kondalampatti *	
239	Salem -Shevapet	
240	Salem -Swarnapuri *	
241	Salem -Town *	
242	Sankarapuram *	
243	Sankari *	
244	Sattur *	
245	Seevalaperi (S.O)	
246	Sendarapatti	
247	Sivakasi *	
248	Sriperumbudur *	
249	Sundarapandiyam *	
250	M.N.Palayam *	
251	Tanjore *	
252	Tenkasi *	
253	Theni *	
254	Thirukkattupalli *	
255	Thiruvaiyaru *	
256	Thiruvallur *	
257	Thiruvallur *	
258	Thittagudi *	
259	Thokkavadi *	
260	Thottiyam *	
261	Tindivanam *	
262	Tiruchengode *	
263	Thirukadaiyur *	
264	Tirukoilur *	
265	Tirunelveli Town *	
266	Tirupur *	
267	Tiruthuraiipoondi *	
268	Tiruvannamalai *	
269	Trichy -Main *	
270	Trichy -Srirangam *	
271	Trichy -Thillainagar *	
272	Turaiyur *	
273	Tuticorin *	
274	Udumalpet *	
275	Ulipuram *	
276	Uthamarkoil *	
277	Unjalur	
278	Vadugapalayam *	
279	Vellakoil *	
280	Velliyani *	
281	Vellore *	
282	Velur (Namakkal) *	
283	Vettavalam *	
284	Vilangudi *	
285	Villupuram *	
286	Virudhunagar *	
287	Virdhachalam *	
288	Yethapur	
	<b>UTTARPRADESH</b>	
289	Ghaziabad *	
290	Noida	
	<b>WEST BENGAL</b>	
291	Kolkata *	

\* On-site / Off-site ATMs available.



# LAKSHMI VILAS BANK

*A one stop solution that covers the entire gamut of all your banking needs*

OPEN A LAKSHMI SAVINGS STAR GOLD ACCOUNT



Get covered for Rs.2 Lakhs against accidental risk.

LVB Offers

**DEMAT SERVICES**



GRAB THIS OPPORTUNITY

**FREE DEMAT ACCOUNT**

MINIMUM INVESTMENT OF ₹10000

Valid for the first period only.

Open a LAKSHMI SAVINGS GOLD ACCOUNT



Get your life insured against accidental risk

LVB's

**3 in 1 ACCOUNT**



Simplified investing  
Trade like experts



**LAKSHMI CURRENT FLEXI ACCOUNT**



ONE ACCOUNT

FLEXIBLE BALANCE + MULTIPLE BENEFITS

YOUNG MIND HAS VALUE DREAMS

Lakshmi Savings

**Youth Power**



• Minimum Balance ₹ 100

• Instant Visa Debit Card (Free for first year)

• ATM withdrawal upto ₹ 2000 per day

Pay Using LVB's Mobile Payment Services

**handy pay**



Interbank Mobile Payment Service

LVB offers

**ASBA FACILITY**

