

Annual Report 2002-2003



The Karur Vysya Bank Ltd.

*Instant liquidity
for your gold.*

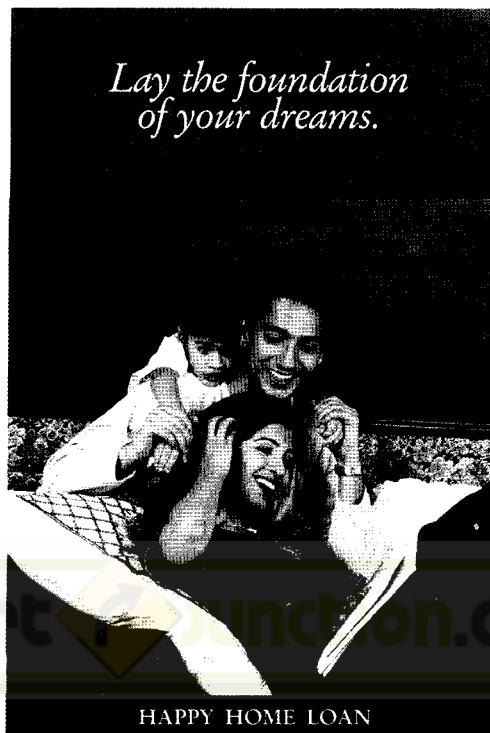


SWARNAMITRA

A scheme that gives you a loan against gold for business/personal purposes. While your gold is safe in the locker, you can make it work harder for you.



*Lay the foundation
of your dreams.*



HAPPY HOME LOAN

Fast and easy Home Loans to help you buy a house, land or refurbish your existing home.



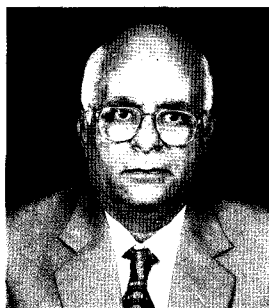
A wise start to a better future.



RAINBOW ACCOUNT

A Savings Account that gives you the interest of a Fixed Deposit.




The Karur Vysya Bank Ltd.

Central Office, Erode Road, Karur 639 002

P T Kuppuswamy
Chairman

Dear Shareholder,

At the outset, I convey my sincere thanks for having responded overwhelmingly and made the rights issue of the bank a success. I am happy to inform you that the rights issue was oversubscribed by 1.43 times. It shows the immense faith you have been reposing on the management for several decades. The Annual Report of the bank for the year 2002-2003 is annexed. I hope, it would be of great interest for you to go through the same to know about your bank's allround growth registered in the just concluded fiscal 2002-2003.

The performance of your bank in key areas is given below for your immediate reference.

(Rs. in crore)

Deposits	5121.92	Net Profit	124.97
Advances	3344.40	Capital Funds	558.68
EPS (Rs)	156.28	Book Value (Rs)	310.38
Capital Adequacy Ratio	17.01%		

The net profit of the bank is at 124.97 crore as on 31.03.2003 against the level of Rs.108.51 crore as on 31.03.2002, a growth rate of 15.70%. The bank has once again demonstrated its ability to record steady and consistent performance.

The total business of the bank surpassed the target of Rs.8000 crore and it stood at Rs.8561.83 crore as on 31.03.2003. The bank has registered 22.52% growth in deposits against the industry growth of 12.20% net of mergers (16.10% with merger) during 2002-2003. In advances, the bank has shown robust growth of 35.95% over the previous fiscal and reached the level of Rs.3344.40 crore as on 31.03.2003.

As a proud and possessive shareholder of the bank, you will be glad to observe the steady growth in capital funds. The total shareholders funds has crossed the magic figure of Rs.500 crore and reached the level of Rs.558.68 crore as on 31.03.2003. The capital adequacy ratio of the bank is at 17.01% as on 31.03.2003 against the regulatory minimum requirement of 9%.

It has always been a great pleasure for the management to reward the shareholders in the form of liberal dividends. The bank has recommended handsome dividend of 70% on the expanded capital (on right shares – Pro-rata basis) subject to the approval of RBI.

Your bank is proactive in all developments that are taking place in the banking arena. I sum up here below the various efforts being taken by the bank to keep pace with the required momentum needed for maintaining our premier position among the private sector banks.

- 1) Introduction of core banking solution with M/s I-flex Software Solutions Limited.
- 2) Plan to install 100 ATMs during 2003-2004, taking the total number of ATMs to 150.
- 3) Tie-up with UTI Banks for sharing their 822 ATMs by KVB customers.
- 4) Opening 15 branches to widen the network.
- 5) Tie-up with Birla Sun Life Mutual Fund and Bajaj Allianz General Insurance Company Limited to sell their products in para-banking activities.
- 6) Put in place proper and appropriate risk management architecture.

Banking industry has been witnessing constant changes both in its outlook as well as in operations. Your bank has been alive to the sweeping changes that are taking place in the environment and responding to the challenges. The bank has been taking earnest steps in the right direction to ensure that it marches ahead in its path towards consistent growth. Backed by strong fundamentals, founded on a healthy tradition, your bank is poised for further progress and growth.

Your support has always been a source of great strength to the management for taking the bank to new heights. The bank has already planned to reach the deposit target of Rs.6500 crore and advances target of Rs.4400 crore by 31.03.2004.

I count upon your encouraging support and guidance in all our endeavours in the growth of the bank.

I am eagerly looking forward to meet you at the Annual General Body Meeting slated on 28.07.2003 at Karur.

With Best Wishes,

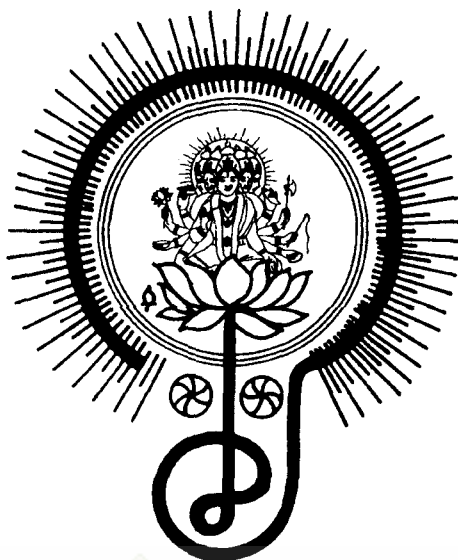
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Yours sincerely,



(P T KUPPUSWAMY)
CHAIRMAN

Place : KARUR
Date : 24-06-2003

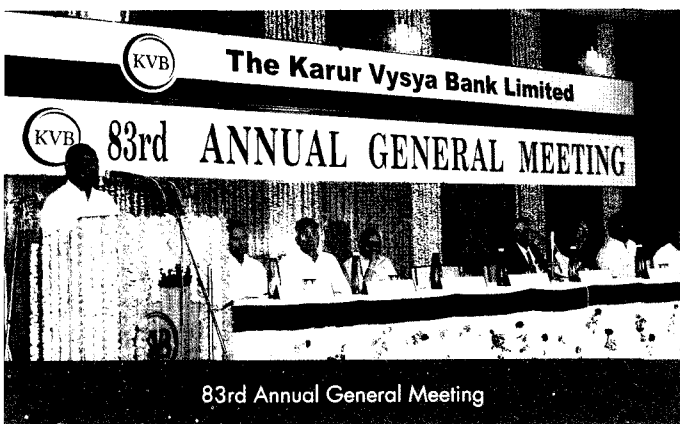


SRI GAYATHRI DEVI

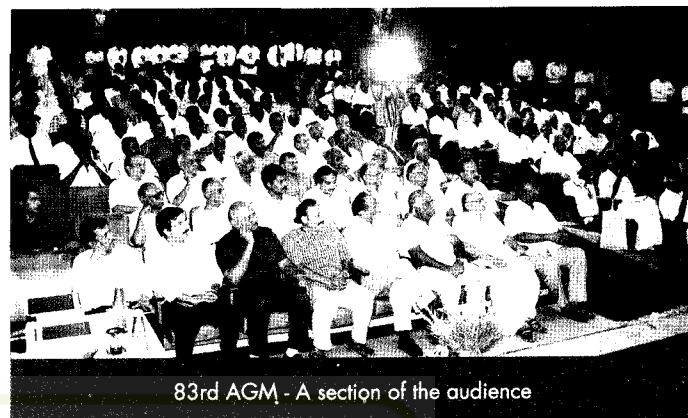


The Karur Vysya Bank Ltd.

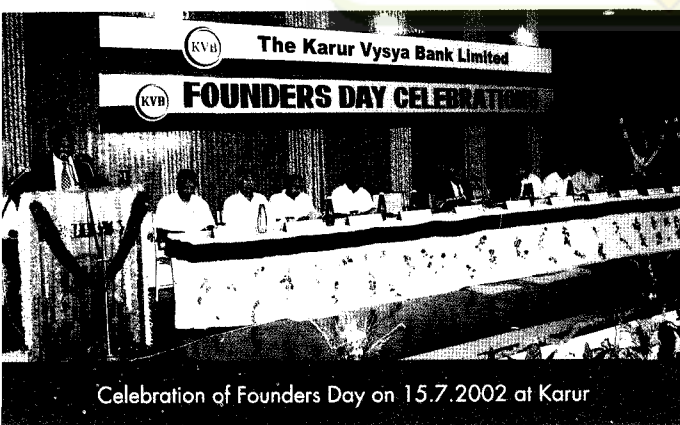
Regd. & Central Office :
Erode Road, Karur - 639 002
Website : www.kvb.co.in



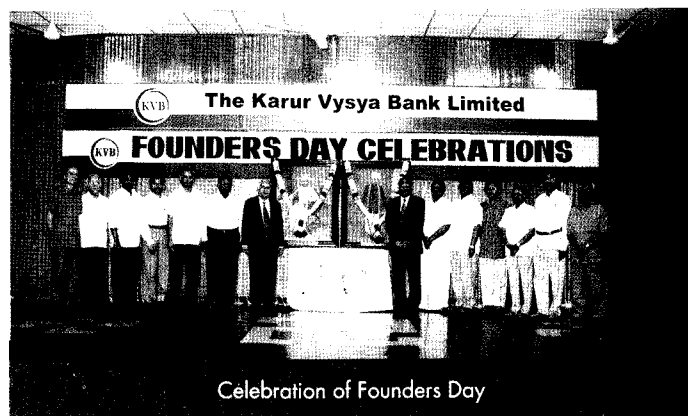
83rd Annual General Meeting



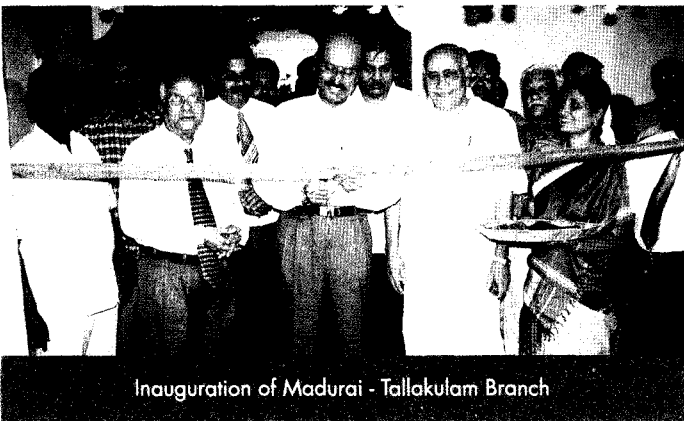
83rd AGM - A section of the audience



Celebration of Founders Day on 15.7.2002 at Karur



Celebration of Founders Day



Inauguration of Madurai - Tallakulam Branch



Inauguration of Chennai - Adyar Branch

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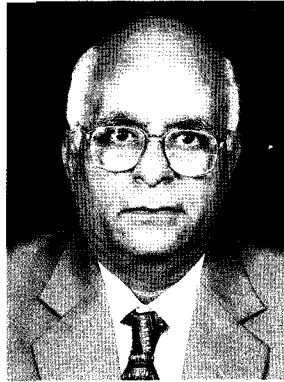


Inauguration of Gayathri Towers at Mumbai housing D.O. and Prabhadevi Branch by Mrs. Rajashree Birla



Inauguration of Mumbai - Borivali Branch

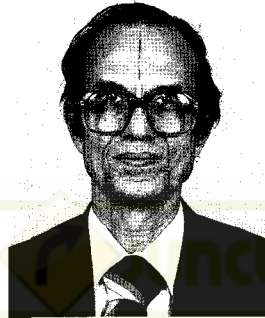
BOARD OF DIRECTORS



Shri P.T. Kuppuswamy
B.Com, A.C.A., A.C.S.
Chairman



Shri Athi S. Janarthanan M.A.



Shri G. Sarangan
B.Sc. (Hons.), B.L.



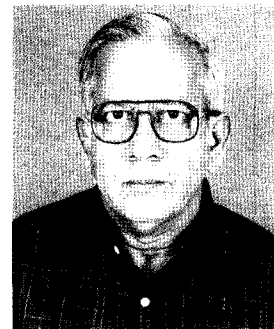
Shri M.G. Sankkaranarayanan



Shri G. Rajasekaran



Shri A.K. Praburaj B.Com.



Shri K. Ramadurai
B.Com., F.C.A., Grad. C.W.A.



Shri G. Venkatesam
B.A., C.A.I.B.



Shri N.S. Venkatarama Guptha

B.A., C.A.I.I.B.

Executive Director



Shri S. Nagarajan

B.Sc., C.A.I.I.B.

General Manager

DEPUTY GENERAL MANAGERS

Shri R. Sukumar, M.Sc.

Shri V.K. Ragavan, B.Sc., B.L.

Shri S. Ramalingam, B.Sc., B.G.L., C.A.I.I.B.

Shri A. Ananda Nadarajan, B.Com., C.A.I.I.B.

Shri R. Sakthivelu, B.Sc., B.G.L., C.A.I.I.B.

Shri K. Venkateswara Rao, B.Sc., M.A.

ASSISTANT GENERAL MANAGERS

Shri P.L.A. Jeyaraman, B.Com., F.C.A.

Shri T. Ramachandra Shastri, M.Sc., C.A.I.I.B., F.C.I.B. (LON)

Shri V. Palanisamy, B.Sc.

Shri K. Raghavan, B.A., C.A.I.I.B.

Shri A.S. Vasudevan, B.Com., A.C.A.

Shri Ramesh Prabhu, M.Com.

Shri C. Anbazhagan, B.Sc., M.B.A.

Shri J. Hariharan, M.Com., C.A.I.I.B., D.P.M.I.R.

Shri R. Jagadeesan, B.Sc., C.A.I.I.B.

Shri A.R. Ramachandran, B.Com., C.A.I.I.B.

Shri R. Ramalingam, B.Com.

Shri T. Sivarama Prasad, B.Tech.

Shri J. Natarajan, M.A., C.A.I.I.B.

COMPANY SECRETARY

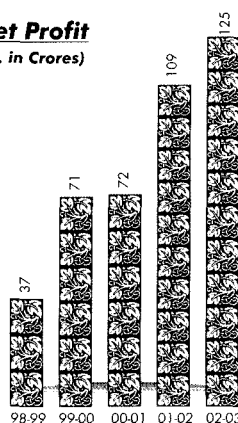
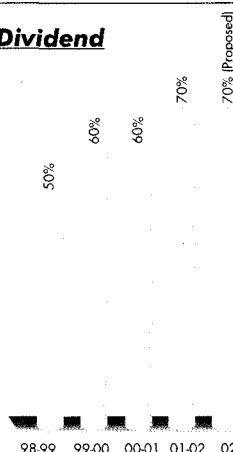
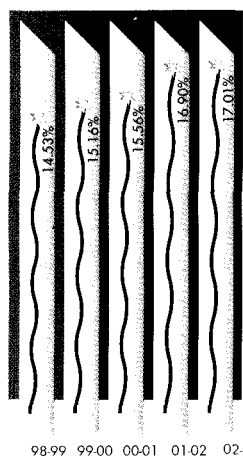
Shri R. Venkataramana, M.Com., LL.B., C.A.I.I.B., A.C.S.

LEGAL ADVISER

Shri K.N. Shrinivasan, B.A., B.L.

AUDITORS

M/s. Balu and Swamy Associates, Chennai

Net Profit
(Rs. in Crores)**Dividend****Capital Adequacy Ratio**

Highlights

- (KVB) With a Bonus cum Rights issue during 2002-03, the Bank has issued five Bonus issues and fifteen Rights issues since inception.
- (KVB) One of the highest Dividend paying banks continuously for several years. 70% Dividend proposed on the enhanced Capital for 2002-03, subject to RBI approval.
- (KVB) Highest profit making Bank among Old Private Sector Banks. Record net profit of Rs. 124.97 crores during 2002-03.
- (KVB) One of highest CRAR in the industry. The Capital to Risk Assets Ratio (CRAR) as on 31.03.2003 stood at 17.01%.
- (KVB) Net NPA to Net Advances as on 31.03.2003 at 4.20% as against 6.33% as on 31.03.2002.
- (KVB) Owned Funds crossed Rs. 500.00 crore mark.

(Rs. in crore)

	March 2002	March 2003	Increase
Owned Funds	430	559	30.0%
Net Profit	108.51	124.97	15.2%
Balance Sheet size	5110	6179	20.9%
Deposits	4180	5122	22.5%
Advances	2460	3344	35.9%
Investments	1539	1850	20.2%

- (KVB) Number of ATMs increased from 11 to 51.
- (KVB) Tied up with M/s. I-Flex Software Solutions Ltd for core banking solutions.
- (KVB) Tied up for the sale of Non life insurance products with M/s Bajaj Allianz General Insurance Company Ltd.
- (KVB) Tied up for the distribution of mutual fund products with M/s Birla Sun Life Mutual Fund.