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The Lakshmi Vilas Bank Ltd.

Annual Report

1998 - 1999

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BOARD OF DIRECTORS

K.R. Shenoy — Chairman
M.M. Lakshminarasimhan
Athi R. Venkataraman
R. Mohan
S.L. Sivashanmugam
C. Krishnakumar
N. Malayala Ramamirtham

With Best Compliments from

Shri. K.R. SHENOY
Chairman

The Lakshmi Vilas Bank Ltd

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AUDITORS

M. Manivannan Associates
Chartered Accountants, Chennai

B. Ramesh & Associates
Chartered Accountants, Chennai

REGD. & ADMN. OFFICE

Salem Road, Kathaparai, Karur - 639 006
Ph : 04324-20051 (10 Lines)
Fax : 04324-20068 & 20069

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BOARD OF DIRECTORS	K.R. Shenoy	Chairman
	M.M. Lakshminarasimhan	
	Athi R. Venkataraman	
	R. Mohan	
	S.L. Sivashanmugam	
	C. Krishnakumar	
	N. Malayala Ramamirtham	
	T. Srinivasulu	
	S.G. Prabhakharan	
GENERAL MANAGER	R.Muniswamy	
DEPUTY GENERAL MANAGERS	C.S. Ramani	
	N. Ramalinkgam	
	N. Giridharan	
ASSISTANT GENERAL MANAGERS	R. Sridharan	
	M.R. Subramanian	
	S. Ravishankar	
	M. Manoharan	
	S. Manoharan	
	B. Kalyanavenkataraman (o)	
COMPANY SECRETARY	S. Venkateswaran	
AUDITORS	M. Manivannan Associates Chartered Accountants, Chennai	
	B. Ramesh & Associates Chartered Accountants, Chennai	
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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventy second Annual Report on the operations of your Bank together with the Audited accounts for the year ended 31st March, 1999.

FINANCIAL PERFORMANCE (Rs. in Crores)

	For the year ended 31st Mar 99	31st Mar 98
Deposits	1591.00	1418.92
Advances	909.43	757.90
Total Income	225.42	189.87
NET PROFIT	14.33	21.59
Add : Excess Provision for Dividend written back	00.34	00.58
profit Brought Forward	00.22	00.14
	14.89	22.31
APPROPRIATIONS :		
Transfer to Statutory Reserve	7.84	11.58
Transfer to Capital Reserve	0.01	2.91
Transfer to Other Reserves	2.50	3.00
Proposed Dividend	4.26	4.60
Bal. carried over to Balance sheet	0.28	0.22

Despite increase in total income as compared to the previous year, the net profit decreased mainly due to substantial allocation to provision for depreciation in Investment and wage arrears. The decline in the net profit has been seen as a general trend in the Banking Industry as a whole during the year under review.

DIVIDEND

Your Directors have recommended a dividend of 37% subject to the approval of RBI.

NETWORTH

Your Bank crossed the Landmark figure of Rs.100 crores networth comprising equity share capital and free reserves.

CAPITAL ADEQUACY

As against the RBI's stipulation of 8 per cent, the Bank maintained Capital Adequacy Ratio of 9.64 per cent.

BUSINESS GROWTH

The business-mix of the Bank, comprising Deposits and Advances, crossed the Rs. 2500 crores mark, registering a growth of 15 per cent during the year.

DEPOSITS

The Core deposits of the Bank which are mainstay of the Bank's resources increased from Rs.1234.05 crores to Rs.1,528.58 crores registering a sound growth of 24% during the year.

The total Deposits including Bank deposits registered a growth of 12 per cent and increased to Rs.1591.00 from Rs. 1418.92 during the year under review.

ADVANCES

The Net advances went up from the level of Rs.757.90 to 909.43, witnessing a sound growth of 20 per cent during the year.

The Non-performing Assets of the Bank, net of provision, constitute 6.72% of the net advances against 6.07% in the previous year.

PRIORITY SECTOR ADVANCES

Against RBI's stipulation of 40 per cent, the ratio of priority sector advance to net advances reached the level of 42.95 per cent.

FOREX OPERATIONS

The total foreign exchange turnover comprising Exports, Imports and remittances increased from 508.50 crores to 591.26 crores recording a growth of 16.28%.

TREASURY

The investment portfolio grew by 20 per cent from Rs. 494.06 to Rs. 592.08. The share of current category investments increased from 80.10 per cent to 83.10 per cent.

BRANCH EXPANSION

With the addition of 4 new branches viz., Jamnagar, Kakinada, Vashi and Warrangal during the year, the total number of branches of the Bank stood at 204. With a view to further increasing its reach, 4 more extension counters were opened at Visakapatnam Port Trust, Vizag, Gujarat Seva Mandal, Secunderabad, Bharathia Vidya Bhavan School, Kulithalai and Trichy Road, Namakkal.

COMPUTERISATION

The Bank is committed to bring about technological upgradation in various areas of operations with a view to improving customer service. During the year, the number of computerised branches increased from 70 to

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86 and these branches account for 73.58% of total business of the Bank.

Y2K PREPAREDNESS

Your bank has taken appropriate steps to secure Y2K compliance of the equipment deployed in the operations at a financial cost of about Rs.9.00 lacs. Contingency plans have been developed to ensure smooth transition.

HUMAN RESOURCES

During the year, your bank trained 1230 employees Comprising 693 officers, 512 Clerks and 25 sub-ordinate staff using the internal and external training infrastructures. The industrial relations in the Bank continued to remain cordial and harmonious throughout the year.

STATUTORY DISCLOSURE

The information required under section 217 (2A) of the Companies Act, 1956 and rules made thereunder, is appended in the annexure and forms part of this report. *The provisions of section 217 (1) (e) of the Act, relating* to conservation of energy and technology absorption do not apply to your Bank.

The Bank has, however, positioned itself to use information technology extensively in its operations.

AUDITORS

The present Auditors M/s. M. Manivannan Associates and B. Ramesh & Associates, Chennai will cease to hold office at the conclusion of this meeting.

Notice has been received from a shareholder proposing the names of M/s. Suri & Co., Chartered Accountants, Chennai and M/s. Sri & Sri Associates, Chartered Accountants, Chennai for appointment as joint statutory Auditors of the Bank for the year 1999-2000 and approval of the Reserve Bank of India under Sec.30 (1A) of The Banking Regulation Act, 1949 is being sought.

DIRECTORS

Shri. S.L. Sivashanmugam, Shri. M.M.Lakshminarasimhan and Shri. Athi. R. Venkataraman retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT

The Board places on record, its appreciation and gratitude for the sustained support and succour received from the shareholders, constituents and financial institutions.

The Board greatly appreciates the commitment and dedicated efforts of the employees.

The Board also expresses its greatful thanks to The Reserve Bank of India for their valuable guidance and counsel.

For and on behalf of the Board of Directors

KARUR
28/05/99

K.R. SHENOY
Chairman.

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended March, 1999.

Name	Age	Designation	Gross Income Rs.	Qualifn.	Experience	Employment Date	Previous Employment
K.R. SHENOY	56	Chairman & C.E.O.	8,21,437/-	M.Sc., (Stat)	34	21.08.97	Executive Director, Corporation Bank

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The Lakshmi Vilas Bank Ltd

AUDITORS' REPORT

B. RAMESH & ASSOCIATES
Chartered Accountants
CHENNAI.

M. MANIVANNAN ASSOCIATES
Chartered Accountants
CHENNAI.

1. We have audited the attached Balance Sheet of THE LAKSHMI VILAS BANK LIMITED, KARUR as at 31st March 1999 and the annexed Profit & Loss Account of the Bank for the year ended on that date in which are incorporated the returns of 36 branches, 4 service branches and 7 controlling offices audited by us and 168 branches 2 service branches and 3 controlling offices audited by branch auditors appointed u/s 228(4) of the Companies Act, 1956.
2. The Balance Sheet and Profit & Loss Account have been drawn in accordance with the provision of Section 29 of the Banking Regulations Act, 1949 read with section 211 of the Companies Act, 1956
3. The report on the accounts of branches audited by the branch auditors have been dealt with in the manner considered necessary by us in our report.

On the basis of the audit indicated in paragraph 1 above and subject to:

i) The effect of adjustments arising from reconciliation of various accounts/balances in inter-branch reconciliation and subsidiary ledgers as indicated in Note 1. (a) & (b)

(ii) Difference in amortisation of pension compared to actuarial valuation amounting to Rs. 4,76,71, 491.07 as indicated Note 1 (c).

(iii) Wages arrears not provided amounting to Rs.129 Lakhs as indicated in Note 1 (d).

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 purpose of our audit and have found them to be satisfactory.

b) The transactions of the Bank which have come to our notice have been, in our opinion, within the powers of the Bank.

c) In our opinion, proper books of accounts as required by law have been kept by the Bank in so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches.

d) The Bank's Balance Sheet and Profit & Loss Account are in agreement with the books of accounts and returns.

e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon and principal accounting policies give the information required by the Companies Act, 1956 in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of affairs of the Bank as at 31st March 1999 and the Profit & Loss Account gives a true and fair view of the Profit for the year ended on that date.

for **B. RAMESH & ASSOCIATES**
Chartered Accountants
(B. RAMESH)
Partner

for **M. MANIVANNAN ASSOCIATES**
Chartered Accountants
(P. SATHYANARAYANA)
Partner

KARUR
May 27th, 1999.

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