



The Lakshmi Vilas Bank Ltd

73rd ANNUAL REPORT 1999-2000



The Lakshmi Vilas Bank Ltd

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BOARD OF DIRECTORS

K.R. Shenoy	Chairman
Athi R. Venkataraman	
R. Mohan	
C. Krishnakumar	
N. Malayala Ramamirtham	
T. Srinivasulu	
S.G. Prabhakaran	
D.L. Suresh Babu	
K.B. Krishnan	

GENERAL MANAGERS

N. Ramalingam (Operations)
N. Giridharan (Credit)

DEPUTY GENERAL MANAGERS

C.S. Ramani
S.R. Narayanamurthy
M.R. Subramanian

ASSISTANT GENERAL MANAGERS

R. Sridharan
S. Ravishankar
S. Manoharan
S. Jeyaraman
L. Sadanandam

COMPANY SECRETARY

S. Venkateswaran

AUDITORS

Suri & Co.,
Chartered Accountants, Chennai
Sri & Sri Associates
Chartered Accountants, Chennai

REGD. & ADMN. OFFICE

Salem Road, Kathapara, Karur - 639 006, Tamilnadu
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The Lakshmi Vilas Bank Ltd

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventy Third Annual Report on the operations of your Bank together with the Audited accounts for the year ended 31st March, 2000.

WORKING RESULTS

During the year the gross income has increased from Rs.225.42 Crores to Rs.282.17 Crores. The Bank has made a net profit of Rs.26.35 Crores after making necessary provisions

	(Rs.in Crores)	
	For the year ended	
	31st March, 2000	31st March, 1999
Operating profit	55.44	24.23
Provisions and contingencies	29.09	9.43
NET PROFIT	26.35	14.80
Excess provision written-back	0.47	0.34
Profit brought forward	0.29	0.22
Amount available for Appropriation	27.11	15.36
To Statutory Reserves	16.53	7.84
To Other Reserves	3.74	2.50
To Dividend Provision	5.17	4.26
To Tax on Dividend	1.14	0.47
Balance Carried over	0.53	0.29

The figures represent an increase of 128% in Operating Profit and 78% in Net Profit over the previous year.

NETWORTH AND CAPITAL ADEQUACY

Your Directors have proposed transferring Rs.20.27 Crores to reserves which would increase the networth from Rs.101.22 Crores to Rs.121.73 Crores. This has resulted in the Bank achieving a capital adequacy ratio of 10.45% as against the required minimum ratio of 9%.

Your Bank has raised Rs.20.00 crores by way of a maiden issue of unsecured, redeemable, non-convertible subordinated bonds at 12.85% towards the Tier-II capital which was subscribed by Nationalised Banks, Private Sector Banks, Co-operative & Regional Rural Banks, Mutual Fund, General Insurance Company and Other Corporates.

DIVIDEND

Your Directors have pleasure in recommending a dividend of 45% on the equity capital of the Bank, subject to the approval of the Reserve Bank of India.

DEPOSITS AND CREDIT

The Deposits have increased from Rs.1591.00 Crores to Rs. 1963.40 Crores representing an increase of 23% against the industry average of 17.9%. The Bank's credit portfolio, net of provisions, increased from Rs.909.43 Crores to Rs.1150.04 Crores recording an increase of 26% against the industry average of 21.9%.

PRIORITY SECTOR LENDING

The priority sector advances increased from Rs 359.41 Crores to Rs.469.35 Crores, thus the Bank achieved a total priority sector deployment of 44.73% of Net Bank Credit as against RBI stipulation of 40%.

QUALITY OF ASSETS

The Bank has classified all assets and made required provision as per the RBI's Norms for the Non-performing Assets. The Bank has also made a provision at 0.25% on its standard assets from this year as per RBI stipulation. Concerted efforts were taken to regularise and recover the Non-performing Assets, which net of provisions, constituted 5.38% as against 6.72% in the previous year.

FOREX OPERATIONS

Total foreign exchange turnover comprising Exports, Imports and remittances increased from Rs 591.26 crores to Rs.820.34 crores recording a whopping growth of 39%.

TREASURY

The Bank's investment portfolio increased from Rs.592.08 Crores to Rs.767.56 Crores, thus recording 30% growth. The entire investments portfolio of the Bank has been marked to market against the RBI's stipulation of 75%

ASSET LIABILITY MANAGEMENT AND RISK MANAGEMENT SYSTEM.

Your Bank is the front runner in implementing Asset Liability Management System as prescribed by RBI. This Management tool would certainly enable the Bank to optimise the utilisation of available funds and minimise the interest rate risk and liquidity risk.

As enunciated by RBI, the Bank will put in place an appropriate Risk Management System to enhance the ability of the management to identify, measure, monitor and control the overall level of risks involved in credit and investment decisions.

INFRASTRUCTURE AND TECHNOLOGY UPGRADATION.

The special project team set up to address Y2K achieved a successful roll over. Presently 108 Branches are computerised to extend instantaneous service to the constituents.

The Bank is planning to network the branches to provide on-line connectivity. Towards this end the Bank is in the process of converting its DBMS platform to client-server environment to enable your Bank to offer "any where" Banking at a national level.

In order to enlarge the network your bank has opened extension counters at Royapuram (Chennai), Sankagiri, Kondalampatti (Salem), Echanari (Coimbatore), Chinna Salem and Chirtrugupta Road (New Delhi). Preparations are in full-swing to open branch at Borivili (Mumbai) and



The Lakshmi Vilas Bank Ltd.

Shankarapuram. Your Bank has made considerable investments in Computer Hardware and development of software in-house, besides improvements to the premises.

MANPOWER DEVELOPMENT AND EMPLOYEE PRODUCTIVITY

The Industrial Relations scenario continued to be stable during the year. Training and development of our valuable human resources continued to receive our focussed attention. Employee productivity has shown considerable improvement during the year with the per employee business increasing from Rs.128.00 lacs to Rs.158.00 lacs.

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 Companies Act, 1956 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.

NATIONAL STOCK EXCHANGE LISTING.

Your Bank's shares have been listed with National Stock Exchange, Mumbai apart from continuance of listing arrangement with Madras Stock Exchange (Regional Stock Exchange). The distinct benefits of listing on National Stock Exchange to the Bank would be access to trading privileges for its shares in the fully automated trading system as also access to the nationwide market.

COMPULSORY DEMATERILISATION.

SEBI has brought your Bank's shares under compulsory dematerialised form trading by all investors with effect from 29.1.2001, obligating the shareholders to exercise the demat option to ultimately derive the benefits of scripless trading.

AUDITORS

The statutory auditors M/s.Suri & Co, Chartered Accountants, Chennai and M/s.Sri & Sri Associates,

Chartered Accountants, Chennai are retiring at this Annual General Meeting and being eligible, they offer themselves for reappointment.

DIRECTORS

Mr.D.L.Suresh Babu, Chartered Accountant with a long and distinguished practice, was appointed as additional director on the Board effect from 01st March, 2000, pursuant to Section 260 of the Companies Act 1956. Mr.D.L.Suresh Babu retiring at the end of this Annual General Meeting and being eligible, offers himself for reappointment.

Mr.K.B.Krishnan, a Mechanical Engineer with rich experience in various functions with textile technology in particular was appointed as additional director on the Board effect from 02nd June, 2000, pursuant to Section 260 of the Companies Act 1956. Mr.K.B.Krishnan, retiring at the end of this Annual General Meeting and being eligible, offers himself for reappointment.

Mr.S.L.Sivashanmugam, resigned from the Board on 29th February, 2000 and Mr.M.M.Lakshminarasimhan, resigned from the Board on 25th May, 2000. The directors place on record their appreciation of the valuable services rendered by Mr.S.L.Sivashanmugam and Mr.M.M.Lakshminarasimhan during their tenure as directors on the Board of the Bank.

ACKNOWLEDGEMENT

The Directors place on record, their appreciation of the contributions made by all the employees. They wish to place on record their appreciation and gratitude for the sustained support received from the shareholders, customers, financial institutions and correspondents abroad.

They take this opportunity to thank the Reserve Bank of India for their valuable guidance and advice.

For and on behalf of the Board of Directors

KARUR
30/06/2000

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, 2000.

Name	Age	Designation	Gross Remun. Received	Qualifn.	Experience in years	Commencement of Employment	Last Employment
K.R. SHENOY	57	Chairman & C.E.O.	Rs. 9,62,437/-	M.Sc., (Stat)	35	21.08.97	Executive Director, Corporation Bank



The Lakshmi Vilas Bank Ltd

AUDITORS' REPORT

M/s. SURI & Co.,
Chartered Accountants
CHENNAI.

M/s. SRI & SRI ASSOCIATES
Chartered Accountants
CHENNAI.

1. We have audited the attached Balance Sheet of **THE LAKSHMI VILAS BANK LIMITED, KARUR** as at 31st March, 2000 and the annexed Profit & Loss Account of the Bank for the year ended on that date, in which are incorporated the returns of 42 branches, 6 service branches and 10 controlling offices audited by us and 163 branches audited by branch auditors appoint u/s 228(4) of the Companies Act, 1956.
2. The Balance Sheet and Profit & Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with section 211 of the Companies Act, 1956.
3. The reports 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) Note No.1 (a) & (b) regarding reconciliation of various accounts/balances in inter-branch reconciliation and subsidiary ledgers and consequent effect on the profit which is not ascertained.
- ii) Note No.2 (a) regarding change in the method of accounting of accrued liability towards Leave Encashment and consequent to which the profit for the year is lower by Rs.1.91 Crores and
- iii) Note No.2 (b) regarding change in the method of accounting of provision for Lease Equalization and depreciation and consequential net increase in profit by Rs.1.12 Crores.

for **M/s. SURI & CO.,**
Chartered Accountants
(S.VENKATARAMANI)
Partner

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, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 in so far as they are applicable to banks.
- f) 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, 2000 and the Profit & Loss Account gives a true and fair view of the Profit for the year ended on that date.

for **M/s. SRI & SRI ASSOCIATES**
Chartered Accountants
(M.B.SRIDHARAN)
Partner

KARUR - 639 006.
June 02, 2000.