



74th
ANNUAL
REPORT
2000-2001

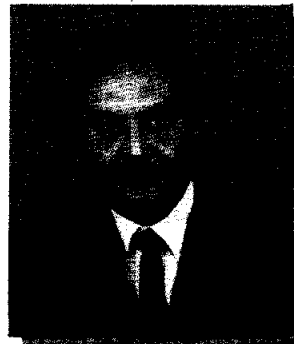


The Lakshmi Vilas Bank Ltd.

BOARD OF DIRECTORS



K.R. Shenoy
Chairman



Athi R. Venkataraman



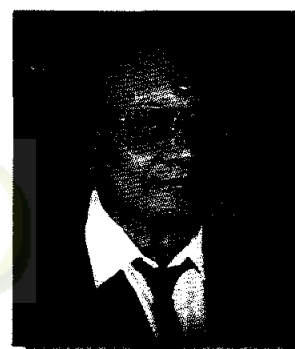
R. Mohan



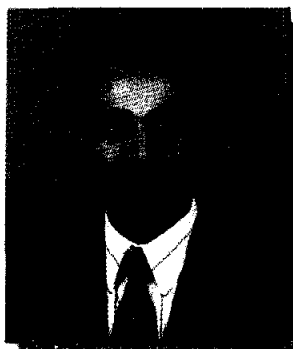
C. Krishnakumar



N. Malayalamamirtham



T. Srinivasulu



S.G. Prabhakaran



D.L. Suresh Babu



K.B. Krishnan



The Lakshmi Vilas Bank Ltd

Regd. & Admn. Office,
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Karur – 639 006. Tamilnadu
Ph: 04324-20051 (10 Lines)
Mobile Nos : 98430 65002
98424 20051 & 20053
Fax : 04324-20068 & 20069
Email : lvbho.cppd@gecsl.com

CHIEF GENERAL MANAGER

A. Krishna Moorthy

GENERAL MANAGERS

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

DEPUTY GENERAL MANAGERS

S.R. Narayanamurthy
M.R. Subramanian

ASSISTANT GENERAL MANAGERS

R. Sridharan
S. Ravishankar
S. Manoharan
S. Jeyaraman
L. Sadanandam
G. Regunathan
P. Venkatesan

COMPANY SECRETARY

S. Venkateswaran

AUDITORS

Suri & Co,
Chartered Accountants, Chennai

Sri & Sri Associates,
Chartered Accountants, Chennai

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The Lakshmi Vilas Bank Ltd

DIRECTORS' REPORT

To the Members

Your directors have great pleasure in presenting the Seventy Fourth Annual Report on the business and operations of your Bank together with the audited accounts for the year ended March 31, 2001.

Appropriations

Appropriations from operating profit after tax have been effected as detailed below:

Particulars	(Rupees in Crores)	
	For the year ended 31st Mar 2001	31st Mar 2000
Operating Profit	60.07	55.44
Provisions and contingencies	33.33	29.09
Net Profit	26.74	26.35
Excess provision written Back	—	0.47
Profit brought forward	0.53	0.29
Amount available for appropriation	27.27	27.11
Transfer to:		
Statutory Reserves	16.50	16.53
Capital Reserve	1.55	—
Other Reserves	3.00	3.74
	21.05	20.27
Proposed Dividend	5.18	5.18
Proposed Corporate Dividend tax	0.53	1.14
Balance of Profit carried forward	0.51	0.53

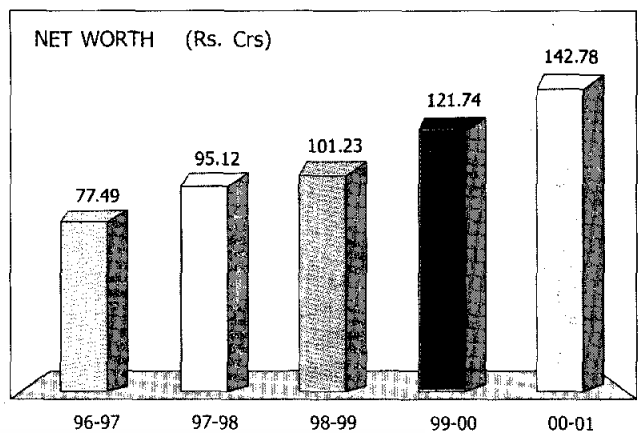
DIVIDEND

Your Directors are pleased to recommend a dividend of 45% for the year ended March 31, 2001 and the total outgo on account of dividend amounts to Rs. 5.71 Crores inclusive of dividend tax of Rs. 0.53 Crore. This is subject to approval of RBI.

CAPITAL FUNDS AND CRAR

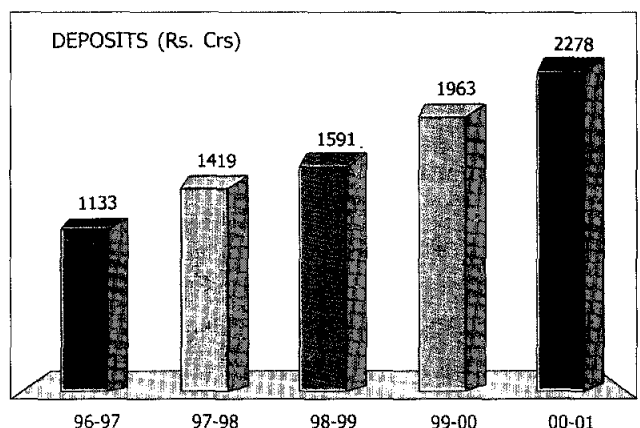
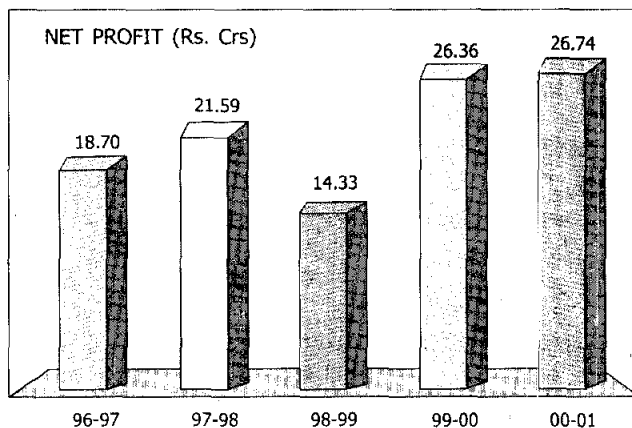
The total Capital Funds of the Bank as on March 31, 2001 stood at Rs.142.78 Crores as compared to Rs.121.74 Crores for March, 2000. The Capital to Risk Adjusted Ratio (CRAR) stood at 10.21% as on March 31, 2001 which was well above the stipulated norm of RBI at 9.0%.

The Tier-I and Tier-II components of Capital Adequacy Ratio were at 8.52% and 1.69% respectively as on March 31, 2001.



DEPOSIT MOBILISATION AND CREDIT EXPANSION

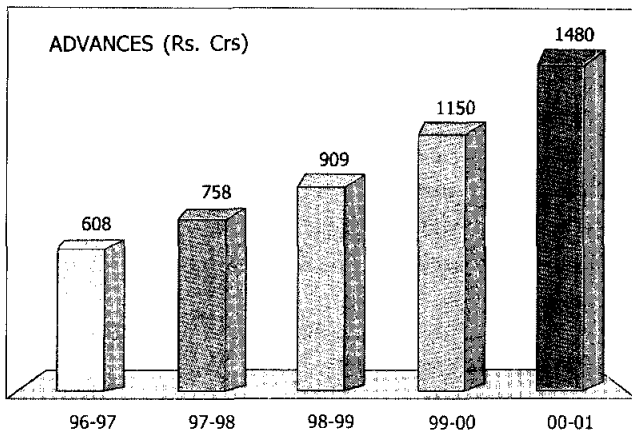
The total Deposits of the Bank recorded a growth of 16% during the year reaching the level of Rs. 2277.64 Crores as on March 31, 2001 as against Rs. 1963.40 Crores as on March 31, 2000.



The Lakshmi Vilas Bank Ltd



The net Advances of the Bank stood at Rs. 1480.23 Crores as on March 31, 2001 as against Rs. 1150.04 Crores as on March 31, 2000, thereby achieving a growth of 29%.



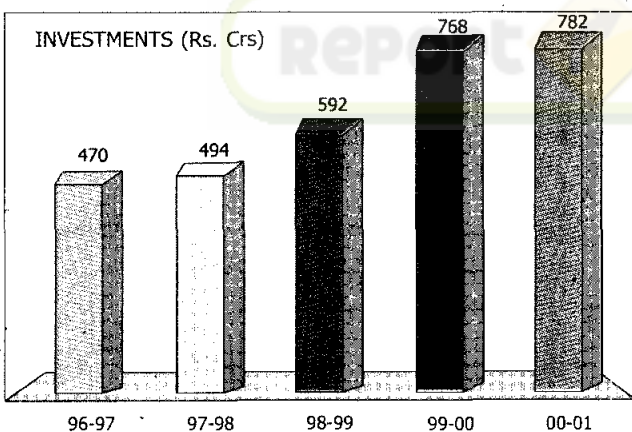
Priority Sector advances at Rs. 594.17 Crores constituted 44.48% of the adjusted Net Bank Credit as against the stipulated norm of 40%.

QUALITY OF LOAN ASSETS

The Bank has complied with the prudential norms relating to income recognition, asset classification and provisioning. The Net NPAs of the Bank constituted 6.47% of adjusted net bank credit for the year 2001 as against 5.38% for the previous year.

TREASURY AND INVESTMENT OPERATIONS

The aggregate investments of the Bank net of provisions stood at Rs.782.03 Crores as on March 31, 2001 as against Rs. 767.56 Crores as on March 31, 2000.



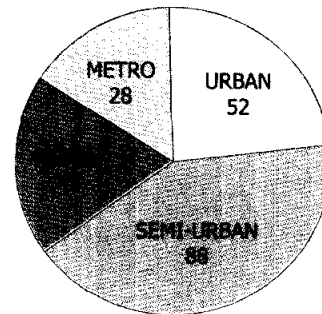
INTERNATIONAL BANKING

The Bank's forex business turnover comprising Exports, Imports

and Remittances rose to Rs. 1222.20 Crores during the fiscal year 2000-2001, compared to Rs. 820.34 Crores in the previous year thus recording a significant growth of 49%.

BRANCH EXPANSION

With the opening of 4 New Branches during the year, the number of branches of the Bank stood at 209, apart from 15 Extension Counters, spreading over 9 States and 1 Union Territory of the country as on 31st March 2001. The Bank holds RBI approval to open 8 more branches.



TECHNOLOGY UPGRADATION

During the fiscal year 2000-2001, 45 branches were computerized taking the total number of branches computerized to 153. State-of-the-art computer lab, setup in the administrative office complex, imparts training to sharpen the skills of the staff by providing online interface.

HUMAN RESOURCE DEVELOPMENT AND STAFF PRODUCTIVITY

Human Resources Development continued to receive special emphasis during the year.

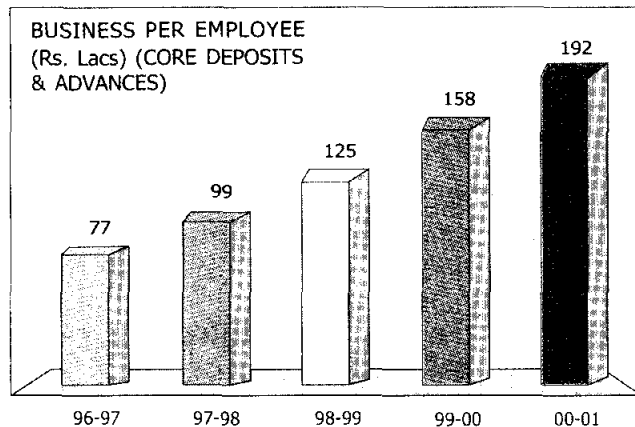
The Bank provides training, both external and internal to its staff to develop professional skills. During the year, various in-house training programmes were organized at our staff training college covering 861 staff members. 120 employees of the Bank were also exposed to external training programmes at reputed institutions.

During the fiscal year, 42 staff were promoted to the next higher cadre.



The Lakshmi Vilas Bank Ltd

Employee productivity has shown considerable improvement during the year with the per employee business increasing from Rs. 158.00 lacs to Rs. 192.00 lacs.



ASSET LIABILITY MANAGEMENT AND RISK MANAGEMENT

The Bank's business necessarily involves management of risks to create and enhance shareholder value. There has been further stabilization of Asset Liability Management system in the Bank with the capturing of data to the extent of 96% through computerization. Periodically, Asset Liability Management Committee analyzes the structural liquidity and interest rate risk sensitivity of Assets and Liabilities and recommends to the Board appropriate decisions pertaining to pricing of deposits and advances. In terms of RBI guidelines, the Bank is in the process of setting up an Integrated Risk Management System by engaging the services of M/s ICRA Advisory Services, a pioneer rating agency in the country. Meanwhile a distinct and independent Risk Management Department has been setup to identify, measure and manage the risks.

COMMUNITY SERVICES

Your Bank made a contribution of Rs.5.00 lacs to the Prime Minister's Relief Fund for providing succour to the victims of the devastated Gujarat Earthquake.

Your Bank has donated a sum of Rs.5.00 lacs to Karur Branch of the Indian Medical Association for construction of Medical Camp Block in commemoration of Platinum Jubilee of the Bank.

CORPORATE GOVERNANCE

The basic philosophy of Corporate Governance in the Bank is to enhance shareholder value keeping in view the needs and interests of other stakeholders. The Bank has already implemented several measures enumerated in clause 49 of the Listing Agreement and will adopt the remaining mandatory measures well before 31.3.2002, the deadline set by SEBI. Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is annexed (Annexure A). Report on Corporate Governance is presented in Annexure 'B'.

STATUTORY DISCLOSURE

As required under the provision of Section 217 (2A) of the Companies Act, 1956, read with the companies (particulars of employees) Rules, 1975, as amended, the names and other particulars of employees who draw remuneration in excess of Rs.1,00,000 or more per month, are set out in the Annexure 'C'.

The requirements of disclosure, in terms of Section 217(1)(e) of the Companies Act, 1956, pertaining to steps taken regarding conservation of energy and technology absorption, do not apply to the Bank. However, the Bank constantly endeavours to attain technological up-gradation in its operations on a continuous basis.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm that in the preparation of the annual accounts for the year ended March 31, 2001-

- ❖ 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 judgement 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, 2001;



The Lakshmi Vilas Bank Ltd

- ❖ proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of applicable laws governing banks in India ; and
- ❖ the accounts have been prepared on a 'going concern' basis.

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.

Notice has been received from a shareholder proposing the names of M/s.Suri & Co, Chartered Accountants, Chennai and M/s. Abarna & Ananthan, Chartered Accountants, Bangalore, as statutory auditors of the Bank for the year

2001-2002 and approval of the Reserve Bank of India under Sec.30(1A) of the Banking Regulation Act, 1949 is being sought.

DIRECTORS

Mr.N.Malayalaramamirtham, Mr.T.Srinivasulu and Mr.S.G.Prabhakaran will retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT

The Board wishes to thank its depositors, customers, financial institutions and correspondents abroad and also record their appreciation for the guidance received from Reserve Bank of India and other regulatory agencies.

Your Directors express their appreciation for the dedicated services rendered by employees of the Bank.

Place : KARUR
Date : 12/06/2001

For and on behalf of the Board of Directors
K.R.SHENOY
Chairman

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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, 2001 and the annexed profit and loss Account of the bank for the year ended on that date, in which are incorporated the returns of 38 branches, 5 service branches and 10 controlling offices audited by us and 171 branches, 1 service branch and 1 controlling office audited by branch auditors appointed under section 228(4) of the Companies Act, 1956.
2. The balance sheet and profit and 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 preparing our report, in the manner considered necessary by us.

We report subject to,

- (i) The effect of adjustments arising from reconciliation of various accounts/balances in interbranch reconciliation and subsidiary ledgers as indicated in Note no.1 under Notes on Accounts forming part of Schedule 17 to the accounts.

that :

1. 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.
2. The transactions of the bank, which have come to our notice, have been, within the powers of the bank.
3. In our opinion, proper books of account 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 of the bank.

4. The Bank's balance sheet and profit and loss account dealt with in this report are in agreement with the books of account and returns.
5. In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956.
6. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the principal accounting policies and notes thereon 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 the balance sheet, of the state of the bank's affair as at 31st March, 2001 and
 - ii) in the case of the profit and loss account, of the PROFIT for the year ended on that date.

for **M/S Suri & Co,**
Chartered Accountants
(S. VENKATARAMANI)
Partner

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

KARUR
11-6-2001


The Lakshmi Vilas Bank Ltd
BALANCE SHEET AS ON 31st MARCH 2001

(Rs. 000 omitted)

	Schedule	As on 31/03/2001	As on 31/03/2000
CAPITAL & LIABILITIES			
Capital	1	115088	115088
Reserves & Surplus	2	1312682	1102306
Deposits	3	22776440	19634065
Borrowings	4	686549	994972
Other Liabilities & Provisions	5	1226880	1270328
TOTAL		26117639	23116759
ASSETS			
Cash & Balance with Reserve Bank of India	6	2030589	1963013
Balance with Banks and Money at Call & Short Notice	7	368509	1041912
Investments	8	7820392	7675677
Advances	9	14802333	11500468
Fixed Assets	10	266647	282269
Other Assets	11	829169	653420
TOTAL		26117639	23116759
Contingent Liabilities	12	8060622	6813358
Bills for collection		1348924	1060172

Schedules 1 to 12 and 17, notes on accounts form part of this balance sheet.

As per our report of date annexed
For **M/s. SURI & CO.,**
Chartered Accountants
S. VENKATARAMANI
Partner.

R. Sridharan
Asst. General Manager

N. Giridharan
General Manager

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

For **M/s. SRI & SRI ASSOCIATES,**
Chartered Accountants
M.B. SRIDHARAN
Partner

A.Krishna Moorthy
Chief General Manager

K.R. Shenoy
Chairman

KARUR
11-6-2001