



LAKSHMI VILAS BANK

86th ANNUAL REPORT 2012 - 2013



BOARD OF DIRECTORS



Shri RAGHURAJ GUJJAR
Non Executive Chairman



Shri K.S.R.ANJANEYULU
Managing Director & CEO



Shri N. SAIPRASAD



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



Shri R.RAVIKUMAR
RBI Nominee



Shri ASHOK NARAIN
RBI Nominee


LAKSHMI VILAS BANK

BOARD OF DIRECTORS

Sarvashree

Raghuraj Gujjar - Non Executive Chairman (From 26.04.2013)

K.S.R. Anjaneyulu - Managing Director & CEO (From 10.01.2013)

P.R. Somasundaram - Managing Director & CEO (Till 21.11.2012)

N. Saiprasad

K. Ravindrakumar - (Till 26.04.2013)

Kusuma R Muniraju

D.L.N. Rao

B.K. Manjunath

K.R. Pradeep

S.G. Prabhakaran

S. Dattathreyan

R. Sharan

A. Satish Kumar

R. Ravikumar - RBI Nominee (From 03.12.2012)

Ashok Narain - RBI Nominee (From 03.12.2012)

CHIEF FINANCIAL OFFICER

M. Palaniappan

GENERAL MANAGERS

(As on 30.06.2013)

S.R. Narayanamurthy

S. Ravishankar

R.V. Raman

RM. Kumarappan

S. Ramanathan

R. Kamalasekaran

COMPANY SECRETARY

N. Ramanathan

REGD. & ADMN. OFFICE

Salem Road, Kathapalai, Karur-639 006, Tamilnadu

Phone: 04324-220051 to 220060 (10 lines)

Website: www.lvbank.com

E.Mail: secretarial@lvbank.in

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AUDITOR

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 86th Annual General Meeting of The Lakshmi Vilas Bank Ltd will be held at Regd. & Admn. Office, Salem Road, Kathapara, Karur-639 006 on 06.08.2013 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2013 and the Profit and Loss Account for the year ended 31st March 2013 and the Report of the Directors' and the Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in the place of Mr. Kusuma R Muniraju who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. D.L.N. Rao who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. N. Saiprasad 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 31.03.2014 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 the appointment of Mr. K.S.R. Anjaneyulu as the Managing Director & CEO of the Bank be and is here by confirmed and ratified for a temporary period with effect from 10.01.2013 till regular Managing Director & CEO assumes charge of the Bank, as approved by the Reserve Bank of India.

Resolved further that the consent of the members be and is hereby accorded for payment of remuneration to Mr. K.S.R. Anjaneyulu as Managing Director & CEO of the Bank as per the terms and conditions as approved by the Reserve Bank of India in terms of the provisions of Section 35-B of the Banking Regulation Act, 1949 and which are set out in the explanatory statement attached to the notice convening this Annual General Meeting.



Resolved further that the tenure of appointment of Mr. K.S.R Anjaneyulu as Managing Director & CEO and as Director of the Bank shall come to an end on the date, the regular Managing Director & CEO assumes charge”.

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

“Resolved that consent be and is hereby accorded for appointment of Shri.Raghuraj Gujjar as the Non-Executive Chairman of the Bank as approved by Reserve Bank of India under Section 10-B of the Banking Regulation Act, 1949, and other applicable provisions of the Companies Act, 1956, who will be a Director of the Bank not liable to retire by rotation.

Resolved further that consent be and is hereby accorded for payment of remuneration to Shri.Raghuraj Gujjar as Non-Executive Chairman of the Bank as per the terms and conditions which are set out in the explanatory statement attached to the notice convening this Annual General Meeting, and as approved by Reserve Bank of India in terms of the provisions of the Section 10-B of the Banking Regulations Act, 1949.

And resolved that the consent of the bank be and is hereby accorded to the Board of directors to revise the remuneration and perquisites payable to Shri.Raghuraj Gujjar as Non-Executive Chairman of the Bank from time to time as approved by Reserve Bank of India in terms of the provisions of the Section 10-B of the Banking Regulation Act, 1949”.

11. To consider and if thought fit, to pass with or without modification(s), the following resolution, as a **SPECIAL RESOLUTION**.

“RESOLVED THAT 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 2,50,00,000 Equity Shares of ₹ 10/- each or hybrid instruments / securities resulting in, upto 2,50,00,000 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.

RESOLVED FURTHER THAT 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 2,50,00,000 Equity Shares of ₹ 10/- each, subject to the applicable guidelines for each Mode of Issue.



RESOLVED FURTHER THAT 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.

RESOLVED FURTHER THAT 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 and/ or outside India).

RESOLVED FURTHER THAT 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.

RESOLVED FURTHER THAT 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.

RESOLVED FURTHER THAT 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.

RESOLVED FURTHER THAT 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."

BY ORDER OF THE BOARD

Place : Mumbai
Date : 10.07.2013

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 11 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 the 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 **31.07.2013 to 06.08.2013 (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 **06.08.2013** 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 **30.07.2013**, 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: corpserve@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 2005-06 to 2011-2012 and also Rights Issue Refund amount for the year 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.
 - b) In terms of 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 who have not registered their email address so far are requested to register their email address (for demat holders - with their respective DPs and for holders in physical form - with our Registrar & Transfer Agent M/s. Integrated Enterprises (India) Ltd., Chennai) so that you can receive the Annual Report and other communication from the bank electronically.

Additional information pursuant to Clause 49 of the Listing Agreement with National Stock Exchange Limited, Mumbai & Bombay Stock Exchange Ltd, Mumbai in respect of the Directors' seeking re-election.

Item No. 3

Mr. Kusuma R Muniraju, B.Sc., LLB, DCT is a senior advocate with more than three decades of standing and specialized in the areas of legal issues of the realty sector. He represents Majority Sector as per Section 10A (2) (a) of Banking Regulation Act, 1949. He is classified as Independent, Non- Executive Director in compliance of Clause 49 of Listing Agreement. He holds 218138 Equity Shares of the bank.

He has served as a Director of your Bank during the period 1990 to 1998.

None of the Directors except Mr. Kusuma R Muniraju is concerned or interested in this resolution.

Item No. 4

Mr. D.L.N. Rao, B.Sc, LLB, PG Diploma in Social Science is a senior advocate with more than three decades of standing and practicing Civil Law, Constitutional Law, and Mining Law & Taxation in the High Court of Karnataka. He represents Majority Sector as per Section 10A (2) (a) of Banking Regulation Act, 1949. He is classified as an Independent, Non- Executive Director in compliance of Clause 49 of Listing Agreement. He holds 5188 Equity Shares of the Bank.

None of the Directors except Mr. D.L.N Rao is concerned or interested in this resolution.

Item No. 5

Mr. N. Saiprasad, M.Sc, MBA specialized in textile business for more than a decade; widely travelled in India and abroad; participant in several National & International trade fairs and Textile shows; a partner in firms dealing in exports/ wholesale trade in textiles. He represents Minority Sector as per Section 10A (2) (a) of Banking Regulation Act, 1949. He is classified as Non- Independent, Non- Executive Director in compliance of Clause 49 of Listing Agreement. He holds 107538 Equity Shares of the Bank.

He has served as a Director of your Bank during the period 1990 to 1998.

None of the Directors except Mr. N. Saiprasad 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 the 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

Terms of remuneration payable to Mr. K.S.R. Anjaneyulu, Managing Director & CEO of the Bank.

The Board of Directors of the Bank through circular note dated 10.01.2013 took on record the letter No. Ref/DBOD.9682/08.44.001/2012-13 dated 07.01.2013 received from DBOD, RBI, Mumbai on the appointment of Managing Director & CEO of the Bank and co - opted Mr. K.S.R. Anjaneyulu as Additional Director of the Bank and also appointed him as Managing Director & CEO of the Bank for a temporary period from 10.01.2013 till regular Managing Director & CEO assumes charge.

Abstract of the terms and conditions of appointment together with memorandum of concern or interest of the directors, had been sent to shareholders on 23.01.2013 as required under section 302 of the Companies Act, 1956.

Abstract of Terms & Conditions of Appointment

Sl.No.	Particulars	Amount in ₹
	Remuneration	
1	Salary	₹ 36,00,000/- p.a.
2	Dearness Allowance	Nil
3	House Rent allowance	₹ 7,20,000/- p.a.
4	Conveyance Allowance	Nil
5	Entertainment Allowance	Not exceeding ₹ 3,00,000/- p.a. on self-declaration.
6	Other Allowances : Fixed Allowance	₹ 12,00,000/- p.a.
	Perquisites	
1	Free furnished house / Pension /Gratuity, etc.	Nil
2	PF	10% of pay on contribution basis.
3	Free use of Car on Company's business	Bank's car with driver and fuel at bank's cost for official purpose.
4	Travelling and Halting Allowance	Travel by business class and stay at business hotel. Halting allowance as applicable to VII executives of the Bank.
5	Medical benefits	Mediclaime upto ₹ 10.00 lakhs
6	Other benefits	Communicative Models: Free use for Official purpose.



Sl.No.	Particulars	Amount in ₹
		Insurance: ₹ 15.00 lakhs for travel by air/train/road.
		Membership of club : Corporate Membership
7	Leave -	Casual Leave/Privilege leave: 30 days p.a.
		Leave Encashment: Accumulated PL as on date of demitting Office (Not exceeding 240 days)
		Leave Fare Concession: Not applicable

Memorandum of interest: None of the directors of the bank is interested or concerned except Mr. K.S.R. Anjaneyulu as it relates to him.

Item No. 10

The Board of Directors of the Bank in the meeting held on 26.04.2013 had appointed Mr. Raghuraj Gujjar, as Non-Executive Chairman of the Bank for one year and also fixed his remuneration as approved by the Reserve Bank of India vide their letter No.Ref.DBOD.10135/08.44.001/2012-13 dated 14.01.2013 in terms of Section 10-B of the Banking Regulation Act. None of the directors except Mr. Raghuraj Gujjar is concerned or interested in this resolution.

The Abstract of the terms and conditions of the appointment is appended below.

Abstract of Terms & Conditions of Appointment

Sl.No.	Items	Remuneration
1.	Salary/Pay	Honorarium of ₹ 1 per annum
	Other Allowances (DA, House Rent, Conveyance, entertainment, etc)	Not Applicable
	Perquisite	
1	Free Furnished House	Not Applicable
2	Free use of bank's car for official purpose	Bank's car with chauffer, fuel at Bank's cost.
3	Provident Fund/ Gratuity/ Pension	Not Applicable
4	Travelling & Halting Allowance	Travel - A single return fare by Train in AC I Class or business class / I class by Air
		Stay - In business class hotel.
		Halting Allowance - As applicable to Whole Time Director
5	Medical benefits	Not Applicable
6	Other benefits	Communicative Mode: Free use
		Insurance: ₹ 25,00,000 for travel by air/train/road.
		Sitting Fees - He will be paid sitting fees for attending board meetings and other committee meetings of the Board as applicable to other non- executive directors of the bank.
		Bonus - Not applicable
		Club membership - Any two business club.
7	Leave	Not applicable

Item No. 11

The Bank intends to raise long term funds for its expanding business requirements by issue of securities in the domestic/ international markets. The proposed resolution at Item No.11 seeks the enabling authorization to the Board of Directors of the Bank, to raise additional long term funds through the issue of Equity Shares in the domestic and/or international

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markets in one or more tranches, in such form, on such terms, in such manner, at such price and at such time as may be considered appropriate by the Board, to the various categories of investors. In the best interest of the Bank, the above enabling resolution is being proposed to be passed to give adequate flexibility and discretion to the Board to finalize the terms of the issues.

As per the provisions of Section 81(1A) of the Companies Act, 1956 the above proposal requires the approval of members by way of Special Resolution.

The Board of Directors accordingly recommends the resolution set out at Item No.11 of the accompanying notice for the approval of members.

The directors of the bank may be deemed to be concerned or interested in the Resolution to the extent of securities that may be subscribed to by the companies/institutions of which they are directors or members.

BY ORDER OF THE BOARD

Place : Mumbai
Date : 10.07.2013

N. RAMANATHAN
Company Secretary