



विजया बैंक  
**VIJAYA BANK**

(A GOVT. OF INDIA UNDERTAKING)

*A friend you can bank upon*

Olinda Naragaon



Tenkabellur



Parabanga



**THE  
HUMAN  
FACE**

EMPOWERING THE GIRL CHILD

Bulay



Agadi



Haripura



Chikkamagalur



Marapurada Doddi



वार्षिक रिपोर्ट  
**Annual Report**  
**2011 - 2012**



## मंडल के निदेशक Board of Directors



श्री एच एस उपेन्द्र कामत  
अध्यक्ष एवं प्रबंध निदेशक  
**Shri. H S Upendra Kamath**  
Chairman & Managing Director



श्रीमती शुभलक्ष्मी पानसे  
कार्यकारी निदेशक  
**Smt. Shubhalakshmi Panse**  
Executive Director



श्री वी के चोपड़ा  
Shri. V K Chopra



श्रीमती सुमा वर्मा  
Smt. Suma Varma



श्री सुरेश कामत  
Shri. Suresh Kamath



श्री प्रकाश चन्द्र नलवाया  
Shri. Prakash Chandra Nalwaya



श्री निशांक कुमार जैन  
Shri. Nishank Kumar Jain



श्रीमती भारती राव  
Shri. Bharati Rao



श्री पी. वैद्यनाथन  
Shri. P Vaidyanathan



श्री अशोक गुप्ता  
Shri. Ashok Gupta



श्री एच. हरीश बल्लाल  
Shri. H Harish Ballal

## इस वर्ष पदमुक्त हुए मंडल के निदेशक Board of Directors who demitted office this year



श्री श्रीधर चेरुकुरी  
Shri. Sridhar Cherukuri



श्री अशोक कुमार, आई.ए.एस. (से.नि.)  
Shri. Ashok Kumar, I.A.S. (Retd.)



श्री अशोक कुमार शेट्टी  
Shri. Ashok Kumar Shetty



श्री रंजन शेट्टी  
Shri. Ranjan Shetty



श्री एस अनंतन  
Shri. S Ananthan



श्री एल के मीणा  
Shri. L K Meena



श्री बी इब्राहिम  
Shri. B Ibrahim



## PERFORMANCE HIGHLIGHTS : 2011-12

### Business Growth

- ❖ Total business during the year reached ₹ 141727 Crore (recording 16 per cent increase Y-o-Y).
- ❖ Productivity, as measured by 'Average Business per Employee', improved from ₹ 11.05 Crore to ₹ 12.31 Crore.
- ❖ Business per branch increased to ₹ 109 Crore as against ₹ 102 Crore recorded as at March 2011.
- ❖ Total deposits grew by 13.39 per cent to reach ₹ 83056 Crore from ₹ 73248 crore of last year.
- ❖ Savings Bank Deposits reached an amount of ₹ 13604 Crore.
- ❖ Gross advances reached ₹ 58671 Crore, recording an annual growth of 19.2%.

### Priority Sector Operations

- ❖ Priority sector advances aggregated to ₹ 17667 Crore, of which total Agricultural advances account for ₹ 6558 Crore.
- ❖ Bank financed 84236 new farmers with disbursement of ₹ 768 crore under various agricultural activities. The average number of new farmers financed is 143, as against the Govt. of India's stipulation of minimum of 100 new farmers per rural and semi urban branch.
- ❖ Advances to MSME segments clocked a 22.43 per cent growth to reach ₹ 8286 Crore.
- ❖ Advances to Weaker Section increased to ₹ 4281 Crore, constituting 8.68% of ANBC.
- ❖ Education loan was of the order of ₹ 643 Crore, covering 32985 accounts.
- ❖ Bank has implemented Financial Inclusion plan on Pan India Basis covering 407 villages, with population above 2000.

- ❖ Number of Self Help Groups linked during 2011-12 reached 6508, involving disbursement of ₹ 238 Crore.
- ❖ Bank has won the award for highest share of SHG business among commercial banks in Karnataka from NABARD for the year 2011-12.

### Infotech Progress

- ❖ 205 new ATMs were installed during the year, thereby increasing the total number of ATMs to 750.
- ❖ The number of debit cum ATM card base increased to 18.74 lakhs from 15.27 lakhs of last year.
- ❖ Bank's customers can now have access to over 96000 ATMs connected under National Financial Switch (NFS) across the country.
- ❖ The number of registered users with regard to SMS/e-mail alerts for financial transactions, introduced in July 2009, has now exceeded 10.08 lakhs.

### Profit & Profitability

- ❖ Net Profit touched ₹ 581 crore compared to ₹ 524 Crore recorded during last Financial.
- ❖ Yield on advances increased from 10.25% to 11.73%.
- ❖ Interest income for the year is up by 37%.

### Capital Adequacy

- ❖ Capital Adequacy Ratio (Basel II) stood at 13.06 per cent vis-à-vis the Reserve Bank of India norm of 9%.
- ❖ Tier I Capital Adequacy Ratio worked out to 9.68% whereas the Tier II Capital Adequacy ratio was 3.38%.



## PERFORMANCE AT A GLANCE

(₹ in crore)

KEY PARAMETERS	2009-10	2010-11	2011-12
No. of Branches	1158	1200	1300
No of ATMs	435	545	750
Reserves & Surplus	2542	3144	3557
Gross Profit	1057	1047	1230
Net Profit	507	524	581
Total Deposits	61932	73248	83056
% growth	13.56	18.27	13.39
CASA Deposits	15225	18480	18272
% to Agregate Deposit	24.62	25.25	22.02
Gross Credit	41935	49222	58671
% growth	16.89	17.38	19.20
Total Business	103866	122470	141727
% growth	14.88	17.91	15.72
Gross NPA	994	1259	1718
(%)	2.37	2.56	2.93
Net NPA	582	741	998
(%)	1.40	1.52	1.72
Investments	21107	25139	28644
Advances to Priority Sector	14553	14671	17667
% to ANBC	40.57	34.98	35.83
Total Staff	11565	11415	11838
Business per employee	9.30	11.05	12.31
KEY RATIO (%)			
Cost of Deposit	6.21	5.86	7.68
Yield on Advances	10.26	10.25	11.73
Net Interest Margin	2.54	3.04	2.47
Return on Assets	0.76	0.72	0.66
Capital Adequacy Ratio % (Basel II)	12.50	13.88	13.06



## MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR TO SHAREHOLDERS

It gives me immense pleasure to share with you the highlights of the performance of your Bank for the year 2011-12. During the year 2011-12, both the Indian economy and the Banking sector faced many challenges. On the economic front, GDP growth during 2011-12 is projected at 6.9% for the full year 2011-12 as compared to 8.4% the previous year; which was mainly due to sharp decline in industrial growth. The global economic imbroglio, accentuated by the worsening Euro Zone crisis also had its toll on our External sector performance, with the Trade Deficit shooting to about 10% of GDP and Current account deficit at 4% of GDP. The fiscal deficit is projected at 5.9% of GDP for 2011-12, compared to the original estimate of 4.6%.

On the monetary front, the average WPI Inflation fell to 8.8% in FY12 compared to 9.6% in the previous year, while manufacturing Inflation rose sharply to 7.2% compared to 5.7% last year. During the year 2011-12, advances growth outpaced deposit growth. Liquidity conditions were tight for most part of the year. Sharp fall in deposit growth and the large government borrowing programme were primarily responsible for the severe tightness in liquidity.

Against this background, let me briefly touch upon some of the areas where we had performed better last year. First and foremost, Bank's Net Profit zoomed by an all time high of 234% to touch ₹ 181 Crore in Q4 of 2011-12 which helped Net Profit to reach ₹ 581 Crore as on 31.3.2012 an increase by 10.9% compared to last year. Net Profit for the year was arrived at after making necessary provisions including provision for NPA of ₹ 414 Crore, provision for standard assets of ₹ 34.81 Crore and provision for standard restructured accounts towards economic loss of ₹ 39.58 Crore. Otherwise, the Bank would have posted a much higher growth in Net Profit. Operating Profit improved from ₹ 1047 Crore in 2010-11 to ₹ 1230 Crore in 2011-12, a growth by 17.5%.

Let me now move on to key aspects of our top line growth. We ended the year with an aggregate business of ₹ 141727 Crore, notching a growth of 16%. Our business volume comprised deposits of ₹ 83056 Crore (13.4%) and advances of ₹ 58671 Crore (19.2%). In the sphere of

advances, Bank continued with its endeavour to improve the retail lending portfolio. Bank's outstanding retail advances as at March 31, 2012 stood at ₹ 11175 Crore, recording a growth of 11.3% during 2011-12, compared to 7.4% growth achieved during 2010-11. As regards operations in the designated priority sectors, advances to these segments aggregated to ₹ 17667 Crore, accounting for 35.8% of Adjusted Net Bank Credit as compared to 34.98% recorded last year (as against the 40% norm prescribed by the RBI). Within Priority sectors, Direct Agricultural advances stood at ₹ 4541 Crore, recording a growth of 20.3% over March 2011. Total Agricultural advances stood at ₹ 6558 Crore, forming 13.3% of Adjusted Net bank Credit, as against the norm of 18%. Advances to MSME and weaker section segments recorded a growth of 22.4% and 12.4% respectively, reaffirming our continued commitment to national goals. In respect of education loan, total outstandings were of the order of ₹ 643 Crore, signifying a y-o-y growth of 6.6%.

Branch banking still has relevance even in the present age of e-banking and the Bank continued to accord emphasis on branch expansion, technology up-gradation, product innovation etc. During the year, the Bank launched 'e-FD,' an on-line term deposit scheme to improve its retail term deposits. We have also launched Insta Debit Card and Mobile banking products.

Bank has also been quite active on the 'Financial Inclusion' sphere as well. Our Bank has been allotted with 407 villages with above 2000 population on a pan India basis. Bank has provided banking facilities to all these villages before the target date of 31.03.2012 set by Govt. of India. Out of the 407 villages, 29 villages are covered through Branch Model and remaining 378 villages through BC model. We have opened 2,16,019 Smart Card accounts in these villages with a balance of ₹ 37.86 lakh. As per the directives of Govt. of India, we have started five Ultra Small Branches in the FI villages allotted to the Bank on a pilot basis, i.e. Doddarasinakere and Santhekasalagere villages in Mysore region, Ladpur village in Delhi region, Kavrady village in Udupi region and Thachanattukara village in Calicut region.

We added 100 new branches and 205 additional ATMs during FY12 taking the tally of our branches and ATMs to



1300 and 750 respectively. The Mobile banking service has picked up very well and as on 31.3.2012, there were 32372 registered users. Also, the SMS alert services which was offered to customers was also a success with over 994080 registered users as on 31.3.2012.

Slippage management was one of the challenging task during the year. Towards this end bank took several measures viz, identifying accounts showing signs of stress, monitoring them closely; initiating stringent recovery measures against willful defaulters etc. The Gross Non-Performing Assets of the Bank as at March 2012 stood at ₹ 1718 Crore , which as percentage to Gross Advances worked out to 2.93 % while the Net NPA stood at ₹ 998 Crore, with the Net NPA ratio being 1.72%.

We have set a goal for the FY 2013 to take the overall business to ₹ 1,65,000 Crore, comprising of deposits of ₹ 98000 Crore and advances of ₹ 67000 Crore. It is also

our endeavour to take our branch and ATM network to 1400 and 1000 respectively by opening 100 new branches and installing 250 new ATMs. During the current year our focus will be on improving CASA level and Retail / MSME / Priority sector so that the profitability of the Bank improves further. With many initiatives in this regard already taken, I am confident that your Bank will be able to face the challenges ahead and post still better performance during FY13.

I thank all the valued shareholders for their continued patronage and support.

With best wishes

Yours Sincerely

**H.S. UPENDRA KAMATH**  
Chairman & Managing Director





## VIJAYA BANK

HEAD OFFICE: BANGALORE - 560 001

### NOTICE

NOTICE IS HEREBY GIVEN pursuant to Regulation 56 of the Vijaya Bank (Shares and Meetings) Regulations 2003 that the Twelfth Annual General Meeting of the Shareholders of VIJAYA BANK will be held on **Friday, the 29th June 2012 at 4 P.M.** at the Mulki Sunder Ram Shetty Auditorium, Vijaya Bank Head Office, M.G. Road, Bangalore-560001, to transact the following business:

**Item No. 1:** To discuss, approve and adopt the Balance Sheet of the Bank as at 31st March 2012, Profit and Loss Account of the Bank for the year ended 31st March 2012, the Report of the Board of Directors on the working and activities of the Bank for the period covered by the Accounts and the Auditors' Report on the Balance Sheet and Accounts.

**Item No. 2:** To declare dividend on the shares of the Bank for the Financial Year 2011-12.

**By order of the Board of Directors  
for VIJAYA BANK**

Place : Bangalore (K. GOPALAKRISHNAN NAIR)  
Date : 30.04.2012 COMPANY SECRETARY

#### 1. APPOINTMENT OF PROXY:

A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF, AND SUCH PROXY NEED NOT BE A SHAREHOLDER OF THE BANK. HOWEVER, THE PROXY SO APPOINTED WILL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. NO PERSON SHALL BE APPOINTED AS A PROXY WHO IS AN OFFICER OR AN EMPLOYEE OF VIJAYA BANK. The Proxy Form in order to be effective, must be deposited/ lodged at the Head Office of the Bank with the Company Secretary, Vijaya Bank, Board Secretariat, 41/2, M.G. Road, Bangalore 560 001, at least Four days before the date of the Annual General Meeting i.e. on or before the closing hours i.e. 2PM of Saturday, the 23rd June, 2012.

#### 2. APPOINTMENT OF AN AUTHORISED REPRESENTATIVE:

No person shall be entitled to attend or vote at the Meeting as a duly authorized representative of a company or any other Body Corporate which is a shareholder of the Bank, unless a copy of the Resolution appointing him/her as a duly authorized representative, certified to be true copy by the Chairman of the meeting at which it was passed, shall have been deposited at the Head Office of the Bank with the Company Secretary, Vijaya Bank, Board Secretariat, H.O., Bangalore – 560 001 at least four days before the date of the meeting, i.e. on or before the closing hours i.e. **2 PM of Saturday, the 23rd June, 2012.**

#### 3. ATTENDANCE SLIP - CUM - ENTRY PASS:

For the convenience of the shareholders, Attendance Slip-cum-Entry Pass is annexed to this notice. Shareholders / Proxy Holders / Authorized Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue. Proxy/ Authorized Representative of a shareholder should state on the Attendance Slip-cum-Entry Pass as **"Proxy"** or **"Authorized Representative"** as the case may be.

#### 4. CLOSURE OF REGISTER OF MEMBERS:

Pursuant to Clause 12 of Vijaya Bank (Shares and Meetings) Regulations 2003, the Register of Members and the Share Transfer Books of the Bank will remain closed from Tuesday the 26th June 2012 to Friday the 29th June 2012 (both days inclusive) in connection with the Twelfth Annual General Meeting and to entitle the shareholders to get final dividend if any.

#### 5. PAYMENT OF DIVIDEND:

The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid within 30 days of declaration thereof, to those shareholders who stand registered on the Bank's Register of Members:

- a) As Beneficial Owners as at the end of business hours on 25th June 2012 as per the list to be furnished



by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in dematerialized form.

- b) As Shareholders whose names are registered in the Register of Members of the Bank as on 29th June, 2012.

The dividend warrants to such shareholders would be mailed or credited through ECS or other approved electronic mode by the Bank through the Share Transfer Agent, viz., M/s Link Intime India Pvt Limited, Mumbai, within 30 days from the date of declaration, i.e., within 29th July 2012.

#### **6. DETAILS OF BANK ACCOUNT IN DIVIDEND WARRANT/ ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) – (NECS):**

As per RBI notification w.e.f October 1, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS). NECS operates on the new and unique Bank account number allotted by Banks post implementation of Core Banking Solution (CBS). This facility is offered to shareholders holding shares in physical and demat forms. Shareholders holding shares in physical form can furnish the account number provided by their Banks along with the photo copy of the cheque pertaining to their accounts to the R & T Agent - M/s Linkintime India Pvt Ltd, Mumbai. Shareholders holding shares in electronic forms to update the details of their Bank accounts with their Depository Participants.

Shareholders having Bank Accounts in non CBS Bank Branches are not covered by NECS and will be paid dividend by way of physical dividend warrants. These shareholders are requested to furnish their Bank account, name of the Bank and the branch, where they would like to deposit dividend warrants for encashment. The above mentioned details are to be furnished by the Joint/sole shareholder. A performa of NECS mandate is enclosed in this report.

#### **7. UNCLAIMED DIVIDEND IF ANY:**

The shareholders who have not encashed their Dividend Warrants/ not received dividend of previous periods, if any, are requested to contact the Share Transfer Agent of the Bank for issue of the duplicate Dividend Warrants/ revalidation of Dividend Warrants.

Within 7 days from the expiry of 30 days from the date of the declaration, if any shareholder has not encashed/ claimed the dividend, such amounts lying in the Bank Dividend Account, shall be transferred to a separate account styled "Unpaid Dividend Account of Vijaya Bank for the year...."

As per the Section 10B of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, the amount of dividend remaining unpaid or unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Govt. under Section 205 (C) of the Companies Act, 1956, and thereafter no claim for payment shall lie in respect thereof either to the Bank or to the IEPF.

#### **8. COPIES OF BALANCE SHEET:**

Shareholders are advised that copies of the Annual Report will not be distributed at the venue of the Annual General Meeting and hence shareholders are requested to bring their copies of the Annual Report, which are mailed by the Bank to them at their registered addresses.

#### **9. DEMATERIALISATION OF SHARES:**

Shareholders who are still holding their share certificates in physical form are requested to get their shares dematerialized as SEBI has included the name of the Bank for the purpose of compulsory dematerialized trading of shares.

#### **10. NOTIFYING CHANGE OF ADDRESS:**

Shareholders are requested to notify immediately of any change in address/ change in Bank Account numbers to:

- a) Their respective Depository Participant in respect of holding of shares in dematerialized form.
- b) The Share Transfer Agent, M/s Link Intime India Pvt Limited, Unit: Vijaya Bank, C-13, Pannalal Silk Mills Compound, L.B.S.Road, Bhandup (West), Mumbai-400078 in respect of shares held in physical form.
- c) Shareholders holding shares in physical form are also requested to register/update their e-mail address with the Bank to enable the Bank to send all communications/notices /Annual Reports etc.





through e-mail. Those shareholders holding shares in demat form are requested to update their e-mail address with their Depository Participants. This is as per Bank's plan to implement the Green initiative in Corporate Governance initiated by Ministry of Corporate Affairs (MCA)

#### 11. CONSOLIDATION OF FOLIOS:

Shareholders who hold shares in physical form in multiple folios in identical names or joint names in the same order of names are requested to send the share certificates to the Share Transfer Agent of the Bank, M/s Link Intime India Pvt Limited, Mumbai for consolidation into a single folio.

#### 12. RECORDING OF CHANGE OF STATUS:

Non-Resident Indian Shareholders are requested to inform the Share Transfer Agent of the Bank, M/s Link Intime India Pvt Limited, Mumbai immediately of:

- a) The change in the Residential status on return to India for permanent settlement.
- b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with PIN, if not furnished earlier.

#### 13. OTHER INFORMATION:

Shareholders may kindly note that no gift/gift coupon will be distributed at the meeting.

**By order of the Board of Directors  
for VIJAYA BANK**

Place : Bangalore  
Date : 30.04.2012

**(K. GOPALAKRISHNAN NAIR)**  
COMPANY SECRETARY



## Directors' Report 2011-12

The Board of Directors have pleasure in presenting the 32nd Annual Report of the Bank along with the Audited Balance Sheet as on March 31, 2012 and the Profit and Loss Account for the year ended March 31, 2012.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **Management Discussion and Analysis:**

##### **Economic Scenario**

Global macroeconomic conditions during 2011-12 have shown signs of modest improvement. In the U.S, the GDP growth (quarter-on-quarter) accelerated to 3.0% in Q4 of 2011. Consumer spending has been improving. While the unemployment rate has been trending down, concerns remain about the sustainability of this trend.

The immediate pressures on the financial markets in the Euro area have been alleviated to a large extent by the ECB injecting liquidity of more than one trillion euro through two long-term refinancing operations. However, a sustainable solution to the euro area debt problem is yet to emerge. GDP growth in the euro area declined by 1.2% in Q4 of 2011.

Growth also slowed down in Emerging and Developing Economies (EDEs) reflecting the combined impact of monetary tightening and slowdown in global growth.

International crude oil prices have surged since the beginning of 2012 reflecting geo-political concerns. The price of Brent variety of crude rose from U.S. \$ 111 per barrel in January to U.S \$ 120 per barrel by mid April.

In the above backdrop, the world economy is projected to expand by 2.5% and 3.1% in 2012 and 2013.

As for the performance of Indian Economy, the overall GDP growth was projected at 6.9% for 2011-12, compared to 8.4% last year. At sectoral level, agriculture and allied sectors is expected to grow by 2.5% in 2011-12 compared to 7% in the previous year; Growth in Industry is estimated at 3.9% as against 7.6% last year; Services sector is expected to grow by 9.4% as against 9.3% in the previous year.

Headline WPI Inflation remained persistently high and relatively sticky for most part of FY'12.. The year started with Inflation of 9.7%, which briefly touched double digits

in September 2011, before declining to 6.89% in March 2012. The major contributory factors to headline inflation during the current financial year include (a) higher primary articles prices, (b) increasing global commodity prices and (c) persistently high international (Brent) crude petroleum prices in the last two years, averaging around \$ 111 Barrel in 2011.

During the year 2011-12, WPI Food Inflation trends reflected supply side challenges in Food items. Food Inflation, which was 8.1% in April-December 2011, briefly turned negative in January 2012, reflecting seasonal decline in food prices. However, it increased sharply to 6.1% in February and further to 9.9% in March 2012, with the wearing off of base effect.

During 2011-12, the growth rate in Broad Money (M3) has been 13% y-o-y. Fiscal Deficit during 2011-12, is estimated at 5.9% of GDP.

The currency market in India was under pressure during April-December 2011 due to a slowdown in capital inflows reflecting global uncertainty. There has been significant depreciation of the Indian Rupee vs. U.S \$. The Indian Rupee (INR) vs. U.S. \$ started at 44.4 in April 2011 and ended at 51.2 as at the end of March 2012.

Reflecting the effect of a worsening global trading environment, India's Current Account Deficit (CAD) moved up to 4.3% of GDP for the quarter ended December 2011 from 2.3% for the same quarter in 2010. With Exports growth lagging import growth, the trade deficit for the quarter ended Dec'2011 widened to \$ 47.7 billion from \$ 31.4 billion in Q3 last year.

##### **Banking Scenario:**

During the year 2011-12, Aggregate Deposits of Scheduled Commercial Banks grew by 17.4%, compared to 15.9% a year ago; Advances grew by 19.3% compared to 21.5% a year ago. Reining in Inflation and containing Inflationary expectations were the dominant objectives of Monetary Policy during 2011-12. The RBI hiked the repo rate 13 times between March 2010 and January 2012, cumulatively by 375 basis points. With supply-side factors feeding into food inflation and an uncertain economic scenario in advanced countries necessitating repeated liquidity injections by