



## **The Lakshmi Vilas Bank Ltd.**

Regd. & Admn. Office, Salem Road, Karur-6.

Speech of

**SHRI. S. NARAYAN**

Chairman

at the

**83<sup>rd</sup> Annual General Meeting on 4th August, 2010**

### **DEAR SHAREHOLDERS,**

It is with immense pleasure, I extend a warm welcome to all of you to the 83<sup>rd</sup> Annual General Meeting of your bank.

The Director's Report and the final accounts of the bank for the year ended 31<sup>st</sup> March 2010 are already in your hands and, with your permission. I shall consider them as read.

Before I dwell upon the performance of the bank, it is pertinent to present the environment in which your bank operated during the last fiscal.

The Indian economy has emerged relatively unscathed from the global crisis, having been insulated from it by the sound monetary and fiscal policies that have been pursued by the Reserve Bank of India and the Government. The economy recorded a higher growth rate of 7.4% as compared to 6.7% during the previous year which needs to be seen against the backdrop of global financial uncertainty affecting the major economic blocs in the world economy, inspite of deficient rainfall and marginal growth in agricultural output.

The outlook for Indian economy for the 2010-11 appears encouraging, with growth rate projected at over 8 percent, assuming a normal monsoon and higher Agricultural output. The continued buoyancy in Industrial output and Exports will help boost the growth momentum of the economy. The current year's projections indicate that the economy would grow at a robust 8.5%.

### **Banking Scenario**

The Indian banking industry, which remained largely immune to global financial crisis, was however impacted by slow down. The credit off take remained subdued for a prolonged period of time.

The deposits growth of the Scheduled Commercial Banks during 2009-10 slowed down to 17.0 percent during the year as against 19.9 percent during the previous year. The Bank credit growth remained less than 5 percent during the first half of 2009-10. However, subsequent recovery in credit pick up enabled the system to log 16.7 percent growth during the year as against 17.5 percent in the previous year. In pursuance of the recommendation of RBI Working Group, BPLR now has been replaced by Base Rate from July, 2010.

### **Performance of the Bank**

During the year, the Bank has posted an operating profit of Rs.166.21 Crores against Rs.108.85 Crores recorded in 2008-09 registering an increase of 53%. Despite posting a record operating profit, the Bank has returned Moderate Net profit of Rs.30.67 Crores due to higher quantum of Provision towards Non-Performing Assets.

Deposits of the bank grew by 23 % from Rs. 7360.90 crores in 2008-09 to Rs.9075.38 crores. Credit expanded by 20% from Rs.5236.21 crores to Rs.6277.50 crores. The total business of your bank crossed a land mark figure of Rs.15352.88 crores. With a noticeable growth in lending to export sector, the foreign exchange business turnover touched a level of Rs.3462.43 crores.

As a matter of prudence, the bank maintained an ideal investment level largely insulated from market volatility.



The Net Worth of the bank improved from Rs.453.71 crores as at the year ended 2009-10 to Rs.738.99 crores. With the overwhelming support of the shareholders, capital augmentation was facilitated by a Rights Issue. Your bank raised Rs.100 crores by issue of Unsecured, Redeemable, Non-convertible Bonds that was rated "BWR A" & "BBB+" by the leading rating agencies "Brickwork" and "FITCH" respectively. Your Bank's Capital Adequacy Ratio stood at 14.21% well above the regulatory minimum of 9 %.

The bank has put in place a well-articulated and robust Risk Management System in tune with RBI guidelines. Taking a holistic view of the various complexities of the ever-changing business profile of the bank, your bank has taken proactive measures to fine tune business processes and instill risk management across the organization.

Your bank strongly believes that the employees are its human capital. For aligning the career ambitions of its employees with its growth, your bank took various HR initiatives including promotions across all cadres and skill enhancements through lateral induction in specialized areas of operation. Talent acquisition and Talent Transformation are followed to meet existing and future requirement.

To enable your Bank to reach wider geographical areas, opened 23 number of branches, 63 number of ATMs, thus taking the total number of branches to 274, the number of ATMs to 181.

Your Bank has been awarded with "the best innovative implementation of technology" award by Hitachi for innovative storage and virtualization architecture and "Sustained leadership in quality banking through most innovative adoption of technology" by Oracle Financial Services (formerly iFlex)

Our bank's Business Plan for the fiscal 2010-11 had been re-aligned to get into the higher growth orbit, to capture the key position and to stay front in the competitive environment by encashing the technological environment. We intend to bring in new products and services in keeping with our risk appetite and focus on customer relationships as the engine for growth.

The company is focusing on strengthening the talent pipeline across the Board to accelerate growth and to this end, some top management changes have been made, viz.

Mr.K.S.R.Anjaneyulu joined your Bank as an Executive Director on 08.10.2009 and acted as Managing Director & Chief Executive Officer for the interim period from 25.01.2010 to 02.08.2010.

Mr.V.Prakash joined your Bank as an Executive Director on 21.06.2010.

Mr.Rajat Baldhi joined your Bank as an Executive Director on 22.06.2010.

Mr.P.R.Somasundaram, joined your Bank as Managing Director & Chief Executive Officer on 02.08.2010.

## **Acknowledgements**

On behalf of the Bank as well as on my personal behalf, I profusely thank all our stakeholders and well-wishers for their patronage, support and encouragement at all times. I wish to place on record my appreciation to the employees at all level. I also take this opportunity to thank RBI, SEBI and NSE.

Thanking you,

S. NARAYAN  
Chairman