

A N N U A L R E P O R T 1 9 9 8 - 9 9



UTI BANK LTD





Jamshedpur Branch (Bihar)



Tilak Nagar Branch (Jaipur)



Anna Nagar Branch (Chennai)



Bangalore Branch (inner view)



Calcutta Branch



Panvel Branch (Maharashtra)



Accounts Department, Central Office, Mumbai



Tarnaka Branch (Andhra Pradesh)



Nagar Branch (Chennai)



Jubilee Hills Branch (Hyderabad)



BOARD OF DIRECTORS

- Shri S. Gupta
Chairman & Mg. Director
- Shri P. S. Subramanyam
Director
- Shri G. Krishnamurthy
Director
- Shri P.M. Venkatasubramanian
Director
- Dr. A.C. Shah
Director
- Dr. Abid Hussain
Director
- Shri Bana Paranjpe
Director
- Shri K.G. Vassal
Director
- Shri Shardul Shroff
Director
- Shri B.R. Barwale
Director
- Shri K. Narasimha Murthy
Director

Shri P. J. Oza
Company Secretary

M/s. V. Sankar Aiyar & Co. *Auditors*
Chartered Accountants

M/s Karvy Consultants Limited *Registrar and Share Transfer Agent*

UNIT : UTI BANK LIMITED

"Karvy House"

46, Avenue 4, Street No. 1

Banjara Hills

Hyderabad - 500 034

Phone No. 040 - 3312454, 3320251/751/752

Fax No. 040 - 3311968

Registered Office :

Ground Floor, Sakar - I, Near Gandhigram Station,

Off. Ashram Road, Ahmedabad - 380 009

Tel : (079) 658 6815/658 5767/658 7292

Fax : (079) 658 1490

Central Office :

Maker Towers 'F', 13th Floor, Cuffe Parade,

Colaba, Mumbai - 400 005

Tel : (022) 218 9106/7/8/9

Fax : (022) 218 6944/218 1429

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NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of the Bank will be held at Tagore Memorial Hall, Near Sanskar Kendra, Paldi, Ahmedabad - 380 007, at 10.30 a.m. on Wednesday the 14th July, 1999 to transact the following business :-

Ordinary Business :

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 1999, Profit and Loss Account for the year ended 31st March, 1999 and the reports of Directors and Auditors.
- 2) To appoint a Director in place of Shri K. G. Vassal, who retires by rotation and being eligible offers himself for re-appointment as a Director.
- 3) To appoint a Director in place of Dr. A. C. Shah, who retires by rotation and being eligible offers himself for re-appointment as a Director.
- 4) To declare dividend on Equity Shares.
- 5) To consider and, if thought fit, to pass with or without modification, the following resolution **AS A SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956 and the Banking Regulation Act, 1949, M/s V. Sankar Aiyar & Co., Chartered Accountants, Mumbai be appointed as the Statutory Auditors of the Bank to hold office from the conclusion of the Fifth Annual General Meeting until the conclusion of the Sixth Annual General Meeting, on such remuneration as may be mutually decided upon by the Chairman and Managing Director, on behalf of the Board of Directors and the said M/s V. Sankar Aiyar & Co., Chartered Accountants, Mumbai."

Special Business :-

- 6) To consider and, if thought fit, to pass with or without modification, the following resolution **AS AN ORDINARY RESOLUTION** :

"RESOLVED THAT Shri P. M. Venkatasubramanian, who was appointed as an Additional Director with

effect from 25th July, 1998 and who holds office as such upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Venkatasubramanian as a candidate for the Office of Director of the Bank, be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

- 7) To consider and, if thought fit, to pass with or without modification, the following resolution **AS AN ORDINARY RESOLUTION** :

"RESOLVED THAT Shri B. R. Barwale, who was appointed as an Additional Director at the meeting of the Board of Directors held on 29th May, 1999 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Barwale as a candidate for the Office of Director of the Bank be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

- 8) To consider and, if thought fit, to pass with or without modification, the following resolution **AS AN ORDINARY RESOLUTION** :

"RESOLVED THAT Shri K. Narasimha Murthy, who was appointed as an Additional Director at the meeting of the Board of Directors held on 29th May, 1999 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Narasimha Murthy as a candidate for the Office of Director of the Bank be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

NOTES :

IN DEFERENCE TO GOVT. POLICY, NO GIFTS WILL BE DISTRIBUTED AT THE A.G.M.

- 1) 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.



- 2) The relevant explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of Items No. 6 to 8 is annexed hereto.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday the 1st July, 1999 to Wednesday the 14th July, 1999 (both days inclusive)
- 4) The Dividend would be made payable on or after 14th July, 1999 to Shareholders whose names stand on the Register on 14th July, 1999.
- 5) In view of the recently reported instances of fraud in the encashment of Dividend/Interest Warrants, we are arranging to print the details of your Bank Account on the Dividend/Interest Warrants thereby ensuring that the proceeds of the warrants are credited to your account only. We would therefore,

request you to send the same to our Registrar and Share Transfer Agent M/s Karvy Consultants Limited at Hyderabad or at the Registered Office of the Company, the following particulars so as to reach them on or before 14th July, 1999.

- i) Name of the Bank, Branch and Place with Pin Code No., where the account is maintained
 - ii) Bank Account No.
- 6) Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

By order of the Board

Place : Mumbai
Date : 29/05/1999

P. J. OZA
Company Secretary



ANNEXURE TO NOTICE

EXPLANATORY STATEMENT U/S 173 (2) OF THE COMPANIES ACT, 1956

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice.

Item No. 6 :-

Shri P. M. Venkatasubramanian was appointed as an Additional Director of the Bank with effect from 25.7.1998 in place of Shri U. Mahesh Rao. Under Section 260 of the Companies Act, 1956 read with Article 91(I) of the Articles of Association of the Bank, Shri P. M. Venkatasubramanian continues to hold his office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257, the Bank has received a Notice from a member signifying his intention to propose Shri P.M.Venkatasubramanian as a candidate for the office of Director of the Bank and the requisite deposit of Rs. 500/- has also been received by the Bank along with such notice. Shri Venkatasubramanian is proposed to be liable to retire by rotation as per the above said notice received from Shareholder of the Bank.

Shri Venkatasubramanian was the Managing Director of the General Insurance Corporation of India (since retired) and continues to represent GIC on the Board of Directors of the Bank after his retirement.

Your Directors recommend to you to pass the related resolution. Shri P. M. Venkatasubramanian is interested in the said resolution concerning his appointment as a Director.

Item No. 7 :-

Shri B. R. Barwale was appointed as an Additional Director of the Bank with effect from 29/05/1999. Under Section 260 of the Companies Act, 1956 read with Article 91(I) of the Articles of Association of the Bank, Shri Barwale continues to hold his office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section

257, the Bank has received a Notice from a member signifying his intention to propose Shri Barwale as a candidate for the office of Director of the Bank and the requisite deposit of Rs. 500/- has also been received by the Bank along with such notice. Shri Barwale is proposed to be liable to retire by rotation as per the above said notice received from Shareholder of the Bank.

Shri Barwale is an expert in farming and related activities and also he is presently Chairman of Maharashtra Hybrid Seeds Co. Limited

Your Directors recommend to you to pass the related resolution. Shri Barwale is interested in the said resolution concerning his appointment as a Director.

Item No. 8 :-

Shri K. Narasimha Murthy was appointed as an Additional Director of the Bank with effect from 29/05/1999. Under Section 260 of the Companies Act, 1956 read with Article 91(I) of the Articles of Association of the Bank, Shri Murthy continues to hold his office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257, the Bank has received a Notice from a member signifying his intention to propose Shri Murthy as a candidate for the office of Director of the Bank and the requisite deposit of Rs. 500/- has also been received by the Bank along with such notice. Shri Murthy is proposed to be liable to retire by rotation as per the above said notice received from Shareholder of the Bank.

Shri Narasimha Murthy is a Chartered and Cost Accountant and is presently practising as a Management Consultant at Hyderabad.

Your Directors recommend to you to pass the related resolution. Shri Narasimha Murthy is interested in the said resolution concerning his appointment as a Director.

By order of the Board

Place : Mumbai
Date : 29/05/1999

P. J. OZA
Company Secretary



DIRECTORS' REPORT 1998-99

UTI Bank completed the fifth year of its operations at the end of March, 1999. The year witnessed good growth in the Bank's business and profit. The Bank also came out with a public issue of its equity for the first time during the year which evoked excellent retail response.

The Bank made significant progress during the year in line with its committed business targets, despite difficult market conditions. The number of the Bank's branches went up to 35 as against 24 at the end of March 1998, spread over different states, thereby enlarging its client base substantially. The Bank continued to introduce new products, upgrade the technology support systems to improve operational efficiencies and strengthen its human resource base. On the whole, 1998-99 had been a productive year for the Bank in terms of both growth and consolidation of business as well as strengthening of its infrastructure.

BANKING AND FINANCIAL ENVIRONMENT

The estimated growth in Gross Domestic Product (GDP) in 1998-99 at 5.8 per cent was somewhat lower than expected, but it was higher than the growth rate of 5 per cent for 1997-98. This improvement in the growth rate was largely due to the good performance of the agricultural and services sectors even as the industrial production failed to pick up. Exports also fell marginally in dollar terms during the year. The inflation was under control at 5% at the end of the year and it has continuously been declining since then. Interest rates remained fairly stable, despite large scale gross borrowings by the Government. The year witnessed major problems in the external environment. In addition to adverse international developments like the East Asian crisis, turmoil in Russia and Brazil as also uncertain economic outlook in Japan and Europe, the country had to face a host of problems in the form of economic sanctions imposed by several industrial countries such as suspension of loans by international financial agencies, reduction in the inflow of foreign direct investment (FDI) as well as investments by Foreign Institutional Investors and the downgrading by international rating agencies. However, the economy remained generally resilient and succeeded in largely absorbing these shocks. In fact, the foreign

exchange reserves went up significantly and the exchange rate of Indian Rupee remained quite stable during the year.

The capital market remained depressed during the major part of the year and the resultant resource crunch had a telling effect on the much needed investment in the infrastructure sector.

The overall slow-down in the industrial sector has adversely affected corporate performance in general and margins remained under pressure. Certain industries like steel, automobiles, textiles, engineering, machine tools and petrochemicals continue to face severe demand recession. All this made it quite tough for the banking system in general to manage the credit risks during the year. Although the national budget and some of the policy initiatives taken by the Government to encourage exports and inflow of foreign investments have raised hope for a steady turnaround of the economy, the political uncertainty continues to be a major worry. While the financial markets remained fairly stable so far and the reforms process is being carried forward despite the political turmoil, the performance of the industrial sector in the coming months will, no doubt, have an impact on the health of the banking system.

CAPITAL

The Bank's capital stood at Rs. 115 crores as on 31st March, 1998, of which Unit Trust of India contributed Rs. 100 crores and the rest came from Life Insurance Corporation of India (Rs. 7.5 crores) and General Insurance Corporation of India and its 4 subsidiaries viz. National Insurance Co. Ltd. The New India Assurance Co. Ltd., The Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd. (Rs. 1.5 crores each).

During the year under review, UTI made an offer for sale of 2 crore shares and the Bank made a simultaneous public issue of 1.5 crore shares, each of Rs. 10/- at a premium of Rs. 11/-. The offer for sale-cum-public issue received excellent response from retail investors and was oversubscribed. As a result of the public issue and the exercise of green shoe option, the Bank's paid up capital has gone up to Rs. 131.90 crores, with a sum of



Rs. 16.22 crores accruing as the share premium reserve as on 31st March, 1999. The Bank's shares are now listed at National Stock Exchange, Mumbai Stock Exchange and Ahmedabad Stock Exchange and the Annual listing fees up to the year 1999-2000, have already been paid.

At the end of the year, the capital adequacy ratio of the Bank stood at a healthy 11.64 per cent (with Tier I capital at 11.60 per cent) as against the prescribed benchmark of 8.00 per cent.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Audited Accounts of the Bank for the year 1998-99 are annexed. The profit available for appropriation for the year, after making all adjustments, stood at Rs.31.08 crores, compared to Rs.16.02 crores for 1997-98. The net profit could have been much higher but for full provisions having been made, as a measure of abundant caution, for certain weak loan assets and investments. What however, stands out is the remarkable growth of 25.09 per cent achieved in the profit before provisions and 94.01 per cent achieved in the net profit despite a higher level of depreciation charges during the year. While the operating expenses have been kept under tight control, the margins have improved substantially across the board in spite of difficult market conditions. However, there is no room for complacency and the Bank is committed, as in the past, to improve profitability of its operations, among others, by increasing staff productivity, augmenting fee-based income and expanding the forex/treasury operations, besides launching new financial products and thereby achieve a much higher level of profit in the current year.

WORKING RESULTS

(Rs. in crores)

	1995-96	1996-97	1997-98	1998-99
Profit before depreciation, tax & all other provisions/write off	31.71	39.25	63.07	78.20
Less :				
Depreciation	3.64	6.27	8.51	9.95
Provision for tax	2.12	8.90	11.74	15.21

	1995-96	1996-97	1997-98	1998-99
Other provisions including write off and adjustment for extraordinary items	14.78	8.86	26.24	21.97
Net profit for the year	11.17	15.22	16.58	31.07
Prior period adjustment	0.04	(0.20)	(0.56)	0.01
Profit available for appropriation	11.21	15.02	16.02	31.08
Appropriations :				
Transfer to Statutory Reserve	2.24	3.00	3.20	6.22
Transfer to Capital Reserve	—	2.30	2.64	—
Dividend payment	—	—	—	13.59
Surplus carried over to the Balance Sheet	8.97	9.72	10.18	11.27

DIVIDEND

In view of the improved profitability, the Board of Directors recommended a dividend at the rate of 10 per cent on a pro-rata basis.

DEPOSITS

The aggregate deposits of the Bank at the end of the year stood at Rs.3040.69 crores as against Rs.2730.55 crores during the previous year, showing a growth rate of about 11.36 per cent. Deposits from the household sector have grown by 33.43 per cent by the end of the year. The emphasis continues to be on mobilisation of relatively cost-effective and stable household sector deposits through innovative marketing, expanding the branch network and setting up of extension counters and off-site ATM centres. The Bank has also been able to mobilise sizeable NRI (Non-Resident Indian) deposits and efforts are being made to expand the NRI-client base further.

CREDIT PORTFOLIO

The aggregate advances during the year increased to Rs.2169.79 crores from Rs.1620.73 crores in 1997-98, recording a growth of 33.88 per cent. The Bank has a diversified loan asset portfolio comprising a healthy mix of diverse industries. The prudential norms on risk management with regard to restrictions on exposure on individual industrial groups and corporates were meticulously complied with. Credit expansion has been in conformity with the growth in resources and was planned in a way so as to guard against volatility in the money market.



EXPORT PROMOTION

Total export credit at the end of the year stood at Rs. 183.58 crores as against Rs. 169.23 crores in the previous year and formed 8.32 per cent of total credit as against the RBI prescribed benchmark of 12 per cent, the shortfall being a temporary aberration. The Bank is confident of achieving a much higher share of export credit in the current year.

PRIORITY SECTOR LENDING

The Bank's aggregate exposure on priority sector stood at Rs. 403.63 crores at the end of the year. Although the Bank's share in the priority sector lending in relation to net bank credit remained below the prescribed benchmark, the growth in absolute terms was substantial at Rs. 163.85 crores. All out efforts are being made to step up the coverage in priority sector lending.

INVESTMENT MANAGEMENT

The Bank's investments as on 31st March, 1999 stood at Rs. 1101.02 crores, registering a growth of 14.18% over the previous year. Of this amount, Rs. 770.58 crores relate to SLR securities and the rest to the Non-SLR portfolio like shares, debentures, units of Mutual Funds, etc. All the securities have been marked to market and valued on the basis of RBI norms. The Non-SLR portfolio basically comprises (a) priority sector bonds taken up with a view to meeting partly the priority sector lending commitments, (b) company debentures with attractive returns, (c) preference shares yielding attractive dividend income which is tax free, (d) shares of corporates with strong fundamentals acquired through secondary market operations and (e) shares/debentures acquired through primary market in pursuance of merchant banking activities.

The Bank's Investment Policy has been reviewed during the year in terms of RBI's guidelines and investment activities are being subjected to an ongoing concurrent audit.

MERCHANT BANKING ACTIVITIES

Primary market for equities continued to be sluggish and there was very little scope for issue related activities. The position is not likely to improve appreciably in the near future. However, the Bank acted as Bankers to the Issue in

7 cases. The focus of the Bank's activities has now been shifted to other areas like syndication, placement, appraisal, corporate advisory services, etc., and good income has been booked from these activities. Some of the new activities initiated by the Bank's Merchant Banking Wing include the following :-

- (a) **Depository Participant (DP) business** : The product launched early during the year has received excellent response from investors. The DP services are being offered from all of our branches and at the end of March 1999, the Bank had 8706 'Beneficiary accounts' with a custodial volume of Rs. 6,963.72 crores. National Securities Depository Ltd. (NSDL) has ranked the Bank at 4th place on All India basis (1st place among commercial banks) for extending DP services. Despite low margins, DP business has already emerged as a profit centre.
- (b) **Loans against dematerialised shares and Unit 64** : As a corollary to DP business, the Bank has launched a scheme for extending loans against dematerialised securities to meet the needs of investors. The scheme envisages safe deployment of the Bank's funds with a good spread and the prospects appear promising.
- (c) **Working Capital Finance for Brokers** : The Bank has finalised, in consultation with National Securities Clearing Corporation Ltd. (NSCCL), a scheme for extending working capital finance to stock brokers registered with NSE. The scheme has been taken up for implementation at our Mumbai, Calcutta, Delhi and Ahmedabad branches. The scheme envisages extending of working capital loans to brokers on a fully secured basis within the framework of RBI guidelines.
- (d) **'Trustees to Debenture holders'** : The Bank obtained SEBI's approval to act as the Trustees for Debenture holders and has been able within a short time to handle business worth Rs. 1063 crores with good income.
- (e) **Credit Card** : The Bank has already signed a



Memorandum of Understanding (MOU) with the Citi Bank for launching a co-branded credit card. The necessary spadework in this regard is being completed and the card is expected to be formally launched very shortly.

The financial products/services mentioned above are expected to generate sizeable income for the Bank in the coming years, apart from widening the range of its services to the customers. Despite the present slump in the traditional Merchant Banking business, the Bank continues to enjoy good reputation in the capital market and all efforts are being made to improve the Bank's visibility in this area with innovative products.

FOREIGN EXCHANGE & TREASURY OPERATIONS

Since the inception, the Bank has adopted an integrated approach to treasury operations and this has, over the years, helped improve the quality and range of its activities as well as profitability.

Taking advantage of the Bank's efficient correspondent banking network, the Treasury and International Banking Wing has been able to structure trade finance products for the Bank's clients including financial packages like suppliers' and buyers' credit and arrangement of guarantees. External Commercial Borrowings including foreign currency loans against FCNR(B) are being arranged at very competitive rates. The advent of the Euro was also implemented smoothly in the Bank.

The Bank's centralised Dealing Room, which continues to be a major profit centre has been effectively managing the Bank's SLR requirements and foreign exchange cover operations. The investment strategies were constantly reviewed during the year to maximise yields and, at the same time, for suitably adjusting risk profiles. Foreign exchange operations saw a substantial increase in profitability during the year. As in the previous years, the Dealing Room continued to be active in trading in Government Securities and maintained its superior ranking in this field.

INFORMATION TECHNOLOGY

The Bank continued its focus on technological upgradation with a view to providing high quality customer service. To provide technology support for the growing network of the Bank's branches, extension counters and off-site ATM centres has also been one of the thrust areas of IT-related activities.

The Bank has entered into an agreement with Mastercard for connecting the Bank's BASE24 Switch to Mastercard network for offering Cirrus Debit Card services. The project is being taken up for implementation in the current financial year and the connectivity to Mastercard is expected to be operationalised soon. The Bank's ATM network in Mumbai is also going to be connected to Indian Banks' Association network of ATMs "SWADHAN" which would enable ATM card holders of our Bank and other member Banks to transact from any of the 100 ATMs that are now part of the Shared Payment Network System (SPNS) in Mumbai.

The Year 2000 (Y2K) compliance related activities were accorded the highest priority and the Bank has taken all necessary steps to ensure Y2K readiness which includes replacements and renovations of hardware and software as well as testing for compliance. The position is kept under constant monitoring so that the process of switchover to the new millennium could be carried out smoothly.

As part of the Bank's efforts to ensure Y2K compliance, the Banking software ISBS 4.02 supplied by Tata Consultancy Services has been upgraded to Y2K compliant version ISBS 4.05. All hardware items critical for operations have either been replaced or upgraded to Y2K compliant version. At the Bank's Central Office, the back office software for forex operations has been upgraded to Y2K compliant version and the hardware and software for ATM connectivity has also been made Y2K compliant. A contingency plan has also been put in place for taking care of any unforeseen problems that may surface on the date of cut-over to the year 2000. An expenditure of Rs. 143 lakhs was incurred towards Y2K and other related activities during the year 1998-99 and the Bank has earmarked a sum of Rs. 50 Lacs for the year 1999-2000.



For improving the efficiency of communication, e-mail facility through Lotus Notes Groupware has been provided. This is a cost effective solution which has enabled e-mail connectivity to more than 450 users. Lotus Notes are being used extensively for data transfer using the leased lines and VSAT network between the Branches and Central Office.

The Bank's website www.utibank.com was launched in January 1999. Apart from data on the Bank's financials, Branch network, etc., the website provides facility for downloading application forms for opening of accounts and ATM cards. The website also takes care of the usual requirements of NRI clients and clients for depository services. The site has been attracting very good response from the beginning.

A new product "POWER24" has been developed during the year which provides the overdraft facility to the Bank's customers through ATM.

PERSONNEL

At the end of the year, the number of the Bank's personnel stood at 521 compared to 412 at the end of 1997-98. The augmentation of staff strength has been strictly need-based and consistent with growth in business volumes and branch network. The quality of personnel has been ensured and the Bank can justifiably be proud of a highly experienced, committed and efficient work force, capable of providing customer service of high standards and achieving organisational goals. Staff relations remained cordial throughout and co-operation from staff members was received in full measure. The Board places on record its appreciation of the excellent service put in by the Bank's personnel.

A statement containing the particulars of employees as required under Section 217(2A) of the Companies Act 1956, read together with the rules framed thereunder, is annexed to the report.

BOARD OF DIRECTORS

Out of the five meetings of the Board of Directors held during the year, four meetings were held at Mumbai

and one at Ahmedabad. Shri A.K. Dam, Executive Director of the Bank, retired from the Bank's service during March, 1999. Shri U. Mahesh Rao resigned from the Board after his retirement as Managing Director of General Insurance Corporation of India. Shri G.P. Gupta also resigned from the Board following his appointment as Chairman of IDBI. The Board places on record its deep sense of appreciation of the valuable services rendered by Sarvashri A.K. Dam, U. Mahesh Rao and G.P. Gupta. Shri P.M. Venkatasubramanian, Managing Director, General Insurance Corporation of India (since retired) and Shri P.S. Subramanyam, Chairman, UTI, were nominated on the Bank's Board vice Shri U. Mahesh Rao and Shri G.P. Gupta respectively. Further, Sarvashri B.R. Barwale and K.Narasimha Murthy have been appointed as Additional Directors on the Bank's Board after the year end.

In accordance with the Articles of Association and the provisions of the Companies Act, 1956, Dr. A.C. Shah and Shri K.G. Vassal, present Directors, retire at the Fifth Annual General Meeting, and being eligible, offer themselves for re-appointment.

MISCELLANEOUS

Considering the nature of activities of the Bank, no specific comments are called for on technology absorption and conservation of energy.

FUTURE OUTLOOK

Although the economy has been passing through a difficult phase for some time past and political uncertainties continue, the financial markets have remained quite stable so far. RBI have projected the GDP growth in the current year in the range of 6 to 7 per cent. The inflation is also expected to be contained around the present level of about 5% per annum. In RBI's reckoning, the growth of deposits and non-food credit during the current year is projected at a reasonably healthy level of 16.5% and 18% respectively and the banks are advised that sufficient liquidity would be available to finance additional production as per usual banking norms. The growth targets for the Bank's business during the current year are being set in the light of this scenario.



The growth of business of the Bank during 1998-99 has been quite impressive and the same can be said about the earnings of the Bank which recorded a quantum jump, notwithstanding unfavourable market environment. The Bank has been expanding its Branch network as well as the quality and the range of its products. The technology support system is being continuously upgraded to improve the Bank's operational efficiencies and the quality of customer service in line with rising market expectations. All out efforts are being made to mobilise relatively cheap and stable resources to keep down the cost of funds and guard against market volatility. At the same time, funds are being deployed in loan assets and investments of good quality, ensuring proper spread and the margin of profit has been maintained at a reasonable level. With a better reach through branch expansion and setting up of extension counters and off-site ATM centres, efficient management of risk and resources and emphasis on launching new financial products to augment fee-based income, the Bank expects to improve on the profit margins in the coming months.

The Bank continues to explore all possibilities to maximise the synergy of its activities with the business operations of the promoting institutions, especially UTI. In fact, apart from managing UTI's collection centres and collaborating in the

activities relating to the Money Market Mutual Fund, the Bank is associated with almost all the major schemes of UTI and the feasibility of extending the scope and contents of the synergistic approach to all other business areas of UTI is being actively pursued all the time. All these new activities, coupled with the traditional credit, merchant banking, trading and dealing room operations as also expanding business volumes, are expected to boost the Bank's bottomline significantly.

The Bank has already established a strong infrastructure base in terms of professional and dedicated team of personnel, strategic network of branches, wide range of services and products, a strong technology and systems base and an excellent brand equity. It enjoys a good customer friendly image and is well positioned to render high quality customer services to its fast growing clientele. The Bank has been able to maintain steady all round growth throughout its existence and can justifiably look forward with confidence to a healthy performance during the current year as well.

For and on behalf of the Board of Directors

(S. Gupta)

Chairman & Managing Director

ANNEXURE TO 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 period ending March 31, 1999.

Sr. No.	Name of the Employee	Age (Yrs.)	Design./ Nature of duties	Gross Remuneration Rs.	Qualifications	Experience (Years)	Date of Joining	Last Employment
PART A : EMPLOYED THROUGHOUT THE FINANCIAL YEAR								
1	S. Gupta	62	Chairman and Managing Director	876206	B.A. (Hons.) C.A., I.I.B.	42	2-April-1994	State Bank of India Dy. Managing Director

Note :

- 1) Gross remuneration shown above is subject to Tax and includes Salary, Allowances, Perquisites and Bank's contribution to Provident Fund and Superannuation Fund
- 2) Nature of employment in case of CMD is contractual.

For and on behalf of the Board

Place : Mumbai
Date : 29th May, 1999.

S. GUPTA
Chairman & Managing Director



AUDITOR'S REPORT

AUDITOR'S REPORT UNDER SECTION 30 OF THE BANKING REGULATION ACT, 1949

To,
The Members
UTI Bank Ltd.

We have audited the attached Balance Sheet as at 31st March, 1999 of UTI Bank Limited and also the annexed Profit and Loss Account of the Bank for the year ended on that date in which are incorporated the returns of the Branches audited by us. We report thereon as follows :

- (a) The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with the provisions of Section 211 of the Companies Act, 1956.
- (b) 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.
- (c) The transactions of the Bank, which have come to our notice, have been, in our opinion, within the powers of the Bank.
- (d) Proper returns adequate for the purpose of our audit, have been received from the branches of the Bank.
- (e) In our opinion, proper books of accounts as required by law have been kept by the Bank so far as appears from our examination of those books.

- (f) The Balance Sheet and Profit and Loss Account of the Bank dealt with by this report, are in agreement with the books of accounts and the Branch returns.
- (g) 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 apply to banks.
- (h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon and the Principal Accounting Policies, give the information required by the Companies Act, 1956 in the manner so required for the banking companies and on such basis, give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 1999, and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date.

For V. Sankar Aiyar & Co.
Chartered Accountants

Place : Mumbai
Date : 29.05.99

N. Sampath Ganesh
Partner



BALANCE SHEET as at 31st March, 1999

	Schedule No.	As on 31-03-99 (Rs. in '000)	As on 31-03-98 (Rs. in '000)
CAPITAL AND LIABILITIES			
Capital	1	1,319,032	1,150,001
Reserves & Surplus	2	741,523	445,637
Deposits	3	30,406,904	27,305,538
Borrowings	4	5,205,917	1,559,286
Other liabilities and provisions	5	1,475,731	1,267,952
TOTAL		39,149,107	31,728,414
ASSETS			
Cash and Balances with Reserve Bank of India	6	3,382,710	2,828,481
Balance with banks and money at call and short notice.	7	1,577,173	1,533,580
Investments	8	11,010,195	9,642,768
Advances	9	21,697,906	16,207,317
Fixed Assets	10	686,819	605,433
Other Assets	11	794,304	910,835
TOTAL		39,149,107	31,728,414
Contingent liabilities	12	23,750,076	29,358,886
Bills for collection		1,056,332	1,869,837
Notes on Accounts	17		

As per our report of even date attached
For and on behalf of
V. Sankar Aiyar & Co.,
Chartered Accountants

N. SAMPATH GANESH
Partner

Place: Mumbai
Date : 29.5.99

P.J. Oza
Company Secretary

Place: Mumbai
Date : 29.5.99

For UTI BANK LTD.

Supriya Gupta
Chairman & Managing Director

P. S. Subramanyam
Bana Paranjpe
Dr. A.C. Shah
Shardul Shroff
P. M. Venkatasubramanian
K. Narasimha Murthy

} Directors



PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1999

Schedule No.	Year ended on 31-03-99 (Rs. in '000)	Year ended on 31-03-98 (Rs. in '000)	
I. INCOME			
Interest earned	13	3,732,810	2,556,100
Other income	14	466,287	608,991
TOTAL	4,199,097	3,165,091	
II. EXPENDITURE			
Interest expended	15	3,006,328	2,221,898
Operating expenses	16	510,262	397,558
Provisions and contingencies		371,807	369,466
TOTAL	3,888,397	2,988,922	
NET PROFIT BEFORE EXTRAORDINARY ITEM	(I - II)	310,700	176,169
Less: Extraordinary item on account of lease terminal adjustment written off		—	10,307
III. NET PROFIT FOR THE YEAR	310,700	165,862	
Add/(Less) : Prior period adjustments	124	(5,614)	
IV. PROFIT AVAILABLE FOR APPROPRIATION	310,824	160,248	
V. APPROPRIATIONS :			
Transfer to Statutory Reserve	62,165	32,050	
Transfer to Capital Reserve	—	26,428	
Transfer to Proposed Dividend	135,875	—	
Balance carried over to Balance Sheet	112,784	101,770	
TOTAL	310,824	160,248	

As per our report of even date attached
For and on behalf of
V. Sankar Aiyar & Co.,
Chartered Accountants

N. SAMPATH GANESH
Partner

Place: Mumbai
Date : 29.5.99

P.J. Oza
Company Secretary

For UTI BANK LTD.

Supriya Gupta
Chairman & Managing Director

P. S. Subramanyam
Bana Paranjpe
Dr. A.C. Shah
Shardul Shroff
P. M. Venkatasubramanian
K. Narasimha Murthy

} Directors

Place: Mumbai
Date : 29.5.99



SCHEDULES

forming part of the Balance Sheet as at 31st March, 1999

	As on	As on
	31-03-99	31-03-98
	(Rs. in '000)	(Rs. in '000)

SCHEDULE 1 - CAPITAL

Authorised Capital		
23,00,00,000 Equity Shares of Rs. 10/- each.	2,300,000	3,000,000
(Previous year - 30,00,00,000 shares of Rs.10/- each)#		
Issued, Subscribed and Paid-up capital		
13,19,03,170 Equity Shares of Rs. 10/- each fully paid up.	1,319,032	1,150,001
(Previous year - 11,50,00,070 shares of Rs.10/- each fully paid up.)# #		
TOTAL	1,319,032	1,150,001

The authorised capital of the Bank was reduced to Rs.230 crores vide resolution passed at EGM on 1st June, 1998.

Allotment of 1,69,03,100 equity shares of Rs.10/- each at premium of Rs.11/- per share was made during the year pursuant to public issue.

SCHEDULE 2 - RESERVES AND SURPLUS

I. Statutory Reserve		
Opening Balance	89,127	57,078
Additions during the year	62,165	32,049
	151,292	89,127
II. Share Premium Account		
Opening Balance	—	—
Additions during the year #	1,85,934	—
Less: public issue expenses	23,732	—
	162,202	—
III. Capital Reserve		
Opening Balance	49,402	22,974
Additions during the year	—	26,428
Less: Transferred to Investment Fluctuation Reserve (See note 2.3)	49,402	—
	—	49,402
IV. Investment Fluctuation Reserve		
Opening Balance	—	—
Add: Transfer from Capital reserve (See note 2.3)	49,402	—
Less: Transfer to profit & loss account	41,266	—
	8,136	—
V. Balance in Profit and Loss Account	419,893	307,108
TOTAL	741,523	445,637

Share premium of Rs. 11/- per share on 1,69,03,100 shares, allotted during the year.

SCHEDULE 3 - DEPOSITS

A. I. Demand Deposits		
(i) From banks	25,435	1,774
(ii) From others	3,621,664	2,344,684
II. Savings Bank Deposits	1,470,700	626,986
III. Term Deposits		
(i) From banks	4,794,653	2,676,756
(ii) From others	20,494,452	21,655,338
TOTAL	30,406,904	27,305,538
B. I. Deposits of branches in India	30,406,904	27,305,538
II. Deposits of branches outside India	—	—
TOTAL	30,406,904	27,305,538



SCHEDULES

forming part of the Balance Sheet as at 31st March, 1999

	As on 31-03-99 (Rs. in '000)	As on 31-03-98 (Rs. in '000)
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	430,000	—
(ii) Other Banks	3,062,657	1,306,297
(iii) Other institutions & agencies	1,713,260	252,989
II. Borrowings outside India	—	—
TOTAL	5,205,917	1,559,286
Secured borrowing included in I & II above	NIL	NIL
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	495,048	444,122
II. Inter-office adjustments (net)	85,177	120,284
III. Interest accrued	140,365	19,761
IV. Others (including provisions)	755,141	683,785
TOTAL	1,475,731	1,267,952
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	90,296	44,730
II. Balances with Reserve Bank of India :		
(i) in Current Account	3,292,414	2,783,751
(ii) in Other Accounts	—	—
TOTAL	3,382,710	2,828,481
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balance with Banks		
(a) in Current Accounts #	126,055	172,790
(b) in Other Deposit Accounts	1,041,118	—
(ii) Money at call and short notice		
(a) With banks	200,000	1,150,000
(b) With other institutions	—	—
TOTAL	1,367,173	1,322,790
II. Outside India		
i) in Current Accounts	—	139,790
ii) in Other Deposit Accounts	210,000	71,000
iii) Money at Call & Short Notice	—	—
TOTAL	210,000	210,790
GRAND TOTAL	1,577,173	1,533,580

Includes cheques in hand of Rs.2076 thousand.



SCHEDULES

forming part of the Balance Sheet as at 31st March, 1999

	As on 31-03-99 (Rs. in '000)	As on 31-03-98 (Rs. in '000)
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in -		
(i) Government Securities #	7,705,796	6,256,300
(ii) Other approved securities	—	—
(iii) Shares	703,421	211,684
(iv) Debentures and Bonds	1,376,127	741,168
(v) Others (Units, Certificate of Deposits etc.)	1,266,116	2,527,492
Gross investments in India	11,051,460	9,736,644
Less : Depreciation in the value of investments	41,265	93,876
Net investments in India	11,010,195	9,642,768
II. Investments outside India	—	—
Net investments outside India	—	—
GRAND TOTAL	11,010,195	9,642,768

Includes securities costing Rs.23750 thousand pledged with a Bank for availment of fund transfer facility.

SCHEDULE 9 - ADVANCES

A. (i) Bills purchased and discounted	14,007,489	9,176,715
(ii) Cash credits, overdrafts and loans repayable on demand	5,859,379	5,696,022
(iii) Term loans	1,831,038	1,334,580
TOTAL	21,697,906	16,207,317
B. (i) Secured by tangible assets	9,356,509	10,127,907
(ii) Covered by Bank/Government Guarantees #	12,328,085	5,691,103
(iii) Unsecured	13,312	388,307
TOTAL	21,697,906	16,207,317
C. I. Advances in India		
(i) Priority Sectors	2,347,773	1,306,380
(ii) Public Sector	205,114	263,274
(iii) Banks	250,000	—
(iv) Others	18,895,019	14,637,663
TOTAL	21,697,906	16,207,317
II. Advances Outside India	—	—
(i) Due from banks	—	—
(ii) Due from others -	—	—
(a) Bills purchased and discounted	—	—
(b) Syndicate loans	—	—
(c) Others	—	—
TOTAL	—	—

Includes advances against L/Cs issued by Banks.



SCHEDULES

forming part of the Balance Sheet as at 31st March, 1999

	As on 31-03-99 (Rs. in '000)	As on 31-03-98 (Rs. in '000)
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost at the beginning of the year	71,695	50,207
Additions during the year	13,023	21,487
Deductions during the year	—	—
Depreciation to date	2,466	1,267
TOTAL	82,252	70,427
II. Other fixed assets (including Furniture & Fixtures)		
At cost at the beginning of the year	566,202	304,193
Additions during the year	166,038	264,490
Deductions during the year	4,539	2,481
Depreciation to date	165,699	81,356
TOTAL	562,002	484,846
III. Assets on Lease		
At cost at the beginning of the year	145,688	220,296
Additions during the year	—	—
Deductions during the year	—	74,608
Depreciation to date	119,437	105,419
Lease Terminal adjustment	2,982	4,436
TOTAL	29,233	44,705
	673,487	599,978
CAPITAL WORK-IN-PROGRESS	13,332	5,455
GRAND TOTAL :	686,819	605,433
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued	248,865	277,188
II. Tax paid in advance/tax deducted at source (net of provisions)	47,596	109,340
III. Stationery and stamps	3,198	2,113
IV. Others	494,645	522,194
TOTAL	794,304	910,835
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	262,344	261,621
II. Liability for partly paid investments	—	—
III. Liability on account of outstanding forward exchange contracts	17,583,717	25,184,131
IV. Guarantees given on behalf of constituents in India	1,971,624	1,415,488
VI. Acceptances, endorsements and other obligations	3,871,860	2,457,647
VII. Other items for which the bank is contingently liable :		
(i) Liabilities on account of outstanding underwriting commitments	—	39,999
(ii) Devolvement notice received in respect of underwriting commitment (refer to note No.2.5 of Schedule 17)	34,999	34,999
(iii) Disputed tax demand	23,365	—
(iv) Others	2,167	—
TOTAL	23,750,076	29,358,886



SCHEDULES

forming part of the Profit and Loss Account for the year ended
31st March, 1999

	Year ended on 31-03-99 (Rs. in '000)	Year ended on 31-03-98 (Rs. in '000)
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	2,368,246	1,605,905
II. Income on investments	1,167,261	880,182
III. Interest on balances with Reserve Bank of India and other inter-bank funds	176,741	58,489
IV. Others	20,562	11,524
TOTAL	3,732,810	2,556,100
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	327,162	174,725
II. Profit on sale of investments (net)	64,773	325,206
III. Profit on exchange transactions (net)	45,390	28,476
IV. Profit/(Loss) on sale of fixed assets (net)	(1,480)	—
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India.	—	—
VI. Lease rentals	12,940	43,298
Lease terminal adjustment (Debit)/Credit	(324)	1,480
VII. Miscellaneous Income	17,826	35,806
TOTAL	466,287	608,991
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	2,620,330	2,053,692
II. Interest on Reserve Bank of India/Inter-bank borrowings	148,323	91,431
III. Others	237,675	76,775
TOTAL	3,006,328	2,221,898
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	120,164	82,926
II. Rent, taxes and lighting	126,490	108,913
III. Printing and stationery	14,150	10,838
IV. Advertisement and publicity	8,303	5,969
V. Depreciation on Bank's property	99,543	85,078
VI. Directors' fees, allowance and expenses	109	409
VII. Auditor's fees and expenses	1,679	875
VIII. Law Charges	2,942	1,624
IX. Postage, Telegrams, Telephones, etc.	17,462	15,838
X. Repairs and maintenance	44,969	15,425
XI. Insurance	20,750	14,893
XII. Other Expenditure	53,701	54,770
TOTAL	510,262	397,558

**NOTES** to the financial statements for the year ended March 31, 1999**1. SIGNIFICANT ACCOUNTING POLICIES****1.1 GENERAL**

The accompanying financial statements are prepared on the historical cost convention and in accordance with the generally accepted accounting principles and practices prevailing within the banking industry in India.

1.2 INVESTMENTS

1.2.1 In accordance with the guidelines issued by Reserve Bank of India, all investments are treated as 'Current Investments' and are valued as under :

- a) Treasury Bills, Commercial Paper and Unquoted debentures (other than those where repayment is guaranteed by PSUs) where interest is regularly serviced - at cost.
- b) All other investments - at lower of cost or market value.

1.2.2 Market value of investments, where current quotations are not available, is determined as per the norms laid down by Reserve Bank of India as under :

- government securities (excluding treasury bills), other approved securities, priority sector bonds and preference shares (where dividend is regularly received) - on yield to maturity basis.
- unquoted preference shares and debentures where dividend/interest is not received regularly - on the basis of provisioning norms prescribed by RBI.
- equity shares - at book value ascertained from the latest available balance sheet.
- units of Mutual Funds - at the latest net asset value declared by the mutual fund.

1.2.3 Appreciation/Depreciation in the value of each investment comprising a category is aggregated. Net depreciation, if any, in any category is charged to revenue. Net appreciation, if any, on such comparison is not recognised in the accounts. For this purpose, the categories specified by RBI are adopted except for Equity Shares and Preference Shares which are considered as separate categories.

1.2.4 Monies received/paid during the year on repo and reverse repo transactions are credited/debited to Investment account and are reversed on maturity of the transactions. Costs and revenue thereon are accounted as interest expenditure/income. Reverse repo transactions outstanding at the year end are not considered as the Investments of the Bank. Monies received on such outstanding transactions are first appropriated towards interest accrued on those securities upto the date of the transaction and the balance amount is credited to Investment account. The difference between the cost of the outstanding repo Investment and the aforesaid balance amount is transferred to Repo Adjustment account and is included in Other Assets/Other Liabilities.

1.2.5 Broken period interest incurred on acquisition of investments are treated as revenue.

1.3 ADVANCES

1.3.1 Advances are stated net of provisions and classified into standard, sub-standard, doubtful and loss assets in accordance with the guidelines issued by Reserve Bank of India.

1.3.2 Provision for sub-standard, doubtful and loss assets is made in accordance with the guidelines issued by Reserve Bank of India.

1.4 REVENUE RECOGNITION

1.4.1 Income and Expenditure is accounted on accrual basis except as stated below:-

- i) Interest on advances classified as sub-standard, doubtful or loss assets is recognised on realisation.
- ii) Interest on fixed income securities are recognised on accrual basis except in respect of non-performing assets.
- iii) Commission and exchange are recognised as income on realisation. The commission income on deferred payment guarantees are recognised pro-rata over the period of guarantee.



NOTES

to the financial statements for the year ended March 31, 1999

1.4.2 Income in respect of assets on lease is accounted in accordance with the guidelines issued by the Institute of Chartered Accountants of India.

1.4.3 Upfront incentives received on subscription to securities is recognised as income when realised.

1.5 FIXED ASSETS

- i) Fixed assets are stated at cost less accumulated depreciation.
- ii)
 - a) Depreciation on own assets is charged on Straight Line Method pro-rata from the date of addition at rates prescribed under Schedule XIV of the Companies Act, 1956.
 - b) Assets given on lease have been accounted for in accordance with the Companies Act, 1956 and the guidelines issued by the Institute of Chartered Accountants of India. Depreciation on leased assets (including assets where lease is terminated) is charged on Straight Line Method over the originally contracted lease period.

1.6 FOREIGN EXCHANGE TRANSACTIONS

- i) Monetary assets and liabilities in foreign currency are translated into Indian Rupees at rates of exchange prescribed by Foreign Exchange Dealers' Association of India. Resulting exchange gains or losses are taken to the Profit and Loss Account.
- ii) Transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of transaction.
- iii) Acceptances, Endorsements and other obligations are reported at the exchange rate prevalent on the date of commitment.
- iv) Contingent liabilities in respect of outstanding forward exchange contracts are reported at contracted rates.
- v) Profit and loss arising on revaluation of outstanding forward exchange contracts as on the Balance Sheet date are accounted for as per the Reserve Bank of India directives at the rates prescribed by Foreign Exchange Dealers' Association of India.

1.7 STAFF RETIREMENT BENEFITS

1.7.1 Provident Fund contributions made to a trust separately established for the said purpose are accounted for on accrual basis.

1.7.2 Provision for retirement leave encashment benefit is made based on actuarial valuation.

1.7.3 The Bank has during the year taken a Policy with LIC under the Group Gratuity and Insurance Scheme to cover the gratuity liability of its employees. The amount of contribution required to meet the actuarial liability has been provided for.

1.8 SHARE ISSUE EXPENSES

1.8.1 Share Issue expenses are adjusted from Share Premium Account.

2. NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999.

2.1 In computing the profit/loss on sale of investments, the Bank has changed the method of computing the cost of investments sold on or after 15th March, 1999 from the FIFO method to the weighted average cost method. This change has no significant effect on the profits for the year and the value of investments at the year end.

2.2 Investments in unquoted debentures which are guaranteed by PSUs or PFIs, Priority Sector Bonds and Preference Shares, which in the earlier years were valued at cost, have this year been valued on the basis set out in para 1.2.2. As a result of the change, the profits of the year and the value of Investments in the Balance Sheet, are lower by Rs. 3.021 million.

2.3 Based on RBI's circular of March, 1999, the Bank has, during the year, transferred the balance of Rs. 49.402 million in Capital Reserves (representing the amount of excess provision towards depreciation written back in earlier years) to Investment Fluctuation Reserve. An amount of Rs. 41.266 million has been drawn from the Investment Fluctuation Reserve to meet the depreciation on investments for the year. No such withdrawals from reserves were made in the earlier years.

2.4 The hardware and software which could be affected by the Y2K problem have been tested by external



NOTES to the financial statements for the year ended March 31, 1999

agencies and certificates of compliance have been obtained for all mission critical applications. The Bank has also initiated appropriate risk mitigation measures including contingency plan which would ensure that the critical operations are maintained and customer transactions are taken care of. The Bank has a system of reviewing the measures at monthly intervals and the same is reported to the Board of Directors regularly.

- 2.5 Contingent Liabilities include underwriting commitment to a company of Rs. 34.999 million for which devolvement notice was received during 1994-95.

The Bank has obtained legal opinion that its liability under the underwriting commitment stands extinguished.

- 2.6 'Provisions and contingencies' debited to Profit & Loss Account include :

i)	Provision for Income Tax and Interest Tax	:	Rs. 155.219 million
	Less : Excess Income Tax provision of earlier years written back	:	Rs. (3.090) million
ii)	Bad debts written off	:	Rs. 89.659 million
iii)	Provision towards non-performing assets	:	Rs. 125.242 million
iv)	Depreciation in value of current investments (Less : Amount withdrawn from Investment Fluctuation Reserve (See Note 2.3))	:	Rs. 41.266 million
v)	Others	:	Rs. 4.777 million
	Total	:	Rs. 371.807 million

- 2.7 Capital Adequacy Ratio as on 31.3.99 is 11.64% (Tier I Capital Adequacy Ratio: 11.60%; Tier II Capital Adequacy Ratio : 0.04%).

- 2.8 The net non-performing assets as a percentage of net advances amount to 6.32% as at March 31, 1999.

- 2.9 BUSINESS RATIOS :

i)	Interest Income as a percentage to working funds	-	11.71%
ii)	Non-interest income as a percentage to working funds	-	1.46%
iii)	Operating profit as a percentage to working funds	-	2.14%
iv)	Return on assets	-	0.79%
v)	Business (dep.plus adv.) per employee	-	Rs. 100.01 million
vi)	Profit per employee	-	Rs. 0.60 million

- 2.10 Figures relating to the previous year have been regrouped/rearranged wherever necessary and feasible.

For UTI BANK LTD.

Supriya Gupta
Chairman & Managing Director

P. S. Subramanyam
Bana Paranjpe
Dr. A.C. Shah
Shardul Shroff
P. M. Venkatasubramanian
K. Narasimha Murthy

} Directors

P. J. Oza
Company Secretary

Place: Mumbai
Date : 29.5.99



CASH FLOW STATEMENT for the year ended 31st March, 1999

31-03-99
(in millions)

Cash flow from operating activities

Net profit before taxes	466.04
Adjustments for:	
Depreciation on fixed assets	99.54
Lease equalisation	0.32
Depreciation in the value of current investments	41.27
Provision in respect of non-performing assets	125.24
Other provisions	4.78
Bad debts written off	89.66
Write back of excess Income Tax provision of earlier years	(3.09)
Loss on sale of fixed assets	1.48
	825.24
Adjustments for:	
(Increase) in investments	(1408.69)
(Increase) in advances	(5799.79)
Increase in borrowings	3646.63
Increase in deposits	3101.37
Decrease in other assets	120.45
Increase in other liabilities & provisions	168.33
Withdrawal from investment fluctuation reserve	(41.27)
	612.27
Direct taxes paid	(161.82)
Net cash flow from operating activities	450.45
Cash flow from investing activities	
Purchase of fixed assets	(186.92)
Proceeds from sale of fixed assets	3.06
Net cash used in investing activity	(183.86)
Cash flow from financing activities	
Proceeds from issue of share capital	169.03
Share premium	185.93
Public Issue Expenses	(23.73)
Net cash generated from financing activities	331.23
Net increase in cash and cash equivalents	597.82
Cash and cash equivalents as at 1st April, 1998	4362.06
Cash and cash equivalents as at 31st March, 1999	4959.88

For and on behalf of the Board

Supriya Gupta
Chairman & Managing Director

P. S. Subramanyam
Bana Paranjpe
Dr. A.C. Shah
Shardul Shroff
P. M. Venkatasubramanian
K. Narasimha Murthy

} Directors

AUDITOR'S CERTIFICATE

We have verified the above cash flow statement of UTI Bank Ltd. which has been compiled from and is based on the audited financial statements for the year ended 31st March, 1999. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the listing agreement with the Stock Exchange, Ahmedabad.

For V. Sankar Aiyar & Co
Chartered Accountants

N. Sampath Ganesh
Partner

29th May, 1999



UTI BANK LIMITED

Regd. Office : Ground Floor, Sakar - I, Near Gandhigram Station,
Off. Ashram Road, Ahmedabad - 380 009

PROXY FORM

I/We _____ of _____
_____ being a Member/Members of above named company hereby appoint
Shri _____ of _____ in the district
of _____ or failing him Shri _____
_____ of _____ in the district of
_____ as my/our proxy to attend and vote for me/us/our behalf at the
5th Annual General Meeting of the Company to be held on Wednesday, the 14th July, 1999 at 10.30 a.m. at Tagore
Memorial Hall, Nr. Sanskar Kendra, Paldi, Ahmedabad - 380 007 and at any adjournment thereof.

Signed this _____ day of _____, 1999

Signature _____

Address _____

Folio No. _____

30 paisa
Revenue
Stamp

N.B.: 1. The Proxy need not be a member.

2. The Proxy form duly signed and stamped should reach the Company's Regd. Office at least 48 hours before
the time of Meeting.

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND HAND IT OVER AT THE ENTRANCE.

I/We hereby record my/our presence at the 5th Annual General Meeting of the Company at Tagore Memorial Hall, Nr.
Sanskar Kendra, Paldi, Ahmedabad-380 007 on Wednesday the 14th July, 1999 at 10.30 a.m.

Name of the Shareholder : _____

Ledger Folio No. : _____

Name of the Proxy/Representative, if any : _____

Signature of the Shareholder/s/Proxy : _____

Representative : _____

UTI BANK LIMITED

Regd. Office : Ground Floor, Sakar - I, Near Gandhigram Station,
Off. Ashram Road, Ahmedabad - 380 009

NO GIFTS WILL BE DISTRIBUTED AT THE A.G.M.
SHAREHOLDERS ARE REQUESTED TO BRING THEIR COPY OF ANNUAL REPORT WITH THEM AT THE A.G.M.



Off-site ATM at Nayapalli
(Bhubaneswar)



UTI Bank's First Off-site ATM at
Lake Town, Calcutta



Pune Branch



Konnagar Branch (West Bengal)



Ghatkopar Branch (Mumbai)

REGISTERED OFFICE :

'Sakar', Ground Floor, Off Ashram Road, Near Gandhigram Station,
Ahmedabad - 380 009. Tel : (079) 6585767/6587292/6581490.

CENTRAL OFFICE :

Maker Towers 'F', 13th Floor, Cuffe Parade, Colaba, Mumbai - 400 005.
Tel : (022) 218917/8/9.

BRANCHES :

Ahmedabad: 'Sakar', Ground Floor, Off Ashram Road, Near Gandhigram Station,
Ahmedabad - 380 009. Tel. (079) 6585767/6587292/6586829

Vastrapur: 'Shilalekh', Nehru Park Circle, Vastrapur,
Ahmedabad - 380 015, Tel: (079) 6750230.

Bangalore: Raheja Point, 2nd Floor, Magarath Road, Ashok Nagar,
Bangalore - 560 025. Tel : (080) 5550138.

Bhubaneswar: Archbishop's House, Satyanagar, Bhubaneswar - 751 007.
Tel : (0674) 522 136/137.

Calcutta: 'Lords', 7/1, Lord Sinha Road, Calcutta - 700 071
Tel : (033) 2422933/4961/5189.

Golpark: 20, Gariahat Road, Calcutta - 700 019. Tel : (033) 4409987/4409990.

Kankurgachi: P-313, CIT Road Schme VI (M), Kankurgachi,
Calcutta - 700 054. Tel (033) 3529501/03/8371.

Salt Lake: BD-20, Sector 1, Salt Lake City, Calcutta - 700 064.
Tel : (033) 3217054/7414/9795/9456.

Bagulati: 'Mangalik', H/H - 19/1, V.I.P. Road, Calcutta - 700 059.
Tel : (033) 5713420/3421.

Nabapally: Sangam Market, 1st Floor, Colony More, Nabapally - 743 203.
Tel : (033) 5521393/1394.

Behala: 76/69, Diamond Harbour Road, Behala - Chowrasta, Calcutta 700 008
Tel : (033) 446 5203/05

Konnagar: 43, G.T. Road (E), Konnagar, Hooghly 712 235 Tel : (033) 674 7558/59/60/61

Siliguri: Gurudwara Sahib Complex, 1st Floor, Sevoke Road, Siliguri 734 403
Tel : (0353) 431 437/39

Chennai: 83, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004.
Tel : (044) 8231085/86/88/89.

Anna Nagar: J-14, III Avenue, Anna Nagar, Chennai - 600 102.
Tel : (044) 6289045/46.

T. Nagar: 47, Thriumalai Pillai Road, T. Nagar, Chennai - 600 017.
Tel. : (044) 8239134/8239135.

Hyderabad: 6-3879/B, G. Pulla Reddy Bldg., Begumpet Road,
Hyderabad - 500 016, Tel : (040) 3395182/85/86.

Taranaka: Welcome Court Complex, Opp. Railway Degree College, Taranaka,
Secunderabad - 500 017. Tel : (040) 7821922/5.

Jubilee Hills: Commercial Complex, Plot 11, Road No. 1, Film Nagar, Jubilee Hills,
Hyderabad - 500 034. Tel. : (040) 3541241/1242.

Jaipur: Moondhra Bhovan, 3, Ajmer Road, Jaipur - 302 001.
Tel : (0141) 3754005600/5602/5603.

Tilak Nagar: A31, Kanchan Apartments, Opp. L. B. S. College, Tilak Nagar, Jaipur - 302 004.
Tel : (141) 621262/621718.

Jamshedpur: Voltas House, Bistupur, Jamshedpur - 831 001.
Tel : (0657) 422306/307.

Mumbai: Universal Insurance Bldg., Sir P.M. Road, Fort, Mumbai - 400 001.
Tel : (022) 2835782/84/87/89, 284902/03/04.

Borivali: Shroff Arcade, Sodawalla Lane, Borivali (W), Mumbai - 400 092.
Tel : (022) 8650387/0728, 8053992, 8644703.

Bandra: Plot No. 36-C, Devrup Co-operative Housing Society, Turner Road, Bandra (W),
Mumbai - 400 050. Tel. : (022) 6412959/60/61, 6412987.

Lokhandwala: Royal Accord IV, Main Road, Lokhandwala Complex,
Andheri (W), Mumbai. Tel : (022) 6332500/2600.

Vasai: Lucky Palace, Near S.T. Bus Depot, Navghar Vasai Road, Vasai (W), Dist : Thane,
Maharashtra - 401 201. Tel : (912) 336075/85.

Virar: Gokul Bldg., Agashi Road, Virar (W), Dist. Thane - 401 201.
Tel : (0250) 506007/08.

Ghatkopar: Yashodhan, R.B. Mehta Road, V.B. Marg Lane Junction,
Ghatkopar (East), Mumbai - 400 077. Tel: (022) 5443526/0900/8800.

Panvel: Raje Complex, Plot No. 198A, Shivaji Chowk, Panvel, Dist. Raigad,
Maharashtra 410 206 Tel : (022) 746 4226/7

Pune: Sterling Plaza, 1262/B, J.M. Road, Deccan Gymkhana, Pune 411 004
Tel : (020)552 0481/0530/0557/8/9/60.

New Delhi: Kanchenjunga Bldg., Upper Ground Floor, 18, Barakhamba Road,
New Delhi - 110 001. Tel : (011) 3317235/9758/9746/7259.

Green Park: S-28, Green Park Market, New Delhi - 110 016.
Tel: (011) 6523407/3335/3336/2335.

Noida: B2-B3, Sector 16, Noida - 201 301 (U.P.) Tel : (011) 854588/081.

Vadodara: Arundeeep Complex, Race Course Circle (South),
Vadodara - 390 015. Tel : (0265) Tel : (0265) 351181/82/83320244.

Vallabh Vidyanagar: Shiv Shalin Complex, Opp. Chemistry Dept., Nr. H.M. Patel House,
Vallabh Vidyanagar, Dist. Anand, Gujarat - 388 120. Tel : (02692) 33780



UTI BANK LTD

Registered Office :

'Sakar', Ground Floor, Off Ashram Road, Near Gandhigram Station, Ahmedabad 380 009.
Tel : (079) 658 5767/658 7292/658 0772 Fax : (079) 658 1854

Central Office :

Maker Towers 'F', 13th Floor, Cuffe Parade, Colaba, Mumbai 400 005.
Tel : (022) 218 9106/7/8/9 Fax : (022) 218 6944/218 1429.