



ANNUAL REPORT
2001-02



Report

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

Auditors

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.
Tel.: 040 - 331 2454, 332 0251/751/752. Fax: 040 - 331 1968.

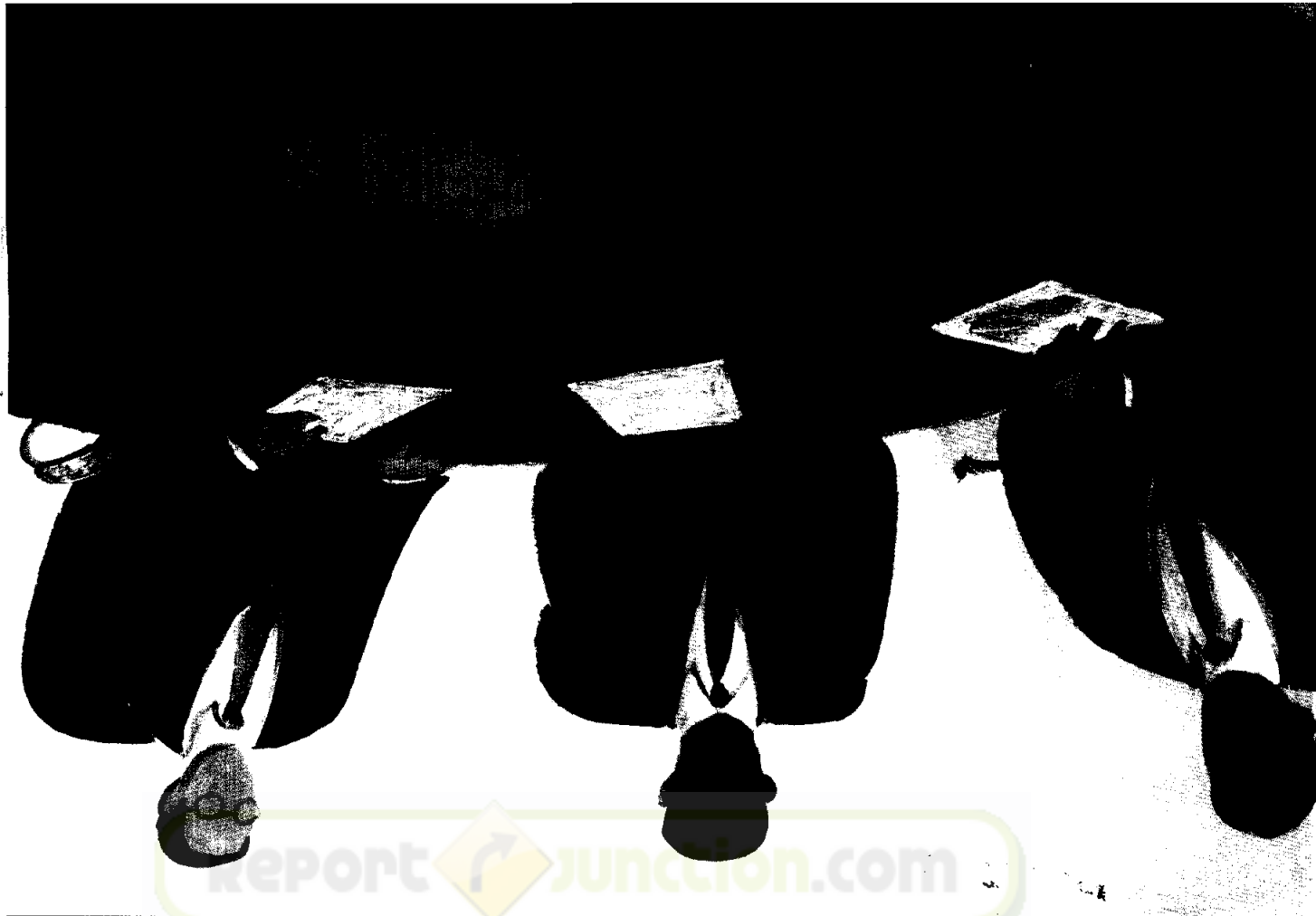
REGISTERED OFFICE

Ground Floor, Sakar - I, Near Gandhigram Station, Off Ashram Road, Ahmedabad - 380 009.
Tel.: 079 - 658 6815/5767/7292. Fax: 079 - 658 1490/1854.
Email: poza@utibank.co.in
Website: www.utibank.com

CENTRAL OFFICE

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





SANSICO SUBVIGS Limited	
www.reportjunction.com	
www.sansico.net	
Board of Directors	
P. J. Navak	Chairman & Managing Director
M. Damodaran	Director
M. Raghavendra	Director
Shardul Shroff	Director
K. Narasimha Murthy	Director
Surendra Singh	Director
B. S. Pandit	Director
Donald Peck	Director
Daniel Paul Fletcher	Director
N. C. Singhal	Director
Yash Mahajan	Director
P. J. Oza	Company Secretary

Profit after tax up **56%** to **Rs.134.14 crores.**

Net Interest Income up **103%** to **Rs.199.53 crores.**

Deposits up **35%** to **Rs.12287.21 crores.**



Advances up **11%** to **Rs.5352.30 crores.**

1

Network increased from 101 to **139 outlets.**

Total number of ATMs went up from 303 to **491.**

Retail customer accounts surged past the one million mark.

Total Income Increased by **52%** to **Rs.1595.40 crores.**

Other income up **155%** to **Rs.415.87 crores.**

Net NPA ratio as a percentage of customer assets down to **2.74%** from 3.43%.

NPA coverage up from 20% to **34%.**

Earnings per Share (Diluted) increased from Rs.6.47 to **Rs.9.14.**

Dividend up from 15% to **20%.**

Capital Adequacy Ratio stood at **10.65%** as against the regulatory requirement of 9%.

Return on Average Assets up from 0.97% to **1.13%.**

As we enter the ninth year of your Bank's operations, I am pleased to report that the Bank has grown in strength and size. We have continued, yet again, to grow our net profit by over 50%, for the third year in succession, and this consistency in performance provides confidence that the business model adopted by the Bank is robust in our increasingly competitive financial market.



We expect the competition to further strengthen, and we welcome it. Our customers have become increasingly discerning, and have a larger choice of service providers than ever before. Your Bank has grown by widening its product range and enhancing its delivery capabilities.

Over the last year, we attempted to bring a sharper focus to the requirements of our customers, and we renewed our efforts to tailor products to suit these requirements - in deposits, loans and other financial services. The expansion of our branch network, ATM installations and Internet services has resulted in thereby growing our customer base and has made your Bank more profitable.

A critical constituent of our growth has been the quality of our people. The strategic increase of market share and profits of the Bank has been possible because of the single-minded application and understanding of the challenges of the market place by our managers. Because of the empowerment we provide, we have continued to attract talented people, and it is their professionalism and dedication which have taken your Bank forward.

A notable development during the year was the induction of foreign equity into your Bank, through a preferential allotment of shares made to the South Asia Regional Fund and CDC Financial Services (Mauritius) Ltd. We expect continued investor interest in your Bank which will support a vigorous growth of business this year.

Taking your Bank to greater heights of excellence will require a combination of new technologies, better processes of credit and risk appraisal, sound treasury management, product diversification, good internal controls and a high calibre of human resources. Fortunately, we have a comparative advantage in several of all these areas. Our professionals are at the forefront of technological change and financial developments. We will continue to harness their resources to pursue a strategy of profitable growth for your Bank. The challenging environment ahead fills us with a sense of excitement and we believe that we have the capacity and determination to compete and succeed.

May 2, 2002

P.J.NAYAK

Chairman & Managing Director

DIRECTORS' REPORT : 2001-2002

Your Directors have pleasure in presenting the Eighth Annual Report of your Bank together with the audited Balance Sheet and Profit and Loss Account for the financial year ended 31st March, 2002.

FINANCIAL PERFORMANCE

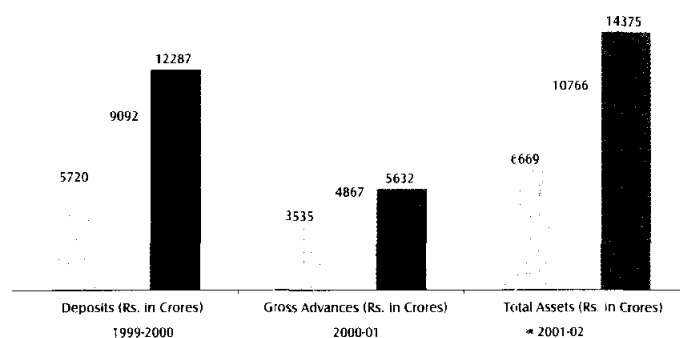
Your Bank's performance during the year 2001-02 has been satisfactory on all fronts. Your Bank has emerged as robust with deepened streams of income, confident of facing the more competitive environment which will characterise the financial sector in the year ahead.

(Rs. in crores)

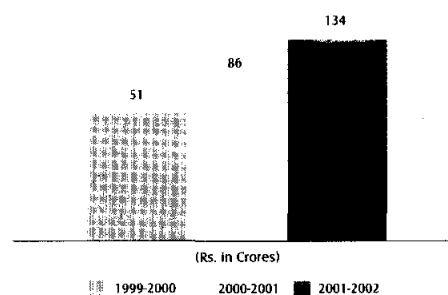
Particulars	2001-02	2000-01
Deposits	12287.21	9092.20
Advances	5352.30*	4821.12
Net Interest Income	199.53	98.26
Other Income	415.87	163.00
Profit before Depreciation, Tax and all other provisions/write-off	446.56	154.23
Depreciation	36.63	21.73
Provision for Tax	79.23	17.95
Other provisions including write-off	196.56	28.43
Net Profit for the year	134.14	86.12
Appropriations:		
Transfer to Statutory Reserve	33.54	25.84
Transfer to Investment Fluctuation Reserve	70.00	—
Transfer to Debenture Redemption Reserve	—	14.30
Proposed Dividend	28.72	24.21
Surplus carried over to Balance Sheet	1.88	21.77

* Exclusive of provisions and bills rediscounted

GROWTH



NET PROFIT

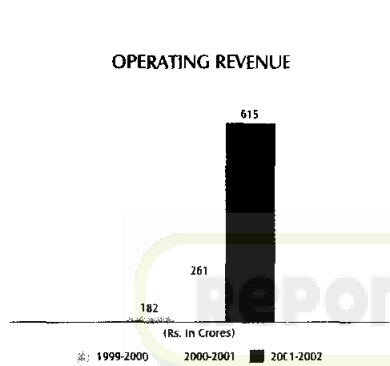


Key Performance Indicators

Sr. No.	Particulars	31.03.2002	31.03.2001
1	Interest income as a percentage of working funds (working funds represent average total assets)	9.95%	10.07%
2	Non-Interest income as a percentage of working funds	3.51%	1.85%
3	Net Interest Margin (Net Interest Income/Average Assets)	1.68%	1.11%
4	Return on Average Net Worth	30.91%	31.84%
5	Operating profit as a percentage of working funds	3.46%	1.50%
6	Return on Average Assets	1.13%	0.97%
7	Profit per employee	Rs.7.79 Lacs	Rs.7.27 Lacs
8	Business (Deposits less inter bank deposits + Advances) per employee	Rs.8.96 Crores	Rs.9.59 Crores
9	Net non-performing assets as a percentage of customer assets*	2.74%	3.43%

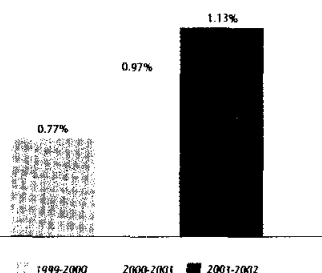
* Customer assets include advances, credit substitutes and unamortised cost of assets leased out.

Your Bank earned a net profit of Rs.134.14 crores for the financial year 2001-02 as against Rs.86.12 crores in the previous year, registering a growth of 55.76%. The operating profit (gross profit before depreciation, tax and all other provisions) was Rs.446.56 crores during the year as against Rs.154.23 crores in the previous year. The growth in profit was largely driven by higher net interest income, a substantial growth in savings bank deposits, and trading income. During the year, the net interest income went up by 103.06% to Rs.199.53 crores, while trading income went up by 355.27% to Rs.314.09 crores. Income through fees went up by 11.89% to Rs.98.93 crores. Savings bank deposits rose by 53.82% to Rs.875.80 crores.



During the year, the total income of your Bank was of Rs.1595.40 crores as against Rs.1052.63 crores in the previous year, an increase of 51.56%. Total expenses increased by 28.84% to Rs.1185.47 crores.

RETURN ON AVERAGE ASSETS



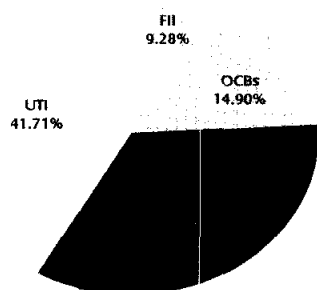
Profit per employee increased to Rs.7.79 lacs from Rs.7.27 lacs. The business per employee decreased marginally from Rs.9.59 crores in the previous year to Rs.8.96 crores, mainly due to a large number of branches opened in the last quarter of the year and consequent increase in the number of employees. Your Bank increased its network of branches during the year from 86 to 111, spread over 20 States and one Union Territory, covering 63 different cities and towns, enabling your Bank to enlarge its client base substantially. The Bank's customer base grew to 10,95,801 accounts over the year, representing an increase of 36.98%.

CAPITAL & RESERVES

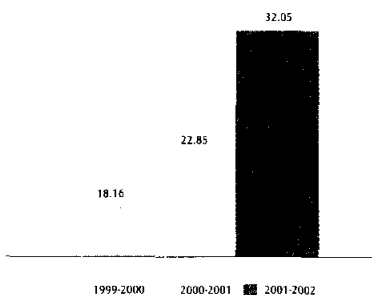
Your Bank's Capital stood at Rs.191.88 crores as on 31st March, 2002. Your Bank's shares are listed on the NSE, BSE, the Ahmedabad Stock Exchange and the OTCEI, and are deliverable only in the demat form with effect from 21st March, 2000. The listing fee for the current year 2002-03 has been paid. From 26th March, 2001, the shares of your Bank have been included and traded in the BSE Group A.

At the end of March 2002, your Bank's Risk Weighted Capital Adequacy Ratio stood at 10.65%, as against 9% in the previous year, which is also the regulatory minimum. Your Bank has therefore become substantially better capitalised through the year. Your Bank has raised Rs.157.59 crores (at a price of Rs.34/- per share) as its Tier-I Capital by making a Preferential Allotment of 4,63,50,000 Equity Shares to South Asia Regional Fund and CDC Financial Services (Mauritius) Limited on 31st December, 2001. Your Bank has further raised Rs.52.94 crores (at a price of Rs.39.04 per share) as its Tier - I capital by making an additional Preferential Allotment of 1,35,59,700 equity shares to Life Insurance Corporation of India, General Insurance Corporation and New India Assurance Company Ltd. on 28th March, 2002 and to National Insurance Company Ltd. on 30th March, 2002. The shareholding of the Unit Trust of India has come down from 60.65% to 41.71%, as a result of the issuance of fresh equity during the year. Your Bank has also raised Rs.145.50 crores by way of subordinated bonds (unsecured redeemable non-convertible debentures) as its Tier-II capital during the year.

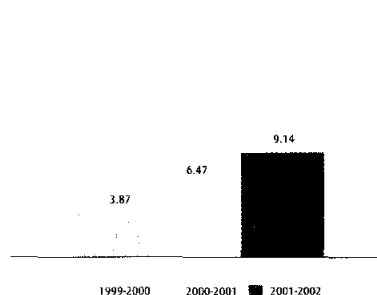
SHAREHOLDING PATTERN



BOOK VALUE PER SHARE (Rs.)



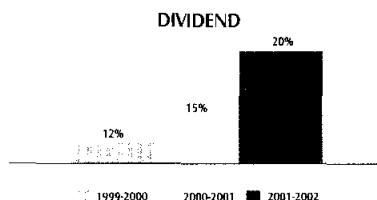
DILUTED EARNINGS PER SHARE (Rs.)



Your Bank has, for the first time, created an Investment Fluctuation Reserve (IFR) as part of the appropriation of profits in order to cushion your Bank against a steep fall in future in the value of investment securities. Rs.70 crores has been transferred into the IFR which, at this juncture, provides adequate cover against market risk.

DIVIDEND

The Diluted Earning per Share of your Bank has risen to Rs.9.14 from Rs.6.47 in the previous year. In view of enhanced profitability of your Bank, the Board of Directors has recommended a dividend of 20% as against the 15% dividend declared for the financial year 2000-01.



BOARD OF DIRECTORS

Out of 9 meetings of the Board of Directors held during the year 2001-02, six meetings were held at Mumbai and three at Ahmedabad. There has been a significant restructuring of the Board during the year. Shri M. Damodaran, Chairman, UTI was appointed as a Director in place of Shri P.S. Subramanyam, who resigned on 3rd July, 2001. Shri M. Raghavendra was appointed as Director in place of Shri P. M. Venkatasubramanian, who resigned on 4th July, 2001. Shri B. S. Pandit was appointed as a Director in place of Shri K. G. Vassal, who resigned on 12th November, 2001. Shri B. R. Barwale resigned on 2nd January, 2002 and Shri G. N. Bajpai resigned on 20th February, 2002. Shri A. C. Shah, Shri Bana Paranjpe and Shri Abid Hussain completed their maximum terms of office permitted under law on 2nd December, 2001, 7th March, 2002 and 7th March, 2002 respectively. Shri Donald Peck and Shri Daniel Paul Fletcher, representing South Asia Regional Fund and CDC Financial Services (Mauritius) Ltd., respectively were appointed as Directors of the Bank with effect from 12th January, 2002. Shri J. M. Trivedi was appointed as an Alternate Director to Shri. Daniel Paul Fletcher with effect from 27th March, 2002. In May, 2002, Shri N. C. Singhal and Shri Yash Mahajan were appointed as Additional Directors.

The Directors express their deep appreciation of the services rendered by Shri P. S. Subramanyam, Shri P. M. Venkatasubramanian, Shri A. C. Shah, Shri K. G. Vassal, Shri B.R. Barwale, Shri G. N. Bajpai, Shri Bana Paranjpe and Shri Abid Hussain as Directors of your Bank.

In accordance with the Articles of Association and the provisions of the Companies Act, 1956, Shri K. Narasimha Murthy, present Director, retires by rotation at the Eighth Annual General Meeting and, being eligible, offers himself for re-appointment.

Further, S/Shri M. Damodaran, M. Raghavendra, B. S. Pandit, Donald Peck, Daniel Paul Fletcher, N. C. Singhal and Shri Yash Mahajan are Additional Directors.

EMPLOYEE STOCK OPTION PLAN

With a view to aligning the incentives of your Bank's employees with those of shareholders, your Bank introduced an Employee Stock Option Plan during the year 2000-01, in accordance with SEBI Guidelines on Employee Stock Options.

Pursuant to the approval given by the shareholders in February, 2001 for granting an aggregate of 1,30,00,000 stock options to employees in one or more tranches, 12,97,800 options were granted last year and this year 17,80,000 options were granted to 1123 employees, including the Chairman & Managing Director. These options will vest over a period of 3 years with 30% vesting in February, 2003, 30% in February, 2004 and 40% in February, 2005. The options were granted at an exercise price of Rs.29.68 which was the average of the daily high-low prices of the Bank's shares during the 52 weeks preceding the date of grant on the National Stock Exchange (where the maximum trading volume was recorded). No employee was granted options amounting to 5% or more of the total number of options granted during the year, nor was any employee granted options equal to or exceeding 1% of the issued capital of the Bank. From the first tranche of options

granted under ESOP in February, 2001, 3,35,678 options were vested in February, 2002, of which no option was exercised during the year. The Diluted Earning per Share pursuant to issue of shares on exercise of options will be Rs.9.14.

CORPORATE GOVERNANCE

Your Bank is committed to achieving a high standard of corporate governance, and aspires to put in place practices which are in line with the best international standards. The corporate governance practices followed by your Bank are enclosed as an Annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

It is hereby declared and confirmed that:

1. The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
2. Accounting policies have been selected and applied consistently and reasonably, and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Bank and of the Profit & Loss of the Bank for the financial year ended 31st March, 2002.
3. Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies (Amendment) Act, 2000, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

MISCELLANEOUS

Considering the nature of activities of the Bank, no specific comments in terms of provisions of Section 217(1)(e) of the Companies Act, 1956 are called for on technology absorption and conservation of energy. The Bank has, however, used information technology extensively in its operations.

In terms of revised limits set in the notification dated 17th April, 2002 of the Department of Company Affairs, no disclosures are required to be made under Section 217 (2A) of the Companies Act, 1956 and the rules made thereunder.

ACKNOWLEDGEMENTS

The Board wishes to place on record its gratitude to the RBI and other financial institutions, correspondent banks and government institutions, for their valuable support and guidance. The Board also places on record its sincere gratitude to shareholders, valued customers, investors and well wishers for their goodwill, patronage and support.

The Board also records the concerted efforts put in and the valuable contribution made by the staff at all levels of your Bank and looks forward to their continued commitment and teamwork in further strengthening your Bank's business.



For and on behalf of the Board of Directors

Place : Mumbai
Date : May 02, 2002

P. J. Nayak
Chairman & Managing Director