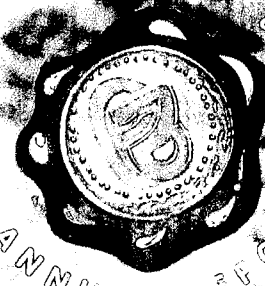




BANK OF PUNJAB LTD





MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

BANK OF PUNJAB LIMITED

**MESSAGE
OF
THE PRINCIPAL
PROMOTER**



At the close of every financial year, I get this unique opportunity of sharing with you my vision for BANK OF PUNJAB, one of the best private sector banks in India, which we all take pride in being part of. Although the financial results for the third year of its banking operations reveal excellent performance recorded by the Bank, yet in the context of financial sector reforms and resulting forces of competition that are perceptibly discernible in the industry, the Bank recognizes the need to revamp its product lines and delivery channels to meet the demands of a dynamic market efficiently.

Information Technology is transforming every aspect of a bank's business, from its management information to the nature of the products & services offered by the Bank. In the years to come, technology will increasingly challenge established concepts of banking and it will determine a bank's overall profitability and competitive position. Thus, 'branch banking' as we have come to know, would lose much of its significance. For most of the Indian banking sector, Virtual banking, Internet banking, Telebanking, EFT & Cash management are concepts yet to be introduced. Bank of Punjab takes a lead in offering such services by remaining in the forefront of technological transformations taking place in the industry worldwide.

Even as the Bank continues to march relentlessly on the path chalked out at the onset, the expectations of its four main constituents viz., the shareholders, the customers, the staff and the community at large, remain foremost in our minds. And with the grace of the Almighty, we shall constantly endeavour to fulfill the growing expectations of all these stakeholders.

I would like to acknowledge the continued support and confidence expressed by all the apex institutions, stockholders, friends and colleagues at the Bank.

As banks in India prepare themselves for the millennium, the future appears to be both exciting and exacting and I am sure that with the support of its constituents, Bank of Punjab will emerge as a premiere financial institution with global perspective.

DR. INDERJIT SINGH

BANK OF PUNJAB LIMITED**4th ANNUAL GENERAL MEETING**

Date : 10th June, 1998
Day : Wednesday
Time : 10.00 A.M.
Place : Kisan Bhawan
 Sector 35, Chandigarh

BOARD OF DIRECTORS

Dr. Inderjit Singh
*Principal Promoter &
 Director*

Prof. Vivek Sagar Minocha
Part-Time Chairman

Mrs. Damyant Kaur
Director

Mr. Darshanjit Singh
Director

Mr. Gian Prakash
Director

Mr. G.S. Mann
Director

Mr. Rajeshwar Prasad
Director

Dr. A.S. Marwah
Director

Mr. H.N. Vohra
Director

Mr. Surendra Singh
Managing Director

Mr. Sarbjit Singh
*Executive Director
 cum Company Secretary*

**REGISTRARS & SHARE
TRANSFER AGENTS**

M/s Karvy Consultants Ltd.,
 Regd. Office : 46, Road No. 4
 Street No. 1, Banjara Hills
 Hyderabad-500 034

AUDITORS

M/s V.K. Mehta & Co.
 Chartered Accountants
 New Delhi-110 002

REGISTERED OFFICE

SCO 46 - 47, Sector 9 - D,
 Madhya Marg.
 Chandigarh - 160 017

BANK OF PUNJAB LIMITED**NOTICE**

Notice is hereby given that the Fourth Annual General Meeting of the Members of the Bank of Punjab Limited will be held at Kisan Bhawan, Sector 35, Chandigarh on Wednesday, the 10th of June, 1998 at 10.00 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998, the Profit and Loss Account for the year ended as on that date and reports of Auditors and Directors thereon.
2. To appoint a Director in place of Dr. Inderjit Singh, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Gian Prakash, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. G.S. Mann, who retires by rotation and being eligible offers himself for reappointment.
5. To approve the payment of interim dividend and to declare final dividend on Equity Shares.
6. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s V.K. Mehta & Co., Chartered Accountants, retiring Auditors being eligible offer themselves for reappointment. The following ordinary resolution may be passed with or without any modification(s):-

"RESOLVED THAT pursuant to Section 224 of the Companies Act, 1956 and subject to the approval of Reserve Bank of India, M/s V.K. Mehta & Co., Chartered Accountants, New Delhi be and are hereby appointed Auditors of the Bank to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and on such remuneration as may be fixed by the Board of Directors of the Bank."

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification, the following resolution :-

"RESOLVED THAT the extension of Mr. Surendra Singh, Managing Director for one year w.e.f. 10th September, 1997 on the existing terms and conditions be and is hereby approved."

NOTES

1. A MEMBER ENTITLED TO ATTEND & VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
2. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
3. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Bank during the office hours on all working days, except public holidays, between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.

BANK OF PUNJAB LIMITED

4. The Directors' Report, Auditor's Report, Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date are enclosed.
5. The final dividend on equity shares, as recommended by the Directors, if declared at the meeting, will be payable to those members whose names appear on the Register of Members as on 31st May, 1998.
6. The Register of Members and the Share Transfer Books of the Company shall remain closed from 16th May, 1998 to 31st May, 1998 (both days inclusive) for the purpose of determining entitlement of dividend, if any, declared by the Bank.
7. Members are requested to inform their Income Tax Permanent Account Number (PAN/GIR no), if any, allotted to them by the Income Tax Authorities and the designation, District/Circle and the address of the Assessing Authority by whom their Income is assessed or assessable.
8. Members are requested to notify change in their address, if any, quoting folio number.
9. Members are also requested to inform their bank account number, name & address of the bank to enable printing of these particulars on the dividend warrant as a measure of abundant caution to minimise the loss due to dividend warrants falling into improper hands through forgery or fraud.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956 AS REFERRED TO IN THE ITEM NO. 2 OF THE NOTES OF THE NOTICE CALLING THE FOURTH ANNUAL GENERAL MEETING AND FORMING PART OF THE NOTICE.

ITEM NO. 7

In terms of the approval by the shareholders in the Second Annual General Meeting held on 7th August, 1996, the appointment of Mr. Surendra Singh as Managing Director of the Bank was extended till 9th September, 1997. The Board of Directors had, in its meeting held on 23rd June, 1997, subject to the approval of shareholders in the next general meeting and the approval of Reserve Bank of India, granted an extension to the Managing Director for one year w.e.f. 10th September, 1997 on existing terms and conditions. The extension has been approved by Reserve Bank of India vide its letter DBOD. 136/08.100.001/97 dated 12th August, 1997.

The Managing Director may be deemed to be interested in the Resolution.

Regd. Office : SCO 46-47,
Sector 9D, Chandigarh - 160017

By order of the Board
for BANK OF PUNJAB LTD.,

Place : New Delhi
Dated : 1st May, 1998

SARBJIT SINGH
Executive Director
cum Company Secretary

BANK OF PUNJAB LIMITED**DIRECTORS' REPORT****TO THE ESTEEMED MEMBERS**

The Board of Directors have immense pleasure in presenting to the Bank's shareholders, its Fourth Annual Report together with the Audited Accounts for the year ended 31st March, 1998.

FINANCIAL PERFORMANCE

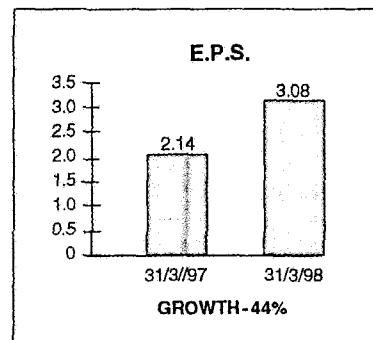
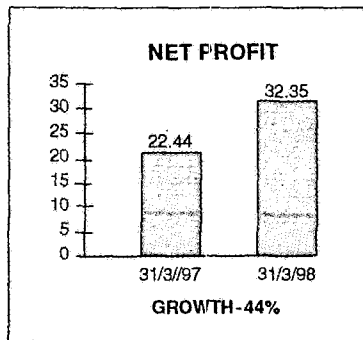
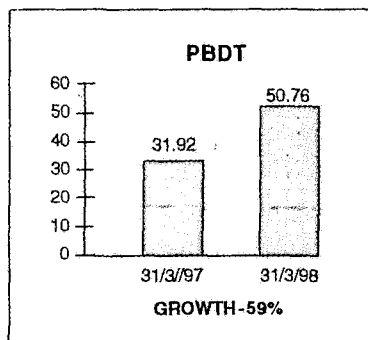
Your Bank was able to show commendable progress during the financial year as is evident from the following working results:-

PARTICULARS	(Rs. in Crores)	
	For the year ended 31.3.98	For the year ended 31.3.97
Gross Income	189.93	103.81
Profit before Depreciation & Tax	50.75	31.92
Depreciation	7.71	6.13
Provisions & Contingencies	10.69	3.35
(Including Taxation)		
Net profit for the year	32.35	22.44
Profit brought forward	3.62	0.59
Amount available for appropriation	35.97	23.03
Appropriations:		
Statutory Reserves	8.09	6.28
Proposed Dividend	14.70	13.13
Profit Carried Over	13.18	3.62

A comparison is also extended below of the Bank's performance for this year vis-a-vis the forecast made in the Bank's prospectus dated 3rd February, 1995 for its public issue of 295.20 lac Equity Shares of Rs. 10 each, issued at par

	ACTUAL 1997-98	PROJECTED 1997-98
Profit after Tax	32.35	36.80
Equity Capital	105.00	105.00
Reserves & Surplus	30.22	36.49
Total Net Worth	135.22	141.49
Book Value (Rs.)	12.88	13.48
EPS (Rs.)	3.08	3.50
Dividend (%)	14.00	15.00

BANK OF PUNJAB LIMITED



The banking sector in India is passing through a period of structural change under the combined impact of financial sector reforms, internal competition, changes in regulation, new technology, global competitive pressures and fast evolving strategic objectives of banks and their existing and potential competitors. The banking in India will never be the same again, the long established banking practices would soon become obsolete and so would all the past projections. In spite of such turbulent times, your Bank has been successful in accomplishing most of the projections made as many as 3 years ago except for a marginal difference in the Profit after Tax and consequently in the derived ratios. Another reason for Profit before Depreciation & Tax and Net Profit being lower is attributable to higher operational costs on account of high pace of growth.

The Bank had a Capital Adequacy Ratio of 16.34% as on 31st March, 1998 as against 8% prescribed by Reserve Bank of India.

DIVIDEND

Keeping in view the creditable performance of the Bank, yet realizing the need to augment Bank's internal resources, your Directors are pleased to recommend a final dividend at the rate of 14% p.a. taxfree in the hands of shareholders (subject to adjustment of 7% Interim Dividend already paid) on the equity shares for approval of the shareholders.

RESOURCES

The Bank's deposits have grown steadily to Rs. 1321 Crores as at 31st March, 1998, thus registering an increase of 59% over last year's figure. The Bank has maintained its USP (Unique Selling Point) in terms of technological supremacy and providing state-of-the-art facilities to all its customers.

CREDIT

The economy and in particular, demand for bank credit remained sluggish during the year and the Bank too experienced the constraint of achieving a marked growth in its credit portfolio. The Bank's advances increased by 42% over last year's figure and stood at Rs. 519 Crores as at 31st March, 1998. Even then, the Bank's credit portfolio encompasses diversified industries & activities across the country including Agriculture & Agro-based industry & Exports sector. The credit evaluation system of your Bank is efficient enough to assess correctly and quickly the underlying risks of its credit portfolio and is supported by required credit supervision and monitoring.