

CITY UNION BANK LIMITED



FOUNDED 1904

ANNUAL REPORT 2001 - 2002

CITY UNION BANK LIMITED



ESTD. 1904

ANNUAL REPORT 2001 - 2002

CITY UNION BANK LIMITED

BOARD OF DIRECTORS



V. NARAYANAN, B.Com., A.C.A.
CHAIRMAN



K.S. RAMAN, M.Sc.



J. RADHAKRISHNAN,
B.Com., B.L.



S.M. MISKEEN,
B.Com., F.C.A.



R.G. CHANDRAMOGAN



VR. ARUNACHALAM,
B.Sc., F.C.A.



DR. S. KASINATHAN,
Ph.D., D.Sc.



K.V. RAMAN,
B.Sc., F.C.A., A.I.C.W.A.



M. MAHALINGAM,
B.A., B.Com., F.C.A.



S. RAJARATNAM,
M.A., L.L.M., F.I.C.W.A.



T.S. VENKATASUBBAN,
B.Com., F.C.A.

SENIOR EXECUTIVES



S. BALASUBRAMANIAN
General Manager



S. RAGHUPATHI
Deputy General Manager



S. SRIDHARAN
Deputy General Manager



G.K. BALASUBRAMANIAN
Deputy General Manager



R. MOHAN
Deputy General Manager



S. BALASUBRAMANIAN
Deputy General Manager



S. SRIDHARAN
Deputy General Manager



CITY UNION BANK LTD.

ASSISTANT GENERAL MANAGERS

V. Gopalan
R. Kuppuswamy
T.S. Ramanujam
V. Sundar
K. Ganesan
S. Sekar
J. Rajagopalan
R. Chandrasekaran
B. Sekar
R.K. Viswanathan
B. Rajagopal
S. Raman
N. Vijayanarasimhan
COMPANY SECRETARY
N.S. Mohan

STATUTORY CENTRAL AUDITORS

Price Patt & Co.,
Chartered Accountants
Chennai.

SHARE TRANSFER AGENTS

Integrated Enterprises (India) Ltd.
II Floor, "Kences Towers",
No.1, Ramakrishna Street,
Off-North Usman Road, T.Nagar,
Chennai - 600 017.
Ph: 8140801 to 8140803 Fax: 8142479
Website: www.iepindia.com

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REGISTERED OFFICE : 149, T S R (Big) Street, Kumbakonam - 612 001.

Ph : (0435) 432322, 431622, 431412 Fax : (0435) 431746 Telex : 0467 212 Telegram : "SERVICE"

e-mail : cubco_kmb@sanchamnet.in Website : http://www.cityunionbank.net

Website : http://business.vsnl.com/cityunion



CITY UNION BANK LTD.**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of the members of **CITY UNION BANK LTD.**, will be held on Thursday, the 5th September, 2002 at 11.00 a.m. at "Raya Mahal", 45-46, Gandhi Adigal Salai, Kumbakonam-612001 to transact the following business.

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 2002 and the Directors' Report and the Auditor's Report thereon.
2. To declare dividend for the year 2001-2002.
3. To appoint a Director in the place of Shri K.S. Raman, who retires by rotation and being eligible, seeks re-election.
4. To appoint a Director in the place of Shri J. Radhakrishnan, who retires by rotation and being eligible, seeks re-election.
5. To appoint a Director in the place of Shri S.M. Miskeen, who retires by rotation and being eligible, seeks re-election.
6. To appoint Auditors for the year 2002-2003 and fix their remuneration.

The retiring Auditors M/s. Price Patt & Co., Chartered Accountants, Chennai are eligible for reappointment.

AS SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.
"RESOLVED THAT, in terms of Section 228 of the Companies Act, 1956, the Board of Directors be and is hereby authorised,
 - i) To make application to the Central Government for exemption from Branch Audit.
 - ii) To arrange for audit of such branches as are not exempted and
 - iii) To appoint the Branch Auditors for audit of such of the branches for the year 2002-03 in consultation with Bank's Statutory Central Auditors and fix their remuneration."
8. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.
"RESOLVED THAT, Shri S. Rajaratnam be and is hereby appointed as a Director of the Bank, liable to retire by rotation."
9. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.
"RESOLVED THAT, Shri T.S. Venkatasubban be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

By Order of the Board
for **CITY UNION BANK LTD**

Kumbakonam
27th June, 2002

N.S. MOHAN
Company Secretary



**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf only at the time of poll and such proxy need not be a member. The proxy forms, duly stamped and completed should reach the Registered Office of the Bank atleast 48 hours before the time fixed for the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to item nos. 7 to 9 is annexed hereto.
3. The dividend on the Equity Shares as recommended by the Board will be paid on approval of the General Body to the eligible Equity Shareholders whose names appear in the Bank's Register of Members as on 5th September, 2002 and to the eligible beneficial owners whose names appear in the list provided by both the Depositories namely National Securities Depository Limited and Central Depository Services (India) Limited as on 19th August, 2002.
4. The Register of Members and Share Transfer Books will remain closed from 20th August, 2002 to 5th September, 2002 (both days inclusive).
5. **Bank Account details**

The Shareholders of the Company holding shares in physical form are hereby informed that it is mandatory to incorporate the bank account particulars of the shareholders in the dividend warrant. The shareholders who have not furnished the bank account details are requested to inform the Company's Registrars and Share Transfer Agents their respective bank account no. with full name of the bank and branch, nature of the account, which would enable the Registrars and Share Transfer Agents to print the Bank Mandate particulars on the dividend warrants. These details may be sent to the Company's Registrars and Share Transfer Agents so as to reach them by 19th August, 2002.

Shareholders holding shares in electronic form should note that the bank particulars furnished by them to their Depository Participant will be used while printing the dividend warrant. Hence, the shareholders who have not furnished the bank account details are requested to contact their Depository Participant for updating the particulars.

6. **Tax deduction at source**

Tax will not be deducted at source if the dividend amount does not exceed Rs.1000/- in the case of a resident individual shareholder.

7. **Submission of Form 15G**

The Shareholders who are entitled to seek exemption from deduction of tax at source on dividend amount having regard to their estimated total income for the financial year 2002-03 as per the provisions of the Income Tax Act, 1961 may submit Form No.15G in duplicate duly filled in and signed so as to reach the Bank's Registrars and Share Transfer Agents as below on or before 19th August, 2002. It will not be possible for the Bank to act on such declarations received after the said date.

Integrated Enterprises (India) Ltd,
Unit: City Union Bank Limited,
"Kences Towers",
2nd Floor, No.1, Ramakrishna Street,
off - North Usman Road, T. Nagar,
Chennai - 600 017.

The Shareholders should furnish the Folio No./DP ID No. and Client ID No. in the Form 15G for reference.



CITY UNION BANK LTD.

8. Members are requested to notify changes, if any, in their addresses immediately to our Share Transfer Agent, Integrated Enterprises (India) Limited, Kences Towers, Second Floor, No.1, Ramakrishna Street, Off-North Usman Road, T. Nagar, Chennai - 600 017 giving full addresses in block letters with PIN CODE.
9. Members are requested to quote the folio of the Register of Members/Client ID & DPID number in all their correspondences.
10. Members are requested to bring with them the enclosed attendance slip and hand it over duly signed by them at the entrance of the Meeting Hall.
11. Shareholders who happen to hold shares in identical orders of names in different folios of Register of Members are requested to write to the Bank, enclosing their share certificates, to enable the Bank to consolidate their holdings.
12. The Bank had already transferred Unclaimed dividend for the financial year 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government Rules, 1978). Those members who have not so far claimed or collected their dividend may claim their dividend from the Registrar of Companies, Shastri Bhavan, II Floor, 26, Haddows Road, Chennai - 600 006.

Members who have not yet encashed the amount of Dividend Warrants issued to them in 1996, 1997, 1998, 1999, 2000 and 2001 (pertaining to the years 1995-96, 1996-97, 1997-98, 1998-99, 1999-00 and 2000-01) are requested to send the same to the Registered Office for revalidation and encashment at any of our branches.

In terms of Section 205C of the Companies Act, 1956, dividend amounts which have remained unclaimed for a period of seven years, will be transferred to "Investor Education and Protection Fund" established by the Central Government and members/beneficial owners can not make any claim for the dividend once amounts in the unclaimed dividend account are transferred to such Fund.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM No. 7

The passing of this resolution is necessary to meet the requirement of Section 228 of the Companies Act, 1956, in terms of which the accounts of every branch of the bank is required to be audited either by the Bank's Auditors or by a person qualified for appointment as Auditor under Section 226 of the said Act. With regard to those branches of the Bank which are not audited either by the Bank's Auditors or by persons qualified to act as Auditors, the Bank has made satisfactory arrangement for their inspection by the responsible and competent officers of the Bank. In view of this, it is proposed to apply to the Central Government for exemption of such branch from the audit of accounts for the year ending 31st March, 2003 and in the event of such exemption not being granted, to empower the Board of Directors to make necessary arrangement in respect of the audit of such branches of the Bank.

None of the Directors is interested in the resolution.

ITEM Nos. 8 & 9

The Board, in its meeting held on 27th April, 2002, co-opted Shri S. Rajaratnam as an Additional Director of the Bank. Further, the Board, in its meeting held on 27th May, 2002, co-opted Shri T.S. Venkatasubban as an Additional Director of the Bank. As per Section 260 of the Companies Act, 1956, they will hold office upto the date of the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from some of the members of the Bank along with the prescribed deposit for appointment of the co-opted Directors as Directors of the Bank.





Shri S. Rajaratnam, M.A., LL.M., F.I.C.W.A. is an Advocate and Tax Management Consultant at Chennai.

Shri T.S. Venkatasubban, B.Com., F.C.A. is a practising Chartered Accountant at Kumbakonam.

The Board considers it desirable that the Bank should continue to avail itself of the services of the above said co-opted Directors.

None of the Directors of the Bank except the co-opted Directors is interested in the resolutions.

By Order of the Board
for CITY UNION BANK LTD

Kumbakonam
27th June, 2002

N.S. MOHAN
Company Secretary

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CITY UNION BANK LTD.**DIRECTORS' REPORT FOR THE YEAR 2001-2002**

Your Directors have pleasure in presenting their Report on the financial results of the Bank for the year ended 31st March, 2002.

ECONOMY AND BANKING SCENARIO

The global economy received a severe blow on account of cross border terrorism. The world economic growth slowed down further during 2001-02. On the domestic scenario, the Central Statistical Organisation (CSO) has projected a GDP growth at 5.4% as against 4% in the previous year. Annual rate of inflation during 2001-02 was highly favourable at 1.4% as against 4.9% in the previous year. The growth in aggregate deposits of scheduled Commercial Banks at 14.3% was lower than that of 18.4% in the previous year. The interest rate remained soft throughout the year. The Reserve Bank of India announced a series of measures like cut in CRR, lowering of risk weightage for Home loans, reduction of ceiling rate on foreign currency export credit, introduction of flexible rate for the deposits, reduction of maximum spreads over PLR etc., Banks have also been advised to observe transparency in lending rates. Despite adverse external developments, India's foreign exchange reserves continue to record a healthy growth during 2001-02.

PERFORMANCE OF YOUR BANK

Your Bank has performed well during the year under review with the unstinted support of the customers, the employees and the shareholders.

DEPOSITS

During the year, deposits have increased to Rs.1,973.71 Cr as on 31-03-2002 from Rs.1,611.62 Cr as on 31-03-2001 recording an impressive growth of 22.47 %. The cost of deposits fell to 8.74 % from 8.96 %.

ADVANCES

The Advances have increased to Rs.1,011.05 Cr as on 31-03-2002 from Rs.883.38 Cr as on 31-03-2001. The yield on advances has declined to 12.58 % from 13.75 %. Gross Non-Performing assets accounted for 13.19 % of gross advances. Net non-performing assets form 8.22 % of net advances. The bank is taking continuous efforts to reduce the level of non-performing assets. The priority sector advances to net credit reached a level of 39.58% and the export credit accounted for 9.98 %.

INVESTMENTS/TREASURY OPERATIONS

Your bank had done reasonably well in the sphere of domestic treasury operations. The investments have

increased to Rs.911.20 Cr. from Rs.643.33 Cr. Yield on investments worked out to 10.89%.

ASSET LIABILITY MANAGEMENT

Your bank has a well developed system for Assets and Liabilities management as per the guidelines issued by RBI.

RISK MANAGEMENT

During the year under review, your bank has further strengthened credit rating systems by introducing entry level rating, pricing of loans based on rating of the borrowers etc.,

FINANCIAL RESULTS

Your Directors are pleased to furnish below the financial results for the year ended 31st March, 2002.

(Rs. in Lakhs)

Particulars	For the current year ended 31st March, 2002	For the previous year ended 31st March, 2001
Gross Income	260,16.01	213,87.05
Total Expenses	195,09.59	164,38.66
Profit before Provisions & Contingencies	65,06.42	49,48.39
Provisions& Contingencies	36,62.89	28,18.50
Net Profit	28,43.53	21,29.89

APPROPRIATIONS:

The summary of appropriations is given hereunder:

(Rs. in Lakhs)

Particulars	For the current year ended 31st March, 2002	For the previous year ended 31st March, 2001
Net Profit	28,43.53	21,29.89
Balance of Profit brought forward	0.03	0.09
Amount available for appropriations	28,43.56	21,29.98
Transfer to Statutory Reserve	7,70.36	14,56.70
Capital Reserve	2,62.05	12.05
Inv't.Fluctuation Reserve	8,50.00	--
Proposed Dividend	9,60.00	6,00.00
Proposed Corporate Dividend Tax and Surcharge	--	61.20
Balance of profit carried forward	1.15	0.03





OWNED FUNDS

The Bank's paid-up capital stood at Rs.24 Cr as on 31st March, 2002. The capital funds have grown to Rs.142.22 Cr as on 31st March, 2002 as against Rs.118.42 Cr as on 31st March, 2001. The Capital Adequacy Ratio as at 31st March, 2002 stood at 13.97%.

DIVIDEND

Your Directors are pleased to recommend a dividend of 40 % on the equity shares for the financial year 2001-02.

BRANCH EXPANSION

During the year under review, your bank has expanded its network by opening branches at Tambaram, Tiruvanmiyur (Chennai), Tumkur (Karnataka) and Rajamundry (Andhra). With this, your bank has 118 branches. The proposed branch at Fort, Mumbai and a branch at Thrissur (Kerala) are to be opened shortly.

HUMAN RESOURCE DEVELOPMENT

As on 31st May, 2002, your Bank has 1354 employees comprising of 21 executives, 367 officers, 706 clerks and 260 sub-ordinate staff. The bank continues to have cordial and harmonious relations with the staff. The necessary training is being imparted to the employees to cope-up with the emerging challenges in the banking industry by updating their knowledge and sharpening their skills.

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended is not furnished since no employee employed throughout/part of the year, was in receipt of remuneration of Rs.24,00,000/- or more per annum or Rs.2,00,000/- or more per mensem, as the case may be.

AUTOMATION

During the year, the bank has further computerised 17 more branches. With this, the total number of computerised branches increased to 82, of which seven branches have been partially computerised, covering 90.74%

of the business of the bank. Your Directors continue to take steps and measures for upgrading and updating the Bank's technological infrastructure.

INTERNATIONAL BANKING

As at 31st March, 2002, your Bank's turnover in Foreign Exchange Business was Rs.766.82 Cr thereby registering an increase of 15.68 % over the corresponding period last year. The non-resident deposits as on 31st March, 2002 stood at Rs.149.70 Cr.

BOARD OF DIRECTORS

Shri V. Narayanan, Chairman has been reappointed for a further period of three years from 28-01-2002.

Sarvashri S. Rajaratnam and T.S. Venkatasubban have been co-opted as Additional Directors in the meeting of the Board of Directors held on 27th April, 2002 and 27th May, 2002 respectively pursuant to Section 260 of the Companies Act, 1956. They will hold office upto the date of ensuing Annual General Meeting. Your Bank has received notices from some of the members pursuant to Section 257 of the Companies Act, 1956 signifying their intention to propose the candidatures of Sarvashri S. Rajaratnam and T.S. Venkatasubban.

Sarvashri K.S. Raman, J. Radhakrishnan and S.M. Miskeen will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS

M/s. Price Patt & Co., Chartered Accountants, Statutory Central Auditors, retire at the conclusion of this Annual General Meeting and they, being eligible, offer themselves for re-appointment. The Bank has received a certificate from the Statutory Central Auditors to the effect that the re-appointment, if made, will be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956.

