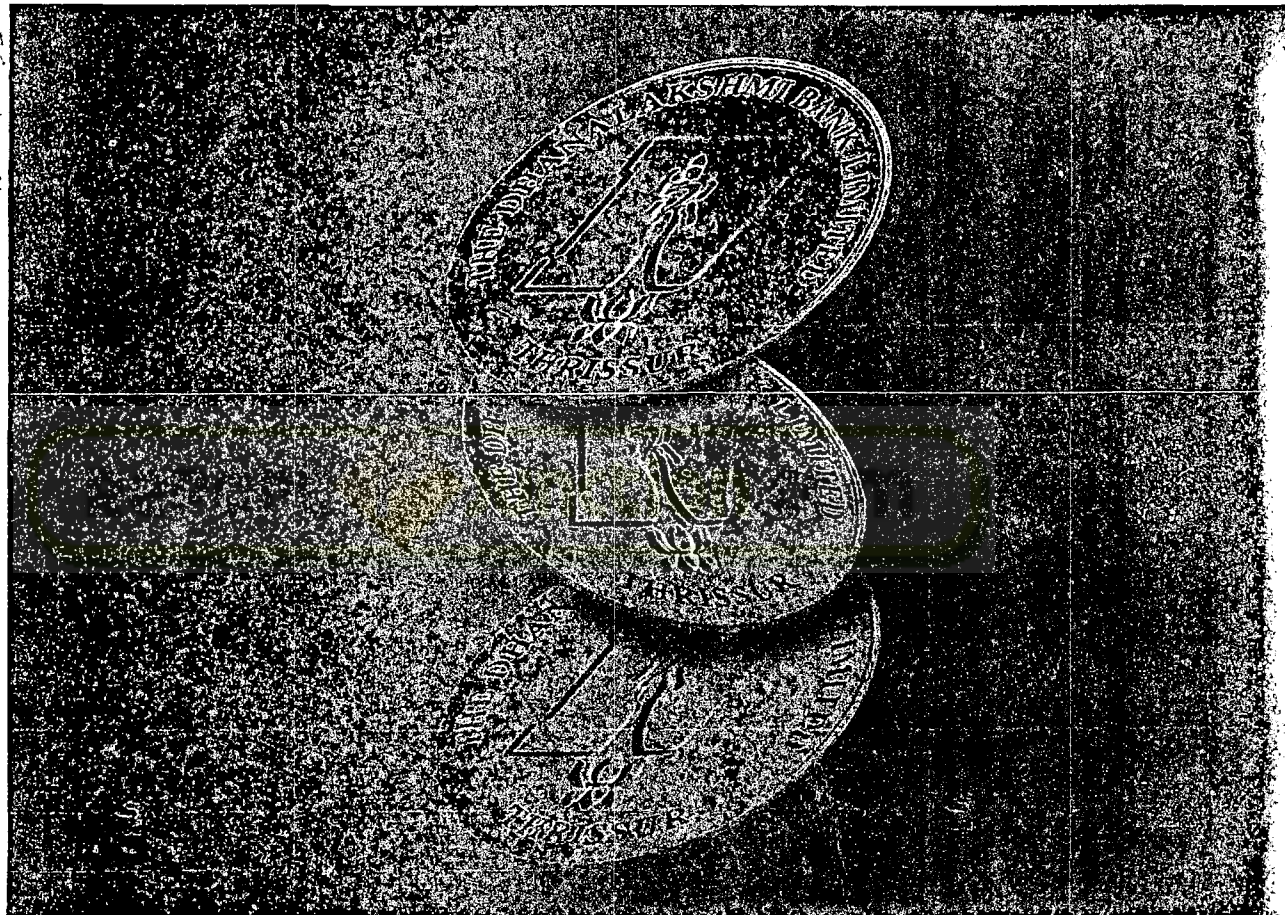


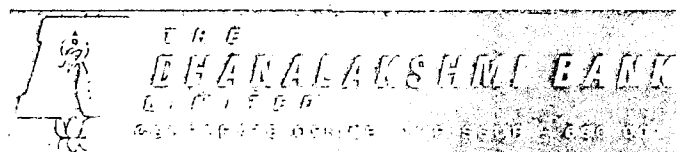
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CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
ACM	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		



ANNUAL REPORT 1997 - 98



RELATIONSHIPS...FOREVER



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Company Secretary

RAVINDRAN K. WARRIER

Auditors

M/S. NARAYAN SANKAR & NATH

M/S. KUMAR SANKAR & KUMAR

Legal Advisors

R. SREEKRISHNAN

T. PADMANABHA MENON

A. GOURI SANKAR

B.S. KRISHNAN

Registrars

M/S. KARVY CONSULTANTS LTD.

HB-17, PANAMPILLY NAGAR

COCHIN - 682 036

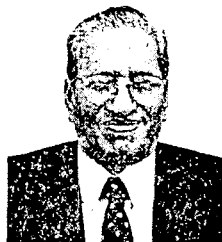
KERALA



BOARD OF DIRECTORS

**THE
DHANALAKSHMI BANK
LIMITED**

A Scheduled Bank
established in 1927.
Registered Office
Dhanalakshmi Buildings
Thrissur - 1



T. M. VENKATARAMAN
Chairman

DIRECTORS



R. KALYANARAMAN



D. LAKSHMINARAYANAN



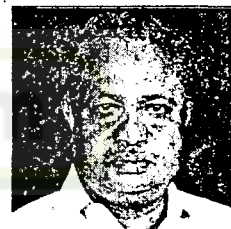
S. SIVARAMAKRISHNAN



P.S. MANI



A.V. RAMASWAMY



A.V. JOSE



M.K. KESAVAN



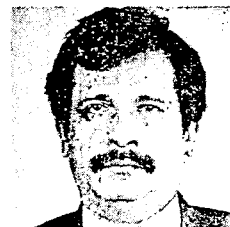
GEORGE JOHN (RBI)



JAMES POTHAN (RBI)



DR. P. RAJAMOHAN RAO



N. GOPALAKRISHNAN



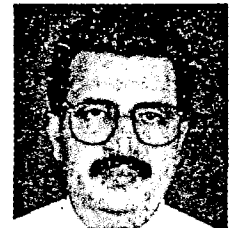
GENERAL MANAGERS



S. PADMANABHAN
(Chennai Zone)



A.N. RAMACHANDRAN
(Personnel & Planning)



THOMAS MATHEW
(Credit & Administration)

Report  junction.com

ASSISTANT GENERAL MANAGERS

K. RAVINDRAN
Accounts & Investment

P. GOVIND GOPINATH
Administration

K.P. SATHIS KUMAR
Zonal Office, Coimbatore

M.P. SUBRAMANIA SARMA
Zonal Office, Thiruvananthapuram

A. RAM MOHAN
Credit

H.L. SITARAMAN
New Delhi Branch

B. SASIDHARAN
Planning & Development

P.S. REVIKUMAR
Inspection & Vigilance

P.G. JAYAKUMAR
Zonal Office, Kochi

P.T. THOMAS
Zonal Office, Thrissur

A.K. RAMAKRISHNAN
Fort Branch, Mumbai

R.S. RAMAKRISHNAN
*Shanmugham Road Branch,
Ernakulam*



REPORT OF THE BOARD OF DIRECTORS

The Directors have great pleasure in presenting to you the 71st Annual Report, Balance Sheet and Profit & Loss Account of the Bank for the year ended 31.3.1998.

ENVIRONMENTAL SCENARIO

During the year 1997-98, macro economic parameters have indicated a deceleration in overall economic growth. The GDP growth and industrial growth have been lower than anticipated. The sharp slow down of industrial growth, in turn adversely affected the demand for credit from the banking sector and also the recovery. With increasing liberalisation in interest rates and also in lending norms, the competition is becoming more fierce in banking industry and as a result the profitability is under great pressure. The Bank is redefining its operational strategies to meet the challenges and to achieve improved performance in the years ahead.

PERFORMANCE OF THE BANK

	March 98	March 97
	(Rs. in lacs)	
Aggregate Deposits	91624	84058
Inter Bank Deposits	12405	23575
Advances	57606	56241
Investments	35453	30070
Operating Profit	1892	1647
Net profit	840	791
Business per employee	121	115



The New Delhi Branch being inaugurated by A.C. Aggarwal.



APPROPRIATIONS OF NET PROFIT

(Rs. in lacs)

The following appropriations have been made out of the profits:

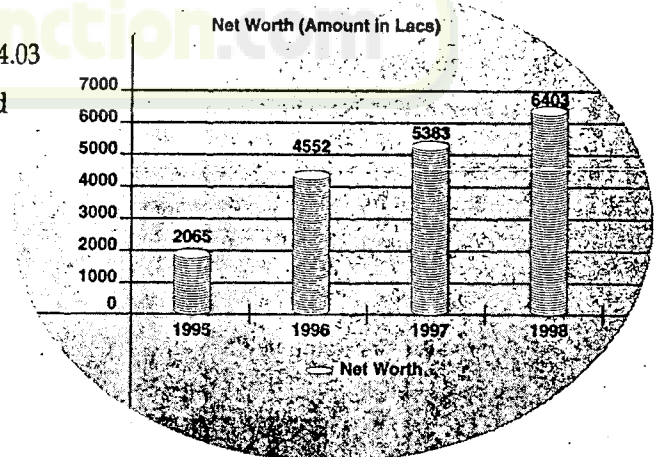
Net Profit	...	840.07
Balance carried over from the previous year	...	1.70
		<u>841.77</u>
Appropriations		
Statutory Reserve	...	252.02
General Reserve	...	135.10
Capital Reserve	...	58.86
		<u>445.98</u>
Balance	...	395.79

Of the balance, Rs.393.80 lacs is set apart for dividend and tax thereon. The Board recommends 25 % dividend, tax free in the hands of shareholders.

CAPITAL & RESERVES

The Capital together with Reserves increased to Rs. 64.03 crores from Rs.53.82 crores. The Capital Adequacy Ratio stood at 11.39% as against 9.75 % of the previous year well above the stipulated minimum of 8%.

The Equity Shares are now being traded in Stock Exchanges at Kochi, Chennai and Mumbai.

**DEPOSITS**

The year was one of consolidation, shelling high cost deposits and concentrating on core deposits. The aggregate deposits has improved to Rs.916.24 crores from Rs.840.58 crores, recording a growth of 9%. We have taken a conscious decision not to depend on inter bank segment for deposits and this has been brought down from Rs. 235.75 crores to Rs. 124.05 crores.

CREDIT

Our bank was no exception to the poor credit off-take in the Banking Industry. Prudence driven exposure restrictions to some of the segments, recession in the Auto Industry and price fluctuations of the Rubber Market and the general



industrial slackness have affected the growth in advances. Our advances increased by Rs.13.65 crores and reached Rs.576.06 crores as against Rs.562.41 crores of last year.

The flow of funds to commercial/ industrial sector in the form of investment in shares/ debentures/ bonds has gone up from Rs.72.49 crores to Rs.102.22 crores.

INVESTMENTS

The investments improved by Rs.53.83 crores from Rs.300.70 crores to Rs.354.53 crores. Income from sale of investments is at Rs. 207.72 lacs compared to Rs.136.14 lacs of previous year.

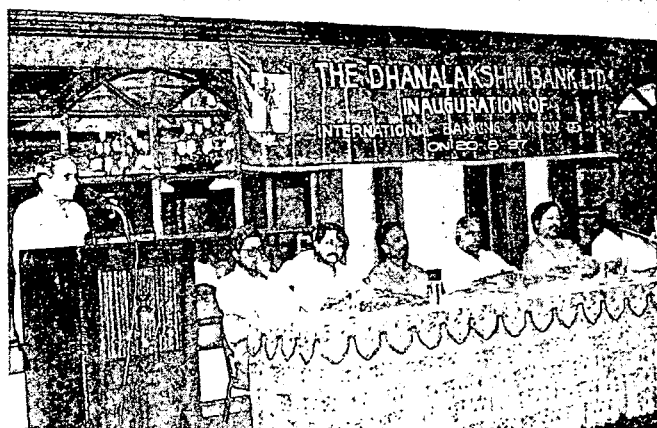
The investment in approved securities under current category constitute 82.07 % as against 68% of the previous year and the stipulated minimum of 60%.

PRIORITY SECTOR ADVANCE

The Bank has achieved 42.48 % under the priority sector lending as on last Friday of 1997-98, including the investments made with authorised institutions, as per RBI norms.

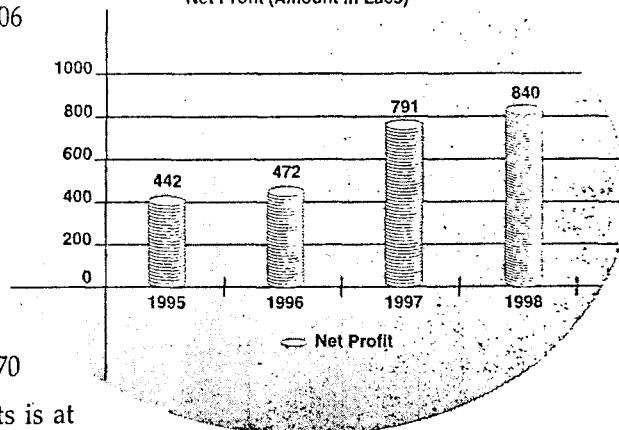
FOREX BUSINESS

We are happy to report that your Bank has now become an Authorised Dealer in Foreign Exchange. Our International Banking Division opened in August 1997 has become fully operational at Kochi. The Bank is contemplating to make greater inroads into this area of business with a thrust for NRI segment deposits. Process is on to conclude agency arrangements with some Exchange Houses in Gulf Countries.



Inauguration of International Banking Division at Kochi.

Net Profit (Amount in Lacs)



EXPENDITURE CONTROL

Concerted efforts were made to contain the expenses as far as possible. Barring payments and provisions to employees, there is only marginal increase in controllable expenses.

BRANCH NETWORK

The total number of branches as on 31.3.1998 stood at 147 adding two more branches, one at New Delhi and other being International Banking Division at Kochi.

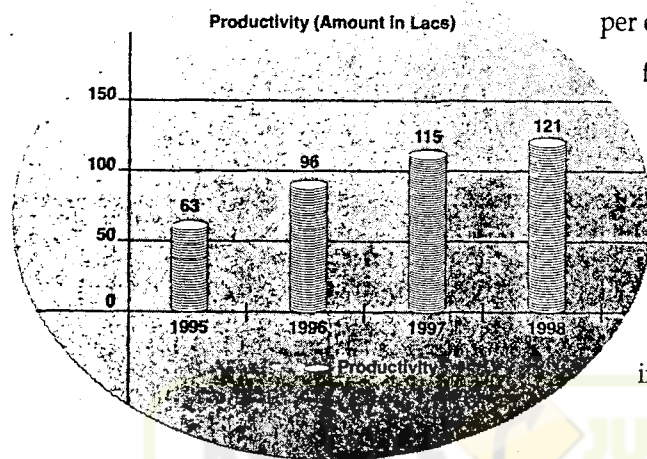


The bank opened four extension counters during the year under report and closed the extension counters at Ottapalam NSS college and TDB college, Thalayolaparambu as they were not viable. The total number of extension counters as on 31st March 1998 was 17.

HUMAN RESOURCES DEVELOPMENT

The total number of staff as at the end of March 1998 was 1252 comprising of 397 officers, 648 clerks and 207 sub staff.

The industrial relations remained cordial throughout the year. The per employee business, net of inter bank deposits has improved from Rs.115 lacs in March 1997 to Rs.121 lacs in 1998.



The Bank aims at maximising individual productivity of its personnel and also upgrading the skills of the employees at all levels in order to meet the present day challenges. To achieve this goal the bank's Training College imparted training to 487 employees during this year.

AUTOMATION

In our efforts of technological upgradation seven branches were computerised during the year taking number of fully computerised branches to 33. Presently, about 65 % of the business is handled by the computerised branches. Connectivity between TBA branches and Central Office has improved the flow of information for better management.

STATUTORY PARTICULARS

Information required under section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) rule 1975 is given in annexure appended hereto and forms part of this report.

A statement of compliance to Clause 43 of Listing Agreement entered into by the bank with Stock Exchanges at Kochi, Chennai and Mumbai is given in the annexure to this report.



A view of customers meet at Kollam.



THE COMPANIES (Disclosure of Particulars in the Report of the Board of Directors) RULES, 1988.**a) Conservation of Energy**

All efforts are being made to reduce energy consumption to the maximum extent possible.

b) Technology Absorption

Being a banking company, the required technology absorption is being made considering the nature of activities.

c) Foreign Exchange Earnings and Outgo

Being an Authorised Dealer in Foreign Exchange the Bank is taking all possible steps to augment net foreign exchange earnings.

DIVIDEND

We are recommending a dividend of 25 % tax free.

AUDITORS

The Statutory Audit of the Bank was jointly conducted by M/s Narayan Sankar and Nath, Thrissur and Kumar Sankar & Kumar, Kozhikode. Their report on accounts for the year are appended hereto.

The present Statutory Auditors are retiring after completing their full term. We place on record the services rendered by them during their tenure.

QUALIFICATIONS IN AUDITORS' REPORT

Explanations are offered below on the comments made by the Statutory Auditors.

(i) The final reconciliation of inter-branch, Agency Bank

Accounts and Demand Draft Accounts has been completed. Steps are being initiated to eliminate pending unadjusted entries.

(ii) The guidelines of FEDAI on conversion of foreign currency, forward exchange contracts etc. which have been approved by RBI is mandatory. Hence these guidelines have been followed in preference to Accounting Standard No.11 of the Institute of Chartered Accountants of India.

New premises of Veerappanchatram branch being inaugurated by Chairman.

