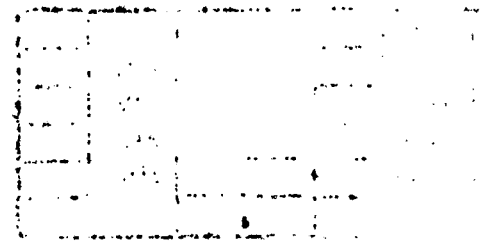




ANNUAL REPORT 1997-98



Regd. Office: K.P. Kesava Menon Road, Calicut-673001



Nedungadi Bank...

99 Years of Banking with Pride...

We are much more than a bank...

*It is the small man's big Bank. To our customers,
Nedungadi Bank is a towering institution symbolizing
the culture, tradition and progress of the people of the land...*

*Not only providing a source of financial comforts and
dependability, we also give a sense of belonging, satisfaction
and delight far beyond the scope of present day banking...*

Our founder:
Rao Bahadur T.M. Appu Nedungadi



MD	✓		BKC	
CS	✓		DFY	
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓		SHI	✓
YE	✓			

2010-11

BOARD OF DIRECTORS

Shri. A.R. Moorthy
Chairman

Shri. S. Krishnan

Dr. N. Vijayan

Prof. M.K.A. Hameed

Shri. C.V. Radhakrishnan

Shri. P. Kumaran

Shri. C.V. Nair

Shri. P.S. Menon

Shri. M. Ratnasingham

Shri. K. Bhaskaran Nair

Shri. Suresh G. Vaidya

Shri. M.G. Damani

Shri. L.V. Balasubramaniam

Shri. C.N. Kutty

Additional Director, RBI Nominee

Smt. S. Valsala Devi

Alternate Additional Director, RBI Nominee

EXECUTIVES

General Managers

Shri. T. V. Radhakrishnan

Shri. V. Narayanan

Assistant General Managers

Shri. K. Balakrishnan

Shri. K.P. Ramachandran

Shri. M. Kunhimoideen Koya

Shri. V.N. Unnikrishnan Nair

Shri. C.K. Prabhakaran

Shri. G. Rajkumar

Shri. T.R. Narayanan

Shri. D. Subramaniam

Shri. N.V. Unniraghavan

Shri. M. Mohandas Kumar

Shri. M. Krishnan

Shri. S. Kesava Iyer

COMPANY SECRETARY

Shri. R. Srikar Pai

AUDITORS

M/s Venkateswaran & Veeramani

Chartered Accountants, Calicut



The
Nedungadi Bank
Ltd.

Registered Office:
K.P. Kesava Menon Road,
CALICUT - 673 001

CHAIRMAN'S MESSAGE



Our source of inspiration is the support and encouragement of our valued customers and enlightened shareholders. The glory and honour for the multidimensional growth of our historical institution go to them.

We are not resting on our laurels; we rededicate ourselves with profound enthusiasm to prove our excellence. The Bank's Prime Assets are our dedicated staff and delighted customers. Our warm and personalised services have touched the heart of our customers. Our ambition for the 21st century is built on a solid foundation of customer confidence and trust. The Bank with its strong values and commitment will spearhead into the future as an excellent performer. The future will always be a great challenge. And the Bank is prepared to meet it with utmost confidence.

A.R. Moorthy - "On Performance and Growth"

General Managers



Shri. T.V. Radhakrishnan



Shri. V. Narayanan



Shri. A.R. MOORTHY
Chairman



Shri. S. Krishnan
Director



Shri. Dr. N. Vijayan
Director



Prof. M.K.A. Hameed
Director



Shri. C.V. Radhakrishnan
Director



Shri. P. Kumaran
Director



Shri. C.V. Nair
Director



Shri. P.S. Menon
Director



Shri. M. Ratna Singh
Director



Shri. K. Bhaskaran Nair
Director



Shri. Suresh G. Vaidya
Director



Shri. M.G. Damani
Director



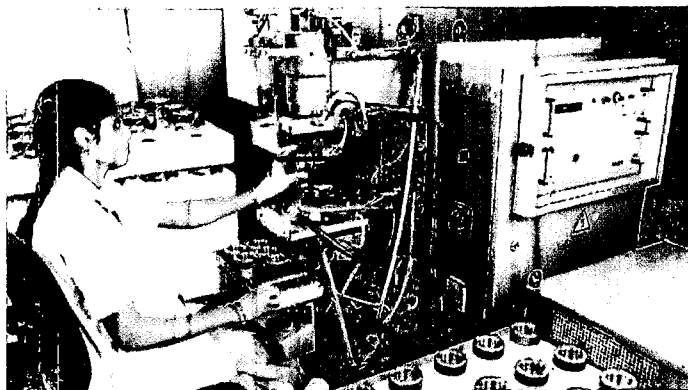
Shri. L.V. Balasubramaniam
Director



Shri. C.N. Kutty
Addnl. Dir., RBI Nominee



Smt. S. Valsala Devi
Alt. Addnl. Dir., RBI Nominee



An industrial cooling fans manufacturing unit with German collaboration.

**Delighted Customers...
...Testimony of our Strength**



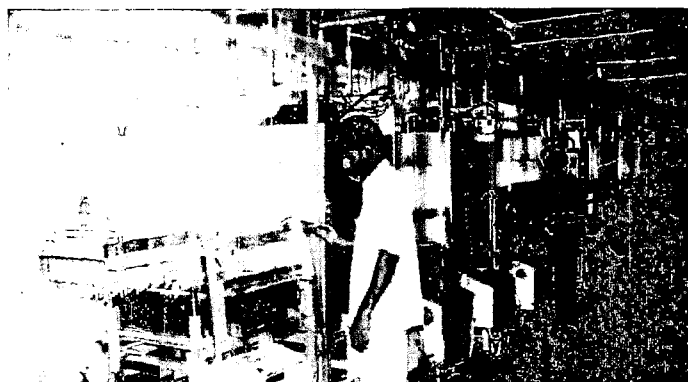
Aromatic plant cultivation.



A scanning unit.



A poultry unit.



A 100% EOU manufacturing external/internal catheters with Japanese collaboration.

**Glimpses of projects
financed by the Bank**



DIRECTORS' REPORT



The Board of Directors of your Bank has immense pleasure in presenting the 85th Annual Report of the Bank with the audited statement of Accounts for the year ended 31st March 1998.

ECONOMIC SCENARIO

The Indian economy passed through a difficult phase in the financial year 1997-98. There was marked slowdown in overall economic growth, as measured by Gross Domestic Product (GDP), to a modest 5.1% after three consecutive years of robust growth of over 7.0%. This was primarily due to a decline in growth rate in agriculture and relative slowdown in Industrial Sector. There was near stagnancy in food grains production on account of vagaries of monsoon and erratic trends in the output of various crops. So far as the industrial output is concerned, the growth was sluggish at around 4.2% as against 7.1% in the previous year. This sharp slowdown in industrial growth had repercussions on the financial position of industrial enterprises, which in turn adversely affected both the demand for and recovery of credit from the Banking sector.

Against this backdrop, there were silverlinings too. The annual rate of inflation recorded perceptible deceleration to 5.0% in 1997-98 from 6.90% in the preceding year. The Balance of Payments (BOP) position remained healthy, notwithstanding slower growth in exports.

BANKING SCENARIO

Comfortable liquidity conditions and softening interest rates prevailed for most part of the year. The enabling factor was a series of measures, including serial reductions in CRR and Bank Rate, announced by the Reserve Bank of India during the year. These measures helped to bring down the entire spectrum of interest rates, with lending rates in particular dipping to their lowest levels in the post liberalisation period. However, in the wake of a sustained volatility in rupee-dollar exchange rates experienced from last November onwards, RBI announced a stringent set of policy measures on January 16, 1998 comprising a hike in CRR and Bank Rate to 10.50% and 11% respectively, apart from steep increase in Repo rate and reduction in refinance limits.

The interest rate on deposits were further deregulated and became more increasingly market-oriented.

The credit and monetary policy measures initiated by the Reserve Bank of India during the year were mainly aimed at, ensuring adequate supply of credit to the productive sectors, reduction of cost of credit without impairing the profitability of banks and streamlining credit delivery mechanism by giving greater freedom to the Banks.

The second phase of financial sector reforms will push the Banks towards full disclosure and transparency in operations in line with international procedures.



FINANCIAL PERFORMANCE

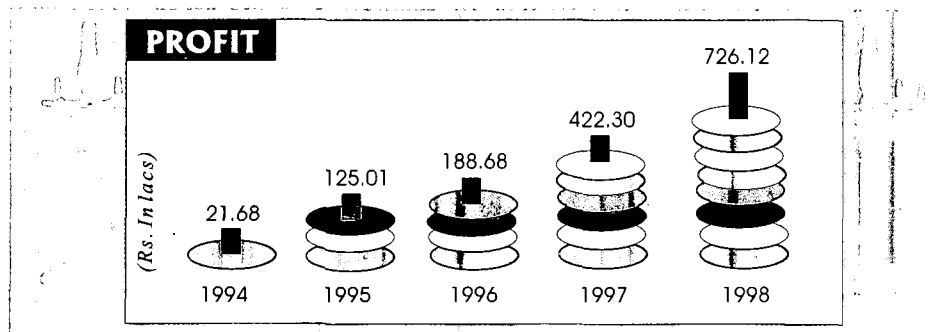
Your Bank continued its fast pace of growth during 1997-98. The Bank's key performance indicators are detailed hereunder.

	31.03.1998	31.03.1997	(Rs. In lacs) % of growth
Deposits	83455.98	58344.40	43
Advances	49291.03	36307.43	36
Income from Investments	3235.54	1925.42	68
Total Income	11880.95	8389.08	42
Net Profit	726.12	422.30	72
Working Funds	93221.42	65573.67	42
Business per employee	87.39	62.56	40
Earnings per share (in Rs.)	7.12	4.14	72

The CD Ratio of the Bank stood at 59 % for the FY 1997-98 as compared to 62 % for the FY 1996-97.

The Bank has been able to increase its profits for 1997-98 from that of the previous year. The net profit for the year 1997-98 was Rs.726.12 lakhs as against Rs.422.30 lakhs for 1996-97. After considering the brought forward balance of Rs.16.72 lakhs, the surplus of Rs.742.84 lakhs has been appropriated as shown below.

Statutory Reserves	220.50 lakhs
Other Reserves	229.00 lakhs
Proposed Dividend	244.80 lakhs
Tax on Proposed Dividend	24.48 lakhs
Balance carried over.	24.06 lakhs



DIVIDEND

The Directors are pleased to recommend a dividend @24% for approval in the Annual General Meeting.

OWNED FUNDS

The paid up capital with reserves as on 31.3.1998 increased to Rs.3686.75 lakhs. The Bank has issued Unsecured, Redeemable, Subordinate, Non-convertible Bonds for an aggregate amount of Rs.20.00 crore during the year 1997-98, with a maturity period of 7 years. Taking into account these Bonds, which qualify as Tier-II capital, the Bank has achieved the Capital Adequacy norms at 12.85% against the minimum of 8% as stipulated by the Reserve Bank of India.