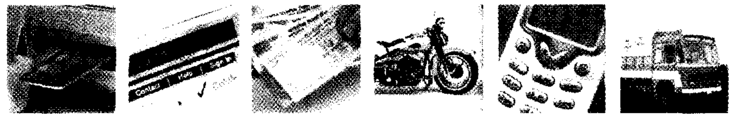


annual report 2003-04

looking forward to tomorrow

Centurion Bank

Centurion Bank

Board of Directors

Mr. Rana Talwar (Chairman) (Appointed on 31st January 2004)
Mr. Shailendra Bhandari (Managing Director) (Assumed charge as Managing Director w.e.f. 1st February 2004)
Mr. Teo Soon Hoe (Director)
Mr. S. Venkiteswaran (Director)
Mr. Jayant Dang (Nominee Director - Asian Development Bank)
Mr. Kamlesh Vikamsey (Director)
Mr. S. K. Jain (Director)
Mr. Rajiv Maliwal (Director) (Appointed on 25th July 2003)
Mr. J. S. George (Director) (Appointed on 31st January 2004)
Mr. K. K. Abdul Razak (Director) (Appointed on 31st January 2004)
Mr. Y. K. Modi (Director) (Appointed on 3rd March 2004)
Mr. Davendra Mittal (Alternate Director to Mr. Jayant Dang)
Mr. Ahmed Mohamed Al Abri (Appointed as Alternate Director to Mr. J. S. George on 3rd March 2004)
Mr. Abdul Razak Ali Issa (Appointed as Alternate Director to Mr. K. K. Abdul Razak on 3rd March 2004)

Company Secretary
N. E. Venkitakrishnan

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

Registered Office
Durga Niwas
Mahatma Gandhi Road
Panaji 403 001, Goa

Corporate Office
1201, Raheja Centre
Nariman Point
Mumbai 400 021

Contents

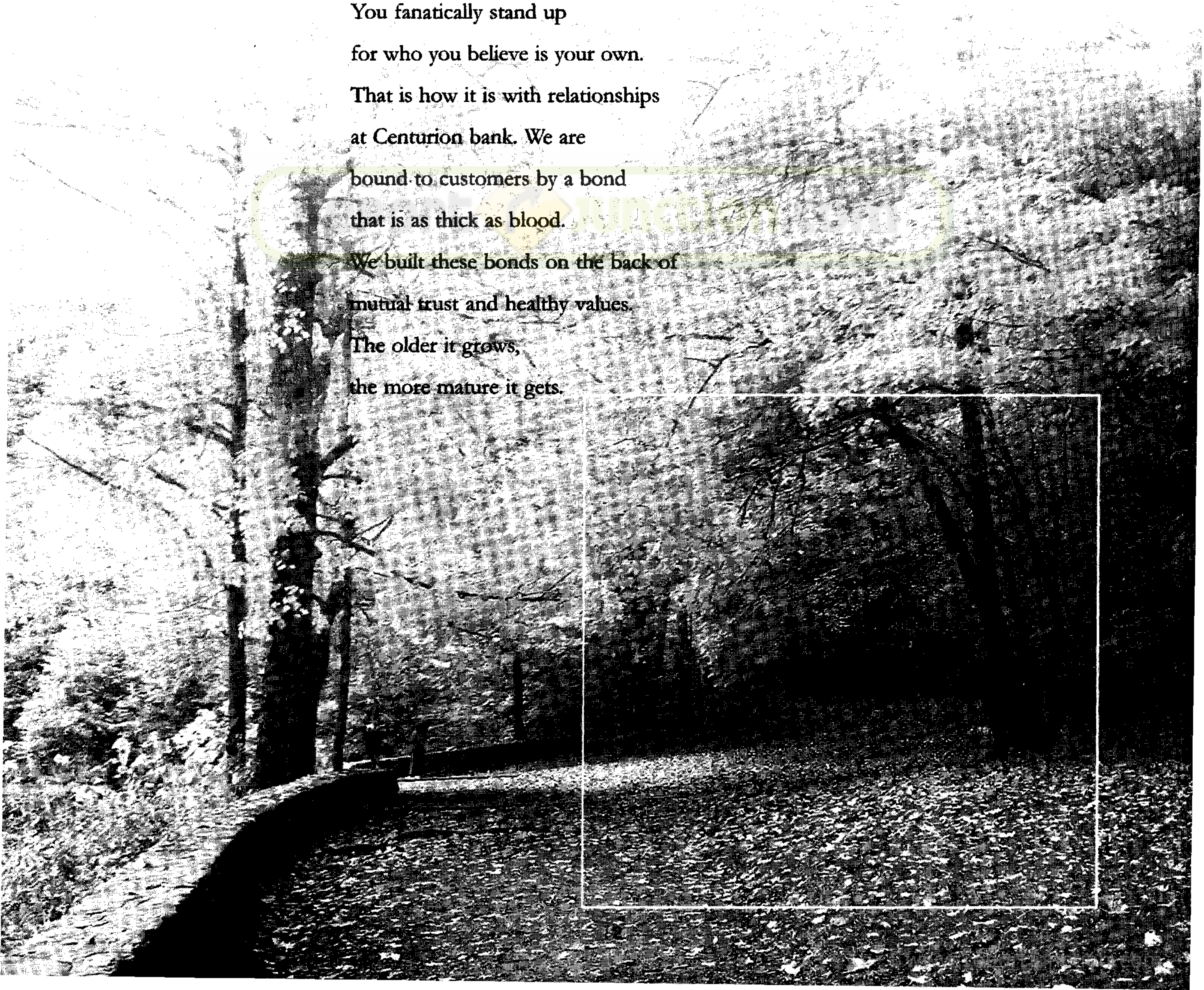
strong foundations limitless future

Determined and persistent efforts have made Centurion Bank survive the challenges thrown at it. Your bank continues to make efforts and investments in acquiring the best technology and building the infrastructure worthy of a world-class retail bank. With sizeable nationwide reach, a large customer base, strong technological infrastructure and a motivated management team with global retail banking experience at the helm, the future stretches ahead of us with limitless possibilities.

Centurion Bank

looking forward to stronger relationships

There's a thing about kinship.
You fanatically stand up
for who you believe is your own.
That is how it is with relationships
at Centurion bank. We are
bound to customers by a bond
that is as thick as blood.
We built these bonds on the back of
mutual trust and healthy values.
The older it grows,
the more mature it gets.



Centurion Bank

looking forward to enhanced lifestyles

When you believe in kinship
as deeply as we do, you do all
you can to keep your family happy.
Which is why, our products are
the best and our processes,
the simplest. Last year alonê,
Centurion Bank offered
a two-wheeler loan every three minutes.
We fulfill dreams. We changes lives.
That's part of our value system.

Centurion Bank

DIRECTORS' REPORT

To:

The Shareholders
Centurion Bank Limited

Your Directors present herewith the Tenth Annual Report together with the Audited Balance Sheet as at 31st March 2004 and the Profit & Loss Account for the year ended on that day.

The highlights of the performance are as under:

(Rs. in crores)

Particulars	For the year ended 31st March 2004	For the year ended 31st March 2003
Gross income (Interest income Plus Other income)	396.77	449.57
Gross Expenditure	384.64	427.88
Operating Profit	12.13	21.69
Provisions & Contingencies	117.27	47.05
Net Profit / (Loss) after tax	(105.14)	(25.36)

The year 2003-04 was a significant year for the Bank which witnessed the first phase of the re-organisation of the Bank. The re-organisation is based upon the letter of offer from Sabre Capital Worldwide Inc. (Sabre) and includes allotment of shares, warrants and stock options to Sabre as per their offer. The said offer was approved by the Board of the Bank and implemented through a composite Scheme of Arrangement (Scheme) under Section 100 (for reduction of capital) and pursuant to Sections 391 to 394 of the Companies Act, 1956. The Scheme, which was approved by the shareholders, the High Courts of Bombay (Goa Bench) and Karnataka as well as the Reserve Bank of India, inter-alia involved re-structuring of our Share Capital, merger of the Bangalore Branch of Bank Muscat (SAOG) with the Bank and infusion of Tier-1 capital. The successful re-organisation of the Bank was the result of concerted efforts by the management of the Bank, with the help of a team of reputed advisors viz. DSP Merrill Lynch, J Sagar Associates, KPMG and RSM & Co., and the support of the Reserve Bank of India and our shareholders including Asian Development Bank, Manila and Keppel Corporation, Singapore.

The emphasis on re-organising the Bank, increasing our retail marketing efforts and paring non-core treasury investments resulted in a reduction in operating profits as compared to the previous year. As part of the clean up, the Bank has made significant provisioning for NPAs and taxes amounting to Rs. 117 crores, subsequent to which the Bank has made a loss of Rs. 105 crores. At the end of March 31, 2004 the provisioning cover stood at 69% of Gross NPAs and Net NPAs have been brought down to 4.3% of Net Advances. During the year retail assets have grown by 47% and the average deposit costs have declined to 6.3%. This trend of asset growth and decline in deposit costs is expected to sustain in the year ahead.

DIVIDEND

In view of the losses sustained during the year and the need to conserve capital and deploy it in profitable business opportunities, your directors have decided not to recommend any dividend for the year

MANAGEMENT DISCUSSION AND ANALYSIS

Operating and Financial Performance

Gross Interest Income

The Gross Interest Income of the Bank for the year came down by 10.1% to Rs. 333.79 crores as compared to Rs. 371.34 crores for the previous year. The decrease is attributed to the decline in yields on both investments and loans prevalent during the year although the average levels of both investments and advances for the year increased marginally over the previous year's levels. The corporate loan book as a percentage to total loans continued to fall as per our strategy and this has helped the Bank to build a higher yielding asset mix. The capital market exposure also reduced consistent with the strategy followed in the past two years

Interest Expended

The total interest expenditure for the year recorded reduction of nearly 24.3% over the previous year. The total interest expenditure in absolute value for the year was Rs. 203.82 crores as compared with Rs. 269.30 crores expended in the previous year. While there has been no major change in the level of average deposit held, the average cost of deposits continued its declining trend. The Bank has benefited from its strategy to exit from high cost deposits and increase its retail deposits (including savings, current and term) constituting nearly 80.14% of total deposits as on 31.03.2004 as compared to 70.35% as on 31.03.2003. The Borrowings from Reserve Bank of India/ other Banks/ other institutions were also brought down and dependency on call borrowings eliminated, especially, post the capital infusion.

Net Interest Income

The net interest income for the year 2003-04 was Rs. 129.97 crores as compared to Rs. 102.04 crores for 2002-03. Though average yields on earning assets have fallen, in line with market interest rates, our net interest income grew by 27% over the previous year. The net interest spread improved further to 3.9% from 3.4% in the previous year reflecting the decline in deposit costs and the increasing mix of retail assets in our portfolio.

Other Income (Non-interest)

The other income for the year showed a decrease over the previous year's level. The other income for 2003-04 was Rs. 62.98 crores as compared to Rs. 78.23 crores net of one time loss of Rs. 14.10 crores on sale of non banking asset. Major reason for the decline was the reduced profit from securities trading (adjusted for redemption loss and loss on sale of equity shares of earlier period) which realized Rs. 13.89 crores in 2003-04 as compared to profit (net of redemption loss and loss on sale of equity shares) of Rs. 41.12 crores earned in 2002-03. The opportunities for booking large profit in trading of securities have largely levelled off during the current year. The fees, commissions and exchange income remained largely at the previous year's level as the non funded asset levels were selectively reduced due to constraints of capital adequacy. The income from foreign exchange transactions declined by Rs. 1.04 crores (Rs. 5.99 crores for the year 2003-04 as against Rs. 7.03 crores in 2002-03) due to lower volatility and consequently reduced merchant turnover transactions.

Operating expenses

The operating expenses for the year registered an increase over the previous year from Rs. 109.82 crores in 2002-03 to Rs. 144.68 crores in year 2003-04. The expenditure for the year included the operating expenses of the Bangalore branch of Bank Muscat, (Infantry Road branch) which business with its staff and infrastructure vested in the Bank effective 1 April 2003. Among the heads of expenses, following are major items which have increased as compared to the previous year.

(a) The staff costs increased from Rs. 24.82 crores in 2002-03 to Rs. 31.29 crores in 2003-04. The staff on payroll as on 31.03.2004 was 1112 as compared to 945 as on 31.03.2003. The increase also accounted for the normal increments awarded to staff as a measure to motivate and retain talent after performance review besides offering avenues to increase their knowledge and skill levels through continuous training. This investment will accrue benefit to the Bank over the years as it expands its area of operation after a period of stagnation.

(b) The Bank increased its network by adding a new branch (Infantry Road branch) and an Extension counter. The infrastructure costs (rent, rates, taxes, repairs and maintenance) were Rs. 20.49 crores in 2003-04 as compared to Rs. 18.37 crores in 2002-03.

(c) The marketing expenses for the Retail Asset business increased to Rs. 38.45 crores as compared to Rs. 21.10 crores incurred in 2002-03. The increase is explained by the growth in volume of new business and enhanced incentives/commissions paid to the dealers in the year.

(d) The expenditure in the year also included Rs. 2.70 crores incurred towards the expenses on implementation of the 'Scheme of Arrangement' for restructuring and infusion of capital.

(e) While the Bank continued to harness the benefits of superior technology for enhanced customer service and information management, there were no added expenditure during the year.

Provisions and contingencies

The Bank has made adequate provisions for non-performing assets and for diminution in investments, as per regulatory norms. Further, a higher provision has been made in cases where, in the opinion of the management, it was considered appropriate to do so.

The total provision for the year 2003-04 amounted to Rs. 117.27 crores compared to Rs. 47.05 crores for the year 2002-03. The details of provisions made for major items during the year are as follows:

- Provision of Rs. 96.91 crores for NPAs (previous year Rs. 49.61 crores)
- Provision for disputed Income Tax demands of earlier years Rs. 33.05 crores (previous year –nil)
- Provision for disputed Sales tax demands on lease transactions of earlier years Rs. 5. crores (previous year Rs. 1 crore)
- Reversal of depreciation on investments net of adjustment for write off of investment Rs. 15.38 crores (previous year charge of Rs. 1.54 crores)
- Other general provision for staff leave encashment, other provisions reversal resulting in net reversal of provisions in the year of Rs. 2.28 crores (previous year Rs. 4.80 crores)
- Charge in relation to 'Loss on Impairment of Assets': During the year, the Bank adopted the Accounting Standard –28 on 'Impairment of Assets' ahead of the requirement to do so and an impairment loss of Rs. 7.81 crores was determined relating to certain items of Fixed Assets. The said loss has been provided for by adjusting the debit balance in the Profit & Loss Account after determination of loss for the current year.

Operating profit

For the year ended 31st March 2004 the Bank earned an operating profit of Rs 12.13 crores as compared to Rs. 21.69 crores earned for 2002-03. The combined effects of the reduced security trading income, higher operating expenses comparative the previous year level have resulted in the reduced operating profit for the year.

Assets

The total tangible assets of the Bank increased from Rs.3229.81 Crores in 2002-03 to Rs. 3417.48 crores as on 31.03.2004. The credit portfolio as on 31.03.2004 increased to Rs. 1556.41 crores from Rs. 1313.72 crores as on 31.03.2003. In pursuance of a strategy to shift focus from low yielding corporate loans to higher yielding retail loans, the corporate loan book (including leases, industrial hire purchase and credit substitutes) as on 31.03.2004 was further reduced to 26% of the total loan book size as compared to 32% as on 31.03.2003, 45% on 31.03.2002 and 55% as on 31.03.2001..

The Bank's leadership position continues in financing of two wheelers, commercial vehicles and construction equipment despite the entry of other major players and fierce competition in this field. During the year 2003-04, the Bank registered a growth of 37.4% (previous year 14.29%) and 45.60% (previous year 12.52%) in the book size of loans (performing) for two wheelers and commercial vehicles/construction equipment, respectively. The number of two wheelers financed by the Bank has crossed the figure of 6 lacs. With the emphasis laid by the Central and State Governments on infrastructure, there is tremendous scope for the Bank - which has built an expertise in financing of construction equipment and commercial vehicles - to further expand and consolidate this business. These retail products have historically demonstrated healthy asset quality and low delinquency rates. With a view to further broad-base the retail portfolio, the Bank introduced a "personal loan" product in 2002-03. The loan book size has grown from Rs. 16.24 crores as on 31.03.2003 to Rs. 80.12 crores as on 31-3-2004 (an increase of 390%). With the vesting of the business of the Bangalore branch of Bank Muscat (BBM) in Centurion during the year, the retail segment has now added new loan products such as Three wheeler loans and Auto loans.

Asset quality and provisioning

The Bank's emphasis on building quality assets continued during the year. It has put in place a comprehensive policy for controlling and managing non-performing assets. The recovery efforts are being monitored by the top management periodically and submitted for review by a Board level Committee .

The RBI has prescribed '90 day norm' for income recognition, asset classification and provisioning norms against '180 day norm' earlier prescribed. The Bank has adopted the revised norm. During the year an amount of Rs. 65.38 crores was added towards new NPAs of which the Corporate borrowers constituted an amount of Rs. 41.95 crores, Retail segment (Two wheeler, Commercial Vehicles and Construction Equipment (CV-CE), and Personal loans) an amount of Rs. 22.20 crores and others Rs. 1.23 crores.

The gross NPAs to Gross advances (including lease) as on 31.03.2004 were 12.61% as compared to 15.13% as on 31.03.2003. The net NPAs to net advances (including lease) as on 31.03.2004 were 4.30% as compared to 7.51% as on 31.03.2003. In the Retail asset segment (Two wheeler, CV-CE and Personal Loans) the Gross and Net NPAs were 1.89% and 0.93% respectively which compares favorably with the industry standard. Within the Retail, the Two wheeler segment Gross and Net NPAs were 2.21% and 1.24% respectively (previous year the ratios reckoned on '180 day norm' were 1.11% and 0.19% respectively) and in the CV-CE segment the Gross and Net NPAs were 1.35% and 0.80% respectively (previous year the ratios reckoned on '180 day norm' the Gross and Net NPAs were 0.67% and 0.51% respectively).

As on 31.03.2004 the Gross NPAs (after 2003-04 financial year write off) , provisioning and Net NPAs were Rs,. 221.41 crores, Rs. 152.51 crores and Rs. 68.90 crores respectively, giving a healthy provision coverage of 68.88% of Gross NPAs (previous year 54.43%).

Under a Financial Support Agreement (FSA) dated 8th April 1999, executed by TCFC Finance Limited (TFL), an amount of Rs. 4000 lacs was recoverable from TFL against which TFL had pledged 400 lac shares of the Bank owned by them with a Power of Attorney in favour of the Bank to execute the terms of pledge. Pursuant to the terms of the Scheme of Arrangement, the pledged shares are deemed to have been transferred and vested in the Trustees- Centurion Bank Stock Trust, nominated by the Board of Directors for the benefit of the Bank. The provision of Rs. 5 crores for the shortfall in the valuation (market value) made on 31.03.2003 has been retained as a matter of prudence although the market value of the shares as on 31.03.2004 is Rs. 39 crores.

The Bank continues to maintain a standard asset provision of Rs. 6.56 crores as on 31.3.2004, even though the total advances have decreased.

Liabilities

The Bank's outside liabilities (i.e. excluding capital and reserves) stood at Rs. 3355.92 crores as on 31.03.2004 as compared to Rs 3209.65 crores as on 31.3.2003 and its total deposits as on 31.03.2004 were Rs. 3028.79 crores as compared to Rs. 2834.71 crores as on 31.03.2003. The Bank continued its thrust on mobilising low cost and relatively stable retail deposits with a focus on attracting more of savings bank deposits. The savings bank deposits of the Bank grew by 39% during the year with the number of accounts increasing by about 21.5%. The retail deposits constituted 80.14% of the total deposits as on 31.3.2004.

Treasury Operations

The Treasury continues to actively participate in the money market. The Bank's Treasury department is equipped with the state of the art facilities/software, including the latest 'value at risk' module for conducting business in a risk controlled environment.

Major initiatives and achievements

The Bank continues to enjoy a good brand and customer loyalty. The Bank has been a pioneer in harnessing the benefits of technology to offer first class service through various products such as debit cards, internet banking, e-payment gateway and SMS alerts through mobile phones across India. The number of debit cards issued by the Bank exceeded 3.79 lacs.

The Bank has plans to pursue personal loans, credit cards and housing loans along with a sustained thrust on two-wheeler and commercial vehicle financing. The Bank also has plans to offer wealth management services and expects to shortly announce a partner for bancassurance.

Risk Management

The Bank has policies clearly enunciated for corporate and retail credit. Detailed norms for various types of lending have been laid down. The Bank monitors its exposure to various segments of industries. The corporate credit portfolio is well diversified to different industries. The retail loans portfolio is widely distributed over a number of accounts. In the treasury operations, prudent risk management practices for tracking various kinds of exposure, stop loss limits, etc. are followed on real time basis, with the help of sophisticated software.

The Bank has suitably restructured the organisational set up to implement the guidelines on risk management issued by RBI. The Review Committee for recovery of NPAs has been reconstituted as the Risk Policy Committee of the Board. The terms of reference of the Risk Policy Committee include review of the risk profile of the various assets of the Bank and review and follow up from time to time, of the actions initiated by the Bank with reference to specific NPA recovery cases.

Internal control and audit

Regular internal audit and inspection of the operations of the Bank through its various branches / offices is undertaken by the separate Internal Audit Department of the Bank. The Concurrent Audit mechanism established by the Bank covers about 69% of the business of the Bank.

The Bank has built up a system of internal controls, audit trails and rating of branches for efficiency, based on different parameters such as business performance, operations, compliance, house keeping, etc. The performance of the Internal Audit department. as well as the position in regard to the disposal of the internal audit reports of branches/ offices are periodically reviewed by the Audit Committee of the Board of the Bank.

During the year the Bank has initiated the implementation of a "Risk Based Internal Audit (RBIA)" and pilot projects towards this end were undertaken at various branches. The Internal Audits at various branches with effect from 1st April 2004 are based on the "RBIA" approach.

The Bank has an information security officer exclusively to monitor the information technology related security aspects as per regulatory and internal guidelines.

Branch Network

The Bank has a network of 61 branches covering 45 cities,148 ATMs, 20 extension counters and 23 marketing offices as on 31.03.2004. In June 2004, the Reserve Bank of India has issued us 14 new branch licenses, which we expect to fully implement during the year ahead.

Human Resources

The Bank had on its rolls 1112 employees as on 31.3.2004. The manpower count also includes employees of the Infantry Road branch (Bangalore Branch of Bank Muscat (SAOG)), which the Bank has acquired as a result of merger of the business of the said branch with the Bank in terms of the Scheme of Arrangement. The new professional management team inducted by the Bank during the year, which we will continue to strengthen as required, will prove to be the Bank's strength and is expected to pave way for the Bank's vision of becoming a leading retail Bank in the country.

In line with the Bank's business objectives, the Bank has introduced a new performance appraisal system for the employees, which is based on the latest performance management concept of 'Balanced Scorecard' and gives due emphasis to controlling and minimising risk.

The Bank has continued with its employee development initiatives by deputing its executives to various behavioural and functional training programmes in accordance with the business needs. A total of 1578 training mandays have been achieved through 93 programmes during the year. The training plans for the year 2004-05 will be finalised on the basis of the findings of an exhaustive "Training Needs Identification (TNI)" exercise undertaken during the first quarter of the current year.

Capital Infusion

The Restructuring of the Share Capital and additional capital infusion of Rs.154 Crores as envisaged in the Scheme of Arrangement has been completed.. Additional infusion of capital through the proposed Rights Issue of 22,69,88,077 Equity Shares of Re 1/- each at an issue price of Rs. 4/- per share aggregating to Rs. 90.79 Crores is expected to be completed during the year to enable the Bank achieve the stipulated minimum capital adequacy ratio of 9%. Towards achieving capital adequacy, the Bank has also issued Tier II capital and securitised a pool of retail assets during the month of June 2004.

STATUTORY DISCLOSURES

1. **Particulars of Employees u/s 217 (2A)**

   The information required under the provisions of Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) Amendment Rules,2002 is given in the Annexure appended hereto and forms part of this report. However, in terms of Section

219(1)(b)(iv) of the Act, the Report and Accounts excluding the aforesaid Annexure are being sent to the Members. Interested members may write to the Company Secretary at the Corporate Office of the Bank for obtaining a copy of the said Annexure.

2. **Particulars of conservation of energy and technology absorption u/s217(1)(e):**

The provisions of Section 217(1) (e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to your Bank. The Bank has however, extensively used information technology in its operations.

3. **Directors' Responsibility Statements u/s 217(2AA):**

In terms of the provisions of Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors state that:

i. The applicable accounting standards have been followed in the preparation of the Annual Accounts and proper explanations have been furnished relating to material departures.

ii. Accounting policies have been selected and applied consistently and reasonably, and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the Bank as at the end of financial year on 31st March, 2004 and of the Profit and Loss of the Bank for the financial year 2003-04.

iii. Proper and sufficient care has 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.

iv. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A separate section on Corporate Governance has been included as part of the Directors' Report.

DIRECTORS

Mr Shailendra Bhandari was appointed as the Managing Director of the Bank for a period of 5 years from the date of his assuming charge on 1st February 2004, with the approval of the Reserve Bank of India. Mr.Gurvirendra Singh (Rana) Talwar, Mr.J.S.George and Mr.K.K.Abdul Razak were appointed as Additional Directors of the Bank on 31st January 2004 and shall hold office upto the ensuing Annual General Meeting. Mr.Rana Talwar was appointed as the Chairman of the Bank pursuant to the approval of the Reserve Bank of India. Mr.Y.K.Modi was appointed as an Additional Director on 3rd March 2004 and shall hold office upto the date of the ensuing Annual General Meeting. The Bank has received necessary notices from members pursuant to Section 257 of the Companies Act, 1956 signifying their intentions to propose the candidature of Mr.Rana Talwar, Mr.J.S.George, Mr.K.K.Abdul Razzak and Mr.Y.K.Modi as Directors of the Bank.

Mr.V.Janakiraman laid down office as the Chairman & Managing Director of the Bank during the year . Your Directors would like to record their sincere appreciation of the contribution made by Mr.Janakiraman during his tenure as the Chairman & Managing Director of the Bank in steering the Bank during a difficult phase in a mature and effective manner leading to the obtaining of the necessary regulatory approvals for implementation of the Scheme of Arrangement. Mr.Chee Jin Kiong, Mr.Peter Nigel Kenny and Mr.Mahesh Vyas also resigned as Directors during the year. Your Directors wish to place on record their sincere appreciation of the contributions made by Mr.Kiong, Mr.Kenny and Mr.Vyas to the deliberations of the Board of Directors during their tenure as Directors.

Mr.Kamlesh Vikamsey and Mr.S.K.Jain will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS

M/s. V. Sankar Aiyar & Co., Statutory Auditors of the Bank, would be retiring at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment subject to the approval of the RBI. Members are requested to consider their re-appointment on a remuneration to be recommended by the Audit Committee of the Board.

ACKNOWLEDGEMENTS

The Board of Directors thanks the Reserve Bank of India for extending valuable guidance and support to your Bank. The Board expresses its gratitude to all depositors, other customers, other banks and correspondents, financial institutions and shareholders for their continued support. The Board wishes to place on record its deep appreciation of the strenuous and sincere efforts put in by all employees in meeting the challenges of the market place.

For and on behalf of the Board

Rana Talwar
Chairman

Place : Mumbai
Date : 30th June, 2004

Centurion Bank

CORPORATE GOVERNANCE

1. **Centurion Bank's philosophy on Code of governance**

We, at Centurion Bank, believe that a bank is an institution of trust and the actions and decisions of its Board of Directors and management affect all its stakeholders and constituents i.e. shareholders, depositors, other customers, employees, correspondent banks and members of the society.

For us at Centurion Bank, good Corporate Governance is the *sine qua non* of a sound banking system and implies:

a. commitment to values,

b. ethical business conduct,

c. a high degree of transparency and

d. directing the intellectual capabilities and moral authority of the Board towards protecting the interest of the different stakeholders.

2. **Board of Directors**

The Board of Directors of the Bank comprises 11 directors, headed by Mr. Rana Talwar, Non-Executive Chairman. All the directors other than Mr. Shailendra Bhandari, Managing Director are non-executive directors. The Board has the required number of Independent Directors (Refer Note 1) as prescribed in Clause 49 of the Listing Agreement.

During the financial year 2003-04, the Board met on 8 occasions i.e. on 23rd April 2003, 11th June 2003, 25th July 2003, 8th September 2003, 8th October 2003, 24th November 2003, 31st January 2004 and 3rd March 2004.

The composition of the Board, details of directorships and Committee memberships held by the directors in other Companies as on 31st March 2004 and attendance of present directors at the Board meetings during the year are given below:

Names & Categories of Directors	Board Meetings attended	Particulars	Other Companies (Refer Note 2)	
			Directorships in other Companies	Committee Memberships in other Companies (Refer Note 3)
Non-Executive Directors				
Mr. Rana Talwar (Appointed on 31st January 2004)	2	Chairman	Nil	Nil
Mr. Teo Soon Hoe	3	Representing Kephinance Investment (Mauritius) Pte. Ltd.	Nil	Nil
Mr. S. Venkiteswaran	6	Independent	8	6 (Chairman of 1)
Mr. Jayant Dang	4	Independent, Nominee of Asian Development Bank	1	Nil
Mr. Kamlesh Vikamsey	8	Independent	1	2 (Chairman of 1)
Mr. S. K. Jain	6	Independent	1	2
Mr. Rajiv Maliwal (Appointed on 25th July 2003)	5	Representing Sabre Capital Worldwide Inc.	Nil	Nil
Mr. J. S. George (Appointed on 31st January 2004)	2	Representing Bank Muscat (SAOG)	Nil	Nil
Mr. K. K. Abdul Razak (Appointed on 31st January 2004)	2	Representing Bank Muscat (SAOG)	Nil	Nil
Mr. Y. K. Modi (Appointed on 3rd March 2004)	Nil	Independent	7	2