

ANNUAL REPORT 1999-2000

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HDFC BANK

HDFC BANK

- Consumer Banking
- Consumer Loans
- Demat Accounts
- Stock Broker Accounts
- Business Accounts
- Custodial Services
- Corporate Banking
- Cash Management
- Correspondent Banking
- Financial Institutions Group
- Treasury & Capital Markets
- NRI Services
- Equities and Private Banking

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What's on at HDFC Bank?

- Pay bills on the net! New
- Take advantage of Mobile Banking, a revolutionary service that enables you to operate your account from your mobile phone.
- We offer NRIs a wide range of services. And now, when you open an NRI Savings Account, you get a free Demat Account.
- Apply for car loans and personal loans - The most affordable way to finance your dreams.

Shopping

Easy Shopper

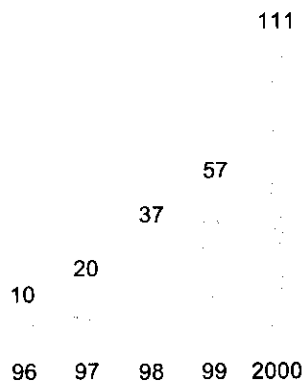


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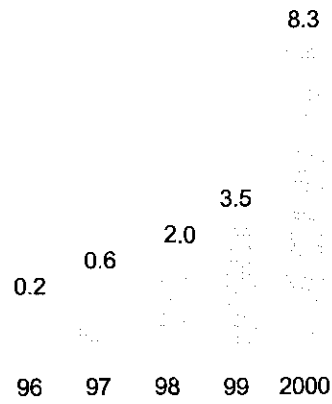
1999 - 2000 @ a glance

- Times Bank amalgamates with the Bank
- Profit after tax increases 45.7% to Rs. 120.04 crores
- Earnings per share increases from Rs. 4.12 per share to Rs. 5.93 per share
- Dividend per share increases from Rs. 1.30 per share to Rs.1.60 per share
- Branch Network up from 57 to 111 outlets
- Geographic reach expanded from 21 cities to 34 cities
- Deposits at Rs. 8428 crores
- Balance sheet size up from Rs. 4,350 crores to Rs. 11,656 crores
- Capital position strengthened. Capital Adequacy Ratio at 12.19%

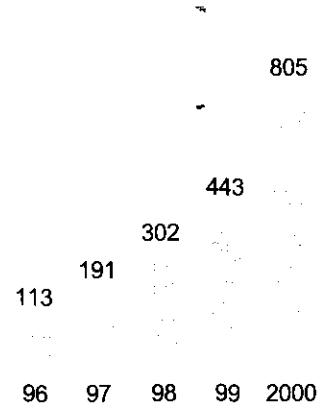
BRANCH OUTLETS



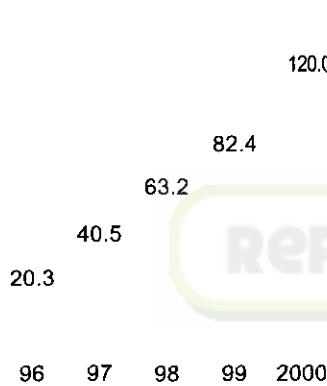
**RETAIL ACCOUNTS
(Lacs)**



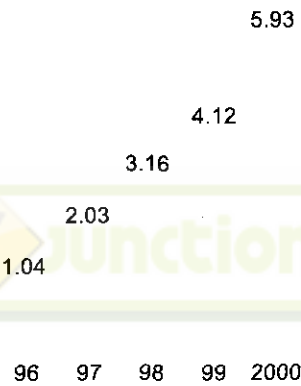
**TOTAL INCOME
(Rs. Lacs)**



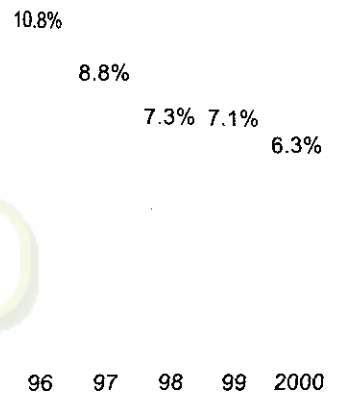
**PAT
(Rs. Crores)**



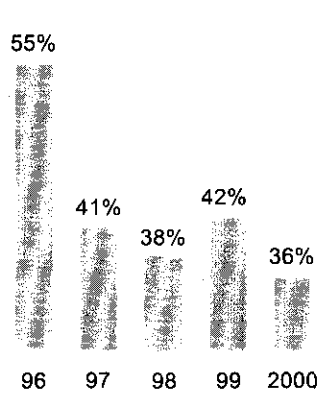
**EARNING PER SHARE
(Rs.)**



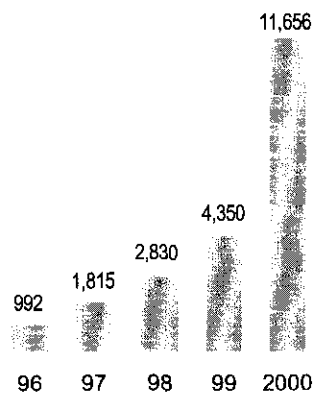
**COST OF DEPOSITS
(%)**



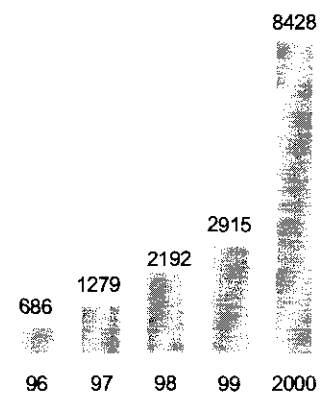
**OPERATING COSTS TO
NET REVENUES (%)**



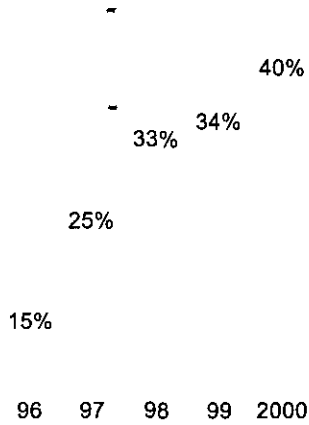
**WORKING FUNDS
(Rs. Crores)**



**TOTAL DEPOSITS
(Rs. Crores)**

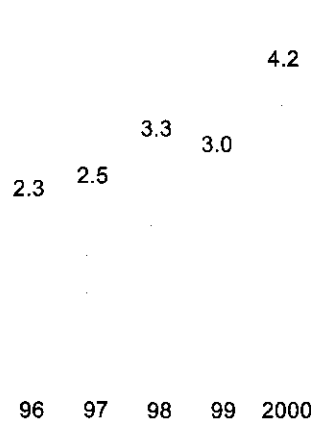


DEPOSIT MIX (%)

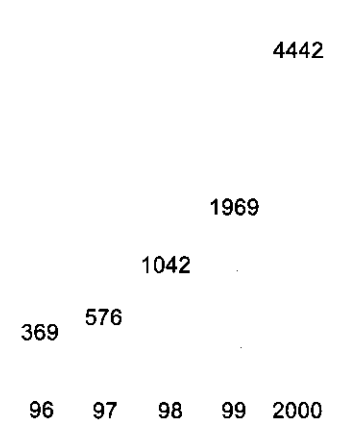


Deposit Mix is current & savings account balances to total deposits

DEPOSITS PER EMPLOYEE (Rs. Crores)

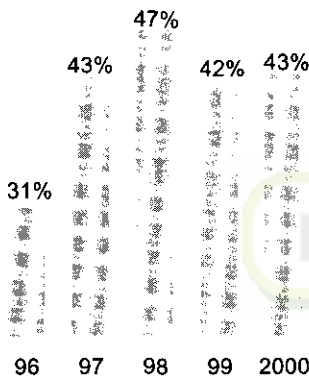


CUSTOMER ASSETS (Rs. Crores)

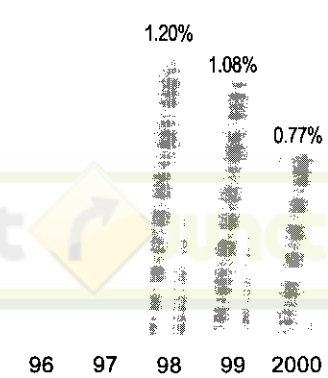


Customer Assets include net advances plus investments in commercial paper and debentures

PRIORITY SECTOR LENDINGS TO NET BANK CREDIT (%)

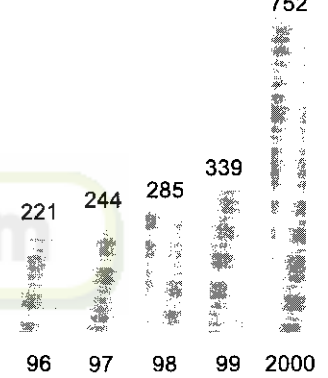


NET NPA TO CUSTOMER ASSETS (%)

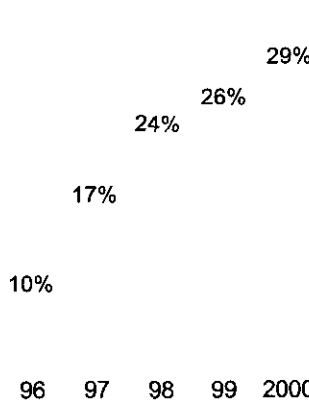


Net NPA is non-performing assets net of interest in suspense, specific provision and ECGC claims received

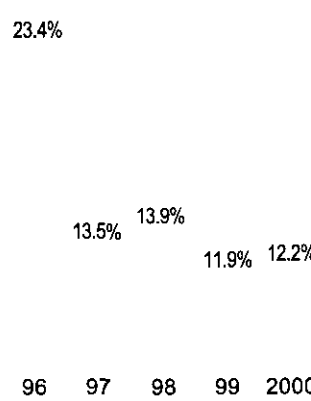
NETWORTH (Rs. Crores)



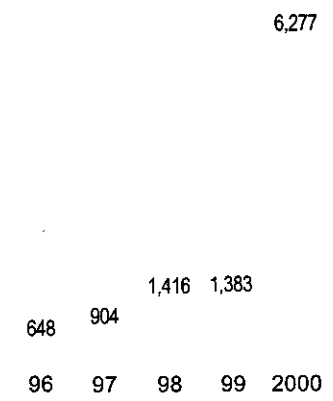
RETURN ON AVERAGE NETWORTH (%)



CAPITAL ADEQUACY RATIO (%)



MARKET CAPITALISATION (Rs. Crores)



financial highlights

Rs. in Lacs

	1995-96	1996-97	1997-98	1998-99	1999-2000
Interest Income	100,07	161,74	240,80	376,08	679,87
Interest Expense	70,84	87,18	137,55	229,18	374,28
Net Interest Income	29,23	74,56	103,25	146,90	305,59
Commission and Fee earnings	7,48	18,83	30,92	41,75	84,45
Market Sensitive Income	5,30	9,94	30,23	25,32	37,45
Net Revenues	42,01	103,33	164,40	213,97	427,49
Operating costs	22,67	41,56	62,74	88,80	155,20
Operating Result	19,34	61,77	101,66	125,17	272,29
Loan Loss Provisions	91	3,73	7,22	7,58	53,60
Extraordinary item and other contingent provisions	(9,82)	(1)	9	74	23,84
Profit before tax	28,25	58,05	94,35	116,85	194,85
Provision for taxation	7,97	17,55	31,20	34,45	74,81
Profit after tax	20,28	40,50	63,15	82,40	120,04
Funds :					
Deposits	685,70	1,279,07	2,191,74	2,915,11	8,427,72
Subordinated debt	—	—	100,00	135,00	150,00
Shareholders' Equity	221,08	243,98	285,13	338,93	751,53
Working Funds	992,29	1,815,26	2,829,98	4,349,96	11,656,14
Advances	368,62	575,26	841,98	1,400,56	3,362,27
Investments	314,28	729,72	1,121,33	1,903,80	5,748,28
Key Ratios :					
Earnings per share (Rs)	1.04	2.03	3.16	4.12	5.93
Return on Average Networth	9.62%	17.42%	23.87%	26.41%	29.00%
Tier 1 Capital Ratio	23.40%	13.00%	10.21%	8.34%	9.56%
Total Capital Ratio	23.53%	13.02%	13.92%	11.86%	12.19%
Dividend per share (Rs)	—	0.80	1.00	1.30	1.60
Dividend payout ratio	—	43.46%	34.84%	34.71%	29.96%
Book value per share as at March 31 (Rs)	11.1	12.2	14.3	16.9	30.9
Share price per share as at March 31 (Rs)	32.40	45.20	70.80	69.15	257.20
Price to Earnings Ratio	31.12	22.32	22.42	16.78	43.51
Market Capitalisation (Rs. Lacs)	64,800	90,400	141,600	138,300	625,716
Rs. 10 Lac = Rs. 1 Million		Rs. 1 Crore = Rs. 10 Million			

**6th ANNUAL GENERAL MEETING**

Date	: 19th May, 2000
Day	: Friday
Time	: 3.30 p.m.
Place	: Patkar Hall, SNDT Women's University, 1, Nathibai Thackersey Rd, New Marine Lines, Mumbai 400 020
Book Closure Dates	: 25th April to 19th May, 2000 (both days inclusive)

BOARD OF DIRECTORS

- Mr. Shobha Singh Thakur, *Chairman*
- Mr. Deepak M. Satwalekar
- Mr. Jagdish S. Baijal
- Mr. Nasser M. Munjee
- Mr. Keki M. Mistry
- Dr. (Mrs.) Amla Samanta
- Dr. Venkat Rao Gadwal
- Mr. Christopher FitzGerald (Upto 3rd June, 1999)
- Mr. Christian Jervis Read (Upto 3rd June, 1999)
- Mr. Anil Ahuja (From 16th July, 1999)
- Mr. Arnold Chavkin (From 16th July, 1999)
- Mr. Amit Judge (From 14th April, 2000)
- Mr. Aditya Puri, *Managing Director*

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Mr. Sanjay B. Dongre

AUDITORS

S. B. Billimoria & Co.
Chartered Accountants

REGISTRARS & TRANSFER AGENTS**MCS LIMITED**

Sri Venkatesh Bhavan,
Plot No. 27, Road No. 11,
MIDC Area, Andheri (East),
Mumbai 400 093
Tel. No. 8215235/6/7
Fax No. 8350456

REGISTERED OFFICE

Sandoz House,
Dr. Annie Besant Road,
Worli, Mumbai 400 018
Tel. No. 4951616
Fax No. 4951771
www.hdfcbank.com

CONTENTS	Page No.
Notice	2 - 3
Annexure to the Notice	4 - 5
Directors' Report	6 - 10
Auditors' Report	11
Balance Sheet	12
Profit & Loss Account	13
Schedules to the Accounts	14 - 25
Cash Flow Statement	26
Corporate Governance	27 - 28
Shareholders' Information	29 - 32
Branch Network	33 - 36

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of HDFC Bank Limited will be held at Patkar Hall, S.N.D.T. Women's University 1, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020 on Friday, 19th May, 2000 at 3.30 p. m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors.
2. To declare dividend.
3. To appoint a director in place of Mr. J. S. Bajjal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Dr. (Mrs.) Amla Samanta who retires by rotation and being eligible offers herself for re-appointment.
5. To re-appoint Auditors and in this connection, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT S. B. Billimoria & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Bank to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, on a remuneration of such sum as may be fixed by the Board of Directors in the best interest of the Bank, for the purpose of audit of the Bank's accounts at its Head Office and all its branch offices."

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Anil Ahuja be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Arnold Chavkin be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

8. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Amit Judge 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 a Special Resolution :

"RESOLVED THAT pursuant to the approval of the Reserve Bank of India (RBI) under section 35B of the Banking Regulation Act, 1949 and the applicable provisions of the Companies Act, 1956, the re-appointment of Mr. S. S. Thakur as part-time Chairman of the Bank for a period of one year with effect from 30th September, 1999 be and is hereby approved.

RESOLVED FURTHER THAT pursuant to the said RBI approval Mr. S. S. Thakur be retained to render extra services of a non-executive nature in areas like internal audit, inspection, vigilance and compliance on the existing terms and conditions.

RESOLVED FURTHER THAT the terms and conditions of the reappointment of Mr. S. S. Thakur as approved by RBI and as set out in the agreement duly executed between Mr. Thakur and the Bank be and are hereby ratified.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary and modify the terms and conditions of Mr. Thakur's re-appointment as the Chairman of the Bank, including modification in the professional fees payable to him, in such manner as may be agreed between the Bank and Mr. Thakur and approved by the Reserve Bank of India."

10. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the approval of the Reserve Bank of India (RBI) under section 35B of the Banking Regulation Act, 1949 and the applicable provisions of the Companies Act, 1956, the re-appointment of Mr. Aditya Puri as the Managing Director of the Bank for a period of three years with effect from 30th September, 1999 be and is hereby approved."



RESOLVED FURTHER THAT the terms and conditions of the re-appointment of Mr. Aditya Puri as the Managing Director of the Bank as mentioned below be and are hereby ratified:

1. Salary : Rs. 2,25,000/- p. m.
2. Bonus : Upto one year's salary per annum subject to the approval of the Board and RBI.
3. Entertainment Allowance : Rs. 5000/- p. m.
4. Other Allowances :
 - Club fees - (2)
 - Servants/Gardeners - Rs. 2500/- p. m.
 - Soft furnishing - Rs. 2500/- p. m.
 - Books & periodicals - Rs. 1000/- p. m.

Perquisites

1. Housing accommodation : Bank leased furnished accommodation
2. Gas & electricity : On actual basis
3. Car :
 - i) Free use of the Bank's car for official purposes
 - ii) Use of Bank's car for private purposes on payment of a suitable amount.
4. Provident Fund / Gratuity / Pension :
 - Provident Fund - 12% of basic salary
 - Pension Fund - 15% of basic salary
 - Gratuity - half month's pay per year's service.
5. Travelling and Halting Allowances - Actual
6. Medical Benefits - Actual

7. Other benefits, if any :

- i) Personal Accident Insurance Policy.
- ii) Leave :
 1. Ordinary leave - 30 days p. a.
 2. Sick leave - 7 days p. a.
 3. Leave fare Concession - Rs.1,00,000 p. a.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary and modify the terms and conditions of Mr. Aditya Puri's re-appointment as the Managing Director of the Bank in such manner as may be agreed between the Bank and Mr. Puri and approved by the Reserve Bank of India.

RESOLVED FURTHER THAT in case of inadequacy of profit in any financial year the remuneration shall be paid to Mr. Puri as minimum remuneration subject to the limits laid down in the Companies Act, 1956 and to compensate him later for any shortfall in the agreed remuneration with the approval of Reserve Bank of India."

By Order of the Board

Sanjay B. Dongre
Vice President (Legal) &
Company Secretary

Mumbai, 14th April, 2000

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE BANK.** The proxy form should be lodged with the Bank at its Registered Office at least 48 hours before the time of the Meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business is annexed hereto.
3. All documents referred to in the Notice are open for inspection at the Registered Office of the Bank on all working days between 11.00 a. m. to 1.00 p. m. up to the date of Annual General Meeting.

The Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(1), OF THE COMPANIES ACT 1956

ITEM NO. 6 TO 8

Mr. Anil Ahuja and Mr. Arnold Chavkin are proposed as Directors of the Bank under section 257 of the Companies Act, 1956 at the Board meeting held on 16th July, 1999 to represent on the Board, the strategic investors viz. The India Private Equity Fund (Mauritius) (IPEF) and Indocean Financial Holding Limited (IFHL) respectively. IPEF and IFHL are Mauritius based funds and both are advised by Indocean Chase Capital Advisers, the Indian affiliate of Chase Capital Partners. These Directors would hold office till the date of the ensuing Annual General Meeting.

Mr. Ahuja has received B.Tech degree in Mechanical Engineering from Indian Institute of Technology, Delhi and has done M.B.A. from the Indian Institute of Management, Ahmedabad. Mr. Ahuja has worked with Citibank for eleven years. He is currently the Executive Director of Indocean Chase Capital Advisers.

Mr. Arnold Chavkin holds a degree in Business Administration from Columbia University and serves on the Advisory Boards of different investment funds.

Mr. Amit Judge was appointed as Additional Director of the Bank with effect from 14th April, 2000 pursuant to section 260 of the Companies Act, 1956. Mr. Judge would hold office till the date of the ensuing Annual General Meeting. Mr. Judge is the Chairman of Raghuvir (India) Ltd, Turner Morrison Ltd, Sports and Leisure Apparel Ltd and Steelage Industries Limited and is a Director on the Board of STP Limited and Akarsh Holdings Pvt Ltd.

As required under section 257, the Bank has received notices from members signifying their intention to propose Mr. Anil Ahuja, Mr. Arnold Chavkin and Mr. Amit Judge as candidates for the office of Director. The Bank has also received deposit for Rs. 500/- each as required under the Act.

It is proposed to appoint Mr. Anil Ahuja, Mr. Arnold Chavkin and Mr. Amit Judge as Directors of the Bank subject to the approval of the Members. None of the Directors other than Mr. Ahuja, Mr. Chavkin and Mr. Judge is concerned or interested in the respective resolutions.

ITEM NO. 9

Mr. S. S. Thakur was appointed as a part time Chairman for a period of five years from 30th September, 1994. The Board had also approved the proposal to retain Mr. Thakur for rendering extra services on a day-to-day basis in areas like internal audit, inspection, vigilance, compliance of the RBI and Board policies / directions, etc. The appointment of Mr. Thakur as a part-time Chairman and the terms and conditions of his appointment were approved by the Reserve Bank of India under section 35B of the Banking Regulation Act, 1949; vide its letter DBOD No. 513/08.89.001-94 dated 21st December, 1994. The five year term expired on 29th September, 1999.

Mr. Thakur has rendered invaluable services as the Chairman of the Board of Directors and the Board constituted Committees, viz. Audit & Compliance Committee, Share Committee, Premises Committee and Credit Approval Committee. Under his overall guidance the Bank has developed and put in place effective internal audit and compliance systems. In view of this and the impressive all-round progress the Bank has achieved during the chairmanship of Mr. Thakur, it was proposed to re-appoint him as the Chairman on a part-time basis and retain him for rendering extra services as mentioned above. The Board at its meeting held on 16th July, 1999 approved the re-appointment of Mr. S. S. Thakur as a part time Chairman of the Bank for a period of one year from 30th September, 1999 subject to the approval of Reserve Bank of India. His re-appointment was approved by the Board on the same terms and conditions as were approved initially in 1994, which inter alia include a professional fee of Rs.15 lacs per annum and other perquisites as specified in the agreement entered into between the Bank and Mr. Thakur. The RBI had also granted necessary approval in this regard vide its letter No. DBOD No.190/08.89.001/99 dated 1st September, 1999.

The Board of Directors recommend the re-appointment of Mr. Thakur as part time Chairman of the Bank for a period of one year with effect from 30th September, 1999. None of the Directors other than Mr. Thakur is concerned or interested in the relevant resolution.



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