

ANNUAL REPORT 2000-2001

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HDFC BANK



Mission Statement

- To build a sound customer franchise across distinct businesses so as to be the preferred provider of banking services in the niche segments that the bank operates in and to achieve healthy growth in profitability, consistent with the bank's risk appetite.
- To ensure the highest level of ethical standards, professional integrity and regulatory compliance.

Special Notice



Notice is also hereby given that at the Seventh Annual General Meeting of HDFC Bank Limited to be held at the Nehru Centre Auditorium, Discovery of India Building, Worli, Mumbai 400 018 on Friday, 1st June, 2001 at 11.00 a.m., Mr. Sureshchandra V. Parekh, a shareholder of the Bank has proposed to move the following resolution under Section 284 of the Companies Act read with Section 190 of the Companies Act, 1956.

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

"RESOLVED THAT pursuant to the provisions of Section 284 of the Companies Act, 1956, Mr. Aditya Puri, Director of the Bank be and is hereby removed from his office as Director of the Bank with effect from the date of ensuing Annual General Meeting of the Bank."

Explanatory Statement to Proposed Shareholder Resolution:

Mr. Sureshchandra V. Parekh is a shareholder of the Bank holding 200 equity shares of the Bank, jointly with Mrs. Nilaben S. Parekh. By his letter dated the 28th of March, 2001 he has served notice to the Bank under the provisions of Section 284 read with Section 190 of the Companies Act, 1956 for the removal of Mr. Aditya Puri, Managing Director of the Bank.

The grounds on which Mr. S.V. Parekh seeks the removal of Mr. Aditya Puri are mentioned in the above letter. The grounds as mentioned in the said letter are unclear and uncertain. However the same are mentioned hereunder:

- (a) Mr. S.V. Parekh and his wife were allegedly entitled to 700 shares of the Bank in the preferential issue of the Bank, but the same have not been allotted to him.

Management View: While the allegation made by the shareholder in his letter is unclear, it is presumed that the same relates to the original preferential allotment made by the Bank to the shareholders of Housing Development Finance Corporation Limited (hereinafter "**HDFC Limited**") in December 1994. Upon consultation with HDFC Limited the Bank has been informed that Mr. S.V. Parekh is a shareholder of HDFC Limited along with his wife Nilaben Sureshchandra Parekh. They were holding 7 equity shares in HDFC Limited. In or about 1992, HDFC Limited received a request for transferring 7 shares in various combinations of names like N.S. Parekh, Parekh Nilaben S., Nila S. Parekh, etc. The intention was to create 7 folios with 1 share each, all in the same person's name. HDFC Limited transferred all the shares but in one folio. Hence at the time of the preferential allotment made by the Bank in December, 1994, 100 shares were offered to the said shareholder on the basis of one folio holding 10 or less shares. However Mr. S.V. Parekh and Mrs. Nilaben Parekh have been time and again demanding 700 shares instead of the said 100 shares. The management of the Bank is informed by HDFC Limited that the claim of Mr. S.V. Parekh is incorrect and baseless. Further, the allotment made by the management was based on the list of the eligible shareholders together with their entitlement, as provided by HDFC Limited. The details of such list were an internal matter for HDFC Limited. Hence the management of the Bank is of the view that this ground cannot be a ground for removal. Further, there are no allegations made against Mr. Aditya Puri, the director proposed to be removed.

- (b) a request for the transfer of 1600 shares held by HDFC Limited to his and his wife's name.

Management View: It is not clear as to what the said allegation relates to and the management is unable to appreciate the same. In any event the Bank has discussed the same with HDFC Limited and is given to understand that the same is incorrect and baseless. The management is of the view that this ground cannot be a ground for removal. There are no allegations made against Mr. Aditya Puri, the director proposed to be removed.

- (c) Certain preferential allotments made to HDFC Limited and a USA based company at a price of Rs. 94/- per share have been alleged to be against Company and Banking law and has caused loss to the Bank. The shareholder has sought clarification on the same.

Management View: As regards the same, the management of the Bank states that each of the said issues and allotments were made with appropriate corporate approvals, which approvals were unanimously granted by the shareholders of the Bank at the Extra Ordinary General Meeting of the Bank held on 1st of January, 2000. The same were in accordance with all applicable regulatory guidelines, including the Securities and Exchange Board of India, Preferential Allotment Guidelines. The price was computed in accordance with the said Preferential Allotment Guidelines. The management states that the grounds alleged by Mr. S.V. Parekh are totally baseless and incorrect.

- (d) Certain preferential allotments have been approved to the employees of the Bank at a price of less than Rs. 94/- per share. This, the shareholder has alleged, has caused loss to the Bank and the shareholder has sought clarifications on the same.

Management View: It is not certain what the aforesaid relates to. Presumably the same relates to the approval granted by the shareholders of the Bank on the 1st of January, 2000 for the employee stock option scheme of the Bank. All allotments made under the employees stock options scheme have been made as per the pricing formulae unanimously approved by the shareholders in their meeting held on the 1st of January, 2000, which is in accordance with and in full compliance of the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The management states that the grounds alleged by Mr. S.V. Parekh are totally baseless and incorrect.

- (e) Certain preferential allotments were made in 1994 of equity shares of the face value of Rs. 20 crores to HDFC Bank and HDFC Limited "by way of unregistered trust" which does not have the approval of any "government agency". He has sought certain clarifications in this regard.

Management View: The aforesaid allotments were made prior to the initial public issue of the Bank and the same have been fully disclosed in the prospectus of the Bank. The said issue was made in accordance with the provisions of law. The management is therefore of the view that this ground is baseless and incorrect.

The Bank has reserved all its rights in law to proceed against the said Mr. S.V. Parekh as it may be advised.

The Board of Directors of the Bank does not support this resolution and recommends the negation of this resolution. None of the Directors of the Bank other than Mr. Aditya Puri is in any way concerned or interested in the said motion.

The aforesaid letter of Mr. S.V. Parekh dated the 28th of March, 2001 is available for inspection at the registered office of the Bank upto the date of the Annual General Meeting, between 10:30 a.m. to 12:30 p.m. Any shareholder seeking to examine the said letter could obtain inspection during such time.

By order of the Board

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

Mumbai, 14th April, 2001



Notice

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of HDFC Bank Limited will be held at the Nehru Centre Auditorium, Discovery of India Building, Worli, Mumbai-400 018 on Friday, 1st June, 2001 at 11.00 a. m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2001 and the 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. Keki M. Mistry who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nasser M. Munjee who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint Auditors and in this connection, to pass, with or without modification 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. Vineet Jain be and is hereby appointed 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 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 extension of services of Mr. S. S. Thakur as part-time Chairman of the Bank on the same terms and conditions including the remuneration thereof, for a period of three months from 1st October, 2000 to 31st December, 2000 be and is hereby approved and ratified."

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

"RESOLVED THAT subject to the applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Bank be and is hereby increased from Rs. 300,00,00,000 (Rupees Three Hundred Crores Only) divided into 30,00,00,000 (Thirty Crores) Equity Shares of Rs. 10/- each to Rs. 450,00,00,000 (Rupees Four Hundred Fifty Crores Only) divided into 45,00,00,000 (Forty Five Crores) Equity Shares of Rs. 10/- each, ranking pari-passu with the existing Equity shares issued by the Bank and that the existing sub-clause (v) of clause 2 of the Memorandum of Association of the Bank be and is hereby substituted by the following :

'The Capital of the Company is Rs. 450,00,00,000 (Rupees Four Hundred Fifty Crores only) divided into 45,00,00,000 (Forty Five Crores) Equity Shares of Rs. 10 each with a power to increase or reduce the share capital.' "

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the followings amendments to the Articles of Association of the Bank be and are hereby approved:

Article 4 :

The Authorised Capital of the Company will be as stated in Clause C2(v) of the Memorandum of Association from time to time with power to increase or reduce the said Capital and to issue any part of its Capital original or increased with or without any priority or special privilege subject to the restrictions, if any, under the Banking Regulation Act, 1949 or subject to any postponement of rights or to any conditions or restrictions so that unless the conditions of issue

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otherwise prescribe such issue shall be subject to the provisions herein contained.

Article 55A

New Article 55A be inserted after the existing Article 55, as follows:

"No person/group of persons shall acquire any shares of the Company which would take his/her/ its holding to a level of 5% or more (or any such percentage imposed by Reserve Bank of India from time to time) of the total issued capital of the Company unless prior approval of the Reserve Bank of India has been obtained by such person/ group of persons."

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

"RESOLVED THAT subject to the relevant laws, rules and regulations as applicable from time to time, and subject to such consents, sanctions and permissions as may be required, consent of the Bank be and is hereby accorded for acquiring and holding Equity shares of the Bank, by the Foreign Institutional Investors (FIIs), upto an aggregate limit of 30% of the paid up equity share capital of the Bank. Provided however that the equity share holding of a single FII or a sub-account of an FII, in the Bank shall not at any time exceed 10 percent of the paid up Equity Share Capital of the Bank.

PROVIDED HOWEVER that the Board of Directors of the Bank be and is hereby authorised to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Bank."

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

"RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or modification(s) or re-enactment(s) thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Bank and the regulations/ guidelines, if any, prescribed by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), and all other concerned and relevant

authorities from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions of the Government of India, SEBI, RBI and all other appropriate authorities, institutions or bodies and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Bank (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, the Board be and is hereby authorised, on behalf of the Bank, to create, issue, offer or allot, in the course of one or more public or private offerings in domestic or one or more international markets, equity shares and/or equity shares through depository receipts and/or securities convertible into equity shares at the option of the Bank and/or the holders of such securities, and/or securities linked to equity shares and/or any instrument or securities representing either equity shares and/or convertible securities linked to equity shares (all of which are hereinafter collectively referred to as 'securities') to investors (whether residents and/or non-residents and/or strategic investors and/or institutions or banks and/or incorporated bodies and/or individuals and/or trustees or otherwise, and whether or not such investors are members of the Bank), through prospectus and/or offer letter or circular and/or on private/preferential placement basis, for, or which upon exercise or conversion of all securities so issued and allotted could give rise to the issue of an aggregate value of US\$ 175 million or equivalent Indian Rupees (including greenshoe option) at the relevant time(s) of issue of securities, such issue and allotment to be made at such times, in one or more tranches, at such price or prices, at a discount, equal to or at a premium to market price or prices, in such manner and where necessary in consultation with the Lead Managers and/or underwriters and/or other advisors or otherwise on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the securities may have all or any terms or combination of terms in accordance with prevalent market practice including but not limited to terms and conditions relating to payment of dividend at the option of the Bank and/or holders of any



HDFC BANK

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securities, including terms for issue of additional equity shares or variations of the price or period of conversion of securities into equity shares or issue of equity shares during the period of the securities or terms pertaining to voting rights.

RESOLVED FURTHER THAT the Bank and/or any agencies or body authorised by the Board may issue depository receipts representing the underlying equity shares in the capital of the Bank or such other securities with such features and attributes as may be required and to provide for the tradeability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).

RESOLVED FURTHER THAT the Board be and is hereby authorised to create, issue, offer and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking in all respects pari-passu inter se and with the then existing equity shares of the Bank in all respects, save and except that such equity shares or securities or instruments representing the same may be without voting rights, if permitted by law and/or, shall carry the right to receive dividend from such date as may be decided by the Board for the financial year in which the allotment of shares shall become effective.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, issue, offer or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorised, on behalf of the Bank, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for managing, underwriting,

marketing, listing, trading, acting as depository, custodian, registrar, paying and conversion agent, trustee and to issue any offer document(s) and sign all applications, filings, deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Bank to settle all questions, difficulties or doubts, that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee or any one or more executives of the Bank."

By order of the Board

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

Mumbai, 14th April, 2001.

Notes :

- 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.
- Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to the Special Business is annexed hereto.
- 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 the Annual General Meeting.

Annexure to the Notice

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

Item No. 3

Mr. Keki Mistry is a Chartered Accountant. He is the Managing Director of HDFC Limited and a Director of HDFC Investments Limited, HDFC Developers Limited, HDFC Holdings Limited, HDFC Standard Life Insurance Co. Ltd., HDFC Trustee Company Limited, Credit Information Bureau (India) Limited, Infrastructure Leasing & Financial Services Limited, Colliers Jardine India Property Services Limited, Quantum Information Services Limited, Intelnet Global Services Limited, Gruh Finance Limited and GW Capital Limited.

Mr. Mistry is a member of the Audit & Compliance, Compensation, Share and Credit Approval Committees of the Bank. He is also member on the Board Committees of the following companies :

Sr. No.	Name of the Company	Name of the Committee	Member/Chairman
1.	Housing Development Finance Corporation Limited	Investors Grievance	Member
2.	HDFC Investments Limited	Audit	Member
3.	HDFC Standard Life Insurance Co. Limited	Audit	Member
4.	HDFC Trustee Company Limited	Audit	Member
5.	Quantum Information Services Limited	Remuneration	Member
6.	Gruh Finance Limited	Audit, Investment, Subordinate Debt	Member " "
7.	Credit Information Bureau (India) Limited	Audit	Member

Item No. 4

Mr. Nasser Munjee is a monetary economist educated at the University of Chicago and the London School of Economics. He is the Managing Director of Infrastructure Development Finance Company Limited (IDFC) and a Director of Aga Khan Rural Support Programme (India) (AKRSP), Indian Association of Savings & Credit, Gruh Finance Limited, Bombay Chamber of Commerce and Industry, Housing

Development Finance Corporation Limited, HDFC Investments Limited, Voltas Limited and Repro India Limited.

Mr. Munjee is the Chairman of the Bank's Risk Monitoring Committee and member of Share Committee. He is also member on the Board Committees of the following companies :

Sr. No.	Name of the Company	Name of the Committee	Member/Chairman
1.	Voltas Limited	Audit	Member
2.	Gruh Finance Limited	Compensation	Member
3.	IDFC Limited	Investment, Premises, Recruitment of senior executives, Executive	Member " " "
4.	HDFC Investments Limited	Audit	Member

N.B.: The resumes of Mr. Mistry and Mr. Munjee are given in pursuance of Clause 49(VI)(A) of the Listing Agreements with the Stock Exchanges.

Item No. 6

Mr. Vineet Jain was appointed as an additional director of the Bank pursuant to Section 260 of the Companies Act, 1956 and would hold office till the date of the ensuing Annual General Meeting. Mr. Vineet Jain is a management graduate and an industrialist. He is the Managing Director of Bennett, Coleman & Company Limited (BCCL), the publisher of the "The Times of India", "The Economic Times" and a host of other newspapers and periodicals. He has been instrumental in leading BCCL's foray into internet, retailing, radio, music and other communication and entertainment related activities.

Mr. Vineet Jain is the Chairman of Entertainment Network India Limited, Times Online Money Limited, and Times Internet Limited. He is also a Director of Times Television Limited and Press Trust of India Limited. Mr. Jain is a Trustee of Times Research Foundation, the Chairman of the Governing Body of Times of India Relief Fund, Director of Times Centre for Media Studies and a member of the Management Committee of the S.P.Jain Foundation.



Annexure to the Notice - (Contd.)

Mr. Jain is a member of the Share Transfer Committee, Management Committee and Loans & Investment Committee of Bennett, Coleman & Co. Limited.

As required under section 257 of the Companies Act, 1956, the Bank has received a notice from a member signifying his intention to propose Mr. Jain as a candidate for the office of Director. The Bank has also received deposit for Rs. 500/- as required under the said Act.

The Board of Directors recommend his appointment as a Director of the Bank. None of the Directors other than Mr. Jain are concerned or interested in the said resolution.

Item No. 7

Mr. S. S. Thakur was appointed as part-time Chairman of the Bank for a period of one year from 30th September, 1999. The Board had also approved the proposal to retain the services of Mr. Thakur 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 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 No. DBOD No.190/08.89.001/99 dated 1st September, 1999. The one year term expired on 30th September, 2000.

Mr. Thakur has rendered invaluable services as Chairman of the Board of Directors and the Board constituted Committees, viz. Audit & Compliance, Share, Premises and Credit Approval Committees. 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 avail of his services as the chairman on a part time basis and for rendering extra services as mentioned above. The Board at its meeting held on 12th July, 2000 approved the re-appointment of Mr. S. S. Thakur as part time Chairman of the Bank for a period of 3 months upto 31st December, 2000 subject to the approval of Reserve Bank of India. on the same terms and conditions as were approved in September, 1999, which inter alia includes professional fee of Rs.15,00,000/- per annum and other perquisites as specified in the agreement entered into between the Bank and Mr. Thakur in September, 1999. The RBI has also granted necessary approval in this regard vide its letter No DBOD No. 338/08.89.001/2000 dated 30th September, 2000.

The Board of Directors recommend the re-appointment of Mr. Thakur as part time Chairman of the Bank for the period of 3 months upto 31st December, 2000. None of the Directors are concerned or interested in the relevant resolution.

Item No. 8

The present Authorised Capital of the Bank is Rs. 300 Crores and the paid-up capital is Rs. 243 Crores. It is proposed to increase the Authorised Capital to Rs. 450 crores (Rupees Four hundred fifty crores only). The increase in the volume of business over the years has given rise to the need for additional capital. To augment its capital base it would be necessary to raise additional capital by issue of securities in the manner proposed in the Resolution at Item No. 11. It is, therefore, proposed to increase the authorised capital and make the necessary alterations in the Memorandum of Association of the Bank, by passing a special resolution to this effect.

The Board of Directors recommend the resolution for the approval of the members

None of the Directors of the Bank are concerned or interested in the passing of the Resolution.

Item No. 9

Article 4

In view of the proposed increase in the authorised capital of the Bank as stated above, it is necessary to make changes in the Articles of Association. Article 4 is, therefore, proposed to be modified accordingly.

Article 55A

The Reserve Bank of India, vide circular number DBOD.No.PSBS.BC.182/16.13.100/99-2000 dated 31st May, 2000, has advised all Indian private sector commercial banks to amend their Articles of Association to incorporate an article to the effect that any acquisition of shares of the Bank by a person/group of persons which would take his/her /its holding to a level of 5% or more (or any such percentage imposed by the Reserve Bank of India from time to time) of the total issued capital of the Bank shall be with prior approval from Reserve Bank of India. In line with the said directive from Reserve Bank of India, it is proposed to amend the Articles of Association by passing a special resolution.

The Board of Directors recommend the resolution for the approval of the members.

Annexure to the Notice - (Contd.)

None of the Directors of the Bank are concerned or interested in the passing of the Resolution.

Item No. 10

As on date, as per the Register of Members of the Bank, Foreign Institutional Investors (FIIs), hold 17.21% of the paid-up Equity Share Capital of the Bank.

Hitherto, FIIs, could jointly hold only upto 24% of the paid-up Equity Share Capital of the Bank. This limit is proposed to be enhanced to 30% subject to the approval of shareholders of the Bank by way of a special resolution. Increasing the limit to 30% will enable further investment by FIIs in India and thereby increase the foreign exchange inflow to the country. Accordingly, it is proposed to increase the ceiling of holding by FIIs in the Equity Share Capital of the Bank from the present limit of 24% to 30%. Approval of the members is sought for the same.

The Board of Directors recommend the resolution for approval of the members.

None of the Directors of the Bank are concerned or interested in the said Resolution.

Item No. 11

In keeping with its strategy of providing quality banking/ financial products and services through multiple banking channels the Bank has been exploring every available opportunity to make such products and services available to its customers. The volume of business has also witnessed a steady growth in the process and is expected to grow further in the future. It would be necessary to augment the existing capital base to expand and avail of potential growth opportunities in the future and also maintain and improve the overall growth in business. It would therefore be necessary to raise additional capital by issue of securities in domestic or international markets.

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said Section, unless the shareholders decide otherwise in a general meeting. The listing agreement with the stock exchanges also provide, inter alia, that the Company in the first instance should offer all the shares and debentures to be further issued for subscription pro rata to the equity shareholders unless the shareholders decide otherwise in a general meeting.

The consent of the shareholders is therefore being sought pursuant to the provisions of Section 81 and the listing agreements entered into with the stock exchanges, authorising the Board to raise additional capital by further issue of equity shares, equity linked securities in such manner or on such terms as the Board may deem fit in the manner proposed in the Resolution.

The Board of Directors recommend the resolution for approval of the members.

None of the Directors of the Bank are concerned or interested in the proposed resolution except to the extent of his/her holding of equity shares and to the extent of his/her subscribing to equity shares/equity linked securities if and when issued as also to the extent of subscription by a financial institution/company/ body corporate in which the Director or his/her relative may be directly or indirectly interested.

By order of the Board

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

Mumbai, 14th April, 2001.