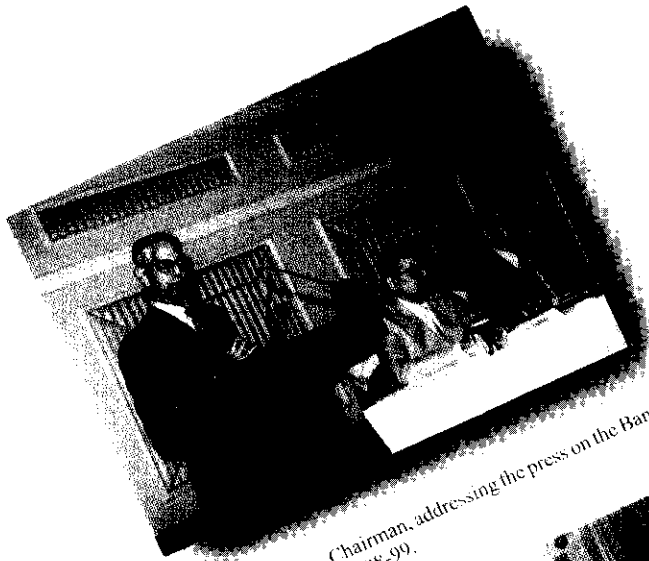


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IDBI BANK LTD.
Annual Report 1998-99



Mr M S Verma, Chairman, addressing the press on the Bank's performance for 1998-99.



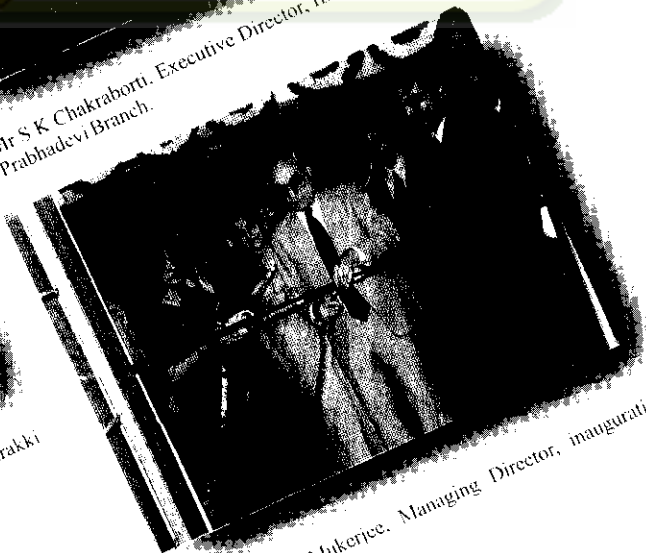
Mr Vikram Dev Dutt (IAS) inaugurating Margao Branch.



Mr S K Chakrabarti, Executive Director, IDBI inaugurating Prabhadevi Branch.



Mr A A Khanolkar, Sr. Vice President inaugurating Sarakki Lake Branch, Bangalore.



Mr Deepak Mukerjee, Managing Director, inaugurating Baroda Branch.

BOARD OF DIRECTORS & OTHER INFORMATION

Board of Directors :

MR. VERMA M. S.

Chairman

MR. GUPTA G. P.

MR. NAGARAJAN T. M.

DR. SAILENDRA NARAIN

MR. BAJAJ S.

MR. IYER N. V.

DR. PHATAK D. B.

MR. SHAH M. C.

DR. SHENOI P. V.

MR. MUKERJEE D. K.

Managing Director



Auditors :

M/S. V. SANKAR AIYAR & CO.

*Chartered Accountants, 2-C, Court Chambers
35, New Marine Lines, Mumbai 400 020.*



Company Secretary :

RANGANATH ATHREYA

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Registered Office :

*Chaturvedi Mansion, 26/4, Old Palasia,
Agra-Mumbai Road,
Indore 452 001*

Corporate Office :

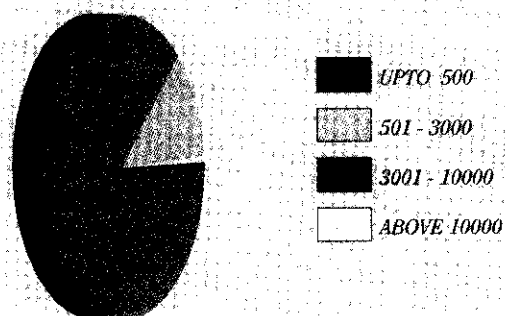
*Nariman Bhavan, 12th Floor,
V. K. Shah Marg, Nariman Point,
Mumbai 400 021.*

INFORMATION ON SHAREHOLDING PATTERN

Distribution of Shares as per No. of Shares held

Particulars	No. of Shareholders	Total %
Upto 500	21,856	86.98%
501-3000	3,019	12.01%
3001- 10000	107	0.43%
Above 10000	147	0.58%
Total	25,129	100.00%

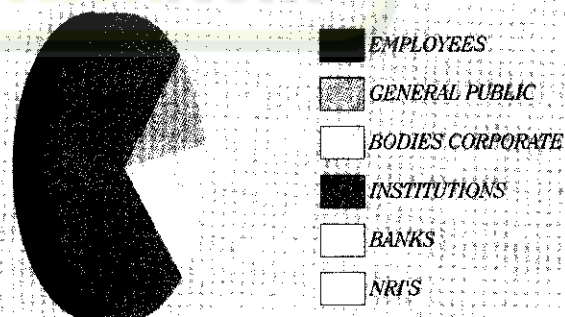
IDBI BANK LTD. DISTRIBUTION OF HOLDINGS



Categorywise Distribution of Holdings

Category	Physical Shares	Demat Shares	Total Shares	Total % age
Employees	2,70,900	1,06,300	3,77,200	0.27
General Public	89,50,911	59,24,700	1,48,75,611	10.63
Bodies Corporate	52,49,400	63,98,500	1,16,47,900	8.32
Institutions	10,00,00,001	48,66,600	10,48,66,601	74.90
Banks	24,28,800	58,00,800	82,29,600	5.88
NRI's	3,100	—	3,100	0.002
Total	11,69,03,112	2,30,96,900	14,00,00,012	100.00

IDBI BANK LTD. CATEGORYWISE HOLDING PATTERN



Percentage of Demat Shares to Quantum of Shares Offered and Subscribed by the Public in the Bank's recent Public Issue

57.74%

NOTICE

NOTICE TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF IDBI BANK LIMITED WILL BE HELD AT JALL AUDITORIUM, 56/1 SOUTH TUKOGANJ, INDORE 452 001 ON FRIDAY, 2ND JULY 1999 AT 11.00 A.M. TO TRANSACT THE FOLLOWING ITEMS OF BUSINESS:

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

1. *To consider and adopt the Balance Sheet of the Company as at 31st March, 1999 and Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.*
2. *To appoint a Director in place of Mr. S. Bajaj who retires by rotation and being eligible offers himself for re-appointment.*
3. *To appoint a Director in place of Dr. P. V. Shenoi who retires by rotation and being eligible offers himself for re-appointment.*

SPECIAL RESOLUTION

4. *To consider and if thought fit, to pass with or without modification the following resolution as a special resolution:*

"RESOLVED that Messrs Sharp & Tannan, Chartered Accountants be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at such remuneration and out of pocket expenses as may be fixed by the Board of Directors of the Company in consultation with them."

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

5. *To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:*

"RESOLVED that Mr. G. P. Gupta be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED that Mr. M. S. Verma be and is hereby appointed as a Director of the Company, 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 Dr. Sailendra Narain be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. *To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:*

RESOLVED that pursuant to the enabling provisions of the Companies Act, 1956 as may be applicable and in accordance with the provisions of the Banking Regulation Act, 1949 and as per the approval accorded by the Reserve Bank of India vide its letter no.1042.68.106.001-99 dt. 3rd March 1999, Mr. M. S. Verma be

NOTICE (Contd.)

appointed as Part Time Chairman of the Bank for a tenure of 3 years with effect from 12th March 1999, subject to the following terms and conditions:

Honorarium <i>Rs.15,000/- per month.</i>
Housing <i>Free furnished accommodation would be provided with telephone facility.</i>
Conveyance <i>One chauffeur driven car for official use (and private use on compensating the bank suitably).</i>
Travelling, Boarding & Lodging <i>J-Class Travel in India, Business Class Abroad, Deluxe Hotel Rooms on Official visits.</i>
Other Allowances <i>Fee for Membership of one club.</i> <i>Reimbursement of Entertainment expenses incurred for business purposes of the Bank.</i>
Personal Accident Insurance <i>In accordance with the rules of the company.</i>

SPECIAL RESOLUTIONS

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 existing Article 116 of the Bank be amended by inserting a new clause (c) as under:

Article 116, sub clause (c)

"Notwithstanding anything to the contrary contained in these Articles and subject to the applicable provisions of the Companies Act, 1956 and Banking Regulation Act, 1949(10 of 1949), Industrial Development Bank of India (IDBI) shall have a right to appoint upto two (2) Directors and Small Industries Development Bank of India (SIDBI) shall have a right to appoint one (1) Director, from time to time on the Board of the Company. The Directors so appointed shall not be subject to retirement by rotation and the Company shall ensure that the strength of the Board shall be so maintained that the Directors appointed by IDBI and SIDBI pursuant to this sub-article are within the permissible limit under Section 255 of the Act. The Board shall have no power to remove the Directors appointed by IDBI and SIDBI from office and they shall continue to be in the office until their successors are appointed by IDBI or SIDBI, as the case may be, pursuant to this sub-article.

Subject to the aforesaid, Directors appointed by IDBI/SIDBI shall hold office during the pleasure of the authority nominating them and they shall be entitled to the same rights and privileges as any other Director of the Company."

Mumbai, 13th May 1999

By Order of the Board
RANGANATH ATHREYA
Company Secretary

NOTICE (Contd.)

- NOTE : 1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.*
2. *The relative explanatory statement as required under Section 173 of the Companies Act, 1956 is annexed hereto.*
 3. *The Register of Members and Share Transfer Books of the Bank shall remain closed between 25th June 1999 to 2nd July 1999 (both days inclusive).*
 4. *Dividend if declared will be paid to the members whose names appear in the Register of Members as on 2nd July 1999. The dividend warrants will be posted on or after 3rd July 1999. Members allotted shares on 12th March 1999 will be eligible for pro-rata dividend for the period such share were paid-up upto March 31, 1999.*
 5. *Members are requested to promptly notify any change in their addresses to the Registrars M/s Karvy Consultants Limited, Karvy House, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034.*
 6. *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. and 1.00 p.m. upto the date of the Annual General Meeting.*
 7. *Those Members attending the Annual General Meeting are requested to bring their Annual Reports as copies of the Annual Report will not be distributed at the venue.*
 8. *In compliance with the notification issued by the Department of Company Affairs, no gifts will be distributed to members at the AGM.*

NOTICE (Contd.)

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4

M/s V. Sankar Aiyar & Company, Chartered Accountants, Mumbai, who are presently the statutory auditors of the Bank have completed 4 years as statutory auditors of the Bank after completion of the audit for the year ended March 31, 1999 and are therefore required to be rested as per applicable RBI guidelines. M/s Sharp and Tannan, Chartered Accountants, Mumbai are proposed to be appointed as statutory auditors in the place of the retiring auditors.

The Resolution though an ordinary item of business is being passed as a special resolution pursuant to Section 224A of the Companies Act, 1956 as IDBI which is a public financial institution as defined u/s 4A of the Companies Act, 1956 holds more than 25% of the paid-up share capital of the Bank.

ITEM NO. 5

Mr. G. P. Gupta was appointed as an Additional Director of the Company at the Board Meeting held on 6th January 1999, pursuant to Section 260 of the Companies Act, 1956 read with Article 118 of the Company. He holds office upto the date of this meeting pursuant to the provisions of the Companies Act, 1956.

A member has left at the Office of the Company a notice in writing under his hand signifying his intention to propose the candidature of Mr. G. P. Gupta for the office of Director alongwith a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the Companies Act, 1956. The Board recommends his appointment as a Director of the Company.

Mr. Gupta is interested in the Resolution for his appointment as a Director.

ITEM NO. 6

Mr. M. S. Verma was appointed as an Additional Director of the Company at the Board Meeting held on 12th March 1999, pursuant to Section 260 of the Companies Act, 1956 read with Article 118 of the Company. He holds office upto the date of this meeting pursuant to the provisions of the Companies Act, 1956.

A member has left at the Office of the Company a notice in writing under his hand signifying his intention to propose the candidature of Mr. M. S. Verma for the office of Director alongwith a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the Companies Act, 1956. The Board recommends his appointment as a Director of the Company.

Mr. M. S. Verma is interested in the Resolution for his appointment as a Director.

ITEM NO. 7

Dr. Sailendra Narain was appointed as an Additional Director of the Company at the Board Meeting held on 28th September 1998, pursuant to Section 260 of the Companies Act, 1956 read with Article 118 of the Company. He holds office upto the date of this meeting pursuant to the provisions of the Companies Act, 1956.

A member has left at the Office of the Company a notice in writing under his hand signifying his intention to propose the candidature of Dr. Sailendra Narain for the office of Director alongwith a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the Companies Act, 1956. The Board recommends his appointment as a Director of the Company.

Dr. Sailendra Narain is interested in the Resolution for his appointment as a Director.

NOTICE (Contd.)

ITEM NO. 8

In accordance with the provisions of the Banking Regulation Act, 1949 and as per the approval accorded by the Reserve Bank of India vide its letter no. 1042.68.106.001-99 dt. 3rd March 1999, Mr. M. S. Verma was appointed as Part Time Chairman of the Bank for a tenure of 3 years with effect from 12th March 1999 viz. the date on which he was appointed a Director subject to the terms of remuneration as set out in the Resolution.

Mr. M. S. Verma was previously Chairman of State Bank of India and has over three decades of Banking Experience.

The Board of Directors recommend the approval of the terms of appointment of Mr. M. S. Verma as approved by the Reserve Bank of India and as set out in the resolution proposed.

Except for Mr. M. S. Verma no other Director is in any way concerned or interested in the said resolution.

ITEM NO. 9

The main promoters of your Bank are IDBI and SIDBI. Section 255 of the Companies Act, 1956 requires that not less than two thirds of the total number of Directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation.

The section therefore provides scope for appointment of the remaining directors on a non-rotational basis.

IDBI presently holds 57% of the present paid-up capital of the bank and SIDBI holds 14% of the present paid-up capital of the Bank. In all 73% of the present paid-up capital of the Bank is held by its promoters.

No Director of your Bank in their individual capacity holds more than 20% of the paid-up capital of either IDBI or of IDBI Bank.

None of the Directors are in any way concerned or interested in the said resolution.

By Order of the Board

RANGANATH ATHREYA
Company Secretary

Mumbai, May 13, 1999



DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the Fifth Annual Report of the Bank together with the audited Balance Sheet as at March 31, 1999 and Profit and Loss Account for the year ended on that date.

FINANCIAL PERFORMANCE

1998-99 marked the Bank's third full year of operations and witnessed an increase of Profits after Tax by 53.42% to reach Rs. 30.76 crores compared with Rs. 20.05 crores registered during the previous year. Some important financial parameters are presented below:

Rs. in Crores

Particulars	For the year ended March 31, 1999	For the year ended March 31, 1998
Deposits	2751.28	1845.52
Advances	1074.44	843.05
Gross Income	323.89	166.87
Profit after Deferred Revenue Expenditure, Depreciation and before Provisions	38.75	28.72
Net Profit	30.76	20.05
Transfer to Statutory Reserves	6.15	4.01
Proposed Dividend	9.20	NIL
Tax on Dividend	1.01	NIL
Balance of Profit carried forward to Balance Sheet	34.14	19.74

DIVIDEND

Your Bank has registered sustained growth of its business and profits since inception. It has been ploughing back its entire post-tax profits every year into its reserves, indicative of the Bank's commitment to strengthen its capital adequacy ratio as also to enhance its intrinsic worth. In order to meet the twin objectives of enhancing shareholders value while rewarding shareholders, a maiden dividend of 9% is recommended by the Board of Directors. Dividend on the shares allotted on 12th March 1999 will be paid pro-rata for the year ended March 31, 1999 for the period they were paid up.

DEPOSITS

Deposits for the year ended March 31, 1999 increased by 49.08% to reach Rs. 2751.28 crores compared with Rs. 1845.52 crores during the previous year. Savings bank deposits during this period registered an increase of 367.64%.

Your Bank is conscious of the need to keep its cost of deposits as low as possible. It has been aggressively expanding its services and product range to make this happen. It was one of the earliest in the market to offer