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IndusInd
Bank 



*T*his year IndusInd Bank looked to achieve customer satisfaction and lots more too. Our efforts have been recognised and acknowledged by various research surveys conducted and awards conferred.

- Ranked among the top ten banks in the country in the ET500 list of leading companies in India.
- Rated as “The best among the top 10 private-sector banks” in a survey covering 79 banks conducted by Business Standard in its November 2005 issue. Ranked sixth in the overall list. The Bank was also identified as the “Most Efficient Bank” among all banks in India.
- Bestowed “India’s Most Productive Bank” status by a Business Today- KPMG Survey
- Presented “Outstanding Achiever of the Year 2005- Corporate” (Runner up- Banking Technology Award) by IBA, Finacle (from Infosys) and TFCI (Trade Fair and Conference International).
- Honoured with the “Award for Corporate Social Responsibility (CSR)” at the India Brand Summit 2005, Mumbai.

These awards are further proof that *we care... Dil se* for our customers, employees, associates and society at large.

Board of Directors

Mr. R. J. Shahaney, Chairman

Dr. Ram Buxani

Mr. R. Sundararaman

Mrs. Kanchan U. Chitale

Mr. T. Anantha Narayanan

Dr. T. T. Ram Mohan

Mrs. Pallavi S. Shroff

Mr. Bhaskar Ghose, Managing Director

Mr. S. Nagarajan, Joint Managing Director

Company Secretary

Mr. Suresh T. Viswanathan

Top Management Team

Mr. S.V. Zaregaonkar - Exec. Vice President & CFO

Mr. N. Suresh Pai - Exec. Vice President - Non-Finance Support Services

Mr. J. Moses Harding - Exec. Vice President & Head - Wholesale Banking

Mr. N. Sampath Kumar - Exec. Vice President - Retail Assets Division

Mr. S.V. Parthasarathy - Exec. Vice President - Retail Operations

Auditors

M/s. S. R. Batliboi & Co.
Express Towers, 6th Floor
Nariman Point, Mumbai - 400021

Solicitors

M/s. Crawford Bayley & Co.
Solicitors and Advocates
State Bank Building
NGN Vaidya Marg
Mumbai - 400023

Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai - 400078
Tel: 022 - 2596 3838
Fax: 022 - 2594 6969

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Registered Office

2401, Gen. Thimmayya Road
(Cantonment)
Pune - 411001

Corporate Office

701, Solitaire Corporate Park
167 Guru Hargovindji Marg
Chakala, Andheri (East)
Mumbai - 400093.

Retail Banking Division (Chennai)

Sudarshan Building
Old No. 86, New No. 92
Chamiers Road
Chennai - 600018.

NOTICE OF 12TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 12th Annual General Meeting of the Members of IndusInd Bank Limited will be held at **Hotel Sun-n-Sand**, 262 Bund Garden Road, **Pune – 411001**, India, on September 28, 2006, at 10.30 a.m. to transact the following businesses:

Ordinary Business:

1. To consider and adopt the Profit and Loss Account for the year ended March 31, 2006 and the Balance Sheet as at March 31, 2006 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. Sundararaman who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Kanchan Chitale who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint M/s. S.R. Batliboi & Co., Chartered Accountants, the retiring auditors, as Statutory Auditors for the Bank to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to authorise the Board of Directors to fix the remuneration of the Statutory Auditors, and to appoint branch auditors in consultation with the Statutory Auditors and to fix their remuneration.

Special Business:

5. Appointment of Director (Dr. T.T. Ram Mohan)

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT Dr. T. T. Ram Mohan who was appointed Additional Director of the Bank on January 16, 2006 under Section 260 of the Companies Act 1956 and who holds office till the date of the 12th Annual General Meeting, and in respect of whom the Bank has received a notice in writing proposing his candidature for the office of the Director, in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act 1956, be and is hereby appointed as Director of the Bank liable to retire by rotation;

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorised to file the required forms with the Registrar of Companies and to take all necessary steps for giving effect to this resolution."

6. Appointment of Director (Mrs. Pallavi Shroff)

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT Mrs. Pallavi Shroff who was appointed Additional Director of the Bank on June 13, 2006 under Section 260 of the Companies Act 1956 and who holds office till the date of the 12th Annual General Meeting, and in respect of whom the Bank has received a notice in writing proposing her candidature for the office of the Director, in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act 1956, be and is hereby appointed as Director of the Bank liable to retire by rotation;

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorised to file the required forms with the Registrar of Companies and to take all necessary steps for giving effect to this resolution."

7. Authority for further issue / placement of securities including ADRs / GDRs, and Qualified Institutions Placement

"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, the Listing Agreements entered into by the Bank with the respective Stock Exchanges where the equity shares of the Bank are listed, and subject to the Regulations/Guidelines, if any, prescribed by Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), financial institutions 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, and agreed to by the Board of Directors of the Bank (hereinafter referred to as 'the Board', which term 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) which the Board be and is hereby authorised to accept, if it thinks fit in the interest of the Bank, the Board be and is hereby authorised, on behalf of the Bank, to create, issue, offer and/or allot, in the course of one or more public or private offerings by way of public issue, rights issue, preferential allotment including Qualified Institutional Placement pursuant to Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time, or otherwise, in the domestic or one or more international markets, equity shares and / or equity shares through depository receipts and / or convertible bonds and / or securities convertible into equity shares at the option of the Bank and / or the holder(s) of such securities, American Depositary Receipts (ADRs) / Global Depositary Receipts (GDRs) representing equity shares or convertible securities and / or securities linked to equity shares and / or securities linked to equity shares and / or securities with or without detachable/non-detachable warrants with a right exercisable by the warrant-holder to subscribe for the equity shares and / or warrants with an option exercisable by the warrant-holder to subscribe for 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') subscribed in Indian / foreign currency(ies) to investors (whether resident and / or non-resident and/or strategic investors and/or institutions or banks and / or incorporated

bodies and/or trustees or otherwise, and whether or not such investors are Members of the Bank/ Foreign Institutional Investors (FIIs)/ Mutual Funds/ Pension Funds/ Venture Capital Funds / Banks and such other persons or entities excluding promoters in case of preferential allotment, whether or not such investors are members of the Bank, to all or any of them jointly or severally, through prospectus(es) and /or placement documents(s) or offer letter(s) or circular(s) and / or on private placement basis for, (or which upon conversion of all securities so created, issued, offered and/or allotted could give rise to the issue of) an aggregate face value of equity shares not exceeding 25% per cent of the Authorised Equity Share Capital of the Bank at such time or times with or without voting rights in general meetings/ class meetings, at such price or prices, at such interest or additional interest, at a discount or at the premium to market price or prices and in such form and manner and on such terms and conditions or such modifications thereto, including the number of Securities to be issued, face value, rate of interest, redemption period, manner of redemption, amount of premium on redemption/prepayment, number of equity shares, to be allotted on conversion / redemption /extinguishments of debt(s), exercise of rights attached to the warrants and / or any other financial instrument, period of conversion, fixing of record date or book closure and all other related or incidental matters as the Board may in its absolute discretion think fit and decide in accordance to the directives/guidelines issued by the appropriate authority(ies) and in consultation with the Merchant Banker(s) and / or Lead Manager(s) and / or Underwriter(s) and / or Advisor(s) and / or such other person(s), but without requiring any further approval or consent from the shareholders and also subject to the applicable guidelines for the time being in force;

RESOLVED FURTHER THAT, without prejudice to the generality of the above, the aforesaid issue of the securities may have all or any terms or combinations of terms in accordance with prevalent market practice including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Bank and / or holders of any 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 or option(s) for early redemption of securities;

RESOLVED FURTHER THAT, without prejudice to the generality of the above, the preferential allotment of such securities, the relevant date on the basis of which the price of the resultant shares shall be determined, shall be thirty days prior to the date of the General Meeting in which this resolution is passed, and that the allotment of such securities shall be made in the form of Qualified Institutional Placement to Qualified Institutional Buyers, in accordance with the provisions of Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time;

RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute all such agreements and arrangements with any Lead Manager(s), Co-Lead Manager(s), Manager(s), Advisor(s), Underwriter(s), Guarantor(s), Depository(ies), Custodian(s) and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies by way of commission, brokerage, fees or the like, and also to seek the listing of such Securities in one or more Indian / International Stock Exchanges;

RESOLVED FURTHER THAT the Bank and / or any agencies or bodies authorised by the Board may issue depository receipts or certificates representing the underlying equity shares in the capital of the Bank or such other securities in bearer, negotiable, or registered form with such features and attributes as may be required and are prevalent in the Indian and / or International Capital Markets for the instruments of this nature and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchanges(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 pro rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of shares shall become effective;

RESOLVED FURTHER THAT the Board be and is hereby authorised to create such mortgage and / or charge on the immovable and movable assets of the Company or on the whole or any part of the undertaking/s of the Company under Section 293(1)(a) of the Companies Act, 1956, in respect of any Security(ies) issued by the Bank pursuant to this Resolution and in the event such Security(ies) is / are required to be secured and for that purpose to accept such terms and conditions and to execute such documents and writings as the Board may consider necessary or proper;

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, 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 whole-time directors of the Bank.

RESOLVED FURTHER THAT this resolution shall be in vogue for a period of 12 months from the date passing by the members or till the next Annual General Meeting whichever is less."

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. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Businesses is annexed hereto.
3. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Bank during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting (AGM).
4. The Register of Members and Share Transfer Books of the Bank will remain closed from September 18, 2006 to September 28, 2006 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act, 1956.
5. Members/proxies should bring the attendance slip duly filled in for attending the AGM.
6. Members are requested to kindly bring their copies of the Annual Report to the AGM.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No. 5**

Dr. T. T. Ram Mohan specialises in the financial sector. He is presently a Professor of Finance & Accounting at the Indian Institute of Management, Ahmedabad. He has run training programmes for bank executives and given talks on issues in the Indian Banking sector at various fora. He was Visiting Faculty at Stern School of Business, NYU in the summer of 2001. In June 2002, he was appointed Member of the Technical Advisory Committee on Money and Government Securities Markets, Reserve Bank of India. His current research interests include banking sector reforms, privatisation and corporate governance.

Dr. T. T. Ram Mohan was appointed Additional Director of the Bank under Section 260 of the Companies Act, 1956 on January 16, 2006 and he holds office upto the date of the Annual General Meeting. He is eligible for appointment as Director of the Bank and the Bank has received a notice in writing under Section 257 of the Companies Act from a member proposing his candidature for the office of Director. Members are requested to pass the resolution under Item No. 5 as an ordinary resolution.

None of the Directors of the Bank, other than Dr. T. T. Ram Mohan, is in any way concerned or interested in the passing of the Resolution.

Item No. 6

Mrs. Pallavi Shroff has special knowledge and practical experience of law. She is presently the lead litigation partner at Amarchand Mangaldas, New Delhi and manages corporate commercial litigation as well as arbitration. Her areas of expertise are corporate and commercial litigation, power and telecom litigation, anti-dumping, international and domestic arbitration, competition and antitrust, company, commercial, and intellectual property laws.

Mrs. Pallavi Shroff was appointed Additional Director of the Bank under Section 260 of the Companies Act, 1956 on June 13, 2006 and she holds office upto the date of the Annual General Meeting. She is eligible for appointment as Director of the Bank and the Bank has received a notice in writing under Section 257 of the Companies Act from a member proposing her candidature for the office of Director. Members are requested to pass the resolution under Item No. 6 as an ordinary resolution.

None of the Directors of the Bank, other than Mrs. Pallavi Shroff, is in any way concerned or interested in the passing of the Resolution.

Item No. 7

The authorised capital of the Bank was raised to Rs.400 crore from Rs.300 crore pursuant to the special resolution passed by the members in the 11th Annual General Meeting.

Resolution set out in Item no. 7 is an enabling Resolution conferring authority on the Board to cover all corporate requirements and contingencies to issue securities of appropriate nature at opportune time, including the size, structure, price and timing of the issue(s) at the appropriate time(s). The Board will fix the detailed terms of the final size of offering, exact timing, and other related aspects after careful analysis and discussions with lead managers, prevailing market conditions and in line with the extant guidelines issued by SEBI, RBI and any other statutory and / or regulatory authorities, either in India or overseas, in this regard. The resolution also enables the Bank to place equity capital with Qualified Institutional Buyers in accordance with 'Guidelines for Qualified Institutions Placement' forming part of SEBI (Disclosure and Investor Protection) Guidelines 2000 as amended on May 8, 2006.

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 stock exchanges provide, inter alia, that a listed 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.

Your Directors recommend the Resolution at Item no. 7 for the approval of the Members.

None of the Directors of the Bank is in any way concerned or interested in the passing of the Resolution.

By Order of the Board

Company Secretary

Pune, July 29, 2006

DIRECTORS' REPORT

To All Members,

Your Directors have pleasure in presenting the Twelfth Annual Report covering business and operations of your Bank, together with the audited accounts for the year ended March 31, 2006.

Financial Performance**(Rs. in crores)**

	As on March 31, 2006	As on March 31, 2005
Deposits	15006.30	13114.28
Advances	9310.46	8999.75
Operating Profit (before depreciation and provisions and contingencies)	260.56	446.10
Net Profit	36.82	210.14

Your Bank registered growth both in deposits and advances. The focus of the business was on improving the core banking operations.

Operating Profit and Net Profit were lower during the year under review (compared to the last year) on account of various reasons such as rise in interest rates, impact of guidelines on securitisation, increase in operating expenses on account of expansion of network and absence of trading profits on investments.

Your Directors recommend appropriation of profit as under:

Rs. in crores

Operating Profit before Depreciation	260.56
Less: Depreciation on Fixed Assets	35.99
Less: Provisions and Contingencies	187.75
Net Profit	36.82
Add : Transfer from Investment Fluctuation Reserve	78.90
Amount available for Appropriation	115.72
Transfer to Statutory Reserve	9.21
Transfer to Capital Reserve	1.42
Balance carried over to Balance Sheet	105.09
Total Appropriations	115.72

Dividend

In view of the insufficiency of profits earned by the Bank during the year, the Board of Directors have not recommended any dividend on the equity shares.

Future Outlook

The year 2005-06 has mostly been spent in efforts to lay out a well-planned infrastructure. Such efforts are still continuing and your Bank is now poised to reap the benefits of this infrastructure. Moving ahead the Bank will retain its leadership position in vehicle finance and will enlarge its role in business segments like retail liabilities, retail assets (other than vehicle finance) and corporate banking (especially relating to the SME sector).

The thrust will be on broad basing the retail deposit franchise and reducing the overall cost of deposits, through aggressive and focused growth in low-cost deposits (current accounts and savings bank accounts). For this purpose your Bank will bring to the fore all its resources, like its vastly expanded branch network, its impressive pan-India marketing set-up, the alternate channels like ATMs, Internet Banking, etc. that it has so assiduously built up, the enhanced customer base and the exciting opportunities for cross-selling and up-selling that comes along with it, the array of new products and services that the Bank has introduced and plans to introduce, etc.

Your Bank has also increased its focus on fee-based income. Moving ahead the Bank plans to ramp up non-interest income through carefully identified revenue streams like foreign exchange business, investment banking, high-end treasury products, distribution of third-party products like mutual funds and insurance, international remittances, depository business, commodity business, bullion operations, etc.

Share Capital

As at March 31, 2006, the paid up capital of your Bank consisted of 29,03,17,636 equity shares of Rs. 10 each. There was no change in the paid up capital of the Bank during the year under review.

Tier II Capital

Your Bank mobilised Rs. 217.10 crores (previous year Rs. 268 crores) comprising of Tier II Bonds of Rs.117.10 crores and Upper Tier II Bonds of Rs. 100 crores. These bonds qualify for classification as Tier II capital for the purpose of working out Capital to Risk-weighted Assets Ratio (CRAR).

Capital Adequacy

The Capital to Risk-weighted Assets Ratio (CRAR) of your Bank as at March 31, 2006 was at a comfortable 10.54%, well above the regulatory minimum of 9%. Of this, Tier I CRAR was 6.84%.

Ratings

Your Bank received high ratings for various instruments during the year, from several rating agencies of repute. Among these were the ratings of 'P1+' from CRISIL (on short-term fixed deposits and certificates of deposit), 'F1+' from Fitch Ratings (on certificates of deposit), 'AAA (so)' from CRISIL (on securitisation transactions), 'A+ (ind)' from Fitch Ratings (on Tier II Bonds) and 'LA+' from ICRA (on Tier II Bonds). Upper Tier II Bonds of your Bank were rated by Fitch Ratings and ICRA with the ratings of "A(ind)" and "LA" respectively.

P1+ rating granted by CRISIL for Short Term Deposit programme and Certificate of Deposit programme was placed on rating watch in February 2006 on account of guidelines on securitisation of standard assets issued by Reserve Bank of India. These guidelines stipulated for capital treatment of credit enhancement provided to securitisation transactions under which the Bank was required to make adjustments in the capital while working out the capital adequacy ratio (CRAR). CRISIL, vide their announcement dated June 26, 2006 removed the rating watch and re-affirmed the rating of "P1+" granted earlier.

Directors

Mr. Vijay Vaid and Mr. Anil Harish joined the Board on June 11, 1998 and July 22, 1998, respectively and have completed eight years (continuous) as Directors on June 10, 2006 and July 21, 2006, respectively. Accordingly, Mr. Vijay Vaid ceased to be a Director on the Board on June 10, 2006 and Mr. Anil Harish ceased to be a Director on July 21, 2006, pursuant to sub-Sec. 2A(i) of Sec.10A of the Banking Regulation Act, 1949. Your Directors wish to place on record their deep and sincere appreciation for the valuable services rendered by Mr. Vijay Vaid and Mr. Anil Harish during their tenure as Directors of the Bank.

Dr. T. T. Ram Mohan was appointed as an Additional Director by the Board at its meeting held on January 16, 2006, and will hold office as Additional Director upto the ensuing Annual General Meeting.

Mrs. Pallavi S. Shroff was appointed as an Additional Director by the Board at its meeting held on June 13, 2006 and will hold office as Additional Director upto the ensuing Annual General Meeting.

Your Bank has received notices from members pursuant to Section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Dr. T. T. Ram Mohan and Mrs. Pallavi S. Shroff for the office of Director. Brief resumes of Dr. T. T. Ram Mohan and Mrs. Pallavi S. Shroff are furnished in the report on Corporate Governance.

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants, the Statutory Central Auditors of the Bank, who have audited the accounts of the Bank for the year 2005-06, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. Members are requested to consider their re-appointment and authorise the Board to fix their remuneration. The appointment of the Statutory Auditors will be subject to the approval of Reserve Bank of India. The members are further requested to authorise the Board to appoint branch auditors of the Bank in consultation with the Statutory Auditors and to fix their remuneration.

Auditors' Report

M/s. S.R. Batliboi and Co., Chartered Accountants, the Statutory Central Auditors of the Bank, have audited the accounts of the Bank for the year 2005-06 and their Report is annexed. There are no qualifications in the Auditors' Report.

Statutory Disclosures

Information, wherever required under the Banking Regulation Act, 1949, or the Companies Act, 1956 as applicable to a banking company, has been laid out in the schedules attached and forms part of the Balance Sheet and Profit and Loss Account.

There are no material changes and commitments affecting the financial position of your Bank, which have occurred between the end of the financial year 2005-06 to which the Balance Sheet relates and the date of this Report.

Considering the nature of activities as an entity in the financial services sector, 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, made optimum use of information technology in its operations.

The Bank had 2365 employees as on March 31, 2006. The information required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder, are given in the annexure appended hereto and forms part of this report. In terms of section 219(1)(b)(iv) of the Companies Act, this Report and the Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Bank.

Corporate Governance

Your Bank continues its endeavour to adopt the best prevalent corporate governance practices. A separate report on the status of implementation of Corporate Governance, as required under Clause 49 (as applicable from January 1, 2006) of the Listing Agreements with the relevant Stock Exchanges, is included in the section on 'Corporate Governance' which forms part of this report. M/s. Bhandari & Associates, Company Secretaries have certified that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges have been complied with by the Bank. A copy of their Certificate is also attached to the Section on 'Corporate Governance'.

Directors' Responsibility Statement

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956, your Directors hereby certify and confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2006 and of the profit of the Bank for the year ended on that date.
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and Banking Regulation Act, 1949 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.

Awards and Achievements

Your Directors have pleasure in placing before you the various distinctions earned by your Bank during the year 2005-06.

- Rated as 'The best among the top 10 private-sector banks' in a survey covering 79 banks conducted by Business Standard in November 2005. Ranked sixth in the overall list, the Bank was also identified the 'Most Efficient Bank' among all banks in India.
- 'India's Most Productive Bank' status by Business Today- KPMG Survey.
- Presented 'Outstanding Achiever of the Year 2005- Corporate' (Runner up- Banking Technology Award) by IBA, Finacle (from Infosys) and TFCI (Trade Fair and Conference International).
- Honoured with the 'Award for Corporate Social Responsibility (CSR)' at the India Brand Summit 2005, Mumbai.

Acknowledgement

Your Directors place on record their appreciation for the commendable contribution made by the employees during the year, towards the growth of your Bank.

The Directors are grateful to the shareholders of the Bank for their continued trust and confidence reposed in the Bank. The Directors are also grateful to the Reserve Bank of India, Stock Exchanges, the Department of Company Affairs, and Securities and Exchange Board of India for their guidance and support extended to the Bank.

The Board gratefully thanks the valued customers of the Bank for their support and confidence in the organisation and looks forward to the continuance of this mutually supportive relationship in future.

For and on behalf of the Board of Directors

R. J. Shahaney
Chairman

Mumbai, July 29, 2006