UTI BANK

13th Annual Report 2006-2007

UTI BANK
www.utibank.com

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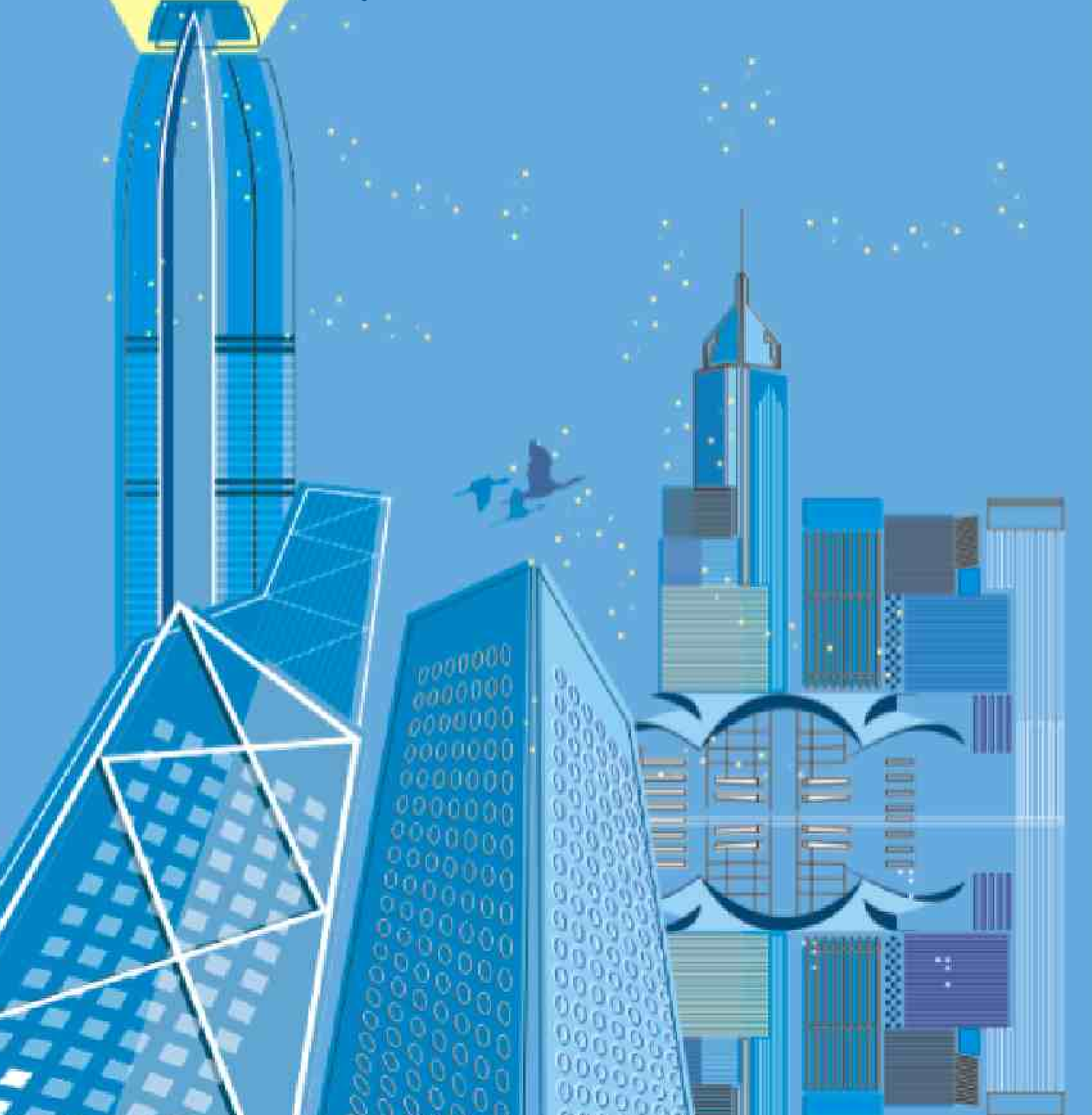
CONTENTS

HONG KONG

a trading and finance gateway to China, and an Asia-Pacific symbol of open markets and low taxation. The city is very visibly seeing a resurgence as a Regional Financial Centre



CHAIRMAN'S LETTER TO SHAREHOLDERS

As Indian companies globalise, so too must Indian banks. As the rest of the world learns of good business opportunities in India, Indian banks too must seek to discover business overseas.

It is in this spirit that your Bank has embarked on creating an international franchise, and over the last year has set up an initial presence elsewhere in Asia. *An Asian Footprint* is therefore the theme of this Report. The footprint encompasses branches in Singapore, Hong Kong and Dubai (in the Dubai International Financial Centre) and a Representative Office in Shanghai. Besides being large international financial and trading hubs, these cities also provide the Bank with opportunities to finance India's burgeoning trade within Asia.

This new international strategy of the Bank will traverse four broad lines of business. Three pertain to corporate banking : credit and trade finance facilities to Indian companies and their trading partners; raising finance overseas for Indian companies and their offshore subsidiaries; and the risk management of their overseas assets and liabilities. The fourth line of business, within retail banking, comprises financial advisory services and wealth management for overseas Indians.

The Board of Directors of the Bank has also recommended to shareholders that the name of the Bank be changed to *Axis Bank*. The name has been chosen because it is simple and crisp, transcends geographical boundaries as we seek to become a multinational bank, and connotes stability and solidity. As *Axis Bank*, we will continue to emphasise growth and profitability which we have built for shareholders in recent years.

P. J. Nayak
Chairman and Managing Director

HONG KONG

a distinctive blend of East and West, Hong Kong is a visible example of entrepreneurship and growth. The bustling harbour and financial centre coexist with ancient traditions

BOARD OF DIRECTORS

P. J. Nayak	Chairman & Managing Director
Surendra Singh	Director
N. C. Singhal	Director
A. T. Pannir Selvam	Director
J. R. Varma	Director
R. H. Patil	Director
Rama Bijapurkar	Director
R. B. L. Vaish	Director
S. B. Mathur	Director
M. V. Subbiah	Director
Ramesh Ramanathan	Director
P. J. Oza	Company Secretary

THE CORE MANAGEMENT TEAM

R. Asok Kumar	Executive Director - Corporate Strategy
M.M. Agarwal	Executive Director - Corporate Banking
V. K. Ramani	Executive Director - Technology & Business Processes
S. K. Chakrabarti	President - Relationship Management
Hemant Kaul	President - Retail Banking
L. J. Fonseca	President - Support Services
Somnath Sengupta	President - Finance & Accounts
S. K. Nandi	President - Inspection and Audit
Snehomoy Bhattacharya	President - Human Resources
P. Mukherjee	President - Treasury
Vinod George	President - International Banking
Rajesh Kumar Tiwari	President - Credit
M. V. Subramanian	CEO and Executive Trustee, UTI Bank Foundation
Rajagopal Srivatsa	President - Business Banking
R. K. Bammi	President - North Zone
S. S. Bajaj	President - West Zone
S. K. Mitra	President - East Zone
C. P. Rangarajan	President - South Zone

M/s. S. R. Batliboi & Co. — Auditors
Chartered Accountants

M/s. Karvy Computershare Private Limited — Registrar and Share Transfer Agent
UNIT : UTI BANK LIMITED
Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081
Tel. No.: 040 - 23420815 to 23420824 Fax No.: 040 - 23420814

Registered Office: 'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006.
Tel. No.: 079-2640 9322 Fax No.: 079-2640 9321 Email : p.oza@utibank.co.in/rajendra.swaminarayan@utibank.co.in
Web site: www.utibank.com

Central Office: Maker Towers 'F', 13th Floor, Cuffe Parade, Colaba, Mumbai - 400 005.
Tel. No.: 022-67074407 Fax No.: 022-2218 6944/2218 1429

SINGAPORE

has a highly developed market-based economy, which has been founded on free trade. Rated as among the most business-friendly economies in the world, it hosts a large number of Indian finance professionals

HIGHLIGHTS

Profit after tax up 35.86% to Rs. 659.03 Crores

Net interest income up 45.34% to Rs.1,567.08 Crores

Fee & Other income up 60.72% to Rs. 824.39 Crores

Deposits up 46.55% to Rs. 58,785.60 Crores

Demand deposits up 46.11% to Rs. 23,430.19 Crores

Advances up 65.26% to Rs. 36,876.48 Crores

Retail assets up 37.56% to Rs. 8,927.54 Crores

Network of branches and extension counters increased from 450 to 561

Total number of ATMs went up from 1891 to 2341

Net NPA ratio as a percentage of net customer assets down to 0.61% from 0.75%

Earning per share (Basic) increased from Rs. 17.45 to Rs 23.50

Proposed Dividend up from 35% to 45%

Capital Adequacy Ratio stood at 11.57% as against the minimum regulatory norm of 9%

SINGAPORE

a multicultural city, with Tamil as one of its official languages, Singapore is perched at the confluence of international maritime routes

DIRECTORS' REPORT: 2006-07

Your Directors have pleasure in presenting the Thirteenth Annual Report of your Bank together with the Audited Statement of Accounts, Auditors' Report and the report on business and operations of the Bank for the Financial Year ended 31 March 2007.

FINANCIAL PERFORMANCE

The Bank continued to show robust growth in both business and revenues during 2006-07 that is reflected in various financial parameters. Backed by a business model with self-sustaining streams of revenues as well several new initiatives, it is confident of facing a more competitive environment that is likely to characterise the financial sector in the year ahead. The financial highlights for the year under review are presented below:

(Rs. in crores)

PARTICULARS	2006-07	2005-06	Growth
Deposits	58,785.60	40,113.53	46.55%
Out of which			
• Savings Bank Deposits	12,125.88	8,065.44	50.34%
• Current Account Deposits	11,304.31	7,970.08	41.83%
Advances	36,876.48	22,314.23	65.26%
Out of which			
• Retail Assets	8,927.54	6,489.93	37.56%
• Corporate Advances	27,948.94	15,824.30	76.62%
Total Assets/Liabilities	73,257.22	49,731.12	47.31%
Net Interest Income	1,567.08	1,078.23	45.34%
Other Income	1,010.11	729.63	38.44%
Out of which			
• Trading Profit	185.72	216.69	(14.29%)
• Fee & other income	824.39	512.94	60.72%
Operating Expenses excl. depreciation	1,102.73	721.86	52.76%
Profit before depreciation, provisions and tax	1,474.46	1,086.00	35.77%
Depreciation	111.86	92.19	21.34%
Provision for Tax	337.21	246.21	36.96%
Other Provisions & Write offs	366.36	262.52	39.56%
Net Profit	659.03	485.08	35.86%
Appropriations :			
Transfer to Statutory Reserve	164.76	121.27	35.86%
Transfer to Capital Reserve	15.64	10.45	49.67%
Transfer from Investment Fluctuation Reserve	-	(292.81)	-

KEY PERFORMANCE INDICATORS	2006-07	2005-06
Interest Income as a percentage of working funds*	7.58%	7.05%
Non-Interest Income as a percentage of working funds	1.68%	1.78%
Net Interest Margin	2.92%	2.85%
Return on Average Net Worth	21.84%	18.44%
Operating Profit as a percentage of working funds	2.27%	2.43%
Return on Average Assets	1.10%	1.18%
Profit per employee**	Rs. 7.59 lacs	Rs. 8.69 lacs
Business (Deposits less inter bank deposits + Advances) per employee**	Rs. 10.24 crores	Rs. 10.20 crores
Net Non performing assets as a percentage of customer assets ***	0.61%	0.75%

* Working funds represent average total assets.

** Productivity ratios are based on average number of employees.

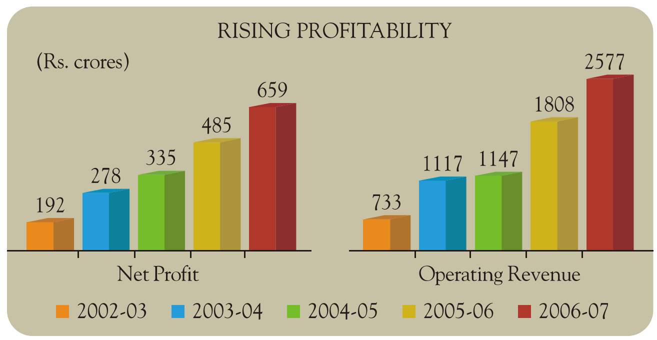
*** Customer Assets include advances, credit substitutes and unamortised cost of assets leased out.

Previous year figures have been regrouped wherever necessary.

Both business and earnings continued to display high growth in 2006-07 and the Bank earned a net profit of Rs. 659.03 crores against Rs. 485.08 crores in the previous year, registering a growth of 35.86%. The total income of the Bank increased by 53.95% to Rs. 5,570.52 crores from Rs. 3,618.42 crores last year, while the operating profit rose by 37.11% to Rs. 1,362.60 crores from Rs. 993.81crores last year. This increase in operating profit was driven principally by an increase in the net interest income by 45.34% to Rs. 1,567.08 crores, and by an increase in fee and other income by 38.44% to Rs. 1,010.11 crores, and was partly offset by an increase in operating expenses including depreciation by 49.20% to Rs. 1,214.59 crores over the year.

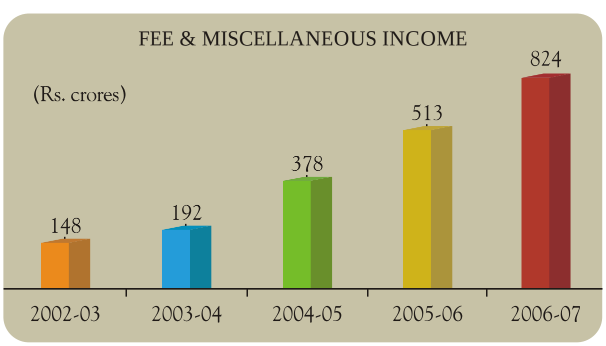
As stated, the overall performance during the year was characterised by a rise in core income streams such as net interest income and fee income. During the year, the net interest income grew by 45.34% to Rs. 1,567.08 crores from Rs. 1,078.23 crores last year, mainly due to the increase in average earning assets on a daily average basis by 41.56% to Rs. 53,591 crores from Rs. 37,857 crores last year. This increase in interest earnings was partly offset by the pressure on margins with a pronounced hardening of rates on term deposits in the second half of the year. However, the growth in demand deposits aided the increase in net interest income, which grew (on a daily average basis) by 60.34% to Rs. 16,252 crores from Rs. 10,136 crores the previous year, helping to contain the cost of funds. The daily average cost of funds in 2006-07 increased to 5.60% from 4.94% the previous year. During the same period, the cost of deposits increased to 5.38% from 4.80% the previous year, primarily the result of a rise in the cost of term deposits by 120 basis points.

During the year, the net interest margin increased by 7 basis points to 2.92% from 2.85% in 2005-06. A reason for the improvement in the net interest margin was the improvement in the yield on assets by 90 basis points to 8.48%. The improvement in the yield on assets was partly offset by an increase in the cost of funds by 66 basis points, although concentrated efforts in maximizing the share of demand deposits in total deposits helped absorb the upward pressure on the cost of funds and the consequent squeeze on margins. On a quarter-to-quarter basis, the net interest margin during 2006-07 increased from 2.68% in Q1, to 2.92% in Q2, 3.00% in Q3 and 3.06% in Q4, highlighting a generally strong trend in the growth of net interest income.

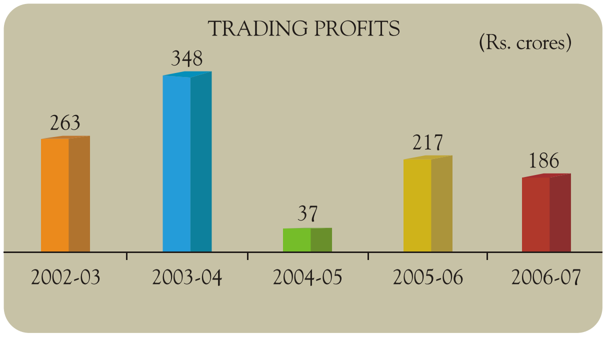


Other income comprising trading profits, fee and miscellaneous income rose by 38.44% to Rs. 1,010.11 crores in 2006-07 from Rs. 729.63 crores. While fee and miscellaneous income rose by 60.72% to Rs. 824.39 crores from Rs. 512.94 crores, a decline in trading profits by 14.29% to Rs. 185.72 crores from Rs. 216.69 crores last year resulted in the somewhat slower growth of other income. The decrease in trading profits during the year was mainly on account of adverse market conditions in the debt markets, offset to a great extent by a very strong growth in fee income, the main contributors to which were service, account-maintenance and transaction charges, interchange income, third party distribution fee and processing fees earned on loans.

The operating revenue of the Bank rose by 42.55% to Rs. 2,577.19 crores from Rs. 1,807.86 crores last year. The core income streams (net interest income and fees) now constitute 92.79% of the operating revenue of the Bank, compared to 88.01% last year. The operating expenses increased from Rs. 814.05 crores in 2005-06 to Rs. 1,214.59 crores, with an aggressive growth of the Bank's retail network, both domestic and overseas and the infrastructure required to support the growing businesses. Employees' costs increased by 58.76% to Rs. 381.35 crores from Rs. 240.20 crores, constituting 31.40% of the operating expenses, largely prompted by the increase in the number of employees from 6,553 on 31 March 2006 to 9,980 on 31 March 2007. During the year, the Bank implemented the revised Accounting Standard 15 on Employee Benefits.



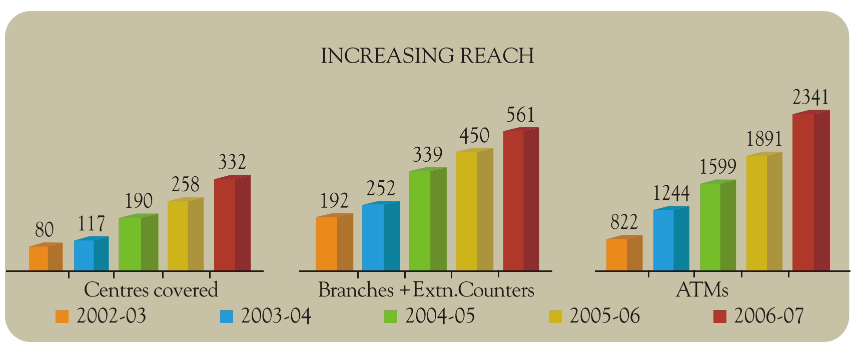
During the year, the Bank created total provisions (excluding provisions for tax) of Rs. 366.36 crores against Rs. 262.52 crores the previous year. The increase in provisions is on account of higher provisioning requirements for standard assets in accordance with RBI guidelines. The Bank has made provisions for loan assets of Rs. 73.73 crores as against Rs. 127.06 crores the previous year, while provision for standard assets has increased significantly to Rs. 122.35 crores from Rs. 44.68 crores, pursuant to the change in provisioning requirements for standard assets from 0.40% to 1% for housing loans exceeding Rs. 20 lacs and 2% for personal loans, exposures to capital markets, real estate, non deposit-taking systemically important NBFCs and credit card receivables, as notified by RBI. The Bank continued to improve its asset quality, as a result of which net NPAs, as a percentage of net customer assets, declined substantially from 0.75% as on 31 March 2006 to 0.61% as on 31 March 2007. The Bank has provided Rs. 98.75 crores for amortisation of premium on securities held under the HTM category of investments.



The return on average net worth rose to 21.84% in 2006-07 from 18.44% in 2005-06. The Bank's basic earnings per share increased from Rs. 17.45 to Rs. 23.50, while diluted earnings per share were Rs. 22.79 as compared to Rs. 17.08 in 2005-06. The book value per share rose from Rs. 103.06 as on 31 March 2006 to Rs. 120.50 as on 31 March 2007. The business per employee marginally improved to Rs. 10.24 crores from Rs. 10.20 crores last year. Profit per employee has decreased from Rs. 8.69 lacs in 2005-06 to Rs. 7.59 lacs, due to the large number of branches opened in the last quarter of the year and the consequential increase in the number of employees.

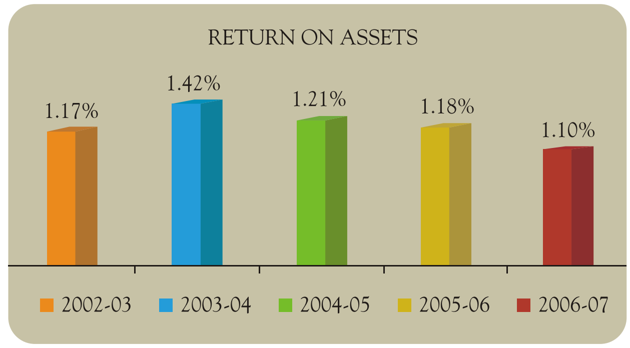
The Bank has also shown a substantial growth in several key balance sheet parameters for the year ended 31 March 2007. The Bank's total assets increased by 47.31% from Rs. 49,731.12 crores as on 31 March 2006 to Rs. 73,257.22 crores as on 31 March 2007. Total deposits increased by 46.55% from Rs. 40,113.53 crores as on 31 March 2006 to Rs. 58,785.60 crores. Savings bank account deposits grew by 50.34% to Rs. 12,125.88 crores, while current account deposits grew by 41.83% to Rs. 11,304.31 crores. Savings bank and current account deposits together constituted 39.86% of total deposits as on 31 March 2007. The total advances of the Bank increased during the year by 65.26% from Rs. 22,314.23 crores to Rs. 36,876.48 crores. Of this, corporate loans, comprising large corporates, mid-corporates, SME, and agriculture lending, increased by 76.62% from Rs. 15,824.30 crores to Rs. 27,948.94 crores, while retail loans increased by 37.56% from Rs. 6,489.93 crores to Rs. 8,927.54 crores. The total investments of the Bank increased by 24.94% from Rs. 21,527.35 crores to Rs. 26,897.16 crores. While investments in government and approved securities held to meet the Bank's SLR requirement increased by 39.35% from Rs. 11,789.80 crores to Rs. 16,429.67 crores, other investments, including corporate debt securities, increased marginally by 7.50% from Rs. 9,737.55 crores to Rs. 10,467.49 crores. The Bank has built total assets of Rs. 3,177.12 crores at its overseas offices.

During 2006-07, the Bank has continued to expand its distribution network, in both domestic and overseas geographies, to enlarge its reach and accelerate the business growth momentum. This has helped the Bank particularly in the acquisition of low-cost retail deposits, retail assets and lending to agriculture, SME and mid-corporates. During the year, 153 new branches were added to the Bank's network taking the number of branches to 508. This includes 43 extension counters that have been upgraded to branches and the setting up of 8 Service branches/CPCs. As on 31 March 2007, the Bank had a network of 508 branches and 53 extension counters as against 355 branches and 95 extension counters at the beginning of the year. One extension counter was also opened during the year. Of the 508 branches, 123 branches are in semi-urban and rural areas. With the opening of these offices, the geographical reach of the Bank extends to 29 States and 3 Union Territories, covering 332 centres. During the year, 450 new ATMs were also installed taking the Bank's ATM network from 1,891 to 2,341 as on 31 March 2007. This helped the Bank in retaining its status as the third largest ATM network provider amongst all banks in the country. During the year, the Bank also opened three new overseas offices, with branches at Singapore and Hong Kong and a representative office in Shanghai. In the first week of April 2007, the Bank has also opened a branch at the Dubai International Finance Centre. The opening of these overseas offices will provide significant opportunities to the Bank to finance cross-border trade and manufacturing activities in addition to remittance and other businesses from the NRI community.



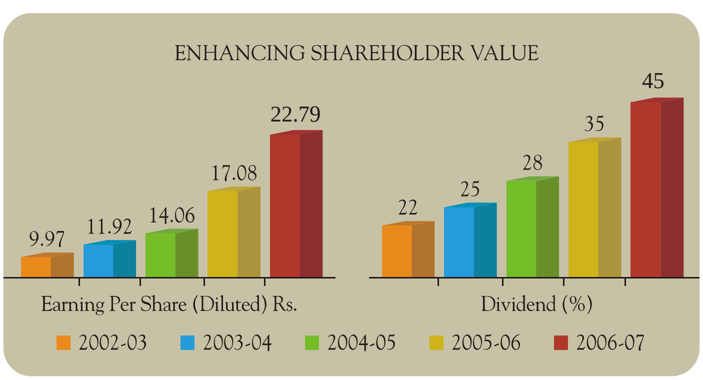
CAPITAL & RESERVES

During the year 2006-07, the Bank has raised capital aggregating Rs. 1,762.81 crores through Innovative Perpetual Debt Instrument (IPDI), eligible as Tier I capital, and Tier II capital in the form of Upper Tier II and subordinated bonds (unsecured redeemable non-convertible debentures). Of this, the Bank has raised Rs. 389.30 crores by way of subordinated bonds (unsecured redeemable non-convertible debentures) qualifying as Tier II capital, Rs. 307.50 crores by way of Upper Tier II debentures and Rs. 214 crores by way of Hybrid Tier I capital in the form of Innovative Perpetual Debt Instruments. The Bank has further raised US Dollars 150 million (equivalent to Rs. 652.05 crores) as Upper Tier II capital and US Dollars 46 million (equivalent to Rs. 199.96 crores) as Hybrid Tier I capital in the form of Innovative Perpetual Debt Instruments from Singapore under the MTN Programme. The raising of this non-equity capital has helped the Bank continue its growth strategy and has strengthened its capital adequacy ratio. As a result, the Bank is satisfactorily capitalized with the capital adequacy ratio at the end of year being 11.57% compared to 11.08% at the end of the preceding year (and as against a minimum regulatory requirement of 9% CRAR). Of this, Tier I capital constituted 6.42%, while Tier II capital amounted to 5.15%.

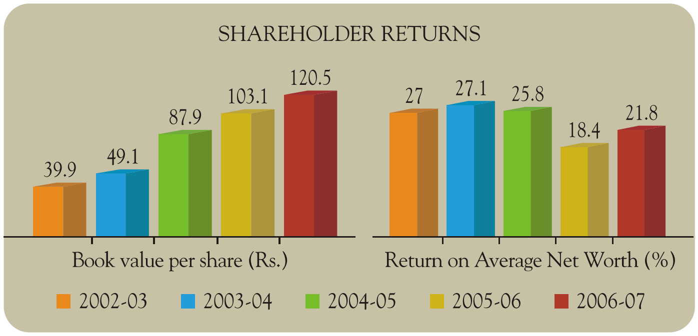


During the year under review, 29,40,060 equity shares were allotted to employees of the Bank pursuant to the exercise of options under the Bank's Employee Stock Option Plan. The paid up capital of the Bank as on 31 March 2007 thereby rose to Rs. 281.63 crores from Rs. 278.69 crores as on 31 March 2006. The shareholding pattern of the Bank as on 31 March 2007 was as under.

Sr. No.	Name of Shareholders	% of Paid Up Capital
i.	Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I)	27.43%
ii.	Life Insurance Corporation of India	10.38%
iii.	General Insurance Corporation and four PSU Insurance Companies	5.30%
iv.	Overseas Investors including FIIs/ OCBs/ NRIs	37.64%
v.	Foreign Direct Investment (GDR issue)	4.26%
vi.	Other Indian Financial Institutions/ Mutual Funds/ Banks	6.91%
vii.	Others	8.08%
	Total	100.00%



The Bank's shares are listed on the NSE, the BSE, the Ahmedabad Stock Exchange and the OTCEI. The GDRs issued by the Bank are listed on the London Stock Exchange (LSE). The Bonds issued by the Bank under the MTN programme are listed on the Singapore Stock Exchange. The listing fee relating to all stock exchanges for the current year has been paid. With effect from 26 March 2001, the shares of the Bank have been included and traded in the BSE Group 'A'.



DIVIDEND

The diluted Earning per Share (EPS) of the Bank for 2006-07 has risen to Rs. 22.79 from Rs. 17.08 last year. In view of the overall performance of the Bank and the objective of rewarding shareholders with cash dividends while retaining capital to maintain a healthy capital adequacy ratio to support future growth, the Board of Directors has recommended a higher dividend rate of 45% on equity shares, compared to the 35% dividend declared for the financial year 2005-06.

BOARD OF DIRECTORS

During the year, Shri S. Chatterjee, Executive Director (whole-time Director) retired from the services of the Bank w.e.f. 31 December 2006.

The Board of Directors place on record their appreciation and gratitude to Shri S. Chatterjee for the valuable services rendered by him during his tenure as Executive Director of the Bank.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Bank, Shri Surendra Singh, Shri R. H. Patil and Smt. Rama Bijapurkar retire by rotation at the Thirteenth Annual General Meeting and, being eligible, offer themselves for re-appointment as Directors of the Bank.

SUBSIDIARIES

The Bank has set up two wholly owned subsidiaries viz. UBL Sales Ltd. and UBL Asset Management Company Ltd. UBL Sales Ltd. has been set up for marketing credit cards and other retail asset products. The objective of this subsidiary is to build a specialised force of sales personnel, optimize operational efficiency and productivity and thereby reduce costs. The sales subsidiary also seeks to provide greater control and monitoring of the sales effort vis-à-vis the current DSA model. The second subsidiary of the Bank, UBL Asset Management Company Ltd. has been formed primarily to carry on the activities of managing (directly or indirectly) investments, venture capital funds, off-shore funds etc. The performance of these subsidiaries along with their Directors' Report and financial statements are enclosed as Annexures to this report. In line with the Accounting Standard 21 (AS 21) issued by the Institute of Chartered Accountants of India, the consolidated financial results of the Bank along with its subsidiaries for the year ended 31 March 2007 are enclosed as an Annexure to this report.

EMPLOYEE STOCK OPTION PLAN (ESOP)

To enable employees including whole-time Directors of the Bank to participate in the future growth and financial success of the Bank, the Bank has instituted an Employee Stock Option Scheme under which 2,78,00,000 options can be granted to employees. The employee stock option scheme is in accordance with the Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The eligibility and number of options to be granted to an employee is determined on the basis of the employee's work performance and is approved by the Board of Directors.

The Bank's shareholders approved plans in February 2001, June 2004 and June 2006 for the issuance of stock options to employees. Under the first two plans and up to the grant made on 29 April 2004, the option conversion price was set at the average daily high-low price of the Bank's equity shares traded during the 52 weeks preceding the date of grant at the Stock Exchange which has had the maximum trading volume of the Bank's equity share during that period (presently the NSE). Under the third plan and with effect from the grant made by the Company on 10 June 2005, the pricing formula has been changed to the closing price of the previous day of the grant date. The Remuneration and Nomination Committee granted options under these plans on six occasions, of options of 11,18,925; 17,79,700; 27,74,450; 38,09,830; 57,08,240 and 46,95,860 during 2000-01, 2001-02, 2003-04, 2004-05, 2005-06 and 2006-07 respectively. The options granted, which are non-transferable, vest at the rate of 30%, 30% and 40% on each of three successive anniversaries following the granting, subject to standard vesting conditions, and must be exercised within three years of the date of vesting. As of 31 March 2007, 79,64,083 options had been exercised and 98,72,910 options were in force.

Other statutory disclosures as required by the revised SEBI guidelines on ESOPs are given in the Annexure to this report.

CORPORATE GOVERNANCE

The Bank is committed to achieving a high standard of corporate governance and it aspires to benchmark itself with international best practices. The corporate governance practices followed by the Bank are enclosed as an Annexure to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby declare and confirm that:

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

ii. Accounting policies have been selected, and applied consistently and reasonably, and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Bank and of the Profit & Loss of the Bank for the financial year ended 31 March 2007.

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies (Amendment) Act, 2000, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.

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

STATUTORY DISCLOSURE

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

The statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder, is given in an Annexure appended hereto and forms part of this report. In terms of Section 219(1) (iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Bank.

AUDITORS

M/s S. R. Batliboi & Co., Chartered Accountants, statutory auditors of the Bank since 2006, retire on the conclusion of the Thirteenth Annual General Meeting and are eligible for re-appointment, subject to the approval of Reserve Bank of India, and of the shareholders. As recommended by the Audit Committee, the Board has proposed the appointment of S.R. Batliboi & Co., Chartered Accountants as statutory auditors for the financial year 2007-08. The shareholders are requested to consider their appointment.

ACKNOWLEDGEMENTS

The Board of Directors places on record its gratitude to the Reserve Bank of India, other government and regulatory authorities, financial institutions and correspondent banks for their strong support and guidance. The Board acknowledges the support of the shareholders and also places on record its sincere thanks to its valued clients and customers for their continued patronage. The Board also expresses its deep sense of appreciation to all employees of the Bank for their strong work ethic, excellent performance, professionalism, team work, commitment, and initiative which has led to the Bank making commendable progress in today's challenging environment.

For and on behalf of the Board of Directors

Date: 17 April 2007
Place: Mumbai

P. J. Nayak
Chairman & Managing Director

STATUTORY DISCLOSURES REGARDING ESOP (FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007)

		ESOP 2000-2001	Grant 24 Feb 2001	Grant 28 Feb 2002	Grant 6 May 2003	Grant 29 Apr 2004	Grant 10 Jun 2005	Grant 17 Apr 2006
Options Granted		19,887,005	1,118,925	1,779,700	2,774,450	3,809,830	5,708,240	4,695,860
Pricing Formula	Fixed Price i.e. the average daily high - low price of the shares of the Bank traded during the 52 weeks preceding the date of grant at that stock exchange which has had the maximum trading volume of the Bank`s share during that period. For Options Granted on and after 10 June 2005, the exercise price considered is the closing market price as on the day preceding the date of the grant at that stock exchange which has had the maximum trading volume of the Bank's share.		Rs. 38.63	Rs. 29.68	Rs. 39.77	Rs. 97.62	Rs. 232.10	Rs. 319.00
Options Vested		979,768	-	7,780	56,894	181,984	664,485	68,625
Options Exercised		7,964,083	1,036,969	1,661,065	2,416,363	1,896,508	948,398	4,780
Total number of shares arising as a result of exercise of options		7,964,083	1,036,969	1,661,065	2,416,363	1,896,508	948,398	4,780
Options lapsed/cancelled		2,050,012	81,956	110,855	301,193	508,615	723,733	323,660
Variation in terms of ESOP	Fixed Price i.e. pricing formula has been changed and exercise price of options granted under Grant V on 10 June 2005 onwards were made at the closing price of the previous day of grant.		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Money realised by exercise of options (Rs. in lacs)		5,922.42	400.58	493.00	960.99	1,851.37	2,201.23	15.25
Total number of options in force		9,872,910	-	7,780	56,894	1,404,707	4,036,109	4,367,420

ADDITIONAL DETAILS TO BE DISCLOSED:

Employee-wise details of grants to Senior Managerial Personnel i.e.,							
- Chairman and Managing Director	304,910	22,500	36,600	50,000	65,000	74,750	56,060
- Executive Director	146,875	13,500	18,000	25,000	30,000	34,500	25,875
- Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	N.A.						

	ESOP 2000-2001	Grant 24 Feb 2001	Grant 28 Feb 2002	Grant 6 May 2003	Grant 29 Apr 2004	Grant 10 Jun 2005	Grant 17 Apr 2006
- Identified employees who were granted option, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank under the grant	N.A.						
- Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share':	Rs. 22.79						
Weighted average exercise price of Options whose:							
- Exercise price equals market price	Rs. 319.00						
- Exercise price is greater than market price	Nil						
- Exercise price is less than market price	Nil						
Weighted average fair value of Options whose:*							
- Exercise price equals market price	Rs. 116.73						
- Exercise price is greater than market price	Nil						
- Exercise price is less than market price	Nil						
Fair Value Related Disclosure*							
Increase in the employee compensation cost computed at fair value over the cost computed using intrinsic cost method (Rs. in crores)	43.17	-	-	-	1.52	15.20	26.45
Net Profit, if the employee compensation cost had been computed at fair value (Rs. in crores)	615.86						
Basic EPS if the employee compensation cost had been computed at fair value (Rs.)	21.96						
Diluted EPS if the employee compensation cost had been computed at fair value (Rs.)	21.30						
Significant Assumptions used to estimate fair value							
Risk free interest rate	6.93% to 7.17%						
Expected life	2 to 4 years						
Expected Volatility	46.91% to 52.03%						
Dividend yield	1.69%						
Price of the underlying share in the market at the time of option grant (Rs.)	319.00						

* Note: Fair value method of accounting is applicable only for grants made on or after 30th June 2003. Hence, no disclosures have been made regarding the grants prior to this date.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Name of the Subsidiary Company	Financial year end of the subsidiary	Number of equity shares held by UTI Bank and/or its nominees in subsidiary as on 31 March 2007	Extent of Interest of UTI Bank in the capital of the subsidiary	Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of UTI Bank Ltd. and is not dealt with in the accounts of UTI Bank Ltd. for the financial year ended 31 March 2007 (Rs. in thousands)	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the UTI Bank Ltd. and is dealt with or provided for in the accounts of UTI Bank Ltd. for the financial year ended 31 March 2007 (Rs. in thousands)
1.	UBL Sales Limited	31-3-2007	50,00,000 shares of Rs.10.00 each fully paid up.	100%	(33,255)	Nil
2.	UBL Asset Management Company Limited	31-3-2007	50,00,000 shares of Rs.10.00 each fully paid up.	100%	(14,551)	Nil

For UTI BANK LTD.

P. J. Nayak
Chairman & Managing Director

Surendra Singh
Director

N. C. Singhal
Director

R. B. L. Vaish
Director

P. J. Oza
Company Secretary

Date: 17 April 2007
Place: Mumbai

SHANGHAI

the centre of finance and trade in mainland China. It is the nucleus for manufacturing and technology and contains important corporate headquarters. Recent years have seen a transformation of the city's infrastructure

MACRO-ECONOMIC ENVIRONMENT

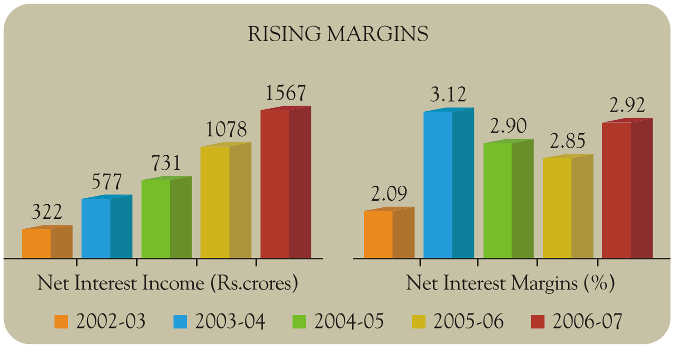
While macro-economic fundamentals have generally been strong in 2006-07, inflation, largely due to supply-side constraints, had become an overriding concern in the closing months of fiscal 2006-07. The GDP is expected to show a growth of 9.2% for the fiscal 2006-07 against 9% last fiscal year. Agriculture and allied sectors are expected to grow at a rate of 2.7% in 2006-07, while industrial production is expected to grow by about 10%. The growth in industrial production was driven mainly by the manufacturing sector, which grew by 11.3% in 2006-07 following a growth of 9.1% in the previous fiscal. The momentum of growth in the services sector continued with a growth of 11.2% in fiscal 2006-07. Among the three sub-sectors of services, 'trade, hotels, transport and communication services' has continued to boost the sector by growing at double-digit rates for the fourth successive year.

Inflation, with its roots in supply-side factors, was accompanied by buoyant growth of money and credit in the last two years. Starting with a rate of 3.98%, the rate of inflation in 2006-07 has been on a generally upward trend with intermittent falls. However, average inflation during 2006-07 remained at 5%, with continuing fiscal and monetary policy interventions aimed at controlling price levels. Liquidity conditions remained fairly comfortable up to early September 2006. With year-on-year inflation stubbornly above 5% in the second half of the year, RBI announced further measures to stem inflationary expectations and also to contain the credit growth that put pressure on the liquidity position, thereby hardening interest rates in the economy.

Growth trends were accompanied by robustness of overall macro-economic fundamentals, particularly with tangible progress towards fiscal consolidation and a strong balance of payments position. With an upsurge in investment, the outlook is distinctly upbeat. However, the major challenges lie in taking macro-economic level corrective action to tackle the supply side constraints to keep inflation at an acceptable level. Interest rates have already shown signs of hardening, which may affect further investments in the industrial sector. In order to maintain the GDP growth over 9% in the coming years, the major challenge lies in balancing of current pace of growth with non-accelerating inflation. The current policy measures adopted by monetary authorities to tighten liquidity in order to fight inflation led to an increase in interest rates, which could slow down economic growth in the coming year, particularly in respect of infrastructure and other core sector projects.

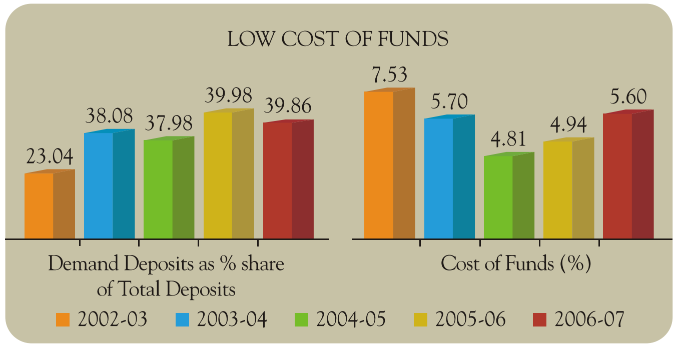
Against the backdrop of generally strong economic fundamentals in the last year, the banking system seems to have done well during 2006-07, reflected in the growth of business in the form of aggregate deposits and advances. In terms of the Weekly Statistical Supplement published by RBI, the aggregate deposits of All Scheduled Commercial Banks (ASCB) as on 30 March 2007 have grown by 24.27% from 31 March 2006, while bank credit has grown by 28.51%. However, there continue to be areas of concern, primarily hardening interest rates that may result in pressure upon the net interest margins. The continuing rise in interest rates may make various projects economically unviable, resulting in higher NPAs and also affect valuations. Lastly, the sharp increase in provisions on standard assets will impact the profitability of banks.

OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE



During the year 2006-07, the Bank has witnessed a strong growth in business volumes as well as profits, with the net profit increasing by 35.86% to Rs. 659.03 crores from Rs. 485.08 crores the previous year. The total income of the Bank rose by 53.95% to Rs. 5,570.52 crores from Rs. 3,618.42 crores the previous year. During the same period, the operating revenue increased by 42.55% to Rs. 2,577.19 crores, while operating profit increased by 37.11% to Rs. 1,362.60 crores. On 31 March 2007, the Bank's total assets increased by 47.31% to Rs. 73,257 crores. The total deposits of the Bank grew by 46.55% to Rs. 58,786 crores, while the total advances grew by 65.26% to Rs. 36,876 crores. The total demand deposits (savings bank and current account deposits) have increased by 46.11% to Rs. 23,430.19 crores, constituting 39.86% of total deposits. The Bank has increased its market share of aggregate deposits in All Scheduled Commercial Banks (ASCB), which rose from 1.76% as on 31 March 2006 to 2.08% on 30 March 2007, while its share of advances rose from 1.50% to 1.78% during the same period. In the financial year 2006-07, the Bank's incremental market share of aggregate deposits in ASCB was 3.39% while its incremental share in advances was 2.75%. The solid performance of the Bank despite higher provisioning on standard assets, increase in risk weights on select asset classes, reduction on interest paid on CRR and a hardening of interest rates due to tightening of the overall liquidity situation underscores the efficacy of the business model adopted by the Bank.

The Bank continued to enhance shareholder value and the diluted earnings per share for the year 2006-07 increased to Rs. 22.79 from Rs. 17.08 the previous year. As on 31 March 2007, the book value per share of the Bank has increased to Rs. 120.50 from Rs. 103.06 as on 31 March 2006.



The Bank will continue to derive benefit from the infrastructure created over the years and will continue to pursue a strategy of profitable growth through stronger corporate relationships and an accelerated retail customer expansion programme driven by the Bank's multiple channels. In 2007-08, the Bank's strategy will continue to revolve around further increasing its market-share in the expanding financial services industry and to become an International Bank with a pan-Asia presence. The Bank will continue to emphasise growth opportunities through higher levels of customer satisfaction and loyalty, and deepening relationships with existing customers. It seeks to maintain and enhance a strong retail and corporate franchise, strengthen the structures and delivery channels for increasing SME and agricultural businesses, exploit cross-sell opportunities, offer private banking for high-networth customers, consolidate new business initiatives such as Credit Cards, Wealth Management and Bancassurance for Life Insurance, and encash opportunities through overseas offices for cross-border trade finance, syndication of debt and NRI business development.

The Bank will continue to focus on high-quality earnings growth through an emphasis on core income streams such as NII and fee-based income and on maintaining a high standard of asset quality by providing emphasis on rigorous risk-management practices. The Bank will continue to use technology extensively to maintain competitive advantage and continue to up-grade the technology platform to provide leverage for bringing in higher cost efficiencies.

CAPITAL MANAGEMENT

The Bank strives for the continual enhancement of shareholder value. Its capital management framework helps to optimise the use of capital by ensuring the right composition of capital in relation to business growth and the efficient use of capital through an optimal mix of products and services.

During the year, the Bank continued to attract investor interest from domestic and foreign institutional investors, with a sizeable increase in trading volume and price. During 2006-07, the Bank has raised capital aggregating Rs. 1,762.81 crores through Innovative Perpetual Debt Instrument (IPDI), eligible as Tier I capital and Tier II capital in the form of Upper Tier II and subordinated bonds (unsecured redeemable non-convertible debentures). Of this, the Bank has raised US Dollars 196 million (equivalent to Rs. 852.01 crores) by way of Hybrid Tier I capital and Upper Tier II capital from Singapore under the MTN Programme. This additional capital enabled the Bank to reinforce its growth strategy and shore up its capital adequacy ratio. Consequently, as on 31 March 2007, the Bank's capital adequacy ratio rose to 11.57% from 11.08% last year. The following table sets forth the risk-based capital, risk-weighted assets and capital adequacy ratios computed in accordance with the applicable RBI guidelines.

(Rs. in crores)

	As on 31 March 2007	As on 31 March 2006	As on 31 March 2005
Tier I Capital - Shareholders' Funds	3,636.21	2,802.18	2,110.96
Tier II Capital	2,918.29	1,476.08	902.19
Out of which			
• Bonds qualifying as Tier II Capital	1,748.52	1,401.09	568.86
• Upper Tier II Capital	959.55	-	-
• Investment Fluctuation Reserve	-	-	292.81
• Other eligible for Tier II Capital	210.22	74.99	40.52
Total Capital qualifying for computation of Capital Adequacy Ratio	6,554.50	4,278.26	3,013.15
Total Risk-Weighted Assets and Contingencies	56,643.37	38,598.25	23,799.52
Total Capital Adequacy Ratio (CAR)	11.57%	11.08%	12.66%
Out of above			
- Tier I Capital	6.42%	7.26%	8.87%
- Tier II Capital	5.15%	3.82%	3.79%

PREPAREDNESS FOR IMPLEMENTATION OF THE BASEL II ACCORD

In the Mid-Term Review of Monetary Policy in October 2006, RBI had decided to defer the implementation of Basel II by a year and all Indian banks with a presence outside India are required to migrate to the Standardized Approach for credit risk and the Basic Indicator Approach for operational risk w.e.f. 31 March 2008. Accordingly, the Bank has selected vendors for the implementation of software solutions for a smooth transition to the Basel II framework. Steps have been taken for implementation of both the projects within the stipulated time frame to ensure compliance with Basel II regulation as spelt out by RBI.

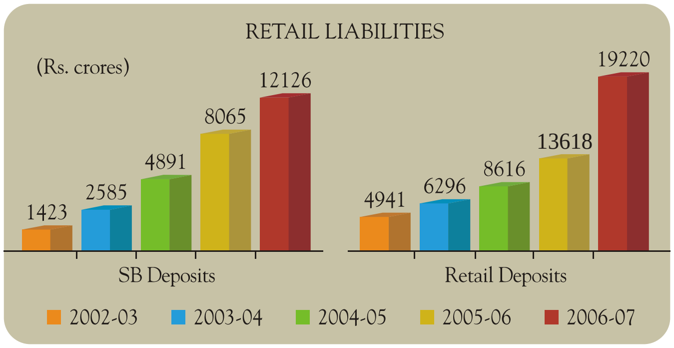
BUSINESS OVERVIEW

The performance of individual business segments during 2006-07 and their future strategies are presented below:

RETAIL BANKING

The Bank maintained its focus on product differentiation and a customer-centric vision that resulted in a substantial growth in retail banking business during 2006-07. Savings Bank deposits grew by 50.34% to Rs. 12,125.88 crores on 31 March 2007 from Rs. 8,065.44 crores in the previous year. This growth was possible mainly due to the Bank's differential thrust on disparate customer segments, resulting in strong customer acquisition. This is evident from the growth across various customer segments indicated in the following table.

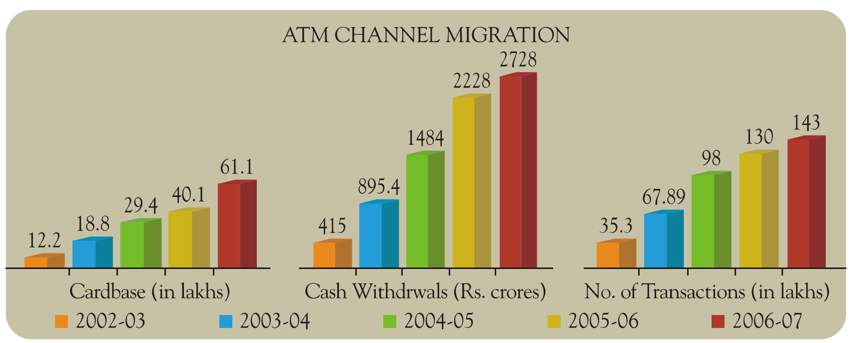
Savings Bank Product	Growth in Savings Bank balances (%)	Growth in number of customer accounts (%)
Priority Banking (High Networth)	52%	65%
Senior Privilege (Affluent Senior Citizens)	43%	52%
Smart Privilege (Savings Bank account for Women)	49%	58%
Salary Power	47%	37%
Easy Access (Base Savings Bank account)	29%	42%
Savings Bank for Trusts	59%	67%
Savings Bank for NRI	50%	62%



The Bank has always focused on innovation and differentiation. In this direction, during the year, the Bank has opened specialised Priority Banking branches for the high networth customer segment. Priority Banking branches have been conceived as a single stop shop for affluent customers, catering to all their banking and investment needs, and the Bank is the first to launch such a concept in India. These branches are exclusive boutique banking branches with a plush ambience catering to high networth individuals, that takes the Priority Banking product to an experiential level, offering service in a discreet manner while maintaining comfort and confidentiality for the customers. During 2006-07, three such branches were opened in the cities of Pune, Mumbai and Kolkata, with plans to open more such branches at other urban centers in 2007-08.

The Bank is very sensitive to the privacy of its customers and does not engage in unsolicited tele-calling. In this regard, the Bank has taken proactive measures to seek positive customer consent on cross-selling initiatives. The Bank launched project 'Sampark', which involves meeting customers face-to-face at branch locations, or outside ATMs and seeking their written consent for cross-selling initiatives. The project is an intensive logistical exercise and by end-March 2007, 8 lacs customer consents have been acquired. This gives the Bank a fully compliant internal database for cross-sell initiatives such as for investment advisory services and insurance products. This will facilitate in boosting the fee income from cross-sell of various products.

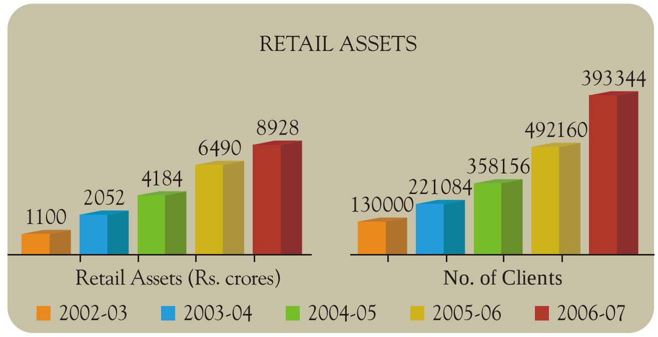
In its constant endeavour to provide convenience to its customers, the Bank has been aggressively developing its alternative banking channels, namely the ATM network, Internet Banking and Mobile Banking. These channels have received overwhelming response from its customers with registration and transaction figures increasing substantially over the previous year. During the year, the Bank added 450 ATMs, thereby taking the network size to 2,341 on 31 March 2007. The Bank offers access to its customers to over 19,000 ATMs across the country through bilateral and multilateral ATM sharing arrangements. Beginning 2001, the Bank had identified the ATM channel as a strong tool for customer acquisition and convenience. At 4.70 ATMs per branch, the Bank has the highest ATM to branch ratio in the country. The high ATM to branch ratio has been part of the growth strategy and has been a major factor in the high growth of savings bank deposits accounts and balances. Continuing with its efforts in providing the utmost in convenience and safety to its customers, the Bank has promoted its mobile banking services to enable customers to access their accounts on their mobile phones. The service also sends out specific transaction alerts on the mobile phones of registered customers, informing the customer of the activity in the account, thereby giving an added level of safety to the customer. The mobile channel has found increasing acceptance among the Bank's customers. During the financial year, 40% of the incremental customers signed on for mobile banking services. With 1.10 million customers registered for mobile banking, the Bank has among the highest mobile registration penetration levels among bank customers. The Bank is uniquely poised to take advantage of the growth of mobile commerce in the country. On the Internet Banking front, the registered user base of the Bank rose from 1.89 million accounts as on 31 March 2006 to 3.35 million accounts as on 31 March 2007. To give the customers a more reliable service, the Internet Banking platform was revamped in the current year. To counter phishing attacks on our customers, the Bank has introduced an added security measure whereby the customer has to enter certain additional details from his debit card number in addition to his Login Identification and password for conducting a financial transaction.



The Bank has set up a Call Centre, available 24/7, providing assistance in 11 languages. The Call Centre as of March 2007 handled over 20,000 calls per day.

With 508 branches, 53 extension counters, 2,341 ATMs, 3.35 million internet banking customers and 1.10 million mobile registered customers, the Bank provides one of the best networks in the country with real time on-line access to it customers.

On the retail assets front, for the larger part of the year, retail and consumer lending continued its growth, in spite of the rising interest costs. However, the last quarter saw signs of a slow-down, owing to rising property prices and interest rates. For the Bank, the year-on-year growth, in business terms, was 38%, growing from Rs. 6,490 crores on 31 March 2006 to Rs. 8,928 crores as on 31 March 2007. This constituted 24.21% of the Bank's total loan portfolio as on 31 March 2007. The Retail Asset Centre (RAC) network of the Bank also grew from 43 to 67 in 2006-07. During the year under review, the Bank successfully launched its auto loans product and it expects to carve out a significant share in the passenger car financing market in 2007-08. The rise in interest rates in the economy may provoke a certain amount of stress on the portfolio and the Bank is gearing up its machinery to pre-empt any slippage from our present standards, insofar as loan losses are concerned.



The Bank further consolidated its position in the Cards business in the country during the year. The Bank today offers a wide array of payment solutions to its customers by way of Debit Cards, Credit Cards, Pre-paid Cards, Cards Acceptance Service and the Internet Payment Gateway. As on 31 March 2007, the total debit card base of the Bank stood at 6 million. The Bank has the third largest debit card portfolio in the country. From the initial one-size-fits-all debit card product, the Bank now offers as many as 7 variants, customized for specific liability customer segments: the Gold Debit Card for the high spenders and the Business Debit Card for current account and SME segment customers launched this year, has found very good acceptance. The Bank also offers travel currency cards in 5 currencies as a convenient alternative to the travellers' cheques. The Bank also offers Rewards Card, targeted at corporate requirements where recurring payments are required to be made to employees, agents and distributors towards their commissions and incentives. During the year, the Bank launched the Annuity Card, the Meal Card and the Gift Card. The Annuity Card is a co-branded pre-paid card in association with the Life Insurance Corporation of India for disbursing the annuity/pension payments to the annuitants of LIC. The Meal Card is an electronic variant of the meal vouchers in existence today. The card is the first of its kind in India and will seek to replace the inefficient system of paper-based offerings. The Gift Card is the first free-form card in the country, with a unique gift-wrapped shape. The product seeks to replace cash, cheque, and voucher-based gifts. During the year, the Bank has launched its own Credit Card and over 80,000 cards have since been issued in the year. The Bank started the credit card business with four variants in the Gold and Silver card category. The Bank has launched two co-brands viz. a Store card and a card exclusively for Small Road Transport Operators (SRTOs) in association with Shriram Transport Finance Co. Ltd. The Bank has also introduced "Corporate Cards" backed by a very strong online Travel and Expense Management Solution.

The Bank entered the merchant acquiring business in December 2003 and as on 31 March 2007, the Bank had installed over 40,000 Electronic Data Capture (EDC) machines against 21,084 in the previous year. The terminals installed by the Bank are capable of accepting all Debit/Credit MasterCard/ Visa cards & American Express Cards. These terminals come equipped with state-of-the-art technology and have now been enabled for processing smart cards as well. The Bank also offers an Internet Payment Gateway for accepting credit and debit cards on the internet, and is a leading player in e-commerce. The Bank has a significant presence in electronic payment systems of the country and is a major beneficiary of the increasing number of transactions migrating from cash to electronic forms of payment.

One of the focus areas for the Bank during the financial year under review was the distribution of third party products, with a special thrust on mutual funds and Bancassurance. While the Bank consolidated its position in the sales of mutual funds and general insurance during the year, from December 2006 it also started distributing life insurance products through its widespread branch network. The Bank's launch of its life insurance product, in association with MetLife India as partners, has been very successful. All branches of the Bank were activated within a short span of two months to enable their customers to have access to life insurance products.

The year also saw the launch of the On-Line Trading product of the Bank for retail customers. The response to the product has been very positive.

Wealth Advisory Services for high networth customers of the Bank were launched during the year in review. Offering a clear product and service advantage, the service is offering wealth advisory for direct equities, mutual funds, insurance, real estate and other value added products.

Financial Advisory Services (FAS) for the mass affluent and affluent customers expanded its value added services by providing the customers a single page snapshot of their complete relationship with the Bank including bank balances, deposits, depository holdings marked-to-market, mutual fund investments made through the Bank marked-to- market, RBI Bonds purchased through the Bank and loans taken through the Bank. While the assets under management grew by over 100% during the year, the number of customers for FAS also increased by over 50%.

In the last few years, most of the retail segments of the Bank have grown at more than 50% YOY. In order to continue a similar growth pattern in the years to come, the Bank has identified its existing customer base a crucial determinant of future profitability. A key driver of revenue growth and profitability of the Bank in future will be its ability to maximize customer value by effectively marketing additional products and services to existing customers. The Bank has started a separate 'Customer Analytics & Cross Sell' function under Retail Banking to ensure that cross sell is implemented efficiently. The group has to ensure the integrity, accuracy and completeness of customer data, oversee effective customer lead generation (through data mining and analytics), devise a lead tracking mechanism and monitor the leads across channels and various customer touch points made available by the Bank.

CORPORATE BANKING

Corporate Banking business of the Bank provides quality products to large and mid-sized clients. The products include credit, trade finance for domestic as well as international transactions, structured finance, project finance and syndication services.

The Bank continues to pursue a two-pronged strategy of widening the customer base as well as deepening existing client relationships. Careful choice of new customers based on appropriate risk-return guidelines forms the basis for the strategy of widening the customer base. The deepening of existing client relationships is achieved by a careful account strategy focusing on increasing the cross-sell of various corporate banking products, as also products from other divisions of the Bank including investment banking and retail products.

During the year, large corporate advances grew by 76% to Rs. 16,346 crores from Rs. 9,286 crores in the previous year. The Bank took steps to focus on fee income mainly from trade finance facilities and document handling. This method of fee generation is stable and sustaining. Given the increasing overseas presence of the Bank, the trade finance business is set to grow significantly over the coming years. The Bank takes selective exposure to project financing in areas of infrastructure as well as manufacturing projects set up by reputed industry groups. It constantly works to upgrade its skills in financial structuring to be able to continue providing value to its corporate customers.

The overseas presence has enabled the Bank to leverage its existing relationships further by granting loans towards ECBs by Indian corporates as well as to enable acquisition financing. The Bank has also contributed towards financing infrastructure projects and other forms of project finance through its overseas branches. Channel finance also grew on the back of strong corporate demand. The centralised Channel Finance Hub continued to deliver seamless service to various channel finance customers.

Syndication and underwriting of corporate debt also increased in volumes and resulted in rising fee income. Corporate Banking increased its focus on Risk Management and on improving portfolio quality. The identification, measurement, monitoring, management and pricing of client risk are the key activities that enable all corporate banking business. The Bank has in place procedures and practices to ensure regular updation of risks taken by the Bank on various client accounts. Portfolio diversification remains the key for managing asset quality and preventing concentration risks. The credit risk in corporate banking is evaluated and managed by groups organized with an industry sector focus. The Bank also has a Risk Management Department, whose views are critical for decision-making with regard to credit exposures. Overall, the risk control mechanism adopted by the Bank has continued to serve the Bank well, as is observed in the ratio of net NPA to net customer assets being at 0.61%. Corporate Banking scrupulously adheres to all statutory, regulatory and related guidelines for all its businesses.

TREASURY

The integrated Treasury manages the global funding of the balance sheet, domestic and foreign currency resources of the Bank, compliance with statutory reserve requirements, as well as optimises on opportunities in the markets through managing proprietary positions in foreign exchange and interest rate markets. With the expansion of the Bank overseas, the Treasury will look to leverage on the network to widen product scope as well as increase revenue generation from opportunities in the global markets.

The continued thrust on maximising returns from customer relationships in the Treasury has resulted in growth of 51% in customer foreign exchange turnover and 60% in revenues. The Treasury offered structured solutions to customers using foreign exchange and derivatives offerings, which has resulted in significant value addition to customer relationships. In its continued effort to offer top of the line payment solutions to customers, the Bank has offered Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) through 470 branches and extension counters across the country. Throughput in RTGS grew by 251% over the previous year.

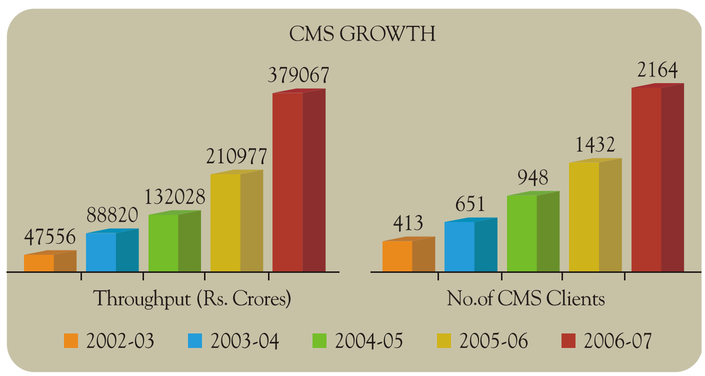
Despite a challenging interest rate environment, the Bank's holding in government securities has been substantially protected from market risk as it is held as per specified guidelines of RBI. The portfolio gave a return of 7.64%.

The Bank established a Medium Term Note (MTN) Programme for Euro One billion as a part of the funding plan for its overseas operations. During the year, the Bank raised USD 150 million as Upper Tier-II (the first hybrid capital issuance out of India) and USD 46 million as Hybrid Tier-I capital in terms of recent guidelines issued by RBI. The Bank also raised senior debt through the issuance of USD 250 million of three-year floating rate notes (FRN) under the MTN programme. The Asset Magazine published in Hong Kong voted the Bank's Upper Tier-II issue as “Best Deal, India”. While the Upper Tier-II issue was oversubscribed six times, the Floating Rate Note (FRN) issue was priced at the lowest coupon ever for an Indian bank debt issuance.

BUSINESS BANKING

Business Banking has consistently focused on procuring low cost funds by offering a range of current account products and cash management solutions across all business segments covering corporates, institutions, Central and State Government Ministries and Undertakings as well as small business customers. Cross selling of transactional banking products to develop account relationships, aided by product innovation and a customer-centric approach have borne fruit in the form of growing current account deposit balances and increasing realisation of transaction banking fees.

Sourcing of current account deposits is a focus area for growth. As of 31 March 2007, current account deposits grew by 41.83% to Rs. 11,304.31 crores from Rs. 7,970.08 crores in the previous year. On a daily average basis, current account deposits grew from a level of Rs. 4,428 crores for the year 2005-06 to Rs. 7,193 crores for the year 2006-07. During 2006-07, the Bank sourced 97,857 new current accounts as against 77,264 in the previous year. There was a greater focus on acquisition of high value current accounts, thus accelerating the pace of growth in current account deposit balances.



Cash Management Services (CMS) initiatives leveraged the Bank's growing branch network and robust technology to provide a wide range of customised solutions to suit the dynamic requirements of its clients. The Bank offers CMS solutions for collections and payments with an ideal blend of structured MIS and funds movement so that clients are able to enhance their fund management capabilities. Also the Bank's Web CMS initiative allows them to view their daily transactions on a real time basis. The strong correspondent bank alliance with partner banks offers corporate clients a wide geographical coverage. CMS foray is not only emerging as an important source of fee income but is also contributing significantly towards garnering zero cost funds, forging large relationships. The Bank has established a strong presence by offering collecting bank services in the IPO/FPO segment and Dividend/Refund Warrant segments. During the year, the CMS throughput grew by 80% to Rs. 3,79,067 crores compared to Rs. 2,10,977 crores last year. During the same period, the number of CMS clients has grown to 2,164 clients from 1,432 clients.

The Bank has acted as an Agency Bank for transacting Government Business for the last 6 years, offering banking services to various Central Government Ministries and Departments and other State Governments and Union Territories. Currently, the Bank accepts Income Tax and Other Direct Taxes through its 214 Authorised Branches at 137 locations, and Central Excise and Service Taxes through its 56 Authorised Branches at 13 locations. The Bank also handles disbursement of Civil Pension through 218 Authorised Branches and Defence Pension through 151 Authorised Branches. Additionally, the Bank is providing collection and payment services to four Central Government Ministries and Departments and seven State Governments and Union Territories.

The Bank has further strengthened its association with the e-Governance initiatives of various State Governments in India aimed at providing better citizen services by setting up integrated citizen facilitation centres. During the year, the Bank associated with the 'CHO*i*CE' Project of the Government of Chhattisgarh and the 'e-Suvidha' initiative of Government of Uttar Pradesh.

During 2006-07, the Bank has also extended the business of Stamp Duty Collection through franking in Rajasthan, in addition to Maharashtra and Gujarat. The Bank also launched an e-Tax Payment Facility for payment of Direct Taxes on behalf of the Central Board of Direct Taxes (CBDT) through the internet for its customers. Additionally, the Bank also launched an e-Payment facility for payment of Commercial Taxes on behalf of the Department of Commercial Taxes, Government of Chhattisgarh. During 2006-07, the total Government business throughput registered a growth of 36% to Rs. 37,932 crores against Rs. 27,888 crores in the previous year.

CAPITAL MARKETS

The Bank's Capital Markets business encompasses activities both in the equity capital markets and debt capital markets. The equity capital market activities involve providing advisory services pertaining to raising of equity and quasi-equity funds through various instruments by its corporate clients. The Bank is a SEBI registered Category I Merchant Banker with experience in management of public and rights issues. The Bank provides debt capital market services by acting as Advisors for raising Rupee and foreign currencies term loans, foreign currency convertible bonds and Rupee denominated bonds.

The Bank is an active player in the domestic debt market and has syndicated an aggregate amount of Rs. 30,600 crores by way of bonds and debentures, as also term loans during 2006-07. Prime Database has ranked the Bank as the number 2 arranger for private placement of bonds and debentures for financial year 2006-07, Bloomberg has also ranked the Bank number 3 in the India Domestic Bonds League table for the calendar year 2006.

The Bank's Capital Markets business also involves providing corporate restructuring advisory services, mergers & acquisitions advisory services, arranging services for acquisition funding, infrastructure and project advisory services (including preparation of business plans), techno-economic feasibility reports and bid process management. The Bank also provides trusteeship services, acting as both debenture and security trustees, monitoring agency for equity issue proceeds and trustees for securitisation issues. The Bank also conducts a depository participant business.

The Bank also maintains an investment and proprietary trading portfolio in corporate bonds and equities. As on 31 March 2007, the Bank's investment in corporate bonds, equities and others was Rs. 9,600.60 crores, as against Rs. 8,901.27 crores in the previous year. Of this, as on 31 March 2007, the Bank has made investments of US Dollars 129 million (equivalent to Rs. 561.87 crores) at overseas branches.

LENDING TO AGRICULTURE, SME AND MID CORPORATES

To fully exploit the business potential of the Small and Medium Enterprises (SME) and Mid Corporate segments, to bring greater focus on priority sector lending, to achieve the small scale industry and agricultural lending targets fixed by RBI and to explore new avenues of lending like micro-finance, a separate business focus was provided during the year. Further, a separate business group was formed to target specific segments in SME and Mid Corporate business by rolling out schematic loan products where the appraisal is based on systematically designed scoring sheets and simple appraisal techniques so as to reduce turnaround time and quickly increase the customer base.

Advances Cells located at important business centres in the country have given a fillip to the Bank's SME, Mid-corporate and Agricultural lending business. During 2006-07, the Bank added 5 more Advances Cells, bringing the total number to 15. This has resulted in significant improvement in performance and portfolio quality. Dedicated marketing teams at the Advances Cells and in certain branches have given an impetus to new business relationships.

The Bank's focus on SSI lending was amply demonstrated by a 72% growth during the year. The Bank gave priority sector lending paramount importance and for the sixth year in a row, the Bank was compliant with the overall priority sector norms stipulated by RBI.

The Bank has also laid down a well thought out strategy to grow the retail agricultural lending business. The Bank categorised centres across the country based on agricultural productivity, irrigation potential, infrastructure facilities and loan repayment track record, and chose districts with the good potential for agricultural lending. Further, the Bank is bringing branches in a district or even nearby districts under the umbrella of an agriculture cluster for focused agriculture lending. The Bank has so far opened 18 such agriculture clusters. In keeping with the focus of the government on increasing direct agricultural lending, the Bank rolled out several new loan products for the farming community. The Bank also fine-tuned its existing loan products to fully suit the varied requirements of its agriculture business clientele. During the year, the total agricultural advances of the Bank grew by an impressive 115%, with direct agricultural lending recording a 91% growth over the previous year. Thus, for the second year in succession, the Bank's direct agricultural lending has grown by over 90%. At the end of the year, direct agricultural advances stood at 9.59% of the net bank credit, which is the highest ever achieved by the Bank. The Bank would continue the focus on building up its agriculture business on profitable lines and is recruiting agriculture business personnel to sustain growth plans and maintain portfolio quality.

The micro-finance business of the Bank witnessed increasing outreach through 64 micro-finance relationships. The portfolio under micro-finance increased by 161% during the year, which corresponds to a client outreach of 6.62 lacs, the majority being poor women in rural areas. The Bank also initiated the process of extending micro credit to self-help groups through village organisations. The Bank has also been implementing various government-sponsored schemes.

With a view to expanding our reach in the Northeastern region of the country, the Bank has signed a Memorandum of Understanding with South Asia Enterprises Development Facility, a multi-donor facility managed by the International Finance Corporation of the World Bank. The scope of the collaboration includes developing a profitable micro, small and medium enterprises business model supporting service based marketing linkages and export oriented operations, particularly to enterprises involved in value added agricultural production.

INTERNATIONAL BANKING

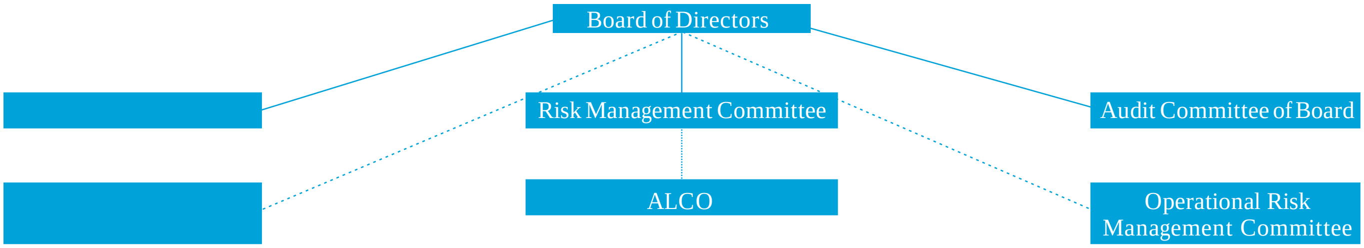
With increasing integration of the Indian economy globally and consequent two way flows of funds and services, the Bank had identified international banking as a key opportunity to leverage the skills and strengths built in its domestic operations in serving the requirements of its clients in the areas of trade and corporate banking, as also investment banking by establishing presences at strategic international financial hubs in Asia. In this direction, the first overseas branch of the Bank was opened in Singapore in April 2006 and, subsequently, a branch in Hong Kong and a representative office in Shanghai in China commenced operation during the year 2006-07. In addition, the Bank has also set up a branch in the Dubai International Financial Centre, UAE in early April 2007. The Bank's presence at these locations, through which the bulk of the trade in Asia gets routed, would enable the Bank to provide services at every cycle of the trade finance products, besides providing an opportunity to foray in the international investment banking markets.

In its first year of operations, the Singapore branch has been active in the area of corporate banking and has been able to participate in and facilitate the debt raising activities of Indian corporates in the international markets. The Singapore branch also provides trade finance and treasury solutions. As of March 31, 2007 the total assets at the overseas branches stood at US Dollars 731 million.

RISK MANAGEMENT

The changing operating environment for banks entails managing complex and variable risks in a disciplined fashion. The key challenges for effective management of variegated risks emanate from creation of skill sets within the Bank with appropriate domain knowledge and developing a functional framework to monitor risks with triggers in cases of breaches in the pre-accepted levels of identified risks. The Bank, since the inception of the Risk Department, has developed in-house skills to manage key areas of risk viz., credit risk, market risk and operational risk. In respect of credit risk, emphasis is currently placed on evaluation and containment of risk at individual exposures for non-schematic loans and analysis of portfolio behaviour in case of schematic loans. There is increasing use of sophisticated modelling techniques to contain credit risk, while in the case of market risk the measurement of market risk on identified portfolios and their effective monitoring is becoming increasingly quantitative in its use of statistical techniques. In the area of operational risk, the Bank has created a framework to monitor resultant risk and to capture loss data.

The Bank has also formulated a global risk policy for overseas operations and a country specific risk policy for the Singapore and Hong Kong branches during the year. The policies were drawn based on the risk dimensions of dynamic economies and the Bank's risk appetite.The Bank's risk management processes are guided by well-defined policies appropriate for the various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Board sets the overall risk appetite and philosophy for the Bank. The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub-committees of the Board, review various aspects of risk arising from the businesses of the Bank. Various senior management committees operate within the broad policy framework.



Credit Committees and Investment Committees operate within the delegated power to convey approvals for acquisition of assets and manage such portfolios. The Asset and Liability Management Committee (ALCO) is responsible for reviewing the balance sheet, funding, liquidity, capital adequacy, capital raising, risk limits and interest rate risk in the trading and banking book. In addition, ALCO also monitors and reviews external and economic changes affecting such risks. The Operational Risk Management Committee assesses operational risk in various activities undertaken by the Bank, suggests suitable mitigants in case of identification of a gap in the process flow, and reviews product approvals.

Credit Risk

Credit risk covers the inability of a borrower or counter-party to honour commitments under an agreement and any such failure has adverse impact on the financial performance of the Bank. Accordingly, the Bank strives to effectively assess, administer, monitor and enforce recovery of loans to various clients.

The Board of Directors establishes the parameters for risk appetite, which is defined quantitatively and qualitatively in accordance with the laid down strategic business plan.

Risk Rating Systems

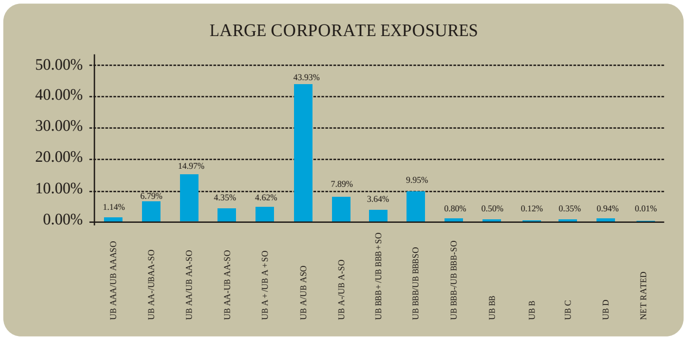
Internal reporting and oversight of assets are principally differentiated by credit ratings. The Bank has developed rating tools, which are tailored to specific market segment such as large Corporates, SME and Mid corporates, to identify underlying risk associated with such exposures. The credit rating tool uses a combination of quantitative inputs and qualitative inputs to arrive at a 'point in time' view of the rating of a counter-party. The Monitoring tool developed by the Bank helps in objectively assessing the credit quality of the borrower taking into cognizance the actual behaviour at the post disbursement stage. The output of the rating model is primarily to assess the probability that the customer will fail to make full and timely repayment of credit obligations over a one-year time horizon. Each internal rating grade corresponds to a distinct probability of default. Model validation is carried out by objectively assessing its calibration accuracy and stability of ratings.

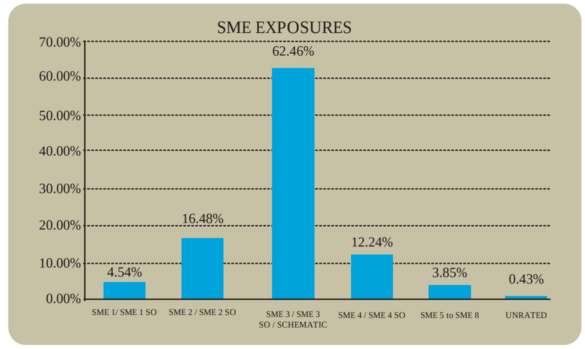
Additional measures of risk containment at the individual exposures and at the portfolio level are:

- Rating linked exposures norms adopted by the Bank are conservative in comparison to the regulatory prudential exposure norms.
- Industry-wise exposure ceilings are based on the industry performance, prospects and the competitiveness of the sector.
- Separate risk limits are set up for credit portfolios like advances to NBFCs and unsecured loans that require special care and monitoring.
- With heightened activity in the real estate sector, the Bank has strengthened its risk management systems to ensure that its advances are to borrowers having a good track record and satisfying the criterion of minimum acceptable credit rating. Appropriate covenants are stipulated for risk containment and monitoring.
- Exposures with bullet repayments, long gestation projects, longer tenor exposures, and longer moratorium are assessed with additional care.

Distribution of Credit Risk Assets by Asset Quality

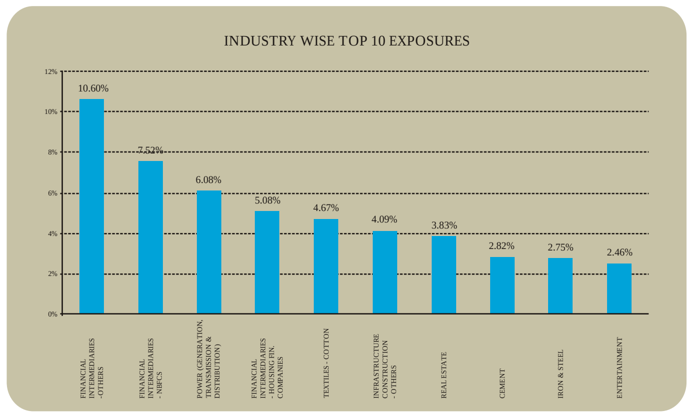
Rating scale for Large Corporates is a 14-point granular scale, which range from UB-AAA to UB-D. Rating scale for SME and Mid Corporates have an 8 point rating scale which range from SME1/MC1 to SME 8/MC8. A graphical representation highlighting the spread of risk across various rating grades for large corporate and the SME portfolio as on 31 March 2007 is given under:





Distribution of Credit Risk Assets by Industry Sector

Industry analysis plays an important part in assessing the potential concentration risk from within the loan portfolio. Particular attention is given to industry sectors where the Bank believes there is a high degree of risk or potential for volatility in the future. The distribution of industry-wise credit risk assets is given in the graphical representation alongside.



Consumer Credit Risk Management

The Bank's continuing aggressive foray into retail banking has resulted in a sharp build up in the retail asset portfolio. The key challenge for a healthy retail asset portfolio is to ensure a stable risk adjusted earnings stream by maintaining customer defaults within acceptable levels. The Bank periodically carries out a comprehensive portfolio level analysis of retail asset portfolio with a risk return perspective. Risk measurement for the retail portfolio is assessed primarily on a credit scoring basis. During the year, the Bank has initiated a project to revamp its existing credit scoring models for retail assets with external support from a reputed international vendor.

Market Risk

Market risk is the risk to the Bank's earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange and equities, as well as the volatilities of those changes. The Bank is exposed to market risk through its trading activities, which are carried out both for customers and on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. The Bank uses various risk metrics, both statistical and non-statistical, including non-statistical measures like position, gaps and sensitivities (duration, PVBP, option greeks); Value at Risk (VaR); sensitivity of net interest income (EaR); and sensitivity of the Economic Value of Equity (EVE).

The VaR methodology adopted by the Bank for its VaR calculation is Historical Simulation, and is calculated at a 99% confidence level for a one-day holding period. The model, as with many other VaR models, assumes that the risk factor changes observed in the past are a good estimate of those likely to occur in the future and is therefore limited by the relevance of the historical data used. The Bank typically uses 500 days of historical data or two years of relative changes in historical rates and prices. The method however, does not make any assumption about the nature or type of the loss distribution. The VaR models for different portfolios are back-tested at regular intervals and the results are used to maintain and improve the efficacy of the model. The VaR is computed on a daily basis for the trading portfolio and reported to the senior management of the Bank. VaR measure is also supplemented by a series of stress scenarios and sensitivity tests that shed light on the behaviour of a portfolio and the impact of extreme market movements. Expected Tail Loss (ETL) or Conditional Value at Risk (CVaR) is one of the concepts used to devise stress scenarios.

The Earnings at Risk (EaR) measures, the sensitivity of net interest income to parallel movements in interest rates, on the entire balance sheet is reported to the senior management on a weekly basis. The Risk Department computes the duration gap of the balance sheet and sensitivity of the Economic Value of Equity (EVE) to parallel interest rate movements on a periodic basis.

Risk limits are set according to a number of criteria including relevant market analysis, business strategy, management experience and the Bank's risk appetite. Risk limits are reviewed at least annually, to maintain consistency with trading strategies and material developments in market conditions. Risk limits for trading positions are monitored on a daily basis, while those for the banking book are monitored on a weekly basis.

Liquidity Risk

Liquidity risk arises in any bank's general funding of its activities. As part of the liquidity management contingency planning, the Bank assesses potential trends, demands, events and uncertainties that could reasonably result in an adverse liquidity condition. The Bank considers the impact of these potential changes on its sources of short term funding and long term liquidity planning. The Bank's ALM policy defines the gap limits for the structural liquidity and the liquidity profile of the Bank is analysed on a static as also a dynamic basis by tracking all cash inflows and outflows in the maturity ladder based on the expected occurrence of cash flows. The Bank undertakes behavioural analysis of the non-maturity products viz. savings and current deposits and cash credit/ overdraft accounts, on a periodic basis to ascertain the volatility of residual balances in those accounts. The renewal pattern and premature withdrawals of term deposits and draw downs of unavailed credit limits are also captured through behavioural studies. The liquidity profile of the Bank is estimated on a dynamic basis by considering the growth in deposits and loans, and investment obligations, for a short-term period of three months. The concentration of large deposits is monitored on a periodic basis. The Bank's ability to meet its obligations and fund itself in a crisis scenario is very critical and, accordingly, stress tests are conducted under different scenarios at periodical intervals to assess the impact on liquidity to withstand stressed conditions.

The Liquidity positions of overseas branches are managed in line with the Bank's internal policies and host country regulations. Such positions are also reviewed centrally by the Bank's ALCO along with domestic positions.

Country Risk

The Bank has put in place a risk monitoring system for the management of country risk. The Bank uses the seven-category classification viz. insignificant, low, moderate, high, very high, restricted and off-credit followed by the Export Credit Guarantee Corporation of India Ltd. (ECGC) and ratings of international rating agency Dun & Bradstreet for monitoring the country exposures. The ratings of countries are being undertaken at monthly intervals or at more frequent intervals if the situation so warrants i.e. in case of a significant change in the condition of a country involving sharp deterioration of its ratings. Exposure to a country includes all credit-related lending, trading and investment activities, whether cross border or locally funded. The Bank has set up exposure limits for each risk category as also individual country exposure limits, and the exposure limits are generally monitored at weekly intervals.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or normal external events. The Bank is in the process of rolling out a software solution for an operational risk management framework with emphasis on identification of key risk indicators at the unit level, monitoring identified risk at the unit level and then aggregating at a higher organizational level. The business units put in place the baseline internal controls as approved by the Product Management Committee to ensure a sound and well controlled operating environment throughout the organisation. Each new product or service introduced is subject to a rigorous risk review and signoff process where all relevant risks are identified and assessed by departments independent of the risk taking unit proposing the product. Variations of existing products, as well as outsourcing, are also subject to a similar process.

Risk Management framework for Overseas Operations

The Bank has put in place a comprehensive Risk Management policy for its global operations and has also formulated country specific risk policy for these operations based on the host country regulators' guidelines. The Asset Liability Management and all the risk exposures for the overseas operations are monitored centrally by implementing sound systems and controls, and also by adopting the norms as specified by the regulators in the host country.

INFORMATION TECHNOLOGY

Technology is the key to deliver customised financial solutions. The Bank aims to maintain a scalable computing infrastructure backed by a robust network architecture that delivers service across multiple channels for customer convenience and cost reduction through operational efficiency. In order to retain a competitive edge, the Bank's technology is continuously upgraded.

The Information Technology initiatives of the Bank have enabled the sustained growth of banking transactions across multiple channels. In addition to providing transaction processing capability, new products and services such as collections of excise, income tax and other government departments were added to the suite of online banking services provided by the Bank. For enabling cross selling of insurance products, an integrated system was introduced for collection of insurance premium with software driven facility to monitor the performance of sales executives.

As part of transforming business processes, Image and Form processing technologies with Intelligent Character Recognition (ICR) features were integrated with the account opening workflow systems. This was successfully tested and initially deployed at the Bank's service branch in Mumbai during the year and is being implemented in another banking areas and various cities across the country.

Besides developing new products and services, the Bank's technology capabilities are being leveraged for delivery of process innovation in areas such as remittance business, management information and decision support systems. To enable closer monitoring of operational risks, a software solution for following up compliance with KYC norms was implemented. Another software solution for identifying suspicious transactions that may be part of money laundering activity was integrated with the core-banking module.

For the second year in succession, the Bank won the Indian Banks Association (IBA) awards for innovations in processes and development of new products and services.

OPERATIONS AND COMPLIANCE

Operational processes for delivery of products and services were constantly refined during the year under review, from the perspective of implementation of best practices, risk identification and containment. Operational instructions were revisited on a continuing basis and efforts were made to introduce risk free working at branches. Emphasis was laid on structured visits of branches by functionaries of zonal offices and analysis of various MIS concerning their functioning. Some of the policy initiatives taken during the year for enabling branches to improve their performance were Imaging Solution, Record Management Facility and Outsourcing Policy on Financial Services.

As a further step in the direction of improvement of customer service, bringing transparency in dealing with customers and compliance, the Bank has become a member of the Banking Codes and Standards Board of India (BCSBI) and has adopted the Code of Bank's Commitment to Customers Code formulated by BCSBI. The Bank has launched measures to become compliant with the Code. During the year, the Bank continued to work towards betterment of customer service. Regular meetings were held of the Customer Service Committee of the Board and the Standing Committees on Customer Service. Customer-centric recommendations of these Committees were taken up for implementation so as to bring about further improvement in the level of customer service rendered by the Bank. A web-based Complaint Monitoring Software was installed during the year to assist in tracking the status of complaints, generate MIS reports for analysis and initiating remedial measures.

The Bank has put in place a mechanism for identifying suspected money laundering activities by monitoring high value and suspicious transactions at branches in accordance with regulatory requirements and international best practices. The Bank is meeting the reporting requirement of the Financial Intelligence Unit - India. The skill sets of staff on implementation of 'Know Your Customer' (KYC) norms and on fraud prevention measures have continued to improve.

In lines with RBI guidelines, the Bank has framed a Compliance Policy and set up a Compliance Department to handle the compliance functions. Compliance functionaries have also been appointed in all the four zones of the Bank for carrying out compliance related activities with the help of off-site and on-site surveillance tools.

Corporate Banking Operations (CBO) within the Bank involves monitoring the accounts of Large/Mid-Corporates and SME customers while ensuring compliance with the regulatory guidelines and systems and procedures of the Bank in the conduct of credit operations. A separate HUB has also been created for the opening of loan accounts, centrally, thus relieving the operating staff at the branches for higher value-added work.

INSPECTION AND AUDIT

The Bank's Inspection and Audit function performs an independent and objective evaluation of the adequacy and effectiveness of internal controls. This ensures that the operating and business units continuously adhere to the internal systems and procedures as well as to the regulatory and legal requirements. The effort is to continuously benchmark against the international best practices and procedures in the area of internal control systems. Inspection and Audit, based on audit findings, proactively recommends improvements in operational processes with a view to mitigating attendant risks and improving quality of service.

The Inspection and Audit function draws up an annual audit plan based on a comprehensive risk profiling of branches across all its operations. Based on this plan, it undertakes audit of branches under the Risk Based Internal Audit System. To complement the Bank's internal audit function, branches handling large volumes as also the key activities at Central Processing Unit, Treasury Operations, Depository Participant Section and Central Accounts Payment Hub are subjected to concurrent audit.

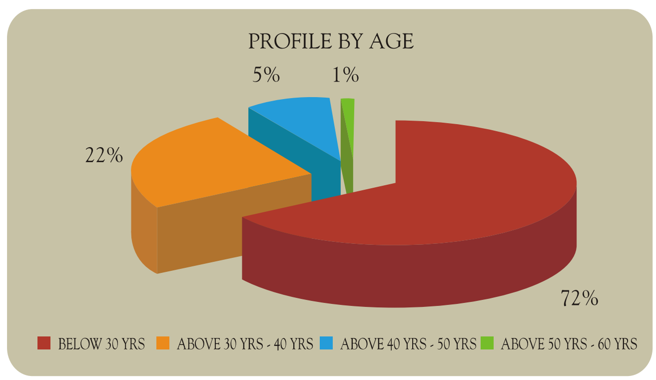
To ensure independence, the Inspection and Audit function has a reporting line to the Audit Committee of the Board, which oversees its performance and reviews the effectiveness of controls laid down by the Bank and compliance with regulatory guidelines.

CORPORATE SOCIAL RESPONSIBILITY

Being an integral part of society, the Bank is aware of its corporate social responsibilities and has engaged in community and social investments. During the year, the Bank has set up a Trust - the UTI Bank Foundation - with the objective of providing philanthropic assistance for public health and medical relief, education and alleviation of property. During the year, the Trust focused on primary education for the under privileged.

HUMAN RESOURCES

A steady inflow of quality human capital is the 'sine qua non' for a service industry like banking. Thus, talent acquisition has emerged as the most important challenge for the Bank especially in view of the plethora of job opportunities currently available in the financial sector. Alongside the expanding branch network for delivering day-to-day banking facilities and services to the customers, the Bank has been actively designing, structuring and rolling out innovative services and products for niche customer segments. To cater to these twin requirements, the recruitment effort has been geared towards bringing on board skilled personnel with domain expertise in specialized functions like Capital Markets, Corporate Credit, Treasury, Risk, Wealth Management and Management of Third Party Products. The manpower complement of the Bank increased from 6,553 by end-March 2006 to 9,980 by end-March 2007.



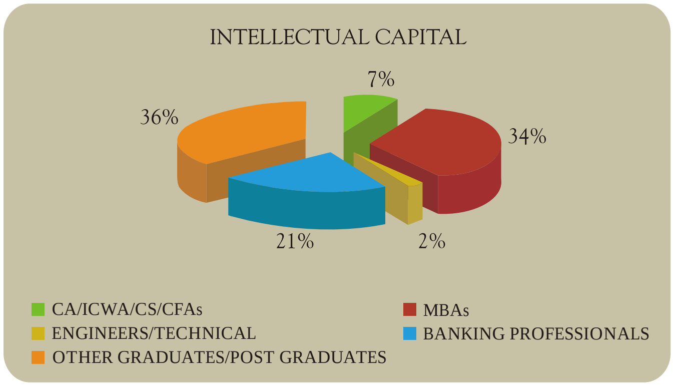
To recruit these numbers the Bank relied primarily on the talent pool available within the financial and banking sector as also the Tier I & Tier II Business Schools where it has been recognized as an 'employer of choice'. The other focus areas of HR activities have been attrition management and implementation of a comprehensive training plan. Attrition is sought to be kept at moderate levels by inculcating a high performance culture through a competitive compensation structure, a merit-based career progression plan and performance-linked financial rewards. Constant endeavours are also made to keep employee morale and motivation at a high level through various staff welfare measures.

Training continues to be a high priority area, which ultimately aims to equip employees to deliver value to the Bank's customers. Courses ranging from basic banking awareness to domain skills based programmes are designed according to needs of business groups and conducted both internally and through external agencies.

With the opening up of overseas offices, the HR challenge has acquired a new dimension as the entire gamut of HR activities covering recruitment, training, talent retention, performance management and personnel administration has to be done in conformity with international best practices.

The Bank is a keen protagonist of the policy of financial inclusion for the Northeastern region. Having opened offices in 6 out of 7 States in the region, a set of incentives has been introduced for staff domiciled elsewhere but working in the North-East and a few other difficult locations. These measures would serve both as motivational and retention tools.

As an equal opportunity employer, the Bank has a significant presence of women in the workforce with a male-female ratio of 75:25. This apart, as a part of the policy of affirmative action, the Bank has been taking in candidates with physical disabilities. The current strength of such employees is 17.



The dimensions of the HR challenge are expected to multiply manifold in the coming years. With dynamic policies that are tailored to suit the emerging needs, the Bank expects to effectively meet the challenge and continue to deliver value to its domestic and overseas customers.

SHANGHAI

Indo-Shanghai trade connections travel back to the days of the Silk Route. From cotton exports in the 19th century to commodity exports today, trade and investment links have particularly strengthened in recent years

AUDITORS' REPORT

To The Members of UTI Bank Limited

1. We have audited the attached balance sheet of UTI Bank Limited (the 'Bank') as at March 31, 2007 and also the profit and loss account and cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.

4. We report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

   b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;

   c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Bank's branches;

   d) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   e) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, insofar as they apply to banks;

   f) On the basis of written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India;

      i. in case of the balance sheet, of the state of the affairs of the Bank as at March 31, 2007;

      ii. in case of the profit and loss account, of the profit for the year ended on that date; and

      iii. in case of cash flow statement, of the cash flows for the year ended on that date.

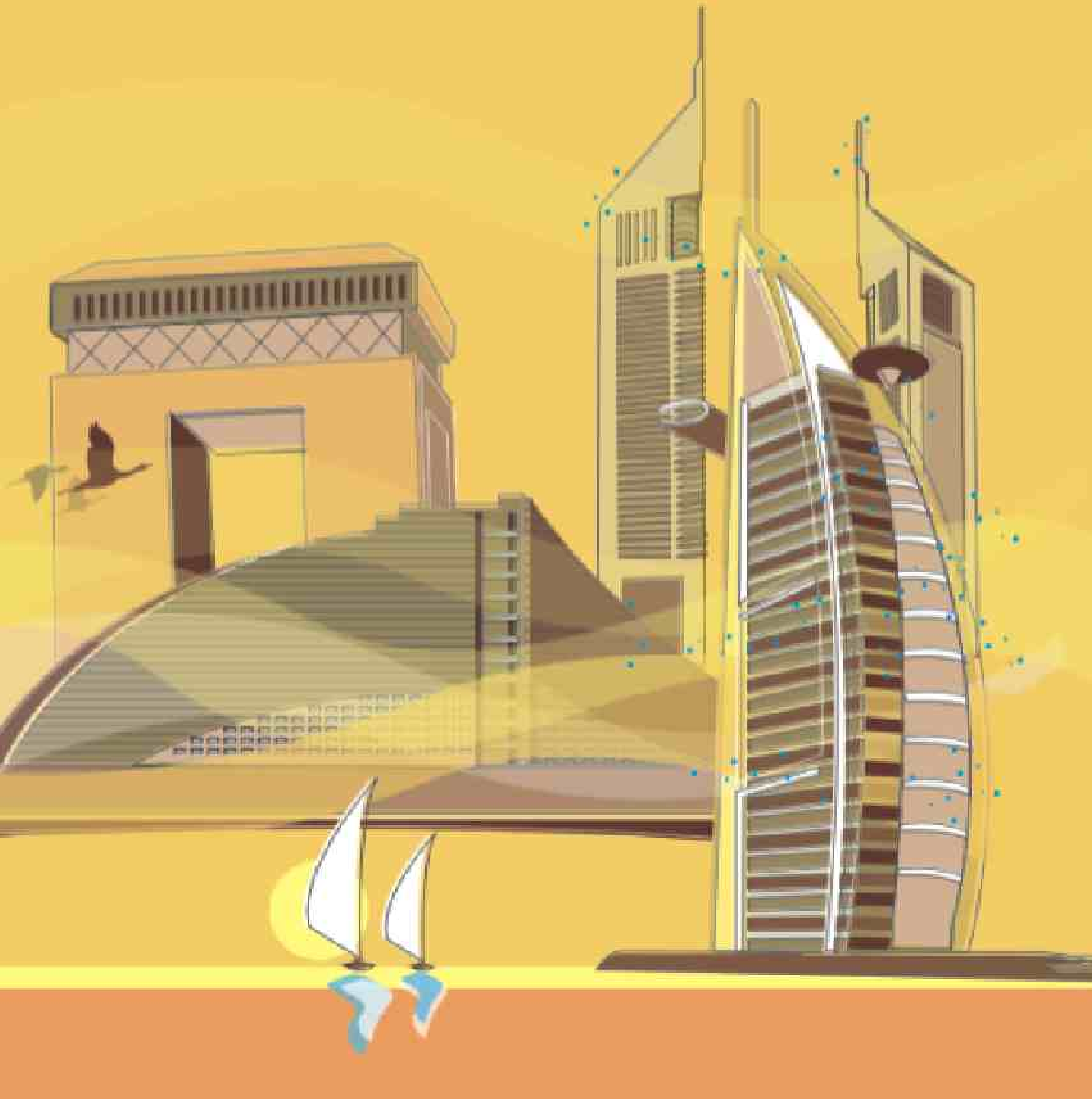
For S. R. Batliboi & Co.,
Chartered Accountants

per Viren H. Mehta
a Partner
Membership No. : 048749

Date: 17 April 2007
Place: Mumbai

DUBAI

contains a rapidly modernising urban infrastructure. The new Dubai International Financial Centre (DIFC) is transforming Dubai into a focal point for service industries such as IT and finance. The UAE has a large number of Indian business entrepreneurs



BALANCE SHEET AS ON 31 MARCH 2007

	Schedule No.	As on 31-03-2007 *(Rs. in Thousands)*	As on 31-03-2006 *(Rs. in Thousands)*
CAPITAL AND LIABILITIES			
Capital	1	2,816,308	2,786,907
Reserves & Surplus	2	31,115,981	25,934,957
Employees' Stock Options Outstanding (Net)	17(4.15)	89,783	134,394
Deposits	3	587,856,011	401,135,313
Borrowings	4	51,956,030	26,809,318
Other liabilities and provisions	5	58,738,042	40,510,278
TOTAL		732,572,155	497,311,167
ASSETS			
Cash and Balances with Reserve Bank of India	6	46,610,303	24,293,964
Balances with banks and money at call and short notice	7	22,572,748	12,124,458
Investments	8	268,971,603	215,273,513
Advances	9	368,764,832	223,142,304
Fixed Assets	10	6,731,941	5,677,131
Other Assets	11	18,920,728	16,799,797
TOTAL		732,572,155	497,311,167
Contingent liabilities	12	1,841,647,530	985,653,794
Bills for collection		62,746,332	43,322,052
Significant Accounting Policies and Notes to Accounts	17		
Schedules referred to above form an integral part of the Balance Sheet			

As per our report of even date
For S. R. BATLIBOI & Co.
Chartered Accountants

For UTI BANK LTD.

P. J. Nayak
Chairman & Managing Director

Viren Mehta
Partner
Membership No.: 048749

Surendra Singh
Director

N. C. Singhal
Director

R. B. L. Vaish
Director

P. J. Oza
Company Secretary

Date: 17 April 2007
Place: Mumbai

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

		Schedule No.	Year ended 31-03-2007 *(Rs. in Thousands)*	Year ended 31-03-2006 *(Rs. in Thousands)*
I	INCOME			
	Interest earned	13	45,604,038	28,887,904
	Other income	14	10,101,113	7,296,344
	TOTAL		55,705,151	36,184,248
II	EXPENDITURE			
	Interest expended	15	29,933,172	18,105,560
	Operating expenses	16	12,145,984	8,140,507
	Provisions and contingencies	17(5.1.1)	7,035,712	5,087,344
	TOTAL		49,114,868	31,333,411
III	NET PROFIT FOR THE YEAR (I - II)		6,590,283	4,850,837
	Balance in Profit & Loss account brought forward from previous year		7,310,390	1,974,076
	Transfer from Investment Fluctuation Reserve		-	2,928,137
	Utilisation for Employee Benefits Provision under Accounting Standard (AS)-15 (Revised)	17 (4.10)	(318,028)	-
IV	AMOUNT AVAILABLE FOR APPROPRIATION		13,582,645	9,753,050
V	APPROPRIATIONS :			
	Transfer to Statutory Reserve		1,647,571	1,212,709
	Transfer to Capital Reserve	17 (5.2.2)	156,415	104,471
	Proposed dividend (includes tax on dividend)		1,487,919	1,125,480
	Balance in Profit & Loss account carried forward		10,290,740	7,310,390
	TOTAL		13,582,645	9,753,050
VI	EARNINGS PER EQUITY SHARE	17 (5.2.4)		
	(Face value Rs.10/- per share) (Rupees)			
	Basic		23.50	17.45
	Diluted		22.79	17.08
	Significant Accounting Policies and Notes to Accounts	17		
	Schedules referred to above form an integral part of the Profit and Loss Account			

As per our report of even date
For S. R. BATLIBOI & Co.
Chartered Accountants

For UTI BANK LTD.

P. J. Nayak
Chairman & Managing Director

Viren Mehta
Partner
Membership No.: 048749

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Director

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Director

R. B. L. Vaish
Director

P. J. Oza
Company Secretary

Date: 17 April 2007
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Year ended 31-03-2007 *(Rs. in Thousands)*	Year ended 31-03-2006 *(Rs. in Thousands)*
Cash flow from operating activities		
Net profit before taxes	9,962,386	7,313,011
Adjustments for:		
Depreciation on fixed assets	1,118,640	921,933
Depreciation on investments	669,666	34,158
Amortisation of premium on Held to Maturity investments	987,486	875,457
Provision for Non Performing Advances/Investments (net off bad debts)	737,370	1,270,497
General provision on securitised assets	25,400	(4,000)
Provision on standard assets	1,223,500	446,800
General provision for retail assets	17,700	800
Provision for wealth tax	2,487	1,457
Loss on sale of fixed assets	29,101	16,992
Amortisation of deferred employee compensation	27,067	63,235
	14,800,803	10,940,340
Adjustments for:		
(Increase)/Decrease in investments	(21,042,997)	(46,298,353)
(Increase)/Decrease in advances	(146,307,497)	(68,244,549)
Increase/(Decrease) in borrowings	25,146,713	8,995,203
Increase/(Decrease) in deposits	186,720,698	84,015,312
(Increase)/Decrease in other assets	(1,318,740)	4,598,124
Increase/(Decrease) in other liabilities & provisions	(914,451)	11,543,386
Direct taxes paid	(4,129,261)	(3,147,781)
Net cash flow from operating activities	52,955,268	2,401,682
Cash flow from investing activities		
Purchase of fixed assets	(2,225,963)	(1,473,932)
(Increase)/Decrease in Held to Maturity Investments	(34,364,646)	(19,542,984)
Proceeds from sale of fixed assets	34,855	42,235
Net cash used in investing activities	(36,555,754)	(20,974,681)
Cash flow from financing activities		
Proceeds from issue of Subordinated debt (net of repayment)	3,393,000	10,000,000
Proceeds from issue of Perpetual debt and Upper Tier II instruments	13,735,120	-
Proceeds from issue of Share Capital	29,401	48,943
Proceeds from Share Premium (net of share issue expenses)	330,025	800,524
Payment of Dividend	(1,117,416)	(887,410)
Net cash generated from financing activities	16,370,130	9,962,057

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Year ended 31-03-2007 *(Rs. in Thousands)*	Year ended 31-03-2006 *(Rs. in Thousands)*
Effect of exchange fluctuation translation reserve	(5,015)	-
Net increase in cash and cash equivalents	32,764,629	(8,610,942)
Cash and cash equivalents as at 1 April 2006	36,418,422	45,029,364
Cash and cash equivalents as at 31 March 2007	69,183,051	36,418,422

Note :

1. Cash and cash equivalents comprise of cash on hand & in ATM, balances with Reserve Bank of India, balances with banks and money at call & short notice (refer schedule 6 and 7 of the Balance Sheet).

As per our report of even date
For S. R. BATLIBOI & Co.
Chartered Accountants

For UTI BANK LTD.

P. J. Nayak
Chairman & Managing Director

Viren Mehta
Partner
Membership No.: 048749

Surendra Singh
Director

N. C. Singhal
Director

R. B. L. Vaish
Director

P. J. Oza
Company Secretary

Date: 17 April 2007
Place: Mumbai

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2007

		As on 31-03-2007 *(Rs. in Thousands)*	As on 31-03-2006 *(Rs. in Thousands)*
SCHEDULE 1 - CAPITAL			
Authorised Capital			
300,000,000 Equity Shares of Rs.10/- each.		3,000,000	3,000,000
(Previous year - 300,000,000 Equity Shares of Rs.10/- each)			
Issued, Subscribed and Paid-up capital			
281,630,787 Equity Shares of Rs. 10/- each fully paid up.		2,816,308	2,786,907
(Previous year - 278,690,727 Equity Shares of Rs.10/- each fully paid-up)			
[Included above are 11,994,991 GDRs (previous year 18,844,064) representing 11,994,991 equity shares (previous year 18,844,064)]			
SCHEDULE 2 - RESERVES AND SURPLUS			
I.	Statutory Reserve		
	Opening Balance	4,199,251	2,986,542
	Additions during the year	1,647,571	1,212,709
		5,846,822	4,199,251
II.	Share Premium Account		
	Opening Balance	13,554,592	12,689,504
	Additions during the year	401,703	913,607
	Less: Share issue expenses	-	(48,519)
		13,956,295	13,554,592
III.	Investment Fluctuation Reserve		
	Opening Balance	-	2,928,137
	Additions during the year	-	-
	Less: Transfer to Profit & Loss account	-	(2,928,137)
		-	-
IV.	General Reserve		
	Opening Balance	143,000	143,000
	Additions during the year	-	-
		143,000	143,000
V.	Capital Reserve		
	Opening Balance	727,094	622,623
	Additions during the year	156,415	104,471
		883,509	727,094
VI.	Foreign Currency Translation Reserve		
	Opening Balance	630	-
	Additions during the year [refer 17 (4.5)]	(5,015)	630
		(4,385)	630
VII.	Balance in Profit & Loss Account	10,290,740	7,310,390
	TOTAL	31,115,981	25,934,957

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2007

			As on 31-03-2007 *(Rs. in Thousands)*	As on 31-03-2006 *(Rs. in Thousands)*
SCHEDULE 3 - DEPOSITS				
A.	I.	Demand Deposits		
		(i) From banks	7,490,364	4,395,206
		(ii) From others	105,552,753	75,305,621
	II.	Savings Bank Deposits	121,258,808	80,654,382
	III.	Term Deposits		
		(i) From banks	60,206,636	50,535,780
		(ii) From others	293,347,450	190,244,324
	TOTAL		587,856,011	401,135,313
B.	I.	Deposits of branches in India	585,729,192	401,135,313
	II.	Deposits of branches outside India	2,126,819	-
	TOTAL		587,856,011	401,135,313

SCHEDULE 4 - BORROWINGS			
I.	Borrowings in India		
	(i) Reserve Bank of India	-	-
	(ii) Other Banks	6,000,000	8,679,790
	(iii) Other institutions & agencies	12,038,952	12,238,033
II.	Borrowings outside India	33,917,078	5,891,495
	TOTAL	51,956,030	26,809,318
	Secured borrowing included in I & II above	-	1,299,392

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills payable	13,095,209	11,352,916
II.	Inter - office adjustments (net)	-	-
III.	Interest accrued	1,772,747	645,172
IV.	Proposed dividend (includes tax on dividend)	1,482,723	1,112,220
V.	Subordinated Debt #	21,279,000	17,886,000
VI.	Perpetual Debt and Upper Tier II instruments *	13,735,120	-
VII.	Others (including provisions)	7,373,243	9,513,970
	TOTAL	58,738,042	40,510,278

Represents Subordinated Debt of 10,772 Bonds (previous year 11,772 Bonds) of Rs. 5,00,000/- each and 15,893 Bonds (previous year 12,000 Bonds) of Rs. 10,00,000/- each, in the nature of Non Convertible Debentures [Also refer 17 (5.1.2)]

* Represents Rs. 413.96 crores (previous year Rs. Nil) of Perpetual Debt and Rs. 959.55 crores (previous year Rs. Nil) of Upper Tier II instruments [Also refer 17 (5.1.3)]

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2007

		As on 31-03-2007 *(Rs. in Thousands)*	As on 31-03-2006 *(Rs. in Thousands)*
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand & in ATM (including foreign currency notes)	8,367,508	4,898,297
II.	Balances with Reserve Bank of India :		
	(i) In Current Account	38,242,795	19,395,667
	(ii) In Other Accounts	-	-
	TOTAL	46,610,303	24,293,964

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	(i) Balance with Banks		
	(a) In Current Accounts	6,242,429	3,108,762
	(b) In Other Deposit Accounts	524,183	1,199,749
	(ii) Money at Call and Short Notice		
	(a) With banks	12,137,816	6,997,800
	(b) With other institutions	-	-
	TOTAL	18,904,428	11,306,311
II.	Outside India		
	i) In Current Accounts	2,903,160	147,168
	ii) In Other Deposit Accounts	679,180	670,979
	iii) Money at Call & Short Notice	85,980	-
	TOTAL	3,668,320	818,147
	GRAND TOTAL (I+II)	22,572,748	12,124,458

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2007

	As on 31-03-2007 *(Rs. in Thousands)*	As on 31-03-2006 *(Rs. in Thousands)*
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in -		
(i) Government Securities # # **	164,308,412	117,897,966
(ii) Other approved securities	-	-
(iii) Shares	4,627,908	4,298,009
(iv) Debentures and Bonds $	70,448,978	69,349,066
(v) Investment in Subsidiaries	99,999	-
(vi) Others @ (Mutual Fund units, CD/CP, NABARD deposits, PTC etc.)	24,790,893	23,929,704
Gross Investments in India	264,276,190	215,474,745
Less : Depreciation in the value of investments (includes provision for Non Performing Investments Rs. 6.67 crores, previous year Rs.1.44 crores)	(923,298)	(201,232)
Net investments in India	263,352,892	215,273,513
II. Investments outside India in -		
(i) Government Securities (including local authorities)	54,551	-
(ii) Subsidiaries and/or joint ventures abroad	-	-
(iii) Others	5,564,160	-
Gross Investments outside India	5,618,711	-
Less : Depreciation in the value of investments	-	-
Net investments outside India	5,618,711	-
GRAND TOTAL (I+II)	268,971,603	215,273,513

@ Includes deposits with NABARD Rs. 866.89 crores (previous year Rs. 836.28 crores) and PTC's Rs. 1,344.40 crores (previous year Rs. 1,270.59 crores).

Includes securities costing Rs. 3,581.47 crores (previous year Rs. 2,203.15 crores) pledged for availment of fund transfer facility, clearing facility and margin requirement.

** Includes Repo Lending of Rs. 1,350.94 crores (previous year Rs. 2,047.50 crores under the Liquidity Adjustment Facility of RBI) and net of Repo borrowing of Rs. 304.64 crores under the Liquidity Adjustment Facility of RBI (previous year Rs. Nil) in line with Reserve Bank of India requirements.

$ Includes securities costing Rs. 321.76 crores (previous year Rs. 91.93 crores) pledged for margin requirement.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2007

			As on 31-03-2007 *(Rs. in Thousands)*	As on 31-03-2006 *(Rs. in Thousands)*
SCHEDULE 9 - ADVANCES				
A.	(i)	Bills purchased and discounted #	12,737,121	5,838,147
	(ii)	Cash credits, overdrafts and loans repayable on demand	98,866,064	60,466,203
	(iii)	Term loans	257,161,647	156,837,954
	TOTAL		368,764,832	223,142,304
B.	(i)	Secured by tangible assets $	305,022,866	197,888,967
	(ii)	Covered by Bank/Government Guarantees &&	14,489,278	2,665,472
	(iii)	Unsecured	49,252,688	22,587,865
	TOTAL		368,764,832	223,142,304
C.	I.	Advances in India		
	(i)	Priority Sector	131,963,322	77,299,326
	(ii)	Public Sector	215,406	636,037
	(iii)	Banks	276,841	251,677
	(iv)	Others	210,553,634	144,954,933
	TOTAL		343,009,203	223,141,973
	II.	Advances Outside India		
	(i)	Due from banks	-	-
	(ii)	Due from others -		
		(a) Bills purchased and discounted	2,913,534	-
		(b) Syndicated loans	2,441,985	-
		(c) Others	20,400,110	331
	TOTAL		25,755,629	331
	GRAND TOTAL [CI + C II]		368,764,832	223,142,304

\# Bills purchased & discounted are net of Rs. 700 crores (previous year Rs. 372 crores) of borrowings under the Bills Rediscounting Scheme.

$ Includes advances against book debts.

&& Includes advances against L/Cs issued by Banks.

Advances are net of floating provision, which has been adjusted based on management estimate.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2007

		As on 31-03-2007 *(Rs. in Thousands)*	As on 31-03-2006 *(Rs. in Thousands)*
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	At cost at the beginning of the year	337,296	337,296
	Additions during the year	-	-
	Deductions during the year	-	-
	Depreciation to date	(72,401)	(55,536)
	TOTAL	264,895	281,760
II.	Other fixed assets (including Furniture & Fixtures)		
	At cost at the beginning of the year	7,884,495	6,545,481
	Additions during the year	2,121,499	1,486,641
	Deductions during the year	(119,001)	(147,627)
	Depreciation to date	(4,191,322)	(3,190,217)
	TOTAL	5,695,671	4,694,278
III.	Assets on Lease		
	At cost at the beginning of the year	765,000	765,000
	Additions during the year	-	-
	Deductions during the year	-	-
	Depreciation to date	(241,776)	(207,594)
	TOTAL	523,224	557,406
		6,483,790	5,533,444
IV.	CAPITAL WORK-IN-PROGRESS (including capital advances)	248,151	143,687
	GRAND TOTAL (I+II+III+IV)	6,731,941	5,677,131

SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	6,419,098	3,970,927
III.	Tax paid in advance/tax deducted at source (net of provisions)	1,035,768	1,094,697
IV.	Stationery and stamps	8,463	8,011
V.	Non banking assets acquired in satisfaction of claims	-	-
VI.	Others #	11,457,399	11,726,162
	TOTAL	18,920,728	16,799,797

\# Includes deferred tax assets of Rs. 159.66 crores (previous year Rs. 73.55 crores)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2007

		As on 31-03-2007 *(Rs. in Thousands)*	As on 31-03-2006 *(Rs. in Thousands)*
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the bank not acknowledged as debts	1,707,515	1,796,296
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	(a) Forward Contracts	507,359,036	326,830,819
	(b) Interest Rate Swaps & Currency Swaps	1,174,108,994	531,685,842
	(c) Foreign Currency Options	52,836,220	46,858,600
	TOTAL	1,734,304,250	905,375,261
IV.	Guarantees given on behalf of constituents		
	In India	43,813,548	29,445,527
	Outside India	50,287	-
V.	Acceptances, endorsements and other obligations	54,771,930	41,862,110
VI.	Other items for which the bank is contingently liable	7,000,000	7,174,600
	TOTAL	1,841,647,530	985,653,794

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

		Year ended 31-03-2007 *(Rs. in Thousands)*	Year ended 31-03-2006 *(Rs. in Thousands)*
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	27,028,573	15,280,422
II.	Income on investments	17,314,652	12,856,830
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	773,012	416,387
IV.	Others	487,801	334,265
	TOTAL	45,604,038	28,887,904
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	7,789,647	4,889,059
II.	Profit/(Loss) on sale of Investments/Derivative transactions (net)	608,753	1,298,139
III.	Profit on exchange transactions (net)	1,248,471	868,853
IV.	Profit/(Loss) on sale of fixed assets (net)	(29,101)	(16,992)
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI.	Lease rentals	34,764	34,705
VII.	Miscellaneous Income [including recoveries on account of advances written off in earlier years Rs. 23.62 crores (previous year Rs. 15.92 crores) and profit on account of portfolio sell downs/securitisation Rs. 2.00 crores (previous year Rs.1.39 crores)]	448,579	222,580
	TOTAL	10,101,113	7,296,344
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	24,808,886	15,517,019
II.	Interest on Reserve Bank of India/Inter-bank borrowings	1,687,973	603,380
III.	Others @	3,436,313	1,985,161
	TOTAL	29,933,172	18,105,560
@	Including interest on repos & subordinated debt		
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	3,813,461	2,402,018
II.	Rent, taxes and lighting	1,590,798	1,136,711
III.	Printing and stationery	375,770	282,428
IV.	Advertisement and publicity	296,166	170,549
V.	Depreciation on bank's property	1,118,640	921,933
VI.	Directors' fees, allowance and expenses	5,879	5,001
VII.	Auditor's fees and expenses	5,038	4,175
VIII.	Law charges	63,823	60,268
IX.	Postage, telegrams, telephones etc.	700,988	426,177
X.	Repairs and maintenance	1,288,730	950,103
XI.	Insurance	548,129	345,585
XII.	Other expenditure	2,338,562	1,435,559
	TOTAL	12,145,984	8,140,507

17 Significant accounting policies and notes forming part of the financial statements for the year ended 31 March 2007

(Currency: In Indian Rupees)

1 Background

UTI Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of corporate and retail banking products.

2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable and current practices prevailing within the banking industry in India.

3 Use of estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates is recognized prospectively in the current and future periods.

4 Significant accounting policies

4.1 Investments

Classification

In accordance with the RBI guidelines, investments are classified at the date of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for resale within a short period are classified as HFT securities. As per RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities as on that date.

Investments not exceeding 25% of total investments, which the Bank intends to hold till maturity, are classified as HTM securities. As permitted by RBI, the Bank may exceed the limit of 25% of total investments provided the excess comprises only of those securities which are eligible for complying with the Statutory Liquidity Ratio ('SLR') i.e. SLR securities and the total SLR securities held in HTM category is not more than 25% of its demand and time liabilities as on the effective date. The effective date means the last Friday of the preceding fortnight for computation of the aforesaid limit. In computing the investment ceiling for HTM portfolio for the aforesaid purpose, debentures and bonds, which are in the nature of advances are excluded. All other investments are classified as AFS securities.

However, for disclosure in the balance sheet, investments are classified under six categories - Government securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

Transfer of security between categories

Transfer of security between categories of investments is accounted for at the acquisition cost/book value/market value as on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is recognized in the profit and loss account.

Valuation

Investments classified under the HTM category are carried at acquisition cost. Any premium on acquisition over face value is amortized on a straight-line basis over the remaining period to maturity.

Investments classified under the AFS and HFT category are marked to market. The market/fair value for the purpose of periodical valuation of quoted investments included in the 'Available for Sale' and 'Held for Trading' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association ("FIMMDA"), periodically. Net depreciation, if any, within each category of investments is recognized in the profit and loss account. The net appreciation if any, under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury Bills and Commercial Paper, being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- market value of unquoted Government securities is derived based on the Prices/Yield to Maturity ('YTM') rate for Government securities of equivalent maturity as notified by Fixed Income Money Market and Derivatives Association of India ('FIMMDA') jointly with the Primary Dealers Association of India ('PDAI') at periodic intervals;
- in case of Central Government Securities, which do not qualify for SLR requirement, the market price is derived by adding 50 basis points to the Base Yield Curve of Central Government Securities;
- market value of unquoted State Government securities is derived by applying the YTM method by marking it up by 25 basis points above the yields of the Central Government Securities of equivalent maturity notified by the FIMMDA/PDAI at periodic intervals;
- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly, the market price is derived based on the YTM for Government securities as notified by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for various credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of preference shares where dividend is not received regularly, the price derived on the basis of YTM is discounted in accordance with the RBI guidelines;
- in case of bonds and debentures where interest is not received regularly, the valuation is in accordance with prudential norms for provisioning as prescribed by RBI; and
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet (which is not more than one year prior to the date of valuation). In case the latest balance sheet is not available, the shares are valued at Re 1 per company.

Investments in subsidiaries are categorized as 'Held to Maturity' in accordance with RBI guidelines.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions are accounted as outright sale and outright purchase respectively. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is recognized in the profit and loss account.

4.2 Advances

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines and are stated net of specific provisions made towards Non Performing Advances. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provisions for NPAs (other than retail advances) are made for sub-standard and doubtful assets at rates as prescribed by RBI. Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. NPAs are identified by periodic appraisals of the loan portfolio by management.

In the case of retail advances, provisions are made upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning.

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the present value of the interest sacrifice be provided at the time of restructuring.

A general provision @ 0.25% to 2.00% is made on the various classes of standard assets as prescribed by RBI. Pursuant to the change in provisioning requirement for certain classes of standard assets from 0.40% to 2.00% as notified by RBI, the Bank has made an additional provision of Rs. 68.11 crores during the year ended 31 March 2007. In addition, general provision is also made on retail advances based on bucket-wise provisioning for delinquencies less than 90 days.

4.3 *Country Risk*

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

4.4 *Securitisation*

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle (SPV). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate (PTC) holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29-'Provisions, contingent liabilities and contingent assets'.

Gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account.

4.5 *Foreign currency transactions*

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Foreign currency assets and liabilities are translated at the balance sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year-end revaluations are recognized in the profit and loss account.

Financial statements of foreign branches classified as non-integral foreign operations are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing rates notified by FEDAI at the year-end.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments.

Outstanding forward exchange contracts (excluding currency swaps undertaken to hedge Foreign Currency Non-Resident ('FCNR') deposits which are not revalued) and spot exchange contracts are revalued at year end exchange rates notified by FEDAI. The resulting gains or losses on revaluation are included in the profit and loss account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge FCNR deposits is recognized as interest income/expense and is amortized on a straight-line basis over the underlying swap period.

Contingent liabilities on account of foreign exchange contracts/options, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

4.6 *Derivative transactions*

Derivative transactions comprise of swaps and options which are disclosed as contingent liabilities. The swaps/options are segregated as trading or hedge transactions. Trading swaps/options are revalued at the balance sheet date with the resulting unrealized gain or loss being recognized in the profit and loss account and correspondingly in other assets or other liabilities respectively. Hedged swaps/options are accounted for on an accrual basis.

4.7 *Revenue recognition*

Interest income is recognised on an accrual basis except interest income on NPAs, which is recognized on receipt.

Commission income on deferred payment guarantees, is recognized pro-rata over the period of the guarantee. All other fee income is recognised upfront on its becoming due.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognized at the time of sale.

Realized gains on investments under HTM category are recognized in the profit and loss account and subsequently appropriated to capital reserve account in accordance with RBI guidelines. Losses are recognized in the profit and loss account.

4.8 *Fixed assets and depreciation*

Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation (including on assets given on operating lease) is provided on the straight-line method from the date of addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided using the following estimated useful lives:

Asset	Estimated useful life
Owned premises	20 years
Assets given on operating lease	20 years
Computer hardware	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	16 years
Assets at staff residence	5 years
All other fixed assets	10 years

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of installation.

Depreciation on assets sold during the year is recognized on a pro-rata basis to the profit and loss account till the date of sale.

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. As on 31 March 2007, there was no impairment to assets.

4.9 *Lease transactions*

Assets given on operating lease are capitalized at cost. Rentals received by the Bank are recognised in the profit and loss account when due. Lease payments for assets taken on operating lease are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

4.10 *Employee benefits*

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are recognized in the profit and loss account.

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by the Life Insurance Corporation of India ('LIC') for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although LIC administers the scheme and determines the contribution premium required to be paid by the Bank The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted as at 31 March each year.

The Bank provides leave encashment benefit (long term), which is a defined benefit scheme based on actuarial valuation as at the balance sheet date conducted by an independent actuary.

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme. Superannuation is a defined contribution plan under which the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognized in the profit and loss account in the period in which they accrue.

Actuarial gains/losses are immediately taken to profit & loss account and are not deferred.

Effective 1 April 2006, the Bank has early adopted Accounting Standard 15 (AS) (Revised) on 'Employee Benefits' issued by the Institute of Chartered Accountants of India. Accordingly, the Bank has recorded the charge for compensated absences for the year ended 31 March 2007 based on actuarial valuation conducted by an independent entity. Further, in accordance with the transitional provisions of AS-15 (Revised), an amount of Rs. 31.80 crores (net of tax benefit) being the liability for employee benefits (gratuity, leave encashment and sick leave) up to the year ended 31 March 2006 has been adjusted against the balance in profit and loss account.

4.11 Credit Card reward points

The Bank estimates the probable redemption of credit card reward points using an actuarial method by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.12 Taxation

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax charge. Current year taxes and Fringe Benefit tax are determined in accordance with the Income Tax Act, 1961. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the period.

Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgement as to whether realisation is considered certain.

4.13 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS 20 -'Earnings per Share'. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

4.14 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in ATM, balances with Reserve Bank of India, balances with other banks and money at call and short notice.

4.15 Employee stock option scheme

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date is recognized as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of the Board of Directors meeting in which options are granted / shares are issued, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

4.16 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

5 Notes to Accounts

5.1 Statutory disclosures as per RBI

5.1.1 'Provisions and contingencies' recognized in the profit and loss account include:

(Rs. in crores)

For the year ended	31 March 2007	31 March 2006
Provision for income tax		
- Current tax for the year	412.60	296.11
- Deferred tax for the year	(81.36)	(55.73)
Provision for fringe benefit tax	5.97	5.83
	337.21	246.21
Provision for wealth tax	0.25	0.14
Provision for non performing advances & investments, (including bad debts written off and write backs)	73.73	127.06
Provision towards standard assets	122.35	44.68
General provision for retail loans	1.77	0.08
Amortisation of premium on Held to Maturity investments	98.75	87.55
Provision for depreciation in value of investments	66.97	3.41
Provision for securitised assets	2.54	(0.40)
Total	703.57	508.73

5.1.2 The capital adequacy ratio of the Bank, calculated as per RBI guidelines is set out below:

(Rs. in crores)

	31 March 2007	31 March 2006
Capital adequacy		
Tier I	3,636.21	2,802.18
Tier II	2,918.29	1,476.08
Total capital	6,554.50	4,278.26
Total risk weighted assets and contingents	56,643.37	38,598.25
Capital ratios		
Tier I	6.42 %	7.26 %
Tier II	5.15 %	3.82 %
CRAR	11.57 %	11.08 %
Amount of Subordinated Debt raised as Tier-II capital (as per details given below)	Rs. 389.30 crores	Rs. 1,000.00 crores

During the year ended 31 March 2007, the Bank raised subordinated debt of Rs. 389.30 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
28 June 2006	87 months	8.95 %	Rs. 33.50 crores
	120 months	9.10 %	Rs. 104.90 crores
30 March 2007	120 months	10.10 %	Rs. 250.90 crores

During the year ended 31 March 2007, the Bank redeemed subordinated debt of Rs. 50 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
28 June 2006	63 months	11.10 %	Rs. 50 crores

During the year ended 31 March 2006, the Bank raised subordinated debt of Rs. 1,000 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
25 July 2005	84 months	Simple average of Mid of Bid and Offer yield of the 1 year GOI benchmark (i.e. INBMK) + a margin of 65 basis points to be reset at semi annual intervals	Rs. 500 crores
22 March 2006	87 months	8.50 %	Rs. 125 crores
	87 months	8.32 %	Rs. 5 crores
	120 months	8.75 %	Rs. 360 crores
	120 months	8.56 %	Rs. 10 crores

5.1.3 During the year ended 31 March 2007, the Bank also raised hybrid capital in the form of Perpetual Debt of Rs. 413.96 crores qualifying as Tier I capital and Rs. 959.55 crores qualifying as Tier II capital, the details of which are set out below:

Type of Capital	Date of allotment	Period	Coupon	Amount
Upper Tier II	11 August 2006	180 months	7.25 %	(USD 150 million) Rs. 652.05 crores
Perpetual Debt	30 September 2006	Perpetual	10.05 %	Rs. 214.00 crores
Perpetual Debt	15 November 2006	Perpetual	7.167 %	(USD 46 million) Rs. 199.96 crores
Upper Tier II	24 November 2006	180 months	9.35 %	Rs. 200.00 crores
Upper Tier II	6 February 2007	180 months	9.50 %	Rs. 107.50 crores

5.1.4 The key business ratios and other information is set out below:

As at	31 March 2007 %	31 March 2006 %
Interest income as a percentage to working funds (working funds represent average total assets)	7.58	7.05
Non-interest income as a percentage to working funds	1.68	1.78
Operating profit as a percentage to working funds	2.27	2.43
Return on assets	1.10	1.18
Business (deposits less inter bank deposits plus advances) per employee**	Rs. 10.24 crores	Rs. 10.20 crores
Profit per employee**	Rs. 7.59 lacs	Rs. 8.69 lacs
Net non performing assets as a percentage of net customer assets *	0.61	0.75

* Net Customer assets include advances and credit substitutes.

** Productivity ratios are based on average employee numbers.

5.1.5 Asset Quality

i) Net non-performing assets to net advances is set out below:

	31 March 2007	31 March 2006
	%	%
Net non performing assets as a percentage of net advances	0.72	0.98

ii) Movement in gross non-performing assets is set out below:

(Rs. in crores)

	31 March 2007	31 March 2006
	Gross	Gross
Opening balance at the beginning of the year	377.95	324.77
Additions during the year	169.31	179.86
Reductions during the year	(128.59)	(126.68)
Closing balance at the end of the year	418.67	377.95

iii) Movement in net non-performing assets is set out below:

(Rs. in crores)

	31 March 2007	31 March 2006
	Net	Net
Opening balance at the beginning of the year	219.83	226.08
Additions during the year	92.49	90.33
Reductions during the year	(45.99)	(96.58)
Closing balance at the end of the year	266.33	219.83

iv) Movement in provisions for non performing assets (excluding provisions for standard assets) is set out below:

(Rs. in crores)

	31 March 2007	31 March 2006
Opening balance at the beginning of the year	158.12	98.69
Provisions made during the year	76.82	89.53
Write-offs/write back of excess provisions	(82.60)	(30.10)
Closing balance at the end of the year	152.34	158.12

5.1.6 Movement in Floating Provision is set out below:

(Rs. in crores)

For the year ended	31 March 2007	31 March 2006
Opening balance at the beginning of the year	24.96	2.87
Provisions made during the year	-	22.09
Draw down made during the year	(23.21)	-
Closing balance at the end of the year	1.75	24.96

The Reserve Bank of India identified a shortfall in provisions for non-performing assets amounting to Rs. 24.46 crores during its inspection relating to the previous year ended 31 March 2006. However, in view of the floating provision of Rs. 24.96 crores held as at the end of March 2006, no additional provision was recommended. Accordingly, the Bank has during the current year utilised floating provision to the extent of Rs. 23.21 crores, being the additional provision required for the non performing assets identified by RBI, based on the outstanding balances of these assets as on the date of utilization.

5.1.7 Provision on Standard Assets:

(Rs. in crores)

	31 March 2007	31 March 2006
Provision towards Standard Assets	205.46	83.11

5.1.8 Details of Investments are set out below:

1) Value of Investments:

(Rs. in crores)

	31 March 2007	31 March 2006
i) Gross value of Investments		
a) In India	26,427.62	21,547.47
b) Outside India	561.87	-
ii) Provision for Depreciation/Non Performing Investments		
a) In India	92.33	20.12
b) Outside India	-	-
iii) Net value of Investments		
a) In India	26,335.29	21,527.35
b) Outside India	561.87	-

2) Movement of provisions held towards depreciation on investments:

(Rs. in crores)

	31 March 2007	31 March 2006
Opening balance	18.69	15.28
Add: Provisions made during the year	66.97	3.41
Less: Write offs/write back of excess provisions during the year	-	-
Closing balance	85.66	18.69

5.1.9 A summary of lending to sensitive sectors is set out below:

(Rs. in crores)

As at	31 March 2007	31 March 2006
A. Exposure to Real Estate Sector		
1) *Direct Exposure*		
(i) Residential mortgages	4,763.53	2,608.60
- of which housing loans upto Rs. 15 lakhs	2,287.26	1,409.08
(ii) Commercial real estate	3,885.16	1,660.76
(iii) Investments in mortgage backed securities (MBS) and other securitised exposures -		
a. Residential	-	0.06
b. Commercial real estate	-	-
2) *Indirect Exposure*		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	2,561.30	-
Total Exposure to Real Estate Sector	11,209.99	4,269.42
B. Exposure to Capital Market		
1. Investments made in equity shares (includes sanctioned application money of Rs. 0.18 crores, previous year Rs. 50.18 crores)	276.19	241.98
2. Investments in bonds / convertible debentures	-	-
3. Investments in units of equity-oriented mutual funds (includes application money of Rs. Nil crores, previous year Rs. 3.00 crores)	-	3.00
4. Investments in Equity Subscription	5.00	-
5. Investments in Venture Capital (includes application money of Rs. 0.15 crores, previous year Rs. Nil crores)	267.95	-
6. Advances against shares to individuals for investment in equity shares (including IPOs / ESOPs), bonds and debentures, units of equity oriented mutual funds	62.00	0.02

7.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers (including underwriting commitments)	330.60	232.69
	Total exposure to the Capital Market (Total of 1 to 7)	941.74	477.69
8.	Of 7 above, the total finance extended to stock brokers for margin trading	-	-

5.1.10 Details of loan assets subjected to restructuring are given below:

(Rs. in crores)

		31 March 2007	31 March 2006
i)	Total amount of loan assets subjected to restructuring, rescheduling, renegotiation	216.95	330.11
	- of which under CDR	-	37.70
ii)	The amount of Standard assets subjected to restructuring, rescheduling, renegotiation	178.13	315.12
	- of which under CDR	-	37.70
iii)	The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation	5.95	3.93
	- of which under CDR	-	-
iv)	The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation	32.87	11.06
	- of which under CDR	-	-

5.1.11 Details of restructuring undertaken by the Bank during the year for SME accounts are given below:

(Rs. in crores)

		31 March 2007	31 March 2006
i)	Total amount of assets of SMEs subjected to restructuring	62.52	109.00
ii)	The amount of standard assets of SMEs subjected to restructuring	50.95	104.44
iii)	The amount of sub-standard assets of SMEs subjected to restructuring	-	3.93
iv)	The amount of doubtful assets of SMEs subjected to restructuring	11.57	0.63

5.1.12 Details of Non-SLR investment portfolio are set out below:

i) Issuer composition as at 31 March 2007 of non-SLR investments:

(Rs. in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities#	Extent of "unrated" securities#	Extent of "unlisted" securities#
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	1,329.71	660.56	-	-	-
ii.	Financial Institutions	2,414.06	1,995.80	7.00	-	7.00
iii.	Banks	1,145.58	752.89	5.00	-	-
iv.	Private Corporates	5,386.05	3,954.28	650.40	17.90	435.82
v.	Subsidiaries/ Joint Ventures	10.00	10.00	-	-	-
vi.	Others	273.25	-	-	-	-
vii.	Provision held towards depreciation/non-performing investments	(91.16)	-	-	-	-
	Total	10,467.49	7,373.53	662.40	17.90	442.82

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

This excludes investments, amounting to Rs. 556.42 crores, in Credit Linked Notes (CLN) and Rs. 5.46 crores in Exchange Traded Bills invested by overseas branches

Issuer composition as at 31 March 2006 of non-SLR investments:

(Rs. in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	1,195.45	755.99	-	-	-
ii.	Financial Institutions	1,273.80	1,001.52	-	-	11.00
iii.	Banks	304.68	108.55	5.00	-	1.01
iv.	Private Corporates	5,861.38	4,520.57	630.58	40.51	560.22
v.	Subsidiaries/ Joint Ventures	-	-	-	-	-
vi.	Others	1,122.36	-	-	-	-
vii.	Provision held towards depreciation/ non-performing investments	(20.12)	-	-	-	-
	Total	9,737.55	6,386.63	635.58	40.51	572.23

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

ii) Non-performing non SLR investments is set out below:

(Rs. in crores)

	31 March 2007	31 March 2006
Opening balance	3.67	13.67
Additions during the year since 1st April	4.40	6.70
Reductions during the above period	-	(16.70)
Closing balance	8.07	3.67
Total provisions held	6.67	1.44

5.1.13 Details of securities sold/ purchased during the year ended 31 March 2007 & 31 March 2006 under repos/ reverse repos (excluding LAF transactions):

Year ended 31 March 2007 *(Rs. in crores)*

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March 2007
Securities sold under repos	-	243.82	44.06	-
Securities purchased under reverse repos	-	1,350.94	57.69	1,350.94

Year ended 31 March 2006 *(Rs. in crores)*

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March 2006
Securities sold under repos	-	606.99	164.32	-
Securities purchased under reverse repos	-	799.86	50.57	-

5.1.14 Details of financial assets sold to Securitisation/Reconstruction companies for Asset Reconstruction:

(Rs. in crores)

	31 March 2007	31 March 2006
Number of accounts	-	-
Book Value of loan asset securitised	-	-
Aggregate value (net of provisions) of accounts sold	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

5.1.15 Details of securitisation transactions undertaken by the Bank in the year are as follows:

(Rs. in crores)

	31 March 2007	31 March 2006
Number of loan accounts securitised	2	-
Book value of loan assets securitised	547.16	-
Sale consideration received for the securitised assets	550.09	-
Net gain / loss over net book value	2.93	-

The information on securitisation activity of the Bank as an originator as on 31 March 2007 and 31 March 2006 is given below:

(Rs. in crores)

	31 March 2007	31 March 2006
Outstanding credit enhancement (cash collateral)	15.51	19.10
Outstanding liquidity facility	-	-
Outstanding servicing liability	0.54	1.57
Outstanding investment in PTCs	1.50	6.18

5.1.16 During the year, the Bank's credit exposures to single borrower and group borrowers were within the prudential exposure limits prescribed by RBI except in 4 cases where single borrower limit was exceeded upto an additional exposure of 5% with the approval of the Board of Directors. These 4 cases represent credit and investment exposures to financial institutions, multinationals and local corporates. The total exposure outstanding in respect of these 4 cases as at 31 March 2007 was Rs. 2,165.86 crores. Further the total amount of exposure in excess of the prudential limit as at 31 March 2007 was Rs. 347.06 crores.

5.1.17 Details of Risk Categorywise Country Exposure:

(Rs. in crores)

Risk Category	Exposure (Net) as at March 2007	Provision Held as at March 2007	Exposure (Net) as at March 2006	Provision Held as at March 2006
Insignificant	735.70	-	310.58	-
Low	1,491.82	-	177.22	-
Moderate	72.28	-	40.69	-
High	2.64	-	10.02	-
Very High	0.32	-	2.11	-
Restricted	-	-	0.17	-
Off-Credit	-	-	-	-
Total	2,302.76	-	540.79	-

As the Bank has no net funded exposure in a foreign country, which is 1% or more of its total assets as at 31 March 2007, no provision has been made for country risk.

5.1.18 A maturity pattern of certain items of assets and liabilities at 31 March 2007 & 31 March 2006 is set out below:

Year ended 31 March 2007 *(Rs. in crores)*

	1 to 14 days	15 to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	5,387.38	1,910.46	9,166.39	8,016.92	9,381.96	23,615.99	966.67	339.81	58,785.60
Advances	1,428.48	358.97	1,333.87	1,870.50	3,101.90	11,767.50	6,554.65	10,460.61	36,876.48
Investments	2,532.15	2,180.60	5,608.64	2,501.75	2,472.26	7,405.04	1,982.31	2,214.41	26,897.16
Borrowings	33.87	-	773.88	1,023.05	1,053.34	1,597.34	707.67	6.45	5,195.60
Foreign Currency Assets	227.82	16.58	425.15	1,162.61	112.85	1,257.11	135.49	1,275.60	4,613.21
Foreign Currency Liabilities	131.53	22.90	743.42	523.48	1,286.87	1,242.32	1,625.32	1,211.55	6,787.39

Year ended 31 March 2006 *(Rs. in crores)*

	1 to 14 days	15 to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	4,964.76	1,539.41	5,376.98	3,312.69	8,407.45	15,347.34	836.27	328.63	40,113.53
Advances	1,035.85	83.62	852.63	1,129.80	1,696.36	8,268.10	4,230.72	5,017.15	22,314.23
Investments	4,168.81	1,178.05	3,847.60	1,313.07	2,117.87	5,480.61	1,500.19	1,921.15	21,527.35
Borrowings	330.00	100.00	144.62	762.74	201.26	1,102.21	0.24	39.86	2,680.93
Foreign Currency Assets	67.96	21.37	60.56	322.56	66.03	105.14	49.09	3.67	696.38
Foreign Currency Liabilities	104.92	8.92	91.50	508.35	450.86	195.72	100.33	-	1,460.60

Classification of assets and liabilities under the different maturity buckets are compiled by management based on the guidelines issued by the RBI and are based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of foreign currency assets and liabilities is excluding forward contracts.

5.1.19 Disclosure in respect of Interest Rate Swaps (IRS), Forward Rate Agreement (FRA) and Cross Currency Swaps (CCS) outstanding at 31 March 2007 is set out below:

(Rs. in crores)

Sr. No.	Items	As at 31 March 2007	As at 31 March 2006
i)	Notional principal of swap agreements	117,410.90	53,168.58
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	1,153.44	573.40

iii)	Collateral required by the Bank upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps / FRAs	75.11%	76.31%
	- Cross Currency Swaps	58.49%	60.57%
v)	Fair value of the swap book		
	- Interest Rate Swaps / FRAs (hedging & trading)	(11.38)	0.80
	- Currency Swaps	30.03	26.78

The nature and terms of the IRS are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging Swaps	6	239.80	INBMK	Fixed receivable v/s floating payable
Hedging Swaps	5	525.00	MIBOR	Fixed receivable v/s floating payable
Hedging Swaps	2	50.00	MIBOR	Fixed payable v/s floating receivable
Hedging Swaps	1	150.00	LIBOR	Fixed payable v/s fixed receivable
Hedging Swaps	4	282.56	LIBOR	Fixed receivable v/s floating payable
Trading Swaps	65	2,596.10	INBMK	Fixed receivable v/s floating payable
Trading Swaps	59	2,655.00	INBMK	Fixed payable v/s floating receivable
Trading Swaps	1,237	47,741.62	MIBOR	Fixed receivable v/s floating payable
Trading Swaps	1,254	47,676.62	MIBOR	Fixed payable v/s floating receivable
Trading Swaps	1	50.00	LIBOR/MIBOR	Floating payable v/s floating receivable
Trading Swaps	196	5,025.00	MIFOR	Fixed receivable v/s floating payable
Trading Swaps	199	5,100.00	MIFOR	Fixed payable v/s floating receivable
Trading Swaps	150	280.58	LIBOR	Fixed receivable v/s floating payable
Trading Swaps	37	369.18	LIBOR	Fixed payable v/s floating receivable
Trading Swaps	2	86.94	LIBOR	Floating payable v/s floating receivable
Trading Swaps	2	34.77	LIBOR	Fixed receivable v/s floating payable
Trading Swaps	2	34.77	LIBOR	Floating receivable v/s fixed payable
	3,222	112,897.94		

The nature and terms of the FRA's are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading Swaps	7	68.16	LIBOR	Fixed receivable v/s floating payable
Trading Swaps	7	68.16	LIBOR	Fixed payable v/s floating receivable
	14	136.32		

The nature and terms of the CCS are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading Swaps	17	1,364.05	LIBOR	Fixed receivable v/s Floating payable
Trading Swaps	24	1,477.26	LIBOR	Fixed payable v/s Floating receivable
Trading Swaps	1	41.10	LIBOR/INBMK	Floating receivable v/s Floating payable
Trading Swaps	23	419.61	PRINCIPAL ONLY	Fixed receivable

Trading Swaps	22	379.10	PRINCIPAL ONLY	Fixed payable
Hedging Swaps	5	695.52	PRINCIPAL ONLY	Fixed payable
	92	4,376.64		

Agreements with Banks/Financial Institutions and corporates are under approved credit lines.

The Bank has not undertaken any transactions in exchange traded interest rate derivatives during the year.

The Bank has an exclusive derivative trading desk, which takes proprietary trading and hedging positions in derivatives, apart from, providing derivative service to its select customers with acceptable internal credit rating grades. Derivative transactions can expose the Bank to all the three broad categories of risks, viz; counterparty credit risk, market risk and operational risk. The management of the derivative activities are integrated into the Bank's overall risk management system.

The Risk Department of the Bank provides independent risk assessment to the Senior Management, ALCO and Risk Management Committee of the Board in accordance with the various RBI and other regulatory guidelines and also the internal risk policy laid down by the Bank. The Risk Department has set up appropriate risk limits for the derivative trading position and monitors the derivative exposure of the Bank on a daily basis. Risk limits are set according to a number of criteria including relevant analysis of market data on volatility, business strategy and management experience. The Risk Department computes and reports the Value at Risk (VaR), Price Value of a Basis Point (PVBP) and the option greeks to the Senior Management on a daily basis. Simulation of extreme stress scenarios, including testing of a current portfolio against past periods of significant disturbance is carried out on the derivative portfolio. The results of the stress tests are reviewed periodically and the ALCO promptly addresses the situations and risks that give rise to vulnerability. The Bank follows current exposure method for monitoring the credit risk on derivative transactions and suitable action such as margin call, cancellation of contracts etc., are initiated, as deemed necessary for mitigating the credit risk. The Bank further ensures that the gross PV 01 of all non-option rupee derivative contracts are within 0.25 per cent of the net worth of the Bank as on the last balance sheet date.

The Bank has framed a hedging policy for using the derivative products in an efficient manner as a tool for mitigating market risk. The Bank undertakes hedge transactions that are permitted by the RBI from time to time to protect against changes in the fair value or variability in the cash flow that is attributable to a particular risk of a recognised asset or liability. The Risk Department assesses the hedge effectiveness of all the hedge deals at periodical intervals and transactions that do not conform to the hedge criteria are re-designated as trading deals with the approval of the competent authority and accordingly accounted like other trading transactions.

5.1.20 Disclosure on risk exposure in Derivatives

(Rs. in crores)

		As at 31 March 2007		
		Currency Derivatives		Interest rate Derivatives
Sr. No.	Particulars	CCS	Options	
1.	Derivatives (Notional Principal Amount)			
	a) For hedging	695.52	-	1,247.34
	b) For trading	3,681.12	5,283.62	111,786.92
2.	Marked to Market Positions#			
	a) Asset (+)	31.69	-	16.01
	b) Liability (-)	-	(0.88)	-
3.	Credit Exposure	264.41	60.52	1,429.93
4.	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March 2007)			
	a) on hedging derivatives	0.72	-	15.34
	b) on trading derivatives	0.43	-	4.71
5.	Maximum and Minimum of 100*PV01 observed during the year			
	a) on hedging			
	I) Minimum	0.72	-	11.10
	II) Maximum	0.72	-	25.33
	b) on Trading			
	I) Minimum	0.14	-	0.70
	II) Maximum	2.20	-	15.73
	# Only on Trading derivatives			

The notional principal amount of forex contracts classified as hedging outstanding at 31 March 2007 amounted to Rs. 4,356.35 crores (previous year Rs. 2,064.38 crores). The notional principal amount of forex contracts classified as trading outstanding at 31 March 2007 amounted to Rs. 61,613.78 crores (previous year Rs. 52,722.67 crores).

The net overnight open position at 31 March 2007 is Rs. 46.71 crores (previous year Rs. 25.24 crores)

5.1.21 No penalty/ strictures have been imposed on the Bank during the year by the Reserve Bank of India.

5.1.22 Disclosure of Customer Complaints

a.	No. of complaints pending at the beginning of the year	63
b.	No. of complaints received during the year	881
c.	No. of complaints redressed during the year	931
d.	No. of complaints pending at the end of the year	13

5.1.23 Disclosure of Awards passed by the Banking Ombudsman

a.	No. of unimplemented awards at the beginning of the year	-
b.	No. of awards passed by the Banking Ombudsman during the year	3
c.	No. of awards implemented during the year	3
d.	No. of unimplemented awards at the end of the year	-

5.2 Other disclosures

5.2.1 The Bank holds a 'general provision' of Rs. 2.87 crores (previous year Rs. 1.10 crores), based on bucket-wise provisioning for delinquencies less than 90 days for retail loans, which is in excess of RBI guidelines.

5.2.2 During the year, the Bank has appropriated Rs. 15.64 crores (previous year Rs. 10.45 crores) to Capital Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines.

5.2.3 During the year ended 31 March 2007, the Bank sold loans with carrying value of Rs. 253.06 crores (previous year Rs. 405.81 crores), which resulted in gains of Rs. Nil (previous year Rs. 1.39 crores) being the difference between the contracted yield and the net present value of the negotiated yield. Further the Bank has established retained beneficial interest of Rs. Nil (previous year Rs. 1.51 crores) on these transactions.

5.2.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March 2007	31 March 2006
Earnings for the year (Rs. in crores)	659.03	485.08
Basic weighted average no. of shares (in crores)	28.05	27.80
Basic EPS (Rs.)	23.50	17.45
Diluted weighted average no. of shares (in crores)	28.91	28.40
Diluted EPS (Rs.)	22.79	17.08
Nominal value of shares - Basic (Rs. in crores)	281.63	278.69
Nominal value of shares - Diluted (Rs. in crores)	290.28	284.68

Dilution of equity is on account of 8,653,638 stock options (previous year 5,987,339).

5.2.5 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorized to issue upto 13,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 3 years. The options can be exercised within 3 years from the date of the vesting. Further, in June 2004 and June 2006, pursuant to the approval of the shareholders at Annual General Meeting, the Bank approved an ESOP scheme for additional 10,000,000 and 4,800,000 options respectively.

15,191,145 options have been granted under the Scheme till the previous year ended 31 March 2006.

On 17 April 2006, the Bank granted 4,695,860 stock options (each option representing entitlement to one equity share of the Bank) to its employees, the Chairman & Managing Director and the Executive Director. These options can be exercised at a price of Rs. 319.00 per option.

The Bank has not recorded any compensation cost on options granted during the year ended 31 March 2001, year ended 31 March 2006 and the current year ended 31 March 2007 as the exercise price was more than or equal to the quoted market price of underlying equity shares on the grant date.

The Bank recorded a compensation cost of Rs 1.39 crores on options granted during the year ended 31 March 2002, Rs. 1.99 crores on options granted during the year ended 31 March 2004, Rs. 24.21 crores on options granted during the year ended 31 March 2005, based on the excess of the quoted market price of the underlying equity shares as of the date of the grant over the exercise price. The compensation cost is amortized over the vesting period.

Compensation expense for all the grants under the Scheme for the year ended 31 March 2007 is Rs. 2.71 crores.

Stock option activity under the Scheme for the year ended 31 March 2007 is set out below:

	Options outstanding	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	8,838,245	29.68 to 232.10	171.39	4.00
Granted during the year	4,695,860	319.00	319.00	-
Forfeited during the year	(720,744)	29.68 to 319.00	254.96	-
Expired during the year	(391)	29.68 to 319.00	29.70	-
Exercised during the year	(2,940,060)	29.68 to 319.00	122.25	-
Outstanding at the end of the year	9,872,910	29.68 to 319.00	250.14	3.19
Exercisable at the end of the year	979,768	29.68 to 319.00	200.43	3.90

Stock option activity under the Scheme for the year ended 31 March 2006 is set out below:

	Options outstanding	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	5,694,445	29.68 to 97.62	75.48	4.00
Granted during the year	5,708,240	232.10	232.10	-
Forfeited during the year	(670,767)	29.68 to 232.10	173.44	-
Expired during the year	(90)	29.68 to 232.10	29.68	-
Exercised during the year	(1,893,583)	29.68 to 97.62	65.22	-
Outstanding at the end of the year	8,838,245	29.68 to 232.10	171.39	4.00
Exercisable at the end of the year	286,277	29.68 to 97.62	76.49	1.58

Fair Value Methodology

Impact of fair value method on net profit and EPS:

	31 March 2007	31 March 2006
Net Profit (as reported) (Rs. in crores)	659.03	485.08
Add: Stock based employee compensation expense included in net income (Rs. in crores)	2.71	6.32
Less: Stock based employee compensation expense determined under fair value based method (proforma) (Rs. in crores)	(45.92)	(30.60)
Net Profit (Proforma) (Rs. in crores)	615.82	460.80

Earnings per share: Basic (in Rs.)		
As reported	23.50	17.45
Proforma	21.95	16.58
Earnings per share: Diluted (in Rs.)		
As reported	22.79	17.08
Proforma	21.30	16.23

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March 2007	31 March 2006
Dividend yield	1.69%	1.48%
Expected life	2-4 years	2-4 years
Risk free interest rate	6.93% to 7.17%	6.54% to 6.67%
Volatility	46.91%-52.03%	48.94%-57.15%

5.2.6 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the balance sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March 2007, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March 2007 includes dividend paid pursuant to exercise of 1,301,308 employee stock options after the previous year end and record date for declaration of dividend for the year ended 31 March 2006.

5.2.7 Segmental reporting

The business of the Bank is divided into two segments: Treasury & Other Banking Operations. These segments have been identified and reported based on RBI guidelines on compliance with Accounting Standards by banks vide circular no. DBOD. BP. BC. 89/21.04.018/2002-03 dated 29 March 2003.

The treasury services segment undertakes trading operations on the proprietary account, foreign exchange operations and derivatives trading. Revenues of the treasury services segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Other banking operations principally comprise the lending activities (i.e. corporate and retail) of the Bank. The corporate lending activity include providing loans and transaction services to corporate and institutional customers. The retail lending activity include raising of deposits from customers and providing loans and advisory services to such customers through branch network and other delivery channels. Revenues from the corporate lending activity consist of interest and fees earned on loans given to corporate customers, interest earned on cash float and fees arising from transaction services and fees from merchant banking activities such as syndication and debenture trusteeship. Revenues from the retail lending activity are derived from interest earned on retail loans, fees for banking and advisory services, ATM interchange fees and interest earned from other segments for surplus funds placed with those segments. Expenses of the lending activity primarily comprise interest expense on deposits, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment revenue includes earnings from external customers plus earnings from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment revenue represents the transfer price paid/received by the Central Funding Unit (CFU). For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on cost of funds and spreads, has been used. Operating expenses are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Geographical segment disclosure is not required to be made, since the operations from foreign branches are less than the prescribed norms.

Segmental results are set out below :

(Rs. in crores)

	31 March 2007			
	Treasury	Other Banking Operations	Unallocated	Total
Segment Revenue				
Gross interest income (external customers)	1,860.07	2,700.33	-	4,560.40
Other income	239.50	773.04	(2.43)	1,010.11
Total income as per profit and loss account	2,099.57	3,473.37	(2.43)	5,570.51
Add / (less) inter segment interest income	6,775.81	1,841.19	-	8,617.00
Total segment income	8,875.38	5,314.56	(2.43)	14,187.51
Less: Interest expense (external customers)	2,314.57	678.75	-	2,993.32
Less: Inter segment interest expenses	6,085.65	2,531.35	-	8,617.00
Less: Operating expenses	77.49	1,137.10	-	1,214.59
Operating profit	397.67	967.36	(2.43)	1,362.60
Less: Provision for non performing assets/Others	171.21	195.15	-	366.36
Segment result	226.46	772.21	(2.43)	996.24
Less: Provision for Tax	-	-	-	337.21
Net Profit	-	-	-	659.03
Segment assets	34,339.17	37,667.11	1,250.94	73,257.22
Segment liabilities	37,073.98	32,405.18	384.83	69,863.99
Net assets	(2,734.81)	5,261.93	866.11	3,393.23
Fixed assets additions during the year	-	-	212.15	212.15
Depreciation on fixed assets during the year	-	-	111.86	111.86

(Rs. in crores)

	31 March 2006			
	Treasury	Other Banking Operations	Unallocated	Total
Segment Revenue				
Gross interest income (external customers)	1,360.08	1,528.71	-	2,888.79
Other income	206.46	521.98	1.19	729.63
Total income as per profit and loss account	1,566.54	2,050.69	1.19	3,618.42
Add / (less) inter segment interest income	4,061.65	1,071.48	-	5,133.13
Total segment income	5,628.19	3,122.17	1.19	8,751.55
Less: Interest expense (external customers)	1,317.20	493.36	-	1,810.56
Less: Inter segment interest expenses	3,740.20	1,392.93	-	5,133.13
Less: Operating expenses	53.29	760.76	-	814.05
Operating profit	517.50	475.12	1.19	993.81
Less: Provision for non performing assets/Others	101.96	160.42	0.14	262.52
Segment result	415.54	314.70	1.05	731.29
Less: Provision for Tax	-	-	-	246.21
Net Profit	-	-	-	485.08
Segment assets	25,731.40	22,752.44	1,247.28	49,731.12
Segment liabilities	23,465.20	22,002.60	1,391.13	46,858.93
Net assets	2,266.20	749.84	(143.85)	2,872.19
Fixed assets additions during the year	-	-	148.66	148.66
Depreciation on fixed assets during the year	-	-	92.19	92.19

5.2.8 Related party disclosure

The related parties of the Bank are broadly classified as:

a) *Promoter*

The Bank has identified the following entities as its Promoters:

- Administrator of the Specified Undertaking of the Unit Trust of India (UTI-1)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four PSUs - New India Assurance Co. Ltd., National Insurance Co. Ltd., United India Insurance Co. Ltd. and The Oriental Insurance Co. Ltd.

b) *Key Management Personnel*

Dr. P. J. Nayak (Chairman & Managing Director) and Shri. S. Chatterjee (Executive Director).

c) *Subsidiary Companies*

- UBL Sales Limited
- UBL Asset Management Company Limited

The details of transactions of the Bank with its related parties during the year ended 31 March 2007 are given below:

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Subsidiaries	Total
Dividend Paid	42.63	0.05	-	-	42.68
Interest Paid	31.24	0.10	0.03	0.14	31.51
Interest Received	1.54	0.01	-	0.01	1.56
Investments	158.02	-	-	-	158.02
Management Contracts	-	3.05	-	-	3.05
Receiving of Services	18.17	-	-	10.95	29.12
Rendering of Services	0.26	-	-	1.51	1.77

The balances payable to/receivable from the related parties of the Bank as on 31 March 2007 are given below:

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	760.77	2.25	0.58	0.61	764.21
Placement of Deposits	0.06	-	-	-	0.06
Advances	0.02	0.21	-	0.02	0.25
Investment of the Bank	-	-	-	10.00	10.00
Investment of Related Parties in the Bank	121.39	0.13	-	-	121.52
Guarantees	39.00	-	-	-	39.00
Investment in Subordinated Debt of the Bank	334.00	-	-	-	334.00

The maximum balances payable to/receivable from the related parties of the Bank as on 31 March 2007 are given below:

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	780.99	2.41	0.59	5.54	789.53
Placement of Deposits	0.06	-	-	-	0.06
Advances	399.89	0.31	-	2.70	402.90
Investment of the Bank	-	-	-	10.00	10.00
Investment of Related Parties in the Bank	121.80	0.14	-	-	121.94
Repo Borrowing	288.50	-	-	-	288.50
Guarantees	39.00	-	-	-	39.00
Investment in Subordinated Debt of the Bank	431.00	-	-	-	431.00

The details of transactions of the Bank with its related parties during the year ended 31 March 2006 are given below:

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Subsidiaries	Total
Dividend Paid	34.12	0.02	-	-	34.14
Interest Paid	27.96	0.04	-	-	28.00
Interest Received	0.11	0.02	-	-	0.13
Investments	455.56	-	-	-	455.56
Management Contracts	-	1.83	-	-	1.83
Receiving of Services	16.32	-	-	-	16.32
Rendering of Services	0.21	-	-	-	0.21

The balances payable to/receivable from the related parties of the Bank as on 31 March 2006 are given below:

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	393.73	1.14	0.52	-	395.39
Placement of Deposits	0.04	-	-	-	0.04
Advances	0.15	0.23	-	-	0.38
Investment of Related Parties in the Bank	121.80	0.08	-	-	121.88
Guarantees	36.00	-	-	-	36.00
Investment in Subordinated Debt of the Bank	385.00	-	-	-	385.00

The maximum balances payable to/receivable from the related parties of the Bank as on 31 March 2006 are given below:

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	618.72	1.17	0.73	-	620.62
Placement of Deposits	0.04	-	-	-	0.04
Call & Term Borrowing	141.95	-	-	-	141.95
Advances	11.78	0.62	-	-	12.40
Investment of Related Parties in the Bank	122.64	0.08	-	-	122.72
Repo Borrowing	100.00	-	-	-	100.00
Guarantees	36.00	-	-	-	36.00
Investment in Subordinated Debt of the Bank	385.00	-	-	-	385.00

5.2.9 Leases

Disclosure in respect of assets given on operating lease

Operating lease comprises leasing of power generation equipments.

(Rs. in crores)

	31 March 2007	31 March 2006
Gross carrying amount at the beginning of the year	76.50	76.50
Accumulated depreciation as at the end of the year	24.18	20.76
Accumulated impairment losses as at the end of the year	-	-
Depreciation for the year	3.42	3.42
Impairment losses for the year	-	-
Minimum lease payments receivable at the end of the year	1.04	0.05
Future lease rentals receivable as at the end of the year:		
- Not later than one year	3.47	3.47
- Later than one year and not later than five years	12.48	13.88
- Later than five years	4.15	6.22

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

Disclosure in respect of assets taken on operating lease

Operating lease comprises leasing of office premises/ATMs, staff quarters, electronic data capturing machines and IT equipment.

(Rs. in crores)

	31 March 2007	31 March 2006
Future lease rentals payable as at the end of the year:		
- Not later than one year	122.89	61.50
- Later than one year and not later than five years	338.47	191.46
- Later than five years	116.11	81.46
Total of minimum lease payments recognized in the profit and loss account for the year	71.19	42.68

Total of future minimum sublease payments expected to be received under non-cancellable subleases	2.19	-
Sub-lease payments recognised in the profit and loss account for the year	0.20	-

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are no undue restrictions or onerous clauses in the agreements.

5.2.10 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in crores)

As at	31 March 2007	31 March 2006
Deferred tax assets on account of provisions for doubtful debts	121.28	79.42
Deferred tax assets on account of amortization of HTM investments	70.96	38.69
Deferred tax liabilities on account of depreciation on fixed assets	(52.50)	(53.52)
Other deferred tax assets	19.92	8.96
Net deferred tax asset/(liability)	159.66	73.55

In computing the amount of permanent difference for reckoning tax provisions, the disallowance of interest expenditure u/s. 14A of the Income Tax Act, 1961 has been arrived at having regard to the statutory restrictions on deployment of resources raised, their cost and their maturity.

5.2.11 Employee Benefits

Provident Fund

The contribution to the employee's provident fund amounted to Rs. 13.82 crores for the year ended 31 March 2007.

Superannuation

The Bank contributed Rs. 9.14 crores to the employee's superannuation plan for the year ended 31 March 2007.

Leave Encashment

The Bank charged an amount of Rs.8.28 crores as liability for leave encashment for the year ended 31 March 2007.

Gratuity

The following table sets forth the funded status of the gratuity benefit plan, during the year ended 31 March 2007 (refer note 1).

(Rs. in crores)

	31 March 2007
Present Value of Funded Obligations	14.32
Fair Value of Plan Assets	(11.89)
Present Value of Unfunded Obligations	-
Unrecognized Past Service Cost	-
Net Liability	2.43
Amounts in Balance Sheet	
Liabilities	2.43
Assets	-
Net Liability	2.43

The amount recognised in the statement of profit and loss are as follows (refer note 1) : *(Rs. in crores)*

	31 March 2007
Current Service Cost	2.23
Interest on Defined Benefit Obligation	0.71
Expected Return on Plan Assets	(0.62)

Net Actuarial Losses/(Gains) Recognized in the year	0.43
Past Service Cost	-
Losses/ (Gains) on "Curtailments & Settlements"	-
Total included in "Employee Benefit Expense"	2.75
Actual Return on Plan Assets	0.75

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows (refer note 1): *(Rs. in crores)*

	31 March 2007
Change in Defined Benefit Obligation	
Opening Defined Benefit Obligation	11.55
Current Service Cost	2.23
Interest Cost	0.71
Actuarial Losses / (Gains)	0.61
Liabilities Extinguished on Curtailment	-
Liabilities Extinguished on Settlements	-
Liabilities Assumed on Acquisition	-
Exchange Difference on Foreign Plans	-
Benefits Paid	(0.78)
Closing Defined Benefit Obligation	14.32

Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows (refer note 1): *(Rs. in crores)*

	31 March 2007
Change in the Fair Value of Assets	
Opening Fair Value of Plan Assets	7.37
Expected Return on Plan Assets	0.62
Actuarial Gains / (Losses)	0.18
Assets Distributed on Settlements	-
Contributions by Employer	4.50
Assets Acquired due to Acquisition	-
Exchange Difference on Foreign Plans	-
Benefits Paid	(0.78)
Closing Fair Value of Plan Assets	11.89

	31 March 2007
The major categories of plan assets as a percentage of fair value of total plan assets - Insurer Managed Funds	100.00%
Principal actuarial assumptions at the balance sheet date:	
Discount Rate	8.50 % p.a.
Expected rate of Return on Plan Assets	7.50 % p.a.
Salary Escalation Rate	6.00 % p.a.

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

Note 1: In view of early adoption of AS-15 (Revised), previous period figures are not determinable.

Note 2: As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

5.2.12 Provisions and contingencies

a. Movement in provision for frauds included under other liabilities is set out below:

(Rs. in crores)

	31 March 2007	31 March 2006
Opening balance at the beginning of the year	1.00	2.41
Additions during the year	0.80	0.55
Reductions on account of payments during the year	-	(1.01)
Reductions on account of reversals during the year	(0.07)	(0.95)
Closing balance at the end of the year	1.73	1.00

b. Movement in provision for credit enhancements on securitised assets is set out below:

(Rs. in crores)

	31 March 2007	31 March 2006
Opening balance at the beginning of the year	0.67	1.07
Additions during the year	2.54	-
Reductions during the year	-	(0.40)
Closing balance at the end of the year	3.21	0.67

c. Movement in provision for credit card reward points is set out below:

(Rs. in crores)

	31 March 2007	31 March 2006
Opening provision at the beginning of the year	-	-
Provision made during the year	0.23	-
Reductions during the year	-	-
Closing provision at the end of the year	0.23	-

5.2.13 Description of contingent liabilities:

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Forward Rate Agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items

Other items represent bills rediscounted by the Bank and the value of put option provided by the Bank to certain Pass Through Certificate (PTC) holders under an agreement, where in the Bank acted as an arranger for a securitisation issue originated by a third party.

5.2.14 Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

For UTI BANK LTD.

P. J. Nayak
Chairman & Managing Director

Surendra Singh Director	N. C. Singhal Director	R. B. L. Vaish Director
P. J. Oza Company Secretary	Date: 17 April 2007 Place: Mumbai	

CORPORATE GOVERNANCE - AUDITORS' CERTIFICATE

To The Members of UTI Bank Limited

We have examined the compliance of conditions of corporate governance by UTI Bank Limited ('the Bank'), for the year ended on 31 March 2007, as stipulated in clause 49 of the Listing Agreement of the Bank with The Stock Exchange, Mumbai, The Ahmedabad Stock Exchange and The National Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For S. R. Batliboi & Co.,
Chartered Accountants

per Viren H. Mehta
a Partner
Membership No. : 048749

Date: 17 April 2007
Place: Mumbai

(Forming Part of the Directors' Report for the Period Ended 31 March 2007)

1. Philosophy on Code of Governance:

The Bank's policy on Corporate Governance has been:

I. To enhance the long term interest of its shareholders and to provide good management, the adoption of prudent risk management techniques and compliance with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as depositors, creditors, customers, suppliers and employees.

II. To identify and recognize the Board of Directors and the Management of the Bank as the principal instruments through which good corporate governance principles are articulated and implemented. Further, to identify and recognize accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.

2. Board of Directors:

The composition of the Board of Directors of the Bank is governed by the Companies Act, 1956, the Banking Regulation Act, 1949 and the Clause 49 of the Listing Agreement. The Bank's Board comprises a combination of executive and non-executive Directors. It presently consists of 11 Directors and its mix provides a combination of professionalism, knowledge and experience required in the banking business. The Board is responsible for the management of the Bank's business. The function, responsibility, role and accountability of the Board are well defined. In addition to monitoring corporate performance, the Board also carries out functions such as approving the Business Plan, reviewing and approving the annual budgets and borrowing limits and fixing exposure limits. It ensures that the Bank keeps shareholders informed about plans, strategies and performance. The detailed reports of the Bank's performance are periodically placed before the Board.

The composition of the Bank's Board includes the representatives of the Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I), and the Life Insurance Corporation of India, the Bank's promoters. The Board is now constituted by the following members:

P. J. Nayak	Chairman and Managing Director
Surendra Singh	Independent
N. C. Singhal	Independent
A. T. Pannir Selvam	Promoter - Nominee of the Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I)
J. R. Varma	Independent
R. H. Patil	Independent
Rama Bijapurkar	Independent
R. B. L. Vaish	LIC Nominee
S. B. Mathur	Promoter - Nominee of the Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I)
M. V. Subbiah	Independent
Ramesh Ramanathan	Independent

Of these, all Directors are independent except S/Shri P. J. Nayak, A. T. Pannir Selvam, R. B. L. Vaish and S. B. Mathur. Thus, the 7 independent Directors constitute more than 50% of the Board's membership.

S/Shri P. J. Nayak, Surendra Singh, N. C. Singhal, A. T. Pannir Selvam, R. H. Patil, R. B. L. Vaish, S. B. Mathur and S. Chatterjee attended the last Annual General Meeting held on 2nd June 2006 at Ahmedabad.

In all, 8 meetings of the Board were held during the year on the following dates, besides the Annual General Meeting:

17 April 2006, 2 June 2006, 13 July 2006, 14 July 2006, 29 July 2006, 13 October 2006, 12 January 2007 and 20 February 2007.

Out of 8 meetings, 7 were held at Mumbai and one at Ahmedabad.

Shri P. J. Nayak, Shri Surendra Singh, Shri N. C. Singhal, Shri A. T. Pannir Selvam, Shri R. H. Patil, Shri R. B. L. Vaish and Shri S. B. Mathur attended all the eight meetings. Shri J. R. Varma attended seven meetings. Smt. Rama Bijapurkar attended six meetings. Shri M. V. Subbiah and Shri Ramesh Ramanathan attended five meetings. Shri S. Chatterjee attended all the six meetings for which he was eligible.

These disclosures are made as required under the amended Companies Act.

The Directors of the Bank also hold positions, as directors, trustees, members and partners in other well-known and reputed companies, trusts, associations and firms as per the details given below:

i. P. J. NAYAK : NIL

ii. SURENDRA SINGH :

Sr. No.	Name of Company / Institution	Nature of Interest
1.	NIIT Technologies Ltd.	Director/Member - Audit Committee
2.	NIIT Ltd.	Director/Chairman - Shareholders' Grievance Committee/Member - Audit Committee
3.	NIIT SmartServe Ltd.	Director
4.	Jubilant Organsoys Ltd.	Director/Member - Audit Committee
5.	BAG Films Ltd.	Director
6.	CMC Ltd.	Director/Chairman Share Transfer-cum-Shareholders' Grievance Committee/Member - Audit Committee

iii. N. C. SINGHAL :

Sr. No.	Name of Company / Institution / Trust	Nature of Interest
1.	Shapoorji Pallonji Finance Ltd.	Director
2.	Deepak Fertilisers & Petrochemicals Corporation Ltd.	Director / Member-Audit Committee
3.	Max India Ltd.	Director / Chairman - Audit Committee / Member - Remuneration Committee
4.	Max New York Life Insurance Company Ltd.	Director/Member - Audit Committee
5.	Birla Sun Life Asset Management Company Ltd.	Director / Member -Remuneration Committee
6.	Tolani Shipping Ltd.	Director
7.	XL Telecom Ltd.	Director
8.	Samalpatti Power Company Pvt. Ltd.	Chairman/Chairman -Remuneration Committee
9.	Ambit Corporate Finance Pte. Ltd.	Director
10.	International Chamber of Commerce- Financial Investigations Services, London	Member - Advisory Board
11.	International Chamber of Commerce - Marine Transport Commission, Paris	Member
12.	Supervisory Board, Ashapura Group	Member

Sr. No.	Name of Company / Association	Nature of Interest
13.	Board of Governors, Institute of Management Studies	Member
14.	Board of Governors, Tolani Maritime Institute	Member
15.	Strategic Advisory Group, Development Credit Bank Ltd.	Member
16.	Ashapura Educational Foundation	Trustee

iv. A. T. PANNIR SELVAM :

Sr. No.	Name of Company	Nature of Interest
1.	Rolta India Ltd.	Director
2.	Pegasus Asset Reconstruction Company Pvt. Ltd.	Independent Director/ Chairman- Management Committee/Chairman -Remuneration Committee
3.	Stock Holding Corporation of India Ltd.	Nominee Director of IDBI/Member - Audit Committee/Member -Remuneration Committee
4.	2iCapital (India) Pvt. Ltd.	Independent Director/ Member-Audit Committee

v. J. R. VARMA :

Sr. No.	Name of Company	Nature of Interest
1.	Infosys BPO Ltd.	Director/Chairman -Compensation Committee/Chairman -Audit Committee
2.	OnMobile Asia Pacific Private Ltd.	Director/Chairman -Audit Committee

vi. R. H. PATIL :

Sr. No.	Name of Company / Association	Nature of Interest
1.	The Clearing Corporation of India Ltd.	Chairman
2.	National Securities Clearing Corporation India Ltd.	Director/Chairman -Audit Committee
3.	National Stock Exchange of India Ltd.	Director/Chairman -Audit Committee
4.	NSE.IT Ltd.	Director/Member-Audit Committee
5.	Clear Corp Dealing Systems (India) Ltd.	Chairman
6.	National Securities Depositories Ltd.	Director/Member-Audit Committee
7.	SBI Capital Markets Ltd.	Director/Member-Audit Committee
8.	CorpBank Securities Ltd.	Director/Chairman -Audit Committee
9.	NSDL Database Management Ltd.	Director/Chairman -Audit Committee
10.	L&T Infrastructure Finance Company Ltd.	Additional Director/Chairman -Audit Committee

vii. RAMA BIJAPURKAR :

Sr. No.	Name of Company / Association	Nature of Interest
1.	Infosys Technologies Ltd.	Independent Director/Member- Audit Committee/ Chairperson - Investors Grievance Committee
2.	Godrej Consumer Products Ltd.	Independent Director/Chairperson -Nomination Committee/Member - Audit Committee/ Chairperson-Human Resources Committee
3.	CRISIL Ltd.	Independent Director/Member-Compensation Committee
4.	CRISIL MarketWire Ltd.	Independent Director/Chairperson - Board
5.	Entertainment Network (India) Ltd.	Independent Director
6.	SABMiller India Ltd.	Independent Director
7.	Ambit Corporate Finance Pte. Ltd.	Independent Director
8.	Give Foundation (Section 25 Company)	Independent Director

viii. R. B. L. VAISH : NIL

ix. S. B. MATHUR :

Sr. No.	Name of Company / Association	Nature of Interest
1.	Administrator of the Specified Undertaking of the Unit Trust of India	Administrator in non-executive and non-permanent position
2.	National Stock Exchange of India Ltd.	Non Executive Chairman/ Chairman - Ethics Committee/ Compensation Committee
3.	SAFS, IDBI	Trustee
4.	EID Parry (I) Ltd.	Director
5.	IL&FS	Director/ Chairman -Compensation Committee
6.	Grasim Industries Ltd.	Director
7.	Munich Re India Services Pvt. Ltd.	Director
8.	National Collateral Mgt Services Ltd.	Director
9.	ITC Ltd.	Director/ Member - Audit Committee/ Nomination Committee/ Compensation Committee
10.	Management Development Institute, Gurgaon	Member/ Chairman - Finance Committee/ Member-Selection Committee/ Grievance Committee
11.	Indian Institute of Capital Market	Chairman
12.	UTI Technologies Services Ltd.	Chairman & Director
13.	UTI Infrastructure & Services Ltd.	Chairman & Director/ Chairman - Audit Committee
14.	Indian Railway Catering and Tourism Corporation Ltd.	Director/Member - Audit Committee
15.	Havell's India Ltd.	Director/ Member - Audit Committee

Sr. No.	Name of Company / Association	Nature of Interest
16.	Housing Development Improvement India Ltd.	Director
17.	EMD Locomotive Technologies Pvt. Ltd.	Director
18.	IDFC Trustee Co. Limited	Director
19.	AIG Trustee Company (India) Pvt. Ltd.	Director/Member - Audit Committee
20.	Universal Sompo General Insurance Co. Ltd.	Director
21.	National Investment Fund	Member, Advisory Board

x. M. V. SUBBIAH :

Sr. No.	Name of Company / Association	Nature of Interest
1.	Lakshmi Machine Works Ltd.	Director
2.	ICI India Ltd.	Director
3.	Chennai Wellingdon Corporate Foundation	Director
4.	Chennai Heritage Sec-25 Co.	Director
5.	SRF Ltd.	Director
6.	Parry Enterprises India Ltd	Director
7.	Murugappa & Sons	Partner
8.	Kadamane Estates Company	Partner
9.	Vellayan Chettiar Trust	Trustee
10.	Muna Vena Murugappan Trust	Trustee
11.	AMM Foundation	Trustee
12.	India Foundation for the Arts	Trustee
13.	Advisory Board of Oracle India Private Limited	Member

xi. RAMESH RAMANATHAN :

Sr. No.	Name of Company / Association	Nature of Interest
1.	Cross Domain Solutions Pvt. Ltd.	Director
2.	Infostrands Pvt. Ltd.	Director
3.	Sanghmithra Rural Financial Service (Sec 25 Company)	Director

The business of the Board is also conducted through the following Committees constituted by the Board to deal with specific matters and delegated powers for different functional areas:

a) Committee of Directors:
P. J. Nayak - Chairman
N. C. Singhal
A. T. Pannir Selvam
R. H. Patil
M. V. Subbiah

b) Audit Committee:
N. C. Singhal - Chairman
R. H. Patil

R. B. L. Vaish

c) Risk Management Committee:
P. J. Nayak - Chairman
J. R. Varma
Ramesh Ramanathan

d) Shareholders/Investors Grievance Committee:
Surendra Singh - Chairman
A. T. Pannir Selvam
R. B. L. Vaish

e) Remuneration and Nomination Committee:
Surendra Singh - Chairman
R. H. Patil
S. B. Mathur
N. C. Singhal (Co-opted w.e.f 17/04/2007)

f) Special Committee of the Board of Directors for Monitoring of Large Value Frauds:
P. J. Nayak - Chairman
N. C. Singhal
A. T. Pannir Selvam

g) Customer Service Committee:
A. T. Pannir Selvam - Chairman
J. R. Varma
R. B. L. Vaish

The functions of the Committees are discussed below:

a) Committee of Directors:
The Committee of Directors is vested with the following functions and powers:

i) To provide approvals for loans above certain stipulated limits, discuss strategic issues in relation to credit policy, and deliberate on the quality of the credit portfolio.
ii) To sanction expenditure above certain stipulated limits.
iii) To approve expansion of the locations of the Bank's network of offices, branches, extension counters, ATMs and currency chests.
iv) To review investment strategy and approve investment related proposals above certain limits.
v) To issue Powers of Attorney to the officers of the Bank.
vi) To make allotment of shares.
vii) To approve proposals related to the Bank's operations covering all departments and business segments.
viii) To discuss issues relating to day-to-day affairs and problems and to take such steps for the smooth functioning of the Bank.

Meetings and Attendance during the year:
13 meetings of the Committee of the Directors were held during the year on 17th April 2006, 15th May 2006, 1st June 2006, 26th June 2006, 24th July 2006, 29th August 2006, 19th September 2006, 13th October 2006, 15th November 2006, 19th December 2006, 23rd January 2007, 20th February 2007, and 16th March 2007. Shri P. J. Nayak, Shri N. C. Singhal and Shri R. H. Patil attended all the 13 meetings. Shri A. T. Pannir Selvam attended 12 meetings and Shri M. V. Subbiah attended 5 meetings.

b) Audit Committee:
The Audit Committee functions with the following objectives:

i) To provide direction and to oversee the operations of the audit functions in the Bank.
ii) To review the internal audit and inspection systems with special emphasis on their quality and effectiveness.

iii) To review inspection and concurrent audit reports of large branches with a focus on all major areas of housekeeping, particularly inter branch adjustment accounts, arrears in the balancing of books and unreconciled entries in inter-bank and NOSTRO accounts, and frauds.

iv) To follow up issues raised in LFAR and RBI inspection reports.

v) To review the system of appointment and remuneration of concurrent auditors and external auditors.

vi) To review the quarterly financial results and the annual results of the Bank and to recommend their adoption to the Board.

As required under Section 292A and Clause 49 of the Listing Agreement, the new 'Terms of Reference' of the Committee were approved by the Board of Directors at its meeting held on 23.1.2001.

Meetings and Attendance during the year:

12 meetings of the Audit Committee of the Board were held during the year on 17th April 2006, 19th May 2006, 26th June 2006, 13th July 2006, 16th August 2006, 16th September 2006, 13th October 2006, 15th November 2006, 21st December 2006, 12th January 2007, 21st February 2007 and 16th March 2007. Shri N. C. Singhal and Shri R. H. Patil attended all the 12 meetings. Shri R. B. L. Vaish attended 11 meetings.

c) Risk Management Committee:

The Risk Management Committee functions with the following objectives:

i) To perform the role of Risk Management in pursuance of the Risk Management guidelines issued periodically by RBI and the Board.

ii) To monitor the business of the Bank periodically and also to suggest ways and means to improve the working and profitability of the Bank from time to time.

Meetings and Attendance during the year:

4 meetings of the Risk Management Committee were held during the year on 17th April 2006, 13th July 2006, 13th October 2006 and 12th January 2007. Shri J. R. Varma attended all the 4 meetings. Shri Ramesh Ramanathan attended 3 meetings. Shri S. Chatterjee attended all the 3 meetings for which he was eligible, while Shri P. J. Nayak attended the only meeting for which he was eligible.

d) Shareholders/Investors Grievance Committee:

The objective of the Shareholders/Investors Grievance Committee is to look into redressal of shareholders' and investors' grievances relating to non-receipt of dividend, refund orders, shares sent for transfer, non-receipt of balance sheet and other similar grievances.

Meetings and Attendance during the year:

4 meetings of the Shareholders/Investors Grievance Committee were held during the year on 17th April 2006, 13th July 2006, 13th October 2006 and 12th January 2007. Shri Surendra Singh, Shri A. T. Pannir Selvam and Shri R. B. L. Vaish attended all the 4 meetings.

At monthly intervals, the Bank sends to the members of the Committee investors service status reports giving brief details of the complaints received. Details of the status of the references/complaints received for the year are given in the following statement:

Status of the References/Complaints from 01.04.2006 to 31.03.2007

Sr. No.	Nature of Reference/Complaints	Received	Disposed Of	Pending
1.	Change of Address	663	663	Nil
2.	Bank Mandates	93	93	Nil
3.	ECS	195	195	Nil
4.	Nomination	56	56	Nil
5.	Non-receipt of Share Certificates	29	29	Nil
6.	Correction of names	24	24	Nil
7.	Stock Exchange queries	03	03	Nil

8.	NSDL/CDSL Queries	01	01	Nil
9.	SEBI	08	08	Nil
10.	Receipt of dividend warrant for revalidation	210	210	Nil
11.	Non-receipt of Dividend	312	312	Nil
12.	Transfers	1117	1104	13*

* Received in last week of March 2007. Hence, transferred during April 2007.

Shri P. J. Oza, Company Secretary, is the Compliance Officer for SEBI/Stock Exchange related issues.

e) Remuneration and Nomination Committee:

The Remuneration Committee of the Board was reconstituted as the Remuneration and Nomination Committee w.e.f. 14th July 2004 and it functions with the objective of deciding the remuneration package for all employees and directors, which includes salaries, benefits, bonuses, pensions and stock options. The Committee is also consulted on appointments and promotions at very senior levels of the Bank. The Committee also undertakes a process of due diligence to determine the suitability of the person for appointment/continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity, and other "fit and proper" criteria.

Meetings and Attendance during the year:

4 meetings of the Remuneration and Nomination Committee were held during the year on 13th April 2006, 22nd December 2006, 19th February 2007, and 13th March 2007. Shri Surendra Singh, Shri R. H. Patil and Shri S. B. Mathur attended all the 4 meetings.

Remuneration Policy:

The Bank believes that to attract the right talent, the Remuneration Policy should be structured in line with the other peer group banks, and is sensitive to compensation packages in this part of the financial market. Compensation is structured in terms of fixed pay, variable pay and employee stock options, with the last two being strongly contingent on employee performance. The Remuneration Policy for the Chairman and Managing Director and for the Executive Director (Whole time Director) is similarly structured and approved by the Board of Directors, the shareholders and the Reserve Bank of India from time to time.

Remuneration of Directors:

I. Shri P. J. Nayak had been appointed as the Chairman and Managing Director of the Bank w.e.f. 1st January 2000 to 31st December 2004 and he has been thereafter reappointed as the Chairman and Managing Director of the Bank w.e.f. 1st January 2005 till 31st July 2007. The term of Shri P. J. Nayak as the Chairman and Managing Director will expire on 31st July 2007. The terms and conditions and remuneration payable to him are approved from time to time by the Board of Directors, Shareholder of the Bank and Reserve Bank of India. The Bank has entered into a service agreement with Shri P. J. Nayak for a period from 1st January 2005 till 31st July 2007. Either side can terminate the agreement by giving ninety days notice in writing. If, prior to expiration of the agreement, the Bank terminates the term of office of the Chairman and Managing Director, he shall be entitled, subject to the provisions of and limitations contained in Section 318 of the Companies Act, 1956, to receive compensation from the Bank for the loss of office to the extent provided in the agreement.

The details of remuneration paid to Shri P. J. Nayak during 2006-07 are:

i) Salary of Rs. 91,80,000/- p.a.

ii) Personal Entertainment Allowance of Rs. 3,00,000/- p.a.

iii) Variable pay to be paid as decided by the Remuneration and Nomination Committee/Board of Directors subject to a maximum of 25% of salary drawn during the year.

iv) Provident Fund @ 12% of pay with equal contribution by the Bank or as decided by the Board of Trustees from time to time.

v) Gratuity @ one month's salary for each completed year of service or part thereof.
vi) Superannuation @ 10% of pay.

Perquisites (evaluated as per Income Tax Rules wherever applicable, or otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, medical reimbursement, leave travel concessions, travelling and halting allowances, newspapers and periodicals, and others were provided in accordance with the Rules of the Bank.

Shri P. J. Nayak was granted 22,500, 36,600, 50,000, 65,000, 74,750 and 56,060 options under the Employee Stock Option Plan, Grant I (24th February 2001), Grant II (28th February 2002), Grant III (6th May 2003), Grant IV (29th April 2004), Grant V (10th June 2005), and Grant VI (17th April 2006) respectively. From these six tranches of the options, 1,70,525 options were vested up to March, 2007, out of which 1,48,100 options have been exercised by Shri P. J. Nayak. Out of the total options exercised by Shri P. J. Nayak, 39,500 options were exercised during the period under review.

II. Shri S. Chatterjee was appointed as the Executive Director (Whole Time Director) of the Bank for the period 17th January 2005 till 31st December 2006, the last day of the month in which he attained the age of 60 years, on the terms and conditions and remuneration approved by the Board of Directors, and the shareholders of the Bank. The Bank had entered into a service agreement with Shri Chatterjee for a period from 17th January 2005 till 31st December 2006. The agreement could be terminated by either side by giving ninety days notice in writing.

The details of remuneration paid to Shri S. Chatterjee during 1st April 2006 to 31st December 2006 i.e. date of his retirement are:

i) Salary of Rs. 44,16,000/- p.a.
ii) Other Allowance- Rs. 18,60,000/- p.a.
iii) Leave Fare Concession Facility Rs. 3,24,000/- p.a.
iv) HRA - Rs. 97,500/- p.m. payable only if he resides in his own accommodation.
v) Medical - Full medical facilities for self and family.
vi) Variable pay to be paid as decided by the Remuneration and Nomination Committee / Board of Directors subject to a maximum of 25% of salary drawn during the year.
vii) Provident Fund @ 12% of pay with equal contribution by the Bank or as decided by the Board of Trustees from time to time.
viii) Gratuity @ fifteen days salary for each completed year of service or part thereof.
ix) Superannuation @ 10% of pay.

Perquisites (evaluated as per Income Tax Rules wherever applicable and at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, personal accident insurance, loans, use of car and telephone at residence, medical reimbursement, leave travel concessions, travelling and halting allowances, newspapers and periodicals, and others were provided in accordance with the Rules of the Bank.

Shri S. Chatterjee was granted 13,500, 18,000, 25,000, 30,000, 34,500 and 25,875 options under the Employee Stock Option Plan, Grant I (24th February 2001), Grant II (28th February 2002), Grant III (6th May 2003), Grant IV (29th April 2004), Grant V (10th June 2005) and Grant VI (17th April 2006) respectively. From these six tranches of the options, 1,46,875 options were vested up to March, 2007, out of which 74,500 have been exercised by Shri S. Chatterjee. Out of the total options exercised by Shri S. Chatterjee, 19,000 options were exercised during the period under review.

III. All Directors of the Bank, except for Shri P.J. Nayak and Shri S. Chatterjee, who retired on 31st December 2006, were paid sitting fees of Rs. 20,000/ - for every Meeting of the Board and also for every Meeting of the Committees attended by them. Reimbursement of expenses, if any, for travel to and from the places of their residence to the venue of the meeting, lodging and boarding when attending the meetings, being on actual basis, is made directly by the Bank to the service providers. During the year, the Bank paid Rs.38,40,000/- as sitting fees to its Directors.

Sitting Fees:

The details of sitting fees paid to the Directors during the period from 1st April 2006 to 31st March 2007 are as follows:

Sr. No.	Name of Directors	Sitting Fees Paid (Rs.)
1.	P. J. Nayak	NIL
2.	S. Chatterjee (Retired on 31/12/2006)	NIL
3.	Surendra Singh	3,20,000
4.	N. C. Singhal	6,80,000
5.	A. T. Pannir Selvam	5,80,000
6.	J. R. Varma	2,60,000
7.	R. H. Patil	7,40,000
8.	Rama Bijapurkar	1,20,000
9.	R. B. L. Vaish	5,40,000
10.	S. B. Mathur	2,40,000
11.	M. V. Subbiah	2,00,000
12.	Ramesh Ramanathan	1,60,000
TOTAL		38,40,000

The details of shares of the Bank, held by the non-whole time Directors as on 31st March 2007 are set out in the following table:

Name of Director	No. of shares held
Shri R. B. L. Vaish	225 equity shares

f) Special Committee of the Board of Directors for Monitoring of Large Value Frauds:

The Special Committee of the Board of Directors for Monitoring of Large Value Frauds was constituted on 14th July 2004 and the Committee functions with the following objective:

To monitor and review all the frauds of Rs. 1 crore and above so as to:

i) Identify the systematic lacunae, if any that facilitated perpetration of the fraud and put in place measures to plug the same;
ii) Identify the reasons for delay in detection, if any, in reporting to top management of the Bank and RBI;
iii) Monitor progress of CBI/Police Investigation, and recovery position;
iv) Ensure that staff accountability is examined at all levels in all cases of frauds and staff side action, if required, is completed quickly without loss of time;
v) Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
vi) Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

Meetings and Attendance during the year:

Meetings are to be held whenever large value frauds occur, or as deemed necessary by the Committee. One meeting of the Special Committee of the Board of Directors for Monitoring of Large Value Frauds was held on 16th March 2007 during the year. Shri P. J. Nayak, Shri N. C. Singhal and Shri A. T. Pannir Selvam attended the meeting.

g) Customer Service Committee:

The Customer Service Committee was constituted on 14th October 2004 and the Committee functions with the following objectives:

i) Overseeing the functioning of the Adhoc Committee of the Bank which would also include compliance with the recommendations of the Committee on Procedures and Performance Audit on Public Services (CPPAPS) constituted by RBI under the Chairmanship of

Dr. S. S. Tarapore, Former Deputy Governor of RBI;

ii) Strengthening the corporate governance structure in the Bank;

iii) Bringing about ongoing improvements in the quality of customer service provided by the Bank;

iv) Mounting innovative measures towards enhancing the quality of customer service and improving the level of customer satisfaction for all categories of the Bank's clientele.

Meetings and Attendance during the year:

4 meetings of the Customer Service Committee were held during the year on 1st June 2006, 19th September 2006, 15th November 2006 and 20th February 2007. Shri A. T. Pannir Selvam and Shri R. B. L. Vaish attended all the 4 meetings. Shri J. R. Varma attended 2 meetings. Shri S. Chatterjee attended all the 3 meetings for which he was eligible.

3. General Body Meetings:

The last three Annual General Meetings were held as follows:

Annual General Meeting	Date and Day	Time	Location
10th	18.06.2004 - Friday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad 380 006
11th	10.06.2005- Friday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad 380 006
12th	02.06.2006 - Friday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad 380 006

The special resolutions passed, during the last three Annual General Meetings, were as under:

Annual General Meeting	Date of Annual General Meeting	Special Resolutions
10th	18.06.2004 - Friday	• Resolution No. 7 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956 • Resolution No. 12 - Approval of the shareholders of the Bank pursuant to Section 81 of the Companies Act, 1956 authorising the Board of Directors of the Bank to issue, offer, and allot equity stock options under the Employees Stock Option Scheme, 2004 of the Bank
11th	10.06.2005 - Friday	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956 • *Resolution No. 12 - Alteration of the object clause of the Memorandum of Association of the company (*Passed by postal ballot). • Resolution No. 13 - Approval for commencement of new business of distributing Non-Life Insurance or Life Insurance products as a Corporate Agent pursuant to the provision of Section 149 of the Companies Act 1956 and • Resolution No. 14 - Revision in the existing exercise price/ pricing formula of grant of stock options to employees under ESOP scheme of the Bank.

12th	02.06.2006 - Friday	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956 • Resolution No. 11 - Approval of the shareholders of the Bank pursuant to Section 81 of the Companies Act, 1956 authorising the Board of Directors of the Bank to issue, offer, and allot equity stock options under the Employees Stock Option Scheme, 2006 of the Bank • Resolution No. 12 - Approval of the shareholders of the Bank pursuant to Section 293(1)(d) of the Companies Act, 1956 for raising the borrowing limits to Rs. 20,000 crores.

No Resolution in the notice of the proposed Thirteenth Annual General Meeting is proposed to be passed by Postal Ballot.

4. Dividend History of Last Five Years:

Sr. No.	Financial Year	Rate of Dividend	Date of Declaration (AGM)	Date of Payment (Date of Dividend Warrant)
1.	2001-2002	20%	10-07-2002	11-07-2002
2.	2002-2003	22%	25-06-2003	26-06-2003
3.	2003-2004	25%	18-06-2004	19-06-2004
4.	2004-2005	28%	10-06-2005	11-06-2005
5.	2005-2006	35%	02-06-2006	03-06-2006

Unclaimed Dividends:
All the shareholders whose dividend is unpaid have been intimated individually to claim their dividend. Under the Transfer of Unclaimed Dividend Rules, it would not be possible to claim the dividend amount once deposited in Investors' Education & Protection Fund (IEPF), therefore, shareholders are again requested to claim their unpaid dividend, if not already claimed.

Transfer to Investor Protection Fund:
Pursuant to Section 205C of the Companies Act, 1956, dividends that are unclaimed for a period of seven years get transferred to the Investor Education and Protection Fund administered by the Central Government. The table given below gives the dates of dividend declaration since 1999-00 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government.

Year	Dividend-Type	Date of Declaration	Due Date of Transfer
1999-00	Final	30th May, 2000	30th June, 2007
2000-01	Final	30th June, 2001	30th July, 2008
2001-02	Final	10th July, 2002	10th August, 2009
2002-03	Final	25th June, 2003	25th July, 2010
2003-04	Final	18th June, 2004	18th July, 2011
2004-05	Final	10th June, 2005	10th July, 2012
2005-06	Final	2nd June, 2006	2nd July, 2013

5. Disclosures:

- There were no transactions of a material nature undertaken by the Bank with its promoters, directors or the management, their subsidiaries or relatives that may have a potential conflict with the interests of the Bank.
- There are no instances of non-compliance by the Bank, penalties, and strictures imposed by Stock Exchanges and SEBI on any matter related to capital markets, during the last three years.
- The Bank has introduced a Whistle Blower Policy under which the Bank employees who observe an unethical or improper practice can approach the Audit Committee without necessarily informing their supervisors. The policy contains provisions protecting Whistle Blowers from unfair termination and other unfair prejudicial and employment practice. The Whistle Blower Policy is required to be reviewed by the Audit Committee of the Board on half yearly basis.

  It is hereby affirmed that the Bank has not denied any personal access to the Audit Committee of the Bank and it has further provided protection to Whistle Blowers from unfair termination and other unfair prejudicial employment practices.

- The Bank has complied with the mandatory requirements regarding the Board of Directors, Audit Committee and other Board Committees and other disclosures as required under the provisions of the revised Clause 49 of the Listing Agreement effective 1st January 2006. The Bank has also complied with the non-mandatory requirements like formation of Remuneration & Nomination Committee, sending half-yearly declaration of financial performance including summary of significant events in the last six months to each shareholder, the performance evaluation of all Directors under 'Fit & Proper' Criteria laid down by RBI and establishment of a Whistle Blower Policy.

- It is hereby affirmed that all members of the Board of Directors and Senior Management Personnel have complied with the code of conduct applicable to them during the year ended 31st March 2007.

6. Means of Communication:

- Quarterly/Half-yearly results are communicated through newspaper advertisements, press releases and by posting information on the Bank's web site. The Half-Yearly results are communicated to each shareholder by sending a half-yearly declaration of financial performance including the summary of the significant events in the last six months.
- As required by SEBI and the listing agreements, UTI Bank files its financial and other information on the Electronic Data Information Filing and Retrieval (EDIFAR) website.
- The results are generally published in the Economic Times and Gujarat Samachar or Sandesh or Divya Bhaskar.
- Address of our official website is www.utibank.com, where the information is displayed.
- Generally after the half-yearly and the annual results are taken on record by the Board, formal presentations are made to analysts by the management and the same is also placed on the Bank's website.
- The Management's Discussion and Analysis Report for the year 2006-07 is part of the Annual Report.

7. General Shareholder Information:

- AGM: Date, time and venue - 1st June 2007-10.00 a.m. at Bhaikaka Bhavan (British Library Building), Near Law Garden, Ellisbridge, Ahmedabad - 380 006.

- Financial Year/ Calendar - 1st April 2007 to 31st March 2008. All meetings to consider Quarterly results are proposed to be held during first half of July and October 2007 and January 2008.
  The meeting to consider audited annual accounts and Q4 results is proposed to be held during second half of April 2008.

- Date of Book Closure - 21st May 2007 to 1st June 2007 (both days inclusive)

- Dividend Payment Date - on or after 2nd June, 2007

The Bank's shares are listed on the following Stock Exchanges:

i. The Ahmedabad Stock Exchange Limited,
Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad 380 015

ii. The Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai 400 001.

iii. The National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, Plot No. C/1, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051.

- The Bank's Global Depositary Receipts (GDRs) issued during March and April 2005 are listed and traded on the London Stock Exchange.
- London Stock Exchange, 10 Paternoster Square, London EC4M 7LS, UK

Stock Code

LISTING DETAILS OF EQUITY SHARES OF UTI BANK LIMITED

Sr. No.	Name of Stock Exchange	Distinctive Nos. of Shares	Listing/Trading date	Code
1.	Ahmedabad Stock Exchange Limited			
	Upto Public Issue 1998	1 to 13,19,03,170	11.11.1998 & 01.12.1998	63134
	4,63,50,000 equity shares (CDCFS/SARF)	13,19,03,171 to 17,82,53,170	05.02.2002 & 14.02.2002	
	1,35,59,700 equity shares (LIC/GIC/New India Assurance)	17,82,53,171 to 19,18,12,870	21.05.2002 & 05.06.2002	
	3,83,62,834 equity shares (LIC/ChrysCapital/Citicorp/ Karur Vysya Bank)	19,18,14,171 to 23,01,77,004	25.07.2003 & 28.07.2003	
	4,34,91,000 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas	23,28,91,948 to 27,33,82,247 27,38,46,972 to 27,68,47,671	04.04.2005 & 06.04.2005 12.05.2005 & 27.05.2005	
	79,64,083 equity shares (ESOPs)	19,18,12,871 to 19,18,14,170 23,01,77,005 to 23,28,91,947 27,33,82,248 to 27,37,96,444 27,37,96,445 to 27,38,46,971 27,68,47,672 to 27,86,90,727 27,86,90,728 to 28,16,30,787	On various dates	
2.	Bombay Stock Exchange Limited			
	Upto Public Issue 1998	1 to 13,19,03,170	19.11.1998 & 27.11.1998	532215
	4,63,50,000 equity shares	13,19,03,171 to 17,82,53,170	09.02.2002 & 20.02.2002	
	1,35,59,700 equity shares	17,82,53,171 to 19,18,12,870	31.05.2002 & 13.06.2002	
	3,83,62,834 equity shares	19,18,14,171 to 23,01,77,004	27.08.2003 & 28.08.2003	
	4,34,91,000 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas	23,28,91,948 to 27,33,82,247 27,38,46,972 to 27,68,47,671	30.03.2005 & 08.04.2005 18.05.2005 & 27.05.2005	
	79,64,083 equity shares (ESOPs)	19,18,12,871 to 19,18,14,170 23,01,77,005 to 23,28,91,947	On various dates	

Sr. No.	Name of Stock Exchange	Distinctive Nos. of Shares	Listing/Trading date	Code
		27,33,82,248 to 27,37,96,444 27,37,96,445 to 27,38,46,971 27,68,47,672 to 27,86,90,727 27,86,90,728 to 28,16,30,787		
3.	National Stock Exchange of India Limited			
	Upto Public Issue 1998	1 to 13,19,03,170	16.11.1998 & 03.12.1998	UTIBANKEQ
	4,63,50,000 equity shares	13,19,03,171 to 17,82,53,170	12.02.2002 & 20.02.2002	
	1,35,59,700 equity shares	17,82,53,171 to 19,18,12,870	27.05.2002 & 12.06.2002	
	3,83,62,834 equity shares	19,18,14,171 to 23,01,77,004	01.09.2003 & 03.09.2003	
	4,34,91,000 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas	23,28,91,948 to 27,33,82,247 27,38,46,972 to 27,68,47,671	05.04.2005 & 12.04.2005 16.05.2005 & 23.05.2005	
	79,64,083 equity shares (ESOPs)	19,18,12,871 to 19,18,14,170 23,01,77,005 to 23,28,91,947 27,33,82,248 to 27,37,96,444 27,37,96,445 to 27,38,46,971 27,68,47,672 to 27,86,90,727 27,86,90,728 to 28,16,30,787	On various dates	

The annual fees for 2007-08 have been paid to all the Stock Exchanges where the shares are listed.

ISIN Number : INE 238A01026
Name of Depositories : i. NSDL
ii. CDSL

LISTING DETAILS OF GLOBAL DEPOSITORY RECEIPTS (GDRs) OF UTI BANK LIMITED

Sr.No.	Name of Stock Exchange	Listing/Trading date	Code
1.	London Stock Exchange		
	4,04,90,300 GDRs	16.3.2005 & 22.03.2005	US9033852016
	30,00,700 GDRs	25.04.2005 & 26.04.2005	

- Market Price Data: The price of the Bank's Share - High, Low during each month in the last financial year on NSE was as under:

MONTH	LOW (Rs.)	HIGH (Rs.)
April, 2006	290.25	372.00
May, 2006	281.00	380.00
June, 2006	220.15	313.00
July, 2006	249.50	317.00
August, 2006	295.00	359.00
September, 2006	326.00	399.00
October, 2006	372.10	438.45

MONTH	LOW (Rs.)	HIGH (Rs.)
November, 2006	418.15	514.80
December, 2006	447.00	504.80
January, 2007	455.20	564.90
February, 2007	415.00	615.00
March, 2007	396.25	544.00

- The Share price of the Bank's equity shares performed well on the stock exchanges with a low of Rs. 220.15 during June 2006, on the National Stock Exchange. It touched a high of Rs. 615.00 during February 2007. It showed a 179.35% appreciation between the low of June 2006 and the high of February 2007.

The reported high and low closing prices of GDRs of UTI Bank traded during 2006-07 on the London Stock Exchange are given below:

MONTH	LOW (USD)	HIGH (USD)
April, 2006	4.90	5.35
May, 2006	4.95	5.39
June, 2006	5.12	6.00
July, 2006	5.35	6.40
August, 2006	6.40	7.40
September, 2006	7.00	8.30
October, 2006	7.00	9.60
November, 2006	9.28	11.25
December, 2006	9.75	11.23
January, 2007	10.39	12.60
February, 2007	10.50	13.35
March, 2007	9.69	11.70

- Registrar and Share Transfer Agent:

  M/s. Karvy Computershare Private Limited
  Unit : UTI Bank Limited
  Plot No. 17 to 24, Vithalrao Nagar
  Madhapur, Hyderabad 500 081
  Phone No. 040-23420815 to 23420824
  Fax No. 040-23420814
  Contact Persons : Shri V. K. Jayaraman, DGM (RIS)/Ms. Varalakshmi, Manager (RIS)

- Share Transfer System

  A Share Committee consisting of the Executive Director (Corporate Banking), Senior Vice President (Law) and the Company Secretary of the Bank has been formed to look after the matters relating to the transfer of shares, issue of duplicate share certificates in lieu of mutilated share certificates, and other related matters. The resolutions passed by the Share Committee are confirmed at subsequent Board meetings. The Bank's Registrar and Share Transfer Agent, M/s Karvy Computershare Pvt. Limited, Hyderabad look after the work relating to transfers.

  The Bank ensures that all transfers are effected within a period of one month from the date of their lodgement. As at 31st March 2007, share transfers received a few days earlier, were transferred in the first week of April 2007.

According to a notification of the Securities and Exchange Board of India (SEBI), the equity shares of the Bank shall be traded compulsorily in demat form by all investors w.e.f. 21st March 2000. The Bank has already entered into agreements with the National Securities Depository Limited (NSDL) and the Central Depository Services India Limited (CDSL) so as to provide the members an opportunity to hold and trade shares of the Bank in electronic form.

The number of equity shares of UTI Bank transferred during the last three years (excluding electronic transfer of shares in dematerialised form) is given below:

	2004-05	2005-06	2006-07
Number of transfer deeds	3,209	1,712	1,405
Number of shares transferred	3,21,000	1,71,011	1,40,550

As required under Clause 47(c) of the listing agreements entered into by UTI Bank with stock exchanges, a certificate is obtained every six months from a practicing Company Secretary, with regard to, *inter alia*, effecting transfer, transmission, sub-division, and consolidation, of equity shares within one month of their lodgment. The certificates are forwarded to ASE, BSE and NSE, where the equity shares are listed and also placed before the Shareholders/Investors Grievance Committee.

In terms of SEBI circular no. D&CC/FITTC/CIR-16 dated 31st December 2002, a Secretarial Audit is conducted on a quarterly basis by a practicing Company Secretary, for the purpose of, *inter alia*, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/paid-up equity capital of UTI Bank. Certificates issued in this regard are placed before the Shareholders/Investors Grievance Committee and forwarded to ASE, BSE and NSE, where the equity shares of UTI Bank are listed.

Shareholders of UTI Bank with more than one percent holding at 31st March 2007

NAME OF THE SHAREHOLDER	NO. OF SHARES	% TO TOTAL NO. OF SHARES
Administrator of the Specified Undertaking of the Unit Trust of India (UTI-1)	7,72,45,070	27.43
Life Insurance Corporation of India	2,92,22,936	10.38
HSBC Financial Services (Middle East) Limited A/c. HSBC Iris Investments (Mauritius) Limited	1,39,20,000	4.94
Barclays Capital Mauritius Limited	1,38,70,047	4.92
CitiGroup Global Markets Mauritius Private Limited	1,26,73,457	4.50
The Bank of New York (Depository for the equity shares representing the underlying shares to the Global Depository Receipts (GDRs) issued to the investors overseas)	1,19,94,991	4.26
UBS Securities Asia Limited A/c Swiss Finance Corporation (Mauritius) Limited	1,15,53,906	4.10
Crown Capital Limited	69,33,144	2.46
General Insurance Corporation of India	67,09,035	2.38
ICICI Prudential Life Insurance Company Ltd.	50,39,978	1.79
Goldman Sachs Investments (Mauritius) I Ltd.	42,30,892	1.50
BMF-Bank Bees-Investment A/c	39,86,311	1.42
The New India Assurance Company Limited	30,30,872	1.08

Distribution of shareholding as on 31st March 2007

Total nominal value	:	Rs. 281,63,07,870/-
Nominal value of each equity share	:	Rs.10/-
Total number of equity shares	:	28,16,30,787
Distinctive numbers from	:	1 to 28,16,30,787

Shareholding of Nominal Value		Shareholders		Share Amount Nominal Value	
Rs.	Rs.	Numbers	% to total Shareholders	In Rs.	% to Capital
Upto	5000	61,167	92.21	8,29,88,700	2.95
5001	10000	3,264	4.92	2,41,40,880	0.86
10001	20000	985	1.48	1,42,52,460	0.50
20001	30000	245	0.37	60,87,670	0.22
30001	40000	140	0.21	48,72,790	0.17
40001	50000	73	0.11	34,05,000	0.12
50001	100000	151	0.23	1,09,60,300	0.39
100001	Above	309	0.47	266,96,00,070	94.79
TOTAL		66334	100.00	281,63,07,870	100.00

As on 31st March 2007, out of a total of 28,16,30,787 equity shares of the Bank, 27,78,90,046 shares representing 98.67 % of total shares have been dematerialised.

- The Bank has issued in the course of an international offering to the investors overseas, securities linked to 4,34,91,000 ordinary shares in the form of Global Depository Receipts (GDRs) during March/April, 2005 and the GDRs have been listed and traded on the London Stock Exchange. The Bank has simultaneously issued 4,34,91,000 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the investors overseas. The underlying equity shares have been listed and permitted to be traded on the NSE, BSE and the Ahmedabad Stock Exchange. The numbers of outstanding GDRs as on 31st March 2007 were 1,19,94,991.

  The Bank has not issued any ADRs/Warrants or any other convertible instruments, the conversion of which will have an impact on equity shares.

- Branch Locations-Given elsewhere

- Address for Correspondence:
  The Company Secretary
  UTI Bank Limited
  Registered Office
  'Trishul', 3rd floor,
  Opp. Samartheshwar Temple,
  Law Garden,
  Ellisbridge, Ahmedabad 380 006.
  Phone No. : 079-26409322
  Fax No. : 079-26409321
  Email : poza@utibank.co.in /rajendra.swaminarayan@utibank.co.in

Auditors' Report on the Consolidated Financial Statements of UTI Bank Limited and its Subsidiaries

To
The Board of Directors
UTI Bank Limited

1. We have audited the attached consolidated balance sheet of UTI Bank Limited and its subsidiaries (the 'Group') as at March 31, 2007, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of UTI Bank Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of subsidiaries whose financial statements reflect total assets of Rs. 104.6 million as at March 31, 2007, total revenues of Rs. 110.9 million and cash flows amounting to Rs. 1.2 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by UTI Bank Limited's management in accordance with the requirements of Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to explanations given to us, we are of the opinion that the attached consolidated financial statements gives a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2007;

   ii. in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

   iii. in the case of the consolidated cash flow statement, the cash flows for the year ended on that date.

For S. R. Batliboi & Co.,
Chartered Accountants

per Viren H. Mehta
a Partner
Membership No. : 048749

Date: 17 April 2007
Place: Mumbai

UTI BANK LIMITED GROUP - BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2007

	Schedule No.	As on 31-03-2007 *(Rs. in Thousands)*
CAPITAL AND LIABILITIES		
Capital	1	2,816,308
Reserves & Surplus	2	31,068,175
Employees' Stock Options Outstanding (Net)	17(4.15)	89,783
Deposits	3	587,850,227
Borrowings	4	51,956,030
Other liabilities and provisions	5	58,779,259
TOTAL		732,559,782
ASSETS		
Cash and Balances with Reserve Bank of India	6	46,610,303
Balances with banks and money at call and short notice	7	22,572,748
Investments	8	268,871,605
Advances	9	368,764,606
Fixed Assets	10	6,778,359
Other Assets	11	18,962,161
TOTAL		732,559,782
Contingent liabilities	12	1,841,653,501
Bills for collection		62,746,332
Significant Accounting Policies and Notes to Accounts	17	
Schedules referred to above form an integral part of the Consolidated Balance Sheet		

As per our report of even date
For S. R. BATLIBOI & Co.
Chartered Accountants

For UTI BANK LTD.

P. J. Nayak
Chairman & Managing Director

Viren Mehta
Partner
Membership No.: 048749

Surendra Singh
Director

N. C. Singhal
Director

R.B.L. Vaish
Director

P. J. Oza
Company Secretary

Date: 17 April, 2007
Place: Mumbai

UTI BANK LIMITED GROUP - PROFIT AND LOSS ACCOUNT

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

		Schedule No.	Year ended 31-03-2007 (Rs. in Thousands)
I	INCOME		
	Interest earned	13	45,603,943
	Other income	14	10,099,065
	TOTAL		55,703,008
II	EXPENDITURE		
	Interest expended	15	29,931,767
	Operating expenses	16	12,193,592
	Provisions and contingencies	17(5.1.1)	7,035,173
	TOTAL		49,160,532
III	CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP		6,542,476
	Balance in Profit & Loss account brought forward from previous year		7,310,390
	Utilisation for Employee Benefits Provision under Accounting Standard (AS)-15 (Revised)	17 (4.10)	(318,028)
IV	AMOUNT AVAILABLE FOR APPROPRIATION		13,534,838
V	APPROPRIATIONS :		
	Transfer to Statutory Reserve		1,647,571
	Transfer to Capital Reserve		156,415
	Proposed Dividend (includes tax on dividend)		1,487,919
	Balance in Profit & Loss account carried forward		10,242,933
	TOTAL		13,534,838
VI	EARNINGS PER EQUITY SHARE	17 (5.1.4)	
	(Face value Rs. 10/- per share) (Rupees)		
	Basic		23.33
	Diluted		22.63
	Significant Accounting Policies and Notes to Accounts	17	
	Schedules referred to above form an integral part of the Consolidated Profit and Loss Account		

As per our report of even date
For S. R. BATLIBOI & Co.
Chartered Accountants

For UTI BANK LTD.

P. J. Nayak
Chairman & Managing Director

Viren Mehta
Partner
Membership No.: 048749

Surendra Singh
Director

N. C. Singhal
Director

R.B.L. Vaish
Director

P. J. Oza
Company Secretary

Date: 17 April 2007
Place: Mumbai

UTI BANK LIMITED GROUP - CASHFLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Year ended 31-03-2007 *(Rs. in Thousands)*
Cash flow from operating activities	
Net profit before taxes	9,914,041
Adjustments for:	
Depreciation on fixed assets	1,120,129
Depreciation on investments	669,666
Amortisation of premium on Held to Maturity investments	987,486
Provision for Non Performing Advances/Investments (net off bad debts)	737,370
General provision on securitised assets	25,400
Provision on standard assets	1,223,500
General provision for retail assets	17,700
Provision for wealth tax	2,487
Loss on sale of fixed assets	29,101
Amortisation of deferred employee compensation	27,067
	14,753,947
Adjustments for:	
(Increase)/Decrease in investments	(21,042,997)
(Increase)/Decrease in advances	(146,307,272)
Increase/(Decrease) in borrowings	25,146,713
Increase/(Decrease) in deposits	186,714,914
(Increase)/Decrease in other assets	(1,351,054)
Increase/(Decrease) in other liabilities & provisions	(873,234)
Direct taxes paid	(4,137,841)
Net cash flow from operating activities	52,903,176
Cash flow from investing activities	
Purchase of fixed assets	(2,273,870)
(Increase)/Decrease in Held to Maturity Investments	(34,264,647)
Proceeds from sale of fixed assets	34,855
Net cash used in investing activities	(36,503,662)
Cash flow from financing activities	
Proceeds from issue of Subordinated debt (net of repayment)	3,393,000
Proceeds from issue of Perpetual debt and Upper Tier II instruments	13,735,120
Proceeds from issue of Share Capital	29,401
Proceeds from Share Premium (net of share issue expenses)	330,025
Payment of Dividend	(1,117,416)
Net cash generated from financing activities	16,370,130

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Year ended 31-03-2007 *(Rs. in Thousands)*
Effect of exchange fluctuation translation reserve	(5,015)
Net increase in cash and cash equivalents	32,764,629
Cash and cash equivalents as at 1 April 2006	36,418,422
Cash and cash equivalents as at 31 March 2007	69,183,051

Notes :

1. Cash and cash equivalents comprise of cash on hand & in ATM, balances with Reserve Bank of India, balances with banks and money at call & short notice (refer schedule 6 and 7 of the Balance Sheet).

As per our report of even date

For UTI BANK LTD.

For S. R. BATLIBOI & Co.
Chartered Accountants

P. J. Nayak
Chairman & Managing Director

Viren Mehta
Partner
Membership No.: 048749

Surendra Singh
Director

N. C. Singhal
Director

R.B.L. Vaish
Director

P. J. Oza
Company Secretary

Date: 17 April 2007
Place: Mumbai

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2007

		As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 1 - CAPITAL		
Authorised Capital		
300,000,000 Equity Shares of Rs. 10/- each.		3,000,000
Issued, Subscribed and Paid-up capital		
281,630,787 Equity Shares of Rs. 10/- each fully paid up.		2,816,308
[Included above are 11,994,991 GDRs representing 11,994,991 equity shares]		
SCHEDULE 2 - RESERVES AND SURPLUS		
I.	Statutory Reserve	
	Opening Balance	4,199,251
	Additions during the year	1,647,571
		5,846,822
II.	Share Premium Account	
	Opening Balance	13,554,592
	Additions during the year	401,703
	Less: Share issue expenses	-
		13,956,295
III.	General Reserve	
	Opening Balance	143,000
	Additions during the year	-
		143,000
IV.	Capital Reserve	
	Opening Balance	727,094
	Additions during the year	156,415
		883,509
V.	Foreign Currency Translation Reserve	
	Opening Balance	630
	Additions during the year [refer 17 (4.5)]	(5,014)
		(4,384)
VI.	Balance in Profit & Loss Account	10,242,933
	TOTAL	31,068,175

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2007

			As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 3 - DEPOSITS			
A.	I.	Demand Deposits	
		(i) From banks	7,490,364
		(ii) From others	105,551,056
	II.	Savings Bank Deposits	121,258,808
	III.	Term Deposits	
		(i) From banks	60,206,636
		(ii) From others	293,343,363
	TOTAL		587,850,227
B.	I.	Deposits of branches in India	585,723,408
	II.	Deposits of branches outside India	2,126,819
	TOTAL		587,850,227
SCHEDULE 4 - BORROWINGS			
I.	Borrowings in India		
	(i) Reserve Bank of India		-
	(ii) Other Banks		6,000,000
	(iii) Other institutions & agencies		12,038,952
II.	Borrowings outside India		33,917,078
	TOTAL		51,956,030
	Secured borrowing included in I & II above		-
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills payable		13,095,209
II.	Inter - office adjustments (net)		-
III.	Interest accrued		1,772,747
IV.	Proposed dividend (includes tax on dividend)		1,482,723
V.	Subordinated Debt #		21,279,000
VI.	Perpetual Debt and Upper Tier II instruments *		13,735,120
VII.	Others (including provisions)		7,414,460
	TOTAL		58,779,259

\# Represents Subordinated Debt of 10,772 Bonds of Rs. 5,00,000/- each and 15,893 Bonds of Rs. 10,00,000/- each in the nature of Non Convertible Debentures [Also refer 17(5.1.2)]

* Represents Rs. 413.96 crores of Perpetual Debt and Rs. 959.55 crores of Upper Tier II instruments [Also refer 17(5.1.3)]

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2007

	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA	
I. Cash in hand & in ATM (including foreign currency notes)	8,367,508
II. Balances with Reserve Bank of India :	
(i) In Current Account	38,242,795
(ii) In Other Accounts	-
TOTAL	46,610,303

	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	
I. In India	
(i) Balance with Banks	
(a) In Current Accounts	6,242,429
(b) In Other Deposit Accounts	524,183
(ii) Money at Call and Short Notice	
(a) With banks	12,137,816
(b) With other institutions	-
TOTAL	18,904,428
II. Outside India	
i) In Current Accounts	2,903,160
ii) In Other Deposit Accounts	679,180
iii) Money at Call & Short Notice	85,980
TOTAL	3,668,320
GRAND TOTAL (I+II)	22,572,748

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2007

		As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 8 - INVESTMENTS		
I.	Investments in India in -	
	(i) Government Securities ## **	164,308,412
	(ii) Other approved securities	-
	(iii) Shares	4,627,908
	(iv) Debentures and Bonds $	70,448,978
	(v) Others @ (Mutual Fund units, CD/CP, NABARD deposits, PTC etc.)	24,790,893
	Gross Investments in India	264,176,191
	Less : Depreciation in the value of investments (includes provision for Non Performing Investments Rs.6.67 crores)	(923,298)
	Net investments in India	263,252,893
II.	Investments outside India in -	
	(i) Government Securities (including local authorities)	54,552
	(ii) Subsidiaries and / or joint ventures abroad	-
	(iii) Others	5,564,160
	Gross Investments outside India	5,618,712
	Less : Depreciation in the value of investments	-
	Net investments outside India	5,618,712
	GRAND TOTAL (I+II)	268,871,605

@ Includes deposits with NABARD Rs.866.89 crores and PTC's Rs. 1,344.40 crores

Includes securities costing Rs. 3,581.47 crores pledged for availment of fund transfer facility, clearing facility and margin requirement

** Includes Repo Lending of Rs. 1,350.94 crores and net of Repo borrowing of Rs. 304.64 crores under the Liquidity Adjustment Facility of RBI in line with Reserve Bank of India requirements

$ Includes securities costing Rs. 321.76 crores pledged for margin requirement

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2007

			As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 9 - ADVANCES			
A.	(i)	Bills purchased and discounted #	12,737,121
	(ii)	Cash credits, overdrafts and loans repayable on demand	98,865,838
	(iii)	Term loans	257,161,647
	TOTAL		368,764,606
B.	(i)	Secured by tangible assets $	305,022,640
	(ii)	Covered by Bank/Government Guarantees &&	14,489,278
	(iii)	Unsecured	49,252,688
	TOTAL		368,764,606
C.	I.	Advances in India	
		(i) Priority Sector	131,963,321
		(ii) Public Sector	215,406
		(iii) Banks	276,841
		(iv) Others	210,553,409
	TOTAL		343,008,977
	II.	Advances outside India	
		(i) Due from banks	-
		(ii) Due from others -	
		(a) Bills purchased and discounted	2,913,534
		(b) Syndicated loans	2,441,985
		(c) Others	20,400,110
	TOTAL		25,755,629
	GRAND TOTAL [CI + C II]		368,764,606

Bills purchased & discounted are net of Rs.700 crores of borrowings under the Bills Rediscounting Scheme.

$ Includes advances against book debts.

&& Includes advances against L/Cs issued by Banks.

Advances are net of floating provision, which has been adjusted based on management estimate.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2007

		As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 10 - FIXED ASSETS		
I.	Premises	
	At cost at the beginning of the year	337,296
	Additions during the year	-
	Deductions during the year	-
	Depreciation to date	(72,401)
	TOTAL	264,895
II.	Other fixed assets (including Furniture & Fixtures)	
	At cost at the beginning of the year	7,884,495
	Additions during the year	2,165,321
	Deductions during the year	(119,001)
	Depreciation to date	(4,192,811)
	TOTAL	5,738,004
III.	Assets on Lease	
	At cost at the beginning of the year	765,000
	Additions during the year	-
	Deductions during the year	-
	Depreciation to date	(241,776)
	TOTAL	523,224
		6,526,123
IV.	CAPITAL WORK-IN-PROGRESS (including capital advances)	252,236
	GRAND TOTAL (I + II + III + IV)	6,778,359

SCHEDULE 11 - OTHER ASSETS		
I.	Inter-office adjustments (net)	-
II.	Interest Accrued	6,419,098
III.	Tax paid in advance/tax deducted at source (Net of Provisions)	1,043,522
IV.	Stationery and stamps	8,463
V.	Non banking assets acquired in satisfaction of claims	-
VI.	Others #	11,491,078
	TOTAL	18,962,161

Includes deferred tax assets of Rs. 159.80 crores

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2007

		Year ended 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 12 - CONTINGENT LIABILITIES		
I.	Claims against the Group not acknowledged as debts	1,707,515
II.	Liability for partly paid investments	-
III.	Liability on account of outstanding forward exchange and derivative contracts :	
	a) Forward Contracts	507,359,036
	b) Interest Rate Swaps & Currency Swaps	1,174,108,995
	c) Foreign Currency Options	52,836,219
	TOTAL	1,734,304,250
IV.	Guarantees given on behalf of constituents	
	In India	43,813,548
	Outside India	50,287
V.	Acceptances, endorsements and other obligations	54,771,929
VI.	Other items for which the Group is contingently liable	7,005,972
	TOTAL	1,841,653,501

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007

		As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 13 - INTEREST EARNED		
I.	Interest/discount on advances/bills	27,028,479
II.	Income on investments	17,314,651
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	773,012
IV.	Others	487,801
	TOTAL	45,603,943
SCHEDULE 14 - OTHER INCOME		
I.	Commission, exchange and brokerage	7,789,647
II.	Profit/(Loss) on sale of Investments/Derivative transactions (net)	608,753
III.	Profit on exchange transactions (net)	1,248,471
IV.	Profit/(Loss) on sale of fixed assets (net)	(29,101)
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad / in India	-
VI.	Lease rentals	34,764
VII.	Miscellaneous Income [including recoveries on account of advances written off in earlier years Rs. 23.62 crores and profit on account of portfolio sell downs/securitisation Rs. 2.00 crores]	446,531
	TOTAL	10,099,065
SCHEDULE 15 - INTEREST EXPENDED		
I.	Interest on deposits	24,807,481
II.	Interest on Reserve Bank of India/Inter-bank borrowings	1,687,973
III.	Others @	3,436,313
	TOTAL	29,931,767
@	Including interest on repos & subordinated debt	
SCHEDULE 16 - OPERATING EXPENSES		
I.	Payments to and provisions for employees	3,911,833
II.	Rent, taxes and lighting	1,599,232
III.	Printing and stationery	376,380
IV.	Advertisement and publicity	296,166
V.	Depreciation on bank's property	1,120,129
VI.	Directors' fees, allowance and expenses	5,879
VII.	Auditor's fees and expenses	5,038
VIII.	Law charges	64,051
IX.	Postage, telegrams, telephones etc.	701,018
X.	Repairs and maintenance	1,289,791
XI.	Insurance	548,160
XII.	Other expenditure	2,275,915
	TOTAL	12,193,592

17 Significant accounting policies and notes forming part of the consolidated financial statements for the year ended 31 March 2007

1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of UTI Bank Limited ('the Bank') and its subsidiaries, which together constitute the 'Group'.

The Bank consolidates its subsidiaries in accordance with AS-21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure.

2 Basis of preparation

The financial statements of the Group have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable and current practices prevailing within the banking industry in India.

The consolidated financial statements present the accounts of UTI Bank Ltd. with its following subsidiaries:

Name	Country of Incorporation	Ownership Interest
UBL Sales Ltd.	India	100.00%
UBL Asset Management Company Ltd.	India	100.00%

The audited financial statements of the subsidiaries have been drawn up to the same reporting date as that of the Bank, i.e. 31 March 2007.

3 Use of estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates is recognized prospectively in the current and future periods.

4 Significant accounting policies

4.1 Investments

UTI Bank Ltd.

Classification

In accordance with the RBI guidelines, investments are classified at the date of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for resale within a short period are classified as HFT securities. As per RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities as on that date.

Investments not exceeding 25% of total investments, which the Bank intends to hold till maturity, are classified as HTM securities. As permitted by RBI, the Bank may exceed the limit of 25% of total investments provided the excess comprises only of those securities which are eligible for complying with the Statutory Liquidity Ratio ('SLR') i.e. SLR securities and the total SLR securities held in HTM category is not more than 25% of its demand and time liabilities as on the effective date. The effective date means the last Friday of the preceding fortnight for computation of the aforesaid limit. In computing the investment ceiling for HTM portfolio for the aforesaid purpose, debentures and bonds, which are in the nature of advances are excluded. All other investments are classified as AFS securities.

However, for disclosure in the balance sheet, investments are classified under six categories - Government securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

Transfer of security between categories

Transfer of security between categories of investments is accounted for at the acquisition cost/book value/market value as on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is recognized in the profit and loss account.

Valuation

Investments classified under the HTM category are carried at acquisition cost. Any premium on acquisition over face value is amortized on a straight-line basis over the remaining period to maturity.

Investments classified under the AFS and HFT category are marked to market. The market/fair value for the purpose of periodical valuation of quoted investments included in the 'Available for Sale' and 'Held for Trading' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association (“FIMMDA”), periodically. Net depreciation, if any, within each category of investments is recognized in the profit and loss account. The net appreciation if any, under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury Bills and Commercial Paper, being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- market value of unquoted Government securities is derived based on the Prices/Yield to Maturity ('YTM') rate for Government securities of equivalent maturity as notified by Fixed Income Money Market and Derivatives Association of India ('FIMMDA') jointly with the Primary Dealers Association of India ('PDAI') at periodic intervals;
- in case of Central Government Securities, which do not qualify for SLR requirement, the market price is derived by adding 50 basis points to the Base Yield Curve of Central Government Securities;
- market value of unquoted State Government securities is derived by applying the YTM method by marking it up by 25 basis points above the yields of the Central Government Securities of equivalent maturity notified by the FIMMDA/PDAI at periodic intervals;
- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly, the market price is derived based on the YTM for Government securities as notified by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for various credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of preference shares where dividend is not received regularly, the price derived on the basis of YTM is discounted in accordance with the RBI guidelines;
- in case of bonds and debentures where interest is not received regularly, the valuation is in accordance with prudential norms for provisioning as prescribed by RBI; and
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet (which is not more than one year prior to the date of valuation). In case the latest balance sheet is not available, the shares are valued at Re 1 per company.

Investments in subsidiaries are categorized as 'Held to Maturity' in accordance with RBI guidelines.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions are accounted as outright sale and outright purchase respectively. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is recognized in the profit and loss account.

4.2 *Advances*

UTI Bank Ltd.

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines and are stated net of specific provisions made towards Non Performing Advances. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provisions for NPAs (other than retail advances) are made for sub-standard and doubtful assets at rates as prescribed by RBI. Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. NPAs are identified by periodic appraisals of the loan portfolio by management.

In the case of retail advances, provisions are made upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning.

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the present value of the interest sacrifice be provided at the time of restructuring.

A general provision @ 0.25% to 2.00% is made on the various classes of standard assets as prescribed by RBI. Pursuant to the change in provisioning requirement for certain classes of standard assets from 0.40% to 2.00% as notified by RBI, the Bank has made an additional provision of Rs. 68.11 crores during the year ended 31 March 2007. In addition, general provision is also made on retail advances based on bucket-wise provisioning for delinquencies less than 90 days.

4.3 *Country risk*

UTI Bank Ltd.

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

4.4 *Securitisation*

UTI Bank Ltd.

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle (SPV). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate (PTC) holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29 'Provisions, contingent liabilities and contingent assets'.

Gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account.

4.5 *Foreign currency transactions*

UTI Bank Ltd.

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Foreign currency assets and liabilities are translated at the balance sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year-end revaluations are recognized in the profit and loss account.

Financial statements of foreign branches classified as non-integral foreign operations are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing rates notified by FEDAI at the year-end.
- Income and expenses are translated at the rates prevailing on the date of the transactions.

- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments.

Outstanding forward exchange contracts (excluding currency swaps undertaken to hedge Foreign Currency Non-Resident ('FCNR') deposits which are not revalued) and spot exchange contracts are revalued at year end exchange rates notified by FEDAI. The resulting gains or losses on revaluation are included in the profit and loss account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge FCNR deposits is recognized as interest income/expense and is amortized on a straight-line basis over the underlying swap period.

Contingent liabilities on account of foreign exchange contracts/options, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

4.6 Derivative transactions

UTI Bank Ltd.

Derivative transactions comprise of swaps and options which are disclosed as contingent liabilities. The swaps/options are segregated as trading or hedge transactions. Trading swaps/options are revalued at the balance sheet date with the resulting unrealized gain or loss being recognized in the profit and loss account and correspondingly in other assets or other liabilities respectively. Hedged swaps/options are accounted for on an accrual basis.

4.7 Revenue recognition

UTI Bank Ltd.

Interest income is recognised on an accrual basis except interest income on NPAs, which is recognized on receipt.

Commission income on deferred payment guarantees, is recognized pro-rata over the period of the guarantee. All other fee income is recognised upfront on its becoming due.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognized at the time of sale.

Realized gains on investments under HTM category are recognized in the profit and loss account and subsequently appropriated to capital reserve account in accordance with RBI guidelines. Losses are recognized in the profit and loss account.

UBL Sales Ltd.

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

Revenue from marketing of credit cards and retail loans (excluding service tax) is recognized at the point of issuance of the credit card or disbursal of loan respectively by UTI Bank Ltd. to the customer.

4.8 *Fixed assets and depreciation*

Group

Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation (including on assets given on operating lease) is provided on the straight-line method from the date of addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided using the following estimated useful lives:

Asset	Estimated useful life
Owned premises	20 years
Assets given on operating lease	20 years
Computer hardware	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	16 years
Assets at staff residence	5 years
All other fixed assets	10 years

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of installation.

Depreciation on assets sold during the year is recognized on a pro-rata basis to the profit and loss account till the date of sale.

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price & value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. As on 31 March 2007, there was no impairment to assets.

4.9 *Lease transactions*

Group

Assets given on operating lease are capitalized at cost. Rentals received by the Bank are recognized in the profit and loss account when due.

Lease payments for assets taken on operating lease are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

4.10 *Employee benefits*

Group

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are recognized in the profit and loss account.

UTI Bank Ltd.

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by the Life Insurance Corporation of India ('LIC') for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although LIC administers the scheme and determines the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted as at 31 March each year.

The Bank provides leave encashment benefit (long term), which is a defined benefit scheme based on actuarial valuation as at the balance sheet date conducted by an independent actuary.

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme. Superannuation is a defined contribution plan under which the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lump sum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognized in the profit and loss account in the period in which they accrue.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Effective 1 April 2006, the Bank has early adopted Accounting Standard 15 (AS) (Revised) on 'Employee Benefits' issued by the Institute of Chartered Accountants of India. Accordingly, the Bank has recorded charge for compensated absences for the year ended 31 March 2007 based on actuarial valuation conducted by an independent entity. Further, in accordance with the transitional provisions of AS-15 (Revised), an amount of Rs. 31.80 crores (net of tax benefit) being the liability for employee benefits (gratuity, leave encashment & sick leave) up to the year ended 31 March 2006 has been adjusted against the balance in profit and loss account.

UBL Sales Ltd.

The Company contributes towards gratuity fund (defined retirement plan) administered by the Life Insurance Corporation of India ('LIC') for eligible employees. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by LIC as on 31 December every year.

UBL Asset Management Company Ltd.

The payment of Gratuity Act, 1972 is not yet applicable to the company.

4.11 Credit card reward points

UTI Bank Ltd.

The Bank estimates the probable redemption of credit card reward points using an actuarial method by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.12 Taxation

Group

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax charge. Current year taxes and fringe benefit tax are determined in accordance with the Income-tax Act, 1961. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the period.

Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgement as to whether realisation is considered certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax asset can be realised against future profits.

4.13 *Earnings per share*

Group

The Group reports basic and diluted earnings per share in accordance with AS 20 -'Earnings per Share'. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

4.14 *Cash and Cash Equivalents*

Group

Cash and cash equivalents include cash on hand and in ATM, balances with Reserve Bank of India, balances with other banks and money at call and short notice.

4.15 *Employee stock option scheme*

UTI Bank Ltd.

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date is recognized as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of the Board of Directors meeting in which options are granted / shares are issued, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

4.16 *Provisions, contingent liabilities and contingent assets*

Group

A provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non occurrence of one or more uncertain future events not within the control of the Group; or
- a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

5 Notes to Accounts

5.1.1 'Provisions and contingencies' recognized in the profit and loss account include:

(Rs. in crores)

For the year ended	31 March 2007
Provision for income tax	
- Current tax for the year	412.60
- Deferred tax for the year	(81.49)
Provision for fringe benefit tax	6.05
	337.16
Provision for wealth tax	0.25
Provision for non performing advances & investments (including bad debts written off and write backs)	73.73
Provision towards standard assets	122.35
General provision for retail loans	1.77
Amortisation of premium on Held to Maturity investments	98.75
Provision for depreciation in value of investments	66.97
Provision for Securitised Assets	2.54
Total	703.52

5.1.2 During the year ended 31 March 2007, the Bank raised subordinated debt of Rs. 389.30 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
28 June 2006	87 months	8.95 %	Rs. 33.50 crores
	120 months	9.10 %	Rs. 104.90 crores
30 March 2007	120 months	10.10 %	Rs. 250.90 crores

During the year ended 31 March 2007, the Bank redeemed subordinated debt of Rs. 50 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
28 June 2006	63 months	11.10 %	Rs. 50 crores

5.1.3 During the year ended 31 March 2007, the Bank also raised hybrid capital in the form of Perpetual Debt of Rs. 413.96 crores qualifying as Tier I capital and Rs. 959.55 crores qualifying as Tier II capital, the details of which are set out below:

Type of Capital	Date of allotment	Period	Coupon	Amount
Upper Tier II	11 August 2006	180 months	7.25%	(USD 150 million) Rs. 652.05 crores
Perpetual Debt	30 September 2006	Perpetual	10.05 %	Rs. 214.00 crores
Perpetual Debt	15 November 2006	Perpetual	7.167%	(USD 46 million) Rs. 199.96 crores
Upper Tier II	24 November 2006	180 months	9.35 %	Rs. 200.00 crores
Upper Tier II	6 February 2007	180 months	9.50%	Rs. 107.50 crores

5.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March 2007
Earnings for the year (Rs. in crores)	654.25
Basic weighted average no. of shares (in crores)	28.05
Basic EPS (Rs.)	23.33
Diluted weighted average no. of shares (in crores)	28.91
Diluted EPS (Rs.)	22.63
Nominal value of shares - Basic (Rs. in crores)	281.63
Nominal value of shares - Diluted (Rs. in crores)	290.28
Dilution of equity is on account of 8,653,638 stock options.	

5.1.5 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the balance sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March 2007, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March 2007 includes dividend paid pursuant to exercise of 1,301,308 employee stock options after the previous year end and record date for declaration of dividend for the year ended 31 March 2006.

5.1.6 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorized to issue up to 13,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 3 years. The options can be exercised within 3 years from the date of the vesting. Further, in June 2004 and June 2006, pursuant to the approval of the shareholders at Annual General Meeting, the Bank approved an ESOP scheme for additional 10,000,000 and 4,800,000 options respectively.

15,191,145 options have been granted under the Scheme till the previous year ended 31 March 2006.

On 17 April 2006, the Bank granted 4,695,860 stock options (each option representing entitlement to one equity share of the Bank) to its employees, the Chairman & Managing Director and the Executive Director. These options can be exercised at a price of Rs. 319.00 per option.

The Bank has not recorded any compensation cost on options granted during the year ended 31 March 2001, year ended 31 March 2006 and the current year ended 31 March 2007 as the exercise price was more than or equal to the quoted market price of underlying equity shares on the grant date.

The Bank recorded a compensation cost of Rs 1.39 crores on options granted during the year ended 31 March 2002, Rs. 1.99 crores on options granted during the year ended 31 March 2004, Rs. 24.21 crores on options granted during the year ended 31 March 2005, based on the excess of the quoted market price of the underlying equity shares as of the date of the grant over the exercise price. The compensation cost is amortized over the vesting period.

Compensation expense for all the grants under the Scheme for the year ended 31 March 2007 is Rs. 2.71 crores.

Stock option activity under the Scheme for the year ended 31 March 2007 is set out below:

	Options outstanding	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	8,838,245	29.68 to 232.10	171.39	4.00
Granted during the year	4,695,860	319.00	319.00	-
Forfeited during the year	(720,744)	29.68 to 319.00	254.96	-
Expired during the year	(391)	29.68 to 319.00	29.70	-
Exercised during the year	(2,940,060)	29.68 to 319.00	122.25	-
Outstanding at the end of the year	9,872,910	29.68 to 319.00	250.14	3.19
Exercisable at the end of the year	979,768	29.68 to 319.00	200.43	3.90

Fair Value Methodology (Impact of fair value method on net profit and EPS) :

	31 March 2007
Net Profit (as reported) (Rs. in crores)	654.25
Add: Stock based employee compensation expense included in net income (Rs. in crores)	2.71
Less: Stock based employee compensation expense determined under fair value based method (proforma) (Rs. in crores)	(45.92)
Net Profit (Proforma) (Rs. in crores)	611.04
Earnings per share: Basic (in Rs.)	
As reported	23.33
Proforma	21.78
Earnings per share: Diluted (in Rs.)	
As reported	22.63
Proforma	21.14

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March 2007
Dividend yield	1.69%
Expected life	2-4 years
Risk free interest rate	6.93% to 7.17%
Volatility	46.91%-52.03%

5.1.7 Segmental reporting

The business of the Group is divided into two segments: Treasury & Other Banking Operations. These segments have been identified and reported based on RBI guidelines on compliance with Accounting Standards by banks vide circular no. DBOD. BP. BC. 89/21.04.018/2002-03 dated 29 March 2003. The operations of UBL Sales Ltd. and UBL Asset Management Company Ltd. have been classified under the 'Other Banking Operations' Segment.

The treasury services segment undertakes trading operations on the proprietary account, foreign exchange operations and derivatives trading. Revenues of the treasury services segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Other banking operations principally comprise the lending activities (i.e. corporate and retail) of the Bank. The corporate lending activity include providing loans and transaction services to corporate and institutional customers. The retail lending activity include raising of deposits from customers and providing loans and advisory services to such customers through branch network and other delivery channels. Revenues from the corporate lending activity consist of interest and fees earned on loans given to corporate customers, interest earned on cash float and fees arising from transaction services and fees from merchant banking activities such as syndication and debenture trusteeship. Revenues from the retail lending activity are derived from interest earned on retail loans, fees for banking and advisory services, ATM interchange fees and interest earned from other segments for surplus funds placed with those segments. Expenses of the lending activity primarily comprise interest expense on deposits, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment revenue includes earnings from external customers plus earnings from funds transferred to the other segments.

Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment.

Segment-wise income and expenses include certain allocations. Inter segment revenue represents the transfer price paid/received by the Central Funding Unit (CFU). For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on cost of funds and spreads, has been used.

Operating expenses are allocated to the segments based on an activity-based costing methodology. All activities in the Group are segregated segment-wise and allocated to the respective segment.

Geographical segment disclosure is not required to be made, since the operations from foreign branches are less than the prescribed norms.

Segmental results are set out below:

(Rs. in crores)

	31 March 2007			
	Treasury	Other Bankings Operations	Unallocated	Total
Segment Revenue				
Gross interest income (external customers)	1,860.07	2,700.32	-	4,560.39
Other income	239.50	772.84	(2.43)	1,009.91
Total income as per profit and loss account	2,099.57	3,473.16	(2.43)	5,570.30
Add / (less) inter segment interest income	6,775.81	1,841.19	-	8,617.00
Total segment income	8,875.38	5,314.35	(2.43)	14,187.30
Less: Interest expense (external customers)	2,314.57	678.60	-	2,993.17
Less: Inter segment interest expenses	6,085.65	2,531.35	-	8,617.00
Less: Operating expenses	77.49	1,141.87	-	1,219.36
Operating profit	397.67	962.53	(2.43)	1,357.77
Less: Provision for non performing assets/Others	171.21	195.15	-	366.36
Segment result	226.46	767.38	(2.43)	991.41
Less: Provision for Tax	-	-	-	337.16
Net Profit	-	-	-	654.25
Segment assets	34,329.18	37,667.09	1,259.71	73,255.98
Segment liabilities	37,073.98	32,404.60	388.95	69,867.53
Net assets	(2,744.80)	5,262.49	870.76	3,388.45
Fixed assets additions during the year	-	-	216.53	216.53
Depreciation on fixed assets during the year	-	-	112.01	112.01

5.1.8 Related party disclosure

The related parties of the Bank are broadly classified as:

a) *Promoter*

The Bank has identified the following entities as its Promoters:

- Administrator of the Specified Undertaking of the Unit Trust of India (UTI-1)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four PSUs: New India Assurance Co. Ltd., National Insurance Co Ltd., United India Insurance Co. Ltd. and The Oriental Insurance Co. Ltd.

b) *Key Management Personnel*

Dr. P. J. Nayak (Chairman & Managing Director) and Shri S. Chatterjee (Executive Director).

The details of transactions of the Bank with its related parties during the year ended 31 March 2007 are given below:

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Total
Dividend Paid	42.63	0.05	-	42.68
Interest Paid	31.24	0.10	0.03	31.37
Interest Received	1.54	0.01	-	1.55
Investments	158.02	-	-	158.02
Management Contracts	-	3.05	-	3.05
Receiving of Services	18.17	-	-	18.17
Rendering of Services	0.26	-	-	0.26

The balances payable to/receivable from the related parties of the Bank as on 31 March 2007 are given below:

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Total
Deposits with the Bank	760.77	2.25	0.58	763.60
Placement of Deposits	0.06	-	-	0.06
Advances	0.02	0.21	-	0.23
Investment of Related Parties in the Bank	121.39	0.13	-	121.52
Guarantees	39.00	-	-	39.00
Investment in Subordinated Debt of the Bank	334.00	-	-	334.00

The maximum balances payable to/receivable from the related parties of the Bank as on 31 March 2007 are given below:

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Total
Deposits with the Bank	780.99	2.41	0.59	783.99
Placement of Deposits	0.06	-	-	0.06
Advances	399.89	0.31	-	400.20
Investment of Related Parties in the Bank	121.80	0.14	-	121.94
Repo Borrowing	288.50	-	-	288.50
Guarantees	39.00	-	-	39.00
Investment in Subordinated Debt of the Bank	431.00	-	-	431.00

5.1.9 Leases

Disclosure in respect of assets given on operating lease

Operating lease comprises leasing of power generation equipments.

(Rs. in crores)

	31 March 2007
Gross carrying amount at the beginning of the year	76.50
Accumulated depreciation as at the end of the year	24.18
Accumulated impairment losses as at the end of the year	-
Depreciation for the year	3.42
Impairment losses for the year	-
Minimum lease payments receivable at the end of the year	1.04
Future lease rentals receivable as at the end of the year:	
- Not later than one year	3.47
- Later than one year and not later than five years	12.48
- Later than five years	4.15

There are no provisions relating to contingent rent.
The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

Disclosure in respect of assets taken on operating lease

Operating lease comprises leasing of office premises/ATMs, staff quarters, electronic data capturing machines and IT equipment.

(Rs. in crores)

	31 March 2007
Future lease rentals payable as at the end of the year:	
- Not later than one year	124.14
- Later than one year and not later than five years	340.81
- Later than five years	116.11
Total of minimum lease payments recognized in the profit and loss account for the year	71.19

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are no undue restrictions or onerous clauses in the agreements.

5.1.10 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in crores)

As at	31 March 2007
Deferred tax assets on account of provisions for doubtful debts	121.28
Deferred tax assets on account of amortization of HTM investments	70.96
Deferred tax liabilities on account of depreciation on fixed assets	(52.50)
Other deferred tax assets	20.06
Net deferred tax asset/(liability)	159.80

In computing the amount of permanent difference for reckoning tax provisions, the disallowance of interest expenditure u/s. 14A of the Income Tax Act, 1961 has been arrived at having regard to the statutory restrictions on deployment of resources raised, their cost and their maturity.

5.1.11 Employee Benefits

Provident Fund

The contribution to the employee's provident fund of the Group amounted to Rs. 14.01 crores for the year ended 31 March 2007.

Superannuation

The Bank contributed Rs. 9.14 crores to the employee's superannuation plan for the year ended 31 March 2007.

Leave Encashment

The Bank charged an amount of Rs.8.28 crores as liability for leave encashment for the year ended 31 March 2007.

Gratuity

The following table sets forth the funded status of the gratuity benefit plan of the Bank, during the year ended 31 March 2007.

(Rs. in crores)

	31 March 2007
Present Value of Funded Obligations	14.32
Fair Value of Plan Assets	(11.89)
Present Value of Unfunded Obligations	-
Unrecognized Past Service Cost	-
Net Liability	2.43
Amounts in Balance Sheet	
Liabilities	2.43
Assets	-
Net Liability	2.43

The amount recognised in the statement of profit and loss are as follows : *(Rs. in crores)*

	31 March 2007
Current Service Cost	2.23
Interest on Defined Benefit Obligation	0.71
Expected Return on Plan Assets	(0.62)
Net Actuarial Losses/(Gains) Recognized in the year	0.43
Past Service Cost	-

Losses/(Gains) on “Curtailments & Settlements”	-
Total, included in “Employee Benefit Expense”	2.75
Actual Return on Plan Assets	0.75

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

(Rs. in crores)

	31 March 2007
Change in Defined Benefit Obligation	
Opening Defined Benefit Obligation	11.55
Current Service Cost	2.23
Interest Cost	0.71
Actuarial Losses / (Gains)	0.61
Liabilities Extinguished on Curtailment	-
Liabilities Extinguished on Settlements	-
Liabilities Assumed on Acquisition	-
Exchange Difference on Foreign Plans	-
Benefits Paid	(0.78)
Closing Defined Benefit Obligation	14.32

Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows :

(Rs. in crores)

	31 March 2007
Change in the Fair Value of Assets	
Opening Fair Value of Plan Assets	7.37
Expected Return on Plan Assets	0.62
Actuarial Gains / (Losses)	0.18
Assets Distributed on Settlements	-
Contributions by Employer	4.50
Assets Acquired due to Acquisition	-
Exchange Difference on Foreign Plans	-
Benefits Paid	(0.78)
Closing Fair Value of Plan Assets	11.89

	31 March 2007
The major categories of plan assets as a percentage of fair value of total plan assets - Insurer Managed Funds	100.00%
Principal actuarial assumptions at the balance sheet date :	
Discount Rate	8.50% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.
Salary Escalation Rate	6.00% p.a.

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

5.1.12 Provisions and contingencies

a. Movement in provision for frauds included under other liabilities is set out below:

(Rs. in crores)

	31 March 2007
Opening balance at the beginning of the year	1.00
Additions during the year	0.80
Reductions on account of payments during the year	-
Reductions on account of reversals during the year	(0.07)
Closing balance at the end of the year	1.73

b. Movement in provision for credit enhancements on securitised assets is set out below:

(Rs. in crores)

	31 March 2007
Opening balance at the beginning of the year	0.67
Additions during the year	2.54
Reductions during the year	-
Closing balance at the end of the year	3.21

c. Movement in provision for credit card reward points is set out below:

(Rs. in crores)

	31 March 2007
Opening provision at the beginning of the year	-
Provision made during the year	0.23
Reductions during the year	-
Closing provision at the end of the year	0.23

5.1.13 Description of contingent liabilities:

a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Group.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Forward Rate Agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted and the estimated amount of contracts remaining to be executed on capital account and not provided for.

5.1.14 Comparative Figures

In terms of the transitional provisions under AS-21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India, the comparative figures for the previous year have not been presented.

For UTI BANK LTD.

P. J. Nayak
Chairman & Managing Director

P. J. Oza	Surendra Singh	N. C. Singhal	R.B.L. Vaish
Company Secretary	Director	Director	Director

Date : 17 April 2007
Place: Mumbai

UBL SALES LIMITED - DIRECTORS' REPORT

The Board of Directors have pleasure in submitting their 1st Annual Report on the business and operations of the Company alongwith the Audited Balance Sheet and Profit & Loss Accounts for the period ended 31 March 2007.

FINANCIAL PERFORMANCE

The Financial Results of the Company for the period ended 31 March 2007 are given below:

(Rs. In '000)

Particulars	*Amount*	*Amount*
Operating Income		
Income from Credit Card Sourcing	26,228	
Income from Retail Loans Sourcing	83,299	109,527
Other Income		
Interest Income on Fixed Deposits		1,381
Total Income		110,908
Operating Expenses		142,403
Loss before Depreciation, provisions for tax		31,495
Depreciation		1,440
Provisions for Tax		320
Loss After Tax		33,255
Balance carried to Balance Sheet		33,255

The Financial Results stated above have been prepared for a period commencing from 6 December 2005 to 31 March 2007 i.e. for a period of approx. 16 months.

OPERATIONS

The Company was incorporated as a wholly owned subsidiary of UTI Bank on 6 December 2005 and received its certificate of commencement of business on 2 May 2006. The primary objective for the formation of the Company is to market financial products with optimization of sales productivity, the minimization of costs along with bringing greater focus on process adherence, quality of acquisition and reducing risk. The Company commenced its business operations in August 2006 with marketing of credit cards and retail loan products of UTI Bank. During the period under review, your Company has begun marketing of EDC machines of UTI Bank to merchants as well as marketing motor vehicle loans.

During the period under review, the Company has sourced retail loans worth Rs. 757 crores segregated into personal loans of Rs. 236 crores, home loans of Rs. 489 crores and loans against property of Rs. 32 crores. 77,921 credit cards have been issued against the applications sourced by the company. The Company generated revenue of Rs. 8.33 crores from retail loans and revenue of Rs. 2.62 crores from credit cards.

In order to have a good geographic reach to cover high potential centres in India and cater to the larger spectrum of the society, your Company has opened 39 branch offices for sales across India. As for sales force management, your Company has 3,200 staff for marketing of credit cards, retail loans and EDC machines. Your Company firmly believes that sales productivity and quality of manpower could be improved through knowledge addition. In this respect, your Company imparts training to its employees with the help of reputed external training partners.

With guidance and continued support from UTI Bank, your Company plans to open its branch offices at additional 25 centres based on their business potential and have 6,500 staff on its rolls. The Company projects to source 1.1 million credit card applications and Rs. 3,000 crore worth of retail loans for the financial year 2007-08.

DIVIDEND

During the period under review, the Company has incurred losses and therefore no dividend is proposed to be declared for the period ended 31 March 2007.

DIRECTORS

Shri Hemant Kaul, retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Shri R. Asok Kumar was appointed as an Additional Director with effect from 17 February 2007 and shall hold office up to the date of ensuing Annual General Meeting of the Company. The Company has received notice from a member pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri R. Asok Kumar for the office of Director.

During the period under review, Shri S. Chatterjee has resigned from the Board of the Company with effect from 31 December 2006. The Board places on record their sincere appreciation and gratitude to Shri S. Chatterjee for the valuable services rendered by him during his tenure with the Company as Chairman of the Board of Directors.

AUDIT COMMITTEE

The Audit Committee consists of three Directors - Shri Hemant Kaul, Shri Sanjeev Kumar Gupta and Shri Asish Sengupta and is chaired by Shri Sanjeev Kumar Gupta. The Audit Committee has been constituted and functions in accordance with the provisions of section 292A of the Companies Act, 1956.

PUBLIC DEPOSITS

During the period under review, the Company has not accepted any deposit pursuant to Section 58A of the Companies Act, 1956.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Since the Company does not carry out any manufacturing activities, particulars to be disclosed with respect to conservation of energy and technology absorption under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

B. During the period under review there has been no earning and outgo in foreign exchange.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

The Company has no employee drawing a salary in excess of the limits prescribed in Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

AUDITORS

M/s. M. M. Nissim & Co., Chartered Accountants, have been the statutory auditors of the Company. The Company has received a special notice from its member proposing to appoint M/s. S. R. Batliboi & Co., as statutory auditors to hold office from this Annual General Meeting until the conclusion of the next Annual General Meeting. Accordingly, it is proposed to appoint M/s. S. R. Batliboi & Co., Chartered Accountants as new Statutory Auditors of the Company.

The Board places on record its appreciation for the professional services rendered by M/s. M. M. Nissim & Co., as the Statutory Auditors of the Company.

DIRECTORS' COMMENTS ON AUDITORS' REPORT

As regards observations in the Auditors' Report, Point no. (vii) pertaining to internal audit system, the Company commenced its operations in August, 2006 and the business started developing from January 2007 onwards. With growth in business activities, the Company is in the process of finalizing an internal audit system commensurate with the size and nature of our business. Further the Company has already finalized an internal audit policy for conducting branch audit.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors hereby declare and confirm that:

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

ii. Accounting policies have been selected, and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company and of the loss of the Company for the period ended 31 March 2007.

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

ACKNOWLEDGEMENTS

Your directors would like to express their gratitude for all the guidance, co-operation and patronage received from UTI Bank. Your directors would like to place on record their sincere appreciation for the co-operation received from various regulatory authorities.

Your directors also thank the employees at all levels, who, through their dedication, co-operation, support and smart teamwork, professionalism and enthusiasm, have enabled the Company to achieve rapid growth.

For and on behalf of the Board

Date: 7 April 2007
Place: Mumbai

R. Asok Kumar
Chairman

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of UBL SALES LIMITED, as at 31 March 2007, and also the Profit and Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we give below a statement on the matters specified in paragraphs 4 and 5 of the said order.

i) In respect of its Fixed Assets:
   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;
   b) As explained to us, the Assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification;
   c) The Company has not disposed off any part of its Fixed Assets during the period.

ii) The Company has not carried any inventory during the period. Accordingly the clauses 4(ii) (a) to (c) of the Order are not applicable.

iii) a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the clauses 4(iii) (b) to (d) of the Order are not applicable;
   b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the clauses 4(iii) (f) & (g) of the Order are not applicable.

iv) In our opinion there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in internal control system, in respect of these areas.

v) a) Based on the audit procedure applied by us and according to the information, explanations and representation given to us, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register maintained under that section;
   b) There are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the period to Rs.5 lacs or more in respect of each party.

vi) The Company has not accepted any deposits from the public.

vii) *The Company does not have a formal internal audit system.* However, its internal control procedures involve reasonable internal checking of its financial transactions.

viii) The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the services rendered by the Company.

ix) a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31 March 2007 for a period of more than six months from the date they became payable;
   b) According to the records of the Company there are no dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty & Cess, which have not been deposited with the appropriate authorities on account of any dispute.

x) The Company has been registered for a period less than five years, accordingly clause 4(x) of the order is not applicable.

xi) The Company does not have any borrowings from financial institutions or from banks or by way of debentures.

xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.

xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of clause 4(xiv) are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

xvi) The Company has not obtained any term loans during the period.

xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds have been raised on short-term basis, hence the question of its utilisation for long term investments does not arise.

xviii) The Company has not made any preferential allotment of shares during the period to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The Company has not issued any debentures during the period.

xx) The Company has not raised any money by way of public issue during the period.

xxi) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

Further to our comments referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
5. On the basis of written representations received from the Directors as on 31 March 2007 and taken on record by the Board of Directors and on the basis of examination and records of the Company, we report and certify that none of the Directors is disqualified as on 31 March 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
6. Without qualifying, attention is drawn to :
   - *As explained in note 6 to Schedule 7, the managerial remuneration payable by the company is in excess of the limits specified in Schedule XIII of the Companies Act, 1956, by Rs.940 thousands. The company has applied for the Central Government approval which is pending till date.*
   - *Note 14 to Schedule 7, relating to going concern.*
7. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts *subject to Para 6 above* and read together with other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
   a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31 March 2007;
   b) in the case of the Profit and Loss Account, of the Loss for the period ended on that date; and
   c) in the case of the Cash Flow Statement, of the Cash Flows for the period ended on that date.

For M. M. NISSIM AND CO.
Chartered Accountants

(N. KASHINATH)
Partner
Membership No. 36490

Date: 7 April 2007
Place: Mumbai

UBL SALES LIMITED-BALANCE SHEET

BALANCE SHEET AS AT 31 MARCH 2007

	Schedule		Rs. 31-03-2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1		50,000,000
TOTAL			50,000,000
APPLICATION OF FUNDS			
FIXED ASSETS	2		
Gross Block		41,865,545	
Less: Depreciation		(1,440,008)	
Net Block		40,425,537	
Capital Work-in-Progress & Advances against capital expenditure		3,068,000	43,493,537
DEFERRED TAX ASSET			140,126
CURRENT ASSETS, LOANS AND ADVANCES	3		
Cash and Bank Balances		5,303,787	
Loans and Advances		13,738,492	
		19,042,279	
CURRENT LIABILITIES AND PROVISIONS	4		
Liabilities		45,923,185	
Provisions		8,197	
		45,931,382	
NET CURRENT ASSETS			(26,889,103)
PROFIT AND LOSS ACCOUNT			33,255,440
TOTAL			50,000,000
Significant Accounting Policies and Notes to Accounts	7		

Schedules 1 to 4 and 7 above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date.

For M. M. NISSIM AND CO.
Chartered Accountants

For and on behalf of the Board

R. Asok Kumar
Chairman

N. Kashinath
Partner
Membership No.: 36490

Rakesh Shetty
Company Secretary

Sanjay Silas
Managing Director

Date: 7 April 2007
Place: Mumbai

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2007

	Schedule		Rs. Period Ended 31-03-2007
INCOME			
Commission (Gross)			109,527,168
(Tax Deducted at Source : Rs. 7,453,004)			
Interest on Fixed Deposits (Gross)			1,380,693
(Tax Deducted at Source : Rs. 308,618)			
			110,907,861
EXPENDITURE			
Employees' Remuneration and Benefits	5		91,988,143
Operating expenses	6		50,415,276
			142,403,419
LOSS BEFORE DEPRECIATION AND TAX			(31,495,558)
Less: Depreciation			1,440,008
LOSS BEFORE TAX			(32,935,566)
Provision for:			
Deferred Tax		(140,126)	
Fringe Benefit Tax		460,000	319,874
LOSS AFTER TAX CARRIED TO BALANCE SHEET			(33,255,440)
Basic and Diluted Earnings Per Equity Share in Rs.			(6.65)
Significant Accounting Policies and Notes to Accounts	7		
Schedules 5 to 7 above form an integral part of the Profit and Loss Account			

This is the Profit and Loss Account referred to in our report of even date.

For M. M. NISSIM AND CO.
Chartered Accountants

N. Kashinath
Partner
Membership No.: 36490

Date: 7 April 2007
Place: Mumbai

For and on behalf of the Board

R. Asok Kumar
Chairman

Rakesh Shetty
Company Secretary

Sanjay Silas
Managing Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2007

		Rs. Period Ended 31-03-2007
A)	CASH FLOWS FROM OPERATING ACTIVITIES :	
	Loss Before taxation	(32,935,566)
	Adjustment for:	
	Interest earned on Fixed Deposits	(1,380,693)
	Depreciation and Amortisation	1,440,008
	OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(32,876,251)
	Adjustments for changes in working capital :	
	Loans & Advances	(13,738,492)
	Trade Payable & Provision	45,931,382
	CASH GENERATED FROM OPERATIONS	32,192,890
	Direct taxes paid	(460,000)
	NET CASH FROM OPERATING ACTIVITIES	31,732,890
B)	CASH FLOWS FROM INVESTING ACTIVITIES :	
	Purchase of Fixed Assets	(41,865,545)
	Capital work in Progress	(3,068,000)
	Interest income	1,380,693
	Fixed deposits with Scheduled Bank	(4,086,895)
	NET CASH USED IN INVESTING ACTIVITIES	(47,639,747)
C)	CASH FLOWS FROM FINANCING ACTIVITIES :	
	Proceeds from issue of Shares	50,000,000
	NET CASH FROM FINANCING ACTIVITIES	50,000,000
	NET INCREASE IN CASH AND CASH EQUIVALENTS	1,216,892
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	-
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,216,892

Note: Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard- 3 issued by the Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date.

For M. M. NISSIM AND CO.
Chartered Accountants

N. Kashinath
Partner
Membership No.: 36490

Date: 7 April 2007
Place: Mumbai

For and on behalf of the Board

R. Asok Kumar
Chairman

Rakesh Shetty
Company Secretary

Sanjay Silas
Managing Director

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2007

	Rs. 31-03-2007
SCHEDULE 1: SHARE CAPITAL	
Authorised	
5,000,000 Equity Shares of Rs.10/- each	50,000,000
Subscribed and Fully Paid-up	
5,000,000 Equity Shares of Rs.10/- each	50,000,000

(All the above shares are held by UTI Bank Limited, the holding company and its nominees)

SCHEDULE 2: FIXED ASSETS Rs.

	Cost		Depreciation		NET BLOCK
Nature of Fixed Assets	Additions During the Period	Cost As at 31.3.2007	For the Year	Upto 31.3.2007	As at 31.3.2007
Tangible Assets					
Improvements to Leasehold Premises	16,759,142	16,759,142	504,397	504,397	16,254,745
Furniture & Office Equipment	18,540,085	18,540,085	455,455	455,455	18,084,630
Computers	4,113,218	4,113,218	316,527	316,527	3,796,691
Intangible Assets					
Software	2,453,100	2,453,100	163,629	163,629	2,289,471
TOTAL	41,865,545	41,865,545	1,440,008	1,440,008	40,425,537
Capital Work-in Progress & Advances against capital expenditure					3,068,000
Grand Total					43,493,537

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31 MARCH 2007

		Rs. 31-03-2007
SCHEDULE 3: CURRENT ASSETS, LOANS AND ADVANCES		
A. Current Assets		
Cash and Bank Balances:		
Bank balances :		
With Scheduled Banks :		
On Current Accounts		1,216,892
On Deposit Accounts		4,086,895
	Total- A	5,303,787
B. Loans and Advances:		
(Unsecured - Considered Good)		
Staff Advances		64,948
Advances Recoverable in cash or in kind or for value to be received		381,739
Balances with Excise Authorities		841,024
Tax Deducted at Source		7,761,622
Deposits		4,689,159
	Total - B	13,738,492
	Total - A & B	1,90,42,279
SCHEDULE 4: CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities:		
Sundry Creditors (Other than S S I)		36,004,326
(includes Rs.1,462,988/- due to holding company)		
Advance (from the holding company towards services)		9,918,859
	Total - A	45,923,185
B. Provisions:		
Fringe Benefit Tax less Advance tax		8,197
	Total - B	8,197
	Total - A & B	45,931,382

There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2007

		Rs.
		31-03-2007
SCHEDULE 5: EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages & Bonus		86,456,708
Contribution to Provident, Gratuity and other funds		5,415,385
Welfare Expenses		116,050
		91,988,143

SCHEDULE 6: OPERATING EXPENSES		
Rent		7,761,567
Rates and Taxes		745,897
Insurance		30,892
Electricity Charges		469,260
Printing and Stationery		610,725
Travelling & Conveyance		1,876,924
Communication Expenses		4,686,741
Legal & Professional Charges		180,152
Recruitment & Training Expenses		2,058,505
Incentive Expenses		28,711,988
Repairs & Maintenance:		
Premises	879,134	
Others	157,160	1,036,294
Auditors' Remuneration:		
Audit Fee	100,000	
Tax Audit Fee	30,000	
Certification and Other Services	10,000	140,000
Directors' Fees		5,750
Preliminary Expenses Written off		515,320
Miscellaneous Expenses		1,585,261
Total		50,415,276

SCHEDULE 7: NOTES ON ACCOUNTS

Notes annexed to and forming part of the Balance Sheet as at 31st March, 2007 and Profit & Loss Account for the year ended on that date.

1 Background

UBL Sales Limited was incorporated on 6 December 2005.The Company obtained approval to commence business on 2 May 2006. The Company is a wholly owned subsidiary of UTI Bank Limited and is presently in business of marketing the Bank's product & services.

2 Basis of Preparation

The Accounts have been prepared on the historical cost convention, in accordance with the Companies Act, 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

3 Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

4 Significant Accounting Policies

Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection.
Revenue from marketing of credit cards and retail loans (excluding service tax) is recognised at the point of issuance of the credit card or disbursal of loan respectively by UTI Bank Ltd to the customer. Interest income on Fixed Deposits is recognised on an accrual basis.

Fixed Assets and Depreciation

Fixed Assets are stated at their original cost less accumulated depreciation and provision for impairment, if any. The cost includes expenditure incurred in the acquisition and construction / installation and other related expenses in bringing the asset to working condition for its intended use.
Costs relating to acquisition of Software are capitalised as "Intangible Assets".
Capital work in progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets. Depreciation is provided on the straight-line method from the date of addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the managements estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on managements estimate of the useful life/ remaining useful life.
Pursuant to this policy depreciation has been provided using the following estimated useful lives.

Asset	Estimated Useful Life
Improvements to Leasehold premises	10 years
Furniture fixtures & Office Equipments other than EPABX	10 years
EPABX	8 years
Computers	3 years
Software	5 years

All fixed assets individually costing less than Rs. 5000 are fully depreciated in the year of installation.

Retirement Benefits

Contribution payable to the recognised provident fund, which is a defined contribution scheme, are recognised in the Profit and Loss Account.

The Company contributed towards Gratuity Fund (defined retirement plan) administered by the Life Insurance Corporation of India ('LIC') for eligible employees. Liability with regard to Gratuity Fund is accrued based on actuarial valuation conducted by LIC as at 31 December every year.

Leases

Operating lease payments are recognised on a straight line basis over the period of the lease.

Preliminary Expenses

Preliminary expenses are written off during the period.

Income Taxes

The current tax is determined in accordance with the Income tax Act,1961 and the rules framed there under.

The deferred tax charged or credited and the corresponding deferred tax liabilities/ assets are recognised using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonably certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised.

Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

5 Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for Rs.2,410,726/-.

6 There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days at the Balance sheet date, to the extent such parties have been identified on the basis of the information available with the company.

7 Salaries and bonus includes Rs.4,954,503/- being amount paid to UTI Bank Ltd , on account of personnel deputed to the company.

8 The Members of the Company in its meeting held on 7 April 2006 approved the appointment of Shri Sanjay Silas as Managing Director of the Company for a period of three years with effect from 5 April 2006 to 4 April 2009 and approved the terms and conditions including the remuneration payable to the Managing Director. Further the Board of Directors of the Company in its meeting held on 5 July 2006 approved the increase in remuneration payable to the Managing Director. The approved remuneration payable to the Managing Director is in excess of the limits prescribed under Section 198(4), 309(3) and Schedule XIII of the Companies Act, 1956. The Company has made applications to the Central Government seeking approval for the appointment of Managing Director and for the excess managerial remuneration payable under the provisions of Companies Act, 1956. Such excess remuneration for the period ended 31 March 2007 amounts to Rs. 940,474. The matter is currently pending with the Central Government for approval.

Minimum Managerial Remuneration

	Rs.
Salary and Allowances	1,899,112
(Reimbursed to the holding company towards deputation of personnel)	
Other Allowances	228,029
	2,127,141

9 Segment Reporting

The Company is engaged primarily in the business of marketing of financial products and its business operations are concentrated in India. Accordingly there are no separate reportable segments as per Accounting Standard - 17 issued by The Institute of Chartered Accountants of India.

10 Related Party Disclosures

Names of the Related party and the nature of relationships

1) Holding Company

UTI Bank Ltd.

2) Key Management Personnel

Mr. Sanjay Silas, Managing Director

Nature of Transactions	Holding Company	Key Management Personnel
Income		
Commission	109,527,168	-
Interest on Fixed Deposits	1,380,693	-
Expenditure		
Personnel on Deputation	4,954,503	228,029
Reimbursement of Expenditure	100,970	-
Nominee Directors Sitting Fees	5,750	-
Rent	2,041,990	-
Other Reimbursements	2,243,658	-
Outstanding		
Receivables :		
Bank Balance current account with UTI Bank Ltd	1,216,892	-
Fixed Deposits	4,086,895	-
Payables :		
Advances towards services	9,918,859	-
Other Payables	1,462,988	32,627

No amount has been provided as doubtful debts or advances / written off or written back in the period in respect of debts due from / to above related parties.

11 Disclosure in respect of office premises taken on operating lease:

	Rs.
Future lease rentals payable as at the end of the period :	
Not later than one year	11,726,088
Later than one year and not later than five years	48,179,776
Later than five years	37,846,255
The total of minimum lease payments recognised in the Profit and Loss Account	7,761,567

The company has not sub leased any of the above assets taken on lease.

There are no provisions relating to contingent rent.

The terms of renewals / purchase options and escalation clauses are those normally prevalent in similar agreements.

The are no undue restrictions or onerous clauses in the agreements.

12 Details of Deferred Tax Assets recognised

On account of Preliminary Expenses - Rs.140,126/-

Deferred Tax Assets amounting to Rs.489,458/- and 10,565,214/- pertaining to unabsorbed depreciation and carry forward losses respectively, have not been recognised in the absence of virtual certainty of availability of taxable income in future years.

13 Earnings Per Share

Loss for the year (Rs.)	(33,255,440)
Weighted Average no. of Equity shares	5,000,000
Nominal Value of Shares (Rs.)	10
Basic and Diluted Earnings Per Equity Share (Rs.)	(6.65)

14 The company has accumulated losses at the end of the financial period and its net worth has eroded. However, in view of this being the first period of existence of the company and considering the growth achieved in the business during the period and the anticipated future growth of the company, the accounts have been prepared on 'a going concern' basis.

15 Additional information pursuant to Schedule VI Part II to the Companies Act has not been furnished as the same is either NIL or Not Applicable.

16 This being the first period, previous period figures are not provided . The company has obtained permission for extending the financial year upto 31 March 2007.

Signatures to the schedules 1 to 7 which form an integral part of the financial statements.

For M. M. NISSIM AND CO.
Chartered Accountants

N. Kashinath
Partner

Date: 7 April 2007

Place: Mumbai

For and on behalf of the Board

R. Asok Kumar
Chairman

Rakesh Shetty
Company Secretary

Sanjay Silas
Managing Director

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.	157853	State Code	11
Balance Sheet Date	31-03-2007		

II Capital Raised during the period (Amount in Rs.'000)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	50,000

III Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)

Total Liabilities	62,676	Total Assets	62,676

Sources of Funds (Amount in Rs.'000)

Paid-up Capital	50,000	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL
Deferred Tax Liability	NIL		

Application of Funds (Amount in Rs. '000)

Net Fixed Assets	43,494	Investments	NIL
Net Current Assets	(26,889)	Misc. Expenditure	NIL
Accumulated Losses	33,255	Deferred Tax Assets	140

IV Performance of Company (Amount in Rs. '000)

Turnover	110,908	Total Expenditure	142,403
Profit/(Loss) before Tax	(32,936)	Profit/(Loss) after Tax	(33,255)
Earning Per Share (in Rs.)	(6.65)	Dividend Rate %	NIL

V Generic Names of Principal Product/ Services of the Company (as per monetary terms)

Item Code (ITC Code)	NA
Product Description	Marketing and related services

For and on behalf of the Board

R. Asok Kumar
Chairman

N. Kashinath
Partner

Rakesh Shetty
Company Secretary

Sanjay Silas
Managing Director

Date: 7 April 2007

Place: Mumbai

UBL ASSET MANAGEMENT COMPANY LTD. - DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting their First Annual Report with the audited accounts for the period ended 31 March 2007.

INCORPORATION

UBL AMC Ltd., hereinafter referred to as "the company" was incorporated on October 3, 2006. The paid up equity share capital of the company is Rs. 5,00,00,000. The entire paid up capital is held by UTI Bank. The certificate to commence business was received from the Registrar of Companies, Maharashtra on December 4, 2006.

FINANCIAL RESULTS

The Financial Results of the Company for the period October 3, 2006 to March 31, 2007 are given below:

Particulars	Amount (Rs.)
Gross Income	24,720
Loss before depreciation	1,53,60,931
Depreciation	48,942
Loss for the period	1,54,09,873
Net Deferred Tax Assets (Net of Fringe Benefit Tax)*	8,58,571
Net loss for the period	1,45,51,302

* After reducing FBT of Rs. 3,66,699 from Deferred Tax Assets of Rs. 12,25,270. Deferred Tax consists of deferred tax assets on preliminary expenditure amounting to Rs. 12,67,786 as reduced by deferred tax liability on depreciation amounting to Rs. 42,516. The company has written off preliminary expenses fully in the first year while as per Income Tax Act only 20% is allowed , hence creating a deferred tax asset.

This being the first year of company's operations, prior year comparatives have not been given.

OUTLOOK

Principal Activities:

This being the first year, the company has taken steps toward formation of venture capital fund. The company has engaged legal and financial advisors to recommend the appropriate tax efficient structure for the funds. Steps have been initiated to recruit necessary personnel as going forward, the company proposes to build a competent team for management of the funds, as human capital is key to the development of the business. The company expects to market and close the first fund in the current fiscal year, and commence making investments as per the mandate of the AMC.

DIVIDEND

In the absence of profits, the Directors are unable to recommend a dividend for the period under review.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Man Mohan Agrawal retires by rotation at the First Annual General Meeting and, being eligible, offers himself for re-appointment as Director of the Company.

AUDIT COMMITTEE

The Audit Committee consists of three Directors Mr. M. M. Agrawal, Mr. B. Gopalakrishnan, and Mr. Siddharth Rath and is chaired by Mr. B. Gopalakrishnan. The Audit Committee has been constituted and functions in accordance with the provisions of Section 292A of the Companies Act, 1956.

PUBLIC DEPOSITS

During the year, the company has not accepted any deposits from the public under section 58A of the Companies Act, 1956.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

1. Considering the nature of activities of the company, the provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to the Company.

2. Information regarding foreign exchange earnings and outgo is contained in Schedule J points (C) 8 to the financial statements.

EMPLOYEES

The statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder, is given in an Annexure appended hereto and forms part of this report. In terms of Section 219(1) (iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

AUDITORS

The auditors, M/s H.N. Motiwalla & Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

DIRECTORS' COMMENTS ON AUDITORS' REPORT

As regards observations in annexure to the Auditors' Report, Item No. 7 pertaining to internal audit system, the company received 'Certificate for Commencement of Business' on December 4, 2006, and its business activities are yet to start. The company will therefore adopt a suitable internal audit system commensurate with the size and nature of its business once the business activities commence. Further, as regards observations in Auditors' Report, Item No. 6 pertaining to managerial remuneration, the company is in the process of filing necessary application with the Central Government.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby declare and confirm that:

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

ii. Accounting policies have been selected, and applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the company and of the Profit & Loss of the company for the financial year ended March 31, 2007.

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies (Amendment) Act, 2000, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

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

ACKNOWLEDGEMENT

The Board of Directors places on record its gratitude to the Reserve Bank of India and other government and regulatory authorities for their support. The Board also places on record its sincere gratitude to UTI Bank and its officers for their support and cooperation.

For and on Behalf of the Board of Directors

M.M. Agrawal
Chairman

Date: 5 April 2007
Place: Mumbai

UBL ASSET MANAGEMENT COMPANY LTD. - AUDITORS' REPORT

To the Members of UBL ASSET MANAGEMENT COMPANY LIMITED

We have audited the accompanying Balance Sheet of UBL ASSET MANAGEMENT COMPANY LIMITED as at 31 March 2007 the Profit and Loss account and the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of the books;
3. The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts;
4. In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
5. On the basis of written representations received from the directors of the Company as at 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as Director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. Subject to our comments in note no. C(7) regarding managerial remuneration amounting to Rs. 6,226,293/- in schedule “J”, in our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in a manner so required and give a true and fair view.
   (a) in the case of the Balance Sheet, of the state of the company as at 31st March, 2007; and
   (b) in the case of the Profit and Loss account, of the LOSS of the Company for the period ended on that date.
   (c) In the case of Cash Flow statement, of the cash flows for the period ended on that date.

For H. N. Motiwalla & Co.,
Chartered Accountants

D N Shah
Partner
Mem. No. : 30566

Date: 5 April 2007
Place: Mumbai

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in the Auditors' Report to the members of UBL ASSET MANAGEMENT COMPANY LIMITED on the financial statement for the period ended 31 March 2007, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) The Management has physically verified all the assets during the period. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets.
   (c) No fixed assets have been disposed off during the period and do not affect the going concern assumption.
2. In our opinion, and according to the information and explanations given to us, the company's nature of operations does not require it to hold inventories. Consequently, clause 4(ii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
3. (a) According to the information and explanations given to us, the Company has not granted any loans covered in the register maintained under section 301 of the Companies Act, 1956, hence, sub-clause (b), (c) and (d) are not applicable.
   (e) The Company has accepted loans from the holding company, which is covered in the register maintained under Section 301 of the Companies Act, 1956.
   (f) Based on the information received and the explanations given, the rate of interest and the terms and conditions of the loans received is prima-facie not prejudicial to the interest of the Company.
   (g) Interest and principal amount are repaid regularly.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding Rs. 5 lakhs are reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed thereunder, apply.
7. At present, the Company has no internal audit system.
8. We are informed that the Central Government has not prescribed the Maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax and any other dues during the period with the appropriate authorities. We are further informed that the Company is not required to make any contribution under the Employees State Insurance Scheme, as it is not applicable to the Company. At 31st March, 2007, there are no undisputed dues payable for a period of more than six months from the date they became payable.
   (b) According to the information and explanations given to us, there are no amounts in respect of income tax, customs duty, wealth tax, cess, sales tax, excise duty that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has been incorporated during the year and consequently, clause 4(x) of the Companies (Auditors' Report) Order, 2003 is not applicable.
11. According to the information and explanations given to us, the Company has not defaulted on repayments for any outstanding debentures or any outstanding loans from any financial institution or a bank during the period.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. To the best of our knowledge and as confirmed by the management, no Special statutes applicable to a chit fund, nidhi or mutual benefit society are applicable to the Company.
14. Based on information and explanations provided by the management, clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

15. Based on information and explanations provided by the management, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. The Company has not taken any Term loan during the year.
17. The Company has not raised any Short-term loans and hence, this clause is not applicable.
18. The Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the period.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by public issues during the period.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period.

For H. N. Motiwalla & Co.,
Chartered Accountants

D N Shah
Partner
Mem. No. : 30566

Date: 5 April 2007
Place: Mumbai

UBL ASSET MANAGEMENT COMPANY LTD. - BALANCE SHEET

BALANCE SHEET AS AT 31 MARCH 2007

	Schd No.	Rupees	As At 31/3/2007 Rupees
SOURCES OF FUNDS EMPLOYED:			
Shareholders Funds :			
Share Capital	A	50,000,000	
			50,000,000
Loans	B		
Unsecured Loans		575,369	
			575,369
Total			50,575,369
APPLICATION OF FUNDS:			
Fixed Assets	C		
Gross Block		1,956,668	
Less: Depreciation		48,942	
		1,907,726	
Capital Work in Progress		1,016,602	2,924,328
Current Assets, Loans and Advances	D		
Cash and Bank Balances		23,602	
Loans and Advances		37,718,789	
Deferred Tax Assets		1,225,270	
		38,967,661	
Less: Current Liabilities and Provisions	E		
Current Liabilities		5,867,922	
		5,867,922	
Net Current Assets			33,099,739
Miscellaneous Expenditure	F		-
(To The Extent not Written Off)			
Profit and Loss Account			14,551,302
Total			50,575,369
Notes Forming Part of Accounts	J		

As Per Our Report of Even Date

For H. N. Motiwalla & Co.,
Chartered Accountants

D N Shah
Partner
Mem. No. 30566

Date: 5 April 2007
Place: Mumbai

For and on Behalf of the Board of Directors

B. Gopalakrishnan
Director

Alok Gupta
CEO & Managing Director

Maulesh J. Kantharia
Company Secretary

UBL ASSET MANAGEMENT COMPANY LTD. - PROFIT & LOSS ACCOUNT

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31 MARCH 2007

	Schd No.	As At 31/3/2007 Rupees
INCOME		
Miscellaneous Income	G	24,720
Total		24,720
EXPENDITURE		
Employees' Remuneration & Benefits	H	6,384,233
Administrative & General Expenses	I	8,906,818
Interest Paid		94,600
Depreciation		48,942
Total		15,434,593
Profit/(loss) Before Taxation		(15,409,873)
Less:		
Fringe Benefit Tax		(366,699)
Deferred Tax		1,225,270
Profit/(loss) After Tax		(14,551,302)
Balance Carried To Balance Sheet		(14,551,302)
Earning Per Share (Basic & Diluted)		(2.91)
Notes Forming Part of Accounts	J	

As Per Our Report of Even Date

For H. N. Motiwalla & Co.,

Chartered Accountants

D N Shah
Partner
Mem. No. 30566

Date : 5 April 2007
Place : Mumbai

For and on Behalf of the Board of Directors

B. Gopalakrishnan
Director

Alok Gupta
CEO & Managing Director

Maulesh J. Kantharia
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007
(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)

	2006 - 2007	
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before interest, tax and extraordinary items	(15,409,873)	
ADD :		
Adjustments for :		
Interest paid	94,600	
Depreciation	48,942	
Interest & Dividend Income	(24,720)	
Operating Profit before Working Capital	(15,291,051)	
Adjustments for :		
Interest Paid	(94,600)	
Loan & Advances	(37,718,789)	
Short term borrowings	6,443,291	
Cash generated from Operations	(46,661,149)	
Income tax paid	(366,699)	
Cash flow before extraordinary items	(47,027,848)	
NET CASH FLOW FROM OPERATING ACTIVITIES		(47,027,848)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,973,270)	
Interest received	24,720	
NET CASH FLOW FROM INVESTING ACTIVITIES		(2,948,550)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares	50,000,000	
		50,000,000
NET CASH FLOW FROM FINANCING ACTIVITIES		23,602
D. NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalent at the beginning of the year		-
Cash and Cash Equivalent at the end of the year		23,602

As Per Our Report of Even Date
For H. N. Motiwalla & Co.,
Chartered Accountants

D N Shah
Partner
Mem. No. 30566

Date : 5 April 2007
Place : Mumbai

For and on Behalf of the Board of Directors

B. Gopalakrishnan
Director

Alok Gupta
CEO & Managing Director

Maulesh J. Kantharia
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31 MARCH 2007

	As at 31/3/2007 Rupees
LIABILITIES	
SCHEDULE - A : SHARE CAPITAL	
AUTHORISED	
5,000,000 EQUITY SHARES OF RS.10/- EACH	50,000,000
TOTAL	50,000,000
ISSUED AND SUBSCRIBED	
5,000,000 EQUITY SHARES OF Rs.10/- EACH FULLY PAID UP	50,000,000
[All the shares are owned by Holding Company - UTI Bank Ltd]	
TOTAL	50,000,000
PROFIT & LOSS A/C	(14,551,302)
TOTAL	(14,551,302)

SCHEDULE - B : LOAN FUNDS

UNSECURED LOANS	
From Shareholders	575,369
TOTAL	575,369

SCHEDULE - C : FIXED ASSETS

SR. NO.	PARTICULARS	GROSS BLOCK [AT COST]				DEPRECIATION				NET BLOCK	
		OPENING BLOCK	ADDITIONS	DEDUCTION	TOTAL	UPTO 31/3/2006	DEDUCTION	FOR THE YEAR ENDED 31/3/2007	TOTAL	AS AT 31/3/2007	AS AT 31/3/2006
1	Computer	-	126,669	-	126,669	-	-	7,189	7,189	119,480	-
2	Motor Car	-	1,800,000	-	1,800,000	-	-	40,685	40,685	1,759,315	-
3	Mobile Phones	-	29,999	-	29,999	-	-	1,068	1,068	28,931	-
	TOTAL Rs.	-	**1,956,668**	-	**1,956,668**	-	-	**48,942**	**48,942**	**1,907,726**	-

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31 MARCH 2007

	As at 31/3/2007 Rupees
ASSETS	
SCHEDULE - D : CURRENT ASSETS, LOANS & ADVANCES	
Cash and Bank Balances UTI Bank Ltd	23,602
LOANS AND ADVANCES	
Advances recoverable in cash or kind or for value to be received	1,698,839
Sundry Deposits	36,019,950
TOTAL	37,742,391
SCHEDULE - E : CURRENT LIABILITES & PROVISIONS	
A: CURRENT LIABILITIES	
Sundry Creditors	1,061,565
Duties & Taxes Payable	2,322,513
Other Liabilities	2,483,844
TOTAL	5,867,922
SCHEDULE - F : MISCELLANEOUS EXPENDITURE	
Preliminary Expenses	565,670
Pre Operative Expenses	4,142,387
	4,708,057
Less: Written off during the year	(4,708,057)
TOTAL	-

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31 MARCH 2007

	As at 31/3/2007 Rupees
SCHEDULE - G : MISCELLANEOUS INCOME	
Other Income	24,720
TOTAL	24,720
SCHEDULE - H : EMPLOYEES' REMUNERATION & BENEFITS	
Salaries & Perquisites	6,237,096
PF Contribution & Charges	1,879
Rent - Residential Premises	100,000
Staff Welfare Expenses	45,258
TOTAL	6,384,233
SCHEDULE - I : ADMINISTRATIVE & GENERAL EXPENSES	
Auditors' Remuneration	56,120
Conveyance	1,723
Brokerage	830,576
Filing fees (ROC)	1,500
Legal Charges	47,165
Professional Fees	776,516
Misc. Expenses	4,968
Maintenance Charges	24,489
Membership Fees	14,135
Motor Car Expenses	24,197
Car Hire Charges	113,765
Office Exps	16,087
Rent	1,500,000
Seminar Expenses	285,040
Software Expenses	8,840
Telephone	30,450
Travelling Charges - Local	123,886
Travelling Charges - Foreign	339,304
Preliminary & Preoperative Expenses w/off	4,708,057
TOTAL	8,906,818

SCHEDULE - J : NOTES ON ACCOUNTS

(A) BACKGROUND:

UBL ASSET MANAGEMENT COMPANY LIMITED was incorporated as a limited Company on October 3, 2006 to carry on the activities of managing directly or indirectly investments, managing mutual funds, Venture Capital funds, off-shore funds, pension funds, provident funds, insurance funds or any other funds and to promote, manage and carry on any Venture Capital Funds operation, Investment or pool of or concerning any shares, stocks, debentures stocks, bonds, unit loans, money market investments or obligations or other securities or investments of any kind or description either directly or for the benefit of person or persons and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives of or for mutual funds, venture capital funds, offshore funds, pension funds, provident funds, or any other funds formed or established in India or elsewhere by the company or any other person (whether incorporated or not) or by any government, state, local authority, association, institution (whether incorporated or not) or any other agency or organization. UTI BANK LTD owns 100% of the paid-up share capital of the Company.

(B) SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation

The accompanied financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 to the extent applicable.

2. Use of Estimates

The Preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Any revisions to the accounting estimates are recognized prospectively in the future periods.

3. Fixed Assets and Depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation (including on assets given on operating lease) is provided on the STRAIGHT LINE METHOD from the date of addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of fixed assets at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on management's estimates of the useful life / remaining useful life. Pursuant to this policy, depreciation has been provided using the following estimated useful lives.

Assets	Estimated useful life
Computers Hardware	3 years
Vehicles	4 years
Mobile Phone	2 years

All Fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of installation.

4. Revenue Recognition

   Interest income is recognized in the Profit & Loss account on an accrual basis.

5. Transaction in foreign currency

   Transactions in foreign currency are recorded at the exchange rate prevailing on the dates of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account of the period.

6. Retirement Benefits

   (i) The Company has made contribution of provident fund to the Regional Provident Fund Commissioner, Mumbai as the PF registration is under process.

   (ii) The payment of Gratuity Act, 1972 is yet not applicable to the Company.

7. Preliminary and Pre-operative Expenditure

   Preliminary expenditure comprises of registration fees, legal and professional fees and other charges, which are fully charged to the profit and loss account of the current period.

   Pre-operative expenditure comprises expenses incurred till the date of commencement of the business activities of the Company and is fully charged to profit and loss account of the current period.

8. Income Tax

   Deferred Tax assets and liabilities arising on account of timing difference between taxable and accounting incomes for the period, is recognized keeping in view the consideration of prudence in respect of deferred tax assets in accordance with Accounting Standard 22.

9. Earning Per Share

   The basic earning per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares outstanding during the year.

10. Contingencies

   Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

(C) OTHER NOTES:

1. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs. 35,60,748/- (Net of advances).

2. Lease Premises

Office premises and Residential premises at Mumbai are obtained on lease. The lease term is 36 months for office and 36 months for residence. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangements. There are no subleases. During the current year the amount charged to the profit and loss account is Rs. 1,600,000/-.

Minimum Lease Payments

	Not Later than 1 year	Later than 1 year & not later than 5 years	Later than 5 years
Amount	12,480,000	23,360,000	NIL

3. No Provision for Income Tax has been made since, there is not taxable income as per Income Tax Act, 1961.

4. The Deferred Tax Asset/(Liability)comprises of tax effect of timing differences on Depreciation and Preliminary expenses and Pre-operative expenses.

Particulars	As at 31-03-2007
Deferred Tax Assets	1,267,786
Deferred Tax Liabilities	(42,516)
Net Deferred Tax Assets	1,225,270

5. Information on related party transactions as required by Accounting Standard - 18 for the period ended on 31st March 2007.

The related parties of the Company are broadly classified as:

(a) *Promoter*

UTI Bank Limited

(b) *Key Management Personnel*

Mr. Alok Gupta *(Managing Director and C.E.O.)*

Details of transactions

ITEM	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Total
Managerial Remuneration	-	60,15,325	-	6,015,325
Interest paid on Loan	94,600	-	-	94,600
Interest received on deposit	24,720	-	-	24,720
Loan received	5,75,000	-	-	575,000
Deposit Given	-	-	-	-

6. Earnings Per Share

In accordance with Accounting Standard 20 on Earnings per share issued by the ICAI, the following is the calculation of the basic and diluted earnings per share:

(a) Shareholders Earnings (as per Profit and Loss Account) Net loss for the period	(14,551,302)
(b) Weighted average number of equity shares (par value of Rs. 10 each) Number of Shares issued during the period	5,000,000
(c) Basic and diluted earnings per share (a/b)	(2.91)

7. Managerial Remuneration

(a) Mr. Alok Gupta was appointed a CEO on 3 October, 2006. He was appointed as an additional Director and also as Managing Director with effect from 13 October, 2006.

(b) The requirements of sections 198, 269, 310 and 311 read with Schedule XIII of the Companies Act, 1956 have not been complied with.

(c) The particulars of Managerial Remuneration payable by the Company for the period 03.10.2006 to 31.03.2007 is given below :

Particulars	Rs.
Salaries	5,524,281
Perquisites	491,044
Contribution to Provident & other funds	210,968
TOTAL	6,226,293

(d) Computation of net profits in accordance with Section 309(5) of the Companies Act, 1956 has not been given since no commission is payable.

8. Expenditure in foreign currency:

Particulars	Period ended March 31, 2007(Rs.)
Travelling Expenses	1,012,473
Seminar Expenses	181,747
TOTAL	1,194,220

9. The Breakup of Preliminary and Pre-operative expenses is as under:

Breakup of Preliminary Expenses

Heads	Amount
Stamp Duty - Share Issue Expenses	50,000
Franking Charges	100,440
Filing Fees	358,000
Franking Charges	110
Professional Fees	57,120
TOTAL	565,670

Breakup of Pre Operative Expenses

Heads	Amount
Recruitment Expenses	3,171,700
Motor Car Expenses	5,886
Filling Fees	1,000
Telephone Expenses	18,485
Legal Expense	9,504
Car Hire Charges	100,574
Electricity Expenses	970
Business Promotion	1,294
Travelling (Foreign)	308,424
Shifting Expense	495,854
Seminar Expenses	27,500
Office Expenses	1,196
TOTAL	4,142,387

10. Disclosure under Part II of Schedule VI of the Companies Act, 1956 have been made to the extent applicable to the Company.

11. Previous period comparatives:

This being the first year of operations of the Company no comparative figures are available.

Balance sheet abstract and Company's general business profile

I. Registration details

Registration No.	11-165039	State Code	11
Balance Sheet Date	31/03/2007		

II. Capital raised during the year (Amount in Thousand Rupees)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	50,000

III. Position of mobilization and deployment of funds (Amount in Thousand Rupees)

Total Liabilities	50,575	Total Assets	50,575
Source of funds			
Paid up Capital	50,000	Reserve & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	575
Application of funds			
Net Fixed Assets	2,924	Investments	Nil
Net Current Assets	31,875	Deferred Tax Asset	1,225
Accumulated Losses	14,551		

IV. Performance of the Company (Amount in Thousand Rupees)

Turnover	Nil	Total Expenditure	15,435
+ -		+ -	
Profit / Loss before Tax	(15,410)	- Profit / Loss after Tax	(14,551)
Earnings per Share (Rs.)	(2.91)	Dividend Rate (%)	-

V. Generic names of three principal Products/ Services of the Company (as per monetary terms)

Item Code No.	N O T A P P L I C A B L E
Product Description	A S S E T M A N A G E M E N T S E R V I C E S

For and on behalf of the Board of Directors

B. Gopalakrishnan
Director

Alok Gupta
CEO & Managing Director

Dated: 5 April 2007
Place: Mumbai

Maulesh J. Kantharia
Company Secretary

DUBAI

a modern day oasis, transformed from a small trading port to a regional business and trading hub through entrepreneurial daring and vision

LIST OF BRANCHES AND EXTENSION COUNTERS

ANDAMAN & NICOBAR ISLANDS (U.T.)

PORT BLAIR
Middle Point

ANDHRA PRADESH

ALAMURU
Mandapeta to Alamuru Road
ANANTAPUR
Saptagiri Circle, Subhash Road
BAPATLA
Radam Bazar
CHINNAMIRAM
J.P. Road
CHITTOOR
Prakasam High Road
EDARAPALLI
Near RTC Complex
GAJUWAKA
NH-5, Old Gajuwaka
GUDIVADA
Eluru Road
GUNTUR
Naaz Centre
HYDERABAD
A.S. Rao Nagar
Ashok Nagar
Charminar
Dilsukhnagar
Humayun Nagar
Begumpet Road
Commercial Tax Office Extension - Counter, Nampally
NIFT Extension Counter, Madhapur
Vanenburg IT Park Extension Counter - Madhapur
Jubilee Hills
Kukatpally
Sanjeeva Reddy Nagar
Secunderabad
Service Branch - Begumpet
Service Branch/CPC - M G Road
Srinagar Colony
Tarnaka
JANGAREDDIGUDEM
Eluru Road
KAKINADA
Subhash Road
KARIMNAGAR
Mukarrumpura
KHAMMAM
Vyra Road
KURNOOL
R.S. Road
MACHILIPATNAM
Kennady Road
MIRYALGUDA
Sagar Road
NARASARAOPET
Arundelpet
NELLORE
G T Road
NIZAMABAD
Hyderabad Road
ONGOLE
Trunk Road
PAIDIPARRU
Tadepalligudem Road
POOLAPALLE
Palakole-Bhimavaram Road
RAJAHMUNDRY
Vygram Road
TENALI
Prakasam Road
VIJAYAWADA
Ring Road
Anurag Hospitals Extension Counter - KT Road
VISAKHAPATNAM
Dwaraka Nagar
Lions Club of Visakhapatnam Extension - Counter, Waltar Main Road
Ambedkar College of Technology & Science (MVP Colony) Extension - Counter
WARANGAL
Chowrastra

ARUNACHAL PRADESH

ITANAGAR
Teli Plaza

ASSAM

GUWAHATI
G.S. Road
LIC Divisional Office Extension Counter - (Jeevan Prakash, SS Road)
Paltan Bazar, A.T. Road
JORHAT
A.T. Road
SILCHAR
Shyama Prasad Road
TINSUKIA
Chirwapatty Road

BIHAR

BHAGALPUR
Patal Babu Road
MUZAFFARPUR
Club Road
PATNA
Boring Road
S.P. Verma Road

CHANDIGARH (U.T.)

CHANDIGARH
Sector 35-B -
LIC of India Extension Counter, Jeevan - Prakash Building
Madhya Marg, Sector 8-C
Service Branch/CPC - Sector 34 A
MANIMAJRA
Chandigarh-Shimla Road

CHHATISGARH

BHILAI
Uttar Gangotri
BILASPUR
New Bus Stand
KORBA
Power House Road
RAIGARH
Jagatpur
RAIPUR
Jeevan Bima Marg

DAMAN & DIU (U.T.)

DAMAN
Teen Batti

DELHI

DELHI
Ashok Vihar
Chandni Chowk
Chittaranjan Park
Daryaganj
Defence Colony
Dwarka
Greater Kailash - I (E-64)
Greater Kailash - II (S-266)
Green Park
NIFT, Hauz Khas Extension Counter

Janakpuri
Karkardooma
Karol Bagh
Khan Market
Kirti Nagar
Krishna Nagar
Lajpat Nagar
Malviya Nagar
Mayur Vihar
Model Town
Najafgarh
Barakhamba Road
Ministry of Defence Extension - Counter (E Block, DHQ PO)
Ministry of Urban Development - Extension Counter (Nirman Bhavan - Maulana Azad Road)
Palam
Paschim Vihar
Pitampura
Punjabi Bagh
Rajinder Nagar
Rajouri Garden
Shadley Public School Extension - Counter (Press Colony, G8 Road - Rajouri Garden)
Rohini, Sector 9
Rohini, Sector 7
Saket
Service Branch - Parliament Street
Shakti Nagar
Shalimar Bagh
Swasthya Vihar
Vasant Kunj
Vasant Vihar
Vikaspuri

GOA

MAPUSA
Angod
MARGAO
Padre Miranda Road
PANJIM
Dr. Atmaram Borkar Road
VASCO
Swatantra Path

GUJARAT

AHMEDABAD
Ellis Bridge
Office of Commissioner of Sales Tax - Extension Counter, Ashram Road
Asarwa
Maninagar
Naranpura
Relief Road
S.G. Highway
Service Branch - Ellis Bridge
Shahibaug
Vastrapur
Vejalpur
AMRELI
Near Nagnath Temple
ANAND
Subhash Road
ANKLESHWAR
Gujarat Indl Development Corpn (GIDC)
ATUL
Atul Complex
BARDOLI
Sardar Baug
BHARUCH
Old NH No. 8
BHAVNAGAR
Waghawadi Road
DAHOD
Station Road
DEESA
Railway Station Road
GANDHIDHAM
Sector 12 B
GANDHINAGAR
Sector-16
GODHRA
Prabha Road
HIMATNAGAR
Opp. Civil Hospital
JAMNAGAR
Pandit Nehru Marg
JUNAGADH
N.K. Mehta Road
KALOL
Vakharia P J High School Campus
MADHAPAR
Near Panchayat Office
MEHSANA
Highway Road
MUNDRA
Mundra Port & SEZ Ltd.
NADIAD
College Road
NAVSARI
Navsari Gandevi Road
PALANPUR
College Road
PATAN
Station Road
PORBANDAR
M. G. Road
RAJKOT
Kalawad Road
SURAT
Ghod Dod Road
Sanskar Bharti School Extension - Counter (Rander Road, Palanpur Patia)
Textile Market, Ring Road
SURENDRANAGAR
S. T. Road
VADODARA
Karelibaug
Nizampura
Race Course Circle-North
Aditi Vidyalaya Extension Counter - (Dawat Bhavan's Road, Manjalpur)
Shri Sayaji General Hospital - Extension Counter (Sayajigunj)
VALLABH VIDYANAGAR
Near H. M. Patel House
VALSAD
Halar Road
VAPI
Near Koparli Road
VISNAGAR
Gunz Bazar Road

HARYANA

AMBALA CANTONMENT
JLN Marg
BHIWANI
Circular Road
FARIDABAD
Ballabhgarh
1-2 Chowk, N.I.T.
GURGAON
D.L.F. City
RITES Ltd. Office Complex - Extension Counter - (Sector-29, Plot No.1)
Old Delhi-Gurgaon Road
HISSAR
Commercial Urban Estate
KAITHAL
Ambala Road
KARNAL
Mall Road
KURUKSHETRA
Railway Road
PALWAL
New Colony Road
PANCHKULA
SCO 10, Sector 10
PANIPAT
G.T. Road
REWARI
Circular Road

ROHTAK
Delhi Road
SADAURA
Opposite DAV Public School

HIMACHAL PRADESH

BADDI
Sai Road
SHIMLA
Kasumpti

JAMMU & KASHMIR

JAMMU
Rail Head Complex

JHARKHAND

BOKARO
Bokaro Steel City
DHANBAD
Bank More
JAMSHEDPUR
Bistupur
Sakchi
RAMGARH
Ramgarh Cantt.
RANCHI
Albert Ekka Chowk

KARNATAKA

BANGALORE
Banashankari
M. G. Road
Basaveswarnagar
Sri Vidya Kendra High School - (Peenya) Extension Counter (NH-4)
Vidya Vardhaka Sangha - (Rajajinagar) Extension Counter - (Saptharshidama)
Cox Town
Indiranagar
J.P. Nagar
Jayanagar
Chamarajapet Sri Rama Mandira - Association Extension Counter - (5th Main Road, 6th Cross)
Koramangala
NIFT (HSR Layout) Extension - Counter
Malleswaram
Marathahalli
R.T. Nagar
Service Branch - K H Road, Santhi - Nagar
Vijayanagar
Whitefield
Yelahanka
Green Country Public School - Extension Counter (Kodigehally Cross Bus Stop, Bellary Road)
BELGAUM
Congress Road
BELLARY
Main Road, Parvathi Nagar
BIDAR
B.V.B. College Road
DAVANGERE
P.B. Road
GADAG
J.T Mutt Road
GOKAK
Bus Stand Road
GULBARGA
Super Market
HASSAN
B M Road
HUBLI
Deshpandenagar
Service Branch/CPC - Deshpande - Nagar
JAMKHANDI
Kudachi Road
KARWAR
Green Street
MANGALORE
Bunts Hostel Circle
Mangalore Chemical & Fertilizers - Ltd. (Penambur) Extension Counter
MYSORE
Temple Road
RAICHUR
Station Road
SAIDAPUR
Mahalingapura SO
SHIMOGA
JPN Road
TUMKUR
B.H. Road
UDUPI
Near Diana Circle

KERALA

ALAPPUZHA
Cullen Road
ALUVA
Palace Road
CALICUT (KOZHIKODE)
YMCA Cross Road
KANNUR
Muneeswarankoil Road
KOCHI
Rajaji Road
Wellington Island Extension - Counter (Bristow Road, Casino - Hotel Annex)
KOLLAM
Asramam Road
KOTTAYAM
M.C.Road
MALAPPURAM
Down Hill
PALAKKAD
English Church Road
PATHANAMTHITTA
General Hospital Road
THIRUVANANTHAPURAM
M.G. Road
Salvation Army India South - Western Territory Extension - Counter, (Kowdiar-Kuravanconam Rd)
THODUPUZHA
Opp. Mini Civil Station
THRISSUR
City Centre
TIRUVALLA
M.C. Road

MADHYA PRADESH

BHOPAL
M. P. Nagar
Koh-E-Fiza Extension Counter - (Reliable House)
DEWAS
A. B. Road
GWALIOR
Shrimant Madhavrao Scindia Marg
HOSHANGABAD
Sadar Bazar
INDORE
Yeshwant Niwas Road
Priyadarshini Mahavidyalaya - Extension Counter, Mishra Nagar
Sayaji Hotels Extension Counter - (Vijaynagar, Scheme No. 54)
Sapna Sangita Road
JABALPUR
Napier Town
KATNI
Opposite Old Collectorate
NEEMUCH
Vijay Talkies Compound
RATLAM
Do Batti
REWA
Pilikothi Road

SATNA
Rewa Road
UJJAIN
Dewas Road

MAHARASHTRA

AHMEDNAGAR
Tilak Road
AMRAVATI
Near Jaistambh Chowk
AURANGABAD
Adalat Road
BARAMATI
Bhigwan Road
BHAYANDER (MIRA ROAD)
Royal English School (Mira Road - East) Extension Counter (Station - Road)
Father Joseph English High School - (Bhayander-East) Extension Counter - (Navghar Road)
CHAKAN
Nr Mahatma Phule Market Yard
DEVALALI (NASHIK)
Umrao Plaza (43 Field Regiment) - Extension Counter
DHULE
Lalbaug
DINDORI
Nashik- Kalwan Road
DOMBIVLI (E)
Station Road
ISLAMPUR
Near Asta Naka
JALGAON
M G Road
JALNA
Head Post Office Road
KALYAN
Shri Brihad Gujarat Educational - Society, Kalyan (West) Extension - Counter (Bail Bazar)
KOLHAPUR
Station Road
MUMBAI
Andheri (East)
Andheri (West)
Nanavati Hospital (Vile Parle-East) - Extension Counter (SV Road)
Bandra (W)
UTI Tower (BKC) Extension Counter - (Bandra-East)
Bandra-Kurla Complex
Bhandup- West
Borivali - East
Borivali (West)
St Francis High School Extension - Counter (IC Colony, Laxman Mhatre - Road)
Thakur Shyamnarayan High School - (Kandivli-East) EC (Evershine - Millennium Paradise)
Chembur
Crawford Market
Cuffe Parade
Dadar East
Fort
Ghatkopar - East
Goregaon (East)
Goregaon-Malad Link Road
Kandivali (East)
Kandivali (West)
Khar (West)
Lamington Road
LBS Marg, Mulund
Malad
MIDC, Andheri (East)
Mulund West, Zaver Road
Napean Sea Road
Nariman Point
New Marine Lines
Powai
Service Branch - Janmabhoomi - Bhavan, Fort
Service Branch - Corporate Park - Chembur
Service Branch/CPC, Sion-Trombay - Road, Chembur
Shivaji Park
Springfields
Vile Parle (East)
Vile Parle (West)
Worli
NAGPUR
Lakadganj
Sitabuldi
NALASOPARA
Shripal Plaza
NANDED
Vazirabad
NASHIK
Sharanpur Road
NEW BOMBAY
Kharghar
Nerul - West
Vashi
PANVEL
Shivaji Chowk
PIMPALGAON
Mumbai-Agra Road
PIMPRI CHINCHWAD
Station Road, Chinchwad Gaon
PUNE
Baner
Bundgarden
Hadapsar
Kalyani Nagar
Kothrud
Pune (Camp)
JM Road
Sahakar Nagar
Senapati Bapat Marg
Service Branch - Sacred Heart Town - Wanawadi
Service Branch/CPC, Bhandarkar Road
Wanawadi
RATNAGIRI
M.D. Naik Road
SANGLI
Ambrai Road
SATARA
G D Tapase Marg
SOLAPUR
Dufferin Chowk
THANE
Manpada
LBS Marg, Naupada
Hiranandani Foundation School - Extension Counter (Patlipada - Godbhundar Rd, Thane-W
Utalsar
VASAI
Vasai Road
VIRAR
Agashi Road
YAVATMAL
Azad Maidan Road

MEGHALAYA

SHILLONG
Jail Road

MIZORAM

AIZAWL
Chanmari

NAGALAND

DIMAPUR
Circular Road
KOHIMA
Opp. UBC Church

ORISSA

ANGUL
Main Road
BALASORE
O T Road

BARBIL
Opp. Barbil Bus Stand
BARGARH
NH 6
BERHAMPUR (GANJAM)
Tata Benz Square
BHADRAK
Salandi By Pass
BHUBANESWAR
Satyanagar
Stewart School Extension Counter -
(CRP Square, Unit 8)
Chandrasekharpur
Kalpana Square
CUTTACK
Dolamondai
JPM Eye Hospital Extension -
Counter (CDA, Sector VI, Bidanasi)
JAJPUR
Bank Street
JHARSUGUDA
By Pass Road
PURI
Badasankha
RAYAGADA
Rayagada Nagar Mouza
ROURKELA
Kachery Road
SAMBALPUR
Ashok Talkies Road

PONDICHERRY

PONDICHERRY
Bussy Street

PUNJAB

ABOHAR
Circular Road
ADDA DAKHA
Ferozepur Road
AMRITSAR
Court Road
BAGHA PURANA
Mudki Road
BARNALA
College Road
BATHINDA
TP Scheme
DERABASSI
Chandigarh – Ambala Road
FARIDKOT
Circular Road
FEROZEPUR
1 - The Mall
GURDASPUR
Tibri Road
HOSHIARPUR
Main Court Road
JAGRAON
Tehsil Road
JALANDHAR
Mahavir Marg
KAPURTHALA
Mall Road
KHANNA
G.T. Road
LUDHIANA
The Mall
Miller Ganj
MALERKOTLA
Satta Bazar Road
MALOUT
G T Road
MANSA
Water Works Road
MOHALI
S A S Nagar
NABHA
Dr. Ambedkar Market
PATIALA
The Mall Road
PATTI
Ward No. 16
PHAGWARA
G. T. Road
PHULLANWALA
Pakhowal Road
RAJPURA
Caliber Market
SAMANA
Main Road
SANGRUR
Kaula Park Market
SUDHAR
Raikot Road
TARN TARAN
Amritsar Road
THREEKE
Ferozpur Road

RAJASTHAN

AJMER
Kutchery Road
ALWAR
Road No.2
BHILWARA
Pur Road
BIKANER
Rani Bazar Road
GANGANAGAR
Jawahar Nagar
JAIPUR
Ashok Marg
Sanganer
Tilak Nagar
Vaishali Nagar
JODHPUR
Chopasni Road
KOTA
Shopping Centre
RAWATBHATA
Anukiran Colony
UDAIPUR
Chetak Marg

SIKKIM

GANGTOK
M.G. Road
RANGPO
31 A National Highway

TAMIL NADU

ARNI
Thatchur Road
CHENNAI
Adyar
Annanagar
ICF Perambur Extension Counter -
(Shell Division)
Annasalai
Ashok Nagar
Mylapore
Shastri Bhavan Extension Counter -
(Haddows Road, Nungambakkam)
Tamil Nadu Housing Board -
(Nandanam) Extension Counter -
(Annasalai)
George Town
Madipakkam
Mogappair
Nanganallur
Neelangarai
Purasawalkam High Road
Ramapuram
Service Branch - Dr. Radhakrishnan -
Salai
Service Branch/CPC, Annasalai
T. Nagar
Kesari School Extension Counter -
(Thyagaraya Road)

Tambaram
Velachery Tambaram Main Road
Virugambakkam
COIMBATORE
Rasi Hospital Extension Counter -
(D.B. Road, R.S. Puram)
Avinashi Road
Trichy Road
DINDIGUL
Salai Road
ERODE
Perundurai Road
KARUR
Dindigul Road
MADURAI
Goods Shed Street
NAGERCOIL
Court Road
OOTY (OOTACAMUND)
Ettines Road
POLLACHI
Kovai Road
SALEM
Omalur Main Road
SATHYAMANGALAM
Mysore Trunk Road
SIVAKASI
Rajarathnam Street
THANJAVUR
LIC of India (Thanjavur) Extension -
Counter (Jeevan Chola Bldg, Trichy Road)
THENI
Madurai Road
TIRUNELVELI
East Car Street
TIRUPUR
Court Street
TRICHY
Salai Road
TUTICORIN
Palayamkottai Road
VILLUPURAM
Trichy Road

TRIPURA

AGARTALA
HG Basak Road

UTTAR PRADESH

AGRA
Sanjay Place
ALIGARH
Ramghat Road
ALLAHABAD
M.G. Marg
BAREILLY
Civil Lines
FAIZABAD
Civil Lines
GHAZIABAD
Ambedkar Road
GORAKHPUR
Bank Road
JHANSI
Civil Lines
KANPUR
The Mall
LUCKNOW
Hewett Road
Indira Nagar
Ashok Marg
MATHURA
Junction Road
MEERUT
Civil Lines
MIRZAPUR
Badali Katara (Beltar)
MORADABAD
Civil Lines
NOIDA
Sector 16
S.T. Microelectronics Private Ltd., -
Extension Counter -
(Knowledge Park III)
Sector 18
SAHARANPUR
Court Road
VARANASI
Sigra

UTTARAKHAND

DEHRADUN
Rajpur Road
Service Branch/CPC - New Road
HARIDWAR
Main Haridwar-Delhi Road
KASHIPUR
Station Road
MUSSOORIE
The Mall
PANDRI
Sitarganj Road
RISHIKESH
Dehradun Road
ROORKEE
Civil Lines
RUDRAPUR
Nainital Road

WEST BENGAL

AMTALA
Diamond Harbour Road
ARAMBAGH
Link Road
ASANSOL
Sen Raleigh Road
BAHARAMPUR
K K Banerjee Road
BANKURA
Nutan Chati
BARRACKPORE
S. N. Banerjee Road
BARUIPUR
Kulpi Road
BASIRHAT
Basirhat Municipality Extension -
Counter (Opp. Basirhat College)
BOLPUR
Shantiniketan Road
BURDWAN
G. T. Road
CHANDERNAGORE
Barabazar
Hooghly-Chinsurah Municipality -
Extension Counter (Pipulpati)
CONTAI
Serpur Etwaribar
DANKUNI
T.N. Mukherjee Road
DARJEELING
Laden La Road
DIAMOND HARBOUR
Mouza – Raynagar
DURGAPUR
Sahid Khudiram Sarani
HABRA
Jessore Road
HALDIA
Basudevpur
HOWRAH
G.T. Road (South)
Panchanantala
JALPAIGURI
BDC Road
KALNA
Saptagram Kalna Katwa Road
KALYANI
(B-9/276 (CA))
KATWA
Najrul Sarani
KHARAGPUR
Malancha Road

KOCH BIHAR
Sunity Road
KOLKATA
Airport
Baguiati
Behala
Burra Bazar
C I T Road
Dalhousie Square
Dum Dum
Dunlop Bridge
Electronic Complex
Garia
Golpark
Kankurgachi
Shakespeare Sarani
Lake Town
New Alipore
Prince Anwar Shah Road
Rash Behari Avenue
Salt Lake City
Eastern Zonal Cultural Centre - Extension Counter (Sector III - Salt Lake City)
Sarat Bose Road
Service Branch - Shakespeare Sarani
Service Branch/CPC, Shakespeare - Sarani
Shyambazar
Tollygunge
KONNAGAR
G. T. Road
KRISHNANAGAR
M.M. Ghosh Street
MADHYAMGRAM
Madhyamgram Extension Counter - (Najrul Satabarshiki Sadan - Chowmatha)
MAHESHTALA
Budge Budge Trunk Road
MALDA
K J Sanyal Road
MEMARI
G.T. Road
MIDNAPUR
Station Road
NABAPALLY
Sangam Market
PANIHATI
B. T. Road
PURULIYA
Ranchi Road
RISHRA
Stepping Stone School (Rishra) - Extension Counter (Bangur Park)
SERAMPORE
T. C. Goswami Street
SILIGURI
Sevoke Road
Don Bosco School Extension Counter - (Sevok Road)
TAMLUK
Main Road

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