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ANNUAL REPORT 2005-2006

**IndusInd
Bank**



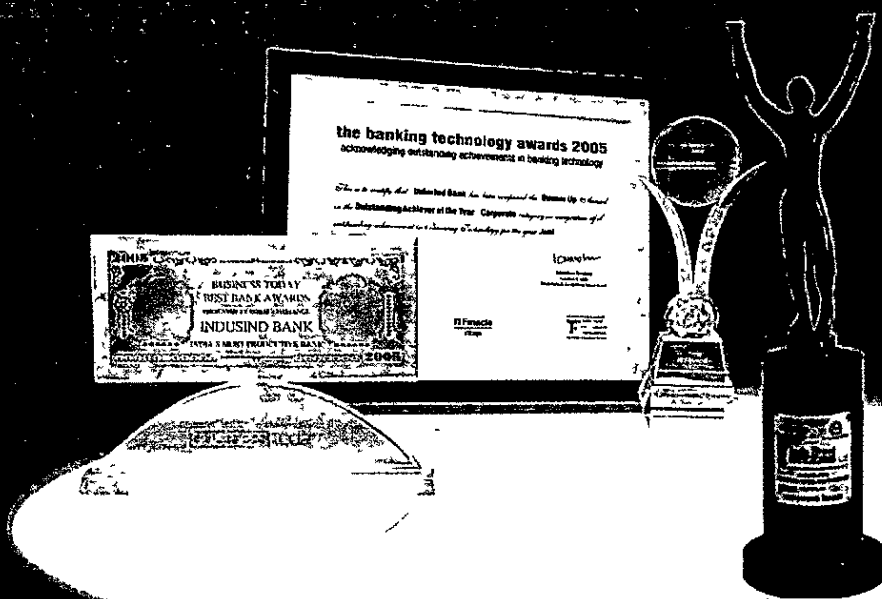
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*T*his year IndusInd Bank looked to achieve customer satisfaction and lots more too. Our efforts have been recognised and acknowledged by various research surveys conducted and awards conferred.

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

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

Board of Directors

Mr R J Shahaney, Chairman

Dr Ram Buxani

Mr R Sundararaman

Mrs Kanchan U Chitale

Mr T Anantha Narayanan

Dr T T Ram Mohan

Mrs Pallavi S Shroff

Mr Bhaskar Ghose, Managing Director

Mr S Nagarajan, Joint Managing Director

Company Secretary

Mr Suresh T Viswanathan

Top Management Team

Mr S V Zaregaonkar - Exec Vice President & CFO

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

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

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

Mr S V Parthasarathy - Exec Vice President - Retail Operations

Auditors

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

Solicitors

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

Registrar & Share Transfer Agent

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

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Registered Office

2401, Gen Thimmayya Road
(Cantonment)
Pune - 411001

Corporate Office

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

Retail Banking Division (Chennai)

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

To All Members,

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

Financial Performance

(Rs in crores)

	As on March 31, 2006	As on March 31, 2005
Deposits	15006 30	13114 28
Advances	9310 46	8999 75
Operating Profit (before depreciation and provisions and contingencies)	260 56	446 10
Net Profit	- 36 82	210 14

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

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

Your Directors recommend appropriation of profit as under

Rs in crores

Operating Profit before Depreciation	260 56
Less Depreciation on Fixed Assets	35 99
Less Provisions and Contingencies	187 75
Net Profit	36 82
Add Transfer from Investment Fluctuation Reserve	78 90
Amount available for Appropriation	115 72
Transfer to Statutory Reserve	9 21
Transfer to Capital Reserve	1 42
Balance carried over to Balance Sheet	105 09
Total Appropriations	115 72

Dividend

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

Future Outlook

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

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

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

Share Capital

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

Tier II Capital

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

Capital Adequacy

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

Ratings

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

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

Directors

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

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

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

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

Auditors

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

Auditors' Report

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

Statutory Disclosures

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

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

Considering the nature of activities as an entity in the financial services sector, the provisions of Section 217(1) (e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to your Bank. The Bank has however, made optimum use of information technology in its operations

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

Corporate Governance

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

Directors' Responsibility Statement

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

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

Awards and Achievements

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

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

Acknowledgement

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

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

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

For and on behalf of the Board of Directors

R. J. Shahaney
Chairman

Mumbai, July 29, 2006

Macro Economic Scenario - National

Indian economy maintained its strong performance for the third successive year during 2005-06, largely led by sustained growth in industry and services sectors. According to the advance estimates of the Central Statistical Organisation (CSO), real GDP growth accelerated from 7.5 per cent in 2004-05 to 8.1 per cent in 2005-06. The services sector, which recorded double-digit growth for the second successive year, continued to be the major driver of economic activity, contributing almost three-fourth of overall real GDP growth during 2005-06. The growth in agricultural sector improved to 2.3%, compared to 0.7% in the preceding year.

Industrial production registered strong growth during 2005-06 on the back of robust and broad-based manufacturing activity. CSO has estimated the growth in industrial sector at 8.0 per cent in 2005-06 compared to 7.4 per cent in the previous year. The manufacturing sector recorded a growth of 9.4 per cent in 2005-06 on top of 8.1 per cent rise in the preceding year. Strong and continuing demand both on domestic and export fronts supported by positive business and consumer confidence led to better capacity utilisation and capacity expansion. Production of capital goods and consumer goods industries showed substantial growth. However, the growth in the infrastructure industries decelerated mainly due to decline in the production of crude petroleum and deceleration in growth in finished steel and petroleum refinery products. The intermediate goods sector witnessed a subdued performance largely on account of negative growth in items such as yarn, finished leather, light diesel oil, LPG cylinders, tin metal containers, spun pipes and TV picture tubes.

Growth in the services sector was substantial at 10.1 per cent (compared to 10.2 per cent a year ago,) mainly arising from robust growth in trade, hotels, transport and communication, financing, insurance, real estate and business services, and construction.

Macro Economic Scenario - Global

Despite higher oil prices and a number of natural disasters, economic activity in the second half of 2005 and early 2006 was strong and inflationary pressures remained subdued. While the United States is still the main engine of growth among the industrial countries, it is increasingly supported by the ongoing economic developments in Japan and signs of sustained recovery in the Euro area. In emerging Asia, led by India and China, as well as in several developing countries in Latin America, the Middle East and Russia, economic growth has been robust.

The current configuration of good growth, low inflation, abundant liquidity, flat yield curves, lowering of credit risk premia and ever-expanding search for yields has benefitted many emerging market economies which have strengthened their macro-fundamentals.

The structure of Indian Banking Industry and recent developments

Banks in India are dependent, for their resource requirements, mainly on domestic deposits that are predominantly at fixed rates. Like many other emerging market economies, credit extension by banks in India has increased sharply in recent times. Credit expansion, which was largely in housing and retail loans during the preceding few years now, was broad-based during FY 2005-06. While the industrial sector joined to drive up the credit demand, agriculture also received a higher share in credit growth reflecting various policy initiatives to improve flow of credit to this sector. Within the industrial sector, credit flow to infrastructure industries, especially power, showed a higher growth. Substantial increase in credit off-take was also recorded by food processing, cotton textiles, drugs and pharmaceuticals, gems and jewellery, iron and steel, other metals and metal products, automobiles and engineering industries. The growth in credit to non-agriculture non-industrial sector continued to be led by housing, real estate and personal loans.

Credit growth remained strong for the second successive year and outpaced deposit growth. Bank credit registered a growth of 29.9% on top of the 27.9% growth recorded in the previous year.

The gilt portfolio of commercial banks registered a decline of Rs 15,562 crores as on March 31, 2006 (y-o-y) in contrast to an increase of Rs 42,473 crores (net of the conversion effect) during the previous year. Consequently, commercial banks' holding of Government securities declined to nearly 32 per cent of their net demand and time liabilities (NDTL) as on March 31, 2006 from around 38 per cent a year ago. Banks also liquidated their non-SLR investments (i.e., investments in commercial papers, bonds and debentures) by Rs 12,820 crores.

Industry Outlook - Banking

So far banks have been able to finance the credit boom managing the capital requirements deftly and have a CRAR of 12% that is considerably higher than the 8.0% norm under Basel I provisions and 9.0% level stipulated by RBI. Banks are required to conform to Basel II norms by end-March 2007, since under these norms, banks are required to adopt at least the Standardised Approach for Credit Risk and the Basic Indicator Approach (BIA) for Operational Risk, which would need additional capitalisation. Besides, the banks securitising their loan portfolios will be required to make higher capital provisions in terms of RBI's final guidelines on Securitisation. Further, in view of the rapid growth of bank credit, there may be a need for further capitalisation of banks.

Recent guidelines of RBI, permitting banks to raise capital through instruments like innovative perpetual debt instruments, debt capital instruments, perpetual non-cumulative preference shares and redeemable cumulative preference shares, and also allowing investments by SEBI registered Foreign Institutional Investors and NRIs in the aforementioned debt instruments will help banks in meeting additional capital requirements.

Corporate investment intentions as also the proposals for capital expenditure indicate prospects of substantial growth and consolidation during 2006-07. The growth in aggregate deposits is projected at around Rs 3,30,000 crore in 2006-07. Non-food bank credit including investments in bonds/debentures/shares of public sector undertakings and private corporate sector and commercial paper (CP) is expected to increase by around 20 per cent. It needs to be noted that this projected growth of non-food credit implies a calibrated deceleration from a growth of above 30 per cent, ruling currently.

Opportunities and Threats

Opportunities Information technology has been the corner stone of recent financial sector reforms aimed at increasing the speed and reliability of financial operations and of initiatives to strengthen the banking sector. Technological facilities are being used globally to supervise banks more effectively and with greater intensity than ever before. Increasing emphasis is being given to technology-aided, non-intrusive and focused supervision with a view to prevent frauds and to nip in bud the origin of disturbances and instabilities. Centralised Database Management System (CDBMS) and the Enterprise Knowledge Management System provide the requisite decision making capabilities at the desktop of officials.

As part of the initiative to strengthen the banking sector in the country, the Reserve Bank has been actively promoting the establishment of a Credit Information Bureau as a joint venture in private sector. This is another attempt to exploit technology to monitor assets and to provide instantaneous information on defaulters to the participants without getting into legal hassles and thereby facilitating improvement of the non-performing asset position of banks and financial institutions. The Vision Document for Payment and Settlement Systems, 2005-2008 envisages establishment of an institutional structure owned by banks and other financial institutions for retail payment systems.

Retail thrust in banking business is a major opportunity for the Indian financial sector in general and banks in particular. The vast potential of the retail segment encompasses distribution of insurance and mutual funds products, credit and debit cards, housing loans, personal finance solutions including vehicle loans and the like.

Threats. Despite the fact that firewalls and other systemic access controls do provide high levels of data security, the banking industry continues to face threat to electronic data, which is vulnerable to unauthorised access and consequent damage, destruction or pilferage.

In recent years, prevention of money laundering has assumed great significance in international financial transactions. In this context, in November 2004 the Reserve Bank revised the guidelines on 'Know Your Customer' (KYC) in line with the recommendations made by the Financial Action Task Force (FATF) on standards for Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT). The need to understand and manage money laundering to safeguard reputation risk, operational risk and legal risk to an organization has never been greater than today.

Risks and containment measures

The persistence of global imbalances and high oil prices with a significant permanent component does cause concern. Furthermore, credit growth has recently been extremely strong possibly impacting credit quality, while money-supply is overshooting the anticipated trajectory and strong investment demand coupled with high oil prices is turning the current account surplus into a deficit, though modest and manageable through normal capital flows. These developments pose new challenges to maintaining price and financial stability while ensuring momentum in growth. Consequently, several measures have been announced to contain and manage the downside risks, in the Mid-Term Review of Annual Policy Statement for the year 2005-06, released on October 25, 2005.

Bank's Performance during 2005-06

Business Performance

The salient features of your Bank's operating performance during the year 2005-06 are summarised in the table below.

(Rs in crores)

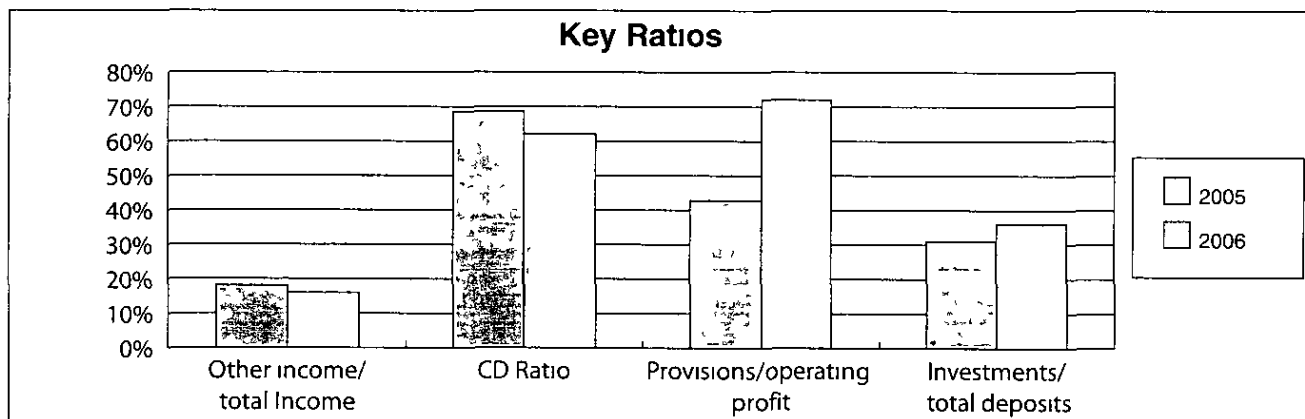
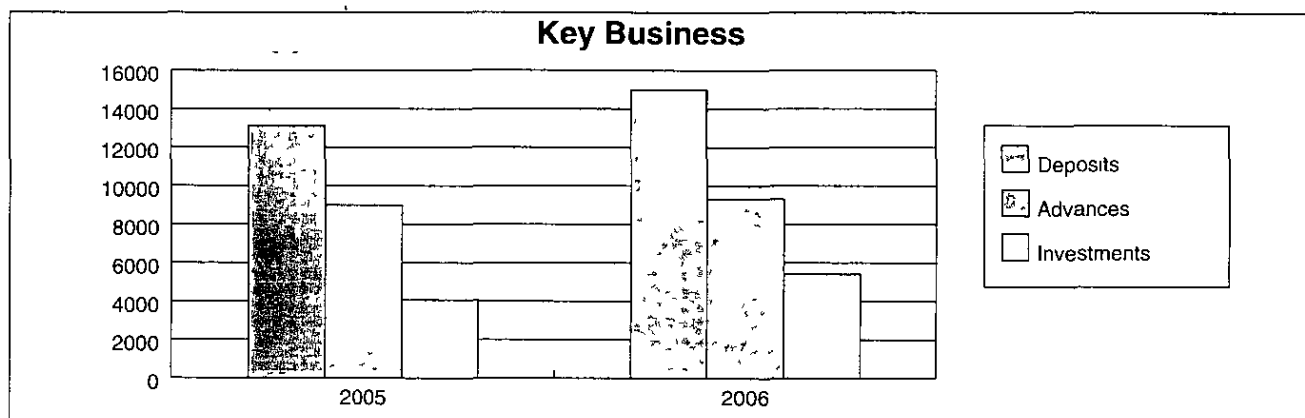
	2005-06	2004-05	YOY growth
Interest earned	1188.29	1134.39	4.75%
Interest expended	873.19	718.89	21.46%
Net Interest Income	315.10	415.50	(24.16%)
Other Income			
Profit on sale of investments	13.26	57.95	(77.12%)
Commission & others incl. bad debts recovery	212.84	192.80	10.39%
Total Operating Income	541.20	666.25	(18.77%)
Operating Expenses excluding depreciation	280.64	220.15	27.48%
Operating Profit before depreciation and provisions	260.56	446.10	(41.59%)
Less: Depreciation on fixed assets	35.99	44.87	(19.79%)
Less: Provision & Contingency	187.75	191.09	(1.75%)
Net Profit	36.82	210.14	(82.48%)

Operating Profit and Net Profit were lower during the year under review (compared to the last year) on account of various reasons as under

- Bank took a strategic decision to stop securitisation of retail assets portfolio from the second half of the year which, among other things, affected overall interest revenue by doing away with upfront of interest income
- Bank had to incur higher operating expenses during this year, on account of branch network expansion and related infrastructure
- In line with the overall scenario of increasing interest rate (interest income did not pick up in a commensurate manner, because of the lag effect), there was higher outgo on interest expenses
- As the environment of rising interest rates was not conducive for trading opportunities, Bank recorded much-reduced earnings from trading in investments compared to earlier years

The year under review (2005-06), was however, a year of 'investment for the future' Your Bank counts on the infrastructure that has now been laid, the enhanced branch network and the transition to retail business, to yield much improved results over the coming years. The year 2005-06 also marked a far-reaching and significant change - the re-emergence of core banking operations as the prime source of revenue. Moving ahead, your Bank will improve further on this and will rely more and more on stable and diversified sources of revenue.

The quality of loan assets has improved considerably, reflected in lower percentage of net NPAs at the end of the year



Operational / Product Performance

Retail Banking

The effect of the new branches opened during the preceding financial year has been distinctly visible in retail banking business

Retail customer base of your Bank (in respect of deposits) has improved from 3.40 lakh to 4.80 lakh during the current financial year, recording a growth of 41%. Retail deposits have moved from Rs 2550 crores to Rs 4045 crores with a growth of 58.63%. The share of Current Accounts and Savings Accounts (CASA) has increased from 11% to 13% of the total deposits. On retail advances front (excluding vehicle loans), your Bank has shown a growth of 107%, i.e., from Rs 574 crores to Rs 1105 crores.

During the current financial year, your Bank has introduced several new products such as – 'Indus Suraksha' (Insurance linked Current and Savings Bank Accounts), 'Young Saver Deposit', 'Indus Easy Savings' (No frills Savings Bank Account), Card-to-Card domestic funds transfer facility, etc

The retail banking customers are provided with the facility of on-line shopping. For distribution of mutual funds products to its customers, your Bank has entered into arrangements with 27 leading AMCs. Distribution of life and non-life insurance products has augmented the fee-based income of your Bank. Tie-ups for access to ATM networks have been finalised with State Bank Of India, MITR Network and NFS Network, whereby 45% of the ATM population of the country is accessible to the customers of your Bank.

NRI Business has been one of the focus areas of your Bank since inception. Your Bank offers non-discretionary Portfolio Investment Services to NRIs enabling them to participate in the Indian capital market. The strategic alliances with Doha Bank, Qatar and Union National Bank, UAE would accelerate the growth of NRI business of the Bank. HNI Banking has been another thrust area during the year, and your Bank has introduced special products and services for catering to this segment.

Vehicle Finance & Personal Products

Your Bank has a robust infrastructure to cater to financing of motor vehicles - commercial and personal. Apart from their vehicle finance needs, other personal finance requirements of these customers are also catered to through this set-up. A massive processing and document warehousing centre located at Karappakkam near Chennai, attends to processing and documentation of these loans.

Disbursements of two-wheeler loans increased to Rs. 675 crores representing a growth of 12% over last year. The number of accounts has swelled from 2,00,000 to 2,30,000 registering a growth of 15%. In the car loan segment, the disbursement was Rs. 634 crores as against Rs. 345 crores during the preceding year and correspondingly, the number of accounts increased by 45% to 21,000 from 14,460.

The quality of service to the customers as well as the back office facilities have been extensively improved resulting in enhanced customer satisfaction.

Priority Sector Banking

Priority Sector advances aggregated Rs. 3173.16 crores at the end of March 2006 and represented 35.13% of your Bank's Net Bank Credit (NBC) compared to 34.94% at the end of March 2005. During the year, your Bank financed over 16,200 agriculturists and direct agriculture advances represented 7.34% of its NBC at the end of March 2006. Other priority sector advances such as finance to Small Road Transport Operators and Individual Housing Loans witnessed growth over the previous year.

Wholesale Banking

With twin objective of meeting growing market competition and improving customer profitability, your Bank has restructured its wholesale business operations into separate vertical business lines, consisting of four Strategic Business Units (SBU) viz., Corporate Banking Division, Capital & Commodities Markets Division, Treasury & Investments Division and International Division.

Corporate Banking Division (CBD) The division caters to the banking and financial needs of Corporates & Institutions, Small & Medium Enterprises, Co-operative Banks, and Financial Institutions. The objective is to enlarge, broad base and build granular relationships to mitigate business and liquidity risks associated with high value relationships. A set of dedicated Relationship team and Product specialists has been put in place – at National level and branch level – thereby increasing the feet-on-street sales force for customer acquisition. The objective is also to service the full value chain of customer requirements and enhancing customer profitability through zero cost Current Account balances and non-interest income. This division also aggressively cross-sells retail products to the employees of corporate entities.

A customer-focused structure as described has enabled a significant increase in corporate business, however, its full benefit will accrue from the following year onwards. The deposits of CBD grew during the year by 8% from Rs. 7372 crores to Rs. 7992 crores. The advances portfolio, that was churned to reduce low yielding assets, stood at Rs. 4473 crores at year-end as against Rs. 6814 crores at the beginning of the year.

Treasury & Investments Division (TID) Treasury continued to remain an active participant in the market during the year under review. Your Bank has a fully integrated dealing room based on functions rather than the markets – Foreign Exchange, Domestic Money, Commodities and Capital Markets. Accordingly, TID has three distinct sections viz., (a) Corporate desk, catering to the needs of the corporates and branches, (b) Trading desk, engaged in trading in the above-said markets and (c) Balance Sheet desk, managing the resources, to meet the statutory requirements of maintaining CRR/SLR, Non-SLR investments, besides managing the liquidity and ALM functions.

The Corporate desk provides advisory services to the Bank's clients who run multi-currency balance sheets, to hedge interest and exchange rate risks. The aggressive positioning in International Trade Finance, Letters of Credit, Export Finance and bullion consignment business has helped to achieve a 52% growth in foreign exchange turnover from Rs. 14,883 crores to Rs. 22,605 crores. Your Bank provides investment advisory services covering Government and Corporate Debts through Constituent SGL accounts. Your Bank continues to do well in the bullion consignment business and registered a turnover of Rs. 2500 crores on sale of around 40 tonnes of gold.

Activity at the Trading desk was at low key in the absence of opportunities in the fixed income and derivatives segment. Hardening interest rate scenario, with benchmark 10Y yield moving from 6.70% to 7.55%, did not provide opportunity to stay invested for appreciation. However, the trading desk managed to achieve reasonable profit from foreign exchange currency trading activity and from corporate cover operations.

The Balance Sheet desk managed the liquidity and ALM position efficiently even during tight liquidity conditions. The average market borrowing for the year was Rs. 440 crore at 6.02%, which helped in reducing the average cost of funds. Your Bank has achieved an optimum immunity in the investment portfolio from interest rate risks with Rs. 3650 crore in HTM portfolio and the balance of Rs. 366 crore in AFS/HFT portfolio with duration of 1.41 years. Despite this, the yield on total SLR investments improved from 5.78% to 7.12% during the year under report.

Capital and Commodities Markets Division (CCMD) The CCMD is focused on providing services to Capital and Commodities market participants covering broker relationships and individuals. Bank's Fort branch is the all-India nodal branch for this purpose. Your Bank is one of the few banks enjoying the Clearing and Settlement bank status with all the four principal stock and commodity exchanges of the country, viz. NSE, BSE, NCDEX and MCX. During the year, your Bank also became an empanelled Depository Participant for both NCDEX and MCX, besides continuing as a Depository Participant of both NSDL and CDSL, thereby offering DP services to both commodities and securities segments. Your Bank now offers a complete range of facilities covering fund-based credit, non-fund based credit, end-to-end collection/payment solutions to members and participants of the said four exchanges. Your Bank is also registered as a debenture trustee for providing this service for corporate customers.

Your Bank has launched e-broking through Payment Gateway technology with select brokers to facilitate provision of three-in-one account facility to the customers, and to enable them to undertake on-line trading in equity market.

Your Bank also concluded arrangement with seven Mutual Funds offering direct credit facility for redemption and income distribution. This arrangement, besides enhancing Bank's ability to cross-sell mutual fund schemes, greatly adds to customer convenience.

International Division (ID) This division performs a dual task of controller and facilitator of international business across the branch network. While the branches with authorised dealer status have dedicated Forex desks, operations of 'C' category branches are centralised at ID. ID also acts as one-point contact for our representative offices in Dubai and London for business and operational matters.

The division is actively involved in product development and in creation of new business lines. Some notable developments are provision of on-line, real-time NRI remittance products in tie-up with Exchange Houses (covering GCC) and with Bank of New York (for USA). Similar tie-ups are being considered to cover UK, Europe, South East Asia and Africa to achieve a global coverage.

'Suvarna Mudra' - retail sale of gold coins, and provision of metal loans to the wholesale and retail jewellers are some of the products initiated by ID.

Your Bank currently has a global correspondent network with 325 banks and also has adequate lines of credit to support its Trade Finance and Foreign Exchange business.

Investment Banking

During the year your Bank set up an Investment Banking Division to seize the significant opportunities opening up on this front and enhance fee-based income, as also to help in the growth of corporate banking business. The Division, manned by a team of experienced professionals, has been bolstered further through alliances with USA and Europe-based investment banks. Your Bank picked up several important investment banking assignments during the year, domestic as well as cross-border, relating to M&A, structured debt syndication, corporate advisory, equity placement, etc.

Transaction Banking Business

Your Bank is alive to the immense opportunities that exist in the area of transaction banking and have taken effective steps to capture business related to the same. Cash Management, introduced recently by the Bank, is a step in this direction. There are also other products in this segment, like remittance through RTGS, anywhere banking, etc., all of which have been built on the strength of technology.

Asset Management

Your Bank continued its effective efforts for recovery of NPA / Written Off accounts using the forum of Debt Recovery Tribunal (DRT), the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, and other remedies available to the banks.

As a result of continuous efforts to improve the asset quality, and to recover NPAs, the ratio of net NPAs has come down to 2.09% at year-end compared to 2.71% at the beginning of the year.

Branch Network

During the year 2005-06, your Bank opened 22 new branches and upgraded an extension counter into a full-fledged branch, thus taking the total number of Branches to 137. Other outlets of the Bank comprise 8 extension counters and 83 Off Site ATMs. Your Bank also has 2 representative offices at London and at Dubai.

Banking Operations

Your Bank has reviewed and implemented the *Best Practice Code (BPC)* as a measure to prevent frauds, based on the recommendations of High Level Group of Central Vigilance Commission. The BPC is a homogeneous document covering all important functional areas which is found useful in strengthening the internal control systems by enriching the job knowledge of the dealing staff.

Your Bank has also put in place a transparent and comprehensive *Deposit Policy*, setting out the rights of the depositors in general and small depositors in particular. The policy covers all aspects of operations of deposit accounts, charges leviable and other related issues to facilitate interaction of depositors at the branch level. Your Bank has already put in place "*Banker's Fair Practice Code*", a voluntary code which sets standards of fair banking practices, to be followed by all our branches in their dealings with individual customers.

Your Bank has also framed the *Citizen's Charter* outlining the aspects of common practices followed by our Branches, common areas of Customer-Banker relationships - viz. Savings accounts, Current accounts, Term Deposits, Safe Deposit Lockers, Remittances, Obligations on the part of customers for healthy practices and complaint redressal mechanism.

A Help Desk has been set up at Corporate Office to assist employees in effective delivery of services to the customers.

Integrated Risk Management

A strong enterprise-wide risk management framework is the corner stone of prudent banking. This enables rapid business growth, helps reduce volatility in earnings and enhances shareholder value. Your Bank, with the assistance of KPMG, a

leading international consultant, has established an Integrated Risk Management department, responsible for bank-wide risk management encompassing credit risk, market risk and operational risk, independent of business segments. Your Bank has been progressively adopting the best international practices so as to continually reinforce its risk management functions.

Pursuant to Basel II accord, Reserve Bank of India has released its guidelines for the new capital adequacy framework. The new framework is to be implemented from March 2007. Your Bank has proactively initiated meaningful initiatives in this regard, well in advance. As a result, your Bank is confident of adopting the new capital adequacy framework, compliant with the Basel II accord and RBI guidelines in this regard.

Credit Risk Your Bank manages credit risk comprehensively, both at Transaction and Portfolio levels. A robust risk-rating framework, backed by CRISIL's rating experience is being used to enhance your Bank's credit risk management framework. Portfolio level prudential exposure limits have been adopted to mitigate concentration risk. Counter-party exposure limits have been put in place for controlling counter-party risk. For international transactions country risk exposure limits are observed. Exposure limits for individual banks have been determined based on a comprehensive methodology for containing bank risk.

Your Bank's exposure to corporates is well diversified spanning across over 80 industries, thus mitigating industry specific risks.

Market Risk Key sources of Market Risk are Liquidity Risk, Interest Rate Risk, Price Risk and Foreign Exchange Risk. Your Bank has implemented a state-of-the-art treasury management system 'OPICS' acquired from Misys, London, which supports robust risk management capabilities and facilitates Straight Through Processing (STP). Market risk is effectively managed through various tools such as Mark-to-Market, Duration Analysis, Value-at-Risk, besides through operational limits such as stop-loss limits, exposure limits, deal-size limits, maturity ladder, etc. Investment portfolio is constantly re-jigged, in line with market movements and expectations, so as to ensure minimum risk in the portfolio.

Operational Risk Operational Risk is managed by addressing people risk, process risk, systems risk as well as risks arising out of external environment. Your Bank is the only Indian commercial bank to receive ISO-9001 2000 certification for all its branches.

Your Bank has efficient audit mechanism, comprising periodical on-site audit, concurrent audits on the spot and off-site surveillance enabled by the Bank's advanced technology and core banking system.

Systems Risk Your Bank has formulated and implemented a comprehensive Business Continuity Plan (BCP) to ensure continuity of its critical business functions and banking services to its customers. Your Bank has also established an effective Disaster Recovery site at a geographically distant location, with online real-time replication of data. Comprehensive IT security framework has been put in place to ensure complete data security and integrity. The Bank's data centre is housed in a professionally managed environment, with sophisticated and fool-proof security features and assured supply of utilities.

Internal Control Systems and their adequacy

Operational Controls Your Bank with the approval of its Board has laid down the policy framework on 'Know Your Customer' (KYC) norms and 'Anti Money Laundering Measures' (AML). The policy has been based on the recommendations of the Financial Action Task Force and the paper issued on Customer Due Diligence for Banks by the Basel Committee on Banking Supervision. Keeping in tune with the best practices and with a view to uncover money laundering, your Bank has implemented a powerful international software to track and analyse suspicious transactions. Risk based classification of customers has been undertaken to manage the task of adherence to the laid down guidelines. A principal officer of your Bank has been appointed from the senior management to monitor and report suspicious transactions to Reserve Bank of India.

In accordance with RBI's recommendations, a Committee on Procedures and Performance Audit on Public Service in Banks (CPPAPS), comprising senior functional heads and a few customers of your Bank has been established. Your Bank has also constituted a Customer Service Committee of the Board of Directors (CSCOD) to review the performance of the CPPAPS.

Complaint Redressal Mechanism Your Bank has put in place an escalation process for all customer complaints received at branches and at Corporate Office. A quarterly report on the review of complaints received and their redressal is put up to the Board of Directors. Your Bank maintains a dedicated page for customer care on its website www.indusind.com where information on customer service and on the Banking Ombudsman Scheme 2002 has been provided and it is updated periodically.

Asset Liability Management Your Bank has implemented an Asset Liability Management (ALM) system to support effective management of liquidity risk and interest rate risk, covering 100% of its assets and liabilities. Liquidity Risk is monitored through Structural Liquidity Gaps, Dynamic Liquidity position, Liquidity Ratios analysis and Behavioural analysis, with prudential limits for negative gaps in various time buckets.

Interest Rate Sensitivity is monitored through prudential limits for Rate Sensitive Gaps and other risk parameters. Interest Rate Risk on the Investment portfolio is monitored through Modified Duration on a daily basis. Optimum risk is assumed through duration, to balance between risk containment and profit generation from market movements.

Inspection and Audit Your Bank has taken appropriate measures to continuously assess and monitor its level of efficiency vis-a-vis internal control processes. Towards this end, comprehensive checklists have been evolved for its Concurrent Auditors and inspecting officials to ensure that all facets of its business operations are subject to thorough scrutiny. The levels of adherence to established guidelines in all aspects of banking operations are constantly monitored and maintenance of regulatory standards for the Inspection and Audit of business units is ensured at all times.

In consonance with RBI guidelines, your Bank has changed the focus in its audits from the 'transaction-based' approach to the 'risk-based' approach. The latter essentially is systems based, and entails allocation of supervisory resources and

management attention in accordance with the auditee's risk profile. In consonance with risk-based approach, your Bank undertakes internal inspection of branches, at a frequency determined based on their respective risk profiles.

Concurrent Audits continuously oversee the observance of systems and norms at the 13 Wholesale Business Branches, the Depository Section, and the Integrated Treasury. Your Bank's on-line surveillance capability using its fully networked system, well-defined and strong internal controls, need-based access to computer systems and clear audit trails, have helped to mitigate operational risks. To aid internalization of the 'Self Audit' mindset, many of the exception reports are now available on the system, for viewing and use by the functionaries of business units. Your Bank follows best practices within the legal/regulatory framework.

The Audit Committee of the Board keeps the effectiveness of controls as well as compliance with regulatory guidelines under constant review, and renders effective guidance to ensure conformity with best practices in the area of Inspection & Audit.

Human Resources / Industrial Relations

In all its functions, human capital is the key resource that the Bank creates, develops and nurtures. The key objective of the human resource function is to ensure employee satisfaction and retention by creating a performance enabling work culture within the organization. The function focuses on recruitment, compensation, annual performance appraisal, career planning, training and development and employee relations.

The recruitment efforts helped increase the manpower strength from 919 employees in 2004-05 to 1462 employees in 2005-06. During the year, an employee referral scheme called '*Indusparichay*' was launched. The scheme has helped to recruit in a time-bound and cost efficient manner, and also to build up a database of potential candidates for future job openings.

Your Bank conducted various training programs to equip the employees with desired functional and behavioural skills. The focus was on (i) Induction programs to give the new joiners a perspective about the organizational functioning, (ii) Corporate and Retail products training to provide the employees with cross-selling skills, (iii) Process training on core banking system to give an overall knowledge on banking operations, and (iv) Soft skills training in the area of selling, negotiation, presentation and communication to enhance the personal effectiveness. The training delivery was managed by in-house as well as domain experts from the industry.

Employee welfare and employee grievance redressal are being strongly emphasised upon and as a result, your Bank has implemented Group Personal Accident Insurance for all the employees to provide insurance coverage in case of unfortunate death arising out of accidents. The existing group mediclaim insurance facility has been expanded to provide coverage to the parents of employees.

Information Technology

Your Bank's technology infrastructure has been among the best in the Indian banking industry. This recognition has been endorsed by the industry peers with your Bank being conferred with the 'Outstanding Achiever of Year 2005 - Corporate (runner up)' Award on Banking Technology, sponsored by Indian Banks Association (IBA) jointly with Trade Fair Conferences International (TFCI) and 'Finacle' (Infosys).

Your Bank has taken various IT payment initiatives during the year, for facilitating customer convenience. These include 'Indus Pay' payment switch for internet based payment authentication which enables the customers to transfer funds online for share trading, eCommerce purchases including Railway tickets, Air tickets, etc. During the year, your banks tie-ups with shared ATM Network such as MITR and NFS, and with SBI group and other banks have substantially enhanced reach and customer convenience. In an era of increasing mobile communication, Mobile Top-up facility through ATMs is a value addition for our customers. Visa Money Transfer facility through 'ATMs and Internet Banking', introduced during the year, is yet another efficient payment facility. Online Bill payment facility 'Indus Bill Pay' enables the customers to settle various Utility Bills, Insurance Premiums, etc. online using internet.

As a part of your Bank's Business Continuity plans, during the current year, a series of successful Mock Disaster drills have been carried out. During these exercises, the branches, ATMs and other channels were switched over from Mumbai Data Centre to the Bank's Disaster Recovery Site at Hyderabad.

Your Bank has also put in place efficient compliance systems 'Indus Shield' for meeting the regulatory requirements in the area of anti money laundering. The system has advanced capabilities for screening of all transactions to identify any abnormal behaviour.

Your Bank has made considerable progress in implementing advanced tools for managing Customer Relationship. Your Bank is also in the process of implementing an Enterprise Channel Banking solution for branch banking operations. The Bank is fully geared up to participate in the pilot cheque truncation project in the National Capital Region. Your Bank has implemented various enhancements in electronic payment authentication for financial transactions facilitating online payments, donations and depository transactions. The Bank is also in an advanced stage of setting up its own contact centre to align with the current practice of delivering personalised customer service.

Corporate Communications

The Bank gave a thrust to its visibility by building a communication and publicity strategy around the catchy phrase 'We care *Dil se*' which reflected the overall service philosophy of your Bank. The first burst of corporate campaign with this slogan was launched on the day of the 11th Annual General Meeting in Pune, along with 18 other metropolitan and urban cities through the outdoor media backed by print media. The second burst in the first week of January 2006 covered 81 locations. The product 'Suvama Mudra' (gold coins and ingots) was launched in a befitting manner at an august gathering of customers and well wishers. Your Bank also used the electronic channel- sponsoring a special program on 'The Origin of Gold' featured on The History Channel.

Your Bank sponsored certain major events viz. 'Indian Banks and Global Challenges', Mumbai, and India Calling 2005, Dubai, both organised by Indian Merchants Chamber, Pravasi Bharatiya Divas - Secunderabad, International Sindhi events, Mumbai, through which the visibility in specific market segments was enhanced.

Accolades

September 2005

Mr Suresh Pai, Executive Vice President receiving the Award for Corporate Social Responsibility (CSR) at the India Brand Summit 2005, Mumbai, from Mr Kishor A Chaukar, Managing Director, Tata Industries Ltd



February 2006

Mr Bhaskar Ghose, Managing Director, IndusInd Bank receiving the Business Today "India's Most Productive Bank" 2006 award from Honourable Chief Minister of Maharashtra Shri Vilasrao Deshmukh



Awards 2005

Outstanding in banking technology

HITACHI

February 2006

Mr G PV Rao, Senior Vice President and CIO, receiving the "Outstanding Achiever of the Year 2005- Corporate" (Runner Up -Banking Technology Awards) from Mr Claus Mikkelsen, Senior Director, Hitachi Data system, at an event organised by Indian Banks' Association, Mumbai



CORPORATE GOVERNANCE

Certificate on Compliance with the Conditions of Corporate Governance under Clause 49 of the Listing Agreement(s)

To the members of IndusInd Bank Limited-

We have examined the compliance of conditions of Corporate Governance by INDUSIND BANK LIMITED ("the Bank") for the year ended on 31st March, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Bank with the stock exchanges

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 compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financials 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 Bhandari & Associates
Company Secretaries

S N Bhandari
Proprietor
C P 366

Mumbai, July 20, 2006

Certification by the Chief Financial Officer and the Managing Director

In terms of the revised Clause 49 of the Listing Agreement, the Certification by the Managing Director (CEO) and the Chief Financial Officer of the Bank, on the financial statements and the internal controls relating to financial reporting has been obtained and submitted to the Board.

The Bank's Philosophy on the Code of Corporate Governance

- Your Bank believes that consistent implementation of good Corporate Governance contributes towards developing and sustaining the best operating systems and procedures.
- The systems, which have been evolved, allow sufficient freedom to the Board and the management to make decisions and take actions towards the growth of the Bank, and simultaneously remain within the framework of effective accountability. To maintain high standards of good Corporate Governance, your Directors have formed various committees of the Board. The Committees meet regularly to achieve their specific objectives.
- Your Bank is committed to operate on commercial principles, ensuring at the same time, the need to remain accountable, transparent and responsive to its stakeholders.
- Your Bank acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behaviour. In this context, your Directors have adopted a 'Code of Conduct for Directors and Senior Management'. This code attempts to set forth the guiding principles on which the Bank shall operate and conduct its daily business with its multitudinous stakeholders, government and regulatory agencies, media, and anyone else with whom it is connected.

Code of Conduct for Directors and Senior Management

The Board of Directors has laid down a code of conduct for all Board members and Senior Management¹ of the Bank. The said code of conduct has been uploaded on the website of the Bank (www.indusind.com) under the 'Investor Relations' section. The same is available for reference in the following URL: <http://www.indusind.com/downloads/CodeOfConduct06.pdf>

Declaration by the Managing Director: All members of the Board and senior management have affirmed to the Board, of having complied with the code of conduct during the year ended March 31, 2006 and no violation of the code of conduct has been reported during the year.

¹ For this purpose, the term "senior management" means personnel of the Bank who are members of its core management team excluding Board of Directors. This comprises members of management who are all functional heads.

QUALITY POLICY

"IndusInd Bank is committed to meet and strive to exceed customer requirements through timely, error free and courteous service. We shall continually improve the effectiveness of our work process through training, customer feedback and review of systems."

THE MISSION

"To emerge as an international bank, acquiring global capabilities, providing world class services and maintaining the highest standards of professionalism and integrity."

Board of Directors

I Composition

The Board comprises Directors who have specialised knowledge and professional experience in diverse fields. Information in respect of each Director is given below:

Name of Director	Nature of Directorship	Special Knowledge / practical experience	Occupation
(1)	(2)	(4)	(5)
Mr R J Shahaney	Independent Non-executive (Chairman)	General Management (4 decades of experience in top management)	Chairman of Ashok Leyland Ltd
Mr Vijay Vaid ¹	Independent Non-executive	SSI	Small Scale Industrialist
Mr Anil Harish ²	Independent Non-executive	Law	Practising Advocate
Dr Ram Buxani	Independent Non-executive	International Business	NRI Businessman
Mr R Sundararaman	Independent Non-executive	Banking	Former Dy Managing Director of SBI
Mrs. Kanchan U Chitale	Independent Non-executive	Accountancy	Practising Chartered Accountant
Mr T Anantha Narayanan	Independent Non-executive	Agriculture & Rural Economy (Special Knowledge), Finance (Practical experience)	Retired Executive Director (Finance) of Ashok Leyland
Dr T T Ram Mohan ³	Independent Non-executive	Banking & Finance	Professor, Finance & Accounting, IIM Ahmedabad
Mrs Pallavi S Shroff ⁴	Independent Non-executive	Law	Practising Advocate
Mr Bhaskar Ghose	Whole-time	Banking	Managing Director
Mr S Nagarajan	Whole-time	Banking & Finance	Jt Managing Director

II Meetings

During the year ended March 31, 2006, 7 meetings of the Board were held on, April 30, 2005, June 7, 2005, June 30, 2005, July 30, 2005, September 3, 2005, October 26, 2005, and January 16, 2006. Details of attendance at the Board Meetings and the previous Annual General Meeting, other Directorships, Membership and Chairmanship of Committees pertaining to each Director are as follows:

Name of the Director	No of Board Meetings attended	No of other Public Limited Companies in which Director ⁵	No of Committees of the Bank in which member	Whether attended last A.G.M
Mr R J Shahaney	6	5	4	Yes
Mr Vijay Vaid	5	1	4	Yes
Mr Anil Harish	4	14	1	Yes
Dr Ram Buxani	6	-	1	Yes
Mr O P Sodhani	4	2	2	Yes
Mr R Sundararaman	7	1	5	Yes
Mrs Kanchan Chitale	7	-	5	Yes
Mr T Anantha Narayanan	5	7	4	Yes
Dr T T Ram Mohan	-	4	1	No
Mrs Pallavi S Shroff	-	5	2	No
Mr S Nagarajan	7	1	5	Yes
Mr Bhaskar Ghose	7	-	7	Yes

1 Ceased to be a Director from June 10, 2006, upon completion of 8 years of Directorship

2 Ceased to be a Director from July 21, 2006, upon completion of 8 years of Directorship

3 Inducted on the Board as Additional Director with effect from January 16, 2006

4 Inducted on the Board as Additional Director with effect from June 13, 2006

5 Excludes Foreign Companies, Private Limited Companies, Trusts, etc

iii Remuneration

Non-executive Directors' compensation The members of the Bank, at the 11th Annual General Meeting held on September 3, 2005, passed a resolution, authorising the Board of Directors of the Bank to fix the sitting fee payable to non-executive directors in accordance with Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956 as amended from time to time read with section 310 of the Companies Act, 1956, or any other rule, regulation, notification issued by any competent authority from time to time as may be applicable

Subsequently, SEBI, vide circular No SEBI/CFD/DIL/CG/1/2006/13 dated January 13, 2006 has clarified that the requirement of obtaining prior approval of shareholders at a general meeting shall not apply to the payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 1956

The Bank has not granted stock options to any of the Directors. The details of sitting fees paid to the non-executive Directors for attending the Board and Committee meetings held during the year 2005-06 are as under

Name of Director	Salary *(including perquisites & allowances)	Sitting Fee (Rs)	Total (Rs)
Mr R J Shahaney	-	3,00,000	3,00,000
Mr Vijay Vaid	-	1,60,000	1,60,000
Mr Anil Harish	-	1,00,000	1,00,000
Dr Ram Buxani	-	1,40,000	1,40,000
Mr O P Sodhani	-	1,20,000	1,20,000
Mr R Sundararaman	-	3,80,000	3,80,000
Mrs Kanchan U Chitale	-	4,20,000	4,20,000
Mr T Anantha Narayanan	-	3,60,000	3,60,000
Dr T T Ram Mohan	-	-	-
Mrs Pallavi S Shroff	-	-	-

The criteria for making payment of remuneration to the non-executive Directors are as follows

- An amount of Rs 20,000/- per meeting is being paid towards sitting fee for attending meetings of the Board, Committee of Directors, Credit Committee of Directors and the Audit Committee, to the non-executive Directors in accordance with Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956
- With effect from May 2, 2006, the Board has decided that an amount of Rs 10,000/- per meeting be paid as Sitting Fee to the non-executive Directors for attending meetings of Committees other than those mentioned above

Whole-time Directors' compensation The appointment of Whole-time Directors is made with the approval of the Reserve Bank of India. The details of the terms of appointment as approved by the Reserve Bank of India in respect of Mr Bhaskar Ghose, Managing Director and Mr S Nagarajan, Joint Managing Director, the two whole-time Directors of the Bank, are given below

Mr Bhaskar Ghose, Managing Director The remuneration paid, excluding contribution to provident fund and gratuity comprises the following salary of Rs 25 00 lakhs p a, other allowances of Rs 25 00 lakh p a (which includes perquisite value of Rs 14 40 lakh for the facility of company leased and furnished accommodation), and official car with driver. The appointment is for a period of 3 years commencing from June 16, 2004. No stock options have been offered as part of the remuneration package or otherwise

Mr S Nagarajan, Joint Managing Director The remuneration paid, excluding contribution to provident fund, gratuity and pension, comprises salary of Rs 24 00 lakh p a, other allowances of Rs 24 00 lakh p a, free accommodation, and official car with driver. The appointment is for a period of 3 years commencing from October 28, 2004. No stock options have been offered as part of the remuneration package or otherwise

iv Shareholding

The Equity shares held by Directors as on March 31, 2006 are (i) Mr R J Sahaney - 3843 (0.0013%), (ii) Dr Ram Buxani - 171902 (0.0592%) and (iii) Mr S Nagarajan - 26138 (0.0090%). No Director of the Bank holds shares in your Bank for other person/s on a beneficial basis. No Director holds any other security issued by the Bank

Details of Directors to be appointed / reappointed at the AGM

Dr T T Ram Mohan and Mrs Pallavi S Shroff were appointed Additional Directors (non-executive) of your Bank by the Board of Directors at its meeting held on January 16, 2006 and June 13, 2006, respectively and will hold office as Additional Director upto the ensuing Annual General Meeting. Your Directors welcome Dr T T Ram Mohan and Mrs Pallavi S Shroff on the Board and look forward to valuable contributions from them. Your Bank has received valid notices from members for their appointment as Directors under Section 257 of the Companies Act, 1956

Mrs Kanchan Chitale and Mr R Sundararaman, Directors, retire by rotation at the forthcoming Annual General Meeting, in accordance with Article 112 of the Articles of Association of your Bank and the applicable provisions of the Companies Act, 1956, and being eligible, have offered themselves for re-appointment

Name of Director	Mr R Sundararaman	Mrs Kanchan Chitale	Dr T T Ram Mohan	Mrs Pallavi S Shroff
Qualifications and Experience	M Com, CAIIB, Former Dy Managing Director of SBI, Age – 63 years, Experience – 40 years	B Com, FCA, Practising Chartered Accountant, Age – 53 years, Experience - 29 years	B Tech (IIT Mumbai), PGDM (IIM Calcutta) Ph D (Sterns School, New York, Professor, Finance & Accounting, IIM Ahmedabad, Age – 52 years, Experience – 27 years	B A [Economics Hons], M M S LL B, Practising Lawyer, Age- 50 years, Experience - 24 years
Expertise in specific functional areas	Banking	Accountancy	Banking & Finance	Law
Date of Appointment	30 10 2002	31 01 2003	16 01 2006	13 06 2006
Name of companies in which director	Bangalore Stock Exchange Limited	Harkan Management Consultancy Services Private Limited	1 Brics Securities Ltd 2 Gujarat Narmada Valley Fertilizers Company Ltd 3 Marwar Hotels Ltd 4 Rail Vikas Nigam Ltd 5 International Asset Reconstruction Company Pvt Ltd	1 Abhishek Industries Ltd 2 Juniper Hotels Pvt Ltd 3 Kotak Mahindra Old Mutual Life Insurance Ltd 4 BAG Films Ltd 5 Maruti Udyog Ltd
Number of Committees (of other companies) in which member	Member in 1 Committee	Nil	Member in 3 Committees	Member in 2 Committees
Shareholding	Nil	Nil	Nil	Nil

Committees of Board

The Board has constituted several Committees of Directors to take decisions and monitor the activities falling within their terms of reference. The Board's Committees are as follows

Committee of Directors

Terms of Reference The Committee of Directors exercises powers delegated to it by the Board, for managing the affairs of your Bank, for efficient control over operational areas, and for ensuring speedy disposal of matters requiring immediate approval

Composition The Committee comprises seven members viz , Mr R J Shahaney (Chairman), Mr R Sundararaman, Mrs Kanchan U Chitale, Mr Vijay Vaid, Mr T Anantha Narayanan, Mr Bhaskar Ghose and Mr S Nagarajan

Meetings The Committee met three times on May 14, 2005 (Mr S Nagarajan was unable to attend), September 21, 2005 (Mrs Kanchan U Chitale was unable to attend), and February 8, 2006 during the financial year 2005-06. Except as indicated within the brackets, all the members had attended these meetings

Audit Committee of the Board

Terms of reference The role of the Audit Committee includes inter-alia, (1) Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, (2) Recommending to the Board, the appointment, re-appointment of auditors and fixation of audit fees, (3) Reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval, with particular reference to - (i) Changes, if any, in accounting policies and practices and reasons for the same, (ii) Major accounting entries involving estimates based on the exercise of judgment by the management, (iii) Significant adjustments made in the financial statements arising out of audit findings, (iv) Disclosure of related party transactions, if any, (v) Qualifications in the draft Audit Report, and (vi) Management discussion and analysis of financial condition and results of operations

The specialised functions of the Audit Committee include (1) Reviewing with the management, the performance of statutory and internal auditors, adequacy of the internal control systems, (2) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature

Composition The Committee was reconstituted during the year. The Committee comprises four members viz , Mrs Kanchan U Chitale (Chairperson), Mr R Sundararaman, Mr T Anantha Narayanan and Mr S Nagarajan

Meetings The Committee met six times on April 29, 2005 (Mr Vijay Vaid was unable to attend), June 29, 2005, July 30, 2005 (Mr T Anantha Narayanan was unable to attend), October 25, 2005, December 29, 2005, and January 16, 2006 during the year 2005-06. Except as indicated within the brackets, all the members had attended these meetings

Credit Committee of Directors

Terms of reference The Credit Committee approves credit exposures that are beyond the powers delegated to the Executives of the Bank. This facilitates speedy sanctioning of larger credit proposals while permitting greater control on such proposals

Composition The Committee comprises six members viz , Mr R J Shahaney (Chairman), Mr R Sundararaman, Mrs Kanchan U Chitale, Mr T Anantha Narayanan, Mr Bhaskar Ghose and Mr S Nagarajan

Meetings The Committee met six times on June 21, 2005 (Mr T Anantha Narayanan was unable to attend), July 19, 2005, August 24, 2005, November 8, 2005, December 9, 2005 (Mr R Sundararaman was unable to attend), and March 14, 2006 (Mr R Sundararaman was unable to attend) during the financial year 2005-06 Except as indicated within the brackets, all the members had attended these meetings

Nomination Committee

Terms of reference The Committee conducts due diligence as to the credentials of any Director before his/her appointment and makes appropriate recommendations to the Board, in consonance with the Ganguly Committee recommendations and the requirements of RBI The Committee also discharges the functions of the Remuneration Committee envisaged in Clause 49 of the Listing Agreement

Composition The Committee comprises three members viz , Mr R. J Shahaney (Chairman), Mr Vijay Vaid and Mr Bhaskar Ghose

Meetings The Committee met once during the financial year 2005-06 on January 16, 2006, which was attended by all the members

Stakeholders Relation Committee

Terms of Reference The objective of the Stakeholders Relation Committee is the redressal of stakeholders' complaints The Company Secretary discharges the responsibilities of a compliance officer

Composition The Committee comprises three members viz , Mr Vijay Vaid, Dr Ram Buxani and Mr Bhaskar Ghose A non-executive Director is elected the Chairman by the members present at the meeting

Meetings The Committee met once during the year on October 26, 2005, which was attended by all the members

Special Committee for monitoring large value frauds

Terms of Reference In accordance with the directives of Reserve Bank of India, a Special Committee has been set up for monitoring and follow up of cases of frauds involving amounts of Rs 1 crore and above

Composition The Committee comprises five members viz , Mr Vijay Vaid, Mr Anil Harish, Mr R Sundararaman, Mrs Kanchan U Chitale, and Mr Bhaskar Ghose A non-executive Director is elected the Chairman by the members present at the meeting

Meetings The Committee met twice on July 30, 2005 (Mr Vijay Vaid and Mr Anil Harish were unable to attend) and January 16, 2006 (Mr Anil Harish was unable to attend)

Customer Service Committee

Terms of reference The Committee's function is to monitor the customer service extended by the Bank and to attend to the needs of customers

Composition The Committee comprises four members viz , Mr Vijay Vaid, Mrs Kanchan U Chitale, Mr Bhaskar Ghose and Mr S Nagarajan A non-executive Director is elected Chairman by the members present at the meeting

Meetings The Committee met thrice on June 30, 2005, October 26, 2005 and February 8, 2006 during the financial year under review All the members of the committee were present at these meetings

Risk Management Committee

Terms of reference The Committee's role is to examine risk policies and procedures developed by your Bank and to monitor adherence to various risk parameters and prudential limits by the various operating departments

Composition The Committee comprises five members viz , Mr R Sundararaman, Mr T Anantha Narayanan, Dr T T Ram Mohan, Mr Bhaskar Ghose and Mr S Nagarajan A non-executive Director is elected Chairman by the members present at the meeting

Meetings The Committee met once on November 8, 2005 during the financial year under review All the members of the committee were present for this meeting

Details of the Three previous Annual General Meetings

AGM	Day, Date and	Time	Venue	Whether Spl Resolution Passed
9th AGM	Monday September 29, 2003	2 30 p m	Hotel Taj Blue Diamond 11, Koregaon Road, Pune-400 001	Yes
10th AGM	Friday August 13, 2004	2 30 p m	Hotel Taj Blue Diamond 11, Koregaon Road, Pune-400 001	Yes
11th AGM	Saturday September 3, 2005	2 30 p m	Hotel Taj Blue Diamond 11, Koregaon Road, Pune-400 001	Yes

Postal Ballot

In accordance with Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the consent of the shareholders for any resolution for any alteration in the objects clause of Memorandum of Association is required to be obtained by means of a postal ballot instead of transacting the same in the General Meeting Accordingly, a Postal Ballot was conducted prior to the 11th Annual General Meeting, to pass appropriate resolutions as Special Resolutions for (i) amending the objects clause of the Memorandum of Association to enable your bank "to open, establish, maintain and operate currency chests and Small Coin Depots", and (ii) rectify the errors of punctuation, spelling, formatting and grammar and clerical and typographical mistakes in the objects clause of the Memorandum of Association

Your Bank had appointed Mr S N Bhandari, Practising Company Secretary, as Scrutiniser for conducting the postal ballot process The Scrutiniser submitted his report to the Chairman of your Bank after completion of scrutiny in a fair and transparent manner and the result of passing the above mentioned Special Resolutions through the postal ballot was announced at the 11th Annual General Meeting of your Bank convened on September 3, 2005, at 2 30 p m at Hotel Taj Blue Diamond, 11, Koregaon Road, Pune - 411 001

Material Disclosures

Related Party Transactions During the year, there were no materially-significant related-party transactions that could have had any potential for conflict with the interests of your bank at large. Details are available in para 12 of Schedule XVIII (Notes on Accounts) forming part of the Audited Financial Statements for the year.

Penalties, etc Neither the Stock Exchanges, the Securities and Exchange Board of India nor any other statutory authority has imposed any penalty or stricture on the Bank, on any matter related to capital markets, during the last three years.

Disqualification of Directors As on March 31, 2006, none of the Directors of your Bank was disqualified under section 274(1) (g) of the Companies Act, 1956.

Mandatory requirements of Clause 49 Your Bank has complied with all the mandatory requirements of Corporate Governance stipulated under Clause 49 of the Listing Agreement. A certificate to this effect has been issued by M/s Bhandari & Associates, Company Secretaries, and the same has been incorporated elsewhere in this document.

Accounting Standards In the preparation of financial statements for the year 2005-2006, the treatment prescribed in the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time, has been followed by your Bank.

Non-Mandatory requirements of Clause 49 of the Listing Agreement

The status of compliance with the non-mandatory requirements of Clause 49 of the Listing Agreement is given below.

The Chairman's Office The Chairman (non-executive) has been provided with an office at the Corporate Office of the Bank.

Tenure of Independent Directors While Clause 49 puts forth a non-mandatory requirement that the tenure of a Director may be restricted to nine years, according to Section 10A of the Banking Regulation Act 1949 "no director of a banking company, other than its chairman or whole-time director, by whatever name called, shall hold-office continuously for a period exceeding eight years".

Remuneration Committee In accordance with the requirements stipulated by RBI, pursuant to the Ganguly Committee Report, your Board of Directors has constituted a Nomination Committee comprising two non-executive independent Directors and one whole-time Director. The Committee discharges the functions of the Remuneration Committee envisaged in Clause 49 of the Listing Agreement. The Committee conducts due diligence as to the credentials of any Director before his appointment and makes appropriate recommendations to the Board.

Shareholder Rights All information pertaining to business and developmental activities are intimated to the stock exchanges on a continuous basis. The stock exchanges in turn announce the corporate information on their respective websites. The quarterly financial results are published in the newspapers, apart from being reported on EDIFAR and the websites of the stock exchanges. Therefore your Bank does not find it expedient to send individual communications to the shareholders regarding significant events and financial performance every half-year.

Audit qualifications Your Bank endeavours to move towards a regime of unqualified financial statements.

Training of Board Members Your Directors are being provided with opportunities to attend seminars and workshops in order to equip them with relevant inputs for effective discharge of their responsibilities as Directors.

Mechanism for evaluating non-executive Board Members Your Bank does not have a mechanism for evaluating the performance of non-executive Directors.

Whistle Blower Policy Your Bank has not instituted a formal whistle blowing mechanism.

Means of Communication

- Besides communicating to the stock exchanges on which the Bank's shares are listed, your Bank's financial results are also published on a quarterly basis in leading newspapers (Financial Express and Loksatta) and displayed on the Bank's website (www.indusind.com).
- In accordance with the requirements of publishing financial and other data in the Electronic Data Information Filing and Retrieval (EDIFAR) database, your Bank loads the required information on the specified website (www.sebidifar.nic.in) maintained for Securities and Exchange Board of India.
- All information relevant to the investors is published on the Bank's website, and it is updated on a regular basis.
- Press releases on the performance of your Bank on various fronts are issued at appropriate times.
- Presentations made to financial analysts are displayed on your Bank's website (www.indusind.com) from time to time.

Subsidiary Company – ALF Insurance Services Private Limited

Your Bank does not have a "maternal non-listed Indian subsidiary" as defined in Clause 49 of the Listing Agreement. However, ALF Insurance Services Private Limited is a wholly-owned subsidiary of your Bank. The company has been incorporated with the objective of pursuing insurance broking. It has applied for a licence to Insurance Regulatory and Development Authority and the same is awaited. It has a paid-up share capital of Rs 50 lakhs. During the year under review, the company has not done any business.

The Audit Committee of your Bank has reviewed the financial statements and investments of the subsidiary, ALF Insurance Services Private Limited. The minutes of the Board meetings of this subsidiary company has been placed before the Board of your Bank.

Corporate Social Responsibility (CSR)

As an acknowledgement of the initiatives taken by your Bank so far, it has been chosen as one of the participating companies for 'Socially Responsible Business' project initiated by Bombay Chamber of Commerce and Industry supported by the European Commission. Some of the initiatives taken during the year are as follows:

- A program aimed at creating awareness on HIV/AIDs with focus on 'Prevention of Mother to Child Transmission' on International Mother's Day.
- A campaign in Mumbai and Delhi on the occasion of 'World No Tobacco Day' and 'World Environment Day'.
- A program on Cardiac Health, Diabetes, Respiratory Diseases and other ailments arising out of Asthma, and measures to be adopted for improving general wellness in association with social organizations.
- Medical camps in different parts of Mumbai like Vile Parle, Morgaon in Juhu, Dharavi and Mulund, which were badly affected by the torrential downpour in July 2005.
- National Science Seminar 2005 on the topic 'A Century of Physics - Achievement and Challenges' in association with National Council of Science Museum commemorating the International Year of Physics- 2005. Over 106000 students participated in the seminar from different parts of the country.

- 'IndusInd Young Saver Scholarship 2005-06' commemorating 'International Year of Physics' to promote academic excellence Over 40,000 students took up the exam organised on November 27, 2005 at all branches of IndusInd Bank spread over 23 states and 111 cities
- Community Signage Campaign at select places in Mumbai to create Environment Awareness and Civic Consciousness among the public by displaying 'Message Boards' at various housing societies

General Information for Shareholders

Financial Year	2005-06
Board meeting for adoption of audited financial accounts	June 13, 2006
Posting of Annual Report 2005-06	September 1, 2006
Day, Date and Time of 12th Annual General Meeting	At 10 30 a m on Thursday, September 28, 2006
Venue	Hotel Sun-n-Sand, 262, Bund Garden Road, Pune - 411 001
Financial Calendar	April 1 to March 31
Bank's Website	www.indusind.com
Board meeting for consideration of unaudited results for first quarter of FY 2006-2007	July 29, 2006

Shareholding as on March 31, 2006**i. Distribution**

Category	No of shares held	% of shareholding
A Promoters' holding	90999984	31.34
B Non-Promoters' Holding	199317652	68.66
1 Institutional Investors		
a Mutual Funds and UTI	663400	0.23
b Banks, Financial Institutions, Insurance Companies (Central/State Gov Institutions/Non-government Institutions)	4265072	1.47
c FIs	38860569	13.39
Sub Total	43789041	15.09
2 Others		
a Private Corporate Bodies	62892617	21.66
b Indian Public*	71937496	24.78
c NRIs/OCBs*	18466098	6.36
d Clearing Members	2232400	0.77
Sub Total	155528611	53.57
GRAND TOTAL	290317636	100.00

* 'Indian Public' includes 29981 shares held by Resident Independent Directors, and Category 'NRIs/OCBs' includes 171902 shares held by Non-Resident Independent Directors

ii Major Shareholders (with more than 1 percent shareholding)

S No	Name of Shareholder	No of shares held	% of shareholding
1	IndusInd International Holdings Ltd	68499984	23.59
2	Ashok Leyland Ltd	37431987	12.89
3	IndusInd Limited	15500000	5.34
4	Amam Limited a/c Invest-India (Mauritius) Ltd	14377828	4.95
5	Amam Limited	7939868	2.73
6	De Five (Mauritius) Holdings Ltd	7000000	2.41
7	Sital K Motwani	5652120	1.95
8	IDL Industries Limited	4314323	1.49
9	Lotus Global Investments Ltd	3544360	1.22
10	ABN AMRO Bank N V London Br	3676720	1.27
11	Amas Mauritius Limited	3066065	1.06

iii Total foreign shareholding

	No of shares held	% of shareholding
Total foreign shareholding	148326651	51.09
Of which GDR/ADR	Nil	-

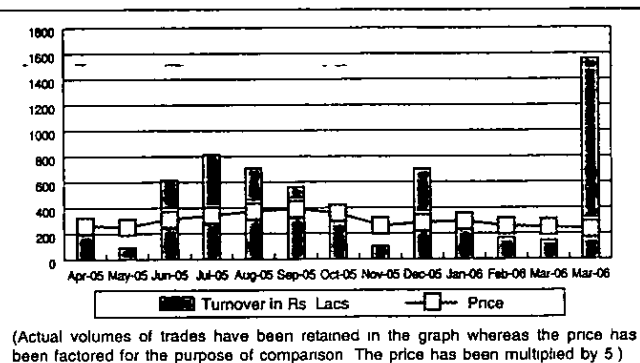
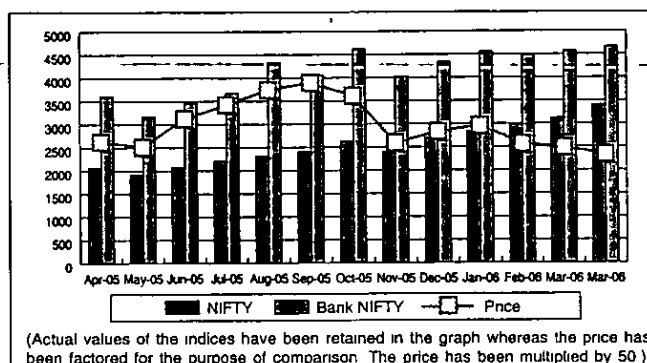
Listing details of the Bank's Equity Shares

Name of the Stock Exchange	Address of the Stock Exchange	Stock Code No	Annual Listing Fee for 2006-2007
Bombay Stock Exchange Limited	Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 400001	532187	Rs 2,33,250/- paid on May 3, 2006
National Stock Exchange of India Limited	Exchange Plaza, 5th Floor, Plot No C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051	INDUSINDBK Normal-EQ(physical) Depository-AE(manual lots) Depository-BE(odd lots)	Rs 1,38,600/- paid on May 3, 2006

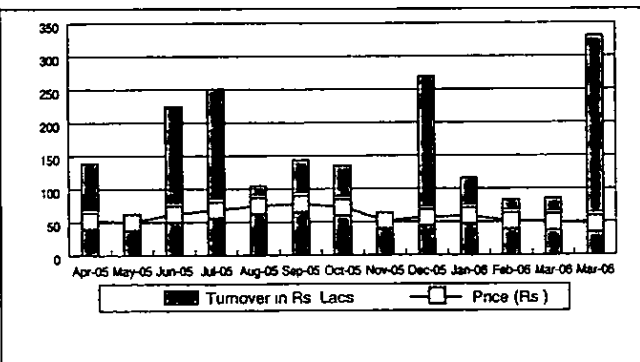
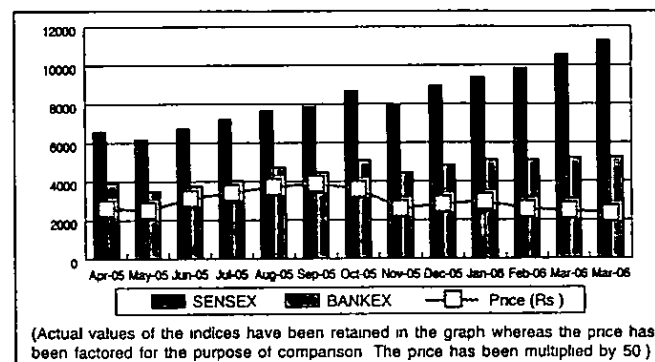
Market Price Data of the Bank's shares
i. National Stock Exchange of India Limited

Date	Price of Shares				Turnover in		NIFTY	Bank NIFTY
	Open (Rs)	High (Rs)	Low (Rs)	Close (Rs)	Rs Lakhs			
1-Apr-05	50 90	53 45	50 55	52 55	268 78		2067 65	3609 11
2-May-05	51 35	51 40	49 55	50 30	95 82		1916 75	3178 57
1-Jun-05	61 90	64 80	61 90	62 50	619 80		2087 55	3456 84
1-Jul-05	66 55	69 20	66 25	68 45	814 72		2211 90	3678 90
1-Aug-05	75 90	76 00	72 60	74 90	710 64		2318 05	4336 00
1-Sep-05	78 70	79 00	77 65	77 95	564 06		2405 75	4064 65
3-Oct-05	71 90	72 45	71 25	72 20	358 20		2630 05	4622 40
1-Nov-05	52 00	52 75	51 50	51 90	103 69		2386 75	4025 25
1-Dec-05	54 85	57 80	53 20	56 75	700 49		2698 95	4336 40
2-Jan-06	59 35	59 90	58 50	59 30	308 70		2835 95	4556 25
1-Feb-06	53 45	53 45	51 10	51 40	166 12		2971 55	4483 80
1-Mar-06	50 00	51 50	49 15	49 90	146 39		3123 10	4572 70
31-Mar-06	43 80	47 50	43 80	46 80	1558 37		3402 55	4661 50

Source Website of the NSE


ii Bombay Stock Exchange Limited

Date	Price of Shares				Turnover in		SENSEX	BANKEK
	Open (Rs)	High (Rs.)	Low (Rs)	Close (Rs)	Rs Lakhs			
1-Apr-05	50 90	52 75	50 40	52 20	139 31		6605 04	3931 30
2-May-05	51 00	51 00	49 70	50 25	37 90		6195 15	3519 26
1-Jun-05	63 00	63 80	62 00	62 45	225 12		6729 90	3806 02
1-Jul-05	67 15	69 25	66 00	68 50	251 01		7210 77	4049 68
1-Aug-05	75 10	76 45	74 00	74 80	105 25		7669 45	4736 18
1-Sep-05	79 00	79 00	77 35	77 70	144 01		7876 15	4466 45
3-Oct-05	71 75	72 50	71 25	72 25	135 57		8697 65	5106 27
1-Nov-05	52 90	52 90	51 50	52 00	53 89		7944 10	4455 13
1-Dec-05	54 40	57 50	53 25	56 70	269 86		8944 78	4841 81
2-Jan-06	59 60	59 90	58 90	59 15	116 22		9390 14	5129 63
1-Feb-06	52 90	53 00	51 15	51 40	83 21		9859 26	5109 67
1-Mar-06	50 45	51 00	49 70	49 90	85 74		10565 4	5218 84
31-Mar-06	44 20	47 70	43 80	46 85	330 48		11279 96	5265 24



Dematerialisation of shares and liquidity

Your Bank's shares are tradable (in electronic form only) at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. 93% of the Bank's shares are dematerialised and the rest remain in physical form. The volume of trades and share price information is provided elsewhere in this document.

In view of the numerous advantages offered by the depository system, members holding the shares of the Bank in physical form are requested to get the same dematerialised and converted to the electronic form.

Share Transfer System

A Share Transfer Committee comprising the Bank's executives has been formed to deal with matters relating to transfer of shares, issue of duplicate share certificates in lieu of mutilated share certificates or those which are misplaced / lost, and other related matters. The approvals granted by the Share Transfer Committee are confirmed at subsequent Board meetings. With a view to expediting the process of physical share transfers, the Share Transfer Committee meets on the first and third Friday of every month.

Trading in the Bank's shares now takes place compulsorily in dematerialised form. However, members holding share certificates in physical form are entitled to transfer their shareholding by forwarding the share certificates along with valid, duly executed and stamped transfer deed signed by the member (or on his/her behalf) and the transferee to the Bank or to the Bank's Registrar & Share Transfer Agent, Intime Spectrum Registry Ltd.

Registrar & Share Transfer Agent

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L B S Marg, Bhandup (West)
Mumbai - 400078
Contact Person: Mr. Kirti Kumar
Tel No. 25963838 Fax 25946969
Email: kirtikumark@intimespectrum.com

Redressal of Investors' Grievances

In order to service the investors in an efficient manner and to attend to their grievances, your Bank has constituted an 'Investor Services Cell' at its Corporate Office at Mumbai.

Members are welcome to contact

Mr. Lalit Dalvi

Investor Services Cell

IndusInd Bank Ltd
Solitaire Corporate Park
167, Guru Hargovindji Marg
Andheri (East)
Mumbai - 400093
Tel: 022 - 6641 2487 Fax: 022 - 6641 2347
Email: investor@indusind.com

Unclaimed Dividends

In accordance with the provisions of Section 205A of the Companies Act, 1956, read with Investor Education and Protection Fund (Awareness and Protection of Investors), Rules 2001, the dividends that remain unclaimed for a period of seven years from the date of transfer of the dividend to 'unpaid dividend account', shall be transferred to the 'Investor Education and Protection Fund' (IEPF). The table below gives the due dates for such transfers that are required to be effected during the period October 2006 - December 2007. Members are requested to take note of the due dates for such transfers.

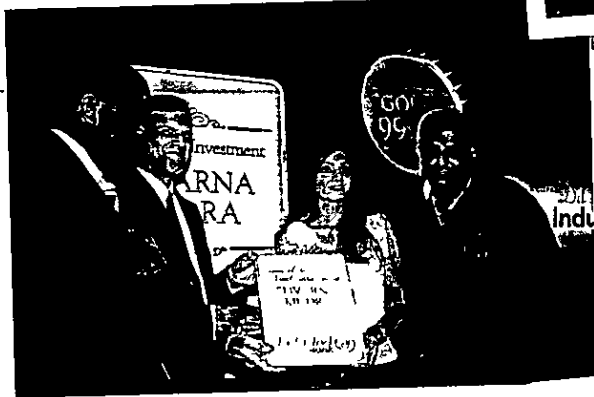
Year	Name of Company	Type of dividend	Date of Payment of dividend	Due date for transfer to IEPF
1998-99	IndusInd Bank Ltd	Final	26 08 1999	10 10 2006
1998-99	Ashok Leyland Finance Ltd	Final	25 11 1999	05 01 2007
1998-99	IndusInd Enterprises & Finance Ltd	Final	29 03 2000	11 05 2007
1999-00(18 months)	IndusInd Enterprises & Finance Ltd	Interim	29 03 2000	21 06 2007
1999-00	IndusInd Bank Ltd	Final	29 05 2000	13 07 2007
1999-00	Ashok Leyland Finance Ltd	Final	31 08 2000	11 10 2007

Pursuant to Section 205C of the Companies Act, 1956, it is clarified that no claims shall lie against IEPF or the Bank in respect of individual amounts which have remained unclaimed and unpaid for a period of seven years from the dates that they first became due for payment, and no payment shall be made in respect of any such claims.

Events & Happenings

July 2005

Mr Suresh Pai, Executive Vice President, addressing the press meet at the inaugural function of our Gwalior branch. Also seen seated is Shrimant Jyotiraditya Scindia, Honourable Member of Parliament and the scion of Scindia Family, Mr Bhaskar Ghose, Managing Director and famous TV Star Ms Shweta Choudhary-Perna of Kasauti Zindagi Ki fame



October 2005

Mr Moses Harding and Mr Suresh Pai, Executive Vice Presidents along with Bollywood star Sridevi and Boney Kapoor at the launch ceremony of "Suvarna Mudra- Gold Coins/Ingots"

December 2005

Mr Ashok Rao, Regional Head- Mumbai, in conversation with Shri Ram Jethmalani, Former Law Minister and eminent jurist at IndusInd Bank stall, International Sindhi Trade Show, Mumbai



December 2005

A group photo of IndusInd Team at International Sindhi Sammelan, Mumbai

Events & Happenings

December 2005

Mr Varghese Thambi, Senior Vice President and Retail Head with Mr Ramesh Chandra Srivastava, Executive Director of Steel Authority of India Ltd and CMD of OMDC BSIC, KDCL and EIL at the inauguration of Barbil branch



January 2006

Shri Krupashankar Singh, Honourable Minister of State for Home along with Mr Sudesh Jaisinghani, Assistant Vice President and Branch Head, Andheri (East) Mumbai, at the IndusInd Bank stall in Global Vendor Program organised by Small Industries Service Institute, Mumbai



January 2006

Mr Suresh Pai, Executive Vice President and Mr Varghese Thambi, Senior Vice President and Retail Head along with Secunderabad branch staff at the Pravasi Bhartiya Divas stall



January 2006

Mr Bhaskar Ghose, Managing Director addressing the seminar at "Indian Banks and the Global Challenges" jointly organised by Indian Merchants' Chamber and Indian Banks' Association, Mumbai



January 2006

IndusInd team participating in the Third Standard Chartered Mumbai Marathon 2006, Mumbai

AUDITORS' REPORT

To the Members of IndusInd Bank Limited

- 1 We have audited the attached balance sheet of IndusInd Bank Limited (the 'Bank') as at March 31, 2006 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 (the 'Companies Act').
- 4 The reports on accounts of 32 branches audited by branch auditors and the accounts of overseas representative offices at Dubai and London, as submitted by the management of the Bank have been dealt with in preparing our report in the manner considered appropriate by us.

5 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 branches not visited by us. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with,
- 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 and with the audited returns received from the branches,
- 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, read with the guidelines issued by Reserve Bank of India insofar as they apply to the Bank,
- f) On the basis of written representations received from the directors, as on March 31, 2006, and taken on record by the Board of Directors, we report that none of the directors are disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act,
- 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 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, 2006,
 - 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
Partner
Membership No 048749

Mumbai
June 13, 2006

BALANCE SHEET AS AT MARCH 31, 2006

	SCHEDULE	As at 31 3 06	Rupees in 000s As at 31 3 05
CAPITAL AND LIABILITIES			
Capital	I	290,50,97	290,50,97
Reserves and Surplus	II	575,54,92	538,73,15
Deposits	III	15006,30,14	13114,27,62
Borrowings	IV	534,94,98	610,61,99
Other Liabilities and Provisions	V	1215,20,96	1067,86,79
TOTAL		17622,51,97	15622,00,52
ASSETS			
Cash and Balances with Reserve Bank of India	VI	604,08,93	636,08,39
Balances with Banks and Money at Call and Short Notice	VII	876,41,50	518,51,01
Investments	VIII	5409,90,43	4069,17,08
Advances	IX	9310,46,22	8999,75,30
Fixed Assets	X	339,58,79	324,49,57
Other Assets	XI	1082,06,10	1073,99,17
TOTAL		17622,51,97	15622,00,52
Contingent Liabilities	XII	16836,46,12	10752,27,43
Bills for Collection		1758,71,47	1620,37,85
Principal Accounting Policies	XVII	-	-
Notes on Accounts	XVIII	-	-

The schedules referred to above form an integral part of Balance Sheet

The Balance Sheet has been prepared in conformity with Form "A" of the Third Schedule to the Banking Regulation Act, 1949

This is the Balance Sheet referred
to in our report of even date

For INDUSIND BANK LTD.

For and on behalf of
S R Batliboi & Co
Chartered Accountants

R J Shahaney
Chairman

Kanchan Chitale
Director

per **Viren H Mehta**
a Partner
Membership Number 048749

Bhaskar Ghose
Managing Director

S. Nagarajan
Joint Managing Director

S V Zaregaonkar
Executive Vice President & CFO

Suresh T Viswanathan
Company Secretary

Place Mumbai
Date June 13, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

	SCHEDULE	Year ended 31 3 06	Rupees in 000s Year ended 31 3.05
I. INCOME			
Interest Earned	XIII	1188,28,33	1134,39,43
Other Income	XIV	226,10,14	250,75,04
TOTAL		1414,38,47	1385,14,47
II EXPENDITURE			
Interest Expended	XV	873,19,13	718,89,33
Operating Expenses	XVI	316,62,62	265,01,90
Provisions and Contingencies		187,74,95	191,08,73
TOTAL		1377,56,70	1174,99,96
III PROFIT		36,81,77	210,14,51
Add Transfer from Contingency Reserves		-	118,01,88
Less Provisions for Contingencies		-	118,01,88
NET PROFIT		36,81,77	210,14,51
Add Transfer from Investment Fluctuation Reserve		78,89,65	-
Less Tax Adjustments of Previous years		-	4,63,00
AMOUNT AVAILABLE FOR APPROPRIATION	TOTAL	115,71,42	205,51,51
IV APPROPRIATIONS			
Transfer to			
a) Statutory Reserve		9,20,44	52,53,63
b) Capital Reserve		1,42,36	4,05,58
c) Investment Fluctuation Reserve		-	9,03,00
d) Dividend (Proposed)		-	52,25,72
e) Corporate Dividend Tax		-	6,82,94
		10,62,80	124,70,87
Balance transferred to Balance Sheet		105,08,62	80,80,64
TOTAL		115,71,42	205,51,51
Earnings per share (basic and diluted)(Rupees)		1 27	7 07
Principal Accounting Policies	XVII		
Notes on Accounts	XVIII		

The schedules referred to above form an integral part of Profit & Loss Account

The Profit & Loss Account has been prepared in conformity with Form "B" of the Third Schedule to the Banking Regulation Act, 1949

This is the Profit and Loss Account referred to in our report of even date

For INDUSIND BANK LTD

For and on behalf of
S R Batliboi & Co
Chartered Accountants

R. J Shahaney
Chairman

Kanchan Chitale
Director

per **Viren H Mehta**
a Partner
Membership Number 048749

Bhaskar Ghose
Managing Director

S Nagarajan
Joint Managing Director

S. V Zaregaonkar
Executive Vice President & CFO

Suresh T Viswanathan
Company Secretary

Place Mumbai
Date June 13, 2006

SCHEDULES

	As at 31 3 06	Rupees in 000s As at 31 3 05
SCHEDULE - I CAPITAL		
Authorised Capital		
40,00,00,000 (Previous year 30,00,00,000) equity shares of Rs 10/- each	400,00,00	300,00,00
Issued, Subscribed and Called Up Capital		
29,03,17,636 (Previous year 29,03,17,636) equity shares of Rs 10/- each	290,31,76	290,31,76
Paid up Capital		
29,03,17,636 (Previous year 29,03,17,636) equity shares of Rs 10/- each	290,31,76	290,31,76
Add Forfeited 3,84,200 (Previous year 3,84,200) equity shares of Rs 10/- each	19,21	19,21
	<u>290,50,97</u>	<u>290,50,97</u>
SCHEDULE - II RESERVES AND SURPLUS		
1 Statutory Reserve		
Opening balance	53,78,63	65,51,57
Additions during the year	9,20,44	52,53,63
Transfer to Contingency Reserve		64,26,57
	<u>62,99,07</u>	<u>53,78,63</u>
2 Capital Reserve		
Opening balance	26,38,89	22,33,31
Additions during the year	1,42,36	4,05,58
	<u>27,81,25</u>	<u>26,38,89</u>
3 Share Premium Account		
Opening balance	296,49,77	297,17,00
Deductions during the year - forfeiture of 3,84,200 equity shares		67,23
	<u>296,49,77</u>	<u>296,49,77</u>
4 General Reserve		
Opening balance	1,35,57	1,35,57
	<u>1,35,57</u>	<u>1,35,57</u>
5 Investment Allowance Reserve		
Opening balance	1,00,00	100,00
	<u>1,00,00</u>	<u>1,00,00</u>

SCHEDULES (Contd.)

	As at 31 3 06	Rupees in 000s As at 31 3 05
6 Revenue and Other Reserves		
(a) Investment Fluctuation Reserve		
Opening balance	78,89,65	69,86,65
Additions during the year	-	9,03,00
Transfer to Profit and Loss account	78,89,65	-
	<u>-</u>	<u>78,89,65</u>
(b) Profit and Loss account		
Opening balance	80,80,64	53,75,31
Additions during the year	105,08,62	80,80,64
Transfer to Contingency Reserve	-	53,75,31
	<u>185,89,26</u>	<u>80,80,64</u>
(c) Contingency Reserve		
Opening balance	-	-
Additions during the year	-	-
Transfer from Statutory Reserve	-	64,26,57
Transfer from Balance in P & L Account	-	53,75,31
Deductions during the year	-	-
Transfer to Profit & Loss Account	-	118,01,88
	<u>-</u>	<u>-</u>
	<u>185,89,26</u>	<u>159,70,29</u>
TOTAL (1-6)	<u>575,54,92</u>	<u>538,73,15</u>
SCHEDULE - III DEPOSITS		
A 1 Demand Deposits		
i) From Banks	68,24,90	38,67,72
ii) From Others	1133,13,36	854,76,33
2 Savings Bank Deposits	729,23,81	508,62,02
3 Term Deposits		
i) From Banks	3506,08,25	2923,25,84
ii) From Others	9569,59,82	8788,95,71
TOTAL (1,2 & 3)	<u>15006,30,14</u>	<u>13114,27,62</u>
B Deposits of Branches		
1 In India	15006,30,14	13114,27,62
2 Outside India	-	-
TOTAL	<u>15006,30,14</u>	<u>13114,27,62</u>

SCHEDULES (Contd.)

	As at 31 3 06	Rupees in 000s As at 31 3 05
SCHEDULE - IV BORROWINGS		
1 Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	72,07,81	262,70,90
iii) Other Institutions and Agencies	150,00,00	103,33,33
2 Borrowings outside India	312,87,17	244,57,76
TOTAL (1 & 2)	534,94,98	610,61,99
Secured borrowings included in 1 & 2 above	55,00,00	210,83,33
SCHEDULE - V OTHER LIABILITIES AND PROVISIONS		
1 Bills Payable	157,91,30	104,50,52
2 Interest Accrued	80,20,69	81,16,24
3 Unsecured Non-Convertible Redeemable Debentures/Bonds (Subordinated for Tier-II Capital)	539,10,00	472,00,00
4 Unsecured Non-Convertible Redeemable Non-Cumulative Subordinated Upper Tier II Bonds	100,00,00	-
5 Others (including Provisions)	337,98,97	410,20,03
TOTAL	1215,20,96	1067,86,79
SCHEDULE - VI CASH AND BALANCES WITH RESERVE BANK OF INDIA		
1 Cash in hand (including foreign currency notes)	83,14,05	44,46,74
2 Balances with Reserve Bank of India		
i) In Current Accounts	520,94,88	591,61,65
ii) In Other Accounts	-	-
TOTAL (1 & 2)	604,08,93	636,08,39
SCHEDULE - VII BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
1 In India		
i) Balances with Banks		
a) In Current Accounts	310,91,71	467,53,58
b) In Other Deposit Accounts	459,80,74	35,19,78
ii) Money at Call and Short Notice	-	-
TOTAL (i & ii)	770,72,45	502,73,36
2 Outside India		
i) In Current Accounts	105,69,05	15,77,65
ii) In Other Deposit Accounts	-	-
iii) Money at Call and Short Notice	-	-
TOTAL (i, ii & iii)	105,69,05	15,77,65
GRAND TOTAL (1 & 2)	876,41,50	518,51,01

SCHEDULES (Contd.)

	As at 31 3 06	Rupees in 000s As at 31 3 05
SCHEDULE - VIII INVESTMENTS		
1 Investments in India		
Gross Value	5476,71,45	4093,77,68
Less Provision for Depreciation (includes amortisation on HTM securities)	66,81,02	24,60,60
Net value of Investments in India	5409,90,43	4069,17,08
Comprising of		
i) Government securities	4583,13,77	3404,89,35
ii) Other approved securities	2,55,00	23,88,69
iii) Shares	13,23,48	23,32,16
iv) Debentures and bonds	145,68,80	111,82,96
v) Subsidiaries and/or Joint Ventures	50,00	50,00
vi) Others - Deposits under RIDF scheme with NABARD	664,79,38	504,73,92
2 Investments Outside India		
TOTAL (1 & 2)	5409,90,43	4069,17,08
SCHEDULE - IX ADVANCES		
A		
i) Bills Purchased and Discounted	420,75,56	1091,75,84
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	1947,51,15	2135,88,06
iii) Term Loans	6942,19,51	5772,11,40
TOTAL	9310,46,22	8999,75,30
B		
i) Secured by Tangible Assets (includes advances against book debts)	7742,84,43	7286,31,83
ii) Covered by Bank /Government Guarantees (includes advances against L/Cs issued by banks)	376,63,79	925,83,46
iii) Unsecured	1190,98,00	787,60,01
TOTAL	9310,46,22	8999,75,30
C		
i) Advances in India		
a) Priority Sector	2493,35,17	2115,10,87
b) Public Sector	264,96,54	332,02,52
c) Banks	35,38,56	352,68,73
d) Others	6516,75,95	6199,93,18
TOTAL	9310,46,22	8999,75,30
ii) Advances Outside India		
TOTAL (i & ii)	9310,46,22	8999,75,30

SCHEDULES (Contd.)

	As at 31 3 06	Rupees in 000s As at 31 3 05
SCHEDULE - X FIXED ASSETS		
1 PREMISES		
i) At cost as at beginning of the year	133,54,08	88,15,66
ii) Additions during the year	10,24,27	45,94,72
	143,78,35	134,10,38
iii) Less Deductions during the year	7,07,47	56,30
iv) Less Depreciation to date	12,60,71	11,27,54
	124,10,17	122,26,54
2 Other Fixed Assets (including furniture & fixtures)		
i) At cost as at the beginning of the year	437,94,42	380,54,94
ii) Additions during the year	46,77,37	81,19,43
[includes Assets given on lease Rs 225,71,92 (Previous year Rs 201,66,49)]	484,71,79	461,74,37
iii) Less Deductions during the year	3,53,61	23,79,95
iv) Less Depreciation to date	268,79,22	236,88,91
	212,38,96	201,05,51
3 Capital Work in Progress	3,09,66	1,17,52
TOTAL (1,2 & 3)	339,58,79	324,49,57
SCHEDULE - XI OTHER ASSETS		
1 Inter-office Adjustments (Net)	2,31,10	43,50
2 Interest Accrued	162,02,34	88,33,89
3 Tax Paid in Advance / tax deducted at source (net of provision)	223,81,14	186,44,79
4 Stationery and Stamps	21,56	19,31
5 Non-banking assets acquired in satisfaction of claims	62,68,26	79,03,65
6 Others [includes Deposits with banks Rs 294,76,80 being credit enhancement against Securitised Assets (Previous year Rs 229,03,67)]	631,01,70	719,54,03
TOTAL	1082,06,10	1073,99,17
SCHEDULE - XII CONTINGENT LIABILITIES		
1 Claims against the Bank not acknowledged as debts	184,64,55	397,33,62
2 Liability on account of outstanding Forward Exchange Contracts	7277,01,40	5181,80,47
3 Liability on account of outstanding Derivative Contracts	6775,00,00	3675,00,00
4 Guarantees given on behalf of constituents		
a) In India	1021,44,65	337,73,31
b) Outside India	-	-
5 Acceptances, Endorsements and Other Obligations	1578,35,52	1157,69,53
6 Maximum amount of recourse to the Bank on assets securitised	-	2,46,27
7 Other Items for which the Bank is contingently liable	-	24,23
TOTAL	16836,46,12	10752,27,43

SCHEDULES (Contd.)

	Year ended 31 3 06	Rupees in 000s Year ended 31 3 05
SCHEDULE - XIII INTEREST EARNED		
1 Interest/Discount on Advances /Bills	855,30,34	811,35,64
2 Income on Investments	310,99,94	306,35,58
3 Interest on Balances with RBI and Other Inter-Bank Funds	14,17,93	11,88,88
4 Others	7,80,12	4,79,33
TOTAL	1188,28,33	1134,39,43
SCHEDULE - XIV OTHER INCOME		
1 Commission, Exchange and Brokerage	40,51,43	31,53,06
2 Profit on Sale of Investments (Net) / Derivatives	13,26,18	57,95,33
3 Profit/(Loss) on Sale of Land, Buildings and Other Assets	(4,33,89)	(6,32,89)
4 Profit on exchange transactions (Net)	10,53,76	14,31,38
5 Income earned by way of dividend from companies in India	42,45	80,80
6 Miscellaneous Income	165,70,21	152,47,36
TOTAL	226,10,14	250,75,04
SCHEDULE - XV INTEREST EXPENDED		
1 Interest on Deposits	777,78,03	570,24,14
2 Interest on Reserve Bank of India/ Inter-Bank Borrowings	49,90,04	110,99,60
3 Others	45,51,06	37,65,59
TOTAL	873,19,13	718,89,33
SCHEDULE - XVI OPERATING EXPENSES		
1 Payments to and Provisions for Employees	84,79,14	60,16,44
2 Rent, Taxes and Lighting (includes operating lease rentals)	28,53,47	24,87,81
3 Printing and Stationery	9,99,09	7,55,24
4 Advertisement and Publicity	8,15,27	5,80,78
5 Depreciation on Bank's Property	35,98,83	44,86,88
6 Directors' Fees, Allowances and Expenses	42,43	47,50
7 Auditors' Fees and Expenses (includes branch auditors)	83,78	66,56
8 Law Charges	10,71,66	9,13,35
9 Postage, Telegrams, Telephones, etc	20,61,04	19,02,70
10 Repairs and Maintenance	19,97,28	18,85,01
11 Insurance	12,70,83	9,20,59
12 Service Provider Fees	37,39,73	21,26,29
13 Other Expenditure	46,50,07	43,12,75
TOTAL	316,62,62	265,01,90

SCHEDULES (Contd.)**SCHEDULE NO XVII****PRINCIPAL ACCOUNTING POLICIES****1) General**

The accompanying financial statements have been prepared on the historical cost convention, except where otherwise stated, and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, read with guidelines issued by the Reserve Bank of India ('RBI') and conform to the statutory provisions and practices prevailing within the banking industry in India

2) Transactions involving Foreign Exchange

2.1 Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date at the exchange rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting profits or losses are recognised in the profit and loss account

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined

2.2 All Foreign Exchange contracts outstanding at the balance sheet date are revalued at the rates of exchange notified by the FEDAI for specified maturities and the resulting profits or losses are recognised in the profit and loss account

2.3 The Swap cost arising on account of foreign currency swap contracts to convert FCNR (B) deposits into rupee liability is charged to profit and loss account as 'Interest - Others'

2.4 Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transaction

2.5 Contingent liability at the balance sheet date on account of outstanding forward exchange contracts, guarantees, acceptances, endorsements and other obligations and foreign exchange and derivative contracts are stated at the closing rates of exchange notified by FEDAI. In the previous year, contingent liability on account of outstanding forward foreign exchange contracts was stated at the contracted rates of exchange

3) Investments

The significant accounting policies in accordance with the RBI guidelines and subsequent circulars issued by the RBI are as follows

3.1 Categorisation of investments

In accordance with the guidelines issued by RBI, the Bank classifies its investment portfolio into the following three categories, at the time of acquisition

- i) 'Held to Maturity' - Securities acquired by the Bank with the intention to hold till maturity
- ii) 'Held for Trading' - Securities acquired by the Bank with the intention to trade
- iii) 'Available for Sale' - Securities which do not fall within the above two categories are classified as available for sale

3.2 Classification of investments

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries/ Joint Ventures and Other Investments

3.3 Valuation of investments

(i) 'Held to Maturity' - These investments are carried at their acquisition cost. Any premium on acquisition is amortised over the balance period to maturity. Diminution other than temporary, if any, in the value of such investments is determined and provided for on each investment individually

(ii) 'Held for Trading' - Each scrip in this category is revalued at the market price or fair value and the resultant depreciation of each scrip in this category is recognised in the profit and loss account. Appreciation, if any, is ignored. Market value of government securities is determined on the basis of the price list published by RBI or the prices periodically declared by Primary Dealers' Association of India jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) for valuation at year-end. In case of unquoted government securities market price or fair value is determined as per the rates published by FIMMDA

(iii) 'Available for Sale' - Each scrip in this category is revalued at the market price or fair value and the resultant depreciation of each scrip in this category is recognised in the profit and loss account. Appreciation, if any, is ignored

Market value of government securities (excluding treasury bills) is determined on the basis of the price list published by RBI or the prices periodically declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) for valuation at year-end. In case of unquoted government securities market price or fair value is determined as per the rates published by FIMMDA

Market value of other debt securities is determined based on the yield curve and spreads provided by FIMMDA

Equity shares are valued at cost or the closing quotes on a recognised stock exchange, whichever is lower

Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity

Units of mutual funds are valued at the lower of cost and net asset value provided by the respective mutual funds

SCHEDULES (Contd.)

- (iv) Investments in Equity Shares held as Long-term investments by erstwhile IndusInd Enterprises & Finance Ltd and Ashok Leyland Finance Ltd (since merged) are valued at cost. Provision towards diminution in the value of such Long-term investments is made only if the diminution in value is not temporary in the opinion of management.
- (v) Broken period interest on debt instruments is treated as a revenue item. Brokerage, commission, etc. pertaining to investments paid at the time of acquisition is charged to revenue.
- (vi) Repurchase and reverse repurchase transactions are considered as separate sale and purchase contracts. Commitments under these transactions are recorded at contracted rates and excess of contracted rates over market value is recorded in the profit and loss account.

4) **Derivatives**

Derivative contracts are designated as hedging and trading and accounted for as follows:

- (i) The hedging contracts comprise interest rate swaps and currency options undertaken to hedge interest rate risk on certain assets and liabilities. The net interest receivable/ payable is accounted on an accrual basis over the life of the swaps. However, where the hedge is designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements then the hedging is also marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated assets or liabilities.
- (ii) The trading contracts comprise proprietary trading in interest rate swaps. The gain/ loss arising on unwinding or termination of the contracts is accounted for in the profit and loss account. Trading contracts outstanding as at the balance sheet date are measured at their fair value and resulting gains / losses are recognised in the profit and loss account.
- (iii) Premium paid and received on currency options is accounted up-front in the Profit and Loss account as all options are undertaken on a back-to-back basis.
- (iv) Provisioning of overdue customer receivables on derivative contracts, if any, is made as per RBI guidelines.

5) **Advances**

- 5.1 Advances are classified as per the RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.
- 5.2 Provision for non-performing assets is made in conformity with the RBI guidelines.
- 5.3 General provision on standard assets has been made at 0.40% of the outstanding amount on a portfolio basis except for direct advances to Agriculture and Small and Medium Enterprises at 0.25% in accordance with RBI guidelines.
- 5.4 Advances are disclosed in the Balance Sheet, net of provisions and interest suspended for non-performing advances. Provision made against standard assets is included in 'Other Liabilities and Provisions'.
- 5.5 Advances include the Bank's participation in / contributions to the asset-backed assignment of loan assets of other banks / financial institutions where the Bank has participated on risk-sharing basis.
- 5.6 Advances exclude derecognised securitised advances, inter-bank participation and bills rediscounted (BRDS).
- 5.7 Amounts recovered against bad debts written off in earlier years and provisions no longer considered necessary in context of the current status of the borrower are written back / recognised to the profit and loss account to the extent such write-offs / provisions were charged to the profit and loss account.
- 5.8 For re-structured / re-scheduled assets, provision is made in accordance with the guidelines issued by RBI.

6) **Securitisation Transactions**

- 6.1 The Bank transfers commercial and consumer loans through securitisation transactions. The Bank securitises its loan receivables both through Bilateral Direct Assignment route as well as transfer to Special Purpose Vehicles ('SPV') in securitisation transactions.
- 6.2 The securitisation transactions are without recourse to the Bank. The transferred loans and such securitised-out receivables are de-recognised in the balance sheet as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains / losses are recognised only if the Bank surrenders the rights to the benefits specified in the loan contracts.
- 6.3 In respect of certain transactions, the Bank provides credit enhancements in the form of cash collaterals / guarantee and/or by subordination of cashflows to senior Pass Through Certificates (PTC). Retained interest and subordinated PTCs are disclosed under "Advances" in the balance sheet.
- 6.4 Recognition of gain or loss arising out of Securitisation of Standard Assets.
 In terms of RBI guidelines issued on February 1, 2006, profit/premium arising on account of sale of standard assets, being the difference between the sale consideration and book value, is amortised over the life of the securities issued by the Special Purpose Vehicles ('SPV').
 Any loss arising on account of the sale is recognized in the Profit and Loss Account in the period in which the sale occurs.
 Upto January 31, 2006, gains or losses from sale of loan receivables, being the difference between the sale consideration and book value, were recognized at the time of the sale.

7) **Fixed Assets**

- 7.1 Fixed assets (including assets given on operating lease) have been stated at cost less accumulated depreciation and impairment. Cost includes incidental expenditure incurred on the assets before it is ready for intended use. The carrying amount of fixed assets is reviewed at each balance sheet date if there are any indications of impairment based on internal / external factors.

SCHEDULES (Contd.)

7.2 Depreciation has been provided for pro rata for the period of use, on Straight Line Method as per the rates prescribed under Schedule XIV to the Companies Act, 1956, except in respect of computers, which are depreciated at the rate of 33.33%. These rates are reflective of management's estimate of the useful life of the related fixed assets

8) Revenue Recognition

8.1 Income by way of interest and discount on performing assets is recognised on accrual basis and on non-performing assets the same is accounted for on realisation. Further income not realised on non-performing assets is provided for

8.2 Interest on Government securities, debentures and other fixed income securities is recognised on accrual basis. Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis

8.3 Dividend income is recognised when the right to receive payment is established

8.4 Commission (except for Deferred Payment Guarantees and insurance commission which is recognised on accrual basis), exchange and brokerage is recognised on realisation

8.5 Lease income and service charges earned by the Vehicle Finance Division are recognised on accrual basis

9) Operating Leases

Lease rental obligations in respect of assets taken on operating lease are charged to profit and loss account on straight-line basis over the lease term. Initial direct costs are charged to profit and loss account

Assets given under operating leases in respect of which all the risks and benefits of ownership are effectively retained by the Bank are classified as operating leases. Lease rentals received under operating leases are recognized in the profit and loss account on accrual basis as per contracts

10) Retirement and Other Employee Benefits

10.1 Payments under the Group Gratuity policies of the Bank are made to Life Insurance Corporation of India as per actuarial contributions for the year as determined by the Corporation

10.2 Payment under Group Superannuation policy to the eligible employees of the erstwhile Ashok Leyland Finance Ltd (ALFL) is made to Life Insurance Corporation of India as per actuarial contribution for the year

10.3 Provident fund contributions are made under trust separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable

10.4 Provision for leave encashment has been made in the accounts on the basis of actuarial valuation as at the balance sheet date

11) Segment Reporting

The Bank operates in two segments of business 'Treasury' and 'Other Banking Operations'

The segments have been identified and reported taking into account the nature, returns and risks involved. The organization structure and the internal reporting structure are taken into account for the purpose of determining segment results

The revenues reported under 'Treasury' segment include interest income on investment portfolio, profit/loss on sale of investments, profit/loss on foreign exchange transactions, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources

The revenues of 'Other Banking Operations' segment consist of interest earned on loans and advances and other fee based income. The expenses mainly comprise interest paid on deposits and other infrastructure expenses

Certain expenses have been classified as unallocated expenses, which comprise common expenses of both the segments, which are not specifically allocated to the segments

Segment results include revenue as reduced by interest expenses and operating expenses for that segment. For this purpose, the fund transfer pricing mechanism followed is based on the cost of funds incurred

12) Income-tax

Tax expenses comprise current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized

13) Earnings per Share

Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period

14) Provisions

A provision is recognised when there is an obligation as a result of past event. 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 their 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

15) Others

Cash and cash equivalents in the cash flow statement comprise cash and balances with RBI (Schedule VI) and balances with banks and money at call and short notice (Schedule VII)

SCHEDULES (Contd.)

SCHEDULE NO XVIII

NOTES ON ACCOUNTS

1 Fixed Assets

- i) Cost of premises includes Rs 4 02 crores (previous year Rs 4 02 crores) in respect of properties for which execution of documents and registration formalities are in progress. Of these properties, the Bank has not obtained full possession of one property having WDV of Rs 1 96 crores (previous year Rs 2 00 crores) and has filed a suit for the same.
- ii) Operating leases

Transaction – I

(Rs. in crores)

Particulars	2005-06	2004-05
Description of the asset	Wind Turbine Generator–37 Nos	
Gross carrying amount	25 68	25 68
Accumulated depreciation	4 07	2 71
Depreciation recognized during the current year	1 36	1 36
Contingent Rent recognized during the year	4 65	5 25
Minimum Lease Payments (MLP)	MLP based on the actual consumption of electricity at the contracted rates by the lessee. Accordingly, future minimum lease payments are indeterminate	

Transaction – II

(Rs. in crores)

Particulars	2005-06	2004-05
Description of the asset	Wind Turbine Generator – 88 Nos	
Gross carrying amount	72 45	72 45
Accumulated depreciation	6 46	2 63
Depreciation recognized during the current year	3 83	2 54
Minimum Lease Payments (MLP)		
Not later than one year	11 50	11 50
Later than one year and not later than five years	47 50	47 00
Later than five years	13 00	25 00

2 Other Assets

- i) 'Non-banking assets acquired in satisfaction of claims' include properties acquired in satisfaction of debts of Rs 5 27 crores (previous year Rs 37 84 crores) in respect of which the Bank has entered into MOUs / settlement agreements. The stamp duty, registration charges, etc., will be accounted for on completion of legal formalities.
'Non-banking assets acquired in satisfaction of claims' also includes vehicles repossessed by the Bank, which are readily saleable, aggregating to Rs 57 40 crores (previous year Rs 41 20 crores).
- ii) Other assets include advances given to dealers against vehicle financing schemes to the extent of Rs 18 59 crores (previous year Rs 37 48 crores), cash collateral (including liquidity facility) of Rs 294 77 crores (previous year Rs 229 04 crores) and stock of gold on consignment basis of Rs 34 33 crores (previous year Nil).

3 Other Liabilities and Provisions:

- i) During the year, the Bank has issued on private placement basis 1171 unsecured redeemable, non-convertible subordinated bonds of Rupees Ten lacs each aggregating to Rs 117 10 crores (previous year Rs 268 00 crores). These bonds qualify for classification as Tier II Capital.
- ii) During the year, the Bank has issued on private placement basis 1000 unsecured non-convertible redeemable non-cumulative subordinated Upper Tier II instruments of Rupees Ten lacs each aggregating to Rs 100 00 crores of 15 years maturity. These bonds qualify for classification as Upper - Tier II Capital.
- iii) Included in 'Other Liabilities – Others' are credit balances in nostro accounts aggregating Rs 97 60 crores (previous year Rs 14 26 crores).

4 Contingent Liability

Claims against the Bank not acknowledged as debts include tax demands in respect of which the Bank is in appeal of Rs 99 20 crores (previous year Rs 68 87 crores) and the cases sub-judice Rs 85 45 crores (previous year Rs 328 47 crores). The above are based on the management's estimate and no significant liability is expected to arise out of the same.

- 5 Miscellaneous income includes recovery from bad debts written off Rs 86 30 crores (previous year Rs 90 97 crores), lease rentals Rs 23 83 crores (previous year Rs 21 77 crores) and others (processing charges, cheque return charges and depository services charges, etc.) Rs 55 57 crores (previous year Rs 39 73 crores).

SCHEDULES (Contd)

- 6 In the case of one borrower, classified as a standard asset as per the extant income recognition, asset classification and provisioning guidelines of the RBI, the Bank is contesting the restructuring package approved by the Corporate Debt Restructuring (CDR) Cell. The Bank has been legally advised that it has good chances of winning this case. Further, as the borrower has not renewed the security documents, the Bank, out of abundant caution, has filed a recovery suit against the borrower, which, based on legal advice, does not affect its asset classification. The Bank, on a prudential basis, has written off a portion of this standard asset. The amount written off (Rs 48.71 crores) has been included under "Provisions and Contingencies" in the profit and loss account.
- 7 In line with RBI guidelines vide circular No. DBOD No. BP/BC 38/21 04 141/2005-06 dated October 10, 2005, Bank has transferred Rs 78.90 crores from Investment Fluctuation Reserve (IFR) to Revenue and Other Reserves - Balance in Profit and Loss account.
- 8 Additional disclosures as per Reserve Bank of India guidelines are as under:

i) Capital Adequacy Ratio

Items	2005-2006	2004-2005
i) Capital Adequacy Ratio (CRAR)	10.54%	11.62%
ii) CRAR – Tier I Capital (%)	6.84%	7.24%
iii) CRAR – Tier II Capital (%)	3.70%	4.38%

ii) "Provisions and Contingencies" as charged to Profit and Loss account for the year consist of

(Rs. in crores)

	2005-2006	2004-2005
i) Income Tax / Wealth Tax / Deferred Tax/ Fringe Benefit Tax	22.37	50.38
ii) Depreciation on Investments (including premium amortized on Held to Maturity investments)	44.89	62.95
iii) Provision for non performing assets including bad debts written off	90.29	66.40
iv) Provision towards Standard Assets	13.08	1.10
v) Other provisions and contingencies towards write off of other assets/contingent obligations	17.12	10.25
Total	187.75	191.08

iii) Investments

(Rs. in crores)

	2005-2006	2004-2005
(1) Value of Investments		
(i) Gross Value of Investments	5476.71	4093.77
(a) In India	5476.71	4093.77
(b) Outside India	-	-
(ii) Provision for Depreciation	66.81	24.60
(a) In India	66.81	24.60
(b) Outside India	-	-
(iii) Net Value of Investments	5409.90	4069.17
(a) In India	5409.90	4069.17
(b) Outside India	-	-
(2) Movements in provision held towards depreciation on Investments		
(i) Opening Balance	24.60	14.46
(ii) Add: Provision made during the year	44.89	11.99
(iii) Less: Write-off/ write-back of excess provision during the year	(2.68)	(1.85)
(iv) Closing Balance	66.81	24.60

iv) Business ratios

	March 31, 2006	March 31, 2005
i) Interest income as a percentage of working funds	7.21%	8.11%
ii) Non-interest income as a percentage of working funds	1.37%	1.79%
iii) Operating profit as a percentage of working funds	1.36%	2.87%
iv) Return on assets	0.22%	1.50%
v) Business (deposits plus advances) per employee including trainees (Rs. in lacs)	880.18	925.78
vi) Profit per employee including trainees (Rs. in lacs)	1.56	10.12

(Working funds are calculated at the average of working funds as per the Bank's monthly returns filed with the RBI.)

SCHEDULES (Contd.)

v) (a) Maturity Pattern of rupee denominated assets and liabilities as at March 31, 2006

(Rs. in crores)

Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings
1-14 Days	567 85	597 84	1353 86	17 07
15-28 Days	1036 63	43 28	880 58	-
29 days to 3 months	1313 37	29 79	3170 50	100 00
Over 3 months to 6 months	868 19	151 15	1180 40	35 00
Over 6 months to 12 months	1021 63	12 39	1293 73	20 00
Over 1 year to 3 years	2054 13	267 27	3877 81	50 00
Over 3 years to 5 years	1259 56	747 93	1415 05	-
Over 5 years	858 05	3560 25	1384 62	-
Total	8979 41	5409 90	14556 55	222 07

b) Maturity Pattern of rupee denominated assets and liabilities as at March 31, 2005

(Rs. in crores)

Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings
1-14 Days	1543 86	-	1953 45	58 75
15-28 Days	648 52	59 81	845 86	23 52
29 days to 3 months	1927 04	23 04	2589 24	116 28
Over 3 months to 6 months	645 24	915 33	1610 87	52 50
Over 6 months to 12 months	1651 33	19 47	1911 78	15 00
Over 1 year to 3 years	1289 81	309 91	2495 55	55 00
Over 3 years to 5 years	514 33	688 51	804 66	-
Over 5 years	328 67	2053 10	572 08	-
Total	8548.80	4069 17	12783 49	321 05

vi) a) Maturity Pattern of foreign currency denominated assets and liabilities as at March 31, 2006

(Rs. in crores)

Maturity Buckets	Loans & Advances	Deposits	Borrowings	Other assets	Other liabilities
1-14 Days	205 34	58 72	71 39	1 32	97 48
15-28 Days	70 41	65 64	48 80	-	-
29 days to 3 months	37 35	33 60	104 47	-	-
Over 3 months to 6 months	17 88	50 33	88 22	-	-
Over 6 months to 12 months	-	94 55	-	-	-
Over 1 year to 3 years	0 07	140 51	-	-	-
Over 3 years to 5 years	-	6 27	-	-	-
Over 5 years	-	0 13	-	8 03	-
Total	331 05	449.75	312.88	9.35	97 48

b) Maturity Pattern of foreign currency denominated assets and liabilities as at March 31, 2005

(Rs. in crores)

Maturity Buckets	Loans & Advances	Deposits	Borrowings	Other assets	Other liabilities
1-14 Days	298 88	10 85	144 45	-	-
15-28 Days	48 27	113 95	-	-	-
29 days to 3 months	55 30	30 36	122 62	-	-
Over 3 months to 6 months	28 00	21 73	22 50	-	-
Over 6 months to 12 months	20 44	46 32	-	-	-
Over 1 year to 3 years	0 06	107 51	-	-	-
Over 3 years to 5 years	-	0 06	-	-	-
Over 5 years	-	-	-	-	-
Total	450 95	330 78	289 57	-	-

SCHEDULES (Contd.)

vii) Lending to sensitive sectors

A) Exposure to Real Estate Sector

(Rs. in crores)

Items	2005-2006	2004-2005
a) <i>Direct Exposure</i>		
(i) Residential Mortgages	144 26	47 45
(ii) Commercial Real Estate *	145 43	145 26
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised Exposures		
a) Residential,	-	-
b) Commercial Real Estate	-	-
b) <i>Indirect Exposure</i>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	415 49	526 91
Total Real Estate Exposure	705 18	719 62

* It does not include corporate lending backed by mortgage of land and building

B) Exposure to Capital Market

(Rs. in crores)

Items	2005-2006	2004-2005
(i) Investments made in equity shares,	18 06	21 90
(ii) Investments in bonds/ convertible debentures	-	-
(iii) Investments in units of equity-oriented mutual funds		
(iv) Advances against shares to individuals for investment in equity shares (including IPOs/ESOPs), bonds and debentures, units of equity oriented mutual funds	13 27	17 32
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	133 79	90 52
Total Exposure to Capital Market	165.12	129 74
(i + ii + iii + iv + v)		
(vi) Of (v) above, the total finance extended to stockbrokers for margin trading	-	-

Lending to capital market sector represents fund and non-fund based facilities. Recoverability of the debts is sensitive to capital market fluctuations. The above does not include advances to individuals against pledge of equity shares for personal purposes of Rs 36.81 crores (previous year Rs 11.33 crores) in line with the guidelines issued by RBI vide its circular No. DBOD BPBC 119/21 04 137/2000-01 dated May 11, 2001.

viii) Single borrower limit and Group Borrower Limit

During the year the Bank has not exceeded the prudential credit exposure limit in respect of Single Borrower and Group Borrowers.

ix) Exposure to country risk

a) In terms of Reserve Bank of India circular No. DBOD BPBC 96/21 04 103/ 2003-2004 dated June 17, 2004 the exposure of the Bank to country risk is as under

(Rs. in crores)

Sr	Risk category	ECGC classification	2005-2006	2004-2005
1	Insignificant	A1	129 61	166 39
2	Low	A2	36 10	76 85
3	Moderate	B1	84 35	4 75
4	High	B2	12 20	3 54
5	Very High	C1	3 85	0 53
6	Restricted	C2	2 44	-
7	Off Credit	D	0 89	-
	Total		269 44	252 06

b) No provision is considered necessary against exposure to country risk

x) Provision on Standard Assets

(Rs. in crores)

Items	2005-2006	2004-2005
Cumulative Provision held for Standard Assets	35 01	21 93

SCHEDULES (Contd.)
xi) Non-Performing Assets
(Rs. in crores)

Items	2005-2006	2004-2005
(i) Net NPAs to Net Advances (%)	2.09%	2.71%
(ii) Movement in NPAs (Gross)		
a) Opening Balance	320.53	259.36
b) Additions during the year	108.96	288.64
c) Reductions during the year	160.66	227.47
d) Closing Balance	268.83	320.53
(iii) Movement in Net NPAs		
a) Opening Balance	244.27	212.32
b) Additions during the year	67.38	103.35
c) Reductions during the year	116.68	71.40
d) Closing Balance	194.97	244.27
(iv) Movement in provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	76.26	47.04
b) Provisions made during the year	41.58	185.29
c) Write-off/write back of excess provisions	43.98	156.07
d) Closing Balance	73.86	76.26

xii) a) Issuer composition of Non-SLR investments as at March 31, 2006
(Rs. in crores)

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
1	PSUs	1.86	-	-	0.04	0.04
2	FIs	19.58	-	-	-	-
3	Banks	48.75	48.75	-	11.00	11.00
4	Private corporates	47.72	12.27	-	-	45.21
5	Subsidiaries/ Joint Ventures	0.50	0.50	-	0.50	0.50
6	Others	715.84	-	-	-	1.00
7	Provision held towards depreciation	10.03	-	-	-	-
	Total	824.22	61.52	-	11.54	57.75

b) Issuer composition of Non-SLR investments as at March 31, 2005
(Rs. in crores)

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
1	PSUs	18.79	-	-	0.05	0.05
2	FIs	24.62	-	-	-	-
3	Banks	68.75	68.75	-	11.00	11.00
4	Private corporates	30.31	12.75	-	-	20.63
5	Subsidiaries/ Joint Ventures	0.50	0.50	-	0.50	0.50
6	Others	505.74	-	-	-	1.00
7	Provision held towards depreciation	8.32	-	-	-	-
	Total	640.39	82.00	-	11.55	33.18

Information regarding maturity pattern of assets and liabilities [Ref items 8(v), 8(vi)], lending to sensitive sectors [Ref item 8 (vii)] and Issuer composition of Non-SLR investments [Ref item 8 (xii)] has been compiled by the management and relied upon by the Auditors

SCHEDULES (Contd.)

xiii) Non-performing Non-SLR investments

(Rs. in crores)

Particulars	2005-2006	2004-2005
Opening balance	1 36	- 1 36
Additions during the year since 1st April	0 50	-
Reductions during the above period	0 09	-
Closing balance	1 77	1 36
Total provisions held	1 77	1.36

xiv) Details of Repo/Reverse Repo (including liquidity adjustment facility) deals done during the year ended March 31, 2006

(Rs in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on March 31, 2006
Securities sold under repos	- (-)	356 33 (1447 15)	17 07 (151 41)	- (-)
Securities purchased under reverse repo	- (-)	575 00 (1700 00)	9 65 (121 87)	575 00 (-)

Note Amounts in brackets represent previous year figures

xv) Details of Loan Assets subjected to Restructuring

(Rs in crores)

Items	2005-2006	2004-2005
(i) Total amount of loan assets subjected to restructuring, rescheduling, renegotiation, -of which under CDR	62 07 -	30 73 21 81
(ii) The amount of Standard assets subjected to restructuring, rescheduling, renegotiation, -of which under CDR	62 07 -	21 81 -
(iii) The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation, -of which under CDR	- -	8 92 -
(iv) The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation, -of which under CDR	- -	- -
Note [(i) = (ii) + (iii) + (iv)]	-	-

xvi) Details of financial assets sold to Securitisation / Reconstruction Company for asset reconstruction

(Rs in crores)

Items	2005-2006	2004-2005
(i) No. of accounts	7	1
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	28 38	-
(iii) Aggregate consideration	29 80	4 64
(iv) Additional consideration realized in respect of accounts transferred in earlier years	0 19	-
(v) Aggregate gain/(loss) over net book value	1 42	-

xvii) Assets Securitised

(Rs in crores)

Items	2005-2006	2004-2005
(i) Number of deals concluded	6	15
(ii) Total number of loans securitised	95827	278657
(iii) Book Value of Loans securitised (Rs. crores)	1425 16	3275 85
(iv) Sale consideration received for the securitised assets (Rs. crores)	1487 50	3410 76
(v) Gain/loss on sale on account of securitisation (Rs. crores)*	41 84	104 94
	(Rs in crores)	(Rs in crores)
Outstanding value of services provided		
Outstanding value of credit enhancement	141 63	315 91
Outstanding value of composite Cash collateral	185 94	229 04
Outstanding value of First Loss Facility	80 46	-
Outstanding value of Second Loss Facility (Guarantee) **	80 46	-
Outstanding value of Liquidity facility	28 36	-

* Net of securitisation expenses and finance charges for the month in which the assets were securitised

** Second loss facility has been provided in the form of a Guarantee by a third party (second loss facility provider)

SCHEDULES (Contd.)
xviii)a) Forward Rate Agreement/Interest Rate Swap
(Rs in crores)

Items	2005-2006	2004-2005
i) The notional principal of swap agreements	6775 00	3675 00
ii) Losses which would be incurred if counter-parties failed to fulfill their obligations under the agreements	45 77	7 08
iii) Collateral required by the bank upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps (with banks)	62%	56%
v) The fair value of the swap book	(5 25)	0 16

b) Exchange Traded Interest Rate Derivatives

The Bank has not undertaken exchange traded interest rate derivative transactions during the year

c) Disclosures on risk exposure in Derivatives:

The Bank has entered into interest rate swap contracts to hedge on-balance sheet assets & liabilities and for trading purposes

- The Bank's Market Risk Management Policy, approved by the Board of Directors, covers both on and off-balance sheet positions including derivatives. The Bank has framed the policy for using derivative products in an efficient manner as tools for mitigating market risk, which covers dealing guidelines and prescribes exposure limits for derivative products
- Risk Management Department independently monitors the derivative position of the Bank, and reports Marked to Market position to top management on a daily basis
- Effectiveness of the hedge portfolio is reviewed periodically. The Basis Present Value (BPV) of the entire portfolio is also computed on a daily basis

Derivative contracts transacted during the current year were in accordance with the prescribed Market Risk Policy and the Funds & Investment Policy approved by the Board

d) Disclosure on risk exposure in derivatives
(Rs in crores)

Sl No	Particulars	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)		
	a) For hedging	-	125 00
	b) For trading	-	6650 00
2	Marked to Market Positions		
	a) Asset (+)	-	-
	b) Liability (-)	-	(-)0 72
3	Credit Exposure	-	74 14
4	Likely impact of one percentage change in interest rate (100*PV01) (Note 1)		
	a) on hedging derivatives	-	0 03
	b) on trading derivatives	-	0 04
5	Maximum and Minimum of 100*PV01 observed during the year (Note 2)		
	a) on hedging	-	Max 0 05 Min 0 03
	b) on trading	-	Max 0 05 Min 0 26

Note 1 Based on the PV01 of the outstanding derivatives as at March 31, 2006

Note 2 Based on the absolute value of PV01 of the derivatives outstanding during the year. Derivative contracts that are "back-to-back" have not been included herein

Foreign Currency exposure not hedged by derivative instruments Rs 11 10 crores (Net Open position as on March 31, 2006)

9 Disclosure of penalties imposed by RBI

The Reserve Bank of India has not imposed any penalty on the Bank u/s 46(4) of the Banking Regulation Act, 1949

10 There has been no material change in Accounting Policies adopted during the year ended March 31, 2006 from those followed for the year ended March 31, 2005, except change in valuation of investments on weighted average basis instead of FIFO (First In First Out) basis, resulting in income being higher by Rs 1 02 crores

SCHEDULES (Contd.)**11 Segment Reporting (AS-17)**

The Bank operates in two business segments, viz Treasury and Other Banking Operations. There are no significant residual operations carried by the Bank.

Summary*(Rs. in crores)*

Business Segments	Treasury		Other Banking Operations		Total	
Particulars	05-06	04-05	05-06	04-05	05-06	04-05
Revenue	357 20	408 62	1293 05	1178 09	1650 25	1586 71
Less Inter-segment revenue					(235 86)	(201 56)
Total Income					1414 39	1385 15
Result	8 05	92 17	261 97	343 04	270 02	435 21
Unallocated Expenses					45 45	33 97
Operating Profit					224 57	401 24
Income Taxes and other provisions					187 75	191 09
Net Profit					36 82	210 15
Other Information						
Segment Assets	6468 65	4750 37	10298 83	9965 45	16767 48	14715 82
Unallocated Assets					855 04	906 19
Total Assets					17622 52	15622.01
Segment Liabilities	1059 74	791 31	15358 73	13591 26	16418 47	14382 57
Unallocated Liabilities					1204 05	1239 44
Total Liabilities					17622 52	15622 01

Geographic Segments

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilization in the international markets. Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in domestic segment.

12 Related party transactions (AS-18):

The following is the information on transactions with related parties:

Key Management Personnel:

Mr Bhaskar Ghose, Managing Director

Mr S Nagarajan, Jt Managing Director

Associates

Ashley Holdings Limited

Ashley Investments Limited

IndusInd Information Technology Limited

Allfin Services & Solutions Private Limited

Ashley Transport Services Private Limited

Allfin Marketing Services Private Limited

Allfin Insurance Specialities Private Limited

Allfin Distribution Private Limited

IBL Services & Solutions Private Limited

Subsidiaries

ALF Insurance Services Private Limited

SCHEDULES (Contd.)
Summarised transactions with related parties for the year ended March 31, 2006
(Rs. in crores)

Items/ Related Party	Parent (as per ownership of control)	Subsidiaries	Associates	Key Management Personnel	Relatives of key Management Personnel	Total
Borrowings	-	-	-	-	-	-
Deposits	-	-	0 70	0 08	0 03	0 81
Placement of deposits	-	-	-	-	-	-
Advances	-	-	3 15	-	-	3 15
Investments	-	0 50	8 50	-	-	9 00
Non-funded commitments	-	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	7 50	-	-	7 50
Interest paid	-	-	0 15	0 02	0 01	0 18
Interest received	-	-	0 23	-	-	0 23
Rendering of services	-	-	12 37	-	-	12 37
Receiving of Services	-	-	22 93	-	-	22 93
Management Contracts	-	-	-	1 05	-	1 05

The following balances represent the maximum balance payable to / receivable from the related parties during the year ended March 31, 2006

(Rs. in crores)

Items/ Related Party	Subsidiaries	Associates	Key Management Personnel	Relatives of key Management Personnel	Total
Borrowings	-	-	-	-	-
Deposits	-	3 51	0 18	0 06	3 75
Placement of deposits	-	-	-	-	-
Advances	-	4 15	-	-	4 15
Investments	0 50	8 50	-	-	9 00
Non-funded commitments	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-

Summarised Transactions with related parties for the year ended March 31, 2005
(Rs. in crores)

Items/ Related Party	Subsidiaries	Associates	Key Management Personnel	Relatives of key Management Personnel	Total
Borrowings	-	-	-	-	-
Deposits	-	3 21	0 24	0 03	3 48
Placement of Deposits	-	-	-	-	-
Advances	-	4 15	-	-	4 15
Investments	0 50	8 50	-	-	9 00
Non-funded commitments	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Interest Paid	-	0 14	0 03	-	0 17
Interest Received	-	0 20	-	-	0 20
Receiving of Services	-	13 89	-	-	13 89
Rendering of Services	-	4 50	-	-	4 50
Management Contracts	-	-	0 89	-	0 89

SCHEDULES (Contd.)

The following balances represent the maximum balance payable to / receivable from the related parties during the year ended March 31, 2005

(Rs. in crores)

Items/ Related Party	Subsidiaries	Associates	Key Management Personnel	Relatives of key Management Personnel	Total
Borrowings	-	-	-	-	-
Deposits	6 26	3 21	0 39	0 07	9 93
Placement of deposits	-	-	-	-	-
Advances	-	6 15	-	-	6 15
Investments	0 50	9 50	-	-	10 00
Non-funded commitments	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-

13 Earning per share (AS-20)

The numerators and denominators used to calculate the earning per share as per AS-20 are as under

	Year ended March 31, 2006	Year ended March 31, 2005
Profit attributable to Equity Share holders (Rs in crores)	36 82	205 52
Weighted average number of equity shares outstanding during the year	290,317,636	290,693,415
Nominal value of Equity Shares (Rs)	10	10
Basic / Diluted Earnings per Share (Rs)	1 27	7 07

- 14 ALF Insurance Services Pvt Ltd, subsidiary of the Bank is yet to commence operations for want of necessary regulatory approvals. Accordingly, no consolidated financial statements have been drawn up as per AS-21 "Consolidated Financial Statements"

15 Taxation

- (a) Provision for tax has been made after considering contingency provision as admissible deduction
(b) Deferred tax (AS-22) The major components of deferred tax assets/ liabilities as on March 31, 2006 are as under

(Rs in crores)

Timing difference on account of	31 03 2006 Deferred Tax		31 03 2005 Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Difference between book depreciation and depreciation under the Income Tax Act, 1961	-	41 62	-	36 94
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(vii) of the Income Tax Act 1961	43 31	-	35 20	-
Interest on securities	-	14 69	1 22	-
Income Recognition	0 01	-	-	13 42
Others	2 12	-	1 96	-
Net closing balance carried to Balance Sheet	-	10.87	-	11 98

- 16 In the opinion of the Bank there is no impairment of its Fixed Assets to any material extent as at 31st March 2006 requiring recognition in terms of Accounting Standard 28
17 The Bank does not have any non-cancelable operating leases during the year, where it is the lessee
18 Previous year's figures have been regrouped / reclassified wherever necessary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

	<i>(Rs in crores)</i>	
	For the year ended 31.3.2006	For the year ended 31.3.2005
A. Cash Flow from Operating Activities		
Net Profit after taxes	36 82	210 15
Adjustments for non-cash charges		
Depreciation	35 99	44 87
Investments	44 89	62 95
Tax Provisions (Income Tax/ Wealth Tax/ Deferred Tax)	22 37	50 38
Loan loss and Other Provisions	120 49	77 75
Others	(7 53)	(0 61)
Operating Profit before Working Capital changes	253.03	445.49
Adjustments for		
Increase in trade and Other Receivables	(416 31)	(2123 12)
Increase in Inventories (Investments)	(1385 62)	350 63
Increase in Trade Payables	1855 68	351 52
Others	-	-
Cash generated from Operations	306 78	(975.48)
Direct taxes paid	(45 33)	(69 65)
Cash flow before Extraordinary items	261 45	(1045.13)
Extraordinary items	-	-
Net Cash from Operating Activities	261.45	(1045.13)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(58 93)	(69 73)
Sale of Fixed Assets	15 38	1 92
Net Cash used in Investing Activities	(43.55)	(67 81)
C. Cash Flow from Financing Activities		
Proceeds from unpaid Share Capital	-	0 42
Dividends paid	(59 09)	(74 88)
Proceeds from Issue of Unsecured Non-Convertible Redeemable Subordinated Tier II Bonds	117 10	268 00
Proceeds from Unsecured Non-Convertible Redeemable Non-Cumulative Subordinated Upper Tier II Bonds	100 00	-
Redemption of Subordinated Tier II capital	(50 00)	-
Redemption of NCRCPs	-	(97 00)
Net Cash used in Financing Activities	108.01	96.54
Net increase in Cash and Cash Equivalents	325 91	(1016 40)
Cash and Cash Equivalents as on the first day of the year	1154 59	2170 99
Cash and Cash Equivalents as on the last day of the year	1480 50	1154 59

Notes

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India (ICAI)
- Figures in brackets indicate cash outflow
- Refer to note 15 under Schedule No XVII
- Previous year's figures have been regrouped and recast to conform to the current year's classification

This is the Cash Flow Statement referred to in our report of even date

For INDUSIND BANK LTD

For and on behalf of
S R. Batliboi & Co
Chartered Accountants

per **Viren H. Mehta**
a Partner
Membership Number 048749

R J Shahaney
Chairman

Bhaskar Ghose
Managing Director

S V. Zaregaonkar
Executive Vice President & CFO

Kanchan Chitale
Director

S Nagarajan
Joint Managing Director

Suresh T Viswanathan
Company Secretary

Place Mumbai
Date June 13, 2006

US DOLLARS DENOMINATED BALANCE SHEET AS AT MARCH 31, 2006

		(Millions of US\$)	
1 USD = Rs. 44 62		As at 31 03.06	As at 31 03 05
CAPITAL AND LIABILITIES			
Capital		65 11	65 11
Reserves and Surplus		128 99	120 74
Deposits		3363 14	2939 11
Borrowings		119 89	136 85
Other Liabilities & Provisions		272 35	239 32
TOTAL		3949 48	3501 13
ASSETS			
Cash and Balances with Reserve Bank of India		135 39	142 56
Balances with Banks & Money at Call and Short Notice		196 42	116 21
Investments		1212 44	911 96
Advances		2086 61	2016 98
Fixed Assets		76 11	72 72
Other Assets		242 51	240 70
TOTAL		3949 48	3501 13
Contingent Liabilities		3773 30	2409 74
Bills for Collection		394 15	363 15

US DOLLARS DENOMINATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

		(Millions of US\$)	
1 USD = Rs 44 62		Year ended 31 3.06	Year ended 31 3.05
I INCOME			
Interest earned		266 31	254 23
Other Income		50 67	56 20
TOTAL		316 98	310 43
II EXPENDITURE			
Interest expended		195 70	161 11
Operating expenses		70 96	59 39
Provisions & contingencies		42 08	42 83
TOTAL		308 74	263 33
III PROFIT			
Add Transfer from Contingency Reserves		8 24	47 10
Less Provisions for Contingencies		—	26 45
NET PROFIT		8 24	47 10
Add Transfer from Investment Fluctuation Reserve		17 68	—
Less Tax adjustment of the last year		—	1 04
AMOUNT AVAILABLE FOR APPROPRIATION		25 92	46 06
IV APPROPRIATIONS			
Transfer to			
a) Statutory Reserves		2 06	11 77
b) Capital Reserves		0 32	0 91
c) Investment Fluctuation Reserves		—	2 02
d) Dividend on equity		—	11 71
e) Corporate Dividend Tax		—	1 53
		2 38	27 94
Balance carried over to Balance Sheet		23 54	18 12
TOTAL		25 92	46 06

SUBSIDIARY COMPANY

ALF Insurance Services Private Limited



DIRECTORS' REPORT

Your Directors are pleased to present the Third Annual Report along with the audited accounts for the year ended March 31, 2006

Financial Performance

Particulars	(in Rupees)	
	Year ended 31st March 2006	Year ended 31st March 2005
Interest Income	3,30,618	3,38,283
Total Income	3,30,618	3,38,283
Establishment Expenses	—	2,04,462
Administrative and Other Expenses	31,869	54,141
Total Expenditure	31,869	2,58,603
Net Profit Before Tax	2,98,749	79,680
Preliminary Expenses written off	3,210	3,210
Provision for Taxation	1,00,271	27,982
Profit After Tax	1,95,268	48,488
Profit brought forward from previous year	1,27,606	79,118
Profit carried to Balance Sheet	3,22,874	1,27,606

Business

Your Company is in the business of Insurance Corporate Broking. It has applied for a license to IRDA and it is awaited.

Outlook for the future

Upon getting licence from IRDA, we will be doing business with all the Public Sector Insurance Companies namely, New India Assurance Company Ltd., Oriental Insurance Company Limited, United India Insurance Company Limited and National Insurance Company Limited.

Board of Director

Mr. S. T. Krishnekumar, Director, retires by rotation and he being eligible, offers himself for reappointment.

Directors' Responsibility Statement

- In the preparation of the annual accounts for the period ended March 31, 2006 the applicable accounting standards have been followed by the Company.
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and the profit of the Company for the period ended that date.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The accounts of the company have been prepared on a going concern basis.

Auditors

M/s. Prasad and Srinath, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Secretarial Compliance Certificate

Secretarial Compliance Certificate pursuant to Section 383A of the Companies Act issued by Mr. G. Ramachandran, Company Secretary in Practice is attached and the same forms part of this report.

Particulars of employees

None of the employees are covered under Section 217(2A) of the Companies Act read with Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology absorption and Foreign exchange Earnings/Outgo

Your Company has no activities relating to Conservation of Energy or Technology Absorption. Your Company did not have any foreign earnings or outgo.

Acknowledgement

Your Directors wish to place on record their deep appreciation for the whole-hearted and sincere co-operation your Company has received from its Bankers. Your Directors also wish to place on record their appreciation for the unstinted co-operation and support extended by all the employees in achieving the performance of your Company.

On Behalf of the Board of Directors

C. M. Sambasivam
S. T. Krishnekumar
Directors

Place Chennai

Date April 13, 2006

AUDITOR'S REPORT

Auditor's Report to the members of ALF Insurance Services Private Limited

- We have audited the attached balance sheet of ALF Insurance Services Private Limited as at 31st March 2006 and the Profit and Loss Account for the year 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 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.
- As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of section 227 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:
 - 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;
 - 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.

- The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- 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.
- On the basis of written representations received from the Directors, as on 31st March 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 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 and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2006,
 - in the case of the Profit and Loss Account of the Profit for the year ended on that date.

For PRASAD & SRINATH
Chartered Accountants

S PRASAD
Partner
M No 12847

Place Chennai

Date April 13, 2006

ANNEXURE

Referred to in paragraph 3 of our report of even date,

- The Company does not have any Fixed Asset and hence maintenance of register and physical verification does not arise.
- The Company does not have any stock of inventory and hence reporting on physical verification does not arise.
- a) the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 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 the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal system.
- 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) None of the said transactions have exceeded Rs 5 Lakhs in value in respect of any party in one financial year.
- The company has not accepted deposits from the Public during the year.
- The company does not have separate internal audit system. However in our opinion the existing internal control procedures are sufficient considering the size and nature of business of the company.
- The Central Government has not prescribed maintenance of any cost records under Section 209 (1) (d) of the Companies Act, 1956.
- a) The Company is regular in depositing applicable undisputed statutory dues with appropriate statutory authorities.
b) According to the information and explanations given to us, there are no disputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Customs duty, Excise duty, Service tax and Cess were in arrears as at 31.03.2006 for a period of more than six months from the date they became payable.
- The company does not have accumulated losses. The company has not incurred cash losses during the year covered by our audit and the immediately preceding year.
- The company does not have any dues to a bank or to a financial institutions or to Debenture holders.
- The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The company is not a chit fund or a *nidhi*/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- The company has not given any guarantee for loans taken by others from banks or financial institutions.
- The Company does not have any term loan.
- The company has not raised funds on short term basis.
- The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- The company has not issued any debentures.
- The company has not raised money by way of public issues.
- During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company noticed or reported during the year, nor have we been informed of such case by the management.

For PRASAD & SRINATH
Chartered Accountants

S PRASAD
Partner
M No 12847

Place Chennai

Date April 13, 2006

ALF Insurance Services Private Limited

BALANCE SHEET AS AT MARCH 31, 2006

SOURCES OF FUNDS	SCH	2006 Rs	2005 Rs
Share Capital	1	50,00,000	50,00,000
Reserves & Surplus	2	3,22,874	1,27,606
		<u>53,22,874</u>	<u>51,27,606</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances	3	58,48,806	55,64,124
Less Current Liabilities & Provisions	4	5,32,352	4,46,148
Net Current Assets		53,16,454	51,17,976
Preliminary Expenses		6,420	9,630
TOTAL		<u>53,22,874</u>	<u>51,27,606</u>

Schedules and Notes to the Accounts form part of this balance sheet
As per our report of even date

For and on behalf of
PRASAD & SRINATH
Chartered Accountants

S PRASAD **C M SAMBASIVAM** **S T KRISHNEKUMAAR**
Partner Director Director
M No 12847

Place Chennai
Date April 13, 2006

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
MARCH 31, 2006

INCOME	SCH	2006 Rs	2005 Rs
Interest on Fixed Deposit (ids Rs 69,588, previous year Rs 70,735)		3,30,618	3,38,283
		<u>3,30,618</u>	<u>3,38,283</u>
EXPENDITURE			
Establishment Expenses	5	—	2,04,462
Administrative Expenses	6	31,869	54,141
Preliminary Exp Written Off		3,210	3,210
		<u>35,079</u>	<u>2,61,813</u>
Profit before Tax		2,95,539	76,470
Less Provision for Taxation		99,478	27,982
Less Provision for Taxation (for prior period)		793	—
Profit after Tax		1,95,268	48,488
Profit brought forward from Previous year		1,27,606	79,118
Profit carried to Balance Sheet		<u>3,22,874</u>	<u>1,27,606</u>

Schedules and Notes to the Accounts form part of this
Profit and Loss account

As per our report of even date

For and on behalf of
PRASAD & SRINATH
Chartered Accountants

S PRASAD **C M SAMBASIVAM** **S T KRISHNEKUMAAR**
Partner Director Director
M No 12847

Place Chennai
Date April 13, 2006

SCHEDULES TO ACCOUNTS

	2006 Rs	2005 Rs
1 Share Capital Authorised 5,00,000 Equity Shares of Rs 10/- each	50,00,000	50,00,000
Issued, Subscribed and Paid-up 5,00,000 equity shares of Rs 10/- each (The entire capital is held by Indus Ind Bank Ltd, and it's Nominees)	50 00 000	50,00,000
2 Reserves & Surplus Profit & Loss Account	3,22,874	1,27,606
3 Current Assets, Loans and Advances Interest receivable Tax Deducted at Source Bank Balance (with scheduled bank) In Current Account In Fixed Deposit Account	1,60,986 1,40,323 — 2,123 55,45,374	1,39,188 1,17,994 — 800 53,06,142
4 Current Liabilities & Provisions a) Current Liabilities Sundry Creditors b) Provisions Provision for Taxation Total (a + b)	4,04,892 — 1,27,460 5,32,352	3,73,903 — 72,245 4,46,148
5 Establishment Expenses Salaries Conveyance	— — —	1,93,710 10,752 2,04,462
6 Administrative Expenses Telephone Expenses Professional tax Travelling Expenses Bank Charges Rates and Taxes Professional Charges Audit fees (including service tax)	— — — 880 4,000 15,765 11,224 31,869	4,348 6,240 32,483 50 — — 11,020 54,141

ACCOUNTING POLICIES

1 Revenue Recognition

1.1 Interest on Fixed Deposit is accounted on accrual basis

1.2 Retirement Benefits

Liability towards gratuity has not accrued to the company. Encashment of leave is at present at the discretion of the management and hence no provision is considered necessary.

2 The Company does not have any deferred tax liability

3 The figures have been rounded off to nearest rupee

4 Previous year figures have been regrouped wherever necessary

For and on behalf of
PRASAD & SRINATH
Chartered Accountants

S PRASAD
Partner
M No 12847

Place Chennai
Date April 13 2006

For and on behalf of the Board

C M SAMBASIVAM **S T KRISHNEKUMAAR**
Director Director

**STATEMENT PURSUANT TO SEC 212 (1) (E) OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANY AS ON MARCH 31, 2006.**

1 Name of the Subsidiary Company	ALF Insurance Services Pvt Ltd
2 Financial year ending of the	March 31, 2006
3 Holding company's interest	5,00,000 equity Shares of Rs 10/- face value
4 Extent of holding	100%
5 Profit (Loss) for the financial year of the subsidiary so far as it concerns the members of the holding company and not dealt with in the books of accounts of the holding company	Rs 1,95,268/-
6 Profit (Loss) for the financial year of the subsidiary so far as it concerns the members of the holding company and dealt with in the books of accounts of the holding company	Rs Nil
7 Profit (Loss) for the previous financial year of the subsidiary so far as it concerns the members of the holding company and not dealt with in the books of accounts of the holding company	Rs 48,488
8 Profit (Loss) for the previous financial year of the subsidiary so far as it concerns the members of the holding company and dealt with in the books of accounts of the holding company	Rs Nil

INDUSIND BANK - 1995 TILL DATE

(Rs in crores)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Deposits	695	1412	3093	4273	5018	6546	7187	8400	8598	11200	13114	15006
Advances	538	1121	1928	2451	2662	3677	4237	5574	5348	7812	9000	9310
Capital	100	120	120	158	159	159	159	159	219	290	291	291
Reserves & Surplus	7	111	159	355	370	374	385	403	383	510	539	576
Borrowings	68	153	68	63	41	55	41	87	237	2310	611	535
Investments	188	357	1055	1696	2095	2731	2494	2485	2535	3972	4069	5410
Interest Income	62	191	409	551	594	637	729	710	743	986	1134	1189
Other Income	18	37	82	155	83	145	116	184	258	345	251	226
Interest Expense	37	134	310	429	479	501	569	547	558	669	719	873
Operating Expenses (Excluding depreciation)	9	21	43	59	66	68	75	74	93	180	220	281
Operating Profit (before depreciation)	34	73	138	218	132	213	201	273	350	482	446	261
Provisions & contingencies (including depreciation)	12	27	65	127	95	157	160	222	260	220	236	224
Net Profit	22	46	73	91	37	56	41	51	90	262	210	37

Branch Network

Andhra Pradesh

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Secunderabad - 500 034
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Gudivada
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Seethammadhara
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SAS Nagar Mohali
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Ellis Bodge Ahmedabad 380 015
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Vaniji Bhavan
Racecourse Circle
Baroda 390 007
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Shivam Complex Teen Batti
Opp Badn Complex
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Karnal 132 001
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Bokaro 827 004
Tel 06542 233417 / 18 / 19 / 20
bojh@indusind.com

Dhanbad
Shastri Nagar,
Beside Laxmi Petrol Pump
Bank More Dhanbad 826 001
Jharkhand
Tel 0326-2305700 / 2309888
Fax 2309802
dhbm@indusind.com

Hazaribagh

Vidya Market Complex Lepo Road
Hazaribagh 825301,
Jharkhand
Tel 06546 224920/922/923
Fax 224921
hajh@indusind.com

Jamshedpur
Swamy Building
Sakchi Boulevard Shop Area,
Main Road (Opp Ram Mandir),
Bistupur, Jamshedpur - 831 001
Tel 0657-3094929
Fax 2440124
jajh@indusind.com

Ranchi
Jain Enclave Bldg 56/B Main Road,
Near Hero Honda Showroom,
Ranchi 834 001
Tel 0651 2316137 / 47
Fax 2316177
ramr@indusind.com

Karnataka
Bangalore
Du Parc Trinity, 1st Floor
West Wing, No 17 M G Road
Bangalore 560 001
Tel 080 25592319 / 27 / 31
Fax 25592309
bgmg@indusind.com

Basavanagudi
No 87, Bull Temple Road,
Basavanagudi,
Bangalore 560004
Tel 080-26610251/52/53
Fax 26610258
bgjn@indusind.com

Hubli
RR's Mahalaxmi Mansion,
Desai Cross Pinto Road,
Hubli 580 020
Tel 0836 2358263/64/65
Fax 5254660
huka@indusind.com

Mangalore
Premium Enclave 1st Floor,
No C - 3 4 5 Light House Hill Road
Hampanakatta, Mangalore 575 001
Tel 0824 5558600
Fax 2222981
maka@indusind.com

Mysore
No 28 Devaraj Urs Road
Devraj Mohalla
Mysore 570 001
Tel 0821 5262899
Fax 5252063
myka@indusind.com

Shimoga
Bandigadi Complex,
1 Floor, Nehru Road,
Shimoga- 577 201
Tel 08182 227711 227722 227744
Fax 220944
shka@indusind.com

Kerala
Alappuzha
CSN Building District Court Ward
Opp SDV School,
Alappuzha 688 013
Tel 0477 2230888 2230997
Fax 2230780
alka@indusind.com

Kakkanad
CSEZ Administrative Building
Kakkanad
Kochi 682 037
Tel 0484 2413211 / 52 / 66
Fax 2413251
Kerala koka@indusind.com

Kannur
Raaby Towers Railway Station Road
Kannur 670001
Tel 0497 3959660
kaka@indusind.com

Kazhakkuttom
Module 14, Nila Bldg
Technopark Complex Kazhakkuttom
Thiruvananthapuram 695 581
Tel 0471 2527 5501/12
Fax 2527553
katic@indusind.com

Kochi
Gownnarayan (Opp to New
Jayalakshmi Silks),
40/8399 8400 M G Road
Kochi 682035
Tel 0484 2360888 / 720
Fax 2382222
kochi@indusind.com

Kollam
Vannam Towers Residency Road
Kollam 691 013
Tel 0474 2766985 / 86 / 87
Fax 2366681
kika@indusind.com

Kottayam

Regency Square K K Road
Near Kottayam Collectorate PO,
Kottayam 686002
Tel 0481 2303614, 2303615
koke@indusind.com

Malapuram
Peekay Arcade
Opp Private Bus Stand, Down Hill
Malapuram - 686 519
make@indusind.com

Tel 0483-3956575

Palakkad
VIII/1251, NH Bye-pass Junction,
Chandranagar,
Palakkad - 678 007
Tel 0491 2573900 / 1
Fax 2573902
pala@indusind.com

Thiruvalla
Building no 610(1)
Ground Floor Chandrima Buildings
Near Cross Junction
Thiruvalla 689101
Tel 0469-2600225, 2600241, 2600243
tike@indusind.com

Thiruvananthapuram
Swastik Centre, M G Road,
Thiruvananthapuram 695001
Tel 0471 2339931, 2339932
Fax 2339934
trmg@indusind.com

Thrissur
Hotel Palace Tower North Bus
Stand, Thrissur 680 020
Tel 0487 2323178, 2324003
Fax 2320210
trns@indusind.com

Madhya Pradesh
Bhopal
55 Shopping Centre,
Opp T Y Nagar Police Station,
New Market, Bhopal
Tel 0755 5228090 2
Fax 5228093
bhnm@indusind.com

Gwalior
102/103 Narayan Krishna,
44 City Centre Madhavrao Scindia
Road, Gwalior 474011
Tel 0751 2235564 / 65
Fax 2235567
gwmp@indusind.com

Indore
Industry House
15 Agra Mumbai Road Old Palasia,
Indore 452 001
Tel 0731 2542696 / 7 / 8
Fax 2539092
inab@indusind.com

Jabalpur
Commercial Automobiles Building,
124, Napier Town Shastri Bodge Chowk
Jabalpur 482 001
Tel 0761 5006180 / 5010100
Fax 2400659
jamp@indusind.com

Maharashtra
Andher
Acme Plaza C.T.S No 32
Opp Sangam Talkies
Andher Kuria Road, Andher (E)
Mumbai 400 059
Tel 022 28237636 40 / 7569 72
Fax 28237574
boan@indusind.com

Aurangabad
Ethibiz CTS No 12996,
Opp Jammu & Kashmir Bank
Jaina Road,
Aurangabad 431001
Tel 0240 2353756 2353758 to 2353760
Fax 2353757
aumh@indusind.com

Bandra
Indusind Centre 231
S V Road Bandra (West)
Mumbai 400 050
Tel 022 26457800 / 8320 / 22 / 27
Fax 26458323
basv@indusind.com

Chembur
Unit numbers 8,9,10, Sunny Estate (2)
Sign Trombay Road Chembur
Mumbai 400 071
Tel 022 25260881 83
Fax 25260885
boch@indusind.com

Dadar
607 A, Ground Floor Dolat Manzil
Next to Parsi Gymkhana
Dr Ambedkar Road Dadar (East),
Mumbai 400 014
Tel 022 24167911/17
Fax 24167930
boda@indusind.com

Fort
Branch Premises No 1,
Sonawala Build ng 57
Mumbai Samachar Marg Fort,
Mumbai 400 001
Tel 022 56366580 83
Fax 56366590
boms@indusind.com

Kandivali
Shop No 5
Between A & B Wing
Kamala Nagar, M G Road,
Kandivali (W)
Mumbai 400 067
Tel 022 28022079 / 80/ 82
Fax 28022083
boka@indusind.com

Kolhapur
Vasant Prabha Chambers
(Ground Floor) 1125 E sykes
extension area,
Opp Parekh Bndga,
Near S T Stand
Kolhapur 416001
Tel 0231 5612006 9
Fax 2530707
kormh@indusind.com

Lokhandwala
Morya Estate
New Link Road
Andheri (W), Oshiwara,
Mumbai 400 053
Tel 022 56951107 10
Fax 56951106
boto@indusind.com

Mahim
P D Hinduja National Hospital
Veer Savarkar Marg Mahim,
Mumbai 400050
Tel 022 24455301 / 24455563
Fax 24455091
bavs@indusind.com

Mulund
Marathon Max
Shop no 12 15,
Mulund -Goregaon Link Road
Mulund (W)
Mumbai - 400080
Tel 022 2592 7080 / 6808 / 6833
Fax 2592 6837
bomu@indusind.com

Nagpur
Shri Swami Plaza
97, East High Court Road,
Ramdas Peih,
Nagpur - 440 010
Tel 0712 2547456 / 2534188 / 2532400
Fax 2547457
nass@indusind.com

Nanman Point
3rd Floor, Hoechst House
Nanman Point
Mumbai 400 021
Tel 022 22022404 / 407 / 415
Fax 22022387
bonp1@indusind.com

Opera House
Indusind House
425 Dadasaheb Bhadkamkar Marg
Mumbai 400 004
Tel 022-23857474 / 9494
Fax 23859913
booh@indusind.com

Parvel
Lakhani Landmark
Plot no 19 Sector No 19
Shop no S-01A,
Parvel Matheran Road,
New Parvel (East),
Navi Mumbai 410 206
Tel 022 2748 3156/54
Fax 27483026
pamir@indusind.com

Pune
2401 Gen.Thummayya Rd (Cantonment)
Pune 411 001
Tel 9520 26343201 / 27 29 / 36 / 38
Fax 26343231
pugt@indusind.com

Thane
Jiya Society,
Opp Dhamani Estate,
L. B. S Marg,
Thane 400 602
Tel 022 25390387 / 92 / 93
Fax 25390378
both@indusind.com

Vashi
Showroom Nos 3 5
Plot No 21
Sector 24 Vashi Turbhe
Navi Mumbai 400 705
Tel 022 27831028/6008/0026/6013/
27831827
Fax 27830034
bova@indusind.com

New Delhi
Barakhambha
Dr Gopal Das Bhawan28
Barakhambha Road
New Delhi 110 001
Tel 011 23738040 / 8408 / 8407
Fax 23738041
debk@indusind.com

Janakpur
B 23, Community Centre,
Janakpur,
New Delhi 110 058
Tel 011-41000141 43
Fax 41000145
dejp@indusind.com

Nehru Place
'F' Block, Gr Flr,
International Trade Tower
Nehru Place
New Delhi 110 019
Tel 011 26481119 / 20 / 36
Fax 26236537
denp@indusind.com

Preet Vihar
C-61 Preet Vihar/Vikas Marg
New Delhi 110 092
Tel 011 22051623 / 32/64
Fax 22051644
depv@indusind.com

Punjab Bagh
33 North West Avenue
Club Road,
West Punjab Bagh
New Delhi - 110026
Tel 011 2522 9316/ 0037 / 38
55468992 94
Fax 25220046
depb@indusind.com

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Balasore
Motilal Didiwani Building,
FM Circle
Orissa Trunk Road
Balasore 756 001
Tel 06782 268293/240274/276
Fax 240265
baor@indusind.com

Barbil
St. Mary's School Road,
Barbil 758035,
Dist Keonjhar Orissa
bror@indusind.com

Bhubaneswar
No 78, Janpath
Kharavela Nagar, Unit III
Bhubaneswar 751 001
Tel 0674 2536124 / 5
Fax 2535191
bhkn@indusind.com

Cuttack
Plot No 1320,
Bajrakabati Road
Cuttack 753 001
Tel 0671-2321255
Fax 2321344
cuor@indusind.com

Punjab
Amritsar
Platinum Plaza 39 Mall Road
Amritsar 143 001
Tel 0183 2221055, 5066708 / 808
Fax 2221056
ampu@indusind.com

Banga
Swami Ropchand Jain Model
High School Garshankar Road
Banga - 144 505
Dist. Nava Saher
Tel 01829-263739 / 264513
phjs@indusind.com

Bhatinda
2679 / C 1 A,
Guru Kanshi Marg
Bhatinda 151 001
Tel 0184 2240566, 5004187
bapu@indusind.com

Jalandhar
289, Shaheed Udamsingh Nagar
T V Studio Road Jalandhar
Tel 0181 2403480 / 5003480 / 580
Fax 2403380
jall@indusind.com

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Surya Tower, Near Main Bus Stand
G.T Road, Khanna 141401
Tel 01628-237924 - 26
Fax 237927
khgt@indusind.com

Ludhiana
S C O 21 Feroze Gandhi Market,
Opp Ludhiana Stock Exch
Ludhiana 141 001
Tel 0161 2432375 9 / 85-86
Fax 2771810
lufe@indusind.com

Phagwara
Opp S T Bus Stand G. T Road,
Phagwara 144 401 Punjab
Tel 01824 223 424/ 5/ 6
Fax 223421
phgt@indusind.com

Urban Estate Focal Point
UPSC Jan Public School,
Chandigarh Road, Urban Estate II,
Ludhiana - 141010
Tel 0161-2678500 / 600, 5538500
Fax 2678500
lufs@indusind.com

Rajasthan
Ajmer
Rang Vihar, 9/86,
Kutchery Road
M G Road
Ajmer 305 001
Tel 0145-2631999
ajra@indusind.com

Bhilwara
Basant Vihar
Near Hotel Landmark,
Opp Circuit House
Bhilwara - 311 001
Tel 01482 233200, 233201, 233202
Fax 321056
bhra@indusind.com

Bikaner
Ganpati Plaza,
Shopping Complex
Kumbhedan Ji Bhargava Ka Dera
KEM Road
Bikaner 334001
Tel 0151 2201790
Fax 2201791
bira@indusind.com

Jaipur
Sangam Complex
Gr Flr Church Road,
Jaipur 302 001
Tel 0141-2387301-05
Fax 2387084
jach@indusind.com

Jodhpur
Showroom No 3&4
Olympic Tower Bldg,
Station Road,
Jodhpur 342 003
Tel 0291 2647738, 2522765
Fax 5105662
josr@indusind.com

Kota
412 Shopping Centre,
Kota 324 007
Tel 0744 2366678 80
Fax 2366681
kora@indusind.com

Udaipur
2-C, Chowgaon Yojana,
Near Lok Kala Mandal
Panchavati Choraha
Udaipur 313 001
Tel 0294 2417294/295
Fax 2415240
udra@indusind.com

Jhunjhunu
Rama Complex
Near Sangam Hotel,
B-21 Man Nagar
Jhunjhunu 333001
Tel 01592 236319 236728
Fax 235018
jhra@indusind.com

Sikkim
Gangtok
Sarda Building
Opp SBI,Convoy Ground
Ta dong, Gangtok
Sikkim (East) 737 102
gas@indusind.com

Tamil Nadu
Adyar
Sreela Terrace, Old no 48
New no 105 1st Main Road
Gandhi Nagar Adyar
Chennai 600020
Tel 044 52607575/76
Fax 52607577
maad@indusind.com

Annanagar
AL Complex W 115 A,
3rd Avenue Annanagar
Chennai - 600040
Tel 044-5218 0926/27/28
Fax 52180924
maan@indusind.com

Avinashi
5/132 Main Road
Tirupur Circle
Avanashi 641 654
Tel 04296-273701-03
Fax 273705
avin@indusind.com

Chennai
No 3 Village Road, Nungambakkam,
Chennai 600 034
Tel 044-28234788 / 99 / 28235471 / 80 /
28259150
Fax 28235489, 28259253
manb@indusind.com

Coimbatore
652-662, Tristar Towers
Avanashi Road
Coimbatore 641 037
Tel 0422 2213 551 / 72 / 73
Fax 2212770
coav@indusind.com

Coonoor
5, Nanyappa Rao Building Bediord,
Coonoor - 643101
Tel 0423-2232010, 2232020
Fax 2232120
cotn@indusind.com

Erode
Jaya Balaji Processing Works
No 1155, Mettur Road,
Erode - 638 001
Tel 0424 2259073 / 75 / 76
Fax 2257061
erme@indusind.com

Madurai
GP Building No 30
Kamala Ind Street,
Chinna Chokikulam,
Madurai 625 002
Tel 0452 5571454, 5571413
matn@indusind.com

Namakkal
New No 60 (Old No 29 D)
Shri Bhuvaneshwar Shopping Complex,
Dr Sankaran Salai
Namakkal 637 001
Tel 04286-231722
natn@indusind.com

R S Puram
Kikaru Chantes,
Shri Gopal das Kikani,
Diagnostic Centre, No 1
Krishnaswamy Rd R S Puram
Coimbatore 641 001
Tel 0422 2541409 / 29
Fax 2541429
cokm@indusind.com

Salem
Santham Shopping Complex,
137 Saradha College
Main Road, Alagapuram,
Salem 636 016
Tel 0427-2441711
satn@indusind.com

Tiruchirappalli
Premier Plaza
122/5 Bharathiar Salai,
Cantonment,
Tiruchirappalli 620 001
Tel 0431-2412237 / 17
titn@indusind.com

Tirupur
No 19 T S Puram (Logu Building)
Valpalayam,
Tirupur 641 601
Tel 0421 2242875 2242885 6528821
Fax 2234821
tico@indusind.com

Union Territory of Pondicherry
Pondicherry
New No 105 107
Old No 55, Chetb Street,
Pondicherry 605 001
Tel 0413 5210600 5210601
potn@indusind.com

Uttar Pradesh
Agra
Block No 48/6 Ground floor,
Puneet Vindavan Building
Sanjay Place
Agra 282002
Tel 0562 2526452 / 72 / 78
Fax 2526394
agup@indusind.com

Allahabad
Ganpati Towers, 56 Sardar Patel Marg
Civil Lines
Allahabad 211 001
Tel 0532 2421355
alup@indusind.com

Amanabad
Mahila Vidyalaya,
Ganga Prasad Road, Aminabad
Lucknow (U P)
Tel 0522-2614336, 2622870, 2625994
Fax 2625994
lumv@indusind.com

Bareilly
C/o Hotel Mansarovar
44/45 Civil Lines
Bareilly 243 001
Tel 0581 2471912
baup@indusind.com

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Rajan Plaza
128 Railway Road
Hapur 245101
Tel 0122-2306085/86
Fax 2306087
hapn@indusind.com

Kanpur
113/120, Opposite Moti Jheel Gate,
Swaroop nagar
Kanpur 208 002
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Fax 2558646
kasn@indusind.com

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Old Basant Bldg H No 45/2
Newal Kishore Road, Labagh
Lucknow 226 001
Tel 0522 220166 - 8
Fax 2628724
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B 11, Vardhaman Plaza
Gautam Budh Nagar Sector 16 Noida
Tel 0120-2517411 / 20
Fax 2517415
nogb@indusind.com

Varanasi
Maansarovar C 30/35 - B Maldiviya
Varanasi 221 001 Uttar Pradesh
Tel 0542 2207984 6
Fax 2207883
vams@indusind.com

Uttaranchal
Dehradun
Ground Floor 59/4, International Trade
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Opposite Uttaranchal Secretariat,
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derr@indusind.com

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74/192, G T Road,
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Asansol 713 303
Tel 0341 2215665/66/67/68/69
Fax 2215669
aswb@indusind.com

Burra Bazar
Burra Bazar 46 Kali Krishna Tagore
Street (1st Floor)
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Tel 033-22594819/20/56/57
Fax 22594855
cakk@indusind.com

Ganahat
P 9, Ganahat Road
Kolkata 700 029
Tel 033-2465 3731 33
Fax 24653730
caga@indusind.com

Kharagpur
Atwals Real Estate Pvt Ltd
O T Road,
Kharagpur 721 305
Tel 03222 228328/31/32
Fax 228329
khwb@indusind.com

Kolkata
24 Park Street
Kolkata 700 016
Tel 033-2217 1232 / 3 / 2989
Fax 22492984
caps@indusind.com

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N H 34 Sukanto More,
First Floor, Mald Dist.
Maldia 732 101
Tel 03512 265622/748/762/769/887
mawb@indusind.com

Siliguri
Golden Plaza, Ground Floor
Burdwan Road
Siliguri 734 401
Tel 0353-2534473/88/91/94
Fax 2534474
silwb@indusind.com

Stock Exchange
Fortune Chamber, 6 Lyons Range
Ground Floor
Kolkata 700 001
Tel 033-22212723-25/ 22212950
Fax 22212725
csxx@indusind.com

Offices Abroad

Dubai
Representative Office
203, Safa Commercial Building
Opp Burjuman Center
P O Box 111873
Dubai U.A.E
Tel 009714 3978803
Fax 009714 3978805

London
Representative Office
Country Mark Home
50 Regent Street,
London W1B 5RD
United Kingdom
Tel 0044 207 4324503
Fax 0044 207 4324504

MILESTONES

Year	Business Achievements
1994-95	IndusInd Bank comes into existence. Completes first profitable year of operations
1996-97	Pioneer in launching Internet Banking
1997-98	IndusInd rated as one of the Top Performing Banks in various survey reports
1998-99	IndusInd again rated as one of the Top Performing Banks in various survey reports, for the second year in succession
2000-01	Total business volume crosses Rs 10,000 crores
2001-02	Total business volume touches Rs 14,000 crores. Highest productivity in the Indian banking sector with Rs 16 crores of business per employee
2002-03	One of the first banks to implement the RBI- Electronic Funds Transfer scheme
2003-04	<ul style="list-style-type: none"> Total business volume touches Rs 19,000 crores Completes 10 years of banking excellence Ashok Leyland Finance Ltd merges with the Bank The first Indian Commercial Bank to achieve certification for its "Entire Network of Branches" under the ISO 9001 2000 Quality Management System Launch of Debit Card - International PowerCard Bank's first International Representative Office in Dubai One of the first banks to go live on RTGS platform
2004-05	<ul style="list-style-type: none"> Ashok Leyland Finance Ltd integrates with the Bank operationally 2nd Overseas Office opened at London Licences obtained from RBI to open 52 additional branches Highest Rating from CRISIL for short-term deposits and securitisation deals 100th branch opened at Dadar, Mumbai Tie-up with Delhi Development Authority for ground rent collection Agreement with NCDEX as their clearing Banker Launched International Mahila Card
2005-06	<ul style="list-style-type: none"> Rated as "The best among the top 10 private-sector banks" in a survey covering 79 banks conducted by Business Standard in its November 2005 issue. Ranked sixth in the overall list, the Bank was also identified the "Most Efficient Bank" among all banks in India Bestowed "India's Most Productive Bank" status by a Business Today- KPMG Survey Presented "Outstanding Achiever of the Year 2005- Corporate" (Runner up- Banking Technology Award) by IBA, Finacle (from Infosys) and TFCI (Trade Fair and Conference International) Honoured with the "Award for Corporate Social Responsibility (CSR)" at the India Brand Summit 2005, Mumbai

Strategic tie-ups

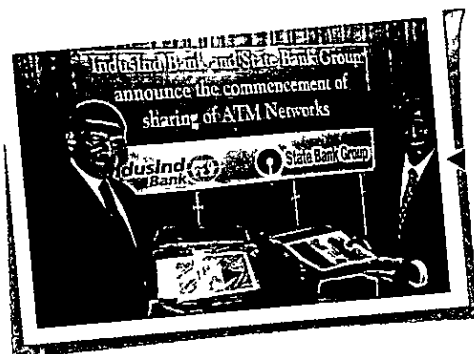


April 2005

Mr. Bhaskar Ghose, Managing Director with Mr. J. Rudhraapathy, Director-FSS and Mr. Varghese Thambi, Senior Vice President and Retail Head at the launch of the service named Indus BillPay that enables paying utility bills online

September 2005

Mr. Bhaskar Ghose, Managing Director and Mr. S. Nagarajan, Joint Managing Director with Mr. K. Sridhar, Managing Director, Life Insurance Corporation of India at the signing ceremony



December 2005

Mr. Bhaskar Ghose, Managing Director with Mr. R. N. Ramanathan, Deputy Managing Director, State Bank of India-IT at the signing ceremony

March 2006

Mr. Bhaskar Ghose, Managing Director and Mr. Mohammad Nasr Abdeen, CEO of Union National Bank (UAE) exchanging the documents relating to strategic alliance



March 2006

His Excellency-Sultan Humood Abu Afra-Consul General (UAE) and Mr. Khalid Othman A. Bahussain -Administrative Attache also at the occasion with Mr. Mohammad Nasr Abdeen, CEO of Union National Bank (UAE)

A Responsible Corporate Citizen

The secret behind the growth and success of any organisation lies in its ability to repay Society by way of service rendered to humanity - a philosophy that is enshrined in IndusInd Bank's culture. IndusInd Bank today stands committed not only to its customers and other stakeholders but also to society at large.

► CORPORATE VOICE ► BHASKAR GHOSE

Passion can make CSR a success

INDUSIND Bank from very early on realised that the geographical reach of the bank, and the direct access to customers that banking business provides, is a tremendous opportunity that can be harnessed to the advantage of social causes as well.

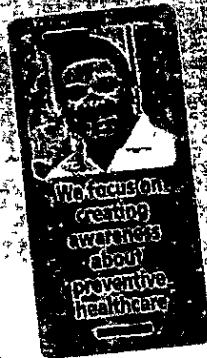
It was felt that public health and education were the most important enablers of a country's economic development. This clear vision resulted in the bank associating itself with organisations engaged in social welfare activities in these areas during the early years of its existence.

IndusInd Bank, in 1999, launched a dedicated product for the senior citizens, with features such as higher rates of interest on deposits from this customer segment, concessional pricing on a range of products and services, and dedicated relationship officers at all branches.

In 2001, it was felt that our service philosophy and our socially-responsive approach should find reflection in our internal and external communication too. The phrase Care at Every Stage of Life was coined and adopted as the bank's baseline in 2001.

However, as Adnan Cadbury put it, "Social Responsibility is a broad term and it needs to be debated and hammered out to meet each company's circumstances", we felt during in 2003 that there was a need to build

awareness of "preventive healthcare" in society. It all started with a programme that we organised in association with a Rotary Club camp in Mumbai on diabetes. Besides creating awareness about the disease, it also provided free health check up for nearly people who participated in this



camp. We decided to focus our energies and efforts on creating awareness about preventive healthcare for diseases that remain undetected for a long time or often get diagnosed only at fairly advanced stages. We teamed up with like-minded organisations and followed up our awareness programme on Diabetes with programmes on

cardiac health, respiratory diseases and other ailments arising out of asthma.

Every occasion and opportunity during the course of our business was used to further this cause and reinforce our commitment to it. When we completed 10 years of our existence, we presented our customers with concessional health check-up

plans in association with a hospital. Similarly, when we opened an extension counter at a hospital in Mumbai, we offered banking services 12 hours a day, 365 days a year.

In addition to providing banking facilities, we also decided to provide co-ordination facilities with the hospital authorities to our customers from different parts of the country wishing to undergo treatment at this hospital.

Our bank has also organised an awareness programme on HIV/AIDS with special emphasis on prevention of mother-to-child transmission. This was followed by a campaign to educate people on the hazards of tobacco consumption.

While some might say that such projects require exorbitant resources, time and experience has taught us that reach, managerial input and true passion make a critical difference and are more fundamental to the success and sustenance of such projects.

The author is managing director, IndusInd Bank.

Financial Express, Mumbai June 12, 2005

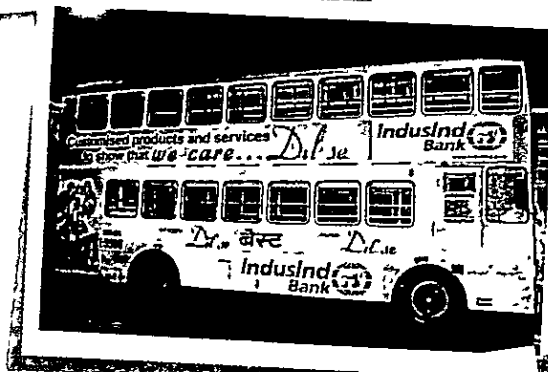
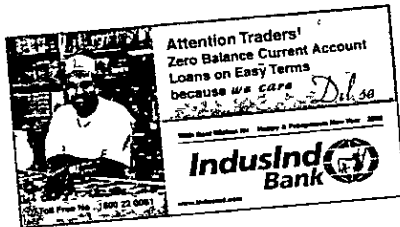
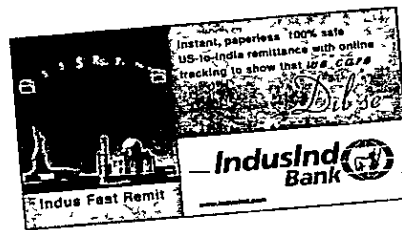
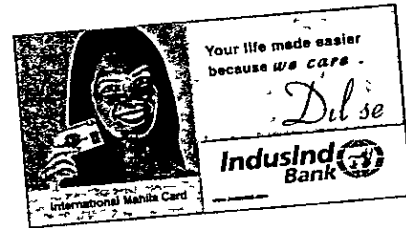
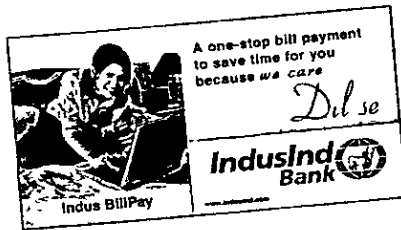
Healthy Families

Healthy Nation

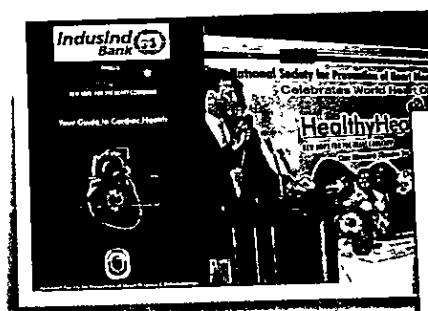


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we care... *Dil se* Outdoor Campaign



CSR Projects



World Heart Day



Diabetes Camp



Doctors' Day



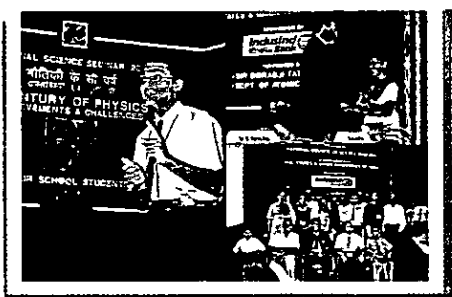
World No Tobacco Day



HIV/AIDS Awareness Program



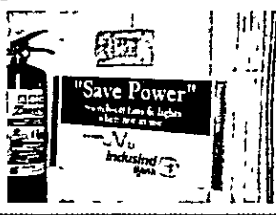
Working Towards a Healthy Mumbai



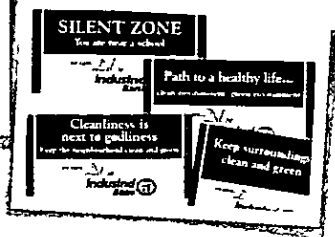
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World Environment Day & Anti Tobacco Campaign



Environment Awareness and
Civic Consciousness Campaign





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