

FIRST ANNUAL REPORT 1994-95



 **HDFC BANK LTD.**
The Action Bank

WELCOME TO HDFC BANK



HDFC Bank is now fully operational, with full service branches in Bombay at Sandoz House, Worli, and Ramon House, Churchgate. This will soon be followed by another branch in Bombay at Khar, and a full network spanning all the metros (Delhi, Calcutta, Madras and Bangalore) by December, and subsequently in Ahmedabad and Pune as well.

All the branches will be fully computerised and supported by state of the art technology. Most branches will also have Automated Teller Machines (ATMs) for quick, routine transactions. The entire branch network will be manned by experienced bankers drawn from leading International and Indian banks, assuring customers of the quality service HDFC is renowned for.

Today, HDFC Bank is fully equipped to offer you the complete range of financial services, ranging from savings and fixed deposit accounts, to Treasury, Corporate Banking and Merchant Banking services. Some of the key benefits for personal customers would be :

High Interest fixed Deposits: We offer you 12% p.a. on fixed deposits of any period between 46 days and 3 years. That's a yield of 14.19% p.a. on a 3 year deposit!

Free Stockinvest: You no longer need to lose interest on your funds when applying for a public issue. HDFC Bank offers you free Stockinvest against a fixed deposit which earns you 12% p.a. With Stockinvest, your money earns interest for you right up to the day you get an allotment

Safe Deposit Lockers: All key branches will also have fixed deposit lockers for the convenience of personal customers.

We look forward to having you as our valued customer.



For more information, call Nandita : (022) 4951616 or Aparna (022) 2045605
or any of our Customer Service Officers



HDFC BANK LTD.

1st ANNUAL GENERAL MEETING

Date : 20th May, 1995
Day : Saturday
Time : 11.00 a.m.
Place : Birla Matushri Sabhagar,
 19, Marine Lines,
 Bombay 400 020.

BOARD OF DIRECTORS

Mr. Shobha Singh Thakur, Chairman
 Mr. Deepak M Satwalekar
 Mr. Phillip J S Wise
 Mr. Jagdish S Baijal
 Mr. Nasser M Munjee
 Mr. Keki M Mistry
 Mr. Aditya Puri, Managing Director
 Mr. Christain J. Read
(Alternate to Mr. P. J. S. Wise)
 Mr. Phillip W Forest
(Alternate to Mr. P. W. Deer)

COMPANY SECRETARY & VICE PREIDENT

Mr. S. Ramanathan

AUDITORS

Bharat S. Raut & Co.
 (A member firm of KPMG)

REGISTRARS & SHARE TRANSFER AGENTS

MCS Limited

Sri Venkatesh Bhawan
 Plot No.27, Road No.11,
 MIDC Area, Andheri (East),
 Bombay - 400 093.

REGISTERED OFFICE

Sandoz House,
 Dr. Annie Besant Road,
 Worli,
 Mumbai 400 018.

CONTENTS

PAGE NO.

Notice.....	2
Directors's Report.....	4
Auditors' Report.....	7
Balance Sheet.....	8
Profit & Loss Account.....	9
Schedules to the Accounts	10
Notes on Accounts.....	14



HDFC BANK LTD.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF HDFC BANK LIMITED WILL BE HELD AT BIRLA MATUSHRI SABHAGAR, 19, MARINES LINES, BOMBAY - 400 020 ON SATURDAY, 20TH MAY, 1995 AT 11.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS

1. To consider and adopt the audited Profit and Loss Account for the period August 30, 1994 to March 31, 1995, the Balance Sheet as at March 31, 1995 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D. M. Satwalekar who retires by rotation and being eligible offers himself for reappointment as a non- retiring Director.
3. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary resolution.

"RESOLVED THAT MESSRS> BHARAT S. RAUT & CO. Chartered Accountants, be and are hereby re-appointed Auditors of the Bank to hold office from the conclusion of the next Annual General Meeting at a remuneration of Rs7.50 lacs (Rupees seven lacs fifty thousand only) plus reimbursement of out of pocket expenses incurred by them for the purpose of audit of the Bank's accounts at the Head Office as well as all branch offices of the Bank.

SPECIAL BUSINESS

- To consider, and if thought fit, to pass with or without modifications, the following Resolutions;
4. As an Ordinary Resolution :

"RESOLVED THAT Mr. J. S. Baijal be and is hereby appointed a Director of the Bank liable to retire by rotation."
 5. As an Ordinary Resolution :

"RESOLVED THAT Mr. P. W. Deer be and is hereby appointed a Director of the Bank not liable to retire by rotation."

6. As an Ordinary Resolution :

"RESOLVED THAT Mr. P. J. S. Wise be and is hereby appointed as a Director of the Bank liable to retire by rotation."
7. As an Ordinary Resolution :

"RESOLVED THAT Mr. N. M. Munjee be and is hereby appointed as a Director of the Bank liable to retire by rotation."
8. As an Ordinary Resolution :

"RESOLVED THAT Mr. L. M. Mistry be and is hereby appointed as a Director of the Bank liable to retire by rotation."

By Order of the Board
S. S. THAKUR
Chairman

Date : April 20, 1995

Registered Office :
Sandoz House,
Dr. Annie Besant Road,
Worli, Bombay 400 018.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE BANK. The proxy form should be lodged with the Bank at its Registered Office atleast 48 hours before the time of the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
3. Members are requested to promptly notify any changes in their address to the Registrars and Share transfer agents MCS Limited, Unit : HDFC Bank Ltd., Sri Venkatesh Bhawan, Plot No.27 Road No.11, MIDC Area, Andheri (East), Bombay - 400 093.
4. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Bank during office hours on all working days except public holidays; between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

NatWest Markets, the strategic alliance partner of the Bank have, subject to the approval of the Members in the Annual General Meeting, proposed Mr. P.W.Deer and Mr. P J. Wise as their nominees on the Board of the Bank, Mr. P. W. Deer and Mr. P. J. S. Wise were appointed as Additional Directors of the Bank and would hold office as Directors upto the ensuing Annual General Meeting.

Mr. J. S. Baijal, Mr. N. M. Munjee and Mr. K. M. Mistry were appointed as Additional Directors of the Bank and would hold office as Directors upto the ensuing Annual General Meeting.

The Bank has received notices from Members signifying their intention, proposing the candidature of Mr. P.W.Deer (as non-retiring Director) and Mr. J. S. Baijal, Mr.P.J.S.Wise, Mr N.M. Munjee and Mr.

K.M.Mistry as retiring Directors. The Bank has also received deposits for Rs.500 in respect of each of the Directors as required under the Act.

The Board of Directors recommends their appointment as Directors.

None of the Directors other than the Directors being reappointed, is in any way, concerned or interested in the said Resolution.

By Order of the Board

S. S. THAKUR
Chairman

Date : April 20, 1995

Registered Office :
Sandoz House,
Dr.Annie Besant Road,
Worli, Bombay 400 018.



HDFC BANK LTD.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the First Annual Report on the working results of the Bank, together with the audited accounts for the period ended March 31, 1995.

BANK'S PERFORMANCE

The Bank was incorporated on August 30, 1994 and received its Banking Licence on January 5, 1995.

Your Bank opened its first branch in Ramon House at Churchgate, Bombay on January 16, 1995. Consequently, the performance shown in this report reflects the Bank's operations from that date until March 31, 1995. Following the opening of the first branch, the Bank established the corporate office and a full service branch at Sandoz House, Worli, Bombay which was inaugurated by the Union Finance Minister, Dr Manmohan Singh on February 18, 1995.

Your Bank has achieved significant initial success in its deposits, advances and investment activities. As of March 31, 1995, total deposits were Rs.641.9 crores and total advances, placements and investments amounted to Rs.615.3 cores. The financial results for the period ended March 31, 1995 are as under :

	(Rs.lakhs)
Profit before Tax	120.79
Provision for Tax	40.60
Profit after Tax	80.19
Appropriations have been made as under :	
Transfer to Special Reserve	16.04
Transfer to General Reserve	64.15

DIVIDEND

In view of the short period of operations, your Directors recommend that no dividend be paid for the period ended March 31, 1995.

APPROACH TO BUSINESS

The Bank's business philosophy is based on four core values: operational excellence, customer focus, product leadership and

professional people. Based on these cornerstones, it is our aim to build an Indian bank that meets customer needs and provides services to an international standard across the country.

Operational excellence :

Your Bank has created an efficient operating system using well tested state-of-the-art software. The Bank has automated all areas of operations relating to trade finance, funds transfers, foreign exchange and moneymarket dealings. This software system works in a highly secure environment and is capable of allowing customers to access details of their accounts with the Bank through their personal computers. The system combined with a well trained and dedicated team gives the Bank a competitive edge to serve customers promptly and efficiently.

Customer focus :

HDFC Bank Ltd. fully recognises the need to meet its social obligations to the priority sectors. Over and above these, it must determine which opportunities it will select from the range available in today's changing economic environment. Amongst them, your Bank has identified three key groups: Indian business houses and multinational corporations, Foreign Institutional Investors and domestic mutual funds. To meet the needs of the customers, your Bank is now embarking on the expansion of its branch network in other strategic locations. During the financial year 1995-96, it is planned to open branches in Madras, Delhi, Calcutta, Bangalore, Ahmedabad and Pune, besides additional locations in Bombay.

Product leadership :

To succeed in winning business from its target customers, the Bank must differentiate its products from those offered by competitors. Custody services offer a clear opportunity for this. Your Bank has made substantial investment in infrastructure and state-of-the-art computerised systems as well as putting in place a team of experienced and

DIRECTORS' REPORT

competent professionals in this field.

Working closely with its strategic alliance partner, NatWest Markets, your Bank has created a Treasury of International standards and is laying the foundations of an equity research and debt capability in the international capital markets. Your Bank has already received registration to operate as a Merchant Banker (Category I) and SEBI has permitted the Bank to act as bankers to public issues.

By these means your Bank, together with its strategic alliance partner NatWest Markets, offers a unique capability in meeting the global needs of its target client base.

Professional People :

To execute its strategy, your Bank has recognised the need to attract staff of the highest quality. The calibre of our staff, both in academic qualifications and in their depth and breadth of experience is exceptional.

PUBLIC ISSUE

Your Bank made a Public Issue of 5,00,00,000 equity shares of Rs.10 each at par in March 1995 which has been oversubscribed by more than fifty times.

EMPLOYEES

In compliance with the provisions of Section 217(2A) of the Companies Act, 1956, a statement giving the requisite information is annexed hereto and forms part of this report.

APPRECIATION

The Board would like to place on record its appreciation to all the employees of the Bank for their contribution to the performance of the Bank during the period under review.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of

Association of the Bank, Mr D. M. Satwalekar retires at the ensuing Annual General Meeting. Mr Satwalekar was among the first Directors named in the Articles of Association and is eligible for reappointment. Under the terms of Article 124 of the Bank's Articles of Association, Housing Development Finance Corporation Limited (HDFC), the promoter of the Bank, has proposed Mr. D. M. Satwalekar as its nominee on the Board of the Bank, being a Director not liable to retire by rotation.

NatWest Markets, the strategic alliance partner of the Bank, has nominated Mr P. W. Deer and Mr. P. J. S. Wise as Directors on the Board of the Bank subject to the approval of the Members in the Annual General Meeting.

Mr. J. S. Baijal, Mr N. M. Munjee and Mr. K. M. Mistry were appointed as Additional Directors of the Bank and would hold office as Directors upto the ensuing Annual General Meeting.

The Bank has received notices from members signifying their intention to propose the candidature of Mr. P. W. Deer as non-retiring Director and Mr. J. S. Baijal, Mr P. J. S. Wise, Mr. N. M. Munjee and Mr. K. M. Mistry as retiring Directors.

AUDITORS

M/s Bharat S Raut & Co. Chartered Accountants, the Statutory Auditors of the Bank, retire at the forthcoming Annual General Meeting and are eligible for reappointment.

On behalf of the Board of Directors

S. S. Thakur
Chairman

Date : April 20, 1995
Place : Bombay

**HDFC BANK LTD.****ANNEXURE
TO THE
DIRECTORS'S
REPORT****STATEMENTS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 1995.**

S. No.	Name of Employee/ Date of Joining	Designation	Qualification	Age Years	Experience years	Remuner- ation	Last Employment
1.	A Rajan 1/9/94	Vice-President Country Operations	Science Graduate Bombay University	43	20	4,73,115	Bak of America
2.	Abhay Aima 2/1/95	Vice-President Head Equity Services	Graduate from National Defence Academy	33	9	2,35,500	INDSEC Security & Finance Limited
3.	Aditya Puri 12/9/94	Managing Director	B.Com., A.C.A.	44	22	8,54,095	Citibank, Malaysia
4.	Ashish Parthasarthy 1/11/94	Vice-President Head Money Markets	B.E. P.G.D.M	27	6	2,25,000	INDSEC Investments Limited
5.	Atul Prakash 9/1/95	Vice President Merchant Banking	M.B.A. International Management Institute. Geneva, Switzerland	38	15	1,06,249	Credit Capital Finance Corporation Limited
6.	Bharat Shah 9/12/94	Executive Director	B.Sc. H.N.D.	48	24	4,55,933	Union Bank of Switzerland, Singapore
7.	C. N. Ram 1/7/94	Vice-President Information Technology	B.Tech. Electronics Post Graduate Diploma in Management	37	15	4,15,256	Bank of America
8.	G. Subramanian 4/1/95	Vice-President Audit & Compliance	B.Sc. CAIIB. Cert. course in French	48	22	1,31,237	Reserve Bank of India
9.	H. Srikrishnan 2/12/94	Vice-President Head Branch Operations	B.Com., M.B.A.	33	13	1,40,172	Emirates Bank International Ltd
10.	Harish Engineer 12/7/94	Vice-President Corporate Banking	B.Sc. D.B.M.	46	25	5,37,112	Bank of America
11.	Luis Miranda 16/8/94	Vice-President Foreign Exchange	M.Com., C.A. M.B.A.	33	6	3,56,907	Hongkong Bank
12.	Paresh D Sukthankar 1/9/94	Vice-President Risk Management & Credit	B.Com., M.M.S. LL.B. (GEN)	32	10	4,06,050	Citibank
13.	S. Ramanathan 1/9/94	Vice-President Custodial Services	B.Com., LL.B., A.C.A., CS	34	11	1,99,042	Stock Holding Corp. of India Ltd
14.	Sameer Tiware 23/1/94	Ass. Vice-President	P.G.D.M., B.Tech	26	4	77,069	INDSEC Share & Stock Broking Limited
15.	Samir Bhatia 19/9/94	Vice-President (Project)	B.Com., C.A. A.I.C.W.A.	31	11	2,87,678	Citibank
16.	Sankara Raman 21/11/94	Financial Controller	A.C.A., CS	29	4	1,19,877	Standard Chartered Bank
17.	Shailendra Bhandari 16/8/94	Vice-President Treasury	B.A. (Hons), M.B.A.	36	12	10,72,94	Citibank
18.	Vinod Yennemadi 4/4/94	Executive Director	B.A. (Hons), F.C.A. England & Wales	52	27	10,25,828	Kalyani Steels Ltd

- Notes:**
1. Remuneration shown above includes Salary. Allowances, Medical, Leave Travel Expenses and monetary value of perquisites as per income tax rules.
 2. Nature of employment contractual.
 3. Other terms and conditions : All appointments are terminable by one month's / three months's notice as the case may be on either side.
 4. None of the employees mentioned above is a relative of any Director of the Bank.

On behalf of the Board of Directors

S. S. THAKUR
Chairman

Date : April 20, 1995

Place : Bombay

AUDITORS' REPORT

Auditors' Report on the Financial Statements of HDFC Bank Limited under Section 30 of The Banking Regulation Act, 1949.

We have audited the Balance Sheet of HDFC Bank Limited ('the Bank') as at March 31, 1995 and the related Profit and Loss Account for the period from August 30, 1994 (the date of incorporation) to March 31, 1995. 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.

In accordance with provisions of Section 29 of the Banking Regulation Act, 1949 read with the provisions of sub-sections(1), (2) and (5) of Section 211 and sub-section(5) of Section 227 of the Companies Act, 1956, the financial statements are not required to be, and are not drawn up, in accordance with Schedule VI of the Companies Act, 1956. The financial statements are therefore, drawn up in conformity with Forms A and B (revised of the Third Schedule to the Banking Regulation Act, 1949).

In our opinion the financial statements give a true and fair view of the state of affairs of the Bank as at March 31, 1995 and of its profit for the period then ended.

We further report that :

- a) the financial statements are in agreement with the books of account and give the information required by the Companies Act, 1956, in the manner so required for banking companies;
- b) the Bank has maintained proper books of account as required by law insofar as appears from our examination of those books;
- c) the returns received from the branches have been found to be adequate for the purpose of our audit;
- d) the transactions which have come to our notice have been within the powers of the Bank.

For **Bharat S. Raut & Co.**
Chartered Accountants

SP MEDORA
Partner

Date : April 20, 1995
Bombay



HDFC BANK LTD.

**BALANCE
SHEET AS
AT MARCH
31, 1995**

		(Rs. '000)
	Schedule	As at 31.3.1995
CAPITAL AND LIABILITIES		
Capital	1	150,00,00
Reserve & surplus	2	80.19
Deposits	3	641,90,12
Borrowings	4	40,11,94
Other liabilities and provisions	5	2560,96,10
Total		3393,78,35
PROPERTY AND ASSETS		
Cash and balances with Reserve Bank of India	6	205,63,29
Balances with Banks and Money at Call & Short notice	7	1330,99,53
Investments	8	221,33,77
Advances	9	98,00,21
Fixed Assets	10	21,47,33
Other Assets	11	158,25,91
Total		3393,78,25
Contingent Liabilities	12	158,25,91
Bills for Collection		10,68

SEE NOTES APPENDED

In terms of our attached report of even date

FOR BHARAT S. RAUT & CO FOR AND ON BEHALF OF THE BOARD
Chartered Accountants

SP MEDORA
Partner

S. S. THAKUR
Chairman

ADITYA PURI
Managing Director

S RAMANATHAN
Company Secretary & Vice President

D. M. SATWALEKAR
P. J. S. WISE
N. M. MUNJEE
K. M. MISTRY
Directors

DATE : April 20, 1995
PLACE : BOMBAY

**PROFIT
AND LOSS
ACCOUNT
FOR THE
PERIOD
ENDED 31ST
MARCH,
1995**

(Rs. '000)

	Schedule	Period ended 31.3.1995
INCOME		
Interest earned	13	12,61,28
Other income	14	1,66,74
Total		14,28,02
EXPENDITURE		
Interest expended	15	4,76,65
Operational expenses	16	5,94,70
Provisions & Contingencies	17	40,60
Total		11,11,95
Operating Profit for the period		3,16,07
Amortisation of Preliminary Expenses		(1,12,12)
Amortisation of Share Issue Expenses		(93,43)
Amortisation of Preoperative Expenses		(30,33)
Net profit for the period		80.19
APPROPRIATIONS		
Transfer to Statutory Reserves under Sec.11(2)(b)(ii)		16.04
Balance carried over to the Balance Sheet		64.15
Total		80.19

SEE NOTES APPENDED

In terms of our attached report of even date

FOR BHARAT S. RAUT & CO FOR AND ON BEHALF OF THE BOARD
Chartered Accountants

SP MEDORA
Partner

S. S. THAKUR
Chairman

ADITYA PURI
Managing Director

S RAMANATHAN
Company Secretary & Vice President

D. M. SATWALEKAR
P. J. S. WISE
N. M. MUNJEE
K. M. MISTRY
Directors

DATE : April 20, 1995
PLACE : BOMBAY

**HDFC BANK LTD.****SCHEDULES
TO THE
ACCOUNTS****(Rs. '000)****As at
31.3.1995****SCHEDULE 1 - CAPITAL****Authorised Capital**

(30,00,00,000 Shares of Rs.10 each)

300,00,00

Issued Capital

(11,00,00,000 Shares of Rs.10 each)

110,00,00

Subscribed Capital

(11,00,00,000 Shares of Rs.10 each)

110,00,00

Share Subscription Money received from NatWest Group to be allotted

40,00,00

Total**150,00,00****SCHEDULE 2 - RESERVES AND SURPLUS**

Statutory Reserves

16.04

Balance in Profit and Loss account

64.15

Total**80.19****SCHEDULE 3 - DEPOSITS**

10,68

I. Demand Deposits

(i) From Banks

-

(ii) From Others

33,58,39

33,58,39

II. Savings Bank Deposits

2,29,98

III. Term Deposits

(i) From Banks

-

(ii) From Others

606,01,75

606,01,75

Total**641,90,12****SCHEDULE 4 - BORROWINGS****I. Borrowings in India**

Other Banks

40,00,00

II. Borrowings outside India

11,94

Total**40,11,94**

Secured borrowings included in above

--

SCHEDULES

(Contd.)

(Rs. '000)

As at
31.3.1995

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I.	Bills Payable	38,44,78
II.	Interest Accrued	3,59,80
III.	Others (including provisions)	2,92,47
IV.	Share Application Money (Received against the public issue of 5,00,00,000 shares of Rs.10/- each, pending allotment)	2515,99,05
	Total	2560,96,10

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

I.	Cash in hand (including foreign currency notes)	44.87
II.	Balance with Reserve Bank of India In Current Account	205,18,42
	Total	205,63,29

SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

I.	In India		
(i)	Balance with banks		
	(a) in Current Accounts	52,68	
	(b) in Other Accounts (Share application money - Public Issue)	1034,44,98	
			1034,97,66
(ii)	Money at call and short notice		
	(a) with Banks	291,00,00	
	(b) with Other Institutions	5,00,00	
			296,00,00
II.	Outside India		
	in Current Accounts		1,87
	Total		1330,99,53

SCHEDULE 8 - INVESTMENTS

I.	Investment in India		
(i)	Govt securities	162,39,40	
(ii)	Debentures and Bonds	49,02,50	
(iii)	Others - Certificates of deposits and mutual funds	9,91,87	
			221,33,71
II.	Investments outside India		--
	Total		221,33,77

**HDFC BANK LTD.****SCHEDULES***(Contd.)***(Rs. '000)****As at
31.3.1995****SCHEDULE 9 - ADVANCES**

A.	(i)	Cash credits, Overdrafts and Loans	40,00,21	
	(ii)	Term loans	58,00,00	
		Total		98,00,21
B.	(i)	Secured by tangible assets	15,80,84	
	(ii)	(Unsecured)	82,19,37	
		Total		98,00,21
C.		Advances in India (Other than to Priority Sector, Public Sector & Banks)		98,00,21
		Total		98,00,21

(No provisions have been made as all advances are considered realisable)

SCHEDULE 10 - FIXED ASSETS

A.	Premises	--
B.	Other Fixed Assets (including Furnitures and Fixtures)	
	Additions during the period	6,24,55
	Depreciation charge for the period	(21,72)
C.	Capital Work in Progress	15,44,50
	Total	21,47,33

(Capital work in progress includes advance payments totalling Rs.11,40,00 thousand towards purchase of property for custodial services and premises at Bombay and Madras)

SCHEDULE 11 - OTHER ASSETS

Interest accrued	12,06,57
Tax paid in advantage/Tax deducted at source	1,11
Stationery and Stamps	15
Others	1504,26,39
Total	1516,34,22

(Includes share application monies received under stockinvest Rs.1481,54,07 thousand out of which Rs.352,14,95 thousand relates to the Bank's stockinvest scheme)

SCHEDULE 12 - CONTINGENT LIABILITIES

Liability on account of outstanding forward exchange contracts	126,02,70
Guarantees given on behalf of constituents	16,05,15
Acceptances, endorsements and other obligations	8,44
Underwriting Commitments	1,30,00
Capital Commitments not provided for	14,79,62
Total	158,25,91
Bills for collection	10,68

SCHEDULES

(Contd.)

(Rs. '000)

As at
31.3.1995

SCHEDULE 13 - INTEREST EARNED

Interest/Discount on Advances/Bills	1,28,76
Income on Investments	4,36,08
Interest on balance with Reserve Bank of India and other inter-bank funds	6,94,61
Others	1,83
Total	12,61,28

SCHEDULE 14 - OTHER INCOME

Commission, Exchange and Brokerage	1,74,00
Profit on Sale of Investments	1,47
Loss on Revaluation of Investments	(8,20)
Loss on Exchange Transactions	(73)
Miscellaneous Income	20
Total	1,66,74

(The loss on exchange transactions of Rs.73 thousand comprises of Rs.2.49 thousand being the swap cost of Foreign currency (Non Resident)(Banks) Deposits (FCNR B) classified as exchange related cost and Rs.1.76 thousand being the trading profits on foreign exchange transactions)

(In this with RBI guidelines, amortisation of premiums are treated as losses on revaluation of Investments. However any amortisation of discounts on Investments are not taken as profits in the Profit and Loss account).

SCHEDULE 15 - INTEREST EXPENDED

Interest on Deposits	4,37,92
Interest on Reserve Bank of India/Inter-bank borrowings	38.73
Total	4,76,65

SCHEDULE 16 - OPERATING EXPENSES

Payments to and Provisions for Employees	1,09,98
Rent, Taxes and Lighting	2,02,98
Printing & Stationery	17.01
Advertisement and Publicity	26.84
Depreciation on Bank's Property	21.72
Director's Fees, Allowances and Expenses	92
Auditor's Fees and Expenses	4.20
Law charges	1.88
Postage, Telegram, Telephone etc	11.92
Repairs & Maintenance	95.92
Insurance	2.80
Other Expenditure	98.53
Total	5,94,70

(Other expenditure, inter alia, includes interest tax, inland and foreign travel costs, placement charges, hotel charges and hire charges)

SCHEDULE 17 - PROVISIONS AND CONTINGENCIES

Provision for Income Tax	40,00
Provision for Wealth Tax	60
Total	40,60



HDFC BANK LTD.

NOTES TO SCHEDULES

NOTE APPENDED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 1995

1. PRINCIPAL ACCOUNTING POLICIES GENERAL

1. The accompanying financial statements are prepared on the historical cost basis and in accordance with the generally accepted accounting principles and conform to the statutory provisions and practices prevailing within the banking industry in India.
2. **Transactions involving Foreign Exchange**
 - a. Foreign currency assets and liabilities are translated on the Balance Sheet date at the rates notified by Foreign Exchange Dealer's Association of India ('FEDAI'). The resulting profits or losses on revaluation are included in the Profit and Loss account.
 - b. Contingent liabilities on account of outstanding foreign exchange contracts are reported at the contracted rates. Outstanding foreign exchange contracts including deposit swaps, have been revalued in the Balance Sheet at the rates notified by FEDAI and the resulting profits or losses are included in the Profit and Loss account.
 - c. Income and Expenditure items are accounted for at the exchange rates ruling on the date of the transaction.
3. **Investments**
 - a. Investments in bonds of certain public sector units, made before commencement of banking business has been classified as "Permanent Investments". These are valued at cost and the premium paid in excess of the face value is amortised to maturity.
 - b. All investments other than those mentioned above are "Current investments" and are valued at the lower of cost or market value, in aggregate, for each category in compliance with the RBI requirements. Treasury Bills are valued at carrying cost i.e. face value as adjusted for unamortised discount or premium.
4. **Advances**
Advances are stated net of provision for doubtful advances and interest in suspense. Provision for doubtful advances is made in respect of identified advances based on a periodic review and after having considered the provisioning guidelines issued by the RBI. Interest on doubtful advances is credited to an interest in suspense account and not recognised in the Profit and Loss account until received.
5. **Fixed Assets**
 - a. Fixed Assets are accounted for on a historical cost basis and are capitalised to the extent projects are completed.
 - b. Depreciation has been provided for on the straight line rates prescribed by Schedule XIV of the Companies Act, 1956.
6. **Pre-incorporation, Preoperating and Share issue Expenses**
Expenses relating to pre-incorporation, preoperating and share issue are amortised over 12 months. Accordingly Rs. 2,35,88 thousand has been written off to the Profit and Loss account and the unabsorbed portion of Rs. 2,35,87 thousand is carried forward in the Balance Sheet to be written off over the next 6 months.
7. **Staff Benefits**
Staff benefits are accounted for on an accrual basis.
8. **Net Profit**
The net profit in the Profit and Loss account is after :
 - Provision for any depreciation in the value of investments
 - Provision for taxation
 - Provision for doubtful advances
 - Other usual and necessary provisions

2. OTHER NOTES

Previous year comparative figures have not been furnished as this is the first year of operation.

In terms of our attached report of even date

FOR BHARAT S. RAUT & CO
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

SP MEDORA
Partner

S. S. THAKUR
Chairman

ADITYA PURI
Managing Director

S RAMANATHAN
Company Secretary & Vice President

D. M. SATWALEKAR
P. J. S. WISE
N. M. MUNJEE
K. M. MISTRY
Directors

DATE : April 20, 1995
PLACE : BOMBAY



HDFC BANK LIMITED

Regd. Office : Sandoz House, Dr. Annie Besant Road,
Worli, Bombay 400 018

ENTRANCE PASS

(to be presented at the entrance)

1st Annual General Meeting at Birla Matushri Sabhagar, 19, Marine Lines, Bombay 400 020
on Saturday, 20th May, 1995 at 11.00 a.m.

Ledger Folio No..... Signature

Only shareholders / proxies / representatives are allowed to attend the meeting.



HDFC BANK LIMITED

Regd. Office : Sandoz House, Dr. Annie Besant Road,
Worli, Bombay 400 018

ENTRANCE PASS

Ledge Folio No No of shares held

I / We
of in the district of being a member(s) of the above named
Company, hereby appoint of
in the district of or falling him of in the district
of as my / our proxy to attend and vote for me / us and on my / our behalf
at the First Annual General Meeting of the Company to be held on Saturday, 20th May, 1995 and at
any adjournment thereof.

Signed this day of, 1995

Affix
Re.1
Revenue
Stamp

Signature

Note : This form duly completed should be deposited at the Registered Office of the Company at
Bombay not later than 48 hours before the time of the meeting.

