

**AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED**  
**MARCH 31, 2004**

(Rs. in Lacs)

	Particulars	Quarter ended 31-3-2004	Quarter ended 31-3-2003	Nine Months ended 31-12-2003	Nine Months ended 31-12-2002	Year ended 31-3-2004	Year ended 31-3-2003
<b>1</b>	<b>Interest earned (a) + (b) + (c) + (d)</b>	<b>66582</b>	<b>55283</b>	<b>188311</b>	<b>146078</b>	<b>254893</b>	<b>201361</b>
a	Interest / discount on advances / bills	29030	22174	81836	55558	110866	77732
b	Income on investments	33175	30666	99047	80629	132222	111295
c	Interest on balances with Reserve Bank of India and other inter bank funds	4167	2363	6929	9681	11096	12044
d	Others	210	80	499	210	709	290
2	Other income	14049	12202	33954	34353	48003	46555
<b>A</b>	<b>Total income (1+2)</b>	<b>80631</b>	<b>67485</b>	<b>222265</b>	<b>180431</b>	<b>302896</b>	<b>247916</b>
3	Interest expended	30525	31080	90580	88116	121105	119196
<b>4</b>	<b>Operating expenses (e) + (f)</b>	<b>21672</b>	<b>16439</b>	<b>59328</b>	<b>41266</b>	<b>81000</b>	<b>57705</b>
e	Payment to and provision for employees	4606	4823	15803	10372	20409	15195
f	Other operating expenses	17066	11616	43525	30894	60591	42510
<b>B</b>	<b>Total expenditure (3) + (4) (excluding provisions &amp; contingencies)</b>	<b>52197</b>	<b>47519</b>	<b>149908</b>	<b>129382</b>	<b>202105</b>	<b>176901</b>
<b>C</b>	<b>Operating profit (A – B) (Profit before provisions and contingencies)</b>	<b>28434</b>	<b>19966</b>	<b>72357</b>	<b>51049</b>	<b>100791</b>	<b>71015</b>
D	Other provisions and contingencies	7192	3026	21703	10904	28895	13930
E	Provision for taxes	5770	5278	15176	13047	20946	18325
<b>F</b>	<b>Net profit (C-D-E)</b>	<b>15472</b>	<b>11662</b>	<b>35478</b>	<b>27098</b>	<b>50950</b>	<b>38760</b>
5	Paid up equity share capital (face value Rs. 10)	28479	28205	28390	28201	28479	28205
6	Reserves excluding revaluation reserve	240709	196278	-	-	240709	196278
<b>7</b>	<b>Analytical Ratios:</b>						
(i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
(ii)	Capital adequacy ratio	11.66%	11.12%	10.74%	13.00%	11.66%	11.12%
(iii)	Earnings per share (par value Rs. 10/- each)						
	Basic	5.43	4.14	12.52	9.61	17.95	13.75
	Diluted	4.99	3.83	11.59	9.00	16.55	12.79
<b>8</b>	<b>Aggregate of Non Promoter Shareholding</b>						
	-No. of shares	215930713	213185713	215036413	213149613	215930713	213185713
	-Percentage of shareholding	75.82%	75.59%	75.74%	75.58%	75.82%	75.59%

**Segment information in accordance with the Accounting Standard on Segment Reporting (AS17) of the three operating segments of the Bank are:**

(Rs in lacs)

	Quarter ended 31-3-2004	Quarter ended 31-3-2003	Nine Months ended 31-12-2003	Nine Months ended 31-12-2002	Year ended 31-03-2004	Year ended 31-03-2003
<b>1. Segment Revenue</b>						
a) Wholesale Banking	44389	43445	131756	132863	176145	176308
b) Retail Banking	66408	53222	186789	141694	253197	194916
c) Treasury	13340	11826	30720	30673	44060	42499
<b>Total</b>	<b>124137</b>	<b>108493</b>	<b>349265</b>	<b>305230</b>	<b>473402</b>	<b>413723</b>
<b>Less: Inter Segment Revenue</b>	<b>43506</b>	<b>41008</b>	<b>127000</b>	<b>124799</b>	<b>170506</b>	<b>165807</b>
<b>Income from Operations</b>	<b>80631</b>	<b>67485</b>	<b>222265</b>	<b>180431</b>	<b>302896</b>	<b>247916</b>
<b>2. Segment Results</b>						
a) Wholesale Banking	9598	6575	25228	18804	34826	25379
b) Retail Banking	7297	5999	14924	10177	22221	16176
c) Treasury	4347	4366	10502	11164	14849	15530
<b>Total Profit Before Tax</b>	<b>21242</b>	<b>16940</b>	<b>50654</b>	<b>40145</b>	<b>71896</b>	<b>57085</b>
<b>3. Capital Employed (Segment assets – Segment liabilities)</b>						
a) Wholesale Banking	215242	715704	687217	778911	215242	715704
b) Retail Banking	(258890)	(587010)	(696943)	(689044)	(258890)	(587010)
c) Treasury	366010	96202	259527	127118	366010	96202
<b>Total</b>	<b>322362</b>	<b>224896</b>	<b>249801</b>	<b>216985</b>	<b>322362</b>	<b>224896</b>

**Note on segment information**

The reportable primary segments have been identified in accordance with the Accounting Standard on Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India (ICAI).

The Bank operates in three segments: wholesale banking, retail banking and treasury services. Segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure and the internal business reporting systems. Effective this year, commercial vehicle loan division, which was earlier part of wholesale banking has now been classified as part of retail banking in line with the change in segment focus for this product strategy.

Segment revenue includes earnings from external customers plus earnings from funds transferred from one segment to the other based on an internal transfer price. Segment result includes revenue less interest expense (whether to customers or to the lending segment based on the internal transfer price) less operating expense and provisions, if any, for that segment.

Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally developed composite yield curve which broadly tracks market discovered interest rates. Transaction charges are made by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels; such transaction costs are determined on a cost plus basis.

Segment capital employed represents the net assets in that segment. It excludes capital and net unallocated items.

## NOTES:

1. The above results for the quarter (unaudited) and year ended (audited) March 31, 2004, have been taken on record by the Board at its meeting held on April 16, 2004.
2. The Board of Directors at their meeting proposed a dividend of Rs. 3.5 per share, subject to the approval of the members at the ensuing Annual General Meeting and by the Reserve Bank of India. Dividends paid will be tax free in the hands of the shareholders.
3. The register of members and share transfer books will remain closed from May 08, 2004 to May 26, 2004 both days inclusive. The Annual General Meeting of the company has been scheduled for May 26, 2004.
4. During the quarter and the year ended March 31, 2004, the bank allotted 8,94,300 shares and 27,46,000 shares respectively, pursuant to the exercise of stock options by certain employees. The bank allotted 10,52,100 shares on April 5, 2004 pursuant to the exercise of stock options by certain employees during the quarter ended March 31, 2004. These shares would rank pari-passu with the existing shares in all respects.
5. In February 2004, the bank issued unsecured redeemable non-convertible subordinated bonds of Rs. 400 crores to augment the Tier II capital for strengthening capital adequacy and enhancing longterm resources of the bank. The bank raised subordinated debt of Rs. 395 crores with maturity of 10 years 3 months at an interest rate of 5.9% per annum and Rs. 5 crores with maturity of 13 years 3 months at an interest rate of 6% per annum.
6. During the year, the Bank granted 68,23,400 options under Employee Stock Option Scheme 4 (ESOS 4), 24,24,500 options under Employee Stock Option Scheme 5 (ESOS 5) and 17,45,100 options under Employee Stock Option Scheme 6 (ESOS 6) (aggregating to 1,09,93,000 options) at price of Rs 358.60, Rs 366.30 and Rs. 362.90 per option respectively. The exercise price of the options under ESOS 4 and 6 are based on the market price of shares of the bank prevailing on the National Stock Exchange of India Limited (NSE) on the immediately preceding business day from the date of grant of option. These options are granted pursuant to shareholders' resolution passed at the 9th Annual General Meeting of the Bank held on June 2, 2003. The exercise price for the options under ESOS 5 is based on the average daily closing price of the shares of the bank quoted on The Stock Exchange, Mumbai for a period of sixty days preceding the grant of option. These options were granted pursuant to shareholders' resolution relating to options passed at the Extra-ordinary General Meeting of the bank held on 1 January 2000. A predefined rate of the above options would vest on each successive anniversary of the grant date over a three year period.
7. Other income relates to income from non-fund based banking activities including commission, fees, foreign exchange earnings, earnings from derivative transactions and profit and loss (including revaluation) from investments.
8. As per market practice, the bank pays commission to sales agents and also receives front ended subventions from dealers and manufactures for originating retail asset products. In line with international accounting practice, the Bank, in 2002-03, had amortised such commission paid, net of subvention received (net commission), over the tenor of the asset on a yield to maturity basis. During the current financial year 2003-04, the Reserve Bank of India advised the bank that such net commission paid to sales agents should be fully expensed in the year in which it is incurred, as a prudent regulatory measure. Consequently, the bank has charged off the entire net commission paid to the retail asset sales agents, including the net unamortised commission brought forward from the previous year in the current year. As a result, net profit after tax for the year is lower by Rs. 43,86 lacs.
9. During the year ended March 31, 2004, the total number of branches (including extension counters) and the ATM network increased by 81 branches and 178 ATMs respectively.

10. Information on investor complaints pursuant to Clause 41 of the listing agreement for the quarter ended March 31,2004:

Opening Balance	Nil
Additions	19
Disposals	19
Closing Balance	Nil

11. Previous period figures have been regrouped / reclassified wherever necessary to conform to current periods classification.

12. Rs. 10 lacs = Rs. 1 million  
Rs. 10 million = Rs. 1 crore

Place : Mumbai  
Date : April 16,2004

**Aditya Puri**  
Managing Director

The Board has also taken on record the unaudited results for the year ended March 31, 2004, prepared as per USGAAP. The reconciliation of net incomes as per Indian GAAP and US GAAP is as follows:

(Rs. in Lacs)

Particulars	<u>Year ended</u> <u>31-03-2004</u>	<u>Year ended</u> <u>31-03-2003</u>
<b>Net Profit as per Indian GAAP</b>	<b>50950</b>	<b>38760</b>
<b><u>Adjustment for</u></b>		
Investments	(4833)	(3092)
Loans	(5610)	1424
Affiliates	612	(103)
Stock Options	(1351)	(1369)
Loan acquisition cost write back	6970	(666)
Others	(1751)	(842)
Taxes	2558	1028
<b>Net Profit as per US GAAP</b>	<b>47545</b>	<b>35140</b>

#### **Note on the reconciliation of net incomes as per Indian GAAP and US GAAP**

The net difference between profits computed in accordance with Indian GAAP and US GAAP is primarily due to differences in accounting treatment for amortization of premia on investments held in the “Available for Sale” category, loan loss provisions, deferred stock compensation expense, tax provisions and amortisation of acquisition costs on retail loans.

Note: (i) Rs. = Indian Rupees  
(ii) 10 lacs = 1 million  
(iii) All figures and ratios are in accordance with Indian GAAP except where specifically mentioned.

*Certain statements in this release which contains words or phrases such as “will”, “remains”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, manage our rapid growth, volatility of interest rates, future levels of non-performing loans, the adequacy of our allowances for investment and credit losses, technological changes, volatility in income from treasury operations, concentrations of funded exposures, our exposure to market risks, as well as other risks detailed in the reports filed with the United State Securities and Exchange Commission. The bank may, from time to time, make additional written and oral forward looking statements, including statements contained in the bank’s filings with the Securities and Exchange Commission and our reports to shareholders. The bank does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the bank.*

**Summarised Balance Sheet as at March 31**

(Rs in Lacs)

	As at 31-03-2004	As at 31-03-2003
<b>CAPITAL AND LIABILITIES</b>		
Capital	<b>28479</b>	28205
Reserves and Surplus	<b>240709</b>	196278
Employees' Stock Options (Grants) Outstanding	<b>145</b>	691
Deposits	<b>3040886</b>	2237607
Borrowings	<b>230782</b>	208465
Subordinated debt	<b>60000</b>	20000
Other Liabilities and Provisions	<b>629698</b>	351162
<b>Total</b>	<b>4230699</b>	3042408
<b>ASSETS</b>		
Cash and balances with Reserve Bank Of India	<b>254198</b>	208196
Balances with Banks and Money at Call and Short notice	<b>111557</b>	108726
Investments	<b>1925679</b>	1338808
Advances	<b>1774451</b>	1175486
Fixed Assets	<b>61691</b>	52858
Other Assets	<b>103123</b>	158334
<b>Total</b>	<b>4230699</b>	3042408