Red Herring Prospectus
Dated December 29, 2005
100% Book Building Issue

BANK OF BARODA

(Bank of Baroda was originally incorporated on July 20, 1908 under the Baroda Companies Act, 1897 as "Bank of Baroda Limited" with its Head Office at Vadodara).
(Constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 on July 19, 1969)

Head Office: Baroda House, Mandvi, Vadodara 390 006, Gujarat, India Tel: (91 265) 251 8715, 236 3001, 236 2225; Fax: (91 265) 236 2914
Corporate Office: Baroda Corporate Centre, C-26, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra
Tel: (91 22) 5698 5000-04, 2652 2112; **Fax:** (91 22) 2652 3510, 2652 1955
Contact Person: P.K. Ramaswamy Iyer; **Email:** dgm.legal.bcc@bankofbaroda.com; **Website:** www.bankofbaroda.com

PUBLIC ISSUE OF UP TO 71,000,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE AGGREGATING RS. [•] MILLION BY BANK OF BARODA (THE "BANK" OR "ISSUER") (THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF UP TO 63,900,000 EQUITY SHARES OF RS. 10 EACH (THE "NET ISSUE") AND A RESERVATION FOR ELIGIBLE EMPLOYEES OF UP TO 7,100,000 EQUITY SHARES OF RS. 10 EACH, AT THE ISSUE PRICE. THE ISSUE WOULD CONSTITUTE 19.49% OF THE TOTAL POST ISSUE PAID-UP EQUITY CAPITAL OF THE BANK.

PRICE BAND: Rs. [•] TO Rs. [•] PER EQUITY SHARE OF FACE VALUE Rs. 10
THE PRICE BAND AND THE MINIMUM BID LOT SIZE FOR THE ISSUE WILL BE DECIDED BY US IN CONSULTATION WITH THE BRLMS AND ADVERTISED AT LEAST ONE DAY PRIOR TO THE BID/ISSUE OPENING DATE.

The Issue is being made through the 100% book building process where up to 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% of the QIB portion that would be specifically reserved for Mutual Funds). Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Up to 7,100,000 shares shall be allotted on a proportionate basis to Eligible Employees.

RISK IN RELATION TO THE ISSUE

We are listed on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and the Vadodara Stock Exchange Limited. The Issue Price (as determined by Bank of Baroda in consultation with the Book Running Lead Managers ("BRLMs") on the basis of assessment of market demand for the Equity Shares by way of book-building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. The market price of the existing Equity Shares of Bank of Baroda could affect the price discovery through book building and vice versa. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of Bank of Baroda and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page xiii of this Red Herring Prospectus.

ISSUER'S RESPONSIBILITY

The Bank having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Bank and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the National Stock Exchange of India Limited (Designated Stock Exchange), Bombay Stock Exchange Limited and the Vadodara Stock Exchange Limited. We have received in-principle approval from the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and the Vadodara Stock Exchange Limited, for the listing of the Equity Shares pursuant to letters dated October 19, 2005, October 17, 2005 and October 18, 2005, respectively. The Designated Stock Exchange is the National Stock Exchange of India Limited.

BOOK RUNNING LEAD MANAGERS

SBI CAPITAL MARKETS LIMITED
202, Maker Tower – E
Cuffe Parade
Mumbai 400 005, India
Tel: (91 22) 2218 9166;
Fax: (91 22) 2218 8332
Email: bob.fpo@sbicaps.com
Website: www.sbicaps.com
Contact Person: Debasis Panigrahi

DSP MERILL LYNCH LIMITED
Mafatlal Centre, 10th Floor,
Nariman Point,
Mumbai – 400 021, India
Tel: (91 22) 2262 1071
Fax: (91 22) 2262 1187
Email: bob_fpo@ml.com
Website: www.dspml.com
Contact Person: N. S Shekhar

ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED
801/802, Dalamal Towers
Nariman Point, Mumbai 400 021, India
Tel: (91 22) 5638 1800
Fax: (91 22) 2284 6824
Email: bobwg@enam.com
Website: www.enam.com
Contact Person: Dharmesh Tejani

HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED
52/60, Mahatma Gandhi Road,
Fort, Mumbai 400 001, India
Tel: (91 22) 2268 1284
Fax: (91 22) 2263 1984
Email: bobpo@hsbc.co.in
Website: www.hsbc.co.in
Contact Person: Smita Nair

JM MORGAN STANLEY PRIVATE LIMITED
141, Maker Chambers III,
Nariman Point
Mumbai 400 021, India
Tel.: (91 22) 5630 3030
Fax.: (91 22) 5630 1694
Email: bankofbaroda@jmmorganstanley.com
Website: www.jmmorganstanley.com
Contact Person:Utkarsh Katkoria

KARVY INVESTOR SERVICES LIMITED
Karvy House, 46 Avenue 4
Street No. 1, Banjara Hills
Hyderabad 500 034, India
Tel: (91 40) 2332 0251
Fax: (91 40) 2337 4714
Email: mbd@karvy.com
Website: www.karvy.com
Contact Person: T.R. Prashanth Kumar

KOTAK MAHINDRA CAPITAL COMPANY LIMITED
3rd Floor, Bakhtawar, 229
Nariman Point,Mumbai 400 021, India
Tel: (91 22) 5634 1100
Fax: (91 22) 2284 0492
Email: bob.fpo@kotak.com
Website: www.kotak.com
Contact Person: Purnima Swaminathan

REGISTRAR TO THE ISSUE

KARVY COMPUTERSHARE PRIVATE LIMITED
Karvy House, 46 Avenue 4
Street No. 1, Banjara Hills, Hyderabad 500 034, India
Tel: (91 40) 2331 2454
Fax: (91 40) 2331 1968
Email: bobfpo@karvy.com
Website: www.karvy.com
Contact Person: Murali Krishna M.

ISSUE PROGRAMME

BID / ISSUE OPENS ON : JANUARY 16, 2006	BID / ISSUE CLOSES ON : JANUARY 20, 2006

C M Y K

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DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
The "Bank" or "our Bank" or "Bank of Baroda" or "we" or "our" or "us"	Unless the context otherwise requires, refers to Bank of Baroda, a corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, having its Head Office at Baroda House, Mandvi, Vadodara 390 006, Gujarat, India

Bank / Industry Related Terms

Term	Description
Associates	Collectively, the RRBs sponsored by our Bank being Raebareli Kshetriya Gramin Bank, Sultanpur Kshetriya Gramin Bank, Allahabad Kshetriya Gramin Bank, Kanpur Kshetriya Gramin Bank, Pratapgarh Kshetriya Gramin Bank, Fatehpur Kshetriya Gramin Bank, Faizabad Kshetriya Gramin Bank, Bareilly Kshetriya Gramin Bank, Shahjahanpur Kshetriya Gramin Bank, Nainital Almora Kshetriya Gramin Bank, Marudhar Kshetriya Gramin Bank, Aravali Kshetriya Gramin Bank, Bundi Chittorgarh Kshetriya Gramin Bank, Bhilwara Ajmer Kshetriya Gramin Bank, Dungarpur Banswara Kshetriya Gramin Bank, Baroda Gujarat Gramin Bank and Jhabua Dhar Kshetriya Gramin Bank, together with UTI Asset Management Company Private Limited, UTI Trustee Company Private Limited and Indo-Zambia Bank Limited
Auditors	The statutory auditors of the Bank being M/s T.R.Chadha & Co., M/s S. Venkatram & Co., M/s Ray & Ray, M/s G. Basu & Co., M/s G.P. Kapadia & Co. and M/s B.C.Jain & Co., Chartered Accountants appointed by the RBI on various dates
Bank Acquisition Act	Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time
Bank Regulations	Bank of Baroda General (Shares and Meetings) Regulations, 1998, as amended from time to time, which have been made by the Board of Directors in the exercise of powers conferred by Section 19 of the Bank Acquisition Act after consultation with the RBI and with previous sanction of the GoI
Banking Regulation Act	The Banking Regulation Act, 1949, as amended from time to time
Board of Directors/Board	The Board of Directors of our Bank or a committee constituted thereof
BOB AMC	BOB Asset Management Company Limited
BOB Botswana	Bank of Baroda (Botswana) Limited
BOB Caps	BOB Capital Markets Limited
BOBCARDS	BOBCARDS Limited
BOB Guyana	Bank of Baroda (Guyana) Limited
BOB HK	Bank of Baroda (Hong Kong) Limited
BOB Housing	BOB Housing Finance Limited
BOB Kenya	Bank of Baroda (Kenya) Limited
BOB Tanzania	Bank of Baroda (Tanzania) Limited
BOB Uganda	Bank of Baroda (Uganda) Limited

Term	Description
BOB UK	Bank of Baroda (UK) Limited
CMD or Chairman and Managing Director	The Chairman and Managing Director of our Bank, Dr. Anil K. Khandelwal
Constitutional Documents	The Bank Acquisition Act read with the Bank Regulations and the Nationalised Bank Scheme
Director(s)	Director(s) of Bank of Baroda, unless otherwise specified
Head Office	The head office of the Bank being Baroda House, Mandvi, Vadodara 390 006, Gujarat, India
NBL	The Nainital Bank Limited
Promoter	The President of India acting through the MoF, GoI
Subsidiaries	Collectively, the domestic subsidiaries of the Bank being BOB AMC, BOBCARDS, BOB Housing, BOB Caps and NBL, together with the overseas subsidiaries of the Bank being BOB UK, BOB HK, BOB Uganda, BOB Tanzania, BOB Kenya, BOB Botswana and BOB Guyana

Issue Related Terms

Term	Description
Allotment	Unless, the context otherwise requires, the issue of Equity Shares pursuant to this Issue
Banker to the Issue	Bank of Baroda
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid Closing Date/ Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified at least one day prior to the Bid Opening Date/Issue Opening Date, in Financial Express, an English language newspaper with wide circulation, Jansatta, a Hindi language newspaper with wide circulation and Vadodara Samachar, a Gujarati language newspaper with wide circulation
Bid Opening Date/ Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in Financial Express, an English language newspaper with wide circulation, Jansatta, a Hindi language newspaper with wide circulation and Vadodara Samachar, a Gujarati language newspaper with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Bank and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form
Bidding Period/Issue Period	The period between the Bid Opening Date/Issue Opening Date and the Bid Closing Date/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made

Term	Description
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being SBI Capital Markets Limited, DSP Merill Lynch Limited, Enam Financial Consultants Private Limited, HSBC Securities and Capital Markets (India) Private Limited, JM Morgan Stanley Private Limited, Karvy Investor Services Limited and Kotak Mahindra Capital Company Limited
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Cut-off Price	Any price within the Price Band finalised by us in consultation with the BRLMs which will be notified in Financial Express, an English language newspaper with wide circulation, Jansatta, a Hindi language newspaper with wide circulation and Vadodara Samachar, a Gujarati language newspaper with wide circulation. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Issue Account after the Prospectus is filed with the Designated Stock Exchange, following which the Board shall allot Equity Shares to successful Bidders
Designated Stock Exchange	National Stock Exchange of India Limited
Draft Red Herring Prospectus	The Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
DSPML	DSP Merill Lynch Limited, a company incorporated under the Companies Act and having its registered office at Mafatlal Centre, 10th Floor, Nariman Point, Mumbai – 400 021, India
Eligible Employee	Means a permanent employee or Director of the Bank or its Subsidiaries, as of September 30, 2005, who is an Indian national based in India and is physically present in India on the date of submission of the Bid cum Application Form. The List of the Eligible Employees shall be provided by the Bank to the Registrar
Employee Reservation Portion	The portion of the Issue being a maximum of 7,100,000 Equity Shares available for allocation to Eligible Employees
Enam	Enam Financial Consultants Private Limited, a company incorporated under the Companies Act and having its registered office at 113, Stock Exchange Towers, Dalal Street, Fort, Mumbai 400 001, India
Equity Shares	Equity shares of the Bank of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount. In case of Bids by QIBs, QIBs may also remit the Bid Amount through an electronic transfer of funds under the RTGS mechanism
Escrow Agreement	Agreement entered into amongst the Bank, the Registrar, the Escrow Collection Bank and the BRLMs for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Collection Bank	Bank of Baroda

Term	Description
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted
HP	Hewlett Packard India Sales Private Limited
HSBC Securities	HSBC Securities and Capital Markets (India) Private Limited, a company incorporated under the Companies Act and having its registered office at 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001, India
IPO	Initial Public Offering
Issue	Public issue of 71,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] million by the Bank comprising a Net Issue to the public of at least 63,900,000 Equity Shares of Rs. 10 each and a reservation for Eligible Employees of up to 7,100,000 Equity Shares of Rs. 10 each at the Issue Price pursuant to the Red Herring Prospectus and the Prospectus
Issue Account	Account opened with the Banker to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Bank in consultation with the BRLMs, on the Pricing Date
JMMS	JM Morgan Stanley Private Limited, a company incorporated under the Companies Act and having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India
Karvy Investor	Karvy Investor Services Limited, a company incorporated under the Companies Act and having its registered office at Karvy House, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034, India
KMCC	Kotak Mahindra Capital Company Limited, a company incorporated under the Companies Act and having its registered office at 3rd Floor, Bakhtawar, 229, Nariman Point, Mumbai-400 021, India
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may range between 10% to 100% of the Bid Amount
Mutual Fund(s)	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Issue/ Net Issue to the public	The Issue less the allocation to the Eligible Employees
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and whose Bid Amount is more than Rs. 100,000
Non-Institutional Portion	The portion of the Issue being at least 9,585,000 Equity Shares of Rs. 10 each available for allocation to Non-Institutional Bidders
Pay-in-Date	The date which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 10% or 100% of the Bid Amount,

Term	Description
	the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders where additional amounts are required, if any before Allotment, the period commencing on the Bid Opening Date and extending up to the date specified in the CAN
Price Band	The price band with a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●], which shall be advertised at least one day prior to the Bid Opening Date/Issue Opening Date in Financial Express, an English language newspaper with wide circulation, Jansatta, a Hindi language newspaper with wide circulation and Vadodara Samachar, a Gujarati language newspaper with wide circulation, and including any revisions thereof
Pricing Date	The date on which the Bank in consultation with the BRLMs finalizes the Issue Price
Prospectus	The Prospectus, filed with the Designated Stock Exchange containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million (subject to applicable law), pension funds with a minimum corpus of Rs. 250 million, and multilateral and bilateral development financial institutions.
QIB Margin Amount	An amount representing 10% of the Bid Amount submitted by a QIB in its Bid
QIB Portion	The portion of the Net Issue to public of up to 31,950,000 Equity Shares of Rs. 10 each at the Issue Price, available for allocation to QIBs of which 1,597,500 Equity Shares shall be available for allocation to Mutual Funds
Registrar/ Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for Equity Shares and whose Bid Amount is less than or equal to Rs. 100,000, in any of the bidding options in the Issue, including revisions if any
Retail Portion	The portion of the Net Issue to the public available for allocation to Retail Individual Bidder(s), being a minimum of 22,365,000 Equity Shares of Rs. 10 each
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The document issued in accordance with the SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the Designated Stock Exchange at least three days before the Bid Opening Date and will become a Prospectus after filing with the Designated Stock Exchange after pricing and allocation

Term	Description
SARFAESI or Securitisation Act	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SBICAP	SBI Capital Markets Limited, a company incorporated under the Companies Act and having its registered office at 202, Maker Tower – E, Cuffe Parade, Mumbai 400 005, India
Stock Exchanges	BSE, NSE and VSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among the Bank and the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Members	Enam Securities Private Limited, JM Morgan Stanley Financial Services Private Limited, Kotak Securities Limited, Karvy Stock Broking Ltd.
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
UIN	Unique Identification Number
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The agreement among the members of the Syndicate and the Bank to be entered into on or after the Pricing Date

Technical and Industry Terms

Term	Description
ALM	Asset Liability Management
ALMC	Asset Liability and Risk Management Committee
ARC	Asset Reconstruction Company
ATMs	Automated Teller Machines
C&IB	Corporate and Institutional Banking
CAIIB	Certified Associate of Indian Institute of Bankers
CAR	Capital Adequacy Ratio
CBS	Core Banking Solution
CDR	Corporate Debt Restructuring
CISA	Certified Information Systems Auditor
CPs	Commercial Papers
CRAR	Capital to Risk weighted Assets Ratio
CRR	Cash Reserve Ratio
ECS	Electronic Clearing Services
EFT	Electronic Funds Transfer
HR	Human Resources
HRMS	Human Resources Management System
IBA	Indian Banks Association
IT	Information Technology

Abbreviation	Full Form
ISDN	International Subscribers Dial-up Network
KYC Norms	Know Your Customer norms as stipulated by the Reserve Bank of India
FCNR Account	Foreign Currency Non-Resident Account
FCNR(B)	Foreign Currency Non- Resident (Banks)
LC	Letters of Credit
LFAR	Long Form Audit Report
NEFT	National Electronic Funds Transfer
NFS	National Financial Switch
NPA	Non-performing Asset
NRNR	Non-Resident Non Repatriable
OBU	Offshore Banking Unit
OTS	One Time Settlement
p.a.	Per annum
PIN	Personal Identification Number
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SFMS	Structured Financial Messaging System
SGL	Subsidiary General Ledger
SLBC	State Level Bankers' Committee
SLR	Statutory Liquidity Ratio
SME	Small and Medium Enterprises
Spread	Spread represents the difference between the yield on the fortnightly average of interest earning assets and the cost of the fortnightly average of interest bearing liabilities
Tier II Bonds	Unsecured subordinated bonds issued by the Bank for Tier II capital adequacy purposes
Tier I capital	The core capital of a bank, which provides the most permanent and readily available support against unexpected losses. It comprises paid-up capital and reserves consisting of any statutory reserves, free reserves and capital reserves as reduced by equity investments in subsidiaries, intangible assets, and losses in the current period and those brought forward from the previous period
Tier II capital	The undisclosed reserves and cumulative perpetual preference shares, revaluation reserves (at a discount of 55.0%), general provisions and loss reserves (allowed up to a maximum of 1.25% of risk weighted assets), hybrid debt capital instruments (which combine certain features of both equity and debt securities), investment fluctuation reserves and subordinated debt
VaR	Value at Risk

Abbreviation	Full Form
VSAT	Very Small Apperture Terminal

Conventional/General Terms

Term	Description
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time
CRISIL	Credit Rating Information Services of India Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
DRT	Debt Recovery Tribunal(s)
ECGC	Export Credit Guarantee Corporation of India Limited
EPS	Earnings Per Share
FEDAI	Foreign Exchange Dealer's Association of India
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FERA	Foreign Exchange Regulation Act, 1973
FICCI	Federation of Indian Chambers of Commerce and Industry
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
Financial Year /fiscal year/ FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GIR Number	General Index Registry Number
Government/ GoI	The Government of India
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
Indian Penal Code	The Indian Penal Code, 1860
MF/MFs	Mutual Funds
MoF	Ministry of Finance, Government of India
NABARD	National Bank for Agricultural and Rural Development

Abbreviation	Full Form
Nationalised Bank Scheme	The Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 notified under Section 9 of the Bank Acquisition Act
NAV	Net Asset Value
NBFCs	Non-Banking Finance Companies
Non-Resident	Non-Resident is a Person resident outside India, as defined under FEMA and includes a Non-Resident Indian
NRE Account	Non-Resident External Account
NRI/Non-Resident Indian	A Person resident outside India, who is a citizen of India or a Person of Indian Origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not permitted to invest in this Issue
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000
PSU	Public Sector Undertaking
RBI	The Reserve Bank of India
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RRB	Regional Rural Bank
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time

Abbreviation	Full Form
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
SIDBI	Small Industries Development Bank of India
TDS	Tax Deducted at Source
U.S. GAAP	Generally accepted accounting principles in the United States of America
VRS	Voluntary Retirement Scheme
VSE	The Vadodara Stock Exchange Limited

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. The statistical and operational data in this Red Herring Prospectus is presented on an unconsolidated basis. Our fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by Persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. The Bank has not attempted to explain those differences or quantify their impact on the financial data included herein, and the Bank urges you to consult your own advisors regarding such differences and their impact on our financial data.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "U.S.$" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America. All references to "GBP" are to United Kingdom Pound Sterling, the official currency of the United Kingdom.

For definitions, please see the section titled "Definitions and Abbreviations" on page i of this Red Herring Prospectus.

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from RBI publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Bank believes that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified.

FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, growth and expansion plans and technological initiatives;
- Changes in Indian or international interest rates and their impact on our financial results;
- Performance of the agricultural, retail and industrial sectors in India;
- Rate of growth of our deposits, advances and investments;
- Changes in the value of the Rupee and other currencies;
- Potential mergers, acquisitions or restructurings;
- Changes in laws and regulations that apply to banks in India, including laws that impact our ability to enforce our collaterals;
- The occurrence of natural disasters or calamities affecting the areas in which we have operations or outstanding credit;
- Changes in political conditions in India; and
- Changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page xiii of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. The Bank, the members of the Syndicate and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Bank and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges in respect of the Equity Shares allotted in this Issue.

RISK FACTORS

An investment in the Equity Shares involves a degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding of our Bank, you should read this section in conjunction with the sections entitled "Business" beginning on page 46 of this Red Herring Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations on an Unconsolidated Basis" beginning on page 259 of this Red Herring Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations on a Consolidated (Unrestated) Basis" beginning on page 279 of this Red Herring Prospectus as well as the other financial and statistical information contained in this Red Herring Prospectus. If the following risks occur, our business, results of operations and financial condition could suffer, and the price of our Equity Shares and the value of your investment in our Equity Shares could decline.

All of the financial data presented in this section is based on our Bank's standalone restated financial statements included in this Red Herring Prospectus or on the data reported to RBI on the dates indicated, unless otherwise noted.

Internal Risk Factors and Risks Relating to our Business

Criminal Cases and violation of Securities Law

There are 15 criminal cases and three security related cases that have been filed against the Bank and/or its officers. For futher details please see the sections "Criminal Cases - Cases against the Bank – Outstanding Litigation and Material Developments" and "Securities Related Offences - Cases against the Bank – Outstanding Litigation and Material Developments" on pages 298 and 301 of the Red Herring Prospectus respectively.

Our results of operations depend to a great extent on our net interest income, and volatility in interest rates and other market conditions could adversely impact our business and financial results.

In the first six months of fiscal 2006, net interest income represented 45.75% of our interest income and 39.64% of our total income. Volatility and changes in market interest rates could affect the interest we earn on our assets differently from the interest we pay on our liabilities. The difference could result in an increase in interest expense relative to interest income leading to a reduction in net interest income. Accordingly, volatility in interest rates could adversely affect our business and financial performance. An increase in interest rates also may adversely affect the rate of growth of important sectors of the Indian economy such as the corporate, retail and agricultural sectors, which may adversely impact our business.

Interest rates are sensitive to many factors beyond our control, including RBI's monetary policy, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. On October 25, 2005, the reverse repo rate (which is the overnight rate at which commercial banks place funds with RBI) was raised from 5.00% to 5.25%.

Under the regulations of RBI, we are required to maintain a minimum specified percentage, currently 25.0% (Statutory Liquidity Ratio), of our net demand and time liabilities in government or other approved securities with RBI. As of September 30, 2005, 36.21% of our net demand and time liabilities and 79.85% of our total domestic investments were in these securities. Yields on these investments, as well as yields on our other interest earning assets, are dependent to a large extent on interest rates. In a rising interest rate environment, especially if the increase was sudden or sharp, we could be adversely affected by the decline in the market value of our government securities portfolio and other fixed income securities and may be required to further provide for depreciation in the "Available for Sale" and "Held for Trading" categories. As on Sepetmber 30, 2005, we had 0.08% of our domestic investments in the "Held for Trading" category, 42.58% in the "Held to Maturity" category and 57.34% in the "Available for Sale" category.

Our international operations and our planned international expansion may pose complex management issues and tax, legal, foreign exchange and other risks.

In addition to India, our Bank and its Subsidiaries have an international presence in 19 other countries with 59 branches and offices. Our Bank and its Subsidiaries offer a variety of banking services, which varies from country to country. In fiscal 2005, the international operations of our Bank and its Subsidiaries contributed 15.47% and 9.28% of our total business (deposits plus advances) and total income, respectively, on a consolidated basis rising from 14.78% and 7.74% in fiscal 2004 respectively. The international operations of our Bank and its Subsidiaries are subject to inherent risks, including:

- Cost structures and cultural and language factors, associated with managing and coordinating our international operations;
- Compliance with a wide range of foreign laws, including immigration, labour and tax laws;
- Restrictions on repatriation of profits and capital in some cases;
- Compliance with a wide range of Indian laws and regulations which impact our international operations; and
- Exchange rate volatility.

We anticipate growing the international operations of our Bank and its Subsidiaries into the future and if we do not successfully manage these risks now and in the future, our results of operations and financial condition, on both a stand-alone as well as a consolidated basis, could be adversely affected.

We have substantial activity in agriculture and other priority sectors and our business could be adversely affected by market and other factors, which impact these sectors.

We have substantial exposure to loans and advances to agriculture and small-scale industries, categorized as “priority sectors”. In addition, the directed lending norms of RBI require that every bank should extend at least 40% of its net bank credit to priority sectors. As of the last reporting Friday of Septemeber 2005, priority sector credit constituted 40.87% of our net bank credit, and loans to agricultural and small-scale industry borrowers constituted 14.96% and 10.81%, respectively, of our net bank credit. As of September 30, 2005, the percentage of our priority sector gross non-performing assets to total priority sector advances was 9.34%. As of September 30, 2005, the percentage of our agricultural gross non-performing assets to total agricultural advances was 8.26% and the ratio of our small-scale industry gross non-performing assets to total small-scale industry advances was 13.33%, compared with our overall ratio of non-performing assets to total domestic advances of 7.31%. Although we believe that our agricultural loans are adequately collateralised, economic difficulties owing to various factors, such as uncertain monsoons or other weather conditions, natural calamities, reductions in price supports, changes in government policy, or other events and conditions may adversely impact these priority sectors and our business and the level of our non-performing assets.

We may be unable to sustain the growth rate of our retail banking business.

We have achieved significant growth in our retail loan business in India in recent years. Our dedicated retail banking department started operations from October 1, 2002. Between March 31, 2003 and March 31, 2005, our retail advances grew at a CAGR of 53.39%, from Rs. 27,128 million to Rs. 63,830 million. As of September 30, 2005, retail loans represented 17.26% of our total outstanding domestic credit. This compares with 16.96%, 13.50% and 8.70% of our total outstanding domestic credit as of March 31, 2005, March 31, 2004 and March 31, 2003, respectively. Our present business strategy reflects continued focus on further growth in this sector. We intend to grow our income from this sector by offering new products and services and by cross-selling to our customers. While we anticipate continued demand in this area, we cannot assure you that our retail portfolio will continue to grow at the rates we have recently experienced.

We face challenges in our new businesses.

We intend to diversify our products and services, particularly in retail banking. For example, we have recently started distributing non-life insurance (i.e., property and casualty) policies of third parties. We intend to enter into the life insurance business. Selling our own products may require us, our Subsidiaries or our joint ventures to take balance sheet risk in these areas. The new products that we may develop and sell may not be profitable and are subject to start-up risks and as well as general risks and costs associated with the respective businesses.

We have concentrations of loans to certain customers and to certain groups of customers and credit losses from these customers or groups could adversely affect our business and financial condition.

As of September 30, 2005, our total exposure was Rs. 665,982.90 million. Our total exposure includes outstanding funded exposure and non-funded exposure (sanctioned limits or outstanding, whichever is higher for both). Our exposure to our 10 largest borrowers in the aggregate accounted for approximately 14.41% of our total exposure as of September 30, 2005. Our exposure to our largest single borrower (excluding food credit) as of September 30, 2005 accounted for approximately 1.77% of our total exposure and 19.37% of our capital funds (comprising Tier I and Tier II capital as defined in Indian banking regulations). Our exposure to our largest borrower group (excluding food credit) as of September 30, 2005 accounted for approximately 1.77% of our total exposure and 19.36% of our capital funds. Credit losses on these large borrowers and group exposures could adversely affect our business and financial condition.

Our internal policies limit our credit exposure to any particular industry to 10% of global credit of the Bank as at the end of the previous quarter except for the real estate and infrastructure sectors where the limit is 20%. The top five industries that are not related to food accounted for 23.56% and 26.36% of our gross credit exposure as of March 31, 2005 and September 30, 2005, respectively. We determine our industry-wise exposures by aggregating our fund based exposures within each industry. As of September 30, 2005, our five largest industry exposures were the infrastructure, textile, iron and steel, chemicals and dyes, and engineering industries (including both direct and indirect lending to corporate borrowers, housing development authorities and state governments) and which in the aggregate constituted 45.94% of our total fund based domestic exposures in respect of accounts larger than Rs. 10 million. Our aggregate funded domestic exposure to the top five borrowers in these industries together represented 38.19% of our aggregate funded credit exposure to these industries in respect of accounts larger than Rs. 10 million. Financial difficulties in these industries could adversely affect our business and financial condition. As of September 30, 2005, 9.74% of our rated domestic standard advances were to borrowers that we rate as being in the moderate safety grade (BBB) and 12.60% of our rated domestic standard advances were to borrowers that we rate as below safety grade under our internal rating system. Our sub-investment grade borrowers, in particular, could be especially vulnerable if economic conditions worsen or economic growth rates were to slow, which could adversely affect our business and financial condition.

If we are not able to reduce the level of non-performing assets, our business and financial condition may be adversely affected.

Our gross non-performing assets were Rs. 33,218.10 million as of March 31, 2005, representing 7.30% of our gross advances, and Rs. 32,349.60 million as of September 30, 2005, representing 6.34% of our gross advances. Our net non-performing assets were Rs. 6,196.40 million as of March 31, 2005, representing 1.45 % of our net advances, and Rs. 5,472.50 million as of September 30, 2005, representing 1.13% of our net advances.

We have been able to reduce our net non-performing assets through recoveries, upgradation of non-performing assets to "performing" categories and additional provisioning. However, our ability to continue to reduce or contain the level of our gross and net non-performing assets may be affected by number of factors that are beyond our control, e.g., increased competition, a recession in the Indian economy including specific industries to which we are exposed, decreases in agricultural production, declines in commodity and food grain prices, adverse fluctuations in interest and exchange rates or adverse changes in Government policies, laws or regulations. In addition, the expansion of our business may also cause the level of our non-performing assets to increase. As of September 30, 2005, approximately

60.72% of our gross industrial sector non-performing asset portfolio was concentrated in the following industries: textiles - 24.62%; chemical and dyes - 19.25%; engineering - 10.45%; and metals - 6.40%. These industries together constituted 24.53% of our total funded credit exposure to accounts larger than Rs. 10 million as of September 30, 2005. Although our loan portfolio contains loans to a wide variety of businesses, financial difficulties in these industries could increase our level of non-performing assets and adversely affect our business and financial condition.

We may experience delays in enforcing our collateral when borrowers default on their obligations to us, which may result in failure to recover the expected value of the collateral.

We take collateral for a large proportion of our loans, including pledge/hypothecation of inventories, receivables and other current assets, and in some cases, charges on fixed assets and financial assets, such as marketable securities. As of September 30, 2005, 72.66% of net advances were secured by tangible assets, such as properties, plant and machinery, inventory, receivables, other current assets. Foreclosure of such securities generally requires court or tribunal intervention that may cause delay leading to deterioration in the quality and value of such securities. Therefore, we may not be able to realize the full value of securities in all cases.

In addition, the RBI has set forth guidelines on Corporate Debt Restructuring ("CDR"). The guidelines envisage that for debt amounts of Rs. 200 million and above, lenders holding greater than 75% of such debt can decide to restructure the debt and such a decision would be binding on the remaining lenders. In situations where we own 25% or less of the debt of a borrower, we could be forced to agree to restructuring of debt, which may be time consuming, to reduce interest rates, or write-off portions of outstanding amounts, in preference to foreclosure of security or a one-time settlement. As of September 30, 2005, the total amount of loan assets under CDR was Rs. 9,801.51 million, out of which standard assets were Rs. 8,459.53 million, sub-standard assets were Rs. 147.59 million and doubtful assets were Rs. 1,085.97 million.

Our funding is primarily through short-term and medium-term deposits and if depositors do not roll over deposited funds on maturity or if we are unable to continue to increase our deposits, our business could be adversely affected.

Most of our funding requirements are met through short-term and medium-term funding sources, primarily in the form of deposits. As of September 30, 2005, 84.78% of our funding consisted of deposits of which 32.48% consisted of current deposits and savings deposits. As of September 30, 2005, 52.30% of our total funds comprised of term deposits. A portion of our assets have long-term maturities, creating a potential for funding mismatches. In our experience, a substantial portion of our customer deposits have been rolled over on maturity and have been, over time, a stable source of funding. However, in the event that a substantial number of our depositors do not roll over deposited funds on maturity, our liquidity position and business could be adversely affected. If we are unable to maintain or increase our base of low-cost deposits, our overall cost of funds could increase, which could have an adverse effect on our business and our ability to grow.

We could be subject to volatility in income from our treasury operations that could adversely impact our financial results.

Our treasury operations contributed 54.54% and 52.81% of our total income in fiscal 2004 and fiscal 2005, respectively, and 57.55% and 49.42% of our total income in the six months ended September 30, 2004 and the six months ended September 30, 2005, respectively. Our treasury operations are vulnerable to changes in interest rates, exchange rates, equity prices and other factors. In particular, if interest rates rise, the valuation of our portfolio may be impaired. Any decrease in our income from our treasury operations could adversely affect our business if we cannot offset the same by increasing returns on our loan assets.

Problems in the roll-out of our Core Banking Solution and implementing our technology enabled business transformation project could adversely affect our ability to expand our products and services across our branch network.

We are in the process of implementing our Core Banking Solution ("CBS") and we are commencing the implementation of our technology enabled business transformation project. These two information technology initiatives will allow us to increase interconnectivity among our branches and are required for us to provide many of the products and services we have introduced. If we are unable to successfully roll-out the CBS across our branch network or implement our technology enabled business transformation project, it will be difficult for us to expand our products and services across our branch network. In addition, we have only recently fully or partially computerized the operations of all of our branches and we may experience difficulties in adapting to these technologies.

Significant security breaches in our computer systems and network infrastructure and fraud could adversely impact our business.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and networks. These concerns will intensify with our increased use of technology and Internet-based resources. To address these issues and to minimise the risk of security breaches we employ security systems, including firewalls and intrusion detection systems, conduct periodic penetration testing for identification and assessment of potential vulnerabilities and use encryption technology for transmitting and storing critical data such as passwords. However, these systems may not guarantee prevention of frauds, break-ins, damage and failure. A significant failure in security measures could have an adverse effect on our business.

System failures and calamities could adversely impact our business.

Our principal delivery channels include our branches and ATMs. Our current disaster recovery site for our Treasury operations is located at Hyderabad and a system of periodic intra-day back-up of data on the disaster recovery site has been put in place. For other computerised branches, we have implemented local offsite storage of back-up media. We are also in the process of establishing a comprehensive disaster recovery site in Hyderabad as part of our technology enabled business transformation project once the CBS is implemented. Any failure in our systems, particularly those utilized for our retail products and services and transaction banking, or the occurrence of calamities such as earthquakes, tsunamis and cyclones that affect areas in which we have a significant presence, could affect our operations and the quality of our customer service.

Our contingent liabilities could adversely affect our financial condition.

As of September 30, 2005, we had contingent liabilities not provided for amounting to Rs. 376,913.46 million. Contingent liabilities arising out of the ordinary course of business include liability on account of outstanding forward exchange contracts of Rs. 196,136.74 million, guarantees given on behalf of customers of Rs. 43,164.80 million and acceptances, endorsements and other obligations of Rs. 36,198.99 million. In addition, we have contingent liabilities on account of claims against us not acknowledged as debts of Rs. 8,545.89 million. If these contingent liabilities materialize, fully or partly, our financial condition and results of operations could be adversely affected.

For further details please refer to section titled “Outstanding Litigation and Material Developments” beginning on page 297 of this Red Herring Prospectus.

In order to sustain our growth, we will need to maintain a minimum capital adequacy ratio. There is no assurance that we will be able to access the capital markets when necessary to do so.

RBI requires a minimum capital adequacy ratio of 9.0% in relation to our total risk-weighted assets. We must maintain this minimum capital adequacy level to support our continuous growth. Our capital adequacy ratio was 12.79 % on September 30, 2005. The implementation of the Basel II capital adequacy standards could result in a decline in our capital adequacy ratio. Our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to or have difficulty accessing the capital markets.

We are required to maintain cash reserve and statutory liquidity ratios and increases in these requirements could adversely affect our business.

As a result of the statutory reserve requirements imposed by RBI, we may be more exposed structurally to interest rate risk than banks in many other countries. Under RBI regulations, we are subject to a cash reserve ratio requirement under which we are currently required to keep 5.00% of our net demand and time liabilities in a current account with RBI. RBI may increase the cash reserve ratio requirement as a monetary policy measure. We do not earn interest on 3.00% of the 5.00% cash reserves maintained with RBI. On the remaining cash reserves held with RBI, we earn interest at rates (currently at 3.5% per annum) that are less than those for our retail and corporate loan portfolio. In addition, under RBI regulations, our liabilities are subject to a statutory liquidity ratio requirement, according to which 25.00% of our net demand and time liabilities need to be invested in GoI securities and other approved securities. Increases in cash reserve ratio and statutory liquidity ratio requirements could adversely affect our business and financial performance.

We may undertake mergers or acquisitions that may pose management and integration challenges.

We may make acquisitions and investments to expand our customer base, acquire new service or product offerings or enhance our technical capabilities. Our future acquisitions or investments may not necessarily contribute to our profitability and may, in some cases, require us to assume operational and financial problems of the acquired entity, including high levels of NPAs. We also could experience difficulty in combining operations and cultures and may not realise the anticipated synergies or efficiencies from such transactions.

RBI may require us to undertake mergers that have an adverse impact on our financial condition and results of operations.

In June 2004 and June 2002, respectively, the RBI exercised its powers under section 45 of the Banking Regulation Act and required that South Gujarat Local Area Bank and Benares State Bank Limited merge with us. These banks were relatively small when compared to us. These mergers did not have a material impact on our results of operation or financial condition.

The RBI, however, has the power to require that we undertake similar mergers in the future regardless of the impact the merger may have on our financial condition and results of operations. We are not aware of any discussions regarding any other institutions merging with our Bank.

We are involved in a number of legal proceedings that, if determined against us, could have a material adverse impact on us.

There are 15 criminal cases against us. The amount of damages cannot be accurately estimated.

There are 294 civil cases filed against us for disputes relating to interest imposed, negligence, recovery of money, guarantees, letters of credit, etc., in which the aggregate amount claimed is Rs. 5,809.94 million or more.

There are 454 cases filed against us relating to consumer disputes in relation to, inter alia, issuing money against forged cheques, alleged wrongful refusal to sanction certain facilities, and refusal to release fixed deposit receipts/title deeds pledged as security. The total amount claimed against us in these cases is Rs. 113.40 million.

There are 560 suits/writ petitions filed by employees/ex-employees pending against us and the total amount claimed by the plaintiffs in these cases is approximately Rs. 135 million.

There are three cases in relation to security related offences that have been filed against the Bank involving Rs. 4.03 million.

There were three cases that were filed against us in relation to the violation of the erstwhile FERA involving an amount of Rs. 13.10 million.

Apart from the cases filed against us, we file cases from time to time against persons who are in default or are in breach of their obligations to us or attempt to adversely affect our interests.

The information on the above cases is given as of November 30, 2005. We may incur substantial liability if the courts rule against us in these cases. For details of these cases, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page 297 of this Red Herring Prospectus.

We are involved in a number of income tax, interest tax and certain other tax cases, which if determined against us could have a material adverse impact on us.

There were 14 disputes relating to income tax and interest tax assessments in which the aggregate amount (excluding interest thereon) claimed against us was Rs. 33,196 million as of November 30, 2005. In cases where the Bank has filed an appeal, the Bank has paid the entire amount claimed by the Income Tax Department under protest. In addition, there are five cases involving an amount of Rs. 236.99 million relating to property tax, delayed submission of income tax by our branches and other tax disputes at our Uganda and Brussels branches. We may incur liability if orders against us are passed in the said cases. For details please refer to the section titled "Outstanding Litigation and Material Developments - Tax Cases" on page 308 of this Red Herring Prospectus.

The Government will continue to hold a majority interest in our Bank following the Issue and will therefore be able to significantly affect the outcome of shareholder voting.

Under section 9 of the Bank Acquisition Act, the Government has the power to appoint directors on our Board. After the completion of the Issue, the Government will own at least 53.81% of our outstanding Equity Shares and will be able to appoint nine directors out of a total 15 directors. Consequently, the Government will continue to have a controlling interest in our Bank and will also be able to determine a majority of our Board of Directors. Further, the Bank Acquisition Act limits the voting power of our shareholders by requiring that none of our shareholders, other than the Government, shall be entitled to exercise voting rights in respect of shares held by them in excess of 1% of the total voting rights of all of our shareholders. Therefore, the outcome of most proposals for corporate action requiring the approval of our Board of Directors or shareholders will be largely controlled by the Government.

Your holdings may be diluted by additional issuances of equity and any dilution may adversely affect the market price of our Equity Shares.

We may be required to finance our growth through additional equity offerings. Any future issuance of our Equity Shares could dilute the holdings of investors in our Bank and could adversely affect the market price of our Equity Shares.

You will be subject to market risks until the Equity Shares are credited to your demat account.

You can start trading the Equity Shares allotted to you only after they have been credited to your demat account. Since our Equity Shares are currently traded on the Stock Exchanges, you will be subject to market risk from the date you pay for the Equity Shares to the date they are credited to your demat account. Under the current regulations, we are required to credit your demat account within 15 days of the Bid/Issue Closing Date, failing which we are required to pay interest at 15% per annum for any delay beyond this period. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence, in a timely manner. This risk factor is for the information of investors and it does not in any way dilute the right of investors and our obligations.

There are certain irregularities in title in relation to some of our leased/owned immovable properties.

Some of the immovable properties where our branches, offices, guest houses and residences are located which are either owned by us and in our possession or leased/licensed by us have one or more of the following irregularities in title, including:

- We do not possess the title deeds to such properties;

- The conveyance deeds for transfer of property have not been executed and/or adequately stamped under relevant law;
- The agreements to sell or conveyance deeds have not been registered in the land records; maintained by the concerned Sub Registrar of Assurances; or
- Lease deeds have not been executed or have expired and have not been renewed.

The related party disclosures in this document do not include transactions with the regional rural banks in which we have an interest.

As per RBI circular number DBOD.No.BP. BC. 89 /21.04.018/2002-03 dated March 29, 2003 on Guidelines on the Compliance of Accounting Standards by Banks, all nationalized banks are exempt from disclosing the transactions with their Subsidiaries as well as the RRBs sponsored by them. Hence, no such disclosure has been made in this Red Herring Prospectus with respect to the RRBs in which we have an interest. Further, we are not disclosing transactions with the RRBs in the audited accounts.

Risk relating to the non-registration of our new logo as a trademark.

We have applied for registration of our new logo as a trade mark under the provisions of the Trade Marks Act, 1999 and the said application has been accepted under class 36, as classified under the Trade Mark Act, 1999 and Trade Mark Rules and has been allotted application number 1359836. We are taking steps to expedite the filing and processing of TM-60 to obtain the No Objection Certificate from the Registrar to file the application for obtaining the registration under the Copyright Act, 1957. Until such registration is granted, we may not be able to prohibit other persons from using the trademark, which may adversely affect our goodwill and business.

Certain of our Subsidiaries have incurred losses in last three fiscal years.

BOB Caps has incurred a loss of Rs. 193.36 million for the financial year ended March 31, 2005 and BOB Tanzania has incurred a loss of Rs. 2.86 million for the financial year ended December 31, 2004 as per their standalone financial statements.

Litigation against our Subsidiaries and Associates

There is some outstanding litigation against our Subsidiaries and Associates. For details of the same, see the sections titled "Litigations against our Subsidiaries - Outstanding Litigation and Material Developments" and "Litigations against our Associates - Outstanding Litigation and Material Developments" beginning on page 314 and page 316, respectively, of the Red Herring Prospectus.

External Risk Factors

The Indian and global banking industry is very competitive and the ability of banks to grow depends on their ability to compete effectively.

In India, we compete with public and private sector Indian commercial banks as well as foreign commercial banks. Outside of India we compete with local and foreign banks and financial institutions, both public and private sector. Many of our competitors in India and internationally are large institutions, which may have much larger customer and deposit bases, larger branch networks and more capital than we do. Some of the banks with which we compete may be more flexible and better positioned to take advantage of market opportunities than us. In particular, private banks in India and many of our competitors outside of India may have operational advantages in implementing new technologies, rationalizing branches and recruiting employees through incentive-based compensation.

Both the Indian and global financial sectors may experience further consolidation, resulting in fewer banks and financial institutions. The Government has also recently announced measures that would permit foreign banks to establish wholly-owned subsidiaries in India and invest up to 74% in Indian private sector banks, which is likely to further increase competition in the Indian banking industry. RBI has introduced a two-phase road map for allowing ownership of private banks in India by foreign banks. In the first phase up to March 2009, foreign banks are permitted to convert existing branches into wholly owned subsidiaries or acquire shares in select Indian private sector banks that are identified by RBI for restructuring up to the limit of 74%. In the second phase from April 2009, subject to guidelines that will be issued by RBI, foreign banks will be permitted to undertake merger and acquisition transactions with private sector banks within an overall investment limit of 74%, thus enabling consolidations between foreign banks and private sector banks. Therefore, we may face more competition from larger banks as a result of any such consolidation.

The Government is also actively encouraging banks and other financial institutions to significantly increase their lending to the agriculture sector, which will make this segment more competitive.

These competitive pressures affect the Indian and international banking industry as a whole, including our Bank, and our future success will depend in large part on our ability to respond in an effective and timely manner to these competitive pressures.

Banking is a heavily regulated industry and material changes in the regulations that govern us could adversely affect our business.

Banks in India are subject to detailed supervision and regulation by RBI. In addition, banks are subject generally to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. It has recently been indicated in the press that the laws and regulations governing the banking sector could change in the near future and any such changes could adversely affect our business, our future financial performance, our shareholders' funds and the price of our equity shares, by requiring a restructuring of our activities, increasing costs or otherwise.

There are a number of restrictions under the Bank Acquisition Act, the Bank Regulations, the Nationalised Bank Scheme and various RBI notifications, press notes and circulars that affect our operating flexibility and affect or restrict the rights of investors. These restrictions are different from those normally applying to shareholders of companies incorporated under the Companies Act, and include the following:

- We can increase our paid-up capital only with the consent of the Government and in consultation with RBI and the shareholding of the Government cannot go below 51% of the paid-up capital.
- The Government has control over policy matters relating to RBI and has the power to caution or prohibit us from entering into any particular transaction or class of transactions.
- Foreign investment is subject to an overall statutory limit of 20% of our paid up capital. RBI has fixed a cut-off point at 18% for the purposes of effective monitoring. Once the aggregate net purchases of equity shares of the respective bank by FIIs/NRIs/PIOs reaches the cut-off point, which is 2% below the overall limit of 20%, RBI cautions all designated bank branches so as not to purchase any more equity shares in the respective bank on behalf of NRIs/PIOs without prior approval of RBI.
- No shareholder, other than the Government, is entitled to exercise voting rights in respect of any shares held by him in excess of 1% of the total voting rights of all our shareholders.
- There are restrictions on payment of dividends and on rights relating to unclaimed dividends.
- Certain restrictions on opening a new place of business and transferring an existing place of business require the approval of RBI, which may hamper the operational flexibility of the Bank.
- We have to maintain assets in India equivalent to not less than 75% of our net demand and time liabilities in India, which in turn may restrict us from building overseas asset portfolios and exploiting overseas business opportunities.
- There are no provisions for requiring us to send compulsory statutory reports to our shareholders prior to a general meeting of the shareholders and our shareholders do not have the right to approve our accounts, the report of our

Board of Directors on our activities for the period covered by the accounts and the auditors' report on our accounts. However, we are required by our listing agreements with the Stock Exchanges to send annual reports to our shareholders prior to our annual general meeting.

- Rights of minority shareholders statutorily available in the case of a company incorporated under the Companies Act are not available to our shareholders.
- Any change in the laws and regulations governing the banking sector in India may adversely affect our customer-base, our revenues and our profitability.

We are exposed to certain risks of the Indian financial system and could be impacted by the financial difficulties of other financial institutions in India.

As an Indian bank, we are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties, and other problems faced by Indian financial institutions. As an emerging market system, the Indian financial system faces risks of a nature and extent not typically faced in developed countries. Additionally, the credit risk of borrowers in India is higher than in more developed countries. India's nationwide credit bureau is still developing, which may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses.

Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks have also faced serious financial and liquidity crises. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business and our future financial performance.

Exchange rate fluctuations may have an impact on our financial performance.

As a financial organization we are exposed to exchange rate risk. Adverse movements in foreign exchange rates may impact our business, our future financial performance, our shareholders' funds and the price of our Equity Shares. In addition, our financial statements are denominated in Rupees while the functional currencies of the international operations of our Bank and the Subsidiaries are foreign currencies. Accordingly, the financial performance of these international operations when translated into Rupees may from time to time be adversely impacted by exchange rate movements.

A slowdown in economic growth in India could cause our business to suffer.

The Indian economy has shown sustained growth over the last few years with GDP growing at 6.9% in fiscal 2005, 8.5% in fiscal 2004 and 4.0% in fiscal 2003. RBI in its Mid-term Review of its Annual Policy 2005-2006, stated that it expects GDP growth to be 7.5% in fiscal 2006. However, growth in industrial and agricultural production in India has been variable. Industrial growth was 8.3% for fiscal 2005, 6.5% in fiscal 2004 and 6.2% in fiscal 2003. Agricultural production grew by 1.1% in fiscal 2005 compared with 9.6% in fiscal 2004 and a 5.2% decline in fiscal 2003. Industrial production increased by 9.6% during April-May 2005. (Source: RBI First Quarter Review, 2005-2006.) Any slowdown in the Indian economy or volatility in global commodity prices, in particular oil and steel prices, could adversely affect our borrowers and contractual counterparties. With the importance of retail loans to our business, any slowdown in the growth of sectors like housing and automobiles could adversely impact our financial performance. Further, given the importance of the agricultural sector to our business, any slowdown in the growth of the agricultural sector could also adversely impact our performance.

A significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to decline.

Our assets and customers are predominantly located in India. The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, public sector entities including us, and on market conditions and prices of Indian securities, including our Equity Shares. The present Government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Any significant change in the Government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and the price of our Equity Shares.

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agricultural sector recorded a negative growth of 5.2%. The monsoon in 2005 resulted in floods in a number of rural and urban areas and had an adverse impact on agriculture in certain parts of the country. Further prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war, may negatively affect the Indian markets where our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. Although the governments of India and Pakistan have recently been engaged in conciliatory efforts, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures, and the price of our Equity Shares.

Notes to Risk Factors:

- RBI conducts regular inspections of banking companies under the provisions of the Banking Regulation Act. The reports of RBI are strictly confidential. We are in discussions with RBI in respect of observations made by RBI in their reports for prior periods. RBI does not permit disclosure of its inspection report.
- Public issue of up to 71 million Equity Shares for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] million. The Issue comprises Net Issue to the public of 63.90 million Equity Shares and a reservation for Eligible Employees of up to 7.1 million Equity Shares.
- Net worth of our Bank as of September 30, 2005 was Rs. 57,577.38 million.
- The book value per Equity Share as of September 30, 2005, was Rs. 196.33 per Equity Share (on a stand-alone basis).
- Refer to the notes to our financial statements relating to related party transactions in the section titled “Related Party Transactions” on page 155 of this Red Herring Prospectus.
- There are certain approvals and registrations for which we have made applications for grants/renewals. For details see “Government Approvals” on page 327 of this Red Herring Prospectus.
- Investors may contact the BRLMs for any complaints, information or clarifications pertaining to the Issue.
- Investors are advised to refer to the section titled “Basis for Issue Price” on page 26 of this Red Herring Prospectus, before making an investment.
- Investors should note that in case of oversubscription in the Issue, allotment would be made on a proportionate basis to Qualified Institutional Bidders, Retail Individual Bidders, Eligible Employees and Non–Institutional Bidders. Please refer to the section titled “Issue Information–Other Instructions–Basis of Allotment” on page 367 of this Red Herring Prospectus.
- All information shall be made available by the BRLMs and us to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- None of our Directors are interested in any advances/facilities that have been provided by us. For details of the same, please refer to the section titled “Our Management–Interests of Directors” on page 127 of this Red Herring Prospectus.

SUMMARY

The financial figures used in this section, unless otherwise stated, have been derived from our restated, stand-alone financial statements included in the Red Herring Prospectus, stand-alone Audit Reports for the relevant years and our reporting to RBI.

Business Overview

We are one of India's leading commercial banks. As of September 30, 2005, we had 2,694 branches in India spread over 27 states and five union territories. In addition, as on date, the Bank and its Subsidiaries maintain an international presence in 19 countries across the globe. As of September 30, 2005, we had a work force of over 39,170 people serving over 25 million customers.

At March 31, 2005, we had assets of Rs. 943,844.41 million and our net worth was Rs. 53,479.59 million. At September 30, 2005, we had assets of Rs. 1,013,556.06 million and our net worth was Rs. 57,577.38 million.

We were established in 1908 in Baroda as a private bank and following nationalization became a wholly-owned Government bank in 1969. Our head office is in Baroda and our corporate office is in Mumbai. We had our initial public offering in 1996 at which time the shareholding of the Government of India was diluted to 66.83%. After this Issue, the Government of India's shareholding will be reduced to 53.81%. We have a diverse shareholder base, and we believe Government support to the Bank is regarded favourably by the general public. We have been profitable continuously and have a consistent record of paying dividends to our shareholders. We maintain the highest credit rating for both our short-term and long-term borrowings from the rating agencies: CRISIL; ICRA; and FITCH. Moody's have given us a financial strength rating of 'D(FSR)' and a rating of 'Ba2' for long term deposits, which reflects a stable outlook. In addition, we were the first public sector bank to obtain a corporate governance rating, and were assigned a rating of "CGR-2" from ICRA, demonstrating the high quality of our corporate governance.

Our business involves six main business areas: corporate financial services; international operations; retail financial services; business financial services; global treasury; and rural financial services.

We provide a wide range of corporate financial services. We provide commercial banking products and services to corporate customers, including mid-sized and small businesses and government entities. Our products include various deposits, term loans and advances for the acquisition, construction or improvement of assets. We also offer fee-based services such as cash management and remittance services. In addition, our subsidiary BOB Caps provides a full range of appraisal and merchant banking services.

We provide business financial services to small and medium sized enterprises as well as to commercial enterprises. Our services include deposits, loans and advances, working capital finance, short-term corporate loans, project finance and cash management. This wide range of services allows us to also develop personalised banking solutions for individual business customers.

We are one of the largest retail banks in India in terms of number of customers, and our strategy is to emphasize retail banking. We have a wide network of branches across India, and we are well positioned to offer retail customers convenient and accessible banking services. Our branch network is strong in the industrially developed states of Gujarat and Maharashtra as well as in the state of Uttar Pradesh, which has a strong agricultural base and developing industrial base. Our deposit products, retail loans, depositary services and debit cards cater to the financial needs of all our customers.

Our international operations have a considerable history with our first overseas branch in Mombassa, Kenya established in 1953. Today, on a consolidated basis, we have an international presence in 19 countries with 59 branches and offices, which gives us diversity of business and a wide customer reach. We offer a variety of banking services through our international network, which varies from country to country. In fiscal 2005, our international operations contributed 15.47% and 9.28% of our total business (deposits plus advances) and total income, respectively, on a consolidated basis rising from 14.78% and 7.74%, respectively, in fiscal 2004.

Our domestic treasury operations are integrated through our Specialized Integrated Treasury Branch (SITB). The markets integrated by our treasury operations are domestic money, investments, foreign exchange and derivatives. SITB enables us to leverage arbitrage opportunities and ensure better risk management and compliance. In addition to our domestic operations, we have treasury operations in several global financial centres including London, New York, Brussels, Mauritius, Nassau and Dubai, which we are in the process of integrating as part of our Core Banking Solution.

We have also maintained our focus on addressing the needs of priority sector customers and offer specialized products and services to these sectors. Our rural financial services include the provision of special offerings that extend credit facilities to small and marginal farmers, agricultural labourers and cottage industry entrepreneurs.

We deliver our products and services through our extensive branch network, extension counters, ATMs, phone banking and the Internet. As of November 30, 2005, our Indian branch network comprised 1,170 rural, 541 semi-urban, 493 urban and 493 metropolitan branches, all of which are either fully or partially computerised. In addition, all our overseas and treasury operations are fully computerised.

We have launched a major technology enabled business transformation project throughout our organisation. We plan to roll-out our Core Banking Solution in 125 branches in fiscal 2006. Subsequently, we believe that our Core Banking Solution will be commenced in more than 1,900 branches in India and all branches abroad. With this technology platform, all banking services will be available to our customers through multiple service channels and on an "anytime anywhere" basis.

The following table gives the region-wise summary of our number of branches, deposits and advances for our domestic operations as at March 31, 2004 and 2005 and September 30, 2005:

Domestic

Geographic Distribution	As at March 31, 2004			As at March 31, 2005			As at September 30, 2005		
	Number of branches	Deposits (Rs. in million	Advances (Rs. in million	Number of branches	Deposits (Rs. in million	Advances (Rs. in million	Number of branches	Deposits (Rs. in million	Advances (Rs. in million
Northern India	479	110,324	45,847	483	131,858	58,889	482	140,561	73,883
North-Eastern India	25	4,900	1,639	25	5,610	2,153	25	5,953	2,556
Eastern India	250	47,644	23,371	255	51,420	28,444	256	54,147	27,775
Central India	693	110,055	35,283	692	119,013	40,174	692	132,763	42,588
Western India	984	310,453	167,035	984	335,155	201,714	977	340,100	227,909
Southern India	261	60,087	39,350	261	66,866	45,081	262	66,388	50,121
Total	**2,692**	**643,463**	**312,525**	**2,700**	**709,922**	**376,455**	**2,694**	**739,912**	**424,832**

During the period from April 2005 to September 2005, we have consolidated our branch operations on account of which the operations of 15 of our branches were merged with other branches.

The following table sets forth our Bank's and its Subsidiaries' international operations by number of countries, number of branches or Subsidairies, as applicable, deposits and advances, as at March 31, 2004 and 2005 and September 30, 2005:

International

Type	As at March 31, 2004				As at March 31, 2005				As at September 30, 2005			
	Countries[(1)]	Number	Deposits (Rs. in million)	Advances	Countries[(1)]	Number	Deposits (Rs. in million)	Advances	Countries[(1)]	Number	Deposits (Rs. in million)	Advances
Branches	10	38	86,209	65,809	10	38	103,412	78,836	10	39	121,800	85,720
Subsidiaries	6	16	10,511	4,414	7	17	11,840	5,484	7	17	12,313	6,223
Total	**15**	**54**	**96,720**	**70,223**	**16**	**55**	**115,252**	**84,320**	**16**	**56**	**134,113**	**91,943**

[(1)] In the UK we have a presence through branches as well as through our subsidiary, BOB UK. Therefore, the total of the countries is one less than the sum of our country branches and Subsidiaries.

In addition to our branches and Subsidiaries, as at September 30, 2005, we had representative offices in three other countries. On August 9, 2005, we opened our representative office in Bangkok, Thailand. Therefore, we have an international presence in 19 countries. In addition, one of our Associates, Indo-Zambia Bank Limited is in Zambia. As its financial statements are not consolidated with our Bank's, we do not include it for the purposes of calculating our international operations.

In addition to commercial banking operations, our foll0wing Subsidiaries are also in the following businesses:

(i) BOBCARDS - Credit card;

(ii) BOB AMC - Asset management;

(iii) BOB Caps - Primary dealership, merchant banking and other capital market activities; and

(iv) BOB Housing - Housing finance.

Business Strategy

We intend to enhance our position as a cost efficient and customer focused institution that provides comprehensive banking and related services, with particular emphasis on the following strategies.

Implement new initiatives to accomplish total customer centricity

We continue to implement new information technology and other initiatives to provide total customer centricity and have made advances in the networking, computerisation and interconnectivity of our branches, ATMs and other delivery channels.

As part of our strategy to provide our customers with the best on-demand service, we have commenced a comprehensive technology enabled business transformation project. We have entered into an agreement with HP to assist us in delivering a uniform, portal-based IT infrastructure to cover both our domestic and international operations. Through this project we will implement and manage an enterprise-wide service-oriented architecture including, among others, core banking, phone banking, Internet banking, call centre, delivery channel integration, risk and performance management, financial analysis and planning, customer relationship management, data warehousing, enterprise general ledger, global treasury, human resources management system and cheque truncation system. The infrastructure will allow us to realign the way in which we interact with our employees and conduct business with our customers and business partners. It will also enable us to be compliant with Basel II norms within the prescribed time limit whilst fulfilling the requirements of regulators in various jurisdictions. Our aim is that all our branches and offices be brought under our private network in order to provide our customers with total customer centricity and service their needs on an “anywhere anytime” basis across the globe. We believe this will help us to compete and excel in the increasingly challenging and competitive domestic and global banking environments.

Our additional customer service initiatives include providing customer services at certain branches from 8 a.m. to 8 p.m., operating select 24-hour branches, providing value added services on ATMs and introducing low cost rural ATMs.

Focus on marketing our credit products to large and medium sized industrial units and infrastructure projects

We have initiated operational and organizational structure changes to accelerate our credit growth to large and medium sized industrial units and infrastructure projects. Our organizational changes include creating separate internal departments for product development, marketing and credit expansion and establishing a project finance department. Our operational changes include moving large corporate accounts to dedicated corporate finance services branches and sanctioning of hunting limits (pre-approved credit limits) for top rated corporations. Through competitive pricing, we also plan to increase our share of non-funded and fee based business such as project appraisals, loan syndications, debt refinancings, guarantees and letters of credit.

Grow our international operations

We have maintained an international presence for the past 52 years and we intend to continue to grow our global operations. Our international branches, Subsidiaries and Associate are focused on providing retail banking, structured products and wealth management services and, along with our representative offices, allow us to focus on asset creation and to develop cross border business by providing trade and project finance, remittances, syndications and correspondent banking services. In addition, we are looking to grow our global loan syndication business through our dedicated syndication center located in our London branch. We recently opened a branch in Leicester in the United Kingdom and a representative office in Bangkok in Thailand. We have received approval from the RBI and are awaiting host country approval for the opening of branches in Houston (USA), Hong Kong, Bangladesh, Maldives and an OBU at Singapore. RBI approvals have been received for the opening of new offices in, Canada, , New Zealand, Sri Lanka and Trinidad and Tobago and Isle of Man. We will continue to look for attractive opportunities to expand our international reach and grow our business outside India.

Continue growing our retail banking business

We have identified the growth of our retail banking sector as a priority business initiative for the past few years. Our dedicated retail banking department was established in October 2002. Our retail loans have grown from Rs. 27,128 million as at March 31, 2003 to Rs. 63,830 million as at March 31, 2005, reflecting a CAGR of 53.39%. We have already intensified our focus on this sector by simplifying our current processes, launching new products and services, establishing specialist personal banking, Baroda Moneyplexes (dedicated retail product cells) and housing finance branch locations, developing our distribution channels, including ATMs and internet banking, and improving customer service. In addition, we believe that there is potential to generate additional revenue growth by focusing on higher value added products and by enhancing cross-selling across our different distribution channels. Increasing the sale of high margin products such as insurance products and selling our depository services will also increase our fee-based revenue.

Strengthen our priority sector banking business

We believe that priority sectors (including agriculture and small-scale industry) offer large and potentially profitable growth opportunities. India has large unexploited land resources and a variety of agro-climatic zones. It is one of the largest producers of milk, cereals, vegetables and fruits. Approximately 23.0% of India's GDP is derived from agriculture. The industry supports approximately two-thirds of India's population and accounts for 14.7% of export earnings. As of Novembeer 30, 2005, we have 1,711 branches in rural and semi-urban centres and we intend to maintain and enhance our position as one of the leading banks for agricultural lending in India. We have a nationwide presence in the agriculture and small-scale industry sectors. We intend to further expand our agriculture and small-scale industry sector banking activities by establishing more small scale industry branches. We have identified over 500 of our rural branches to target consumers for intensive farm credit lending. We see increased potential for credit deployment in agricultural export zones throughout the country. Another aspect of our strategy is to further strengthen our ties with the agricultural community as well as related manufacturers. For example, we have entered tie-ups with eight tractor manufacturing companies to promote investment credit, and we have also initiated a special scheme for financing the purchase of second hand farming equipment.

Entering new areas businesses, alliances and strategic acquisitions

We intend to expand into new lines of business, which are complementary to our existing product and service lines such as life insurance and stock broking. We intend to develop these businesses by entering into joint ventures and alliances with leading product and service suppliers and, in some cases, may also make strategic acquisitions. We also intend to promote the cross selling of our own and third party products in order to augment our fee based revenue.

Reduce cost of funds

We have achieved a low overall cost of funds through a large base of low-cost deposits, with total deposits representing 85.92% of our funding as of March 31, 2005. Our low cost deposits, both current and savings, constituted 36.45% of our total deposits as of that date. As of September 30, 2005, our low cost deposits constituted 38.32% of our total deposits. Our total deposits represented 84.78% of our funds as of that date. We believe we can enlarge our low-cost funding base by leveraging our extensive branch network and large customer base, particularly in the rural areas where many of the deposits are low-cost savings deposits. In particular, we are focused on the retail rural section emphasizing low interest savings deposits.

Building our corporate image and our "Bank of Baroda" brand

We intend to continue to enhance our brand recognition in the marketplace through our brand building efforts. We have undertaken various communication and promotional initiatives such as developing and introducing our new logo, appointing a brand ambassador, and launching product focused campaigns. We believe that these initiatives, as well as this Issue, will enhance the visibility of our brand name and strengthen our recognition as a premier Indian bank.

THE ISSUE

Equity Shares issued by the Bank	71,000,000 Equity Shares
of which:	
Employee Reservation Portion*	Up to 7,100,000 Equity Shares
Net Issue	At least 63,900,000 Equity Shares
of which	
QIB Portion	Up to 31,950,000 Equity Shares (allocation on proportionate basis)
of which:	
Available for Mutual Funds	Up to 1,597,500 Equity Shares (allocation on proportionate basis)
Balance for all QIBs including Mutual Funds	Up to 30,352,500 Equity Shares (allocation on proportionate basis)
Non-Institutional Portion	At least 9,585,000 Equity Shares (allocation on proportionate basis)
Retail Portion	At least 22,365,000 Equity Shares (allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	293,265,400 Equity Shares
Equity Shares outstanding after the Issue	364,265,400 Equity Shares
Use of proceeds by the Bank	See the section titled “Objects of the Issue” on page 25 of this Red Herring Prospectus.

* For Eligible Employees.

The Issue structure mentioned above is subject to the condition that Non-Resident shareholding in the post Issue paid up share capital of our Bank shall not exceed 20%.

SELECTED FINANCIAL INFORMATION

SUMMARY STATEMENT OF PROFIT AND LOSS RESTATED ON AN UNCONSOLIDATED BASIS

(Rs. in million)

Sr. No.			Audited Financial Year ended March 31,					Limited review Half-Year ended	
			2001	2002	2003	2004	2005	Sep-04	Sep-05
A	**INCOME**								
	1	**Interest Earned**	**57,573.42**	**59,555.48**	**60,975.55**	**61,470.69**	**64,314.18**	**30,765.52**	**33,672.76**
	1.1	Interest & Discount on advances / bills	29,382.50	30,596.24	30,662.00	28,008.28	29,027.51	14,231.28	17,237.86
	1.2	Income on Investment	21,508.26	23,677.05	27,032.53	29,321.76	29,889.77	14,594.49	14,863.01
	1.3	Interest on balance with RBI and other Inter Bank Lending	6,128.01	4,289.75	2,302.78	1,973.69	2,354.65	1,209.51	1,303.80
	1.4	Interest on Income Tax	414.27	471.28	47.99	1,110.04	1,889.81	99.71	0.02
	1.5	Others	140.39	521.17	930.26	1,056.93	1,152.44	630.53	268.07
	2	**OTHER INCOME**	**7,062.78**	**9,931.66**	**12,617.02**	**17,190.06**	**13,048.28**	**7,540.61**	**5,183.21**
	2.1	Commission, Exchange Brokerage	2,977.27	3,054.75	3,441.17	3,444.48	3,425.99	1,695.53	1,702.43
	2.2	Profit on sale of investments (Net)	1,019.69	4,153.82	6,315.18	10,175.30	5,351.50	3,752.19	1,399.47
	2.3	Profit on revaluation of investments (Net)	6.20	0.00	0.00	0.00	0.00	0.00	0.00
	2.4	Profit on sale of land, Building & other assets (Net)	(1.27)	11.38	0.49	1.14	0.20	0.82	0.16
	2.5	Profit on exchange transaction (Net)	1,344.32	1,174.51	1,382.71	1,695.62	1,932.68	1,037.09	681.84
	2.6	Income earned by way of dividends, etc. from Subsidiaries/companies/ Joint Ventures in India	14.06	50.83	63.62	114.70	189.65	187.38	110.97
	2.7	Miscellaneous Income	1,702.50	1,486.39	1,413.85	1,758.83	2,148.24	867.60	1,288.34
	TOTAL INCOME		**64,636.19**	**69,487.15**	**73,592.57**	**78,660.75**	**77,362.46**	**38,306.13**	**38,855.97**
B	**EXPENDITURE**								
	1	**Interest Expended**	**38,195.47**	**40,761.06**	**39,941.91**	**35,754.83**	**34,521.46**	**17,052.16**	**18,268.16**
	1.1	Interest on Deposits	35,809.03	38,483.54	37,753.75	33,647.27	32,479.64	16,042.14	16,930.47
	1.2	Interest on RBI/ Inter-Bank borrowings	753.54	719.09	650.15	486.91	303.84	141.64	424.97
	1.3	Others	1,632.89	1,558.43	1,538.02	1,620.64	1,737.98	868.38	912.72

SUMMARY STATEMENT OF PROFIT AND LOSS RESTATED

(Rs. in million)

Sr. No.		Audited Financial Year ended March 31,					Limited review Half-Year ended	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
	2. Operating Expenses	**16,075.98**	**15,633.50**	**16,484.40**	**18,053.03**	**19,821.86**	**9,789.94**	**11,078.41**
	2.1 Payment to & provision for employees	11,457.34	10,562.64	11,285.88	12,525.22	13,810.52	6,857.94	7,417.99
	2.2 Rent, Taxes & Lighting	1,192.29	1,536.60	1,459.67	1,643.08	1,673.23	874.48	779.95
	2.3 Printing and Stationery	191.45	184.73	179.41	190.65	184.12	83.42	88.95
	2.4 Advertisement and publicity	62.36	57.34	94.64	241.09	104.11	23.13	156.86
	2.5 Depreciation on Banks Properties (net of amounts adjusted against revaluation reserve)	772.48	912.69	886.11	755.70	818.77	426.57	394.15
	2.6 Director's Fees, Allowances & Expenses	2.18	3.91	4.23	4.61	3.98	0.00	2.25
	2.7 Auditor's Fees & Expenses	110.45	113.91	124.61	181.64	167.56	94.06	87.51
	2.8 Law Charges	124.24	97.91	102.86	102.87	103.24	50.74	45.59
	2.9 Postage, Telegrams, Telephones etc.	139.25	137.02	157.88	128.54	173.21	74.78	95.59
	2.10 Repairs & Maintenance	305.88	284.78	339.44	383.59	416.67	207.76	214.11
	2.11 Insurance	287.49	323.93	361.82	420.33	634.60	304.44	401.17
	2.12 Other Expenditure	1,430.59	1,418.05	1,487.84	1,475.71	1,731.87	792.62	1,394.29
	TOTAL EXPENDITURE	**54,271.45**	**56,394.56**	**56,426.31**	**53,807.85**	**54,343.32**	**26,842.10**	**29,346.57**
	Operating Profit (before Provision & Contingencies)	10,364.74	13,092.58	17,166.26	24,852.90	23,019.14	11,464.03	9,509.40
	Less: Provisions & Contingencies (Other than Provision for Tax)	5,866.71	5,218.57	5,561.22	9,523.79	14,387.96	4,078.41	3,828.54
	Profit Before Tax	4,498.03	7,874.01	11,605.04	15,329.11	8,631.17	7,385.62	5,680.86
	Provision for Tax	1,851.42	2,497.14	3,977.20	5,659.15	1,862.77	2,322.62	1,520.77
	Net Profit after tax	**2,646.61**	**5,376.87**	**7,627.84**	**9,669.96**	**6,768.40**	**5,063.00**	**4,160.09**
	Add: Amount transferred from Investment Fluctuation Reserve	264.66	0.00	0.00	0.00	0.00	0.00	0.00
	Net Profit for the Year/ half-year ended as per Financial Statements	**2,911.27**	**5,376.87**	**7,627.84**	**9,669.96**	**6,768.40**	**5,063.00**	**4,160.09**

SUMMARY STATEMENT OF PROFIT AND LOSS RESTATED

(Rs. in million)

Sr. No.		Audited Financial Year ended March 31,					Limited review Half-Year ended	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
	APPROPRIATIONS TRANSFER TO							
	a) Statutory Reserve	753.00	1,364.82	1,932.00	2,417.50	1,692.10	0.00	0.00
	b) Capital Reserve	0.04	2.83	70.71	25.10	0.00	0.00	0.00
	c) Revenue and Other Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	i) Investment Fluctuation Reserve	0.00	2,183.41	3,107.00	4,750.00	0.00	0.00	0.00
	ii) General Reserve	789.16	589.34	521.59	262.69	3,323.95	0.00	0.00
	iii) Statutory Reserve (Foreign)	64.31	52.48	68.84	64.24	82.79	0.00	0.00
	d) Dividend (including Dividend Tax)							
	i) Interim Dividend	0.00	0.00	592.00	879.79	527.88	0.00	0.00
	ii) Proposed Dividend	1184.00	1,184.00	1,184.00	1,026.42	938.45	0.00	0.00
	Tax on Dividend	120.77	0.00	151.70	244.23	203.24	0.00	0.00
	Transfer to : Unallocated Profit	0.00	0.00	0.00	0.00	0.00	5,063.00	4,160.09
	TOTAL	**2,911.27**	**5,376.87**	**7,627.84**	**9,669.96**	**6,768.40**	**5,063.00**	**4,160.09**
	Break up of Miscellaneous Income (*)							
	Incidental charges	760.50	816.91	881.91	950.15	1,200.12	536.96	682.79
	Recovery in bad debts written off	429.57	346.81	419.01	622.42	759.76	288.23	590.27
	Others	512.43	322.68	112.92	186.26	188.37	42.41	15.28
	Total Miscellaneous Income	**1,702.50**	**1,486.39**	**1,413.85**	**1,758.83**	**2,148.24**	**867.60**	**1,288.34**
	(*) Items listed here are generally of recurring nature.							
	Break-up of provisions and contingencies							
	Provision for Non Performing Advances	4,820.86	4,105.15	3,768.50	5,380.70	4,293.85	1,892.62	1,392.82
	Floating Provision for NPAs (in addition to norms)	0.00	951.20	690.00	4,212.00	28.30	0.00	0.00
	Provision for Standard Advances	91.61	96.45	160.00	3.23	75.64	0.96	141.88
	Depreciation on Investments	583.75	(135.37)	11.50	(1,014.42)	8,098.14	1,119.69	2,849.56
	Provision for Restructured Standard Accounts	0.00	365.20	831.20	86.57	240.00	377.20	48.80
	Others	370.49	(164.06)	100.02	855.71	1,652.03	687.95	(604.51)
	Provision & Contingencies (other than provision for tax)	**5,866.71**	**5,218.57**	**5,561.22**	**9,523.79**	**14,387.96**	**4,078.42**	**3,828.55**
	Provisions for income tax	1,851.42	2,497.14	3,977.20	5,659.15	1,862.77	2,322.62	1,520.77
	TOTAL	**7,718.13**	**7,715.71**	**9,538.42**	**15,182.94**	**16,250.74**	**6,401.04**	**5,349.32**

SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in million)

Sr. No.		Audited As At March 31,					Limited review Half-Year ended	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
(A)	**ASSETS**							
1	Cash in Hand	3,545.51	3,283.49	4,178.89	4,020.15	3,972.27	3,494.45	4,580.79
2	Balance with RBI	40,152.27	22,527.19	30,479.35	26,547.69	23,150.95	42,339.75	29,835.53
3	Balance with Banks	37,531.87	30,694.22	12,025.91	16,565.76	27,678.67	26,104.35	29,548.48
	- In India	11,266.09	13,664.41	5,505.37	8,374.32	9,477.88	6,818.44	12,444.60
	- Outside India	26,265.78	17,029.82	6,520.54	8,191.44	18,200.79	19,285.91	17,103.88
4	Money at call and Short notice	43,133.89	32,969.21	21,486.85	25,534.51	37,740.13	23,973.11	40,429.16
5	Investment							
	- In India	184,625.12	218,867.00	283,773.29	360,558.44	348,693.73	380,298.58	358,311.28
	- Outside India	13,946.07	19,464.34	18,020.54	19,629.66	22,050.68	20,767.08	24,506.43
	TOTAL	198,571.19	238,331.34	301,793.83	380,188.10	370,744.41	401,065.66	382,817.71
6	Advances	274,206.77	336,629.87	353,480.82	356,008.82	434,003.84	374,039.20	489,523.18
	- In India	234,286.63	281,154.93	289,141.37	291,968.09	356,713.74	300,684.14	405,027.90
	- Outside India	39,920.14	55,474.94	64,339.45	64,040.74	77,290.10	73,355.06	84,495.28
7	Fixed Assets	6,470.70	6,923.83	6,973.20	8,152.69	8,608.03	8,007.53	8,679.74
	Less: Revaluation Reserve	2,764.48	2,732.11	2,618.43	2,492.70	2,367.55	2,492.64	2,360.62
	Net Fixed Assets	3,706.22	4,191.72	4,354.76	5,659.98	6,240.48	5,514.89	6,319.12
8	Other Assets	29,608.17	37,741.60	33,759.61	34,068.93	40,744.08	32,973.20	31,016.32
	Less Deferred Tax Asset (DTA)	-	-	907.68	948.62	430.41	1,448.21	514.23
	Other Assets excl. DTA	29,608.17	37,741.60	32,851.93	33,120.31	40,313.67	31,524.99	30,502.09
	TOTAL - (A)	**630,455.88**	**706,368.63**	**760,652.35**	**847,645.32**	**943,844.41**	**908,056.40**	**1013,556.06**
(B)	**LIABILITIES**							
1	**DEPOSITS**	539,857.82	618,044.64	663,663.65	729,673.24	813,334.64	786,339.12	861,717.14
	Demand Deposits							
	- From Banks	4,890.52	4,405.27	5,510.10	4,765.84	3,914.37	4,527.20	4,754.57
	- From Others	51,359.83	58,874.77	54,144.35	62,950.58	64,796.54	56,434.42	75,940.34
2	Saving Deposits	121,848.76	140,470.70	164,194.19	197,802.08	227,769.28	215,635.34	249,478.85
3	Term Deposits from Banks	27,659.56	36,430.09	21,965.42	29,233.74	31,940.25	28,081.75	40,302.47
	Term Deposits from Others	334,099.16	377,863.81	417,849.60	434,921.00	484,914.21	481,660.41	491,240.91
4	**BORROWINGS**	9,362.72	6,926.53	6,253.31	8,751.09	16,408.34	11,332.21	26,194.47
	- In India	8,516.16	6,926.53	6,253.31	2,346.32	6,360.40	6,462.00	11,280.09
	- Outside India	846.56	-	-	6,404.77	10,047.94	4,870.21	14,914.38
5	Other Liabilities and Provisions	38,437.06	33,851.95	38,391.74	46,353.10	45,621.85	42,916.74	45,367.07
6	Subordinate Debts	12,000.00	12,000.00	12,000.00	15,000.00	15,000.00	15,000.00	22,700.00
	TOTAL - (B)	**599,657.61**	**670,823.12**	**720,308.69**	**799,777.42**	**890,364.83**	**855,588.07**	**955,978.68**
(C)	**NET WORTH (C=A-B)**	**30,798.27**	**35,545.51**	**40,343.65**	**47,867.90**	**53,479.59**	**52,468.33**	**57,a577.38**

BANK OF BARODA

SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in million)

Sr. No.		Audited As At March 31,					Limited review Half-Year ended	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
	Represented by:							
(D)	**Share Capital**	2,943.38	2,943.39	2,943.42	2,945.26	2,945.27	2,945.30	2,945.27
(E)	**Share Application Money**	-	-	-	-	-	-	-
(F)	**RESERVES AND SURPLUS**							
	1 Statutory Reserve	6,674.93	8,039.74	9,971.75	12,389.25	14,081.35	12,389.25	14,081.35
	2 Capital Reserve	1,640.78	1,643.62	1,714.29	1,739.39	1,739.39	1,739.39	1,739.39
	3 Revaluation Reserve	2,764.48	2,732.11	2,618.43	2,492.70	2,367.55	2,492.64	2,360.62
	4 Investment Fluctuation Reserve	385.04	2,568.44	5,675.44	10,425.44	10,425.44	10,425.44	10,425.44
	5 Revenue & Other Reserve	11,781.00	12,977.07	13,572.94	13,929.58	17,330.83	13,966.56	17,352.34
	6 Deferred Tax Reserve	-	-	-	-	-	-	-
	7 Balance of Profit & Loss Account	-	-	-	-	-	5,063.00	4,160.09
	8 Share Premium	7,373.14	7,373.25	7,373.49	7,387.60	7,387.72	7,387.66	7,387.72
	TOTAL	30,619.37	35,334.23	40,926.34	48,363.96	53,332.27	53,463.92	57,506.95
	Less: Revaluation Reserve	2,764.48	2,732.11	2,618.43	2,492.70	2,367.55	2,492.64	2,360.62
	Less Deferred Tax Asset (DTA)			907.68	948.62	430.41	1,448.21	514.23
	TOTAL - (F)	27,854.89	32,602.11	37,400.23	44,922.64	50,534.31	49,523.07	54,632.10
	NET WORTH (D+E+F)	**30,798.27**	**35,545.50**	**40,343.65**	**47,867.90**	**53,479.59**	**52,468.37**	**57,577.37**
(G)	**Contingent Liabilities**							
	1 Claims against the Bank not acknowledged as debt	2,383.41	1,521.72	3,428.14	8,276.32	10,513.72	8,281.36	8,545.89
	2 Liability for partly paid investments	2.80	10.65	3.59	2.80	761.02	3,064.57	585.98
	3 Liability on account of outstanding forward exchange contracts	133,134.35	88,748.24	176,161.47	223,092.96	236,627.99	263,293.71	196,136.74
	4 Guarantees given on behalf of constituents:							
	in India	20,071.31	19,040.93	20,599.30	21,560.81	25,283.66	26,630.03	27,826.62
	Outside India	14,434.43	13,568.26	14,251.32	12,022.91	13,348.13	16,318.46	15,338.18
	5 Acceptances, Endorsements & other Obligations	21,216.94	19,859.38	25,272.25	27,537.76	35,672.85	38,851.16	36,198.99
	6 Other items for which the Bank is contingently liable	5,956.58	6,407.84	4,478.94	10,689.66	44,896.39	58,074.36	92,281.06
	TOTAL - (G)	197,199.81	149,157.02	244,195.00	303,183.24	367,103.77	414,513.65	376,913.46
	Bills for collection	39,317.57	43,102.96	42,273.44	48,310.09	62,009.83	59,989.68	50,652.63

GENERAL INFORMATION

Head Office of our Bank

Bank of Baroda
Baroda House,
Mandvi, Vadodara 390 006,
India
Tel: (91 265) 251 8715, 236 3001, 236 2225
Fax: (91 265) 236 2914

Board of Directors

Our Board comprises:

1. Dr. Anil K. Khandelwal, Chairman and Managing Director;
2. A.C. Mahajan, Executive Director;
3. Vinod Rai, GoI Nominee Director;
4. G.K. Sharma, RBI Nominee Director;
5. Dr. Pradip N. Khandwalla, Shareholder Director;
6. Manesh P. Mehta, Shareholder Director;
7. T.K. Balasubramanian, Non-Workman Nominee Director;
8. Masarrat Shahid, GoI Nominee Director
9. Dr. Deepak Bhaskar Phatak, Shareholder Director; and
10. Dr. Dharmendra Bhandari, Shareholder Director.

For further details please refer to the section titled "Our Management" beginning on page 120 of this Red Herring Prospectus.

Compliance Officer

P.K. Ramaswamy Iyer
Assistant General Manager (Legal)
Bank of Baroda
Baroda Corporate Centre
Bandra Kurla Complex
C –26, "G" Block
Bandra (East), Mumbai 400 051
Tel: (91 22) 5698 5559, 2652 2112
Fax: (91 22) 2652 3510
Email: dgm.legal.bcc@bankofbaroda.com

Company Secretary

Vinay A. Shah
Company Secretary
Bank of Baroda
Investors Services Department
4th Floor, Suraj Plaza 1
Sayajigunj, Vadodara 390 005
Tel: (91 265) 236 2225
Fax: (91 265) 236 2225
Email: investorcell.ho@bankofbaroda.com

Investors can contact the Compliance Officer in case of any pre-Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Legal Advisors to the Issue

Domestic Legal Counsel to the Bank

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013, India
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

International Legal Counsel to the Underwriters

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21 Wilson Street
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Tel: +44 (20) 7588 0800
Fax: +44 (20) 7588 0555

Domestic Legal Counsel to the Underwriters

AZB & Partners
23rd Floor, Express Towers
Nariman Point, Mumbai – 400 021, India
Tel: (91 22) 5639 6880
Fax: (91 22) 5639 6888

Book Running Lead Managers

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Cuffe Parade
Mumbai 400 005, India
Tel: (91 22) 2218 9166
Fax: (91 22) 2218 8332
Contact Person: Debasis Panigrahi
Email: bob.fpo@sbicaps.com
Website: www.sbicaps.com

DSP Merill Lynch Limited
Mafatlal Centre, 10th Floor
Nariman Point
Mumbai 400 021, India
Tel: (91 22) 2262 1071
Fax: (91 22) 2262 1187
Contact Person: N. S. Shekhar
Email: bob_fpo@ml.com
Website: www.dspml.com

Enam Financial Consultants Private Limited
801, Dalamal Towers
Nariman Point
Mumbai 400 021, India
Tel: (91 22) 5638 1800
Fax: (91 22) 2284 6824
Contact Person: Dharmesh Tejani
Email: bobwg@enam.com
Website: www.enam.com

HSBC Securities and Capital Markets (India) Private Ltd.
52/60 Mahatma Gandhi Road
Fort
Mumbai 400 001, India
Tel: (91 22) 2268 1284
Fax: (91 22) 2263 1984
Contact Person: Smita Nair
Email: bobpo@hsbc.co.in
Website: www.hsbc.co.in

JM Morgan Stanley Private Limited
141, Maker Chambers III
Nariman Point
Mumbai-400 021, India
Tel: (91 22) 5630 3554
Fax: (91 22) 2288 1586
Contact Person: Utkarsh Katkoria
Email: bankofbaroda@jmmorganstanley.com
Website: www.jmmorganstanley.com

Karvy Investor Services Limited
Karvy House, 46 Avenue 4
Street No. 1, Banjara Hills
Hyderabad 500 034, India
Tel: (91 40) 2332 0251
Fax: (91 40) 2337 4714
Contact Person: T.R. Prashanth Kumar
Email: mbd@karvy.com
Website: www.karvy.com

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar, 229
Nariman Point
Mumbai 400 021, India
Tel: (91 22) 5634 1100
Fax: (91 22) 2284 0492
Contact Person: Purnima Swaminathan
Email: bob.fpo@kotak.com
Website: www.kotak.com

Syndicate Members

Enam Securities Private Limited
D.Rajabahadur Compound
Ambalal Doshi Marg
Fort, Mumbai-400 001
Tel.: (91 22) 5638 1800
Fax.: (91 22) 2284 6824
Contact Person: M. Natarajan
Email: bobwg@enam.com

Kotak Securities Limited
1st Floor, Bakhtawar,
299, Nariman Point, Mumbai-400 021
Tel: (91 22) 5634 1100
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Email: Ulhas.Sawant@kotak.com

JM Morgan Stanley Financial Services Private Limited
141, Maker Chambers III
Nariman Point
Mumbai-400 021, India
Tel.: (91 22) 5630 3401
Fax: (91 22) 5630 1689
Contact Person: Deepak Vaidya
Email: Deepak.vaidya@jmmorganstanley.com

Karvy Stock Broking Limited
46 Avenue 4, Street No. 1
Banjara Hills, Hyderabad 500 034
Tel: (91 40) 2337 4714, Fax: (91 40) 2331 1968
Contact Person: K. Sridhar
Email: mbd@karvy.com
Website: www.karvy.com

Co- Managers

Yes Bank Limited
Nehru Centre, 9th Floor,
Discovery of India Building,
Dr. A.B. Road, Worli,
Mumbai- 400 018
Tel.: (91 22) 5669 9000
Fax.: (91 22) 2490 0314
Email: bob@yesbank.co.in
Website: www.yesbank.in
Contact Person: Dhanraaj Uchil

Advisors to the Issue

BOB Capital Markets Limited
Ground Floor, Nobel Chambers (Vatsa House)
20-C/D, S. A. Brelvi Road, Fort
Mumbai – 400 001.
Tel: (91 22) 2284 4892
Fax: (91 22) 2284 5208
Contact Person: N. K. Dharamshi
Email: bobcaps@mtnl.net.in
Website: www.bobcapitalmarkets.com

Registrar to the Issue

Karvy Computershare Private Limited
46 Avenue 4, Street No. 1
Banjara Hills
Hyderabad 500 034
Tel: (91 40) 2331 2454
Fax: (91 40) 2331 1968
Contact Person: Murali Krishna M.
Email: bobfpo@karvy.com
Website: www.karvy.com

Auditors

M/s T.R.Chadha & Co.
Chartered Accountants
B-30 Connaught Place
Kuthiala Building
New Delhi 110 001
Tel: (91 11) 2332 9659
Fax: (91 11) 2332 6833
Email: trcnd@vsnl.com

M/s Ray & Ray
Chartered Accountants
P.B. No. 706
6 – Church Lane
Kolkota 700 001.
Tel: (91 33) 2248 4920
Fax: (91 33) 2248 0547
Email: raynray@vsnl.com

M/s G.P. Kapadia & Co.
Chartered Accountants
4th Floor, Hamam House
Ambalal Doshi Marg
Fountain, Fort
Mumbai 400 001.
Tel: (91 22) 2265 4239
Fax: (91 22) 2265 4256
Email : gpk@bom5.vsnl.net.in

M/s S. Venkatram & Co.
Chartered Accountants
218, T.T.K Road
Alwarpet
Chennai 600 018
Tel: (91 44) 2499 2155
Fax: (91 44) 2467 0343
Email: svco@vsnl.com

M/s G. Basu & Co.
Chartered Accountant
Basu House
3, Chowringhee Approach
Kolkota 700 072
Tel: (91 33) 2212 6253
Fax: (91 33) 2212 7476
Email: gbasuco@rediffmail.com

M/s B.C. Jain & Co.
Chartered Accountants
16/77 A Civil Lines
Kanpur 208 001.
Tel: (91 512) 231 1380
Fax : (91 512) 230 4487
Email : bcj-knp@yahoo.com

Banker to the Issue and Escrow Collection Bank

Bank of Baroda
Sheel Chambers Premises
Cawasji Patal Street, Fort
Mumbai - 400 001
Tel: (91 22) 2287 0717
Fax: (91 22) 2204 5063
Email : sirpmr@bankofbaroda.com

Statement of Inter Se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities amongst the BRLMs:

Activities	Responsibility	Co-ordinator
Capital structuring with the relative components and formalities such as type of instruments, etc.	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	SBICAP
Due diligence of the Bank's operations/ management/ business plans/ legal, etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI including finalisation of the Prospectus and filing with the Stock Exchanges.	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	SBICAP
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	Karvy
Appointment of other Intermediaries: (a) Printers; (b) Registrar; (c) Advertising Agency; and (d) Banker to the Issue	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	(a) Printer: JMMS (b) Registrar: HSBC (c) Advertising Agency: Karvy (d) Banker to the Issue: Kotak
Domestic institutions/banks/mutual funds marketing strategy, Roadshow marketing presentation: ● Finalise the list and division of investors for one on one meetings, institutional allocation	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	Kotak
International institutional marketing strategy: ● Finalise the list and division of investors for one on one meetings, institutional allocation	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	JMMS
Retail/Non-institutional marketing strategy which will cover, inter alia, ● Finalize media, marketing and public relation strategy, ● Finalize centers for holding conferences for brokers, etc. ● Finalize collection centers, ● Follow-up on distribution of publicity and Issue material including form, Prospectus and deciding on the quantum of the Issue material	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	Enam

Activities	Responsibility	Co-ordinator
Branch Training including identification of Branches/ centres, branch training material, etc.	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	DSPML
Managing the Book, coordination with Stock Exchanges, pricing and allocation to QIB Bidders.	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	DSPML
Post bidding activities including management of Escrow Accounts, co-ordinate non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders, etc.	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	HSBC
The post issue activities of the Issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrars to the Issue, Banker to the Issue and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with the Bank.	SBICAP, DSPML, Enam, JMMS, Kotak, Karvy Investor and HSBC	HSBC

Credit Rating

As the Issue is of equity shares, a credit rating is not required.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Book Building Process

Book building refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid Closing Date/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Bank;
- Book Running Lead Managers;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLMs;
- Escrow Collection Bank; and
- Registrar to the Issue.

The SEBI Guidelines have permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to QIBs. Of the QIB Portion, 5% would be available for allocation to mutual funds registered with SEBI. Further, not less than 15% of the Net Issue shall be available for allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Guidelines for this Issue. In this regard, we have appointed the BRLMs to manage the Issue and to procure subscriptions to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closing Date/Issue Closing Date and for further details see the section titled "Terms of the Issue" beginning on page 346 of this Red Herring Prospectus.

The process of Book Building under SEBI Guidelines though not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off i.e. Rs. 22 in the above example. The Issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut off price, i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

- Check eligibility for bidding, see the section titled "Issue Procedure-Who Can Bid?" on page 351 of this Red Herring Prospectus;
- Ensure that the Bidder has a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the Designated Stock Exchange, our Bank will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the Designated Stock Exchange)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Indicative Amount Underwritten (Rs. million)
SBI Capital Markets Limited 202, Maker Tower – E Cuffe Parade, Mumbai 400 005, India Tel: (91 22) 2218 9166 Fax: (91 22) 2218 8332 Email: bob.fpo@sbicaps.com	[●]	[●]
DSP Merill Lynch Limited Mafatlal Centre, 10th Floor Nariman Point, Mumbai 400 021, India Tel: (91 22) 2262 1071 Fax: (91 22) 2262 1187 Email: bob_fpo@ml.com	[●]	[●]
Enam Financial Consultants Private Limited 801, Dalamal Towers Nariman Point Mumbai 400 021, India Tel: (91 22) 5638 1800 Fax: (91 22) 2284 6824 Email: bobwg@enam.com	[●]	[●]
HSBC Securities and Capital Markets (India) Private Limited 52/60 Mahatma Gandhi Road Fort, Mumbai 400 0 01, India Tel: (91 22) 2268 1284 Fax: (91 22) 2263 1984 Email: bobpo@hsbc.co.in	[●]	[●]
JM Morgan Stanley Private Limited 141, Maker Chambers III Nariman Point Mumbai-400 021, India Tel: (91 22) 5630 3554 Fax: (91 22) 2288 1586 Email: bankofbaroda@jmmorganstanley.com	[●]	[●]
Karvy Investor Services Limited Karvy House, 46 Avenue 4 Street No. 1, Banjara Hills Hyderabad 500 034, India Tel: (91 40) 2332 0251 Fax: (91 40) 2337 4714 Email: mbd@karvy.com	[●]	[●]

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Indicative Amount Underwritten (Rs. million)
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021, India Tel: (91 22) 5634 1100 Fax: (91 22) 2284 0492 Email: bob.fpo@kotak.com	[●]	[●]
Enam Securities Private Limited D.Rajabahadur Compound Ambalal Doshi Marg Fort, Mumbai-400 001 Tel.: (91 22) 2267 7901 Fax.: (91 22) 2266 5613	[●]	[●]
JM Morgan Stanley Financial Services Private Limited 141, Maker Chambers III, Nariman Point Mumbai-400 021 India Tel.: (91 22) 5630 3401 Fax: (91 22) 5630 1689	[●]	[●]
Kotak Securities Limited 7th Floor, Bakhtawar 299, Nariman Point Mumbai-400 021 Tel: (91 22) 5634 1100 Fax: (91 22) 5630 3927	[●]	[●]

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [●] 2006.In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with one or more of the Stock Exchanges. Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure/subscribe to the extent of the defaulted amount. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them, provided, however, it is proposed that pursuant to the terms of the Underwriting Agreement, Enam Financial Consultants Private Limited, JM Morgan Stanley Private Limited, Karvy Investor Services Limited and Kotak Mahindra Capital Company Limited shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members, being Enam Securities Private Limited, JM Morgan Stanley Financial Services Private Limited, Karvy Stock Broking Limited and Kotak Securities Limited, do not fulfil their underwriting obligations.

Allocation to QIB Bidders

Allocation to QIB Bidders is proportionate as per the terms of this Red Herring Prospectus. Further, out of the QIB Portion, 5% would be available for allocation to Mutual Funds. In case of inadequate demand from the Mutual Funds, the Equity Shares would be made available to QIBs other than mutual funds. Valid bids from Mutual Funds would be eligible for allotment from the 5% of the QIB Portion as well as from the balance QIB Portion. The subscription for proportionate allotment to QIBs shall be identified after reducing 5% of the total allocation to QIBs or any lesser amount allotted to Mutual Funds.

CAPITAL STRUCTURE

(Rs. in million)

As of September 30, 2005		Aggregate Value at nominal value	Aggregate Value at Issue Price
A) AUTHORISED EQUITY SHARE CAPITAL			
1,500,000,000	Equity Shares of Rs. 10 each	15,000.00	
B) ISSUED AND SUBSCRIBED EQUITY SHARE CAPITAL			
296,000,000	Equity Shares of Rs. 10 each	2,960.00	
C) PAID UP CAPITAL			
293,265,400	Equity Shares of Rs. 10 each	2,932.65	
D) PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS			
71,000,000*	Equity Shares of Rs. 10 each fully paid up	710.00	[●]
	Of which		
(i)	Employee Reservation Portion - 7,100,000 Equity Shares	71.00	[●]
(ii)	Net Issue to the Public - 63,900,000 Equity Shares	639.00	[●]
E) EQUITY CAPITAL AFTER THE ISSUE			
364,265,400	Equity Shares of Rs. 10 each fully paid up shares	3,642.65	[●]
F) SHARE PREMIUM ACCOUNT			
	Before the Issue	7,388.00	
	After the Issue	[●]	

* Our Board of Directors authorised a fresh issue of up to 90,000,000 Equity Shares of Rs. 10 each pursuant to a resolution passed at its meeting held on September 12, 2004. Our shareholders subsequently authorised the fresh issue of up to 90,000,000 Equity Shares of Rs. 10 each, by a resolution passed unanimously at the EGM of our Bank held on January 4, 2005, subject to the approval of the GoI, the RBI, SEBI and other relevant authorities. The GoI, Ministry of Finance, Department of Economic Affairs (Banking Division) has granted its approval for the present Issue of 71,000,000 Equity Shares through its letter no. F.No.11/31/2004-BOA dated February 11, 2005. For further details, see the sections titled "Capital Structure-Notes to Capital Structure" on page 21 of this Red Herring Prospectus, "Other Regulatory and Statutory Disclosures - Authority for the Issue" on page 332 of the Red Herring Prospectus and "Licenses and Approvals – Licenses and Approvals" beginning on page 327 of the Red Herring Prospectus and for details on Section 3(2BBA) (a) of the Bank Acquisition Act 1970, see the section titled "Main Provisions of Constitutional Documents" beginning on page 373 of this Red Herring Prospectus.

The Board of Directors of the Bank at its meeting held on August 29, 2003 forfeited 2,738,300 shares on account of failure of non payment of allotment/call money. As of March 31, 2005, 3,700 Equity Shares have been annulled. The called and paid up capital of the Bank includes 12.62 million on account of forfeited shares.

a) The Bank offered 100,000,000 Equity Shares of Rs. 10 each for cash at a premium of Rs.75 per share for subscription to the public on December 5, 1996. Out of the same, 9,000,000 shares were reserved for regular/ permanent Indian employees of the Bank.

b) The authorised share capital of the Bank is Rs. 15,000 million as per sub-section 2A of section 3 of the Bank Acquisition Act, as amended from time to time. There have been no changes to our authorised share capital since nationalisation on July 19, 1969.

Notes to Capital Structure

1. Share Capital history of the Bank since nationalisation on July 19, 1969:

Date of Allotment	No. of shares (in million)	Face Value (in Rs.)	Issue Price (in Rs.)	Conside-ration	Reason of Allotment	Cumulative Premium	Cumulative Paid up Capital (Rs. in million)
Balance as on December 31, 1969							25.00
Balance as on December 31, 1996							1,960.00
January 15, 1997	100 (of which 58.34 partly paid)	10	85	Cash	Public Issue	4,291.20	2,543.40
March 31, 2005	Amount of Allotment / Call money received on Partly paid shares					7,387.70	2,932.65

Notes:

(1) The Board of Directors of the Bank at its meeting held on August 29, 2003 forfeited 2,738,300 shares on account of failure of non payment of allotment /call money. Out of these, 3,700 shares have been annulled till March 31, 2005.

(2) The called and paid-up capital as per Balance Sheet as on September 30, 2005 of Rs. 2,945.27 million comprises of paid-up capital of Rs. 2,932.65 million and Share Forfeited Account of Rs. 12.62 million.

(3) During the period from 1969 to 1996, GoI held 100% of the equity share capital of the Bank. During such period, the share capital of the Bank increased from Rs. 25 million to Rs. 1,960 million.

2. Promoters Contributions and Lock-In

The requirement of Promoter's contribution and lock in is not applicable to this Issue since the Bank has been listed on the Stock Exchanges for over three years and has a track record of dividend payment for at least three immediately preceding years.

3. Equity Shares held by top 10 shareholders

Our top 10 shareholders and the Equity Shares held by them on December 2, 2005 are as follows:

S. No.	Name	No. of Equity Shares	Percentage
1.	Government of India	196,000,000	66.83%
2.	Genesis Indian Investment Company Limited	14,622,969	4.99%
3.	Life Insurance Corporation of India	9,231,247	3.15%
4	Aberdeen Asset Managers Limited A/C, Aberdeen International India Opportunities Fund	4,513,237	1.54%
5	BMF - Bank Bees - Investment A/C	4,357,701	1.49%
6.	California Public Employees' Retirement System	3,994,482	1.36%
7.	HSBC Global Investment Funds A/C HSBC	3,636,563	1.24%
8.	Matthews International Funds A/C Matthews Pacific	3,223,715	1.10%
9.	Goldman Sachs Investments (Mauritius) I Ltd	2,638,340	0.90%
10.	General Insurance Corporation of India	1,765,051	0.60%

Our top 10 shareholders and the Equity Shares held by them as on November 22, 2005 are as follows:

S. No.	Name	No. of Equity Shares	Percentage
1.	Government of India	196,000,000	66.83%
2.	Genesis Indian Investment Company Limited	14,622,969	4.99%
3.	Life Insurance Corporation of India	8,811,486	3.00%
4	BMF - Bank Bees - Investment A/C	4,302,103	1.47%
5	Aberdeen Asset Managers Limited A/C, Aberdeen International India Opportunities Fund (Mauritius) Limited	4,234,000	1.44%
6	California Public Employees' Retirement System Managed by Genesis Asset Managers, LLP	3,994,482	1.36%
7	HSBC Global Investment Funds A/C HSBC, Global Investment Funds Mauritius Limited	3,636,563	1.24%
8	Matthews International Funds A/C Matthews Pacific Tiger Fund	3,223,715	1.10%
9	Goldman Sachs Investments (Mauritius) I Ltd	2,646,140	0.90%
10	General Insurance Corporation of India	1,765,051	0.60%

Our shareholders and the Equity Shares held by them as of December 2, 2003 are as follows:

S. No.	Name	No. of Equity Shares	Percentage
1.	Government of India	196,000,000	66.83%
2.	Genesis Indian Investment Company Limited –General Sub Fund	8,094,600	2.76%
3.	Life Insurance Corporation Of India	5,335,766	1.82%
4.	Emerging Markets Management, L.L.C. A/C Emsaf- Mauritius	4,014,221	1.37%
5.	HSBC Financial Services (Middle East) Limited	3,915,758	1.34%
6.	GMO Emerging Markets Fund	2,783,000	0.95%
7.	Goldman Sachs Investments (Mauritius) I Ltd	2,636,972	0.90%
8.	Citigroup Global Markets Mauritius Private Limited	2,478,550	0.85%
9.	Platinum Asset Management Limited A/C Platinum International Fund	2,401,563	0.82%
10.	Arisaig Partners (Asia) Pte Ltd A/C Arisaig India Fund Ltd	2,175,000	0.74%

4. As of the date of the Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.

5. Shareholding pattern as of December 2, 2005

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue:

	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue*	
Shareholder Category	**Number**	**%**	**Number**	**%**
Promoters#	196,000,000	66.83	196,000,000	53.81
Sub Total (A)	**196,000,000**	**66.83**	**196,000,000**	**53.81**
Non-Promoter holding (Institutional Investors)				
Mutual Funds	7,426,951	2.53	7,426,951	2.04
Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non Government Institutions)	14,020,784	4.78	14,020,784	3.85
Foreign Institutional Investors	49,469,529	16.86	49,469,529	13.58
Sub Total (B)	**70,917,264**	**24.18**	**70,917,264**	**19.47**
Others				
Private Corporate Bodies	3,203,488	1.09	3,203,488	0.88
Indian Public	20,321,917	6.92	20,321,917	5.58
NRIs/OCBs	2,532,832	0.86	2,532,832	0.69
Trade Unions/Trusts/Clearing Members/HUFs	289,999	0.09	289,999	0.08
Sub Total (C)	**26,348,236**	**8.98**	**26,348,236**	**7.23**
Total pre issue share capital (D=A+B+C)	**293,265,500**	**100.00**	**-**	**-**
Public Issue (E)	**-**	**-**	**71,000,000**	**19.49**
Total post-Issue share capital (F=D+E)	**-**	**-**	**364,265,500**	**100.00**

Our Promoter is the President of India, acting through the MoF, GoI, which holds 66.83% of the pre-Issue paid up equity share capital of our Bank and will hold at least 53.81% of the fully diluted post Issue paid up equity share capital of our Bank.

* The break up of the Equity Shares allotted pursuant to the Issue not included.

6. Our Bank applied to the GoI for its consent to a fresh issue of up to 90 million Equity Shares by its letter bearing number BCC:CMD:956 dated September 21, 2004. The GoI, Ministry of Finance, Department of Economic Affairs (Banking Division) has granted its approval for the present Issue of 71,000,000 shares, through its letter no. F.No.11/31/2004-BOA dated February 11, 2005, inter alia on the conditions that the holding of GoI shall not fall below 51% at any point of time and allotment to Non-Residents, if any, will be subject to the prior approval of the Exchange Control Department of RBI and should be within the ceiling of 20% of the paid-up capital or any lower ceiling that may be notified by the Government of India under sub-section (2D) of the Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.

Our Bank has applied to the Chief General Manager, Exchange Department (Foreign Investment Division) by letters dated August 24, 2005 and August 29, 2005 seeking approval of the RBI to issue Equity Shares under this Issue to the public including NRIs and FIIs with repatriation benefits. The RBI has through its letter FE.CO.FID/4781/ 10.02.40(9107)/2005-06 dated September 2, 2005, permitted the Bank to issue shares to Non-Residents (except erstwhile OCBs) with repatriation benefits out of the issue of Equity Shares of Rs. 10 each amounting to Rs. 710 million. The permission is subject to ensuring that the post Issue non-resident equity holding in the Bank shall not exceed 20% of the post Issue paid up capital. The permission is further subject to conditions laid down by the Government of India in their approval F.No.11/31/2004-BOA dated February 11, 2005, conditions prescribed by SEBI and terms and conditions for issue of shares as stipulated in Schedule 1 and 2 to RBI Notification No. FEMA.20/2000-RB dated May 3, 2000, as amended from time to time.

7. Neither the Promoter nor our Directors have purchased or sold any Equity Shares, directly or indirectly, during a period of six months preceding the date on which this Red Herring Prospectus was filed with SEBI. None of our Directors, the Promoter and the BRLMs have entered into any buyback and/or standby arrangements for the purchase of our Equity Shares from any person.

8. The Bank has not raised any bridge loan against the proceeds of this Issue. For details on use of proceeds, see the section titled "Objects of the Issue" on page 25 of this Red Herring Prospectus.

9. In the Issue to the Public, in case of over-subscription in all categories, up to 50% of the Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including the 5% of the QIB portion available for Mutual Funds), not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. In case of undersubscription in any category, the same shall be allowed to be met through oversubscription in any other category, including the Employee Reservation Portion. The overall allotment shall be subject to the condition that the Non-Resident holding in the Bank shall not exceed 20% of our post issue paid up capital.

   The Issue includes an Employee Reservation Portion of 7,100,000 Equity Shares which are available for allocation to Eligible Employees on a proportionate basis. Under-subscription, if any, in the Employee Reservation Portion, would be allowed to be met first with spill over from the Retail Portion and then from any other category.

10. A Bidder in the Issue cannot make a Bid for more than the number of Equity Shares offered in the Net Issue. This is further subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

11. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares offered hereby have been listed.

12. The Bank presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise. However, during such period or at a later date, we may undertake an issue of shares or securities linked to equity shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of the Bank.

13. There will be only one denomination of the Equity Shares of the Bank unless otherwise permitted by law and the Bank shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

14. Under Section 3A of the Bank Acquisition Act, no notice of any trust, express, implied or constructive, shall be entered in the register or be receivable by the Bank. In terms of this Section, while trusts could make investments in Equity Shares of the Bank, this could be only in the name of the trustees and no details of the trust would be taken cognisance of by the Bank in its Register of Shareholders.

15. Section 3(2E) of the Bank Acquisition Act provides that no shareholder other than GoI shall be entitled to exercise voting rights in respect of any equity shares held by him/her in excess of one per cent of the total voting rights of all the shareholders of the Bank.

16. The Bank has not issued any Equity Shares out of revaluation reserves or any Equity Shares for consideration other than cash, within a period of two years preceding the date of this Red Herring Prospectus.

17. We have 132,819 members as of Decemeber 2, 2005.

OBJECTS OF THE ISSUE

The objects of the Issue are as follows:

The RBI, which regulates us, requires us to maintain a minimum capital to risk weighted assets ratio of 9.0%, at least half of which should consist of Tier I capital. As of September 30, 2005, our total capital adequacy ratio was 12.79% and our Tier I capital adequacy ratio was 7.86%. As per our audited restated financial statements, our total capital adequacy ratio was 12.61% and our Tier I capital adequacy ratio was 8.21% as of March 31, 2005 compared with 13.91% and 8.47% as of March 31, 2004, respectively.

RBI has adopted a phased approach to the implementation of the Basel II norms. New capital norms for market risk will be implemented over two years from the year ended March 31, 2005 and norms for credit risk and operational risk are proposed to be implemented with effect from the year ended March 31, 2007. In order to maintain consistency and harmony with international standards, banks have been advised to adopt the Standardised Approach for credit risk and the Basic Indicator Approach for operational risk with effect from March 31, 2007. The requirements for Tier I capital and total capital adequacy ratios are expected to increase with the proposed implementation of the Basel II standards.

The objects of the Issue are to augment our capital base to meet the future capital requirements arising out of the implementation of the Basel II standards and the growth in our assets, primarily our loan and investment portfolio due to the growth of the Indian economy and for other general corporate purposes including meeting the expenses of the Issue. As we are engaged in the business of banking, we are seeking to strengthen our capital base to support the future growth in our assets and comply with the capital adequacy requirements applicable to us. Other general corporate purposes would include development of infrastructure to support our business growth and service our customers.

The net proceeds of the Issue after deducting underwriting and management fees, underwriting commissions and all other Issue related expenses are estimated at Rs. [•] million.

Our Constitutional Documents enable us to undertake our existing activities and the activities for which the funds are being raised by us in the Issue.

Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expense (in Rs. million)
Lead management fee and underwriting commission*	[•]
Advertising and Marketing expenses	[•]
Printing and stationery	[•]
Registrars' fee, legal fees, etc.	[•]
Others	[•]
Total estimated Issue expenses	**[•]**

* will be incorporated after finalisation of Issue Price

In addition to the above, listing fees will be paid by the Bank.

BASIS FOR ISSUE PRICE

Qualitative Factors

1. We are one of India's major public sector banks with a considerable presence outside India and service over 25 million customers across India.
2. As of September 30, 2005, we had 2,694 branches in India spread over 27 states and five union territories. In addition, on a consolidated basis, we maintain an international presence in 19 countries across the globe with 59 branches and offices and one joint-venture. We have 12 Subsidiaries out of which seven are located overseas besides 20 Associates, which include 17 Regional Rural Banks for whom we are the sponsoring bank.
3. Our advances increased by 21.91% to Rs. 434,003.84 million as of March 31, 2005 from Rs. 356,008.82 million as of March 31, 2004; and our retail portfolio increased by 51.33% to Rs. 63,830.60 million as of March 31, 2005 from Rs. 42,177.60 million as of March 31, 2004.
4. Our deposits increased by 11.47% to Rs. 813,334.65 million at March 31, 2005 from Rs. 729,673.23 million at March 31, 2004. As at March 31, 2005, our interest-free demand deposits and low-interest savings bank deposits constituted 36.45% of our total deposits. These low-cost deposits led to an average cost of deposits of 2.35% and an average cost of deposits of 4.23% for fiscal 2005.
5. Our ratio of net NPAs to net advances declined to 1.45% as at March 31, 2005 from 2.99% as at March 31, 2004.
6. Post our nationalisation, we have a track record of consistent profitability.

Quantitative Factors

Information presented in this section is derived from our audited restated consolidated financial statements prepared in accordance with Indian GAAP.

1. Weighted average earnings per share (EPS)*

Period	EPS(Rs.)	Weight
Year ended March 31, 2003	28.23	1
Year ended March 31, 2004	35.62	2
Year ended March 31, 2005	25.57	3
Weighted Average	**29.36**	

* The weighted average number of Equity Shares has been considered for calculation of EPS.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●]
   a. Based on twelve months ended March 31, 2005 is [●]
   b. Industry P/E[1]
      i) Highest: 13.0
      ii) Lowest: 6.2
      iii) Average (composite): 9.9

[1] Source: "Capital Market" VolumeXX/20 dated December 5, 2005 to December 18, 2005 for the Category titled 'Banking – Public Sector'.

3. Weighted average return on average net worth [2]

Period	Return on Average Net Worth (%)	Weight
Year ended March 31, 2003	18.91	1
Year ended March 31, 2004	20.20	2
Year ended March 31, 2005	12.66	3
Weighted Average	**16.22**	

[2] Net worth has been computed by aggregating share capital, reserves and surplus and adjusting for revaluation reserves, intangible assets and deferred tax assets as per our audited restated financial statements.

4. Minimum Return on Increased Net Worth Required to maintain pre-Issue EPS.

   The minimum return on increased net worth required to maintain pre-Issue EPS is [●] %.

5. Net Asset Value per Equity Share at September 30, 2005 is Rs.196.33.

6. Net Asset Value per Equity Share after Issue

   The net asset value per Equity Share after the Issue is [●]

   Issue Price per Equity Share: Rs. [●]

   Issue Price per Equity Share will be determined on conclusion of book building process.

7. Comparison of Accounting Ratios as of March 31, 2005

	EPS (Rs.)	P/E	Return On Average Net Worth (%)	Book Value per Share (Rs.)
Bank of Baroda[1]	**23.08**	**10.79**	**12.66**	**182.36**
Peer Group [2]				
State Bank of India	80.0	9.6	19.4	457.4
Punjab National Bank	44.0	8.9	22.5	248.9
Bank of India	7.0	17.1	8.4	88.0
Canara Bank	26.3	9.8	20.0	146.1
Union Bank	15.2	8.2	25.1	68.2
Peer Group (Simple) Average	10.72	19.08		

Source:

[1] Our EPS, Return on Average Net Worth and Book Value per Share have been calculated from our audited restated financial statements. Our PE is based on the closing market price of our Equity Shares on NSE as on September 30, 2005.

[2] Source for other information is “Capital Market” Volume VolumeXX/14 dated September 12, 2005 to September 25, 2005.

The Issue Price of Rs. [●] has been determined on the basis of the demand from investors through the book-building process and is justified based on the above accounting ratios. The face value of the Equity Shares is Rs. 10 each and the Issue Price is [●] times of the face value.

The BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. See the section titled “Risk Factors” on page xiii of this Red Herring Prospectus and the financials of the Bank including important profitability and return ratios, as set out in the Auditors’ report on page 157 of this Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

The information provided below sets out the possible tax benefits available to the Bank and its shareholders under the current tax laws presently in force in India, as provided by the Auditors by their 'statement of tax benefits, dated October, 1 2005. Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Bank or its shareholders to derive the tax benefits is dependent upon fulfilling conditions, as may be necessary, and is based on business imperatives the Bank faces in the future. It may be also kept in mind that the Bank may or may not choose to fully utilize the benefits. It may be also noted that the benefits discussed below are not exhaustive and this statement is only intended to provide general information to the investors and is neither designed nor intended to be substitute for professional tax advice.

Under the Income Tax Act, 1961

1. TO THE BANK:

   Under the Income Tax Act, 1961 (the "Act") the Bank is entitled to various deductions as is applicable to an Indian Resident Company. The following are the important beneficial provisions, which are presently applicable to Bank of Baroda (the "Bank"):

   The following incomes earned are exempt from Income Tax:

   1. Under Section 10(15)(i) of the Act, income earned by way of interest, premium on redemption or any other payment on certain notified securities issued by the Central Government and deposits with the Central Government;
   2. Under Section 10(15)(iv), interest earned from a Government or a local authority on moneys' borrowed by it before the 1st day of June, 2001, or debts owed by it before the 1st day of June, 2001 or an industrial undertaking on moneys borrowed by it under loan agreement entered into before the 1st day of June, 2001and approved by the Central Government;
   3. Under Section 10(15)(vii), interest earned on notified bonds issued by a local authority;
   4. Under Section 10(23F), income by way of dividends or long-term capital gains of an approved venture capital fund/ company from investments in equity shares before the 1st day of April, 1999;
   5. Under Section 10(23FA), income by way of dividends (other than dividends referred to in section 115-O), long-term capital gains of an approved venture capital fund/company from investments in equity shares in a venture capital undertaking made by the bank before the 31st day of March, 2000;
   6. Under section 10(23G), income by way of dividends (other than dividends referred to in section 115-O), interest or long-term capital gains of an infrastructure capital fund/ company or a co-operative bank, from investments made on or after the 1st day of June, 1998, by way of shares or long-term finance in any enterprise or undertaking wholly engaged in the business referred to in section 80IA(4) or a project referred to in 80IB(10);
   7. Under Section 10(34), income by way of dividends referred to in section 115 O of the Income Tax Act, 1961;
   8. Under Section 10(35), income received in respect of the units of a Mutual Fund specified under Section 10(23D) or income received in respect of units from the Administrator ("Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002) of the specified undertaking; or income received in respect of units from the specified company ("specified company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002);
   9. Under Section 10(38), income arising from the transfer of a Long Term Capital Asset, being equity shares in a company or units of an equity oriented fund (i.e. a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than fifty per cent of the total proceeds of such fund and which has been set up under a scheme of a mutual fund specified under section 10(23D)) and where the transaction is chargeable to Securities Transaction Tax under Chapter VII of the Finance (No. 2) Act, 2004.

The following are the special deductions available to the Bank in computing the Gross Total Income of the Bank:

1. Under Section 36 (1) (viia) of the Act, the Bank is eligible to claim a deduction in respect of any provision for bad and doubtful debts made by it of an amount not exceeding seven and one half per cent of the total income (computed before making any deduction under this clause and under Chapter VIA) and an amount not exceeding ten per cent of the aggregate average advances made by the rural branches ("rural branch" means a branch of a scheduled bank or a non-scheduled bank situated in a place which has a population of not more than ten thousand according to the last preceding census of which the relevant figures have been published before the first day of the previous year) of the Bank. Further, the Bank can, at its option, claim, a deduction in respect of any provision made by it for assets classified as per the regulations of the Reserve Bank of India as Doubtful Assets or Loss Assets, an amount not exceeding five per cent of the amount of such assets shown in the books of account of the Bank on the last day of the previous year. Apart from the above, the Bank, at its option, can claim a further deduction for an amount not exceeding the income derived from the redemption of securities in accordance with a scheme framed by the Central Government, subject to the condition that such income has been disclosed in the return of income under the head "Profits and Gains from Business";

2. Under Section 36(1) (vii) of the Act, the amount of any bad debt or part thereof which is written off as irrecoverable in the accounts of the Bank for the previous year. However, the amount of the deduction relating to any such debt or part thereof shall be limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account made under section 36(1)(viia).

3. As per Section 43D of the Act, interest income on a Non Performing Asset (recognized as such having regard to the guidelines issued by Reserve Bank of India) shall be chargeable to tax, only in the year in which it is actually received or the year in which it is credited to the Profit and Loss Account by the Bank, whichever is earlier.

4. The Bank is also eligible to claim deduction under Section 80-LA of the Act, from its Gross Total Income, income (received in convertible foreign exchange in accordance with the Foreign Exchange Management Act, 1999) from an Offshore Banking Unit (OBU) operated by it in a Special Economic Zone in respect of transactions with an undertaking located in a Special Economic Zone or any other undertaking which develops, develops and operates or operates and maintains a Special Economic Zone, of an amount equal to:

   (a) one hundred per cent of such income for three consecutive assessment years beginning with the assessment year relevant to the previous year in which the permission, under clause (a) of sub-section (1) of section 23 of the Banking Regulation Act, 1949 (10 of 1949), was obtained, and thereafter;

   (b) fifty per cent of such income for the next two consecutive assessment years;

5. DOUBLE TAXATION RELIEF:

   The Government of India has entered into Double Taxation Avoidance Agreement with various Governments where the Bank has branches for the granting of relief in respect of income on which have been paid both income-tax under the Act and income-tax in that country; or income-tax chargeable under the Act and under the corresponding law in force in that country to promote mutual economic relations, trade and investment, or for the avoidance of double taxation of income under the Act and under the corresponding law in force in that country and may, by notification in the Official Gazette, make such provisions as may be necessary for implementing the agreement.

   Under Section 90(2) of the Act where the Central Government has entered into an agreement with the Government of any country outside India under section 90 (1) of the Act for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the Act shall apply to the extent they are more beneficial to that assessee.

   As the Bank is having branches outside India including countries in which the Government has entered into Double Taxation Avoidance Agreements, it is entitled to benefits under the Double Taxation Avoidance Agreements in respect income to which the Double Taxation Avoidance Agreements applies.

2. TO THE SHAREHOLDERS OF THE BANK:

The following are the benefits as per the Current Tax Laws to a prospective investor. It may be, however, noted that in view of the individual nature of tax consequences, prospective investors are advised to consult his/her/their own tax advisor with respect to specific tax consequences of his/her/their participation in public issue of the Bank:

1. To all shareholders:

a) The following incomes earned are exempt from Income Tax in the hands of the shareholders:

1. Under Section 10 (34), income by way of dividends referred to in section 115-O of the Income Tax Act, 1961;

2. Under Section 10(38), income arising from the transfer of an Equity Share of the Bank, which by virtue of holding by the Investor is a Long Term Capital Asset ("Long Term Capital Asset" is an asset held by the investor for more than twelve months) and where the transaction is chargeable to Securities Transaction Tax under Chapter VII of the Finance (No. 2) Act, 2004.

b) Under Section 111A of the Act, any income chargeable under the head "Capital gains", arising from the transfer of shares of the Bank held by an Investor as a Short Term Capital Asset ("Short Term Capital Asset" is defined as an asset held for not more than twelve months immediately preceding the date of its transfer) and such transaction is chargeable to Securities Transaction Tax under Finance (No. 2) Act, 2004, then the tax payable by the Investor on the such income shall be the aggregate of the amount of income-tax calculated on such short-term capital gains at the rate of ten per cent. Further, in the case where the Investor is a Resident Individual/Hindu Undivided Family, and the total income as reduced by such short-term capital gains is below the maximum amount not chargeable to income-tax, then, such short-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such short-term capital gains shall be computed at the rate of ten per cent.

c) Under Section 112 of the Act, income on transfer of shares would be chargeable as Long Term Capital Gains under the head "Capital Gains", if such transaction was not chargeable to Securities Transaction Tax under Finance (No. 2) Act, 2004, and taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso of Section 48; or at 10% (plus applicable surcharges and education cess) (without indexation), at the option of the shareholders. In such a case, the following options are also available to the shareholder:

1. Under Section 54EC of the Act, where the Investor has, at any time within a period of six months after the date of such transfer, invested the whole or any part of capital gains in a long-term specified asset, the said capital gains shall be as under:

a. where the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45;

b. where the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under section 45.

2. Under Section 54ED of the Act, where a capital gain arises from the transfer on sale of shares of the Bank and the Investor has, within a period of six months after the date of such transfer, invested the whole or any part of the capital gain in equity shares forming part of an eligible issue of capital (such equity shares being hereinafter referred to as the specified equity shares), the said capital gain shall be as under:

a. where the cost of the specified equity shares is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45;

b. where the cost of the specified equity shares is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the specified equity shares acquired bears to the whole of the capital gain shall not be charged under section 45.

3. Under Section 54F of the Act, (subject to certain conditions specified therein) in the case of an Investor being an Individual or a Hindu Undivided Family, the Capital Gain arising from the transfer of shares of the Bank and the Investor has, within a period of one year before or two years after the date on which the transfer took place, purchased, or has within a period of three years after that date constructed, a residential house (hereinafter referred to as the new asset) the capital gain shall be as under:

   a. where the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45;

   b. where the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 45.

2. To non-resident shareholders in particular:

   1. In case of non-resident shareholders governed by the provisions of the Chapter XII A of the Act, the following benefits are available to such shareholders:

      a) Under section 115E of the Act, where the total income of the Investor includes dividend (not being dividend referred to 115-0) or long-term capital gains (such transaction is not chargeable to Securities Transaction Tax under Finance (No. 2) Act, 2004), then the tax payable by him shall be the aggregate of the amount of income-tax calculated on the income in respect of investment income referred herein above at the rate of twenty per cent, and the amount of income-tax calculated on the income by way of long-term capital gains referred hereinabove at the rate of ten percent.

      b) Under Section 115F of the Act, where the Investor having Long Term Capital Gains (not exempt under section 10 (38) of the Act) arising from the transfer of shares of the Bank has invested within a period of six months after the date of transfer, the whole or any part of the net consideration in specified asset or in any savings certificates referred to in clause (4B) of section 10 then, such capital gains shall be as under:

         i) where the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45;

         ii) where the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the net consideration shall not be charged under section 45.

         iii) Under Section 115H of the Act, where the Non-Resident Indian investor, subsequently becomes assessable as a resident in India in respect of the total income of any subsequent year, he may, at his option, furnish to the Assessing Officer a declaration in writing along with his return of income under section 139 for the assessment year for which he is so assessable, to the effect that the provisions of this Chapter XII A shall continue to apply to him in relation to the income derived from the shares of the Bank (in this case would also be a foreign exchange asset) and if he does so, the provisions of the Chapter XIIA shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

   2. Under Section 115AD of the Act, where the total income of a Foreign Institutional Investor ("Foreign Institutional Investor" means such investor as the Central Government may, by notification in the Official

Gazette, specify in this behalf) includes dividend (other than dividends referred to in section 115-O) received in respect of shares of the Bank, or income by way of Short-Term or Long-Term Capital Gains arising from the transfer of such securities, the income-tax payable shall be the aggregate of:

a) the amount of income-tax calculated on dividends at the rate of twenty per cent;

b) the amount of income-tax calculated on the income by way of short-term capital gains at the rate of thirty per cent. However, the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of ten per cent; and

c) the amount of income-tax calculated on the income (calculated in the specified manner) by way of Long Term Capital Gains included in the total income, at the rate of ten per cent.

Further, as per section 196D of the Act, where any dividend income (other than dividends referred to in section 115-O) is payable to a Foreign Institutional Investor, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof deduct income-tax thereon at the rate of twenty per cent. However, no deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.

The above provisions will be further subject to benefits under the Double Taxation Avoidance Agreements, if any, between India and country in which the non-resident has fiscal domicile.

Under the Wealth Tax Act, 1957:

Shares are not treated as assets within the meaning of Section 2(ea) of the Wealth Tax Act, 1957. Accordingly, shares purchased in the issue are not liable to wealth-tax in the hands of the shareholders.

Under the Gift Tax Act, 1958:

Gifts of the shares made on or after October 1, 1998 are not liable to Gift Tax.

INDIAN BANKING SECTOR

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the GoI and its various ministries and RBI, and has not been prepared or independently verified by us or any of our advisors. Wherever we have relied on figures published by RBI, unless stated otherwise, we have relied on RBI Annual Report, 2004-2005, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks as of December 2004, RBI's Annual Policy Statements for 2004-2005 and 2005-2006 and the Mid-term Review of RBI's Annual Policy Statement for 2005-2006.

History

The evolution of the modern commercial banking industry in India can be traced to 1786 with the establishment of the Bank of Bengal in Calcutta. Three presidency banks were set up in Calcutta, Bombay and Madras. In 1860, the limited liability concept was introduced in banking, resulting in the establishment of joint stock banks. In 1921, the three presidency banks were amalgamated to form the Imperial Bank of India, which took on the role of a commercial bank, a bankers' bank and a banker to the Government. The establishment of RBI as the central bank of the country in 1935 ended the quasi-central banking role of the Imperial Bank of India. In order to serve the economy in general and the rural sector in particular, the All India Rural Credit Survey Committee recommended the creation of a state-partnered and state sponsored bank taking over the Imperial Bank of India and integrating with it, the former state-owned and state-associate banks. Accordingly, the State Bank of India ("SBI") was constituted in 1955. Subsequently in 1959, the State Bank of India (Subsidiary Bank) Act was passed, enabling the SBI to take over eight former state-associate banks as its Subsidiaries. In 1969, 14 private banks were nationalised followed by six private banks in 1980. Since 1991, many financial reforms have been introduced substantially transforming the banking industry in India.

Overview

Today, RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including the following:

a. commercial banks comprising:
   - public sector banks;
   - private sector banks; and
   - foreign banks
b. cooperative banks;
c. long-term lending institutions;
d. non-bank finance companies, including housing finance companies;
e. other specialized financial institutions, and state-level financial institutions;
f. insurance companies; and
g. mutual funds.

Until the early 1990s, the Indian financial system was strictly controlled. Interest rates were administered, formal and informal parameters governed asset allocation, and strict controls limited entry into and expansion within the financial sector. The Government of India's economic reform program, which began in 1991, encompassed the financial sector. The first phase of the reform process began with the implementation of the recommendations of the Committee on the Financial System, the Narasimham Committee I. The second phase of the reform process began in 1999.

The discussion below presents an overview of the role and activities of RBI and of each of the major participants in the Indian financial system, with a focus on the commercial banks. This is followed by a brief summary of the banking reform process along with the recommendations of various committees that have played a key role in the reform process. A brief discussion on the impact of the liberalization process on commercial banks and financial sector is then presented. Also, reforms in the non-banking financial sector are briefly reviewed.

BANK OF BARODA

Reserve Bank of India

RBI is the central banking and monetary authority in India. RBI manages the country's money supply and foreign exchange and also serves as a bank for the GoI and for the country's commercial banks. In addition to these traditional central banking roles, RBI undertakes certain developmental and promotional activities.

RBI issues guidelines, notifications and circulars on various areas, including exposure standards, income recognition, asset classification, provisioning for non-performing assets, investment valuation and capital adequacy standards for commercial banks, long-term lending institutions and non-banking finance companies. RBI requires these institutions to furnish information relating to their businesses to RBI on a regular basis.

Commercial Banks

Commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. At the end of March 2005 there were 284 scheduled commercial banks and four non-scheduled commercial banks in the country, with a network of 68,116 branches. Scheduled commercial banks are banks that are listed in the second schedule to the RBI Act, and may further be classified as public sector banks, private sector banks and foreign banks. Industrial Development Bank of India was converted into a banking company by the name of Industrial Development Bank of India Limited with effect from October 2004 and is a scheduled commercial bank. Scheduled commercial banks have a presence throughout India, with nearly 69.49% of bank branches located in rural or semi-urban areas of the country. A large number of these branches belong to the public sector banks.

Public Sector Banks

Public sector banks make up the largest category of banks in the Indian banking system. There are 28 public sector banks in India. They include the SBI and its associate banks and 20 nationalised banks. Nationalised banks are governed by the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970 and 1980. The banks nationalised under the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970 and 1980 are referred to as 'corresponding new banks'.

Bank of Baroda is a corresponding new bank, nationalised in 1969 under the Bank Acquisition Act. At the end of March 2005, public sector banks had 47,320 branches and accounted for 74.00% of the aggregate deposits and 70.47% of the outstanding gross bank credit of the scheduled commercial banks.

Regional Rural Banks

Regional rural banks were established from 1976 to 1987 jointly by the Central Government, State Governments and sponsoring public sector commercial banks with a view to develop the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural labourers. There were 196 regional rural banks at the end of March 2005 with 14,433 branches, accounting for 3.50% of aggregate deposits and 2.81% of gross bank credit outstanding of scheduled commercial banks.

Private Sector Banks

After bank nationalisation was completed in 1969 and 1980, the majority of Indian banks were public sector banks. Some of the existing private sector banks, which showed signs of an eventual default, were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, RBI permitted entry by the private sector into the banking system. This resulted in the introduction of nine private sector banks. These banks are collectively known as the new private sector banks. There are nine "new" private sector banks operating at present. In addition, 20 private sector banks existing prior to July 1993 were operating as at March 31, 2005.

Foreign Banks

At the end of March 2005, there were 31 foreign banks with 220 branches operating in India, accounting for 4.40% of aggregate deposits and 6.60% of outstanding gross bank credit of scheduled commercial banks. The Government of India permits foreign banks to operate through (i) branches; (ii) a wholly owned subsidiary; or (iii) a subsidiary with aggregate foreign investment of up to 74% in a private bank. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made consumer financing a significant part of their portfolios. These banks offer products such as automobile finance, home loans, credit cards and household consumer finance. The GoI in 2003 announced that wholly-owned subsidiaries of foreign banks would be permitted to incorporate wholly-owned subsidiaries in India. Subsidiaries of foreign banks will have to adhere to all banking regulations, including priority sector lending norms, applicable to domestic banks. In March 2004, the Ministry of Commerce and Industry, GoI announced that the foreign direct investment limit in private sector banks has been raised to 74% from the existing 49% under the automatic route including investment by FIIs. The announcement also stated that the aggregate of foreign investment in a private bank from all sources would be allowed up to a maximum of 74% of the paid up capital of the bank.

The RBI in July 2004 issued a Draft Policy on Investment and Governance in Private Sector Banks, which set out certain broad principles underlying the framework relating to ownership of private sector banks.

Cooperative Banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. In light of the liquidity and insolvency problems experienced by some cooperative banks in fiscal 2001, RBI undertook several interim measures to address the issues, pending formal legislative changes, including measures related to lending against shares, borrowings in the call market and term deposits placed with other urban cooperative banks. RBI is currently responsible for the supervision and regulation of urban co-operative societies, the National Bank for Agriculture and Rural Development, state co-operative banks and district central co-operative banks. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004 (which came into effect as of September 24, 2004), specifies that all co-operative banks are under the supervision and regulation of RBI.

Term Lending Institutions

Term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernization of existing facilities. These institutions provide fund-based and non-fund based assistance to industry in the form of loans, underwriting, direct subscription to shares, debentures and guarantees. The primary long-term lending institutions include Industrial Development Bank of India (converted into a banking company with effect from October 2004), IFCI Limited, Infrastructure Development Finance Company Limited and Industrial Investment Bank of India.

The term lending institutions were expected to play a critical role in industrial growth in India and, accordingly, had access to concessional government funding. However, in recent years, the operating environment of the term lending institutions has changed substantially. Although the initial role of these institutions was largely limited to providing a channel for government funding to industry, the reform process required them to expand the scope of their business activities. Their new activities include:

- Fee-based activities like investment banking and advisory services; and
- Short-term lending activity including corporate loans and working capital loans.

Pursuant to the recommendations of the Committee on Banking Sector Reforms (Narasimham Committee II), S.H. Khan Working Group, a working group created to harmonise the role and operations of term lending institutions and banks, RBI, in its mid-term review of monetary and credit policy for fiscal 2000, announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms as applicable to banks in India. In April 2001, RBI issued guidelines on several operational and regulatory issues which were required to be addressed in evolving the path for transition of a term lending institution into a universal bank.

ICICI Limited had a reverse merger with its banking subsidiary effective from April 2002. Industrial Development Bank of India was converted into a banking company with the name of Industrial Development Bank of India Limited within the meaning of the Bank Regulation Act and the Companies Act with effect from October 2004.

Non-Banking Finance Companies

There were 13,187 non-banking finance companies in India as of March 31, 2005, mostly in the private sector. All non-banking finance companies are required to register with RBI in terms of The Reserve Bank of India (Amendment) Act, 1997. The non-banking finance companies, on the basis of their principal activities are broadly classified into four categories namely equipment leasing, hire purchase, loan and investment companies and deposits and business activities of Residuary Non-Banking Companies (RNBCs). The RBI has put in place a set of directions to regulate the activities of

NBFCs under its jurisdiction. The directions are aimed at controlling the deposit acceptance activity of NBFCs. The NBFCs which accept public deposits are subject to strict supervision and capital adequacy requirements of RBI. Out of the NBFCs registered with RBI as of March 2005, 474 NBFCs accept public deposits.

Housing Finance Companies

Housing finance companies form a distinct sub-group of the non-bank finance companies and are regulated by National Housing Bank (NHB). As a result of the various incentives given by the Government for investing in the housing sector in recent years, the scope of their business has grown substantially. Until recently, Housing Development Finance Corporation Limited was the premier institution providing housing finance in India. In recent years, several other players including banks have entered the housing finance industry. The National Housing Bank and the Housing and Urban Development Corporation Limited are the two Government-controlled financial institutions created to improve the availability of housing finance in India. The National Housing Bank Act provides for refinancing and securitization of housing loans, foreclosure of mortgages and setting up of the Mortgage Credit Guarantee Scheme. RBI has directed commercial banks to lend at least 3.0% of their incremental deposits in the form of housing loans. Further, RBI has reduced the risk weight for loans for residential properties to 50.0% for the purpose of determining capital adequacy. However, RBI increased this risk weightage for loans to residential properties to 75% in December 2004. Housing loans up to certain limits prescribed by RBI as well as mortgage-backed securities qualify for priority sector lending under RBI's directed lending rules.

Other Financial Institutions

Specialized Financial Institutions

In addition to the long-term lending institutions, there are various specialized financial institutions that cater to the specific needs of different sectors. They include the National Bank for Agricultural and Rural Development, Export Import Bank of India, Small Industries Development Bank of India, Risk Capital and Technology Finance Corporation Limited, Tourism Finance Corporation of India Limited, National Housing Bank, Power Finance Corporation Limited and the Infrastructure Development Finance Corporation Limited.

State Level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. The state financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industry. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large-sized enterprises.

Insurance Companies

As of August 31, 2005, there were 29 insurance companies in India, of which 14 are life insurance companies, 14 are general insurance companies and one is a reinsurance company. Of the 14 life insurance companies, 13 are in the private sector and one is in the public sector. Among the general insurance companies, nine are in the private sector and five are in the public sector. The reinsurance company, General Insurance Corporation of India, is in the public sector. Life Insurance Corporation of India, General Insurance Corporation of India and public sector general insurance companies also provide long-term financial assistance to the industrial sector. In fiscal 2004, the total gross premiums underwritten of all general insurance companies were Rs. 160.37 billion and the total new premiums of all life insurance companies were Rs. 194.30 billion. As per provisional figures released by Insurance Regulatory and Development Authority (IRDA), in fiscal 2005, the total gross premiums underwritten of all general insurance companies were Rs. 180.95 billion and the total new premiums of all life insurance companies were Rs. 253.43 billion. Over the past few years, the market shares of private sector insurance companies have been increasing in both life and non-life insurance businesses. The market share of private sector life insurance companies in new business written increased from 1.35% in fiscal 2002 to 5.66% in fiscal 2003 and 12.56% in the fiscal 2004. Provisional figures released by IRDA indicate a market share of 21.93% during fiscal 2005 for private sector life insurance companies in new business written. The market share of private sector non-life insurance companies for business in India increased from 3.86% in fiscal 2002 to 9.16% in fiscal 2003 and 14.09% during the fiscal 2004. Provisional figures released by IRDA indicate a market share of 19.65% during fiscal 2005 for private sector non-life insurance companies for business in India.

Mutual Funds

As of the end of March 2005, there were 29 mutual funds in India with total net assets of Rs. 1495.54 billion. From 1963 to 1987, Unit Trust of India was the only mutual fund operating in India. It was set up in 1963 at the initiative of the Government and RBI. From 1987 onwards, several other public sector mutual funds entered this sector. These mutual funds were established by public sector banks, the Life Insurance Corporation of India and General Insurance Corporation of India. The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the SEBI (Mutual Fund) Regulation 1996.

Liberalisation and the Reform Process

Impact of Liberalisation on the Banking Sector

Until 1991, the financial sector in India was heavily controlled, and commercial banks and term lending institutions, the two dominant financial intermediaries, had mutually exclusive roles and objectives and operated in a largely stable environment, with little or no competition. Term lending institutions were focused on the achievement of the Indian government's various socio-economic objectives, including balanced industrial growth and employment creation, especially in areas requiring development. These lending institutions provided access to long-term funds at subsidised rates through loans and equity from the Government of India and from funds guaranteed by the Government of India originating from commercial banks in India and foreign currency resources originating from multilateral and bilateral agencies.

The focus of the commercial banks was primarily to mobilise household savings through demand and time deposits and to use these deposits to meet the short-term financial needs of borrowers in industry, trade and agriculture. In addition, the commercial banks provided a range of banking services to individuals and businesses.

However, since 1991, there have been comprehensive changes in the Indian financial system. Various financial sector reforms, implemented since 1991, have transformed the operating environment of the banks and long-term lending institutions. In particular, the deregulation of interest rates, the emergence of a liberalised domestic capital market, and entry of new private sector banks, along with the broadening of term lending institutions' product portfolios, have progressively intensified the competition among banks and term lending institutions. RBI has permitted the transformation of term lending institutions into banks subject to compliance with the applicable law.

Banking Sector Reforms

In the wake of the last decade of financial reforms, the banking industry in India has undergone a significant transformation, which has covered almost all important facets of the industry.

Most large banks in India were nationalised by 1980 and thereafter were subject to a high degree of control until reform began in 1991. In addition to controlling interest rates and entry into the banking sector, the regulations also channelled lending into priority sectors. Banks were required to fund the public sector through the mandatory acquisition of low-interest-bearing government securities or statutory liquidity ratio bonds to fulfil statutory liquidity requirements. As a result, bank profitability was low, non-performing assets were comparatively high, capital adequacy was diminished, and operational flexibility was hindered.

Committee on the Financial System (Narasimham Committee I)

The Committee on the Financial System (Narasimham Committee I) was set up in August 1991 to recommend measures for reforming the financial sector. Many of the recommendations made by the committee, which addressed organisational issues, accounting practices and operating procedures, were implemented by the Government of India. The major recommendations that were implemented included the following:

- With fiscal stabilisation and the Government increasingly resorting to market borrowing to raise resources, the statutory liquidity ratio, or the proportion of a bank's net demand and time liabilities that were required to be invested in government securities, was reduced from 38.5%, in the pre-reform period, to 25.0% in October 1997. This meant that the significance of the statutory liquidity ratio shifted from being a major instrument for financing the public sector in the pre-reform era to becoming a prudential requirement;
- Similarly, the cash reserve ratio or the proportion of the bank's net demand and time liabilities that were required to be deposited with RBI, was reduced from 15.0%, in the pre-reform period, to 5.0% currently;

- Special tribunals were created to resolve bad debt problems;
- Most of the restrictions on interest rates for deposits were removed and commercial banks were allowed to set their own level of interest rates for all deposits except savings bank deposits; and
- Substantial capital infusion to several state-owned banks was approved in order to bring their capital adequacy closer to internationally accepted standards. The stronger public sector banks were given permission to issue equity to increase capital.

Committee on Banking Sector Reform (Narasimham Committee II)

The second Committee on Banking Sector Reform (Narasimham Committee II) submitted its report in April 1998. The major recommendations of the committee were in respect of capital adequacy requirements, asset classification and provisioning, risk management and merger policies. RBI accepted and began implementing many of these recommendations in October 1998.

The successes of the reforms were aided to a large extent by the relative macroeconomic stability during the period. Another distinguishing feature of the reforms was the successful sequencing and gradual introduction of the reforms.

Banks have implemented new prudential accounting norms for the classification of assets, income recognition and loan loss provisioning. Following the Bank for International Settlements (BIS) guidelines, capital adequacy norms have also been prescribed. To meet additional capital requirements, public sector banks have been allowed to access the market for funds. Interest rates have been deregulated, while the rigour of directed lending has been progressively reduced.

Committee on Capital Account Convertibility (Tarapore Committee)

In 1997, the Tarapore Committee on Capital Account Convertibility, constituted by the Reserve Bank, set out the preconditions for capital account convertibility. The three crucial preconditions were fiscal consolidation, a mandated inflation target and a strengthening of the financial system. RBI set itself the objective of achieving these preconditions within three years from the date the Tarapore Committee was constituted.

The Tarapore Committee also recommended change in the legislative framework governing foreign exchange transactions. Accordingly, FERA which formed the statutory basis for exchange control in India, was repealed and replaced by the FEMA with effect from June 2000.

Proposed Structural Reforms

Amendments to the Banking Regulation Act

A comprehensive bill to amend the Banking Regulation Act, 1949, was recently passed, which provides for the following:

- to remove the lower and upper bounds to the Statutory Liquidity Ratio and provide flexibility to RBI to prescribe prudential norms;
- to allow banking companies to issue preference shares; and
- to introduce specific provisions to enable the consolidated supervision of banks and their subsidiaries by RBI in consonance with international best practices.
- introduction of new provision to provide for set-off of losses to banking companies in cases of amalgamation; and
- enhancement of credit-linking of Self-Help Groups with the Banking System.

Amendments to the Reserve Bank of India Act

Further, the Finance Act, 2005, provides for the introduction of the following amendments to the Reserve Bank of India Act, 1934:

- to remove the limits of the CRR to facilitate greater flexibility in monetary policy; and
- to enable RBI to lend or borrow securities by way of repo, reverse repo or otherwise.

Legislative Framework for Recovery of Debts Due to Banks

In fiscal 2003, the Parliament passed the Securitisation Act. The Securitisation Act provides the powers of "seize and desist" to banks. The Act provides that a "secured creditor" may, in respect of loans classified as non-performing in accordance with RBI guidelines, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan, and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets. This Act also provides for the establishment of asset reconstruction companies regulated by RBI to acquire assets from banks and financial institutions. The constitutionality of the Securitisation Act was challenged in Mardia Chemicals Limited v. Union of India, AIR 2004 SC 2371. The Supreme Court upheld the validity of the Act, except Section 17(2), wherein they found that the requirement of making a deposit of 75% of the amount claimed at the time of making a petition or an appeal to the DRT in order to challenge the measures taken by the creditor was unreasonable and therefore, struck down. RBI has issued guidelines for asset reconstruction companies in respect of their establishment, registration and licensing by RBI, and operations.

Earlier, following the recommendations of the Narasimham Committee I, the Recovery of Debts due to Banks and Financial Institutions Act, 1993 was enacted. This legislation provides for the establishment of a tribunal for the speedy resolution of litigation and the recovery of debts owed to banks or financial institutions. The legislation creates tribunals before which the banks or the financial institutions can file a suit for recovery of the amounts due to them. However, if a scheme of reconstruction is pending before the Board for Industrial and Financial Reconstruction, under the Sick Industrial Companies (Special Provision) Act, 1985, no proceeding for recovery can be initiated or continued before the tribunals. While presenting its budget for fiscal 2002, the Government of India announced measures for establishing more debt recovery tribunals and the eventual repeal of the Sick Industrial Companies (Special Provision) Act, 1985. While the Parliament has repealed this Act, the notification to make the repeal effective has not yet been issued.

Corporate Debt Restructuring ("CDR")

To put in place an institutional mechanism for the restructuring of corporate debt, RBI has devised a corporate debt restructuring system. The objective of this framework is to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities facing problems, outside the purview of the Board for Industrial and Financial Reconstruction, debt recovery tribunals and other legal proceedings. In particular, the framework aims to preserve viable corporates that are affected by certain internal and external factors and minimize the losses to the creditors and other stakeholders through an orderly and co-ordinated restructuring program. The corporate debt restructuring system is a non-statutory mechanism and a voluntary system based on debtor-creditor and inter-creditor agreements. Any lender having a minimum 20% exposure in term loan or working capital may make a reference to the CDR Forum.

The system put in place by RBI contemplates a three tier structure with the CDR Standing Forum at the helm, which is the general body of all member institutions, out of which is carved out the core group, a niche body of select institutions that decides policy matters. Decisions on restructuring are taken by the CDR Empowered Group, which has all the member banks/FIs as its members. To assist the CDR Forum in secretarial matters and for analysis of the restructuring packages, a CDR Cell has been formed.

The total membership of the CDR Forum as on March 31, 2004 was 60, of which there were 14 FIs, 27 public sector banks and 19 private sector banks.

RBI has by its circular DBOD BP.BC.No. 45-21.04.132-2005-06 dated November 10, 2005 amended the above guidelines on CDR and the major amendments include the following:

- extension of the scheme to entities with outstanding exposure of Rs. 100 million or more;
- requirement of support of 60% of creditors by number in addition to the support of 75% of creditors by value with a view to make the decision making more equitable;
- discretion to the core group in dealing with wilful defaulters in certain cases other than cases involving faruds or diversion of funds with malafide intentions;
- linking the restoration of asset classification prevailing on the date of reference to the CDR cell to implementation of the CDR package within four months from the date of approval of the package;

- restricting the regulatory concession in asset classification and provisioning to the first restructuring where the package also has to meet norms relating too turn-around period and minimum sacrifice and funds infusion by promoters;
- convergence in the methodology for computation of economic sacrifice among banks and FIs;
- limiting RBI's role to providing broad guidelines for CDR mechanism;
- enhancing disclosures in the balance sheet for providing greater transparency;
- pro-rata sharing of additional finance requirement by both term lenders and working capital lenders;
- allowing OTS as a part of the CDR mechanism to make the exit option more flexible; and
- regulatory treatment of non-SLR instruments acquired while funding interest or in lieu of outstanding principal and valuation of such instruments.

Universal Banking Guidelines

Universal banking, in the Indian context, means the transformation of long-term lending institutions into banks. Pursuant to the recommendations of the Narasimham Committee II and the Khan Working Group, RBI, in its mid-term review of monetary and credit policy for fiscal 2000, announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms as applicable to banks. If a long-term lending institution chose to exercise the option available to it and formally decided to convert itself into a universal bank, it could formulate a plan for the transition path and a strategy for smooth conversion into a universal bank over a specified time frame. In April 2001, the RBI issued guidelines on several operational and regulatory issues which were required to be addressed in evolving the path for transition of a long-term lending institution into a universal bank.

Annual Policy Statement

RBI has renamed its credit policy as the "Annual Policy" statement since it is more aimed at structural adjustments rather than controlling the credit flow in the economy. As per the RBI's Annual Policy statement for fiscal 2006, the rate of CRR of scheduled commercial banks has been kept at 5.00% of net demand and time liabilities as on the last Friday of the second preceding fortnight.

As part of its effort to continue bank reform, RBI has announced a series of measures in its monetary and credit policy statements aimed at deregulating and strengthening the financial system.

In the Annual Policy for fiscal 2006, RBI has stated that the overall stance of monetary policy for fiscal 2006 shall be as follows:

- Provision of appropriate liquidity to meet credit growth and support investment and export demand in the economy while placing equal emphasis on price stability;
- Consistent with the above, to pursue an interest rate environment that is conducive to macroeconomic and price stability, and maintaining the momentum of growth; and
- To consider measures in a calibrated manner, in response to evolving circumstances with a view to stabilising inflationary expectations.

In the Annual Policy for fiscal 2006, RBI has introduced the following measures, among others:

- Liquidity adjustment facility ("LAF") scheme: The international usage of "repo" and "reverse repo" terms was adopted from October 29, 2004. The LAF scheme has been operating with overnight fixed rate repo and reverse repo with effect from November 1, 2004.
- There is no change in the bank rate, which remains at 6.00%.
- The fixed reverse repo rate under the LAF scheme was increased effective from April 29, 2005 from 4.75% to 5.00%. The fixed repo rate under LAF remained unchanged at 6.00%.
- The CRR level has been kept unchanged at 5.00%.

- Ensuring stability in short-term interest rates, minimising default risk and achieving a balanced development of various segments of the money market.
- RBI will not be participating in the primary issuance of Government securities with effect from April 1, 2006. Further sale of government securities allotted in primary issues with and between CSGL account holders (which is the demat form of holding Government securities) shall also take place on the same day.
- RBI shall issue guidelines on merger and amalgamation between private sector banks and with NBFCs. The guidelines would cover process of merger proposal, determination of swap ratios, disclosures, norms for buying/ selling of shares by promoters before and during the process of merger and the Board's involvement in the merger process. The principles underlying these guidelines would also be applicable as appropriate to public sector banks, subject to relevant legislation.
- To raise the ceiling of overseas investment by Indian entities in overseas joint ventures and/or wholly owned subsidiaries from 100% to 200% of their net worth under the automatic route.
- To set up an independent Banking Codes and Standards Board of India on the model of the mechanism in the U.K. in order to ensure that comprehensive code of conduct for fair treatment of customers are evolved and adhered to.
- Structural and developmental measures for deepening and widening the government securities market.
- Measures for simplifying the systems and procedures for offering better customer service and to continue with the liberalisation process for improvement of the foreign exchange market.

Mid-Term Review of Annual Policy Statement

The Mid-Term Review of the Annual Policy Statement of RBI for fiscal 2006, which was released in late October 2005, included the following measures:

Monetary Measures

- Bank rate kept unchanged at 6.0%.
- Reverse repo rate increased by 25 basis points to 5.25%, effective October 26, 2005. The spread between reverse repo rate and the repo rate under LAF was maintained at 100 basis points.
- The cash reserve ratio was kept unchanged at 5.0%.

Interest Rate Policy

- Indian Banks' Association is being asked to review the benchmark prime lending rate system and issue transparent guidelines for appropriate pricing of credit.

Financial Markets

- RBI constituted a new department called the Financial Markets Department in July 2005 with a view to moving towards functional separation between debt management and monetary operations.
- RBI proposes the introduction of intra-day short selling in government securities proposed.
- NDS-OM module to be extended to all insurance entities that are mandated to invest in government securities.
- A screen-based negotiated quote-driven system for call/notice and term money markets and an electronic trading platform for market repo operations in government securities are being developed by the Clearing Corporation of India Ltd.

External Commercial Borrowings (ECBs)

- Special purpose vehicles, or any other entity notified by RBI, which are set up to finance infrastructure companies/ projects would be treated as financial institutions and ECBs raised by such entities would be considered under the approval route.
- Banks are to be allowed to issue guarantees or standby letters of credit in respect of ECBs raised by textile companies for the modernisation or expansion of textile units.

Credit Delivery Mechanisms

- Banks have been advised (a) to fix their own targets for financing the SME sector so as to reflect higher disbursement required by RBI, (b) formulate liberal and comprehensive policies for extending loans to the SME sector and (c) rationalise the cost of loans to the SME sector with cost linked to credit ratings.
- A debt restructuring mechanism for units in the SME sector, in line with the corporate debt restructuring (CDR) mechanism prevailing in the banking sector has been formulated by RBI.
- The Micro Finance Development Fund set up in the NABARD has been re-designated as the Microfinance Development and Equity Fund (MFDEF) and its funding increased from Rs. 1,000 million to Rs. 2,000 million. The modalities in regard to the functioning of the MFDEF are being considered.
- An internal working group proposed to examine and revise guidelines concerning relief measures to be provided in areas affected by natural calamities.

Financial Inclusion

- Measures have been proposed in respect of credit delivery mechanisms to (a) ensure financial inclusion of all segments of the population, in both rural and urban areas, (b) instate a comprehensive framework to revive the co-operative credit system, revitalise the regional rural banks (RRBs) and focus commercial banking towards the credit-disadvantaged sectors.
- With a view to achieving greater financial inclusion all banks have been requested to make available a basic banking 'no frills' account either with nil or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population. All banks are urged to give wide publicity to the fact such a 'no-frills' account is available, so as to promote greater financial inclusion.

Prudential Measures

- A bank's aggregate capital market exposure has been restricted to 40% of the net worth of the bank on a stand alone and consolidated basis; consolidated direct capital market exposure has been modified to 20% of the bank's consolidated net worth. Individual banks that have sound internal controls and robust risk management systems can approach the Reserve Bank to apply for higher limits.
- The general provisioning requirement for standard advances has been increased from the present level of 0.25% to 0.40%. Direct advances to agricultural and SME sectors are exempted from the additional provisioning requirement.
- A supervisory review process to be initiated with select banks having significant exposure to some sectors, namely, real estate, highly leveraged NBFCs, venture capital funds and capital markets, in order to ensure that effective risk management systems and sound internal controls are in place.
- A general permission has been granted to banks to issue debit cards in tie-up with non-bank entities.

Institutional Developments

- The details of the scheme regarding implementation of the provisions of the Right to Information Act, 2005 have been placed on RBI's website.
- RBI has recently updated its nominal effective exchange rates (NEER) and real effective exchange rates (REER) indices. RBI anticipates that the new 6-currency indices and the revised 36-country indices of NEER and REER will be published in the Reserve Bank of India Bulletin of December 2005.
- Currency chest facility and licence to conduct foreign exchange business (authorised person licence) to scheduled UCBs registered under the Multi-State Co-operative Societies Act and under the State Acts where the State Governments concerned have assured regulatory coordination by entering into Memorandum of Understanding with RBI. At present, currency chest facility and licences to conduct foreign exchange business are issued only to scheduled commercial banks.
- Acquirer UCB to be permitted to amortise the losses taken over from the acquired UCB over a period of not more than five years, including the year of merger.

Reforms of the Non-Banking Finance Companies

The standards relating to income recognition, provisioning and capital adequacy were prescribed for non-banking finance companies in June 1994. The registered non-banking finance companies were required to achieve a minimum capital adequacy of 6.0% by year-end fiscal 1995 and 8.0% by year-end fiscal 1996 and to obtain a minimum credit rating. To encourage the companies complying with the regulatory framework, RBI announced in July 1996 certain liberalization measures under which the non-banking finance companies registered with it and complying with the prudential norms and credit rating requirements were granted freedom from the ceiling on interest rates on deposits and amount of deposits. Other measures introduced include requiring non-banking finance companies to maintain a certain percentage of liquid assets and to create a reserve fund. The percentage of liquid assets to be maintained by non-banking finance companies has been revised uniformly upwards and since April 1999, 15.0% of public deposits must be maintained. Efforts have also been made to integrate non-banking finance companies into the mainstream financial sector.

New Initiatives in the Banking Sector

Risk Management and Basel II

With gradual deregulation, banks are now exposed to different types of risks. In view of the dynamic nature of the financial market, banks face various market risks like interest rate risk, liquidity risk, and exchange risk. In respect of lending, they face credit risk which includes default risk and portfolio risk. Banks also face risks like operational risk.

In preparation for the adoption of the Basel II accord, banks have already been required by RBI to take active measures in terms of risk management systems, evaluate capital charges including for operational risk and bring about more transparency in financial reporting as part of market discipline. RBI has also moved towards adoption of Risk Based Supervision (RBS) of banks under which the risk profile of the banks will decide their supervisory cycles - a bank with higher risk rating will undergo more frequent supervisory reviews than those with lower risk rating. RBI has also indicated that it will adopt a phased approach to the implementation of the Basel II accord. Implementation of market risk systems will be completed within two years from the year ended March 31, 2005 and the credit risk and operational risk systems with effect from March 31, 2007.

RTGS Implementation in India

With the commencement of operations of the Real Time Gross Settlement (“RTGS”) system from March 26, 2004, India crossed a major milestone in the development of systemically important payment systems and complied with the core principles framed by the Bank for International Settlements. As of March 31, 2005, there are 95 direct participants in the RTGS system, including us. The salient features of the RTGS are as follows:

- Payments are settled transaction by transaction for high value and retail payments;
- Settlement of funds is final and irrevocable;
- Settlement is done on a real time basis and the funds settled can be further used immediately;
- It is a fully secure system which uses digital signatures and public key infrastructure based inscription for safe and secure message transmission;
- There is a provision for intra-day collaterised liquidity support for member banks to smoothen the temporary mismatch of fund flows; and
- RTGS provides for transfer of funds relating to inter bank settlements as also for customer related fund transfers.

More than 75% of the value of inter bank transfers, which was earlier being settled through the deferred net settlement systems based inter-bank clearing, is now being settled under RTGS.

Exchange Controls

Restrictions on Conversion of Rupees

There are restrictions on the conversion of Rupees into U.S. Dollars. Before February 29, 1992, RBI determined the official value of the Rupee in relation to a weighted basket of currencies of India’s major trading partners. In the February 1992 budget, a new dual exchange rate mechanism was introduced by allowing conversion of 60.0% of the foreign exchange received on trade or current account at a market-determined rate and the remaining 40.0% at the official rate. All importers were, however, required to buy foreign exchange at the market rate except for certain specified priority imports. In March 1993, the exchange rate was unified and allowed to float. In February 1994 and again in August 1994, RBI announced relaxations in payment restrictions in case of a number of transactions. Since August 1994, the Government of India has substantially complied with its obligations owed to the International Monetary Fund, under which India is committed to refrain from using exchange restrictions on current international transactions as an instrument in managing the balance of payments. Effective July 1995, the process of current account convertibility was advanced by relaxing restrictions on foreign exchange for various purposes, such as foreign travel and medical treatment.

In December 1999, the Indian parliament passed the Foreign Exchange Management Act, 1999, which became effective on June 1, 2000, replacing the earlier Foreign Exchange Regulation Act, 1973. This legislation indicated a major shift in the policy of the Government with regard to foreign exchange management in India. While the Foreign Exchange Regulation Act, 1973 was aimed at the conservation of foreign exchange and its utilization for the economic development of the country, the objective of the Foreign Exchange Management Act, 1999 was to facilitate external trade and promote the orderly development and maintenance of the foreign exchange market in India.

The Foreign Exchange Management Act, 1999 regulates transactions involving foreign exchange and provides that certain transactions cannot be carried out without the general or special permission of RBI. The Foreign Exchange Management Act, 1999 has eased restrictions on current account transactions. However, RBI continues to exercise control over capital account transactions (i.e., those which alter the assets or liabilities, including contingent liabilities, of persons). RBI has issued regulations under the Foreign Exchange Management Act, 1999 to regulate the various kinds of capital account transactions, including certain aspects of the purchase and issuance of shares of Indian companies. RBI has also permitted authorized dealers to freely allow remittances by individuals up to U.S.$25,000 per calendar year for any permissible current or capital account transactions or a combination of both.

Restrictions on Sale of the Equity Shares and Repatriation of Sale Proceeds

Under Indian regulations and practice, the approval of RBI is required for the sale of Equity Shares by a non-resident of India to a resident of India as well as for renunciation of rights to a resident of India. However, sale of such shares under the portfolio investment scheme prescribed by RBI does not require the approval of RBI provided the sale is made on a recognized stock exchange and through a registered stock broker.

If the prior approval of RBI has been obtained for the sale of the Equity Shares, then the sale proceeds may be remitted as per the terms of such an approval. However, if the Equity Shares are sold under the portfolio investment scheme then the sale proceeds may be remitted through an authorized dealer, without the approval of RBI provided that the Equity Shares are sold on a recognized stock exchange through a registered stock broker and a no objection/tax clearance certificate from the income-tax authority has been produced.

Technology

Technology is emerging as a key-driver of business in the banking and financial services industry. Banks are developing alternative channels of delivery like ATMs, telebanking, remote access and Internet banking etc. Indian banks have been making significant investments in technology. Besides computerization of front-office operations, the banks have moved towards back-office centralization. Banks are also implementing “Core Banking” or “Centralised Banking”, which provides connectivity between branches and helps offer a large number of value-added products, benefiting a larger number of customers. RBI Annual Report for the fiscal 2005 states that the use of ATMs has been growing rapidly and this has helped in optimising the investments made by banks in infrastructure. Banks have joined together in small clusters to share their ATM networks during the year. There are five such ATM network clusters functioning in India. The total number of ATMs installed by the public sector banks stood at 8,219 at March 31, 2004, compared with 5,963 ATMs at March 31, 2003.

The payment and settlement system is also being modernised. RBI is actively pursuing the objective of establishing a Real Time Gross Settlement (RTGS) system on par with other developed economies.

Corporate Governance

Adoption of good corporate governance practices has been getting the attention of banks as well as the regulators and owners in India. Banks in India now typically have an audit committee of the board of directors, which is entrusted with the task of overseeing the organisation, operationalisation and quality control of the internal audit function, reviewing financial accounts and follow-up with the statutory and external auditors of the bank as well as examinations by regulators. Disclosure levels in bank balance sheets have been enhanced, while measures have also been initiated to strengthen corporate governance in banks.

Consolidation

Indian banks are increasingly recognizing the importance of size. These efforts have received encouragement from the views publicly expressed by the current Government favouring consolidation in the Indian banking sector. Although there have been instances of mergers, these have usually involved financially distressed banks. Mergers and acquisitions are seen by banks as a means of achieving inorganic growth in size and attaining economies of scale and scope. Notwithstanding the government ownership of public sector banks, the government has indicated that it would not stand in the way of mergers of public sector banks, provided the bank boards come up with a proposal of merger, based on synergies and potential for improved operational efficiency. The Government has also provided tax breaks aimed at promoting mergers and acquisitions (Section 72(A) of the I.T. Act enables the acquiring entity (which could be a company, a corresponding new bank, a banking company or a specified bank) the benefit of "carry forward and set-off of accumulated losses and unabsorbed depreciation" of the acquired entity, subject to specified conditions being fulfilled). Further, under the Finance Act, 2005 a new Section 72AA has been incorporated into the I.T. Act pursuant to which, during the amalgamation of a banking company with any other banking institution under a scheme sanctioned and brought into force by the Central Government under Section 45 (7) of the Banking Regulation Act, the accumulated loss and the unabsorbed depreciation of such banking company shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution for the previous year in which the scheme of amalgamation was brought into force and other provisions of the I.T. Act relating to the set-off and carry forward of loss, and allowance, for depreciation shall apply accordingly. It is envisaged that the consolidation process in the public sector bank group is imminent, particularly as banks will be required to attain higher capital standards under Basel II and meet the pressures of competition by adoption of the extended universal banking model.

BUSINESS

The financial figures used in this section, unless otherwise stated, have been derived from our restated, stand-alone financial statements included in thi Red Herring Prospectus, stand-alone Audit Reports for the relevant years and our reporting to RBI.

Business Overview

We are one of India's leading commercial banks. As of September 30, 2005, we had 2,694 branches in India spread over 27 states and five union territories. In addition, on a consolidated basis, we have an international presence in 19 countries across the globe. As of September 30, 2005, we had a work force of over 39,170 people serving over 25 million customers.

At March 31, 2005, we had assets of Rs. 943,844.41 million and our net worth was Rs. 53,479.59 million on a stand-alone basis. At September 30, 2005, our Bank had assets of Rs. 1,013,556.06 million and our net worth was Rs. 57,577.38 million on a stand-alone basis.

We were established in 1908 in Baroda as a private bank and following nationalization became a wholly-owned Government bank in 1969. Our head office is in Baroda and our corporate office is in Mumbai. We had our initial public offering in 1996 at which time the shareholding of the Government of India was diluted to 66.83%. After this Issue, the Government of India's shareholding will be reduced to 53.81%. We have a diverse shareholder base, and we believe Government support to the Bank is regarded favourably by the general public. We have been profitable continuously and have a consistent record of paying dividends to our shareholders. We maintain the highest credit rating for both our short-term and long-term borrowings from the following rating agencies: CRISIL; ICRA; and FITCH. Moody's have given us a financial strength rating of 'D(FSR)' and a rating of 'Ba2' for long term deposits, which reflects a stable outlook. In addition, we were the first public sector bank to obtain a corporate governance rating, and were assigned a rating of "CGR-2" from ICRA, demonstrating the high quality of our corporate governance.

Our business involves six main business areas: corporate financial services; international operations; retail financial services; business financial services; global treasury; and rural financial services. We provide a wide range of corporate financial services. We provide commercial banking products and services to corporate customers including mid-sized and small businesses and government entities. Our products include various deposits, term loans and advances for the acquisition, construction or improvement of assets. We also offer fee based services such as cash management and remittance services.

We are one of the largest retail banks in India in terms of number of customers, and our strategy is to emphasize retail banking. We have a wide network of branches across India, and we are well positioned to offer retail customers convenient and accessible banking services. Our branch network is strong in the industrially developed states of Gujarat and Maharashtra as well as in the state of Uttar Pradesh, which has a strong agricultural base and developing industrial base. Our deposit products, retail loans, depositary services and debit cards cater to the financial needs of all our customers.

We provide business financial services to small and medium sized enterprises as well as to commercial enterprises. Our services include deposits, loans and advances, working capital finance, short-term corporate loans, project finance and cash management. This wide range of services allows us to also develop personalised banking solutions for individual business customers.

Our international operations have a considerable history with our first overseas branch in Mombassa, Kenya established in 1953. Today, we, along with our Subsidiaries, have an international presence in 19 countries with 59 branches and offices, which gives us diversity of business and a wide customer reach. We offer a variety of banking services through our international network, which varies from country to country. In fiscal 2005 our international operations contributed 15.47% and 9.28% of our total business (deposits plus advances) and total income, respectively, on a consolidated basis rising from 14.78% and 7.74%, respectively, in fiscal 2004.

Our domestic treasury operations are integrated through our Specialized Integrated Treasury Branch (SITB). The markets integrated by our treasury operations are domestic money, investments, foreign exchange and derivatives. SITB enables us to leverage arbitrage opportunities and ensure better risk management and compliance. In addition to our domestic operations, we have treasury operations in several global financial centres including London, New York, Brussels, Mauritius, Nassau and Dubai, which we are in the process of integrating as part of our Core Banking Solution.

We have also maintained our focus on addressing the needs of priority sector customers and offer specialized products and services to these sectors. Our rural financial services include the provision of special offerings that extend credit facilities to small and marginal farmers, agricultural labourers and cottage industry entrepreneurs.

We deliver our products and services through our extensive branch network, extension counters, ATMs, phone banking and the Internet. As of November 30, 2005, our Indian branch network comprised 1,170 rural, 541 semi-urban, 493 urban and 493 metropolitan branches, all of which are either fully or partially computerised. In addition, all our overseas and treasury operations are fully computerised.

We have launched a major technology enabled business transformation project throughout our organisation. We plan to roll-out our Core Banking Solution in 125 branches in fiscal 2006. Subsequently, we believe that our Core Banking Solution will be commenced in more than 1,900 branches in India and all branches abroad. With this technology platform in place, all banking services will be available to our customers through multiple service channels and on an "anytime anywhere" basis.

The following table gives the region-wise summary of our number of branches, deposits and for our domestic operations as at March 31, 2004 and 2005 and September 30, 2005:

Domestic

Geographic Distribution	As at March 31, 2004			As at March 31, 2005			As at September 30, 2005		
	Number of branches	Deposits (Rs. in million	Advances (Rs. in million	Number of branches	Deposits (Rs. in million	Advances (Rs. in million	Number of branches	Deposits (Rs. in million	Advances (Rs. in million
Northern India	479	110,324	45,847	483	131,858	58,889	482	140,561	73,883
North-Eastern India	25	4,900	1,639	25	5,610	2,153	25	5,953	2,556
Eastern India	250	47,644	23,371	255	51,420	28,444	256	54,147	27,775
Central India	693	110,055	35,283	692	119,013	40,174	692	132,763	42,588
Western India	984	310,453	167,035	984	335,155	201,714	977	340,100	227,909
Southern India	261	60,087	39,350	261	66,866	45,081	262	66,388	50,121
Total	**2,692**	**643,463**	**312,525**	**2,700**	**709,922**	**376,455**	**2,694**	**739,912**	**424,832**

During the period from April 2005 to September 2005, we have consolidated our branch operations on account of which the operations of 15 of our branches were merged with other branches.

The following table sets forth our Bank's and its Subsidiaries' international operations by number of countries, number of branches or Subsidairies, as applicable, deposits and advances, as at March 31, 2004 and 2005 and September 30, 2005:

International

Type	As at March 31, 2004				As at March 31, 2005				As at September 30, 2005			
	Countries[(1)]	Number	Deposits (Rs. in million)	Advances	Countries[(1)]	Number	Deposits (Rs. in million)	Advances	Countries[(1)]	Number	Deposits (Rs. in million)	Advances
Branches	10	38	86,209	65,809	10	38	103,412	78,836	10	39	121,800	85,720
Subsidiaries	6	16	10,511	4,414	7	17	11,840	5,484	7	17	12,313	6,223
Total	**15**	**54**	**96,720**	**70,223**	**16**	**55**	**115,252**	**84,320**	**16**	**56**	**134,113**	**91,943**

[(1)] In the UK we have a presence through branches as well as through our subsidiary, BOB UK. Therefore, the total of the countries is one less than the sum of our country branches and Subsidiaries.

In addition to our branches and Subsidiaries, as at Sepetmeber 30, 2005, we had representative offices in three other countries. On August 9, 2005, we opened our representative office in Bangkok, Thailand. Therefore, we have an international presence in 19 countries. In addition, one of our Associates, Indo-Zambia Bank Limited is a joint venture in Zambia. As its financial statements are not consolidated with our Bank's, we do not include it for the purposes of calculating our international operations.

In addition to commercial banking operations, our following Subsidiaries are also in the following businesses:

(i) BOBCARDS - Credit card;

(ii) BOB AMC - Asset management;

(iii) BOB Caps - Primary dealership, merchant banking and other capital market activities; and

(iv) BOB Housing - Housing finance.

Business Strategy

We intend to enhance our position as a cost efficient and customer focused institution that provides comprehensive banking and related services, with particular emphasis on the following strategies.

Implement new initiatives to accomplish total customer centricity

We continue to implement new information technology and other initiatives to provide total customer centricity and have made advances in the networking, computerisation and interconnectivity of our branches, ATMs and other delivery channels.

As part of our strategy to provide our customers with the best on-demand service, we have commenced a comprehensive technology enabled business transformation project. We have entered into an agreement with Hewlett Packard (HP) to assist us in delivering a uniform, portal-based IT infrastructure to cover both our domestic and international operations. Through this project we will implement and manage an enterprise-wide service-oriented architecture including, among others, core banking, phone banking, Internet banking, call centre, delivery channel integration, risk and performance management, financial analysis and planning, customer relationship management, data warehousing, enterprise general ledger, global treasury, human resources management system and cheque truncation system. The infrastructure will allow us to realign the way in which we interact with our employees and conduct business with our customers and business partners. It will also enable us to be compliant with Basel II norms within the prescribed time limit whilst fulfilling the requirements of regulators in various jurisdictions. Our aim is that all our branches and offices be brought under our private network in order to provide our customers with total customer centricity and service their needs on an "anywhere anytime" basis across the globe. We believe this will help us to compete and excel in the increasingly challenging and competitive domestic and global banking environments.

Our additional customer service initiatives include providing customer services at certain branches from 8 a.m. to 8 p.m., operating select 24-hour branches, providing value added services on ATMs and introducing low cost rural ATMs.

Focus on marketing our credit products to large and medium sized industrial units and infrastructure projects

We have initiated operational and organizational structure changes to accelerate our credit growth to large and medium sized industrial units and infrastructure projects. Our organizational changes include creating separate internal departments for product development, marketing and credit expansion and establishing a project finance department. Our operational changes include moving large corporate accounts to dedicated corporate finance services branches and sanctioning of hunting limits (pre-approved credit limits) for top rated corporations. Through competitive pricing, we also plan to increase our share of non-funded and fee based business such as project appraisals, loan syndications, debt refinancings, guarantees and letters of credit.

Grow our international operations

We have maintained an international presence for the past 52 years and we intend to continue to grow our global operations. Our international branches, Subsidiaries and Associate are focused on providing retail banking, structured products and wealth management services and, along with our representative offices, allow us to focus on asset creation and to develop cross border business by providing trade and project finance, remittances, syndications and correspondent banking services. In addition, we are looking to grow our global loan syndication business through our dedicated syndication center located in our London branch. We recently opened a branch in Leicester in the United Kingdom and a representative office in Bangkok in Thailand. We have received approval from the RBI and are awaiting host country approval for the opening of branches in Houston (USA), Hong Kong Bangladesh, Maldives and an OBU at Singapore. RBI approvals have been received for the opening of new offices in, Canada, New Zealand, Sri Lanka and Trinidad and Tobago and Isle of Man. We will continue to look for attractive opportunities to expand our international reach and grow our business outside India.

Continue growing our retail banking business

We have identified the growth of our retail banking sector as a priority business initiative for the past few years. Our dedicated retail banking department was established in October 2002. Our retail loans have grown from Rs. 27,128 million as at March 31, 2003 to Rs. 63,830 million as at March 31, 2005, reflecting a CAGR of 53.39%. We have already intensified our focus on this sector by simplifying our current processes, launching new products and services, establishing specialist personal banking, Baroda Moneyplexes (dedicated retail product cells) and housing finance branch locations, developing our distribution channels, including ATMs and internet banking, and improving customer service. In addition, we believe that there is potential to generate additional revenue growth by focusing on higher value added products and by enhancing cross-selling across our different distribution channels. Increasing the sale of high margin products such as insurance products and selling our depository services will also increase our fee-based revenue.

Strengthen our priority sector banking business

We believe that priority sectors (including agriculture and small-scale industry) offer large and potentially profitable growth opportunities. India has large unexploited land resources and a variety of agro-climatic zones. It is one of the largest producers of milk, cereals, vegetables and fruits. Approximately 23.0% of India's GDP is derived from agriculture. The industry supports approximately two-thirds of India's population and accounts for 14.7% of export earnings. We have 1,709 branches in rural and semi-urban centres and we intend to maintain and enhance our position as one of the leading banks for agricultural lending in India. We have a nationwide presence in the agriculture and small-scale industry sectors. We intend to further expand our agriculture and small-scale industry sector banking activities by establishing more small scale industry branches. We have identified over 500 of our rural branches to target consumers for intensive farm credit lending. We see increased potential for credit deployment in agricultural export zones throughout the country. Another aspect of our strategy is to further strengthen our ties with the agricultural community as well as related manufacturers. For example, we have entered tie-ups with eight tractor manufacturing companies to promote investment credit, and we have also initiated a special scheme for financing the purchase of second hand farming equipment.

Entering new areas businesses, alliances and strategic acquisitions

We intend to expand into new lines of business, which are complementary to our existing product and service lines such as life insurance and stock broking. We intend to develop these businesses by entering into joint ventures and alliances with leading product and service suppliers and, in some cases, may also make strategic acquisitions. We also intend to promote the cross-selling of our own and third party products in order to augment our fee based revenue.

Reduce cost of funds

We have achieved a low overall cost of funds through a large base of low-cost deposits, with total deposits representing 85.92% of our funding as of March 31, 2005. Our low cost deposits, both current and savings, constituted 36.45 % of our total deposits as of that date. As of September 30, 2005, our low cost deposits constituted 38.32% of our total deposits. Our total deposits represented 84.78% of our funds as of that date. We believe we can enlarge our low-cost funding base by leveraging our extensive branch network and large customer base, particularly in the rural areas where many of the deposits are low-cost savings deposits. In particular, we are focused on the retail rural section emphasizing low interest savings deposits.

Building our corporate image and our "Bank of Baroda" brand

We intend to continue to enhance our brand recognition in the marketplace through our brand building efforts. We have undertaken various communication and promotional initiatives such as developing and introducing our new logo, appointing a brand ambassador, and launching product focused campaigns. We believe that these initiatives, as well as this Issue, will enhance the visibility of our brand name and strengthen our recognition as a premiere Indian bank.

Overview of our Lending Operations

We offer products and services to our retail, corporate, business and agricultural customers. The following table presents our sector-wise outstanding domestic loans and the proportion of these loans to our outstanding total domestic loans, as of the dates indicated:

(Rs. in million, except for percentages)

	March 31, 2003		March 31, 2004		March 31, 2005		September 30, 2005	
Sector	Loans	% of Total	Loans	% of Total	Loans	% of Total	Loans	% of Total
Corporate and Commercial	252,386	81.02	240,153	76.84	269439	71.57	298,565	70.30
(Of which Small Scale Industries (SSIs)	(34,587)	(11.10)	(35,107)	(11.23)	(37661)	(10.00)	(40,565)	(9.55)
Housing & Retail[(1)]	27,128	8.71	42,178	13.50	63,831	16.96	73,317	17.26
Agriculture	31,989	10.27	30,194	9.66	43185	11.47	52,285	12.44
Total outstanding loans	311,503	100.00	312,525	100.00	376,455	100.00	424,707	100.00

(1) The above figures are based on compilation of data received from all the regions. The advance against securities is reflected as part of retail loans from March 31, 2005 onwards and accordingly the previous period figures are not comparable.

Corporate Banking

General

We provide commercial banking products and services to corporate customers including mid-sized and small businesses and government entities. Our products include term loans, advances for the acquisition, construction or improvement of assets. We also offer fee based services such as cash management and remittance services. In addition, our subsidiary BOB Caps provides a full range of appraisal and merchant banking services.

Loans and advances

We offer a range of loan and advance products to assist our corporate customers with their financial needs.

Working Capital Finance

We offer corporations working capital finance in Indian and foreign currencies to meet their operating expenses, assist in the purchase of stock and inventory and provide financing for receivables. Working capital finance is provided either by funded facilities where funds are made available to assist customers purchase assets or meet business expenses or by non-funded facilities where we issue letters of credit or give guarantees on behalf of the customer to the suppliers or Government departments for the procurement of goods and services.

Term Finance

Fund based finance is offered by way of term loans and non-fund based finance by way of deferred payment guarantees to corporate customers for capital expenditure purposes and for the acquisition of fixed assets for expansion, diversification and modernisation of industrial units or to pay off existing debt from other banks or financial institutions.

Short Term Corporate Loans

This loan plan allows customers to meet working capital as well as general corporate business requirements.

Loans to Small and Medium Sized Borrowers

We offer loans to eligible small and medium sized companies, business enterprises and trading houses (including partnership and proprietary concerns) on competitive terms commensurate with the credit rating of the customer.

Sub-PLR Advances

Sub-PLR loans and advances are offered to high-rated customers at a rate lower than our Benchmark Prime Lending Rate (BPLR) for all their business purposes. We also subscribe to commercial papers issued by corporations with high credit ratings.

Project Finance

We provide customers with finance for new and on-going projects and these funds may be denominated in Rupees or other currencies as required. We also provide foreign currency short/medium and long term loans at our overseas branches to eligible corporate entities to finance their projects in India as well as for executing project exports.

Infrastructure Finance

This product is used by corporate customers to fund all types of infrastructure projects including power generation, transmission and distribution, road and bridge construction, airport and sea port-development activities, telecommunication, water supply system and urban development projects. Infrastructure finance is also available in Indian currency and foreign currency as required by the customer.

Nodal Bank with respect to Technology Upgradtion Scheme for the Textile Industry

We also act as a nodal bank to channelise subsidies provided by the Government under the Technology Upgradation Fund Scheme for the textile industry. This role enables us to approve and finance technology upgradation schemes and release the eligible subsidy expeditiously to our clients.

Loan against Future Rent Receivables

This product has been developed in response to the growth in the real estate market in metropolitan and urban centers where many commercial properties and shopping malls have been developed. This product allows the owners of these commercial properties to obtain loans secured against the future rent receivable from such properties.

Other Corporate Products and Services

Foreign Currency Credits

We provide loan facilities in foreign currencies inside India and abroad. Foreign currency denominated loans in India are granted against the foreign currency funds a bank has on account of FCNR (B) deposits. With a wide global presence, we have a large base of NRI customers. This enables us to pool a large resource base of FCNR (B) deposits, putting us in a position to offer foreign currency loans in India at very competitive rates. Currently, corporations can raise funds in foreign currencies through credit facilities.

With a presence at major financial centres of the world, we also have a strong foreign currency resource base at our money centre branches. This enables us to arrange for and grant foreign currency loans to NRIs as well as multinational corporations at competitive rates. Foreign currency loans to Indian corporations are granted as per the external commercial borrowing policy of the Government of India and the Reserve Bank of India.

External Commercial Borrowings

External Commercial Borrowings refers to foreign currency borrowings raised by Indian corporations from confirmed banking sources outside of India. With offices in many of the major global financial centers in the world, we are an active player in granting and arranging ECBs for Indian corporations.

To facilitate ECBs, we have established a dedicated syndication desk in our international division, corporate office, Mumbai, India for sanctioning and arranging ECBs by way of syndicated loans, FRNs, bonds and other forms of foreign currency funding. Our services in Mumbai are supplemented by a specialized global syndication center in London, which has the sole task of arranging funds for Indian corporations from international markets.

By continuously arranging syndicated loans to Indian corporations and leveraging our strong global presence, we have developed very strong relationships with a large number of banks across the globe. As a result, we are well equipped and strategically positioned to create and offer innovative products that are tailor made to the needs of Indian corporations.

Export Credits

We offer both pre and post shipment credit to Indian exporters through Rupee denominated loans as well as foreign currency loans in India. Post shipment finance is extended by way of discounting of export bills to exporters at internationally competitive interest rates.

Import Finance

We provide various types of credit facilities and other services to importers in their import business to India. The various facilities provided include collection of import bills, provision of import letters of credit, foreign currency loan financing and issuing of guarantees on behalf of importers.

Business Banking

We offer a full range of fixed and current deposits to our business customers so that they can determine which combination of flexibility and return is most suitable to their requirements. The products offered are similar to those offered to our corporate and retail customers.

Loans and Advances

In addition to the Working Capital Finance and Term Finance facilities as offered to our corporate customers and Traders Loan offered to retail customers, we offer business customers a suite of financial solutions specifically for small scale industry and small business borrowers.

Small Scale Industries and Ancillary Units

We offer special loan and advance facilities for the purpose of fixed capital investment and also for working capital requirements of small scale industries being those businesses with investments in plant and machinery (original cost) not exceeding Rs. 10 million and ancillary units with investments in plant and machinery (original cost) not exceeding Rs. 10 million.

Small Business Borrowers

Our offerings include facilities for professionals and self employed individuals to fund the acquisition of business premises, tools and working capital requirements, products for small road and water transport operators including associations of operators not exceeding six individuals to help acquire vehicles. We also have schemes (including BOB Vyapar Scheme) for retail traders and service-providing business enterprises. We use simplified loan documents and processes in order to facilitate our lending to small business borrowers.

Retail Banking

Loans

Our total outstanding retail loans and advances were Rs. 73,317.10 million as of September 30, 2005, representing 17.26% of our total outstanding gross domestic advances. The following table classifies our outstanding retail loans by category of loan, as of March 31, 2004 , March 31, 2005 and September 30, 2005:

(In Rs. million, except for percentages)

	March 31, 2004		March 31, 2005		September 30, 2005	
	Amount outstanding	% of total Outstanding Personal loans	Amount outstanding	% of total Outstanding Personal loans	Amount outstanding	% of total Outstanding Personal loans
Baroda Housing Loan	28,734.60	68.13	33,808.10	52.97	35,874.9	48.93
Baroda Home Improvement Loan	0.00	0.00	378.20	0.59	550.2	0.75
Baroda Education Loan	1,969.20	4.67	2,806.40	4.40	3,719.0	5.07
Baroda Car Loan	1,450.50	3.44	1,922.20	3.01	2,010.4	2.74
Baroda Two Wheeler Loan	654.00	1.55	672.80	1.05	717.2	0.98
Baroda Consumer Durables Loan	570.10	1.35	457.90	0.72	430.7	0.59
Baroda Personal Computers Loan	278.40	0.66	225.70	0.35	2,10.8	0.29
Baroda Personal Loan	2,091.30	4.96	4,001.20	6.27	4,708.6	6.42
Baroda Marriage Loan	105.80	0.25	156.20	0.25	160.6	0.22
Baroda Festival Loan	0.00	0.00	12.60	0.02	13.9	0.02

	March 31, 2004		March 31, 2005		September 30, 2005	
	Amount outstanding	% of total Outstanding Personal loans	Amount outstanding	% of total Outstanding Personal loans	Amount outstanding	% of total Outstanding Personal loans
Baroda Advance Against Securities	51.40	0.12	9,344.10	14.64	13,851.4	18.89
Baroda Advance Against Property	1,404.30	3.33	2,335.10	3.66	2,920.4	3.98
Baroda Loan to Pensioners	197.70	0.47	359.10	0.56	405.9	0.55
Baroda Loan to Defence Pensioners	0.00	0.00	52.30	0.08	88.3	0.12
Baroda Professional Loan	0.00	0.00	90.60	0.14	113.6	0.15
Baroda Traders Loan	4,650.50	11.03	7,112.10	11.14	7,313.1	9.97
Baroda Loan Against Rent Receivables	0.00	0.00	25.30	0.04	128.0	0.17
Baroda Additional Assured Advance	19.80	0.05	70.70	0.11	95.0	0.13
Baroda Vaibhav Lakshmi	-	-	-	-	0.6	0.00
Baroda Eco-Friendly Gas Kit Loan	-	-	-	-	0.7	0.00
Baroda Desh Videsh Yatra Loon	-	-	-	-	1.4	0.00
Baroda loan for IPO Subscription	-	-	-	-	2.4	0.00
Totaloutstanding Personal loans	**42,177.60**	**100.00**	**63,830.60**	**100.00**	**73,317.10**	**100.00**

The following is a description of our principal personal loan products:

Baroda Housing Loan

Our housing loan provides customers with finance for the purchase of a new house or land, financing of an old house and repayment of loans from other housing finance companies. Under this product, amounts up to Rs. 10 million may be borrowed and we offer flexible repayment periods of up to 25 years. Tax benefits are also available to eligible customers including income tax exemptions.

Baroda Home Improvement Loan

Under this product we offer loans to customers for repairs, renovations, improvements, extensions of existing properties and for the purchase of furniture, fixtures, furnishing including fans, geysers and air conditioners. Group borrowers and employees of approved organizations may also be eligible for concessions for Home Improvement Loans for the purpose of conducting repairs required on account of natural disasters such as floods, cyclones and earthquakes.

Baroda Education Loan

Through our education loan products we offer retail customers support for school, graduate and post-graduate education. The Baroda Vidya loans of up to Rs. 400,000 are available for studies between Nursery and Standard XII. The Baroda Gyan loan product permits borrowings of up to Rs. 750,000 and is designed for students in India pursuing graduate, post-graduate, professional and other courses following completion of school. For students attending professional and technical studies outside India, we offer the Baroda Scholar loan. Available in foreign currencies if required, loans of up to Rs. 1.5 million may be made with a repayment period of up to five years. Our recently introduced educational loan is a product designed for working executives who are not eligible for our other educational products. The Baroda Loan for Executive Development has been established to assist executives undertake specialized management courses. Loans of up to Rs. 800,000 are available for this purpose.

Educational loan products provided by us may be used for fees payable to educational institutions, examination costs, library or laboratory fees, fees and other charges payable to accommodation providers and to assist students in the purchase of books, equipment, instruments and uniforms.

BANK OF BARODA

Baroda Car Loan

We provide loans up to Rs. 1 million to finance the purchase of new and used automobiles.

Baroda Two Wheeler loan

Available for all two wheelers, this loan product allows customers to borrow from Rs. 5,000 to Rs. 100,000, secured against the vehicle. The loan is to be repaid in a maximum of 60 months from the date of the loan.

Baroda Consumer Durables Loan

We provide personal loans up to a maximum of Rs. 100,000 for the purchase of consumer durables. These loans are typically made for a period of up to five years and secured against the durables purchased. Further security is required for loans in excess of Rs. 50,000.

Baroda Personal Computer Loans

Available for computer hardware (up to Rs. 100,000) and software (up to Rs. 20,000), our personal computer loans allow individuals, families and small businesses obtain up to date technology.

Baroda Personal Loans and Marriage Loan

We offer loans of between Rs. 20,000 and Rs. 200,000 to customers to cover expenses such as unexpected medical expenses, travel expenses and honeymoon holidays. We offer a maximum repayment period of 48 months. We also offer is the Baroda Marriage Loan, which gives the flexibility of a personal loan as high as Rs. 200,000 to cover the expenses associated with wedding arrangements.

Baroda Vaibhav Lakshmi

We extend loans to working women up to a maximum of Rs. 200,000. We offer a maximum repayment period of three years. We do not take any margin or security for this loan.

Baroda Festival Loans

Our Festival Loan facility provides loans up to a maximum of Rs. 50,000. The loans are intended to meet expenses associated with festivals, purchase of gifts and purchase of food grains, oil and other grocery items for the full year. Usual repayment terms of 10 months are offered to customers taking out festival loans.

Baroda Advance against Securities

We are able to provide advances against national savings certificates, Kisan Vikas Patra, Indira Vikas Patra, Life Insurance Polices, Relief Bonds, eligible Government Bonds and shares.

Baroda Advance against Property

For properties in urban and metro centers, we offer loan/ overdrafts against unencumbered property. Professionals, salaried individuals and self-employed businessmen are able to take advantage of this product by borrowing up to a maximum of Rs. 5 million with a repayment period of ten years for overdraft facilities and seven-years for loans.

Baroda Doctors Loans

We offer an exclusive product to cater to the financial needs of medical practitioners. Under this scheme, an amount upto Rs. 5 million can be availed way of loan and/or an overdraft facility for the purchase of medical equipments, development of clinic, purchase of ambulance etc.

Baroda Desh Videsh Yatra Loan

We extend loans to finance the expenses that may be incurred in the course of travelling within India or and abroad. This facility is available to salaried or self-employed individuals, professionals and businessmen having regular and stable income. A maximum amount of Rs. 0.2 million and Rs. 1 million may be availed for travel in India and abroad respectively. Such loans are typically repayable in three years.

Baroda Loan for IPO Subscription

We extend loans upto a maximum of Rs. 1 million to individuals for subscribing to equity shares in public issues. The margin money payable for such loans is 50% of the loan extended. Such loans are required be repaid within 90 days.

Baroda Loans to Pensioners and Defence Pensioners

We extend loans to pensioners up to Rs. 0.1 million rising to Rs. 1.5 million for retired defence personnel and their spouses.

Baroda Professional Loans

We extend loans to professionals and self-employed individuals including, doctors, chartered accountants, interior decorators, architects, practising company secretaries and travel agents. Amounts between Rs. 25,000 and Rs. 2.5 million may be borrowed under this product.

Baroda Traders Loan

The Baroda Traders Loan enables individuals and bodies such as partnership firms and co-operative societies to raise working capital or undertake development of workspace by way of loan or overdraft. Loans under this facility are limited to Rs. 10 million and subject to a maximum term of five years.

Baroda Loans against Future Rent Receivable

The Loans against Future Rent Receivables product has been developed following the growth of real estate in various metropolitan and urban centers. Through this facility we are able to offer loans secured against the future rental receipts of commercial properties and shopping malls.

Baroda Eco-friendly Gas Kit Loan

We provide loans of up to Rs. 25,000 for the installation of eco-friendly gas kits in cars, which are often secured by the automobile or other acceptable security.

New Retail Banking Initiatives

As part of our strategy to grow our retail banking business, we have undertaken the following initiatives:

- Customising products for specific borrower groups such as group of employees, teachers, defence personnel, among others, and offering incentives for such borrowers such as concessional rates of interest or waiving processing and documentation charges;
- Rolling-out our Lending Automation Processing Software package in all metro and urban branches to simplify and speed up the authorisation and processing of loans and ensure consistency amongst branches. As at November 30, 2005, Lending Automation Processing Software had been rolled-out in 185 branches of which 71 were dedicated corporate branches; and
- Establishing Baroda Moneyplexes, which are essentially dedicated retail centres within branches with staff with authority to undertake the processing of loans and make credit decisions. As at November 30, 2005, 62 Moneyplexes had been rolled-out. Moneyplexes are designed to promote all of our retail products, and will allow us to foster relationships with service providers such as builders, educational institutions, car manufacturers and dealers and white goods suppliers and enter into tie-ups and strategic alliances in the future.
- Establishing ten 'Centralized Processing Cells' in eight metro/ urban centres for speedier appraisal, processing and sanctioning of retail proposals by using Lending Automation Processing Software to improve turn around time of the branches located at these centres. Theses ten Centralized Processing Cells are providing services to 303 branches.

Rural Banking

Priority Sector Advances

Approximately 23.0% of India's GDP is derived from agriculture. The industry supports approximately two-thirds of India's population and accounts for 14.7% of export earnings. As of the last reporting Friday of March 2004, the last reporting

Friday of March 2005 and the last reporting Friday of September 2005, agricultural loans constituted 16.24%, 15.45% and 14.96% of our net bank credit, respectively.

We offer a wide variety of products and schemes to the agricultural community to assist rural development. The table below sets out the geographic distribution of agricultural accounts across India, as of the last reporting Friday of March 2004, the last reporting Friday of March 2005 and the last reporting Friday of September 2005.

Geographic Distribution	March 2004			March 2005			September 2005		
	Number of Accounts	Amount Outstanding (Rs. in Million)	% of total outstanding agricultural loans	Number of Accounts	Amount Outstanding (Rs. in Million)	% of total outstanding agricultural loans	Number of Accounts	Amount Outstanding (Rs. in Million)	% of total outstanding agricultural loans
Northern India	364,366	18,058.40	45.73	40,4570	22,559.70	49.31	416,852	23,317.70	41.62
North-Eastern India	2,312	97.70	0.25	2929	134.50	0.29	3,626	169.20	0.30
Eastern India	44,148	2,395.20	6.07	5,8650	2,563.10	5.60	62,983	3,012.20	5.38
Central India	22,838	896.80	2.27	2,1193	1,131.20	2.47	21,653	1,284.50	2.29
Western India	214,512	14,073.40	35.64	23,3502	14,179.60	31.00	246,600	20,434.70	36.47
Southern India	76,724	3964.10	10.04	8,4752	5,179.20	11.32	94,438	7,812.00	13.94
Total agriculture portfolio	**724,900**	**39,485.60**	**100.00**	**80,5596**	**45,747.30**	**100.00**	**846,152**	**56,030.30**	**100.00**

Details of our facilities and products developed for our agricultural customers are set out below.

Baroda Kisan Credit Card

The Baroda Kisan Credit Card is designed exclusively for the benefit of farmers and aims to provide them the opportunity to manage and utilize funds according to their needs. The facility provides support to farmers for their production needs including for the purchase of quality inputs, investment requirements for infrastructure, farm maintenance expenses, unforeseen family expenses and non-farm activities. We had approximately 515,637 Baroda Kisan Credit Cards outstanding as at September 30, 2005.

Agricultural Lending, Financing and Investment

We assist by providing loans for the purchase of agricultural implements for farmers and also landless labourers, heavy agricultural machinery either by farmers having larger holdings with irrigation facilities or groups of farmers with shared irrigation facilities and second hand tractors and equipment. A crop cultivation lending scheme is also in place to assist farmers to purchase agricultural inputs and cover the other expenses related to the raising of crops. Security for these loans is often provided against the implement or by way of a pledge/hypothecation of agricultural produce. Loans are also available for the cost of storing produce, improving irrigation, developing new orchards or maintaining orchards, land development and construction and maintenance of farm buildings.

Individuals and entities which provide services to farmers and others in the agriculture sector can also benefit from our products. This includes all individuals, entrepreneurs, organizations, institutions, corporations (such as agro industries corporations, market yard or authorized licensee in market yard, warehouse owners and agro service centers) who are capable of carrying out such activities and have viable schemes for providing custom services to farmers.

Allied Investment

We support the development of allied activities to agriculture including dairy, poultry, fisheries, sericulture, mushrooms and apiculture by extending short term and long term finance. Our dealings extend to assist the production, processing and marketing activities of farmers, landless labourers, firms and organizations (co-operative societies).

We also provide a scheme for the establishment of agri-clinics and agri-business centers by agriculture graduates and assist by providing loans to unemployed technical personnel to provide custom services to farmers.

Micro Financing (SHG)

Loans are also provided to self-help groups and non governmental organisations for on-lending to SHG members of SHGs, individuals or small groups. Lending to SHGs is included as a part of our lending to priority sectors. Micro credit is provided by us either directly or through any intermediary.

Directed Lending

RBI guidelines require banks to lend at least 40.0% of their net bank credit to certain specified sectors called priority sectors. Priority sectors include the agricultural sector, SSIs, food and agri-based industries (with investments in plant and machinery up to Rs. 50 million), small business, self-employed and professional individuals, housing finance up to certain limits and certain other sectors. Out of the 40.0%, banks are required to lend a minimum of 18.0% of their net bank credit to the agriculture sector.

We are required to comply with the priority sector lending requirements on the last reporting Friday (alternate Fridays are designated by RBI as "reporting Fridays") of each fiscal year. Any shortfall in the amount required to be lent to priority sectors may be required to be deposited with Government sponsored development banks such as the National Bank for Agriculture and Rural Development and the Small Industries Development Bank of India. These deposits have a maturity of up to seven years but are relatively low yielding.

We report our priority sector loans to RBI on a quarterly basis. The loans reported are as of the last reporting Friday of the quarter. As of September 30, 2005, which was the last reporting Friday for the half year ended September 30, 2005, our priority sector loans were Rs. 153,065 million, constituting 40.87% of our net bank credit against the requirement of 40.0%. The agriculture sector constituted 14.96% of our priority sector credit and SSIs constituted 10.81% of our priority sector credit as of September 30, 2005.

The following table presents data on our outstanding priority sector lending, including as a percentage of our total net bank credit, as of the last reporting Friday of the months indicated.

(In Rs. million, except for percentages)

	March 2004		**March 2005**		**September 2005**	
	Amount	**% of net bank credit [1]**	**Amount**	**% of net bank credit [1]**	**Amount**	**% of net bank credit [1]**
Agriculture credit	39,485.60	16.24	45,747.30	15.45	56,030.30	14.96
SSI credit	33,156.70	13.64	36,300.80	12.26	40,472.60	10.81
Other priority sector credit [2]	45,101.00	18.55	53,193.00	17.96	56,562.10	15.10
Priority sector credit total	117,743.30	48.44	135,241.10	45.67	153,065.00	40.87
Net bank credit	243,071.10		296,156.10			374,474.40

(1) Net bank credit is gross bank credit less FCNR (B) deposits.

(2) Includes transport, retail trade and certain loans to individuals for education and other purposes.

Community Support

Bank has set up an institution by the name Baroda Swarojgar Vikas Sansthan (BSVS) in the five regional centres of Lucknow in Uttar Pradesh, Gandhinagar and Surat in Gujarat, Jaipur in Rajasthan and Theur in Maharashrtra. The objective of BSVS is to educate and train unemployed youth to generate sustainable self employment or community employment.

Developments

We recognize the priority sector, in particular farm credit and SSI lending, as growth areas for us and we intend to enhance our business in these areas by implementing the following initiatives:

- We have entered into memoranda of understanding with eight leading tractor-manufacturing companies for financing tractors under a tie-up arrangement;

- We have initiated a special scheme for financing second hand tractors that is targeted towards small-scale farmers;
- We have identified an additional 509 branches from which to drive intensive agricultural lending;
- We have successfully implemented the credit guarantee fund trust scheme of India in our bank, which we believe will allow us to grow our SSI portfolio through 47 specialised SSI branches; and
- We have entered into tie-up arrangements with processing industries for contract farming. Under contract farming we allocate priority funding for the cultivation of specific crops to farmers supplying to the processing industries. We have also developed relationships with central commodity boards such as the tea board, coffee board, rubber board, spices board and coir board for this purpose.

International Operations

Our international operations have a considerable history with our first overseas branch in Mombassa, Kenya in 1953. On a consolidated basis, we have an international presence in 19 countries with 59 branches and offices.

Sr. No.	Country	Branches	OBU(1)	Subsidiaries	Representative Office	Branches of our Subsidiaries
1.	United Kingdom	8		1		
2.	Bahamas		1			
3.	U. A. E.	6				
4.	Mauritius	7	1			
5.	Belgium	1				
6.	Fiji	8				
7.	U.S.A.	1				
8.	Sultanate of Oman	3				
9.	Seychelles	1				
10.	South Africa	1				
11.	Uganda			1		6
12.	Kenya			1		6
13.	Botswana			1		
14.	Hong Kong			1		1
15.	Guyana			1		
16.	Tanzania				1	
17.	Thailand				1	
18.	Peoples Republic of China				1	
19.	Malaysia			1		
	Total	**36**	**2**	**7**	**3**	**13**

(1) - In addition, we have an offshore banking unit operating in India

Our wide spread reach provides gives us diversity of business and a wide customer reach. We offer a variety of banking services through our international network, which vary from country to country. In fiscal 2005 our international operations contributed 15.47% and 9.28% of our total business (deposits plus advances) and total income, respectively, on a consolidated basis, rising from 14.78% and 7.74%, respectively, in fiscal 2004.

Offshore Banking Units

We are one of the few banks that have been granted permission by the Government of India and RBI to operate offshore banking units (OBUs). We have OBUs in Santacruz Electronics Export Processing Zone, Mumbai and in Mauritius and Bahamas. These OBUs provide various foreign currency asset and liability products and services.

Correspondent Banking

Our extensive worldwide network of branches are able to offer correspondent banking services to other Indian banks as well as banks from other countries. In particular, our New York, Brussels and London branches are equipped with the latest technology and trained staff to provide services in Nostro accounts in United States Dollars, Euros and United Kingdom Pounds Sterling respectively. The main services provided through our correspondent banking network include collection of bills, advising and confirming letters of credit issued by other banks, discounting of bills drawn under letters of credits, maintenance of foreign currency accounts, and handling remittances on behalf of other banks.

Trade Finance

We are very active in financing post sales international trade bills through our vast network of overseas branches and Subsidiaries. We are able to discount at competitive rates bills under letters of credit issued by most Indian banks as well as other international banks.

Overseas Expansion

We intend to grow our operations through the following expansion overseas:

- We have received RBI approval for the opening of additional offices in, Canada, New Zealand, Sri Lanka, Trinidad and Tobago and Isle of Man;
- We are awaiting host country approval for the opening of a branch in Houston, USA, Bangladesh, Maldives and Hong Kong and an OBU in Singapore; and
- We have undertaken feasibility studies for the opening of an office in Australia.

Treasury

Domestic Operations

We have established dedicated desks at the specialised integrated treasury branch, headed by professionals with significant experience to undertake various types of treasury activities for us in different financial markets. Apart from activities relating to management of funds and liquidity, our domestic treasury operations also handles commercial paper, certificate of deposits, government securities, treasury bills, bonds and debentures, equities and various other derivatives along with other financial instruments.

Under RBI's statutory liquidity ratio ("SLR") requirement, we are required to maintain an amount equal to at least 25.0% of our demand and time liabilities in approved securities, such as Government of India securities, state government securities and other approved securities. As of September 30, 2005, 36.21% of our net demand and time liabilities consisted of Government and other approved securities. India has an active and mature bond market which offers trading opportunities in these securities. Under RBI's cash reserve ratio requirements, we are required to maintain a minimum of 5% of our net demand and time liabilities in a current account with RBI. As of September 30 2005, 3.84% of our net demand and time liabilities were maintained in current account with RBI. RBI pays no interest on these cash reserves up to 3.0% of the net demand and time liabilities and pays interest at 3.5% per annum on the remaining eligible balance. Treasury is responsible for maintaining these ratios for the bank. For further discussion of these regulatory requirements, see the section titled "Regulations and Policies–Legal Reserve Requirements" on page 108 of this Red Herring Prospectus.

Our treasury is the focal point for the management of market risk for the bank. Our treasury undertakes liquidity management by seeking to maintain an optimum level of liquidity while complying with the cash reserve and statutory liquidity ratios. We maintain the statutory liquidity ratio through a portfolio of Government of India securities that we actively manage to optimize the yield and benefit from price movements.

The following table sets forth, as of the dates indicated, the allocation of our investment portfolio.

	March 31, 2003		March 31, 2004		March 31, 2005		September 30, 2005	
Securities	**In Rs. million**	**%**	**In Rs. million**	**%**	**In Rs. million**	**%**	**In Rs. Million**	**%**
SLR								
Government Securities	211,664.90	74.59	271,898.21	75.41	278,611.40	79.90	273,915.13	76.45
Approved Securities	14,603.45	5.15	13,956.92	3.87	13,136.58	3.77	13,088.06	3.65
Subsidiaries and Joint Ventures	2,360.00	0.83	2,547.33	0.71	2,536.17	0.73	3,622.72	1.01
Sub total	**228,628.35**	**80.57**	**288,402.46**	**79.99**	**294,284.15**	**84.40**	**290,625.91**	**81.11**
Non-SLR								
Recap Bonds	1,820.00	0.64	1,820.00	0.50	1,820.00	0.52	1,820.00	0.51
Bonds and debentures	44,000.73	15.51	45,096.45	12.51	37,195.72	10.67	37,236.05	10.39
Shares	4,120.80	1.45	5,171.39	1.43	5,286.66	1.52	3,591.48	1.00
Commercial Paper, Mutual Funds and Others	5,203.41	1.83	20,068.14	5.57	10,107.20	2.90	25,037.84	6.99
Sub total	**55,144.94**	**19.43**	**72,155.98**	**20.01**	**54,409.58**	**15.60**	**67,685.37**	**18.89**
Total (Domestic)	**283,773.29**	**100.00**	**360,558.44**	**100.00**	**348,693.73**	**100.00**	**358,311.28**	**100**
Outside India	18,020.54		19,629.66		22,050.68		24,506.42	
Total	**301,793.83**		**380,188.10**		**370,744.41**		**382,817.70**	

The following table sets forth, as of the dates indicated, category wise allocation of our domestic investment portfolio:

	March 31, 2003		March 31, 2004		March 31, 2005		September 30, 2005	
Securities	**In Rs. million**	**%**	**In Rs. million**	**%**	**In Rs. million**	**%**	**In Rs. Million**	**%**
Held to Maturtity	14,538	5.12	13,258	3.68	92,394	26.50	152,575	42.58
Available for sale	269,201	94.86	347,276	96.32	256,291	73.50	205,452	57.34
Held for Trading	34	0.01	24	0.01	9	0.01	284	0.08
Total	**283,773**	**100**	**360,558**	**100**	**348,694**	**100**	**358,311**	**100**

Foreign Exchange Operations

Being a bank with a global presence, we are one of the leading foreign exchange dealers in India. The modern dealing room at the Specialised Integrated Treasury Branch (SITB) at Mumbai handles much of our foreign exchange transactions and has enabled us to act as a market maker in both spot and forward markets as well as foreign swap markets. The services to our customers include hedging of foreign currency risks by providing forward covers and various derivatives products. We enter into foreign exchange and derivative transactions for our customers and on our own account.

We are also able to offer NRIs a full range of products including remittance facilities and acceptance of deposits in Indian Rupees as well as in designated foreign currencies. Residents as well as returning NRIs can also make use of our resident foreign currency accounts. We also maintain EEFC accounts for our export customers.

On the technology side, we have enabled the SWIFT facility for worldwide inter-bank communication at 97 foreign exchange branches in India and at all overseas centers. SWIFT enables international money transfers to be conducted more accurately and with greater speed.

Set forth below is our foreign exchange turnover for the periods indicated:

	Fiscal				Six months ended
	2002	2003	2004	2005 (Rs. in million)	September 30, 2005
Merchant Turnover	57,279	17,7860	337,533	417,286	206,870
Interbank Turnover	221,523	953,204	1,440,238	1,691,352	1,048,166
Total	**278,802**	**1,131,064**	**1,777,771**	**21,086,38**	**1,255,036**

Banking Services

We and certain of our Subsidiaries offer a wide range of banking services to our retail, corporate, business and rural customers. The following is a description of our banking services offering:

Credit Cards

Through our wholly owned subsidiary, BOBCARDS we offer a full range of credit cards. Over the past 20 years, BOBCARDS has grown to have an extensive network of 40 area offices.

Our affiliation with Master Card International and Visa International allows our customers to have access to a vast network of international merchants and more than 25,000 merchant establishments across the country. The various offerings marketed by BOBCARDS include Bobcards Paras, Silver, Bharat Premium, Exclusive (Woman/ Youth/ General), Gold (Visa/ Master), Corporate Global and Gold Flexi. The credit limits of these products range from Rs. 20,000 to Rs. 200,000.

Debit Cards

We offer Bank of Baroda Debit Card as part of a commercial arrangement with VISA International. The Debit Card is accepted at over 10,000 Visa Electron ATMs in India and approximately 850,000 ATMs worldwide. The card is also accepted at 100,000 point of sale terminals in India and 13 million worldwide. We have also introduced the Baroda Desh Bidesh Yatra Card, which is a currency specific prepaid card.

Cash Management and Remittances

Baroda Money Express

The Baroda Money Express remittance facility ensures rapid payments and transfer of funds as electronic remittance is the fastest method of transferring money. The facility is available at 345 branches across 53 centres in India including all branches in Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Mumbai, and Pune. The Bank has launched international money transfer services covering 888 branches in association with Western Union Money Transfer.

Baroda Remit Express

We have established an additional remittance channel through our product, Baroda Remit Express, which has been introduced in association with Timesofmoney.com to facilitate remittances from registered NRI clients.

BoB Cash Reach

Our BoB Cash Reach product provides electronic fund transfers and cash remittances at 53 cities through our specialized network of 58 designated branches. BoB Cash Reach facilitates the availability of funds and permits same day account crediting which our corporate customers require.

BoB Dial

The BoB Dial product also assists our corporate customers by providing a 24-hour telephone banking service through landline and mobile phones.

We also provide remittance and collection facilities at market-competitive rates which are further negotiable for business enterprises and corporate customers. We have also launched a multi-city cheque payment facility since August 19, 2005 covering 16 cities.

Collection Services

All our branches have the facility of collecting financial instruments including cheques, drafts, warrants, refund orders and bills from customers and various centres.

Government Business

Apart from offering all retail banking services to customers, we act as agency bank for undertaking various types of Government business including government deposit schemes/bonds, pension payment business, collection of direct taxes (CBDT), indirect taxes (CBEC), sales tax (VAT), profession tax and services to civil and non-civil ministries. We are also an accredited bank of the Ministry of Health and Family Welfare.

Insurance

We have entered into a memorandum of understanding with National Insurance Company Ltd to enable us to sell their non-life insurance product under corporate agency arrangement on a non-risk sharing basis. We commenced this business in September 2004 and, during the period from September 2004 to March 31, 2005, we collected premiums amounting to Rs. 113.50 million and have earned a commission of Rs. 11.50 million. During the half year ended September 30, 2005, we have collected premium amounting to Rs. 110.50 million and we earned commission of Rs. 12.70 million.

Depository Services

We began our depository operations in 1999. We are registered as a depository participant with NSDL and CDSL. At present the full range of depository services are offered at eight select branches in Ahmedabad, Baroda, Kolkata, Delhi, Mumbai, and Pune. As at November 30, 2005, we had 35,307 depository accounts. We propose to upgrade the information technology associated with our depository operations as part of our centralised banking solutions roll-out and establish more branches with longer opening hours to service our demat customers.

Information based Internet and Mobile Banking Services (I-BoB and M-BoB)

We offer information based Internet banking (i-BoB) and mobile banking (m-BoB) services to customers maintaining accounts with our branches in Mumbai, Delhi, Chennai, Hyderabad, Bangalore, Ahmedabad, Pune and certain other selected cities.

The BoB Dial product also assists our corporate customers by providing a 24-hour telephone banking service through landline and mobile phones.

Appraisal and Merchant Banking

Our subsidiary, BOB Caps assists corporate customers to assess the value of their assets and holdings and in syndicating loans. Credit and merchant appraisals are available for all types of business ventures including infrastructure projects by a specialized team of officials. BOB Caps assists in loan syndication for all kinds of business ventures when a tie-up of business sources is required. It also provides merchant banking advice to corporate customers in all aspects of their business.

Safe Deposit Lockers

Among the various other services we offer, letting out safe deposit lockers is the most popular service. We offer a safe space to store valuables, jewellery, documents and other important items. Lockers can be rented out to individuals singly or jointly. NRIs do not require any prior permission from the RBI to hire a locker with us. A minimum security deposit of Rs. 5,000 is required when the annual rent of the locker is Rs. 1,000 or less and this amount rises to Rs. 10,000 if the locker rent is above Rs. 1,000.

BillDesk

We provide a bill payment service to our client using BillDesk technology. This service allows our customers to receive and pay all their bills from one Internet portal. Billers also benefit from our utilization of this technology through reduced processing expenses and improved customer service from online presentment and payment of bills.

Deposits

Our deposits are broadly classified into demand deposits, savings deposits and time (or term) deposits as follows:

Demand deposits, which are non-interest bearing;

Savings deposits, which are deposits that accrue interest at a fixed rate set by RBI (which is currently 3.5%) and upon which cheques can be drawn; and

Term deposits (which have interest rates determined by us) including:

Recurring deposits, which are periodic deposits of a fixed amount over a fixed term that accrue interest at a fixed rate; and

Certificates of deposit.

Demand deposits can be withdrawn on demand during banking hours. Current accounts, matured term deposits, etc., are categorised as demand deposits.

Savings deposits accrue interest at a fixed rate set by RBI, which is currently 3.5% and a prescribed minimum balance is required to be maintained in these accounts to enable continued servicing.

Time deposits, also known as term deposits, allow depositors to opt for payment of interest at maturity or at periodical intervals. We determine interest rates payable on term deposits.

The following table sets forth the balances outstanding by type of deposit, as of the dates indicated:

(Rs. in million, except percentages)

	March 31, 2003		March 31, 2004		March 31, 2005		September 30, 2005	
	Balance outstanding	% of total	Balance outstanding	% of total	Balance outstanding	% of total	Balance outstanding	% of total
Demand deposits	59,654	9.09	67,717	9.28	68,711	8.45	80,695	9.36
From Banks	5,510	0.83	4,766	0.65	3,914	0.48	4,755	0.55
From Others	54,144	8.26	62,951	8.63	64,797	7.97	75,940	8.81
Savings deposits	164,194	24.71	197,802	27.11	227,769	28.00	249,479	28.95
Term deposits	439,815	66.20	464,155	63.61	516,854	63.55	531,543	61.69
From Banks	21,965	3.31	29,234	4.01	31,940	3.93	40302	4.68
From Others	417,850	62.89	434,921	59.60	484,914	59.62	491,241	57.01
Total deposits	**663,664**	**100.00**	**729,673**	**100.00**	**813,335**	**100.00**	**861,717**	**100.00**

We take corporate deposits from large public sector corporations, government organizations, other banks and private sector companies. We take Rupee or foreign currency denominated deposits and offer fixed and floating interest rates.

Deposit Products

Fixed Deposit Accounts

Interest bearing accounts are available for short and long terms. These deposits are also accepted as security by government departments and for margins for non-fund based facilities. Our longer deposit plans for over 12 months include the *Fast Access Deposit Scheme, Yatha Shakti Jama Yojana, BoB Flexible Fixed Deposit Scheme, Regular Income Plan, Monthly Income Plan, Regular Income Cum Recurring Deposit Plan, Capital Gain Account Scheme* and term deposits. All of these products offer customers secure returns and may also offer flexible withdrawal options and effective tax treatments. Our Recurring Deposit Scheme Baroda Flexible Recurring Deposit Account is a savings account offered to retail customers. Such accounts encourage saving by offering better interest rates and other beneficial conditions.

Current Deposits

Our current deposits plans are designed to meet needs of different categories of customers. The terms are flexible and instructions can be effected immediately making this plan most suitable for those with very regular transaction activity.

BANK OF BARODA

We offer flexible current deposit options to all our customers. Business and corporate customers are also able to take advantage of the overdraft facility offered in connection with current deposits. Our network of branches and other access points such as the Internet and telephone allow instructions in relation to a customers account to be issued or effected without delay.

Premium Current Account

This product has been developed for high value current account customers having average quarterly balance of Rs. 100,000 and above. This account can be opened by all prospective as well as existing current account holders except banks. There are two categories of premium current accounts, one for depositors required to maintain minimum average quarterly balance of Rs. 100,000 and the other with a minimum average quarterly balance of Rs. 300,000. We provide additional facilities and free services to our Premium Current Account holders.

General Savings Account

Our General Savings Account offers easy liquidity, security and interest on deposits.

Super Savings Account

The product is a savings bank account with value added propositions for high value Indian customers. We provide additional facilities and free services to such account holders including free issuance of demand drafts drawn on Indian branches, bank cheques to meet personal needs, free transfer of funds to any branch of our Bank by mail or telegraphic transfers, free Baroda Money Express, free collection of outstanding cheques drawn in favour of the account holder, complimentary PARAS Credit Card and free personal accident insurance cover during the first year of opening the account. This product is only available at certain specified branches.

Deposits by Non-Resident Indians

Through our wide network of foreign branches, offices and correspondent relations at various business locations around the world, we actively seek banking business from Non-Resident Indians (“NRIs”). We seek to satisfy the comprehensive banking needs of NRIs by providing a wide range of services, including deposit products in Indian and foreign currencies.

Delivery Channels and Accessibility

Our customers, whether they be located in metropolitan or rural areas can access a range of delivery methods to take advantage of our products and services. These include access to physical branches, ATMs, telephone banking and the Internet. These channels allow customers to access information about their accounts and use banking services 24 hours a day, seven days a week.

As of November 30, 2005, we had 525 ATMs in 190 cities. We plan to add another 500 ATMs by December 2005 and anticipate that these ATMs will be equipped with the capacity to provide value added services such as bill payment services. We were among the 17 banks to join the National Financial Switch (NFS) set up by the Institute for Development and Research in Banking Technology in August 2004. Cardholders of other banks, who are members of NFS, can use our ATMs, and vice versa. Our cardholders can currently access 5,380 ATMs connected to NFS under this arrangement. Additionally, the global network of over 850,000 Visa ATMs is available to our cardholders.

Under the BARODA OMNI umbrella, we provide centralized telephone banking, computer banking and “any branch banking”. BARODA OMNI is currently operational in seven cities (Chennai, Bangalore, Hyderabad, Pune, Mumbai, Ahmedabad and Delhi) and covers over 305 branches. This product has been awarded “Honourable Mention in Best in Remote Banking Award-2001” by Micro Banker Online Magazine of USA and we continue to develop the range of services offered under BARODA OMNI.

Information on customer accounts is also available by Internet at our website www.bankofbaroda.com, and short messaging service (“SMS”) for those who need ready access to account details. Customers are able to obtain a single view of their accounts across various branches, summary account histories and send cheque book requests via the Internet or mobile telephone. The facility is offered to customers of 585 branches across 139 cities

We provide a multi city cheque facility at 201 branches in 16 cities to our current account holders maintaining a balance of over Rs. 50,000 per account. Under this facility, special cheques are issued by the customers of the Bank to their clients which are payable at par like local cheques at the multi city cheque centres of the Bank.

Further, as of November 30, 2005, we had established 362 8 a.m. to 8 p.m. branches.

We intend to increase the number of delivery channels to provide total customer centricity for our customers including:

- Installing Electronic Data Capture, which are similar to merchant terminals. We intend to deploy EDCs in areas where ATM networking is not possible. EDCs are cheaper to install and run than ATMs;
- Offering prepaid cards for students, travellers and pensioners so that their cash requirements when on travel be met instantly;
- Offering bill payment services through public call offices and mobile telephones through C-sam, which will allow us to establish relationships with mobile telephone service providers;
- Offering multi-city cheque facilities in all networked branches;
- Offering instant funds transfer across debit card leased line connected branches and making such funds available through ATMs, branches, NEFT (National Electronic Funds Transfer), RTGS (Real Time Gross Settlement) and SFMS (Structured Financial Messaging System);
- Offering cheque truncation, an image-based clearing system; and
- Offering NEFT in all networked branches.

Computerization and Interconnectivity of Branches

All our branches in India are either fully or partially computerized and utilise Bilingual Integrated Branch Automation Software and other applications such as ISBS and BOBLAN. Additionally, 516 branches have been brought under computerization through a cluster approach where a nodal office caters to computerization requirements of a group of branches. We have set up 85 nodal offices.

We have also begun converting all our ALPM (Advanced Ledger Posting Machines) branches, which are partially computerized branches, to our Total Branch Automation System. We have already converted 1,088 of 1,094 ALPM branches. The remaining such branches are likely to be converted before the end of the current calendar year.

In addition, all overseas branches, OBUs and one Associate are computerized. Core banking has been implemented in seven overseas territories. BOBCARDS, BOB Caps (Primary Dealership), BOB Housing and BOB AMC, our wholly owned Subsidiaries, are also fully computerized.

We are implementing our system to inter-connect all our branches electronically. Over 1,000 branches are being networked through leased lines, ISDN, VSATs for running multipurpose applications. Corporate mail services and the Intranet are also used to communicate with our customers and to share knowledge between all computerized branches and administrative offices.

Technology Enabled Business Transformation Project

We recognised that in order to pursue our strategy of becoming an international bank with a customer centric focus, we would be required to invest in our information technology systems and in April 2005, we entered into an agreement with HP to assist us in delivering a uniform, portal-based IT infrastructure to cover both our domestic and international operations. The infrastructure will allow us to realign the way in which we operate with our external and internal customers and business partners and, in turn, help us to compete and excel in the increasingly challenging and competitive domestic and global banking environments. Through this project we will implement and manage an enterprise-wide service-oriented architecture including core banking, phone banking, Internet banking, delivery channel integration, risk and performance management, customer relationship management, data warehousing, global treasury, human resources management system and cheque truncation system.

The project formally commenced in April 2005 and the first phase of implementation involves rolling out core banking solutions in 1,924 domestic and 55 international branches. The implementation also includes the roll out of other critically important applications such as HRMS, payroll, Enterprise General Ledger, risk management, RTGS, payment gateway and global treasury. During this phase, about 1,600 of our offices including the overseas offices will be put on a dedicated private network. The second phase involves the networking of other support applications and delivery channels including, among other applications: depository, online trading, ATM switch, asset management, hire purchase and leasing, CRM, data warehouse and credit cards.

Progress

We have begun installing leased lines connecting 1,000 of our branches to our network and we believe the task is likely to be completed during this year. The preparation of infrastructure at 28 network aggregation points is in the final stages of completion. Our centralised data centre spread over an area of 8,000 square feet was commissioned on December 10, 2005 as a stepping stone towards CBS. The first pilot branch under CBS is scheduled to be rolled out in December 2005.

With respect to CBS implementation:

- 80 members of the CBS implementation team have completed their initial 11-week training.in two branches. Another 40 officers are currently undergoing this training;
- An eight member project team has been trained in the operation of the e-channel solution which will be implemented in conjunction with CBS; and
- Both HP and our information technology team have completed a detailed system study and a project management plan is being created by us in consultation with HP.

In addition, we have also begun implementing the enterprise general ledger, HRMS, payroll applications, RTGS, Credit Risk Management application and the Anti Money Laundering solution associated with the technology enabled business transformation project. Dedicated teams for all the applications have been identified and are currently being trained by HP. Given the critical significance of introducing risk management solutions and the time frame for compliance with Basel II norms we have accelerated the date for the implementation of the credit risk management solution to be established in conjunction with the project

The project, currently running to its implementation and roll-out schedule, is on its way to establish a robust technology platform for us.

Risk Management

The management of risk is a major determinant of success in all multinational business and we place particular attention to actively managing and controlling our risk exposures. In the financial services industry, the three main risk exposures we face are credit risk, market risk and operational risk. For all of these risks, we have devised and implemented policies, procedures, organizational structures and control systems for their identification, measurement, monitoring and control. These systems are not static but are flexible enough to allow our procedures to be modified in accordance with changes in our risk profile.

Since October 2001, we have implemented an internal risk management system headed by one of our General Managers, which has evolved into a sophisticated and effective risk management tool for our business whereby overall responsibility for management of risks rests with a Sub-Committee of our Board. Further, we have in place a Credit Policy Committee, Asset Liability Management Committee and Operational Risk Management Committee, all of which comprise experienced Senior General Managers to formulate and implement various risk strategies. Reporting to each of these committees is a range of cells that identify, measure, monitor and attempt to control risks within prescribed limits.

Credit Risk

Credit risk is a risk inherent in the banking business and involves the risk of loss arising as a result of the diminution in credit quality of a borrower or counter-party and the risk that the borrower or counter-party will default on contractual repayments under an advance.

We have a sub-committee of Directors constituted by the Board who specifically oversee and co-ordinate our risk management functions. Reporting to this sub-committee is a Credit Policy Committee that comprises of Senior General Managers whose role is to formulate and implement various risk management strategies and monitor our risk management functions on a regular basis.

There are four credit risk management cells which work together to identify, measure, monitor and control our credit risk exposure. These are the Corporate Research Cell, Portfolio Review Cell, Credit Review Cell and Economic Forecasting Cell.

Corporate Research Cell

The primary function of the Corporate Research Cell is the preparation and update of industry reports, which are used by credit officers at all levels- central management, zonal management, regional management, as well as at each branch.

This cell has completed a study of all industries identified by the RBI for controlling sectoral deployment of credit and prepared over 63 industry and product reports, updated quarterly/half yearly, for use by us. Although the RBI only requires annual or half-yearly updates, it is part of our commitment towards risk management that some of our reports are updated quarterly/ half yearly.

Portfolio Review Cell

The role of the Portfolio Review Cell is to conduct studies on various aspects of credit risk management at the portfolio level, such as sectoral credit deployment, monitoring single borrower/group borrower exposure and monitoring industry-wide capital exposures. The functions of this cell include conducting studies on the performance of specific loan portfolios and preparing reports for submission to the Risk Management General Manager.

Credit Review Cell

The primary responsibility of the Credit Review Cell is to monitor the credit risk management techniques we deploy and to provide recommendations to the Risk Management General Manager for improvements to current credit management practices encompassing, among other responsibilities, the necessary policy preparation and roll out of credit rating models.

Credit Exposure Ceilings

Credit exposure ceilings are a prudential measure mandated by RBI aimed at improving risk management and avoiding concentration of credit risks. Ceilings are set in relation to single/group borrowers, unsecured borrowers and with respect to each industry sector.

We have set our own credit exposure ceilings based on the guidelines for substantial exposure limits set by RBI, but which are typically more conservative than those prescribed by RBI. Broadly, our credit exposure ceilings are as follows:

- The aggregate substantial exposure limit is set at 600% of our capital funds as per the previous year's balance sheet. For the purposes of calculating our substantial exposure limites we include all single borrowers with an exposure of 10% or more of capital funds;
- Single borrower exposure is currently capped at 10% (despite RBI prescribing a limit of 15%, as it is more in line with our risk management strategy) but may increase to 15% as long as the overall substantial exposure limit does not exceed 600%.

As on March 31, 2005, the credit exposure ceilings on single/group exposure limits were as follows:

	Particulars	**(Rs. in Millions)**
1.	Tier I Capital (Eligible element)	39,542.30
2.	Tier II Capital (Eligible element)	21,222.80
3.	Total Capital Funds	60,765.10
4.	Single Borrower Exposure Limit 15% of the total capital funds for AAA, AA & A as per new rating model and A+ & A as per old rating model.	9,114.80
5.	Single Borrower Exposure Limit 12.5% of the total capital funds for BBB as per new rating model and B+ as per old rating model.	7,595.60
6.	Single Borrower Exposure Limit 10% of the total capital funds for below BBB as per new rating model and below B+ as per old rating model.	6,076.50
7.	Single Borrower Exposure Limit in case of Infrastructure advances (20% of the total capital funds)	12,153.00
8.	Group Borrower Exposure Limit (40% of the total capital funds)	24,306.00
9.	Substantial Exposure (600% of the total capital funds)	364,590.60

As per RBI's guidelines, the credit exposure ceiling is fixed in relation to our capital funds under capital adequacy standards (Tier I and Tier II capital). The credit exposure ceiling limits applicable from April 1, 2002 is 15% of capital funds in case of single borrower and 40% in the case of a group borrower. Exposure to a single borrower may exceed the exposure limit of 15% of our capital funds by an additional 5% (i.e., up to 20%), provided that the additional credit exposure is on account of infrastructure projects. Similarly, exposure to borrowers belonging to a group may exceed the exposure limit of 40% of our capital funds by an additional 10% (i.e., up to 50%), provided that the additional exposure is on account of the extension of credit to infrastructure projects.

As per RBI's revised guidelines, in exceptional cases, with the approval of the Board, we may consider enhancement of the exposure to a borrower up to a further 5% of capital funds (i.e., up to 20% of the capital funds for a single borrower (up to 25% for infrastructure projects) and up to 45% of capital funds for group borrowers (up to 55% for infrastructure projects) subject to making appropriate disclosures in the Notes to accounts of our annual financial statements, with prior written consent from the borrower.

Within the framework of the above regulatory framework, we have introduced a risk based single borrower exposure that is linked to the credit rating of the borrower.

The following risk based exposure ceilings have been fixed:

Credit Rating of the account	Maximum single borrower exposure ceilings	Maximum single borrower exposure ceiling for infrastructure
AAA, AA, A	15% of capital funds	20% of capital funds
BBB	12.5% of capital funds	17.5% of capital funds
Below BBB	10% of capital funds	15% of capital funds

With respect to sectoral exposure, our policy is that the exposure to any of the sectors should not exceed at any point of time the below mentioned caps or 10% (or 20% as indicated by an '*' in the below table) of our total global credit as at the end of the previous quarter, whichever is lower.

The monetary caps in respect of various industries / sectors are provided below.

Sl. No.		Industry/Activity	Industry / Activity Cap (Rs. in Millions)
1.		Gems & Jewellery (including diamond)	15,000
2.		Residuary NBFCs promoted by State/Central Government engaged in financing infrastructure projects	20,000
3.		Leasing, Hire Purchase, Non-Financing Companies, NBFCs other than State/Central Government NBFCs.	8,000
4.		Real Estate Advances (with sub limit as under):-	*100,000
	4.A	Housing loan (Residential Mortgage)	(*50,000)
	4.B	Commercial Real Estate including Hotels/Cold Storage/ Warehouse etc.	(*15,000)
	4.C	Mortgage backed Rated Securities (Residential and Commercial)	(*15,000)
	4.D	Indirect Exposure – Housing companies	(*20,000)
5.		Chemicals – Fertilisers (Financing/taking additional exposure in Naphtha based units is to be generally discouraged)	20,000
6.		Sugar Industry	10,000
7.		Capital Market (for domestic advances)	10,000
		With Sub-Limit for :	
		- Advances for PSU Disinvestment (subject to a max. of Rs.1,000 million for any single PSU disinvestment)	(5,000)
		- Advances to stock brokers/market makers, Margin Trading (these cases are to be considered at Corporate Centre level)	(1,000)
		- Others	(5,000)

Sl. No.		Industry/Activity	Industry / Activity Cap (Rs. in Millions)
8.		Infrastructure such as Power Generation (only for conventional sources i.e. Thermal, Hydro & Nuclear), Power Non-Generation (i.e. Electricity Distribution, trading, etc.), Ports/ Airports, Roads /Bridges, Telecom, Water Projects, Urban Infrastructure, Sewage, irrigation, sanitation, other public facility, etc.,	150,000
		With Sub Limits for Infrastructure as under	
	8.A	Infrastructure – Power Generation (only for conventional sources i.e. Thermal, Hydro & Nuclear)	(*40,000)
	8.B	Infrastructure – Power Non-Generation (i.e. Electricity Distribution, trading, etc.).	(*25,000)
	8.C	Infrastructure – Ports/ Airports	(*30,000)
	8.D	Infrastructure – Roads & Bridges	(*10,000)
	8.E	Infrastructure – Telecom.	(*30,000)
	8.F	Other Infrastructure – Water Projects, Urban Infrastructure, Sewage, irrigation, sanitation, other public facility, etc.,	(*15,000)
9.	Film Financing		2,500
10.	MIBOR linked advances		20,000
11.	Bridge Loan to Companies		750
12.	Baroda Desh Videsh Yatra Loan		250

Fair Practices Code

In accordance with guidelines of the RBI, we have adopted a Fair Practices Code setting out standards of fair banking practices to be observed by all of our branches.

Credit Appraisals/ Credit Risk Assessment Methodology

We have a robust credit appraisal methodology in appraising credit proposals. We have in place a credit rating system for assessing credit risk in commercial lending. Our rating system has two models: (i) a comprehensive credit rating model for exposure over Rs. 100 million; and (ii) a smaller credit rating model for exposure of Rs. 2.5 million to less than Rs. 100 million. Both the rating models have eight grades. As a policy matter, we entertain fresh proposals with credit ratings of 'BBB' (moderate safety) and above. Our rating exercise is carried out on a half yearly basis for accounts having exposure of Rs. 50 million and above.

In addition to minimum entry level in credit rating system, we have in place a credit approval system. All proposals falling under the powers of corporate office pass through credit approval department, which is headed by a General Manager.

Similarly, we have a scoring model for assessing credit risk in the retail lending segment. We have five scoring models: Housing Loan; Car Loan; Personal Loan; Educational Loan and Traders Loan.

Post-Sanction Monitoring of Loans

The success of a business of providing credit and loan products relies heavily on effective and timely monitoring and supervision of loans granted. In addition to our risk management systems that identify and set individual/group limits based on credit quality and sectoral limits as per RBI guidelines, we also have in place a complete and effective post-sanction follow-up system that monitors and tracks the status of loans and other credit facilities once granted. The follow-up system reviews and interprets information and data that identifies potential increases in credit risks and allows us to deal with such credit exposures in a timely manner.

Our post-sanction follow-up systems can be categorized into five fields:

- Periodic Review;
- Post-Sanction Reporting;
- Periodic Inspection of Securities;

- End-use of Funds Compliance Review; and
- Regular Audit.

Periodic Review

Credit facilities, once sanctioned and granted, are monitored through regular annual and monthly reviews.

Annual Reviews

Currently, all loans and credit facilities granted are subject to reviews at least once a year. In these annual reviews, we undertake a comprehensive analysis of issues covering the borrower's financial health, its business performance and prospects, the quality and competence of its management staff, as well as a thorough examination of the borrower's financial accounting records and compliance systems. Such annual reviews allow us to continually assess our overall credit risk exposure and helps to ensure that our borrowers are financially competent in meeting their loan and credit obligations.

Short Reviews

In addition to the annual reviews, we also carry out short reviews of various loans and credit facilities granted. In these short reviews, an officer (with a position not below Chief Manager) prepares a status note that sets out the officer's opinion of the financial health of the borrower on the basis of particular information and specific financial indicators. In cases where the officer is not satisfied with the financial health of the borrower or is aware of any impairment to the borrower's credit-worthiness, the borrower will be placed before a review board which may consider and impose any necessary action. Short reviews on particular borrowers can be carried out as frequently as twice within a period of six months.

Monthly Monitoring

We also pay special attention to borrowers with large exposures by carrying out tailored monthly monitoring programs. With a system that prescribes monthly monitoring mechanisms for borrowers with various high levels of credit exposure, we are able to effectively prevent any asset quality slippage and take timely corrective steps to improve and maintain the quality of our credit portfolio.

In accounts of credit facilities in excess of Rs. 100 million, branch offices that have sanctioned such credit facilities must prepare and submit an monthly review report through the relevant office in that region to the corporate office for review and analysis.

In accounts of credit facilities in excess of Rs. 50 million but not more than Rs. 100 million, the relevant Zonal Manager will be required to monitor activities of the borrower, and alert the corporate office of any irregular activities that might be of concern before the 10th of each month.

In accounts of credit facilities in excess of Rs. 10 million but not more than Rs. 50 million, monitoring responsibilities fall on the regional manager who must report to the Zone, any irregular activities that might be of concern before the 7th of each month.

Post-Sanction Reporting

We have in place a post-sanction reporting system that reviews and cross-checks all loans and credit facilities sanctioned and granted to protect the strength of our credit portfolio. In particular, all credit decisions, whether it is an approval to accept, increase, reject or modify loan terms, are reviewed within 30 days of such decision being made. In particular, general managers at the central office are responsible for reviewing general parameters of all loans and credit facilities. The branch office that sanctioned the loan or credit facility shall has the responsibility of ensuring that procedural requirements are complied with such as credit appraisal, adequacy of security and effective documentation.

To specifically protect ourselves from large exposures to credit risk, we also require copies of all proposals of credit facilities in excess of Rs. 1 million to be forwarded to general managers at the central office for review. Accompanying the copy of the proposal being sent to the central office is an appraisal note issued by the relevant branch office setting out the business case for granting the loan or credit facility, along with the latest financials, credit rating sheet, list of potential adverse outcomes and any non-compliance of the terms and conditions of the credit facility. In the case of credit facilities in excess of Rs. 500,000 but not more than Rs. 1 million, the relevant branch office will be required to submit an appraisal note to the central office but will not be required to enclose any financial documentation.

Periodic Inspection of Securities

Most of our loans and credit facilities are granted only after obtaining collateral securities. In order to guarantee the value of such collateral securities, we undertake periodic inspection of collateral securities in various intervals depending on the type of credit facilities granted.

In our commercial lending schemes, the frequency of inspection of securities is dependent upon the type of security being offered. In commercial credit facilities where the security offered is the borrower's working capital, securities will be inspected in the following intervals:

Latest Credit Rating	Interval
AAA	Half yearly basis
AA or A	Quarterly basis
BBB or below	Bi-monthly basis

Furthermore, we also conduct on-site audits of stock and book debts of such borrowers. Frequently, chartered accountants are employed to ensure that all stock audit work is satisfactory and complies with generally accepted accounting principles.

In commercial credit facilities where the security offered is fixed assets, the security will be inspected half-yearly during January and July. In the case of commercial credit facilities issued pursuant to a consortium agreement, the security will be inspected periodically as fixed by the consortium.

In our retail lending schemes, the frequency of inspection of securities is dependent on the type of credit product. In the case of Housing Loan products, we require inspection of the collateral security offered at every disbursement of funds, and thereafter once every three years. In the case of overdraft products that are granted against property, we require inspection of the collateral security initially at the time of disbursement of funds, and thereafter annually. Security for Baroda Two-Wheelers/Car Loan products are inspected annually and security for Baroda Traders' Loan products are inspected every 10 months. In the case of Baroda Professionals products, we require an inspection of the security once every 10 months.

In addition to inspection of securities, we also require the manager of the relevant office which sanctioned and granted any credit facilities to meet personally with the borrower at least once a year to review their credit terms and conditions.

End-use of Funds Compliance Review

We have constituted a Slippage Prevention Task Force (SPTF) whose members work on a continuous basis to ensure that all of our credit exposures are effectively managed. In particular, SPTF members maintain a database that tracks any credit accounts in excess of Rs. 10 million that may lead to unnecessary adverse exposures by ensuring that any funds disbursed by us are used pursuant to the terms and conditions of the credit facility.

By ensuring that funds disbursed are only used pursuant to the terms and conditions of any sanctioned credit facility, we believe that any credit risks we face will be well managed and effectively controlled.

Regular Audit

We have established a credit audit wing within our central audit and inspection department with the objective to improve the quality of our credit portfolio, review credit facility approval procedures and compliance, provide feedback on effective regulatory compliance, as well as to independently review our credit risk assessment mechanisms and provide recommendations to improve our risk management capabilities.

Our credit audit wing conducts credit audits of all eligible credit sanctions within the six months after the credit facilities have been sanctioned. At the conclusion of such audits, a credit audit report shall be presented to the branch and regional office to ensure that credit risks are understood and managed throughout our corporate structure and management team.

Market Risk

Market risk is another risk that is inevitably faced by an entity operating in the financial services industry. It is the risk that exposure to price movements of financial instruments arising as a result of changes in market variables, such as interest rates, exchange rates and other asset prices, will result in loss to us. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and to reduce our exposure to the volatility inherent in financial instruments such as securities, foreign exchange contracts, equity and derivative instruments, as well as balance sheet or structural positions.

The primary risk that arises for us as a financial intermediary is interest rate risk due to our asset- liabilities management activities. Other market related risks to which we are exposed to a lesser extent are foreign exchange risk on foreign currency positions, liquidity, or funding risk, and price risk on trading portfolios.

We have a clearly articulated integrated treasury management policy and asset liability management policy to address market risk. These policies are comprised of management policies, procedures, prudential risk limits, review mechanisms and reporting systems. These policies are revised periodically in tune with changes in financial and market conditions.

Asset Liability Management Committee

We have formed an Asset Liability Management Committee (ALMC) which reports to a sub-committee of the Board, comprising of experienced senior general managers with Chairman & Managing Director as Chairman and Executive Director as Vice-Chairman to oversee market risk management and implement strategies to address market risk in accordance with the parameters set by the Board.

The responsibilities of the ALMC include:

- formulating product pricing for deposits and advances;
- determining the maturity profile and mix of incremental assets and liabilities;
- articulating the interest rate outlook for the purposes of the our future business strategy;
- devising an effective transfer pricing policy; and
- monitoring our return on asset ratios.

Reporting to the ALMC is the Asset Liability Management Cell (ALM Cell) whose role is to identify measure, monitor and control our market risk exposure. The ALM Cell provides a number of valuable risk management mechanisms:

- a state of the art ALM information system;
- fortnightly reviews of structural liquidity, gap reports to review our liquidity position and dynamic liquidity statements;
- monthly interest rate sensitivity and earnings at risk reviews;
- quarterly reviews of residual maturity of advances; and
- fortnightly reviews of residual maturity of borrowings, deposits, investments, call lending and term lending

Since October 2001, we have had in place a Specialized Integrated Treasury Branch (SITB) in Mumbai that is equipped with the latest technology to co-ordinate our money market, investment and foreign exchange functions as well as monitor interest rate risk and implement strategies to address market risk in line with prudential guidelines of RBI. The various responsibilities of the SITB include:

- ensuring full compliance with various regulatory and prudential requirements;
- managing liquidity;
- improving the efficiency of delivery channels;
- being a major player in the debt market; and
- being one of the leading market makers in the foreign exchange market.

The SITB managed to get a yield of 8.45% on coupon bearing securities for the six months ended September 30, 2005, whilst at the same time, reducing our portfolio's risk and volatility. This is evident in the reduction in modified duration (a measurement of risk and volatility) from 4.05 to 2.90 during the half-year ended September 30, 2005. Further, we have an investment fluctuation reserve of Rs. 10,425 million as of September 30, 2005, which is more than the prescribed level of 5%.

Foreign Exchange Risk

We conduct extensive foreign exchange operations including trading and taking positions in various currencies, both proprietary and on behalf of clients. In this regard, part of the market risk we are exposed to are foreign exchange risks as a result of adverse exchange rate movements during a period in which we may have an open position in any combination of foreign currencies.

Risk and Return Based Performance Management Framework

In order to manage and monitor our overall market risk exposure, we have in place a system of fundamental methods that we apply to manage foreign exchange risks arising from our foreign exchange trading activities. The risk management methods fall within a risk and return based performance management framework designed to optimize gains in our foreign exchange portfolio in view of the corresponding risk taken. In this sense, we adopt a risk adjusted performance measurement framework that seeks to optimize our risk-return profile.

In determining our risk-return profile, we also pay particular attention to:

- the complexity of foreign exchange products available to us;
- the proportion of foreign exchange risks compared to our overall risk profile;
- our stakeholders' expectations in terms of the level of growth and volatility; and
- any of our on and off balance sheet strategies that are designed to manage and reduce our overall risk exposure.

Organizational Control Over Management of Foreign Exchange Risk

Clear definition of authority for foreign exchange risk management activities and appropriate separation from foreign exchange trading activities help ensure the integrity, accuracy and reasonableness of our foreign exchange operations. Our Board bears the responsibility of instituting a foreign exchange policy that clearly sets out the risk-taking activities and operations that our employees are permitted to engage in. Furthermore, our Board periodically reviews the effectiveness of our foreign exchange risk management policies in light of developments of the global foreign exchange market and approves any necessary changes.

In addition to the review by our Board, independent reviews of our foreign exchange risk management activities are carried out periodically. At these internal audits, the auditor will independently review foreign exchange risk management policies, focusing particularly on the compliance by our management with the policies, any significant changes on the policies, and the appropriateness and effectiveness of the policies given the nature, scope and complexity of our foreign exchange operations and activities.

Measuring the Market Risk Exposure from Foreign Exchange Operations

To determine our market risk position as a result of our foreign exchange operations, we utilize a combination of measurement techniques that enable static and dynamic analyses.

Static analysis

Static analysis measures the market risk exposure of our foreign exchange product positions by computing the value at risk (VaR) of positions both individually and on a portfolio basis. The VaR method is used to assess potential losses that could crystallize on trading positions due to variations in currency exchange rates and interest rates, for a given confidence level within a defined period of time.

We seek to manage our foreign exchange market risk exposure by computing VaR at 95%, 97.5% and 99% confidence level for 1-day and 10-day time horizons. Relying on past data and historically observed correlations, our goal is to be able to effective monitor our VaR over a defined period of time.

Dynamic analysis

Dynamic analysis measures the market risk exposure of our foreign exchange products by calculating our potential future profit and loss, capturing the effect of both the current and future events that could happen in the planning horizon. Through the stress testing analysis of a series of potential stress scenarios, we are able to estimate our market rate risk exposure. Each of the stress scenarios we adopt takes into account our business strategy and likely changes in the external environment such as global economic changes, supply constraints caused by wars and other sanctions.

The benefit of utilizing the dynamic analysis is that it helps to ensure that we adequately capture all potential risks we face that might not be adequately addressed through static measurement techniques or "simplistic" scenario analyses.

Limiting Market Risk Exposure from Foreign Exchange Operations

Once we have carried out both static analysis and dynamic analysis, we will are able to set parameters and limits that are designed to prevent our foreign exchange operations from breaching predetermined market risk exposures.

In the case of a VaR analysis, setting VaR limits for different sections of our foreign exchange operations helps ensure that we are not exposed to risks that are not in accordance with our risk-return profile. We will periodically revise these limits on the basis of the results of back testing and any modifications of assumptions used for the purpose of conducting the VaR analysis.

We intend to compute VaR foreign exchange risks for a period of six-nine months with periodic back-testing on a quarterly basis, following which the relevant VaR limits will be determined. The level of VaR undertaken is monitored and reported to the Board on a periodic basis. Once the concept and quantification of VaR analysis is better understood, we proceed to set specific VaR limits on a position and portfolio basis for each particular investment involved.

In addition to VaR limits, we also intend to mandate various static limits that will effectively monitor market risk exposures as a result of our foreign exchange operations including:

- position limits based on underlying exposure;
- daylight limits which mitigate the risk arising out of large overbought or oversold positions in currencies during intraday trading;
- overnight limits which mitigates the risk arising out of overnight volatility in foreign exchange rates;
- stop loss limits which help limit the loss on positions to a certain pre-defined level that has been approved by the Board; and
- take profit limits which ensure that profits on trading are crystallized and not eroded by keeping the positions for an unduly long time.

In relation to the dynamic scenario analysis, once we have reviewed the results from the stress testing of various pessimistic and worst-case scenarios, we believe our management will be better equipped and informed to provide direction in relation to our foreign exchange market risk exposure.

Implementing Foreign Exchange Risk Management Policies

The effectiveness of our foreign exchange risk management polices lies in their implementation. The Board has established the authority of specific staff members or committees to make risk management decisions and have set levels of significance at which decisions may only be made with senior management approval. All aspects of risk management, including establishing hedging strategies, approving and executing transactions, collecting, reviewing and communicating exposure information, management reporting, deal confirmation, settlement and accounting responsibilities are assigned to specific staff members. This clear identification of responsibility encourages accountability and transparency and is designed to prevent any conflict of interest.

Reporting Requirements of Foreign Exchange Risk Management Policies

Our foreign exchange risk management policies require periodic reports to be prepared and submitted to senior management. These reports help to ensure that the Board constantly measures and reviews the effectiveness of risk management activities and helps to ensure that the operational staff adhere to the risk management policies.

Some of the reports required to be submitted to senior management include:

- Value at Risk Report reviewing the extent of limit utilization and risk taken by individual dealers;
- Exceptions Report recording any exceptions particular in relation to breach of various limits that have been predetermined by senior management;
- Stress Test Report, which assesses the risk impact of stress scenarios;

- Net Position Report recording the net positions taken in various currencies;
- Back-testing Report, which compares predicted losses with actual profit/loss recorded; and
- Profit and Loss Report, which documents the performance of a particular dealer.

Operational Risk

We face operational risk on account of inadequate or failed internal process, people and systems or external events. We have established systems and procedures, which are available up to the branch level in the form of books of Instructions and circulars covering different lines of activities of the Bank. To monitor operational risk on an on-going basis, we have established an Operational Risk Management Committee (ORMC) under the overall supervision of Sub-Committee of Board on ALM and Risk Management. ORMC meets on a regular basis to review matters relating to operational risk.

We have an independent department that monitors operational risk by reviewing whether our laid down systems and procedures are duly complied with.

We collect and analyze data on operational risk on different parameters on a half yearly basis and, where necessary, corrective steps are taken.

Basel II Requirements

RBI is adopting the requirements of Basel II, the inteernaational capital adequacy framework for banks. These requirements will affect our management of all threee principal categories of risk. In particular, Basel II will introduce minimum capital requirements for market risk andoperaational rissk in addition to the previous requirement of minimum capital only for credit risks. RBI has also indicated the phased implementation of Basel II norms.

We have performed a comprehensive self-assessment exercise spanning all the risk areas and have evolved a roadmap to move towards implementation of Basel II, as per the RBI directions. Implementation of standardized method for market risk as per Basel II norms will be implemented as directed by RBI by March 31, 2006. Credit risk and operational risk as per Basel II norms will be implemented as directed by RBI by March 31, 2007.

Human Resources

As at September 30, 2005, we had 39,170 employees. Following is a table of our total number of employees as of the dates indicated:

	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**September 30, 2005**
Officers	11,690	11,996	11,848	12,471
Clerks	19,951	19,302	19,284	18,395
Other employees	8,672	8,505	8,397	8,304
Total	**40,313**	**39,803**	**39,529**	**39,170**

We place heavy emphasis on growth and development of our employees. This philosophy is reflected in our human resources program being given top-level attention by a Board level steering committee on HR. Our HR initiatives are focused mainly at three levels: recruitment; continuous development and training; and compensation, rewards and welfare.

Recruitment

Our recruitment plan is aimed to attract the best talent, including from campus recruitments at business schools to lateral recruitment of senior management staff and other general recruitment of banking and specialist officers.

The Board-level steering committee on HR has evolved the "HR Resourcing Policy" to address the Bank's future manpower needs. Recruitment processes are handled internally by an HR Resourcing Cell, with the support of external institutions including Institute of Banking Personnel Selection for conducting written examinations for job candidates. The current recruitment plan of the Bank is for an intake of around 750 officers in different disciplines and fields of expertise such as agriculture, information technology, marketing, human resources management, risk management and credit.

Training and Employee Development

Our HR policy provides the basic framework for a comprehensive and multi-faceted training program that seeks to improve the all-round competencies of our employees. At the senior management level, we conduct a management education program that focuses on developing business leaders for the future. Our management education program is conducted regularly in conjunction with leading Indian management institutions such as IIM, Ahmedabad and MDI, Gurgaon.

Our managers' skills are regularly updated through various knowledge management initiatives.

At other levels, our training focuses on all-round development as well as job-specific knowledge. We seek to motivate and encourage staff members through their all-round development in behavioural skills, working attitudes, etiquette, communication skills and customer service. At job-specific level, emphasis is placed on developing core competencies of each staff member and the training covers information technology and applications, sales orientation training, risk-based internal audit skills, marketing and cross-selling, as well as various computer based tutorials. Our training is imparted through our apex training college at Ahmedabad, a dedicated training centre for IT at Baroda and through its 11 in-house training centres at different locations in India, which is further complimented by training by external bodies and consultants, including overseas trainings.

Compensation, Rewards and Staff Welfare

The salaries and benefits payable to our employees are in terms of the industry level bipartitie settlement between the employee/workmen unions and the IBA. The present industry wage and salary settlement covering employees in public sector banks was signed on June 2, 2005 covering the period November 2002-2007.

We have performance-linked incentive packages for our employees. We also provide welfare benefits to our employees such as financial assistance in times of need, loans to assist payment of health-related expenses reimbursement of medical expenses, academic scholarships for dependents of staff and holiday homes.

Competition

We face competition in all of our main business areas. Our primary competitors are other large public sector banks, new private sector banks and foreign banks.

Commercial Banking

Our principal competitors in wholesale banking are public and new private sector banks as well as foreign banks. In commercial banking, the large public sector banks have traditionally been the market leaders, with the focus of foreign banks being multinational companies and Indian corporations with cross-border financing requirements including trade, transactional and foreign exchange services. In contrast, large public sector banks have established extensive branch networks and large local currency funding capabilities.

Retail Banking

In retail banking, our principal competitors are the large public sector banks, as well as existing and new private sector banks and foreign banks who offer retail loan products. Other public sector banks like us have large deposit bases and extensive branch networks, including the State Bank of India Group which has over 13,500 branches. Although foreign banks have a small market penetration, they have a significant presence among non-resident Indians and also compete for non-branch based products such as auto loans and credit cards. Private sector and foreign banks compete through a wider product range offering and greater technological sophistication.

In particular, we face significant competition primarily from private sector banks and to a lesser degree from other public sector banks, in the housing, auto and personal loan segments.

Agriculture and Priority Segments

In the agriculture and priority segments, our principal competitors are the large public sector banks and RRBs. This is due to the extensive physical presence of public sector banks and RRBs, throughout India via their large branch networks and the focus on agriculture and priority sectors that has traditionally existed among public sector banks.

Treasury

In our treasury services for corporate and business clients, we compete principally with foreign banks in foreign exchange and derivatives trading, as well as other public sector and private banks in the foreign exchange and- money markets business.

Properties

Our head office is located at Baroda House, P.B. No 506, Mandavi Baroda-396006. We own the land on which our head office is built. Our corporate office is located at Plot No. - C-26, G-block, Bandra - Kurla Complex, Bandra (East) Mumbai-400051. The land on which our corporate office is built is subject to a long-term lease.

We conduct our business through a total network of 2,678 domestic branches, 19 service branches and 84 extension counters as of November 30, 2005. 2,665 of our branches are located in leased premises. We own 39 residential properties, 78 commercial properties and 18 vacant sites.

REGULATIONS AND POLICIES

The main legislation governing commercial banks, the Banking Regulation Act, applies to public sector banks like Bank of Baroda only to a limited extent. Sections 34A, 36AD and Section 51 of the Banking Regulation Act are applicable to corresponding new banks constituted under the Bank Acquisition Act. In turn, Section 51 of the Bank Regulation Act makes some of its sections applicable to corresponding new banks.

The Bank, as a corresponding new bank, is governed primarily by the provisions of the Bank Acquisition Act. The Bank Scheme and the Bank Regulations govern our operations.

Other important laws include the Reserve Bank of India Act, 1934. Additionally, the RBI, from time to time, issues guidelines, regulations, policies, notifications, press releases, circulars, etc. to be followed by us and supervises our compliance with these guidelines.

Like all corresponding new banks, we are regulated and supervised by the RBI. The RBI requires us to furnish statements, information and certain details relating to our business. It has issued guidelines on several matters including recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for impaired assets. The RBI has set up a Board for Financial Supervision ("BFS"), under the chairmanship of the Governor of the RBI. The primary objective of the BFS is to undertake consolidated supervision of the financial sector comprising commercial banks, financial institutions and non-banking finance companies. The appointment of the auditors of banks is subject to the approval of the RBI.

The Companies Act does not apply to us and therefore there are important differences in the rights that are available to a shareholder under the Companies Act and the rights available to a shareholder of a corresponding new bank. The table provided below summarises these differences.

Comparative Table of Rights of Shareholders under Companies Act, 1956 and under Bank Regulations, Banking Regulation Act, Bank Acquisition Act and Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, as applicable to Corresponding New Banks

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
38	Not to be bound by an alteration made in the memorandum of association/articles of association after the date of becoming a member, so far as the alteration requires him to subscribe for more shares, or increases his liability to contribute to the share capital, or otherwise to pay money to the company.	No corresponding provision.	
39	To require a company to send within seven days of the requisition, a copy of each of the following documents as in force for the time being: (a) the Memorandum of Association; (b) the Articles of Association; arid (c) every agreement and every resolution referred to in section 192, if in so far as they have not been embodied in the memorandum or articles.	No corresponding provision.	
49	To inspect the register of investments and to petition the Central Government if the inspection is refused.	No corresponding provision.	

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
53	To be served with a document by the company.	Regulation 46	Regulation 46: Service of a notice or document to shareholders • The Bank may serve a notice or a document on any shareholder either personally, or by ordinary post at his registered address or if he has no registered address in India, at the address, if any, within India.
62	To sue directors, promoters or persons who have authorized the issue of the prospectus for loss or damage suffered by reason of any untrue statement included in the prospectus.	No corresponding provision.	
71	To avoid irregular allotment of shares/ debentures.	No corresponding provision.	
73	To obtain repayment of the application money/excess application money.	No corresponding provision.	
81	Rights in relation to rights issue and preferential allotment.	No corresponding provision.	
84	To receive a share certificate and obtain a duplicate if the original lost or damaged.	Regulations 14 and 15	Issue of Share Certificates. Issue procedure of share certificate and joint share certificates, duplicate share certificates detailed.
87	Voting rights at general meetings and on a poll in proportion to the share of the paid-up equity capital of the company.	Regulations 61 and 68 Sections 3(2BBA)(a) and 3(2E)	Regulation 61: Voting at general meetings (i) At any general meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded, be decided on a show of hands. (ii) Save as otherwise provided in the Act every matter submitted to a general meeting shall be decided by a majority of votes.

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			(iii) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any shareholder or shareholders present in person or by proxy and holding shares in the bank which confer a power to vote on the resolution not being less than one fifth of the total voting power in respect of the resolution. Regulation 68: Determination of voting rights (i) Subject to the provisions contained in Section 3 (2E) of the Act, each shareholder shall, at such meeting, have one vote on show of hands and in case of a poll shall have one vote for each share held by him. (ii) Subject to the provisions contained in Section 3 (2E) of the Act, every shareholder entitled to vote as aforesaid who, not being a company, is present in person or by proxy or who being a company is present by a duly authorised representative, or by proxy shall have one vote on a show of hands and in case of a poll shall have one vote for each share held by him as stated

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			hereinabove in sub-regulation (i) Explanation - For this Chapter, "Company" means any body corporate. (iii) Shareholders of the bank entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting. Section 3(2BBA)(a) A corresponding new bank may from time to time and after any paid-up capital him been raised by public issue under clause (c) of sub-section (2B), by resolution passed at an annual general meeting of the shareholders entitled to vote, voting in person, or, where proxies are allowed, by proxy, and the votes cast in favour of the resolution are not less than three times the number of the votes, if any, cast against the resolution by the shareholders so entitled and voting, reduce its paid-up capital in any way. Section 3(2E) No shareholder of the corresponding new bank, other than the central Government, shall be entitled to exercise voting rights in respect of any shares held by him in excess of one per cent of the total voting rights of all the shareholders of the corresponding new bank.

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
91	To have calls on shares on a uniform basis on all the shares falling under the same class.	Regulations 22, 24, 26 and 29	Regulation 22: Calls on shares The Board may make such calls as it thinks fit for all moneys remaining unpaid, which are by the conditions of allotment not made payable at fixed times, and each shareholder shall pay the amount of every call so made on him to the person and at the time and place appointed by the Board.
99	Right to determine that uncalled share capital shall be capable of being called only upon winding up.	No corresponding provision.	
106	To consent to the variation of rights attached to the shares.	No corresponding provision.	
107	To apply to the National Company Law Tribunal to have the variation of rights cancelled if no consent is given.	No corresponding provision.	
106	To transfer shares held in the company.	Regulations 3, 17, 18 and 19 Section 3(2D)	Regulation 3: Nature of Shares The shares of the bank shall be movable property, transferable in the manner provided in the bank Regulations which include a detailed procedure for such transfer Section 3(2D) The shares of every corresponding new bank not held by the central Government shall be freely transferable:

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			Provided that no individual or company resident outside India or any company incorporated under any law not in force in India of any branch of such company, whether resident outside India or not, shall at any time hold or acquire by transfer or otherwise shares of the corresponding new bank so that such investment in aggregate exceed the percentage, not being more than twenty per cent of the paid-up capital as may be specified by the central Government by notification in the Official Gazette.
110	To apply for the registration of transfer of shares.	Regulations 18 and 19	Regulation 18: Power to suspend transfers The board or the committee designated by the board shall not register any transfer during any period in which the register is closed. Regulation 19: Board's right to refuse registration of transfer of shares (i) The board or committee may refuse transfer of any shares in the name of the transferee on any one or more of the following grounds, and on no other grounds: a. the transfer of shares is in contravention of the provisions of the Bank Acquisition Act or regulations made thereunder or any other law or that any

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			other requirement under the law relating to registration of such transfer has not been complied with; b. the transfer of shares, in the opinion of the board, is prejudicial to the interests of the bank or to public interest; c. the transfer of shares is prohibited by an order of court, tribunal or any other authority under any law for the time being in force; d. an individual or a company resident outside India or any company incorporated under any law not in force in India or any branch of such company, whether resident outside India or not, will on the transfer being allowed, hold or acquire as a result thereof, shares of the bank and such investment in the aggregate will exceed the percentage being more than 20% of the paid up capital or as may be prescribed by the central government by notification in the official gazette. (ii) The board or the committee shall, after the instrument of transfer of shares of the bank is lodged with it for the purpose of registration of such

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			transfer, form its opinion as to whether such registration ought or ought not to be refused on any of the grounds referred to above: a. if it has formed the opinion that such registration ought not to be so refused, effect such registration; and b. if it has formed the opinion that such registration ought to be refused on any of the grounds mentioned above intimate the same to the transferor and the transferee by notice in writing giving reasons for such refusal within 60 days from the receipt of the transfer form or within such period as may be laid down in the listing agreement with the concerned stock exchange.
111, 111 A	To make a petition to the National Company Law Tribunal against refusal by the company for the registration of transfer of shares or rectification of the register of members.	No corresponding provision.	
112	To have the share transfer instrument certified by the company in the case of part transfer of the total holding.	Regulation 16	Regulation 16: Consolidation and sub-division of shares On a written application made by the shareholder(s), the board or the committee designated by it may consolidate or sub-divide the shares submitted to it for consolidation/ sub-division as the case may

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			be and issue new certificate(s) in lieu thereof on payment to the bank of its costs, charges and expenses of and incidental to the matter.
113	To have the share certificate delivered within the time limit stipulated.	Regulation 17(v)	Regulation 17(v) Unless the transfer of shares is refused under regulation 19, the share certificate duly transferred shall be delivered to the transferee within sixty days of the date of lodging the instrument of transfer.
113	To serve on the company a notice, requiring it to make good any default in delivering share/ debenture/ stock certificates.	No corresponding provision.	
113	To apply to the Central Government in the event of the company's failure to make good any default as above.	No corresponding provision.	
117 A	To inspect debenture trust deed and obtain a copy thereof.	No corresponding provision.	
118	To request the company to forward a copy of a debenture trust deed.	No corresponding provision.	
118	To apply to the Central Government to direct the company to forward a copy of the debenture trust deed forthwith.	No corresponding provision.	
134	To file with the Registrar of Companies the particulars of a charge created by the company, as a person interested therein.	No corresponding provision.	
141	To apply to the Central Government for the rectification of the register of charges as an interested party.	No corresponding provision.	
144	To inspect the copies of instruments creating charge.	No corresponding provision.	
144	To apply to the Central Government for compelling inspection of the copies and the register aforesaid, in case of refusal by the company.	No corresponding provision.	

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
163	To inspect, to obtain copies of the register of members or register of debenture holders and copies of annual returns together with the copies of certificates and documents required to be annexed thereto.	Regulation 11 and 12	Share register maintained under Regulation 5 and Section 3(2F) Regulation 11: Inspection of Register The register shall, except when closed under Regulation 12, be open to inspection, free of charge, at the place where it is maintained during business hours, subject to such reasonable restrictions as the board may impose, but that not less than two hours in each working day be allowed for inspection Notwithstanding anything contained in sub-regulation (ii), any duly authorized officer of the Government shall have the right to make a copy of any entry in the register or be furnished a copy of the register or any part thereof.
163	To apply to the central Government for compelling inspection of the registers of shareholders and debenture-holders and annual returns.	No corresponding provision.	
165	To receive a copy of the statutory report and to attend the statutory meeting.	No corresponding provision.	
165	To discuss at the statutory meeting, any matter relating to the formation of the company or arising out of the statutory report, without giving a previous notice therefor.	No corresponding provision.	
165	To have accessible, a list of members with details, during the continuation of the statutory meeting.	No corresponding provision.	

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
169	To attend an extra-ordinary general meeting.	Regulation 60	Regulation 60: Persons entitled to attend general meetings (i) All directors and all shareholders of the bank shall, subject to the provisions of sub-regulation (ii), be entitled to attend a general meeting. (ii) A shareholder (not being the central government) or a director, attending a general meeting shall for the purpose of identification and to determine his voting rights, be required to sign and deliver to the bank a form to be specified by the chairman containing the particulars relating to: (a) his full name and registered address; (b) the distinctive number of his shares; (c) whether he is entitled to vote and the number of votes to which he is entitled in person or by proxy or as a duly authorized representative.
169	To requisition an extra-ordinary general meeting.	Regulation 57	Regulation 57: Extraordinary General Meeting (i) The chairman and managing director or in his absence the executive director of the bank or in his absence the executive director of the bank or

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			in his absence any one of the directors of the bank may convene an extra-ordinary general meeting or shareholders, if so directed by the board, or on a requisition for such a meeting having been received either from the central government or from other shareholders holding shares carrying, in the aggregate not less than ten percent of the total voting rights of all shareholders. (ii) The requisition referred in sub-regulation (i) shall state the purpose for which the extra ordinary general meeting is required to be convened, but may consist of several documents in like form each signed by one or more of the requisitionists. (iii) Where two or more persons hold any shares jointly, the requisition or a notice calling a meeting signed by one or some of them shall, for the purpose of this regulation have the same force and affect as if it had been signed by all of them. (iv) The time, date and place of the extra ordinary general meeting shall be decided by the board:

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			Provided that the extraordinary general meeting convened on the requisition by the central government or other shareholder shall be convened not later than 45 days of the receipt of the requisition. (v) If the chairman and managing director or in his absence the executive director, as the case may be, does not convene a meeting as required by sub-regulation (i), within the period stipulated in the proviso to sub-regulation (iv), the meeting may be called by the requisitionist themselves within three months from the date of the requisition: Provided that nothing in this sub-regulation shall be deemed to prevent a meeting duly convened before the expiry of the period of three months aforesaid, from being adjourned to some day after the expiry of that period. (vi) A meeting called under sub-regulation (v) by the requisitionist shall be called in the same manner, as nearly as possible as that in which the other general meetings are called by the board.

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
169	To hold an extra-ordinary general meeting if the board of directors fails to convene a meeting on the requisition, within the time limit stipulated.	Regulation 57	
169	To have reimbursed, the expenses incurred for convening/ holding the extra-ordinary general meeting, on failure of the board as aforesaid.	No corresponding provision.	
171, 172	To receive a notice of every general meeting.	Regulation 56	Regulation 56: Notice convening an Annual General Meeting (i) notice convening an annual general meeting of the shareholders shall be published at least twenty-one clear days before the meeting in not less than two daily newspapers having wide circulation in India. (ii) he time and date of such meeting shall be as specified by the board. The meeting shall be held at the place of head office of the bank.
173	To have the notice of a general meeting annexed with an explanatory statement.	No corresponding provision.	
174	To be counted for the purpose of constituting a quorum at a general meeting.	Regulation 58	Regulation 58: Quorum of general meeting No business shall be transacted at any meeting of the shareholders unless a quorum of at least five shareholders entitled to vote at such meeting in person are present at the commencement of such business.
176	To appoint a proxy to attend and vote at a general meeting of a company.	Regulations 68 and 70	Shareholders can attend and vote personally and through proxy.
176	To inspect the proxies lodged with the company in the manner specified.	No corresponding provision.	

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
179	To demand a poll and to withdraw the demand in the manner laid down in this section at a general meeting of the company.	Regulation 61	Regulation 61: Voting at general meetings At any general meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded be decided on a show of hands.
182	Not to be prohibited from exercising the voting right on the ground that the shares or other interest in the company has not been held for any specified period or on any other ground than the one specified in s 181.	No corresponding provision.	
183	To use votes on a poll differently, for or against the resolution.	No corresponding provision.	
184	To be appointed as a scrutineer at a poll.	Regulation 61A	Regulation 61A: Scrutineers at a Poll Of the two scrutineers appointed under this regulation one shall always be a shareholder (not being an officer or employee of the bank) present at the meeting; provided that such a shareholder is available and willing to be appointed.
186	To apply to the National Company Law Tribunal to order a general meeting other than annual general meeting, to be called.	No corresponding provision	
187	To be represented at a general meeting of a Company (if the member to be represented, is a company)	Regulation 69(i)	Regulation 69(i): Voting by duly authorised representative - A shareholder, being the central Government or a company, may authorise any of its officials or any other person to act as its representative at any general meeting. The authorisation so given may be in favour of two persons in the alternative and in such a case any one of

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			such persons may act as the duly authorised representative of the central Government / company.
187 A	To be represented at a general meeting of a company (if the member to be represented, is the President or Government of a State)	Regulation 69(i)	Same as above.
188	To have a resolution to be proposed at a general meeting to be circulated amongst members of the company.	No corresponding provision.	
190	To give a special notice to the company in respect of the resolutions requiring special notice.	No corresponding provision.	
190	To be given a notice of a resolution requiring special notice.	No corresponding provision.	
196	To inspect and be furnished with a copy of the minutes of any general meeting.	Regulation 62	Regulation 62: Minutes of general meetings – (i) The bank shall cause the minutes of all proceedings to be maintained in the books kept for the purpose. (ii) On written request made by a shareholder for inspection of the minute book or for a copy of the minute of a specified meeting, the bank shall allow the inspection or furnish the copy of the minute, as the case may be.
196	To apply to the central Government for inspection of the minutes books or to be furnished with a copy of minutes of the general meeting.	No corresponding provision.	
203	To apply to the court/ National Company Law Tribunal to restrain fraudulent persons from managing companies.	No corresponding provision.	

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
205 A, 205 B	To claim any unclaimed dividend.	No corresponding provision.	
206	To receive dividend declared.	No corresponding provision.	
206 A	To have the dividend transferred to the special account where the transfer of shares has not been registered by the company.	No corresponding provision.	
206 A	To have any rights shares or bonus shares kept in abeyance in relation to the shares, the registration of transfer of which has not been registered by the company.	No corresponding provision.	
219	To receive 21 days before the date of the annual general meeting, copies of the balance sheet, profit and loss account, directors' report, auditor's report and other documents.	No corresponding provision.	
219	To require a company to furnish the full accounts where the company has sent abridged accounts.	No corresponding provision.	
219	To inspect the full accounts at the annual general meeting if the company has sent the abridged accounts.	Section 10A(2)	Section 10A(2): Annual general meeting The shareholders present at an annual general meeting shall be entitled to discuss the balance-sheet and the profit and loss account of the corresponding new bank made up to the previous 31st day of March, the report of the board of directors on the working and activities of the corresponding new bank for the period covered by the accounts and the auditor's report on the balance-sheet and accounts.
224 (5)	To nominate a person for the appointment as auditor of the company if the first auditors are removed at a general meeting.	No corresponding provision.	
225	To give a special notice for a resolution appointing as auditor, person other that the retiring auditor or providing expressly that a retiring auditor shall not be reappointed.	No corresponding provision.	

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
205 A, 205 B	To claim any unclaimed dividend.	No corresponding provision.	
206	To receive dividend declared.	No corresponding provision.	
206 A	To have the dividend transferred to the special account where the transfer of shares has not been registered by the company.	No corresponding provision.	
206 A	To have any rights shares or bonus shares kept in abeyance in relation to the shares, the registration of transfer of which has not been registered by the company.	No corresponding provision.	
219	To receive 21 days before the date of the annual general meeting, copies of the balance sheet, profit and loss account, directors' report, auditor's report and other documents.	No corresponding provision.	
219	To require a company to furnish the full accounts where the company has sent abridged accounts.	No corresponding provision.	
219	To inspect the full accounts at the annual general meeting if the company has sent the abridged accounts.	Section 10A(2)	Section 10A(2): Annual general meeting The shareholders present at an annual general meeting shall be entitled to discuss the balance-sheet and the profit and loss account of the corresponding new bank made up to the previous 31st day of March, the report of the board of directors on the working and activities of the corresponding new bank for the period covered by the accounts and the auditor's report on the balance-sheet and accounts.
224 (5)	To nominate a person for the appointment as auditor of the company if the first auditors are removed at a general meeting.	No corresponding provision.	
225	To give a special notice for a resolution appointing as auditor, person other that the retiring auditor or providing expressly that a retiring auditor shall not be reappointed.	No corresponding provision.	

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
227	To be reported upon the accounts, balance sheet, profit and loss account, etc by the auditors of the company.	Section 30(2), Banking Regulation Act, 1949.	The auditor shall discharge the duties and be subject to the liabilities imposed on auditors of companies by Section 227 of the Companies Act, 1956. This provision is applicable to corresponding new banks by virtue of the provisions of Section 51 of the Banking Regulation Act.
230	To inspect the auditors' report at the general meeting where it is laid.	Section 10 A	
250	To apply to the National Company Law Tribunal to impose restrictions on shares, debentures or to prohibit transfer thereof in certain cases.	No corresponding provision.	
257	To stand for election for directorship at a general meeting.	Section 9(3) Regulation 63	Regulation 63: Directors to be elected at general meeting - (i) director under clause (i) of sub-Section (3) of Section 9 of the Act shall be elected by the shareholders on the register, other than the central Government, from amongst themselves in the general meeting of the bank.
257	To give notice to the company for proposing a resolution at a general meeting to have himself or any other person elected as a director.	Regulation 65	Regulation 65: Nomination of candidates for election (i) No nomination of a candidate for election as a director shall be valid unless, a. he is a shareholder holding not less than 100 (one hundred) shares in the bank; b. he is on the last date for receipt of nomination, not disqualified to be a

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
			director under the Act or under the Scheme; c. he has paid all calls in respect of the shares of the bank held by him, whether alone or jointly with others, on or before the last date fixed for the payment of the call; d. nomination is in writing signed by at least one hundred shareholders entitled to elect directors under the Act. (ii) No nomination shall be valid unless it is received with all the connected documents complete in all respects and received, at the Head Office of the bank on a working day not less than fourteen days before the date fixed for the meeting.
257	To be informed of the candidature for directorship or the intention of a member to propose such person for directorship.	No corresponding provision.	
265	To vote for appointing a director by the proportional representation system.	No corresponding provision.	
284	To give a notice to the company proposing a resolution at a general meeting for removal of a director and appointment of a person as director in place of the removed director.	Clause 11A	Clause 11-A: Removal from office of an elected director The shareholders other than the Central Government, may, by a resolution passed by majority of the votes of such shareholders holding in the aggregate not less than one half of the share capital held by all such shareholders, remove any director elected by the shareholders and elect in his stead another person to fill the vacancy.

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
301	To inspect, to take copies of the register of contracts, etc kept under this Section.	No corresponding provision.	
302	To receive an abstract of the terms of the contract or variation thereof, in respect of the appointment of manager or managing director, in which any director is interested.	No corresponding provision.	
304	To inspect the register of directors.	No corresponding provision.	
304	To apply to the Central Government/ National Company Law Tribunal for compelling inspection of the aforesaid register, if it is refused by the company. To inspect the register kept by the registrar under this Section.	No corresponding provision.	
306	To inspect at the annual general meeting, the register of directors' shareholdings.	No corresponding provision.	
307	To inspect at the registered office, the register of directors' shareholdings.	No corresponding provision.	
307	To apply to the Central Government/ National Company Law Tribunal for compelling inspection of the aforesaid register, if refused by the company.	No corresponding provision.	
391	To apply to the National Company Law Tribunal to call a meeting of the creditors or of the members in case compromise or arrangement is proposed with its creditors or members.	No corresponding provision.	
391	To agree to any compromise or arrangement at a special meeting called for that purpose.	No corresponding provision.	
391	To have disclosed in the notice of the special meeting referred to above, the particulars notified in sub-s (1) of this Section.	No corresponding provision.	
393	To be furnished by the company, with a copy of the statement setting forth the terms of the compromise or arrangement proposed and explaining its effect where the notice of the meeting is given by an advertisement.	No corresponding provision.	
393	To be offered the same terms as offered to all holders of shares of that class, whose transfer is involved if the member is a dissenting member.	No corresponding provision.	

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
395	To receive notice within one month from the date of the transfer, of that fact in the prescribed manner, to the holders of the remaining shares or of the remaining shares of that class, as the case may be, who have not assented to the scheme or contract.	No corresponding provision.	
395	To require the transferee company to acquire the shares in question within three months of giving the notice.	No corresponding provision.	
395	To have a copy of the notice transmitted to the transferor company together with an instrument of transfer and within one month of the date of registration be informed of the fact of registration, and of the receipt of amount or other consideration.	No corresponding provision.	
396	To have as nearly as may be, the same interests in or rights against the company resulting from the amalgamation, as he had in the company in which he was originally a member, and to receive compensation in case such interests or rights are reduced.	No corresponding provision.	
396	If aggrieved by any assessment of compensation, to prefer an appeal to the National Company Law Tribunal.	No corresponding provision.	
397, 398	To apply to the National Company Law Tribunal if he is of the opinion that the affairs of the company are being conducted in a manner prejudicial to the public interest or in a manner oppressive to any member.	No corresponding provision.	
408	To apply to the National Company Law Tribunal for appointment of nominee director, to safeguard the interests of the company or its shareholders or the public interests.	No corresponding provision.	
433	To resolve along with other members, at a general meeting, that the company be wound-up by the National Company Law Tribunal.	No corresponding provision.	
439	To petition the National Company Law Tribunal for winding-up the company.	No corresponding provision.	
440	To present winding-up petition where company is being wound-up voluntarily or subject to court's supervision.	No corresponding provision.	

Section of Companies Act	Rights available to shareholders of a company	Corresponding Provision*	Rights available to shareholders of a Corresponding New Bank
490	To appoint one or more liquidators in the case of voluntary liquidation, and to fix the remuneration if any, to be paid to the liquidator.	No corresponding provision.	
492	To fill the vacancy occured by the death, resignation or otherwise in the office of the liquidator appointed by the company, in a general meeting and convene a general meeting for this purpose.	No corresponding provision.	
511	To have distributed to himself on the winding-up, the assets of the company according to his rights and interests in the company.	No corresponding provision.	
545	To have the opportunity of making a statement in writing to the registrar and being heard thereon, in case he is being prosecuted as a delinquent member.	No corresponding provision.	
621	To make a complaint in a court regarding offence under the Companies Act.	No corresponding provision.	

* Please note the following for the above table:

1. All references to **Sections** are references to Sections of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, except where otherwise specified.
2. All references to **Regulations** are references to provisions of Bank of Baroda General (Shares and Meetings) Regulations, 1998.
3. All references to **Clauses** are references to provisions of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970.
4. The above rights are in addition to the rights that may be available to the shareholders, present as well as prospective, under the listing agreements that we have entered into with the Stock Exchanges.

Licensing of Corresponding New Banks

Section 22 of the Banking Regulation Act, which requires a licence to be obtained from the RBI in order to carry out banking business in India, applies only to banking companies, and not to corresponding new banks. Accordingly, the Bank does not require a licence in order to carry out banking activities.

Regulations relating to the Opening of Branches

Banks are required to obtain licences from the RBI to open new branches. Permission is granted based on factors such as overall financial position of the bank, quality of its management, efficacy of the internal control system, profitability and other relevant factors. The RBI may cancel the licence for violations of the conditions under which it was granted. It is left to the judgment of the individual banks to assess the needs for opening additional branches.

Capital Adequacy Requirements

We are subject to the capital adequacy requirements of the RBI, which is based on the guidelines of the Basel Committee on Banking Regulations and Supervisory Practices, 1998. With a view to adopting the Basel Committee framework on capital adequacy norms which takes into account the elements of risk in various types of assets in the balance sheet as well as off-balance sheet business and also to strengthen the capital base of banks, RBI decided in April 1992 to introduce a risk asset ratio system for banks (including foreign banks) in India as a capital adequacy measure. This requires us to maintain a minimum ratio of capital to risk adjusted assets and off-balance sheet items of 9.0%, at least half of which must be Tier I capital.

The total capital of a banking company is classified into Tier I and Tier II capital. Tier I capital, i.e. the core capital, provides the most permanent and readily available support against unexpected losses. It comprises paid-up capital and reserves consisting of any statutory reserves, free reserves and capital reserve as reduced by equity investments in subsidiaries, intangible assets, and losses in the current period and those brought forward from the previous period. A bank's deferred tax asset is to be treated as an intangible asset and deducted from its Tier I capital.

Tier II capital, i.e. the undisclosed reserves and cumulative perpetual preference shares, revaluation reserves (at a discount of 55.0%), general provisions and loss reserves (allowed up to a maximum of 1.25% of risk weighted assets), hybrid debt capital instruments (which combine certain features of both equity and debt securities) and subordinated debt. Any subordinated debt is subject to progressive discounts each year for inclusion in Tier II capital and total subordinated debt considered as Tier II capital cannot exceed 50.0% of Tier I capital. Tier II capital cannot exceed Tier I capital.

With a view to enable the building up of adequate reserves to guard against any possible reversal of the interest rate environment in the future due to unexpected developments, the RBI has advised banks to build up an investment fluctuation reserve of a minimum of 5.0% of the bank's investment portfolio within a period of five years from fiscal 2001. This reserve has to be computed with respect to investments in Held for Trading and Available for Sale categories. Investment fluctuation reserve is included in Tier II capital. Though investment fluctuation reserve is also considered in the general provision for Tier II but the same is not subjected to the ceiling of 1.25% of risk weighted assets.

Risk adjusted assets and off-balance sheet items considered for determining the capital adequacy ratio are the weighted aggregate of specified funded and non-funded exposures. Degrees of credit risk expressed as percentage weights are assigned to various balance sheet asset items and conversion factors to off-balance sheet items. The value of each item is multiplied by the relevant weight or conversion factor to produce risk-adjusted values of assets and off-balance-sheet items. Guarantees and letters of credit are treated as similar to funded exposure and are subject to similar risk weight. All foreign exchange and gold open position limits carry a 100.0% risk weight. A risk weight of 2.5% to cover market risk has to be assigned in respect of the entire investments portfolio over and above the risk weight for credit risk. Banks are required to assign a 100.0% risk weight for all state government guaranteed securities issued by defaulting entities. The aggregate risk weighted assets are taken into account for determining the capital adequacy ratio.

As per regulatory requirements, banks have to maintain a capital to risk asset ratio of 9.0%. However, as per RBI guidelines issued in September, 2002, in addition to other conditions to be complied with for declaration of dividend without approval of RBI, capital to risk asset ratio must also be maintained at 11.0%.

Asset Classification and Provisioning

In April 1992, the RBI issued formal guidelines on income recognition, asset classification, provisioning standards and valuation of investments applicable to banks, applicable from the financial year 1992-93, which are revised from time to time.

As per these guidelines, the basis of treating various credit facilities as non-performing are set forth below.

Non-Performing Assets

An advance is a non-performing asset where:

- interest and/or installment of principal remained overdue for a period of more than 90 days in respect of a term loan;
- the account remained "out-of-order" for a period of more than 90 days in respect of an overdraft or cash credit (If the outstanding balance remains continuously in excess of the sanctioned limit/ drawing power or there are no credits continuously for 90 days as on the date of balance sheet or credits are not enough to cover the interest debited during the same period, then such accounts are treated as "out of order");
- the bill remained overdue for a period of more than 90 days in case of bills purchased and discounted;
- if the interest and/or principal remained overdue for two harvest seasons but for a period not exceeding two half-

years in the case of an advance granted for agricultural purposes. With effect from September 30, 2004, a loan granted for short duration crops will be treated as a non-performing asset, if the installment of principal or interest thereon remains overdue for two crop seasons. With effect from September 30, 2004, a loan granted for long duration crops will be treated as a non-performing asset, if the installment of principal or interest thereon remains overdue for one crop season. (Crops with crop season longer than one year are long duration crops, and crops, which are not long duration crops are treated as short duration crops.)

- any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

Once the account has been classified as a non-performing asset, the unrealized interest and other income already debited to the account is derecognised and further interest is not recognised or credited to the income account unless collected.

Asset Classification

Non-performing assets are classified as described below:

- Sub-Standard Assets: Assets that are non-performing assets for a period not exceeding 18 months. With effect from March 31, 2005, a sub-standard asset is one, which has remained NPA for a period less than or equal to 12 months.
- Doubtful Assets: Assets that are non-performing assets for more than 18 months. With effect from March 31, 2005, an asset is classified as doubtful if it remains in the sub-standard category for 12 months.
- Loss Assets: Assets on which losses have been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off fully.

There are separate guidelines for projects under implementation, which are based on the achievement of financial closure and the date of approval of the project financing.

The RBI has separate guidelines for restructured assets under the corporate debt restructuring mechanism and under other mechanisms. A fully secured standard asset can be restructured by reschedulement of principal repayments and/ or the interest element, but must be separately disclosed as a restructured asset. The amount of sacrifice, if any, in the element of interest, measured in present value terms, is either written off or provision is made to the extent of the sacrifice involved. Similar guidelines apply to sub-standard assets, and to doubtful assets, in the case of restructuring of assets under the corporate debt restructuring mechanism. The sub-standard accounts which have been subjected to restructuring, whether in respect of principal instalment or interest amount, are eligible to be upgraded to the standard category only after the specified period, i.e. a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period.

Provisioning and Write-Offs

Provisions are based on guidelines specific to the classification of the assets. The following guidelines apply to the various asset classifications:

- Standard Assets: A general provision of 0.25% is required.
- Sub-Standard Assets: A general provision of 10.0% on total outstanding should be made. The unsecured exposures which are identified as sub-standard would attract additional provision of 10%, i.e., a total of 20% on the outstanding balance.
- Doubtful Assets: A 100.0% provision/ write-off of the unsecured portion of advances, which are not covered by realizable value of the security. In cases where there is a secured portion of the asset, depending upon the period for which the asset remains doubtful, a 20.0% to 100.0% provision is required to be made against the secured asset as follows:
- Up to one year: 20.0% provision;
- One to three years: 30.0% provision; and
- More than three years:

In respect of outstanding stock of non-performing assets as on March 31, 2004: 50.0% provision, which has become 60% with effect from March 31, 2005, 75% with effect from March 31, 2006 and 100% with effect from March 31, 2007.

In respect of assets, that have been doubtful for over three years on or after April 1, 2004, the provision has been raised to 100% with effect from March 31, 2005.

- Loss Assets: The entire asset is required to be written off or provided for.

While the provisions indicated above are mandatory, banks are encouraged to make higher provisions over and above the mandatory level.

Regulations relating to Making Loans

The provisions of the Banking Regulation Act govern the making of loans by banks in India. The RBI issues directions covering the loan activities of banks. Some of the major guidelines of RBI, which are now in effect, are as follows:

- The RBI has prescribed norms for bank lending to non-bank financial companies and financing of public sector disinvestment.

- The banks should charge interest on loans/advances/cash credits/overdrafts or any other financial accommodation granted/provided/renewed by them or discount usance bills in accordance with the directives on interest rates on advances issued by RBI from time to time. Banks are free to determine their own lending rates but each bank must declare its benchmark prime lending rate as approved by its board of directors. Benchmark prime lending rate is determined on the basis of various parameters, which inter alia, include cost of funds, operating expenses, capital charge and profit margin. Each bank should also indicate the maximum spread over the benchmark prime lending rate for all credit exposures other than retail loans over Rs. 200,000. The interest charged by banks on advances up to Rs. 200,000 to any one entity (other than most retail loans) must not exceed the benchmark prime lending rate. Banks are also given freedom to lend at a rate below the prime lending rate in respect of creditworthy borrowers and exporters on the basis of a transparent and objective policy approved by their boards. Interest rates for certain categories of advances are regulated by the RBI. Banks are also free to stipulate lending rates without reference to their own benchmark prime lending rates in respect of certain specified categories of loans.

- In terms of Section 20(1) of the Banking Regulation Act, a bank cannot grant any loans and advances on the security of its own shares. A bank is also prohibited from entering into any commitment for granting any loans or advances to or on behalf of any of its directors, or any firm in which any of its directors is interested as partner, manager, employee or guarantor, or any company (not being a subsidiary of the banking company or a company registered under Section 25 of the Companies Act, or a Government company) of which, or the subsidiary or the holding company of which any of the directors of the bank is a director, managing agent, manager, employee or guarantor or in which he holds substantial interest, or any individual in respect of whom any of its directors is a partner or guarantor. There are certain exemptions in this regard as the explanation to the Section provides that 'loans or advances' shall not include any transaction which the RBI may specify by general or special order as not being a loan or advance for the purpose of such Section.

Legislation introduced in the Indian Parliament to amend the Banking Regulation Act has proposed to prohibit lending to relatives of directors and to non-subsidiary companies that are under the same management as the banking company, joint ventures, associates or the holding company of the banking company.

There are guidelines on loans secured by shares, debentures and bonds, money market mutual funds, fixed deposits receipts issued by other banks, gold/silver bullion etc. in respect of amount, margin requirement and purpose.

Regulations relating to Sale of Assets to Asset Reconstruction Companies

The Securitisation Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The RBI has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. A bank may sell a standard asset only if the borrower has a consortium or multiple banking arrangement, at least 75% by value of the total loans to the borrower are classified as non-performing and at least 75% by value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. The banks selling financial assets should ensure that there is no known liability devolving on them and that they do not assume any operational, legal or any other type of risks relating to the financial assets sold. Further, banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. While each bank is required to make its own assessment of the value offered in the sale before accepting or rejecting an offer for purchase of financial assets by an asset reconstruction company, in consortium or multiple banking arrangements where more than 75% by value of the banks or financial institutions accept the offer, the remaining banks or financial institutions are obliged to accept the offer. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets. Any loss on sale must be charged to the profit and loss account, but any gains must be used for meeting losses on sale of other financial assets. For computing capital adequacy, a risk weight of 102.5% is applied to instruments received by banks as consideration for sale of financial assets to asset reconstruction companies.

Directed Lending

Priority Sector Lending

The RBI requires commercial banks to lend a certain percentage of their net bank credit to specific sectors (known as priority sectors), such as agriculture, small-scale industry, small businesses and housing finance. Total priority sector advances should be 40.0% of net bank credit with agricultural advances required to be 18.0% of net bank credit and advances to weaker sections required to be 10.0% of net bank credit, and 1.0% of the previous year's net bank credit required to be lent under the Differential Rate of Interest scheme. Domestic scheduled commercial banks having shortfall in lending to priority sector are allocated amounts for contribution to the Rural Infrastructure Development Fund established in National Board for Agricultural and Rural Development. Any shortfall by foreign banks in the amount required to be lent to the priority sectors may be required to be deposited with the Small Industries Development Bank of India.

The RBI requires banks to make advances towards housing finance. This can be in the form of home loans to individuals or subscription to the debentures and bonds of the National Housing Bank and housing development institutions recognised by the Government of India.

The RBI also periodically issues instructions/directives to banks with regard to providing credit facilities to minority communities.

Export Credit

The RBI also requires commercial banks to make loans to exporters at concessional rates of interest. This enables exporters to have access to an internationally competitive financing option. Pursuant to existing guidelines, 12.0% of a bank's net bank credit is required to be in the form of export credit. We provide export credit for pre-shipment and post-shipment requirements of exporter borrowers in rupees and foreign currencies.

Credit Exposure Limits

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, the RBI has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all companies in a single group (or sponsor group).

The limits set by the RBI are as follows:

- Credit exposure ceiling for a single borrower shall not exceed 15.0% of capital funds. Group exposure limit is 40.0% of capital funds. In case of financing for infrastructure projects, the single borrower exposure limit is extendable by another 5.0%, i.e. up to 20.0% of capital funds and the group exposure limit is extendable by another 10.0%, i.e. up to 50.0% of capital funds. Capital funds are the total capital as defined under capital adequacy standards (Tier I and Tier II capital).
- A bank may, in exceptional circumstances, with the approval of its board of directors, consider enhancement of the exposure over the above specified limits, up to a further 5% of capital funds. Bank has decided that such enhancement may be considered for public sector undertaking borrowers based on their cash flows, and for non-public sector undertaking borrowers if they have a risk rating of 'AA' and above.
- Exposure shall include credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and other similar commitments) as well as certain types of investments in companies. The sanctioned limits or outstandings, whichever are higher, are considered for arriving at the exposure limit. Non-fund exposures are to be reckoned at 100% of the limit or outstandings, whichever is higher.

Credit exposure is the aggregate of:

- all types of funded and non-funded credit limits;
- facilities extended by way of equipment leasing, hire purchase finance and factoring services;
- advances against shares, debentures, bonds and units of mutual funds to stock brokers and market makers;
- bank loan for financing promoters' contributions;
- bridge loans against equity flows/issues; and
- financing of initial public offerings.

Investment exposure comprises of the following elements:

- investments in shares and debentures of companies acquired through direct subscription, devolvement arising out of underwriting obligations or purchase from secondary markets or on conversion of debt into equity;
- investment in public sector undertaking bonds through direct subscription, devolvement arising out of underwriting obligations or purchase made in the secondary market;
- investments in commercial papers issued by corporate bodies or public sector undertakings; and
- investments in debentures, bonds, security receipts, pass through certificates issued by a securitisation or reconstruction company. However, initially, since only a few securitisation and reconstruction companies are being set up, banks will be allowed to exceed prudential exposure on account of such investments on a case-to-case basis.

To ensure that exposures are evenly distributed, the RBI requires banks to fix internal limits of exposure to specific sectors. These limits are subject to periodic review by the banks.

Regulations relating to Investments and Capital Market Exposure Limits

There are no limits on the amount of investments by banks in non-convertible debt instruments. However, credit exposure limits specified by the RBI in respect of lending to individual borrowers and borrower groups also apply in respect of these investments.

Pursuant to the RBI guidelines, the exposure of banks to capital markets by way of investments in shares, convertible debentures, units of equity-oriented mutual funds and loans to brokers, should not exceed 5.0% of outstanding domestic advances (excluding inter-bank lending and advances outside India and including commercial paper) at March 31 of the previous fiscal year and investments in shares, convertible debentures and units of equity-oriented mutual funds should not exceed 20.0% of the bank's net worth.

Bank's investment in the following instruments, which are issued by other banks and are eligible for capital status for the investee bank should not exceed 10% of the investing bank's capital funds (Tier I plus Tier II): (a) equity shares; (b) preference shares eligible for capital status; (c) subordinated debt instruments; (d) hybrid debt capital instruments; and (e) any other instrument approved as in the nature of capital.

In December 2003, the RBI issued guidelines on investments by banks in non-Statutory Liquidity Ratio securities issued by companies, banks, financial institutions, central and state government sponsored institutions and special purpose vehicles. These guidelines apply to primary market subscriptions and secondary market purchases. Pursuant to these guidelines, banks are prohibited from investing in non-Statutory Liquidity Ratio securities with an original maturity of less than one year, other than commercial paper and certificates of deposits. Banks are also prohibited from investing in unrated securities. A bank's investment in unlisted non-Statutory Liquidity Ratio securities may not exceed 10.0% of its total investment in non-Statutory Liquidity Ratio securities as at the end of the preceding fiscal year. These guidelines will not apply to investments in security receipts issued by securitisation or reconstruction companies registered with the RBI and asset backed securities and mortgage-backed securities with a minimum investment grade credit rating. These guidelines have been effective from April 1, 2004, with provision for compliance in a phased manner by January 1, 2005.

Consolidated Supervision Guidelines

In fiscal 2003, the RBI issued guidelines for consolidated accounting and consolidated supervision for banks. These guidelines became effective April 1, 2003. The Bank adopted these guidelines on April 1, 2003. The principal features of these guidelines are:

- Banks are required to prepare consolidated financial statements intended for public disclosure.
- Banks are required to submit to the RBI, consolidated prudential returns reporting their compliance with various prudential norms on a consolidated basis, excluding insurance subsidiaries. Compliance on a consolidated basis is required in respect of the following main prudential norms:
- Single borrower exposure limit of 15.0% of capital funds (20.0% of capital funds provided the additional exposure of up to 5.0% is for the purpose of financing infrastructure projects);
- Borrower group exposure limit of 40.0% of capital funds (50.0% of capital funds provided the additional exposure of up to 10.0% is for the purpose of financing infrastructure projects);
- Deduction from Tier I capital of the bank, of any shortfall in capital adequacy of a subsidiary for which capital adequacy norms are specified; and
- Consolidated capital market exposure limit of 2.0% of total on-balance sheet assets (excluding intangible assets and accumulated assets). Within the total limit, investment in shares, convertible bonds and debentures and units of equity-oriented mutual funds should not exceed 10.0% of the Bank's consolidated net worth.

Banks' Investment Classification and Valuation Norms

The salient features of the RBI's guidelines on investment classification and valuation are given below:

- The entire investment portfolio is required to be classified under three categories: (a) held to maturity; (b) held for trading; and (c) available for sale. Banks should decide the category of investment at the time of acquisition.
- Held to maturity investments compulsorily include (a) recapitalisation bonds, (b) investments in subsidiaries and joint ventures and (c) investments in debentures deemed as advance. Held to maturity investments also include any other investment identified for inclusion in this category subject to the condition that such investments cannot exceed 25.0% of the total investment excluding recapitalisation bonds and debentures.
- Profit on sale of investments in this category should be first taken to the profit and loss account and thereafter be appropriated to the capital reserve account. Loss on sale will be recognised in the profit and loss account.
- Investments under the Held for Trading category should be sold within 90 days; in the event of inability to sell due to adverse factors including tight liquidity, extreme volatility or a unidirectional movement in the market, the unsold securities should be shifted to the Available for Sale category.
- Profit or loss on the sale of investments in both the Held for Trading and Available for Sale categories is taken in the profit and loss account.
- Shifting of investments from or to held to maturity may be done with the approval of the board of directors once a year, normally at the beginning of the accounting year; shifting of investments from Available for Sale to Held for Trading may be done with the approval of the board of directors, the asset liability management committee or the investment committee; shifting from Held for Trading to Available for Sale is generally not permitted.

In September 2004, the Reserve Bank of India announced that it would set up an internal group to review the investment classification guidelines to align them with international practices and the current state of risk management practices in India, taking into account the unique requirement applicable to banks in India of maintenance of a statutory liquidity ratio equal to 25.0% of their demand and time liabilities. In the meanwhile, the Reserve Bank of India has permitted banks to exceed the limit of 25.0% of investments for the held to maturity category provided the excess comprises only statutory liquidity ratio investments and the aggregate of such investments in the held to maturity category do not exceed 25.0% of the demand and time liabilities. The Reserve Bank of India has permitted banks to transfer additional securities to the held to maturity category as a one time measure during fiscal 2005, in addition to the transfer permitted under the earlier guidelines. The transfer would be done at the lower of acquisition cost, book value or market value on the date of transfer.

Held to Maturity securities are not marked to market and are carried at acquisition cost or at an amortized cost if acquired at a premium over the face value.

Securities classified as Available for Sale or Held for Trading are valued at market or fair value as at the balance sheet date. Depreciation or appreciation for each basket within the Available for Sale and Held for Trading categories is aggregated. Net appreciation in each basket, if any, that is not realised is ignored, while net depreciation is provided for.

Investments in security receipts or pass through certificates issued by asset reconstruction companies or trusts set up by asset reconstruction companies should be valued at the lower of the redemption value of the security receipts / pass-through certificates, and the net book value of the financial asset.

Restrictions on Investments in a Single Company

No bank may hold shares in any company, whether as owner or as pledge or mortgagee, exceeding the lower of 30.0% of the paid up share capital of that company and 30.0% of its own paid up share capital and reserves, whichever is less, except as statutorily provided.

Limit on Transactions through Individual Brokers

Guidelines issued by the RBI require banks to empanel brokers for transactions in securities. These guidelines also require that a disproportionate part of the bank's business should not be transacted only through one broker or a few brokers. The RBI specifies that not more than 5.0% of the total transactions in securities through empanelled brokers can be transacted through one broker. If for any reason this limit is breached, the RBI has stipulated that the board of directors of the bank concerned should be informed on a half-yearly basis of such occurrences.

Prohibition on Short-Selling

RBI does not permit short selling of securities by banks.

Regulations Relating to Deposits

The RBI has permitted banks to independently determine rates of interest offered on term deposits. Primary (urban) co-operative banks are permitted to pay interest on current account deposits at rates not exceeding 0.5% per annum. Further, banks may only pay interest of 3.5% per annum on savings deposits. In respect of savings and time deposits accepted from employees, we are permitted by the RBI to pay an additional interest of 1.0% over the interest payable on deposits from the public.

Domestic time deposits have a minimum maturity of seven days (seven days in respect of deposits over Rs. 1.5 million) and a maximum maturity of 10 years. Time deposits from NRIs denominated in foreign currency have a minimum maturity of one year and a maximum maturity of three years.

The RBI has permitted banks the flexibility to offer varying rates of interests on domestic deposits of the same maturity subject to the following conditions:

- Time deposits are of Rs. 1.5 million and above; and
- Interest on deposits is paid in accordance with the schedule of interest rates disclosed in advance by the bank and not pursuant to negotiation between the depositor and the bank.

The RBI has stipulated that the interest rate on NRE deposits accepted before July 17, 2003 should not exceed 250 basis points and interest rates on those NRE deposits accepted before September 15, 2003 should not exceed 100 basis points over the U.S. dollar LIBOR/ swap rates for the corresponding maturity. Further, NRE deposits contracted effective close of business in India on October 18, 2003 should not exceed 25 basis points over the U.S. dollar LIBOR/ swap rates for the corresponding maturity, and those contracted effective close of business in India on April 17, 2004 should not exceed the LIBOR/ swap rates for US dollar of corresponding maturity.

Deposit Insurance

Demand and time deposits of up to Rs. 100,000 accepted by Indian banks have to be compulsorily insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the RBI. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a semi-annual basis. The cost of the insurance premium cannot be passed on to the customer.

Regulations relating to Knowing the Customer and Anti-Money Laundering

The RBI has issued several guidelines relating to identification of depositors and has advised banks to put in place systems and procedures to control financial frauds, identify money laundering and suspicious activities, and monitor high value cash transactions. The RBI has also issued guidelines from time to time advising banks to be vigilant while opening accounts for new customers to prevent misuse of the banking system for perpetration of frauds.

The RBI requires banks to open accounts only after verifying the identity of customers as to their name, residence and other details to ensure that the customer is opening the account in his own name. To open an account, a prospective customer is required to be introduced by an existing customer who has had his own account with the bank for at least six months and has satisfactorily conducted that account, or a well-known person in the local area where the prospective customer resides.

If the prospective customer does not have an introducer, the prospective customer is required to submit documents such as his identity card, passport or details of bank accounts with other banks. It must be made incumbent upon him to provide sufficient proof of his antecedents before the account is allowed to be opened.

The Prevention of Money Laundering Act, 2002 has been passed by Indian Parliament and has received the assent of the President of India on January 17, 2003. The Act seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in, money laundering and for incidental and connected matters.

Legal Reserve Requirements

Cash Reserve Ratio

A banking company such as us is required to maintain a specified percentage of its demand and time liabilities, excluding inter-bank deposits, by way of balance in current account with the RBI. The cash reserve ratio can be a minimum of 3.0% and a maximum of 20.0% pursuant to Section 42 of the Reserve Bank of India Act, 1934. From October 2, 2004, it has been increased to 5%. The Finance Act, 2005 proposes to remove these minimum and maximum levels. On September 18, 2004, the cash reserve ratio was changed to 4.75%.

Paid up capital, reserves, credit balance in the profit and loss account of the bank, amount availed of as refinance from the RBI, and apex financial institutions, provision for income tax in excess of the actual estimated liabilities, specified inter bank term deposits/term borrowing liabilities are excluded from the calculation of the cash reserve ratio:

The RBI pays no interest on the cash reserves up to 3.0% of the demand and time liabilities and pays interest on the eligible cash balances, currently at the rate of 3.5%. Earlier, interest was paid by the RBI at the bank rate.

The cash reserve ratio has to be maintained on an average basis for a fortnightly period and should not be below 70.0% of the required cash reserve ratio on any day of the fortnight.

Statutory Liquidity Ratio

In addition to the cash reserve ratio, a banking company such as us is required to maintain a specified minimum percentage of its net demand and time liabilities by way of liquid assets like cash, gold or approved securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, and it can be a minimum of 25.0% and a maximum of 40.0% pursuant to Section 24 of the Banking Regulation Act. At present, the RBI requires banking companies to maintain a liquidity ratio of 25.0%. The Banking Regulation (Amendment) and Miscellaneous Provisions Bill, 2003 introduced in the Indian Parliament proposed to amend Section 24 of the Banking Regulation Act to remove the minimum Statutory Liquidity Ratio stipulation, thereby giving the RBI the freedom to fix the Statutory Liquidity Ratio below this level. It is proposed in the Finance Act, 2005 to remove these minimum and maximum levels by carrying out the amendments in the respective regulations.

Regulations on Asset Liability Management

At present, the RBI's regulations for asset liability management require banks to draw up asset-liability gap statements separately for rupee and for four major foreign currencies. These gap statements are prepared by scheduling all assets and liabilities according to the stated and anticipated re-pricing date, or maturity date and behaviour studies that may be conducted by banks. These statements have to be submitted to the RBI on a quarterly basis. The RBI has advised banks to actively monitor the difference in the amount of assets and liabilities maturing or being re-priced in a particular period and place internal prudential limits on the gaps in each time period, as a risk control mechanism. Additionally, the RBI has asked banks to manage their asset-liability structure such that the negative liquidity gap in the 1-14 day and 15–28 day time periods does not exceed 20.0% of cash outflows in these time periods. This 20.0% limit on negative gaps was made mandatory with effect from April 1, 2000. The Board of Directors has approved of these limits. In respect of other time periods, up to one year, our Bank, on the basis of the RBI's direction has laid down internal norms in respect of cumulative negative liquidity gaps. It is not mandatory for banks to lay down internal norms in respect of negative liquidity gaps for time periods greater than one year. In case of interest rate sensitivity, our Bank has set limits on the maximum permissible impact on the net interest income during the one year period, due to a general change in the interest rates.

Foreign Currency Dealership

RBI has granted us a full-fledged authorised dealers' licence to deal in foreign exchange through our designated branches. Under this licence, we have been granted permission to:

- engage in foreign exchange transactions in all currencies;
- open and maintain foreign currency accounts abroad;
- raise foreign currency and rupee denominated deposits from NRIs;
- grant foreign currency loans to on-shore and off-shore corporations;
- open documentary credits;
- grant import and export loans;
- handle collection of bills, funds transfer services;
- issue guarantees; and
- enter into derivative transactions and risk management activities that are incidental to our normal functions authorised under our organizational documents.

Our foreign exchange operations are subject to the guidelines specified by RBI under the Foreign Exchange Management Act, 1999. As an authorised dealer, we are required to enrol as a member of the Foreign Exchange Dealers Association of India, which prescribes the rules relating to foreign exchange business in India.

Authorised dealers, like us, are required to determine their limits on open positions and maturity gaps in accordance with the RBI's guidelines and these limits are approved by RBI. Further, we are permitted to hedge foreign currency loan exposures of Indian corporations in the form of interest rate swaps, options, currency swaps and forward rate agreements, subject to certain conditions.

Statutes Governing Foreign Exchange and Cross-Border Business Transactions

The foreign exchange and cross border transactions undertaken by banks are subject to the provisions of the Foreign Exchange Management Act. All branches should monitor all non-resident accounts to prevent money laundering.

Restriction on Transfer of Shares

For public sector banks the RBI monitors the ceilings on FII/NRI/PIO investments on a daily basis. For effective monitoring the RBI has fixed cut off points lower than the actual ceilings which is 18% for public sector banks. Once the aggregate net purchase of equity shares reaches the cut off points further acquisition of equity shares by FIIs/NRIs/PIOs requires approval of RBI. However, the Non-Resident Shareholding cannot exceed 20% of the paid up capital of the bank in terms of Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

In addition, the provisions of the SEBI Takeover Regulations apply and must be complied with.

Prohibited Business

The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities. For further details, please see "History and Certain Corporate Matters – Main Objects of the Bank" on page 116 of this Red Herring Prospectus.

Reserve Fund

Any bank incorporated in India is required to create a reserve fund to which it must transfer not less than 25.0% of the profits of each year before dividends. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation. The Government of India may, on the recommendation of the RBI, exempt a bank from the requirements relating to reserve fund.

Restrictions on Payment of Dividends

Pursuant to the provisions of the Banking Regulation Act, a bank can pay dividends on its shares only after all its capitalised expenses (including preliminary expenses, organization expenses, underwriting commission, brokerage, amounts of losses and any other item of expenditure not represented by tangible assets) have been completely written off. The Government of India may exempt banks from this provision by issuing a notification on the recommendation of the RBI.

The GoI has granted an exemption to us by its Notification dated February 14, 2005 exempting us from the provisions of sections 13 (payment of commission, brokerage, discounts) and 15(1) (payment of dividend) of the Banking Regulations Act for a period of five years from the date of the said notification.

Further, as per RBI guidelines on payment of dividend, only those banks which comply with the following minimum prudential requirements are eligible to declare dividend with the prior approval of the RBI:

- Capital to risk asset ratio of at least 9% for the preceding two accounting years and for the accounting year for which it proposes to declare dividend.
- Net non-performing assets of less than 7%. In case any bank does not meet the above CRAR norm, but is having a CRAR of at least 9% for the accounting year for which it proposes to declare a dividend, it would be eligible to declare a dividend provided its net NPA ratio is less than 5%.
- The dividend pay out ratio does not exceed 40%.
- The proposed dividend is payable out of the current year's profit.
- The financial statements pertaining to the financial year for which the bank is declaring a dividend should be free of any qualifications by the statutory auditors, which have an adverse bearing on the profit during that year.
- Compliance with restrictions as to payment of dividends and the setting up of a reserve fund as per Sections 15 and 17 of the Banking Regulation Act, 1949. By notification F.No.11/31/2004-BOA dated February 14, 2005, the GoI, MoF has granted us an exemption from the provisions of sections 13 and 15(1) of the Banking Regulations Act for a period of five years from the date of the Notification.

In the event that we fulfill the conditions stated above we can declare dividends without the consent of the RBI, but if we do not comply with the conditions stated above but wish to declare dividend or a higher rate of dividend we would require prior permission from the RBI.

RBI has also notified that banks may also declare and pay interim dividends out of the relevant account period's profit without the prior approval of the RBI if they satisfy the minimum criteria above, and the cumulative interim dividend is within the prudential cap on dividend payout ratio (40%) computed for the relevant accounting period. Declaration and payment of interim dividend beyond this limit would require the prior approval of the RBI.

Restriction on Share Capital and Voting Rights

Public sector banks can issue equity shares as per the SEBI Guidelines.

The paid up capital of corresponding new banks may be increased by such amounts as the board of directors of the corresponding new bank may, after consultation with the RBI and with the previous sanction of the central government, raise by public issue of shares in such manner as may be prescribed, so however that the central government's shareholding does not fall below 51% of the paid up capital of the bank.

No shareholder of the corresponding new bank, other than the central government, shall be entitled to exercise voting rights in respect of any shares held by them in excess of one percent of the total voting rights of all the shareholders of the corresponding new bank.

Regulatory Reporting and Examination Procedures

The RBI is empowered under Section 27(2) of the Banking Regulation Act to inspect a bank. In 1995, RBI introduced a system of off-site monitoring and surveillance, with the primary objective of monitoring the financial condition of banks in between on-site examinations. The RBI monitors prudential parameters at quarterly intervals. To this end and to enable off-site monitoring and surveillance by the RBI, banks are required to report to the RBI on aspects such as:

- assets, liabilities and off-balance sheet exposures;
- risk weighting of these exposures, the capital base and the capital adequacy ratio;
- unaudited operating results for each quarter;
- asset quality;
- concentration of exposures;
- connected and related lending and the profile of ownership, control and management;
- ownership, control and management;
- structural liquidity and interest rate sensitivity;
- subsidiaries, associates and joint ventures;
- consolidated accounts and related financial information;
- information on risk based supervision;
- analysis of balance sheet; and
- other prudential parameters.

The RBI also conducts periodic on-site inspections on matters relating to the bank's portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at intervals ranging from one to three years. We are subject to the on-site inspection by the RBI at yearly intervals. The inspection report, along with the report on actions taken by us, has to be placed before our Board of Directors. On approval by the Board of Directors, we are required to submit the report on actions taken by us to the RBI. The RBI also discusses the report with the management team including the Chairman and Managing Director and the Executive Director.

The RBI also conducts on-site supervision of zonal offices, regional offices and other selected branches with respect to their general operations and foreign exchange related transactions.

Appointment and Remuneration of the Chairman and Managing Director and Other Directors

Directors on the Board of Directors of our Bank are appointed by the Central Government in terms of Section 9 of the Bank Acquisition Act. The Chairman and Managing Director and Executive Director (wholetime directors) are appointed by the Central Government in consultation with the RBI. The other Directors nominated/ appointed by the Central Government include one official each from the GoI and RBI and one Director representing the non-workmen employees of the Bank. Further, a specified number of Directors are elected by the shareholders. The wholetime Directors appointed by the Central Government and the officials of the Central Government and the RBI who serve as the nominee directors of the Central Government and RBI cannot be a director of any other corresponding new bank. For the text of Section 9 of the Bank Acquisition Act see the section titled "Main Provisions of Constitutional Documents" on page 373 of this Red Herring Prospectus.

The remuneration paid to Directors is determined by the Central Government in consultation with the RBI.

Penalties

RBI may impose penalties on banks and their employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in any contravention of the regulations. The penalty may also include imprisonment.

Assets to be Maintained in India

Every bank is required to ensure that its assets in India (including import-export bills drawn in India and RBI approved securities, even if the bills and the securities are held outside India) are not less than 75.0% of its demand and time liabilities in India.

Subsidiaries and other investments

A bank requires the prior permission of RBI to incorporate a subsidiary. A bank is required to maintain an "arms' length" relationship in respect of its subsidiaries and in respect of mutual funds sponsored by it in regard to business parameters such as taking undue advantage in borrowing/lending funds, transferring/selling/buying of securities at rates other than market rates, giving special consideration for securities transactions, in supporting/financing the subsidiary and financing our clients through them when we ourselves are not able or are not permitted to do so.

Restriction on Creation of Floating Charge

Prior approval of the RBI is required for creating floating charge on our undertaking or our property. Currently, all our borrowings including bonds are unsecured.

Maintenance of Records

We are required to maintain books, records and registers. The Banking Companies (Period of Preservation of Records) Rules, 1985 require a bank to retain records of books, accounts and other documents relating to stock and share register for a period of three years.

Secrecy Obligations

Under Section 13 of the Bank Acquisition Act, our Bank is statutorily bound to maintain secrecy about the affairs of its constituents, except in circumstances in which it is, in accordance with law or practices and usages customary among bankers, necessary or appropriate for the bank to divulge such information.

Our obligations relating to maintaining secrecy arise out of common law principles governing our relationship with our customers. We cannot disclose any information to third parties except under clearly defined circumstances. The following are the exceptions to this general rule:

- where disclosure is required to be made under any law;
- where there is an obligation to disclose to the public;
- where we need to disclose information in our interest; and
- where disclosure is made with the express or implied consent of the customer.

We are required to comply with the above in furnishing any information to any parties. We are also required to disclose information if ordered to do so by a court. The RBI may, in the public interest, publish the information obtained from the bank. Under the provisions of the Banker's Books Evidence Act, 1891 a copy of any entry in a bankers' book, such as ledgers, day books, cash books and account books certified by an officer of the bank may be treated as prima facie evidence of the transaction in any legal proceedings. The RBI has directed banks to incorporate consent clauses in loan agreements to enable disclosure of borrower information to credit bureaus.

Regulations governing OBUs

The Government and the RBI have permitted banks to set up OBUs in special economic zones, which are specially delineated duty free enclaves deemed to be foreign territory for the purpose of trade operations, duties and tariffs. The key regulations applicable to OBUs include, but are not limited to, the following:

- No separate assigned capital is required. However, the parent bank is required to provide a minimum of U.S.$ 10 million to its OBU.
- OBUs are exempt from cash reserve ratio requirements.
- RBI may exempt a bank's OBU from statutory liquidity ratio requirements on specific application by the bank.
- An OBU may not enter into any transactions in foreign exchange with residents in India, unless such a person is eligible under the existing exchange control regulations to invest/maintain foreign currency accounts abroad.
- All prudential norms applicable to overseas branches of Indian banks apply to OBUs. The OBUs are also required to follow the best international practice of 90 days' payment delinquency norm for income recognition, asset classification and provisioning.

- OBUs are required to adopt liquidity and interest rate risk management policies prescribed by the RBI in respect of overseas branches of Indian banks as well as within the overall risk management and asset and liability management framework of the bank subject to monitoring by the bank's board of directors at prescribed intervals.
- OBUs may operate and maintain balance sheets only in foreign currency and are not allowed to deal in Indian rupees except for having a special rupee account out of the convertible funds in order to meet their daily expenses. These branches are prohibited from participating in the domestic call, notice, term etc. money market and payment system.
- The loans and advances of OBUs would not be reckoned as net bank credit for computing priority sector lending obligations.
- OBUs must follow the 'Know Your Customer' guidelines and must be able to establish the identity and address of the participants in a transaction, the legal capacity of the participants and the identity of the beneficial owner of the funds.
- A bank cannot borrow from its OBU .
- The exposures of an OBU in the domestic tariff area should not exceed 25% of its total liabilities as at the close of business of the previous working day, at any point of time.

Regulations and Guidelines of SEBI

SEBI was established to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market. We are subject to SEBI regulations for our equity and debt capital issuances, as well as our underwriting, banker to the issue, custodial, depositary participant, and debenture trusteeship activities. These regulations provide for our registration with the SEBI for each of these activities, functions and responsibilities. We are required to adhere to a code of conduct applicable for these activities.

Foreign Ownership Restrictions

Foreign investment in our Bank, as a corresponding new bank, is regulated by the provisions of the Bank Acquisition Act. Under Section 3(2D), foreign investment in new corresponding banks is subject to an overall statutory limit of 20% of the paid up capital. For public sector banks the RBI monitors the ceilings on Non-Resident investments on a daily basis. For effective monitoring the RBI has fixed cut off points lower than the actual ceilings which is 18% for public sector banks. Once the aggregate net purchase of equity shares reaches the cut off points further acquisition of equity shares by Non-Residents to the ceiling of 20% requires approval of the RBI, beyond which Non-Residents are not allowed to acquire shares.

Special Status of Banks in India

The special status of banks is recognised under various statutes including the Sick Industrial Companies Act, 1985, Recovery of Debts Due to Banks and Financial Institutions Act, 1993, and the Securitisation Act. As a bank, we are entitled to certain benefits under various statutes including the following:

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or Public Financial Institution or to a consortium of banks and Public Financial Institutions. Under this Act, the procedures for recoveries of debt have been simplified and time frames been fixed for speedy disposal of cases. Upon establishment of the Debt Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by this Act, except the higher courts in India in certain circumstances.

The Sick Industrial Companies Act, 1985, provides for reference of sick industrial companies, to the Board for Industrial and Financial Reconstruction. Under it, other than the board of directors of a company, a scheduled bank (where it has an interest in the sick industrial company by any financial assistance or obligation, rendered by it or undertaken by it) may refer the company to the BIFR. The Sick Industrial Companies Act, 1985 has been repealed by the Sick Industrial Companies (Special Provisions) Repeal Act, 2004 ("SICA Repeal Act"). However, the SICA Repeal Act, which is due to come into force on a date to be notified by the central government in the official gazette, has not yet been notified. On the repeal becoming effective, the provisions of the Companies Act will apply in relation to sick companies, under which the reference must be made to the National Company Law Tribunal, and not the Board for Industrial and Financial

Reconstruction.

The Securitisation Act focuses on improving the rights of banks and financial institutions and other specified secured creditors as well as asset reconstruction companies by providing that such secured creditors can take over management control of a borrower company upon default and/or sell assets without the intervention of courts, in accordance with the provisions of the Securitisation Act.

Regulations Governing Insurance Companies

Subsidiaries offering life insurance and non-life insurance are subject to the provisions of the Insurance Act, 1938 and the various regulations prescribed by the Insurance Regulatory and Development Authority. These regulations regulate and govern, among other things, registration as an insurance company, investment, licensing of insurance agents, advertising, sale and distribution of insurance products and services and protection of policyholders' interests. In May 2002, the Indian parliament approved the Insurance (Amendment) Act 2002, which facilitates the appointment of corporate agents by insurance companies and prohibits intermediaries and brokers from operating as surrogate insurance agents.

Regulations Governing International Businesses

Our international business operations are governed by regulations in the countries in which we have a presence. We are required to obtain approval of the RBI to set up overseas subsidiaries, offshore branches and representative offices abroad. Further, approval from the foreign regulatory authority is also required prior to undertaking such banking operations.

The Regional Rural Banks Act, 1976

Regional Rural Banks (RRBs) are established under the Regional Rural Banks Act, 1976 by the GoI at the instance of a sponsor bank. The GoI may also issue notifications specifying the local limits within which a given RRB shall operate. The sponsor bank shall subscribe to the share capital of the RRB, train personnel and provide managerial and financial assistance to the RRB during the first five years of its operations.

The Regional Rural Banks Act, 1976 stipulates the limit of the paid-up capital of a regional rural bank and further stipulates that the shares shall always be fully paid up shares of one hundred rupees each. Of this, 50% shall be subscribed to by the GoI, 15% by the concerned state government and 35% by the sponsor bank. The issued capital can be changed by the board of directors of the RRB (with the prior approval of the GoI) after consultation with NABARD, the concerned state government and the sponsor bank.

The board of directors shall consist of the following:

- a chairman-appointed by the sponsor bank;
- two directors, nominated by GoI, who are not officers of GoI, the concerned state government, RBI, NABARD, sponsor bank or any other bank;
- one Director to be nominated by the RBI, such person being an officer of the RBI;
- one director to be nominated by NABARD, such person being an officer of NABARD;
- two directors to be nominated by the sponsor bank, such person being an officer of the sponsor bank; and
- two directors to be nominated by the concerned state government, who are officers of the concerned State Government.

Every RRB shall carry on the business of banking as defined in Section 5(b) of the Banking Regulation Act and may engage in one or more forms of business specified in Section 6(1) of the Banking Regulation Act.

Every RRB shall prepare an annual report within three months from the date of closure of the accounting year or such further period, not exceeding three months, as may be permitted by the RBI. Such annual report shall be sent to all of its shareholders

RRBs have been deemed to be a co-operative society for the purposes of the I.T. Act, 1974. Further, the GoI is empowered to give directions to the RRBs and the RRBs shall have to obey and follow such directions.

Amendments under the Finance Act, 2005

The Finance Act, 2005 proposes to introduce certain changes to the existing regulations governing banks in India, by amendment of the Banking Regulation Act, and RBI Act. These proposals relate to:

- Removal of the lower and upper limits on the Statutory Liquidity Ratio;
- Removal of the lower and upper limits on the Cash Reserve Ratio;
- Permitting banks to issue preference shares;
- The introduction of specific provisions to enable consolidated supervision of banks and their subsidiaries by RBI;
- Continuation of the tax exemption granted to interest income on Non-Resident (External) Account and Foreign Currency Deposits;
- Introduction of the new provision to provide for set off of losses to banking companies in cases of amalgamation;
- Enhancement of credit-linking of Self Help Groups with the Banking System; and
- To enable RBI to lend or borrow securities by way of repo, reverse repo or otherwise.

In addition, the GoI has also proposed to enable RBI to sanction banks to give loans to directors and to enable RBI to remove the board of directors of banks.

HISTORY AND CERTAIN CORPORATE MATTERS

We were incorporated on July 20, 1908 under the Baroda Companies Act, 1897 as "Bank of Baroda Limited", with a paid up capital of Rs. 1 million. Maharaja Sayajirao III of Baroda was our founder.

Pre Nationalization

Upon attaining Independence, Bank of Baroda, with 48 branches, was still essentially a regional bank. Between 1953 and 1958, 30 new offices were opened and pursuant to certain strategic mergers between 1958 to 1965, the network of the Bank was extended over 234 branches.

In 1953, the Bank opened its first overseas branch at Mombasa, Kenya. During the period 1953-1969, the Bank opened three branches in Fiji, five branches in Kenya, three branches in Uganda and one each in London and Guyana. Between 1969 to 1974, we established three branches in Mauritius, two branches in UK and one branch in Fiji. A significant development in the sphere of overseas operations was the entry of the Bank in the oil rich Gulf countries in 1974 when two branches were opened in UAE, one at Dubai and another at Abu Dhabi.

Post Nationalization

On July 19, 1969, following the nationalization of banks, our Bank was renamed from "The Bank of Baroda Limited" to "Bank of Baroda" The main objective of the Bank, as per the Bank Acquisition Act was to meet progressively, and to better serve the needs of the development of the economy and to promote the welfare of the people.

Pursuant to the shift in the core objectives of banking pursuant to nationalization, the Bank established the Multi-Service Agency (MSA) model for urban micro credit. In 1976, the Bank sponsored the first of its 19 Regional Rural Banks thereby seeking to complement its operations in rural heartland. In 1977, the Bank launched the "Gram Vikas Kendra" (GVK), an innovative model for integrated rural development. Following an aggressive expansion policy, by 1981, the Bank had 1,669 branches thereby ensuring the reach of banking services to remote areas of India. To focus on housing finance, priority sector lending, the Bank established its housing finance subsidiary, BOB Housing, in 1991. During this period, the Bank also established Subsidiaries for businesses of credit cards (BOBCARDS), asset management (BOB AMC) and capital market activities (BOB Caps).

Main Objects of the Bank

Section 3(5) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 states as follows:

"Every corresponding new bank shall carry on and transact the business of banking as defined in clause (b) of section 5 of the Banking Regulation Act, 1949 (10 of 1949) and may engage in one or more of the other forms of business specified in sub-section (1) of section 6 of that Act."

Section 5(b) of the Banking Regulation Act reads as follows:

" 'banking' means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise."

Section 6(1) of the Banking Regulation Act reads as follows:

"Form and business in which banking companies may engage

(1) In addition to the business of banking, a banking company may engage in any one or more of the following forms of business, namely—

(a) the borrowing, raising, or taking up of money; the lending or advancing of money either upon or without security; the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundis, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments and securities whether transferable or negotiable or not; the granting and issuing of letters of credit, traveller's cheques and circular notes; the buying, selling and dealing in bullion and specie; the buying and selling of foreign exchange including foreign bank notes; the acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; the purchasing and selling of bonds, scrips or other forms of securities

on behalf of constituents or others, the negotiating of loans and advances; the receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise; the providing of safe deposit vaults; the collecting and transmitting of money and securities;

(b) acting as agents for any Government or local authority or any other person or persons; the carrying on of agency business of any description including the clearing and forwarding of goods, giving of receipts and discharges and otherwise acting as an attorney on behalf of customers, but excluding the business of a managing agent or secretary and treasurer of a company;

(c) contracting for public and private loans and negotiating and issuing the same;

(d) the effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of State, municipal or other loans or of shares, stock, debentures, or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue;

(e) carrying on and transacting every kind of guarantee and indemnity business;

(f) managing, selling and realising any property which may come into the possession of the company in satisfaction or part satisfaction of any of its claims;

(g) acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security;

(h) undertaking and executing trusts;

(i) undertaking the administration of estates as executor, trustee or otherwise;

(j) establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such persons; granting pensions and allowances and making payments towards insurance; subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object;

(k) the acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company;

(l) selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company;

(m) acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in this sub- section;

(n) doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company;

(o) any other form of business which the Central Government may, by notification in the Official Gazette, specify as a form of business in which it is lawful for a banking company to engage."

Section 3 (7) of Chapter II of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 provides for the Bank to act as Agent of RBI.

(1) The Bank shall, if so required by the Reserve Bank of India, act as agent of the Reserve Bank at all places in India where it has a branch for:

(a) Paying, receiving, collecting and remitting money, bullion and securities on behalf of the Government of India.

(b) Undertaking and transacting any other business which the Reserve Bank may from time to time entrust to it.

(2) The terms and conditions on which any such agency business shall be carried on by the corresponding new Bank on behalf of the Reserve Bank shall be such as may be agreed upon.

(4) *The corresponding new Bank may transact any business or perform any function entrusted to it under Clause (I) by itself or through any agent approved by the Reserve Bank.*

Changes in Memorandum of Association

We do not have any articles or memorandum of association as we are a "corresponding new bank" under the provisions of the Bank Acquisition Act.

Key Milestones

Date	Event
1908	Establishment of the Bank
1910	Opened our first branch in the city of Ahmedabad
1919	Opened our first branch in Mumbai City
1953	First international branch opened at Mombasa, Kenya
1958	The Hind Bank merged with us
1962	The New Citizen Bank Limited merged with us
1963	We acquired the Surat Banking Corporation
1964	The Umargaon Peoples' Bank & Tamilnadu Central Bank merged with us
1984	Bank of Baroda launched its credit card operations
1988	The Traders Bank Limited merged with us
1995	First bond issue of Rs. 3,000 million
1996	Our first public issue of Rs. 8,500 million
1999	• Commenced operations as a depository; and • Bareilly Corporation Bank merged
2000	Appointed Arthur Andersen India Private Limited as risk management consultant for setting up a Comprehensive Risk Management Architecture for the Bank
2001	Establishment of a separate Risk Management Department, headed by a General Manager and specialised integrated treasury branch
2002	The Benares State Bank Limited merged with us
2004	• The South Gujarat Local Area Bank merged with us. • Signed MOU with National Insurance Company Limited June 1, 2004 for selling its non life insurance products under corporate agency arrangement.
2005	• Bank's new logo launched • Launched the IT Enabled Business Transformation Program and signed the contract with HP in this regard • Multicity cheque facility launched • Upgradation to the Bank's IT framework to ensure consonance to world-class standards rolled out

Awards and Recognition

Year	Awards And Recognitions
2004	• Ranked as the best customer centric bank among all the public sector banks operating in India by the magazine Outlook Money in its September 2004 issue • Our branches in Kheda District in Gujarat achieved the first rank under Swarnajayanti Gram Swarozgar Yojana (SGSY) Scheme • First prize from RBI for implementation of Official Language in "B" region for the year 2003-04 • Khadi and Gram Udhyog Commission awarded second prize for excellent work by Eastern UP Zone of the Bank • "BOB MAITRI", the house journal of the Bank received an award from the RBI award under the bilingual journal category • First prize from Rashtriya Hindi Academy Roopambara, Kolkota for best implementation of Official Language • Rating 'CGR2' granted by ICRA in relation to the corporate governance practices of the Bank • First prize by NABARD for linking maximum number of SHGs under SHG Bank Linkage programme in the states of Gujarat and Rajasthan for the year 2003-04. • Second prize by the Government of Tamilnadu for its performance under SHG Bank linkage programme • Ranked third by the government of UP State in relation to the Self Help Group Bank Linkage programme
2005	• Ranked among the top 500 banks of the world by the magazine "The Banker", UK in its July 2005 issue • 21 out of the 36 specialized SSI branches have been covered under ISO-9002 certification.

OUR MANAGEMENT

The following table sets forth details regarding our Board of Directors as of the date of filing the Red Herring Prospectus with SEBI:

Board of Directors

Sl. No.	Name, Designation, Father's Name, Address, Occupation	Nationality	Age	Date of Appointment and Term	Other Directorships
1.	**Dr. Anil K. Khandelwal** **Chairman and Managing Director** S/o Dwarka Prasad Khandelwal 11A, Woodland, Altamount Road, Mumbai – 400 026, India. *Professional Banker*	Indian	57	March 1, 2005 Appointed upto March 31, 2008 or until further orders, whichever is earlier	Director in: 1. New India Assurance Company Limited; 2. Agricultural Finance Corporation Limited; 3. BOB HK; 4. BOB Botswana and 5. BOBCARDS Member: 6. Board of Governors, Academy of Human Resources Development; 7. Centre for Organisational Development, Hyderabad; 8. Institute of Banking Personnel Selection; 9. Management Committee – NIBM; and 10. Indian Institute of Banking and Finance.
2.	**A.C. Mahajan** **Executive Director** Late Shri Milawa Ram Mahajan 7A, Suwas, Off Nepean Sea Road, Mumbai – 400 026, India. *Professional Banker*	Indian	55	Appointed on June 18, 2005 for a period of five years thereof or until further orders whichever is earlier	1. BOB Kenya; 2. BOB Tanzania; and 3. BOB Housing.
3.	**Vinod Rai** **GoI Nominee Director** S/o Bholanath Rai C-II/39, Moti Bagh, New Delhi 110021, India *Additional Secretary (FS), MoF*	Indian	57	October 25, 2002 Until further orders from the GoI	Director in: 1. Industrial Development Bank of India Limited; 2. Small Industries Development Bank of India; 3. Infrastructure Development Finance Corporation; and 4. ICICI Bank Limited.

Sl. No.	Name, Designation, Father's Name, Address, Occupation	Nationality	Age	Date of Appointment and Term	Other Directorships
4.	**G.K. Sharma** **RBI Nominee Director** S/o M.L. Sharma B-12, Dhansatra, 122, Nathalal Parikh Road, Colaba, Mumbai 400 005, India. *RBI Official*	Indian	59	January 9, 2004 Until further orders from the GoI	Nil
5.	**Dr. Pradip N. Khandwalla** **Shareholder Director** s/o Navin Khandwalla B-101 Jupiter Towers, Opp. Samket Bungalows, Bodakdev, Ahmedabad 380 054, India. *Management Consultant*	Indian	65	November 15, 2005 Re-elected by the share-holders for a period of three years	Director in: 1. Gujarat Gas Limited; and 2. Grow Talent Limited. Trustee 3. India Brand Equity Trust Fund of Govt. of India; 4. Darshak Itihaaj Nidhi, Trust; 5. Peoples Commission on Education; 6. Gujarat First - A Society; and 7. Khandwalla Creativity Foundation Member of Governing Council 8. Centre for Organisation Development; 9. Eklavya Teachers Training College (Chairperson); 10. MICA; 11. NID; 12. Shri Ram School, Aravali; 13. Academy of Human Resource Development; 14. President of Gujarat Chamber of Commerce and Industry; and 15. Appointment Board of GOI (MOF)
6.	**Manesh P. Mehta** **Shareholder Director** S/o Prabhulal Mehta 22A, Vishranti Park Society, Jain Temple Road, Nizampura, Baroda 390 002, India. *Chartered Accountant*	Indian	42	Re-elected by the shareholders for a period of three years w.e.f. November 15, 2005	Director in: Century Manufacturing Company Private Limited Partner in: Manish Mehta & Associates

Sl. No.	Name, Designation, Father's Name, Address, Occupation	Nationality	Age	Date of Appointment and Term	Other Directorships
7.	**T.K. Balasubramanian** **Non-Workman Nominee Director** S/o K.R. Krishnamoorthy Flat No.13, "Vasanth Apartments", 1st Floor, 11, Malony Road, T. Nagar, Chennai – 600 017, India. *Senior Manager, Bank of Baroda*	Indian	58	April 28, 2005 Up to June 30, 2007 or until his successor has been nominated or until he ceases to be an officer of the Bank, whichever is earlier.	Nil.
8.	**Masarrat Shahid** **Part-time Non-Official GoI Nominee Director** W/o Dr. Shahid Meer Khan House No.2, Niamatpura,Lower Idgah Hills, Bhopal, India. *Social Worker*	Indian	50	September 15, 2005 Appointed for a period of three years or until her successor is nominated, whichever is earlier	Nil
9.	**Dr. Deepak Bhaskar Phatak** **Shareholder Director** Late Dr. Bhaskar Raghunath Phatak A-15, IIT, Powai, Mumbai, India *Professor*	Indian	57	November 15, 2005 Appointed for a period of three years or until his successor is nominated, whichever is earlier	1. HDFC Asset Management Company Ltd.
10.	**Dr. Dharmendra Bhandari** **Shareholder Director** S/o Rishab Chand Bhandari B-44, Malviya Nagar Jaipur- 302 017 *Chartered Accountant*	Indian	49	November 15, 2005 Appointed for a period of three years or until his successor is nominated, whichever is earlier	Director in: Lakshmi Precision Screws Ltd Indfund Management Ltd. Suraj Diamond & jewellery Ltd Partner in: Anjali Subhash & Associates

Dr. Anil K. Khandelwal, Chairman & Managing Director of the Bank , has over three decades of banking experience. A chemical engineer with an MBA and a degree in Law, he also holds a Doctoral Degree in Management. He is also a Fellow of the Indian Institute of Banking & Finance.

Dr. Khandelwal was the Chairman and Managing Director of Dena Bank from February 2004 to February 2005, before he took over as our Chairman and Managing Director. Prior to this, he was the Executive Director of the Bank from 2000 until February 2004. During his career at Bank of Baroda, he has also held several important positions.

Besides being a whole-time Director of the Bank, he is also a member on several Internal Committees, Study Groups and Committees of the Government of India, RBI and Indian Banks' Association.

Dr. Khandelwal is a director on the Boards of New India Assurance Company Limited and Agricultural Finance Corporation of India. He is the Chairman Board of Governors of the Academy of Human Resources Development, a premier professional body in the country. He is also a member on the Governing Council of Centre for Organisational Development (Hyderabad) as also the Indian Institute of Banking and Finance (IIB&F) and the Institute for Bank Personnel Selection (IBPS). He is also a Member on the Advisory Council of Bankers Training College, Mumbai - the apex training institute of RBI. He has also been elected for a three -year term to the Managing Committee of National Institute of Bank Management. He has been United Nations Development Programme (UNDP) consultant to Presidential Commission on Banking, Government of Tanzania. He has received several Awards in the area of Leadership and Human Resource Development.

He has authored four books and numerous articles in leading business magazines and is a frequently invited speaker by national level institutions and conventions. He is a guest faculty of IIM – Ahmedabad and Lucknow, MDI, NIBM, Pune, Bankers' Training College of the Reserve Bank of India and several major institutions.

A.C. Mahajan, has been appointed as Executive Director by GOI. He was General Manager (Commercial and Institutional Credit) at Bank of India prior to taking over the assignment in the Bank. He was also in charge of Risk Management and Credit Monitoring. He joined the Bank of India as probationary officer in 1972 and thereafter handled credit and foreign exchange departments in various positions at different Branches/ Administrative Offices and worked as the head of Bank's Integrated Treasury. He supervised the revision of the Bank's Manuals of Instructions covering Advances and Foreign Exchange Business. He was posted as in-charge of Nairobi Branch (1988-1993) and Chief Executive, Japan Operations (1999-2002) with the Bank of India.

Vinod Rai, is the nominee Director representing Government of India and he holds a key position as Additional Secretary (Financial Sector) Ministry of Finance, Government of India New Delhi. He is an IAS Officer of 1972 batch. He holds a post graduate in Economics and a Masters in Public Administration, (Mason Fellow) Harvard University, USA. He has served as Deputy Secretary to the Ministry of Commerce, GOI (1980-85), District Collector, Trichur (1985-87), Secretary, Agriculture, Government of Kerala (1988-91), Joint Secretary, Ministry of Defence, Government of India (1992-1997) and Principal Secretary, Finance, Government of Kerala (1997-01).

G.K. Sharma, the RBI nominee Director, joined the RBI as a probationary officer in 1972 and has worked in various departments of RBI. He also served as a director on the Board of Corporation Bank. He holds a Master's Degree in Science and DSM and is a member of CAIIB.

Dr. Pradip N. Khandwalla, a Director representing the shareholders on the Board, is a management consultant. He holds a B.Com (Hons.) degree from the Mumbai University, ICA, an MBA (Wharton School), University of Pennsylvania, a MSIA and a Ph.D., Carnegie Mellon University, USA. He has held various academic positions and has been the Director, Indian Institute of Management, Ahmedabad.

Manesh P. Mehta is a Director representing the shareholders on the Board. He is a practicing Chartered Accountant and has obtained a Bachelor's Degree in Commerce and is a Fellow Chartered Accountant.

T.K. Balasubramanian is a Director representing non-workmen employees of the Bank. He joined the Bank in 1976 and has held various positions. At present he is a Senior Manager of a branch. He has obtained a Master's Degree in Commerce and is a member of CAIIB (Part-I).

Masarrat Shahid is the nominee Director representing the Government of India. She holds Master in Science and is a social worker. She was nominated on our Board on September 15, 2005.

Dr Deepak Bhaskar Phatak, a Director representing the shareholders on the Board, is a Chair Professor, Kanwal Rekhi School of Information Technology, IIT, Mumbai. He holds B.E. and M.Tech degress and also a Ph.D. He has been working at IIT, Mumbai since 1971. He served as the first Dean of Resource Development, IIT, Mumbai from 1995 to 1998. He has been acted as a consultant and advisor to many organisations on various issue related to Information Technology. He has also acted as an IT advisor to State Bank of India. He has also been a consulatant to several other financial and industrial organisations including RBI, Unit Trust of India, New India Assurance Company Limited, Rashtriya Chemicals and Fertilisers and Larsen &Toubro.. He has also been on the boards of directors of IDBI, ISIL, UTISL and IDRBT.

Dr. Dharmendra Bhandari is a Director representing the shareholders on the Board. He is a management consultant. He obtained a Bachelor's Degree in Commerce and is a Chartered Accountant. He has worked as an officer on Special Duty, DOS, RBI and has also been a consultant to the joint parliamentary committee on securities scams. He has also been on the boards of the directors of Dena Bank and Bank of Maharashtra.

Remuneration of Directors

1. Dr. Anil K. Khandelwal, Chairman and Managing Director:

Dr. Anil K. Khandelwal was appointed as Chairman and Managing Director of our Bank on March 1, 2005 by the Department of Economic Affairs (Banking Division), MoF, GoI, vide Notification No. F.No 9/60/2004 - B.O.I after consultation with the RBI under clause (a) of Sub-Section (3) of Section 9 of the Bank Acquisition Act up to March 31, 2008 or until further orders, whichever is earlier.

Salary and dearness pay: A.K. Khandelwal is entitled to receive Rs. 24,050 per month as salary plus dearness pay at the rate of 50% of basic pay, as remuneration during his term as the Chairman and Managing Director of our Bank.

Other perquisites and benefits: In addition to the above, the CMD is entitled to certain perquisites which include entertainment allowance up to a ceiling of Rs. 6,000 per annum, increment every 12 months, residential accommodation, use of an official car, conveyance and travelling allowance for travel by air, leave and leave travel concession, provident fund, medical benefits and gratuity.

2. A.C. Mahajan, Executive Director:

A.C. Mahajan was appointed as Executive Director of our Bank on June 18, 2005 by the Department of Economic Affairs (Banking Division), MoF, GoI, vide Notification no. F.No.9/11/2005-B.O.I after consultation with the RBI under clause (a) of Sub-Section (3) of Section 9 of the Bank Acquisition Act for a period of five years from the date of his taking charge of the post or until further orders, whichever is earlier.

Salary and dearness pay: A.C. Mahajan is entitled to receive Rs. 22,050 per month as salary plus dearness pay at the rate of 50% of basic pay, as remuneration during his term as the Executive Director of our Bank.

Other perquisites and benefits: In addition to the above, the Executive Director is entitled to certain perquisites which include entertainment allowance up to a ceiling of Rs. 6,000 per annum, increment every 12 months, residential accommodation, use of an official car, conveyance and travelling allowance for travel by air, leave and leave travel concession, provident fund, medical benefits and gratuity.

Other Directors receive only sitting fees from the Bank. As per extant RBI instructions, a director of a nationalized bank is entitled to receive a sitting fee of Rs. 5,000 per meeting of the board and a sitting fee of Rs. 2,500 per meeting of any committee of the board. In accordance with the same, sitting fees paid to the Directors for the period ended September 30, 2005 aggregated to Rs. 3,12,500.

Payment or benefit to officers of our Bank

Except as stated in the Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

Corporate Governance

We had made a public issue of 100,000,000 Equity Shares on December 5, 1996 and are currently listed on the NSE, the BSE and the VSE. We had entered into listing agreements with the Stock Exchanges and we are in compliance with the provisions of the listing agreements with the Stock Exchanges.

We have complied with SEBI Guidelines in respect of corporate governance specially with respect to broad basing of board, constituting the committees such as Shareholders'/ Investors' Grievance committee details of which are provided hereinbelow. We shall comply with the requirements of the SEBI circular SEBI/CFD/DIL/CG/1/2004 dated October 29, 2004, which notifies revised corporate governance guidelines, by the required date, i.e., December 31, 2005 for listed entities like our Bank.

The Board has ten Directors, of which two are wholetime Directors. The Chairman of the Board is a wholetime Director.

Committees of the Board

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements in accordance with listing agreements:

1. Audit Committee; and

2. Shareholders'/Investors' Grievance Committee.

The Board of Directors has not constituted any remuneration committee as the remuneration of Directors is determined by the Government and is guided by the guidelines of the Government in this regard.

The following committees have been formed to focus on specific areas:

Audit Committee

The members of the Audit Committee are A.C. Mahajan, Vinod Rai, Dr. Dharmendra Bhandari, Manish P. Mehta and G.K. Sharma.

The responsibilities of the Audit Committee, which was constituted on May 20, 1994, include the following:

1. Providing direction and overseeing the total audit function of the Bank and following up on the statutory/external audit of the Bank and inspections of RBI;

2. Obtaining and reviewing half yearly reports from the compliance officer appointed by the Bank;

3. To interact with the statutory auditors before finalisation of annual/semi annual quarterly financial accounts and reports and also follow up on all the issues raised in the Long Form Audit Report or the LFAR;

4. To review the internal inspection/audit functions of the Bank viz. its systems, their quality and effectiveness in terms of follow up;

5. Review of inspection reports of specialised and extra large branches and all the branches with unsatisfactory rating; and

6. To act as per provisions of the listing agreements with the Stock Exchanges and in line with the guidelines issue by the RBI from time to time.

As on September 30, 2005, the Committee has met 89 times since its inception.

Shareholders'/Investors' Grievance Committee

The Committee of Directors for Share Transfer and Investors' Grievances was constituted on March 19, 1997. At the meeting of the Board held on March 27, 2002, to expedite the transfer process and to meet SEBI guidelines regarding transfer of shares/ bonds, a committee of executives was constituted and the existing committee of Directors was renamed as the Investors' Grievance Committee of Directors. The Shareholder/Investors Grievance Committee comprises of Dr. Anil K. Khandelwal, A.C. Mahajan, and T.K. Balasubramanian. Vinay Shah, Company Secretary has been designated as Compliance Officer.

As on September 30, 2005, the Committee has met 11 times since its inception.

Other Committees

In addition to the Audit Committee and the Shareholders'/Investors' Grievance Committee, we have also constituted a Management Committee, an ALM and Risk Management Committee, a Share Transfer Committee and a Customer Service Committee The details of these committees are provided below.

<u>Management Committee</u>

The Management Committee was constituted on December 21, 1995 and exercises the powers of the Board, including powers with regard to credit proposals, as may be delegated to it by the Board.

The Management Committee exercises all the powers vested in the Board in respect of:

1. Sanctioning of credit proposals (funded and non funded);
2. Loan compromise/write off proposals;
3. Proposals for approval of capital and revenue expenditure;
4. Proposals relating to acquisition and hiring of premises including deviation from norms for acquisition and hiring of premises;
5. Filing of suits/appeals, defending them etc.;
6. Investments in Government and other approved securities, shares and debentures of companies including underwriting;
7. Donations; and
8. Any other matter referred to the Management Committee by the Board.

The Management Committee comprises Dr. Anil K. Khandelwal, A.C. Mahajan, Vinod Rai G.K. Sharma,, Dr. Dharmenra Bhandari, Masarrat Shahid and T.K. Balasubramanian.

As on September 30, 2005, the Committee has met 10 times since April 1, 2005.

<u>ALM and Risk Management Committee</u>

The ALM and Risk Management Committee or ALMC of the Board was constituted in the year 2000 to oversee the establishment of ALM and risk management system in the Bank.

It comprises Dr. Anil K. Khandelwal, the Chairman, A.C. Mahajan, Dr. Pradip N. Khandwalla and T.K. Balsubramanian.

During the fiscal year ended March 31, 2005, the Committee has met thrice.

<u>Share Transfer Committee</u>

Share Transfer Committee was constituted on March 19, 1997 and it comprises Dr. Anil K. Khandelwal, the Chairman and A.C. Mahajan, Directors and V.B.L. Seksena and D.A. Parekh, General Managers and S.S. Mundra, Deputy General Manager. This Committee meets periodically with a view to effect speedy transfer of shares/bonds.

As on September 30, 2005, the Committee has met 120 times since its inception.

<u>Customer Service Committee of the Board</u>

Customer Service Committee was constituted on January 29, 2005 and comprises Dr. Anil K. Khandelwal, A.C. Mahajan and Manish Mehta. The functions of the Committee include suggesting and implementing innovative measures for enhancing the quality of customer services including the level of satisfaction for all categories of clientele of the Bank at all times.

As on September 30, 2005, the Committee has met once since its inception.

<u>Committee for monitoring High Value Frauds</u>

The Committee for monitoring high value fraud was set up on January 30, 2004 for monitoring and following up fraud cases involving an amount of Rs.10.00 million and above exclusively. The Committee comprises of Dr. Anil K. Khandelwal and T.K. Balasubramanian.

As on September 30, 2005, the Committee met three times since its inception.

<u>Committee on Human Resources Management</u>

Our Board constituted a Sub Committee on Human Resources Management on October 31, 2003 to provide direction and facilitation in implementation of various HRD strategies and initiatives. The Committee comprises Dr. Anil K. Khandelwal, A.C. Mahajan, Vinod Rai, Dr. Pradip N. Khandwalla, Directors and A.N. Agarwal and Dr. B.L. Maheshwari, external consultants.

As on September 30, 2005, the Committee has met three times since its inception.

Shareholding of the Directors

Directors nominated under Section 9(3) (a) to (h) of the Bank Acquisition Act are not required by law to hold any qualification shares in our Bank. The list of Directors holding Equity Shares and the number of Equity Shares held by each of them as of September 30, 2005 is set forth below:

Directors	No. of Equity Shares held
Dr. Pradip N. Khandwalla	100
Manesh P. Mehta	100
Dr. Deepak Bhaskar Phatak	100
Dr. Dharmendra Bhandari	600

Interests of Directors

All Directors of the Bank may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Constitutional Documents and notifications by RBI affixing their remuneration. The Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Bank. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Bank, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Borrowing Powers of Directors

Under our Constitutional Documents, the Directors do not have any borrowing powers and all borrowings by the Bank are typically approved by the Board of Directors.

Changes in our Board of Directors during the Last Three Years

The changes in our Board of Directors during the last three years are as follows:

Name	Date of Appointment	Date of cessation	Reasons
P.S. Shenoy	September 11, 1998	February 28, 2005	Retired on superannuation
G.S. Uberai	December 20, 2001	December 19, 2004	Term expired
B.N. Gulve Patil	May 8, 2001	May 7, 2004	Term expired
Piyush Goyal	May 8, 2001	January 22, 2004	Resigned
Dr. Anil K.Khandelwal	September 25, 2000	February 4, 2004	Appointed as Chairman and Managing Director, Dena Bank.
N.G. Mhatre	February 21, 2002	April 27, 2005	Term expired
Ramesh Chander	July 31, 2003	January 8, 2004	Term expired
R.C. Trivedi	August 2, 2001	January 31, 2003	Retired on superannuation
Anand Sinha	June 11, 2002	July 30, 2003	Term expired
Dr. M.J. Manohar Rao	November 16, 2002	March 19, 2003	Expired on April 19, 2003
Ram Sagar Thakur	November 16, 1999	November 15, 2002	Term completed
Dr. Dharmendra Bhandari	November 16, 1999	November 15, 2002	Term completed
Prem P. Pareek	November 15, 2002 (re-elected for a further period of three years)	November 15, 2005	Term completed
Amritlal Sanghvi	November 15, 2002	October 5, 2005	Resigned
U.K. Sinha	October 30, 2000	October 10, 2002	Term expired
Usha Thorat	August 11, 2000	June 10, 2002	Term expired

Name	Date of Appointment	Date of cessation	Reasons
K. Ramakrishnan	August 27, 2004	June 8, 2005	Appointed as Chairman and Managing Director, Andhra Bank.
Dr. Anil K.Khandelwal	March 1, 2005	-	Appointed as Chairman and Managing Director
A.C. Mahajan	June 18, 2005	-	Appointed as Executive Director
Vinod Rai	October 25, 2002	-	Nominated by the GoI
G.K Sharma	January 9, 2004	-	Nominated by the RBI
Dr. Pradip N. Khandwalla	November 16, 2002	November 15, 2005 (re elected)	Appointed by shareholders (Reelected on November 15, 2005 for a further period of three years)
Manesh P. Mehta	July 29, 2004	November 15, 2005 (re elected)	Appointed by shareholders (Reelected on November 15, 2005 for a further period of three years)
T.K. Balasubramanian	April 28, 2005	-	Appointed as non-workman employee Director
Masarrat Shahid	September 25, 2005	-	Appointed by Government of India
Dr. Deepak Bhaskar Phatak	November 16, 2005	-	Appointed by shareholders.
Dr. Dharmendra Bhandari	November 16, 2005	-	Appointed by shareholders.

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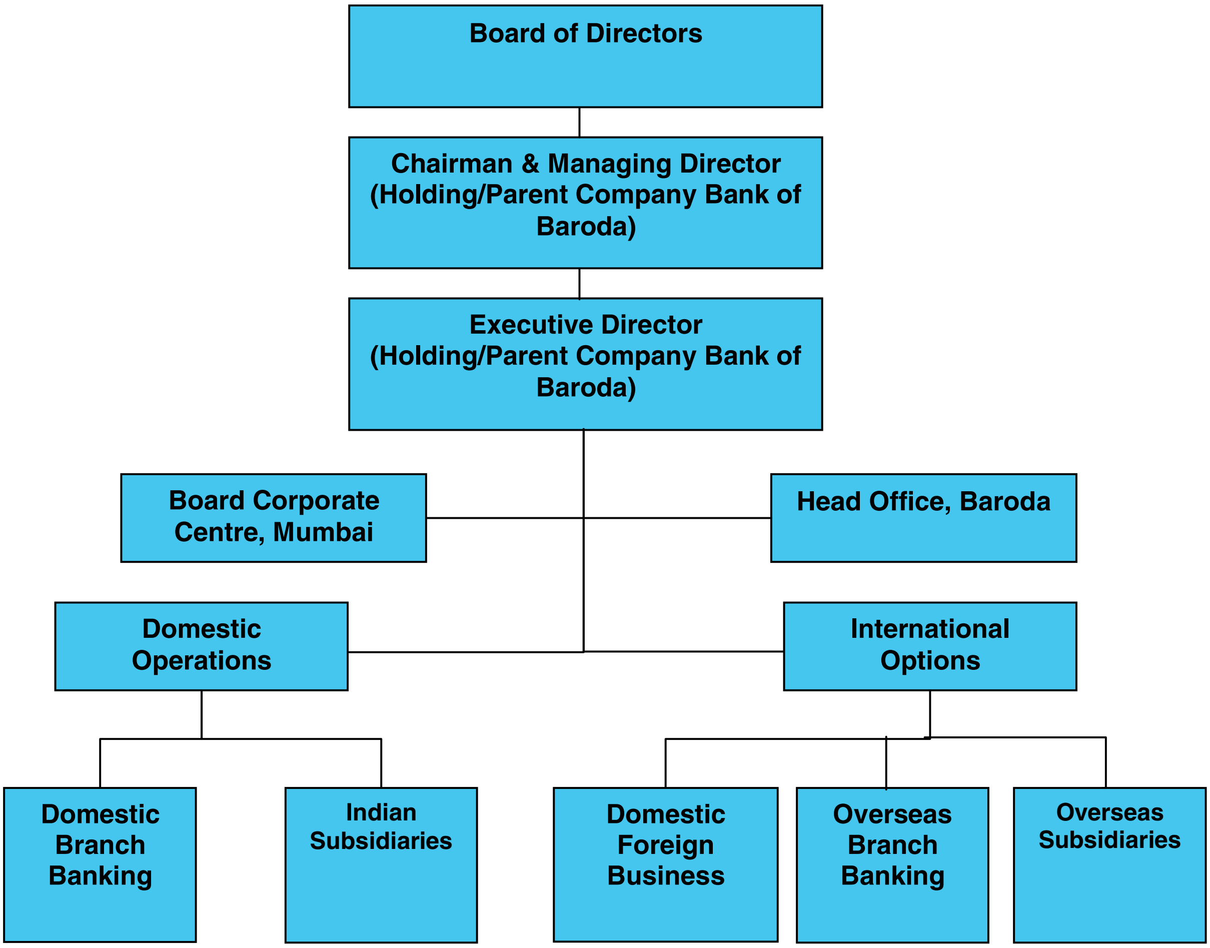
Organizational Structure of the Bank



BANK OF BARODA

Key Managerial Personnel of our Bank

V. J. Santhanam, General Manager, aged 58 years, joined us on August 10, 1972. Presently he is territorial head of UAE and Oman Operations (Dubai). He has a Bachelor's Degree in Commerce. He is a member of the Institute of Chartered Accountants of India. He has been working with us for 33 years.

K. K. Agarwal, General Manager, aged 56 years, joined us on November 1, 1971. Presently he is in-charge of the Treasury and International Operations. He has a Bachelor's Degree in Commerce and Law. He is member of the Institute of Chartered Accountants of India and CAIIB. He has been working with us for 33 years.

M. B. Samant, General Manager, aged 57 years, joined us on November 11, 1966. Presently he is in-charge of the Operations and Services and Corporate Accounts. He has a Bachelor's Degree in Arts (Hons) and Law, and Diploma in Finance Management and is a member of the CAIIB . He has been working with us for 38 years.

R. P. Bansal, General Manager (CVO), aged 57 years, joined us on July 14, 2003. Presently he is in-charge of department of Vigilance. He has a Master's Degree in Commerce and CAIIB. He has been working with us for two years.

R. K. Garg, General Manager, aged 56 years, joined us on October 11, 1972. Presently he is in-charge of Credit Operations. He has a Bachelor's Degree in Commerce. He is a member of the Institute of Chartered Accountants of India and CAIIB. He has been working with us for 33 years.

B. G. Baria, General Manager, aged 57 years, joined us on April 15, 1971. Presently he is in-charge of the Department of Agriculture, Priority Sector and RRBs. He has a Bachelor's Degree in Agriculture and CAIIB. He has been working with us for 34 years.

J. K. Chandar, General Manager, aged 56 years, joined us on February 1, 1973. Presently he is in-charge of Project Office and Information and Technology. He has a Bachelor's Degree in Science and Diploma in Training and Development and Post Graduate Diploma in Computer Programming. He is member of CAIIB. He has been working with us for 32 years.

B. A. Prabhakar, General Manager, aged 52 years, joined us on October 1, 1977. Presently he is territorial head of UK Operations, London. He has a Bachelor's Degree in Commerce. He is member of the Institute of Chartered Accountants of India. He has been working with us for 27 years.

T. K. Krishnan, General Manager, aged 58 years, joined us on July 19, 1971. Presently he is in-charge of the department of Human Resources Management and General Administration. He has a Bachelor's Degree in Science and Law and postgraduate diploma in Personnel Management and Industrial Relations. He has been working with us for 34 years.

B. P. Chakraborti, General Manager, aged 58 years, joined us on March 6, 1967. Presently he is in-charge of the Department of Inspection and Audit. He is postgraduate in Commerce and an M.B.A. He is also member of CAIIB. He has been working with us for 38 years.

A. D. Parulkar, General Manager, aged 54 years, joined us on January 1, 1971. Presently he is territorial head of New York operations. He has a Bachelor's Degree in Commerce and CAIIB. He has been working with us for 34 years.

T. V. Lakshminarayanan, General Manager, aged 58 years, joined us on January 22, 1972. Presently he is in-charge of the departments of Planning, Associate Banks and Subsidiaries and IBO. He has a Bachelor's Degree in Commerce. He is also member of CAIIB. He has been working with us for 33 years.

Dr. Suresh Mehta, General Manager, aged 58 years, joined us on January 27, 1971. Presently he is in-charge of Retail Banking, Product Development and Official Language. He is a postgraduate in Science (Agri.) and Economics and P.HD. He also has a Bachelor's Degree in Law. He is also a member of CAIIB. He has been working with us for 34 years.

V. B. L. Seksena, General Manager, aged 59 years, joined us on July 24, 1970. Presently he is in-charge of department of Estate Management. He is a postgraduate in Industrial Engineering. He has also undergone a certificate course in software engineering from Open University, UK. He has 35 years experience with us.

V. S. Hegde, General Manager, aged 58 years, joined us on February 1, 1967. Presently he is Zonal Head of our Greater Mumbai Zone, Mumbai. He has a Master's Degree in Arts and CAIIB. He has 38 years experience with us.

D. A. Parekh, General Manager, aged 59 years, joined us on October 1, 1969. Presently he is in-charge of the Department of Credit Approval. He has a Bachelor's Degree in Commerce and Law. He is also member of CAIIB. He has been working with the Bank for over 35 years.

S. P. Agarwal, General Manager, aged 56 years, joined us on May 1, 1969. Presently he is Managing Director, Indo Zambia Bank Limited. He has a Bachelor's Degree in Commerce and CAIIB. He has been working with the Bank for 36 years.

S. Vaidyanathan, General Manager, aged 58 years, joined us on March 7, 1969. Presently he is Zonal Head of Eastern Zone, Kolkata. He has a Bachelor's Degree in Science and Law and CAIIB. He has been working with the Bank for 36 years.

D. D. Maheshwari, General Manager, aged 57 years, joined us on January 8, 1969. Presently he is Zonal Head of our Northen Zone, New Delhi. He has a Master's Degree in Commerce and CAIIB and AIB London. He has been working with us 36 years.

S. C. Kalia, General Manager, aged 54 years, joined us on February 26, 1973. Presently he is in-charge of Credit Operations. He is a postgraduate in Arts and is a member of CAIIB. He has been working with us for 32 years.

M. M. Gadgil, General Manager, aged 58 years, joined us on October 16, 1967. Presently he is in-charge of the Department of Recovery, Credit Monitoring, Legal and Ascrom. He has a Bachelor's Degree in Law and post graduate in commerce. He is also member of AIIB. He has been working with us for 37 years.

G. G. Joshi, General Manager, aged 56 years, joined us on January 3, 1972. Presently he is Zonal Head of our South Zone, Chennai. He has a Master's Degree in Science and CAIIB. He has been working with us for 33 years.

Asit Pal, General Manager, aged 54 years, joined us on June 26, 1978. Presently he is in-charge of department of Risk Management. He has a Bachelor's Degree in Science and completed CAIIB -I. He is member of the Institute of Chartered Accountants of India. He has been working with us for 27 years.

Dr V. K. Verma, General Manager, aged 57 years, joined us on March 15, 1978. Presently he is in-charge of our subsidiary NBL, as Chairman and Chief Executive Officer. He has a Master's Degree in Arts and a Ph.D. He has also undergone Certificate Course in Computerised banking Application from APTECH. He has been working with us for 27 years.

With effect from November 11, 2002, the annual scale of pay of the general managers of the Bank ranges between Rs. 352,080 and Rs. 391,200.

Note: All the Key Managerial Personnel of the Bank as listed above are the permanent employees of the Bank as on the date of filing of this Red Herring Prospectus.

Shareholding of the Key Managerial Personnel

Except as disclosed below, none of our Key Managerial Personnel hold Equity Shares in the Bank:

Name	Number of Equity Shares held
V. J. Santhanam	400
R.K. Garg	100
J. K. Chandar	500
T.V. Lakshminarayanan	1,700
B.A. Prabhakar	300
V.S. Hegde	500
G.G.Joshi	200
D.D.Maheshwari	700
S.C. Kalia	1,100

Changes in our key managerial personnel during the last three years

The changes in the key managerial personnel in the last three years are as follows:

Sr. No.	Name	Date of becoming key managerial personnel	Date of cessation	Reason for change
3.	D.K. Shukla	January 18, 2003	January 18, 2003	Reported to parent bank – SBI
4.	N. Balasubramanian	December 27, 1999	January 22, 2003	Appointed as Managing Director– SIDBI
5.	P.A. Sethi	June 1, 1997	March 7, 2003	Appointed as executive director of Vijaya Bank
6.	M. Bhalchandran	December 27, 1999	February 5, 2004	Appointed as executive director of the Bank of India
7.	Dr. K.C. Chakrabarty	December 27, 1999	August 27, 2004	Appointed as executive director of the Punjab National Bank
8.	V. Chandrashekhar	April 10, 2002	August 1, 2005	Retired – VRS
9.	V.J. Santhanam	June 26, 2000	-	Promoted
10.	K.K. Agrawal	April 10, 2002	-	Promoted
11.	M.B. Samant	April 10, 2002	-	Promoted
12.	B.G. Baria	August 18, 2003	-	Promoted
13.	R.K.Garg	August 18, 2003	-	Promoted
14.	J.K. Chander	August 18, 2003	-	Promoted
15.	B.A. Prabhakar	August 18, 2003	-	Promoted
16.	T.K. Krishnan	August 18, 2003	-	Promoted
17.	B.P. Chakraborty	August 18, 2003	-	Promoted
18.	A.D. Parulkar	August 18, 2003	-	Promoted
19.	T.V. Lakshminarayanan	February 1, 2004	-	Promoted
20.	Dr. Suresh Mehta	February 5, 2004	-	Promoted
21.	V.B.L. Saksena	March, 1 2004	-	Promoted
22.	V.S. Hegde	August 23, 2004	-	Promoted
23.	D.A. Parekh	August 27, 2004	-	Promoted
24.	S.P. Agarwal	January 1, 2005	-	Promoted
25.	S. Vaidyanathan	January 1, 2005	-	Promoted
26.	R.P. Bansal	July 14, 2003	-	Promoted
27.	D D Maheshwari	May 7, 2005	-	Promoted
28.	S.C. Kalia	May 7, 2005	-	Promoted
29.	M.M. Gadgil	June 1, 2005	-	Promoted
30.	G.G. Joshi	June 1, 2005	-	Promoted
31.	Asit Pal	July 1, 2005	-	Promoted
32.	Dr. V. K. Verma	August 2, 2005	-	Promoted

OUR PROMOTER, SUBSIDIARIES AND ASSOCIATES

Promoter

Our Promoter is the President of India, acting through the MoF, GoI, which holds 66.83% of the pre-Issue paid up equity share capital of our Bank and will hold at least 53.81% of the fully diluted post Issue paid up equity share capital of our Bank.

We have 12 Subsidiaries of which seven are overseas Subsidiaries situated in UK, Hong Kong, Guyana, Kenya, Uganda, Tanzania and Botswana and 20 Associates, which includes 17 RRBs and UTI Asset Management Company Private Limited, UTI Trustee Company Private Limited and the Indo-Zambia Bank Limited, a joint venture.

Our Subsidiaries

BOB Capital Markets Limited

BOB Capital Markets Limited is a wholly owned subsidiary of Bank of Baroda. It was incorporated on March 11, 1996. BOB Caps is a SEBI registered Category-I Investment Banker as well as a Primary Dealer licensed by the RBI. BOB Caps offers a wide spectrum of financial services that includes initial public offerings, private placement of debt, corporate restructuring, business valuation, mergers and acquisitions, project appraisal and loan syndication. BOB Caps also undertakes advisory services on securitisation and structuring of debts. BOB Caps also offers constituent SGL account facility.

The shareholding pattern of BOB Caps as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	100

The board of directors of BOB Caps comprises M. R. Mayya (Chairman), Manubhai K. Parekh (Managing Director), Kanu Doshi, R. Venkatesan, Dinesh A. Parekh and B. P. Chakrabati.

The audited financial position of BOB Caps for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	1,000.00	1,000.00	1,000.00
Reserves & Surplus	20.19	64.49	41.63
Total Income	278.69	314.45	(96.06)
Total Expenditures	96.85	137.17	96.28
Profit After Tax (PAT)	92.98	113.70	(193.96)
Book value per share (Rs.)	102.02	106.44	104.16
Earning per Share (Rs.)	9.30	11.20	(19.40)

BOB Housing Finance Limited

BOB Housing Finance Limited was originally incorporated on December 28, 1990 in association with National Housing Bank under the name “Akshay Avas Nirman Vitta Limited”. Subsequently the name was changed to “BOB Housing Finance Limited” on November 3, 1993. With headquarters at Jaipur, it commenced business of providing loans for housing activities in February 1991.

BANK OF BARODA

The shareholding pattern of the company as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	67.11
National Housing Bank	32.89

The Bank has been in discussions with the National Housing Bank to buy-out their shareholding aggregating to 32.89% in BOB Housing.

The board of directors of the company comprises A. C. Mahajan (Chairman), G. N. Reddy, Managing Director, P.K. Lauria, R.K. Garg, B. G. Baria, Rakesh Bhalla and P.S Joshi.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	150.00	150.00	150.00
Reserves & Surplus	409.35	469.00	530.67
Total Income	691.90	602.90	462.99
Total Expenditures	568.67	509.28	344.39
Profit After Tax (PAT)	93.94	73.56	86.09
Book value per share (Rs.)	37.29	41.27	45.38
Earning per Share (Rs.)	6.26	4.90	5.74

BOBCARDS Limited

Looking at the needs of credit card and to have more customer centric operations, Bank of Baroda established a wholly owned subsidiary, BOBCARDS Limited on September 20, 1994 to cater to the need of rapidly growing credit card industry in a focussed manner. Bank of Baroda had introduced its first charged card named “BOBCARD” in the year 1984. After incorporation of BOBCARDS, the credit card business of the Bank was transferred to BOBCARDS. BOBCARDS has considerable brand recognition and has arrangements with Master Card International and VISA International.

The shareholding pattern of the company as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	100

The board of the company comprises Dr. A. K. Khandelwal (Chairman), S. P. Garg (Managing Director), Harish N. Motiwalla, Ramesh Mansukhani, , Prof. Atul Tandan, and Shailesh Hari Bhakti.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	200.00	200.00	200.00
Reserves & Surplus	94.68	120.31	141.80
Total Income	327.16	316.17	482.40
Total Expenditures	224.44	228.29	384.38
Profit After Tax (PAT)	41.48	42.64	45.28
Book value per share (Rs.)	14.73	16.02	17.09
Earning per Share (Rs.)	2.07	2.13	2.26

BOB Asset Management Company Limited

BOB AMC is a wholly owned subsidiary of Bank of Baroda incorporated under the provisions of Companies Act, 1956 on November 5, 1992. It acts as the investment manager to the BOB Mutual Fund.

The shareholding pattern of the company as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	100

The board of the company comprises R. R. Kumar (Chairman), N.L. Khurana (Managing Director), Bhagirat B. Merchant, Sharadchandra D. Abhyankar and J.K. Chandar.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	200.00	200.00	200.00
Reserves & Surplus	62.55	67.86	73.62
Total Income	21.03	33.01	29.26
Total Expenditures	14.21	20.42	18.08
Profit After Tax (PAT)	2.58	4.49	5.76
Book value per share (Rs.)	13.13	13.39	13.68
Earning per Share (Rs.)	0.13	0.22	0.29

The Nainital Bank Limited

NBL was promoted in the year 1922 by veteran freedom fighter Late Bharat Ratna Pandit Govind Ballabh Pant and others. In 1973, RBI directed that Bank of Baroda should manage the affairs of NBL. NBL, since then, has been as an associate Bank of Bank of Baroda.

The shareholding pattern of the bank as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	97.72
Others	2.28

The board of the bank comprises A.K. Garg (Chairman and CEO), V. B. L. Seksena, D. D. Maheshwari, N. K. Kapoor, P. P. Bhutani, Kashyap V. Vachharajani, Mahesh Lal Shah, Dr. D. S. Pandey and M. C. Pandey.

The audited financial position of the bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	150.00	150.00	150.00
Reserves & Surplus	425.55	522.18	609.51
Deposits	6,687.12	7,588.07	9,332.70
Advances	1,723.78	2,355.15	3,632.09
Total Income	721.38	831.54	829.66
Total Expenditures	645.57	709.15	716.33
Profit After Tax (PAT)	75.82	122.39	113.34
Book value per share (Rs.)	36.96	43.43	49.27
Earning per Share (Rs.)	5.05	8.16	7.56

Bank of Baroda (Tanzania) Limited

BOB Tanzania, the wholly owned Subsidiary of Bank of Baroda was incorporated on December 4, 2003 under Companies Ordinance (Cap. 212) in Tanzania. It carried out banking activity.

The shareholding pattern of the said company as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	100

The board of the company comprises V. K. Seth, (Managing Director), A.C. Mahajan, R.K. Garg, K.N. Manvi, M.L. Luhanga and M. G. Raval.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended December 31, 2004*
Equity Share Capital	271.62
Reserves & Surplus	(2.86)
Total Income	18.81
Total Expenditures	21.67
Profit after tax	(2.86)
Book value per share (Rs.)	41.35
Earnings per share (Rs.)	-ve

* The company was incorporated in December 2003.

Bank of Baroda (Uganda) Limited

BOB Uganda was incorporated on November 1, 1969. It carries out the activity of banking.

The shareholding pattern of the said company as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	80
Local shareholders	20

The board of the company comprises K.K. Shukla (Managing Director), K.K. Agarwal, V.K. Sheth, Joseph R.B. Kanyike, F.F. Magezi, and S. Rajappa.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars[(1)]	Year ended December 31, 2002	Year ended December 31, 2003	Year ended December 31, 2004
Equity Share Capital	103.40	93.79	100.13
Reserves & Surplus	252.59	299.74	423.44
Total Income	399.06	453.00	462.89
Total Expenditures	246.19	260.40	244.91
Profit after tax	92.86	132.10	147.09
Book value per share (Rs.)	6.45	7.86	11.05
Earnings per share (Rs.)	2.32	3.30	3.68

(1) Figures derived from the consolidated financial statement of Bank of Baroda (Uganda) Limited and its subsidiary, Baroda Capital Markets (Uganda) Limited

Promise vs. Performance

BOB Uganda undertook a public offer for 20% of its equity shares in Sepetmeber 2002 to comply with the obligations under the agreement signed with the Government of Uganda wherein it was undertaken that the Bank shall divest at least 20% of its holding in BOB Uganda to broaden the ownership of BOB Uganda and develop the local capital markets. As the public offer constituted an offer for sale by the Bank, there were no promises made in relation to the use of proceeds from such public offer.

Baroda Capital Markets (Uganda) Limited

BOB Capital Markets (Uganda) is a subsidiary of Bank of Baroda (Uganda) Ltd. It was incorporated on 23rd April, 1997. The company has been licensed by Capital Markets Authority (CMA) to provide brokerage and investment advisory services.

The shareholding pattern of the said company as of March 31, 2005 is as under:

Shareholder	**Shareholding (in Percentage)**
Bank of Baroda (Uganda) Ltd	100

The board of the company comprises K.K. Shukla (Chairman), S. Rajappa, S.T.Poojari, V.P.Bandhokar, S. Chaudhari and Dr. Ram Jass yadav.

Bank of Baroda (Kenya) Limited

BOB Kenya was incorporated on January 12, 1992. It carries out the activity of banking.

The shareholding pattern of the said company as of March 31, 2005 is as under:

Shareholder	**Shareholding (in Percentage)**
Bank of Baroda	86.70
Local shareholders	13.30

The board of the company comprises K. N. Manvi (Managing Director), A.C. Mahajan, R. Sowrirajan, Prof. F. F. Ojany, Milan R. Shah, and K.K. Shukla.

The audited financial position of the company for the last three financial years is as under:

(Rs. in Million)

Particulars	**Year ended December 31, 2002**	**Year ended December 31, 2003**	**Year ended December 31, 2004**
Equity Share Capital	193.22	395.10	371.34
Reserves & Surplus	65.18	97.94	173.92
Total Income	342.48	398.08	415.82
Total Expenditure	308.48	299.28	234.45
Profit after tax	19.92	58.45	113.55
Book value per share (Rs.)	16.65	14.94	16.53
Earnings per share (Rs.)	1.28	1.77	3.44

Bank of Baroda (Botswana) Limited

BOB Botswana was incorporated on August 17, 2000 and commenced business with effect from March 26, 2001. It carries out the activity of banking.

The shareholding pattern of the said company as of March 31, 2005 is as under:

Shareholder	**Shareholding (in Percentage)**
Bank of Baroda	100

BANK OF BARODA

The board of the company comprises R.S. Setia (Managing Director), Dr. A.K. Khandelwal, Ashok Gupta, G V Seshadri, and Ditlhogo N Mokgethi.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Equity Share Capital	184.20	185.40	190.00
Reserves & Surplus	14.82	53.77	95.32
Total Income	98.55	172.86	277.80
Total Expenditures	74.72	117.05	207.96
Profit after tax	11.92	38.86	40.21
Book value per share (Rs.)	9.95	11.96	14.27
Earnings per share (Rs.)	0.60	1.94	2.01

Bank of Baroda (Hong Kong) Limited

BOB HK was incorporated on June 3, 1980. It carries out the activity of banking.

The shareholding pattern of the said company as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	100

The board of the company comprises Dr. A.K. Khandelwal (Chairman), S.C. Kalia, N.N. Bhalerao, B.R. Bajaj and Darayus Engineer.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Equity Share Capital	1,339.31	1,233.05	1233.83
Reserves & Surplus	(300.39)	(235.24)	(194.05)
Total Income	147.58	137.84	172.27
Total Expenditures	67.95	64.83	79.35
Profit after tax	32.43	41.31	41.34
Book value per share (Rs.)*	36,834.60	35,377.06	36,865.09
Earnings per share (Rs.)*	1,149.80	1,464.63	1,465.70

* Face value of U.S.$1,000 each

Bank of Baroda (Guyana) Limited

BOB Guyana was incorporated on May 25, 1999. It carries out the activity of banking.

The shareholding pattern of the said company as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	100

The board of the company comprises A. D. Parulkar (Chairman), R.K. Sharma (Managing Director), G.V. Sheshadri and Jagdish Sareen.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Equity Share Capital	79.45	71.85	70.93
Reserves & Surplus	56.16	26.28	21.66
Total Income	56.94	47.68	44.47
Total Expenditure	40.50	36.03	34.85
Profit after tax	8.19	6.22	2.48
Book value per share (Rs.)*	4.17	3.01	2.85
Earnings per share (Rs.)*	0.25	0.19	0.07

Bank of Baroda (UK) Limited

BOB UK was incorporated on February 12, 1965. The principal activity of the company is to carry out the business of investment. However, the company did not trade during the preceding five years.

The shareholding pattern of the said company as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	100

The board of the company comprises B.A. Prabhakar (Chairman), B.K. Savant, V.K. Vig, S.D. Inamdar and Mayur J. Shah.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Equity Share Capital	0.75	0.80	0.82
Reserves & Surplus	0.00	0.00	0.00
Total Income	0.00	0.00	0.00
Profit after tax	0.00	0.00	0.00
Book value per share (Rs.)*	75.00	80.00	82.00
Earnings per share (Rs.)*	0.00	0.00	0.00

* As per the auditor's report to the members of BOB UK for the aforesaid financial years, the board of directors of BOB UK considered it unnecessary to present a Profit and Loss account as a part of these financial statements on the grounds that BOB UK was dormant during the relevant periods and there were no recognized gains or losses by it during the aforementioned periods.

Our Associates

Indo Zambia Bank Limited

Indo Zambia Bank Limited was incorporated on October 19, 1984. It carries out banking activities.

The shareholding pattern of the said company as of March 31, 2005 is as under:

Shareholder	Shareholding (in Percentage)
Bank of Baroda	20
Bank of India	20
Central Bank of India	20
The Government of the Republic of Zambia (GRZ)	40

The board of the company comprises S. P. Agarwal (Managing Director) and B. P. Chakrabarty.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Equity Share Capital	33.29	46.00	46.54
Reserves & Surplus	504.79	632.04	715.09
Total Income	620.05	665.55	572.62
Profit after tax	215.61	193.71	89.62
Book value per share (Rs.)*	160.23	135.61	152.32
Earnings per share (Rs.)*	63.89	38.74	17.92

UTI Asset Management Company Private Limited

UTI Asset Management Company Private Limited was incorporated on November 14, 2002. The company is registered with the SEBI as an asset management company and manages the schemes of the UTI Mutual Fund.

The shareholding of the company as of March 31, 2005 is:

Shareholder	Shareholding (in Percentage)
State Bank of India (through itself or nominees)	25
Bank of Baroda (through itself or nominees)	25
Life Insurance Corporation of India (through itself or nominees)	25
Punjab National Bank (through itself or nominees)	25

The aforementioned shares of UTI Asset Management Company held by the Bank were not fully paid up and the GoI has recently directed the aforementioned shareholders of UTI Asset Management Company to make payment towards the acquisition of the same.

The directors of the company are R. H. Patil, S.H. Bhojani, J.S. Mathur, U.K. Sinha, and Dr. Vinayshil Gautam.

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003*	Year ended March 31, 2004	Year ended March 31, 2005
Equity Share Capital	N.A.	100	100
Reserves & Surplus	N.A.	1,249.40	2,273.84
Total Income	N.A.	3,801.40	3,197.08
Profit after tax	N.A.	1,249.40	1,024.45
Earnings per share (Rs.)	N.A.	124.94	102.44
Net asset value per share (Rs.)	N.A.	134.94	237.38

* The first financials of the company were prepared from November 14, 2002 to March 31, 2004.

UTI Trustee Company Private Limited

UTI Trustee Company Private Limited was incorporated on November 14, 2002. The company is registered as a trustee company and is the trustee for the UTI Mutual Fund.

The shareholding of the company as of March 31, 2005 is:

Shareholder	Shareholding (in Percentage)
State Bank of India (through itself or nominees)	25
Bank of Baroda (through itself or nominees)	25
Life Insurance Corporation of India (through itself or nominees)	25
Punjab National Bank (through itself or nominees)	25

The directors are C. Ramachandran, M. P. Radhakrishnan, Dr. Kanta Ahuja, I. D. Agarwal and Dr. Pritam Singh (Associate Director).

The audited financial position of the company for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003*	Year ended March 31, 2004	Year ended March 31, 2005
Capital	N.A.	1	1
Reserves & Surplus	N.A	0.029	0.047
Total Income	N.A	0.057	0.053
Total Expenditures	N.A	0.012	0.016
Profit After Tax (PAT)	N.A	0.029	0.019
Book value per share (Rs.)	N.A	10.29	10.47
Earning per Share (Rs.)	N.A	0.29	0.19

* The first financials on the company were prepared from November 14, 2002 to March 31, 2004.

Regional Rural Banks

In accordance with the Regional Rural Banks Act, 1976 providing for the incorporation, regulation and functioning of Regional Rural Banks and with the view to develop the rural economy, the Bank has sponsored 17 RRBs with a network of 1,193 branches spread over 40 districts in five states of India, i.e., Uttar Pradesh, Rajasthan, Gujarat, Madhya Pradesh and Uttaranchal, with a view to provide banking services in rural areas in pursuance of GoI policies.

The Regional Rural Banks Act, 1976 stipulates the limit of paid-up capital of a regional rural bank and further stipulates that 50% of such capital would be contributed by the GoI, 35% by the Bank, and 15% by the relevant State Government.

Each of the RRBs is governed independently by a Board of Directors comprising of the following directors appointed in accordance with the Regional Rural Banks Act, 1976:

1. Chairman;
2. One Director nominated by RBI;
3. One Director nominated by NABARD;
4. Two Directors nominated by GoI;
5. Two Directors nominated by the relevant State Government; and
6. Two Directors nominated by the Sponsor Bank.

The RRBs sponsored by us are:

(1) Raebareli Kshetriya Gramin Bank; (2) Sultanpur Kshetriya Gramin Bank; (3) Allahabad Kshetriya Gramin Bank; (4) Kanpur Kshetriya Gramin Bank; (5) Pratapgarh Kshetriya Gramin Bank; (6) Fatehpur Kshetriya Gramin Bank; (7) Faizabad Kshetriya Gramin Bank; (8) Bareilly Kshetriya Gramin Bank; (9) Shahjahanpur Kshetriya Gramin Bank; (10) Nainital Almora Kshetriya Gramin Bank; (11) Marudhar Kshetriya Gramin Bank; (12) Aravali Kshetriya Gramin Bank; (13) Bundi Chittorgarh Kshetriya Gramin Bank; (14) Bhilwara Ajmer Kshetriya Gramin Bank; (15) Dungarpur Banswara Kshetriya Gramin Bank; (16) Baroda Gujarat Gramin Bank; and (17) Jhabua Dhar Kshetriya Gramin Bank.

Raebareli Kshetriya Gramin Bank

Raebareli Kshetriya Gramin Bank was established on March 29, 1976 with its head office at Raebareli.The operational area of the Raebareli Kshetriya Gramin Bank is the district of Raebareli in Uttar Pradesh and it has 69 branches.

The Board of Directors of Raebareli Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
J.K. Andhare	Chairman
Bihari Swaroop	Director
P.D. Kathuria	Director
D.R. Adalja	Director
Sanjiv Dayal	Director
V.P. Pandey	Director
Debesh Roy	Director
Girish Narain Pandey	Director
Buddhi Lal Pasi	Director

The audited financial position of Raebareli Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in Million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposits Account	128.48	133.40	133.40
Reserves & Surplus	47.96	100.00	123.58
Deposits	2,932.75	3,224.38	3,450.08
Advances	578.05	764.94	1,058.37
Total Income	319.73	341.36	298.69
Total Expenditures	287.14	295.10	273.06
Profit After Tax (PAT)	32.60	46.26	25.63
Net Asset Value/ Book value per share (Rs.)	1,864.43	2,434.03	2,669.76
Earning per Share (Rs.)	325.95	462.57	256.32

Sultanpur Kshetriya Gramin Bank

Sultanpur Kshetriya Gramin Bank was established on February 8, 1977 with its head office at Sultanpur, Uttar Pradesh. The operational area of the Sultanpur Kshetriya Gramin Bank is the district of Sultanpur in Uttar Pradesh and it has 94 branches.

The Board of Directors of Sultanpur Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
D.S. Mishra	Chairman
Sanjeev Dayal	Director
Pankaj Das	Director
Dr. Ram Bahadur Singh	Director
Dr. A.H. Vyas	Director
R.K. Jain	Director
Sandip Kumar Sharma	Director
A.P. Tiwari	Director

The audited financial position of Sultanpur Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	72.50	73.98	73.98
Reserves & Surplus	46.13	77.72	80.26
Deposits	4,541.50	5,003.15	5,370.28
Advances	1,272.22	1,447.14	1,644.08
Total Income	462.15	463.26	428.59
Total Expenditures	434.51	431.67	426.05
Profit After Tax (PAT)	27.64	31.59	2.54
Net Asset Value/ Book value per share (Rs.)	1,286.37	1,617.08	1,642.47
Earning per Share (Rs.)	276.36	315.91	25.39

Allahabad Kshetriya Gramin Bank

Allahabad Kshetriya Gramin Bank was established on August 23, 1980 with its head office at Allahabad, Uttar Pradesh. The operational area of Allahabad Kshetriya Gramin Bank comprises the districts of Allahabad and Kaushambi in Uttar Pradesh and it has 91 branches.

The Board of Directors of Allahabad Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
R. K. Lakhanpal	Chairman
P. K. Pradhan	Director
Mohd. Ismail	Director
Sangam Lal Kesarwani	Director
Shail Tanaya Srivastava	Director
Ajai Trivedi	Director
N. K. Singhal	Director
Ishta Deo Prasad Rai	Director
S.K. Puri	Director

The audited financial position of Allahabad Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	67.78	79.74	79.74
Reserves & Surplus	0.00	0.00	0.00
Deposits	4,289.98	4,689.85	5,067.50
Advances	814.16	922.45	1,118.53
Accumulated Losses	288.14	265.10	256.38
Total Income	374.00	381.46	371.06
Total Expenditure	366.48	358.42	362.35
Profit After Tax (PAT)	7.52	23.04	8.72
Net Asset Value/ Book value per share (Rs.)	-ve	-ve	-ve
Earning per Share (Rs.)	75.24	230.41	87.15

Kanpur Kshetriya Gramin Bank

Kanpur Kshetriya Gramin Bank was established on February 27, 1980 with its head office at Kanpur, Uttar Pradesh. The operational area of Kanpur Kshetriya Gramin Bank comprises the districts of Kanpur Nagar and Kanpur Dehat in Uttar Pradesh and it has 96 branches.

The Board of Directors of Kanpur Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
M.H. Nazimuddin	Chairman
S.K. Verma	Director
Rajesh Kumar	Director
Sushant Ghatak	Director
A.K. Maheshwari	Director
Sorabh Babu	Director
V.P. Pandey	Director
Vijay Kumar Duggal	Director
Rajendra Singh Chauhan	Director

The audited financial position of Kanpur Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	314.07	336.51	336.51
Reserves & Surplus	0.00	0.00	12.62
Deposits	4,425.73	4,853.76	5,059.36
Advances	1,007.12	1,271.80	1,702.23
Accumulated Losses	136.03	36.45	0.00
Total Income	472.09	510.50	447.58
Total Expenditures	400.54	410.92	398.52
Profit After Tax (PAT)	71.55	99.58	49.06
Net Asset Value/ Book value per share (Rs.)	1,880.43	3,100.63	3,591.25
Earning per Share (Rs.)	715.51	995.78	490.63

Pratapgarh Kshetriya Gramin Bank

Pratapgarh Kshetriya Gramin Bank was established on August 25, 1980 with its head office at Pratapgarh. The operational area of Pratapgarh Kshetriya Gramin Bank is the district of Pratapgarh in Uttar Pradesh and it has 71 branches.

The Board of Directors of Pratapgarh Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	**Designation**
H. S. Shah	Chairman
R. N. Yadav	Director
Jiya Lal	Director
C. B. Patel	Director
M. Mandal	Director
Murli Dhar Dubey	Director
S. K. Puri	Director
Devi Dayal Dwivedi	Director
Raj Kumar Singh	Director

The audited financial position of Pratapgarh Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	**Year ended March 31, 2003**	**Year ended March 31, 2004**	**Year ended March 31, 2005**
Capital	10.00	10.00	10.00
Share Capital Deposit Account	66.84	69.84	69.84
Reserves & Surplus	2.38	60.33	94.41
Deposits	3,214.17	3,539.77	3,846.40
Advances	693.70	748.10	878.74
Total Income	332.53	336.12	315.47
Total Expenditures	274.14	278.16	281.40
Profit After Tax (PAT)	58.38	57.96	34.08
Net Asset Value/ Book value per share (Rs.)	792.19	1401.73	1742.49
Earning per Share (Rs.)	583.83	579.56	340.75

Fatehpur Kshetriya Gramin Bank

Fatehpur Kshetriya Gramin Bank was established on September 6, 1980 with its head office at Fatehpur, Uttar Pradesh. The operational area of Fatehpur Kshetriya Gramin Bank is the district of Fatehpur in Uttar Pradesh and it has 51 branches.

The Board of Directors of Fatehpur Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	**Designation**
N. K. Jain	Chairman
H. K. Nigam	Director
Neeraj Rohtagi	Director
Hari Narayan Dubey	Director
Anil Singh	Director
S. S. Shringarpure	Director
R. B. Gupta	Director
R. B. Singh	Director
S. K. Puri	Director

The audited financial position of Fatehpur Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	160.40	175.31	175.31
Reserves & Surplus	28.35	32.14	35.88
Deposits	1,754.43	1,958.68	2,299.65
Advances	478.14	597.29	729.34
Total Income	173.03	196.29	191.32
Total Expenditures	159.13	161.60	154.50
Profit After Tax (PAT)	13.90	35.24	36.82
Net Asset Value/ Book value per share (Rs.)	1,987.50	2,174.50	2,211.90
Earning per Share (Rs.)	138.90	352.40	368.20

Faizabad Kshetriya Gramin Bank

Faizabad Kshetriya Gramin Bank was established on September 5, 1980 with its head office at Faizabad, Uttar Pradesh. The operational area of Faizabad Kshetriya Gramin Bank comprises the districts of Faizabad and Ambedkar Nagar in Uttar Pradesh and it has 67 branches.

The Board of Directors of Faizabad Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
Harish Malik	Chairman
S. K. Gakkhar	Director
Anoop Kumar	Director
Manmohan Das	Director
R. P. Upadhyay	Director
N. L. Sharma	Director
D. R. Adalaja	Director
S. K. Raghuvanshi	Director
Ram Krishna	Director

The audited financial position of Faizabad Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	127.79	130.51	130.51
Reserves & Surplus	168.33	245.76	303.59
Deposits	2,800.00	3,093.72	3,557.40
Advances	724.81	862.58	1,159.49
Total Income	316.74	353.34	306.54
Total Expenditures	248.14	275.92	248.71
Profit After Tax (PAT)	68.61	77.42	57.83
Net Asset Value/ Book value per share (Rs.)	3,061.20	3,862.70	4,441.00
Earning per Share (Rs.)	686.09	774.22	578.29

Bareilly Kshetriya Gramin Bank

Bareilly Kshetriya Gramin Bank was established on September 27, 1980 with its head office at Bareilly. The operational area of Bareilly Kshetriya Gramin Bank comprises the districts of Bareilly and Pilibhit in Uttar Pradesh and it has 81 branches.

The Board of Directors of Bareilly Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
J. R. Nanda	Chairman
A. S. Logana	Director
Dr. Rakesh Malhotra	Director
B. M. Sharma	Director
Chandra Kant	Director
S. K. Goswami	Director
Naresh Chandra Mishra	Director

The audited financial position of Bareilly Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	0.00	100.60	100.60
Reserves & Surplus	2.90	72.00	119.04
Deposits	2,438.02	2,627.15	2,968.99
Advances	932.55	1,091.10	1,277.72
Total Income	276.19	279.49	261.56
Total Expenditure	213.60	215.31	220.23
Profit After Tax (PAT)	62.59	64.17	41.33
Net Asset Value/ Book value per share (Rs.)	129.04	1,826.40	2,296.40
Earning per Share (Rs.)	625.90	641.70	413.30

Shahjahanpur Kshetriya Gramin Bank

Shahjahanpur Kshetriya Gramin Bank was established on March 24, 1983 with its head office at Shahjahanpur, Uttar Pradesh. The operational area of Shahjahanpur Kshetriya Gramin Bank comprises the districts of Shahjahanpur and Pilibhit in Uttar Pradesh and it has 35 branches.

The Board of Directors of Shajahanpur Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
Dr. S. P. Singh	Chairman
A. S. Logana	Director
M. M. Ashraf	Director
Sahu Sunil Sahay	Director
Major Virendra Sharma	Director
Vimal Chandra Srivastava	Director
Govind Prasad	Director
K. V. Modi	Director
M. G. U. Panicker	Director

The audited financial position of Shajahanpur Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	55.23	55.23	55.23
Reserves & Surplus	319.66	375.62	450.16
Deposits	1,524.74	1,723.10	1,953.25
Advances	825.98	801.36	966.06
Total Income	210.61	209.23	207.66
Total Expenditure	133.46	125.95	129.59
Profit After Tax (PAT)	77.15	83.28	78.07
Net Asset Value/ Book value per share (Rs.)	3,848.90	4,408.50	5,153.90
Earning per Share (Rs.)	771.50	832.80	780.70

Nainital Almora Kshetriya Gramin Bank

Nainital Almora Kshetriya Gramin Bank was established on March 26, 1983 with its head office at Nainital. The operational area of Nainital Almora Kshetriya Gramin Bank comprises the districts of Nainital, Almora, Bageshwar and Udham Singh Nagar in Uttaranchal and it has 58 branches.

The Board of Directors of Nainital Almora Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
A. K. Garg	Chairman
S. K. Verma	Director
Jaideep Srivastava	Director
D. S. Garbyal	Director
Sudhir Pant	Director
P. K. Das	Director
Bindesh Kumar Gupta	Director
Sanjay Kumar Bansal	Director

The audited financial position of Nainital Almora Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	101.29	101.29	101.29
Reserves & Surplus	79.15	120.71	162.59
Deposits	1,847.16	2,068.12	2,390.29
Advances	853.65	790.15	972.94
Total Income	225.25	218.37	209.99
Total Expenditure	184.51	176.81	168.11
Profit After Tax (PAT)	40.74	41.56	41.87
Net Asset Value/ Book value per share (Rs.)	1,904.40	2,320.00	2,738.80
Earning per Share (Rs.)	407.40	415.55	418.74

Marudhar Kshetriya Gramin Bank

Marudhar Kshetriya Gramin Bank was established on March 29, 1979 with its head office at Churu, Rajasthan. The operational area of Marudhar Kshetriya Gramin Bank is the district of Churu and Shridungargah Tehsil in Bikaner District in Rajasthan and it has 56 branches.

The Board of Directors of Marudhar Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
V. N. Potbhare	Chairman
Ramesh Moolchandani	Director
A. D. Ratnoo	Director
Dr. P. L. Yadav	Director
R. K. Awasthi	Director
Jassa Ram Chaudhary	Director
Dr. P. N. Bhardwaj	Director
Pratap Singh Purva	Director
Vijay Kumar Bhati	Director

The audited financial position of Marudhar Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	109.82	129.20	129.20
Reserves & Surplus	0.00	0.00	0.00
Deposits	1,291.73	1,529.54	1,622.80
Advances	498.31	527.92	603.53
Accumulated Losses	494.08	558.46	591.73
Total Income	100.67	104.61	113.56
Total Expenditures	163.64	169.00	146.83
Profit After Tax (PAT) (Loss)	(62.97)	(64.38)	(33.27)
Net Asset Value/ Book value per share (Rs.)	(3,742.60)	(4,192.60)	(4,525.30)
Earning per Share (Rs.)	-ve	-ve	-ve

Aravali Kshetriya Gramin Bank

Aravali Kshetriya Gramin Bank was established on October 2, 1981 with its head office at Sawai Madhopur, Rajasthan. The operational area of Aravali Kshetriya Gramin Bank comprises the districts of Sawai Madhopur, Tonk, Karauli and Mahwa Block of Dausa district in Rajasthan and it has 60 branches.

The Board of Directors of Aravali Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
H. P. Gupta	Chairman
M. L. Goyal	Director
Vinod Kumar	Director
Phool Chand Meena	Director
M. M. Sharma	Director
R. V. Modi	Director
N. K. Sharma	Director
Pramod Chaturvedi	Director
Ramesh Jindal	Director

The audited financial position of Aravali Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	86.19	101.40	101.40
Reserves & Surplus	0.00	0.00	0.00
Deposits	1,694.80	2,000.23	2,158.71
Advances	810.13	904.64	1,159.16
Accumulated Losses	339.73	324.49	314.38
Total Income	182.89	187.20	184.10
Total Expenditure	182.01	171.96	173.99
Profit After Tax (PAT)	0.88	15.24	10.11
Net Asset Value/ Book value per share (Rs.)	-ve	-ve	-ve
Earning per Share (Rs.)	8.84	152.35	101.12

Bundi Chittorgarh Kshetriya Gramin Bank

Bundi Chittorgarh Kshetriya Gramin Bank was established on March 23, 1984 with its head office at Bundi, Rajasthan. The operational area of Bundi Chittorgarh Kshetriya Gramin Bank comprises the districts of Bundi and Chittorgarh in Rajasthan and it has 61 branches.

The Board of Directors of Bundi Chittorgarh Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
V. K. Chaturvedi	Chairman
M. Nassimuddin	Director
H. K. Srivastava	Director
A. S. Chawla	Director
M. R. Buttolia	Director
Ram Niwas	Director
H. P. Verma	Director
Govind Kabra	Director

The audited financial position of Bundi Chittorgarh Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	181.78	181.78	181.78
Reserves & Surplus	0.00	0.00	0.00
Deposits	1,519.95	1,756.89	1,910.84
Advances	874.01	979.32	1,275.37
Accumulated Losses	152.08	133.16	112.93
Total Income	184.47	194.77	201.69
Total Expenditures	182.78	175.85	181.46
Profit After Tax (PAT)	1.69	18.92	20.23
Net Asset Value/ Book value per share (Rs.)	396.97	586.21	788.54
Earning per Share (Rs.)	16.88	189.24	202.33

Bhilwara Ajmer Kshetriya Gramin Bank

Bhilwara Ajmer Kshetriya Gramin Bank was established on March 24, 1984 with its head office at Bhilwara, Rajasthan. The operational area of Bhilwara Kshetriya Gramin Bank comprises the districts of Bhilwara and Ajmer in Rajasthan and it has 53 branches.

The Board of Directors of Bhilwara Ajmer Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
C. D. Kalkar	Chairman
M. L. Goyal	Director
R. K. Srivastava	Director
B. L. Swarnkar	Director
D. D. Charan	Director
R. C. Shukla	Director
J. D. Parmar	Director
L. N. Dad	Director
M. L. Agarwal	Director

The audited financial position of Bhilwara Ajmer Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit	65.81	65.81	65.81
Reserves & Surplus	82.12	128.36	184.16
Deposits	1,625.48	1,831.09	1,953.59
Advances	1,117.59	1,219.72	1,409.35
Total Income	207.02	218.71	215.34
Total Expenditure	168.50	172.46	159.54
Profit After Tax (PAT)	38.52	46.24	55.80
Net Asset Value/ Book value per share (Rs.)	1,579.30	2,041.70	2,599.70
Earning per Share (Rs.)	385.20	462.40	558.00

Dungarpur Banswara Kshetriya Gramin Bank

Dungarpur Banswara Kshetriya Gramin Bank was established on March 25, 1984 with its head office at Dungarpur, Rajasthan. The operational area of Dungarpur Banswara Kshetriya Gramin Bank comprises the districts of Dungarpur and Banswara in Rajasthan and it has 38 branches.

The Board of Directors of Dungarpur Banswara Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
Sudhakar B. Tagade	Chairman
L. N. Bhatt	Director
Dharmendra Singh	Director
V. K. Chaturvedi	Director
P. K. Sharma	Director
H. M. Chandaliya	Director
M. L. Sharma	Director
H. L. Bhil	Director
O. P. Paliwal	Director

The audited financial position of Dungarpur Banswara Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	92.95	92.95	92.95
Reserves & Surplus	0.30	0.00	0.00
Deposits	932.04	1,113.21	1,203.00
Advances	425.65	431.77	537.73
Accumulated Losses	104.40	102.10	100.83
Total Income	105.96	106.03	102.56
Total Expenditures	105.71	103.73	101.29
Profit After Tax (PAT)	0.24	2.30	1.27
Net Asset Value/ Book value per share (Rs.)	-ve	8.50	21.30
Earning per Share (Rs.)	2.40	23.00	12.70

Baroda Gujarat Gramin Bank

The Baroda Gujarat Gramin Bank was formed on September 12, 2005 pursuant to the amalgamation of three RRBs, i.e., Panchmahal Vadodara Gramin Bank, Valsad Dangs Gramin Bank and Surat Bharuch Gramin Bank, that were sponsored by us. The head office of the said RRB is situated at Bharuch, Gujarat. The operational area of the Baroda Gujarat Gramin Bank comprises the districts of Panchmahal, Dahod, Vadodara, Valsad, Navsari, Dangs, Surat, Bharuch and Narmada in Gujarat and it has 128 branches.

The authorised capital of the Baroda Gujarat Gramin Bank is Rs. 50,000,000 and the entire subscribed share capital of the constituent banks, i.e., Panchmahal Vadodara Gramin Bank, Valsad Dangs Gramin Bank and Surat Bharuch Gramin Bank, is the subscribed share capital of Baroda Gujarat Gramin Bank. The details of the share capital of the Baroda Gujarat Gramin Bank is as under:

(a) Central Government – Rs. 15,000,000;
(b) State Government – Rs. 4,500,000;
(c) The Bank – Rs. 12,500,000; and
(d) Share Capital Deposit – Rs. 240,468,000

The Board of directors of Baroda Gujarat Gramin Bank is in the process of being constituted and as of date, the following directors have been appointed on the board of Baroda Gujarat Gramin Bank:

Director[(1)]	Designation
D. Rajagopalan	Chairman
D.D. Parekh	Director
Harish Chandra Mishra	Director
I.C. Rathoria	Director
R.V. Dave	

(1) The Finance Department, Government of Gujarat, has issued a resolution appointing the Joint Secretary &Director (Institutional Finance) Finance Department and Additional Commisioner, Commisionerate of Rural Development as directors on the board of Baroda Gujarat Gramin Bank for a period of two years or till such time as a fresh nomination is made by it.

As the Bank was formed on September 12, 2005, no financial statements have been prepared yet by the Baroda Gujarat Gramin Bank.

However, the audited accounts for the last three years of the three RRBs that were amalgamated to form the Baroda Gujarat Gramin Bank are provided hereunder:

The audited financial position of Panchmahal Vadodara Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	**Year ended March 31, 2003**	**Year ended March 31, 2004**	**Year ended March 31, 2005**
Capital	10.00	10.00	10.00
Share Capital Deposit Account	123.93	123.93	123.93
Reserves & Surplus	0.00	0.00	0.00
Deposits	1,539.06	1,770.02	2,126.55
Advances	918.50	900.81	1,070.73
Accumulated Losses	54.55	45.05	21.02
Total Income	197.91	197.46	196.54
Total Expenditures	184.11	187.98	172.51
Profit After Tax (PAT)	13.80	9.49	24.03
Net Asset Value/ Book value per share (Rs.)	793.80	888.80	1,129.10
Earning per Share (Rs.)	138.00	94.90	240.30

The audited financial position of Valsad Dangs Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	**Year ended March 31, 2003**	**Year ended March 31, 2004**	**Year ended March 31, 2005**
Capital	10.00	10.00	10.00
Share Capital Deposit Account	29.65	29.65	29.65
Reserves & Surplus	165.15	206.31	246.93
Deposits	1,449.04	1,666.38	2,015.38
Advances	422.94	443.46	580.11
Total Income	162.72	158.81	167.66
Total Expenditures	118.72	117.60	127.04
Profit After Tax (PAT)	44.00	41.22	40.62
Net Asset Value/ Book value per share (Rs.)	2,048.00	2,459.60	2,865.80
Earning per Share (Rs.)	440.00	412.16	406.21

The audited financial position of Surat Bharuch Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	**Year ended March 31, 2003**	**Year ended March 31, 2003**	**Year ended March 31, 2005**
Capital	10.00	10.00	10.00
Share Capital Deposit Account	46.89	46.89	46.89
Reserves & Surplus	1.36	5.31	18.86
Deposits	1,353.00	1,484.69	1,582.86
Advances	588.12	574.83	643.76
Total Income	140.45	133.92	127.09
Total Expenditure	135.34	129.97	113.55
Profit After Tax (PAT)	5.12	3.95	13.54
Net Asset Value/ Book value per share (Rs.)	582.50	622.00	757.50
Earning per Share (Rs.)	51.20	39.50	135.40

Jhabua Dhar Kshetriya Gramin Bank

Jhabua Dhar Kshetriya Gramin Bank was established on June 20, 1980 with its head office at Jhabua, Madhya Pradesh. The operational area of Jhabua Dhar Kshetriya Gramin Bank comprises the districts of Jhabua and Dhar in Madhya Pradesh and it has 84 branches.

The Board of Directors of Jhabua Dhar Kshetriya Gramin Bank as of March 31, 2005 is as follows:

Name	Designation
Y. A. Vahora	Chairman
M. J. Modh	Director
V. D. Kulkarni	Director
T. C. Chodhari	Director
G. N. Pooranshettiwar	Director
P. Dhiman	Director
E. Ramesh Kumar	Director
Rajendra Garg	Director
Moolchand Bamniya	Director

The audited financial position of Jhabua Dhar Kshetriya Gramin Bank for the last three financial years is as under:

(Rs. in million)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Capital	10.00	10.00	10.00
Share Capital Deposit Account	52.84	52.84	62.16
Reserves & Surplus	0.00	0.00	0.00
Deposits	1,978.79	2,350.04	2,809.36
Advances	869.84	945.90	1,191.71
Accumulated Losses	362.51	434.00	432.03
Total Income	203.54	192.03	226.64
Total Expenditure	224.39	263.52	224.68
Profit After Tax (PAT) (Loss)	(20.85)	(71.49)	1.96
Net Asset Value/ Book value per share (Rs.)	-ve	-ve	-ve
Earning per Share (Rs.)	-ve	-ve	19.64

RELATED PARTY TRANSACTIONS

We have entered into related business transactions with key managerial personnel as identified in the audited accounts.

As per the RBI circular no. DBOD.No.BP. BC. 89 /21.04.018/2002-03 dated March 29, 2003 on Guidelines on the Compliance of Accounting Standard by Banks, all nationalized banks are exempt from disclosing their transactions with their Subsidiaries as well as the RRBs sponsored by them.

Transactions with wholetime directors who have been termed key managerial personnel for the purposes of the audited accounts of the Bank for the period ended September 30, 2005 are as follows:

Key Managerial Personnel	Designation	Salary and emoluments (Rs. in million)
Dr. Anil K. Khandelwal	Chairman and Managing Director	0. 299
K. Ramakrishnan*	Executive Director	0.103
A.C. Mahajan**	Executive Director	0. 172

*Up to June 8, 2005

** From June 18, 2005

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition, and shall be subject to the guidelines issued by RBI. The Board may also from time to time pay interim dividend. For further details on restrictions on dividend declaration, see the section titled "Regulations and Policies – Restrictions on Payment of Dividends" on page 110 of this Red Herring Prospectus.

(Rs. in million)

	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001
Face value of Equity Share (per share) (in Rupees)	10	10	10	10	10
Interim Dividend on Equity Shares	527.88	879.79	592.00	NIL	NIL
Final Dividend on Equity Shares	938.45	1,026.42	1,184.00	1,184.00	1,184.00
Total Dividend on Equity Shares	1,466.33	1,906.21	1,776.00	1,184.00	1,184.00
Dividend rate (%)	50	65	60	40	40
Dividend tax	203.23	244.22	151.70	NIL	120.77

The amounts of dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future.

FINANCIAL STATEMENTS

The Board of Directors,
Bank of Baroda,
Baroda Corporate Centre,
Bandra Kurla Complex,
MUMBAI

Dear Sirs,

We have been engaged to examine and report on the financial information of Bank of Baroda (the Bank), which have been prepared in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by the Securities and Exchange Board of India (SEBI) on January 19, 2000 in pursuance of Section 11 of the SEBI Act, 1992, (the SEBI Guidelines). The preparation and presentation of this financial information is the responsibility of Bank's management. Moreover, we have reported on the above statements on the basis of books and other records produced before us and information and explanations provided by the management, so as to obtain a reasonable assurance that such financial information is free of material misstatement. These financial information are proposed to be included in the offer document of the Bank in connection with its proposed follow on public offer of equity shares.

1. For our examination, we have placed reliance on the following:

   a) The financial statements of the Bank for the financial years ended on March 31, 2001, 2002, 2003, 2004 and 2005, which were audited and reported upon by the respective auditors, names of whom and the year of their audit are furnished below:

Year	Name of Auditors
2000-01	Khandelwal Jain & Co., B.C. Jain & Co., S.K. Mittal & Co., J.N. Sharma & Co., K.C. Khanna & Co., Kanwalia & Co.
2001-02	S.K. Mittal & Co., B.C. Jain & Co., J.N. Sharma & Co., K.C. Khanna & Co., Kanwalia & Co., Shah Gupta & Co.
2002-03	B.C. Jain & Co., R.K. Khanna & Co., K.C. Khanna & Co., Shah Gupta & Co., S.S. Kothari & Associates, Kalyaniwalla & Mistry
2003-04	R.K. Khanna & Co., K.C. Khanna & Co., Shah Gupta & Co., K K Soni & Co., T. R. Chadha & Co., S. Venkatram & Co.
2004-05	Shah Gupta & Co., K K Soni & Co., T. R. Chadha & Co., S. Venkatram & Co., Ray & Ray, G. Basu & Co.

   b) Limted Review financial statements of the Bank for the six months period ending on September 30, 2004, which were reviewed and reported by Shah Gupta & Co., K K Soni & Co., T. R. Chadha & Co., S. Venkatram & Co., Ray & Ray and G. Basu & Co.

   c) The financial statements of the Bank for the half-year ended September 30, 2005 were subject to a limited review by us. The aforesaid financial statements incorporated the relevant returns of 20 branches reviewed by us and unreviewed returns in respect of 2569 Indian branches and 8 Overseas branches. In the conduct of our review, we had taken note of the review reports received from the concurrent auditors of 105 branches. These review reports covered (i) 53.07% of the domestic advances portfolio of the Bank excluding advances portfolio of asset recovery branches and outstanding food credit and (ii) 59.11% of domestic non-performing advances. We had also considered the review reports from the local statutory branch auditors of 31 overseas branches.

   Since no financial statements have been reviewed subsequent to September 30, 2005 till date, the said financial statements of the Bank for the half year ended September 30, 2005 have been incorporated.

2. The audit of the financial statements for the years referred to in paragraph 1(a) of this report comprised of audit tests and procedures deemed necessary by the respective auditors for the purpose of expressing an opinion on such financial statements taken as a whole in accordance with generally accepted auditing practices.

3. The review of the financial statements for the periods referred to in paragraph 1(b) and (c) above consisted principally of applying analytical procedures to financial data and making enquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is an expression of an opinion on the financial statements as a whole. Accordingly, neither was an audit performed nor an opinion expressed.

4. We have performed such tests and procedures, which, in our opinion, were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached financial information with the Bank's audited financial statements for the years 2000-2001 to 2004-2005 and unaudited financial statements for the half years ended September 30, 2004 and September 30, 2005 as prepared by the Bank.

5. We report that the profits of the Bank as restated for the financial years ended March 31, 2001, 2002, 2003, 2004, 2005 and for the half years ended September 30, 2004 and September 30, 2005 are as set out in Annexure A. These profits have been arrived at after charging all operating and management expenses, including depreciation and after making such adjustments and regroupings as in our opinion are appropriate and are to be read with accounting policies and notes thereon.

6. We report that the assets and liabilities of the Bank as restated as at March 31, 2001, 2002, 2003, 2004, 2005, and September 30, 2004 and September 30, 2005 are also as set out in Annexure A after making such adjustments and regroupings as in our opinion were appropriate and are to be read with the accounting policies and notes thereon.

7. The Annexure A as referred to in paragraphs 5 and 6 above consists of the following:

   a) Summary statement of Profit and Loss as restated. **(Annexure A-I)**

   b) Summary statement of Assets and Liabilities as restated. **(Annexure A-II)**

   c) Statement of Cash Flows as restated. **(Annexure A-III)**

   d) Significant accounting policies for the year ended March 31, 2005. **(Annexure A-IV)**

   e) Notes on adjustments carried out. **(Annexure A-V)**

   f) Adjustments not carried out in the Summary Statements of Profit & Loss and Assets and Liabilities. **(Annexure A-VI)**

   g) Material notes on accounts. **(Annexure A-VII)**

   h) Related Party transactions for the year 2002-03, 2003-04 and 2004-05. The Bank did not report related party transactions for the year 2000-01 and 2001-02 since the relevant accounting standard was not mandatory for those years. **(Annexure A-VIII)**

   i) Segment Reporting for the year 2002-03, 2003-04, 2004-05 and the half years ended September 30, 2004 and 2005. The Bank did not prepare segment reports for the year 2000-01 and 2001-02 since the relevant accounting standard was not mandatory for those years. **(Annexure A-IX)**

8. We report that the dividends (subject to deduction of tax at source, wherever applicable) declared by the Bank for the five financial years ended March 31, 2005 are as set out in **Annexure B.**

9. In accordance with the SEBI Guidelines, attached are **Annexures C, D, E, F, G & H** containing summary of financial statements of Subsidiaries of the Bank – The Nainital Bank Ltd., BOB Housing Finance Limited, BOB Asset Management Co. Ltd., BOB Capital Markets Ltd., BOB Cards Ltd., Bank of Baroda (Botswana) Ltd., Bank of Baroda (Kenya) Ltd., Bank of Baroda (Uganda) Ltd., Bank of Baroda (Hong Kong) Ltd., Bank of Baroda (Guyana) Ltd., Bank of Baroda (Tanzania) Ltd. and BOB (UK) Ltd. for the five years ended March 31, 2005 / December 31, 2004, as applicable and for the period ended September 30, 2005.

10. The holdings of the Bank in each of the above Subsidiaries are set out below:

Name of the subsidiary	Percentage of holding as on March 31				
	2001	2002	2003	2004	2005
The Nainital Bank Ltd.	94.59	94.59	97.72	97.72	97.72
BOB Housing Finance Limited	67.11	67.11	67.11	67.11	67.11
BOB Asset Management Co. Ltd.	100.00	100.00	100.00	100.00	100.00
BOB Capital Markets Ltd.	100.00	100.00	100.00	100.00	100.00
BOB Cards Ltd.	100.00	100.00	100.00	100.00	100.00
Bank of Baroda (Botswana) Ltd.	100.00	100.00	100.00	100.00	100.00
Bank of Baroda (Kenya) Ltd.	86.70	86.70	86.70	86.70	86.70
Bank of Baroda (Uganda) Ltd.	80.00	80.00	80.00	80.00	80.00
Bank of Baroda (Hong Kong) Ltd.	100.00	100.00	100.00	100.00	100.00
Bank of Baroda (Guyana) Ltd.	100.00	100.00	100.00	100.00	100.00
Bank of Baroda (Tanzania) Ltd.	—-	—-	—-	100.00	100.00
BOB (UK) Ltd.	100.00	100.00	100.00	100.00	100.00

11. (a) Annexures C, D, E, F & G are as per report of the respective auditors detailed as under:

Annexure Number	Name of the subsidiary	Name of Auditor	Report Dated
Annexure C	The Nainital Bank Ltd.	P Jain & Co.	21.11.05
Annexure D	BOB Housing Finance Limited	Bhandawat & Co.	21.11.05
Annexure E	BOB Asset Management Co. Ltd.	Babu U. Chokshi & Co.	19.11.05
Annexure F	BOB Capital Markets Ltd.	Gokhale & Sathe	28.11.05
Annexure G	BOB Cards Ltd.	V Parshuram & Co.	19.11.05

(b) The summary of financial statements of following Subsidiaries as per Annexure H is prepared based on the financial statements audited by their respective auditor's as mentioned below:

Name of the subsidiary	Period	Name of Auditor
Bank of Baroda (Botswana) Ltd.	2000-01 to 2004-05 & September 2005 (Review)	Grant Thornton Acumen
Bank of Baroda (Kenya) Ltd.	2000-03	Khanubhai & Co.
	2004 and September -05 (Review)	Grant Thornton
Bank of Baroda (Uganda) Ltd.	2000-2004 and September 2005 (Review)	KPMG
Bank of Baroda (Hongkong) Ltd.	2000-01 to 2003-04	Deloitte Touche Thmoastu
	2004-05 & September 2005 (Review)	Charles H.C. Cheung & CPA Ltd.
Bank of Baroda (Guyana) Ltd.	2000-01 to 2002-03	Jack. A. Ali Sons & Co.
	2003-04, 2004-05 & September '2005 (Review)	Deloitte & Touche
Bank of Baroda (Tanzania) Ltd.	2004 & September'2005 (Review)	D.G. Patel & Co.
BOB (UK) Ltd.	2000-2001 and 2001-02 2002-03 to 2004-05 September 2005 (Review)	Authur Anderson Deloitte & Touche King & King

We have not carried out any audit for any of the subsidiaries. **Annexures C to H** is as per the audited / reviewed financial statements of the twelve subsidiaries referred to therein and furnished to us by the bank. These have not been audited, reviewed or subject to adjustments by us. The profits, losses, assets and liabilities as per **Annexures C to H** relate entirely to the individual Subsidiaries.

12. We set out in Annexure I a summary of the consolidated assets, liabilities, income and expenditure, cash flow statement, significant accounting policies and material notes on accounts of the Bank (as a group) for the years 2002-03, 2003-04, and 2004-2005, which is based on audited accounts for those years. The consolidated financial statements were audited and reported upon by the respective auditors as given below:

Year	Name of Auditors
2002-03	B.C. Jain & Co., R.K. Khanna & Co., K.C. Khanna & Co., Shah Gupta & Co., S.S. Kothari & Associates, Kalyaniwalla & Mistry
2003-04	R.K. Khanna & Co., K.C. Khanna & Co., Shah Gupta & Co., K.K. Soni & Co., T.R. Chadha & Co., S. Venkatram & Co.
2004-05	Shah Gupta & Co., K.K. Soni & Co., T.R. Chadha & Co., S. Venkatram & Co., Ray & Ray, G. Basu & Co.

The Bank did not prepare consolidated financial statements for the years 2000-2001 and 2001-2002, since the relevant accounting standard was not mandatory for those years and hence the same are not set out in the report. The Bank has prepared consolidated financial statements for the half years ended September 30, 2004 and 2005. We have carried out limited review for the half-year ended September 2005 only. The consolidated financial statements for the half year ended September 30, 2004 is based upon reportings by the bank to Reserve bank of India.

We have not carried out any audit or adjustments to the same. However, we have compared the financial information in **Annexure I** with the Bank's consolidated financial statements.

13. We have also examined the following financial information relating to the Bank on a stand alone basis, proposed to be included in the offer documents, as prepared and approved by the Bank and annexed to this report:

(i) Summary of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth as set out in **Annexure J.**

(ii) Capitalization statement as at March 31, 2005 of the Bank as set out in **Annexure K**.

(iii) Statement of tax shelter as set out in **Annexure L**.

(iv) Statement of borrowings as set out in **Annexure M**.

14. a) In our opinion, the financial information of the Bank as stated in **Annexure A** above read with respective significant accounting policies, after making groupings and adjustments as were considered appropriate by us and *subject to non-adjustment of certain matters as stated in the said Annexure*, have been prepared in accordance with the SEBI Guidelines.

b) In our opinion, the financial information as given in Annexures B to M have been properly extracted from the Bank's and its Subsidiaries audited financial statements for the years ended March 31, 2005 / December 31, 2004 and as prepared by the Bank for the periods ended September 30, 2004 and September 30, 2005 or have been correctly prepared from the financial information in Annexure A as applicable and in accordance with the SEBI guidelines *subject to consequential effect of adjustment not carried out as described in Annexure A-VI.*

15. This report is intended solely for your information and for inclusion in the offer document in connection with the public issue of the shares of the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

16. This report should neither in any way be construed as a reissuance or redrafting of any of the previous audit reports issued by us or by other firms of chartered accountants nor construed as a new opinion on any financial statements referred to herein.

For T.R. Chadha & Co.
Chartered Accountants

Sd/-
(Vikas Kumar)
Partner
Membership No. 75363

For S. Venkatram & Co.
Chartered Accountants

Sd/-
(S. Swaminathan)
Partner
Membership No. 24737

For Ray & Ray
Chartered Accountants

Sd/-
(Arvind N Yennemadi)
Partner
Membership No. 31004

For G. Basu & Co.
Chartered Accountants

Sd/-
(D.D. Chanchani)
Partner
Membership No. 5570

For G.P. Kapadia & Co.
Chartered Accountants

Sd/-
(Nimesh Bhimani)
Partner
Membership No. 30547

For B.C. Jain & Co.
Chartered Accountants

Sd/-
(K.M.Gupta)
Partner
Membership No. 70469

Place : Mumbai

Dated : 20.12.2005

SUMMARY STATEMENT OF PROFIT AND LOSS RESTATED

ANNEXURE - A-I

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST MARCH					LIMITED REVIEW HALF YEAR ENDED	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
A	**INCOME**							
1	**Interest Earned**	**57,573.42**	**59,555.48**	**60,975.55**	**61,470.69**	**64,314.18**	**30,765.52**	**33,672.76**
1.1	Interest & Discount on advances / bills	29,382.50	30,596.24	30,662.00	28,008.28	29,027.51	14,231.28	17,237.86
1.2	Income on Investment	21,508.26	23,677.05	27,032.53	29,321.76	29,889.77	14,594.49	14,863.01
1.3	Interest on balance with RBI and other Inter Bank Lending	6,128.01	4,289.75	2,302.78	1,973.69	2,354.65	1,209.51	1,303.80
1.4	Interest on Income Tax	414.27	471.28	47.99	1,110.04	1,889.81	99.71	0.02
1.5	Others	140.39	521.17	930.26	1,056.93	1,152.44	630.53	268.07
2	**OTHER INCOME**	**7,062.78**	**9,931.66**	**12,617.02**	**17,190.06**	**13,048.28**	**7,540.61**	**5,183.21**
2.1	Commission, Exchange & Brokerage	2,977.27	3,054.75	3,441.17	3,444.48	3,425.99	1,695.53	1,702.43
2.2	Profit on sale of investments (Net)	1,019.69	4,153.82	6,315.18	10,175.30	5,351.50	3,752.19	1,399.47
2.3	Profit on revaluation of investments (Net)	6.20	0.00	0.00	0.00	0.00	0.00	0.00
2.4	Profit on sale of land, building & other assets (Net)	(1.27)	11.38	0.49	1.14	0.20	0.82	0.16
2.5	Profit on exchange transaction (Net)	1,344.32	1,174.51	1,382.71	1,695.62	1,932.68	1,037.09	681.84
2.6	Income earned by way of dividends, etc. from Subsidiaries/companies/ joint ventures in India	14.06	50.83	63.62	114.70	189.65	187.38	110.97
2.7	Miscelleneous Income	1,702.50	1,486.39	1,413.85	1,758.83	2,148.24	867.60	1,288.34
	TOTAL INCOME	**64,636.19**	**69,487.15**	**73,592.57**	**78,660.75**	**77,362.46**	**38,306.13**	**38,855.97**
B	**EXPENDITURE**							
1	**Interest Expended**	**38,195.47**	**40,761.06**	**39,941.91**	**35,754.83**	**34,521.46**	**17,052.16**	**18,268.16**
1.1	Interest on Deposits	35,809.03	38,483.54	37,753.75	33,647.27	32,479.64	16,042.14	16,930.47
1.2	Interest on RBI/ Inter-Bank borrowings	753.54	719.09	650.15	486.91	303.84	141.64	424.97
1.3	Others	1,632.89	1,558.43	1538.02	1,620.64	1,737.98	868.38	912.72
	Operating Expenses	**16,075.98**	**15,633.50**	**16,484.40**	**18,053.03**	**19,821.86**	**9,789.94**	**11,078.41**
1	Payment to & provision for employees	11,457.34	10,562.64	11,285.88	12,525.22	13,810.52	6,857.94	7,417.99
2	Rent, Taxes & Lighting	1,192.29	1,536.60	1,459.67	1,643.08	1,673.23	874.48	779.95
3	Printing and Stationery	191.45	184.73	179.41	190.65	184.12	83.42	88.95
4	Advertisement and publicity	62.36	57.34	94.64	241.09	104.11	23.13	156.86
5	Depreciation on Banks Properties (net of amounts adusted against revaluation reserve)	772.48	912.69	886.11	755.70	818.77	426.57	394.15
6	Directors Fees, Allowances & Expenses	2.18	3.91	4.23	4.61	3.98	0.00	2.25
7	Auditor's Fees & Expenses	110.45	113.91	124.61	181.64	167.56	94.06	87.51
8	Law Charges	124.24	97.91	102.86	102.87	103.24	50.74	45.59
9	Postage, Telegrames, Telephones, etc.	139.25	137.02	157.88	128.54	173.21	74.78	95.59
10	Repairs & Maintenance	305.88	284.78	339.44	383.59	416.67	207.76	214.11
11	Insurance	287.49	323.93	361.82	420.33	634.60	304.44	401.17
12	Other Expenditure	1,430.59	1,418.05	1,487.84	1,475.71	1,731.87	792.62	1,394.29
	TOTAL EXPENDITURE	**54,271.45**	**56,394.56**	**56,426.31**	**53,807.85**	**54,343.32**	**26,842.10**	**29,346.57**

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST MARCH					LIMITED REVIEW HALF YEAR ENDED	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
	Operating Profit (before Provision & Contingencies)	**10,364.74**	**13,092.58**	**17,166.26**	**24,852.90**	**23,019.14**	**11,464.03**	**9,509.40**
	Less: Provisions & Contingencies (Other than Provision for Tax)	5,866.71	5,218.57	5,561.22	9,523.79	14,387.96	4,078.41	3,828.54
	Profit Before Tax	**4,498.03**	**7,874.01**	**11,605.04**	**15,329.11**	**8,631.17**	**7,385.62**	**5,680.86**
	Provision for Tax	1,851.42	2,497.14	3,977.20	5,659.15	1,862.77	2,322.62	1,520.77
	Net Profit after tax	**2,646.61**	**5,376.87**	**7,627.84**	**9,669.96**	**6,768.40**	**5,063.00**	**4,160.09**
	Add: Amount transferred from Investment Fluctuation Reserve	264.66	0.00	0.00	0.00	0.00	0.00	0.00
	Net Profit for the Year/ half-year as per Financial Statements	**2,911.27**	**5,376.87**	**7,627.84**	**9,669.96**	**6,768.40**	**5,063.00**	**4,160.09**
	APPROPRIATIONS TRANSFER TO							
a)	Statutory Reserve	753.00	1,364.82	1,932.00	2,417.50	1,692.10	0.00	0.00
b)	Capital Reserve	0.04	2.83	70.71	25.10	0.00	0.00	0.00
c)	Revenue and Other Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i)	Investment Fluctuation Reserve	0.00	2,183.41	3,107.00	4,750.00	0.00	0.00	0.00
ii)	General Reserve	789.16	589.34	521.59	262.69	3,323.95	0.00	0.00
iii)	Statutory Reserve (Foreign)	64.31	52.48	68.84	64.24	82.79	0.00	0.00
d)	Dividend (including Dividend Tax)							
i)	Interim Dividend	0.00	0.00	592.00	879.79	527.88	0.00	0.00
ii)	Proposed Dividend	1,184.00	1,184.00	1,184.00	1,026.42	938.45	0.00	0.00
	Tax on Dividend	120.77	0.00	151.70	244.23	203.24	0.00	0.00
	Transfer to Unallocated Profit	0.00	0.00	0.00	0.00	0.00	5,063.00	4,160.09
	TOTAL	**2,911.27**	**5,376.87**	**7,627.84**	**9,669.96**	**6,768.40**	**5,063.00**	**4,160.09**
	Break up of Miscellaneous Income (*)							
	Incidental charges	760.50	816.91	881.91	950.15	1,200.12	536.96	682.79
	Recovery in bad debts written off	429.57	346.81	419.01	622.42	759.76	288.23	590.27
	Others	512.43	322.68	112.92	186.26	188.37	42.41	15.28
	Total Miscellaneous Income	**1,702.50**	**1,486.39**	**1,413.85**	**1,758.83**	**2,148.24**	**867.60**	**1,288.34**
	(*) Items listed here are generally of recurring nature.							
	Break-up of provisions and contingencies							
	Provision for Non Performing Advances	4,820.86	4,105.15	3,768.50	5,380.70	4,293.85	1,892.62	1,392.82
	Floating Provision for NPAs (in addition to norms)	0.00	951.20	690.00	4,212.00	28.30	0.00	0.00
	Provision for Standard Advances	91.61	96.45	160.00	3.23	75.64	0.96	141.88
	Depreciation on Investments	583.75	(135.37)	11.50	(1014.42)	8,098.14	1,119.69	2,849.56
	Provision for Restructured Standard Accounts	0.00	365.20	831.20	86.57	240.00	377.20	48.80
	Others	370.49	(164.06)	100.02	855.71	1,652.03	687.95	(604.51)
	Provision & Contingencies (other than provision for tax)	5,866.71	5,218.57	5,561.22	9,523.79	14,387.96	4,078.42	3,828.55
	Provisions for income tax	1,851.42	2,497.14	3,977.20	5,659.15	1,862.77	2,322.62	1,520.77
	TOTAL	**7,718.13**	**7,715.71**	**9,538.42**	**15,182.94**	**16,250.74**	**6,401.04**	**5,349.32**

ANNEXURE A-II

SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in million)

Sr. No.		AUDITED AS AT 31ST MARCH					LIMITED REVIEW HALF YEAR ENDED	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
(A)	**ASSETS**							
1	Cash in Hand	3,545.51	3,283.49	4,178.89	4,020.15	3,972.27	3,494.45	4,580.79
2	Balance with RBI	40,152.27	22,527.19	30,479.35	26,547.69	23,150.95	42,339.75	29,835.53
3	Balance with Banks	37,531.87	30,694.22	12,025.91	16,565.76	27,678.67	26,104.35	29,548.48
	- In India	11,266.09	13,664.41	5,505.37	8,374.32	9,477.88	6,818.44	12,444.60
	- Outside India	26,265.78	17,029.82	6,520.54	8,191.44	18,200.79	19,285.91	17,103.88
4	Money at call and Short notice	43,133.89	32,969.21	21,486.85	25,534.51	37,740.13	23,973.11	40,429.16
5	Investment							
	- In India	184,625.12	218,867.00	283,773.29	360,558.44	348,693.73	380,298.58	358,311.28
	- Outside India	13,946.07	19,464.34	18,020.54	19,629.66	22,050.68	20,767.08	24,506.43
	TOTAL	198,571.19	238,331.34	301,793.83	380,188.10	370,744.41	401,065.66	382,817.71
6	**Advances**	274,206.77	336,629.87	353,480.82	356,008.82	434,003.84	374,039.20	489,523.18
	- In India	234,286.63	281,154.93	289,141.37	291,968.09	356,713.74	300,684.14	405,027.90
	- Outside India	39,920.14	55,474.94	64,339.45	64,040.74	77,290.10	73,355.06	84,495.28
7	Fixed Assets	6,470.70	6,923.83	6,973.20	8,152.69	8,608.03	8,007.53	8,679.74
	Less:Revaluation Reserve	2,764.48	2,732.11	2,618.43	2,492.70	2,367.55	2,492.64	2,360.62
	Net Fixed Assets	3,706.22	4,191.72	4,354.76	5,659.98	6,240.48	5,514.89	6,319.12
8	Other Assets	29,608.17	37,741.60	33,759.61	34,068.93	40,744.08	32,973.20	31,016.32
	Less Deferred Tax Asset (DTA)	-	-	907.68	948.62	430.41	1,448.21	514.23
	Other Assets excl. DTA	29,608.17	37,741.60	32,851.93	33,120.31	40,313.67	31,524.99	30,502.09
	TOTAL - (A)	**630,455.88**	**706,368.63**	**760,652.35**	**847,645.32**	**943,844.41**	**908,056.40**	**1,013,556.06**
(B)	**LIABILITIES**							
1	**DEPOSITS**	539,857.82	618,044.64	663,663.65	729,673.24	813,334.64	786,339.12	861,717.14
	Demand Deposits							
	- From Banks	4,890.52	4,405.27	5,510.10	4,765.84	3,914.37	4,527.20	4,754.57
	- From Others	51,359.83	58,874.77	54,144.35	62,950.58	64,796.54	56,434.42	75,940.34
2	Saving Deposits	121,848.76	140,470.70	164,194.19	197,802.08	227,769.28	215,635.34	249,478.85
3	Term Deposits from Banks	27,659.56	36,430.09	21,965.42	29,233.74	31,940.25	28,081.75	40,302.47
	Term Deposits from Others	334,099.16	377,863.81	417,849.60	434,921.00	484,914.21	481,660.41	491,240.91
4	**Borrowings**	9,362.72	6,926.53	6,253.31	8,751.09	16,408.34	11,332.21	26,194.47
	- In India	8,516.16	6,926.53	6,253.31	2,346.32	6,360.40	6,462.00	11,280.09
	- Outside India	846.56	-	-	6,404.77	10,047.94	4,870.21	14,914.38
5	Other Liabilities and Provisions	38,437.06	33,851.95	38,391.74	46,353.10	45,621.85	42,916.74	45,367.07
6	Subordinate Debts	12,000.00	12,000.00	12,000.00	15,000.00	15,000.00	15,000.00	22,700.00
	TOTAL - (B)	599,657.61	670,823.12	720,308.69	799,777.42	890,364.83	855,588.07	955,978.68
(C)	**NET WORTH (C=A-B)**	30,798.27	35,545.51	40,343.65	47,867.90	53,479.59	52,468.33	57,577.38

(Rs. in million)

Sr. No.		AUDITED AS AT 31ST MARCH					LIMITED REVIEW HALF YEAR ENDED	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
	Represented by:							
(D)	Share Capital	2,943.38	2,943.39	2,943.42	2,945.26	2,945.27	2,945.30	2,945.27
(E)	Share Application Money	-	-	-	-	-	-	-
(F)	**RESERVES AND SURPLUS**							
1	Statutory Reserve	6,674.93	8,039.74	9,971.75	12,389.25	14,081.35	12,389.25	14,081.35
2	Capital Reserve	1,640.78	1,643.62	1,714.29	1,739.39	1,739.39	1,739.39	1,739.39
3	Revaluation Reserve	2,764.48	2,732.11	2,618.43	2,492.70	2,367.55	2,492.64	2,360.62
4	Investment Fluctuation Reserve	385.04	2,568.44	5,675.44	10,425.44	10,425.44	10,425.44	10,425.44
5	Revenue & Other Reserve	11,781.00	12,977.07	13,572.94	13,929.58	17,330.83	13,966.56	17,352.34
6	Deferred Tax Reserve	-	-	-	-	-	-	-
7	Balance of Profit & Loss Account	-	-	-	-	-	5,063.00	4,160.09
8	Share Premium	7,373.14	7,373.25	7,373.49	7,387.60	7,387.72	7,387.66	7,387.72
	TOTAL	30,619.37	35,334.23	40,926.34	48,363.96	53,332.27	53,463.92	57,506.95
	Less:Revaluation Reserve	2,764.48	2,732.11	2,618.43	2,492.70	2,367.55	2,492.64	2,360.62
	Less Deferred Tax Asset (DTA)			907.68	948.62	430.41	1,448.21	514.23
	TOTAL - (F)	27,854.89	32,602.11	37,400.23	44,922.64	50,534.31	49,523.07	54,632.10
	NET WORTH (D+E+F)	30,798.27	35,545.50	40,343.65	47,867.90	53,479.59	52,468.37	57,577.37
(G)	Contingent Liabilities							
1	Claims against The Bank not acknowledged as debt	2,383.41	1,521.72	3,428.14	8,276.32	10,513.72	8,281.36	8,545.89
2	Liabilitity for partly paid investments	2.80	10.65	3.59	2.80	761.02	3,064.57	585.98
3	Liability on account of outstanding forward exchange contracts	133,134.35	88,748.24	176,161.47	223,092.96	236,627.99	263,293.71	196,136.74
4	Guarantees given on behlaf of constituents:							
	in India	20,071.31	19,040.93	20,599.30	21,560.81	25,283.66	26,630.03	27,826.62
	Outside India	14,434.43	13,568.26	14,251.32	12,022.91	13,348.13	16,318.46	15,338.18
5	Acceptances, Endorcements & other Obligations	21,216.94	19,859.38	25,272.25	27,537.76	35,672.85	38,851.16	36,198.99
6	Other items for which the Bank is contingently liable	5,956.58	6,407.84	4,478.94	10,689.66	44,896.39	58,074.36	92,281.06
	TOTAL - (G)	197,199.81	149,157.02	244,195.00	303,183.24	367,103.77	414,513.65	376,913.46
	Bills for collection	39,317.57	43,102.96	42,273.44	48,310.09	62,009.83	59,989.68	50,652.63

STATEMENT OF CASH FLOW

ANNEXURE - A-III

(Rs. in million)

Sr. No.		AUDITED YEAR ENDED 31ST MARCH					Reviewed Half Year ended	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
A.	**Cash flow from operating activities:**							
	Net Profit before taxes	**4,498.04**	**7,874.01**	**11,605.00**	**15,329.11**	**8,631.17**	**7,385.61**	**5,680.86**
	Adjustments for:							
	Depreciation on fixed assets	761.45	930.61	869.09	734.36	818.77	426.57	394.15
	Amortisation of lease assets	11.03	(17.91)	17.01	21.34	22.94	10.67	0.00
	Amortisation of expenses of VRS	1,749.43	1,671.16	1,710.29	1,710.29	1,710.29	855.15	0.00
	Depreciation on investments (including on Matured debentures)	583.75	(135.37)	11.52	(1,014.42)	8,098.14	1,119.69	2,849.56
	Bad debts written-off/Provision in respect of non-performing assets	4,820.86	5,171.54	5,329.75	9,679.27	4,562.15	2,269.82	1,441.62
	Provision for Standard Assets	91.61	96.45	120.00	3.23	75.64	0.96	141.88
	Provision for Other items	370.49	85.95	100.00	855.70	1,652.03	687.95	118.89
	Profit/(loss) on sale of fixed assets	1.27	(11.38)	(0.49)	1.14	0.20	0.82	0.16
	Payment/provision for interest on subordinated debt (treated separately)	1,605.29	1,499.23	1,499.54	1,544.27	1,673.29	839.03	847.67
	Dividend received from Subsidiaries/ others (treated separately)	(14.06)	(50.83)	(63.62)	(114.70)	(189.65)	(187.38)	(110.97)
	Sub total	**14,479.16**	**17,113.46**	**21,198.09**	**28,749.61**	**27,054.98**	**13,408.89**	**11,363.82**
	Adjustments for:							
	(Increase)/Decrease in investments	(13,662.69)	(39,024.79)	(63,282.97)	(76,751.83)	(1,345.55)	(21,997.25)	(14,922.86)
	(Increase)/Decrease in advances	(35,098.52)	(67,594.64)	(22,180.75)	(6,012.60)	(82,481.52)	(20,299.23)	(56,819.08)
	(Increase)/Decrease in other assets	3760.34	(8,500.57)	3,981.99	(241.93)	(6,675.15)	1,095.72	9,727.76
	Increase/(Decrease)in borrowings	5676.07	(1,589.63)	(673.22)	2,497.78	7657.25	2,581.12	9,786.13
	Increase/(Decrease) in deposits	2,7100.63	77,340.26	45,619.02	65,259.23	83,661.41	56,665.87	48,382.49
	Increase/(Decrease) in other liabilities and provisions	1180.12	(5,722.83)	2,972.18	1,200.39	(7,676.91)	(5,282.63)	764.03
	Payment towards VRS	(2,137.63)	0.00	0.00	0.00	0.00	0.00	0.00
	Direct taxes paid (Net of Refund)	(2,403.16)	(2,130.00)	(4,447.70)	(8,430.45)	4,301.21	(1,906.22)	(1,723.70)
	Net cash from operating activities (A)	**(1,105.68)**	**(30,108.75)**	**(16,813.36)**	**6,270.20**	**24,495.71**	**24,266.27**	**6,558.59**

(Rs. in million)

Sr. No.		AUDITED YEAR ENDED 31ST MARCH					Reviewed Half Year ended	
		2001	2002	2003	2004	2005	Sep-04	Sep-05
B.	Cash flow from investing activities:							
	Purchase of fixed assets	(1,301.60)	(1,548.40)	(935.47)	(1,838.89)	(1,468.74)	(376.66)	(583.39)
	Changes in Trade related investments (Subsidiaries & others)	138.46	600.00	(190.92)	628.03	0.00	5.54	(1,086.55)
	Dividend received from Subsidiaries/ others	14.06	50.83	63.62	114.70	189.65	187.38	110.97
	Net cash from investing activities (B)	(1,149.09)	(2,097.56)	(1,062.78)	(1,096.17)	(1,279.09)	(183.74)	(1,558.97)
C.	Cash flow from financing activities:							
	Share Capital	0.10	0.01	0.03	0.00	0.00	0.01	0.00
	Share premium	0.78	0.11	0.24	1.83	0.02	0.05	0.00
	Unsecured Redeemable bonds	4,758.67	0.00	0.00	14.11	0.12	0.00	0.00
	Unsecured Subordinated Bonds	0.00	0.00	0.00	3,000.00	0.00	0.00	7,700.00
	Dividend	(1,304.77)	(1,184.00)	(1,927.70)	(2,150.43)	(1,669.56)	0.00	0.00
	Interest paid / payable on unsecured redeemable bonds	(1,605.29)	(1,499.23)	(1,499.54)	(1,544.27)	(1,673.29)	(839.03)	(847.67)
	Net cash from financing activities (C)	1,849.49	(2,683.12)	(3,426.97)	(676.93)	(3,342.72)	(838.97)	6,852.33
	Net increase in cash & cash equivalents (A)+(B)+(C)	(405.27)	(34,889.43)	(21,303.10)	4497.10	19,873.91	23,243.56	11,851.95
	Cash and cash equivalents - Opening	124,768.81	124,363.54	89,474.11	68,171.01	72,668.10	72,668.10	92,542.01
	Cash and cash equivalents - Closing	124,363.54	89,474.11	68,171.01	72,668.10	92,542.01	95,911.66	104,393.96

ANNEXURE – A-IV

SIGNIFICANT ACCOUNTING POLICIES AS AT 31ST MARCH 2005.

1. Accounting Conventions:

The financial statements are drawn up on a historical cost basis, unless otherwise stated, and conform to statutory provisions and practices prevailing in India and the respective countries in which foreign branches are situated.

2. Translation / Conversion of foreign currencies:

2.1.1 Financial statements of foreign branches are translated at mid-rate of exchange at the year -end. The accumulated net difference, between Head Office figures and corresponding figures of foreign branches on account of assigned capital, Head Office interest free funds and unremitted profit / loss, is carried over, if in profit and written off to Profit & Loss Account, if in loss.

2.1.2 Foreign currency balances of Indian branches including outstanding forward exchange contracts, acceptances, endorsements and other obligations including guarantees and interest income and interest expenses relating thereto are converted at year end mid-rate of exchange as advised by FEDAI.

2.1.3 Other income and expenditure transactions of Indian branches are accounted for at exchange rates as ruling on the date of transaction.

3. Investments:

3.1 The Investment portfolio of the bank is classified, in accordance with the Reserve Bank of India guidelines, into:

a. “Held to Maturity” comprising investments acquired with the intention to hold them till maturity.

b. “Held for Trading” comprising investments acquired with the intention to trade.

c. “Available for Sale” comprising investments not covered by (a) and (b) above i.e. those which are acquired neither for trading purposes nor for being held till maturity.

3.2 Investments classified as “Held to Maturity” are carried at weighted average acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity.

Investments classified as “Held to Maturity” includes debentures / bonds which are deemed to be in the nature of / treated as advances, for which provision is made by applying the Reserve Bank of India prudential norms of assets classification and provisioning applicable to advances, and investments in Regional Rural Banks, Treasury Bills, Commercial Papers, Indira Vikas Patras, Kisan Vikas Patras and Certificates of Deposit which has been valued at carrying cost.

3.3 Profit / Loss on sale of investments classified as “Held to Maturity” is recognised in the Profit & Loss Account based on the weighted average cost / book value of the related investments and an amount equivalent of the profit on sale of investments in “Held to Maturity” classification is appropriated to Capital Reserve Account.

3.4 Investments classified as ”Held for Trading” are marked to market scrip-wise and the resultant depreciation is recognised in the Profit and Loss Account while the appreciation, if any, is ignored.

3.5 Investments classified as “Available for Sale” are marked to market scrip-wise and the resultant net depreciation, if any, in each category disclosed in the Balance Sheet is provided, while net appreciation, if any, is ignored.

3.6 In respect of non-performing securities, income is not recognised and provision is made for depreciation in the value of such securities as per Reserve Bank of India guidelines.

3.7 Cost of acquisition of investments is net of incentives, front-end fees, commission, brokerage and stamp duty.

3.8 For the purpose of valuation of quoted investments in ”Held for Trading” and “Available for Sale” categories, the market rates / quotes on the Stock exchanges, the rates declared by Primary Dealers Association of India (PDAI) / Fixed Income Money Market and Derivatives Association (FIMMDA) are used.

Investments for which such rates / quotes are not available, are valued as per norms laid down by Reserve Bank of India, which are as under: -

a) Government / Approved securities - on Yield to Maturity basis.

b) Equity Shares, PSU and Trustee shares - at book value as per the latest balance sheet (not more than 12 months old), otherwise Re.1 per company.

c) Preference Shares - on Yield to Maturity basis.

d) PSU Bonds - on Yield to Maturity basis with appropriate credit spread mark - up.

e) Units of Mutual Funds - at the latest repurchase price / NAV declared by the Fund in respect of each scheme.

3.9 Investments are net of securities lent and include securities borrowed under repo arrangements.

3.10 In respect of Investments at Overseas Branches, Reserve Bank of India guidelines or those of the host countries, whichever are more stringent are followed. In case of those branches situated in countries where no guidelines are specified, the guidelines of the Reserve Bank of India are followed.

4. Interest Rate Swaps:

4.1.1 The interest rate swap transactions for hedging are accounted for on accrual basis and transactions for trading are marked to market at fortnightly intervals in line with the Reserve Bank of India guidelines.

4.1.2 For the purpose of valuation, the fair value of the total swap is computed on the basis of the amount that would be receivable or payable on termination of the transactions of the swap agreements as on the balance sheet date. Losses arising therefrom, if any, are fully provided for while the profits, if any, are ignored.

5. Advances:

5.1.1 Advances are net of interest suspense, amounts received and held in suit-filed sundry deposits, claims received and provision made for non-performing advances in accordance with the prudential norms prescribed by Reserve Bank of India and revised from time to time. In respect of advances made in overseas branches, advances are classified in accordance with stricter of the prudential norms prescribed by the Reserve Bank of India or local laws of the host country in which advances are made, wherever applicable.

5.1.2 Advances in India are classified as Standard, Sub-standard, Doubtful or Loss assets and provision for losses made on Sub-standard, Doubtful and Loss assets as per the prudential norms of the Reserve Bank of India as under:

a) Sub-standard 10% / 20% (as applicable).

b) Doubtful — 100% of the unsecured portion plus 20% / 30% / 100% of the secured portion depending on the period for which the advance has remained doubtful. However, in case of doubtful advances outstanding as on 31.03.2004 for more than 3 years provision for secured portion is made upto 60% as on 31.03.2005, 75% as on 31.03.2006 and 100% as on 31.03.2007.

c) Loss Assets — 100%

5.1.3 Provision @ 0.25% is made on Standard advances (including in respect of investments by way of debentures / bonds in the nature of advances), and is included under the head ‘Other Liabilities’ as per Reserve Bank of India guidelines.

5.1.4 In respect of rescheduled / restructured accounts, provision is made for the sacrifice of interest measured in present value terms as per Reserve Bank of India guidelines. The said provision is included under the head ‘Other Liabilities’.

6. Fixed Assets:

6.1 Premises and other fixed assets are stated at historical cost except those premises, which have been revalued and appreciation, if any, on such revaluation is credited to Capital Reserve.

6.2 'Premises' include land and building under construction.

7. Reserves and Surplus:

Revenue and other Reserves include Statutory Reserves created by foreign branches as per applicable local laws and Special Reserves created in earlier years as per requirements of the Income Tax Act, 1961.

8. Revenue Recognition:

Income is recognised on accrual basis, unless otherwise stated.

In view of the uncertainty of collection of income in cases of non-performing advances and investments, such income is accounted for only on realisation.

Income from fees, Commission other than on Government business, Exchange, Brokerage, discount on foreign bills purchased and interest on overdue bills / advance bills is accounted for on actual realisation.

9. Retirement benefits to employees:

Contribution to recognised Gratuity Fund, Pension Fund and provision for encashment of accumulated leave and additional retirement benefits are made on actuarial basis.

10. Depreciation:

10.1 Depreciation on Fixed Assets in India except computers is provided under the written down value basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

10.2 Depreciation on Fixed Assets outside India except computers is provided as per local laws or prevailing practices of the host countries.

10.3 Depreciation on computers is provided on Straight Line Method at the rate of 33.33% as per the guidelines of Reserve Bank of India.

10.4 Depreciation on ATMs is provided on Straight Line Method at the rate of 20%.

10.5 While depreciation on additions is provided for full year, no depreciation is provided in the year of sale / disposal.

10.6 Leasehold land is amortised over the period of lease.

11. Taxes on Income

Income tax is provided according to provisions of the Income Tax Act, 1961.

Deferred tax is provided for, subject to consideration of prudence, based on taxability of income that arises in one period and which is capable of reversal in one or more subsequent periods. While calculating the deferred tax assets / liabilities, tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date are applied.

12. Impairment of Assets:

Impairment losses (if any) on fixed assets (including revalued assets) are recognised in accordance with the Accounting Standard 28 ("Impairment of Assets") issued in this regard by the Institute of Chartered Accountants of India.

13. Contingent Liabilities:

Provision is made in accounts unless no reliable estimate can be made of the amount of obligation or possibility of future cash flow is remote.

ANNEXURE – A-V

Notes to Adjustments carried out:

1. Necessary adjustments arising from Auditors qualifications wherever quantifiable and material in respect of previous years have been carried out while preparing the Statements of Profit & Loss and Assets & Liabilities (Annexure A-I & A-II).
2. The contribution to Staff Welfare Fund was appropriated out of profits by the Bank amounting to Rs.100 million, Rs.82.40 million and Rs.100 million respectively, during the years 2000-01, 2001-02 and 2002-03. Subsequently, the contribution to Staff Welfare Fund has been debited to the Profit & Loss Account. To ensure uniform accounting, the accounts of 2000-01, 2001-02 and 2002-03 have been adjusted by debiting Rs.100 million, Rs.82.40 million and Rs.100 million, respectively, to provisions and contingencies in the Profit and Loss Account.

ANNEXURE – A-VI

Adjustments not carried out in the statement of Profit & Loss and Assets & Liabilities:

A. Accounting Policies:

1. Reserve Bank of India (RBI) has issued various guidelines on income recognition, asset classification and provisioning in respect of non performing advances, valuation of/depreciation on investments, depreciation on computers, charging premium / discount on Money Market Swaps. The Bank has carried out necessary amendments in its accounting policies in the relevant years to be in conformity with the said RBI guidelines.
2. During the half-year ended September 30, 2005, the Bank has revised its Accounting Policy on Accounting for Effect on Changes in Foreign Currencies (AS 11) issued by the Institute of Chartered Accountants of India (ICAI) and the net loss of Rs. 31.80 million has been accounted in the books as loss on revaluation of foreign currency assets and liabilities. However, the effect of this change in accounting policy is not given in the previous years, as the same, is not ascertained.

B. Auditors' Qualifications:

1. The effect of adjustments arising from reconciliation / balancing / clearance of outstanding entries, in Head Office Account, inter office transactions, Branch Adjustment, drafts paid, drafts payable, clearing accounts, suspense and sundry accounts, capital expenditure, fixed assets, commission on insurance and Government business, credit card receivables, outstanding transactions between the Bank and other banks, including foreign banks, agencies and financial institutions, and differences between General and Subsidiary ledgers could not be carried out, the consequential impact of which is not ascertainable.
2. The Bank has adopted FEDAI guidelines in respect of translation of financial statements of foreign branches, items of income, expenditure, assets and liabilities in foreign currency for the years ended March 31, 2001, 2002, 2003, 2004 and 2005, which is not in accordance with AS-11 (Accounting for the effects of changes in foreign currency rates) issued by the ICAI, as complying with FEDAI guidelines was mandatory as per RBI guidelines.

C. Others:

Profit for the year 2002-03 included prior period income aggregating to Rs. 481.20 million. The exact period to which this income relates is not ascertainable.

ANNEXURE – A-VII

MATERIAL NOTES ON ACCOUNTS :

YEAR ENDED 31st MARCH 2001

1. Investments:

The investments in India which, upto the previous year-end, were classified as current, have as per guidelines of RBI issued per its Circular dated 10.10.2000, been classified into “Held to Maturity” (HTM), “Available for Sale” (AFS) and “Held for Trading” (HFT). The impact of such classification on the Profit and Loss Account is as under:

1.1 Interest on SLR securities and Government guaranteed securities which, upto the previous year-end, was being accrued, is not recognized on such securities where the interest / principal is in arrears. This has resulted in reduction of profit by Rs. 195.10 million, which includes Rs.118.80 million accrued as income upto the previous year-end on such investments, which has also been derecognised.

1.2 Depreciation on non-performing investments in debentures / bonds which, upto the previous year-end, was being set off against appreciation in debentures / bonds is not set off during the year. Had the same been accounted as per past practice, the profit would have been higher by Rs.87.9 million.

1.3 Unrealized gain on account of appreciation in “Held for Trading” investments is recognized in the Profit and Loss Account during the year, but for which the profit for the year on this account would have been lower by Rs. 6.2 million, (other than interest accrued and recognized as income on such investments, in respect of which amount has not been separately ascertained).

1.4 The guidelines of the Reserve Bank of India applicable with effect from 30.09.2000 vide circular No. DBOD No. BP.BC.32/21.04.048/2000-2001 dated 16.10.2000 were implemented with effect from 31.01.2001 pursuant to resolution of the board of directors on 24.01.2001.

2. Voluntary Retirement Scheme:

Pursuant to the Voluntary Retirement Scheme (VRS) introduced during the year, the management accepted the offer of all eligible employees who had opted / offered for voluntary retirement. In terms of the VRS, such employees were entitled to receive compensation by way of ex-gratia payment, besides their entitlement to other contractual terminal benefits, including towards accumulated leave encashment.

Considering the objective of the enduring pecuniary benefit, consequent upon personnel cost reduction the benefit of which, in the opinion of the management, would accrue over a period of five years (including the year ended 31.3.2001), the total compensation (Rs. 5030.2 million), and the additional liability (Rs. 3521.3 million) towards other terminal benefits is sought to be amortized over the said period. Accordingly, an amount of Rs. 1710.30 million has been charged to the Profit and Loss Account for the year; and the amount of Rs. 3420.6 million has been included under the head “Other Assets”.

3. Depreciation:

Depreciation on computers, which upto the year ended 31.3.2000, was being provided on Written Down Value basis at the rate of 40% as prescribed in Schedule XIV to the Companies Act, 1956, is computed on straight line basis at 33.33% p.a. from the year of acquisition thereof, including for computers acquired prior to 31.3.2000. But for the change in the method as aforesaid, the profit for the year and the related fixed assets would have been higher to the extent of Rs. 65.50 million.

YEAR ENDED 31st MARCH 2003

1. Prior Period Items:

   Profit for the year includes prior period income aggregating Rs. 481.20 million.

2. Amalgamation of Benaras State Bank Limited:

   Benaras State Bank Limited (BSBL), a scheduled commercial bank, has been amalgamated with Bank of Baroda under the Scheme of amalgamation vide Notification No. FN.15/2000-BOA (ii) dated 19th June, 2002, issued by Government of India, Ministry of Finance, to take effect from 20th June, 2002. However, for the purpose of discharge of liabilities to creditors and depositors of erstwhile BSBL, the prescribed date is fixed as 19th July, 2002. As such, the financial results for the year ended 31st March 2003 include the results of erstwhile BSBL branches for the period 20th July 2002 to 31st March 2003. The amalgamation has been accounted under the Purchase Method as per AS-14 'Accounting for Amalgamations'. The Bank has taken over the readily realizable assets of erstwhile BSBL against equivalent amount of liabilities, as per due diligence done by a firm of Chartered Accountants appointed by Reserve Bank of India. No capital reserve of goodwill has been recognized consequent upon amalgamation and no consideration has been paid to the shareholders of the erstwhile BSBL. Amounts realized, if any, on assets taken over on collection basis, will be payable to the depositors / shareholders of erstwhile BSBL as per the said Scheme.

   Pending finalization of the service conditions (including terminal benefits) of the employees of the erstwhile BSBL, whose services have been continued upon amalgamation with the Bank, provision for the likely liability arising on finalization thereof has been ascertained. Such liability in respect of terminal benefits comprising Pension, Leave Encashment and Gratuity has been actuarially valued at Rs. 13.90 million on the basis of EBSBL service conditions and provided under miscellaneous provisions.

YEAR ENDED MARCH, 2005

1. Balancing of Books and Reconciliation

1.1 The balancing/reconciliation of control accounts with subsidiary ledgers / registers is in progress in certain Branches.

1.2 Initial matching of debit and credit outstanding entries in various heads of accounts included in Inter Office Adjustments has been completed upto 31.12.2004 for the purpose of reconciliation, which is in progress.

1.3 Reconciliation of accounts with banks, Nostro, Drafts / TTs Payable, Dividend / Interest / Refund Orders paid / payable, etc., is in progress.

The impact, if any, on the Profit and Loss Account and the Balance Sheet, though not quantified, in the opinion of the management will not be material.

2. Premises

2.1 Execution of conveyance deeds is pending in respect of certain properties aggregating to Rs. 535.80 million (original cost) - (Previous year Rs. 437.60 million).

2.2 Certain properties of the Bank are stated at revalued amounts. The gross amount of the revaluation included in premises as at the year-end is Rs. 3882.50 million (Previous year Rs. 3797.50 million) and net of depreciation the revaluation amounts to Rs. 2367.50 million (Previous year Rs. 2492.70 million).

2.3 Premises includes assets under construction / acquisition amounting to Rs. 139.50 million (Previous year Rs. 10.40 million).

3. Amalgamation of South Gujarat Local Area Bank Ltd.

South Gujarat Local Area Bank Ltd. (SGLAB), has been amalgamated with the Bank in terms of a scheme of amalgamation issued by the Government of India, with effect from June 24, 2004. The net deficit of Rs. 54.20 million (computed under the purchase method as per AS-14 "Accounting for Amalgamation") has been absorbed by the Bank. Any future surplus in excess of Rs. 54.20 million will be distributed to the erstwhile shareholders of SGLAB.

4. Provision for Taxes

Provision for Taxes are arrived at after due consideration of decisions of the appellate authorities and advice of counsels. Tax paid in advance/tax deducted at source appearing under “Other Assets” includes Rs. 7151.10 million (previous year Rs. 5778.20 million) adjusted by the Department/paid by the Bank in respect of disputed tax demands. No provision is made for such disputed demands of income tax keeping in view the judicial pronouncements and/ or counsels’ opinion on the issues.

5. In terms of RBI guidelines, the Bank has during the year transferred a portion of Government Securities (SLR) kept in “Available for Sale” category to “Held to Maturity” category. The resultant depreciation of Rs. 7380.80 million has been charged to Profit & Loss Account.

6. The Bank has made a provision of Rs. 28.30 million during the year towards country risk management.

ANNEXURE A-VIII

Related Party Transactions:

The Related party transactions are as under:

Remuneration to Key Management Personnel are as under:

Rs. in Millions

Year	**2002-03**	**2003-04**	**2004-05**	**Sep-05**
Remuneration	1.00	1.02	0.82	0.47
Name of the party	P S Shenoy, CMD	P S Shenoy, CMD	A K Khandelwal, CMD from 1.3.05 P S Shenoy CMD upto 28.2.05	A K Khandelwal, CMD
	A K Khandelwal, ED	A K Khandelwal ED, upto 4.2.04	K.Ramakrihsnan, ED from 27.8.04	K.Ramakrihsnan, ED upto 8.6.05. A C Mahajan, ED from 18.6.05.

The Subsidiaries and associates as at 31.03.05 are as under:

(a) Subsidiaries:

(1) BOB Housing Finance Limited; (2) BOB Asset Management Co. Ltd.; (3) BOB Capital Market Limited; (4) BOB Cards Ltd; (5) Nainital Bank Limited; (6) Bank of Baroda (Botswana) Limited; (7) Bank of Baroda (Kenya) Limited; (8) Bank of Baroda (Uganda) Limited; (9) Bank of Baroda (Hong Kong) Ltd; (10) Bank of Baroda (Guyana) Inc.; (11) BOB (UK) Ltd.; and (12) Bank of Baroda (Tanzania) Limited.

(b) Associates:

Indo Zambia Bank Limited; UTI Asset Management Co. (P) Ltd.; and 19 Regional Rural Banks sponsored by the Bank.

(1) Raebareli Kshetriya Gramin Bank; (2) Sultanpur Kshetriya Gramin Bank; (3) Allahabad Kshetriya Gramin Bank; (4) Kanpur Kshetriya Gramin Bank; (5) Pratapgarh Kshetriya Gramin Bank; (6) Fatehpur Kshetriya Gramin Bank; (7) Faizabad Kshetriya Gramin Bank; (8) Bareilly Kshetriya Gramin Bank; (9) Shahjahanpur Kshetriya Gramiin Bank; (10) Nainital Almora Kshetriya Gramin Bank; (11) Marudhar Kshetriya Gramin Bank; (12) Aravali Kshetriya Gramin Bank; (13) Bundi Chittorgarh Kshetriya Gramin Bank; (14) Bhilwara Ajmer Kshetriya Gramin Bank; (15) Dungarpur Banswara Kshetriya Gramin Bank; (16) Panchmahal Vadodara Gramin Bank; (17) Valsad Dangs Gramin Bank; (18) Surat Bharuch Gramin Bank; and (19) Jhabua Dhar Kshetriya Gramin Bank.

The transactions with Subsidiaries and associates have not been disclosed in view of Para 9 of AS-18 – Related Party Disclosure, which exempts state controlled enterprises from making any disclosure pertaining to their transactions with other related parties that are also state controlled.

ANNEXURE- A-IX

Segment Reporting:

Part A - Business Segments

Rs. in Millions

Sr. No.	Particulars	Year Ended 31.03.03	Year Ended 31.03.04	Year Ended 31.03.05	Period Ended 30.09.04	Period Ended 30.09.05
1	**Segment Revenue**					
	(a) Treasury Operations	35,049	42,902	40,855	22,047	19,203
	(b) Other Banking Operations	38,543	35,759	36,507	16,259	19,653
	Total	73,592	78,661	77,362	38,306	38,856
2	**Segment Results**					
	(a) Treasury Operations	14,287	19,428	(2,951)	5,836	996
	(b) Other Banking Operations	8,826	6,539	12,794	3,678	5,703
	Total	**23,113**	**25,967**	**9,843**	**9,514**	**6,699**
	Unallocated expenditure	11,508	10,638	1,212	2,128	1,017
	Profit before Tax	11,605	15,329	8,631	7,386	5,681
	Provision for Tax	3,977	5,659	1,863	2,323	1,521
	Net Profit	7,628	9,670	6,768	5,063	4,160
3	Other Information					
	Segment Assets					
	(a) Treasury Operations	341,932	431,403	429,982	473,859	458,039
	(b) Other Banking Operations	405,200	402,368	491,977	421,188	541,070
	Total	**747,132**	**833,771**	**921,959**	**895,047**	**999,109**
	Unallocated Assets	17,046	17,316	24,683	16,950	17,322
	Total	**764,178**	**851,087**	**946,642**	**911,997**	**1,016,431**
	Segment Liabilities					
	(a) Treasury Operations	344,220	424,906	422,155	469,305	456,691
	(b) Other Banking Operations	346,834	339,883	419,154	355,622	466,493
	Total	**691,054**	**764,789**	**841,309**	**824,927**	**923,184**
	Unallocated Liabilities	73,124	86,298	105,333	87,070	93,247
	Total	**764,178**	**851,087**	**946,642**	**911,997**	**1,016,431**

Part- B : Geographic Segments

Sr. No.	Particulars	Year Ended 31.03.03	Year Ended 31.03.04	Year Ended 31.03.05	Period Ended 30.09.04	Period Ended 30.09.05
1	**Revenue**					
	(a) Domestic	67,562	73,532	71,285	35,392	35,133
	(b) International	6,030	5,129	6,077	2,914	3,723
	Total	**73,592**	**78,661**	**77,362**	**38,306**	**38,856**
2	**Assets**					
	(a) Domestic	659,781	744,068	801,141	784,683	863,561
	(b) International	104,397	107,019	145,501	127,314	152,870
	Total	**764,178**	**851,087**	**946,642**	**911,997**	**1016,431**

ANNEXURE – B

Statement of Dividends declared by the Bank.

Year Ended	Equity Capital Rs. In Million	No of Shares in million	Rate of Dividend (Percent)	Amount of Dividend Rs. in Millions
31.03.2001	2,943.38	296.00	40	1,304.77
31.03.2002	2,943.39	294.34	40	1,184.00
31.03.2003	2,943.42	294.34	60	1,927.70
31.03.2004	2,932.62	293.26	65	2,150.43
31.03.2005	2,932.65	293.27	50	1,669.56

The Nainital Bank Ltd.

SUMMARY STATEMENT OF ASSETS AND LIABITIES

(Rs.in million)

S. NO.		AUDITED FINANCIAL YEARS ENDED 31 ST MARCH					LIMITED REVIEW
		2001	2002	2003	2004	2005	30.09.2005
(A)	**ASSETS**						
1	Cash in Hand	64.87	62.56	68.49	72.35	86.97	99.18
2	Balance With RBI	435.35	330.55	408.17	449.46	425.80	531.44
3	Balance With Banks						
	a)In Current A/c	120.78	75.36	178.80	216.92	190.06	104.80
	b)In other Deposit A/cs	859.45	1,190.46	1,477.30	1,028.09	1,347.24	1,093.82
4	Money At Call & Short Notice	34.50	82.00	45.00	0.00	207.50	180.00
5	Investments	2,843.77	3,324.13	3,486.24	4,104.59	4,210.79	4,786.57
6	Advances	1,186.25	1,308.01	1,723.78	2,355.15	3,632.09	4,498.11
7	Fixed Asset	40.26	40.44	50.11	48.23	56.41	63.52
	Less:Revaluation Reserve	21.93	21.52	21.13	20.76	20.41	20.41
	Net Fixed Assets	18.33	18.92	28.98	27.48	36.01	43.11
8	Other Assets	223.69	208.05	234.95	269.99	344.51	334.46
	TOTAL (A)	**5,786.98**	**6,600.04**	**7,651.72**	**8,524.03**	**10,480.97**	**11,671.48**
(B)	**LIABITIES**						
1	**DEPOSITS**						
	Demand Deposits	485.00	596.73	497.67	645.51	793.51	1,650.42
	From Bank	12.11	11.63	8.02	22.17	25.27	7.29
	From Others	472.89	585.09	489.66	623.34	768.24	1,643.14
2	Saving Deposits	1,907.12	2,228.49	2,627.01	3,236.92	3,812.58	4,270.60
3	Term Deposits From Banks	5.37	12.91	11.41	5.31	171.77	268.76
	Term Deposits From Others	2,953.40	3,241.95	3,551.03	3,700.34	4,554.85	4,019.12
4	Borrowing	0.07	0.07	1.41	1.08	2.78	0.60
5	Other Liabities & Provisions	199.28	233.36	408.77	283.45	406.39	362.08
	TOTAL (B)	**5,550.24**	**6,313.52**	**7,097.30**	**7,872.60**	**9,741.87**	**10,571.57**
(C)	**Net Assets(C=A-B)**	**236.74**	**286.52**	**554.42**	**651.42**	**739.10**	**1,099.91**
(D)	Share Capital	50.00	50.00	150.00	150.00	150.00	300.00
(E)	Share Application Money	0.00	0.00	0.00	0.00	0.00	0.00

SUMMARY STATEMENT OF ASSETS AND LIABITIES

(Rs.in million)

SR. NO.		AUDITED FINANCIAL YEARS ENDED 31 ST MARCH					LIMITED REVIEW
		2001	**2002**	**2003**	**2004**	**2005**	**30.09.2005**
(F)	Reserve And Surplus	208.67	258.04	425.55	522.18	609.51	820.31
1	Statutory Reserve	71.70	89.20	108.20	138.93	172.93	172.93
2	Capital Reserve						
	A)Revaluation Reserve	21.93	21.52	21.13	20.76	20.41	20.41
3	Share Premium	15.00	15.00	115.00	115.00	115.00	265.00
3	Investments Fluctuation Reserve	2.62	3.92	33.92	100.00	112.80	112.80
5	Revenue & Other Reserve	97.14	128.04	147.30	147.50	188.38	188.38
6	Balance In Profit & Loss A/c	0.28	0.36	0.00	0.00	0.00	60.81
	TOTAL	208.67	258.04	425.55	522.18	609.51	820.31
	Less:Revaluation Reserve	21.93	21.52	21.13	20.76	20.41	20.41
	TOTAL (F)	**186.74**	**236.52**	**404.42**	**501.42**	**589.10**	**799.91**
	TOTAL (D+E+F)	**236.74**	**286.52**	**554.42**	**651.42**	**739.10**	**1,099.91**
(G)	**CONTINGENT LIABITIES**						
1	Claim Against The Bank not Acknowledged Debt	2.35	2.35	3.74	2.53	2.08	2.09
2	Liabities for Partly paid Investments	NIL	NIL	NIL	NIL	NIL	NIL
3	Gurantees Given On behalf of Constituents	6.01	6.26	12.17	21.43	47.41	72.79
4	Acceptances,Endorsements and Obligations	1.69	4.41	6.37	0.96	3.15	21.46
	TOTAL (G)	**10.05**	**13.03**	**22.27**	**24.91**	**52.63**	**96.34**
	Bills of Collection	32.25	39.48	35.16	27.89	39.27	29.60

SUMMARY STATEMENT OF PROFIT & LOSS

(Rs.In million)

SR. NO.		AUDITED FINANCIAL YEARS ENDED 31 ST MARCH					LIMITED REVIEW
		2001	2002	2003	2004	2005	30.09.2005
A	**INCOME**						
1	**Interst Earned**	**564.63**	**632.48**	**673.76**	**700.84**	**735.53**	**429.40**
1.1	Interst & Discount on Advances/Bills	144.98	150.83	174.20	233.06	322.72	212.60
1.2	Income On Investment	306.01	364.89	368.71	368.37	338.80	181.93
1.3	Interst on Balances with R.B.I. And Other Inter Bank Placements	113.05	116.41	130.51	98.97	73.65	34.49
1.4	Others	0.60	0.35	0.34	0.44	0.37	0.39
2	**OTHER INCOME**	**24.14**	**29.99**	**47.62**	**130.70**	**94.14**	**55.77**
2.1	Commission, Exchange And Brokerage	15.78	17.99	16.21	17.53	20.41	10.69
2.2	Proft/Loss On Sale Of Investments	0.32	-2.21	16.96	94.57	52.67	31.15
2.3	Interst on Income Tax Refund	0.00	1.36	1.25	1.45	1.28	0.35
2.4	Miscellaneous Income	8.04	12.85	13.20	17.15	19.78	13.58
	TOTAL INCOME	**588.77**	**662.47**	**721.38**	**831.54**	**829.66**	**485.18**
B	**EXPINDITURE**						
1	**INTEREST EXPENDED**	**343.19**	**376.13**	**389.66**	**370.05**	**364.84**	**190.36**
1.1	Interest on Deposits	343.02	376.02	389.44	369.66	364.68	190.17
1.2	Interest On R.B.I/Inter Bank Borrowing	0.11	0.05	0.09	0.23	0.12	0.15
1.3	Others	0.06	0.06	0.14	0.16	0.04	0.03
2	**OPERATING EXPENSES**	154.07	169.10	215.87	255.14	253.75	182.33
2.1	Payments to and Provisions For Employees	113.06	125.26	161.67	195.39	176.67	138.49
2.2	Rent,Taxes and Lighting	11.41	13.05	14.60	16.56	19.44	10.56
2.3	Printing and Stationery	1.76	2.30	3.60	2.71	3.56	1.74
2.4	Advertisement and Publicity	0.52	0.50	0.41	0.66	0.78	0.29
2.5	Depreciation on Bank's Property	3.39	4.38	10.39	9.89	14.62	5.49
2.6	Director's Fees, Allowances and Expenses	0.41	0.31	0.39	0.31	0.44	0.16
2.7	Auditors' Fees & Expenses(Including Branch Auditor's Fees & Expenses)	0.38	0.48	0.69	0.96	1.28	0.10
2.8	Law Charges	1.09	1.00	0.91	1.40	0.70	0.57
2.9	Postage,Telegrams, Telephones,etc	3.45	3.48	3.49	4.11	4.52	1.98
2.10	Repair and Maintenance	0.88	0.75	1.17	2.15	2.09	1.56
2.11	Insurance	2.56	2.98	3.11	3.63	5.99	4.01
2.12	Other Expenditure	15.17	14.62	15.45	17.38	23.68	17.39
	TOTAL EXPENDITURE	**497.26**	**545.23**	**605.53**	**625.20**	**618.59**	**372.69**

The Nainital Bank Ltd.

SUMMARY STATEMENT OF PROFIT & LOSS

(Rs. in million)

SR. NO.		AUDITED FINANCIAL YEARS ENDED 31 ST MARCH					LIMITED REVIEW
		2001	2002	2003	2004	2005	30.09.2005
	Gross Profit before Provisions & Contingencies	91.51	117.24	115.85	206.34	211.07	112.49
	LESS: Provisions & Contingencies	60.72	59.96	40.03	83.95	97.74	51.68
	Profit after Provisions & Contingencies	30.79	57.28	75.82	122.39	113.34	60.81
	LESS: Short Provisions Relating to earlier Years	0.00	-	-	-	-	-
	ADD: Excess Provisions of earlier years Written Back	0.00	-	-	-	-	-
	ADD: Profit Brought Forward	1.47	-	0.36	-	-	-
	Profit Available for Appropriation	**32.25**	**57.28**	**76.18**	**122.39**	**113.34**	**60.81**
	APPROPRIATIONS						
	Transfer To:						
a)	Statutory Reserve	16.00	17.50	19.00	30.73	34.00	-
b)	Revenue & Other Reserve:						
	a) Investment Fluctuation Reserve	2.34	1.30	30.00	66.08	12.80	-
	b) Other Reserve	6.00	30.90	18.58	0.20	40.88	-
c)	Proposed Dividend	6.93	7.50	7.62	22.50	22.50	-
d)	Dividend Tax(including Surcharge)	0.71	0.00	0.98	2.88	3.16	-
	Balances Carried Over To Balance Sheet	0.28	0.08	-	-	-	-
	TOTAL	**32.25**	**57.28**	**76.18**	**122.39**	**113.34**	**60.81**

ANNEXURE D

BOB Housing Finance Limited

Summarised Profit and Loss Account

Amount in Rs. million

	Financial Year Ended March 31,					Period ended
	2001	**2002**	**2003**	**2004**	**2005**	**Sep 05**
INCOME						
Interest on Housing Loans	428.64	527.13	640.14	538.28	401.11	151.73
Interest on Investments	3.68	1.38	1.38	1.38	1.38	0.69
Interest on Bank Deposits	0.75	1.80	2.30	7.56	3.89	1.71
Interest on Loans Against Company Deposits	0.00	0.00	0.00	0.00	0.00	0.00
Fee and Other Charges	26.81	43.17	46.81	33.20	27.08	8.06
Other Income	0.01	0.04	1.27	22.50	29.53	14.68
Profit on sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00
Profit on sale of Investments	0.00	0.00	0.00	0.00	0.00	0.00
Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Recovery of Interest decrecognised in previous year	0.00	0.00	0.00	0.00	0.00	0.00
Recovery of Debt Written off	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL INCOME	**459.88**	**573.51**	**691.90**	**602.90**	**462.99**	**176.86**
EXPENDITURE						
Interest on Term loans from Bank of Baroda	139.37	175.92	212.55	49.49	39.83	46.49
Intrest on Term loans from other Bank	0.00	0.00	0.00	32.60	42.00	17.98
Interest on Refinance from NHB	178.16	226.06	293.82	302.99	180.07	11.81
Interest on Bonds	0.00	0.00	9.82	16.60	16.60	8.30
Exchange Difference	0.00	0.00	0.00	16.07	10.76	8.50
Bank and Commitment charges	0.00	0.02	0.07	0.06	0.02	0.01
Interest Tax	0.00	0.00	0.00	0.00	0.00	0.00
Staff Expenses	13.20	12.42	9.81	9.75	13.64	7.41
Rent, Rates & Taxes	0.88	1.03	1.48	2.10	2.44	1.13
Repairs and Maintenance	0.17	0.44	0.36	0.37	0.49	0.29
Electricity & Water Charges	0.60	0.81	1.28	1.13	1.12	0.55
Insurance	0.01	0.01	0.03	0.07	0.03	0.03
Travelling and Conveyance	0.96	1.03	1.49	2.13	1.77	1.30
Printing & Stationery	0.44	0.63	0.75	0.63	0.55	0.23
Postage & Telephone	1.26	1.89	1.88	2.32	2.03	0.69
Advertisements	0.56	1.47	0.54	0.42	0.13	0.00
Loss on sale of Assets/ written off assets	0.00	0.00	0.04	0.00	0.00	0.01
General Office Expenses	1.23	1.83	2.24	2.30	2.19	1.31
Auditors Remuneration	0.01	0.02	0.02	0.02	0.02	0.01
Professional/Legal & Other Certification Charges	0.19	0.79	1.63	5.21	1.98	1.73
Depreciation on Fixed Assets	1.48	1.50	1.70	1.27	0.99	0.37
Depreciation on Investments	0.00	0.00	0.00	0.00	0.00	0.00
Misc. Expenses	0.22	0.12	2.03	1.81	0.33	0.40
Interest Derecognised	0.00	0.00	0.00	0.00	0.00	0.00
Provision for NPA	4.27	7.12	26.89	61.71	27.17	9.51
Provision for Contingencies	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debts Written Off	0.00	0.00	0.00	0.00	0.00	1.87
Debenture issue Expenses Written off/ Preliminary exp.	0.08	0.00	0.23	0.23	0.23	0.12
TOTAL EXPENDITURE	**343.05**	**433.09**	**568.67**	**509.28**	**344.39**	**120.03**
Profit (Loss) Before Tax	**116.83**	**140.42**	**123.23**	**93.62**	**118.60**	**56.83**

BOB Housing Finance Limited

Summarised Profit and Loss Account

Amount in Rs. million

	Financial Year ended March 31,					Period ended
	2001	2002	2003	2004	2005	Sep 05
Provision for IT of earlier years/(Refund)	0.00	0.00	1.85	-0.25	0.00	0.00
Provision for Income Tax	27.95	30.31	27.47	20.24	32.46	0.00
Deferred Tax income/(expense)	0.00	0.02	0.03	-0.07	-0.05	0.00
Profit (Loss) After Tax	88.88	110.13	93.93	73.56	86.09	56.83
Less: Prior Period Taxation	0.00	0.00	0.00	0.00	23.92	0.00
Add: Prior period Adjustment	0.25	0.29	0.00	0.00	0.00	0.02
Less: Prior Period Adjustments	0.00	0.00	0.53	0.68	0.78	0.19
Surplus Brought forward from Prev. Year	5.82	20.14	45.67	0.00	0.00	0.00
Profit available for Apportionment	94.95	130.55	139.07	72.87	61.40	56.65
Transfer to Special Reserves	46.17	55.89	48.54	36.70	56.85	0.00
General Reserves	8.80	11.00	70.29	22.63	0.00	0.00
Dividend on Equity Shares	18.00	18.00	18.00	12.00	0.00	0.00
Dividend Distribution Tax	1.84	0.00	2.25	1.54	0.00	0.00
Surplus Carried to Balance Sheet	20.14	45.67	0.00	0.00	4.55	56.65

Summarised Statement of Assets and Liabilities

Amount in Rs. million

	Financial Year ended March 31,					Period ended
	2001	2002	2003	2004	2005	Sep 05
LIABILITIES						
Share Capital	150.00	150.00	150.00	150.00	150.00	150.00
Special Reserves	169.41	225.30	273.83	310.53	405.46	405.46
General Reserves	55.69	66.69	137.26	159.89	121.81	121.81
Profit & Loss Account	20.14	45.67	0.00	0.00	4.55	61.20
Term Loan from NHB	1,596.87	2,276.14	2,906.41	2,441.03	426.33	222.83
Term Loan from BOB	1,577.50	2,056.31	2,491.56	1,135.84	1,795.55	1,722.89
Term Loans from Other Banks	0.00	0.00	5.00	546.41	582.14	504.08
Deffered Tax liabilities	0.00	0.29	0.00	0.00	0.00	0.00
Unsecured Redeemable Bonds	0.00	0.00	200.00	200.00	200.00	200.00
Interest Accured and Due on Deposits	0.00	0.00	0.00	0.00	0.00	0.00
Short Term Loans from BOB/NHB	0.17	0.00	0.00	0.00	0.00	0.00
Home Loan Account	0.00	0.00	0.00	0.00	0.00	0.00
Non Cumulative Deposit	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative Deposit	0.00	0.00	0.00	0.00	0.00	0.00
Current Liabilities	3.48	3.01	18.45	53.24	40.45	104.68
Provisions	32.33	37.61	66.75	121.74	135.38	144.89
TOTAL LIABILITIES	**3,605.58**	**4,861.00**	**6,249.25**	**5,118.68**	**3,861.66**	**3,637.84**

BOB Housing Finance Limited

Summarised Assets and Liabilities Statement

Amount in Rs. million

	Financial year ended March 31,					Period ended
	2001	2002	2003	2004	2005	Sep 05
ASSETS						
Fixed Assets	5.76	5.86	6.04	5.28	4.41	4.07
Investments	10.00	10.00	10.00	10.00	10.00	10.00
Housing Loans	3,427.04	4,556.31	5,899.17	4,719.12	3,545.20	3,185.22
Loans & Advances	78.81	96.90	126.60	138.24	124.13	103.45
Cash in Hand	0.09	0.96	0.67	2.28	2.67	4.06
Cash in Bank	64.89	144.04	153.80	55.01	31.13	125.53
Fixed Deposit	0.00	23.50	37.00	29.05	9.49	76.52
MBS PTC B	0.00	0.00	0.00	153.21	130.61	123.19
Other Current Assets	19.00	23.13	14.23	5.08	2.88	4.77
Misc. Expenses to the extent not written off	0.00	0.00	1.40	1.16	0.93	0.81
Deffered Tax Assets	0.00	0.31	0.34	0.27	0.22	0.22
TOTAL ASSETS	**3,605.58**	**4,861.00**	**6,249.25**	**5,118.68**	**3,861.66**	**3,637.84**

Contingent Liabilities not provided for

Amount in Rs. million

	Financial year ended on March 31,					
	2001	2002	2003	2004	2005	Period ended Sep 05
Income Tax Matter under dispute	0.32	0.77	0.37	0.00	0.00	0.00

Note: The company has not made provision for income tax in the books of accounts for the half year ending September 05, which is made on yearly basis at year end. However, company has paid advance Income Tax Rs. 113 lacs during the half year ending September 05.

ANNEXURE E

BOB ASSET MANAGEMENT COMPANY LIMITED

SUMMARISED PROFIT & LOSS ACCOUNT

(Rs. In million)

	As per the Audited Accounts as on					Reviewed
	31/03/2001	31/03/2002	31/03/2003	31/03/2004	31/03/2005	Upto30.09.05
INCOME						
Interest	10.76	12.15	11.67	9.37	6.54	3.78
Dividend	4.60	4.87	0.52	0.61	0.51	1.79
Management Fee	5.04	4.14	8.80	14.91	17.32	3.66
Profit on sale of Investment	5.52	1.34	0.00	7.55	4.67	0.00
Income Tax Refund	-	-	-	0.40	-	-
Misc. Income	0.16	0.03	0.04	0.17	0.22	0.03
Total Income	**26.08**	**22.53**	**21.03**	**33.01**	**29.26**	**9.26**
EXPENDITURE						
Staff Expenses	2.43	2.37	3.47	3.80	4.58	2.33
Rents, rates etc.	3.56	3.65	2.40	0.08	1.37	0.75
Legal & Professional Fee	0.01	0.02	0.04	0.13	0.38	0.02
Auditor's fees	0.02	0.02	0.02	0.02	0.02	0.02
Advertisement	0.41	0.56	0.23	0.10	0.11	0.00
Other Operative Expenses	2.06	2.89	4.72	4.25	4.61	1.95
Depreciation	0.76	0.45	0.65	0.83	0.66	0.22
Dep in Investments	0.00	0.00	0.00	0.00	0.74	0.00
Loss in conv	0.00	0.10	0.33	8.73	3.11	0.00
Def. expenses written off	0.12	2.01	2.30	2.43	2.45	1.16
Preliminary expenses written off	0.05	0.05	0.05	0.05	0.05	0.02
Total Expenditure	**9.42**	**12.12**	**14.21**	**20.42**	**18.08**	**6.47**
Profit before Tax	16.66	10.41	6.82	12.59	11.18	2.79
Prov. for deffered tax	0.00	0.00	0.45	0.26	-1.27	0.00
Prov. for tax	3.30	0.60	2.29	7.45	4.50	0.00
Prior period expenses	0.00	-0.21	0.00	0.00	0.51	0.00
Prior period IT Adj	0.00	0.00	0.00	0.38	1.68	0.80
Prior period adjs	-0.05	0.00	1.50	0.00	0.00	0.05
Profit after tax	**13.41**	**10.02**	**2.58**	**4.50**	**5.76**	**1.94**
Profit & Loss B/F	38.71	52.11	62.13	63.36	67.86	73.62
Balance to B/Sheet	**52.12**	**62.13**	**64.71**	**67.86**	**73.62**	**75.56**

BANK OF BARODA

SUMMARISED STATEMENT OF ASSETS & LIABILITIES

(Rs. In million)

	As per the Audited Accounts as on					Reviewed
	31/03/2001	**31/03/2002**	**31/03/2003**	**31/03/2004**	**31/03/2005**	**Upto30.09.05**
LIABILITIES						
Share Capital	100.00	100.00	200.00	200.00	200.00	200.00
Reserves & Surplus	52.12	62.13	62.55	67.86	73.62	75.56
Current Liabilities	12.13	21.19	18.28	13.58	18.52	23.54
Total Liabilities	164.25	183.32	280.83	281.44	292.14	299.10
ASSETS						
Fixed Assets	1.32	1.18	2.82	2.28	1.59	1.41
Investments	132.38	117.37	223.37	204.81	165.20	189.70
Current Assets	29.31	56.80	47.72	68.80	122.31	106.13
Misc exps not w/o	1.24	7.97	7.02	5.55	3.04	1.86
Total Assets	**164.25**	**183.32**	**280.83**	**281.44**	**292.14**	**299.10**

ANNEXURE F

BOB Capital Markets Limited

Summarised Statement of Assets & Liabilities

Rs. in million

		For the year ended as at 31st March					For the half year ended as at 30th Sep 2005
		2001	2002	2003	2004	2005	
SOURCES OF FUNDS							
1	Shareholders Funds:						
	- Share Capital	100.00	600.00	1,000.00	1,000.00	1,000.00	1,000.00
	- Reserves & Surplus	-	-	20.19	64.49	41.63	44.35
2	Loan Funds:						
	Unsecured Loans	-	-	-	1,088.10	2,151.90	2,006.50
3	Deferred Tax liability net of deferred tax assets			0.18	0.30	-	(0.16)
	TOTAL	**100.00**	**600.00**	**1,020.37**	**2,152.89**	**3,193.53**	**3,050.69**
APPLICATION OF FUNDS							
1	**Fixed & Intangible Assets:**						
	Gross Block	1.70	0.80	5.11	5.64	14.73	16.11
	Less:Depreciation	0.75	0.33	1.66	2.90	5.16	6.59
	Net Fixed & Intangible Assets	0.95	0.47	3.45	2.74	9.57	9.52
2	**Investments**	49.87	23.69	-	-	-	-
3	**Current Assets, Loans and Advances**						
	Current Assets						
	Stock in Trade	-	-	1,089.39	2,165.54	2,990.28	2,792.03
	Interest Accrued	0.27	0.92	12.40	32.85	6.37	23.87
	Sundry Debtors	0.70	0.56	6.03	8.30	3.17	4.81
	Cash and Bank Balances	32.67	535.28	0.74	5.19	2.26	0.83
	Loans & Advances	17.04	12.94	78.83	141.68	143.27	195.33
	Total Current Assets	50.68	549.70	1,187.39	2,353.56	3,145.35	3,016.87
	Less: Current Liabilities & Provisions						
	- Liabilities	0.85	1.42	71.57	5.02	1.84	4.49
	- Provisions	19.05	14.54	98.90	198.39	130.70	131.69
	Net Current Assets	30.78	533.74	1,016.92	2,150.15	3,012.81	2,880.69
	Debit balance in P/L account	18.40	42.10	-	-	171.15	160.48
TOTAL		**100.00**	**600.00**	**1,020.37**	**2,152.89**	**3,193.53**	**3,050.69**

The figures are rearranged and/or regrouped wherever necessary in order to make them comparable with those of financial year 2004-05.

BOB Capital Markets Limited

Summarised Statement of Profit & Loss Account

(Rs. In Millions)

	For the year ended as at 31st March					For the half year ended as at 30th Sep 2005
	2001	2002	2003	2004	2005	
INCOME						
From Merchant Banking	6.85	4.00	9.52	20.73	10.20	9.26
From Primary Dealership	-	-	266.77	293.32	(106.71)	63.26
From Bank Deposits	3.79	6.93	1.59	0.02	0.16	-
Others	0.30	0.28	0.29	0.38	0.29	0.27
Total Income	**10.94**	**11.21**	**278.17**	**314.45**	**(96.06)**	**72.79**
EXPENDITURE						
Interest	-	-	75.55	117.37	74.50	47.38
Operating Expenses	0.45	0.61	9.65	8.56	6.51	2.57
Payments to & Provisions for Employees	2.72	1.86	2.93	4.51	5.70	3.15
Administrative & Other Expenses	6.48	5.98	6.87	5.49	7.02	4.03
Depreciation & Amortisation	0.25	0.20	1.33	1.24	2.55	1.43
Total Expenditure	**9.90**	**8.65**	**96.33**	**137.17**	**96.28**	**58.56**
Interest from investment written off:						
on NCDs (KFL)	18.50	-	-	-	-	-
on FCDs (DSL)	0.64	-	-	-	-	-
Profit From Operations	**(18.10)**	**2.56**	**181.84**	**177.28**	**(192.34)**	**14.23**
Add: Doubtful Debts of earlier years recovered	-	-	-	-	-	0.05
Less: Provision for Doubtful debts	-	-	-	0.12	1.98	-
Add: Prior period income / expenses (net)	-	-	(0.19)	0.52	(0.01)	(0.06)
Add : Excess Provision of earlier year w/back	-	0.17	0.25	0.13	0.02	0.05
Less: Permanent Investments written off	23.68	26.19	23.69	-	-	-
Profit / (Loss) before tax	**(41.78)**	**(23.46)**	**158.21**	**177.81**	**(194.31)**	**14.27**
Add: Increase/ decrease in Deferred Tax Assets net of deferred tax liabilities	-	-	65.23	0.11	(0.35)	0.11
Less: Provision for Income Tax	-	-	-	64.00	-	0.99
Less: Fringe Benefit Tax	-	-	-	-	-	0.05
Profit / (Loss) after tax	**(41.78)**	**(23.46)**	**92.98**	**113.70**	**(193.96)**	**13.34**
Less: Short provision of Income Tax of earlier year	-	0.24	0.57	1.71	-	-
Add: Excess provision of Income Tax of earlier year	-	-	3.72	-	-	-
Profit availabale for appropriation / (Loss)	(41.78)	(23.70)	96.13	111.99	(193.96)	13.34
Appropriations:						
Transfer to Statutory Reserve Fund	-	-	19.23	22.40	-	2.67
Proposed Dividend (Final)	-	-	30.05	60.00	-	-
Tax on Final Dividend	-	-	3.85	7.69	-	-
Balance carried to Balance Sheet	**(41.78)**	**(23.70)**	**43.00**	**21.90**	**(193.96)**	**10.67**

The figures are rearranged and/or regrouped wherever necessary in order to make them comparable with those of financial year 2004-05.

ANNEXURE G

BOBCARDS LIMITED

STATEMENT OF ASSETS AND LIABILTIES

Rs. in million

ITEMS	Year ended March 31 2001	2002	2003	2004	2005	Six months ended 30th Sep 2005 (Limited review)
Sources of Funds						
a) Share capital	100.00	200.00	200.00	200.00	200.00	1,000.00
b) Reserves & Surplus	59.00	77.60	94.68	120.31	141.80	210.32
Loan Funds						
Unsecured	628.12	486.90	760.90	726.41	595.66	1,022.79
TOTAL	**787.11**	**764.50**	**1,055.59**	**1046.72**	**937.46**	**2,233.11**
Application of Funds						
Fixed Assets						
a) Gross Block	22.57	27.63	29.24	31.50	33.97	36.74
b) Less: Depreciation	13.68	16.25	19.22	22.07	24.56	26.13
Net Block	**8.89**	**11.38**	**10.01**	**9.44**	**9.41**	**10.61**
Current Assets, Loans & Advances						
a) Bank Balance	57.46	156.92	226.61	165.38	162.66	116.12
b) Card Outstandings	790.30	616.87	883.20	903.87	1019.94	1,421.48
c) Other Current Assets, Loans & Advances	41.94	45.30	65.01	69.18	129.00	913.87
Less : Current Liabilities & Provisions						
a) Current Liabilities	89.06	39.26	55.57	50.43	316.38	181.79
b) Provisions	22.42	26.72	73.67	50.73	67.18	47.18
Net Current Assets	778.22	753.12	1,045.57	1037.28	928.04	2,222.50
TOTAL	**787.11**	**764.50**	**1,055.59**	**1046.72**	**937.46**	**2,233.11**

BOBCARDS LIMITED

SUMMARIZED PROFIT & LOSS ACCOUNT

Rs. in million

ITEMS	Year ended March 31					Six months ended 30th Sep 2005 (Limited review)
	2001	2002	2003	2004	2005	
Commission, service charges, membership & renewal fees and other income	325.03	315.30	327.16	316.17	482.40	263.14
Less: -						
Operating expenditures except . write-offs, provisions and deprecations	234.03	215.87	224.44	228.29	384.38	176.55
Operating Profit	91.01	99.43	102.72	87.88	98.02	86.59
Less: -						
Write-offs & Provisions	57.04	59.82	20.72	26.39	31.33	16.50
Profit Before Depreciation and Tax (PBDT)	33.97	39.61	82.01	61.49	66.69	70.09
Less: -						
Depreciation	5.40	2.59	3.42	3.18	2.87	1.57
Profit Before Tax (PBT)	28.57	37.03	78.59	58.32	63.82	68.52
Less: - Current and deferred tax	17.50	14.00	24.91	15.67	18.54	0.00
Less: - Short provision for earlier years -tax	0.00	0.00	12.20	0.00	0.00	0.00
Profit After Tax (PAT)	11.07	23.03	41.48	42.65	45.28	68.52
Less: - Prior years expenses	0.89	4.92	2.07	0.34	1.41	0.00
Add: - Prior years income	0.00	0.49	0.14	1.16	0.42	0.00
Add: - Excess provision of tax earlier years written back	0.30	0.00	0.10	0.00	0.00	0.00
Less:- Excess Provision of tax earlier years written back	0.00	0.00	0.00	2.13	0.00	0.00
Add:- **Bonus Points Redemption**	0.00	0.00	0.00	6.85	0.00	0.00
Profit available for distribution and appropriation	10.48	18.60	39.65	48.19	44.30	0.00

ANNEXURE H

BANK OF BARODA (BOTSWANA) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST MARCH					LIMITED REVIEW Half-Year ended
		2001	2002	2003	2004	2005	Sep-05
	Exchange Rate 1LC= IRS	8.16	7.10	9.21	9.27	9.50	8.10
A	**INCOME**						
1	Interest Earned						
1.1	Interest & Discount on advances/bills	0.00	9.69	59.16	97.21	114.58	54.68
1.2	Income on Investment	4.20	10.69	15.63	35.75	107.30	67.78
1.3	Interest on balance with RBI and other Inter Bank Lending	5.55	5.29	3.73	11.55	18.06	8.97
1.4	Interest on Income Tax	0.00	0.00	0.00	0.00	0.00	0.00
1.5	Others	0.00	0.00	0.00	0.00	0.00	0.22
2	**OTHER INCOME**						
2.1	Commission, Exchange Brokerage	0.00	2.28	3.12	4.03	4.38	1.64
2.2	Profit on sale of investments (Net)	0.00	0.00	0.00	0.00	0.00	0.00
2.3	Profit on revaluation of investments(Net)	0.00	0.00	0.00	0.00	0.00	0.00
2.4	Profit on sale of land,bldg. & other assets (Net)	0.00	0.00	0.00	0.00	0.00	0.00
2.5	Profit on exchange transaction (Net)	(0.35)	4.18	10.09	13.81	22.70	10.61
2.6	Income earned by way of dividends etc. from Subsidiaries/companies/ joint ventures in India	0.00	0.00	0.00	0.00	0.00	0.00
2.7	Amount transferred from interbranch transactions blocked account	0.00	0.00	0.00	0.00	0.00	0.00
2.8	Miscelleneous Income	0.00	2.12	6.82	10.51	10.78	5.08
	TOTAL INCOME	**9.40**	**34.25**	**98.55**	**172.86**	**277.80**	**148.98**

ANNEXURE H

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST MARCH					LIMITED REVIEW Half-Year ended
		2001	2002	2003	2004	2005	Sep-05
	Exchange Rate 1Local Currency = IRS	8.16	7.10	9.21	9.27	9.50	8.10
B	**EXPENDITURE**						
1	Interest Expended						
1.1	Interest on Deposits	0.00	5.94	32.13	74.57	156.07	93.06
1.2	Interest on RBI/ Inter-Bank borrowings	0.00	0.00	0.07	0.76	0.27	0.05
1.3	Others	0.00	0.00	0.00	0.00	0.00	0.00
	Operating expenses						
1	Payment to & provision for employees	0.07	7.02	11.22	10.80	14.11	5.46
2	Rent, Taxes & Lighting	0.00	3.59	2.39	2.60	7.30	5.30
3	Printing and Stationery	0.15	0.94	1.10	1.91	1.65	0.94
4	Advertisement and publicity	0.03	2.14	1.84	1.65	2.43	1.22
5	Depreciation on Banks Properties (net of amounts adusted against revaluation reserve)	0.63	6.11	8.64	8.94	4.26	1.55
6	Director's Fees, Allowances & Expenses	0.00	0.11	2.58	2.50	2.51	0.00
7	Auditor's Fees & Expenses	0.03	0.96	0.52	0.18	1.39	0.57
8	Law Charges	0.00	0.00	0.19	0.00	0.38	0.08
9	Postage, Telegrames, Telephones etc.	0.00	1.19	2.10	2.70	3.45	1.05
10	Repairs & Maintenance	0.00	1.03	2.67	7.84	7.56	1.63
11	Insurance	0.00	0.26	1.06	1.14	2.02	0.67
12	Other Expenditure	6.92	0.97	8.21	1.46	4.56	2.34
	TOTAL EXPENDITURE	**7.83**	**30.26**	**74.72**	**117.05**	**207.96**	**113.92**
	Gross Profit before provisions & contigencies	1.58	3.99	23.83	55.81	69.83	35.06
	LESS:Provisions & Contingencies (Other than floating provision for NPAs)	0.58	2.60	11.92	16.95	29.62	12.20
	Profits after provisions and contingencies	1.00	1.39	11.92	38.86	40.21	22.86
	Add: Amount transferred from Investment Fluctuation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Less:Floating provision for NPAs	0.00	0.00	0.00	0.00	0.00	0.00
	Net Profit for the Year/ half year As per Financial Statements	1.00	1.39	11.92	38.86	40.21	22.86

ANNEXURE H

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST MARCH					LIMITED REVIEW Half-Year ended
		2001	2002	2003	2004	2005	Sep-05
	APPROPRIATIONS TRANSFER TO						
a)	Statutory Reserve	-	-	-	-	-	-
b)	Capital Reserve	-	-	-	-	-	-
c)	Revenue and Other Reserves	1.00	1.39	11.92	38.86	40.21	22.86
i)	Investment Fluctuation Reserve						
ii)	General Reserve	-	-	-	-	-	-
iii)	Statutory Reserve (Foreign)	-	-	-	-	-	-
d)	Staff Welfare Account	-	-	-	-	-	-
e)	Dividend (including Dividend Tax)	-	-	-	-	-	-
i)	Interim Dividend	-	-	-	-	-	-
ii)	Proposed Dividend	-	-	-	-	-	-
	Tax on Dividend						
	Transfer to:Unallocated Profit						
	TOTAL	1.00	1.39	11.92	38.86	40.21	22.86
	Break-up of provisions and contingencies						
	Provision for Non Performing Advances	-	1.02	5.67	1.92	15.25	3.77
	Provision for Standard Advances	-	1.36	2.30	2.07	0.87	0.37
	Depreciation on Investments	-	-	-	-	-	-
	Provisions for income tax	0.58	0.22	3.94	12.96	13.50	8.06
	Provision for Restructured Standard Accounts	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Floating Provision for NPAs (in adition to norms)	-	-	-	-	-	-
	TOTAL	**0.58**	**2.60**	**11.91**	**16.95**	**29.62**	**12.20**

ANNEXURE H

BANK OF BARODA (BOTSWANA) LTD.

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		AUDITED AS AT 31ST MARCH					LIMITED REVIEW Half-Year ended
		2001	2002	2003	2004	2005	Sep-05
(A)	**ASSETS**						
1	Cash in Hand	0.44	4.97	11.19	19.05	13.76	2.45
2	Balance with Bank of Botswana	6.13	18.58	26.56	55.67	71.71	66.11
3	Balance with Banks	0.00	33.56	31.02	15.16	13.63	315.43
	- In India	0.00	0.00	0.00	0.00	0.00	0.00
	- Outside India	0.00	33.56	31.02	15.16	13.63	315.43
4	Money at call and Short notice	90.61	22.40	197.70	340.75	525.79	206.05
5	Investment	76.14	154.56	71.51	409.21	1,205.45	1,147.77
	- In India	-	-	-	-	-	-
	- Outside India	76.14	154.56	71.51	409.21	1,205.45	1,147.77
6	**Advances**	0.04	162.52	500.22	601.39	708.01	658.51
	- In India						
	- Outside India	0.04	162.52	500.22	601.39	708.01	658.51
7	Fixed Assets	3.16	17.33	16.77	8.90	21.90	32.39
	Less:Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Fixed Assets	3.16	17.33	16.77	8.90	21.90	32.39
8	Other Assets	4.56	4.85	20.03	30.97	49.32	41.73
	TOTAL - (A)	**181.08**	**418.77**	**875.00**	**1,481.10**	**2,609.57**	**2,470.34**
(B)	**LIABILITIES**						
1	**DEPOSITS**						
	Demand Deposits	0.10	108.70	71.02	94.72	105.77	84.01
	- From Banks	0.00	0.00	0.00	0.00	0.00	0.00
	- From Others	0.10	108.70	71.02	94.72	105.77	84.01
2	Saving Deposits	1.02	51.41	118.76	222.54	339.03	358.64
3	Term Deposits from Banks	0.00	0.00	0.00	0.00	0.00	0.00
	Term Deposits from Others	0.18	107.63	468.60	906.06	1,850.13	1,725.90
4	Borrowings	0.07	0.00	3.49	0.00	16.54	12.01
	- In India	0.00	0.00	0.00	0.00	3.93	0.06
	- Outside India	0.07	0.00	3.49	0.00	12.61	11.95
5	Other Liabilities and Provisions	15.51	4.76	14.11	18.61	12.78	23.64
6	Subordinate Debts	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL - (B)	**16.88**	**272.50**	**675.98**	**1,241.93**	**2,324.25**	**2,204.20**
(C)	NET ASSETS (C=A-B)	164.20	146.27	199.02	239.17	285.32	266.14
	Represented by:						
(D)	Share Capital	163.20	144.00	184.20	185.40	190.00	162.00
(E)	Share Application Money	0.00	0.00	0.00	0.00	0.00	0.00

ANNEXURE H

BANK OF BARODA (BOTSWANA) LTD.

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		AUDITED AS AT 31ST MARCH					LIMITED REVIEW Half-Year ended
		2001	2002	2003	2004	2005	Sep-05
(F)	**RESERVES AND SURPLUS**						
1	Statutory Reserve	-	-	-	-	-	-
2	Capital Reserve	-	-	-	-	-	-
3	Revaluation Reserve	-	-	-	-	-	-
4	Investment Fluctuation Reserve	-	-	-	-	-	-
5	Revenue & Other Reserve	-	-	-	-	-	-
6	Deferred Tax Reserve	-	-	-	-	-	-
7	Balance of Profit & Loss Account	1.00	2.27	14.82	53.77	95.32	104.14
8	Share Premium	-	-	-	-	-	-
	TOTAL	1.00	2.27	14.82	53.77	95.32	104.14
	Less:Revaluation Reserve	-	-	-	-	-	-
	TOTAL - (F)	**1.00**	**2.27**	**14.82**	**53.77**	**95.32**	**104.14**
	TOTAL (D+E+F)	**164.20**	**146.27**	**199.02**	**239.17**	**285.32**	**266.14**
(G)	**Contingent Liabilities**						
1	Claims ag. The Bank not acknowledged as debt	-	-	-	-	-	-
2	Disputed income tax demand under appeal/references etc.	-	-	-	-	-	-
3	Liabilitity for partly paid investments	-	-	-	-	-	-
4	Liability on account of outstanding forward exchange contracts	-	-	0.12	0.61	34.87	13.41
5	Guarantees given on behlaf of constituents :						
	in India	-	-	-	-	-	-
	Outside India	-	28.01	64.55	51.83	117.77	68.08
6	Acceptances, Endorcements & other Obligations	-	-	14.43	11.40	35.16	30.15
7	Other items for which the Bank is contingently liable	-	-	0.30	-	-	-
	TOTAL - (G)	**0.00**	**28.01**	**79.40**	**63.84**	**187.80**	**111.64**
	Bills for collection	-	-	-	-	-	-

ANNEXURE H

BANK OF BARODA (KENYA) LTD

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December					LIMITED REVIEW Nine Months ended
		2000	2001	2002	2003	2004	Sep-05
	Exchange Rate 1 Local Currency = IRS	**0.5988**	**0.6135**	**0.6223**	**0.5988**	**0.5628**	**0.5936**
A	**INCOME**						
1	Interest Earned						
1.1	Interest & Discount on advances/bills	117.02	107.20	119.24	114.66	145.56	170.03
1.2	Income on Investment	108.62	136.56	177.47	220.90	217.44	163.82
1.3	Interest on balance with RBI and other Inter Bank Lending	0.73	0.90	0.00	0.00	1.20	0.00
1.4	Interest on Income Tax	0.00	0.00	0.00	0.00	0.00	0.00
1.5	Others	3.25	4.57	0.00	1.25	0.00	4.84
2	OTHER INCOME						
2.1	Commission, Exchange Brokerage	13.01	13.29	28.09	17.64	33.75	22.37
2.2	Profit on sale of investments (Net)	0.00	0.00	0.00	3.69	2.53	0.00
2.3	Profit on revaluation of investments(Net)	-	-	-	-	0.86	0.00
2.4	Profit on sale of land,bldg. & other assets (Net)	0.00	0.24	-0.29	0.00	0.16	(0.07)
2.5	Profit on exchange transaction (Net)	11.83	13.91	5.43	25.42	13.68	7.91
2.6	Income earned by way of dividends etc. from Subsidiaries/companies/ joint ventures in India	-	-	-	-	-	-
2.7	Amount transferred from interbranch transactions blocked account	-	-	-	-	-	-
2.8	Miscelleneous Income	6.85	8.16	12.56	14.52	0.64	9.67
	TOTAL INCOME	**261.31**	**284.82**	**342.48**	**398.08**	**415.82**	**378.57**

ANNEXURE H

BANK OF BARODA (KENYA) LTD

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December					LIMITED REVIEW Nine Months ended
		2000	2001	2002	2003	2004	Sep-05
B	**EXPENDITURE**						
1	Interest Expended						
1.1	Interest on Deposits	90.82	97.09	127.72	143.12	86.89	122.78
1.2	Interest on RBI/ Inter-Bank borrowings	0.79	0.55	0.33	0.00	0.19	1.17
1.3	Others	16.26	18.03	0.00	0.00	1.52	0.00
	Operating expenses						
1	Payment to & provision for employees	88.22	89.59	125.07	93.21	72.93	68.19
2	Rent, Taxes & Lighting	6.31	6.53	8.15	9.46	13.12	15.51
3	Printing and Stationery	2.53	1.83	2.98	2.31	3.04	1.42
4	Advertisement and publicity	0.75	0.54	1.57	1.61	1.01	0.86
5	Depreciation on Banks Properties (net of amounts adusted against revaluation reserve)	4.48	4.48	6.63	5.81	5.88	5.66
6	Director's Fees, Allowances & Expenses	-	-	-	0.13	4.84	0.08
7	Auditor's Fees & Expenses	0.71	1.05	1.21	0.80	0.95	0.04
8	Law Charges	2.52	3.00	2.51	3.93	2.92	0.00
9	Postage, Telegrames, Telephones etc.	5.09	6.55	3.25	5.21	3.14	3.11
10	Repairs & Maintenance	2.23	2.12	2.20	1.52	1.02	1.00
11	Insurance	1.39	0.92	1.20	0.45	1.10	1.09
12	Other Expenditure	10.12	12.18	25.67	31.71	35.90	41.00
	TOTAL EXPENDITURE	**232.22**	**244.44**	**308.48**	**299.27**	**234.45**	**261.91**
	Gross Profit before provisions & contigencies	29.09	40.38	34.00	98.81	181.37	116.66
	LESS:Provisions & Contingencies (Other than floating provision for NPAs)	12.36	20.29	14.08	40.35	67.81	38.34
	Profits after provisions and contingencies	16.73	20.09	19.92	58.46	113.55	78.32
	Add: Amount transferred from Investment Fluctuation Reserve	-	-	-	-	-	-
	Less: Floating provision for NPAs	-	-	-	-	-	-
	Net Profit for the Year/ nine months as per Financial Statements	**16.73**	**20.09**	**19.92**	**58.46**	**113.55**	**78.32**

ANNEXURE H

BANK OF BARODA (KENYA) LTD

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December					LIMITED REVIEW Nine Months ended
		2000	**2001**	**2002**	**2003**	**2004**	**Sep-05**
	APPROPRIATIONS TRANSFER TO						
a)	Statutory Reserve	-	-	-	-	-	-
b)	Capital Reserve	-	-	-	-	-	-
c)	Revenue and Other Reserves	16.73	20.09	19.92	58.46	113.55	78.32
	i) Investment Fluctuation Reserve	-	-	-	-	-	-
	ii) General Reserve	-	-	-	-	-	-
	iii) Statutory Reserve (Foreign)	-	-	-	-	-	-
d)	Staff Welfare Account	-	-	-	-	-	-
e)	Dividend (including Dividend Tax)	-	-	-	-	-	-
	i) Interim Dividend	-	-	-	-	-	-
	ii) Proposed Dividend	-	-	-	-	-	-
	Tax on Dividend	-	-	-	-	-	-
	Transfer to:Unallocated Profit						
	TOTAL	**16.73**	**20.09**	**19.92**	**58.46**	**113.55**	**78.32**
	Break-up of provisions and contingencies						
	Provision for Non Performing Advances	0.78	8.42	7.88	11.51	11.86	4.77
	Provision for Standard Advances	-	-	-	1.08	5.63	0.00
	Depreciation on Investments	-	-	-	-	-	-
	Provisions for income tax	11.59	11.87	5.75	27.11	40.80	33.57
	Provision for Restructured Standard Accounts	-	-	-	-	-	-
	Others	0.00	0.00	0.45	0.66	9.53	0.00
	Floating Provision for NPAs (in adition to norms)	-	-	-	-	-	-
	TOTAL	**12.36**	**20.29**	**14.08**	**40.35**	**67.82**	**38.34**

ANNEXURE H

BANK OF BARODA (KENYA) LTD

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December					LIMITED REVIEW Nine Months ended
		2000	2001	2002	2003	2004	Sep-05
	EXC. RATES 1Local Currency = IRS	**0.5988**	**0.6135**	**0.6223**	**0.5988**	**0.5628**	**0.5936**
(A)	**ASSETS**						
1	Cash in Hand	34.16	35.12	36.13	51.27	48.98	34.98
2	Balance with RBI	-	-	-	-	-	-
3	Balance with Banks						
	- In India	-	-	-	-	-	2.74
	- Outside India	221.21	226.39	247.35	407.30	394.23	369.21
4	Money at call and Short notice	14.98	46.15	143.12	0.00	0.00	106.85
5	Investment						
	- In India	-	-	-	-	-	-
	- Outside India	970.31	1,209.86	1,641.12	2,960.11	2,614.15	2,594.48
6	**Advances**						
	- In India	-	-	-	-	-	-
	- Outside India	795.49	865.78	1,045.98	1,084.72	1,515.22	1,894.04
7	Fixed Assets	40.27	40.25	52.28	48.67	43.71	67.96
	Less:Revaluation Reserve	-	-	-	-	-	-
	Net Fixed Assets	40.27	40.25	52.28	48.67	43.71	67.96
8	Other Assets	40.70	50.49	76.10	237.38	74.43	252.50
	TOTAL - (A)	**2,117.13**	**2,474.03**	**3,242.08**	**4,789.45**	**4,690.72**	**5,322.76**
(B)	**LIABILITIES**						
1	**DEPOSITS**						
	Demand Deposits						
	- From Banks	2.33	4.36	17.59	0.39	0.00	0.91
	- From Others	193.15	219.38	261.61	502.81	492.11	535.25
2	Saving Deposits	718.18	746.82	794.25	1,157.94	1,396.30	1,386.77
3	Term Deposits from Banks	-	-	-	-	-	-
	Term Deposits from Others	781.92	1,072.95	1,688.67	2,560.24	2,145.93	2,520.91
4	Borrowings						
	- In India	-	-	-	-	-	-
	- Outside India	0.78	1.40	0.01	0.91	8.15	44.61
5	Other Liabilities and Provisions	210.90	194.01	221.56	74.12	102.97	220.05
6	Subordinate Debts	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL - (B)	**1,907.25**	**2,238.92**	**2,983.69**	**4,296.41**	**4,145.45**	**4,708.50**
(C)	**NET ASSETS (C=A-B)**	**209.88**	**235.11**	**258.40**	**493.04**	**545.26**	**614.26**

ANNEXURE H

BANK OF BARODA (KENYA) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December					LIMITED REVIEW Nine Months ended
		2000	2001	2002	2003	2004	Sep-05
	Represented by:						
(D)	Share Capital	150.25	173.17	193.22	395.10	371.34	391.66
(E)	Share Application Money	-	-	-	-	-	-
(F)	RESERVES AND SURPLUS						
1	Statutory Reserve	-	-	-	-	-	-
2	Capital Reserve	-	-	-	-	-	-
3	Revaluation Reserve	-	-	-	-	-	-
4	Investment Fluctuation Reserve	-	-	-	-	-	-
5	Revenue & Other Reserve	42.90	41.85	37.34	35.93	33.76	35.62
6	Deferred Tax Reserve	-	-	-	-	-	-
7	Balance of Profit & Loss Account	16.73	20.09	27.84	62.01	140.16	186.98
8	Share Premium	-	-	-	-	-	-
	TOTAL	**59.63**	**61.94**	**65.18**	**97.94**	**173.92**	**222.60**
	Less:Revaluation Reserve	-	-	-	-	-	-
	TOTAL - (F)	**59.63**	**61.94**	**65.18**	**97.94**	**173.92**	**222.60**
	TOTAL (D+E+F)	**209.88**	**235.11**	**258.40**	**493.04**	**545.26**	**614.26**
(G)	**Contingent Liabilities**						
1	Claims against the Bank not acknowledged as debt	-	-	-	-	-	-
2	Disputed income tax demand under appeal/references etc.	-	-	-	-	-	-
3	Liabilitity for partly paid investments	-	-	-	-	-	-
4	Liability on account of outstanding forward exchange contracts	-	-	-	-	-	-
5	Guarantees given on behlaf of constituents :						
	in India	-	-	-	-	-	-
	Outside India	33.17	44.60	45.06	84.25	92.91	78.39
6	Acceptances, Endorcements & other Obligations	45.31	41.35	134.70	128.94	176.56	84.71
7	Other items for which the Bank is contingently liable	0.00	0.00	27.57	0.00	0.00	0.00
	TOTAL - (G)	**78.48**	**85.95**	**207.33**	**213.19**	**269.48**	**163.10**
	Bills for collection	82.96	102.84	0.00	134.55	121.71	127.59

ANNEXURE H

BANK OF BARODA (UGANDA) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December					LIMITED REVIEW Nine Months ended
		2000	2001	2002	2003	2004	Sep-05
	Exchange Rate 1 Local Currency = IRS	**0.02639**	**0.02786**	**0.02585**	**0.02345**	**0.025**	**0.0247**
A	**INCOME**						
1	**Interest Earned**	245.00	292.73	238.90	334.58	356.97	204.24
1.1	Interest & Discount on advances/bills	120.22	122.16	77.11	92.61	106.34	91.36
1.2	Income on Investment	82.56	137.45	154.37	224.80	232.98	198.97
1.3	Interest on balance with RBI and other Inter Bank Lending	2.53	1.66	0.37	2.01	3.82	0.61
1.4	Interest on Income Tax	0.00	0.00	0.00	0.00	0.00	0.00
1.5	Others	39.69	31.46	7.05	15.16	13.83	13.30
2	**OTHER INCOME**	104.15	143.22	160.16	118.42	105.92	71.30
2.1	Commission, Exchange Brokerage	47.27	66.10	71.77	72.71	45.45	34.67
2.2	Profit on sale of investments (Net)	0.00	0.00	0.00	0.00	0.00	0.00
2.3	Profit on revaluation of investments(Net)	0.00	0.00	0.00	0.00	0.00	0.00
2.4	Profit on sale of land,bldg. & other assets (Net)	0.00	-0.48	-0.11	-0.32	0.01	0.00
2.5	Profit on exchange transaction (Net)	31.98	29.27	31.10	14.85	21.91	13.05
2.6	Income earned by way of dividends etc. from Subsidiaries/companies/ joint ventures in India	0.00	0.00	0.00	0.00	0.00	0.00
2.7	Amount transferred from interbranch transactions blocked account	0.00	0.00	0.00	0.00	0.00	0.00
2.8	Miscelleneous Income	24.90	48.33	57.40	31.18	38.55	23.58
	TOTAL INCOME	**349.15**	**435.95**	**399.06**	**453.00**	**462.89**	**375.54**

ANNEXURE H

BANK OF BARODA (UGANDA) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December					LIMITED REVIEW Nine Months ended
		2000	2001	2002	2003	2004	Sep-05
	Exchange Rate 1 Local Currency = IRS	**0.02639**	**0.02786**	**0.02585**	**0.02345**	**0.025**	**0.0247**
B	**EXPENDITURE**						
1	**Interest Expended**	78.91	86.43	72.45	96.16	97.30	55.49
1.1	Interest on Deposits	78.13	85.92	69.43	92.22	92.69	48.68
1.2	Interest on RBI/ Inter-Bank borrowings	0.77	0.10	1.09	2.66	4.61	6.80
1.3	Others	0.01	0.41	1.93	1.28	0.00	0.01
	Operating expenses	151.05	146.54	173.74	164.24	147.61	124.48
1	Payment to & provision for employees	71.32	71.01	71.41	59.38	61.35	48.65
2	Rent, Taxes & Lighting	2.59	4.14	3.85	2.34	2.83	3.50
3	Printing and Stationery	0.00	0.00	0.41	0.66	0.75	0.65
4	Advertisement and publicity	1.13	1.54	1.76	2.91	1.85	0.88
5	Depreciation on Banks Properties (net of amounts adusted against revaluation reserve)	18.18	16.58	17.50	14.11	15.39	10.73
6	Director's Fees, Allowances & Expenses	2.42	2.32	2.62	1.85	1.55	0.01
7	Auditor's Fees & Expenses	0.97	1.02	0.44	0.95	0.96	0.47
8	Law Charges	1.64	4.00	1.71	1.43	1.15	1.20
9	Postage, Telegrames, Telephones etc.	3.01	3.53	3.11	3.28	2.73	1.97
10	Repairs & Maintenance	13.61	14.19	14.18	16.20	12.29	3.43
11	Insurance	6.62	8.32	8.51	4.79	8.23	8.82
12	Other Expenditure	29.56	19.89	48.24	56.34	38.53	44.17
	TOTAL EXPENDITURE	**229.96**	**232.97**	**246.19**	**260.40**	**244.91**	**179.97**

ANNEXURE H

BANK OF BARODA (UGANDA) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December					LIMITED REVIEW Nine Months ended
		2000	**2001**	**2002**	**2003**	**2004**	**Sep-05**
	Exchange Rate 1 Local Currency = IRS	**0.02639**	**0.02786**	**0.02585**	**0.02345**	**0.025**	**0.0247**
	Gross Profit before provisions & contigencies	119.19	202.98	152.87	192.60	217.98	195.57
	LESS:Provisions & Contingencies (Other than floating provision for NPAs)	67.80	79.04	60.01	60.50	70.89	53.86
	Profits after provisions and contingencies	51.39	123.94	92.86	132.10	147.09	141.71
	Add: Amount transferred from Investment Fluctuation Reserve	NA	NA	NA	NA	NA	NA
	Less:Floating provision for NPAs	0.00	0.00	0.00	0.00	0.00	0.00
	Net Profit for the Year/ half year As per Financial Statements	**51.39**	**123.94**	**92.86**	**132.10**	**147.09**	**141.71**
	APPROPRIATIONS						
	TRANSFER TO						
a)	Statutory Reserve	0.00	0.00	0.00	0.00	0.00	0.00
b)	Capital Reserve	0.00	0.00	0.00	0.00	0.00	0.00
c)	Revenue and Other Reserves	48.75	68.23	30.82	75.83	87.02	141.71
i)	Investment Fluctuation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
ii)	General Reserve (Retained Earnings)	48.75	68.23	30.82	75.83	87.02	141.71
iii)	Statutory Reserve (Foreign)	0.00	0.00	0.00	0.00	0.00	0.00
d)	Staff Welfare Account	0.00	0.00	0.00	0.00	0.00	0.00
e)	Dividend (including Dividend Tax)	2.64	55.71	62.04	56.27	60.07	0.00
i)	Interim Dividend	0.00	0.00	0.00	0.00	0.00	0.00
ii)	Proposed Dividend	2.64	55.71	62.04	56.27	60.07	0.00
	Tax on Dividend	-	-	-	-	-	-
	Transfer to:Unallocated Profit	-	-	-	-	-	-
	TOTAL	**51.39**	**123.94**	**92.86**	**132.10**	**147.09**	**141.71**

ANNEXURE H

BANK OF BARODA (UGANDA) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

SR. NO.		Audited Financial Year Ended 31st December					LIMITED REVIEW Nine Months ended
		2000	2001	2002	2003	2004	Sep-05
	Exchange Rate 1 Local Currency = IRS	**0.02639**	**0.02786**	**0.02585**	**0.02345**	**0.025**	**0.0247**
	Break-up of provisions contingencies						
	Provision for Non Performing Advances	71.06	43.06	0.70	0.00	4.49	3.53
	Provision for Standard Advances	0.00	4.78	0.00	0.00	0.00	0.00
	Depreciation on Investments	-	-	-	-	-	-
	Provisions for income tax	-3.26	31.20	59.31	60.50	66.40	49.32
	Provision for Restructured Standard Accounts	-	-	-	-	-	-
	Others (Bad debts /frauds written off)	-	-	-	-	-	1.01
	Floating Provision for NPAs (in adition to norms)	-	-	-	-	-	-
	TOTAL	**67.80**	**79.04**	**60.01**	**60.50**	**70.89**	**53.86**

ANNEXURE H

BANK OF BARODA (UGANDA) LTD.

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST DECEMBER					LIMITED REVIEW Nine Months ended
		2000	2001	2002	2003	2004	Sep-05
	Exchange Rate : 1 Local Currency = IRS	**0.02639**	**0.02786**	**0.02585**	**0.02345**	**0.025**	**0.0247**
(A)	**ASSETS**						
1	Cash in Hand	53.00	43.60	36.82	46.79	49.95	35.28
2	Balance with RBI	0.00	0.00	0.00	0.00	0.00	0.00
3	Balance with Banks						
	- In India	0.00	0.00	0.00	0.00	0.00	0.00
	- Outside India	176.00	252.99	230.54	161.64	255.94	301.27
4	Money at call and Short notice	28.25	0.00	120.15	426.58	614.90	280.15
5	Investment						
	- In India*	0.97	2.04	8.60	51.04	0.12	0.78
	- Outside India (Sch. 8 of white sheet)	514.19	993.76	1,477.04	1,592.95	1,762.70	1,928.86
	Total Investments	515.16	995.80	1,485.64	1,643.99	1,762.82	1,929.64
6	**Advances**						
	- In India	0.00	0.00	0.00	0.00	0.00	0.00
	- Outside India	625.52	637.81	452.71	587.51	636.51	793.02
7	Fixed Assets	103.63	98.84	151.33	149.48	177.14	165.98
	Less:Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Fixed Assets	103.63	98.84	151.33	149.48	177.14	165.98
8	Other Assets	697.82	628.74	562.95	170.17	399.59	423.07
	TOTAL - (A)	**2,199.38**	**2,657.78**	**3,040.14**	**3,186.16**	**3,896.85**	**3,928.41**
(B)	**LIABILITIES**						
1	**DEPOSITS**	1,861.37	2,181.89	2,384.08	2,502.33	2,824.17	2,758.91
	Demand Deposits	408.59	447.17	1,002.25	864.38	654.48	706.07
	- From Banks	0.00	0.07	0.20	0.00	0.22	0.86
	- From Others	408.59	447.10	1,002.50	864.38	654.26	705.21
2	Saving Deposits	661.39	825.37	511.39	548.76	1,157.38	1,060.58
3	Term Deposits from Banks	0.00	0.00	0.00	0.00	0.00	0.00
	Term Deposits from Others	791.39	909.35	870.44	1,089.19	1,012.31	992.26
4	Borrowings	60.55	21.59	58.06	82.07	354.68	262.13
	- In India	0.00	0.00	0.00	0.00	0.00	0.00
	- Outside India	60.55	21.59	58.06	82.07	354.68	262.13
5	Other Liabilities and Provisions	85.83	183.76	242.01	208.23	194.43	280.00
6	Subordinate Debts	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL - (B)	**2,007.75**	**2,387.24**	**2,684.15**	**2,792.63**	**3,373.28**	**3,301.04**

ANNEXURE H

BANK OF BARODA (UGANDA) LTD.

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST DECEMBER					LIMITED REVIEW Nine Months ended
		2000	2001	2002	2003	2004	Sep-05
	Exchange Rate : 1 Local Currency = IRS	**0.02639**	**0.02786**	**0.02585**	**0.02345**	**0.025**	**0.0247**
(C)	**NET ASSETS (C=A-B)**	191.63	270.54	355.99	393.53	523.57	627.37
	Represented by:						
(D)	Share Capital	52.77	111.42	103.40	93.79	100.13	94.12
(E)	Share Application Money	-	-	-	-	-	-
(F)	**RESERVES AND SURPLUS**						
1	Statutory Reserve	-	-	-	-	-	-
2	Capital Reserve	-	-	-	-	-	-
3	Revaluation Reserve	29.74	29.71	98.12	79.28	81.28	76.39
4	Investment Fluctuation Reserve	-	-	-	-	-	-
5	Revenue & Other Reserve	-	-	-	-	-	-
6	Deferred Tax Reserve	-	-	-	-	-	-
7	Balance of Profit & Loss Account (Retained Profit)	109.12	129.41	154.47	220.46	342.16	456.86
8	Share Premium	-	-	-	-	-	-
	TOTAL	**138.86**	**159.12**	**252.59**	**299.74**	**423.44**	**533.25**
	Less:Revaluation Reserve	29.74	29.71	98.12	79.28	81.27	76.39
	TOTAL - (F)	**109.12**	**129.41**	**154.47**	**220.46**	**342.17**	**456.86**
	TOTAL (D+E+F)	**161.89**	**240.83**	**257.87**	**314.25**	**442.30**	**550.98**
(G)	Contingent Liabilities						
1	Claims ag. The Bank not acknowledged as debt	0.00	0.00	0.00	0.00	0.00	0.00
2	Disputed income tax demand under appeal/ references etc.	0.00	0.00	0.00	0.00	0.00	0.00
3	Liabilitity for partly paid investments	0.00	0.00	0.00	0.00	0.00	0.00
4	Liability on account of outstanding forward exchange contracts	0.00	0.00	0.00	0.00	0.00	0.00
5	Guarantees given on behlaf of constituents :						0.00
	in India	0.00	0.00	0.00	0.00	0.00	0.00
	Outside India	145.83	158.38	168.25	248.85	209.78	244.94
6	Acceptances, Endorcements & other Obligations	106.37	241.89	170.22	160.66	344.86	174.81
7	Other items for which the Bank is contingently liable	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL - (G)	**252.20**	**400.27**	**338.47**	**409.51**	**554.64**	**419.75**
	Bills for collection	133.99	120.68	145.11	541.69	147.33	72.44

ANNEXURE H

BANK OF BARODA (HONG KONG) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED MARCH 31					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
A	**INCOME**						
1	**Interest Earned**	170.35	121.56	93.21	97.97	128.13	88.61
1.1	Interest & Discount on advances/bills	138.42	89.55	61.97	73.18	103.50	73.78
1.2	Income on Investment	30.12	31.82	30.91	23.96	21.79	12.24
1.3	Interest on balance with RBI and other Inter Bank Lending	-	-	-	-	-	2.29
1.4	Interest on Income Tax	-	-	-	-	-	0.00
1.5	Others	1.82	0.20	0.33	0.83	2.84	0.30
2	**OTHER INCOME**	22.19	27.18	54.37	39.87	44.14	23.20
2.1	Commission, Exchange Brokerage	12.96	14.74	16.00	21.38	25.77	14.75
2.2	Profit on sale of investments (Net)	-	-	22.84	-	-	-
2.3	Profit on revaluation of investments(Net)	-	-	-	-	-	(1.98)
2.4	Profit on sale of land,bldg. & other assets (Net)	0.14	-	-	-	-	-
2.5	Profit on exchange transaction (Net)	0.47	2.73	3.13	4.68	4.03	0.92
2.6	Income earned by way of dividends etc. from Subsidiaries/companies/ joint ventures in India	-	-	-	-	-	-
2.7	Amount transferred from interbranch transactions blocked account	-	-	-	-	-	-
2.8	Miscelleneous Income	8.63	9.71	12.39	13.82	14.35	9.51
	TOTAL INCOME	**192.54**	**148.74**	**147.58**	**137.84**	**172.27**	**111.81**
B	**EXPENDITURE**						
1	**Interest Expended**	**51.89**	**31.87**	**18.57**	**19.59**	**33.90**	**27.91**
1.1	Interest on Deposits	51.80	31.57	16.48	18.10	29.13	24.65
1.2	Interest on RBI/ Inter-Bank borrowings	0.09	0.10	0.71	0.66	0.57	0.35
1.3	Others	-	0.20	1.38	0.83	4.20	2.91

ANNEXURE H

BANK OF BARODA (HONG KONG) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED MARCH 31					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
2.	**Operating expenses**	**52.54**	**45.34**	**49.38**	**45.25**	**45.45**	**24.17**
2.1	Payment to & provision for employees	19.44	15.96	17.05	16.61	17.54	10.70
2.2	Rent, Taxes & Lighting	21.59	17.62	15.01	12.94	12.99	4.40
2.3	Printing and Stationery	0.56	0.54	0.71	0.53	0.57	0.44
2.4	Advertisement and publicity	0.23	0.20	0.10	0.09	0.09	0.04
2.5	Depreciation on Banks Properties (net of amounts adusted against revaluation reserve)	0.65	1.42	3.09	3.06	2.58	0.57
2.6	Director's Fees, Allowances & Expenses	-	-	-	-	-	-
2.7	Auditor's Fees & Expenses	0.61	1.42	0.95	1.18	0.61	0.22
2.8	Law Charges	0.19	0.05	0.57	0.53	0.39	0.35
2.9	Postage, Telegrames, Telephones etc.	2.89	3.56	2.94	2.75	2.36	0.71
2.10	Repairs & Maintenance	1.03	0.24	2.47	2.45	2.36	2.16
2.11	Insurance	0.09	0.05	-	-	-	-
2.12	Other Expenditure	5.27	4.30	6.51	5.12	5.95	4.53
	TOTAL EXPENDITURE	**104.43**	**77.20**	**67.95**	**64.83**	**79.35**	**52.08**
	Gross Profit before provisions & contigencies	88.11	71.54	79.63	73.01	92.91	59.73
	LESS:Provisions & Contingencies (other than floating provision for NPAs)	-	-	-	(2.62)	13.17	19.76
	Profits after provisions and contingencies	88.11	71.54	79.63	75.63	79.75	39.97
	Add: Amount transferred from Investment Fluctuation Reserve	-	-	-	-	-	-
	Less:Floating provision for NPAs	(0.51)	9.17	47.20	34.32	38.41	-
	Net Profit for the Year/ half year as per Financial Statements	88.62	62.37	32.43	41.31	41.34	39.97

ANNEXURE H

BANK OF BARODA (HONG KONG) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED MARCH 31					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
	APPROPRIATIONS TRANSFER TO						
a)	Statutory Reserve	-	-	-	-	-	-
b)	Capital Reserve	-	-	-	-	-	-
c)	Revenue and Other Reserves	-	-	-	-	-	-
i)	Investment Fluctuation Reserve	-	-	-	-	-	-
ii)	General Reserve	-	-	-	-	-	-
iii)	Statutory Reserve (Foreign)	-	-	-	-	-	-
d)	Staff Welfare Account	-	-	-	-	-	-
e)	Dividend (including Dividend Tax)	-	-	-	-	-	-
i)	Interim Dividend	-	-	-	-	-	-
ii)	Proposed Dividend	-	-	-	-	-	-
	Tax on Dividend	-	-	-	-	-	-
	Transfer to:Unallocated Profit	88.62	62.37	32.43	41.31	41.34	39.97
	TOTAL	88.62	62.37	32.43	41.31	41.34	39.97
	Break-up of provisions and contingencies						
	Provision for Non Performing Advances	(3.73)	0.29	43.78	16.66	34.38	13.78
	Provision for Standard Advances	3.22	8.88	3.42	10.06	4.02	5.98
	Depreciation on Investments	-	-	-	4.98	13.17	-
	Provisions for income tax	-	-	-	-	-	-
	Provision for Restructured	-	-	-	-	-	-
	Standard A/cs	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Floating Provision for NPAs (in adition to norms)	-	-	-	-	-	-
	TOTAL	**(0.51)**	**9.17**	**47.20**	**31.70**	**51.58**	**19.76**

ANNEXURE H

BANK OF BARODA (HONG KONG) LTD.

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		AUDITED AS AT 31ST MARCH					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
(A)	**ASSETS**						
1	Cash in Hand	0.00	0.00	0.05	0.00	0.04	0.04
2	Balance with RBI	-	-	-	-	0.00	0.00
3	Balance with Banks	7.27	45.14	40.70	206.61	181.72	98.87
	- In India	0.05	0.10	0.67	87.87	0.22	0.88
	- Outside India	7.23	45.04	40.03	118.74	181.50	97.99
4	Money at call and Short notice	-	-	-	-	-	-
5	Investment	465.08	584.23	733.03	582.32	438.11	438.92
	- In India	-	-	-	-	-	-
	- Outside India	465.08	584.23	733.03	582.32	438.11	438.92
	TOTAL	**472.35**	**629.37**	**773.77**	**788.93**	**619.87**	**537.83**
6	**Advances**	**1,118.04**	**1,845.18**	**1,468.38**	**2,068.19**	**2,490.05**	**2,761.63**
	- In India	-	-	-	-	-	-
	- Outside India	1,118.04	1,845.18	1,468.38	2,068.19	2,490.05	2,761.63
7	Fixed Assets	1.96	26.69	50.48	44.64	42.08	42.17
	Less:Revaluation Reserve	-	-	-	-	-	-
	Net Fixed Assets	1.96	26.69	50.48	44.64	42.08	42.17
8	Other Assets	26.57	21.67	21.08	15.43	23.49	27.78
	TOTAL - (A)	**1,618.93**	**2,522.91**	**2,313.71**	**2,917.19**	**3,175.49**	**3,369.41**
(B)	**LIABILITIES**						
1	**DEPOSITS**	**655.38**	**1,413.05**	**1,182.04**	**1,742.10**	**1,954.53**	**1,840.69**
	Demand Deposits	5.04	1.66	4.08	2.84	1.40	5.85
	- From Banks	5.04	1.66	4.08	2.84	1.40	5.85
	- From Others	-	-	-	-	-	-
2	Saving Deposits	-	-	-	-	-	-
3	Term Deposits from Banks	219.11	733.22	303.90	686.37	612.43	288.95
	Term Deposits from Others	431.24	678.17	874.06	1,052.89	1,340.70	1,545.89
4	Borrowings	0.00	15.32	27.49	22.78	20.21	19.10
	- In India	-	-	-	-	-	-
	- Outside India	0.00	15.32	27.49	22.78	20.21	19.10
5	Other Liabilities and Provisions	34.97	60.17	65.24	154.50	160.98	423.34
6	Subordinate Debts	-	-	-	-	-	-
	TOTAL - (B)	**690.35**	**1,488.55**	**1,274.78**	**1,919.37**	**2,135.72**	**2,283.13**
(C)	**NET ASSETS (C=A-B)**	**928.58**	**1,034.37**	**1,038.92**	**997.81**	**1,039.78**	**1,086.28**

ANNEXURE H

BANK OF BARODA (HONG KONG) LTD.

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		AUDITED AS AT 31ST MARCH					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
	Represented by:						
(D)	Share Capital	1,314.92	1,376.40	1,339.31	1,233.05	1,233.83	1,241.58
(E)	Share Application Money	-	-	-	-	-	-
(F)	**RESERVES AND SURPLUS**	(386.34)	(342.04)	(300.39)	(235.24)	(194.05)	(155.30)
1	Statutory Reserve	-	-	-	-	-	-
2	Capital Reserve	-	-	-	-	-	-
3	Revaluation Reserve	-	-	-	-	-	-
4	Investment Fluctuation Reserve	-	-	-	-	-	-
5	Revenue & Other Reserve	-	-	-	-	-	-
6	Deferred Tax Reserve	-	-	-	-	-	-
7	Balance of Profit & Loss Account	(386.34)	(342.04)	(300.39)	(235.24)	(194.05)	(155.30)
8	Share Premium	-	-	-	-	-	-
9	Less:Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL (D+E+F)	**928.58**	**1,034.37**	**1,038.92**	**997.81**	**1,039.78**	**1,086.28**
(G)	**Contingent Liabilities**						
1	Claims ag. The Bank not acknowledged as debt	0.00	0.00	0.00	0.00	0.00	0.00
2	Disputed income tax demand under appeal/r eferences etc.	0.00	0.00	0.00	0.00	0.00	0.00
3	Liabilitity for partly paid investments	0.00	0.00	0.00	0.00	0.00	0.00
4	Liability on account of outstanding forward exchange contracts	59.63	74.23	57.98	261.87	106.34	160.28
5	Guarantees given on behlaf of constituents :	0.14	0.00	0.00	72.92	84.17	75.80
	in India	-	-	-	-	-	-
	Outside India	0.14	0.00		72.92	84.17	75.80
6	Acceptances, Endorcements & other Obligations	379.49	361.22	599.21	718.02	1,169.61	1,156.49
7	Other items for which the Bank is contingently liable	-	-	-	-	218.73	220.10
	TOTAL - (G)	**439.25**	**435.44**	**657.19**	**1,052.81**	**1,578.85**	**1,612.67**
	Bills for collection	182.84	303.98	467.21	1,130.93	1,084.48	1,351.81

ANNEXURE H

BANK OF BARODA (GUYANA) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST MARCH					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
	Exchange Rate 1 Local Currency = IRS	**0.24984**	**0.25553**	**0.24447**	**0.22108**	**0.21825**	**0.21935**
A	**INCOME**						
1	Interest Earned						
1.1	Interest & Discount on advances/bills	8.05	11.45	16.61	12.93	13.21	8.18
1.2	Income on Investment	43.89	38.01	28.65	23.95	21.88	8.84
1.3	Interest on balance with RBI and other Inter Bank Lending	0.65	1.53	0.57	0.17	0.34	3.27
1.4	Interest on Income Tax	NIL	NIL	NIL	NIL	NIL	NIL
1.5	Others	1.02	-	-	-	-	-
2	**OTHER INCOME**						
2.1	Commission, Exchange Brokerage	0.55	0.57	1.84	0.91	0.97	0.84
2.2	Profit on sale of investments (Net)	-	-	-	-	-	-
2.3	Profit on revaluation of investments (Net)	-	-	-	-	-	-
2.4	Profit on sale of land,bldg. & other assets (Net)	-	-	-	-	0.13	-
2.5	Profit on exchange transaction (Net)	5.63	8.48	6.98	7.56	5.50	3.13
2.6	Income earned by way of dividends etc. from Subsidiaries/companies/ joint ventures in India	-	-	-	-	-	-
2.7	Amount transferred from interbranch transactions blocked account	-	-	-	-	-	-
2.8	Miscelleneous Income	0.98	1.58	2.29	2.16	2.44	1.03
	TOTAL INCOME	**60.77**	**61.62**	**56.94**	**47.68**	**44.47**	**25.29**

ANNEXURE H

BANK OF BARODA (GUYANA) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST MARCH					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
	Exchange Rate 1 Local Currency = IRS	**0.24984**	**0.25553**	**0.24447**	**0.22108**	**0.21825**	**0.21935**
B	**EXPENDITURE**						
1	Interest Expended	-	-	-	-	-	-
1.1	Interest on Deposits	18.80	24.36	21.24	21.51	21.33	9.80
1.2	Interest on RBI/ Inter-Bank borrowings	0.16	0.16	0.44	0.10	-	-
1.3	Others	-	-	-	-	-	0.01
	Operating expenses						
1	Payment to & provision for employees	7.16	7.40	6.51	5.03	5.73	3.12
2	Rent, Taxes & Lighting	2.89	3.06	2.95	2.53	2.48	1.30
3	Printing and Stationery	0.56	0.46	0.44	0.52	0.40	0.16
4	Advertisement and publicity	0.18	0.38	0.22	0.13	0.14	0.07
5	Depreciation on Banks Properties (net of amounts adusted against revaluation reserve)	2.21	2.20	1.88	1.43	1.02	0.70
6	Director's Fees, Allowances & Expenses	-	-	-	-	-	-
7	Auditor's Fees & Expenses	0.23	0.12	0.12	0.11	0.15	0.13
8	Law Charges	0.11	0.06	0.01	0.02	0.02	-
9	Postage, Telegrames, Telephones etc.	0.80	0.52	0.42	0.59	0.49	0.29
10	Repairs & Maintenance	0.26	0.41	0.33	0.21	0.28	0.16
11	Insurance	0.45	0.66	0.49	0.53	0.56	0.24
12	Other Expenditure	5.08	4.11	5.45	3.32	2.25	1.27
	TOTAL EXPENDITURE	**38.89**	**43.90**	**40.50**	**36.03**	**34.85**	**17.25**
	Gross Profit before provisions & contigencies	21.88	17.72	16.44	11.65	9.62	8.04
	LESS: Provisions & Contingencies (Other than floating provision for NPAs)	10.38	8.98	8.25	5.43	7.14	4.75
	Profits after provisions and contingencies	11.50	8.74	8.19	6.22	2.48	3.29
	Add: Amount transferred from Investment Fluctuation Reserve	-	-	-	-	-	-
	Less:Floating provision for NPAs	-	-	-	-	-	-
	Net Profit for the Year/ half year As per Financial Statements	11.50	8.74	8.19	6.22	2.48	3.29

ANNEXURE H

BANK OF BARODA (GUYANA) LTD.

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		AUDITED FINANCIAL YEAR ENDED 31ST MARCH					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
	APPROPRIATIONS TRANSFER TO						
a)	Statutory Reserve	1.72	1.31	1.23	0.93	0.37	-
b)	Capital Reserve	-	-	-	-	-	-
c)	Revenue and Other Reserves	-	-	-	-	-	-
i)	Investment Fluctuation Reserve	-	-	-	-	-	-
ii)	General Reserve	-	-	-	-	-	-
iii)	Statutory Reserve (Foreign)	-	-	-	-	-	-
d)	Staff Welfare Account	-	-	-	-	-	-
e)	Dividend (including Dividend Tax)	-	-	-	-	-	-
	i) Interim Dividend	-	-	-	-	-	-
	ii) Proposed Dividend	-	-	-	-	-	-
	Tax on Dividend	-	-	-	-	-	-
	Transfer to:Unallocated Profit	9.78	7.43	6.96	5.29	2.11	3.29
	Break-up of provisions and contingencies						
	Provision for Non Performing Advances	0.21	0.26	0.49	0.05	0.11	-
	Provision for Standard Advances	-	-	-	-	-	-
	Depreciation on Investments	-	-	-	-	-	-
	Provisions for income tax	10.17	8.22	7.76	5.38	7.01	4.75
	Provision for Restructured Standard Accounts	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Floating Provision for NPAs (in adition to norms)	-	0.50	-	-	0.62	-
	TOTAL	**10.38**	**8.98**	**8.25**	**5.43**	**7.74**	**4.75**

ANNEXURE H

BANK OF BARODA (GUYANA) LTD.

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		AUDITED AS AT 31ST MARCH					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
(A)	**ASSETS**						
1	Cash in Hand	1.27	3.70	3.49	2.59	5.00	7.00
2	Balance with RBI	-	-	-	-	-	-
3	Balance with Banks	-	-	-	-	-	-
	- In India	-	-	-	-	-	-
	- Outside India	53.48	133.82	51.00	150.31	120.49	156.57
4	Money at call and Short notice	-	42.51	43.79	9.74	4.92	243.48
5	Investment						
	- In India	-	-	-	-	-	-
	- Outside India	376.31	457.86	495.05	625.38	463.73	387.33
	TOTAL						
6	**Advances**						
	- In India	-	-	-	-	-	-
	- Outside India	44.21	78.45	112.33	72.26	103.86	124.60
7	Fixed Assets	62.79	62.07	58.13	52.36	51.21	50.85
	Less:Revaluation Reserve	-	-	-	-	-	-
	Net Fixed Assets	62.79	62.07	58.13	52.36	51.21	50.85
8	Other Assets	38.81	10.81	12.39	26.35	17.18	14.40
	TOTAL - (A)	**576.87**	**789.22**	**776.18**	**938.99**	**766.39**	**984.23**
(B)	**LIABILITIES**						
1	**DEPOSITS**	423.07	628.21	628.01	822.16	659.80	868.46
	Demand Deposits						
	- From Banks	0.17	0.17	0.17	0.16	0.15	0.15
	- From Others	149.11	206.83	151.76	165.52	123.15	290.04
2	Saving Deposits	150.16	168.56	165.03	166.60	176.54	184.80
3	Term Deposits from Banks	-	-	-	-	-	-
	Term Deposits from Others	123.63	252.65	311.05	489.88	359.95	393.47
4	Borrowings						
	- In India	-	-	-	-	-	-
	- Outside India	-	-	-	-	-	-
5	Other Liabilities and Provisions	14.41	29.47	12.56	18.70	14.00	19.10
6	Subordinate Debts	-	-	-	-	-	-
	TOTAL - (B)	**437.48**	**657.68**	**640.57**	**840.86**	**673.80**	**887.56**
(C)	**NET ASSETS (C=A-B)**	**139.39**	**131.54**	**135.61**	**98.13**	**92.59**	**96.67**

ANNEXURE H

BANK OF BARODA (GUYANA) LTD.

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		AUDITED AS AT 31ST MARCH					LIMITED REVIEW Half Year ended
		2001	2002	2003	2004	2005	Sep-05
	Represented by:						
(D)	Share Capital	81.20	83.04	79.45	71.85	70.93	71.29
(E)	Share Application Money	-	-	-	-	-	-
(F)	RESERVES AND SURPLUS	-	-	-	-	-	-
1	Statutory Reserve	3.28	4.50	5.53	5.93	6.23	6.36
2	Capital Reserve	-	-	-	-	-	-
3	Revaluation Reserve						
4	Investment Fluctuation Reserve	-	-	-	-	-	-
5	Revenue & Other Reserve	-	-	-	-	-	-
6	Deferred Tax Reserve	-	-	-	-	-	-
7	Balance of Profit & Loss Account	19.19	23.51	29.46	20.35	15.43	19.02
8	H/O Interest Free Funds	35.72	20.49	21.17	-	-	-
	TOTAL	**58.19**	**48.50**	**56.16**	**26.28**	**21.66**	**25.38**
	Less:Revaluation Reserve						
	TOTAL - (F)	**58.19**	**48.50**	**56.16**	**26.28**	**21.66**	**25.38**
	TOTAL (D+E+F)	**139.39**	**131.54**	**135.61**	**98.13**	**92.59**	**96.67**
(G)	**Contingent Liabilities**	-	-	-	-	-	-
1	Claims ag. The Bank not acknowledged as debt	0.27	0.27	0.27	0.24	0.24	0.24
2	Disputed income tax demand under appeal/ references etc.	-	-	-	-	-	-
3	Liabilitity for partly paid investments	-	-	-	-	-	-
4	Liability on account of outstanding forward exchange contracts	-	-	-	-	-	-
5	Guarantees given on behlaf of constituents :	8.92	9.32	15.87	10.99	2.45	0.83
	in India	-	-	-	-	-	-
	Outside India	8.92	9.32	15.87	10.99	2.45	0.83
6	Acceptances, Endorcements & other Obligations	-	-	0.44	-	2.79	2.88
7	Other items for which the Bank is contingently liable	-	-	-	-	-	-
	TOTAL - (G)	**9.19**	**9.59**	**16.58**	**11.23**	**5.48**	**3.95**
	Bills for collection	2.13	7.03	3.99	4.47	1.28	2.47

ANNEXURE H

BANK OF BARODA (TANZANIA)LTD

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December 2004	LIMITED REVIEW Nine Months ended Sep-05
	Mean Rate as per Bank of Tanzania (No. of Tanzanian Shilling equivalent to one Indian Rupee) as on closing date	23.93	25.86
A	**INCOME**		
1	Interest Earned	17.80	22.64
1.1	Interest & Discount on advances/bills	0.44	7.05
1.2	Income on Investment	4.19	12.32
1.3	Interest on balance with RBI and other Inter Bank Lending	0.33	3.27
1.4	Interest on Income Tax	-	-
1.5	Others (pre-operative expenses)	12.84	-
2	OTHER INCOME	1.01	9.35
2.1	Commission, Exchange Brokerage	1.01	9.20
2.2	Profit on sale of investments (Net)	-	-
2.3	Profit on revaluation of investments (Net)	-	-
2.4	Profit on sale of land,bldg. & other assets (Net)	-	-
2.5	Profit on exchange transaction (Net)	0.00	0.00
2.6	Income earned by way of dividends etc. from subsd/co./ JV in India	-	-
2.7	Amount transferred from interbranch transactions blocked account	-	-
2.8	Miscelleneous Income	0.00	0.15
	TOTAL INCOME	**18.81**	**31.99**
B	**EXPENDITURE**		
1	Interest Expended	0.13	2.57
1.1	Interest on Deposits	0.13	2.57
1.2	Interest on RBI/ Inter-Bank borrowings	-	-
1.3	Others	-	-
	Operating expenses	21.56	26.08
1	Payment to & provision for employees	2.08	6.06
2	Rent, Taxes & Lighting	1.15	5.62
3	Printing and Stationery	0.37	0.61
4	Advertisement and publicity	0.27	0.49
5	Deprn. on Banks Properties (net of amt. adusted agst revaluation resv.)	2.36	6.67
6	Director's Fees, Allowances & Expenses	0.01	0.03
7	Auditor's Fees & Expenses	0.07	0.04
8	Law Charges	-	-
9	Postage, Telegrames, Telephones etc.	1.03	2.25
10	Repairs & Maintenance	0.07	0.64
11	Insurance	0.05	0.32
12	Other Expenditure	14.10	3.35
	TOTAL EXPENDITURE	**21.69**	**28.65**

ANNEXURE H

BANK OF BARODA (TANZANIA)LTD

I SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in million)

Sr. No.		Audited Financial Year Ended 31st December 2004	LIMITED REVIEW Nine Months ended Sep-05
	Gross Profit before provisions & contigencies	(2.86)	3.34
	Less:Prov. & Contingencies (Other than floating provision for NPAs)	-	-
	Profits after provisions and contingencies	(2.86)	3.34
	Add: Amount transferred from Investment Fluctuation Reserve	-	-
	Less:Floating provision for NPAs	-	-
	Net Profit for the Year/ nine months as per Financial Statements	(2.86)	3.34
	APPROPRIATIONS TRANSFER TO		
a)	Statutory Reserve	-	-
b)	Capital Reserve	-	-
c)	Revenue and Other Reserves	(2.86)	3.34
i)	Investment Fluctuation Reserve	-	-
ii)	General Reserve	-	-
iii)	Statutory Reserve (Foreign)	-	-
d)	Staff Welfare Account	-	-
e)	Dividend (including Dividend Tax)	-	-
	i) Interim Dividend	-	-
	ii) Proposed Dividend	-	-
	Tax on Dividend	-	-
	Transfer to:Unallocated Profit	-	-
	TOTAL	**(2.86)**	**3.34**

ANNEXURE H

BANK OF BARODA (TANZANIA)LTD

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		Audited As at 31st December 2004	Limited Review Nine Months ended Sep-05
(A)	Mean Rate as per Bank of Tanzania (No. of Tanzanian Shilling equivalent to one Indian Rupee) as on closing date	23.93	25.86
	ASSETS		
1	Cash in Hand	14.47	43.33
2	Balance with BoT	17.01	106.19
3	Balance with Banks	8.00	312.75
	- In Tanzania	1.23	0.74
	- OutsideTanzania	6.77	312.02
4	Money at call and Short notice	-	-
5	Investment	234.83	137.43
	- In Tanzania	234.83	137.43
	- OutsideTanzania	-	-
	TOTAL		
6	Advances		
	- In Tanzania	30.84	281.04
	- OutsideTanzania	-	-
7	Fixed Assets	35.64	27.38
	Less:Revaluation Reserve	0.00	0.00
	Net Fixed Assets	35.64	27.38
8	Other Assets	4.21	10.56
	TOTAL - (A)	**345.00**	**918.68**
(B)	**LIABILITIES**		
1	**DEPOSITS**	72.91	600.91
	Demand Deposits	14.84	385.38
	- From Banks	-	-
	- From Others	14.84	385.38
2	Saving Deposits	21.24	97.51
3	Term Deposits from Banks	-	-
	Term Deposits from Others	36.83	118.01
4	Borrowings	-	-
	- In India	-	-
	- Outside India	-	-
5	Other Liabilities and Provisions	3.33	65.73
6	Subordinate Debts	-	-
	TOTAL - (B)	**76.24**	**666.64**
(C)	**NET ASSETS (C=A-B)**	**268.76**	**252.04**

ANNEXURE H

BANK OF BARODA (TANZANIA)LTD

II. SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		Audited As at 31st December 2004	Limited Review Nine Months ended Sep-05
(A)	Mean Rate as per Bank of Tanzania (No. of Tanzanian Shilling equivalent to one Indian Rupee) as on closing date	23.93	25.86
	Represented by:		
(D)	Share Capital	271.62	251.35
(E)	Share Application Money	-	-
(F)	**RESERVES AND SURPLUS**	(2.86)	0.69
1	Statutory Reserve	-	-
2	Capital Reserve	-	-
3	Revaluation Reserve	-	-
4	Investment Fluctuation Reserve	-	-
5	Revenue & Other Reserve	(2.86)	(2.65)
6	Deferred Tax Reserve	-	-
7	Balance of Profit & Loss Account	0.00	3.34
8	Share Premium	-	-
	TOTAL	**268.76**	**252.04**
	Less:Revaluation Reserve		
	TOTAL - (F)	**268.76**	**252.04**
	TOTAL (D+E+F)	**268.76**	**252.04**
(G)	**Contingent Liabilities**		
1	Claims ag. The Bank not acknowledged as debt	-	-
2	Disputed income tax demand under appeal/references etc.	-	-
3	Liabilitity for partly paid investments	-	-
4	Liability on account of outstanding forward exchange contracts	-	-
5	Guarantees given on behlaf of constituents :	0.00	0.00
	in India	-	-
	Outside India	-	-
6	Acceptances, Endorcements & other Obligations	-	-
7	Other items for which the Bank is contingently liable	0.00	60.77
	TOTAL - (G)	**0.00**	**60.77**

ANNEXURE H

BOB (UK) LTD

Statement of Assets and Liabilities

(Rs. in million)

	Audited Financial Year Ended March 31,					Limited Review
	2001	**2002**	**2003**	**2004**	**2005**	**Half-Year ended 30.09.05**
Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00
Investments	0.42	0.44	0.47	0.50	0.51	0.49
Current Assets	0.00	0.00	0.00	0.00	0.00	0.00
Debtors	0.00	0.00	0.00	0.00	0.00	0.00
Cash at bank and in hand	0.25	0.26	0.28	0.30	0.31	0.29
NET Assets	0.67	0.70	0.75	0.80	0.82	0.78
Capital and reserves	0.00	0.00	0.00	0.00	0.00	0.00
called up share capital	0.67	0.70	0.75	0.80	0.82	0.78
equity shareholders fund	0.67	0.70	0.75	0.80	0.82	0.78

ANNEXURE – I

I. STATEMENT OF CONSOLIDATED PROFIT AND LOSS

(Rs. in million)

		Audited Financial Year ended March 31,			Limited review Half-Year ended	
		2003	2004	2005	30.09.04	30.09.05
A	INCOME					
	Interest Earned	**62,783.57**	**63,581.94**	**66,576.37**	**31,903.58**	**34,876.38**
I	Interest / Discount on Advances/Bills	31,551.64	29,108.24	30,231.10	14,805.28	17,899.24
II	Income on Investments	27,811.45	29,996.44	30,891.73	15,109.56	15,394.34
III	Interest on Balances with Reserve Bank of India and other Inter-Bank Funds	2,430.30	2,079.04	2,450.49	1,253.86	1,344.74
IV	Others	990.18	2,398.22	3,003.05	734.88	238.06
	OTHER INCOME	**13,587.83**	**18,240.37**	**13,777.99**	**7,817.23**	**5,690.12**
I	Commission, Exchange and Brokerage	3,724.06	3,578.68	3,792.04	1,800.71	1,869.28
II	Profit on sale of Land, Buildings and Other Assets (Net)	20.14	0.82	0.50	1.25	-
III	Profit on Exchange Transactions (Net)	1,437.59	1,743.38	1,990.02	1,073.31	706.35
IV	Profit on sale of Investments(Net)	6,314.85	10,268.69	5,408.28	3,797.34	1,428.64
V	Profit on revaluation of Investments (Net)	22.18	0.00	0.00	0.00	0.00
VI	Miscellaneous Income	2,069.01	2,648.80	2,587.15	1,144.62	1,685.85
	TOTAL INCOME - A	**76,371.40**	**81,822.31**	**80,354.36**	**39,720.81**	**40,566.50**
B	EXPENDITURE					
	Interest Expended	**40,965.83**	**36,953.05**	**35,646.49**	**17,614.59**	**18,780.16**
I	Interest on Deposits	38,402.96	34,360.89	33,230.45	16,398.79	17,338.48
II	Interest on Reserve Bank of India/Inter-Bank Borrowings	648.76	488.57	299.35	158.77	421.09
III	Others	1,914.11	2,103.59	2,116.69	1,057.03	1,020.59

(Rs. in million)

		Audited Financial Year ended March 31,			Limited review Half-Year ended	
		2003	2004	2005	30.09.04	30.09.05
	Operating Expenses	**17,383.55**	**18,957.68**	**20,869.20**	**10,263.97**	**11,658.25**
I	Payments to and Provisions for Employees	11,711.78	12,944.18	14,211.84	7,081.28	7,687.98
II	Rent, Taxes and Lighting	1,518.06	1,708.31	1,745.47	921.17	826.23
III	Printing and Stationery	197.08	209.90	205.27	92.32	98.65
IV	Advertisement and Publicity	107.72	255.31	120.15	29.21	167.79
V	a) Depreciation on Bank's Property other than Leased Assets	940.70	805.49	871.14	448.63	418.54
	b) Depreciation on Leased Assets	0.80	0.84	0.00	0.00	
VI	Directors' Fees, Allowances and Expenses	15.76	14.17	17.75	4.18	2.70
VII	Auditors' Fees and Expenses (including Branch Auditors' Fees and Expenses)	129.53	186.62	173.25	96.57	88.86
VIII	Law Charges	113.30	120.42	111.91	53.49	49.10
IX	Postages, Telegrams, Telephones etc.	189.87	161.82	205.82	89.31	112.52
X	Repairs and Maintenance	365.92	418.27	446.06	225.68	225.52
XI	Insurance	383.73	437.63	660.19	320.05	423.06
XII	Other Expenditure	1,709.30	1,694.72	2,100.35	902.08	1,557.30
	TOTAL EXPENDITURE	**58,349.38**	**55,910.73**	**56,515.69**	**27,878.56**	**30,438.41**
	Gross Profit before provisions & contigencies	18,022.02	25,911.58	23,838.67	11,842.25	10,128.09
	Add: Share of earnings/lossess in associates	235.42	247.57	463.55	111.34	414.88
	Less: Provisions & Contingencies	9,854.90	15,671.31	16,737.49	6,665.27	5,481.36
	Consolidated Net Profit before minnorities interest	8,402.54	10,487.84	7,564.73	5,288.32	5,061.61
	Less: Minorities Interest	47.68	40.66	64.53	30.23	46.86
	Consolidated Profit attributable to Group	8,354.86	10,447.18	7,500.20	5,258.09	5,014.75
	Add: Brought forward consolidated profit/ loss attributable to group	(129.67)	34.93	275.75	34.93	427.35
		8,225.19	10,482.12	7,775.94	5,293.04	5,442.10
	APPROPRIATIONS					
	Statutory Reserve	2,018.59	2,494.06	1,771.66	-	15.44
	Capital Reserve	125.06	0.00	0.00	-	-
	Revenue and Other Reserves	4,018.91	5,561.88	3,907.37	-	525.69
	Staff Welfare	100.00	-	-	-	-
	Proposed Dividend (including Dividend Tax)	1,927.70	2,150.43	1,669.56	-	-
	Balance carried over to Consolidated Balance Sheet	34.93	275.75	427.35	5,293.04	4,900.97
		8,225.19	**10,482.12**	**7,775.94**	**5,293.04**	**5,442.10**

ANNEXURE – I

II STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

(Rs. in million)

Sr. No.		Audited As At March 31,			Limited review Half-Year ended	
		2003	2004	2005	30.09.04	30.09.05
(A)	**ASSETS**					
1	Cash in Hand	4,335.77	4,214.51	4,194.13	3,866.13	4,941.18
2	Balance with RBI	31,336.72	26,997.30	23,576.94	42,716.63	30,367.16
3	Balance with Banks - In India	7,027.93	9,548.18	11,093.47	7,917.52	13,679.01
	- Outside India	6,645.12	8,677.38	18,956.27	20,062.83	18,511.98
4	Money at call and Short notice	21,711.97	25,748.12	38,349.25	24,288.96	40,635.18
5	Investment - In India	286,049.48	363,507.71	352,227.88	383,400.02	361,737.44
	- Outside India	21,207.48	24,536.34	28,005.60	25,214.60	29,673.48
	TOTAL	**307,256.96**	**388,044.05**	**380,233.48**	**408,614.63**	**391,410.92**
6	Advances	361,740.84	365,335.93	443,511.98	384,074.41	499,809.32
	- In India	294,319.86	296,881.13	360,754.68	305,468.02	409,107.89
	- Outside India	67,420.98	68,454.80	82,757.30	78,606.39	90,701.43
7	Fixed Assets	7,374.46	8,523.89	9,053.67	8,415.06	9,159.61
8	Other Assets	36,114.84	37,804.45	45,037.13	35,634.83	36,654.88
	TOTAL - (A)	**783,544.60**	**874,893.82**	**974,006.32**	**935,591.00**	**1,045,169.24**
(B)	**LIABILITIES**					
1	DEPOSITS	676,686.90	746,465.44	834,051.21	803,800.13	883,608.60
	Demand Deposits From Banks	4,718.54	4,201.35	3,842.65	4,082.55	4,680.19
	Demand Deposits From Others	55,790.77	64,976.24	66,824.47	57,709.11	79,267.29
2	Saving Deposits	168,410.63	203,134.83	234,672.35	221,489.80	256,729.68
3	Term Deposits from Banks	22,190.52	29,479.81	32,511.37	28,437.20	40,590.99
	Term Deposits from Others	425,576.45	444,673.19	496,200.38	492,081.47	502,340.46
4	Borrowings	9,490.10	12,893.48	19,245.37	14,750.85	28,431.68
	- In India	9,369.62	6,382.94	8,814.96	9,680.13	13,251.64
	- Outside India	120.49	6,510.54	10,430.41	5,070.72	15,180.03
5	Other Liabilities and Provisions	40,226.62	47,252.83	46,781.53	43,607.00	46,595.42
6	Subordinate Debts	12,000.00	15,000.00	15,000.00	15,000.00	22,700.00
	TOTAL - (B)	**738,403.63**	**821,611.74**	**915,078.11**	**877,157.98**	**981,335.70**
(C)	**NET ASSETS (C=A-B)**	**45,140.98**	**53,282.08**	**58,928.21**	**58,433.01**	**63,833.54**
(D)	**Share Capital**	**2,943.42**	**2,945.26**	**2,945.27**	**2,945.27**	**2,945.27**
(E)	**Minority Interest**	**315.75**	**359.66**	**417.55**	**389.53**	**449.20**
(F)	**Share Application money/ Share Premium**	-	-	-	-	-
(G)	**RESERVES AND SURPLUS**					
1	Statutory Reserve	10,348.38	12,839.99	14,651.97	12,870.37	14,658.95
2	Capital Reserve	4,431.87	4,315.80	4,302.12	4,418.20	4,295.85
3	Share Premium	7,373.62	7,398.96	7,387.72	7,387.66	7,387.72
	Other Reserves	127.84	90.02	0.00		
4	Revenue & Other Reserve	19,565.18	250,56.65	28,796.21	25,128.84	29,195.59
5	Balance of Profit & Loss Account	34.93	2,75.75	427.35	5,293.04	4,900.97
	TOTAL - (G)	**41,881.80**	**499,77.16**	**55,565.38**	**55,098.11**	**60,439.07**
(H)	**TOTAL (C to G)**	**45,140.98**	**532,82.08**	**58,928.21**	**58,432.90**	**63,833.54**

SIGNIFICANT ACCOUNTING POLICIES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation of Consolidated Financial Statements:

1.1 Consolidated Financial Statements (CFS) of the Bank (Parent), its subsidiaries and associates are prepared to comply in all material respects with applicable statutory / regulatory provisions, Accounting Standards / generally accepted accounting principles and practices prevailing in India, unless otherwise stated.

1.2 The Consolidated Financial Statements are prepared under the historical cost convention and on accrual basis, unless otherwise stated.

2. Consolidation Procedure:

2.1 The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS)-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI). The financial statements of the bank and its subsidiaries are combined on a line by line basis by adding together like sums of assets, liabilities, income and expenses, after eliminating intra-group balances / transactions and resulting unrealised profit / loss.

2.2 The Financial Statements of subsidiaries and Associates are adjusted, wherever necessary, to conform to the Accounting Policies of the Parent.

2.3 Investments in Associates are accounted for under the Equity Method as per AS -23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by ICAI based on the audited Financial Statements of the associates.

2.4 Minority interest in the CFS consists of the share of the minority shareholders in the net equity of the subsidiaries.

3 Translation / Conversion of Foreign Currencies:

3.1 Financial statements of foreign branches, the foreign currency balances of Indian Branches of the parent and the financial statements of overseas subsidiaries are translated / converted at the mid-rate of exchange at the year end advised by Foreign Exchange Dealers Association of India.

3.2 The accumulated net difference between the Head Office figures and corresponding figures of the Parents' Foreign branches on account of assigned capital, Head Office interest free funds and unremitted profit / loss is carried over if in profit and written off to the profit and loss account, if in loss.

3.3 Other income and expenditure transactions of Indian branches of the Parent and domestic subsidiaries are accounted for at exchange rates prevailing on the date of transaction.

4 Investment:

4.1 The Investment portfolio of the Parent and its domestic Subsidiaries is classified in accordance with Reserve Bank of India guidelines into:

(a) "Held to Maturity" comprising investments acquired with the intention to hold them till maturity.

(b) "Held for Trading" comprising investments acquired with the intention to trade.

(c) "Available for Sale" comprising investments not covered by (a) and (b) above i.e. those which are acquired neither for trading purposes nor for being held till maturity.

4.2 Investments classified as "Held to Maturity" are carried at weighted average acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity.

Investments classified as "Held to Maturity" includes debentures / bonds which are deemed to be in the nature of / treated as advances, for which provision is made by applying the Reserve Bank of India prudential norms of assets classification and provisioning applicable to advances, and investments in Regional Rural Banks, Treasury Bills, Commercial Papers, Indira Vikas Patras, Kisan Vikas Patras and Certificates of Deposit which has been valued at carrying cost.

4.3 Profit / Loss on sale of investments classified as "Held to Maturity" is recognised in the Profit & Loss account based on the weighted average cost / book value of the related investments and an amount equivalent of the profit on book value of the related investments in "Held to Maturity" classification is appropriated to Capital Reserve Account.

4.4 Investments classified as "Held for Trading" are marked to market, scrip-wise and the resultant depreciation is recognised in the Profit and Loss Account, while the appreciation, if any, is ignored.

4.5 Investments classified as "Available for Sale" are marked to market, scrip-wise and the resultant net depreciation, if any, in each category disclosed in the balance sheet is provided, while net appreciation, if any, is ignored.

4.6 In respect of non-performing securities, income is not recognised and appropriate provision is made for depreciation in the value of such securities as per Reserve Bank of India guidelines.

4.7 For the purpose of valuation of quoted investments in "Held for Trading" and "Available for Sale" categories, the market rates/quotes on the Stock exchanges, the rates declared by Primary Dealers Association of India (PDAI) / Fixed Income Money Market and Derivatives Association (FIMMDA) are used.

Investments for which such rates / quotes are not available are valued as per norms laid down by Reserve Bank of India (RBI).

4.8 Investments are net of securities lent and include securities borrowed under repo arrangements.

4.9 In respect of Investments at Overseas Branches, RBI guidelines or those of the host countries, whichever are more stringent are followed. In case of those branches situated in countries where no guidelines are specified, the guidelines of the Reserve Bank of India are followed.

5 Advances:

5.1 Advances are net of Interest Suspense, amount received and held in Suit Filed Sundry Deposits, Claims received and provisions made for non performing advances in accordance with the prudential norms prescribed by Reserve Bank of India and revised from time to time. In respect of advances made in overseas branches and subsidiaries, advances are classified in accordance with stricter of the prudential norms prescribed by the Reserve Bank of India or local laws of the host country in which advances are made, wherever applicable.

5.2 Advances of the Parent and its domestic subsidiaries are classified as Standard, Sub-standard, Doubtful & Loss assets and provision for losses made on sub standard, Doubtful and Loss Assets as per the prudential norms of the Reserve Bank of India.

6 Fixed Assets:

6.1 Premises and other fixed assets are stated at historical cost except those premises, which have been revalued and appreciation, if any, on such revaluation is credited to Capital Reserve.

6.2 'Premises' includes land and building under construction.

7 Depreciation:

7.1 Depreciation on fixed assets in India except computers is provided under written down value basis, at the rates prescribed in Schedule-XIV of the Companies Act, 1956.

7.2 Depreciation on Fixed Assets outside India except computers is provided as per local laws for prevailing practices of host countries.

7.3 Depreciation on computers is provided on straight-line method at the rate of 33.33% as per guidelines of Reserve Bank of India.

7.4 Depreciation on ATMs is provided on Straight Line Method at the rate of 20%.

7.5 While depreciation on additions is provided for full year, no depreciation is provided in the year of sale / disposal.

7.6 Leasehold land is amortised over the period of lease.

8 Revenue Recognition:

8.1 Income is recognised on accrual basis, unless otherwise stated.

8.2 In view of uncertainty of collection of income in cases of non-performing advances and investments, such income is accounted for only on realisation.

8.3 Income from fees, commission other than on Govt. business, Exchange, Brokerage, Discount on Foreign Bills purchased and Interest on Overdue Bills / Advance Bills is accounted for on actual realisation.

9 Retirement benefits to Employees:

Contribution to recognized gratuity fund, pension funds and provision for encashment of accumulated leave and additional retirement benefits are accounted for on actuarial basis.

10 Deferred Revenue Expenditure:

Deferred Revenue Expenditure mainly of Voluntary Retirement Scheme Expenditure is amortised over five years from the year in which it is incurred.

11 Taxes on Income:

Provision for income tax is made in accordance with statutory requirements of the respective countries.

Deferred tax is provided for, subject to consideration of prudence, based on taxability of income that arises in one period and which is capable of reversal in one or more subsequent periods. While calculating the deferred tax assets / liabilities, tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date are applied.

12. Impairment of Assets:

Impairment Losses, if any, on fixed assets (including revalued assets) are recognised in accordance with the Accounting Standard 28("Impairment of Assets") issued in this regard by the Institute of Chartered Accountants of India.

13. Contingent Liabilities:

Provision is made in account unless no reliable estimate can be made of the amount of obligation or possibility of future cash flow is remote.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS:

1. The Consolidated Financial Statement (CFS) comprise the results of the Bank (Parent) and the following Subsidiaries:

Names of Subsidiaries		Country of Incorporation	Proportion of Ownership
Domestic Subsidiaries:			
a)	Banking: Nainital Bank Ltd.	India	97.72%
b)	Non Banking:		
	1) BOB Housing Finance Limited.	India	67.11%
	2) BOB Asset Management Co. Ltd.	India	100.00%
	3) BOB Capital Market Ltd.	India	100.00%
	4) BOB Cards Ltd.	India	100.00%
Overseas Subsidiaries:			
a)	Banking:		
	1) Bank of Baroda (Botswana) Ltd.	Botswana	100.00%
	2) Bank of Baroda (Kenya) Ltd.	Kenya	86.70%
	3) Bank of Baroda (Uganda) Ltd.	Uganda	80.00%
	4) Bank of Baroda (Hongkong) Ltd.	Hongkong	100.00%
	5) Bank of Baroda (Guyana) Inc.	Guyana	100.00%
	6) Bank of Baroda (Tanzania) Ltd (From 03 – 04 onwards)	Tanzania	100.00%
b)	Non Banking:		
	1) BOB (UK) Ltd.	United Kingdom	100.00%

2. **Associates:**

2.1 The particulars of associates considered in the CFS are as under:

Indo Zambia Bank Limited, Zambia (parent's ownership interest 20%); UTI Asset Management Co. Pvt. Ltd (from 03 – 04 onwards; parent's ownership interest 25%); and 19 Regional Rural Banks (parent's ownership interest 35%).

(1) Raebareli Kshetriya Gramin Bank; (2) Sultanpur Kshetriya Gramin Bank; (3) Allahabad Kshetriya Gramin Bank; (4) Kanpur Kshetriya Gramin Bank; (5) Pratapgarh Kshetriya Gramin Bank; (6) Fatehpur Kshetriya Gramin Bank; (7) Faizabad Kshetriya Gramin Bank; (8) Bareilly Kshetriya Gramin Bank; (9) Shahjahanpur Kshetriya Gramiin Bank; (10) Nainital Almora Kshetriya Gramin Bank; (11) Marudhar Kshetriya Gramin Bank; (12) Aravali Kshetriya Gramin Bank; (13) Bundi Chittorgarh Kshetriya Gramin Bank; (14) Bhilwara Ajmer Kshetriya Gramin Bank; (15) Dungarpur Banswara Kshetriya Gramin Bank; (16) Panchmahal Vadodara Gramin Bank; (17) Valsad Dangs Gramin Bank; (18) Surat Bharuch Gramin Bank; (19) Jhabua Dhar Kshetriya Gramin Bank.

2.2 Particulars of the Investment in Associates:

(Rs. in million)

Sr. No.	Particulars	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
a.	Cost of Investment in Associates	829.75	829.75	804.75
b.	Goodwill on acquisition included in (a) above	706.78	706.78	706.78
c.	Share of post acquisition profits (Net)	806.65	343.11	95.53
d.	Carrying Amount of Investment (a + c)	1,636.40	1,172.86	900.28
e.	Investment in India	1,484.07	1,037.56	778.44
f.	Investment outside India	152.33	135.29	121.84
g.	**Total (e + f)**	**1,636.40**	**1,172.85**	**900.28**

3. The Parent's cost of its investment in its Subsidiaries has been eliminated against the Parent's portion of equity of each subsidiary as at the year end, instead of Parent's portion of equity of each subsidiary as on the date on which investment is made in the subsidiary. The amount of Goodwill / Capital Reserve on consolidation has not been ascertained, in the absence of adequate information.

4. **Segment Reporting:**

Part A - Business Segments

(Rs. in million)

Sr. No.	Particulars	Year Ended 31.03.03	Year Ended 31.03.04	Year Ended 31.03.05	Half Year Ended 30.09.04	Half Year Ended 30.09.05
1	**Segment Revenue**					
	(a) Treasury Operations	35,049.10	43,463.90	41,320.40	22,307.90	19,731.00
	(b) Other Banking Operations	41,322.30	38,358.40	39,034.00	17,412.90	20,835.50
	Total	**76,371.40**	**81,822.30**	**80,354.40**	**39,720.80**	**40,566.50**
2	**Segment Results**					
	(a) Treasury Operations	14,287.00	19,605.80	(2,789.00)	5,925.90	1,355.90
	(b) Other Banking Operations	9,686.20	7,420.30	13,608.60	3,919.30	6,197.00
	Total	**23,973.20**	**27,026.10**	**10,819.60**	**9,845.20**	**7,552.90**
	Unallocated expenditure	11,408.30	10,637.70	1,212.20	2,128.40	1,017.40
	Profit before Tax	12,564.90	16,388.40	9,607.40	7,716.80	6,535.50
	Provision for Tax	4,210.00	5,941.20	2,107.20	2,458.70	1,520.80
	Net Profit	**8,354.90**	**10,447.20**	**7,500.20**	**5,258.10**	**5,014.70**
3	**Other Information**					
	Segment Assets					
	(a) Treasury Operations	341,931.80	436,735.40	435,937.30	473,858.80	464,309.10
	(b) Other Banking Operations	424,566.40	420,842.50	513,386.10	444,809.50	563,537.80
	Total	**766,498.20**	**857,577.90**	**949,323.40**	**918,668.30**	**1,027,846.90**
	Unallocated Assets	17,046.40	17,315.90	24,682.90	16,950.00	17,322.30
	Total	**783,544.60**	**874,893.80**	**974,006.30**	**935,618.30**	**1,045,169.20**
	Segment Liabilities					
	(a) Treasury Operations	344,219.90	429,965.80	427,587.60	474,288.70	462,316.30
	(b) Other Banking Operations	366,200.90	358,629.80	441,085.50	374,259.90	489,606.20
	Total	**710,420.80**	**788,595.60**	**868,673.10**	**848,548.60**	**951,922.50**
	Unallocated Liabilities	73,123.80	86,298.20	105,333.20	87,069.70	93,246.70
	Total	**783,544.60**	**874,893.80**	**974,006.30**	**935,618.30**	**1,045,169.20**

Part- B : Geographic Segments

(Rs. in million)

Sr. No.	Particulars	Year Ended 31.03.03	Year Ended 31.03.04	Year Ended 31.03.05	Half Year Ended 30.09.04	Half Year Ended 30.09.05
1	**Revenue**					
	(a) Domestic	69,296.60	75,484.40	72,898.20	36,101.00	36,051.30
	(b) International	7,074.80	6,337.90	7,456.20	3,619.80	4,515.20
	Total	**76,371.40**	**81,822.30**	**80,354.40**	**39,720.80**	**40,566.50**
2	**Assets**					
	(a) Domestic	668,900.10	754,307.30	812,981.90	794,398.30	876,235.10
	(b) International	114,644.50	120,586.50	161,024.40	141,220.00	168,934.10
	Total	**783,544.60**	**874,893.80**	**974,006.30**	**935,618.30**	**104,569.20**

Notes :

(a) Banking and Other Operations include the Banking Operations of the Parent and Subsidiaries and other operations comprising Credit Cards, Capital Markets and Asset Management of its Subsidiaries.

(b) In determining the segment results, the funds transfer pricing mechanism followed by the Parent has been used.

(c) Segment revenue represents revenue from external customers.

Annexure – I

III - STATEMENT OF CONSOLIDATED CASH FLOW

(Rs. in million)

	Year ended 31.03.2005	Year ended 31.03.2004	Half Year ended 30.09.05
A. Cash flow from operating activities:			
Net Profit before taxes	**9,607.42**	**16,388.42**	**6,517.20**
Adjustments for:			
Depreciation on fixed assets	871.14	805.49	418.54
Amortisation of lease assets	22.94	0.84	0.00
Amortisation of expenses of VRS	1,710.29	1,710.29	0.00
Depreciation on investments (including on matured debentures)	8,098.09	(1,014.61)	2,849.06
Bad debts written-off/provision in respect of non-performing assets	4,789.95	9,843.72	1,514.06
Provision for Standard Assets	93.67	15.98	150.67
Provision for Other items	1,648.56	885.00	(5,82.93)
Profit/(loss) on sale of fixed assets	0.50	0.82	0.25
Payment/provision for interest on subordinated debt(treated separately)	1,673.29	1,544.27	847.67
Dividend received from Subsidiaries/others (treated separately)	(189.65)	(114.70)	(110.97)
Sub total	**28,326.19**	**30,065.52**	**11,603.54**
Adjustments for:			
(Increase)/Decrease in investments	7,157.52	(79,514.81)	(11,928.43)
(Increase)/Decrease in advances	(82,966.00)	(7,404.13)	(57,811.40)
(increase)/Decrease in other assets	(7,232.68)	1,845.08	8,382.25
Increase/(Decrease)in borrowings	6,351.89	3,403.38	9,186.31
Increase/(Decrease) in deposits	87,585.78	69,778.54	49,557.39
Increase/(Decrease) in other liabilities and provisions	(17,543.62)	(2,935.24)	(1,464.34)
Direct taxes paid	4,019.14	(8,689.72)	(1,725.38)
Net cash from operating activities (A)	**25,698.21**	**6,548.61**	**5,799.94**
B. Cash flow from investing activities:			
Purchase of fixed assets	(1,677.95)	(1,867.78)	(846.08)
Sale of Fixed Assets	117.36	0.00	47.29
Dividend received from Subsidiaries/others	189.65	114.70	110.97
Net cash from investing activities (B)	**(1,370.94)**	**(1,753.09)**	**(687.82)**
C. Cash flow from financing activities:			
Share capital	0.02	1.83	0.00
Share premium	0.12	25.34	0.00
Dividend	(1,669.56)	(2,150.43)	0.00
Unsecured Redeemable bonds	0.00	3,000.00	7,700.00
Interest paid / payable on unsecured redeemable bonds	(1,673.29)	(1,544.27)	(847.67)
Net cash from financing activities (C)	**(3,342.72)**	**(667.53)**	**6,852.33**
Net increase in cash & cash equivalents (A)+(B)+(C)	**20,984.56**	**4,127.99**	**11,964.45**
Cash and cash equivalents-Opening	75,185.50	71,057.51	96,170.05
Cash and cash equivalents-Closing	96,170.05	75,185.50	108,134.50

Summary of Accounting Ratios:

Annexure – J

(Rs. in million, except percentages)

Sr. No.	Particulars	Year Ended 31st March, 2001	Year Ended 31st March, 2002	Year Ended 31st March, 2003	Year Ended 31st March, 2004	Year Ended 31st March, 2005	Half Year Ended Sept.04	Half Year Ended Sept.05
1	**Earnings per Share**							
	Profit after Tax	2647	5377	7,628	9,670	6768	5,063	4,160
	Weighted Average number of equity shares (No.)	296,000,000	296,000,000	296,000,000	293,261,700	293,265,400	293,263,600	293,265,400
	Earning per Share (Rs.)	8.94	18.17	25.77	32.97	23.08	17.26	14.19
2	**Net Asset Value**							
	Share Capital	2,943.38	2,943.39	2,943.42	2,945.26	2,945.27	2,945.26	2,945.27
	Total Reserves & Surplus	30,619.37	35,334.24	40,926.34	48,363.96	53,332.27	53,463.93	57,506.95
	Less: Revaluation Reserves	2,764.48	2,732.11	2,618.43	2,492.7	2,367.55	2,492.60	2360.70
	Intangible Assets	-	-	-	-	-	-	-
	Deferred Tax Assets	-	-	907.68	948.62	430.41	1,136.01	514.23
	Net Worth	30,798.27	35,545.52	40,343.65	47,867.90	53,479.58	52,780.58	57,577.29
3	**Return on Net Worth (%)**	**8.59%**	**15.13%**	**18.91%**	**20.20%**	**12.66%**	**9.59%**	**7.23%**
	No. of Shares	296,000,000	296,000,000	296,000,000	293,261,700	293,265,400	293,263,600	293,265,400
4	**Book Value per Share (NAV)** (Net Worth / No. of Shares)	**104.05**	**120.09**	**136.30**	**163.23**	**182.36**	**179.98**	**196.33**

$ Half-yearly figures not annualised.

As per the guidelines of Reserve Bank of India, unamortised expenditure on voluntary retirement scheme is not to be subtracted while computing the amount of Tier I capital in capital adequacy. Similar principle has been applied while calculating the Net Assets Value / Net Worth

Bank of Baroda - Key Financial Indicators

(Figures in percentages)

Sr. No.	Particulars	Year Ended 31st March, 2001	Year Ended 31st March, 2002	Year Ended 31st March, 2003	Year Ended 31st March, 2004	Year Ended 31st March, 2005	Half Year Ended Sept.04	Half Year Ended Sept.05
1	Interest Income / Average Working Funds (AWF)	9.36%	8.71%	7.94%	7.43%	6.86%	6.87%	6.69%
2	Interest expenses / AWF	6.21%	5.96%	5.20%	4.32%	3.68%	3.81%	3.63%
3	Interest spread / AWF	3.15%	2.75%	2.74%	3.11%	3.18%	3.06%	3.06%
4	Non-Interest Income / AWF	1.15%	1.45%	1.64%	2.08%	1.39%	1.68%	1.03%
5	Operating expenses / AWF	2.61%	2.29%	2.15%	2.18%	2.11%	2.19%	2.20%
6	Cost Income Ratio	60.80%	54.42%	48.99%	42.08%	46.27%	46.06%	53.81%
7	Gross (Operating) profit / AWF	1.69%	1.92%	2.24%	3.00%	2.45%	2.56%	1.89%
8	Net profit / AWF	0.43%	0.79%	0.99%	1.17%	0.72%	1.13%	0.83%
9	Return on Net Worth	8.59%	15.13%	18.91%	20.20%	12.66%	9.59%	7.23%
10	Return on Assets	0.42%	0.76%	1.00%	1.14%	0.71%	1.11%	0.82%
11	Return on Average Assets	0.43%	0.80%	1.04%	1.20%	0.75%	1.05%	0.86%
12	Yield on Advances	10.85%	9.99%	8.88%	7.76%	7.18%	7.26%	7.56%
13	Cost of Deposits	6.96%	6.65%	5.97%	4.96%	4.23%	4.38%	4.24%
14	Dividend payout Ratio (including Corporate Dividend Tax)	49.30%	22.02%	25.27%	22.24%	24.67%	0.00%	0.00%
15	Credit — Deposit Ratio	53.97%	58.32%	55.56%	51.17%	55.82%	49.63%	59.94%
16	Credit + Non SLR Investment (excluding Investments in Subsidiaries) — Deposit Ratio	65.52%	69.63%	65.50%	62.82%	63.96%	60.34%	69.58%
17	Capital Adequacy Ratio	12.80%	11.32%	12.65%	13.91%	12.62%	13.97%	12.79%
	Tier - I	8.49%	7.56%	8.10%	8.47%	8.21%	8.78%	7.86%
	Tier - II	4.31%	3.76%	4.55%	5.44%	4.41%	5.19%	4.93%

Bank of Baroda - Key Financial Indicators

Sr. No.	Other Key Financial Ratios	Year Ended 31st March, 2001	Year Ended 31st March, 2002	Year Ended 31st March, 2003	Year Ended 31st March, 2004	Year Ended 31st March, 2005	Half Year Ended Sept.04	Half Year Ended Sept.05
1	Employees (number)	46,360	38,899	40,313	39,803	39,529	39,603	39,170
2	Branches (number)	2,669	2,679	2,753	2,730	2,738	2,736	2,733
3	Business per employee (Rs. in crore)	1.76	2.45	2.52	2.73	3.16	2.93	3.45
4	Average Business per employee (Rs. in crore)	1.69	2.28	2.43	2.61	2.97	2.96	3.26
5	Gross Profit per employee (Rs. in lakhs)	2.24	3.37	4.26	6.24	5.82	5.79	4.86
6	Net Profit per employee (Rs. in lakhs)	0.57	1.38	1.89	2.43	1.71	2.56	2.12
7	Business per branch (Rs. in crore)	30.53	35.64	36.95	39.77	45.56	42.41	49.44
8	Gross Profit per branch (Rs. in crore)	0.39	0.49	0.62	0.91	0.84	0.84	0.70
9	Net Profit per branch (Rs. in crore)	0.10	0.20	0.28	0.35	0.25	0.37	0.30
10	Earnings per share (Rupees)	8.94	18.17	25.77	32.97	23.08	17.26	14.19
11	Book Value per share (Rupees)	104.05	120.09	136.30	163.23	182.36	179.98	196.33

Annexure – K

Capitalisation Statement:

(Rs. in million)

Borrowing:	**Sep-05**	**Post Issue**
Short Term Debt	11,650.67	11,650.67
Long Term Debt	37,243.80	37,243.80
Total Debt	**48,894.47**	**48,894.47**
Share Holders Funds		
Equity Share Capital	2,932.65	3,642.65
Add: Forfeited Shares	12.62	12.62
Total Share Capital	**2,945.27**	**3,655.27**
Preference Shares	0.00	0.00
Share Premium	**7,387.72**	**
Reserves & Surplus	**47,244.38**	**
Total Share Holders' Funds	**57,577.37**	**
Long Term Debt Equity Ratio	**0.65**	**

Notes:

1. Reserves and Surplus are after excluding revaluation reserve, intangible assets and deferred tax assets

   ** As this is an issue by way of book building process, post issue figures are not possible to be ascertained and therefore not given.

Annexure L

TAX SHELTER STATEMENT FOR FIVE CONSECUTIVE FINANCIAL YEARS ENDED 31-03-2005

(Rs. in million, except percentages)

As at March 31st	2001	2002	2003	2004	2005
Tax Rate	39.55%	35.70%	36.75%	35.875%	36.59%
Income Tax (excluding tax on Book Profit)	1,816.50	2,838.30	4,299.40	5,497.60	3,156.00
Adjustments	-	-	-	-	-
Permanent Differences	-	-	-	-	-
Dividend	(265.80)	(236.60)	(227.00)	(360.00)	(261.80)
Income from House property	(2.10)	(2.90)	(0.20)	(3.00)	(0.00)
Profit/Loss on sale of Fixed Assets	1.30	(11.40)	(0.50)	(1.10)	(0.20)
Wealth tax	5.00	6.00	6.00	5.00	6.00
Allowable expenses not debited to P/L A/c.	(609.40)	(444.60)	(881.40)	(523.40)	(47.80)*
Disallowable expenses	480.60	318.40	264.20	605.50	1067.50*
Income exempt u/s 10	(1,980.00)	(1,453.40)	(1,369.70)	(1,187.70)	(1,403.60)*
Int. on Income Tax Refund	153.80	(382.10)	-	(239.30)	-
TOTAL (A)	**(2,216.60)**	**(2,206.60)**	**(2,208.60)**	**(1,704.00)**	**(639.90)**
Timing Difference	-	-	-	-	-
Difference between Tax & Book depreciation	46.60	67.00	222.70	111.30	(34.10)
Disallowance on account of net Provision for Bad & doubtful debts (foreign)	(234.50)	(53.40)	269.40	(325.20)	23.30
(India)	-	1,089.20	-	(190.00)	(3,189.90)+
Provision for others	-	(246.50)	-	(180.00)	-
TOTAL (B)	**(187.90)**	**856.30**	**492.10**	**(583.90)**	**(3,200.70)**
Net Adjustments (A) + (B)	**(2,404.50)**	**1,350.30**	**(1,716.50)**	**(2,287.90)**	**(3,840.60)**
Tax Saving thereon	**951.00**	**482.00**	**630.80**	**820.80**	**1,405.30**

Note:

1) Figures in brackets indicate reduction of tax liability.

2) The above figures have been computed based on accepted additions / disallowances in the Assessment Orders of the relevant years and / or income tax return filed.

   * The figures are provisional.

   + out of provisions of earlier years.

Annexure – M

(Rs. in million)

Statement of Borrowings:	**Financial year ended 31st March**					**Half Year Ended**	
	2001	**2002**	**2003**	**2004**	**2005**	**Sept-04**	**Sept-05**
Reserve Bank of India	0.00	1,400.00	0.00	0.00	0.00	0.00	0.00
Other Banks	14.57	1,665.45	122.62	91.82	2,811.60	95.34	92.29
IDBI Refinance	14.18	11.03	10.50	14.98	15.83	12.52	6.63
SIDBI Refinance	5,919.25	160.21	3,094.26	67.89	37.54	54.74	43.72
NABARD Refinance	2,568.16	3,689.85	3,025.93	2,171.63	2,196.08	650.76	2,806.69
Other Institutions - CBLO	0.00	0.00	0.00	0.00	1,299.35	5,648.64	8,330.75
Borrowings Outside India	846.56	0.00	0.00	6,404.77	10,047.94	4,870.21	14,914.38
Sub Total	**9,362.72**	**6,926.54**	**6,253.31**	**8,751.09**	**16,408.34**	**11,332.21**	**26,194.47**
Tier II Bonds	**12,000.00**	**12,000.00**	**12,000.00**	**15,000.00**	**15,000.00**	**15,000.00**	**22,700.00**
Series II	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Series III	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Series IV	0.00	0.00	0.00	3,000.00	3,000.00	3,000.00	3,000.00
Series V							7,700.00
Total	**21,362.72**	**18,926.54**	**18,253.31**	**23,751.09**	**31,408.34**	**26,332.21**	**48,894.47**

SELECTED STATISTICAL INFORMATION

The following information should be read together with our financial statements included in this Red Herring Prospectus as well as the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations "On an Unconsolidated Basis". The amounts presented in this section are based on our financial statements prepared in accordance with Indian GAAP and internally generated statistical data. These amounts do not give effect to the adjustment to our net profits as a result of the restatement of our unconsolidated financial statements in connection with this Issue.

Average Balance Sheet and Net Interest Margin

The table below presents the average balances for interest-earning assets and interest-bearing liabilities together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost for each period. The average balance is the fortnightly average of balances outstanding, as reported to the RBI on Form A. The average yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances in the table below include gross non-performing assets. We have not recalculated income that is subject to tax benefit on a tax equivalent basis.

(Rs. in million, except percentages)

	Fiscal								
	2003			2004			2005		
	Average balance	Interest Income/ expense	Average Yield cost	Average balance	Interest Income/ expense	Average Yield cost	Average balance	Interest Income/ expense	Average Yield cost
Assets:									
Advances	345,443	30,662	8.88%	360,971	280,08	7.76%	404,552	29,027	7.18%
Investments	272,639	27,032	9.91%	344,624	293,21	8.51%	390,191	29,890	7.66%
Others	98,093	3,281	3.34%	63,257	4,141	6.55%	80,893	5,397	6.67%
Total interest earning assets	**716,175**	**60,975**	**8.51%**	**768,852**	**61,470**	**8.00%**	**875,636**	**64,314**	**7.34%**
Fixed assets	6,949	-	-	7,563	-	-	8,380	-	-
Other assets	44,668	-	-	51,152	-	-	53,728	-	-
Total assets	**767,792**	**60,975**	**7.94%**	**827,567**	**61,470**	**7.43%**	**937,744**	**64,314**	**6.86%**
Liabilities:									
Deposits	632,798	37,754	5.97%	678,090	33,647	4.96%	768,506	32,479	4.23%
Demand deposits	55,185	228	0.41%	53,414	281	0.53	59,023	129	0.22%
Savings deposits	150,752	5,253	3.48%	177,735	5,288	2.98	214,389	6,307	2.94%
Term deposits	426,861	32,273	7.56%	446,941	28,078	6.28	495,094	26,043	5.26%
Borrowings									
Unsecured subordinated bonds ("Tier II Bonds")	12,000	1499	12.49%	15,000	1621	10.81%	15,000	1,673	11.15%
Other borrowings	37,062	689	1.86%	25,050	487	1.94%	21,727	369	1.70%
Total interest bearing liabilities	**681,860**	**39,942**	**5.86%**	**718,140**	**35,755**	**4.98%**	**805,233**	**34,521**	**4.29%**

(Rs. in million, except percentages)

	Fiscal								
	2003			2004			2005		
	Average balance	Interest Income/ expense	Average Yield cost	Average balance	Interest Income/ expense	Average Yield cost	Average balance	Interest Income/ expense	Average Yield cost
Capital and reserves	39,034	-	-	44,535	-	-	49,711	-	-
Other Liabilities	**46,898**	**-**	**-**	**64,885**	**-**	**-**	**82,800**	**-**	**-**
Total liabilities	**767,792**	**39,942**	**5.20%**	**827,560**	**35,755**	**4.32%**	**937,744**	**34,521**	**3.68%**
Net interest income	**-**	**21,033**	**-**	**-**	**25,715**	**-**	**-**	**29,793**	**-**
Net Interest Margin	**-**	**2.94%**	**-**	**-**	**3.34%**	**-**	**-**	**3.40%**	**-**

(Rs. in million, except percentages)

	Six months ended September 30, 2004			Six months ended September 30, 2005		
	Average Balance	Interest income/ Expenses	Average yield Cost	Average Balance	Interest income/ Expenses	Average yield Cost
Assets:						
Advances	394,449	14,231	7.22	454,729	17,238	7.58
Investment	376,982	14,595	7.74	385,223	14,863	7.72
Others	77,006	1,940	5.04	73,324	1,572	4.29
Total Interest earning assets	**848,437**	**30,766**	**7.25**	**913,276**	**33,673**	**7.37**
Fixed Assets	8,080	-	-	8,643	-	-
Other Assets	39,433	-	-	85,488	-	-
Total Assets	**895,950**	**30,766**	**6.87**	**1,007,407**	**33,673**	**6.69**
Liabilities						
Deposits	779,320	16,071	4.12	820,933	16,995	4.14
Demand Deposits						
Savings Deposits						
Term deposits						
Borrowings						
Unsecured subordinated Bonds	15,000	839	11.19	15,000	848	11.30
Other Borrowings	10,071	142	2.82	19,967	425	4.24
Total interest bearing liabilities	**804,391**	**17,052**	**4.24**	**855,900**	**18,268**	**4.27**
Capital and Reserves	46,891	-	-	56,690	-	-
Other liabilities	44,668	-	-	94,817	-	-
Total Liabilities	**895,950**	**17,052**	**3.81**	**1,007,407**	**18,268**	**3.63**
Net interest income		**13,714**			**15,405**	
Net interest margin			**3.23**			**3.37**

1. Net interest margin is the ratio of net interest income to average interest-earning assets. The difference in net interest margin and spread arises due to the difference in the amount of average interest-earning assets and average interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, net interest margin is greater than the spread. If average interest-bearing liabilities exceed average interest-earning assets, net interest margin is less than the spread.

2. Break up of cost of deposit in demand deposits, savings deposits and term deposits for half years ended September 30, 2004 and September 30, 2005 is not given as there are no internally generated data for the same.

3. Inter office placements/borrowings of overseas territories are reflected as interest bearing assets/liabilities.

Analysis of Changes in Interest Income and Interest Expense Volume and Rate Analysis

The following table sets forth, for the periods indicated, the allocation of the changes in our interest income and interest expense between average volume and changes in average rates. The changes in net interest income between periods have been reflected as attributed either to volume or rate changes. For the purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.

	Fiscal 2004 vs. Fiscal 2003			Fiscal 2005 vs. Fiscal 2004			First 6months of Fiscal 2006 vs. First 6 months of Fiscal 2005		
	Net change in interest income or expenses	Change due to change in average volume (1)	Change due to change in average Rate (2)	Net change in interest income or expenses	Change due to change in average volume (1)	Change due to change in average Rate (2)	Net change in interest income or expenses	Change due to change in average volume (1)	Change due to change in average Rate (2)
Interest income:									
Advances	(2,654)	1,379	(4,033)	1,019	3,382	(2,363)	3,007	4,352	(1,345)
Investments	2,289	7,134	(4,845)	569	3,878	(3,309)	268	638	(370)
Others	860	(1,164)	2,024	1,256	1,155	101	(368)	(186)	(182)
Total interest earning assets	**495**	**4,483**	**(3,983)**	**2,844**	**8,543**	**(5,699)**	**2,907**	**4,804**	**(1,897)**
Interest expenses [(3)]									
Deposits	(4,107)	2,699	(6,781)	(1,168)	4,485	(5,653)	924	1,714	(791)
Demand deposits [(3)]	53	(7)	60	(152)	30	(182)			
Savings deposits	35	939	(904)	1,019	1,092	(73)			
Term deposits	(4,915)	1,518	(5,713)	(2,035)	3,024	(5,059)			
Borrowings									
Unsecured Subordinated Bond	122	324	(202)	52	0	52	9	0	9
Other borrowings	(202)	(223)	21	(118)	(64)	(54)	283	282	1
Total interest bearing liabilities	**(4,187)**	**2,126**	**(6,313)**	**(1,234)**	**4,337**	**(5,571)**	**1,215**	**1,996**	**(781)**
Net interest margin	**4682**			**4,078**			**1,692**		

(1) The change due to change in average volume was calculated from the change in average balance over the two periods multiplied by the average rate in the earlier period.

(2) The change due to change in average rate is the total change less the change due to change in volume.

(3) Break-up of interest expenses on demand deposits, saving deposits and time deposits for the half year ended September 30, 2004 and September 30, 2005 is not given as there is no internally generated date for the same.

Yields, Spreads and Margins

The following table sets forth, for the periods indicated the yields, spreads and interest margins on our interest-earning assets.

(Rs. in million except percentage)

	Fiscal					First 6 months of fiscal	
	2001	**2002**	**2003**	**2004**	**2005**	**2005**	**2006**
Interest income	57,573	59,555	60,976	61,470	64,314	30,766	336,73
Of Which Interest Income on Rupee Assets	N.A.	N.A.	55,534	56,439	57,578	N.A.	N.A.
Average interest-earning assets	N.A.	668,346	716,175	768,852	875,636	848,437	913,276
Of Which Average Interest earning Rupee Assets	NA	516,350	570,046	637,809	718,404	720,646	769,206
Interest expense	38,196	40,761	39,942	35,755	34,521	17,053	18,268
Of which interest expenses on Rupee Liabilities	N.A.	N.A.	35,342	31,347	28,537	N.A.	N.A.
Average interest-bearing liabilities	N.A.	631,874	681,860	718,142	805,233	804,391	855,900
Of which Average Interest Bearing Rupee Liabilities	N.A.	468,745	507,188	540790	605,060	611,890	633,496
Net interest income	N.A.	18,795	21,034	25715	29,793	13,713	15,405
Average total assets	614774	683,495	767,792	827567	937,744	895,950	1,007,407
Average interest-earning assets as a percentage of average total assets	N.A.	97.78%	93.28%	92.91%	93.38%	94.70%	90.66%
Average interest-bearing liabilities as a percentage of average total assets	N.A.	92.45%	88.81%	86.78%	85.87%	89.78%	84.96%
Average interest-earning assets as a percentage of average interest-bearing liabilities	N.A.	105.77%	105.03%	107.06%	108.74%	105.48%	106.70%
Average interest-earning rupee assets as a percentage of average interest-bearing rupee liabilities	N.A.	110.16%	112.30%	117.94%	118.73%	117.77%	121.42%
Yield (Interest earned/Average interest earning assets)	N.A.	8.91%	8.51%	8.00%	7.34%	7.25%	7.37%
Of which Yield on Rupee Earning Assets	N.A.	N.A.	9.74%	8.84%	8.01%	N.A.	N.A.
Cost of funds (Interest exp. / Average interest bearing liabilities)	N.A.	6.45%	5.86%	4.98%	4.29%	4.24%	4.27%
Of which cost of Funds of Rupee Liabilities	N.A.	N.A.	6.97%	5.80%	4.72%	N.A.	N.A.
Yield Spread (Yield – Cost of funds)	N.A.	2.46%	2.66%	3.02%	3.05%	3.01%	3.09%
Net interest margin	N.A.	2.81%	2.94%	3.34%	3.40%	3.23%	3.37%
Interest expense apportioned to interest earning assets	N.A.	6.10%	5.58%	4.65%	3.94%	4.02%	4.00%

Notes:

1. Interest bearing liabilities includes demand deposits.
2. Interest earning rupee assets includes total interest earning assets less foreign operations, FCNR (B) loans, and Foreign market placement.

3. Interest bearing rupee liabilities is total interest bearing liabilities less foreign operations, FCNR (B) deposits, EEFC, RFC and Foreign market borrowings.

Returns on Equity and Assets

The following table presents selected financial ratios for the periods indicated.

(Rs. in million except percentages)

	Fiscal					First 6 months of fiscal	
	2001	**2002**	**2003**	**2004**	**2005**	**2005**	**2006**
Net profit after tax	3,011	5,459	7,728	9,670	6,768	5063	4,160
Average total assets	614,774	683,495	767,792	827,567	937,744	895,950	1,007,407
Average shareholders' funds (#)	30,006	32,743	39,034	44,535	49,711	46,891	56,690
Net profit after tax as a percentage of average total assets	0.49%	0.80%	1.01%	1.17%	0.72%	1.13%	0.83%
Net profit after tax as a percentage of average shareholders' funds	10.03%	16.67%	19.80%	21.71%	13.61%	21.59%	14.62%
Average shareholders' funds as a percentage of average total assets	4.88%	4.79%	5.08%	5.38%	5.30%	5.23%	5.63%

Includes paid up share capital, Reserve and Surplus adjusted with revaluation reserve

The following table sets forth, as of September 30, 2005, an analysis of the residual maturity profile of our Domestic investments in coupon-bearing securities. The amounts indicate the book value (i.e., the acquisition cost) of the securities and are gross of depreciation.

(Rs. in million, except for percentages)

	As on September 30, 2005					
Domestic	**Upto one year Amount**	**One to five years Amount**	**Five to ten years Amount**	**More than ten years Amount**	**Total Amount**	**Yield**
Government and other approved securities (excluding recap/ special bonds)	14,837.69	77,520.69	122,172.18	60,431.65	274,962.21	8.40%
Other debt securities (including recap/ special bonds)	27,23.85	25,180.15	6,422.05	984.21	35,310.26	8.22%
Other coupon bearing securities	1,820.00	-	-	-	1,820.00	7.98%
Total coupon-bearing securities	19,381.53	102,700.84	128,594.23	61,415.86	312,092.46	8.45%
Total market value of coupon-bearing securities	17,427.77	104,249.98	128,120.23	59,041.27	308,839.25	-

Funding

Our funding operations are designed to optimize the cost of funding and effective liquidity management. The primary source of funding is deposits raised from our customers.

Total Deposits

The average cost (interest expense divided by average of monthly balances) of savings deposits was 3.48% in fiscal 2003, 2.98% in fiscal 2004 and 2.94% in fiscal 2005. The average cost of term deposits was 7.56% in fiscal 2003, 6.28% in fiscal 2004 and 5.26% in fiscal 2005. Bank is maintaining deposits of RRB in current account. The average cost of Demand deposits was 0.41% in fiscal 2003, 0.53% in fiscal 2004 and 0.22% in fiscal 2005. The following table sets forth, as of the dates indicated our outstanding deposits and the percentage composition by each category of deposits.

(Rs. in million, except for percentages)

	March 31, 2003		March 31, 2004		March 31, 2005		September 30, 2005	
	Balance outstanding	% of total	Balance outstanding	% of total	Balance outstanding	% of total	Balance outstanding	% of total
Demand deposits	59,654	8.99	67,717	9.28	68,711	8.45	80,695	9.36
From Banks	5,510	0.83	4,766	0.65	3,914	0.48	4,755	0.55
From Others	54,144	8.16	62,951	8.63	64,797	7.97	75,940	8.81
Savings deposits	164,194	24.74	197,802	27.11	227,769	28	249,479	28.95
Term deposits	439,815	66.27	464,155	63.61	516,854	63.55	531,543	61.69
From banks	**21,965**	**3.31**	**29,234**	**4.01**	**31,940**	3.93	40,302	4.68
From Others	**417,850**	**62.96**	**434,921**	**59.60**	**484,914**	59.62	491,241	57.01
Total deposits	**663,664**	**100.00**	**729,673**	**100.00**	**813,335**	100.00	861,717	100.00

The following table sets forth, as of the dates indicated, the regional exposure of our deposits.

(Rs. in million, except for percentages)

	March 31, 2003		March 31, 2004		March 31, 2005		September 30, 2005	
	Balance outstanding	% of total	Balance outstanding	% of total	Balance outstanding	% of total	Balance outstanding	% of total
Geographic Distribution								
Northern	101,916	15.36	110,324	15.12	131,858	16.21	140,561	16.31
North Eastern	4,460	0.67	4,900	0.67	5,610	0.69	5,953	0.69
Eastern	44,671	6.73	47,644	6.53	51,420	6.32	54,147	6.28
Central	107,295	16.17	110,055	15.08	119,013	14.63	132,763	15.41
Western	280,656	42.29	310,453	42.55	335,155	41.21	340,100	39.47
Southern	54,248	8.17	60,087	8.24	66,866	8.23	66,388	7.70
Domestic total	**593,246**	**89.39**	**643,463**	**88.19**	**709,922**	**87.29**	**739,912**	**85.86**
Overseas Territories	70,418	10.61	86,210	11.81	103,412	12.71	121,805	14.14
Total	**663,664**	**100.00**	**729,673**	**100.00**	**813,334**	**100.00**	**861,717**	**100.00**

Notes: The above figures are derived based on data received from branches and adjustments made for the branches for which data were not received.

Total Borrowings

The following table sets forth, for the periods indicated our average outstanding borrowings with and without Tier II Bonds.

(Rs. in million, except for percentages)

	Fiscal 2003			Fiscal 2004			Fiscal 2005			First six months of Fiscal 2006		
	Average balance	Interest Expense	Average Cost	Average balance	Interest Expenses	Average cost	Average balance	Interest Expense	Average Cost	Average balance	Interest Expense	Average cost
Borrowing excluding Tier II bonds	37,062	689	1.86%	25,050	487	1.94%	21,727	369	1.70%	19,967	425	4.26%
Tier II bonds	12,000	1,499	12.49%	15,000	1621	10.81%	15,000	1,673	11.15%	15,000	848	11.30%
Total borrowings	49,062	2,188	4.46%	40,050	2108	5.26%	36,727	2,042	5.56%	34,967	1,273	7.28%

Asset-Liability Gap

The following tables set forth our asset-liability gap position as of March 31 2004.

(Rs. in million, except for percentages)

OUTFLOWS	**Total**	**1 to 14 Days**	**15 to 28 days**	**29 days to 3 months**	**>3 to 6 months**	**>6 to 12 months**	**>1 to 3 years**	**>3 to 5 years**	**Over 5 Years**
Capital	2,945	0	0	0	0	0	0	0	2,945
Reserves & Surplus	48,364	0	0	0	0	0	0	0	48,364
Deposits	729,673	68,615	20,352	75,004	64,111	95,013	380,534	17,120	8,924
Borrowings	8,751	498	1	2	648	6,160	929	351	162
Other Liabilities & Provisions	54,163	9,537	106	1,885	580	667	30,747	7,384	3,257
A) Total Outflows	843,896	78,650	20,459	76,891	65,339	101,840	412,210	24,855	63,652
B) Cumulative Outflows	78,650	99,109	176,000	241,339	343,179	755,389	780,244	843,896	
INFLOWS									
Cash	4,020	4,020							
Balances with RBI	26,547	2,509	528	2,100	2,312	3,504	7,919	547	7,128
Balances with other Banks and money at call & short notice.	42,100	29,184	1,941	7,527	459	110	1,758	493	628
Investments (Performing)	379,921	15,803	2,706	3,716	2,769	2,325	39,870	57,756	254,976
Advances (Performing)	338,399	39,505	4,708	29,089	35,892	26,803	134,171	34,375	33,856
Net NPAs (including investments)	10,688	0	0	0	0	0	0	7,635	3,053
Fixed Assets	8,153	0	0	0	0	0	0	0	8,153
Other Assets	34,068	6,813	0	0	0	0	27,255	0	0
C) Total Inflows	843,896	97,834	9,883	42,432	41,432	32,742	210,973	100,806	307,794
D) Asset/ Liability Gap (C-A)		19,184	(10,576)	(34,459)	(23,907)	(69,098)	(201,237)	75,951	244,142
E) % Asset/ Liability gap (D as % To A)		24.39%	(51.69%)	(44.82%)	(36.59%)	(67.85%)	(48.82%)	305.58%	383.56%
F) Cumulative Asset/ Liability Gap (D cumulative)		19,184	8,608	(25,851)	(49,758)	(118,856)	(320,093)	(244,142)	0
G) % Cumulative asset/ liability gap (F as a % of B)		24.39%	8.69%	(14.69%)	(20.62%)	(34.63%)	(42.37%)	(31.29%)	

The following table sets forth our asset liability gap positions as of March 31, 2005:

(Rs. in million, except for percentages)

OUTFLOWS	Total	1 to 14 Days	15 to 28 days	29 days to 3 months	>3 to 6 months	>6 to 12 months	>1 to 3 years	>3 to 5 years	Over 5 Years
Capital	2,945	0	0	0	0	0	0	0	2,945
Reserves & Surplus	53,332	0	0	0	0	0	0	0	53,332
Deposits	813,334	72,639	47,463	82,171	91,010	103,130	390,862	19,743	6,316
Borrowings	16,408	5,198	0	4,593	274	241	5,396	662	44
Other Liabilities & Provisions	54,759	6,983	219	534	3,364	649	32,635	7,265	3,110
A) Total Outflows	940,778	84,820	47,682	87,298	94,648	104,020	428,893	27,670	65,747
B) Cumulative Outflows		84,820	132,502	219,800	314,448	418,468	847,361	875,031	940,778
INFLOWS									
Cash	3,972	3,972	0	0	0	0	0	0	
Balances with RBI	23,151	1,841	900	2,091	2,560	2734	6,116	529	6,380
Balances with other Banks and money at call & short notice	65,418	22,996	11,209	18,081	2,402	992	8,502	457	779
Investments (Performing)	369,620	1252	2,791	9,594	10,888	5,685	48,156	69,068	222,186
Advances (Performing)	421,944	50,483	7,774	42,333	33,695	44,704	153,570	47,678	41,707
Net NPAs (including investments)	7,320	0	0	0	0	0	0	3,609	3,711
Fixed Assets	8,608	0	0	0	0	0	0	0	8,608
Other Assets	40,745	10,375	11,039	0	0	0	19,331	0	0
C) TOTAL INFLOWS	940,778	90,919	33,713	72,099	49,545	54,115	235,675	121,341	28,3371
D) Asset/ Liability Gap (C-A)		6,099	(13,969)	(15,199)	(45,103)	(49,905)	(193,218)	93,671	217,624
E) % Asset/ Liability gap (D as % To A)		7.19%	(29.29)%	(17.41)%	(47.65)%	(47.98)%	(45.05)%	338.52%	331.00%
F) Cumulative Asset/ Liability Gap (D cumulative)		6,099	(7,870)	(23,069)	(68,172)	(118,077)	(311,295)	(217,624)	0
G) % Cumulative asset/ liability gap (F as a % of B)		7.19%	(5.94)%	(10.50)%	(21.68)%	(28.22)%	(36.74)%	(24.87)%	0

Assumptions

1. Assets and Liabilities are classified in the applicable maturity buckets based on residual maturity/ RBI guidelines unless specifically mentioned.
2. Current deposits, savings deposits and cash credit/overdraft have been distributed in various time buckets as approved by Board on the basis of behavioral studies on volatility (1-14 days bucket), core (1-3 years bucket) and minimum core (over 5 year buckets) portion of these deposits.
3. Overdue deposits are considered in 1-14 days time bucket.
4. The following items have been shown as 80% in 1-3 years time bucket and balance 20% in 1-14 days time bucket:
   a) Bills payable and other liabilities reflected under other liabilities and provisions;
   b) Balances with other Banks in current account; and
   c) Other Assets.
5. Provision on standard advances are allocated based on performing advances.

6. Balances with Reserve Bank of India are shown in various time buckets based on proportion of Net Demand Term Liabilities (Domestic).
7. Balances with other banks in deposit accounts as on March 31, 2004, are shown in 1-14 days time bucket.
8. Net NPAs are reflected in 3-5 years bucket with regard to substandard assets and the remaining balance is shown in more than 5 years bucket.

Loan Portfolio

As of September 30, 2005, our total outstanding loan portfolio was Rs. 489,523.18 million. The following table sets forth, for the dates indicated, our loan portfolio classified by product group.

(Rs. in million, except percentages)

	March 31, 2003		March 31, 2004		March 31, 2005		September 30, 2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Bills Purchased/Discounted	23,386.55	6.62	24,963.70	7.01	39,936.74	9.20	44,120.53	9.01
Cash Credit, overdrafts and others	195,365.65	55.27	183,936.00	51.67	218,095.71	50.25	240,441.13	49.12
Term Loans	134,728.62	38.11	147,109.12	41.32	175,971.39	40.55	204,961.52	41.87
Total	**353,480.82**	**100.00**	**356,008.82**	**100.00**	**434,003.84**	**100.00**	**489,523.18**	**100.00**

Note: Advances figures are from the Balance Sheet as on the reference dates and are net of provisions.

The following table presents our Domestic outstanding loans by sector and the proportion of these loans to our outstanding domestic total loans, as of the dates indicated:

(Rs. in million, except percentages)

	March 31, 2003		March 31, 2004		March 31, 2005		September 30, 2005	
	Loans	% of Total	Loans	% of Total	Loans	% of Total	Loans	% of Total
DOMESTIC								
Corporate and Commercial	252,386	81.02	240,153	76.84	269,439	71.57	298,565	70.30
(Of which Small Scale Industries (SSIs)	(34,587)	(11.10)	(35,107)	(11.23)	(37,661)	(10.00)	(40,565)	(9.55)
Housing & Retail (1)	27,128	8.71	42,178	13.50	63,831	16.96	73,317	17.26
Agriculture	31,989	10.27	30,194	9.66	43,185	11.47	52,825	12.44
Total outstanding loans	**311,503**	**100.00**	**312,525**	**100.00**	**376,455**	**100.00**	**424,707**	**100.00**

(1) The above figures are based on compilation of data received from all the regions. The advance against securities is reflected as part of retail loans from March 31, 2005 onwards and accordingly the previous period figures are not comparable. The above data is based on information compiled by respective departments.

Concentration of Loans and Credit Substitutes

Credit exposure ceilings are a prudential measure mandated by the RBI aimed at improving risk management and avoiding concentration of credit risks. Ceilings are set in relation to single/group borrowers, unsecured borrowers and with respect to each industry sector.

We have set our own credit exposure ceilings based on the guidelines for substantial exposure limits set by the RBI which are typically more conservative than those prescribed by the RBI. For information on our credit exposure ceilings, see the section titled “Business- Risk Management- Credit Risk- Credit Exposure Ceilings” beginning on page 67 of this Red Herring Prospectus.

On September 30, 2005, our largest non-food exposure to a single borrower was of Rs. 11,772.40 million which is nearly 19.37% of our capital funds as on March 31, 2005. On September 30, 2005, our largest non-food exposure to a Group borrower was of Rs. 11,766.9 Million which is nearly 19.36% of our capital funds as on September 30, 2005. All these borrowers are currently performing according to the terms of our contracts with them.

The following table sets forth, for the dates indicated, our 10 largest single exposures (in descending order) as determined by the RBI guidelines, based on the audited accounts as on March 31, 2005 and reviewed accounts as on September 30, 2005.

Top 10 borrowers as on March 31, 2005:

(Rs. in million)

Name of Account	Exposure	% of Total Global Exposure	% of Capital Funds	Industry/Sector	Classification
Borrower 1	23,306.4	3.97	38.35	Food Credit	Standard
Borrower 2	12,270.0	2.09	20.19 (1)	Infrastructure Finance	Standard
Borrower 3	11,520.8	1.96	18.95	Banking & Finance	Standard
Borrower 4	10,069.0	1.71	16.57	Housing Finance	Standard
Borrower 5	8,572.6	1.46	14.81	Residuary NBFC	Standard
Borrower 6	8,086.0	1.38	13.97	Engineering	Standard
Borrower 7	7,724.2	1.32	13.34	Infrastructure Finance	Standard
Borrower 8	6,500.0	1.11	11.23	Telecom	Standard
Borrower 9	6,181.0	1.05	10.17	Telecom	Standard
Borrower 10	6,169.3	1.05	10.15	Banking & Finance	Standard
Total Global Exposure (2)	**(587317.57) (2)**				

(1) Necessary approval for exceeding the exposure norms has been accorded by the Board vide resolution no. A-4 dated 24-7-2005.

(2) This includes net advances, guarantee given on behalf of constituents, acceptance, endorsement and other obligation, non-SLR domestic securities and investments outside India.

Top 10 borrowers as on September 30, 2005:

(Rs. in million)

Name of Account	Exposure	% of Total Global Exposure	% of Capital Funds	Industry/Sector	Classification
Borrower 1	24,285.8	3.65	39.97	Food Credit	Standard
Borrower 2	11,772.4	1.77	19.37	Infrastructure Finance	Standard
Borrower 3	9,991.4	1.50	16.44	Banking & Finance	Standard
Borrower 4	9,666.9	1.45	15.91	Housing Finance	Standard
Borrower 5	8,347.7	1.25	13.74	Banking & Finance	Standard
Borrower 6	7,419.0	1.11	12.31	Residuary NBFC	Standard
Borrower 7	7,208.4	1.08	11.86	Infrastructure Finance	Standard
Borrower 8	6,014.5	0.90	9.90	Refinery and distribution of petroleum products	Standard
Borrower 9	5,887.7	0.88	9.69	Banking & Finance	Standard
Borrower 10	5,377.2	0.81	8.85	Aluminum	Standard
Total Global Exposure (1)	**(665,982.9) (1)**				

(1) This includes net advances, guarantee given on behalf of constituents, acceptance, endorsement & other obligation, Non SLR domestic securities and investments outside India.

There have been no defaults or any compromise or write off by any of the above parties, except for IFCI Limited, where sacrifice was made based on the restructuring exercise.

The following table sets forth, for the dates indicated, our 10 largest Group exposures (in descending order) as determined by the RBI guidelines, based on the audited accounts as on March 31, 2005 and reviewed accounts as on September 30, 2005.

(Rs. in million, except percentages)

March 31, 2005				
Name of Group #	**Exposure**	**% of** Total Global Exposure	**% of** Capital Funds	**Classifi-** cation
Group 1	16,483.20	2.92	27.13 *	Standard
Group 2	12,339.90	2.18	20.31	Standard
Group 3	10,595.10	1.87	17.44	Standard
Group 4	10,169.00	1.80	16.74	Standard
Group 5	8,663.40	1.53	14.26	Standard
Group 6	6,783.90	1.20	11.16	Standard
Group 7	5,420.30	0.96	8.92	Standard
Group 8	5,271.10	0.93	8.67	Standard
Group 9	4,734.40	0.84	7.79	Standard
Group 10	4,526.80	0.80	7.44	Standard
* Total Global Exposure	(587,317.57)*			

September 30, 2005				
Name of Group #	**Exposure**	**% of** Total Global Exposure	**% of** Capital Funds	**Classifi-** cation
Group 1	11,766.9	1.77	19.36	Standard
Group 2	11,065.3	1.66	18.21	Standard
Group 3	9,612.3	1.44	15.82	Standard
Group 4	9,080.0	1.36	14.94	Standard
Group 5	6,371.2	0.96	10.48	Standard
Group 6	5,548.1	0.83	9.13	Standard
Group 7	5,308.5	0.80	8.74	Standard
Group 8	4,878.3	0.73	8.03	Standard
Group 9	4,737.1	0.71	7.80	Standard
Group 10	4,689.2	0.70	7.72	Standard
*Total Global Exposure	(665,982.9)*			

in both these cases, the Groups may not necessarily be the same.

* This includes net advances, guarantee given on behalf of constituents, acceptance, endorsement & other obligation, Non SLR domestic securities and investments outside India.

The following table sets forth, the periods indicated, our ten largest industry exposures (Domestic advances):

(Rs. in million, except percentages)

Industry	March 31,						September 30, 2005		
	2004			2005					
	Funded Out-standing	% of Funded O/S	Rank	Funded Out-standing	% of Funded O/S	Rank	Funded Out-standing	% of Funded O/S	Rank
Infrastructure	12,939.99	9.82	4	33,986.77	21.05	1	45,163.55	23.67	1
Textile	23,570.66	17.88	1	26,859.74	16.63	2	30,119.06	15.78	2
Chemical, Dyes Paints, Fertilizer, Pharma	21,748.57	16.5	2	21,107.01	13.07	3	29,185.52	15.30	3
Iron & Steel	1,4331.7	10.87	3	16,239.16	10.06	4	20,961.93	10.99	4
All Engineering	9,691.54	7.35	5	9,089.02	5.63	5	9,149.67	4.80	5
Metals & Metal Products	5,374.11	4.08	6	6,970.68	4.32	6	7,873.85	4.13	6
Gems & Jewellery	-	-	-	4,484.01	2.78	8	5,835.96	3.06	7
Plastic (part of other industry)	4,188.6	3.18	8	4,373.19	2.71	9	4,778.16	2.50	8
Food Processing and Beverages	4,137.56	3.14	9	3,841.44	2.38	10	-	-	-
Paper & Paper Products	4,222.9	3.2	7	5,123.89	3.17	7	4,455.22	2.33	9
Automobile	-	-	-	-	-	-	4,325.04	2.27	10
Sugar	3,900.75	2.96	10	-	-	-	-	-	-
	104,106.38	**78.98**		**132,074.91**	**81.80**		**161,847.96**	**84.82**	

Industry wise outstanding as on September 30, 2005:

(Rs. in million, except percentages)

Industry	No. of Accounts	Funded O/s as on 30-9-05	Funded O/s to top 10 companies in the industry	Funded O/s to top 10 companies as a % of O/s to the Industry
Coal	54	801.7	795.1	99.18
Mining	1,430	1,984.3	1,386.8	69.89
Iron and Steel	2,236	20,961.9	15,104.2	72.06
Metal & Metal Prod.	4,292	7,873.9	4,152.5	52.74
All Engineering	3,953	9,149.7	3,242.1	35.43
Textiles	8,737	30,119.0	7,558.1	25.09
Sugar	198	2,331.1	1,862.0	79.88
Tea	90	135.6	114.4	84.37
Food Processing and Beverages	4,546	4,269.3	1,110.6	26.01
Vegetable Oil & Van	263	1,675.7	1,427.5	85.19
Tobacco & Prod.	273	156.5	115.2	73.61
Paper & Prod	1,799	4,455.2	2,815.4	63.19
Rubber & Prod.	804	1,809.2	1,249.6	69.07

(Rs. in million, except percentages)

Industry	No. of	Funded O/s as on 30-9-05	Funded O/s to top 10 companies in the industry	Funded O/s to top 10 companies as a % of O/s to the Industry
Chemical, Dye, Paints etc.	4384	29,185.5	16,152.7	55.35
Cement	371	2,038.5	1,839.8	90.25
Leather & Prod.	925	882.7	706.8	80.07
Gems and Jewellery	851	5,836.0	5,820.2	99.73
Construction	695	2,382.7	1,509.3	63.34
Petroleum	2	1.2	1.2	100.00
Automobiles	1,375	4,325.0	2,698.0	62.38
Computer Software	289	409.3	352.4	86.10
Infrastructure	1,253	45,163.5	31,776.9	70.36
Other Industry	34,137	14,862.8	2,272.5	15.29
Total	**72,957**	**190,810.3**	**104,063.3**	**54.54**

Security

The table below shows the amount of our net advances as on March 31, 2003, 2004, 2005 and half year ended September 30, 2005, that are secured or covered by guarantees or unsecured.

(Rs. in million, except percentages)

Particulars	Classification of Net Advances							
	March 31,						September 30,	
	2003		2004		2005		2005	
	Amount	% of advances	Amount	% of advances	Amount	% of advances	Amount	% of advance
Secured by tangible assets (including advances against book debts)	291,127	82.36	285,015	80.06	332,787	76.68	355,689.89	72.66
Covered by bank or Government guarantees	17,768	5.03	28,017	7.87	35,298	8.13	42,328.51	8.65
Unsecured	44,586	12.61	42,977	12.07	65,919	15.19	91,504.78	18.69
Total	**353,481**	**100.00**	**356,009**	**100.00**	**434,004**	**100.00**	**489,523.18**	**100.00**

Non-Performing Assets

As of March 31, 2005, our gross non-performing asset as a percentage of gross advances was 7.30 % and our net non-performing assets as a percentage of net advances was 1.45 % (considering floating provisions).

We define net NPAs as gross NPAs less our loan loss provision, Deposit Insurance and Credit Guarantee Corporation/ Export Credit Guarantee Corporation (DICGC/ECGC) claims received and held, Amount of Interest Suspense held, Amount of Suit filed, sundry Deposit received and held and amount of floating provisions.

We have made such provisions for 81.35% of our gross non-performing loans, as on March 31, 2005.

As of September 30, 2005, 43.82 % of gross domestic NPAs were from priority sector advances. We have maximum NPAs in textile and chemicals industries with 14.85% and 11.61%, respectively, of gross domestic NPAs as on September 30, 2005.

The following table set forth, as of the dates indicated, information about our non-performing advances portfolio:

(Rs. in million, except percentages)

	2001			2002			March 31, 2003			2004			2005			Sept. 30, 2005		
	Amt.	NPAs	NPAs as % of Adv	Amt.	NPAs	NPAs as % of Adv	Amt.	NPAs	NPAs as % of Adv	Amt.	NPAs	NPAs as % of Adv	Amt.	NPAs	NPAs as % of Adv	Amt.	NPAs	NPAs as % of Adv
Gross Advances	296,588	41,857	14.11	362,391	44,893	12.39	378,209	41,679	11.02	378,334	39,799	10.52	455,291	33,218	7.30	510,551	32,349.50	6.34
Interest Suspense	3,608	3,608		4,022	4,022		3,619	3,567		3,221	3,221		2,983	2,983		2,731	2,731	
DICGC/ECGC claims received and held	415	415		615	615		608	608		449	449		510	510		423	423	
SFSD held	601	591		596	581		453	453		385	385		342	342		349	349	
Provisions (as per RBI)	17,757	17,757		20,528	20,528		20,048	20,048		18,134	18,134		17,322	17,322		17,399	17,399	
Other Adjustments	137	130		126														
Floating Provisions	1,212	1,212		2498	2,498		4,019	4,019		7,190	7,190		5,864	5,864		5,975	5,975	
Total Deductions	23,593	23,583		28,259	28,244		28,747	28,695		29,516	29,379		27,151	27,021		27,003	26,877	
Net Advances (for Net NPA %)	272,995	18,274	6.69	334,132	16,649	4.98	349,462	12,984	3.72	348,818	10,420	2.99	428,140	6,197	1.45	483,548	5,472.50	1.13
Unapplied Interest (Domestic NPAs)	Not Available		Not Available					21,367			18,752			13,986			14,579	

Classification of Assets

Advances are net of interest suspense, amounts received and held in suit-filed sundry deposits, claims received and provisions made for non-performing advances in accordance with the prudential norms prescribed by RBI and revised from time to time. In respect of advances made in overseas branches, advances are classified in accordance with stricter of the prudential norms prescribed by the RBI or local laws of the host country in which advances are made, wherever applicable.

Advances are classified as standard, sub-standard, doubtful or loss assets. We make provisions for losses made on sub-standard, doubtful and loss assets as per the prudential norms of the RBI set forth below :

- **Sub-Standard Assets:** A general provison of 10.0 % on the total outstanding. The unsecured exposures that are identified as sub-standard attract an additional provison of 10.0%, i.e., a total of 20.0 % on the outstanding balance.
- **Doubtful Assets :** A 100.0 % provsion/write-off of the unsecured portion of advances that are not covered by realizable value of the security. In cases where there is a secured portion of the asset, depending upon the period for which the asset remains doubtful, a 20.0% to 100.0% provision is required to be made against the secured asset as follows:
  - ➔ Up to one year: 20.0% provision;
  - ➔ One to three years: 30.0% provision; and
  - ➔ More than three years:
    - In respect of outstanding stock of non-performing assets as on March 31, 2004: 50% provision, which become 60% with effect from March 31, 2005, and will be 75% with effect from March 31, 2006 and 100% with effect from March 31, 2007.
    - In respect of assets that have been doubtful for over three years on or after April 1, 2004, the provsion has been raised to 100% with effect from March 31, 2005.
- **Loss Assets :** 100 % provision.

A provision of 0.25 % is made on standard advances (including in respect of investments by way of debentures/bonds in the nature of advances), and is included under the head “Other Liabilities” as per RBI guidelines.

In respect of rescheduled/restructured accounts, provision is made for the sacrifice of interest measured in present value terms as per Reserve Bank of India guidelines. The said provision is included under the head “Other Liabilities”.

Income Recognition

As per the extant guidelines on IRAC norms as revised by RBI from time to time, if any advance account becomes NPA as at the close of any year, interest accrued and credited to the income account, for the current year, as well as corresponding period of previous year, should be reversed or provided for if the same is not realized. This applies to Government guaranteed accounts also.

In respect of NPAs, fees and similar other income should be reversed or provided for, if unrealized. In accordance with the above RBI guidelines on income recognition, once loan accounts are identified as non-performing, interest and other fees charged in the account, if uncollected, are reversed and held in Interest suspense account. Interest income from advances for NPAs is recognized only on realization.

The following table provides a break down of our gross advances as of the dates indicated.

(Rs. in million except percentages)

BREAK UP OF GROSS ADVANCES

	March 31,										September 30,	
	2001		2002		2003		2004		2005		2005	
	Amount	%	**Amount**	%	**Amount**	%	**Amount**	%	**Amount**	%	**Amount**	%
ASSET CLASSIFICATION												
Standard Assets	254,730.50	85.89	317,498.30	87.61	336,529.60	88.98	338,535.40	89.48	422,073.10	92.70	478,201.00	93.66
Non-Performing Assets	41,857.20	14.11	44,892.90	12.39	41,679.10	11.02	39,798.60	10.52	33,218.10	7.30	32,349.50	6.34
Of which:												
Substandard Assets	11,430.70	3.85	9,875.90	2.73	6,937.30	1.83	9,025.60	2.39	4,313.50	0.95	4,448.60	0.87
Doubtful Assets	24,123.00	8.13	26,599.50	7.34	28,666.50	7.58	24,458.50	6.46	23,860.10	5.24	23,571.30	4.62
Loss Assets	6,303.50	2.13	8,417.50	2.32	6,075.30	1.61	6,314.50	1.67	5,044.50	1.11	4,329.60	0.85
Total Loan Assets	**296,587.70**	**100.00**	**362,391.20**	**100.00**	**378,208.70**	**100.00**	**378,334.00**	**100.00**	**455,291.20**	**100.00**	**510,550.50**	**100.00**

Restructured Assets

The RBI has separate guidelines for restructured assets. A fully secured standard asset can be restructured by rescheduling the principal or interest payments, but must be separately disclosed as a restructured asset during the year of restructuring. The amount of sacrifice if any, in the element of interest, measured in present value terms, is either written off or provided for to the extent of the sacrifice involved. Similar guidelines apply to sub-standard assets. Sub-standard assets which have been restructured, whether in respect of principal or interest payments, are eligible to be upgraded to the "standard assets" category only after a specified period, which is one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period.

In order to create an institutional mechanism for the restructuring of corporate debt, RBI has also created a corporate debt restructuring (CDR) system in 2003. The objective of this framework is to provide a more timely and transparent mechanism for the restructuring of corporate debts of viable entities facing financial difficulties. This system has led to the approval of restructuring programs for a large number of companies, which has resulted in an increase in the level of restructured assets in the Indian financial system, including an increase in our restructured assets.

Following table presents our assets restructured during the periods indicated:

(Rs. in million)

	March 31,		
	2003	**2004**	**2005**
CDR Restructured Assets			
Standard Assets	1,504.10	5,752.50	4,819.20
Substandard Assets	0.00	133.80	132.30
Doubtful Assets	0.00	1,887.20	0.00
Loss Assets	0.00	0.00	0.00
Total CDR Restructured Assets	**1,504.10**	**7,773.50**	**4,951.50**
Other Restructured Assets			
Standard Assets	6,746.60	2,452.60	2,409.30
Substandard Assets	82.50	695.70	243.40
Doubtful Assets	0.00	1,220.60	115.00
Total Other Restructured Assets	**6,829.10**	**4,368.90**	**2,767.70**
Total Restructured Assets	**8,333.20**	**12,142.40**	**7,719.20**

Provisioning and Write-offs

Our policies on provisioning and write-offs of non-performing assets are consistent with those prescribed by the RBI guidelines.

In addition to the provisions required by RBI guidelines, we also make additional provisions for NPAs such as float provisions. As of March 31, 2005, out of our total provision for NPAs of Rs. 23,186 million, we have Rs.5,864 million in excess of the required provision against NPA of Rs. 33,218 million. This loan loss coverage ratio as at March 31, 2004 for gross NPAs was 81.35% (the coverage ratio is calculated using our total provisions, Deposit Insurance and Credit Guarantee Corporation/Export Credit Guarantee Corporation (DICGC/ECGC) claims received and held as coverage). This has marginally decreased to 83.08% as on September 30, 2005. The table below shows the changes in our provisions over the past three fiscal years.

(Rs. in million)

	March 31,		
	2003	**2004**	**2005**
Opening Balance	**20,528.10**	**20,048.20**	**18,133.70**
ADD : Provisions made during The year (including float provisions)	5,440.30	6,736.30	5,560.50
LESS : Write-off / write-back during the year	5,920.20	8,650.80	6,372.20
Closing Balance	**20,048.20**	**18,133.70**	**17,322.00**

In compliance with regulations governing the presentation of financial information by banks, we report non-performing assets net of cumulative provision and interest suspended in our financial statements. Recovery in respect of non-performing advances is allocated first toward principal and thereafter against interest.

Sector-wise Analysis of Gross Non-Performing Assets

The following table sets forth, as of the dates indicated, the classification of our gross non-performing assets/priority and other sectors.

(Rs. in million, except percentages)

Sector	Sept.05			Mar.05			Mar.04			Mar.03			Mar.02			Mar.01		
	Gr. Adv.	Gr. NPA	Gr. NPA%	Gr. Adv.	Gr. NPA	Gr. NPA%	Gr. Adv.	Gr. NPA	Gr. NPA%	Gr. Adv.	Gr. NPA	Gr. NPA%	Gr. Adv.	Gr. NPA	Gr. NPA%	Gr. Adv.	Gr. NPA	Gr. NPA%
I. Priority Sector																		
Agriculture	52,824.60	4,361.60	8.26	44,403.30	4,451.80	10.03	30,193.80	5,096.00	16.88	31,989.60	5,916.40	18.49	26,877.80	6,460.40	24.04	25,867.10	6,525.60	25.23
SSI	40,565.50	5,406.80	13.33	37,140.00	5,827.50	15.69	35,106.90	6,246.00	17.79	34,587.40	7,363.70	21.29	32,837.40	7,863.40	23.95	32,354.70	7,317.10	22.62
Others	52,232.10	3,838.00	7.35	48,614.00	3,522.70	7.25	41,231.20	3,773.50	9.15	33,513.60	3,457.30	10.32	26,199.20	3,971.00	15.16	21,542.30	3,641.40	16.90
Total Priority Sector	**145,622.20**	**13,606.40**	**9.34**	**130,157.30**	**13,802.00**	**10.60**	**106,531.90**	**15,115.50**	**14.19**	**100,091.00**	**16,737.40**	**16.72**	**85,914.40**	**18,294.80**	**21.29**	**79,764.10**	**17,484.10**	**21.92**
II. Non Priority Sector (NPS)																		
Large & medium industries	143,164.20	13,288.30	9.28	113,647.50	13,631.40	11.99	95,902.30	18,883.70	19.69	96,113.90	17,809.00	18.53	97,680.90	19,323.40	19.78	58,093.00	16,255.60	27.98
Trade & others	68,904.90	3,497.40	5.08	71,105.00	3,524.40	4.96	59,017.00	3,706.50	6.28	51,671.10	4,263.10	8.25	50,801.20	4,425.80	8.71	65,492.70	4,793.90	7.32
Psus	67,015.20	658.80	0.98	61,545.30	657.10	1.07	51,073.70	283.80	0.56	63,627.70	290.10	0.46	70,497.90	510.80	0.72	51,228.30	557.10	1.09
Total NPS	**279,084.30**	**17,444.50**	**6.25**	**246,297.80**	**7,812.90**	**7.23**	**205,993.00**	**22,874.00**	**11.10**	**211,413.00**	**22,362.20**	**10.58**	**218,980.00**	**24,260.00**	**11.08**	**174,814.00**	**21,606.60**	**12.36**
Domestic Advances	424,706.50	31,050.90	7.31	376,455.10	31,614.90	8.40	312,524.90	37,989.50	12.16	311,503.00	39,099.60	12.55	304,894.40	42,554.80	13.96	254,578.10	39,090.70	15.36
Intl. Advances	85,718.50	1,298.60	1.51	78,836.10	160.32	2.03	65,809.10	1,809.10	2.75	66,705.40	2,579.40	3.87	57,497.00	2,338.10	4.07	42,009.60	2,766.50	6.59
Total Gross Advances	**510,425.00**	**32,349.50**	**6.34**	**455,291.20**	**33,218.10**	**7.30**	**378,334.00**	**39,798.60**	**10.52**	**378,209.00**	**41,679.00**	**11.02**	**362,391.40**	**44,892.90**	**12.39**	**296,587.70**	**41,857.20**	**14.11**

Note: This data is based on information compiled by respective departments.

The following tables sets forth, as of the dates indicated, the classification of our gross non-performing assets by industry sector.

(Rs. in million, except percentages)

Industry	March 31, 2001			March 31, 2002		
	NPA	% NPA to total industry O/s.	Provision	NPA	% NPA to total industry O/s.	Provision
Coal	18.59	2.08	4.56	24.07	2.00	4.73
Mining	413.75	37.64	157.63	408.91	29.05	189.01
Iron & Steel	1,429.98	9.24	586.34	2,385.83	14.77	672.77
Metals & Metal Prod	1,263.88	26.06	622.39	1,256.72	21.85	643.41
All Engineering	1,948.95	18.63	709.24	1,837.30	17.79	684.11
Textiles	5,584.19	28.00	2,420.33	5,901.52	28.89	2,455.38
Sugar	390.01	13.15	226.07	459.07	13.37	74.51
Tea	24.89	8.77	7.60	25.06	5.90	8.05
Food Processing	941.88	20.28	373.35	1,019.13	24.75	374.64
Veg Oils & Vanasp	110.66	12.12	41.52	129.60	11.07	41.79
Tobacco & Products	12.02	9.06	4.55	12.74	7.76	4.80
Paper & Products	584.96	21.32	242.34	1,369.80	39.44	414.44
Rubber & Prod	483.42	30.16	234.93	428.26	25.64	254.50
Chemicals, Dyes Paints, Fertilizers, Pharma	4,668.81	19.84	2,331.49	4,739.43	16.90	1,999.77
Cement	533.65	30.96	235.14	529.85	26.34	234.22
Leather & Prod	287.45	29.80	133.77	269.44	31.08	150.73
Gems & Jewellery	388.63	8.70	107.89	430.96	10.30	74.32
Construction	192.20	15.72	69.50	213.57	12.56	60.41
Automobiles	943.16	21.58	235.68	955.36	25.66	388.58
Computer Software	86.81	30.70	25.15	86.28	19.69	27.17
Infrastructure	175.01	3.14	64.53	164.97	2.18	76.47
Other Industries	1,461.20	11.03	355.66	3,497.42	27.43	1,444.00
Total	**21,944.10**	**18.07**	**9,189.62**	**26,145.31**	**19.96**	**10,277.78**

(Rs. in million, except percentages)

Industry	March 31, 2003			March 31, 2004		
	NPA	% NPA to total industry O/s.	Provision	NPA	% NPA to total industry O/s.	Provision
Coal	21.36	2.02	6.58	19.65	3.41	6.06
Mining	300.18	22.05	126.87	252.53	17.87	89.92
Iron & Steel	2,300.44	16.39	851.76	2,014.80	14.06	775.15
Metals & Metal Prod	1,433.86	27.37	819.55	1,294.57	24.09	742.68
All Engineering	2,072.33	18.63	832.11	2,442.00	25.20	1,195.30
Textiles	5,157.61	24.26	2,439.13	4,309.92	18.29	1,791.31

(Rs. in million, except percentages)

Industry	March 31, 2003 NPA	March 31, 2003 % NPA to total industry O/s.	March 31, 2003 Provision	March 31, 2004 NPA	March 31, 2004 % NPA to total industry O/s.	March 31, 2004 Provision
Sugar	382.52	10.93	216.86	203.59	5.22	136.03
Tea	20.74	12.13	6.25	18.92	11.83	7.96
Food Processing	1,287.62	32.32	556.50	1,202.77	29.07	507.42
Veg Oils & Vanasp	826.82	55.61	446.55	596.74	38.70	393.62
Tobacco & Products	13.40	10.53	4.90	10.17	7.56	3.73
Paper & Products	1,149.00	35.64	409.49	1,025.91	24.29	510.50
Rubber & Products	362.05	20.44	251.32	315.67	18.30	253.69
Chemicals, Dyes Paints, Fertilizers, Pharma	5,079.88	18.21	2,964.93	6,617.48	30.43	3,043.71
Cement	509.67	27.22	233.39	460.47	22.57	327.78
Leather & Prod	208.10	26.59	115.03	71.25	10.73	32.68
Gems & Jewellery	518.81	10.62	215.94	187.71	5.33	60.25
Construction	179.15	7.80	45.30	123.45	4.76	48.81
Automobiles	347.83	11.94	179.69	264.31	8.96	117.96
Computer Software	92.15	15.58	30.54	83.75	18.40	26.45
Infrastructure	185.26	2.19	90.25	157.37	1.22	81.17
Other Industries	3,378.18	24.20	1,555.19	3,539.97	25.09	1,686.72
Total	**25,826.94**	**19.57**	**12,398.13**	**25,212.97**	**19.13**	**11,838.90**

(Rs. in million, except percentages)

Industry	March 31, 2005 NPA	March 31, 2005 % NPA to total industry O/s.	March 31, 2005 Provision	September 30, 2005 NPA	September 30, 2005 % NPA to total industry O/s.	September 30, 2005 Provision
Coal	4.21	0.60	1.37	4.15	0.52	0.62
Mining	209.12	10.70	125.02	136.43	6.88	74.36
Iron & Steel	984.98	6.07	463.38	903.62	4.31	527.02
Metals & Metal Products	1,261.89	18.10	799.86	1,199.61	15.24	783.43
All Engineering	2,167.86	23.85	1,031.91	1,953.54	21.35	929.83
Textiles	4,466.91	16.63	2,011.49	4,611.42	15.31	2,258.71
Sugar	80.80	2.31	58.59	69.80	2.99	50.81
Tea	18.53	15.51	9.02	18.23	13.44	11.01
Food Processing and Beverages	1,011.60	26.33	546.76	1,069.72	18.79	574.24
Veg Oils & Vanasp	561.45	31.01	397.09	606.80	36.21	435.36
Tobacco & Products	6.12	4.88	2.80	5.91	3.78	3.21
Paper & Products	373.64	7.29	172.82	382.15	8.58	184.51
Rubber & Products	116.32	6.53	80.67	118.13	6.53	94.35

(Rs. in million, except percentages)

Industry	March 31, 2005			September 30, 2005		
	NPA	% NPA to total industry O/s.	Provision	NPA	% NPA to total industry O/s.	Provision
Chemicals, Dyes Paints, Fertilizers, Pharma	3,851.16	18.25	2,801.46	3,604.89	12.35	2,664.56
Cement	465.96	22.87	405.15	431.68	21.18	365.31
Leather & Products	62.58	7.01	28.60	70.66	8.00	35.06
Gems & Jewellery	175.03	3.90	74.56	119.84	2.05	35.89
Construction	63.95	2.90	31.78	64.10	2.69	39.37
Automobiles	206.71	5.44	138.66	101.95	2.36	63.47
Computer Software	29.84	8.25	13.92	29.06	7.10	14.34
Infrastructure	336.71	0.99	104.61	315.60	0.70	120.98
Other Industries	2,996.62	20.67	1,629.62	2,906.85	21.15	1,727.13
Total	**19,451.97**	**12.05**	**10,930.05**	**18,724.15**	**9.81**	**10,993.60**

The following table sets forth our 10 largest gross non-performing assets as of September 30, 2005. Together, these borrowers constitute 13.34 % of our gross NPAs as of September 30, 2005.

(Rs. in million)

	Gross NPA	De-recognized income	Provision	Net NPA	Realizable value of collateral	Industry
Borrower 1	712.00	106.89	283.11	322.00	460.00	Readymade Garments
Borrower 2	590.72	0	514.06	76.66	150.00	Petrochemicals
Borrower 3	555.75	81.98	473.77	0	0	Allopathic Drugs & Pharma
Borrower 4	547.32	27.51	519.81	0	191.76	Ind. Org. Chemicals
Borrower 5	419.90	61.21	35.87	322.82	249.68	Transformers
Borrower 6	352.73	0	336.61	16.12	48.10	Industrial Fastener Belts
Borrower 7	368.55	21.85	178.01	168.69	210.86	Readymade Garments
Borrower 8	266.09	30.04	236.05	0	0	Textile Spinning Wvg.
Borrower 9	253.95	0	209.84	44.11	176.46	Polyester Synthetic Fibre
Borrower 10	246.94	40.67	180.19	26.08	104.33	Fertilizer Distribution
Total	**4,313.95**	**370.16**	**2,967.31**	**976.48**	**1,591.19**	

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ON AN UNCONSOLIDATED BASIS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Red Herring Prospectus, along with the section titled "Selected Financial Information" beginning on page 6 and the section titled "Selected Statistical Information" beginning on page 238, which presents important statistical information about our Bank's business. You should also read the section titled "Risk Factors" beginning on page xiii, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to the Bank on a standalone basis and is based on our restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP and the RBI guidelines. The following discussion is also based on internally prepared statistical information and on information publicly available from the RBI and other sources.

Introduction

Overview

Our Bank is one of India's leading commercial banks. As of September 30, 2005, we had 2,694 branches in India spread over 27 states and five union territories. In addition, as on date we maintain an international presence in 13 other countries across the globe. (Our Subsidiaries have a presence in sixadditional countries). As of September 30, 2005, we had a work force of 39,170 people serving over 25 million customers.

Our business involves six main business areas: corporate financial services; international operations; retail financial services; business financial services; global treasury; and rural financial services.

We have maintained consistent growth in our business. Between fiscal 2001 and 2005, our total income grew at a compounded annual rate of 4.60% and our total assets, total deposits and total advances grew at a compounded annual growth rate of 10.58%, 10.75% and 12.16%, respectively.

Revenue

Our revenue, which is referred to herein and in our financial statements as our total income, consists of interest income and other income.

Interest income consists of interest on advances (including the bills discounted) and income on investments. Income on investments consists of interest and dividends from securities and our other investments. We also earn interest income from inter-bank loans and cash deposits that we keep with the RBI. Our securities portfolio consists primarily of Government of India and state government securities. We meet SLR ratio requirements through investments in these and other approved securities. We also hold debentures and bonds issued by public sector undertakings and other corporations, commercial paper, equity shares and mutual fund units. Our interest income is affected by fluctuations in interest rates as well as the volume of activity.

Our other income consists principally of fee based income, commission, exchange and brokerage income, net profit on sales of investments and gains or losses on foreign exchange transactions. Fee based income includes charges for services such as cash management services and credit-related transactional services and also includes service charges and processing fees chargeable on customers' accounts and fees for remittance services, documentary credits, letters of credit and issuance of guarantee. It also includes commissions on sales of non-funded products, such as debit cards and insurance products, and commission on collections on behalf of the Government.

Expenses

Our interest expense consists of our interest on deposits as well as borrowings. Our interest expense is affected by fluctuations in interest rates, the extent to which we fund our activities with low-interest or non-interest deposits and the extent to which we rely on borrowings.

Our non-interest expense consists principally of operating expenses, including expenses for wages and employee benefits, depreciation on fixed assets, rent paid on premises, insurance, postage and telecommunications, printing and stationery, advertising and publicity, other administrative expenses and other expenses. Provisioning for non-performing assets, depreciation on investments and income tax is included in provisions and contingencies.

Financial Performance Indicators

We use a variety of indicators to measure our performance. These indicators are presented in tabular form in the section titled "Selected Statistical Information" on page 238. Our net interest income represents our total interest income net of total interest expense. Net interest margin represents the ratio of net interest income to the fortnightly average of total interest earning assets. Our spread represents the difference between the yield on the fortnightly average of interest earning assets and the cost of the fortnightly average of interest bearing liabilities. We calculate average yield on the fortnightly average of advances and average yield on the daily average of investments, as well as the average cost of the fortnightly average of deposits and average cost of the fortnightly average of borrowings. Our cost of funds is the weighted average of the average cost of the fortnightly average of interest bearing liabilities. For the purposes of these averages and ratios only, the interest cost of the unsecured subordinated bonds that we issue for Tier II capital adequacy purposes ("Tier II Bonds") is included in our cost of interest bearing liabilities. In our financial statements, these bonds are accounted for as "other liabilities and provisions" and their interest cost is accounted for under other interest expenses.

The Indian Economy

Our financial condition and results of operations are affected in large measure by general economic conditions prevailing in India. The Indian economy has grown steadily over the past three years. GDP growth was 4.0% in fiscal 2003, 8.5% in fiscal 2004, 6.9% in fiscal 2005. GDP growth in fiscal 2003 was adversely affected by insufficient rainfall, which contributed to a decrease in agricultural production. GDP growth picked up in fiscal 2004 due to, among other things, agricultural production recovery, resurgence of the industrial sector and continued growth in the services sector. GDP growth was less in fiscal 2005 compared with fiscal 2004 primarily due to a smaller increase in the growth of the agricultural sector.

Industrial growth was 6.2% in fiscal 2003, 6.5% in fiscal 2004 and 8.3% in fiscal 2005. The agriculture sector grew by 5.2% in fiscal 2003, 9.6% in fiscal 2004 and 1.1% in fiscal 2005. We have significant exposure to the industrial sector and developments in that sector would impact our results.

The annual rate of inflation, as measured by variations in the wholesale price index (WPI), on a point-to-point basis was, 6.5% in fiscal 2003 and 4.6% in fiscal 2004, 5.10% in fiscal 2005. It was at 5.9% by April 23, but declined steadily thereafter to 4.6 per cent by October 8, 2005.

In its Mid-Term Review of the Annual Policy Statement for 2005-2006 released on October 25, 2005, RBI forecasted GDP growth for fiscal 2006 at 7% to 7.5% and has given the inflation rate forecast of 5.0% to 5.5%. The average exchange rate of the Indian Rupee to one U.S. Dollar was Rs. 48.27 in fiscal 2003, Rs. 45.83 in fiscal 2004, Rs. 44.84 in fiscal 2005 and Rs. 43.46 for the six months ended September 30, 2005. Foreign exchange reserves were U.S.$ 141,636 million as of September 30, 2005.

In fiscal 2003 and 2004, there was a general downward movement in interest rates in India, reflecting local and global economic conditions. Banks have generally followed the direction of interest rates set by the RBI and have adjusted both their deposit rates and lending rates downwards. However, the RBI's main influence is on short term interest rates, with long-term rates being set more by market conditions. During fiscal 2005, following the general trend of interest rates in the economy, deposit rates in the Banking industry also displayed an upward bias. In the six months ended September 30, 2005 interest rates remained stable.

The RBI has maintained a policy of assuring adequate liquidity in the banking system and has generally lowered the rate at which it would lend to Indian banks to ensure that borrowers have access to funding at competitive rates. The RBI's primary motive has been to realign interest rates with the market to facilitate a smooth transition from a government-controlled regime in the early 1990s, when interest rates were heavily regulated, to a market-oriented interest rate regime.

The following table sets forth the bank rate, reverse repo rate, deposit rate and prime lending rates of Scheduled Commercial Banks as of the dates indicated.

As of	Bank rate	Reverse Repo rate	Deposit rate for 1-3 year term for 5 major Scheduled Commercial Banks	Prime lending rate for 5 major Scheduled Commercial Banks
		(as percentages)		
March 31, 2003	6.25	5.00	4.25-6.00	10.75-11.50
March 31, 2004	6.00	4.50	4.00-5.25	10.25-11.00
March 31, 2005	6.00	4.75	5.25-6.25 (1)	10.25-10.75
September 30, 2004	6.00	4.50	5.00-5.50 (1)	10.25-11.00
September 30, 2005	6.00	5.00 (2)	5.25-6.25 (1)	10.25-10.75

Source: Reserve Bank of India statistical data.

(1) Relates to rates for major banks for term deposits of more than one year maturity.

(2) With effect from October 25, 2005, the reverse repo rate stands at 5.25%.

Seasonal trends in the Indian economy affect the banking industry and therefore our business. The period from October to March is the busy period in India for economic activity and accordingly we generally experience high volumes of business during this period. Economic activity in the period from April to September is lower than in the busy period; accordingly, our business volumes are generally lower during this period.

Critical Accounting Policies

Interest on advances is recognised on an accrual basis except in respect of advances classified as non-performing, where interest income is recognised upon realisation. Prior to March 31, 2004, advances were classified as non-performing if any amount of interest or principal remained overdue for more than 180 days. From March 31, 2004, this period was shortened to 90 days. See also the discussion under the section titled "Selected Statistical Information" on page 238 of this Red Herring Prospectus.

Income from fees, commissions other than on Government business, exchange, brokerage, discount on foreign bills purchased and interest on overdue bills/advance bills are recognised upon realisation.

In accordance with the RBI guidelines, we classify our investments into three categories. Securities that we intend to hold until maturity are classified as Held to Maturity securities. These securities are recorded on our balance sheet at their acquisition cost and any premium paid to acquire these securities is amortised in our statement of profit and loss over the remaining years to maturity of the securities. For fiscal 2003, fiscal 2004 and part of fiscal 2005, these investments were not allowed to exceed 25% of our total investments. Following a change in the RBI guidelines in September 2004, these investments are not allowed to exceed 25% of our net demand and time liabilities. Securities that are held with the intention to trade by taking advantage of short-term price or interest rate movements are classified as Held for Trading, and securities not falling into either of the first two categories are classified as Available for Sale. Our investments are accounted for under various sub-categories, including government securities, equity shares, preference shares, debentures and bonds, mutual funds and commercial paper. For Held for Trading and Available for Sale securities, any appreciation or depreciation in value is aggregated within each sub-category. We provide for any net depreciation in value and ignore any net appreciation in value.

Gains or losses on the sale of investments are recognised in our profit and loss account. In addition, the amount of gain on the sale of Held to Maturity investments is appropriated to our capital reserve account.

Over the period starting from fiscal 2002, our policy has been to build up our investment fluctuation reserve to reach a level of 5.0% of our investment portfolio in Available for Sale and Held for Trading categories by the end of fiscal 2006. We have already reached the level of 5.0% as on June 30, 2005.

Hedge and non-hedge (market making) transactions are recorded separately. Hedging derivatives are accounted for on an accrual basis. Trading derivative positions are marked-to-market and the resulting losses, if any, are recognized in our profit and loss account. Profit, if any, is not recognized. Income and expenditure relating to interest rate swaps are recognized on the settlement date. Gains/losses on termination of trading swaps are recorded on the termination date as income/expenditure.

Our policies on provisioning and write-offs of non-performing assets are consistent with those proscribed by the RBI guidelines. The size of our “floating” provision against non-performing assets, however, is determined by our management based on a number of factors, including our net profit position, tax benefits available, management’s perception of market risk, expectations and estimates regarding our asset portfolio and its future performance and general prudential principles. As of March 31, 2004, we had a NPA provision coverage ratio of 73.82% for our non-performing assets of Rs. 39,798.6 million, as of March 31, 2005, we had a NPA provision coverage ratio of 81.35% for our non-performing assets of Rs. 33,218.1 million and as of September 30, 2005, we had a NPA provision coverage ratio of 83.08% for our non-performing assets of Rs.32,349.5 million. Our provisioning policies are discussed in further detail in the section titled “Selected Statistical Information” on page 238 of this Red Herring Prospectus.

Changes in Accounting Policies

With respect to accounting policies for our Bank’s international operations, we follow the RBI guidelines or those of the host country, whichever is more stringent.

For fiscal 2003, 2004, 2005, our accounting policy for the translation/conversion of foreign currency was as follows:

1. Financial statements of foreign branches are translated at mid-rate of exchange at the year-end. The accumulated net difference, between Head Office figures and corresponding figures of foreign branches on account of assigned capital, Head Office interest free funds and unremitted profit / loss, is carried over if in profit and written off to the Profit and Loss Account, if in loss.

2. Foreign currency balances of Indian branches including outstanding forward exchange contracts, acceptances, endorsements and other obligations including guarantees and interest income and interest expenses relating thereto are converted at year end mid-rate of exchange as advised by FEDAI.

3. Other income and expenditure transactions of Indian branches are accounted for at exchange rates as ruling on the date of transaction.

For the six months ended September 30, 2005, we have followed AS-11 (revised) “Accounting for Effects of Changes in Foreign Exchange Rates” issued by the Institute of Chartered Accountants of India, which primarily involves the recording of foreign exchange transactions at weekly average rates. The effect of this change in our accounting policy is not reflected in the prior periods presented here in as the same has not been ascertained.

RBI has issued various guidelines on income recognition, asset classification and provisioning in respect of NPAs, valuation of/depreciation on investments, depreciation on computers and charging premium/discount on money market swaps. We have carried out necessary amendments in our accounting policies in the relevant periods to be in comformity with the said RBI guidelines. However, the restated financial statements in this Red Herring Prospectus have not been restated to reflect our latest accounting policies in this regard and the effect that these changes would have on our prior financial results has not been ascertained.

Segment Reporting

In line with RBI guidelines on compliance with Accounting Standard 17 - Segment Reporting issued by the Institute of Chartered Accountants of India, we have recognized business segments as our primary reporting segment and geographical segments as our secondary segment. We report Treasury Operations and Other Banking Operations as our two business segments and report Domestic Operations and International Operations as our two geographical segments.

Business Segments

Our Treasury Operations comprise money market operations, investment in fixed income and money market, forex transactions and derivative deallings and our Other Banking Operations comprise our banking operations. Set forth below is a table showing our revenue from our Treasury Operations and Other Banking Operations and total revenue for fiscal 2003, 2004 and 2005 and the six months ended September 30, 2004 and 2005.

(Rs. in million)

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Six Months ended September 30, 2004	Six Months ended September 30, 2005
Business Segment Revenue(1):					
Treasury Operations	35,049	42,902	40,855	22,047	19,203
Other Banking Operations	38,543	35,759	36,507	16,259	19,653
Total Revenue	73,592	78,661	77,362	38,306	38,856

(1) Segment revenue represents revenue from external customers.

Geographical Segments

Our Bank has two geographical segments: Domestic (India); and International. In addition to India, our Bank has an international presence in 13 other countries with 39 branches and three representative offices. As of September 30, 2005, our international network comprised: the U.K.; U.S.A.; Belgium; South Africa; Mauritius; U.A.E.; Sultanate of Oman; Fiji Islands; Seychelles; China; Thailand; Malaysia; and Bahamas. The table below sets forth our business (advances and deposits) of our foreign branches and total income of our foreign branches and their respective percentage contribution to our total business (advances and deposits) and total income for the periods indicated.

	Total Business (advances and deposits) of Foreign Branches (Rs. in million)	Percentage of Bank's Business (advances and deposits)	Total Income of Foreign Branches (Rs. in million)	Percentage of Bank's Total Income
Fiscal 2003	134,737	13.24%	6,030	8.19%
Fiscal 2004	150,251	13.84%	5,129	6.52%
Fiscal 2005	180,702	14.49%	6,077	7.86%
Six Months ended September 30, 2004	171,609	14.79%	2,914	7.61%
Six Months ended September 30, 2005	206,300	15.27%	3,723	9.58%

As a financial organization we are subject to exchange rate movements. Movements in foreign exchange rates may impact our business, our future financial performance, our shareholders' funds and the price of our Equity Shares. In addition, our financial statements are denominated in Rupees while the functional currencies of our international operations are foreign currencies. Accordingly, the financial performance of these international operations when translated into Rupees may from time to time be impacted by exchange rate movements.

Results of Operations

Six Months Ended September 30, 2005 Compared with the Six Months Ended September 30, 2004

Our total income increased by 1.43% from Rs. 38,306.13 million in the six months ended September 30, 2004 to Rs. 38,855.97 million in the six months ended September 30, 2005 and our total expenditure increased by 9.33% from Rs. 26,842.10 million in the six months ended September 30, 2004 to Rs. 29,346.57 million in the six months ended September 30, 2005. Our operating profit decreased by 17.05% from Rs. 11,464.03 million in the six months ended September 30, 2004 to Rs. 9,509.40 million in the six months ended September 30, 2005. The operating profit decreased mainly due to lower profit on sale of investments. Our net profit decreased by 17.83% from Rs. 5,063.00 million in the six months ended September 30, 2004 to Rs. 4,160.09 million in the six months ended September 30, 2005. The decrease in net profit compared with operating profit reflected a provision made for shifting securities from the Available for Sale category to the Held to Maturity category.

Net Interest Income

Our net interest income increased by 12.33% from Rs. 13,713.36 million in the six months ended September 30, 2004 to Rs.15,404.60 million in the six months ended September 30, 2005. The following table sets forth the components of our net interest income:

	Six months ended September 30,	
	2004	**2005**
	(in Rs. million)	
Interest income	30,765.52	33,672.76
Interest expense	17,052.16	18,268.16
Net interest income	**13,713.36**	**15,404.60**

The increase in net interest income was primarily due to 9.45% increase in total interest income from Rs. 30,765.52 million in the six months ended September 30, 2004 to Rs. 33,672.76 million in the six months ended September 30, 2005, partially offset by an 7.13% increase in interest expense.

Net interest margin increased slightly from 3.23% in the six months ended September 30, 2004 to 3.37% in the six months ended September 30, 2005 and our spread increased from 3.01% in the six months ended September 30, 2004 to 3.09% in the six months ended September 30, 2005.

Interest Income

The following table sets forth the components of our interest income:

	Six months ended September 30,	
	2004	**2005**
	(in Rs. million)	
Interest and Discount on advances/bills	14,231.28	17,237.86
Income on Investment	14,594.49	14,863.01
Interest on balance with RBI and other Inter Bank Lending	1,209.51	1,303.80
Interest on Income Tax Refund	99.71	0.02
Others	630.53	268.07
Total interest income	**30,765.52**	**33,672.76**

Interest and discount on advances and bills increased by 21.13% from Rs. 14,231.28 million in the six months ended September 30, 2004 to Rs. 17,237.86 million in the six months ended September 30, 2005, reflecting a 15.28% increase in our average advances from Rs. 394,449 million in the six months ended September 30, 2004 to Rs.454,729 million in the six months ended September 30, 2005 and an increase in average yield from 7.22% to 7.58%. Interest on investment increased slightly from Rs.14,594.49 million in the six months ended September 30, 2004 to Rs. 14,863.01 million in the six months ended September 30, 2005, due to a 2.19% increase in our average investments from Rs.376,982 million in the six months ended September 30, 2004 to Rs.385,223 million in the six months ended September 30, 2005. This increase was partially offset by a decrease in our average yield, which fell from 7.74% in the six months ended September 30, 2004 to 7.72% in the three months ended September 30, 2005. The decrease in average yield was due to a general softening of interest rates during this period.

Interest on balances with the RBI and other inter-bank lending increased by 7.80% from Rs. 1,209.51 million in the six months ended September 30, 2004 to Rs. 1,303.80 million in the six months ended September 30, 2005 because of an increase in the volume of inter-bank placements as well as higher earnings on placements in Rupee and forex markets.

Other interest includes interest on swaps and interest on other assets. Other interest decreased by 57.48% from Rs. 630.53 million in the six months ended September 30, 2004 to Rs. 268.07 million in the six months ended September 30, 2005.

Interest Expense

Our interest expense increased by 7.13% from Rs. 17,052.16 million in the six months ended September 30, 2004 to Rs.18,268.16 million in the six months ended September 30, 2005, mainly due to an increase in volumes partially offset by a decrease in average cost of funds.

Our average deposits increased by 5.34% from Rs.779,320 million in the six months ended September 30, 2004 to Rs. 820,933 million in the six months ended September 30, 2005. Our average cost of deposits increased from 4.12% in the six months ended September 30, 2004 to 4.14% in the six months ended September 30, 2005 due to a marginal increase in interest rates on deposit.

Average cost of funds increased from 4.24% in the six months ended September 30, 2004 to 4.27% in the six months ended September 30, 2005 also due to higher cost of deposits.

Our other interest expense increased by 5.10% from Rs. 868.38 million in the six months ended September 30, 2004 to Rs. 912.72 million in the six months ended September 30, 2005.

Other Income

Our other income decreased by 31.26% from Rs. 7,540.61 million in the six months ended September 30, 2004 to Rs. 5,183.21 million in the six months ended September 30, 2005. The following table sets forth the components of our other income:

	Six months ended September 30,	
	2004	2005
	(in Rs. million)	
Commission, Exchange and Brokerage	1,695.53	1,702.43
Profit on sale of investments (net)	3,752.19	1,399.47
Profit on sale of land, buildings and other assets (net)	0.82	0.16
Profit on exchange transaction (net)	1,037.09	681.84
Income earned by way of dividends, etc., from Subsidiaries and associates	187.38	110.97
Miscellaneous Income	867.60	1,288.34
Total other income	**7,540.61**	**5,183.21**

Income from commissions, exchange and brokerage increased by 0.41% from Rs.1,695.53 million in the six months ended September 30, 2004 to Rs.1,702.43 million in the six months ended September 30, 2005. This increase was mainly due to an increase in the volume of transactions.

Net profit on the sale of investments decreased by 62.70% from Rs. 3,752.19 million in the six months ended September 30, 2004 to Rs. 1,399.47 million in the six months ended September 30, 2005. This was due to a reversal in the interest rate cycle, negatively impacting volumes in the market and our ability to sell our investments profitably. Net profit from foreign exchange transactions decreased by 34.25% from Rs. 1,037.09 million in the six months ended September 30, 2004 to Rs. 681.84 million in the six months ended September 30, 2005, due to a fall in margins.

Miscellaneous income includes recovery of bad debts previously written off, incidental charges such as account keeping fees and sundry charges such as ATM service charges. Miscellaneous income increased by 48.49% from Rs. 867.60 million in the six months ended September 30, 2004 to Rs. 1,288.34 million in the six months ended September 30, 2005. This increase was primarily due to the recovery of bad debts previously written off.

Operating Expenses

Total operating expenses increased from Rs. 9,789.94 million in the six months ended September 30, 2004 to Rs. 11,078.41 million in the six months ended September 30, 2005. As a percentage of our total income, operating expenses increased to 28.51% in the six months ended September 30, 2005 compared with 25.56% in the six months ended September 30, 2004.

	Six months ended September 30,	
	2004	2005
	(in Rs. million)	
Payment to and provision for employees	6,857.94	7,417.99
Rent, Taxes and Lighting	874.48	779.95
Printing and Stationery	83.42	88.95
Advertisement and publicity	23.13	156.86
Depreciation on Banks Properties		
(net of amounts adjusted against revaluation reserve)	426.57	394.15
Directors' Fees, Allowances and Expenses	0.00	2.25
Auditor's Fees and Expenses	94.06	87.51
Law Charges	50.74	45.59
Postage, Telegrams, Telephones, etc.	74.78	95.59
Repairs and Maintenance	207.76	214.11
Insurance	304.44	401.17
Other Expenditure	792.62	1,394.29
Total Operating Expenses	**9,789.94**	**11,078.41**

The primary component of our operating expenses was payments to and provision for employees, which increased by 8.17% from Rs. 6,857.94 million in the six months ended September 30, 2004 to Rs. 7,417.99 million in the six months ended September 30, 2005 mainly due to implementation of wage revision in July 2005. We had 39,603 employees as of September 30, 2004 and 39,170 employees as of September 30, 2005.

Our other expenditure includes, among others, travelling and conveyance expenses, computer software and maintenance charges and amortisation of securities in the Held to Maturity category. Other expenditure increased by 75.91% from Rs. 792.62 million in the six months ended September 30, 2004 to Rs.1,394.29 million in the six months ended September 30, 2005. This was primarily due to a Rs. 512.12 million amortization charge for securities in the Held to Maturity category.

Operating Profit

As a result of the foregoing factors, operating profit before provisions and contingencies decreased by 17.05% from Rs. 11,464.03 million in the six months ended September 30, 2004 to Rs. 9,509.40 million in the six months ended September 30, 2005. Excluding the profit on the sale of investments in both periods, our operating profit before provisions and contingencies would have increased by 5.16% in the six months ended September 30, 2005 compared with the six months ended September 30, 2004. As a percentage of total income, our operating profit decreased from 29.92% in the six months ended September 30, 2004 to 24.47% in the six months ended September 30, 2005.

Provisions and Contingencies

Provisions and contingencies made in the six months ended September 30, 2005 decreased to Rs. 5,349.32 million compared with Rs. 6.401.04 million in the six months ended September 30, 2004. The following table sets forth, for the periods indicates, the components of our provisions and contingencies:

	Six months ended September 30,	
	2004	2005
	(in Rs. million)	
Provision for Non Performing Advances	1,892.62	1,392.82
Provision for Standard Advances	0.96	141.88
Provision for Restructured Standard Accounts	377.20	48.80
Depreciation on Investments	1,119.69	2,849.56
Provisions for Taxes	2,322.62	1,520.77
Others	687.95	(604.51)
Total provisions and contingencies	**6,401.04**	**5,349.32**

Our provisioning in respect of non-performing assets decreased significantly from Rs. 1,892.62 million in the six months ended September 30, 2004 to Rs. 1,392.82 million in the six months ended September 30, 2005. This decrease was due to an improvement in the quality of our assets.

Depreciation on investments increased by Rs. 1,729.87 million, from Rs. 1,119.69 million in the six months ended September 30, 2004 to Rs. 2,849.56 million in the six months ended September 30, 2005 because of a Rs. 2,599.80 million charge on the shifting of securities from the Available for Sale category to the Held to Maturity category.

Our provision for income, wealth and fringe benefit tax decreased significantly from provisions of Rs. 2,322.62 million in the six months ended September 30, 2004 to Rs. 1,520.77 million in the six months ended September 30, 2005, which was primarily due to lower profit for the period compared with the previous period.

Other provisions were positive in the six months ended September 30, 2005 due to provisions made earlier, being no longer required and, hence, written back.

Net Profit

As a result of the foregoing factors, our net profit decreased by 17.83% from Rs. 5,063.00 million in the six months ended September 30, 2004 to Rs. 4,160.09 million in the six months ended September 30, 2005. As a percentage of total income, our net profit decreased from 13.22% in the six months ended September 30, 2004 to 10.71% in the six months ended September 30, 2005.

Fiscal Year Ended March 31, 2005 Compared with the Fiscal Year Ended March 31, 2004

Our total income decreased marginally from Rs. 78,660.75 million in fiscal 2004 to Rs. 77,362.46 million in fiscal 2005 and our total expenditure increased slightly from Rs. 53,807.85 million in fiscal 2004 to Rs. 54,343.32 million in fiscal 2005. Our operating profit decreased by 7.38% from Rs. 24,852.90 million in fiscal 2004 to Rs. 23,019.14 million in fiscal 2005. Our net profit decreased by 30.00% from Rs. 9,669.96 million in fiscal 2004 to Rs. 6,768.40 million in fiscal 2005.

Our total income was lower in fiscal 2005 mainly on account of a Rs. 4,823.80 million, or 47.41%, reduction on profit on sale of investments from Rs. 10,175.30 million in fiscal 2004 to Rs. 5,351.50 million fiscal 2005. Excluding profit on sale of investments for both periods, our total income would have increased by 5.15% mainly due to a 15.85% increase in net interest income.

Net Interest Income

Our net interest income increased by 15.85% from Rs. 25,715.86 million in fiscal 2004 to Rs. 29,792.72 million in fiscal 2005. The following table sets forth the components of our net interest income:

	Year ended March, 31	
	2004	2005
	(in Rs. million)	
Interest income	61,470.69	64,314.18
Interest expense	35,754.83	34,521.46
Net interest income	**25,715.86**	**29,792.72**

The increase in net interest income was primarily due to a 4.63% increase in total interest income and a 3.45% decrease in interest expense from Rs. 61,470.69 million in fiscal 2004 to Rs. 64,314.18 million in fiscal 2005. This increase was due to a 3.64% increase in interest on advances from Rs. 28,008.28 million in fiscal 2004 to Rs. 29,027.51 million in fiscal.

Our average interest earning assets increased by 13.89% from Rs. 768,852.4 million in fiscal 2004 to Rs. 875,636.7 million in fiscal 2005. Our net interest margin increased from 3.34% in fiscal 2004 to 3.40% in fiscal 2005 and our spread increased from 3.02% in fiscal 2004 to 3.05% in fiscal 2005.

Interest Income

The following table sets forth the components of our interest income:

	Year ended March, 31	
	2004	**2005**
	(in Rs. million)	
Interest and Discount on advances/bills	28,008.28	29,027.51
Income on Investment	29,321.76	29,889.77
Interest on balance with RBI and other Inter Bank Lending	1,973.69	2,354.65
Interest on Income Tax	1,110.04	1,889.81
Others	1,056.93	1,152.44
Total interest income	**61,470.70**	**64,314.18**

Interest and discount on advances and bills increased by 3.64% from Rs. 28,008.28 million in fiscal 2004 to Rs. 29,027.51 million in fiscal 2005, reflecting a 12.07% increase in average advances from Rs. 360,971.0 million in fiscal 2004 to Rs. 404,552.2 million in fiscal 2005. Our average advances in India increased by 10.68% from Rs. 297,043.3 million in fiscal 2004 to Rs. 328,756.5 million in fiscal 2005 and our average advances outside India increased by 18.56% from Rs. 63,927.7 million in fiscal 2004 to Rs. 75,795.7 million in fiscal 2005. The increase in average advances was partially offset by reduction in average yield on advances from 7.76% in fiscal 2004 to 7.18% in fiscal 2005. The decrease in average yield was due to a general reduction in market interest rates.

Income from investments increased marginally from Rs. 29,321.76 million in fiscal 2004 to Rs. 29,889.77 million in fiscal 2005. Our average volume of investments increased by 13.22% from Rs. 344,624.2 million in fiscal 2004 to Rs. 390,191.4 million in fiscal 2005. This increase was influenced by lower credit growth in the same period. Average yield on our investments decreased from 8.51% in fiscal 2004 to 7.66% in fiscal 2005, reflecting a general reduction in market interest rates.

Interest on balances with the RBI and other inter-bank lending increased from Rs. 1,973.69 million in fiscal 2004 to Rs. 2,354.65 million in fiscal 2005. This change was because of an increase in volume of inter-bank placements as well as higher earnings on placements in the Rupee and forex markets.

Interest Expense

Our interest expense decreased by 3.45% from Rs. 35,754.83 million in fiscal 2004 to Rs. 34,521.46 million in fiscal 2005. This fall has been primarily due to fall in the average cost of deposit from 4.96% to 4.23%. This however was off-setted by a 13.33% increase in our overall deposits from Rs. 678,090.00 million in fiscal 2004 to Rs. 768,506.10 million in fiscal 2005.

The fall in the average cost of deposits reflected a general decline in market interest rates and our focus on increasing the share of low cost deposits. The Average cost of funds decreased from 4.98% in fiscal 2004 to 4.29% in fiscal 2005.

Our other interest expense, which consists mainly of interest on unsecured bonds for Tier-II capital, increased by 3.23% from Rs. 1,620.64 million in fiscal 2004 to Rs. 1,673.00 million in fiscal 2005. The said Tier II Bonds were issued during January 2004. The increase in interest expenses as mentioned above was due to the reason that interest on the bonds for part of the quarter only was provided for fiscal 2004 whereas interest on the said bonds for the whole year was provided in fiscal 2005.

Other Income

Our other income decreased by Rs. 4,141.78 million, or 24.09%, from Rs. 17,190.06 million in fiscal 2004 to Rs. 13,048.28 million in fiscal 2005. The following table sets forth the components of our other income:

	Year ended March, 31	
	2004	**2005**
	(in Rs. million)	
Commission, Exchange and Brokerage	3,444.48	3,425.99
Profit on sale of investments (Net)	10,175.30	5,351.50
Profit on sale of land, buildings and other assets (Net)	1.14	0.21
Profit on exchange transaction (Net)	1,695.62	1,932.69
Income earned by way of dividends, etc. from Subsidiaries/companies/joint ventures in India	114.70	189.65
Miscellaneous Income	1,758.83	2,148.24
Total other income	**17,190.06**	**13,048.28**

Net profit on the sale of investments decreased substantially from Rs. 10,175.30 million in fiscal 2004 to Rs. 5,351.50 million in fiscal 2005. This was due to a reversal in the interest rate cycle in the latter half of the fiscal 2005, negatively impacting volumes in the market and our ability to sell our investments profitably. Net profit from foreign exchange transactions increased from Rs. 1,695.62 million in fiscal 2004 to Rs. 1,932.69 million in fiscal 2005, mainly due to increased business activity in this area.

Our miscellaneous income includes incidental income from services charges, minimum balance charges, up front-fees and other account keeping fees and recovery of bad debts previously written off. Our miscellaneous income increased by 22.14% from Rs. 1,758.83 million in fiscal 2004 to Rs. 2,148.24 million in fiscal 2005. This was mainly due to a Rs. 137.34 million increase in recovery of bad debts previously written off as well as a Rs. 249.97 million increase in revenue from various service charges .

Operating Expenses

Total operating expenses increased from Rs. 18,053.03 million in fiscal 2004 to Rs. 19,821.86 million in fiscal 2005. As a percentage of our total income, operating expenses increased to 25.62% in fiscal 2005 compared with 22.95% in fiscal 2004. Set forth below are the details of our total operating expenses for fiscal 2004 and fiscal 2005.

	Year ended March, 31	
	2004	**2005**
	(in Rs. million)	
Payment to and provision for employees	12,525.22	13,810.52
Rent, Taxes and Lighting	1,643.08	1,673.23
Printing and Stationery	190.65	184.12
Advertisement and publicity	241.09	104.11
Depreciation on Banks Properties (net of amounts adjusted against revaluation reserve)	755.70	818.77
Director's Fees, Allowances and Expenses	4.61	3.97
Auditor's Fees and Expenses	181.64	167.56
Law Charges	102.87	103.24
Postage, Telegrams, Telephones etc.	128.54	173.21
Repairs and Maintenance	383.59	416.67
Insurance	420.33	634.60
Other Expenditure	1,475.71	1,731.86
Total Operating Expenses	**18,053.03**	**19,821.86**

The primary component of our operating expenses was payments to and provision for employees, which increased from Rs. 12,525.22 million in fiscal 2004 to Rs. 13,810.52 million in fiscal 2005. This increase was primarily due to a higher provision for staff retirement benefits. We had 39,803 employees as of March 31, 2004 and 39,529 employees as of March 31, 2005. As a percentage of total income, payments to and provision for employees increased to 17.85% in fiscal 2005 from 15.92% in fiscal 2004.

Depreciation expenses on our property (i.e., our fixed assets, including furniture, fixtures and computers) increased by 8.35% from Rs. 755.70 million in fiscal 2004 to Rs. 818.77 million in fiscal 2005. Depreciation expenses were primarily affected by increase in the amount of our fixed assets.

Insurance expenses increased by 50.98% from Rs. 420.33 million in fiscal 2004 to Rs. 634.60 million. This increase was due primarily to an increase in DICGCI premiums for deposit insurance.

Other expenditure increased by 17.36% from Rs. 1,475.71 million in fiscal 2004 to Rs. 1,731.86 million in fiscal 2005. The primary reason for this increase was the amortization of investments moved into the Held to Maturity category in fiscal 2005.

Operating Profit

As a result of the foregoing factors, our operating profit before provisions and contingencies decreased from Rs. 24,852.90 million in fiscal 2004 to Rs. 23,019.14 million in fiscal 2005. As a percentage of total income, our operating profit decreased from 31.60% in fiscal 2004 to 29.75% in fiscal 2005. Excluding the profit on the sale of investments in both periods, our operating profit before provisions and contingencies would have increased by 20.37% in fiscal 2005 compared with the fiscal 2004.

Provisions and Contingencies

Provisions and contingencies made in fiscal 2005 increased by 7.03% from Rs. 15,182.93 million in fiscal 2004 to Rs. 16,250.73 million in fiscal 2005. The following table sets forth, for the periods indicated, the components of our provisions and contingencies:

	Year ended March, 31	
	2004	**2005**
	(in Rs. million)	
Provision for Non Performing Advances	5,380.70	4,293.85
Provision for Standard Advances	3.23	75.64
Depreciation on Investments	(1,014.42)	8,098.14
Provisions for Income Tax	5,659.15	1,862.77
Provision for Restructured Standard Accounts	86.57	240.00
Others	855.70	1,652.03
Floating Provision for NPAs (in addition to norms)	4,212.00	28.30
Total provisions and contingencies.	**15,182.93**	**16,250.73**

Our provisioning in respect of non-performing assets decreased by 20.20% from Rs. 5,380.70 million in fiscal 2004 to Rs. 4,293.85 million in fiscal 2005. This decrease was due to an improvement in our asset quality.

Our provisioning for depreciation on investments was Rs. 8,098.14 million in fiscal 2005, as against Rs. 1,014.42 million written back in fiscal 2004. The provision for depreciation in investments in fiscal 2005 was mainly due to a provision made for securities transferred from the Available for Sale category to the Held to Maturity category.

Our provision for income tax decreased by 67.08% from Rs. 5,659.15 million in fiscal 2004 to Rs. 1,862.77 million in fiscal 2005 due to lower profit in fiscal 2005.

Our other provisions increased by 93.06% from Rs. 855.70 million in fiscal 2004to Rs. 1,652.03 million in fiscal 2005. This increase was partly due to an increase in provision for anticipated employee wage increases for fiscal 2005.

Our floating provision for NPAs (in addition to norms) decreased significantly, from Rs. 4,212.00 million in fiscal 2004 to Rs. 28.30 million in fiscal 2005.

Net Profit

As a result of the foregoing factors, our net profit decreased from Rs. 9,669.96 million in fiscal 2004 to Rs. 6,768.40 million in fiscal 2005. As a percentage of total income, our net profit decreased from 12.29% in fiscal 2004 to 8.75% in fiscal 2005.

Fiscal Year Ended March 31, 2004 Compared with the Fiscal Year Ended March 31, 2003

Our total income increased by 6.88% from Rs. 73,592.57 million in fiscal 2003 to Rs. 78,660.75 million in fiscal 2004 and our total expenditure decreased by 4.64% from Rs. 56,426.31 million in fiscal 2003 to Rs. 53,807.85 million in fiscal 2004. Our operating profit increased by 44.78% from Rs. 17,166.26 million in fiscal 2003 to Rs. 24,852.90 million in fiscal 2004. Our net profit increased by 26.77% from Rs. 7,627.84 million in fiscal 2003 to Rs. 9,669.96 million in fiscal 2004.

Our total income was higher in fiscal 2004 primarily because of an increase on profit on sale of investments from Rs. 6,315.18 million in fiscal 2003 to Rs. 10,175.30 million in fiscal 2004.

Net Interest Income

Our net interest income increased by 22.26% from Rs. 21,033.64 million in fiscal 2003 to Rs. 25,715.86 million in fiscal 2004. The following table sets forth the components of our net interest income:

	Year ended March 31	
	2004	**2005**
	(in Rs. million)	
Interest income	60,975.55	61,470.69
Interest expense	39,941.91	35,754.83
Net interest income	21,033.64	25,715.86

The increase in net interest income was primarily due to a 10.48% decrease in interest expense.

Our average interest earning assets increased by 7.36% from Rs. 716,174.50 million in fiscal 2003 to Rs. 768,852.40 million in fiscal 2004. Our net interest margin increased from 2.94% in fiscal 2003 to 3.34% in fiscal 2004 and our spread increased from 2.66% in fiscal 2003 to 3.02% in fiscal 2004.

Interest Income

The following table sets forth the components of our interest income:

	Year ended March 31	
	2004	**2005**
	(in Rs. million)	
Interest and Discount on advances/bills	30,662.00	28,008.28
Income on Investment	27,032.53	29,321.76
Interest on balance with RBI and other Inter Bank Lending	2,302.78	1,973.69
Interest on Income Tax	47.99	1,110.04
Others	930.26	1,056.93
Total interest income	**60975.56**	**61,470.70**

Interest and discount on advances and bills decreased by 8.65% from Rs. 30,662.00 million in fiscal 2003 to Rs. 28,008.28 million in fiscal 2004, reflecting a decrease in the average yield on our advances from 8.88% in fiscal 2003 to 7.76% in fiscal 2004. This decrease was due to market conditions. The decrease in average yield offset a 4.50% increase in our average advances from Rs. 345,442.60 million in fiscal 2003 to Rs. 360,971.00 million in fiscal 2004.

Investment income increased by 8.47% from Rs. 27,032.53 million in fiscal 2003 to Rs. 29,321.76 million in fiscal 2004. Our average volume of investments increased by 26.40% from Rs. 272,639.50 million in fiscal 2003 to Rs. 344,624.00 million in fiscal 2004 because slow credit resulted in excess funds being invested. Average yield on our investments decreased from 9.91% in fiscal 2003 to 8.51% in fiscal 2004, reflecting a decline in market rates of interest.

Interest on balances with the RBI and other inter-bank lending decreased by 14.29% from Rs. 2,302.78 million in fiscal 2003 to Rs. 1,973.69 million in fiscal 2004, reflecting a decline in interest rates.

Interest Expense

Our interest expense decreased from Rs. 39,941.91 million in fiscal 2003 and Rs. 35,754.83 million in fiscal 2004, mainly due to reduction in interest paid on deposits. Interest paid on deposits decreased by 10.88% from Rs. 37,753.75 million in fiscal 2003 to 33,647.27 million in fiscal 2004. Our total average deposits increased by 7.16% from Rs. 632, 798.00 million in fiscal 2003 to Rs. 678,090.00 million in fiscal 2004. Our average cost of deposits declined from 5.97% in fiscal 2003 to 4.96% in fiscal 2004 due to the maturity of deposits that had been placed with us prior to the decline in interest rates and the replacement of those deposits and new deposits at lower interest rates.

Average cost of funds decreased from 5.86% in fiscal 2003 to 4.98% in fiscal 2004 mainly due to the decline in the average cost of deposits.

Our other interest expense increased from Rs. 1,538.02 million in fiscal 2003 to Rs. 1,620.64 million in fiscal 2004 mainly due to our issuance of Rs. 3,000 million in Tier-II Bonds and the payment of interest thereon.

Other Income

Our other income increased by 36.25% from Rs. 12,617.02 million in fiscal 2003 to Rs. 17,190.07 million in fiscal 2004. The following table sets forth the components of our other income:

	Year ended March 31	
	2004	**2005**
	(in Rs. million)	
Commission, Exchange Brokerage	3,441.17	3,444.48
Profit on sale of investments (Net)	6,315.18	10,175.30
Profit on sale of land, building. and other assets (Net)	0.49	1.14
Profit on exchange transaction (Net)	1,382.71	1,695.62
Income earned by way of dividends, etc., from Subsidiaries/companies/Associates	63.62	114.70
Miscellaneous Income	1,413.85	1,758.83
Total other income	**12,617.02**	**17,190.07**

Net profit on the sale of investments increased by 61.12% from Rs. 6,315.18 million in fiscal 2003 to Rs. 10,175.30 million in fiscal 2004. This was due to a decrease in interest rates in fiscal 2004 and the growth in the wholesale debt market, with a good volume of business transacted between market participants.

Net profit from foreign exchange transactions increased by 22.63% from Rs. 1,382.71 million in fiscal 2003 to Rs. 1,695.62 million in fiscal 2004. This increase was due to more business activity in this area.

Miscellaneous income increased by 24.40% from Rs. 1,413.85 million in fiscal 2003 to Rs. 1,758.83 million in fiscal 2004. This increase was primarily due to the recovery of bad debts previously written off.

Operating Expenses

Total operating expenses increased from Rs. 16,484.40 million in fiscal 2003 to Rs. 18,053.03 million in fiscal 2004. However, as a percentage of our total income, operating expenses decreased to 22.95% in fiscal 2004 compared with 22.40% in fiscal 2003.

	Year ended March 31	
	2004	2005
	(in Rs. million)	
Payment to and provision for employees	11,285.88	12,525.22
Rent, Taxes and Lighting	1,459.67	1643.08
Printing and Stationery	179.41	190.65
Advertisement and publicity	94.64	241.09
Depreciation on Banks Properties (net of amounts adjusted against revaluation reserve)	886.11	755.70
Director's Fees, Allowances and Expenses	4.23	4.61
Auditor's Fees and Expenses	124.61	181.64
Law Charges	102.86	102.87
Postage, Telegrams, Telephones etc.	157.88	128.54
Repairs and Maintenance	339.44	383.59
Insurance	361.82	420.33
Other Expenditure	1,487.84	1,475.71
Total Operating Expenses	**16,484.40**	**18,053.03**

The primary component of our operating expenses was payments to and provision for employees, which increased from Rs. 11,285.88 million in fiscal 2003 to Rs. 12,525.22 million in fiscal 2004. As a percentage of total income, payments to and provision for employees increased slightly from 15.34% in fiscal 2003 to 15.92% in fiscal 2004. The increase was due to our increased contribution to retirement benefits of employees. We had 40,313 employees as of March 31, 2003 and 39,803 employees as of March 31, 2004. .

Expenses for advertising and publicity increased by 154.74% from Rs. 94.64 million in fiscal 2003 to Rs. 241.09 million in fiscal 2004. This increase was mainly due to publicity expenses for our new retail lending products.

Other expenditure remained stable at Rs. 1,487.84 million in fiscal 2003 to Rs. 1,475.71 million in fiscal 2004.

Operating Profit

Due to the factors described above, operating profit before provisions and contingencies increased by 44.78% from Rs. 17,166.26 million in fiscal 2003 to Rs. 24,852.90 million in fiscal 2004. As a percentage of total income, our operating profit increased from 23.33% in fiscal 2003 to 31.60% in fiscal 2004.

Provisions and Contingencies

Provisions and contingencies made in fiscal 2004 increased by 60.86% to Rs. 15,182.93 million compared with Rs. 9,438.42 million in fiscal 2003. The following table sets forth, for the periods indicates, the components of our provisions and contingencies:

	Year ended March 31	
	2004	2005
	(in Rs. million)	
Commission, Exchange Brokerage	3,441.17	3,444.48
Provision for Non Performing Advances	3,768.50	5,380.70
Provision for Standard Advances	160.00	3.23
Depreciation on Investments	11.50	(1,014.42)
Provisions for Income Tax	3,977.20	5,659.15
Provision for Restructured Standard Accounts	831.30	86.57
Others	100.02	855.70
Floating Provision for NPAs (in addition to norms)	690.00	4,212.00
Total provisions and contingencies.	**9,538.42**	**15,182.93**

Our provisioning in respect of non-performing assets increased by 42.78% from Rs. 3,768.50 million in fiscal 2003 to Rs. 5,380.70 million in fiscal 2004. This was due to the change in the delinquency norms for recognizing NPAs from 180 days in fiscal 2003 to 90 days in fiscal 2004.

Our provision for restructured standard assets decreased by 89.59% from Rs. 831.30 million in fiscal 2003 to Rs. 86.57 million in fiscal 2004. The scheme of restructuring standard assets was introduced from fiscal 2002 and hence it was put to greater use in fiscal 2003 compared with fiscal 2004.

Our other provisions increased substantially from Rs. 100.02 million in fiscal 2003 to Rs. 855.70 million in fiscal 2004, which was primarily due to a provision for wage revision.

Our floating provisions for NPAs (in addition to norms) also increased substantially from Rs. 690.00 million in fiscal 2003 to Rs. 4,212.00 million in fiscal 2004.

Our provision for income tax increased by 42.29% from Rs. 3,977.20 million in fiscal 2003 to Rs. 5,659.15 million in fiscal 2004, which was primarily due to the increase in our profit.

Net Profit

As a result of the foregoing factors, our net profit increased by 26.77% from Rs. 7,627.84 million in fiscal 2003 to Rs. 9,669.96 million in fiscal 2004. As a percentage of total income, our net profit increased from 10.36% in fiscal 2003 to 12.29% in fiscal 2004.

Liquidity and Capital Resources

Our growth over the last three fiscal years and the six months ended September 30, 2005 has been financed by a combination of cash generated from operations, increases in our customer deposits and borrowings.

The table below sets forth our cash flows from operations, cash flows from investment activities, cash flows from financing activities and net changes in cash and cash equivalents for the periods indicated:

(Rs. in million)

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Six months ended September 30, 2004	Six months ended September 30, 2004
Cash Flow from Operations	(16,813.36)	6,270.20	24,495.71	24,266.27	6,558.59
Cash Flow from Investment Activities	(1,062.78)	(1,096.17)	(1,279.09)	(183.74)	(1,558.97)
Cash Flow Financing Activities	(3,426.97)	(676.93)	(3,342.72)	(838.97)	6,852.33
Net Changes in Cash and Cash Equivalents	(21,303.10)	4,497.10	19,873.91	23,243.56	11,851.95

Cash Flows from Operations

Our net cash from operating activities was Rs. (16,813.36) million, Rs. 6,270.20 million and Rs. 24,495.71 million, in fiscal 2003, 2004 and 2005, respectively, and Rs. 24,266.27 million and Rs. 6558.59 million in the six months ended September 30, 2004 and 2005, respectively.

Our net cash from operating activities reflects interest received during the period from advances and investments and other income and non-cash charges such as depreciation and provisions (mainly for non-performing and standard assets) made during the period, as well as adjustments for cash charges. In addition, our net cash from operating activities reflects changes in operating assets and liabilities, including investments, advances, deposits and borrowings, as well as other assets and liabilities. Change in borrowings reflects only short-term borrowings and not Tier II Bonds, which are included in financing activities. The table below sets cash flows from cash profits, deposits, investments and advances for the periods indicated. These line items are the most material in terms of changes in our cash flow from operations.

(Rs. in million)

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Six months ended September 30, 2004	Six months ended September 30, 2004
Cash Profits	21,198.09	28,749.61	27,054.98	13,408.89	11,363.82
Deposits	45.619.02	65,259.23	83,661.41	56,665.87	48,382.49
Investments	(63,282.97)	(76,751.83)	(13,45.55)	(21,997.25)	(14,922.86)
Advances	(22,180.75)	(60,12.60)	(82,481.52)	(20,299.23)	(56,819.08)

Cash Flows from Investment Activities

Our net cash flow from investing activities was Rs. (1,062.78) million and Rs. (1,096.17) million in fiscal 2003 and 2004, respectively. Our net cash from investing activities was Rs. (1,279.09) million in fiscal 2005. Net cash flow from investing activities was Rs. (183.74) million and Rs. (1,558.97) million the six months ended September 30, 2004 and 2005, respectively.

Our net cash used in investing activities reflects investments consisting of the purchase of fixed assets and investments in our Subsidiaries and Associates. Net cash flow from investing activities reflects dividends received from our Subsidiaries and Associates. During the six months ended September 30, 2005, we made a total investment of Rs. 1,086.55 million in two of our Subsidiaries, namely BOBCARDS and NBL.

Cash Flows from Financing Activities

Our net cash from financing activities was Rs. (3,426.97) million, (Rs. 676.93) million and (Rs. 3,342.72) million, in fiscal 2003, 2004 and 2005, respectively, and Rs. (838.97) million and Rs. 6,852.33 million for the six months ended September 30, 2004 and 2005, respectively. Our net cash from financing activities fluctuated primarily due to payment of dividends and corporate tax related to dividends and interest on our Tier II Bonds. Our net cash from financing activities reflects cash received from the issuance of our Tier II Bonds. We issued Rs. 3,000 million of Tier II Bonds in the first quarter of fiscal 2004 and Rs. 7,700 million of Tier-II Bonds in the second quarter of current fiscal 2006.

Capital

We are subject to the capital adequacy requirements of the RBI, which are primarily based on the capital adequacy accord reached by the Basel Committee of the Bank of International Settlements in 1988. We are required to maintain a minimum ratio of total capital to risk adjusted assets as determined by a specified formula of 9.0%, at least half of which must be Tier I capital.

Our regulatory capital and capital adequacy ratios based on our restated financial statements were as follows:

(Rs. in million except percentages)

	As of			
	March 31, 2003	March 31, 2004	March 31, 2005	September 30, 2005
Tier I capital	31,781.30	33,930.70	39,542.30	42,478.77
Tier II capital	17,839.70	21,818.40	21,222.82	26,657.91
Total capital	49,621.00	55,749.10	60,765.12	69,136.68
Total risk weighted assets and contingents	392,295.60	400,838.50	481,720.78	540,450.94
Capital adequacy ratios:				
Tier I	8.10%	8.47%	8.21%	7.86%
Tier II	4.55%	5.44%	4.40%	4.93%
Total capital ratio	12.65%	13.91%	12.61%	12.79%
Minimum capital ratios required by the RBI:				
Tier I	4.50%	4.50%	4.50%	4.50%
Total capital ratio	9.00%	9.00%	9.00%	9.00%

As shown above, our total capital ratio was 12.65% as of March 31, 2003, 13.91% as of March 31, 2004, 12.61% as of March 31, 2005 and 12.79% as of September 30, 2005. We have been able to maintain the required capital adequacy ratio prescribed by RBI. As of March, 31, 2004, the CAR improved due to our issuance of Rs. 3,000 million of Tier-II Bonds. As of March, 2005, the CAR reduced due to an increase in advances coupled with a decrease in our Tier-II Bonds discounted value. As of September 30, 2005, our CAR improved due to issuance of Rs.. 7,700 million of Tier-II Bonds. We are consistently reviewing our portfolio mix to maximize our return as well as to maintain the required capital adequacy ratio.

Financial Condition

Our net assets, which we define as our total assets less our total liabilities, increased by 18.65% from Rs. 40,343.65million as of March 31, 2003 to Rs. 47,867.90 million as of March 31, 2004, and increased by 11.72% to Rs. 53,479.59 million as of March 31, 2005. Our net assets as of September 30, 2005 were Rs. 57,577.38 million.

Assets

The following table sets forth the principal components of our assets as of March 31, 2003, March 31, 2004, March 31, 2005 and September 30, 2005:

(Rs. in million)

	As of			
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**September 30, 2005**
Cash in hand (including foreign currency notes)	4,178.89	4,020.15	3,972.27	4,580.79
Balance with the RBI	30,479.35	26,547.69	23,150.95	29,835.53
Balance with banks in India	5,505.37	8,374.32	9,477.88	12,444.60
Balance with banks outside India	6,520.54	8,191.44	18,200.79	17,103.88
Money at call and short notice	21,486.85	25,534.51	37,740.13	40,429.16
Investments (Net)	301,793.83	380,188.10	370,744.41	382,817.71
Total advances	353,480.82	356,008.82	434,003.84	489,523.18
Fixed Assets (net of revaluation reserve)	4,354.76	5,659.98	6,240.48	6,319.12
Other Assets	3,2851.93	33,120.31	40,313.67	30,502.09
Total Assets	**760,652.35**	**847,645.32**	**943,844.41**	**1,013,556.06**

Our total assets increased by 11.43% from Rs. 760,652.35 million as of March 31, 2003 to Rs. 847,645.32 million as of March 31, 2004, and further increased by 11.35% to Rs. 943,844.41million as of March 31, 2005. Our total assets as of September 30, 2005 were Rs.1,013,556.06 million. The most significant elements of these changes were increase in investments and advances as a result of a general increase in our business activities.

Our net investments increased by 25.98% from Rs. 301,793.83 million as of March 31, 2003 to Rs. 380,188.10 million as of March 31, 2004, and decreased by 2.48% to Rs. 370,744.41 million as of March 31, 2005. Our net investments as of September 30, 2005 were Rs. 382,817.71 million. The decrease in investments in fiscal 2004 was due to the sale of Government of India securities, which we sold in order to take advantage of the increase in their market value following a softening of interest rates, and the redeployment of those funds into advances. Of our investment portfolio in India as of September 30, 2005, 80.61% consisted of securities issued by the Government of India and state governments, compared with 80.38%, 79.78% and 84.19% as of March 31, 2003, 2004 and 2005, respectively.

Our advances increased by 0.72% from Rs. 353,480.82 million as of March 31, 2003, to Rs. 356,008.82 million as of March 31, 2004, and further increased by 21.91% to Rs. 434,003.84 million as of March 31, 2005. Our advances as of September 30, 2005 were Rs. 489,523.18 million. The reasons for these increases in our advances were improved credit off take in the market coupled with our thrust on credit growth.

Other assets, which included net inter-office adjustments, interest accrued, tax paid in advance/tax deducted at source (net of provisions) and stationery, increased by 0.82% from Rs. 32,851.93 million as of March 31, 2003 to Rs. 33,120.31 million as of March 31, 2004, and increased by 21.72% to Rs. 40,313.67 million as of March 31, 2005. Our other assets as of September 30, 2005 were Rs. 30,502.09 million. Our gross non-performing assets decreased from Rs. 41,679.00 million as of March 31, 2003, to Rs. 39,798.60 million as of March 31, 2004, and decreased to Rs. 33,218.10 million as of March 31, 2005, or, as a percentage of gross advances were 11.02%, 10.52% and 7.30%, respectively. Our gross non-performing assets as of September 30, 2005 were Rs. 32,349.50 million or 6.34% as a percentage of gross advances. The reduction in gross NPAs was due to our concerted efforts to reduce further NPAs, due to the recovery of NPAs and due to NPAs written off during the periods.

Our net NPAs to net advances ratio were 3.72% as of March 31, 2003, 2.99% as of March 31, 2004, 1.45% as of March 31, 2005 and 1.13% as of September 30, 2005. Our provisions and reductions for NPAs were Rs. 28,695.70 million as of March 31, 2003, Rs. 29,378.5 million as of March 31, 2004, Rs. 27,021.60 million as of March 31, 2005 and Rs. 26,876.80 million as of September 30, 2005. Our net NPAs as of September 30, 2005 were Rs. 5,472.50 million.

See the section titled "Selected Statistical Information" on page 238 of this Red Herring Prospectus for a further discussion of our non-performing assets.

Liabilities

The following table sets forth the principal components of our liabilities as of March 31, 2003, March 31, 2004, March 31, 2005 and September 30, 2005.

(Rs. in million)

	As of			
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**September 30, 2005**
Demand deposits from banks	5,510.10	4,765.84	3,914.37	4,754.57
Demand deposits from others	54,144.35	62,950.58	64,796.54	75,940.34
Savings deposits	164,194.19	197,802.08	227,769.28	249,478.85
Term deposits from banks	21,965.42	29,233.74	31,940.25	40,302.47
Term deposits from others	417,849.60	434,921.00	484,914.21	491,240.91
Total deposits	663,663.65	729,673.24	813,334.64	861,717.14
Borrowings	6,253.31	8,751.09	16,408.34	26,194.47
Other liabilities and provisions	38,391.74	46,353.10	45,621.85	45,367.07
Subordinate debts	12,000.00	15,000.00	15,000.00	22,700
Total liabilities	**720,308.69**	**799,777.42**	**890,364.83**	**955,978.68**

Our total liabilities increased by 11.03% from Rs. 720,308.69 million as of March 31, 2003 to Rs. 799,777.42 million as of March 31, 2004 and further increased by 11.33% to Rs. 890,364.83 million as of March 31, 2005. Our total liabilities as of September 30, 2005 were Rs. 955,978.68 million. These increases were mainly due to increase in savings and term deposits as a result of the general growth of our business.

Other liabilities and provisions include bills payable, interest accrued on deposits and borrowings, inter-office adjustments, our Tier II Bonds and provisions for standard advances and other provisions. The main reason for the increase as of March 31, 2004 compared with March 31, 2003 was an increase in inter-office adjustment, contingency provisions for standard advances and the issuance of Rs. 3,000 million of Tier II Bonds.

Off-Balance Sheet Arrangements and Financial Instruments

Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities as of March 31, 2003, March 31, 2004, March 31, 2005 and September 30, 2005:

(Rs. in million)

	As of March 31, 2003	As of March 31, 2004	As of March 31, 2005	As of September 30, 2005
Contingent liabilities				
Claims against the Bank not acknowledged as debt	3,428.14	8,276.32	10,513.72	8,545.89
Liability for partly paid investments	3.59	2.80	761.02	585.98
Liability on account of outstanding forward exchange contracts	176,161.47	223,092.96	236,627.99	196.136.74
Guarantees given on behalf of constituents in India	20,599.30	21,560.81	25,283.66	27,826.62
Guarantees given on behalf of constituents outside India	14,251.32	12,022.91	13,348.13	15,338.18
Acceptances, endorsements and other obligations	25,272.25	27,537.76	35,672.85	36,198.99
Other items for which the Bank is contingently liable	4,478.94	10,689.66	44,896.39	92,281.06
Total	**244,195.01**	**303,183.22**	**367,103.76**	**376,913.46**

Contingent liabilities increased by 24.16% from Rs. 244,195.01 million as of March 31, 2003 to Rs. 303,183.22 million as of March 31, 2004 and increased by 21.08% to Rs. 367,103.76 million as of March 31, 2005. Our contingent liabilities as of September 30, 2005 were Rs.376,913.46 million. These changes were primarily due to our increasing the scope of our derivative operations in fiscal 2004 and enhancing it further in fiscal 2005 and the six months ended September 30, 2005 an increase in our non-funded business (e.g., letters of credit and guarantees).

Foreign Exchange and Derivative Transactions

We enter into foreign exchange and derivative transactions for our customers and for our own account. Our foreign exchange contracts arise out of spot and forward foreign exchange transactions with corporate and non-corporate customers and inter-bank counter parties. Our derivative contracts include interest rate swaps for corporate customers and for our own hedging activities. We earn profit on inter-bank and customer transactions by way of a spread between the purchase rate and the sale rate. Income from foreign exchange transactions is recorded as income from exchange transactions and income from derivatives transactions is recorded as interest income under the head investment income. We use ISDA master agreements for our derivatives transactions.

The aggregate notional principal amount of our forward foreign exchange contracts was Rs. 176,161.47 million as of March 31, 2003, Rs. 223,092.96 million as of March 31, 2004, Rs. 23,6627.99 million as of March 31, 2005 and Rs. 196,136.74 million as of September 30, 2005. Since these contracts are marked to market, their fair value as of those dates was the same as their notional value.

Our notional principal amount of our single currency interest rate swap agreements, cross currency swap agreements and forward rate agreements was Rs. 18,680 million as of March 31, 2003, Rs. 28,920 million as of March 31, 2004 and Rs. 56,236 million as of March 31, 2005 and Rs.71,286 Million as of September 30, 2005.

Significant Developments after September 30, 2005

Except as stated elsewhere in this Red Herring Prospectus, to our knowledge no circumstances have arisen since September 30, 2005, which is the date of the last financial statements as disclosed in this Red Herring Prospectus, which materially and adversely affect or are likely to affect, the trading and profitability of the Bank or the value of our assets or our ability to pay our liabilities within the next 12 months.

As required by law, we shall be declaring our unaudited quarterly financial results for the period ending December 31, 2005 subsequent to the Issue Closing Date but prior to the listing of Equity Shares being issued under this Red Herring Prospectus. We shall be issuing a public advertisement in relation to the same. Bidders should take note of the fact that these results are not available at this stage while evaluating their decisions to participate in this Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ON A CONSOLIDATED (UNRESTATED) BASIS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements included in this Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page xiii, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. We do not calculate financial performance indicators on a consolidated basis.

The following discussion relates to the Bank and the Bank's Subsidiaries on a consolidated basis and is based on our unrestated consolidated financial statements, which have been prepared in accordance with Indian GAAP and RBI guidelines.

In this section, references to "we"," our" and "us" are to the Group (as defined below), unless the context requires otherwise.

Introduction

Overview

Bank of Baroda (referred to in this section as the "Parent") is one of India's leading commercial banks. As of September 30, 2005, the Parent had 2,694 branches in India spread over 27 states and five union territories. In addition, the Parent and its Subsidiaries (together with the Parent, the "Group") maintain an international presence in 19 other countries across the globe. The Subsidiaries operate commercial banking operations in seven countries besides India: the U.K.; Botswana; Kenya; Uganda; Hong Kong; Guyana; and Tanzania.

In addition to the Group's commercial banking business, the Subsidiaries are in the following businesses:

- Credit card;
- Asset management;
- Primary dealership, merchant banking and other capital market activities; and
- Housing finance.

The Group has grown its business on a consistent basis. Between fiscal 2003 and 2005, our total income grew at a compounded annual rate of 2.57% and our total assets, total deposits and total advances grew at a compounded annual growth rate of 11.49%, 11.02% and 10.73%, respectively.

Select Financial Ratios	Fiscal 2003	Fiscal 2004	Fiscal 2005	Six Months ended September 30, 2005
Earnings per Share (Rs.)	28.23	35.62	25.57	34.20(1)
Book Value (Rs.)(2)	151.44	180.46	199.51	216.13
RoNW (%)	18.64	19.74	12.82	15.82(1)

(1) EPS and RoNW have been annualised for the six months ended September 30, 2005.

(2) Book value per share and RoNW has been calculated without excluding revaluation reserves and provision for deffered tax from the net worth.

Revenue and Expenses

The types of revenue and expenses are the same for the Group on a consolidated as the Parent on a standalone basis, except for income and expenses related our credit card operations, asset management operations, merchant banking operations and housing finance operations.

Critical Accounting Policies

Consolidation Procedure:

- The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS)-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI). The financial statements of the bank and its subsidiaries are combined on a line by line basis by adding together like sums of assets, liabilities, income and expenses, after eliminating intra-group balances / transactions and resulting unrealised profit / loss.
- The Financial Statements of Subsidiaries and Associates are adjusted, wherever necessary, to conform to the Accounting Policies of the Parent.
- Investments in Associates are accounted for under the Equity Method as per AS -23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by ICAI based on the audited Financial Statements of the associates.

Minority interest in the Consolidated Financial Statements consists of the share of the minority shareholders in the net equity of the Subsidiaries.

The Group's other critical accounting policies are the same as those for the Parent set forth in the section titled "Managements Discussion and Analysis of Financial Condition and Results of Operations on Unconsolidated Basis-Critical Accounting Policies" beginning on page 261 of this Red Herring Prospectus.

Changes in Accounting Policies in the Last Three Fiscal Years

In fiscal 2005, the basis of consolidation of overseas Subsidiaries and Associates was changed by way of adjusting their financial statements to conform to the Parent's accounting policies. The same has no material impact on the consolidated financial statements.

Segment Reporting

In line with RBI guidelines on compliance with Accounting Standard 17 - Segment Reporting issued by the Institute of Chartered Accountants of India, we have recognized business segments as our primary reporting segment and geographical segments as our secondary segment. We report Treasury Operations and Other Banking Operations as our two business segments and report Domestic Operations and International Operations as our two geographical segments.

Business Segments

Our Treasury Operations comprise money market operations, investment in fixed income and money market, forex transactions and derivatives dealings. Our Other Banking Operations comprise the Group's banking operations and other operations comprising credit cards, capital markets and asset management. The table below sets forth our revenue from Treasury Operations and Other Banking Operations and total revenue for the periods indicated.

(Rs. in million)

	Fiscal 2003	**Fiscal 2004**	**Fiscal 2005**	**Six months ended September 30, 2004**	**Six months ended September 30, 2004**
Business Segment Revenue[(1)]:					
Treasury Operations	35,049.10	43,463.90	41,320.40	22,307.90	19,731.00
Other Banking Operations	41,322.30	38,358.40	39,034.00	17,412.90	20,835.50
Total Revenue	**76,371.40**	**81,822.30**	**80,354.40**	**39,720.80**	**40,566.50**

(1) Segment revenue represents revenue from external customers.

Geographical Segments

The Group has two geographical segments: Domestic (India) and International. In addition to India, we have an international presence in 19 other countries with 59 branches and three representative offices. The table below sets forth our international operations' business (advances and deposits) and total income and its respective percentage contribution to our total business (advances and deposits) and total income for the periods indicated.

	Total Business (advances and deposits) of International Operations (Rs. in million)	Percentage of Group's Business (advances and deposits)	Total Income of International Operations (Rs. in million)	Percentage of Group's Total Income
Fiscal 2003	143,897.08	13.86%	7,074.80	9.26%
Fiscal 2004	164,355.19	14.78%	6,337.90	7.75%
Fiscal 2005	197,657.81	15.47%	7,456.20	9.28%
Six Months ended September 30, 2005	224,639.48	16.24%	4,515.20	11.13%

As a financial organization we are subject to exchange rate movements. Movements in foreign exchange rates may impact our business, our future financial performance, our shareholders' funds and the price of our Equity Shares. In addition, our financial statements are denominated in Rupees while the functional currencies of our international operations are foreign currencies. Accordingly, the financial performance of these international operations when translated into Rupees may from time to time be impacted by exchange rate movements.

Results of Operations

Six Months ended September 30, 2005 Compared with the Six Months Ended September 30, 2004

Our total income increased by 2.13% from Rs. 39,720.81 million in the six months ended September 30, 2004 to Rs. 4 0,566.50million in the six months ended September 30, 2005 and our total expenditure increased by 9.18% from Rs. 27,878.56 million in the six months ended September 30, 2004 to Rs. 30,438.41 million in the six months ended September 30, 2005. Our operating profit decreased by 14.47% from Rs. 11,842.25 million in the six months ended September 30, 2004 to Rs. 10,127.09 million in the six months ended September 30, 2005. Our net profit also decreased by 4.64% from Rs. 5,258.09 million in the six months ended September 30, 2004 to Rs. 5,014.75 million in the six months ended September 30, 2005.

<u>Net Interest Income</u>

Our net interest income increased by 12.65% from Rs. 14,289.99 million in the six months ended September 30, 2004 to Rs. 16,096.22 million in the six months ended September, 30 2005. The following table sets forth the components of our net interest income:

	Six months ended September 30,	
	2004	2005
	(in Rs. million)	
Interest income	31,903.58.	34,876.38
Interest expense	17,614.59	18,780.16
Net interest income	**14,288.99**	**16,096.22**

The increase in net interest income was due primarily to a 9.32% increase in total interest income from Rs. 31,903.58 million in the six months ended September, 30 2004 to Rs. 3,4876.38 million in the six months ended September 30, 2005.

Interest Income

The following table sets forth the components of our interest income:

	Six months ended September 30,	
	2004	2005
	(in Rs. million)	
Interest and Discount on advances/bills	14,805.28	17,899.24
Income on Investment	15,109.56	15,394.34
Interest on balance with RBI and other Inter Bank Lending	1,253.86	1,344.74
Others	734.88	238.06
Total interest income	**31,903.59**	**34,876.38**

Interest and discount on advances and bills increased by 20.90% from Rs. 14,805.28 million in the six months ended September 30, 2004 to Rs. 17,899.24 million in the six months ended September 30, 2005. This increase was primarily due to a 30.87% increase in advances by the Parent in six Months ended September 30, 2005 on half-year on half-year basis .

Income from investments increased by 1.88% from Rs. 15,109.56 million in the six months ended September 30, 2004 to Rs. 15,394.34 million in the six months ended September 30, 2005. This increase was primarily due to an increase in average investments of parent partially offset by a decrease in market interest rates.

Interest on balances with RBI and other inter- bank lending increased by 7.26% from Rs. 1,253.86 million in the six months ended September 30, 2004 to Rs. 1344.74.00 million in the six months ended September 30, 2005. This increase was due to higher inter-bank placements during the six months ended September 30 2005, especially in overseas placements.

Interest Expense

Our interest expense increased by 6.61% from Rs. 17,614.59 million in six months ended September 30, 2004 to Rs. 18,780.16 million in six months ended September 30, 2005, primarily due to higher average cost of deposits of the Parent.

Our other interest expense decreased marginally from Rs. 1,057.03 million in six months ended September 30, 2004 to Rs. 1020.59 million in six months ended September 30, 2005.

Other Income

Our other income decreased by 27.21% from Rs. 7,817.23 million in six months ended September 30, 2004 to Rs. 5,690.12 million in six months ended September 30, 2005. The following table sets forth the components of our other income:

	Six months ended September 30,	
	2004	2005
	(in Rs. million)	
Commission, Exchange and Brokerage	1,800.71	1,869.28
Profit on sale of Land, Buildings and Other Assets (Net)	1.25	
Profit on Exchange Transactions (Net)	1,073.31	706.35
Profit on sale of Investments (Net)	3,797.34	1,428.64
Miscellaneous Income	1,144.62	1,685.85
Total other income	**7,817.23**	**5,690.12**

Income from commissions, exchange and brokerage increased by 3.81% from Rs. 1,800.71 million in the six months ended September 30, 2004 to Rs. 1,869.28 million in the six months ended September 30, 2005. This increase was as a result of a general growth in our business.

Net profit on the sale of investments decreased by 62.37% from Rs. 3,797.34 million in the six months ended September 30, 2004 to Rs. 1,428.64 million in the six months ended September 30, 2005. This decrease was due to a reversal in the interest rate cycle, negatively impacting volumes in the Indian debt market and our ability to sell our Government of India securities profitably. Net profit from foreign exchange transactions decreased from Rs. 1,073.31 million in the six months ended September 30, 2004 to Rs. 706.35 million in the six months ended September 30, 2005.

Our miscellaneous income, which includes incidental income from services charges, minimum balance charges, up front-fees and other account keeping fees, increased from Rs. 1,144.62 million in the six months ended September 30, 2004 to Rs. 1,685.85 million in the six months ended September 30, 2005.

Operating Expenses

Total operating expenses increased from Rs. 10,263.93 million in the six months ended September 30, 2004 to Rs. 11,658.25 million in the six months ended September 30, 2005. As a percentage of our total income, operating expenses increased to 28.74% in the six months ended September 30, 2005 compared with 25.84% in the six months ended September 30, 2004. Set forth below are the details of our total operating expenses for six months ended September 30, 2004 and six months ended September 30, 2005.

	Six months ended September 30,	
	2004	**2005**
	(in Rs. million)	
Payments to and Provisions for Employees	7,081.28	7,687.98
Rent, Taxes and Lighting	921.17	826.23
Printing and Stationery	92.32	98.65
Advertisement and Publicity	29.21	167.79
Depreciation on Bank's Property other than Leased Assets	448.63	418.54
Directors' Fees, Allowances and Expenses	4.18	2.70
Auditors' Fees and Expenses (including Branch Auditors' Fees and Expenses)	96.57	88.86
Law Charges	53.49	49.10
Postages, Telegrams, Telephones, etc.	89.31	112.52
Repairs and Maintenance	225.68	225.52
Insurance	320.05	423.06
Other Expenditure	902.08	1557.30
Total Operating Expenses	**10,263.97**	**11,658.25**

The primary component of our operating expenses was payments to and provision for employees, which increased by 8.57% from Rs. 7081.28 million in the six months ended September 30, 2004 to Rs. 7,687.98 million in the six months ended September 30, 2005. As a percentage of total income, payments to and provision for employees increased to 18.95% in the six months ended September 30, 2005 from 17.83% in the six months ended September 30, 2004. This increase was primarily due to the implementation of the wage revision by the Parent.

Our other expenditure includes, among others, travelling and conveyance expenses, computer software and maintenance charges and amortisation of securities in the Held to Maturity category. Other expenditure increased by 72.63% from Rs. 902.08 million in the six months ended September 30, 2004 to Rs. 1,557.30 million in the six months ended September 30,2005. This increase was primarily due to a Rs. 512.12 million amortization charge for securities in the Held to Maturity category by the Parent.

Operating Profit

Operating profit before provisions and contingencies decreased from Rs. 11,842.25 million in the six months ended September 30, 2004 to Rs. 10,128.09 million in the six months ended September 30, 2005. This decrease was due to reduction in operating profit of the Parent. As a percentage of total income, our operating profit also decreased from 29.81% in the six months ended September 30, 2004 to 24.97% in the six months ended September 30, 2005.

Provisions and Contingencies

Provisions and contingencies made in the six months ended September 30,2005 decreased by 17.76% from Rs. 6,665.27 million in the six months ended September 30,2004 to Rs. 5,481.36 million compared with. The following table sets forth, for the periods indicated, the components of our provisions and contingencies:

	Six months ended September 30,	
	2004	2005
	(in Rs. million)	
Provision for Non-Performing Advances	2,372.04	1,514.06
Provision for Standard Advances	4.45	150.07
Depreciation on Investments	1,125.17	2,849.06
Provisions for income tax	2,458.67	1,524.95
Provision for Restructured Standard Accounts	-	25.55
Others	704.94	(582.93)
Total provisions and contingencies	**6,665.27**	**5,481.36**

Our provisioning in respect of non-performing assets decreased by 36.17% from Rs. 2,372.04 million in the six months ended September 30, 2004 to Rs. 1,514.06 million in the six months ended September 30, 2005. This was primarily due to a reduction in the provisions for NPAs by the Parent.

Our provisioning for depreciation on investments was Rs. 2,849.06 million in the six months ended September 30, 2005, as against Rs. 1,125.1700 million written off in the six months ended September 30, 2004. The provision for depreciation in investments in the six months ended September 30, 2005 was mainly due to a provision made for securities transferred from the Available for Sale category to the Held to Maturity category.

Our other provisions were Rs. (582.93) million in the six months ended September 30, 2005 compared with Rs. 704.94 million in the six months ended September 30, 2004.

Other provisions were positive in the six months ended September 30, 2005 due to provisions made earlier, being no longer required and, hence, written back.

Our provision for income tax decreased from Rs. 2,458.67 million in the six months ended September 30, 2004 to Rs.1,524.95 million in the six months ended September 30, 2005 due to lower profit in the six months ended September 30, 2005.

Net Profit Before Minority Interest

As a result of the foregoing factors, our net profit before minority interest decreased from Rs. 5,288.32 million in the six months ended September 30, 2004 to Rs. 5,061.61 million in the six months ended September 30, 2005.

Minority Interest

The share of minority interests increased from Rs. 30.23 million in the six months ended September 30, 2004 to Rs. 46.86 million in the six months ended September 30, 2005.

Net Profit Attributable to the Group

As a result of the foregoing factors, our net profit decreased from Rs. 5,258.09 million in the six months ended September 30, 2004 to Rs. 5,014.75 million in the six months ended September 30, 2005. As a percentage of total income, our net profit decreased from 13.24% in the six months ended September 30, 2004 to 12.36% in the six months ended September 30, 2005.

Fiscal Year Ended March 31, 2005 Compared with the Fiscal Year Ended March 31, 2004

Our total income decreased by 1.79% from Rs. 81,822.32 million in fiscal 2004 to Rs. 80,354.35 million in fiscal 2005 and our total expenditure increased by 1.08% from Rs. 55,910.73 million in fiscal 2004 to Rs. 56,515.69 million in fiscal 2005. Our operating profit decreased by 8.00% from Rs. 25,911.58 million in fiscal 2004 to Rs. 23,838.67 million in fiscal

2005. Our net profit also decreased by 28.21% from Rs. 10,447.19 million in fiscal 2004 to Rs. 7,500.19 million in fiscal 2005.

Net Interest Income

Our net interest income increased by 16.15% from Rs. 26,628.88 million in fiscal 2004 to Rs. 30,929.87 million in fiscal 2005. The following table sets forth the components of our net interest income:

	Year ended March 31,	
	2004	2005
	(in Rs. million)	
Interest income	63,581.94	66,576.37
Interest expense	36,953.06	35,646.50
Net interest income	**26,628.88**	**30,929.87**

The increase in net interest income was due primarily to a 4.71% increase in total interest income from Rs. 63,581.94 million in fiscal 2004 to Rs. 66,576.37 million in fiscal 2005.

Interest Income

The following table sets forth the components of our interest income:

	Year ended March 31,	
	2004	2005
	(in Rs. million)	
Interest and Discount on advances/bills	29,108.24	30,231.10
Income on Investment	29,996,44	30,891.73
Interest on balance with RBI and other Inter Bank Lending	2,079.04	2,450.49
Others	2,398.22	3,003.05
Total interest income	**63,581.94**	**66,576.37**

Interest and discount on advances and bills increased by 4.71% from Rs. 63,581.94 million in fiscal 2004 to Rs. 66,576.37 million in fiscal 2005. This increase was primarily due to a 21% increase in advances by the Parent in fiscal 2005.

Income from investments increased by 2.98% from Rs. 29,996.44 million in fiscal 2004 to Rs. 30,891.73 million in fiscal 2005. This increase was primarily due to an increase in investments partially offset by a decrease in market interest rates.

Interest on balances with the RBI and other inter-bank lending increased by 17.87% from Rs. 2,079.04 million in fiscal 2004 to Rs. 2,450.49 million in fiscal 2005. This increase was due to higher inter bank placements during fiscal 2005, especially in overseas placements.

Interest Expense

Our interest expense decreased by 3.54% from Rs. 36,953.06 million in fiscal 2004 to Rs. 35,646.50 million in fiscal 2005, primarily due to lower average cost of deposits of the Parent.

Our other interest expense increased marginally from Rs. 2,103.59 million in fiscal 2004 to Rs. 2,116.69 million in fiscal 2005.

Other Income

Our other income decreased by 24.46% from Rs. 18,240.38 million in fiscal 2004 to Rs. 13,777.98 million in fiscal 2005. The following table sets forth the components of our other income:

	Year ended March 31,	
	2004	2005
	(in Rs. million)	
Commission, Exchange and Brokerage	3,578.68	3,792.04
Profit on sale of Land, Buildings and Other Assets (Net)	0.82	0.50
Profit on Exchange Transactions (Net)	1,743.38	1,990.02
Profit on sale of Investments (Net)	10,268.69	5,408.28
Miscellaneous Income	2,648.80	2,587.15
Total other income	**18,240.38**	**13,777.98**

Income from commissions, exchange and brokerage increased by 5.96% from Rs. 3,578.68 million in fiscal 2004 to Rs. 3,792.04 million in fiscal 2005. This increase was result of a general growth in our business.

Net profit on the sale of investments decreased by 47.33% from Rs. 10,268.69 million in fiscal 2004 to Rs. 5,408.28 million in fiscal 2005. This decrease was due to a reversal in the interest rate cycle, negatively impacting volumes in the Indian debt market and our ability to sell our Government of India securities profitably. Net profit from foreign exchange transactions increased from Rs. 1,743.38 million in fiscal 2004 to Rs. 1,990.02 million in fiscal 2005, mainly due to more business activity in this area.

Our miscellaneous income, which includes incidental income from services charges, minimum balance charges, up front-fees and other account keeping fees decreased slightly from Rs. 2,648.80 million in fiscal 2004 to Rs. 2,587.15 million in fiscal 2005.

Operating Expenses

Total operating expenses increased from Rs. 18.957.67 million in fiscal 2004 to Rs. 20,869.19 million in fiscal 2005. As a percentage of our total income, operating expenses increased to 26.0% in fiscal 2005 compared with 23.17% in fiscal 2004. Set forth below are the details of our total operating expenses for fiscal 2004 and fiscal 2005.

	Year ended March 31,	
	2004	2005
	(in Rs. million)	
Payments to and Provisions for Employees	12,944.18	14,211.83
Rent, Taxes and Lighting	1,708.31	1,745.47
Printing and Stationery	209.90	205.27
Advertisement and Publicity	255.31	120.15
Depreciation on Bank's Property other than Leased Assets	805.49	871.14
Depreciation on Leased Assets	0.84	0
Directors' Fees, Allowances and Expenses	14.17	17.75
Auditors' Fees and Expenses (including Branch Auditors' Fees and Expenses)	186.62	173.25
Law Charges	120.42	111.91
Postages, Telegrams, Telephones, etc.	161.82	205.82
Repairs and Maintenance	418.27	446.06
Insurance	437.63	660.19
Other Expenditure	1,694.72	2,100.35
Total Operating Expenses	**18,957.67**	**20,869.19**

The primary component of our operating expenses was payments to and provision for employees, which increased by 9.79% from Rs. 12,944.18 million in fiscal 2004 to Rs. 14,211.83 million in fiscal 2005. As a percentage of total income, payments to and provision for employees increased to 17.69% in fiscal 2005 from 15.82% in fiscal 2004. This increase was primarily due to a higher provision for the Parent's staff retirement benefits. .

Our other expenditure includes, among others, travelling and conveyance expenses, computer software and maintenance charges and amortisation of securities in the Held to Maturity category. Other expenditure increased by 23.93% from Rs. 1,694.72 million in fiscal 2004 to Rs. 2,100.35million in fiscal 2005. This increase was primarily due to a Rs. 197.58 million amortization charge for securities in the Held to Maturity category by the Parent.

Operating Profit

Operating profit before provisions and contingencies decreased from Rs. 25,911.58 million in fiscal 2004 to Rs. 23,838.67 million in fiscal 2005. This decrease was due to reduction in operating profit of the Parent. As a percentage of total income, our operating profit also decreased from 31.67% in fiscal 2004 to 29.67% in fiscal 2005.

Provisions and Contingencies

Provisions and contingencies made in fiscal 2005 increased by 6.80% from Rs. 15,671.31 million in fiscal 2004 to Rs. 16,737.49 million compared with. The following table sets forth, for the periods indicated, the components of our provisions and contingencies:

	Year ended March 31,	
	2004	**2005**
	(in Rs. million)	
Provision for Non Performing Advances	5,545.15	4,521.65
Provision for Standard Advances	15.98	93.67
Depreciation on Investments	(1,014.61)	8,098.09
Provisions for income tax	5,941.22	2,107.22
Provision for Restructured Standard Accounts	86.57	240.00
Others	885.00	1,648.56
Floating Provision for NPAs (in addition to norms)	4212.00	28.30
Total provisions and contingencies.	**15,671.31**	**16,737.49**

Our provisioning in respect of non-performing assets decreased by 18.46% from Rs. 5,545.15 million in fiscal 2004 to Rs. 4,521.65 million in fiscal 2005. This was primarily due to a reduction in the provisions for NPA by the Parent.

Our provisioning for depreciation on investments was Rs. 8,098.09 million in fiscal 2005, as against Rs. 1,014.61 million written back in fiscal 2004. The provision for depreciation in investments in fiscal 2005 was mainly due to a provision made for securities transferred from the Available for Sale category to the Held to Maturity category.

Our other provisions were Rs. 1,648.56 million in fiscal 2005 compared with Rs. 885.00 million in fiscal 2004. This was largely due to provision for wage revision for employees of the Parent.

Our provision for income tax decreased by 64.58% from Rs. 5,941.22 million in fiscal 2004 to Rs. 2,107.22 million in fiscal 2005 due to lower profit in fiscal 2005.

Net Profit Before Minority Interest

As a result of the foregoing factors, our net profit before minority interest decreased from Rs. 10,487.85 million in fiscal 2004 to Rs. 7,564.72 million in fiscal 2005.

Minority Interest

The share of minority interests increased from Rs. 40.66 million in fiscal 2004 to Rs. 64.53 million in fiscal 2005.

Net Profit Attributable to the Group

As a result of the foregoing factors, our net profit decreased from Rs. 10,447.20 million in fiscal 2004 to Rs. 7,500.19 million in fiscal 2005. As a percentage of total income, our net profit decreased from 12.77% in fiscal 2004 to 9.33% in fiscal 2005.

Fiscal Year Ended March 31, 2004 Compared with the Fiscal Year Ended March 31, 2003

Our total income increased by 7.14% from Rs. 76,371.40 million in fiscal 2003 to Rs. 81,822.32 million in fiscal 2004 and our total expenditure decreased by 4.18% from Rs. 58,349.38 million in fiscal 2003 to Rs. 55,910.73 million in fiscal 2004. Our operating profit increased by 43.78% from Rs. 18,022.02 million in fiscal 2003 to Rs. 25,911.58 million in fiscal 2004. Our net profit increased by 25.04% from Rs. 8354.85 million in fiscal 2003 to Rs. 10,482.12 million in fiscal 2004.

Net Interest Income

Our net interest income increased by 22.05% from Rs. 21,817.73 million in fiscal 2003 to Rs. 26,.628.88 million in fiscal 2004. The following table sets forth the components of our net interest income:

	Year ended March 31,	
	2004	**2005**
	(in Rs. million)	
Interest income	62,783.57	63,581.94
Interest expense	40,965.84	36,953.06
Net interest income	**21,817.73**	**26,628.88**

The increase in net interest income was due primarily to 9.80% decrease in total interest expense from Rs. 40,965.84 million in fiscal 2003 to Rs. 36,953.06 million in fiscal 2004. This primarily reflected lower average cost of deposits for the Parent.

Interest Income

The following table sets forth the components of our interest income:

	Year ended March 31,	
	2004	**2005**
	(in Rs. million)	
Interest / Discount on Advances/Bills	31,551.64	29,108.24
Income on Investments	27,811.45	29,996.44
Interest on Balances with Reserve Bank of India and other Inter-Bank Funds	2,430.30	2,079.04
Others	990.18	2,398.22
Total interest income	**62,783.57**	**63,581.94**

Interest and discount on advances and bills decreased by 7.74% from Rs. 31,551.64 million in fiscal 2003 to Rs. 29,108.24 million in fiscal 2004, reflecting lower interest rates in the markets where we operate.

Investment income increased by 7.86% from Rs. 27,811.45 million in fiscal 2003 to Rs. 29,996.44 million in fiscal 2004.

Interest Expense

Our interest expense decreased from Rs. 40,965.84 million in fiscal 2003 and Rs. 36,953.06 million in fiscal 2004, mainly due to reduction in interest on deposits.

Our other interest expense increased from Rs. 1,914.11 million in fiscal 2003 to Rs. 2,103.59 million in fiscal 2004 mainly due to additional Tier-II bonds issued by the Parent.

Other Income

Our other income increased by 34.24% from Rs. 13,587.83 million in fiscal 2003 to Rs. 18,240.38 million in fiscal 2004. The following table sets forth the components of our other income:

	Year ended March 31,	
	2004	2005
	(in Rs. million)	
Commission, Exchange and Brokerage	3,724.06	3,578.68
Profit on sale of Land, Buildings and Other Assets (Net)	20.14	0.82
Profit on Exchange Transactions (Net)	1,437,59	1,743.38
Profit on sale of Investments (Net)	6,314.85	10,268.69
Profit on revaluation of Investments (Net)	22.18	0.00
Miscellaneous Income	2,069.01	2,648.81
Total other income	**13,587.83**	**18,240.38**

Income from commissions, exchange and brokerage decreased from Rs. 3,724.06 million in fiscal 2003 to Rs. 3,578.68 million in fiscal 2004. This slight decrease was mainly due to reduction in income from commissions, exchange and brokerage in Subsidiaries.

Net profit on the sale of investments increased by 62.61% from Rs. 6,314.85 million in fiscal 2003 to Rs. 10,268.69 million in fiscal 2004. This was primarily due to the softening of interest rates in fiscal 2004 and the growth in the wholesale debt market in India with a good volume of business transacted between market participants.

Net profit from foreign exchange transactions increased from Rs. 1,437.59 million in fiscal 2003 to Rs. 1,743.38 million in fiscal 2004, due to more business activity in this area.

Miscellaneous income increased by 28.02% from Rs. 2,069.01 million in fiscal 2003 to Rs. 2,648.80 million in fiscal 2004. This was partly due to an increase in recovery of bad debts written off.

Operating Expenses

Total operating expenses increased by 9.06% from Rs. 17,383.54 million in fiscal 2003 to Rs. 18,957.67 million in fiscal 2004. As a percentage of our total income, operating expenses increased to 23.19% in fiscal 2004 compared with 22.76% in fiscal 2003.

	Year ended March 31,	
	2004	2005
	(in Rs. million)	
Payments to and Provisions for Employees	11,711.78	12,944.18
Rent, Taxes and Lighting	1,518.06	1,708.31
Printing and Stationery	197.08	209.90
Advertisement and Publicity	107.72	255.31
Depreciation on Bank's Property other than Leased Assets	940.70	805.49
Depreciation on Leased Assets	0.80	0.84
Directors' Fees, Allowances and Expenses	15.76	14.17
Auditors' Fees and Expenses (including Branch Auditors' Fees and Expenses)	129.53	186.62
Law Charges	113.30	120.42
Postages, Telegrams, Telephones etc.	189.87	161.82
Repairs and Maintenance	365.92	418.27
Insurance	383.73	437.63
Other Expenditure	1,709.30	1,694.72
Total Operating Expenses	**17,383.54**	**18,957.67**

The primary component of our operating expenses was payments to and provision for employees, which increased from Rs. 11,711.78 million in fiscal 2003 to Rs. 12,944.18 million in fiscal 2004. As a percentage of total income, payments to and provision for employees increased to 15.82% in fiscal 2004 from 15.36% in fiscal 2003. This marginal increase was due to a higher provision for staff retirement benefits by the Parent.

Operating Profit

Due to the factors described above, our operating profit before provisions and contingencies increased by 43.78% from Rs. 18,022.02 million in fiscal 2003 to Rs. 25,911.58 million in fiscal 2004. As a percentage of total income, our operating profit increased from 23.60% in fiscal 2003 to 31.67% in fiscal 2004.

Provisions and Contingencies

Provisions and contingencies increased by 59.02% from Rs. 9,854.82 million in fiscal 2003 to Rs. 15,671.31 million in fiscal 2004. The following table sets forth, for the periods indicates, the components of our provisions and contingencies:

	Year ended March 31,	
	2004	**2005**
	(in Rs. million)	
Provision for Non-Performing Advances	3,271.94	5,545.15
Provision for Standard Advances	160.00	15.98
Depreciation on Investments	50.79	(1014.61)
Provisions for Income Tax	4,210.10	5,941.22
Provision for Restructured Standard Accounts	831.20	86.57
Others	640.79	885.00
Floating Provision for NPAs (in addition to norms)	690.00	4212.00
Total provisions and contingencies	**9,854.82**	**15,671.31**

Our provisioning in respect of non-performing assets increased by 69.48% from Rs. 3,271.94 million in fiscal 2003 to Rs. 5,545.15 million in fiscal 2004. This was due to the change in the delinquency norms in India for recognizing NPA from 180 days to 90 days in fiscal 2004.

Our provisioning for depreciation on investments was Rs. (1,014.61) million in fiscal 2004. This was mainly due to provisions made earlier, no longer required and, hence, written back.

Our other provisions were Rs. 885.00 million in fiscal 2004 compared with Rs. 640.79 million in the fiscal 2003. This increase was largely due to the provision for wage the revision by the Parent in fiscal 2004.

Income Tax

Our provision for income tax increased by 41.18% from Rs. 4,210.10 million in fiscal 2003 to Rs. 5,941.22 million in fiscal 2004, which was due primarily to an increase in our income.

Net Profit before Minority Interest

As a result of the foregoing factors, our net profit before minority interest increased from Rs. 8,402.53 million in fiscal 2003 to Rs. 10,487.85million in fiscal 2004.

Minority Interest

The share of minority interests decreased from Rs. 47.68 million in fiscal 2003 to Rs. 40.66 million in fiscal 2004.

Net Profit Attributable to the Group

As a result of the foregoing factors, our net profit increased by 25.04% from Rs. 8,225.19 million in fiscal 2003 to Rs. 10,482.21 million in fiscal 2004. As a percentage of total income, our net profit increased from 10.77% in fiscal 2003 to 12.81% in fiscal 2004.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

The summarized financial information and financial statements included in this Red Herring Prospectus have been prepared in accordance with the requirements of the Indian Companies Act, 1956 and the Indian Banking Regulation Act, 1949 and accounting principles generally accepted in India (collectively "Indian GAAP"), which differ in certain respects from the accounting principles generally accepted in the United States (or "U.S. GAAP").

The following table summarizes significant measurement differences between U.S..GAAP and Indian GAAP insofar as they affect financial information reported in this Prospectus.

Various U.S. GAAP and Indian GAAP pronouncements have been issued for which the mandatory application date is later than the reporting dates in this Red Herring Prospectus. These, together with standards that are in the process of being developed in both jurisdictions, could have a significant impact on future comparisons between U.S. GAAP and Indian GAAP.

Subject	Indian GAAP	U.S. GAAP
Format and content of financial statements	Entities are required to present balance sheets, profit and loss accounts and, if listed or proposing listing, cash flows for two years together with accounting policies, schedules and notes. Entities seeking a listing are required to present five years of adjusted financial information. Format for presentation of financial statements is as prescribed by the relevant statute.	All entities are required to present balance sheets, income statements, statements of shareholders' equity, cash flows and comprehensive income, together with accounting policies and notes to the financial statements. The extent of disclosures in the notes to financial statements generally is far more extensive than under Indian GAAP. No specific format is mandated, generally items are presented on the face of the Balance Sheet in decreasing order of liquidity. Income statement items may be presented using a single-step or a multiple step format. Expenditure must be presented by function.
Allowance for credit losses	Allowance for credit losses are based on defaults made on principal and interest. The allowance does not consider present value of future inflows. The allowances are made in accordance with the prudential norms prescribed by RBI.The non-performing loans are placed on non-accrual basis	Loans are identified as non- performing and placed on non- accrual basis, where management estimates that payment of interest or principal is doubtful of collection. Non-performing loans are reported after considering the impact of impairment. The impairment is measured by comparing the carrying amount of the loan to the present value of expected future cash flows or the fair value of the collateral (discounted at the loan's effective rate).
Investments in securities	Securities are classified as held to maturity, available for sale and held for trading as per RBI guidelines. Held to maturity are valued at cost unless more than face value in which case the premium is amortized over the remaining period / years of maturity. Held for trading securities are valued scrip-wise and net depreciation is accounted for. Available for sale are valued scrip- wise and net depreciation under each category is provided for while net appreciation is ignored. Amortisation of purchase premium is required in respect of 'Held to Maturity' category	Investments in marketable equity and all debt securities are classified according to management's holding intent, into one of the following categories: trading, available for sale, or held to maturity. Trading securities are marked to fair value, with the resulting unrealized gain or loss recognized in the income statement. Available-for-sale (AFS) securities are marked to fair value, with the resulting unrealized gain or loss recorded directly in a separate component of equity called 'Other Comprehensive Income' until realized, at which time the gain or loss is reported in income. Held-to-maturity (HTM) debt securities are carried at amortized cost. Other than temporary impairments in the value of HTM and AFS investments are accounted for as realized losses. Amortisation of purchase premium and discount is required for all the categories of debt securities.

Subject	Indian GAAP	US GAAP
Loan origination fees/costs	Loan origination fees and costs are taken to the income statement in the year accrued/incurred.	Loan origination fees (net of loan origination costs) are deferred and recognized as an adjustment to yield over the life of the loan.
Consolidation and investments in subsidiaries	In India, the reporting entity generally follows legal form and is considered to be the legal entity rather than a group. Accordingly, there is no legal requirement to prepare consolidated financial statements. In stand alone financial statements, investments in subsidiaries, if classified as held to maturity investments, are accounted at cost less an allowance for permanent impairments. Accounting Standard (AS21) on "Consolidated Financial Statements", does not require consolidation, but sets out the standards to be followed in the event that consolidated financial statements are presented or required by law or regulation. SEBI requires listed companies/banks and those seeking a listing to publish consolidated financial statements in accordance with AS21 in addition to the separate financial statements of the parent. For the purposes of identifying the voting interests held in an investee, direct interests and those indirect interests held through a subsidiary are considered. Unlisted entities with subsidiaries will continue to have the option of not presenting consolidated financial statements.	Under US GAAP, there is a presumption that consolidated financial statements present more meaningful financial information for a parent and subsidiaries than separate financial statements of the parent. Accordingly, consolidation is required for entities where the parent has majority financial control, generally when it controls more than 50% of the outstanding voting stock, except when control is likely to be temporary or is impaired. Separate financial statements of the parent only are not presented. Entities where the minority shareholder has substantive participating rights overcome the presumption that the majority shareholder controls the entity thus precluding consolidation of the results of that entity. In such cases, the equity method of accounting applies. Entities where the minority shareholder has protective rights only are consolidated. For the purposes of identifying the voting interests held in an investee, all direct and indirect interests are considered. Accordingly, certain investees may be considered as subsidiaries to be consolidated under US GAAP, which may be treated as equity affiliates under Indian GAAP. In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" an interpretation of Accounting Research Bulletin (ARB) 51 that applies to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. A variable interest entity to be consolidated is one in which a party could face risk of loss without having an equity interest, and includes many entities that would previously have remained off-balance sheet.
Investments in associates or affiliates	Associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture. The equity method of accounting for investments in associates is required by SEBI in consolidated financial statements of listed companies/banks.. There is no requirement to apply the equity method of accounting in the standalone financial statements of the parent and the same are accounted for in the same manner as other investments in the stand alone financial statements of the parent. The equity method is a method of accounting, whereby the investment is intially recorded at cost, identifying any goodwill or capital reserve arising at	Investments over which the investor can exert significant influence, generally presumed when the investor owns between 20% and 50% of the voting stock, are required to be accounted for using the equity method. The equity method requires investors to record their investment in the associate as a one-line asset and reflect their share of the investee's net income/ loss in their earnings. Dividends received reduce the investment account. This method is also followed for unconsolidated subsidiaries.

Subject	Indian GAAP	US GAAP
	the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The consolidated statement of profit and loss reflects the investors' share of the results of the operations of the investee. Unlisted companies that do not prepare consolidated financial statements continue to account investments in associates as before.	
Interests in joint ventures	Investment in jointly controlled entities is accounted in stand alone financial statements of the parent in the same manner as stated in 'Consolidation and investment in subsidiaries' above. Interests in jointly controlled entities of a venture should be recognized in its consolidated financial statements on a proportionate consolidation basis unless by virtue of a contractual arrangement joint control is established over an entity which is a subsidiary of that enterprise within the meaning of AS 21, in which case the entity is consolidated by the said enterprise and is not treated as joint venture. Additionally, interests in jointly-controlled assets and jointly-controlled operations of a venture are required to be recognized in the separate financial statements and consequently in its consolidated financial statements. Unlisted companies that do not prepare consolidated financial statements could continue to report joint venture investments as before.	An incorporated joint venture is treated as a subsidiary or an affiliate, depending on the level of control of the joint venturer, and either consolidated or accounted for using the equity method, respectively. Accounting for interests in jointly-controlled assets and jointly-controlled operations of a venture is similar to Indian GAAP.
Business combination	Business combinations are accounted for either as pooling of interests or as acquisitions. Accounting for business combinations as pooling of interests is permitted only on fulfilment of certain conditions. Non-fulfilment of one or more conditions results in the combination being accounted for as an acquisition using the 'purchase method' of accounting. Under the pooling of interest method, the assets, liabilities and reserves of the transferor company are recorded by the transferee company at their existing carrying amounts after making changes for uniformity of accounting policies. Under the purchase method, assets and liabilities are recorded either at their existing carrying amounts or by allocating the consideration to individual identifiable assets and liabilities on the basis of their fair values at the date of acquisition.	The 'Purchase method' of accounting is required for all business combinations. SFAS No. 141 requires intangible assets to be recognized if they arise from contractual or legal rights or are "separable", i.e., it is feasible that they may be sold, transferred, licensed, rented, exchanged or pledged. Under APB Opinion No. 16, the pooling of interest method is required in respect of combination of entities under common control in a manner similar to Indian GAAP. Under purchase accounting, the consideration is measured at fair value, the purchase price allocated to the fair values of the next assets acquired including intangibles, and goodwill recognized for the difference between the consideration paid and the fair value of the net assets acquired.
Acquired Goodwill	Goodwill arising on amalgamation is amortised to income on a systematic basis over its useful life, not exceeding five years unless a longer period can be justified. (AS 14) The amount of goodwill recognized is the difference between the consideration paid and the book value of the net assets acquired. Negative goodwill is credited to a capital reserve.	Under SFAS No. 142, effective for fiscal years beginning after December 15, 2001, goodwill arising on new acquisitions and any unamortized balance for prior acquisitions will no longer be subject to amortization. Instead, such goodwill will be tested for impairment on an annual basis or whenever triggers indicating impairment arise, if earlier. The impairment test is based on estimates of fair value at a reporting unit level.

Subject	Indian GAAP	US GAAP
	Goodwill arising on the acquisition of shares of a company is generally not separately recognized, but is included in the cost of the investment. For companies that prepare consolidated financial statements, goodwill arising on consolidation is recognized upon consolidation. Such goodwill is not amortized. Additionally, goodwill needs to be tested for impairment on annual basis, as required by AS 28 “Impairment of Assets”.	
Impairment of assets	Applicable for accounting periods beginning from April 1, 2004 onwards. The standard required companies to assess whether there is any indication that an asset is impaired at each balance sheet date. If such an indication exists, the company is required to estimate the recoverable amount of the asset. If the recoverable amount of an asset is less than its carrying amount, that carrying amount of the asset should be reduced to its recoverable amount. That reduction is reported as an impairment loss.	SFAS No.144 develops one accounting model for long-lived assets other than goodwill that are to be disposed of by sale, as well as addresses the principal implementation issues. SFAS No.144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. The impairment review is based on undiscounted cash flows at the lowest level of independent cash flows. If the undiscounted cash flows are less than the carrying amount, the impairment loss must be measured using discounted cash flows.
Property, plant and equipment	Fixed assets are recorded at historical costs or revalued amounts. On revaluation, an entire class of assets is revalued, or a selection of assets for revaluation is made on a systematic basis. There is no restriction on the frequency of revaluation. However, revaluation should not exceed the recoverable amount of assets.	Revaluations are not permitted.
Issuance and redemption costs for borrowings	Debt issuance costs may be amortized, charged as an expense or charged to the Securities Premium Account. Redemption premiums payable on the redemption of debt may be accrued over the life of the debt.	Debt issuance costs are treated as a deferred charge and amortized using the effective interest rate method over the life of the debt. Redemption premiums are accrued as a yield adjustment over the life of the debt.
Foreign exchange	The revised AS-11 “The Effects of Changes in Foreign Exchange Rates” applicable from accounting periods beginning after April 1, 2004 deals with accounting for foreign exchange transactions whereby exchange differences arising on transactions and translation of monetary items are recognized as income or expense in the year in which they arise except those that relate to foreign borrowings incurred to finance an asset purchased from a country outside India, which are treated as a part of borrowing cost and are capitalised. For the purpose of consolidating non-integral foreign operations, its financial statements are translated into the parent’s reporting currency. Assets and liabilities are translated using the balance sheet rate of exchange. amounts in the income statements are translated using the weighted average rate for the period. Translating differences that arise are reported in a separate component of shareholder’s equity.	Under US GAAP gains or losses arising from foreign currency transactions are included in determining net income. Foreign exchange gains or losses are not included in interest cost. For the purposes of consolidating a foreign subsidiary where the funcitional currency is a foreign currency, its financial statements are translated into the parent’s reporting currency. Assets and liabilities are translated using the balance sheet rate of exchange. Amounts in the income statements are translated using the weighted average rate for the period. Translation differences that arise are reported in a separate component of shareholders’ equity. Where the functional currency is the reporting currency, translation is done using principles and procedurres as if the transactions of the foreign operation had been those of the reporting enterprises itself.

Subject	Indian GAAP	US GAAP
	Financial statements of integral operations should be translated using the principles and procedures as if the transactions of the foreign operation had been those of the reporting enterprises itself.	
Deferred taxation	Deferred taxes are required to be provided for the tax effect of timing differences between taxable income and accounting income using substantively enacted tax rates. Deferred tax assets arising due to unabsorbed depreciation or carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Other deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.	Deferred tax liabilities and assets are recorded for the tax effect of temporary differences between the tax and book bases of assets and liabilities and operating loss carry-forwards, at currently enacted tax rates expected to be in force when the temporary differences reverse. Changes in tax rates are reported in the income statement in the period of enactment. A valuation allowance is made against deferred taxes if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized.
Proposed dividend	Proposed dividends are recognised in the financial statements in the period to which they relate, even if they are subject to shareholders' approval.	Dividends are recorded in the year of declaration.
Vacation accrual	Vacation accrual, or leave encashment, is viewed as a retirement entitlement and is generally reported at the actuarially determined present value of future benefits.	Vacation earned but not taken is reported as a liability based on the number of days entitlement, priced at the balance sheet salary rate.
Retirement benefits	The liability for defined benefit retirement plans is reported at an actuarial valuation. Several alternative methodologies are considered acceptable for the purposes of the valuation, and the actuary has considerable latitude in selecting assumptions to be used. However, there is a new accounting standard on retirement benefits, not yet applicable, which requires projected unit credit method to be followed for acturial valuaiton. Expenditure incurred on voluntary retirement scheme may be deferred and amortized within a period of five years.	The liability for defined benefit retirement plans is reported at the present value of future benefits using the projected unit credit method, with a stipulated method to determine assumptions. Expenditure incurred on voluntary retirement scheme should be expensed in the period incurred.
Depreciation	Depreciation is generally charged at rates prescribed by the Companies Act. These rates are the minimum rates, and companies are permitted to charge depreciation at higher rates, in order to write off the cost of assets over their useful lives, if shorter.	Depreciation is provided in a systematic and rational manner over the estimated useful economic life of the assets.
Derivative financial instruments and hedging	The Guidance note on Accounting for Equity Index Options and Equity Stock Options and the guidance note on accounting for equity index futures are the pronouncements, which address the accounting for derivatives. Revised AS-11 deals with accounting of forward contracts, whereby premium/discount amortization and accounting for gain or loss on the contract is required in case of forward contracts entered into	All derivatives are required to be recognised as assets or liabilities in the balance sheet and measured at fair value. The accounting for changes in the fair value of a derivative (that is gain and losses) depends on the intended use of the derivative and the resulting designation. Derivatives based on the intended use are broadly classified into three classes' viz. Fair value hedge, Cash flow hedge and Foreign currency hedge.

Subject	Indian GAAP	US GAAP
	for hedging purposes. For forward contracts entered into for any other purpose, mark to market of outstanding contracts is required at valuation date. RBI Guidelines on Forward Rate Agreements / Interest Rate Swaps requires the transactions to be classified into hedging and trading. The swap that is accounted for like a hedge should be accounted for on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In that case the swap should be marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Gains or losses on the termination of swaps should be recognised when the offsetting gain or loss is recognised on the designated asset or liability. This implies that any gain or loss on the terminated swap would be deferred and recognised over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liability. Trading swaps should be marked to market with changes recorded in the income statement. Income and expenses relating to these swaps should be recognised on the settlement date. Gains or losses on the termination of trading swaps should be recorded as immediate expense or income.	Gains and losses on fair value hedges, for both the hedging instrument and the item being hedged, are recognised in the income statement. Gain and losses on effective portion of cash flow hedges is initially reported as a component of other comprehensive and subsequently reclassified in to earnings when the forecasted transaction affects earnings. In case of hedging the foreign currency exposure of a net investment in a foreign operation, the same accounting treatment is given as in the case of Cash flow hedge. The gains or losses on the ineffective portion of any hedge are written off as income or expense. Derivatives that are not designated as a hedging instrument, the gain or losses is recognised in earnings in the period of change.
Off-balance sheet items	ICAI has recently announced disclosures regarding derivative instruments viz. Category-wise quantitative data, the purpose viz. Hedging or speculation, the foreign currency exposures those are not hedged by a derivative instrument or otherwise. AS 29 requires detailed disclosure of material contingent liabilities.	SEC registrants are required to provide extensive disclosures of material off-balance sheet items, contingent liabilities and financial guarantees. Commitments and contingencies are required to be disclosed.
Fair values of financial instruments	There is no requirement to disclose the fair value of financial instruments.	Extensive disclosures are required of the fair values of financial instruments and the methodologies or determining fair values.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as detailed below, there is no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Bank, and its Directors, that would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business. Apart from criminal cases against the Bank, a material threshold of Rs. 10 million has been adopted for other cases.

Contingent Liability

The following table sets forth the principal components of our contingent liabilities as of September 30, 2005.

(Rs. In Million)

Contingent Liabilities	**As on September 30, 2005**
Claims against the Bank not acknowledged as debt	8,545.89
Liability for partly paid investments	585.98
Liability on account of outstanding forward exchange contracts	196,136.74
Guarantees given on behalf of constituents :	
in India	27,826.62
Outside India	15,338.18
Acceptances, Endorsements & other Obligations	36,198.99
Other items for which the Bank is contingently liable	92,281.06
Total	**376,913.46**

Cases against the Bank

There are 1,557 cases involving an amount of Rs. 39,596.79 million that have been filed against the Bank in relation to various matters.

There are 294 civil cases filed against us for disputes relating to interest imposed, negligence, recovery of money, guarantees, letters of credit, etc., in which the aggregate amount claimed is Rs. 5,809.94 million or more.

There are 454 cases filed against us relating to consumer disputes in relation to, inter alia, issuing money against forged cheques, alleged wrongful refusal to sanction certain facilities, and refusal to release fixed deposit receipts/title deeds pledged as security. The total amount claimed against us in these cases is Rs. 113.40 million.

There are 560 suits/writ petitions filed by employees/ex-employees pending against us and the total amount claimed by the plaintiffs in these cases is approximately Rs. 135 million.

There are three cases in relation to security related offences that have been filed against the Bank involving Rs. 4.03 million.

There were 14 disputes relating to income tax and interest tax assessments in which the aggregate amount (excluding interest thereon) claimed against the Bank was Rs. 33,196 million as of November 30, 2005. In addition, there are five cases involving an amount of Rs. 236.99 million relating to property tax, delayed submission of income tax by our branches and other tax disputes at our Uganda and Brussels branches.

There were three cases that were filed against us in relation to violation of the erstwhile FERA involving an amount of Rs. 13.10 million.

The information on the above cases is given as of November 30, 2005.

Apart from the cases filed against us, we filed cases from time to time against persons who are in default or are in breach of their obligations to us or attempt to adversely affect our interests.

Criminal cases

1. Mr. G. Krishna Murthy has filed a criminal complaint (C.C.No. 6776 of 2004) on February 3, 2003 before the Metropolitan Magistrate, George Town, Chennai against the Bank, its CMD, the Assistant General Manager (Head Office), the Assistant General Manager (Regional Office, Chennai) and the Chief Manager (Chennai Main Branch) under sections 406 and 409 of the Indian Penal Code alleging criminal breach of trust. The complainant, a former employee of the Bank, had availed a housing loan. The complainant has alleged that the Senior Manager, Chennai Main Branch withdrew the complainant's gratuity cheque and provident fund cheque by making a false statement to the effect that the complainant was not in employment with the Bank, at a time when the Senior Manager had not accepted his resignation letter dated July 19, 1982 due to outstanding housing loan dues. The complainant has also alleged that the Senior Manager has, without authorization, discharged the provident fund cheque against the housing loan dues owed by him to the Bank. The CMD, Deputy General Manager (Regional Office, Chennai) and Chief Manager (Chennai Main Branch) filed a petition (Criminal OP No. 29815 of 2004) before the High Court, Chennai to quash the said complaint before the Metropolitan Magistrate. The petitioners have denied the allegations contending that irrespective of the conditional acceptance of the complainant's resignation, the complainant's services came to an end due to an inordinately long absence of over ten years. The petitioners have also submitted that as the essential ingredients of the offence alleged have not been made out and as the dispute is essentially of a civil nature, no criminal proceedings can be initiated. The said petition has been admitted by the High Court and case is currently pending before the High Court, Chennai.

2. Vijay Kumar Singh filed a complaint (C.C.No. 1599 (C) of 2003) on July 21, 2003 before the Chief Judicial Magistrate, Patna against Alpic Finance Limited (Alpic), the persons in charge of the management of Alpic and P.S. Shenoy, the then CMD of the Bank under sections 409, 420 and 120B of the Indian Penal Code alleging criminal breach of trust, cheating and criminal conspiracy. Alpic had issued bonds under the Alpic Health & Transport Infrastructure Cumulative Income Bonds Scheme and the Bank was acting as a Trustee for the holders of the bonds. The complainant has submitted that he had purchased 10 bonds jointly with his wife, but Alpic did not make the payment after he had deposited the bonds for encashment/redemption. The complainant has submitted that the accused persons have, in pursuance of active criminal conspiracy, criminally misappropriated the complainant's money and have cheated the complainant. P.S. Shenoy has filed an application under section 205 of the Code of Criminal Procedure before the Judicial Magistrate, Patna for dispensing with his personal attendance before the Court. The same is pending as of date and the next date for hearing the matter December 14, 2005.

3. Heman Kumar Taurani filed a criminal complaint (C.C.No. 720 of 2003) on April 18, 2003 before the XVth Metropolitan Magistrate, Hyderabad against the Bank, all its directors and S. K. Suvarna, Deputy General Manager of the Bank who had signed a written statement that was filed by the Bank in a civil suit that was filed against the Bank by Heman Kumar Taurani, alleging defamation under section 500 of the Indian Penal Code on the basis of pleadings in the said written statement. An application to discharge the Bank, all its directors and S.K. Suvarna was filed by the Bank and the same was dismissed by the Metropolitan Magistrate by an order dated April 5, 2004. Against the same, a criminal revision petition (Crl.R. Petition No. 133 of 2004) was preferred before the Metropolitan Sessions Judge, Hyderabad, who, by his order dated June 23, 2004 dismissed the said criminal revision petition. Against the same, the Bank filed a criminal petition (Criminal. Petition. No. 2905 of 2004) before the High Court, Hyderabad for quashing the proceedings in the aforementioned C.C.No. 720 of 2003. By its order dated September 2, 2004, the High Court, Hyderabad quashed the said proceeding as against the Bank and all its directors but not the Deputy General Manager. Against the same, the Deputy General Manager, S.K. Suvarna has filed a Special Leave Petition (SLP (Crl.) No. 6274 of 2004) before the Supreme Court against the order dated September 2, 2004 of the High Court, Hyderabad along with a criminal miscellaneous petition for interim relief (Crl.M.P.No. 13354 of 2004). The Supreme Court, by its order dated January 7, 2005, has stayed the impugned order. Further, by an order dated March 7, 2005, the Supreme Court has deleted the Bank and its directors, from the list of respondents in the petition.

4. Heman Kumar Taurani filed a private complaint before the Metropolitan Magistrate, Hyderabad, registered as Crime No. 11 of 2002, on January 16, 2002, against the Bank represented by P.S. Shenoy, the then CMD of the bank, and other persons alleging offences under sections 406, 402, 425 and 465 of the Indian Penal Code read with sections 29 and 34 of the Indian Penal Code alleging criminal breach of trust, mischief and forgery. The complainant has alleged that huge amounts were illegally and unauthorisedly transferred from the complainant's account with the Bank. The Bank has filed a criminal petition (Criminal Potion No. 4097 of 2005) dated September 9, 2005 before the High Court, Hyderabad to quash the proceedings in Crime No. 11 of 2002 and praying for stay of proceedings pending disposal of the criminal petition

5. Vinay Kumar Sinha filed a complaint (C.C.No. 2338 (C) of 2001) on December 22, 2001 before the Chief Judicial Magistrate, Patna against Alpic Finance Limited (Alpic), the persons in charge of the management of Alpic and P.S. Shenoy, the then CMD of the Bank under sections 406, 420 and 120B of the Indian Penal Code alleging criminal breach of trust, cheating and criminal conspiracy. Alpic had issued bonds under the Alpic Project Infrastructure Cumulative Income Bonds Scheme and the Bank was Trustee for the holders of the bonds. The complainant has submitted that he had purchased 22 bonds, but Alpic did not make the payment after he had deposited the bonds for encashment/redemption. The complainant has submitted that the accused persons have criminally misappropriated the complainant's money and has cheated the complainant. P.S. Shenoy filed an application under section 205 of the Code of Criminal Procedure before the Judicial Magistrate, Patna for dispensing with his personal attendance before the Court and the same was rejected by order dated November 29, 2002. He then filed a criminal revision petition (Cr.Rev.No. 50 of 2003) before the High Court, Patna against the said order and the High Court, by order dated August 16, 2004, granted the petitioner exemption from personal appearance in C.C.No. 2338 (C) of 2001. The case is pending as of date and the next date of hearing is December 8, 2005.

6. P.K. Mallick filed a complaint (C.C.No. 2352 (C) of 2001) in December 2001 before the Chief Judicial Magistrate, Patna, against Alpic Finance Limited (Alpic), the persons in charge of the management Alpic and P.S. Shenoy, the then CMD of the Bank under sections 406, 420 and 120B of Indian Penal Code alleging criminal breach of trust, cheating and criminal conspiracy. Alpic had issued bonds under the Alpic Health & Transport Infrastructure Cumulative Income Bonds Scheme and the Bank was Trustee for the holders of the bonds. The complainant has submitted that he had purchased 12 bonds, but the Company did not make the payment after he had deposited the bonds for encashment/redemption. The complainant has alleged that the accused persons have criminally misappropriated the complainant's money and have cheated the complainant. P.S. Shenoy filed an application under section 205 of the Code of Criminal Procedure before the Judicial Magistrate, Patna for dispensing with his personal attendance before the Court and the same was rejected by order dated August 2, 2002. He then filed a criminal revision petition (Cr.Rev.No. 830 of 2002) before the High Court, Patna against the said order and the High Court, by order dated August 3, 2004, granted the petitioner exemption from personal appearance in C.C.No. 2338 (C) of 2003. The case is pending as of date.

7. A criminal complaint bearing no. CC-217/C/2003 has been filed for offence punishable under section 420, 409 read with 120-B of Indian Penal Code on May 23, 2002 by one Prakash Kantilal Shah, an ex-employee of the Bank. The criminal complaint was filed against the Bank, Mr. P.S. Shenoy, (then Chairman and Managing Director of the Bank), Dr. A. K. Khandelwal, (then Executive Director of the Bank), Mr. K. K. Agarwal, General Manager of the Bank and others before the Metropolitan Magistrate, 31st Court, Vikroli, Mumbai.

   The complainant has alleged that the accused had wrongfully appropriated a sum of Rs. 213,766 being a portion of the maturity proceeds of fixed deposits placed with the Bank. The said deposits were in the joint name of Prakash Shah and his wife. An amount of Rs. 219,688 were transferred to their saving account and out of that Rs. 213,766 was appropriated towards alleged excess amount paid to the complainant under the Bank Baroda Employee VRS Scheme 2001.

   The Complaint sets out that there were payments made to Prakash Shah on his voluntary retirement in accordance with the Bank of Baroda Employees VRS Scheme and that the Bank has thereafter claimed that an excess amount was mistakenly paid to the complainant, which they have recovered by appropriation of a portion of the fixed deposits. It is alleged that the accused have on account of the aforesaid actions cheated the complainant by making wrongful representations and by fraudulently and dishonestly appropriating the aforesaid sum. In the said complaint, the Learned Metropolitan Magistrate by an Order dated 14th August 2003 directed issue of process against all the accused.

   Aggrieved by the said Order Mr. P.S. Shenoy, and Dr. A. K. Khandelwal filed a Criminal Writ Petition being Criminal Application No. 582 of 2004.

   The Honourable Bombay High Court vide its order dated March 12, 2004 pending hearing and final disposal of the said criminal application granted ad interim relief to the extent applicable to the petitioners in the form of stay on further proceedings in the court of Metropolitan Magistrate .

   The said Petition is pending and the aforesaid ad-interim Order is still in force.

8. Govind Ram Agarwal filed a complaint (C.C. No. 1240 of 2004) dated February 26, 2004 before the 6th Metropolitan Magistrate, Kolkata against the Bank, Anil. K. Khandelwal, the then Executive Director of the Bank, and others

under sections 120B and 409 of the Indian Penal Code alleging criminal conspiracy and criminal breach of trust. He has alleged that the amount deducted by way of TDS on the interest accrued on his fixed deposit with the International Business Branch of the Bank at Kolkata was misappropriated and embezzled by some officials of the Bank and that the money is lying in the custody of the Bank. The Bank filed a petition (CRR No. 1567 of 2004) before the High Court, Kolkata to quash the abovementioned complaint submitting that an amount in excess of the amount to be statutorily deducted by way of TDS was mistakenly deducted from the complainant's account and that immediately thereafter steps were taken to refund the excess amount. By order dated June 24, 2004 the High Court stayed the proceedings in C.C. No. 1240 of 2004 till July 15, 2004, which stay has been extended till October 24, 2005 until further notice.

9. Binod Bihari Tripathi filed a complaint (C.C.No. 1765 (C) of 2002) on August 27, 2002 before the Chief Judicial Magistrate, Patna against Alpic Finance Limited (Alpic), the persons in charge of the management of Alpic and P.S. Shenoy, the then CMD of the Bank under sections 409, 420 and 120B of the Indian Penal Code alleging criminal breach of trust, cheating and criminal conspiracy. Alpic had issued bonds under the Alpic Health and Transport Infrastructure Cumulative Income Bonds Scheme and the Bank was the trustee for the bondholders. The complainant has submitted that he had purchased 20 bonds jointly with his son, but Alpic did not make the payment after he had deposited the bonds for encashment/redemption. The complainant has submitted that the accused persons, in active criminal conspiracy, have criminally misappropriated the complainant's money and has cheated the complainant. P.S. Shenoy filed an application under section 205 of the Code of Criminal Procedure before the Judicial Magistrate, Patna for dispensing with his personal attendance before the Court and the same was rejected by order dated May 1, 2003. He then filed a criminal revision petition (Cr.Rev.No. 459 of 2003) before the High Court, Patna against the said order and the High Court, by order dated July 29, 2005, granted the petitioner exemption from personal appearance in C.C.No. 1765 (C) of 2002. The case is pending as of date and the next date of hearing is December 2, 2005.

10. One Kusum Bai has filed a complaint under section 190 of the Criminal Procedure Code before the Chief Judicial Magistrate, Katni, Madhya Pradesh on April 20, 2004 against the Bank through the Bank Manager of Kymore Branch, Katni, one Sunderlal and one Usha Bai (relatives of the complainant who were living with her) alleging offences under sections 419, 420, 467 read with section 34, and 120B of the Indian Penal Code. The complainant had opened two term deposits of Rs. 50,000 each with the Kymore Branch of the Bank. She has alleged that Sunderlal, pretending to be her husband, got his name entered as joint holder of one the said deposits. The complainant has alleged that when she objected to the same, the Branch refused to make payment to her. She has alleged that she had complained to the Police about the same, but no action was taken and that she had, through her advocate, sent a registered notice to the accused herein, which was also not replied to.

11. One Raghunath Prasad has filed a complaint before Judicial Magistrate 1st Class, Katni, Madhya Pradhesh on August 11,2005 against Satish Chander (Branch Manager, Kymore Branch of the Bank, Katni) and the Field Officer (Kymore Branch of the Bank) alleging offences under sections 294, 506B, 384, and 386 read with section 34 of the Indian Penal Code. The complainant had taken a loan of Rs. 1,80,000 from the Bank for buying a bus. Due to defaults in paying the installments the Bank had filed a recovery suit in the District Court, Katni, which suit was decreed. The complainant has alleged that the accused, being unhappy with the payment made by the complainant according to the compromise arrangement, insulted the complainant at various public functions, threatened the complainant and his family, and abused the complainant in public.

12. S. C. Jain and other partners of Siddharth Rice Mills filed a complaint (registerd as Criminal Case No. 396 of 2003) on April 22, 2003 before the Chief Judicial Magistrate, Dhamtari, Chattisgarh against Antony Samy (Manager of Durg Branch of the Bank, Raipur), T.C. Tekam (Manager of Vivekanand Ashram Branch of the Bank, Raipur), D.P. Dhawad (Senior Manager, Regional Office of the Bank, Raipur) and another alleging offences under sections 405, 409, 415, 418, 420, 463, 464, 467, 468 and 471 read with 34 of the Indian Penal Code. The complainants have alleged that the said officials of the Bank unlawfully transferred Rs. 10,00,000, given by Siddarth Rice Mills as security for enhancement of cash credit limit, into the term loan account of the firm and have thus committed fraud and cheating. The Chief Judicial Magistrate, on April 8, 2003, passed an order taking cognizance of the offence under section 420 read with section 34 of the Indian Penal Code against the Bank officials. The Bank officials filed Miscellaneous Criminal Case No. 1835 of 2003 before the Chhattisgarh High Court to quash the said order and proceedings before the Chief Judicial Magistrate. By order dated November 5, 2004 the High Court quashed the order taking cognizance against T.C. Tekam and D.P. Dhawad but maintained the order taking cognizance and proceeding the case against Antony Samy. The matter is pending.

13. S.C. Jain filed a complaint dated April 16, 2003 before the Additional Sessions Judge, Dhamtari, Chattisgarh against Guatam Chand Biad (Senior Manager of the Bank, Raipur), D.P. Dhawad (Senior Manager, Regional Office of the Bank, Raipur) and S. Satyam (Manager of the Bank, Durg) under section 340 of the Criminal Procedure Code. The Bank had filed a suit for recovery against individuals, including the complainant herein, and had produced letter of acknowledgment of debt. The complainant has alleged that the Bank has tampered with the date on the stamp paper attached with the said acknowledgment and has thus committed fraud and produced a forged document in a judicial proceeding. The Additional Sessions Judge, by order dated August 14, 2003, concluded that prima facie offences were made under sections 420, 467, 468 and 471 read with section 34 of the Indian Penal Code and ordered that separate complaints be filed before the Chief Judicial Magistrate against the Bank officials. The Bank officials, aggrieved by the said order preferred Criminal Appeal No. 1239 of 2003 to the Chhattisgarh High Court. The complaint was registered as Criminal Case No. 111 of 2004 before the Chief Judicial Magistrate, Dhamtari wherein order dated October 8, 2004 was passed framing charges under sections 467, 468, 471, 420 read with section 34 of the Indian Penal Code. The bank officials filed Criminal Revision Petition in the Chhattisgarh High Court against the order dated October 8, 2004, which petition has been dismissed. The matter is still pending.

14. A criminal complaint (Complaint Case No. 16660/05) was filed by one Ranjit Kumar against the Manager of the branch of the Bank at Arrah, Bihar and other officers of the Branch. The complainant has alleged fraudulent withdrawal of Rs. 5,000 and Rs. 59,000 from his savings bank account on November 10, 2005 and November 12, 2005 respectively. Pursuant to a first information report filed by the Bank, some persons have been arrested who have accepted that they made the fraudulent withdrawals by forging the signature of the complainant.

Security Related Offences

1. The Bank was one of the bankers to the public issue of shares of Jaltarang Motels Limited (“Jaltarang”) in December, 1995. SEBI, by its order dated January 19, 2000 directed the Bank to refund the sum of Rs. 4,031,018 being the application money for the shares released by the Bank to the Jaltarang with interest at 15% from March 25, 1996 i.e. the day the Bank allowed withdrawal of the funds by Jaltarang in respect of funds collected from the public issue. The Bank preferred an appeal before the Securities Appellate Tribunal and the Tribunal, by order dated July 27, 2000, rejected the appeal. The bank has filed an appeal (Appeal No.2 of 2000) before the High Court, Mumbai against the said order of the Tribunal. The High Court, Mumbai, on November 13, 2000, granted interim relief of stay of the operation of the orders dated July 27, 2000 of the Securities Appellate Tribunal and January 19, 2000 of SEBI and has further directed that the matter be placed on the board for final hearing. The matter is still pending.

2. The merchant banking division of the Bank was the pre-issue lead manager for the public issue of shares of Trident Steels Limited (“Trident”) in November, 1993. SEBI issued a show cause notice dated April 29, 2004 calling upon the merchant banking division of the Bank to show cause why action should not be taken against it for failing in its duty to exercise due diligence in the above mentioned public issue. SEBI alleged that the merchant banking division of the Bank did not disclose the material fact that 750,000 shares out of the pre issue capital of Trident had been pledged by the directors and holders of those shares to the Industrial Finance Branch of the Bank towards enhancement of various credit facilities extended by the Bank to Trident. In October 1989, the directors and holders of those shares had given an undertaking that as long as the dues of Trident to the Bank are not paid in full, they will not transfer, deal with or dispose off equity or preference shares held by them in the company or any shares that might be acquired in future, without prior written consent of the Bank. BOB Caps, in its reply to the show cause notice, has submitted that it was the obligation of Trident to give true disclosures and that any punitive action will lie solely against Trident, its promoters and directors. The matter is still pending.

3. The Bank had acted as lead managers to the public issue of Kraft Industries Limited (“Kraft”) in May 1995. It is alleged that the Managing Director and Promoter of Kraft did not possess the qualifications as mentioned in the prospectus. SEBI has asked for qualification certificates/copies from the Bank. The Managing Director of Kraft has reported having lost the certificates in transit. The Bank has replied accordingly to SEBI. The inquiry is still pending.

4. M.S. Shoes East Limited (MS Shoes) came out with a public issue of 17,584,800 zero interest unsecured fully convertible debentures at Rs. 199 each aggregating Rs. 3499,375,000 in February 1995. The Bank was one of the lead managers to the issue with responsibility for post Issue management and had underwritten the issue upto Rs. 150,000,000. After the closure of the issue, MS Shoes complained to the underwriters that some of the cheques accompanying the application for subscription were returned unpaid resulting in the collected amount falling short of the minimum subscription amount. Therefore MS Shoes called upon the underwriters to discharge their underwriting liability to the extent of proportionate devolution and raised a claim on the Bank for Rs. 116,665,043 towards

devolution of underwriting liability. The Bank declined the liability on the ground that since the issue was declared oversubscribed by the Registrars to the issue no liability can devolve on the Bank under its underwriting commitment. SEBI had issued an enquiry notice dated July 20, 1995 to the Bank, but closed the matter, vide letter dated June 17, 1996, without imposing any penalty on the Bank. Pursuant to a complaint filed on behalf of MS Shoes, FIR No. 415 of 2000 dated October 1, 2000 was registered by Vikaspuri Police Station under sections 406 and 420 of the Indian Penal Code against SBI Capital Markets Limited, the Bank, its principal officers including the then CMD, and others, alleging cheating and breach of trust. In the complaint it has been submitted that the accused fraudulently and illegally induced MS Shoes to bring cheques from its associates and acquaintances so as to close the issue within four days, thereby representing to the public that the issue had been subscribed in full within the first four days. On this basis, the issue was represented to have been more than 90% subscribed and was closed by the accused. It is further submitted that the subscription having fallen down to about 40% within 30 days of the closure of the public issue, the underwriters were called to subscribe for the same in proportion, but many of the underwriters including the Bank did not obtain subscription as per the agreed underwriting amount. The High Court, New Delhi, by order dated December 11, 2000 in Criminal Writ No. 1221 of 2000 and Criminal Writ No. 1219 of 2000, ordered transfer of FIR No. 415 of 2000 to the Central Bureau of Investigation (CBI) and the same has been registered with the CBI, New Delhi as Crime No. RC.SIA-2001-E-0002 dated March 9, 2001. The investigation by the CBI is still pending.

Civil Cases

1. M/s. M.M. Plastofibres Private Limited and M/s. Mangalam Polysacks Private Limited (a group company of M/s. M.M. Plastofibres Pvt. Ltd.) have filed separate suits (Special Civil Suit No. 840 of 2002 and Special Civil Suit No. 839 of 2002 respectively) on October 21, 2002 before the Civil Judge (Sr. Div.), Baroda against the Bank for recovering damages to the tune of Rs. 54,973,000 and Rs. 74,474,000 respectively and for declaration and injunction restraining the Bank from carrying out any action in regard to properties given to it as security at the time of sanctioning various credit limits. The plaintiffs have also filed applications for interim injunction restraining the Bank from taking any action with regard to the properties given to the Bank as security. The plaintiffs have submitted that they have suffered huge losses as the Bank had illegally delayed the disbursement of loan sanctioned for the expansion project being undertaken by the plaintiffs. . The plaintiffs have also submitted that owing to the non-disbursal by the Bank, they have been unable to service their existing credit facilities and have been unable to pay their electricity bills. The Bank has disputed these allegations and has submitted that the suits have been filed with the ulterior motive of preventing the Bank from enforcing the security granted to the Bank. The Bank has submitted that amounts of Rs. 19,117,004 and Rs. 8,347,179 are payable by M/s. Mangalam Polysacks Private Limited and M/s. M.M. Plastofibres Private Limited respectively to the Bank under the facilities granted to them. The Bank has filed applications (O.A.No. 399 of 2002 and O.A.No. 400 of 2002) before the DRT, Ahmedabad for recovery of dues from M/s. Mangalam Polysacks Private Limited and M/s. M.M. Plastofibres Private Limited respectively. The plaintiffs have filed applications in civil suits praying for an injunction restraining the Bank from proceeding further in the action before the DRT, Ahmedabad. The Bank has filed a reply to the said applications for injunction and the civil suits are pending for framing of issues. The Bank has also served notices dated March 4, 2005 to M/s. Mangalam Polysacks Private Limited and M/s. M.M. Plastofibres Private Limited under section 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, the execution of which has been stayed by the orders of the High Court, Ahmedabad dated August 8, 2005 in Special Civil Application No.10022 of 2005 with Special Civil Application No. 10023 of 2005.

2. M/s. Micro Precision Pump & Gears Limited has filed a suit (Special Civil Suit No. 336/1991) on May 9, 1991 before the Civil Judge (Sr. Div.), Baroda against the Bank for damages to the tune of Rs. 74,083,000 The plaintiff has submitted that due to non-disbursal of the sanctioned working capital facilities by the Bank, the plaintiff has suffered huge losses. The Bank has denied the allegations of the plaintiff and has submitted that the Bank could not extend working capital limits on a regular basis as the plaintiff had failed to create *pari passu* charges, as agreed, with respect to the initial disbursements made by the Bank. The suit is pending for framing of issues.

3. Special civil applications were filed by 22 co-operative societies/ banks in 1998 before the High Court, Ahmedabad. The petitions were filed by registered cooperative societies or registered co-operative banks for directing the Bank to refund, with interest, the deposits amounting to Rs. 227,342,815 that the applicants had invested with various branches of the Bank at Surat. It is contended that when the petitioners made inquiries about their annual statement of accounts, they came to know that serious mischief had taken place in as much the amounts invested by them with the Bank had been misappropriated or substantially misappropriated by fraudulent withdrawals in the form of

loans or advance against those fixed deposit receipts without any authorization of the petitioner banks/societies. By common order dated May 2, 2000 the Single Judge constituted a Committee with the Deputy Governor of RBI or his nominee as chairman. The Committee was mandated to give its findings with regard to the amount due and payable to the concerned petitioners. The said order made the findings of the Committee binding on both the sides. The Bank preferred an appeal before the Division Bench of the High Court, Ahmedabad. The Committee, vide its report dated March 20, 2001 made a recommendation that the Bank should refund the disputed amounts of deposits to the petitioner. By order dated October 1, 2003, the Division Bench, High Court, Ahmedabad directed the Bank to act in accordance with the recommendations contained in the Committee report and to pay the parties the disputed amounts as set out in the report. The Bank has preferred an appeal against the said order before the Supreme Court by way of a special leave petition (SLP (Civil) No.22791-22822 of 2003). The Supreme Court by its order dated December 10, 2004 has stayed the impugned order dated October 1, 2003.

4. M/s Neptune Aqua Farms & Exports Limited has filed a suit (O.S.No. 335 of 2004) in June, 2001 before the District Judge, Visakhapatnam against the Bank claiming Rs. 30 million as damages for losses suffered due to non-disbursement of sanctioned working capital limits. The plaintiff was sanctioned term loan of Rs. 22 million and working capital of Rs. 18 million. The plaintiff has submitted that the Bank failed to release the sanctioned working capital without any tenable reason or justification, thereby committing breach of contract and causing huge losses to the plaintiff. The Bank, in its written statement, has contended that one of the conditions of the sanction of financial assistance was personal guarantee by one director of the plaintiff, Mr. B. V. Prasad, which was not produced. This suit is pending for trial. The Bank had already filed an application (O.A.No. 648 of 1998) before the DRT, Bangalore against the plaintiff for recovery of the term loan and the same is pending.

5. Arjun Gajria has filed a suit (O.S.No. 367 of 1996) on March 4, 1996 before the City Civil Court, Hyderabad against the Bank, M/s. International Graphics Private Limited (IGPL) and the proprietor of IGPL claiming Rs. 16.05 million from the defendants. The plaintiff had agreed to finance the purchase of computers by one Classic Computer Systems (CCS) from IGPL. The plaintiff had transferred an amount to the Bank to be used as lien for IGPL against the supply of computer systems to CCS. The plaintiff has submitted that the Bank has wrongfully misappropriated the sum of Rs. 9.62 million given to it as lien against any default by CCS. The plaintiff has since passed away and his legal representatives have been substituted as plaintiffs in the suit. The Bank, in its written statement, has denied the allegation of misappropriation and has submitted that the Bank was entitled to enforce the lien as the required payments had not been made. This suit is pending.

6. The Bank had filed Special Civil Suit No. 51 of 1989 on March 27, 1989 before the Civil Judge (Sr. Div.), Bharuch against Alliance Synthetics Private Limited (“Alliance”) for recovery of Rs. 3.47 million. In the said suit, certain goods belonging to Alliance, the value of which was assessed by the court commissioner to be Rs. 3.8 million, were attached. The attached goods were subsequently stolen. Alliance filed Special Civil Suit No. 91 of 1996 on May 3, 1996 before the Civil Judge (Sr. Div.), Bharuch against the Bank for recovery of the Rs. 10.81 million, the alleged actual value of the attached goods. Alliance has submitted that the goods or stocks of the plaintiff were stolen or removed while in the custody of the Bank and therefore the Bank is liable for the loss of the attached properties. The aforementioned suit filed by the Bank has since been transferred to the DRT, Ahmedabad. Alliance filed an application in Special Civil Suit No. 91 of 1996 for the transfer of the said suit to the DRT, Ahmedabad, which application was rejected by order dated February 28, 2001 of the Civil Judge (Sr. Div.), Bharuch. Alliance preferred a revision application against this order (Civil Revision Application No. 413 of 2001) before the High Court, Gujarat. The High Court, by way of its order dated December 19, 2002, has directed that the claim made by Alliance be also heard with the Bank’s suit in DRT, Ahmedabad. Both suits are pending before the DRT, Ahmedabad as of date.

7. Gujarat Narmada Knitwear Limited (“GNKL”) has filed a summary suit (Special Summary Suit No. 52 of 2000) before the Civil Judge (Sr. Div.), Baroda against Jaykay Group Limited (“Jaykay”), Vasant Purshottam Karia, the Bank and the London Main Office of the Bank claiming Rs. 14,776,173.80. Four consignments of goods were dispatched from Baroda by GNKL to Jaykay in London. The London Main Office of the Bank received four bills aggregating U.S.$ 199,290.80 for collection from the Sayajigunj Branch of the Bank, Vadodara drawn by GNKL on Jaykay which bills remained unpaid on their respective due dates. In the said Summary Suit No. 52 of 2000 the Bank has filed an application for dismissal of the suit coupled with leave to defend the summary suit. The Bank has contended inter alia that the suit is time barred, the court has no jurisdiction as the cause of action arose in UK and that as it acts as an agent in the collection of billes, its liability as agent is limited. The suit is still pending.

8. Harkishandas Keshavlal Kothari, a director of Ajanta Rubbers Private Limited (in liquidation), and others have filed

a suit bearing Civil Suit No. 3980 of 1992 before the City Civil Court, Ahmedabad on August 11, 1992 against the Bank and others for recovery of a total amount of Rs. 117.68 million from the defendants. The plaintiffs have submitted that the Bank, sanctioned a lower credit limit than what was promised to the plaintiffs, thereby leading to the closure of business of Ajanta Rubbers Private Limited. Therefore the plaintiffs have claimed Rs. 35.52 million as damages from the Bank. The Bank in its written statement has denied the above allegations and has submitted that the plaintiff is only attempting to delay the disposal of the suit filed by the Bank before the Civil Judge, (Sr. Div.), Bharuch (Civil Suit No. 28 of 1984) against Ajanta Rubbers Private Limited. Harkishandas Keshavlal Kothari and others for recovery of Rs. 1.64 million. The Bank has also filed an application for dismissal of Civil Suit No. 3980 of 1992 on the ground that the plaintiffs have been declared insolvent by the order dated July 17, 2000 of the High Court of Mumbai in Insolvency Petition No. 55 of 1996.

9. The Bank had filed an application (O.A.No. 194 of 2000, revised as O.A. No. 825 of 2001) before the DRT, Chennai on February 21, 2000, against Manrish Textile Corporation, Mars Overseas Textiles and others for recovery of dues of Rs. 7,763,992 in respect of credit facilities granted to Manrish Textiles Corporation and dues of Rs. 30,104,549 in respect of credit facilities granted to Mars Overseas Textiles, secured by equitable mortgage by the other defendants. This application has now been transferred to DRT, Coimbatore and numbered as O.A.No. 571 of 2002. The defendants have filed a joint reply statement contending, among other things, that the Bank on many occasions denied working capital to the defendants, thus creating unnecessary dues and consequent heavy losses to the defendants and that their signatures were obtained on blank forms and that they did not create the equitable mortgages. Mars Overseas Textiles has also filed a counterclaim (I.A.No 3318 of 2000) on October 24, 2000 in the said application for Rs. 55,939,000 alleging non-payment of fixed deposit, improper maintenance by the Bank of Export Earner's Foreign Currency (EEFC) account, under valuation of stocks by the Bank and loss due to improper non-extension of packing credit. The Bank filed an application in October, 2004 under section 19(11) Recovery of Debts Due to Banks and Financial Institutions Act, 1993, submitting that the counterclaim (I.A. No 3318 of 2000) ought not to be taken for disposal as a counterclaim and should be treated and disposed off as an independent action, against which application the defendants have filed objections. Manrish Textile Corporation and some other defendants have also filed a counterclaim (I.A.No. 358 of 2004) dated October 27, 2004 for Rs. 3,069,122.15 on account of alleged non-repayment of fixed deposits and EEFC account. Manrish Textile Corporation and others have also filed an application for set off under section 19(6) of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 on November 3, 2004 alleging that the Bank has caused them loss due to various acts of deficiency of service and acts of omissions and commissions and have prayed that the sum of Rs. 19,802,206.58 should be set off against the claim of the Bank. The case is still pending.

10. The Bank filed an application (O.A.No. 201 of 1998) before the DRT, Jaipur on March 17, 1997, which was transferred to the DRT, Chandigarh and numbered as O.A.No. 511 of 2000, against Teg's Masrado Ltd. (Masrado) and others for recovery of dues amounting to Rs. 84,257,538 in relation to certain term loan and guarantee facilities offered by the Bank. The application was decreed ex parte by judgment dated December 24, 2001 and recovery certificate was issued by DRT, Chandigarh. On an application by the defendants the DRT, Chandigarh, by order dated June 12, 2002, set aside the judgment and recovery certificate dated December 24, 2001 and the defendants were directed to file written statement within four weeks. Masrado has filed a counterclaim dated July 10, 2002 against the Bank for Rs. 292,725,000 on account of alleged damages and losses suffered by Masrado due to the negligence of the Bank. The defendants also filed a miscellaneous application (M.A.No./Dy.No.6368/2004) in O.A.No. 511 of 2000 for deciding the issue of limitation as a preliminary issue, alleging that O.A.No. 511 of 2000 is barred by limitation. By order dated January 13, 2005 the DRT, Chandigarh dismissed the aforesaid application for recovery as barred by limitation, except to the extent that the said application related to the recovery of Rs. 38,750,236 claimed as interest on the bank guarantee invoked. The Bank has filed an appeal against the said order in the DRAT, New Delhi praying for quashing the impugned order and issuance of recovery certificate for the amount of Rs. 23,359,138 against the defendants. The appeal and the original application are pending.

11. Shri Parshwanath Nagari Sahakari Pat Sanstha Maryadit has filed a suit (Special Civil Suit No. 21 of 2003) before the Civil Judge (Sr.Div.), Karad on March 24, 2003 against the Bank and one Girish Lalchand Shah, former senior branch manager of the Sangli Branch of the Bank. The plaintiff had made short term deposits amounting to Rs. 8,551,627 with the Sangli Branch of the Bank. The plaintiff has submitted that Girish Lalchand Shah and some other offices of the Bank in collusion with the Bank had opened a fictitious and bogus loan account in the name of the plaintiff society in the books of account of the Sangli Branch, without the knowledge of the plaintiff. The plaintiff has denied taking loan of Rs. 4,350,000 from the Bank and has stated that because of the fraudulent and fabricated documents created by the defendants in relation to the said loan, the plaintiff was slapped with a fictitious liability

of Rs. 4,242,080 by the Income Tax Department. The plaintiff has prayed for an order declaring that the plaintiff society had never obtained a loan of Rs. 4,350,000 from the Bank and directing the defendants to jointly and severally pay to the plaintiff a sum of Rs. 10,025,080 comprising the aforementioned liability and damages. The Bank in its written statement has raised preliminary objections with respect to territorial jurisdiction of the court, limitation and non-joinder of parties and has denied the allegations mentioned above. The case is pending.

12. The Bank had filed a suit (Special Civil Suit No. 476 of 1997) on July 1, 1997 before the Civil Court, Kolhapur against M/s. Arihant Spinning Mills Limited (Arihant) and others claiming approximately Rs. 10,300,000 from Arihant with respect to dues on cash credit facilities extended to Arihant by the Bank. The said suit was transferred to DRT, Pune and numbered as O.A.No. 581-P of 2001. In the said application before the DRT, Arihant has filed a counterclaim dated August 20, 2002 claiming Rs. 139,336,000 from the Bank, MSFC and SICOM for alleged losses and damages on account of non-observance of RBI instructions, prescription of faulty repayment schedule, and selling Arihant's unit at a throwaway price. The Bank, in its written statement to the counterclaim, has denied the abovementioned allegations and has submitted that the counterclaim is time barred. The case is still pending.

13. M/s Albert Granite Private Limited (Albert) has filed a suit (Special Civil Suit No. 87 of 1996) on February 1, 1996 before the Civil Judge (Sr. Div.), Kolhapur against the Bank claiming Rs. 55,300,000 on account of losses or damages caused. Albert has contended that the Bank failed and neglected to disburse all credit facilities sanctioned by the Bank and to give promised and contracted performance in accordance with the said sanction. It has also been submitted that the Bank settled Albert's accounts with State Industrial and Investment Corporation of Maharashtra Limited, paying much more than what Albert was liable to pay. The Bank has denied the allegations mentioned above. The Bank also filed a suit (Special Civil Suit No. 766 of 1996) on November 8, 1996 before the Civil Judge (Sr. Div.), Kolhapur, which was transferred to DRT, Pune and numbered as O.A.No, 245-P of 2001 for recovery of dues amounting to Rs. 27,443,752.53 from Albert. Special Civil Suit No. 87 of 1996 has been transferred to DRT, Pune and numbered as O.A. No. 81 of 2003. By an order dated February 27, 2003 of the High Court, Mumbai in Company Petition No. 878 of 2002, filed by one Nutan Nagari Sahakari Pat Sanstha, Albert was ordered to be wound up. The matter is still pending .

14. Late Devichand Lodha, Ashok Kumar Lodha and their proprietary concerns had filed a suit (Civil Suit No. 5613 of 1999) on October 10, 1999 before the City Civil Court, Ahmedabad claiming Rs. 13,122,568 from the Bank on account of alleged losses due to non-disbursement of promised financial assistance. The suit was transferred to the DRT, Ahmedabad where the applications No. 73, 74 and 75 of 1999 by the Bank against members of Lodha family and their proprietary concerns were pending. Ashok Lodha, by letter dated November 29, 2004, submitted a compromise proposal of one time settlement for Rs. 5,600,000. The Bank sanctioned the proposal and, by letter dated April 9, 2005, informed Ashok Lodha that it has agreed to accept Rs. 56,68,000 towards full and final settlement of the Bank's dues. In pursuance of the compromise, Rs. 1.4 million has been received by the Bank but the consent terms have not been filed in the DRT, Ahmedabad as of date.

15. M/s. Polytex Synthetics, a partnership firm, filed a suit (Civil Suit No. 5815 of 2001) on January 10, 2002 before City Civil Court, Ahmedabad against the Bank claiming Rs. 80,000,000 on account of certain lapses on the part of the Bank. Bank had earlier filed an application (O.A.No. 10 of 1997) on January 9, 1997 before the DRT, Ahmedabad against M/s. Polytex Synthetics and others for recovery of their dues amounting to Rs. 4,422,993. In the aforementioned suit filed against the Bank, it has filed a Purshis to frame and decide the preliminary issue of jurisdiction on the ground that City Civil Court does not have jurisdiction to entertain the suit since the same ought to have been filed as a counterclaim before the DRT. The Bank is yet to file its written statement in Civil Suit No. 5815 of 2001.

16. The Bank filed an application (O.A.No. 26 of 2001) on January 25, 2001 before the DRT, Kolkata against JRK International Private Limited (JRK) and others for recovery of Rs. 70,427,137.33 on account of dues on various credit facilities extended by the Bank to JRK and a performance guarantee issued on behalf of JRK. JRK filed a counterclaim on July 7, 2003 claiming Rs. 178,790,765 as damages on the grounds that the Bank illegally made payment against the performance guarantee and that the Bank neglected and failed to protect and sell goods given as security. By judgment and order dated December 1, 2003, DRT, Kolkata dismissed the counterclaim of JRK and allowed the Bank to recover only Rs. 33,084,376 i.e. the sale proceeds of the primary security property. JRK filed an appeal against the said order (Appeal No. 33 of 2004) on May 18, 2004 before the Debt Recovery Appellate Tribunal, Kolkata and same is pending. The Bank has also filed an appeal (Appeal No. 4 of 2004) before the same forum and the same is also pending.

17. Heman Kumar Taurani, residing in Hyderabad, has filed a suit (O.S.No. 51 of 2002) on February 18, 2002 before

the City Civil Court, Hyderabad against the Bank and its Directors for reimbursement of Rs. 24,466,000. The plaintiff had an account with the London Main Branch of the Bank and the said sums were transferred upon instructions received from his brother. The plaintiff has alleged that the Bank was not authorized to act upon instructions of his brother. The Bank in its written statement has submitted that the plaintiff's brother was mandated by the plaintiff himself to operate the account. The suit is pending.

18. M/s Satima Cold Storage, a borrower of one of the Calcutta branches of the Bank had filed seven suits between 1995-2001 before the Civil Judge, Burdwan against the Bank, claiming damages to the tune of Rs. 2,345.6 million alleging that the non-sanction and non-disbursal of cash credit by the Bank, in violation of the terms of the consent decree passed in Title Suit No. 14 of 1990, resulted in huge losses to its business. In one of the said cases a decree for Rs. 271,869,090 had been passed against the Bank and the Bank has filed an appeal against the said decree before the High Court, Calcutta. In the said appeal an interim order was passed, with the consent of the parties, staying the execution of the impugned decree. The said appeal is pending. Further, the Bank had also filed recovery proceedings before the Debt Recovery Tribunal, Kolkata in 1995 in relation to the dues owed by M/s Satima Cold Storage amounting to Rs. 80,000,000. The parties reached an out of court compromise wherein M/s Satima Cold Storage has agreed to pay back its dues in instalments and keep the suits filed and the decree obtained by it in relation to the claims for damages in abeyance till such dues are cleared. The said compromise has been filed before the Debt Recovery Tribunal and the recovery proceedings have been adjourned *sine die*. Joint petitions were filed by the parties in the 6 pending suits praying for adjournment of the cases *sine die* in terms of the compromise settlement. The Civil Judge has rejected the same on technical grounds. The matter is still pending and no final orders have been passed yet.

19. A suit was filed on October 3, 2000 before the Court of Small Causes at Bombay by the owners of the premises, where the Churchgate branch of the Bank is situated, praying for the eviction of the Bank from the said premises and mesne profits in the light of the Mumbai Municipal Corporation notice regarding increase in rateable value of certain properties. The Court passed an eviction order on June 15, 2004 and directed the Bank to pay Rs. 30.7 million to the landlord as mesne profits. The Bank has preferred an appeal before the Court of Small Causes (Appeal No. 623 of 2004), which appeal is pending as of date.

20. The Bank and the State Bank of India had filed a joint application dated December 30, 2002 before the DRT, Guwahati, against Ms/ Langlai Tea & Industries Limited and its Directors for recovery of an amount of Rs. 103,777,776.75, out of which the Bank's claim is for recovery of Rs. 49,537,660.4. The respondent and Jai Prakash Goel had filed a counterclaim against the banks for an amount of Rs.172,299,000 as damages on account of loss due to alleged wilful negligence on the part of the banks in discharging their obligations. By an order dated October 4, 2004 the application filed by the banks was dismissed and the counterclaim was partly allowed for Rs. 12,242,000 with costs. The banks have appealed against the said order before the Debt Recovery Appellate Tribunal, Kolkata, which appeal is pending as on date. The Debt Recovery Appellate Tribunal has stayed the said order of the Debt Recovery Tribunal, Guwahati, till the disposal of the appeal.

21. Langlai Tea & Industries Limited (Langlai) has filed a suit (Title Suit No. 323 of 2004) for decalaration and injunction before the Civil Judge (Sr.Div.), Guwahati in August, 2004 against the Bank and the State Bank of India to quash the notices dated August 1, 2003 and June 4, 2004, issued by State Bank of India and the Bank respectively, under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, threatening to take over the possession of the secured assets charged by Langlai to the banks and to take other steps to recover the balances due. In the said suit, valued at Rs. 114,906,516.75 for jurisdiction purposes, the plaintiff has also filed a petition (Misc. (J) Case No. 79 of 2004) for ad-interim temporary injunction restraining the banks from taking further action pursuant to the abovementioned notices. Langlai had filed another suit (Title Suit No. 267 of 2002) before the Civil Judge (Sr.Div.), Guwahati on October 11, 2002 against the Bank and the State Bank of India praying for relief in the nature of disbursement of the entire loan amount and working capital requirement of the plaintiff and for relief of permanent injunction to restrain the defendants from taking any punitive and coercive action against the plaintiff by way of recovery proceeding. In the said suit the Civil Judge passed an interim order dated December 24, 2002 issuing temporary injunction restraining the defendants from taking any punitive and coercive action for recovery from the plaintiff. The cases are still pending.

22. Pepsico India Holdings Private Limited has filed a suit (O.S. No. 592 of 2001) before the City Civil Court, Hyderabad in December, 2001 against the State Bank of India, the Bank, Agromin Trading Limited and Gazebo Industries Limited. The plaintiff Pepscio had entered into an agreement with Agromin Trading whereby the plaintiff paid an

amount of Rs. 48,651,000 to Agromin Trading towards the latter procuring 5,503.21 metric tones (MT) of rice from the Food Corporation of India (FCI) and other millers for the plaintiff. Agromin procured the said quantity of rice from the FCI and another 60 MT of rice from millers. This aggregate amount of 5,563.23 MT of rice was hypothecated by Agromin Trading in favour of the plaintiff and whilst 2,350.53 MT of rice was kept at a godown in Kakinada, Andhra Pradesh and the rest was kept at a godown at Tuticorin, Tamil Nadu. The rice stored at the Kakinada godown was released by the plaintiff in favour of Agromin Trading upon Agromin Trading hypothecating another quantity of 2,281.62 MT of rice that was lying with one Shakti Clearing Agency Private Limited at Kakinada. Upon Agromin Trading representing to the plaintiff that it was a beneficiary under a letter of credit (LC) issued by the Bank in favour of Gazebo Industries and that it would get assigned an amount of Rs. 16.90 million receivable on account of discounting the said LC to the plaintiff, the plaintiff released the 2,281.62 MT of rice that was lying with Shakti Clearing Agency to Agromin Trading. Towards this end, Agromin directed the State Bank of India with whom it maintained a current account to mark a lien on the proceeds of the LC and to remit therefrom the said amount of Rs. 16.90 million to the account of the plaintiff to which the State Bank of India indicated its consent and allegedly made an amendment to the said LC. However, the LC was forwarded by SBI to the Bank for collection without discounting the same and consequently the said amount of Rs. 16.90 million was not remitted to the plaintiff. The Bank rejected the LC and returned it to the SBI as it found certain discrepancies in the LC who in turn returned the same to Agromin. Thereafter, the plaintiff filed this suit alleging the breach of Uniforms Customs and Practice for Documentary Credits by SBI and the Bank and contended that both the SBI as well as the Bank have acted negligently and in violation of accepted banking practices. Accordingly, it contended that Agromin, SBI and the Bank are jointly and severally liable to make good the loss suffered by it. It has prayed that the court order the defendants to pay, either severally or jointly, an amount of Rs. 24,505,000 with interest at the rate of 18%. The Bank has in its written statement, inter alia, contended that the said suit is not maintainable against the Bank as there is no privity of contract between the plaintiff and the Bank. The plaintiff filed an interim application (I.A. No. 2480 of 2001) before the City Civil Court at Hyderabad seeking the issuance of a mandatory injunction against Agromin, SBI and the Bank to jointly and severally deposit the sum of Rs. 24,505,000 together with interest being the total amount claimed in the suit which application is still pending before the court.

23. LMJ International Limited (LMJ) has filed a suit (C.S.No. 307 of 2000) in August 2000 before the High Court, Kolkata against National Supply Corporation (NASCO), which is incorporated in Libya, Arab Bank for Investment and Foreign Trade (ARBIFT), which is incorporated in United Arab Emirates, the Bank and the National Commercial Bank, Tripoli, which is incorporated in Libya, seeking orders of injunction against all aforementioned defendants restraining them from demanding or making any payment under any bank guarantee or counter guarantee furnished on behalf of the plaintiff in connection with a contract for sale of rice by LMJ to NASCO. The plaintiff has submitted that it has duly sold, supplied and delivered to NASCO rice and chicken peas of required specifications. At the request of the plaintiff the Bank had furnished two bank guarantees, for total amount of Rs. 16,916,975 in favour of ARBIFT which in turn furnished a guarantee in favour of National Commercial Bank, being the bankers of NASCO. In April 1999, the plaintiff supplied rice and chicken peas of required specifications to NASCO. Though substantial time had elapsed after the due receipt of goods, NASCO and its bankers failed and neglected to discharge the guarantees. Having come to know that Libyan companies had resorted to arbitrarily invoking bank guarantees or similar instruments in an attempt to bolster the economy, ailing under severe trade sanctions and financial restrictions imposed by the United States of America and its allies, the above suit was instituted on the apprehension that the bank guarantees in the relevant transaction would be invoked. An interlocutory application was moved by the plaintiff in the above suit and, by order dated August 14, 2000, the High Court restrained the Bank from making any payments on the basis of the bank guarantees till further orders. The above order was subsequently continued by order dated August 28, 2000 and ultimately, by order dated May 15, 2001 the interlocutory application was disposed off restraining the Bank from making payment on the basis of the bank guarantees and restraining NASCO from claiming any payment through ARBIFT on the basis of bank guarantees from the Bank. In or about February – March, 2003 ARBIFT moved an application in the above suit to vacate the interim order of injunction, which application is pending. ARBIFT had filed a suit (Suit No. 703 of 2000) on before the Abu Dhabi Federal Court of First Instance against the Bank in respect of non-payment of invoked bank guarantees issued by the Bank on behalf of LMJ and others. The Federal Court of First Instance, by judgment dated January 31, 2005, has decreed the suit ordering the Bank to pay ARBIFT Swiss Francs 1,023,863.18 or equivalent in Arab Emirate Dinars, along with interest. The Bank has preferred an appeal (Appeal No. 119 of 2005 in February 2005) on February 27, 2005 before Federal Court of Appeal, Abu Dhabi against the said judgment and the same is pending as of date. In the meantime, a settlement agreement dated April 28, 2005 has been entered into between LMJ and NASCO whereby the parties have agreed to withdraw or freeze all court cases against each other. The matter is still pending.

24. The Special Organising Committee of the IXth Asian Games, 1982 has filed a contempt petition (C.C.P.No. 23 of 1994) in January, 1994 before the High Court, New Delhi against the CMD of the Bank, Chief Manager of the Nariman Point Branch of the Bank and CMD of Usha International, praying that the respondents be punished according to the provisions of Contempt of Courts Act. By orders dated November 2, 1982 and February 4, 1983 of the High Court, New Delhi, in Suit No. 1475-A of 1982, the amounts lying in account no. 1401 with the Nariman Point Branch of the Bank were attached. The petitioner has submitted that the Bank, in spite of being aware of the orders mentioned above, has disposed of the attached amounts in Execution Case No. 10 of 1988 filed by Usha International against the holder of the account and that the officers of the Bank and Usha International have connived together and have committed contempt of the Court. The CMD of the Bank, in reply, has stated that there was no effective service of the order dated November 2, 1982 and that only after the service of the show cause notice in the contempt petition, were the Bank aware of the order dated February 4, 1983. Therefore, he has submitted that, there was no disobedience of the orders of the Court and hence no contempt. The matter is pending and the next date of hearing is November 21, 2005.

25. Arvindbhai Dwarakadas Jani, a shareholder of the Bank, has filed a suit (Suit No. 832 of 2005) on October 1, 2005 before the Civil Judge (Sr.Div.), Vadodara against the Bank praying that the Chairman of the Bank be held responsible for alleged loss suffered by the Bank to the extent of Rs. 5,000,000,000 on account of wrongful spending of the money for changing the logo of the Bank and praying that the Bank be injuncted from using the new logo, signboards prepared by the bank and from making payments to Rahul Dravid. The Plaintiff has also prayed for an injunction that Rahul Dravid do not work as Brand Ambassador and A.K. Khandelwal do not work as Chairman of the Bank. In the said suit the plaintiff has also made an application for an interim order of injunction as prayed above. The plaintiff has contended that the administrators of the Bank has wrongly spent the money on changing the logo and appointing Rahul Dravid as Brand Ambassador and has thus caused loss to the shareholders of the Bank. The bank has filed its written statement denying the allegations of the plaintiff. The suit is pending.

26. Gujarat Telephones Cables Limited has filed a suit (Civil Suit No. 899 of 2005) on July 25, 2005 before the City Civil Court, Ahmedabad against a consortium of banks, of which the Bank is a member, and Asset Reconstruction Company (India) Limited, praying for a decree of Rs. 10,026,900,000 jointly and severally against the members of the consortium. Our Bank's share is 16% of the suit amount i.e., Rs. 1,604.30 million. The plaintiff has also made an application for interim injunctions directing the defendants to release additional securities mentioned in the schedule annexed to the application and to return the shares/documents in connection therewith to the plaintiff, directing the defendants to release and discharge the promoters' guarantee/surety and to return the documents in connection therewith to the plaintiff and directing the defendants to remove the plaintiff from the list of willful defaulters. The consortium had extended working capital facilities to the plaintiff. The plaintiff has alleged that the defendant banks failed and neglected to adhere to their promises/commitments and assurance to restructure/realign the liabilities and to grant additional finance and also to open bank guarantee or to provide other securities to the plaintiff, because of which the plaintiff could not submit tenders and procure business and hence incurred huge business losses.

Consumer Cases

1. A petition was filed on September 15, 1996 before National Commission for Consumer Disputes Redressal by Akshay Corporation, in relation to non-payment by the Bank under a letter of credit allegedly issued the Bank. The amount being claimed by the petitioner is Rs. 11,191,500. The Bank has filed a reply stating that the said letter of credit was issued fraudulently by an employee of the Bank. The said petition is pending.

Tax Cases

1. The Income Tax Department, in its assessment orders for the assessment year 2003-2004, has disallowed the following deductions claimed by the Bank:
   - Club expenses
   - Deduction claimed under section 35D of the IT Act
   - Proportionate expenses for earning exempted income
   - Depreciation on investments

- Bad debts written off under section 36 (1)(vii) of the IT Act
- Disbursement made towards various welfare schemes from the staff welfare account

The Bank has filed an appeal on April 12, 2005 before Commissioner of Income Tax (Appeals) II, Mumbai against the said assessment order. The appeal is still pending and the total disputed amount is Rs. 4037,697,041.

2. The Income Tax Department, in its assessment orders for the assessment year 2002-2003, has disallowed the following deductions claimed by the Bank:

- Club expenses
- Broken period interest on purchase of securities (the same has been allowed subsequently by the order of the Income Tax Department)
- Deduction claimed under section 35D of the IT Act
- Proportionate expenses for earning exempted income
- Depreciation on investments
- Bad debts written off under section 36 (1)(vii) of the IT Act
- Disbursement made towards various welfare schemes from the staff welfare account

The Bank has filed an appeal on March 30, 2005 before the Commissioner of Income Tax (Appeal) II, Mumbai against the said assessment order. The appeal is still pending and the total disputed amount is Rs.2,160,074,589.

3. The Income Tax Department, in its assessment orders for the assessment year 2001-2002, has rejected the following deductions claimed by the bank:

- Broken period interest on purchase of securities
- Club expenses
- Preliminary expenses, representing share issue expenses (claimed under section 35D of the IT Act)
- Penalties and fine paid to RBI
- Depreciation on investments
- Bad debt written off under section 36 (1)(vii) of the IT Act
- Disbursement made towards various welfare schemes from the staff welfare account.

The Income Tax Department had added the disbursements from the Staff Welfare Account, mentioned above, to income. The Bank has filed an appeal on April 6, 2004 against the said assessment order. The appeal is still pending and the total disputed amount is Rs. 7927,142,850.

4. The Income Tax Department, in its assessment orders for the assessment year 2000-2001, has disallowed the following deductions claimed by the bank:

- Broken period interest on purchase of securities
- Club expenses
- Preliminary expenses, representing share issue expenses (claimed under section 35D of the IT Act)
- Penalties and fine paid to RBI
  - a) Depreciation on investments
  - b) Provision for depreciation on matured debentures (Indian)
- Bad debt written off out of contingency account of foreign branches (i.e. out of provision for bad debts disallowed in past)
- Disbursement made towards various welfare schemes from the staff welfare account
  - a) Actual bad debts written off
  - b) Prudential bad debts written off

The Bank filed an appeal against the said assessment orders before the Commissioner of Income Tax (Appeals) XXXII, Mumbai and the Commissioner by order dated May 20, 2003 partly allowed the appeal. By rectification order dated September 24, 2003 The Commissioner of Income Tax (Appeals) XXXII, Mumbai modified the relief allowed to the Bank. The Bank has filed an appeal on July 25, 2003 before the Income Tax Appellate Tribunal, Mumbai against the order dated May 20, 2003. The appeal is still pending and the total disputed amount is Rs. 263,024,000.

The Deputy Commissioner of Income Tax, Circle-2(1), Mumbai has filed an appeal before the Income Tax Appellate Tribunal, Mumbai against the abovementioned order dated May 20, 2003 of Commissioner of Income Tax (Appeals) XXXII, Mumbai to the extent that the said order deleted the disallowances in relation to broken period interest on purchase of securities, club expenses, fine paid to RBI and bad debts disallowed in the past. The appeal is still pending and the total disputed amount is Rs. 2020,976,115.

5. The Deputy Commissioner of Income Tax, Circle-2(1), Mumbai re-opened the original assessment for the assessment year 1999-2000 and by order dated January 11, 2005 disallowed the bad debt written off. The Bank has filed an appeal on February 23, 2005 before the Commissioner of Income Tax (Appeals), II, Mumbai against the said assessment order. The appeal is still pending and the total disputed amount is Rs. 3224,460,000.

6. The Bank had preferred an appeal before the Commissioner of Income Tax (Appeals) XXXII, Mumbai against the assessment order for the assessment year 1999-2000. The Commissioner of Income Tax (Appeals) XXXII, Mumbai, by order dated March 21, 2003, has deleted/modified the disallowance, by the assessing officer, of the following deductions claimed by the Bank:

- Broken period interest on purchase of securities
- Club expenses
- Proportionate expenses in earning exempted income
- Penalties and fine paid to RBI.
- Depreciation on investments
- Depreciation out of fluctuation reserve
- Bad debts disallowed in the past

The Income Tax Department has filed an appeal before the Income Tax Appellate Tribunal, Mumbai, against the said order dated March 21, 2003. The total disputed amount is Rs. 3255,400,000.

7. The Deputy Commissioner of Income Tax, Circle-2(1), Mumbai re-opened the original assessment for the assessment year 1998-1999 and by order dated January 9, 2004 disallowed the bad debt written off. The Bank has filed an appeal on March 1, 2004 before the Commissioner of Income Tax (Appeals) II, Mumbai against the said assessment order. The total disputed amount is Rs. 3784,546,000. The appeal has been heard and the order is awaited.

8. The disallowance of the following deductions by the Income Tax Department in its assessment orders for the assessment year 1995-1996 has been confirmed by the Commissioner of Income Tax (Appeals) XLIV, Mumbai by order dated March 23, 1999;

- Disallowance of provisions made for bad and doubtful debts at foreign branches
- Disallowance of bad debts under section 36(i)(vii) of the IT Act
- Disallowance of provisions made for bad and doubtful debts in earlier years in the books of the bank credited to profit and loss account
- Disallowance of club expenses (foreign)

The Bank has filed an appeal before the Income Tax Appellate Tribunal, Mumbai against the order dated March 23, 1999. Since the requisite approval of the Committee on Disputes (COD) constituted in the Cabinet Secretariat of the Central Government was not obtained, by order dated October 7, 2004 the appeal was recorded *in limine* as not admitted, with the option of approaching the Tribunal for restoration of the appeal if the requisite approval from COD is obtained. The total disputed amount is Rs. 2078,547,000.

9. The following deductions by the Income Tax Department in its assessment orders for the assessment year 1994-1995 has been confirmed by the Commissioner of Income Tax (Appeals) XLIV, Mumbai by order dated March 23, 1999;

- Disallowance of provisions made for bad and doubtful debts at overseas branches
- Disallowance of deduction under section 36(i)(viiia) of the IT Act

The Bank has filed an appeal before the Income Tax Appellate Tribunal, Mumbai against the order dated March 23, 1999. Since the requisite approval of the Committee on Disputes (COD) constituted in the Cabinet Secretariat of the Central Government was not obtained, by order dated October 7, 2004 the appeal was recorded *in limine* as not admitted, with the option of approaching the Tribunal for restoration of the appeal if the requisite approval from COD is obtained. The total disputed amount is Rs. 893,700,000-

10. The following disallowances or additions by the Income Tax Department in its assessment orders for the assessment year 1993-1994 has been confirmed by the Commissioner of Income Tax (Appeals) XLIV, Mumbai by order dated March 23, 1999;

- Disallowance of provision made for bad and doubtful debts at overseas branches
- Denial of relief on account deduction available under section 36(i)(viiia) of the IT Act
- Addition of interest of a compensatory nature paid to RBI

The Bank has filed an appeal before the Income Tax Appellate Tribunal, Mumbai against the order dated March 23, 1999. Since the requisite approval of the Committee on Disputes (COD) constituted in the Cabinet Secretariat of the Central Government was not obtained, by order dated October 7, 2004 the appeal was recorded *in limine* as not admitted, with the option of approaching the Tribunal for restoration of the appeal if the requisite approval from COD is obtained. The total disputed amount is Rs. 1344,385,000.

11. The Income Tax Department, in its assessment orders for the assessment year 1990-1991, has disallowed, and the Deputy Commissioner of Income Tax (Appeals) XIII, Mumbai, by order dated November 10, 1995 has confirmed, the following deductions claimed by the bank:

- Interest on sticky loans at foreign branches
- Depreciation on investments
- Disallowance under section 43B of the IT Act
- Deduction under section 32AB of the IT Act

The Bank has filed an appeal before the Income Tax Appellate Tribunal, Mumbai. The appeal is still pending and the total disputed amount is Rs.511,352,714.

The Deputy Commissioner of Income Tax, Special Range–32, Mumbai has filed appeal before Income Tax Appellate Tribunal, Mumbai against the abovementioned order dated November 10, 1995 of Deputy Commissioner of Income Tax (Appeals) XIII, Mumbai to the extent that the said order deleted additions made on account of interest on sticky loans in India and on account of broken period interest on purchase of securities. The appeal is pending and the total disputed amount is Rs. 162,553,846.

12. The Belgian tax authorities refused the Brussels Branch of the Bank foreign tax credit of Euro 4,182,375.20 for the years 1992 to 2000 and Euro 143,660.38 for the year 2001 on the interest income earned by the branch from Indian corporates. The Brussels Branch, claiming the tax rebate under Belgo-Indian Double Taxation Avoidance Treaty, has filed suits before the Brussels Court of First Instance Court against the recovery of taxes for 1992 to 2000 and for the year 2001. The case is still pending.

13. The Uganda Revenue Authority has claimed Rs. 21.7 million from the Bank on account of tax on Initial Public Offer for divestment of 20% shareholding of the Bank in BOB Uganda in September 2002. The Tax Appeal Tribunal has decided the case in favour of the Bank. Uganda Revenue Authority has preferred an appeal before the High Court. The case is still pending.

14. The Bank has filed an appeal on May 11, 2005 before the Commissioner of Central Excise (Appeals) against the order-in original no. D/ST/02/Offence/2005 dated January 28, 2005 passed by the Deputy Commissioner Central Excise, Vadodara II for payment of service tax, for the period between July 16, 2001 and September 9, 2004, on the commission earned on the service of collection of Central Excise, Customs and Service Tax and imposing penalty. The total disputed amount is Rs. 42,614,504. The appeal has been heard and orders are awaited.

Labour related cases

1. The workmen of the Bank, represented by Bank of Baroda Employees' Union, West Bengal, have initiated proceedings against the Bank (Reference No. 5 of 2004) on May 20, 2004 before the Industrial Tribunal, Kolkata. The workmen have submitted that under the "Scheme for Reimbursement of Educational Expenses incurred by Employees for their Children", introduced by a circular (No. HO:BR:89/45) dated March 1, 1997, an employee was entitled to an annual payment ranging between Rs. 600 and Rs. 1500. They have further submitted that there was no indication that the said benefits under the Scheme were being given to the workmen merely as a temporary scheme. The benefits available to the workmen under the said Scheme were extended by two subsequent circulars. The workmen have submitted that by a circular (No. HO/BR/95/69) dated April 16, 2003 the Bank suddenly withdrew the said Scheme and has instructed its branches/offices not to make any reimbursements under the Scheme from 2003 onwards. As per the workmen, as the said Scheme had been in operation since 1997, it had matured into a 'condition of service' as a 'customary concession or privilege' under item No. 8 of the fourth schedule to the Industrial Disputes Act, 1947 and that effecting a change in the conditions of service applicable to workmen in respect of a matter specified in the fourth schedule of the said Act without complying with the mandatory provisions of section 9A of the said Act is a nullity and *non est* in law. Therefore, the workmen have prayed that the said circular dated April 16, 2003 be quashed and the Bank be directed to continue the benefits made available to the workmen under the Scheme and to refund the amount recovered from the workmen. The Bank has submitted that the Scheme was a welfare activity undertaken under the auspices of the Staff Welfare Fund and cannot be construed as a service condition of the employee and an Industrial Dispute can not be raised in that regard. The matter is pending.

2. Certain ex-employees of the Bank who had opted for Bank of Baroda Employees Voluntary Retirement Scheme, 2001 (BOBEVRS-2001) have filed writ petitions before various High Courts being Civil Writ No. 2891 of 2002 before the Chandigarh High Court, W.P.No. 5304 of 2002 before the High Court of Andhra Pradesh, Hyderabad, W.P.No. 3237 of 2002 before the High Court, Bombay, W.P.4261 of 2003 before the High Court, Madras and W.P.No. 3564 of 2003 before the Rajasthan High Court, Jaipur. The said ex-employees have submitted that since they have retired under BOBEVRS, 2001, they were deprived of the benefit of 5 years additional service to which they were entitled to in terms of Regulation 29 of Bank of Baroda (Employees) Pension Regulations, 1995 (Pension Regulations). Regulation 29 of the Pension Regulations provides that the qualifying service of an employee retiring voluntarily under the Pension Regulations shall be increased by a period not exceeding 5 years, subject to the condition that the total qualifying service rendered by such employee shall not in any case exceed thirty-three years and it does not take him beyond the date of superannuation. Therefore, the petitioners have prayed that the Bank be directed to grant the benefit of 5 years additional service to such employees in terms of Regulation 29 of the Pension Regulations. The Bank has contended that retirement granted under BOBEVRS-2001 is neither retirement nor deemed to be retirement under Pension Regulations and therefore the petitioners are not entitled to 5 years additional service in terms of Regulation 29. The matter is pending.

3. Five writ petitions have been filed before the High Courts at Mumbai (W.P.No. 1092 of 2003), Calcutta (W.P.No. 4297 of 2003 & W.P.No. 4306 of 2003) and Allahabad (W.P.No. 9396 of 2003 & W.P.No. 17129 of 2003). Three of these petitions have been filed by Dwarkanath Singh, Ramesh Chandra Trivedi and Kalyan Kumar Sengupta, ex-employees of the Bank and two by registered trade unions, All Indian Bank of Baroda Employee Federation and Bank of Baroda Employees Association. The petitioners have challenged the Bank's decision, issued via circular No.BCC:BR:95/31 dated January 30, 2003, to fix the date of retirement on the last day of the month in which the Award Staff employees attain the age of superannuation. Prior to this circular, such date was the last day of the calendar year in which such employees attain the age of superannuation. The Bank filed a transfer petition (Transfer Petition (Civil) No. 545-549 of 2003) before the Supreme Court praying for the transfer of the above writ petitions to one High Court or the Supreme Court in view of the common questions involved and the Supreme Court by its order dated October 4, 2004 has transferred all the abovementioned writ petitions to the High Court, Mumbai to be heard along with W.P.No. 1092 of 2003. The petitions are pending.

4. Associations of retired officers/employees of Bank of India, Bank of Baroda, State Bank of Saurashtra and Union Bank of India filed a special civil application (Special Civil Application No. 16623 of 2004) on December 20, 2004 before the High Court, Ahmedabad against the CMDs of Bank of India, Bank of Baroda and Union Bank of India, the Managing Director of State Bank of Saurashtra, the Secretary of Indian Banks' Association, Union of India and others. The Indian Banks' Association by its letter No.PD/CIR/76/G2/337 dated June 28, 2003, directed the respondent banks to incorporate certain amendment, as approved by the Central Government, in their Pension Regulations. The said amendments provide that the respondent banks would be liable to pay difference between the normal (full) monthly pension and commuted (reduced) pension in case commutation amount is not paid simultaneously with the payment of the pension, but such payment shall be made only in such cases which arise after July 1, 2003. The petitioners have submitted that because of the said cut-off date, employees whose claims are pending with the respondent banks for full pension before July 1, 2003 shall not be able to avail the beneficial provisions of the proposed amendment. The petitioners have prayed that the Central Government be directed to withdraw its approval for the proposed amendment and that the respondent banks be directed to set the said cut-off date as November 1, 1993 instead of July 1, 2003. The Bank has contended that the introduction of the cut-off date is not arbitrary or violative of Article 14 of the Constitution and has submitted that the introduction of the cut-off date is to avoid any complications arising out of the application of the amendment to past transactions. The matter is pending.

5. The Industrial Tribunal, Patna gave an award dated November 20, 2003 in Reference Case No. 177 of 1999/8C of 2001 whereby the Bank was directed to immediately offer permanent employment to one Krishna Kumar. Krishna Kumar had been working in the Bank since September 1993 but had not been regularized. The Bank did not implement the award and filed a writ petition (Civil Writ Jurisdiction Case No. 5746 of 2004) before the High Court, Patna to quash the said award dated November 20, 2003. The Labour Enforcement Officer (Central), Patna, lodged a complaint dated November 9, 2004, under section 29 of the Industrial Disputes Act, 1947, before the Chief Judicial Magistrate, Patna, registered as Complaint Case No. 3147(M) of 2004, against M.K. Parekh, Deputy General Manager of the Bank alleging a breach of section 29 of the Industrial Disputes Act, 1947 as the said award of the Industrial Tribunal was not implemented. Krishna Kumar was made a regular employee of the Bank on December 11, 2004. The Bank, by letter dated December 22, 2004, has informed the Chief Labour Commissioner (Central), New Delhi about the implementation of the award by the Bank and has requested him to get the complaint case before the Judicial Magistrate, Patna closed. M.K. Parekh filed an application under section 205 of Code of Criminal Procedure on April 7, 2005 before the Judicial Magistrate, Patna praying for exemption from personal appearance, which application was rejected by order dated June 2, 2005. The Bank has filed a revision petition bearing Criminal Revision No. 602 of 2005 before the High Court, Patna against the said order. The revision petition along with the writ petition bearing Civil Writ Jurisdiction Case No. 5746 of 2004 is pending before the High Court, Patna.

6. Bank of Baroda Retired Employees Welfare Wing, Bareilly and 48 employees of erstwhile Bareilly Corporation Bank filed a writ petition (Civil Misc. Writ Petition No. 49044 of 2002) in November, 2002 before the High Court, Allahabad against the Finance Secretary (Government of India), RBI, the Bank and the Zonal Manager (West Zone) of the Bank. The petitioners have prayed that the pension scheme available to erstwhile members of Bareilly Corporation Bank should be on par with the one available to the employees of the Bank. The erstwhile Bareilly Corporation Bank Limited was merged with Bank of Baroda vide Ministry of Finance Notification dated June 1, 1999. The petitioners have submitted that the Bank had assured that within the period not exceeding 3 years from the date of amalgamation, the service conditions and all service benefits of the Bank shall be granted to the erstwhile employees of Bareilly Corporation Bank Limited. The Bank has contended that the petitioners are not entitled to the pension scheme of the Bank as they had not opted for pension in terms of the industry level Pension Settlement of 1993 and had also not transferred the employer's provident fund contribution to the Bank. The matter is pending.

Miscellaneous

1. Dhanjibhai N. Patel had opened a NRE fixed deposit with the Pardi Branch of the Bank on September 4, 2003. By his letter dated March 6, 2004, forwarded by Dena Bank, Samroli Branch, Dhanjibhai N. Patel requested the Bank to transfer the abovementioned fixed deposit of Rs. 67,000,000 to Dena Bank, Samroli Branch. By letter dated March 16, 2004 the Bank expressed its inability to transfer the deposit, as the account was frozen as per the directions of the Senior Police Sub-Inspector, Pardi Police Station vide letter dated November 28, 2003. Dhanjibhai N. Patel has made a complaint to the Banking Ombudsman, RBI by letter dated February 16, 2005, which complaint has been registered as Complaint Case No. 542 of 2004-05. The Banking Ombudsman has directed the Bank to produce the case number and information about the stage of the criminal case with respect to which the direction

to freeze the account was given. By letters dated July 29, 2005 and August 26, 2005 the Bank has sought the same information from the concerned Gujarat Police authorities.

2. Neena Padma Singh, an NRI, availed a loan of Rs. 11,646,000 against her Foreign Currency Non-Resident (FCNR) account from the Aliganj Branch of the Bank in Lucknow. The Bank received a memorandum bearing No. T-4/1-C/2001(SCN-II) dated May 30, 2002 from the Directorate of Enforcement, Ministry of Finance, New Delhi asking the Bank and the concerned branch manager to show cause as to why adjudication proceeding as contemplated in section 51 of the Foreign Exchange Regulation Act, 1973 (FERA) read with Sections 49 of Foreign Exchange Management Act, 1999 (FEMA) should not be held against them on the ground that the loan was granted without complying with and in gross contravention of FERA. The said notice stated that the loan was given to a person resident outside India without obtaining formal application and without ascertaining the purpose of the loan. It was also alleged that the said loan was relent to M/s. Prime Petro Products Ltd. (PPPL) by way of transfer to the account of PPPL with the Aliganj Branch of the Bank. The Bank received a letter dated January 20, 2003 from the Directorate of Enforcement informing the Bank that since it has failed to reply to the memorandum mentioned above adjudication proceedings are being initiated against the Bank. The Bank in reply to the above letter has submitted before the Special Director, Enforcement Directorate that the Bank had duly replied to memorandum No. T-4/1-C/2001(SCN-II) and that the loan was granted after receiving formal application and ascertaining the purpose of the loan. The Bank also submitted that the borrower had expressly undertaken not to relent the amount and that transfer of the amount to PPPL's account is not relenting of the said amount. The matter is pending.

Litigation against our Directors

1. M/s. Nagami Nicotine Pvt. Ltd. has lodged a complaint (Cr.No. 7/200) before the Chief Judicial Magistrate, Vadodara against Anil K. Khandelwal, as the then CMD of Dena Bank jointly with the Executive Director and other members of the Board of Directors of Dena Bank and certain other officials of Dena Bank alleging that information about the criminal case filed by the complainant has not been disclosed by Dena Bank in the prospectus. Dena Bank filed a petition bearing Criminal Miscellaneous Petition No. 5389 of 2005 before the Gujarat High Court to quash the said criminal complaint. The High Court has stayed proceedings before the Chief Judicial Magistrate, Vadodara till further hearing and disposal of the case before the High Court.

Litigation against our Subsidiaries

BOB Capital Markets Limited

1. Contingent Liabilities not provided for as of September 30, 2005: NIL
2. Litigation against BOB Capital as of November 30, 2005: NIL

BOB Housing Finance Limited

1. Contingent Liabilities not provided for as of September 30, 2005: NIL
2. Litigation against BOB Housing as of November 30, 2005:

<u>Consumer Cases</u>

There are twelve cases that have been filed against the company claiming refund of pre-closure fee, refund of processing fee, rate of interest, fraud, etc. These cases are at various stages of hearing and the aggregate amount of financial liability to the company on account of the same is Rs. 5,510,597.

BOBCARDS Limited

1. Contingent Liabilities not provided for as of September 30,, 2005: Contingent liabilities on account of cases filed against the company – Rs. 1,937,164.63.
2. Litigation against BOBCARDS as of November 30, 2005:

Consumer Cases

There are 19 cases that have been filed against the company in relation to disputes regarding service charges, loss of cards, seizure of cards by the company, etc. These cases are at various stages of hearing and aggregate amount of liability to the company on account of the same is Rs. 1,937,164.63.

Labour Cases

There are two cases that have been filed against the company claiming permanent employment, one before the labour Court, Bandra, Mumbai and one before the Industrial Tribunal, Mumbai. These cases are at various stages of hearing and the exact amount of financial liability to the company on account of the same cannot be accurately determined.

BOB Asset Management Company Limited

1. Contingent Liabilities not provided for as of September 30, 2005: NIL
2. Litigation against BOB AMC as of November 30, 2005: NIL

The Nainital Bank Limited

1. Contingent Liabilities not provided for as of September 30, 2005:
   - Claim against the bank not acknowledged as debt: Rs. 2.09 million
   - Guarantees given on behalf of constituents : Rs. 72.79 million
   - Endorsements, acceptances and obligations : Rs. 21.46 million
2. Litigation against the NBL

   There are nine cases against the company of which three are recovery suits and the remaining six are consumer cases. These cases are at various stages and the aggregate amount involved is Rs. 2.55 million approximately.

Bank of Baroda (Botswana) Limited

1. Contingent Liabilities not provided for as of September 30, 2005: Rs. 111.64 million.
2. Litigation against BOB Botswana as of November 30, 2005: NIL

Bank of Baroda (Hong Kong) Limited

1. Contingent Liabilities not provided for as of September 30, 2005:
   - Guarantees given on behalf of constitutes Rs. 75.80 million.
   - Acceptance Endorsement and others obligations Rs. 1156.40 million
   - Forward foreign exchange contract - Rs. 160.28 million
   - Interest rate swap – Rs. 220.10 million
2. Litigation against BOB HK as of November 30, 2005:

   BOB HK has been impleaded in a dispute pending before Civil Court, Senior Divison, Pathankot. This dispute is between a lender of BOB HK and a beneficiay of a letter of credit wherein the letter of credit of total aggregate value of up to U.S.D 128,700 was opened with BOB HK.

Bank of Baroda (Tanzania) Limited

1. Contingent Liabilities not provided for as of September 30, 2005: Rs. 60.77 million on account of letters of credit
2. Litigation against BOB Tanzania as of November 30, 2005: NIL

Bank of Baroda (Uganda) Limited

1. Contingent Liabilities not provided for as of September 30, 2005:
   Alive bank guarantees and letter of credit – Rs. 419.75 million.
2. Litigation against BOB Uganda as of November 30, 2005:

Tax Cases

One claim is pending against a subsidiary involving Rs. 3.692 million from the Uganda Revenue Authority on account of alleged less VAT payment on imported service for the period July 2003 – July 2004.

Consumer Cases

10 cases by the customers/public, involving an aggregate amount of Rs. 16.44 million, are pending against the bank before various forums.

Bank of Baroda (Kenya) Limited

1. Contingent Liabilities not provided for as of September 30, 2005:
   - Guarantees – Rs. 78.39 million;
   - Acceptance, endorsements and other obligations – Rs. 84.71 million; and
   - Bills for collection – Rs. 127.59 million;
2. Litigation against BOB Kenya as of November 30, 2005: There are eight cases, involving an aggregate amount of Rs. 17.91 million, pending against the bank in various forums.

Bank of Baroda (Guyana) Limited

1. Contingent Liabilities not provided for as of September 30, 2005: 3.95 million.
2. Litigation against BOB Guyana as of November 30, 2005: There are two cases against the company which have been filed by depositors in relation to withdrawal against cheques. These cases are at various stages and the aggregate amount involved is Rs. 0.24 million approximately.

Litigation against our Associates

UTI Asset Management Company Private Limited

1. Contingent Liabilities not provided for as of March 31, 2005:
   - Income Tax Demands – Rs. 3.19 million; and
   - CDRF Cases – Rs. 6.20 million; and
   - Contract remaining to be executed on capital account and not accounted for – Rs. 2.54 million.
2. Litigation against the UTI Asset Management Company Private Limited as of November 30, 2005:

Labour Cases

Sr.No.	Name and No. of the case	Nature of dispute	Amt. involved
1.	CGIT, Mumbai No.76 of 2004 - George & Modern Maintenance Services Vs.UTI (arising out of W.P.No.61 of 1996)	Contract workmen engaged in cleaning services seeking regularisation in UTI. (60 workmen)	Nil
2.	CGIT, Mumbai No: 77 of 2004 - Property Guards Vs.UTI (arising out of W.P.No.3435 of 1990)	Contract workmen engaged in security services seeking regularisation in UTI. (26 workmen).	Nil
3.	CGIT, Mumbai No: 78 of 2004 - Property Guards Vs.UTI (arising out of W.P.No.1165 of 1991)	Contract workmen engaged in security services seeking regularisation in UTI (21 workmen).	Nil
4.	CGIT, Mumbai, No: 79 of 2004 George & Modern Maintenance Services Vs UTI (arising out of W.P.No.2129 of 1999)	Contract workmen engaged in cleaning services seeking regularisation in UTI. (19 workmen)..	Nil

Sr.No.	Name and No. of the case	Nature of dispute	Amt. involved
5.	CGIT, Mumbai No: 80 of 2004 - Property Guards Vs.UTI (arising out of W.P.No.2017 of 1992)	Contract workmen engaged in security services seeking regularisation in UTI. (23 workmen).	Nil
6.	Delhi H.C. - Atul Kumar Jain Vs. UTI (WP.No.8778 of 2004)	Seeking not to be relieved under VSS as he has withdrawn his VSS application	Nil
7.	CGIT Mumbai - S.R.Keer Vs. UTI (CGIT No.I/ 25 of 2004)	Dismissed employee seeking reinstatement on the ground that he has been acquitted subsequently by criminal court on same charges	Rs.1.8 million (Assistant dismissed w.e.f. 13.02.1986)
8.	CGIT Mumbai - BKKM Vs. UTI (CGIT No.I/ 48 of 2004) (arising out of WP 3934 of 2000)	Contract workmen engaged in cleaning services seeking regularisation in UTI. (11 workmen)	Nil
9.	CGIT Mumbai - AIUTEA Vs. UTI (CGIT No.I/ 20 of 2004)	AIUTEA seeking restoration of facility of the encashment of leave	Nil
10.	CGIT Mumbai - AIUTEA Vs. UTI (CGIT No.I/ 26 of 2004)	AIUTEA seeking for 3rd pension option.	Rs. 175 million (The option is effective from the year 2000. The liability is towards additional funding required in respect of left over Class III and Class IV staff as on date.) However, if all the 1365 employees who have not opted for pension as on September 2003 (pre VSS) are given the option, the financial liability will be Rs.868.7 million.
11.	Delhi H.C. - A.K.Anand Vs. UTI (WP.No.1067 of 1999) (IR-3-35)	Seeking promotion to Gr.'C' retrospectively from 01.01.95. However, he has been subsequently promoted to Gr.'C' on 10.05.1999.	Rs.50,000/-
12.	Delhi H.C. - A.K.Anand Vs. UTI (WP.No.6567 of 2002) (The earlier W.P.No.1369 of 2002 has been disposed off)	Seeking stay of his deputation to UTIISL, Navi Mumbai	Nil
13.	Guwahati Civil Court - Mukesh Kapoor Vs. UTI (Title Suit No.31 of 2004)	Seeking to consider his Promotion to Gr.'B'	Nil
14.	Allahabad H.C. - Shyamji Mishra & ors. Vs. UTI (WP No.32954 of 1990)	Ex-temporary employee seeking regularisation as permanent employee	Nil

Sr.No.	Name and No. of the case	Nature of dispute	Amt. involved
15.	Delhi High Court-UTI Vs. J C Katyal, (WP No.—— of 2005)	J C Katyal, Assistant was dismissed on 17.12.1987 after an enquiry. The Tribunal vide its award dated 28.04.2005 has awarded reinstatement with back wages with the lesser punishment of withholding two increments instead of dismissal. We have filed a writ petition challenging the award of the Tribunal and the High Court has stayed the award of Tribunal till the next date of hearing 21.09.2005.	Rs.2.5 million
16.	Kolkata H.C. - Ashok Kumar Das Vs. UTI (C.O. No.4546 of 1996)	Wait listed employee who could not be offered employment due to lack of vacancies. Case filed seeking appointment.	Nil
17.	Kolkata H.C.-Prasanna Orang Vs. UTI (C.O.No.11219 (W) of 1996)	-do-	Nil
18.	Kolkata H.C. - Tanujendra Mukherjee Vs. UTI (WP.No.1005 of 1997)	-do-	Nil
19.	Patna H.C. - Ravi S. Prasad Vs. UTI (MJC 3208 of 1998) (WP.No.9269 of 2001)	-do-	Nil
20.	Hyderabad H.C.-Vani Prasad Vs. UTI (WP No.13104 of 2001)	-do-	Nil
21.	Ahmedabad Civil Court-D.M.Katwala Vs. UTI (C.S.No.2126 of 1997)	-do-	Nil
22.	Mumbai H.C. - BKKM Vs. UTI (WP.No.4925 of 2000)	Contract workmen engaged in Electrical/ AC maintenance seeking abolition of contract labour system.	Nil
23.	Mumbai H.C. - Contact Laghu Udyog Kamgar Union Vs. UTI (WP.No.2908 of 2003)	Canteen contract workmen seeking quashing of the order of Tribunal holding that they are not entitled for regularisation in UTI	Nil
24.	Mumbai H.C. - UTI Vs. State of Maharashtra (WP.No.4078 of 2000)	Appeal of UTI against order of the Magistrate to engage security guards through the Board.	Nil
25.	Madras H.C. - UTI Vs. UT SC/ST Association, Chennai (Civil Suit No.199 of 1999)	Obtaining injuction against demonstarion on March 16, 1999.	Nil
26.	Madras H.C.-Selvaraj, UT SC/ST Assn., Chennai Vs. UTI (WP.No.24611 of 2003)	SC/ST Assn. Praying that engaging VSS optees at UTIISL without notification to employment exchange etc. as improper.	Nil
27.	22nd Metropolitan Magistrate, Andheri, Mumbai LEO Vs. UTI (CC No.120 /SLC/2003)	Reg. Non display of notices under Contract Labour Act	Nil
28.	Magistrate court, Kolkata LEO Vs. UTI (R.K.Mangla) (No.3465 of 2003)	Non-display of notices under Contract Labour.	Nil
29.	Magistrate court, Kolkata LEO Vs. UTI (S K Saha) (No.3888 of 2003)	Regarding not obtaining registration certificate under Contract Labour Act.	Nil

Sr.No.	Name and No. of the case	Nature of dispute	Amt. involved
30.	W.P.No.19854 of 2004, Yogesh Singh Vs.Union of India & Ors., Delhi H.C. and also CM application No.5800 of 2005	Assistant Manager, Patna Office, praying to release salary for his absence period, declare the enquiry as illegal, considering of promotion etc. The CM Appln.No.5800 of 2005 is to quash the chargesheet.	Nil
31.	Civil Suit No.48 of 2004, Manmohan Bamania Vs. UTI AMC,District Court, Jodhpur	VSS employee praying that his release under VSS is illegal and for reinstatement	Nil
32.	CGIT Mumbai No: 2 (20) of 2005, Contract Labour Udyog Kamgar Union Vs.UTI AMC, canteen case (Payment of legal dues)	The canteen services discontinued from 25.02.2004. The 39 canteen workmen praying for final legal dues.	Rs. 3.9 million
33.	J C Katyal Vs. UTI, High Court, Delhi	The writ petition has been filed challenging the order holding the enquiry against the petitioner as proper and withholding two increments.	Nil
34.	Shri O P Lakhina Vs. Union of India & Ors. (including UTI AMC) High Court Delhi	The writ petition has been filed praying for the quashing of the order of dismissal.	Nil
35.	Ms. Jwala S. Raikwar Vs. State of Maharashtra & Ors. (including UTI AMC) WP No. 4236 of 2005, Bombay High Court	The writ petition has been filed challenging the order dated 30-05-2005 passed by SC/ST Scrutiny committee invalidating her caste certificate of the petitoner.	Nil

UTI Trustee Company Private Limited

1. Contingent Liabilities not provided for as of June 30, 2005: Nil.

2. Litigation against the UTI Trustee Company Private Limited as of November 30, 2005:

Criminal Cases

There are 24 pending criminal cases against the UTI MF or key personnel relating to normal operation of UTI MF such as non receipt of transfer of unit, non receipt of unit certificates, non receipt of repurchase proceeds or income distribution. These cases are not maintainable and it is experienced that such cases are either dismissed by Courts or withdrawn by the complainant. In most of the cases stay has been obtained. The list of 24 criminal cases are as under:

Sr. No.	Case No.	Name of the Complainant	Name of the Court
1	Criminal Revision Petition 66	Naresh Kumar Sethi	Dist. & Sessions Judge, Jaipur
2	Criminal Revision Petition 67	Naresh Kumar Sethi	Dist. & Sessions Judge, Jaipur
3	Criminal Revision Petition 68	Naresh Kumar Sethi	Dist. & Sessions Judge, Jaipur
4	963/98	D B Dutta	JM-I, Patna
5	501/97	K K P Verma	JM-I, Muzaffarpur
6	41/97	Shyam Sunder Kejriwal	CJM, Muzaffarpur
7	142/98	Kiran Devi	JM-I, Patna
8	421/99	Ranjeet Kumar	JM-I, Patna
9	482/97	Krishna Kumar Kejriwal	JM-I, Bhagalpur
10	195/2000	Nawal Kishore Prasad	CJM, Siwan
11	44/99	Suresh Kumar Singh	SDJM Hajipur
12	407/96	Deobrat Singh	CJM, Dhanbad

Sr. No.	Case No.	Name of the Complainant	Name of the Court
13	1316/2000	Bhagwan Kurmi	CJM, Dhanbad
14	CR. Misc 9008/99	Deobrat Singh	High Court, Ranchi
15	160/98 (03.04.98)	Sanjeev Bindal	CJM, Kasganj (Etah)
16	1034/98	Vijay Kumar Keshri	JM-I Purnea
17	CR Case No.954/97	Kailash Mal Agarwal	JM, Jamshedpur
18	Case No.8670/98	Jitendra Kumar	CJM Muzaffarnagar
19	Case No.94/97	Teg Bahadur	ACJM-II, Muzaffarnagar
20	879/97	Virendra Singh	ACJM, Muzaffarnagar
21	1954/95	G. J. Suryawala	JM(FC), Baroda
22	1239/01	Ramanand Singh	SDJM, Jamshedpur
23	9876/2002 (Tr.708/2002)	Pratima Sarkar	CJM-I, Giridhi
24	585C/2000	Gopal Krishna Singh	CJM Munger

Writ Petitions

1. A special leave petition filed by Income Tax Department before the Supreme Court of India against the judgement and order of High Court of Bombay in the matter of applicability of Interest Tax Act and liability UTI Mutual Fund / SUUTI as the successor of erstwhile UTI to pay interest tax for the period from accounting year 1991-92 to 1998-99.

2. There are two writ petitions pending before the Bombay High Court against the SEBI, UTI MF, UTI Trustee Co. Pvt. Ltd. & UTI AMC Pvt. Ltd. due to winding up of UTI Growth & Value Fund-Bonus Plan w.e.f. 1st Feb, 2005 in pursuance to the circular dated December 12, 2004 of SEBI seeking prayers interalia, to declare the Circular dated December 12, 2003 illegal, unenforceable in law, to issue directions to set aside the decision to wind up the UTI Growth & Value Fund – Bonus Plan. The matters are pending for arguments and final decision before the Court.

Indo- Zambia Bank Limited

1. Contingent Liabilities not provided for as of November 30, 2005:
   - Letters of Credit – Rs. 268.38 million; and
   - Guarantees and Performance Bonds – Rs. 458.13 million

2. Litigation against the Indo-Zambia Bank Limited as of November 30, 2005: Nil.

Raebareli Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL.

   However, as per a circular issued by the Bank numbered No. BCC/PS/RRB/97/O-21/378 dated March 31, 2005, accrued liability for gratuity and leave encashment of Rs. 23.15 million has to be provided for the next three years. As against this, provision of Rs. 4.50 million has been made during the year 2004-05.

2. Litigation against Raebareli Kshetriya Gramin Bank as of November 30, 2005

Consumer Cases

148 cases involving an amount of Rs. 1.40 million (approximately) are pending in various courts/consumer forum. These cases are filed against insurance companies in which the bank has been made as proforma party and hence no liability is expected to arise to the bank.

Civil Cases

Seven civil suits for recovery of advances have been filed by the bank involving an amount of Rs. 0.60 million. However, appropriate provision as per requirement under IRAC Norms has already been made by the bank.

Labour Cases

There are 15 writ petitions that have been filed against the bank before the Lucknow Bench of the Allahabad High Court and one writ petition filed against the bank before the Supreme Court of India by its employees/ex-employees or their dependants thereof/ employee associations in relation to various matters including termination of employment, demanding promotion, compassionate appointment, withdrawal of reservations, etc. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Sultanpur Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL.
2. Litigation against Sultanpur Kshetriya Gramin Bank as of November 30, 2005

Tax Cases

For the assessment year 2002-03, the assessing officer fixed an income tax liability of Rs.162.60 million against which the bank appealed before the Income Tax Commissioner, Allahabad. The same is pending and no final orders have been passed yet.

Labour Cases

One case each against the bank is pending before the Allahabad High Court and the Industrial Tribunal New Delhi in relation to the deduction towards provident fund from the wages of part time employees working for less than six hours in a week. A liability of approximately Rs.2,272,594 may arise if the cases are decided against the bank.

Allahabad Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005:
   - claims against the bank not acknowledged as debt - Rs. 974,000; and
   - In respect of suspected frauds - Rs. 25,000.
2. Litigation as of November 30, 2005

Labour cases

There are currently 54 labour cases at various stages pending against the bank of which 52 are pending before the Allahabad High Court, one before the Central Government Industrial Tribunal (CGIT) and one before the Assistant Labour Commissioner. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Miscellaneous

There are currently 249cases that have been filed against the bank by various parties including borrowers, depositors and other sundry parties. The amount involved is Rs. 974,000.

Kanpur Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005:
   - Claim against the bank by the employees of the bank - Rs. 404,000;
   - Claim against the bank in consumer forum - Rs. 74,000;
   - Claim against the bank in civil suit but not acknowledged as debt - Rs. 12,000; and
   - Bank guarantees on behalf of constituents – Rs. 201,000.
2. Litigation against Kanpur Kshetriya Gramin Bank as of November 30, 2005:

Labour Cases:

1. A petition was filed against the bank before the Allahabad High Court by an employee for payment of salary of Rs. 0.37 million deducted for the period of his absence from duty. Though the petition is still pending, the petitioner is attending work and salary is being paid to him.

2. A temporary part-time daily wager filed a case against the bank before the CGIT, Kanpur in 1994 for Rs. 0.03 million, which case was decided in his favour on May 30, 1997. The bank has appealed against the same before the Presiding Officer and has obtained a stay on the order of the CGIT. The matter is still pending.

Pratapgarh Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL
2. Litigation against Pratapgarh Kshetriya Gramin Bank as of November 30, 2005:

Labour Cases

There are 29 cases that have been filed against the bank by its employees before the Lucknow Bench of the Allahabad High Court in relation to various matters including demanding promotion, appointment, withdrawal of reservations, etc. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Consumer Cases

There are 105 consumer cases that have been filed against the bank before the District Forum, the State Forum, Lucknow and the District Forum at Pratapgarh in relation to various disputes relating to recovery of loans, non-settlement of claims under various rural schemes, against orders of the lower forums, etc. The aggregate amount involved in these said cases is Rs. 2,469,221.50.

Tax Cases

A demand of Rs. 20,457,157 has been raised by the Assessing Officer, Income Tax, Range-Sultanpur (UP) for the A.Y. 2002-03 which has been protested by the bank and an appeal against the same is pending before the CIT(A), Income Tax, Lucknow.

Fatehpur Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005:
   - 23 Court Cases of Borrowers: Rs.653, 118.80
   - Pending Cases of Employees: Rs. 668, 000
   - Guarantee given on the behalf of constituents: Rs. 596,160
2. Litigation against Fatehpur Kshetriya Gramin Bank as of November 30, 2005:

Consumer Cases

There are 13 consumer cases that have been filed against the bank in relation to various disputes relating to disbursement of loans, non-receipt of subsidies, denial of insurance claims, , etc. The aggregate amount involved in these said cases is Rs. 653,118.60 and these cases are at various stages of hearing.

Labour Cases

There is one case that has been filed against the bank by an employee in relation to his termination. The aggregate amount involved in the said case is Rs. 668,000.

Faizabad Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL
2. Litigation against Faizabad Kshetriya Gramin Bank as of November 30, 2005:

Labour Cases:

There are 23 writ petitions that have been filed against the bank by its employees/ex-employees or their dependants thereof/ employee associations before the Lucknow Bench of the Allahabad High Court in relation to various matters including termination of employment, demanding promotion, appointment, withdrawal of reservations, etc. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Consumer Cases

There are 13 consumer cases that have been filed against the bank before the District Forum and the Civil Court, Faizabad in relation to various disputes relating to delay in realization of cheques, denial of debits, denial of loans, etc. The aggregate amount involved in these said cases is Rs. 2,569,553 and these cases are at various stages of hearing.

Bareilly Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: Litigation involving the Income Tax authorities amounting to Rs. 15.01 million which are the tax demands against the bank.

2. Litigation against Bareilly Kshetriya Gramin Bank as of November 30, 2005:

   A demand of Rs. 15.01 million has been raised upon the bank as a result of assessment and the proceedings for assessment year 2002-03. The bank proposes to prefer an appeal before the Income Tax Appellate Authorities against the said assessment orders and the demand raised.

Shahjahanpur Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005:

   - Litigation involving Income Tax Authorities amounting to Rs. 24.47 million on account of tax demands against the bank.

2. Litigation against Shahjahanpur Kshetriya Gramin Bank:

   A demand of Rs. 24.46 million has been raised on the bank as a result of assessment and the proceedings for assessment for the AY 2002-03. The bank has preferred an appeal before Income Tax Appellate Authorities' against the assessment orders and the demand raised.

Nainital Almora Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL

   Claims against the bank not acknowledged as debt - Additional rent of Rs.690,303

2. Litigation against Nainital Almora Kshetriya Gramin Bank as of November 30, 2005:

Labour Cases

There are nine cases that have been filed against the bank by its employees/ex-employees /employee associations before courts in relation to various matters including disciplinary action, promotions, reservations, remuneration etc. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Civil Cases

There are six cases pending against the bank in relation to payment of fixed deposit receipts at various stages of hearing. The approximate aggregate amount involved is Rs. 354,729.

Marudhar Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL.

2. Litigation against Marudhar Kshetriya Gramin Bank as of November 30, 2005:

Labour Cases

There are 19 cases that have been filed against the bank by its employees/ex-employees /employee associations in relation to various matters including disciplinary action, promotions, reservations, remuneration etc. Of these, 20 cases have been filed before the Rajasthan High Court and one case is pending before the Supreme Court. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Miscellaneous

Two cases have been filed against us by third-parties in relation to non-selection for the area manager's post and in response to an application that was filed by the bank and that was admitted by the courts at Sujangarh.

Aravali Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL
2. Litigation against Aravali Kshetriya Gramin Bank as of November 30, 2005: NIL

Bundi Chittorgarh Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: Bank guarantee – Rs. 2,183,200.
2. Litigation against Bundi Chittorgarh Gramin Bank as of November 30, 2005:

Labour Cases

There are ten cases that have been filed against the bank by its employees/ex-employees /employee associations in relation to various matters including disciplinary action, termination, reservations, remuneration etc. Of these, one case is pending before the Supreme Court, seven cases have been filed before the Rajasthan High Court and one case each has been filed before the CGIT, Jaipur and District Court, Bundi. These cases are at various stages of hearing and involve an aggregate amount of Rs. 14.61 million.

Bhilwara Ajmer Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: Rs. 0.57 million on account of a fraud case
2. Litigation against Bhilwara Ajmer Kshetriya Gramin Bank as of November 30, 2005:

Labour Cases

There are 19 cases that have been filed against the bank by its employees/ex-employees /employee associations in relation to various matters including termination, reservations, remuneration, promotions, etc. Of these, 13 cases have been filed before the Rajasthan High Court, three before the labour courts, two before the Bhilwara Civil Court and one case has been filed before the Assistant Commissioner, Provident Fund at Udaipur. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Consumer Cases

Four cases have been filed against the bank in relation to denial of insurance claims, payment of a fixed deposit, payment of demand and non-collection of cheque. Of these, three cases have been filed before the District Forum, Bhilwara and one case has been filed before the District Judge, Ajmer. These cases are at various stages of hearing and the amount involved is Rs. 0.32 million.

Dungarpur Banswara Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL.
2. Litigation against Dungarpur Kshetriya Gramin Bank as of as of November 30, 2005:

Labour Cases

There are 11 cases that have been filed against the bank by its employees/ex-employees /employee associations in relation to various matters including termination, remuneration, promotions, etc. Of these, nine cases have been filed before the Rajasthan High Court, one case each before the CGIT, Udaipur and District Judge, Dungarpur. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Baroda Gujarat Gramin Bank

As of September 12, 2005, all liabilities and cases that are pending against Panchmahal Vadodara Gramin Bank, Valsad Dangs Gramin Bank and Surat Bharuch Gramin Bank are deemed to vest in the Baroda Gujarat Gramin Bank. The details of contingent liabilities of these banks are set out hereunder in accordance with their audited financial statements.

Panchmahal Vadodara Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL.

2. Litigation against Panchmahal Vadodara Kshetriya Gramin Bank as of November 30, 2005:

Labour Cases

There are 12 cases that have been filed against the bank by its employees/ex-employees /employee associations in relation to various matters including termination, disciplinary proceedings, remuneration, promotions, etc. Of these, one case relates an appeal filed by Panchmahal Vadodara Gramin Bank before the Supreme Court, two cases are pending before the Ahmedabad High Court, three before industrial tribunals, one before the Distruct Court, Baroda, two before Civil Court, Baroda, and two before the Civil Court, Godhra. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Valsad Dangs Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005:

   Guarantees given on behalf of constituents - Rs. 439,289

2. Litigation against Valsad Dangs Gramin Bank as of November 30, 2005:

Labour Cases

1. The Valsad Dangs Gramin Bank (VDGB) Employees' association filed a case against the bank before the Industrial Tribunal, Ahmedabad in relation to payment of difference of special pay and computer increment as applicable to Bank of Baroda employees with retrospective effect.

Surat Bharuch Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005: NIL

2. Litigation against Surat Bharuch Gramin Bank as of November 30, 2005:

Labour Cases

There are three cases that have been filed against the bank by its employees in relation to termination, remuneration and promotions before the Gujarat High Court. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

Tax Cases

1. The bank has appealed against the assessment order for the AY 1998-99 under which a tax of Rs. 4,700,197 was levied on the bank and against the assessment order for the AY 2002-03 under which the tax liability of the bank was determined at Rs. 441,000 and has filed appeals before Commissioner of Income Tax, Appeals, Baroda against the said assessment orders, which appeals were dismissed. Appeals have been filed against the said order before the ITAT, Ahmedabad.

2. For the A.Y. 1992-93, the income tax department has levied tax of Rs.414,602 and has disallowed the losses from the last year as well as the expenses of bonus, gratuity, unpaid provident fund and salary to be paid to staff to be carried forward. The bank has paid an amount of Rs. 327,200 to the income tax department after the consultation with its tax consultant and has filed an appeal before the appellate authority, which matter is pending.

Jhabua Dhar Kshetriya Gramin Bank

1. Contingent Liabilities not provided for as of March 31, 2005:

   Guarantees given against 100% margin – Rs. 3.17 million

2. Litigation against Jhabua Dhar Kshetriya Gramin Bank as of November 30, 2005:

BANK OF BARODA

Consumer Cases

One customer has lodged a claim against the Bank in the district consumer forum and the claim has been admitted whereby the bank has paid Rs. 22,000. However, the bank has filed an appeal against the same.

Labour Cases

There are 11 cases that have been filed against the bank by its employees/ex-employees/employee associations in relation to termination, remuneration, remuneration and promotions before the Madhya Pradesh High Court and Regional Labour Commissioner, Bhopal. These cases are at various stages of hearing and the exact amount of financial liability to the bank on account of the same cannot be accurately determined.

LICENSES AND APPROVALS

On the basis of the list of approvals provided below, we can undertake this Issue and our current business activities and no further major approvals from any Government authority/RBI is required to continue these activities. It must be distinctly understood that, in granting these licenses, the Government of India and/or RBI does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

Approvals for the Issue

1. Letter no. F.No.11/31/2004-BOA dated February 11, 2005, from the GoI, Ministry of Finance, Department of Economic Affairs (Banking Division), granting its approval for the Issue. The approval is subject to the Bank complying with certain conditions, including:
   - compliance with the provisions of Section 3 of the Bank Acquisition Act;
   - ensuring that the Central Government's shareholding does not fall below 51% at any point of time;
   - the Issue would have to be timed with due consideration to the prevailing market conditions;
   - obtaining necessary approvals from its Board of Directors, SEBI and other regulatory bodies;
   - post Issue non-resident equity holding in the Bank shall not exceed 20% of the paid up capital; and
   - restricting the Issue expenses to the bare minimum; and
   - that the Central government shall not consider any proposal for disinvestment of its shares in the Bank
   - public issue expenses should be restricted to a bare minimum
2. Letter no. FE.CO.FID/4781/10.02.40 (9107)/2005-06 dated September 2, 2005, from RBI permitting the Bank to issue shares to non-residents (except erstwhile OCBs) with repatriation benefits out of the issue of Equity Shares of Rs. 10 each amounting to Rs. 710 million. The permission is subject to ensuring that the post Issue non-resident equity holding in the Bank shall not exceed 20% of the post Issue paid up capital. The permission is further subject to conditions laid down by the Government of India in their approval F.No.11/31/2004-BOA dated February 11, 2005, conditions prescribed by SEBI and terms and conditions for issue of shares as stipulated in Schedule 1 and 2 to RBI Notification No. FEMA.20/2000-RB dated May 3, 2000, as amended from time to time.

Approvals for our Business

<u>Licences and Approvals from the GoI</u>

Appointment of Directors

1. Notification no. F.No.9/60/2004-B.O.I dated March 1, 2005 issued by the Department of Economic Affairs (Banking Division), MoF, GoI appointing Dr. A.K. Khandelwal, as the Chairman and Managing Director of the Bank for a period of three years with effect from March 1, 2005 up to March 31, 2008 or until further orders, whichever is earlier.
2. Notification no. F.No.9/11/2005-B.O.I dated June 18, 2005 issued by the Department of Economic Affairs (Banking Division), MoF, GoI appointing A.C. Mahajan as a whole time Director (designated as Executive Director) of the Bank for a period of five years from the date of his taking charge of the post or until further orders, whichever is earlier.
3. Notification no. F.No.9/28/2004-B.O.I dated April 28, 2005 issued by the Department of Economic Affairs (Banking Division), MoF, GoI nominating T.K. Balasubramanian as a Director of the Bank for a period from the date of notification and up to June 30, 2007 or until his successor has been nominated or until he ceases to be an officer of the Bank, whichever is earlier.
4. Notification no. F.No.9/2/2004-B.O.I dated January 9, 2004 issued by the Department of Economic Affairs (Banking Division), MoF, GoI nominating G.K. Sharma, Chief General Manager-in-charge, Department of Administration and Personnel Management, RBI, as a Director of the Bank, with immediate effect and until further orders.

5. Notification no. F.No.9/3/2002-B.O.I dated October 25, 2002 issued by the Department of Economic Affairs (Banking Division), Ministry of Finance and Company Affairs, GoI nominating Vinod Rai as a Director of the Bank with immediate effect and until further orders.

6. Notification no. F.No.9/29/2005-BO-I dated September 15, 2005 issued by the Department of Economic Affairs (Banking Division), Ministry of Finance and Company Affairs, GoI nominating Masarrat Shahid as a part-time non-official director for a period of three years or until the appointment of her successor, whichever is earlier.

7. Letter no. F.No.26/2/2000-B.O.I dated January 15, 2004 issued by the Department of Economic Affairs (Banking Division), MoF, GoI, to the Chairman and Managing Directors/ Executive Directors of the nationalised banks stating that the sitting fees payable to the directors nominated by MoF, GoI, shall be Rs.5,000 per meeting of the board and Rs.2,500 per meeting of board committees.

8. Letter no. F. No.9/60/2004-BOI dated July 18, 2005 issued by the Department of Economic Affairs (Banking Division), MoF, GoI to the Chairman and Managing Director intimating him that his remuneration package would be the same as the one that he was entitled to as the chairman and managing director of Dena Bank. Attached to his letter is the letter issued by the Department of Economic Affairs (Banking Division), MoF, GoI dated February 24, 2004 specifying his remuneration as the chairman and managing director of Dena Bank.

9. Notification F.No.11/31/2004-BOA dated February 14, 2005, from the GoI, MoF granting an exemption to us from the provisions of sections 13 and 15(1) of the Banking Regulations Act for a period of five years from the date of the notification.

Taxation

1. Permanent Account No. (PAN) AAACB1534F issued by the Department of Income Tax.

2. Letter no. 732010865/TAN/000090179 dated June 17, 2004 from the Department of Income Tax, issuing Tax Deduction No. (TAN) MUMB11511D to the Bank.

3. Letter no. ST/DIV.III/STC-CODE/2004/6921 dated October 14, 2004 from the Assistant Commissioner of Service Tax, Division-III, Mumbai allotting Service Tax Code (STC) No. AAACB1534FST378 to the Bank in relation to payment of service tax on banking and other financial services.

Licences and Approvals from RBI

1. Section 22 of the Banking Regulation Act, which requires a license to be obtained from RBI in order to carry out banking business in India, applies only to banking companies, and not corresponding new banks after nationalisation of banks. Accordingly, our Bank does not require a license in order to carry out banking activities.

2. Letter no. DBOD.No.FSC.BC 27/24.01.018/2003-2004 dated September 22, 2003 issued by RBI to all scheduled commercial banks (excluding RRBs and LABs) permitting them to enter into insurance referral business without prior approval of RBI, subject to certain conditions including obtaining approval of the IRDA.

3. Letter no. DBOD. No.IBS 1703/23.01.004/99-2000 dated January 3, 2000 granting permission to the Bank for setting up subsidiary in Botswana.

4. Letter no. DBOD No.IBS 1042/23.01.004/2002-03 dated December 2, 2002 granting approval to the Bank for opening a wholly owned subsidiary in Tanzania

5. Letter no. DBOD.IBS.No.1708/23.01.004/2004-05 dated May 31, 2005 granting approval to the Bank for establishing fully owned subsidiaries in Canada, New Zealand, Trinidad & Tobago.

6. Letter no. DBOD.IBS.No.1660.23.01.004/2004-05 dated May 24, 2005 extending validity of approval to the Bank for opening a representative office at Bangkok, Thailand.

7. Letter no. DBOD.IBS.No.989/23.01.004/2004-05 dated February 11, 2005 granting approval to the Bank for opening a Branch at Hong Kong, China.

8. Letter no. DBOD.IBS/290/23.01.004/2003-04 dated August 29, 2003 granting approval to the Bank for opening a representative office at Kuala Lumpur, Malaysia.

9. License no. DBOD No.IBS.1042/23.01.004/2002-03 dated December 2, 2002 granting approval to the Bank for opening a representative office at Guangzhou, China.
10. Letter no. DBOD No.IBS/434/23.12.004-94/95 dated October 8, 1994 granting approval to the Bank for opening a branch at Al Ain (Abu Dhabi), United Arab Emirates.
11. License no. BL. B. 8120 (issued vide letter no. DBOD (Bom) No.2213/B.L.2(D)-79 dated March 7, 1979) granting approval to the Bank to open a branch at Salalah, Sultanante of Oman.
12. License no. BL. B. 7403 (issued vide letter no. DBOD (Bom) No.8779/B.L.2(D)-77 dated August 19, 1977) granting approval to the Bank to open an offshore branch at Nassau, Bahamas.
13. License no. BL. B. 7402 (issued vide letter no. DBOD (Bom) No.8779/B.L.2(D)-77 dated August 19, 1977) granting approval to the Bank to open a branch at New York, U.S.A.
14. License no. BL. B. 7425 (issued vide letter no. DBOD (Bom) No.9978/B.L.2(D)-77 dated October 3, 1977) granting approval to the Bank to open a branch at Seychelles.
15. License no. BL. B. 5557 (issued vide letter no. DBOD (Bom) No.1911/B.L.2(D)-75 dated April 1, 1975) granting approval to the Bank to open a branch at Quatre-Bornes, Mauritius.
16. License no. BL. B. 5646 (issued vide letter no. DBOD (Bom) No.3860/B.L.2(D)-75 dated May 26, 1975) granting approval to the Bank to open a sub-branch at Sigatoka, Fiji Islands.
17. License no. BL. B. 1465 (issued vide letter no. DBOD (Bom) No.2958/B.L.17-66 dated July 11, 1966) granting approval to the Bank to open a branch at Southall (Middlesex), United Kingdom.

We require prior approval from RBI for opening a new place of business in India or abroad. We have obtained the necessary approvals from the appropriate statutory and regulatory authorities for carrying out our business and operations through our branches and no further approvals are required from any Indian government authority / RBI to continue our business and operations. As regards our overseas operations through branch/representative offices/subsidiaries, except as disclosed in the section "Licenses and Approvals – Approvals applied for and pending Approval" on page 331 of this Red Herring Prospectus, we have obtained the necessary approvals from the appropriate statutory and regulatory authorities. Except as disclosed hereunder, there are no approvals which have expired, or which have been applied for and have not been granted to the Indian branches of the Bank. We are not required to apply for any other approvals for the purposes of running our business and operations.

Registration with SEBI

1. Certificate of Registration dated April 19, 2004 granted by SEBI to the Bank for carrying on the activities of a debenture trustee with the registration code IND000000018. The license is valid till September 30, 2006.
2. Certificate of Registration dated January 5, 2004 granted by SEBI to the Bank for carrying on the activities of a banker to an issue with the registration code INBI00000030. The license is valid till November 30, 2006.
3. Registration dated September 14, 2000 recording that the Bank has been registered vide registration number IN-DP-CDSL-86-2000 as a 'participant ' with the CDSL under the SEBI (Depositories and Participant) Regulations, 1996. The said registration is valid till September 13, 2005.
4. Registration dated February 6, 2004 recording that the Bank has been registered vide registration number IN-DP-NSDL-90-99 as a 'participant ' with the NSDL under the SEBI (Depositories and Participant) Regulations, 1996. The said registration is valid till April 4, 2009.

Approvals granted by the Insurance Regulatory and Development Authority

1. Licence no.1715936 dated June 18, 2004 issued by the IRDA authorizing the Bank to act as a corporate agent for procuring/soliciting insurance business of a General Insurer for three years from June 18, 2004.

Licences and Approvals from foreign regulatory authorities

1. Letter no. FO48 dated March 31, 1980 from the Bank of England recognizing the Bank as a 'bank' in pursuance to an application filed by the Bank for deposit taking authority under the Banking Act, 1979.

2. License dated December 1, 1982 issued by the Banking Department of the State of New York authorizing the Bank to carry on the business of buying, selling, paying or collecting bills of exchange or of issuing letters of credit or of receiving money for transmission or transmitting the same by draft, check, cable or otherwise, or of making loans, or of receiving deposits, or any part of such business at One Park Avenue, in the Borough of Manhattan, City of New York, on or after December 4, 1982

3. Approval no. Yinjianhan [2004] No. 177 dated March 30, 2004 from China Banking Regulatory Commission approving the Bank to establish a representative office at Guangzhou, China.

4. Banking License dated June 17, 2005 issued by the Bank of Mauritius to the Bank to conduct banking business in Mauritius at the locations mentioned therein.

5. License no. BOB 009 dated December 15, 2004 issued by the Central Bank of Seychelles granting domestic banking license to the Bank to conduct banking business in Seychelles.

6. License dated June 1, 1984 issued by the Reserve Bank of Fiji to the Bank to operate as a bank in Fiji.

7. Letter no. 2201/802/75/WMN/LBG/MKI dated May 5, 2004 from the Bank Negara Malaysia (Central Bank of Malaysia) granting approval to the bank to establish a representative office in Kuala Lumpur.

8. License dated November 8, 1977 from the Ministry of Finance, Bahamas permitting the Bank to carry on banking business from within the Commonwealth of The Bahamas.

9. License dated July 8, 1979 from the Central Bank of Oman licensing the Bank to engage in commercial banking within the Sultanate of Oman at its branch office at Salalah.

10. License no. A1.003 dated September 21, 2004 from Bank of Uganda permitting BOB Uganda to transact the business of a Commercial Bank at locations mentioned therein.

11. License dated May 25, 1999 from Bank of Guyana licensing BOB Guyana to conduct the banking business in Guyana.

12. Letter no. DBS/N.30/8/16 dated November 21, 2003 from Bank of Tanzania granting approval to BOB Tanzania to carry out banking business in Tanzania.

13. Restricted Banking License no. L096 dated April 30, 2002 granted by Hong Kong Monetary Authority to BOB International Finance Limited (The name was subsequently changed to "Bank of Baroda (Hong Kong) Limited" and a certificate to that effect dated June 24, 2002 was issued by the Registrar of Companies, Hong Kong)

14. License no. BA/95/007 dated September 6, 2000 from Bank of Botswana licensing BOB Botswana to operate as a commercial bank.

15. License no. BK. 6 dated January 20, 2005 issued by the Republic of Kenya authorizing BOB Kenya to conduct or carry on banking business in Kenya at locations mentioned therein, for the period January 1, 2005 to December 31, 2005.

16. License no. 0/1675/95 dated August 13, 1995 issued by the Central Bank of the United Arab Emirates licensing the Bank to conduct banking business as a commercial bank at Al Ain, United Arab Emirates

Intimations by the Bank to RBI

1. Letter no. BOARD:EGM:96/598 dated July 29, 2004 from the Bank to RBI stating that at the EGM of the Bank held on July 28, 2004, Manesh Prabhulal Mehta was elected as a Director of the Bank representing shareholders other than the Central Government. It was stated that the said Director shall assume the office from July 29, 2004 till November 15, 2005 as per the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 read with Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970, Bank of Baroda General (Shares and Meetings) Regulations, 1998 and the Banking Regulation Act, 1949. The same has been intimated to the Department of Economic Affairs, MoF, GoI, vide letter no. BOARD:EGM:96/599 dated July 29, 2004.

2. Letter no. BOARD:EGM:94/369 dated November 16, 2002 from the Bank to RBI stating that at the EGM of the Bank held on November 15, 2002, Amritlal Sanghvi, Dr. M.J. Manohar Rao, Pradip N. Khandwalla and Prem P. Pareek were elected as Directors of the Bank representing shareholders other than the Central Government. As per the

Bank of Baroda General Regulation, 1998, the said Directors will assume the office from November 16, 2002 till November 15, 2005. The same has been intimated to the Department of Economic Affairs, MoF, GoI, vide letter no. BOARD:EGM:94/368 dated November 16, 2002.

3. Letter no. BOARD:EGM:9/345 dated November 15, 2005 from the Bank to RBI stating that at the EGM of the Bank held on November 15, 2005, Dr Dharmendra Bhandari, DR Deepak Bhaskar Phatak, Dr. Pradip N. Khandwalla and Manesh P Mehta were elected as Directors of the Bank representing shareholders other than the Central Government. As per the Bank of Baroda General Regulation, 1998, the said Directors will assume the office from November 16, 2005 till November 15, 2008. The same has been intimated to the Department of Economic Affairs, MoF, GoI, vide letter no. BOARD:EGM:97/344 dated November 16, 2005.

Approvals applied for and pending approval

1. The Bank has applied to the Registrar of Trademarks, Ahmedabad in Form 51 dated May 16, 2005 for the registration of the logo, who has vide its examination report dated June 15, 2005 accepted the said application and has granted the number 1359836 – 16 and 36 to the said application.

2. We have obtained approvals from RBI for opening branches at Houston, USA and Hong Kong and for opening an offshore banking unit at Singapore. We have applied for approvals from the concerned host country regulators and the same is pending as of date.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors has authorised a fresh issue of up to 90 million Equity Shares of Rs. 10 each pursuant to a resolution passed at its meeting held on September 12, 2004. Our shareholders subsequently authorised the fresh issue of up to 90 million Equity Shares of Rs. 10 each, by a resolution passed unanimously at the EGM of our Bank held on January 4, 2005, subject to the approval of the GoI, the RBI, SEBI and other applicable authorities.

Our Bank applied to the GoI for its consent to a fresh issue of up to 90 million Equity Shares by its letter bearing number BCC:CMD:96:956 dated September 21, 2004. The GoI, Ministry of Finance, Department of Economic Affairs (Banking Division) has granted its approval for the present Issue of 71,000,000 Equity Shares, Letter no. F.No.11/31/2004-BOA dated February 11, 2005, inter alia on the conditions that the holding of GoI shall not fall below 51% at any point of time and allotment to Non-Residents, if any, will be subject to the prior approval of the Exchange Control Department of RBI and should be within the ceiling of 20% of the paid-up capital or any lower ceiling that may be notified by the Government of India under sub-section (2D) of the Section 3 of the Bank Acquisition Act.

Our Bank has applied to the Chief General Manager, Foreign Exchange Department (Foreign Investment Division) by letters dated August 24, 2005 and August 29, 2005 seeking approval of the RBI to issue Equity Shares under this Issue to the public including NRIs and FIIs with repatriation benefits. The RBI has through its letter FE.CO.FID/4781/ 10.02.40(9107)/2005-06 dated September 2, 2005, permitted the Bank to issue shares to non-residents (except erstwhile OCBs) with repatriation benefits out of the present Issue of Equity Shares of Rs. 10 each aggregating to a face value of Rs. 710 million. The permission is subject to ensuring that the post Issue non-resident equity holding in the Bank shall not exceed 20% of the post Issue paid up capital. The permission is further subject to conditions laid down by the Government of India in their approval F.No.11/31/2004-BOA dated February 11, 2005, conditions prescribed by SEBI and terms and conditions for issue of shares as stipulated in Schedule 1 and 2 to RBI Notification No. FEMA.20/2000-RB dated May 3, 2000, as amended from time to time.

Prohibition by SEBI

Neither we, nor our Directors or our Associates and our Subsidiaries, or companies with which our Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

As a corresponding new bank set up under the Bank Acquisition Act, we are exempt from the eligibility norms specified under clause 2.2 and 2.3 of the SEBI Guidelines to make a public issue of equity shares.

The relevant extract of the SEBI Guidelines is set out below:

" 2.4 Exemption from Eligibility Norms

2.4.1 The provisions of clauses 2.2 and 2.3 shall not be applicable in case of;

(ii) a corresponding new bank set up under the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970, Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980, State Bank of India Act, 1955 and State Bank of India (Subsidiary Banks) Act, 1959 (hereinafter referred to as "public sector banks")."

Clause 2.2 referred in the clause above relates to unlisted companies and Clause 2.3 relates to listed companies. The clauses are reproduced below:

"2.3. Public Issue by Listed Companies

2.3.1 A listed company shall be eligible to make a public Issue of equity shares or any other security which may be converted into or exchanged with equity shares at a later date.

Provided that the aggregate of the proposed Issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document), Issue size does not exceed 5 times its pre-Issue net worth as per the audited balance sheet of the last financial year.

Provided that in case there is a change in the name of the issuer company within the last 1 year reckoned from the date of filing of the offer document), the revenue accounted for by the activity suggested by the new name is not less than 50% of its total revenue in the preceding 1 full-year period)

2.3.2. A listed company which does not fulfil the conditions given in the provisos to Clause 2.3.1 above, shall be eligible to make a public Issue subject to complying with the conditions specified in Clause 2.2.2)"

Therefore, since our Bank is a corresponding new bank and is exempt under clause 2.4 of the SEBI Guidelines, we are eligible to make this Issue.

Disclaimer Clause

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED, DSP MERILL LYNCH LIMITED, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, JM MORGAN STANLEY PRIVATE LIMITED, KARVY INVESTOR SERVICES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE BANK IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED, DSP MERILL LYNCH LIMITED, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, JM MORGAN STANLEY PRIVATE LIMITED, KARVY INVESTOR SERVICES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED OCTOBER 5, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. **"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE BANK.**
3. **WE CONFIRM THAT:**
   - **THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
   - **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**
   - **THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A <u>WELL-INFORMED DECISION</u> AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
   - **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**

- **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."**

4. **ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, GOI AND ANY OTHER COMPETENT AUTHORITY. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, GOI AND ANY OTHER COMPETENT AUTHORITY."**

   THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE BANK FROM ANY LIABILITIES IN THE NATURE OF LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

Note:

Our Bank, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in any advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.bankofbaroda.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and us dated October 5, 2005 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centres.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to Persons resident in India (including Indian nationals resident in India), who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non-residents including FIIs, NRIs and other eligible foreign investors. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any Person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any Person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or

to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Disclaimer Clause of the BSE

As required, a copy of this Red Herring Prospectus will be submitted to BSE. BSE has given vide its letter dated October 17, 2005, permission to the Bank to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. BSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or
2. Warrant that this Bank's securities will be listed or will continue to be listed on BSE; or
3. Take any responsibility for the financial or other soundness of this Bank, its promoters, its management or any scheme or project of this Bank;

and it should not for any reason be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Bank may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Red Herring Prospectus will be submitted to NSE. NSE has given in its letter dated October 19, 2005 permission to us to use NSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, subject to the Bank fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e. the paid up capital shall not be less than Rs. 100 million and the market capitalization shall not be less than Rs. 250 million at the time of listing). The NSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Bank, its management or any scheme or project of this Bank.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the VSE

As required, a copy of this Red Herring Prospectus will be submitted to VSE. VSE has given vide its letter dated October 18, 2005, permission to the Bank to use VSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. VSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. VSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or
2. Warrant that this Bank's securities will be listed or will continue to be listed on VSE; or

3. Take any responsibility for the financial or other soundness of this Bank, its promoters, its management or any scheme or project of this Bank;

and it should not for any reason be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by VSE. Every Person who desires to apply for or otherwise acquires any securities of this Bank may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against VSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

A copy of this Red Herring Prospectus, along with the documents required to be filed under applicable law, will be delivered for registration to the Designated Stock Exchange located at Mumbai and a copy of the Prospectus, along with the documents required to be filed under applicable law, will be delivered for registration to the Designated Stock Exchange.

Listing

Our existing Equity Shares are listed on the VSE, BSE and the NSE.

Applications have been made to the NSE, BSE and VSE seeking permission for listing of the Equity Shares issued pursuant to this Issue. The NSE will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Bank will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Bank become liable to repay it, i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Bank, and every Director of the Bank who is an officer in default shall, on and from such expiry of eight (8) days, be liable to repay the money, with interest at the rate of 15.0% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Bank shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven (7) working days of finalization of the basis of allocation for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary, the Compliance Officer, the Auditors and (b) BRLMs, Co-Managers, Advisors to the Issue, Syndicate Members, Registrar to the Issue, Escrow Collection Bank, Banker to the Issue, Domestic Legal Counsel to the Bank, Domestic Legal Counsel to the Managers, International Legal Counsel to the Underwriters to act in their respective capacities have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Designated Stock Exchange and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Designated Stock Exchange.

Our Auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for filing with the Designated Stock Exchange.

Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	**Expense**		
	(in Rs. million)	**(Percentage of total Issue expenses)**	**(Percentage of total Issue size)**
Lead management, underwriting commission*	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Registrars fee, legal fee, etc.	[●]	[●]	[●]
Others	[●]	[●]	[●]
Total estimated Issue expenses	**[●]**	**[●]**	**[●]**

* Will be incorporated after finalisation of Issue Price

Fees Payable to the BRLMs, Brokerage and Underwriting Commission

The total fees payable to the BRLMs including brokerage and underwriting commission for the Issue will be as per the memorandum of understanding executed between the Bank and the BRLMs dated October 5, 2005, a copy of which is available for inspection at our Head Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Registrar's memorandum of understanding dated October 5, 2005, a copy of which is available for inspection at our Head Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post or speed post or under certificate of posting.

Bidding Period / Issue Period

BID / ISSUE OPENS ON	**JANUARY 16, 2006**
BID / ISSUE CLOSES ON	**JANUARY 20, 2006**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the BSE and NSE.

We reserve the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not exceed the floor of the Price Band by more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 days. Any revision in the Price

Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

Designated Date and allotment of Equity Shares

(a) We will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders' depository account as well as the refund to unsuccessful Bidders within two working days of the date of Allotment.

(b) As per SEBI Guidelines, **Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Letters of allotment or refund orders

We shall give credit to the beneficiary account with Depository Participants within two working days from the date of Allotment. We shall ensure despatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for the purpose shall be made available to the Registrar by us.

In accordance the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within fifteen days from the Issue Closing Date;
- Despatch of refund orders shall be done within 15 days from the Issue Closing Date; and
- We shall pay interest at 15.0% per annum (for any delay beyond the 15-day time period as mentioned above), if allotment is not made, refund orders are not despatched and/or demat credits are not made to Bidders within the 15-day time prescribed above, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the demat credit.

We will provide adequate funds required for despatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Companies under the Same Management

There are no companies under the same management

Particulars Regarding Public Issues during the Last Five Years

We have not made any public issue in the past five years. However we completed an initial public offering of our Equity Shares in 1996 the details of which are as under:

Public Issue of Equity Shares on December 5, 1996

Public Issue in which 100,000,000 Equity Shares of Rs. 10 each for cash at premium aggregating Rs. 85 million were allotted to public.

Opening Date	December 5, 1996
Closing Date	December 16, 1996
Date of Allotment	January 15, 1997
Date of Refunds	January 15, 1997
Date of Listing on Stock Exchanges	NSE - February 19, 1997; BSE - February 21, 1997; and VSE - February 19, 1997.

Promise vs. Performance

We have not made any public issue of our equity shares in the past five years. Further, in our initial public offer in 1996, the funds that were raised by us were utilized for our business as was mentioned in the offer document relating to our initial public offer in 1996.

Issue of Bonds

Details	Deemed date of allotment	Amount allotted (Rs. in million)	Description	Allotment Date	Date of Redemption	Credit Rating Agency	Rating
Bond Series I	March 18, 1996	5,000.00	Unsecured, Non-Convertible, Redeemable, Subordinated Bonds	March 18, 1996	March 18, 2001	ICRA	"LAAA"
Bond Series II	March 9, 1999	6,000.00	Unsecured, Non-Convertible, Redeemable, Subordinated Bonds	March 9, 1999 Option – II Option – III	Option – I April 9, 2006 April 9, 2006 April 9, 2009	ICRA	"LAAA"
Bond Series III	March 30, 2001	6,000.00	Unsecured, Non-Convertible, Redeemable, Subordinated Bonds	March 30, 2001	Option – I April 30, 2008 Option – II June 30, 2006	CRISIL and ICRA	"AAA" (CRISIL) and "LAAA" (ICRA)
Bond Series IV	January 2, 2004	3,000.00	Unsecured, Non-Convertible, Redeemable, Subordinated Bonds	January 2, 2004	July 2, 2014	ICRA and FITCH	"LAAA" (ICRA) and "AAA (ind) (FITCH)"
Bond Series V	September 28, 2005	7700.00	Unsecured, Non-Convertible, Redeemable, Subordinated Bonds	September 28, 2005	April 28, 2015	ICRA and FITCH	"LAAA" (ICRA) and "AAA (ind) (FITCH)"

Commissions and Brokerages paid on previous issues by us

Name of the Issue	Month and Year	Commission and Brokerage (Rs. in million)
Public Issue of Equity Shares	December, 1996	212.50
Private Placement of Tier II, Bond Series I	March, 1996	NIL
Private Placement of Tier II, Bond Series II	March, 1999	NIL
Private Placement of Tier II, Bond Series III	March, 2001	NIL
Private Placement of Tier II, Bond Series IV	January, 2004	NIL
Bond Series V	September, 2005	NIL

In case of our bond issues, no separate commission and brokerage is paid apart from the composite lead management fees that is paid to the lead mangers.

Issues otherwise than for cash

We have not issued any Equity Shares for consideration otherwise than for cash in the last five years.

Remuneration Payable to the Directors

Please refer to the section titled "Our Management- Remuneration of Directors" on page 124 of this Red Herring Prospectus.

Purchase of Property

Except as stated in the section titled "Objects of the Issue" and elsewhere in this Red Herring Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- the amount of the purchase money is not material; or
- disclosure has been made earlier in this Red Herring Prospectus.

Except as stated in the section titled "Related Party Transactions" on page 155 of this Red Herring Prospectus, we have not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

Stock Market Data for our Equity Shares

Our Equity Shares are listed on BSE, NSE and VSE.

The VSE has, by its letter dated May 3, 2005 informed us that from April 1, 2002 to the date of the letter, no trading in the Equity Shares of the Bank has taken place on the VSE.

The following table sets forth, the high and low of daily closing prices of our Equity Shares on BSE and the NSE, for a period of three years, for the periods indicated

(In Rs.)

Period	BSE			NSE		
	High	Low	Average	High	Low	Average
2002-2003	90.50	43.50	67.00	90.80	42.90	66.85
2003-2004	269.60	78.00	173.80	269.00	78.20	173.60
2004-2005	269.40	130.00	199.70	275.00	120.00	197.50

The following table sets forth, the number of shares traded on the days when the high and low prices were recorded of our Equity Shares on BSE and the NSE, in the past three years, on the dates indicated:

Period	BSE				NSE			
	High		Low		High		Low	
	Date	Number of shares traded	Date	Number of shares traded	Date	Number of shares traded	Date	Number of shares traded
2002-2003	March 28, 2003	1,306,149	September 25, 2002	29,200	March 28, 2003	2,809,364	August 19, 2002	79,229
2003-2004	January 15, 2004	755,211	April 24, 2003	8,85,403	January 15, 2004	1,485,211	April 24, 2003	1,657,649
2004-2005	May 6, 2004	3,393,768	May 17, 2004	8,00,405	May 6, 2004	7,303,070	May 17, 2004	1,674,327

The following table sets forth, the high and low of daily closing prices of our Equity Shares on BSE and the NSE and the number of shares traded, in the last six months, for the periods indicated:

Period	BSE				NSE			
	High	Low	Average*	Volume	High	Low	Average*	Volume
June 2005	212.45	188.00	200.55	3,579,511	212.50	187.50	200.56	12,343,124
July 2005	263.70	196.00	224.67	5,365,145	264.00	195.40	225.10	16,531,445
August 2005	274.00	240.00	254.54	5,233,073	274.25	240.05	254.76	16,694,671
September 2005	269.90	222.15	249.70	4,094,330	270.00	202.65	249.81	14,096,648
October 2005	254.00	205.60	227.96	4,895,357	253.50	205.10	227.96	12,198,730
November 2005	244.40	211.15	231.33	2,473,528	244.60	212.10	231.40	6,895,461

* Average of the daily closing share prices

The following table sets forth, the number of shares traded on the days when the highs and low prices were recorded of our Equity Shares on BSE and the NSE, in the past six months, on the dates indicated:

Period	BSE				NSE			
	Date	Number of shares traded	Date	Number of shares traded	Date	Number of shares traded	Date	Number of shares traded
June-2005	June 10, 2005	126,903	June 3, 2005	111,643	June 15, 2005	706,385	June 03, 2005	406,809
July-2005	July 29, 2005	606,565	July 1, 2005	145,231	July 29, 2005	1,747,570	July 01, 2005	403,619
August-2005	August 5, 2005	880,787	August 21, 2005	251,703	August 05, 2005	2,096,057	August 29, 2005	409,440
September-2005	September 14, 2005	307,440	September 23, 2005	248,938	September 14, 2005	976,205	September 23, 2005	552,775
October-2005	October 20,2005	443,129	October 27,2005	119,356	October 10,2005	953,774	October 31,2005	352,787
November-2005	November 9,2005	264,896	November 1,2005	45,610	November 9,2005	689,377	November 1,2005	105,357

As on September 13, 2004, the day after our Board approved this Issue, the market price of our Equity Shares on the BSE was Rs. 179 and the NSE was 177.60.

Mechanism for Redressal of Investor Grievances

Investor grievance will be settled expeditiously and satisfactorily by us. The agreement between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period as specified under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressed of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Karvy Computershare Private Limited giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the respective Syndicate Member or collection centre where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue to address routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The details of the investor grievances are as follows:

Category	Pending on March 31, 2005	Received up to November 30, 2005	Processed during the period	Pending on December 1, 2005
Equity Shares	NIL	147	147	NIL

We have appointed P.K. Ramaswamy Iyer, as the Compliance Officer and he may be contacted in case of any pre-Issue or post Issue-related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc. He can be contacted at the following address:

Baroda Corporate Centre
Bandra Kurla Complex
C –26, "G" Block,
Bandra (East)
Mumbai 400 051
Tel: (91 22) 5698 5559, 2652 2112
Fax: (91 22) 2652 3510
Email: dgm.legal.bcc@bankofbaroda.com

Changes in Auditors

Our auditors are appointed by the RBI from time to time and his/their remuneration, rights and duties are regulated by the Bank Acquisition Act.

There have been no changes in our auditors in the last three years, except as detailed below:

Sl. No.	Year of appointment/ cessation	Name	Reason for appointment cessation
1.	2002-2003	M/s S.K Mittal & Co.	Retirement
2.	2002-2003	M/s J.N. Sharma & Co.	Retirement
3.	2002-2003	M/s Kanwalia & Co.	Retirement
4.	2002-2003	M/s R. K. Khanna & Co.	Appointment by RBI
5.	2002-2003	M/s S. S. Kothari & Associates.	Appointment by RBI
6.	2002-2003	M/s Kalyaniwalla & Mistry	Appointment by RBI
7.	2003-2004	M/s Kalyaniwalla & Mistry	Retirement
8.	2003-2004	M/s S. S. Kothari & Associates	Retirement
9.	2003-2004	M/s B.C Jain and Co.	Retirement
10.	2003-2004	M/s K.K.Soni and Co.	Appointment by RBI
11.	2003-2004	M/s T.R.Chadha and Co.	Appointment by RBI
12.	2003-2004	M/s S.Venkatram and Co.	Appointment by RBI
13.	2004-2005	M/s R.K.Khanna and Co.	Retirement
14.	2004-2005	M/s K.C.Khanna and Co.	Retirement
15.	2004-2005	M/s Ray & Ray and Co.	Appointment by RBI
16.	2004-2005	M/s G. Basu and Co.	Appointment by RBI
17.	2005-2006	M/s.K.K. Soni & Co.	Retirement
18.	2005-2006	M/s.Shah Gupta & Co.	Retirement
19.	2005-2006	M/s.G.P. Kapadia & Co.	Appointment by RBI
20.	2005-2006	M/s.B.C.Jain & Co.	Appointment by RBI

Capitalisation of Reserves or Profits

We have not capitalised any reserves or profits during the last five financial years.

Revaluation of Assets

We have revalued certain immovable properties in India in fiscal 1993-94 and 1994-95. Apart from this, there has been no other revaluation of assets in India in the past five years. The amount of additions made to the revaluation reserve account was Rs. 3,882.50 million (on a global basis). As per the Bank's policy, depreciation is provided to the extent of revaluation, which is then set off against the revaluation reserve account. As on September 30, 2005, the revaluation account stood at Rs. 2,360.62 million.

FINANCIAL INDEBTEDNESS

Details of Tier II Capital of the Bank

(Rs. in million)

Issue Series*	Date of Issue	Amount Outstanding as of September 30, 2005	Date of Repayment	Coupon (%)	Security	Servicing Behaviour
Bond Series II (Three categories of bonds have been issued v.i.z Option 1, Option 2 and Option 3	March 9, 1999	6,000	Options 1 and 2 April 09, 2006 Option 3 April 09, 2006	Option 1 13.75 Option 2 - Benchmark + 2.75% subject to floor rate of 12.75% and a cap of 14.75%	Unsecured	On tune
Bond Series III (Two categories of bonds have been issued v.i.z Option 1 & Option 2	March 30, 2001	6,000	Options 1 April 30, 2008 Option 2 June 30, 2006	Options 1 - 11.15 Option 2 - 10.85	Unsecured	On tune
Bond Series IV	January 02, 2004	3,000	July 2, 2014	5.85	Unsecured	On tune
Bond Series V	September 28, 2005	7,700	April 28, 2005	7.45	Unsecured	On tune
Total		**22,700**				

* The said bonds have been issued on a private placement basis and the Bank is prohibited from declaring/paying any dividend during the period the bonds are outstanding unless all dues to the bondholders/trustees have been paid.

Investments by Our Subsidiaries/Associates in Our Bond Offerings

Bonds Series II

The following Subsidiaries have invested in our Bond Series II:

Sr. No.	Name	Amount (Rs. in million)
1.	NBL	7.50
2.	BOB Housing	10.00
3.	BOB AMC	20.00
	TOTAL	**37.50**

BANK OF BARODA

The following Associates have invested in our Bond Series II:

Sr. No.	Name	Amount (Rs. in million)
1.	Fatehpur Kshetriya Gramin Bank	11.50
2.	Jhabua Dhar Kshetriya Gramin Bank	2.50
3.	Aravali Kshetriya Gramin Bank	2.50
4.	Sultanpur Kshetriya Gramin Bank	16.00
5.	Erstwhile Valsad Dang Gramin Bank (now Baroda Gujarat Gramin Bank)	9.90
6.	Erstwhile Surat Bharuch Gramin Bank (now Baroda Gujarat Gramin Bank)	7.70
7.	Bundi Chittorgarh Kshetriya Gramin Bank	36.50
8.	Kanpur Kshetriya Gramin Bank	19.20
9.	Raebareli Kshetriya Gramin Bank	17.50
10.	Bhilwara Ajmer Kshetriya Gramin Bank	18.50
11.	Nainital Almora Kshetriya Gramin Bank	20.00
12.	Dungarpur Banswada Kshetriya Gramin Bank	18.00
13.	Erstwhile Panchmahal Vadodara Gramin Bank(now Baroda Gujarat Gramin Bank)	30.00
	TOTAL	**209.80**

Bond Series III

The following Associates have invested in our Bond Series III:

Sr. No.	Name	Amount (Rs. in million)
1.	Kanpur Kshetriya Gramin Bank	13.00
2.	Shahjahanpur Kshetriya Gramin Bank	17.00
	TOTAL	**30.00**

Bond Series V

The following Associates have invested in our Bond Series V:

Sr. No.	Name	Amount (Rs. in million)
1.	Kanpur Kshetriya Gramin Bank	10.00
2.	Pratapgarh Kshetriya Gramin Bank	10.00
	TOTAL	**20.00**

Details of Unsecured Liabilities

Set forth below is a brief summary of our aggregate unsecured borrowings as on September 30, 2005:

(Rs. in million)

Particulars	**September 30, 2005**
Demand Deposits from banks	4,754.57
Demand Deposits from Others	75,940.34
Savings Bank deposits	249,478.85
Term Deposits from banks	40,302.47
Term Deposits from Others	491,240.91
Sub Ordinated Debts including Subordinated Bonds Tier II Series –II to V	22,700.00
Borrowing from other Bank	92.29
Borrowing outside India	14,475.44
Total	**898,984.87**

Borrowings in India

Borrowings within India comprise of borrowings from the RBI, borrowings from banks and other financial institutions and agencies. These borrowings are in the ordinary course of the Bank's business comprising of money market operations, refinance availed, etc. Some of these borrowings are against the security of Government securities that are held by the Bank while others are unsecured. In addition the Bank, also has certain borrowings in foreign exchange.

Borrowings in Foreign Exchange

RBI has opened avenues for authorized banks (including the Bank) to generate foreign currency resources by way of bilateral borrowings from overseas correspondent banks for the purposes of export financing.

In order to cater to the foreign currency demand, the Bank has borrowed a transferable loan facility of U.S.$ 100,000,000 under a loan agreement dated November 12, 2004 from a consortium of overseas correspondent banks including BNP Paribas, Bank of America, Hong Kong and Shanghai Banking Corporation and certain other financial institutions. The said loan is repayable within a period of three years.

Additionally, under a separate syndicated facility agreement dated May 12, 2005, the Bank has also borrowed US$ 150,000,000 from a consortium of overseas banks including Bank of Tokyo-Mitsubishi, Standard Chartered Bank, Erste Bank Der Oesterreichischen Sparrkassen AG and Lloyds TSB Bank PLC.

The said loan is repayable within 364 days.

The loan agreements for both the aforementioned borrowings stipulate that:

1. The Bank and its Subsidiaries would not purchase or redeem any of its issued shares or reduce its share capital or make a distribution of assets or other capital distribution to its shareholders.
2. The Bank and its Subsidiaries would be restricted from declaring or paying any dividend or making any other income distribution to its shareholders or repaying any shareholders' loan in an amount which exceeds its net profit available for distribution in the relevant financial period.
3. The Bank and its Subsidiaries are restricted from issuing or agreeing to issue any further shares or granting options or warrants to subscribe for any further shares in their capital to any person other than an existing shareholder of the borrower/ Subsidiary if the majority of the lenders believe that the same could have a material adverse effect on the Bank's/ Subsidiary's business, financial operations, performance or would affect its ability to perform its obligations.

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Banking Regulation Act, Constitutional Documents, the terms of the Draft Red Herring Prospectus, this Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RBI, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Constitutional Documents and shall rank pari passu in all respects with the existing Equity Shares of the Bank including rights in respect of dividend. The Persons in receipt of Allotment will be entitled to dividend or other benefits, if any, declared by our Bank after the date of Allotment.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this Red Herring Prospectus at a total price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

The face value of the shares is Rs. 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared. However the declaration of dividend of the Bank is subject to certain restrictions. Please refer to the restrictions on the payment of dividend in the section titled "Regulation and Policies - Restrictions on Payment of Dividends" on page 110 of this Red Herring Prospectus;
- Right to attend general meetings and exercise voting powers, unless prohibited by law. The Bank Acquisition Act states that no shareholder of the Bank, other than the Central Government shall be entitled to exercise voting rights in respect of the shares held by him in excess of one percent of the total voting rights of all the shareholders of the Bank. However the power of shareholders to exercise voting rights is subject to certain restrictions. For information on restrictions on the power of shareholders to exercise voting rights please refer to the section titled "Regulation and Policies - Restriction on Share Capital and Voting Rights" on page 110 of this Red Herring Prospectus;
- Right to vote on a poll either in person or by proxy;
- Right of free transferability, shall be subject to the provisions of Section 3(2D) of the Bank Acquisition Act and Regulations 17 and 19 of the Bank Regulations. However the right of free transferability is subject to certain restrictions. For information on these restrictions please refer to section titled "Main Provisions of Constitutional Documents" on page 373 of this Red Herring Prospectus; and
- Such other rights, as may be available to a shareholder of a listed corresponding new bank under the Banking Regulation Act and our Constitutional Documents and under the listing agreements with the Stock Exchange. However, please note that all rights available to shareholders of a company are not available to shareholders of a corresponding new bank. For information on these restrictions please refer to section titled "Regulation and Policies - Comparative Table of Rights of Shareholders of Companies Act, 1956 and under Regulations applicable to Corresponding New Banks" on page 78 of this Red Herring Prospectus.

  For a detailed description of the main provisions of our Constitutional Documents dealing, among other things, with voting rights, dividend, forfeiture and lien, transfer and transmission see the section titled "Main Provisions of Constitutional Documents" on page 373 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Share. For details of allocation and allotment, see the section titled "Issue Procedure- Basis of Allotment" on page 367 of this Red Herring Prospectus.

Nomination Facility to the Investor

In the nature of the rights specified in Regulation 20 of the Bank of Baroda General (Shares and Meetings) Regulations, 1998, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Head Office of the Bank or at the Registrar and Transfer Agents of our Bank.

Any Person who becomes a nominee in the manner stated above, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the allotment in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Bank. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to the public to the extent of the amount payable on application, including devolvement on Underwriters, if any, within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount (i.e. 60 days from the Bid Closing Date), we shall pay interest prescribed under Section 73 of the Companies Act.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Vadodara, India.

Subscription by Eligible Non-Residents

There is no reservation for any Non-Residents including NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation.

The shareholding of Non-Residents in the Bank cannot exceed 20% of the paid up capital of the bank in terms of Section 3 of the Bank Acquisition Act. For public sector banks RBI monitors the ceilings on FII/NRI/PIO investments on a daily basis. For effective monitoring RBI has fixed cut off points lower than the actual ceilings which is 18% for public sector banks. Once the aggregate net purchase of equity shares reaches the cut off points further acquisition of equity shares by FIIs/NRIs/PIOs require approval of the RBI. In addition, the provisions of the SEBI Takeover Regulations apply and must be complied with. Further Bank Regulations also regulates the manner of transfer of shares consolidation and sub-division of the shares of the Bank. For further details, please refer to the section on "Main Provisions of Our Constitutional

Documents” on page 373 of this Red Herring Prospectus.

Our Bank had applied to the Chief General Manager, Exchange Department (Foreign Investment Division) seeking approval of the RBI to issue Equity Shares under this Issue to the public including NRIs and FIIs with repatriation benefits. RBI vide their letter no. FE.CO.FID/4781/10.02.40 (9107)/2005-06 dated September 2, 2005, permitted the Bank to issue shares to NRIs and FIIs with repatriation benefits out of the issue of Equity Shares of Rs. 10 each amounting to a face value of Rs. 710 million. The permission is subject to ensuring that the post Issue non-resident equity holding in the Bank shall not exceed 20% of the paid up capital. The permission is further subject to conditions laid down by the Government of India in their approval F.No.11/31/204-B0A dated February 11, 2005, conditions prescribed by SEBI and terms and conditions for issue of shares as stipulated in Schedule 1 and 2 to RBI Notification No. FEMA.20/2000-RB dated May 3, 2000, as amended from time to time.

As per RBI regulations, OCBs cannot participate in the Issue.

Application in Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

Withdrawal of the Issue

Our Bank, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (“the Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

ISSUE STRUCTURE

The present Issue of 71,000,000 Equity Shares Rs. 10 each, at a price of Rs. [·] for cash aggregating Rs. [·] million is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Number of Equity Shares*	Up to 31,950,000 Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Minimum of 9,585,000 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Minimum of 22,365,000 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders	Up to 7,100,000 Equity Shares
Percentage of Issue Size available for allocation	Up to 50% of Net Issue or Net Issue less allocation to Non- Institutional Bidders and Retail Individual Bidders.	Minimum 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.	Up to 10% of the Issue Size
Basis of Allocation (subject to compliance with sectoral caps)	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount is equal to or exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	Such number of Equity Shares not exceeding the Employee Rese-rvation Portion
Mode of Allotment	Compulsorily in demate-rialised form.	Compulsorily in demate-rialised form.	Compulsorily in demate-rialised form.	Compulsorily in de-materialised form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	NRIs, Resident Indian individuals, HUF (in the name of Karta), com-panies, corporate bodies, scientific institutions, societies, trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.	Eligible Employees

	QIBs	Non-Institutional	Retail Individual	Employee Reservation Portion
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the BRLMs.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members	Margin Amount applicable to Eligible Employees shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	10% of the Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spillover from any other portions at the discretion of the Bank in consultation with the BRLMs.

Bids by QIBs shall be submitted only to the BRLMs.

Allotment in the manner detailed hereinabove shall be subject to the condition that the Non-Resident shareholding in the Bank immediately after the Allotment shall not exceed a maximum of 20% of its post Issue paid up capital.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to QIB Bidders. Further not less than 35% of the Net Issue to the public shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. However, the Bids by QIB shall be submitted only to the BRLMs or Syndicate Members duly appointed by them in this regard. In case of QIB Bidders, the Bank in consultation with the BRLMs may reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Bids under the Non-Institutional Portion, Bids under the Retail Portion and Bids under Employee Reservation Portion, Bids would not be rejected except on the technical grounds listed in this Red Herring Prospectus.

Investors should note that Allotment to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the Designated Stock Exchange, the Bid cum Application Form shall be considered as the application form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised us to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the Designated Stock Exchange and as would be required by Designated Stock Exchange after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public including resident QIBs, Non Institutional Bidders, Retail Individual Bidders and eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, Non-Resident QIBs, etc. applying on a repatriation basis	Blue
Eligible Employees	Pink

The Bids received under the Employee Reservation Category would not be considered in the Book Building process and the determination of the Issue Price.

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Mutual Funds registered with SEBI;

- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions; and
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Application by Eligible Non-Residents

Foreign investment in a corresponding new bank is regulated by the provisions of the Bank Acquisition Act as applicable to the Bank. Under Section 3(2D) of the Bank Acquisition Act, foreign investment in a corresponding new bank is subject to an overall statutory limit of 20% of the paid up capital of the corresponding new bank. For corresponding new banks, the RBI monitors the ceilings on Non-Resident investments on a daily basis. For effective monitoring the RBI has fixed cut off points lower than the actual ceiling which is 18% for public sector banks. Once the aggregate net purchase of equity shares reaches the cut off point further acquisition of equity shares by Non-Residents require approval of the RBI till the limit is reached till 20% beyond which Non-Residents cannot acquire further shares.

The above information is given for the benefit of the Bidders. Our Bank and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Application by NRIs

Bid cum application forms have been made available for NRIs at the Head Office and Corporate Office of the Bank.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The shareholding of a single FII should not exceed 10% of our post Issue issued capital (i.e. 10% of 364,265,400 Equity Shares of Rs. 10 each) Equity Shares. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual, together with the existing shareholding of such sub account.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders portion. The cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders:** In case of a Non-Institutional Bidder, the Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. In case of a QIB Bidder, the Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is equal to or exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue to the public. However, the maximum Bid by a QIB Bidder should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid Closing Date/Issue Closing Date.**

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

(c) **For Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. A single Bid under the Employee Reservation Portion shall not exceed 7,100,000 Equity Shares.

Information for the Bidders

(a) The Bank will file the Red Herring Prospectus with the Designated Stock Exchange at least three days before the Bid Opening Date/ Issue Opening Date.

(b) The Price Band and the minimum Bid size shall be advertised at least one day prior to the Bid Opening Date/Issue Opening Date in Financial Express, an English language newspaper with wide circulation, Jansatta, a Hindi language newspaper with wide circulation and Vadodara Samachar, a Gujarati language newspaper with wide circulation. With regard to the Price Band, the Bidders can be guided by the secondary market prices of the Equity Shares.

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(d) Investors other than QIBs, who are interested in subscribing for our Bank's Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bid. QIBs interested in subscribing to our Bank's Equity Shares should only approach any of the BRLMs to register their Bid.

(e) Any investor (who is eligible to invest in our Equity Shares according to the terms of this Red Herring Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Head Office, Corporate Office or from any of the members of the Syndicate.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms which do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

(a) The Bank, the BRLMs shall declare the Bid Opening Date/Issue Opening Date, Bid Closing Date/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the Designated Stock Exchange and also publish the same in Financial Express, an English language newspaper with wide circulation, Jansatta, a Hindi language newspaper with wide circulation and Vadodara Samachar, a Gujarati language newspaper. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement. QIBs should submit their BID to BRLMs or Syndicate Members duly appointed by them in this regard.

(b) Investors other than QIBs, who are interested in subscribing for the Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid. QIBs shall register their Bids only through a BRLM/or a Syndicate Member duly appointed by it in this regard.

(c) The Bidding Period shall be a minimum of three working days and not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in Financial Express, an English language newspaper with wide circulation, Jansatta, a Hindi language newspaper with wide circulation and Vadodara Samachar, a Gujarati language newspaper and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding ten working days.

(d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details see the section titled "Issue Procedure-Bids at Different Price Levels" on page 355 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

(e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate may be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure-Build up of the Book and Revision of Bids" on page 358 of this Red Herring Prospectus.

(f) The Syndicate Members will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (**"TRS"**), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids. In case of Bids by QIB, the same shall be submitted only through the BRLMs or Syndicate Members duly appointed by them in this regard.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure-Terms of Payment and Payment into the Escrow Accounts" on page 356 of this Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band and the minimum Bid size shall be advertised at least one day prior to the Bid Opening Date/ Issue Opening Date in Financial Express, an English language newspaper with wide circulation, Jansatta, a Hindi language newspaper with wide circulation and Vadodara Samachar, a Gujarati newspaper with wide circulation and also on the websites of the BRLMs and the Bank, as appearing on the cover page. Bidders are advised to be guided by the price of our listed Equity Shares in the secondary market for the purposes of making a decision to invest in the Equity Shares offered as part of this Issue. The Bidders can bid at any price within the Price Band, in multiples of [●].
2. In accordance with SEBI Guidelines, the Bank reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not exceed the floor of the Price Band by more than 20%. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to NSE and BSE, by issuing a public notice in Financial Express, an English language newspaper with wide circulation, Jansatta, a Hindi language newspaper with wide circulation and Vadodara Samachar, a Gujarati newspaper all with wide circulation, and also by indicating the change on the websites of the BRLMs and at the bidding terminals of the members of the Syndicate.
4. The Bank in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
5. Bidders can bid at any price within the Price Band. Bidders have to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non-Institutional Bidders and such Bids from QIB Bidders and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-off Price and employees bidding under the Employee Reservation Portion at Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the respective Escrow Accounts. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s).
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band and employees bidding under the Employee Reservation, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Escrow Accounts/refund account(s).
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

We shall open Escrow Accounts with one or more Escrow Collection Bank in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. In case of Bids by QIBs, QIBs may also remit the Bid Amount through an electronic of funds under the RTGS mechanism. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the respective Escrow Account. The Escrow Collection Bank will act in terms of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Bank for and on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank shall transfer the monies from the Escrow Accounts to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the members of the Syndicate, the Escrow Collection Bank and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft or in the case of QIBs, also by effecting an electronic transfer of funds through the RTGS mechanism towards such Margin Amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details see the section titled "Issue Procedure-Payment Instructions" on page 364 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Each QIB shall provide their QIB Margin Amount only to a BRLM. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

The members of the Syndicate shall deposit the cheque or demand draft or monies received from QIBs by electronic transfer with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders, i.e. QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and permanent employees in the Employee Reservation Portion, would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" on page 349 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder not later than the Pay-in-Date.

QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.

If the payment is not made favouring the appropriate Escrow Account within the time and in the manner stipulated above, the Bid of the Bidder is liable to be rejected. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the bid form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Any Allotment would be subject to the condition that Non-Resident shareholding in our post Issue paid up share capital shall not exceed a maximum of 20% of our post Issue paid up share capital.

Electronic Registration of Bids

(a) The Syndicate Members will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members and their authorised agents during the Bidding Period/Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date/ Issue Closing Date, the Syndicate Members shall upload the Bids till such time as may be permitted by the NSE and BSE.

(c) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the NSE and BSE during the Bidding Period/Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor;
- Investor Category –Individual, Corporate, FII, NRI or mutual fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid price;
- Bid cum Application Form number;
- Whether payment is made upon submission of Bid cum Application Form;
- Margin Amount; and
- Depository Participant identification no. and client identification no. of the demat account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Bank.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, the BRLMs also have the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection. Additionally, Bids would be liable to be rejected on the technical grounds listed in this Red Herring Prospectus.

(h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Bank or the BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Bank, our management or any scheme or project of our Bank.

(i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the Syndicate Members shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the BRLMs shall collect additional payment, if any, in the form of cheque or demand draft or an electronic transfer of funds through the RTGS mechanism for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(h) Only Bids that are uploaded to the online IPO system of NSE/BSE shall be considered for allocation/Allotment. In the event of a discrepancy in data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Bank in consultation with the BRLMs based on the physical Bid cum Application Form shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid Closing Date/Issue Closing Date, the BRLMs will analyse the demand generated on the basis of electronic registration of Bids, at various price levels and discuss pricing strategy with us.

(b) Our Bank, in consultation with the BRLMs, shall finalise the "Issue Price" and the number of Equity Shares to be allotted in each investor category.

(c) QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.

(d) The allocation to all Bidders would be on proportionate basis, in the manner specified in the SEBI Guidelines and subject to sectoral caps. The basis for Allotment would be finalized by the Bank in consultation with Designated Stock Exchange.

(e) Under subscription in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Bank and the BRLMs. Undersubscription, if any, in the Employee Reservation Portion, would be allowed to be met first with spill over from the Retail Portion and then from any other category.

(f) Allocation to Non-Residents including FIIs, NRIs, etc applying on repatriation basis will be subject to the terms and conditions stipulated by RBI while granting permission for Allotment of Equity Shares to them. However, this would be subject to the post Issue non-resident equity holding in the Bank not exceeding a maximum of 20% of the post Issue paid up capital.

(g) The BRLMs in consultation with the Bank shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(h) The Bank reserves the right to cancel the Issue any time after the Bid Opening Date/Issue Opening Date but before Allotment without assigning any reasons whatsoever.

(i) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid Closing Date/Issue Closing Date.

(j) The allotment details shall be put on the website of the Registrar to the Issue.

Allotment to Non-Residents including NRIs, FIIs, FVCIs, etc.

Allocation to QIBs, Non-Residents, FIIs and NRIs applying on repatriation basis would be subject to the terms and conditions stipulated by RBI while granting permission for allotment of Equity Shares to them.

RBI vide its Letter no. FE.CO.FID/4781/10.02.40 (9107)/2005-06 dated September 2, 2005, permitted the Bank to issue shares to non-residents (except erstwhile OCBs) with repatriation benefits out of the Issue. The permission is subject to ensuring that the post Issue non-resident equity holding in the Bank shall not exceed 20% of the post Issue paid up capital.

The shares to be allotted to Non-Residents including NRIs, FIIs, FVCIs, etc shall be worked out on proportionate basis depending on the category in which the application falls i.e. Retail Individual Bidders, Non–Institutional Bidders or Qualified Institutional Buyers subject to the Non-Resident holding not exceeding 20% of our post issue paid up capital.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

(a) The Bank, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Bank after the filing of the Prospectus with the Designated Stock Exchange. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Allotment Reconciliation

After the Bid/Offer Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. Based on the electronic book, QIBs will be sent a CAN indicating the number of equity shares that are being allocated to them. However, within a few days thereafter but prior to the Board meeting for final allotment of equity shares in the Issue, the Registrar will also prepare a physical book, which may be different from the electronic book. This is because certain applications in the Non-Institutional Portion and Retail Portion may be rejected due to non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, technical rejections, etc, and these rejected applications may not be reflected in the electronic book but will be reflected in the physical book. As a result, additional equity shares may be available for allocation in the QIB Portion provided the QIB Portion is oversubscribed and the Non-Institutional Portion and Retail Portion is not fully subscribed. In such event, QIBs may receive an increased allocation of equity shares and such increase in allocation will be reflected in a revised CAN that is sent to QIBs."

The following procedure shall be subject to the paragraph on Allotment Reconciliation contained above.

Issuance of CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. Investors should note that the Bank shall ensure that the demat credit of Equity Shares shall be made within two days of allotment.

(b) The BRLMs or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder.

(c) Bidders who have been allocated Equity Shares and who have already paid the Margin Amount for the said Equity Shares into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft or adequate proof of the electronic transfer of funds through the RTGS mechanism, paid into the Escrow Accounts. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (White in colour) or Non-Resident Bid cum Application Form (Blue in colour) or Employee Reservation Portion Bid cum Application Form (Pink in colour), as the case may be;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have been given a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- Ensure that the bid is within the Price Band;
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating Allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application;
- Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;
- QIBs shall submit their Bids only to the BRLMs or Syndicate Members duly appointed by them in this regard.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;

- Do not provide your GIR number instead of your PAN;
- Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- Do not Bid at Cut-off Price (applicable to QIB Bidders and Non-Institutional Bidders, and for Eligible Employees where the Bid Amount exceeds Rs. 100,000);
- Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit Bid accompanied with Stockinvest; and
- Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Instructions for Completing the Bid Cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and eligible NRIs applying on a non-repatriation basis, blue colour for Non-Resident QIBs, NRIs, FIIs, etc. and applying on repatriation basis and pink colour for Bidders under Employee Reservation portion).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000.
- For Non-Institutional Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. For QIB Bidders, Bid Amount must be a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- For Employee Reservation Category, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of the Employee Reservation Portion being 7,100,000 Equity Shares.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of the Bank and its Subsidiaries as of September 30, 2005, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour Form).
- Eligible Employees, as defined above, should mention the following at the relevant place in the Bid cum Application Form:

- – Name of the employer
- – Employee Number

- The sole/ first bidder should be an Eligible Employee as defined above.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose Bid Amount exceeds Rs. 100,000.
- Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.
- If the aggregate demand in this category is less than or equal to 7,100,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Undersubscription, if any, in the Employee Reservation Portion, would be allowed to be met first with spill over from the Retail Portion and then from any other category. In case of under-subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- If the aggregate demand in this category is greater than 7,100,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 367 of this Red Herring Prospectus.
- This is not an issue for sale within the United States of any equity shares or any other security of the Bank. Securities of the Bank, including any offering of its equity shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, we Bank reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLMs may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by NRIs

NRI bidders to comply with the following:

- Individual NRI bidders can obtain the Bid cum Application Forms from the Registrar to the Issue or BRLMs whose addresses are printed on the cover page.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for Allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids by NRIs and FIIs on a repatriation basis

Bids and revision to Bids must be made:

- On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three).
- By FIIs for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 100,000. For further details see section titled "Issue Procedure-Maximum and Minimum Bid Size" on page 353 of this Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs but not in the names of minors, firms or partnerships, foreign nationals (including NRIs) or their nominees, foreign venture capital investors.
- Refunds, dividends and other distributions, if any, will be payable in Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Rupee drafts purchased abroad, such payments in Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for NRIs and FIIs and other Non-Residents. Subject to the condition that the total Non-Resident holding in the Bank does not exceed 20% of the post Issue paid up capital of the Bank, all NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

We shall open Escrow Accounts with the Escrow Collection Bank for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft or effect an electronic transfer under the RTGS mechanism for the amount payable on the Bid and/or on allocation as per the following terms:

(a) Payment into Escrow Account

- The Bidders for whom the applicable Margin Amount is equal to 100% or 10% as the case may be, shall, with the submission of the Bid cum Application Form draw a payment instrument for the Margin Amount in favour of the Escrow Account and submit the same to the members of the Syndicate. In case of Bids by QIBs, QIBs may also remit the Bid Amount through an electronic of funds under the RTGS mechanism.
- QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.
- In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
- The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - o In case of Resident QIB Bidders : BOB FPO QIB
  - o In case of Non-Resident QIB Bidders : BOB FPO QIB - NR
  - o In case of Resident Retail and Non Institutional Bidders : BOB FPO
  - o In case of Non-Resident Retail and Non Institutional Bidders applying on a non-repatriation basis: BOB FPO- NR
  - o In case of Eligible Employees: BOB FPO- Emp

  In case of bids by NRIs applying on a repatriation basis, the payments must be made through Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the NRE Accounts or the Foreign Currency Non-Resident Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non-Resident Account.

In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

- Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Accounts.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account with the Banker to the Issue.
- On the Designated Date and no later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding after adjusting for allocation to the Bidders

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ money orders/postal orders will not be accepted.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form; provided however that the QIB Bidders shall pay the QIB Margin Amount only to the BRLMs who would deposit the same in the Escrow Account.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

Bid/ Application by Eligible Employees can also be made in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all portion.

PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Right to Reject Bids

In case of QIB Bidders, the Bank, in consultation with the BRLMs may reject Bids at the time of acceptance of the bid provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders who Bid, we have a right to reject Bids on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- Age of First Bidder not given;
- In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
- Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- PAN photocopy/ PAN Communication/ Form 60 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
- Submission of the GIR number instead of the PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional Bidders and QIB;
- Bids for number of Equity Shares, which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc. relevant documents are not submitted;

- Bids accompanied by money order/postal order/cash
- Signature of sole and /or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs or the Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid Opening Date/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure–Bids at Different Price Levels" at page 355 of this Red Herring Prospectus;
- Bids by OCBs;
- Bids by employees of the Bank or its Subsidiaries who are not Indian nationals and are not in India on the date of submission of the Bid cum Application form in the Issue;
- Bids by QIBs which are made without the QIB Margin Amount;
- Bids by QIBs are not made to the BRLMs or Syndicate Members duly appointed by them in this regard; and
- Bids by US Persons other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 22,365,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 22,365,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one (1) Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 9,585,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 9,585,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    (i) In the event that Bids from Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.

    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

  (b) In the second instance allocation to all QIBs shall be determined as follows:

    (i) The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.

    (ii) The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.

    (iii) Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.

- The aggregate allocation to QIB Bidders shall be up to 31,950,000 Equity Shares.

D. For Employee Reservation Portion

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 7,100,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 7,100,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees are eligible to apply under Employee Reservation Portion.

The Basis of Allotment shall be subject to our ensuring that the share holding of Non-Resident in our post issue paid up capital does not exceed 20%.

Method of proportionate basis of allocation in the QIB, Retail, Non-Institutional and Employee Reservation Portions

Bidders will be categorized according to the number of Equity Shares applied for by them.

(a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.

(c) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

(d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.

(e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

The above procedure of proportionate Allotment shall be subject to Non-Resident holding in our Bank not exceeding 20% of the post Issue paid up capital. Thus Equity Shares allotted to non- resident QIBs may be lower than the proportionate allotment to a resident QIB.

Equity Shares in Dematerialised Form with NSDL or CDSL

The Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Bank, the respective Depositories and the Registrar to the Issue:

- a tripartite agreement dated March 29, 1997 with NSDL, us and Karvy; and
- a tripartite agreement dated January 1, 2000 with CDSL, us and Karvy.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

- Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. Of the Stock Exchanges where our Equity Shares are proposed to be listed, only the NSE and the BSE have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Bank would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft or electronic transfer number and issuing bank thereof.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"**Any person who:**

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Undertakings by the Bank

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allocation;
- that the funds required for dispatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue Proceeds

The Bank shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.

Disposal of Applications and Applications Money and Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders

We shall ensure dispatch of Allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of Allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post only at the sole or First Bidder’s sole risk and adequate funds for the purpose shall be made available to the Registrar by us.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the Basis of Allotment.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, we further undertake that:

- Allotment shall be made only in dematerialised form within 15 days of the Bid Closing Date/Issue Closing Date;
- Dispatch refund orders within 15 days of the Bid Closing Date/Issue Closing Date would be ensured; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in corresponding new banks is regulated by the provisions of the Bank Acquisition Act. Under Section 3(2D) of these statutes, foreign investment in corresponding new banks is subject to an overall statutory limit of 20% of the paid up capital of the bank.

Section 3(2D) Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 states as follows:

"(2D) The shares of every corresponding new bank not held by the Central Government shall be freely transferable:

Provided that no individual or company resident outside India or any company incorporated under any law not in force in India of any branch of such company, whether resident outside India or not, shall at any time hold or acquire by transfer or otherwise shares of the corresponding new bank so that such investment in aggregate exceed the percentage, not being more than twenty per cent of the paid-up capital as may be specified by the Central Government by notification in the Official Gazette.

Explanation— For the purposes of this clause "company" means any body corporate and includes a firm or other association of individuals."

Hence, Section 3(2D) of the Bank Acquisition Act prescribed that foreign investment in the aggregate is permitted in the correspondent new bank, like our Bank only till 20% under the automatic route. For public sector banks the RBI monitors the ceilings on FII/NRI/PIO investments on a daily basis. For effective monitoring the RBI has fixed cut off points lower than the actual ceilings, which is 18% for public sector banks. Once the aggregate net purchase of equity shares reaches the cut off points further acquisition of equity shares by FIIs/NRIs/PIOs requires approval of the RBI.

MAIN PROVISIONS OF CONSTITUTIONAL DOCUMENTS

We were constituted as a "corresponding new bank" in 1970 under the provisions of the Bank Acquisition Act. We are not required to have memorandum and articles of association. Since we were constituted under the Bank Acquisition Act we have provided the salient terms thereof. Further since the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 and the Bank Regulations deal with the management of corporate affairs in our Company, which are matters typically finding a place in the constitutional documents of a company incorporated under the Companies Act, the same have been profiled in this chapter.

The Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 was made by S.O. 3793 dated November 16, 1970 by the Central Government in consultation with the Reserve Bank of India in exercise of the powers conferred by Section 9 of the Bank Acquisition Act.

The Bank Regulations were formulated under Section 19 of the Bank Acquisition Act by our board of directors in consultation with the Reserve Bank of India, and with the previous sanction of the central government.

The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 amended Section 34A, 36AD and Section 51 of the Banking Regulation Act, 1949 and made these sections applicable to corresponding new banks constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. For details of the applicability of the Banking Regulation Act to correspondent new bank like our Bank see the section titled "Regulations and Policies" on page 78 of this Red Herring Prospectus.

For more details, investors are advised to refer to the complete text of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, Banking Regulation Act, 1949, Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 and the Bank of Baroda General (Shares and Meetings) Regulations, 1998.

Shareholders and investors in the Bank may note that the rights available to shareholders of a corresponding new bank are more restricted than the rights available to the shareholders of a company incorporated under the Companies Act, 1956. For further details on the restrictions and their potential impact on shareholders of our Bank please refer to the section titled "Risk Factors – External Risk Factors" on page xx of this Red Herring Prospectus.

The salient features of the same are as below.

Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970

3. Establishment of corresponding new banks and business thereof.

   (1) On the commencement of this Act, there shall be constituted such corresponding new banks as are specified in the First Schedule.

   (2) The paid-up capital or every corresponding new bank constituted under sub-section (1) shall, until any provision is made in this behalf in any scheme made under section 9, be equal to paid-up capital of the existing bank in relation to which it is the corresponding new bank.

   (2A) Subject to the provisions of this Act, the authorised capital of every corresponding new bank shall be one thousand five hundred crores of rupees divided into one hundred fifty crores fully paid-up shares of ten rupees each.

   Provided that the Central Government may, after consultation with the Reserve Bank and by notification in the Official Gazette, increase or reduce the authorised capital as it thinks fit, so however that after such increase or reduction, the authorised capital shall not exceed three thousand crores or be less than one thousand five hundred crores, of rupees.

   (2B) Notwithstanding anything contained in sub-section (2), the paid-up capital of every corresponding new bank constituted under sub-section (1) may from time to time be increased by:

      (a) such amounts as the Board of Directors of the corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, transfer from the reserve fund established by such bank to such paid-up capital;

(b) such amounts as the Central Government may, after consultation with the Reserve Bank, contribute to such paid-up capital;

(c) such amounts as the Board of Directors of the corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, raise by public issue of shares in such manner as may be prescribed, so however that the Central Government shall, at all times, hold not less than fifty-one per cent of the paid-up capital of each corresponding new bank.

(2BB) Notwithstanding anything contained in sub-section (2), the paid-up capital of a corresponding new bank constituted under sub-section (1) may, from time to time and before any paid-up capital is raised by public issue under clause (c) of sub-section (2B), be reduced by-

(a) the Central Government, after consultation with the Reserve Bank, by canceling any paid-up capital which is lost, or is unrepresented by available assets;

(b) the Board of Directors, after consultation with the Reserve Bank and with the previous sanction of the Central Government, by paying off any paid-up capital which is in excess of the wants of the corresponding new bank.

Provided that in a case where such capital is lost, or is unrepresented by available assets because of amalgamation of another corresponding new bank or a corresponding new bank as defined in clause (d) of Section 2 of the Banking Companies (Acquisition arid Transfer of Undertakings) Act. 1970 (5 of 1970) with the corresponding new bank, such reduction may be done, either prospectively or retrospectively, but not from a date earlier than the date of such amalgamation.

(2BBA)(a) A corresponding new bank may from time to time and after any paid-up capital has been raised

by public issue under clause (c) of sub-section (2B), by resolution passed at an annual general meeting of the shareholders entitled to vote, voting in person, or, where proxies are allowed, by proxy, and the votes cast in favour of the resolution are not less than three times the number of the votes, if any, cast against the resolution by the shareholders so entitled and voting, reduce its paid-up capital in any way.

(b) without prejudice to the generality of the foregoing power the paid-up capital may be reduced by:—

(i) extinguishing or reducing the liability on any of its shares in respect of share capital not paid-up;

(ii) either with or without extinguishing or reducing liability on any of its paid-up shares, canceling any paid-up capital which is lost, or is unrepresented by available assets; or

(iii) either with or without extinguishing or reducing liability on any of its paid-up shares, paying off any paid share capital which is in excess of the wants of the corresponding new bank.

(2BBB) Notwithstanding anything contained in sub-section (2BB) or sub-section (2BBA), the paid-up capital of a corresponding new bank shall not be reduced at any time so as to render it below twenty-five per cent of the paid-up capital of that bank as on the date of commencement of the Banking Companies (Acquisition and Transfer of Undertakings) Amendment Act, 1995.

(2C) The entire paid-up capital of a corresponding new bank, except the paid-up capital raked by public issue under clause (c) of sub-section (2B), shall stand vested in and allotted to the Central Government.

(2D) The shares of every corresponding new bank not held by the Central Government shall be freely transferable:

Provided that no individual or company resident outside India or any company incorporated under any law not in force in India or any branch of such company, whether resident outside India or not, shall at any time hold or acquire by transfer or otherwise shares of the corresponding new bank so that such investment in aggregate exceed the percentage, not being more than twenty per cent of the paid-up capital as may be specified by the Central Government by notification in the Official Gazette.

Explanation— For the purposes of this clause “company” means any body corporate and includes a firm or other association of individuals.

(2E) No shareholder of the corresponding new bank, other than the Central Government, shall be entitled to exercise voting rights in respect of any shares held by him in excess of one per cent of the total voting rights of all the shareholders of the corresponding new bank.

(2F) Every corresponding new bank shall keep at its head office a register in one or more books, of the shareholders (in this Act referred to is the register) and shall enter therein the following particulars

(i) the names, addresses and occupations, if any, of the shareholders and a statement of the shares held by each shareholder, distinguishing each share by its denoting number;

(ii) the date on which each Person is so entered as a shareholder;

(iii) the date on which any Person ceases to be a shareholder; and

(iv) such other particulars as may be prescribed.

(2G) Notwithstanding anything contained in sub-section (2F), it shall be lawful for every corresponding new bank to keep the register in computer floppies or diskettes subject to such safeguards as may be prescribed.

(3) Notwithstanding anything contained in the Indian Evidence Act, 1872 (1 of 1872) a copy of, or extract from, the register, certified to be a true copy under the hand of an officer of the corresponding new bank authorised in this behalf by it, shall, in all legal proceedings, be admissible in evidence.

(4) Every corresponding new bank shall be a body corporate with perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold arid dispose of property, and to contract, and may sue and be sued in its name.

(5) Every corresponding new bank shall carry on and transact the business banking as defined in clause (b) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949), and may engage in (one or more of the other forms of business] specified in sub-section (1) of Section 6 of that Act.

(6) Every corresponding new bank shall establish a reserve fund to which shall be transferred to share premiums arid the balance, if any, standing to the credit of the reserve fund of the existing bank in relation to which it is the corresponding new bank, and such further sums, if any, as may be transferred in accordance with the provisions of Section 17 of the Banking Regulation Act, 1949 (10 of 1949).

(7)(i) The corresponding new bank shall, if so required by the Reserve Bank, act as agent of the Reserve Bank at all places in India where it has a branch, for-

(a) paying, receiving, collecting and remitting money, bullion any securities on behalf of any Government in India; and

(b) undertaking and transacting any other business which the Reserve Bank may from time to time entrust to it.

(ii) The terms and conditions on which any such agency business shall be carried on by the corresponding new bank on behalf of the Reserve Bank shall be such as may be agreed upon.

(iii) If no agreement can be reached on any matter referred to in clause (ii), or if a dispute arises between the corresponding new bank and the Reserve Bank as to the interpretation of any agreement - between them, the matter shall be referred to the Central Government and the decision of the Central Government thereon shall be final.

(iv) The corresponding new bank may transact any business or perform any functions entrusted to it under clause (a), by itself or through any agent approved by the Reserve Bank.

7. Head office and management

(1) The head office of each corresponding new bank shall be at such place as the Central Government may, by notification in the Official Gazette, specify in this behalf, and, until any such place is so specified, shall be at such place at which the head office of the existing bank, in relation to which it is the corresponding new bank, is on the commencement of this Act, located.

(2) The general superintendence, direction and management of the affairs and business of a corresponding new bank shall vest in a Board of Directors which shall be entitled to exercise all such powers and do all such acts and things as the corresponding new bank is authorised to exercise and do.

(3)(a) As soon as may be after the appointed day, the Central Government shall, in consultation with the Reserve Bank, constitute the first Board of Directors of a corresponding new bank, consisting of not more than seven Persons, to be appointed by the Central Government, and every Director so appointed shall hold office until the Board of Directors of such corresponding new bank is constituted in accordance with the scheme made under Section 9:

Provided that the Central Government may, if it is of opinion that it is necessary in the interests of the corresponding new bank so to do, remove a Person from the Membership of the first Board of Directors and appoint any other Person in this place.

(b) Every Member of the first Board of Directors (not being an officer of the Central Government or of the Reserve Bank) shall receive such remuneration as is equal to the remuneration which a Member of the Board of Directors of the existing bank was entitled to receive immediately before the commencement of this Act.

(4) Until the first Board of Directors is appointed by the Central Government under sub-section (3), the general superintendence, direction and management of the affairs and business of a corresponding new hank shall vest in a Custodian, who shall be the Chief Executive Officer of that bank and may exercise all powers and do all acts things as may be exercised or done by that bank.

(5) The Chairman of an existing bank holding office as such immediately before the commencement of this Act, shall be the Custodian of the corresponding new bank and shall receive the same emolument as he was receiving immediately before such commencement:

Provided that the Central Government may, if the Chairman of an existing bank declines to become, or to continue to function as, a Custodian of the corresponding new bank, or, if it is of opinion that it is necessary in the interests of the corresponding new bank so to do, appoint any other Person as the Custodian of a corresponding new bank and the Custodian so appointed shall receive such emoluments as the Central Government may specify in this behalf.

(6) The Custodian shall hold office during the pleasure of the Central Government.

8. Corresponding new banks to be guided by the Directions of the Central Government

Every corresponding new bank shall, in the discharge of its functions, be guided by such directions in regard to matters of policy involving public interest as the Central Government may, after consultation with the Governor of the Reserve Bank, give.

9. Power of Central Government to make scheme

(1) The Central Government may, after consultation with the Reserve Bank, make a scheme for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, the said scheme may provide for all or any of the following matters, namely:—

(a) the capital structure of the corresponding new bank;

(b) the constitution of the Board of Directors, by whatever name called, of the corresponding new bank and all such matters in connection therewith or incidental thereto as the Central Government may consider to be necessary or expedient;

(c) the reconstitution of any corresponding new bank into two or more corporations, the amalgamation of arty corresponding new bank with any other corresponding new bank or with another banking institution, the transfer of the whole or any part of the undertaking of a corresponding new bank to any other corresponding new bank or banking institution or the transfer of the whole or any part of the undertaking of any other banking institution to a corresponding new bank;

(d) such incidental, consequential and supplemental matters as may be necessary to carry out the provisions of this Act.

(3) Every Board of Director of a corresponding new bank constituted under any scheme made under sub-section (1), shall include—

(a) not more than two whole-time Directors to be appointed by the Central Government after consultation with the Reserve Bank;

(b) one Director who is an official of the Central Government to be nominated by the Central Government:

Provided that no such Director shall be a Director of any other corresponding new bank.

Explanation—For the purposes of this clause, the expression corresponding new bank" shall include a corresponding new bank within the meaning of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);

(c) one Director who is an Officer of the Reserve Bank to be nominated by the Central Government on the recommendation of the Reserve Bank.

Explanation—For the purpose of this clause, "an Officer of the Reserve Bank" includes an officer of the Reserve Bank who is deputed by that Bank under Section 54AA of the Reserve Bank of India Act, 1934 (2 of 1934) to any institution referred to therein:

(d) not more than two Directors to be nominated by the Central Government from amongst the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange hoard of India Act, 1992 (15 of 1992), the National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981), public financial institutions as specified in sub-section (1), or notified from time to time under sub-section (2) of Section 4A of the Companies Act, 1956 (1 of 1956) and other institutions established or constituted by or under arty Central Act or incorporated under the Companies Act, 1956 and having not less than fifty one per cent of the paid-up share capital held or controlled by the Central Government;

(e) one Director, from among such of the employees of the corresponding new bank who are workmen under clause (s) of Section 2 of the Industrial Disputes Act. 1947 (14 of 1947) to be nominated by the Central Government in such manner as may be specified in a scheme made under this section;

(f) one Director, from among the employees of the corresponding new bank who are not workmen under clause (s) of Section 2 of the Industrial Disputes Act, 1947, (14 of 1947) to be nominated by the Central Government after consultation with the Reserve Bank;

(g) one Director who has been a Chartered Accountant for not less than fifteen years to be nominated by the Central Government after consultation with the Reserve Bank;

(h) subject to the provisions of clause (i), not more than six Directors to be nominated by the Central Government;

(i) where the capital issued under clause (c) of sub-section (2B) of Section (3) is —

(I) not more than twenty per cent of the total paid-up capital, not more than two Directors;

(II) more than twenty per cent but not more than forty per cent of the total paid-up capital, not more than four Directors;

(III) more than forty per cent of the total paid-up capital, not more than six Directors, to be elected by the shareholders, other than the Central Government from amongst themselves:

Provided that on the assumption of charge after election of any such Directors under this clause, equal number of Directors nominated under clause (h) shall retire in such manner as may be specified in the scheme.

(3A) The Directors to be nominated under clause (h) or to be elected under clause (1) of sub-section (3) shall—

(A) have special knowledge or practical experience in respect of one or more of the following matters namely :-

(i) agricultural and rural economy,

(ii) banking,

(iii) economics,

(iv) co-operation,

(v) finance,

(vi) law,

(vii) small-scale industry,

(viii) any other matter the special knowledge of, arid practical experience in, which would, in the opinion of the Reserve Bank, he useful to the corresponding new bank;

(B) represent the interests of depositors; or

(C) represent the interests of farmers, workers and artisans.

(3B) Where the Reserve Bank is of the opinion that any Director of a corresponding new bank elected under clause (1) of sub-section (3) does not fulfill the requirements of sub-section (3A), it may, after giving to such Director and the bank a reasonable opportunity of being heard, by order, remove such Director and on such removal, the Board of Directors shall co-opt any other person fulfilling the requirements of sub-section (3A) as a Director in place of the person so removed till a Director is duly elected by the shareholders of the corresponding new bank in the next annual general meeting and the person so, co-opted shall be deemed to have been duly elected by the shareholders of the corresponding new bank as a Director.

(4) The Central Government may, after consultation with the Reserve Bank, make a scheme to amend or vary any scheme made under sub-section (1).

(5) On and from the date of coming into operation of a scheme made under this section with respect to any of the matters referred to in clause (c) of sub-section (2) or any matters incidental, consequential and supplemental thereto,—

(a) the scheme shall be binding on the corresponding new bank or corporations or banking institutions, and also on the Members, if any, the depositors, and other creditors and employees of each of them and on any other persons having any right or liability in relation to any of them including the trustees or other persons, managing or in any other manner connected with any provident fund or other fund maintained by any of them;

(b) the properties and assets of the corresponding new bank, or as the case may be, of the banking institution shall, by virtue of and to the extent provided in the scheme, stand transferred to, and vested in, and the liabilities of the corresponding new bank, or, as the case may be, of the banking institution shall, by virtue of, and to the extent provided in the scheme, stand transferred to, and become the liabilities of, the corporation or corporations brought into existence by reconstitution of the banking institution or the corresponding new bank, as the case may be.

Explanation I— In this section, “banking institution” means ‘a banking company and includes the State Bank of India or a subsidiary bank.

Explanation II— For the purposes of this section, the expression “corresponding new bank” shall include a corresponding new bank within the meaning of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980).

10. Closure of accounts and disposal of profits

(1) Every corresponding new bank shall cause its books to be closed and balanced on the 31st day of December or such other date in each year as the Central Government may, by notification In the Official Gazette, specify and shall appoint, with the previous approval of the Reserve Bank, Auditors for the audit of the audit of its accounts:

Provided that with a view to facilitating the transition from one period of accounting to another period of accounting tinder this sub-section, the Central Government may, by order published in the Official Gazette, make such provisions as it considers necessary or expedient for the closing and balancing of. or for other matters relating to, the books in respect of the concerned years.

(2) Every Auditor of a corresponding new bank shall be a person who is qualified to -act as an Auditor of a company under Section 226 of the Companies Act, 1956 (1 of 1956) and shall receive such remuneration as the Reserve Bank may fix in consultation with the Central Government.

(3) Every Auditor shall be supplied with a copy of the annual balance sheet and profit and loss account and a list of all books kept by the corresponding new bank, and it shall be the duty of the Auditor to examine the balance-sheet and profit and loss account with the accounts and vouchers relating thereto, and in the performance of his duties, the Auditor—

(a) shall have, at all reasonable times, access to the books, accounts and other documents of the corresponding new bank;

(b) may, at the expense of the corresponding new bank, employee accountants or other persons to-assist him in investigating such accounts; and

(c) may, in relation to such accounts, examine the Custodian or any Officer or Employee of the corresponding new bank.

(4) Every Auditor of a corresponding new bank shall make a report to the Central Government upon the annual balance sheet and accounts and in every such report shall state:

(a) whether, in his opinion, the balance-sheet is a full and fair balance-sheet containing all the necessary particulars and is properly drawn up so as to exhibit a true and fair view of the affairs of the corresponding new bank, and in case he had called for any explanation or information, whether it has been given and whether it is satisfactory;

(b) whether or not the transactions of the corresponding new bank, which have come to his notice, have been within the powers of that bank;

(c) whether or not the returns received from the offices and branches of the corresponding new bank have been found adequate for the purpose of his audit;

(d) whether the profit and loss account shows a true balance of profit or loss for the period covered by such account; and

(e) any other matter which he considers should be brought to the notice of the Central Government.

Explanation I: For the purposes of this Act

(i) the balance-sheet shall not be treated as not disclosing a true and fair view of the affairs of the corresponding new bank, and

(ii) the profit and loss account shall not be treated as not showing a true balance of profit or loss for the period covered by such account, merely by reason of the fact that the balance-sheet or, as the case may be, the profit and loss account, does not disclose any matters which are by the provisions of the Banking Regulation Act 1949 (10 of 1949), read with the relevant provisions of this Act or any other Act, not required to be disclosed.

Explanation II—For the purposes of this Act the accounts of the corresponding new bank shall not be deemed as having not been properly drawn up on the ground merely that they do not disclose certain matters if:

(i) those matters are such as the corresponding new bank is, by virtue of any provision contained in the Banking Regulation Act, 1949 (1 of 1949), read with the relevant provisions of this Act, or any other Act, not required to disclose; and

(ii) the provisions referred to in clause (i) are specified in the balance sheet and profit and loss account of the corresponding new bank or in the Auditor's report.

(5) The report of the Auditor shall be verified, signed and transmitted to the Central Government.

(6) The Auditor shall also forward a copy of the audit report to the corresponding new bank and to the Reserve Bank.

(7) After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds and all other matters for which provision is necessary under any law, or which are usually provided for by banking companies, a corresponding new bank may out of its net profits declare a dividend and retain the surplus if any.

(7A) Every corresponding new bank shall furnish to the Central Government to the Reserve Bank the annual balance sheet, the profit and loss account, and the Auditor's report and a report by its Board of Directors on the working and activities of the bank during the period covered by the accounts.

(8) The Central Government shall cause every Auditors report and report on the working and activities of each corresponding new bank to be laid as soon as may be after they are received before each House of Parliament.

(9) Without prejudice to the foregoing provisions, the Central Government may, at any time, appoint such number of Auditors as it thinks fit to examine and report on the accounts of a corresponding new bank and the Auditors so appointed shall have all the rights, privileges and authority it relation to the audit of the accounts of the corresponding new bank which an Auditor appointed by the corresponding new bank has under this section.

10A. Annual general meeting

(1) A general meeting (in this Act referred to as an annual general meeting) of every corresponding new bank which has issued capital under clause (c) of sub-section (2B) of Section 3 shall be held at the place of the head office of the bank in each year at such time as shall from time to time be specified by the Board of Directors:

Provided that such annual general meeting shall be held before the expiry of six weeks from the date on which the balance sheet, together with the profit and loss account and Auditor's report is under sub-section (7A) of Section 10, forwarded to the Central Government or to the Reserve Bank whichever date is earlier.

(2) The shareholders present at an annual general meeting shall be entitled to discuss the balance-sheet and the profit and loss account of the corresponding new bank made up to the previous 31st day of March, the report of the Board of Directors on the working and activities of the corresponding new bank for the period covered by the accounts and the Auditor's report on the balance-sheet and accounts.

11. Corresponding new bank deemed to be an Indian company

For the purposes of the Income-tax Act, 1961 (43 of 1961), every corresponding new bank shall be deemed to be an Indian company and a company in which the public are substantially interested.

15. Certain defects not to invalidate acts of proceedings

(a) All acts done by the Custodian, acting in good faith, shall, notwithstanding any defect in his appointment or in the procedure, be valid.

(b) No act or proceeding of any Board of Directors or a local Board or Committee of a corresponding new bank shall be invalid merely on the ground of the existence of any vacancy in, or defect in the constitution of, such Board or the Committee, as the case may be.

(c) All acts done by a person acting in good faith as a Director or Member of a local Board or Committee of a corresponding new bank shall be valid notwithstanding that it may afterwards be discovered that his appointment was not invalid by reason of any defect or disqualification or had terminated by virtue of any provision contained In any law for the time being in force:

Provided that nothing in this section shall be deemed to give validity to any act by a Director or Member of a local Board or Committee of a corresponding new bank after his appointment has been shown to the corresponding new bank to be invalid or to have terminated.

17. Indemnity

(1) Every custodian of a corresponding new bank and every Officer of the Central Government or of the Reserve Bank and every Officer or other employee of a corresponding new bank, shall be indemnified by such bank against all losses and expenses incurred by him in or in relation to the discharge of his duties except such as have been caused by his own willful act or default.

(2) A Director or Member of a local Board or Committee of a corresponding new bank shall not be responsible for any loss or expense caused to such bank by the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of the corresponding new bank, or by the insolvency or wrongful act of any customer or debtor, or by anything done in or in relation to the execution of the duties of his office, unless such loss, expense, insufficiency or deficiency was due to any willful act or default on the part of such Director or Member.

16A. Arrangement with corresponding new bank on appointment of Directors to prevail

(1) Where any arrangement entered into by a corresponding new bank with a company provides for the appointment by the corresponding new bank of one or more Directors of such Company, such appointment of Directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956 (1 of 1956) or in any other law for the time being in force or in the memorandum, articles of association or any other instrument relating to the Company, and any provision regarding share qualification, age limit, number of Directorship, removal from office of Directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any Director appointed by the corresponding new bank in pursuance of the arrangement as aforesaid.

(2) Any Director appointed as aforesaid shall—

(a) hold office during the pleasure of the corresponding new bank and may be removed or substituted by any person by order in writing of the corresponding new bank;

(b) and incur any obligation or liability by reason only of his being a Director or for anything done or omitted to be done in good faith in the discharge of his duties as a Director or anything in relation thereto;

(c) not be liable to retirement by rotation and shall not be taken into account for computing the number of Directors liable to such retirement.

(d) have power to make regulations.

(3) The Board of Directors of a corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, by notification in the Official Gazette make regulations, not inconsistent with the provisions of this Act or any scheme made thereunder, to provide for all matters for which provision is of a expedient for the purpose of giving effect to the provisions of this Act.

(4) Until any regulation is made under sub-section (1), the articles of association of the existing bank and every regulation, rule, bye-law or order made by the existing bank shall, if in force at the commencement of this Act, be deemed to be the regulations made under sub-section (1) and shall have effect accordingly and any reference therein to any authority of the existing bank shall be deemed to be a reference to the corresponding authority of the corresponding new bank and until any such corresponding authority is constituted under this Act, shall be deemed to refer to the Custodian.

(5) Every regulation shall, as soon as may be after it is made under this Act by the Board of Directors of a corresponding new bank, be forwarded to the Central Government and that Government shall cause a copy of the same to be laid before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both houses agree in making any modification in the regulation or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation.

BANK OF BARODA

Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970

3. Constitution of the Board

(2)(i) The director referred to in Clause (e) of sub-section (3) of Section 9 of the Act, shall be nominated by the Central Government from out of a panel of three such employees furnished to it by the representative union, within a date to be specified by the Central Government, which date shall not be more than six weeks from the date of communication made by the Central Government, requiring the representative union to furnish the panel of names:

Provided that where the Central Government is of the opinion that owing to the delay which is likely to occur in the verification and certification of any union or federation as a representative union it is necessary in the interest of the Nationalised Bank so to do, it may nominate any employee of the Nationalised Bank, who is a workman, to be a director of that bank.

(ii) (a) Where there is no representative union, to represent the workman of a Nationalised Bank, or

(b) where such representative union being in existence omits or fails to furnish any panel of names within the specified date, or

(c) where all the persons specified in the panel furnished by the representative union are disqualified whether under item (iii) of this sub-clause or under Clause 10, the Central Government may, at its discretion appoint such workman of the Nationalised Bank, as it may think fit, to be a director of such bank.

(iii) A workman of a Nationalised Bank shall be disqualified for being nominated as a director unless—

(a) he is, and has been serving for a continuous period of not less than five years in the Nationalised Bank; and

(d) he is of such age that there is no likelihood of his attaining the age of superannuation during his terms of office as director.

4. Manner of retirement of nominee directors

The director referred to in Clause (h) of sub-section (3) of Section 9 of the Act shall retire by rotation, when the elected directors assume charge, in such manner that the directors who have been longest in office since the last nomination, shall retire first and as between persons, who became directors on the same day, those who are to retire, shall, in default of or subject to any agreement among themselves, be decided by the Central Government.

5. Chairman

(1) The Central Government shall, after consultation with the Reserve Bank, appoint one of the Directors to be the Chairman of the Board.

(2) The Chairman shall preside over the meetings of the Board.

6. Managing Director

The Central Government shall, after consultation with the Reserve Bank, appoint one of the directors referred to in Clause (a) of sub-section (3) of Section 9 of the Act to be the Managing Director, who shall be the Chief Executive Officer of the Nationalised Bank and shall exercise the powers and discharge such duties as may be delegated to him by the Board.

7. Same person may hold office as Chairman and Managing Director

The Central Government may, after consultation with the Reserve Bank appoint the same person to hold, at the same time, both the office of the Chairman and the Managing Director.

8. Term of office and remuneration of a wholetime Director including Managing Director

(1) A wholetime Director, including the Managing Director shall devote his whole time to the affairs of the Nationalised Bank and shall hold office for such terms not exceeding five years as the Central Government may, after consultation with the Reserve Bank, specify and shall be eligible for re-appointment.

(1-A) Notwithstanding anything contained in sub-clause (1), the Central Government shall have the right to terminate the term of office of a whole-time Director, including the Managing Director, at any time before the expiry of the term specified under that sub-clause by giving to him a notice of not less than three months, in writing or three months salary and allowances in lieu of notice; and the whole-time Director, including the Managing Director, shall also have the right to relinquish his office at any time before the expiry of the term specified under that sub-clause by giving to the Central Government notice of not less than three months in writing.

(1-B) Any reference to a whole-time Director, including the Managing Director, in sub-clause (1-A) shall be construed as including a reference to the person holding office as such at the commencement of the Nationalised Banks (Management and Miscellaneous Provision (Second Amendment) Scheme, 1976.

(2) A whole-time Director, including the Managing director shall receive from the Nationalised Bank such salary, allowance, fees and perquisites and be governed by such terms and conditions as the Central Government may determine, after consultation with the Reserve Bank.

(3) If a whole-time Director including the Managing Director is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his office, the Central Government may, after consultation with the Reserve Bank, appoint another person to act in his place during his absence.

(4) The Central Government may, if it is satisfied that it is expedient in the interests of the nationalized bank so to do, remove a whole-time Director including the Managing Director from office:

Provided that no such removal shall be made except after—

(a) consultation with the Board, and

(b) giving a reasonable opportunity to the whole-time Director including the Managing director, of showing cause against the proposed action.

9. Term of office of other directors

(1) A director other than a director referred to in Clause (a) and Clause (i) of sub-section (3) of Section 9 of the Act shall hold office during the pleasure of the Central Government.

(2) Subject to the provisions of sub-clause (1),

(a) a director referred to in Clause (e), Clause (f), Clause (g) and Clause (h) of sub-section (3) of Section 9 of the Act shall hold office for such term not exceeding three years as the Central Government may specify at the time of his nomination and thereafter until his successor has been nominated and shall be eligible for re-nomination:

(b) a director referred to in Clause (g) and Clause (h) of sub-section (3) of Section 9 of the Act shall hold office for such term not exceeding three years as the Government may specify at the time of his nomination and thereafter and shall be eligible for re-nomination:

Provided that no such director shall hold office continuously for a period exceeding six years.

(3) Without prejudice to the provisions of sub-clauses (1) and (2), a director referred to in Clause (b) of sub-section (3) of Section 9 of the Act shall retire in the manner specified in Clause 4.

(4) An elected director shall hold office for three years and thereafter until his successor shall have been duly elected and shall be eligible for re-election:

Provided that no such director shall hold office continuously for a period exceeding six years.

10. Disqualification of Directors

A person shall be disqualified for being appointed as, and for being, a director—

(a) if he has at any time been adjudicated an insolvent or has suspended payment or has compounded with his creditors; or

(b) if he has been found to be of unsound mind and stands so declared by a competent Court; or

(c) if he has been convicted by a Criminal Court of an offence which involves moral turpitude.

11. Vacation of office of Directors, etc.

(1) If a director becomes subject to any of the disqualifications specified in Clause 10 or is absent without leave of the Board for more than three consecutive meetings thereof he shall be deemed to have vacated his office as such and thereupon his office shall become vacant.

(2) The Chairman or whole-time director including the Managing Director or a director referred to in Clause (b) or Clause (c) or Clause (d) of sub-section (3) of Section 9 of the Act may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted by that Government shall be deemed to have vacated his office; any other director may resign his office by giving notice thereof in writing to the Central Government and such resignation shall take effect on the receipt of the communication of the resignation by the Central Government.

(3) Without prejudice to the provisions of the foregoing sub-clause, the office of a director referred to in Clause (e) or Clause (f) of sub-section (3) of Section 9 of the Act shall become vacant as soon as the director ceases to be a workman or an employee, other than a workman of the nationalized bank of which he is a director.

(4) Where any vacancy occurs in the office of a director, other than an elected director, it shall be filled in accordance with sub-section (3) of Section 9 of the Act.

11-A. Removal from office of an elected director

The shareholders other than the Central Government, may, by a resolution passed by majority of the votes of such shareholders holding in the aggregate not less than one half of the share capital held by all such shareholders, remove any director elected under Clause (i) of sub-section (3) of Section 9 and elect in his stead another person to fill the vacancy.

11-B. Filling of vacancy in the office of an elected director

(1) Where any vacancy occurs before the expiry of the term of office of an elected director, the vacancy shall be filled in by election:

Provided that where the duration of vacancy is likely to be less than six months, the vacancy may be filled in by the remaining directors.

(2) A person elected or cooperated, as the case may be, under sub-clause (1) shall hold office for the unexpired portion of the term of his predecessor.

12. Meetings of the Board

(1) Meetings of the Board shall ordinarily be held at least six times in a year and at least once in each quarter.

(2) A meeting of the Board shall be held at the head office of the nationalised bank or such other place as the Board may decide.

(3) Ordinarily, not less than fifteen days' notice shall be given of any meeting of the Board and such notice shall be sent to every director at the address specified by him in this behalf.

(4) No business, other than that for which the meeting was convened shall be transacted at a meeting of the Board except with the consent of the Chairman of the meeting and a majority of the directors present, unless one week's notice of such business has been given in writing to the Chairman.

(5) The quorum of a meeting of the Board shall be one-third of the number of directors holding office as such directors of the Board on the day of the meeting, subject to a minimum of three directors, two of whom shall be directors referred to in Clause (b) or Clause (c) or Clause (d) or Clause (h) of sub-section (3) of Section 9 of the Act.

(6) If, for any reason, the Chairman is unable to attend a meeting of the Board, the Managing Director shall preside over that meeting and in the absence of the Managing Director or in the event of the Chairman and the Managing

Director being the same person, any other director elected by the directors present at the meeting from among themselves shall preside at the meeting.

(7) All questions at the meeting shall be decided by a majority of the votes of the directors present and voting and in the case of equality of votes, the person presiding shall have a second or a casting vote.

(8) A director who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into or proposed to be entered into by or on behalf of the nationalized bank shall, as soon as possible after the relevant circumstances have come to his knowledge, disclose the nature of his interest to the Board and shall not be present at the meeting of the Board when any such contract, loan, arrangement or proposal is discussed unless his presence is required by the other directors for the purpose of eliciting information and no director so required to be present shall vote on any such contract, loan, arrangement or proposal:

Provided that nothing contained in this sub-clause shall apply to such director by reason only of his being—

(i) a shareholder (other than a director) holding not more than two per cent of the paid-up capital in any public company as defined in the Companies Act, 1956 (1 of 1956), or any corporation established by or under any law for the time being in force in India or any co-operative society, with which or to which the Nationalised Bank has entered into or made or proposed to enter into or make, a contract, loan, arrangement or proposal, or

(ii) an officer or other employee of the nationalized bank, if he is a director referred to in Clause (e) or Clause (f) of sub-section (3) of Section 9 of the Act.

(9) A copy of the proceedings of each meeting of the Board shall be circulated as soon as possible after the meeting for other information of the directors and shall be signed by the Chairman of that or the next succeeding meeting.

(10) No act or proceeding of the Board shall be invalid on the ground merely of the existence of any vacancy in or any defect in the constitution of the Board.

13. Management Committee

(1) There shall be a Management Committee of the Board.

(2) The Management Committee shall consist of—

(a) The Chairman

(b) The Managing Director

(c) The Executive Directors

(d) The Directors referred to in Clauses (b), (c) and (g) of sub-section (3) of Section 9 of the Act.

(e) One Director nominated by the Board from amongst, the directors referred to in Clause (d) of sub-section (3) of Section 9 of the Act;

(f) One Director nominated by the Board from amongst the Directors referred to in Clauses (e), (f), (h) and (i) of sub-section (3) of Section 9 of the Act:

Provided that the Directors nominated by the Board shall hold office for not more than six months at a time.

(3) The Management Committee shall exercise such powers of the Board including the powers with regard to credit proposals, as may be delegated to it by the Board with the approval of the Central Government and such approval shall be given by the Central Government after consultation with the Reserve Bank of India.

(4) The meetings of the Management Committee may be called by the Chairman of the Management Committee as often as he feels necessary.

(5) Four members shall be the quorum for a meeting of the Management Committee.

(6) The minutes of a meeting of the Management Committee shall be laid before the Board as soon as possible after the meeting.

(7) Save as otherwise provided in sub-clauses (4), (5) and (6) the meetings and proceedings of the Management Committee shall be governed by the provisions contained in this Scheme for regulating the meetings and proceedings of the Board so far as the same are applicable thereto.

(8) Where the Chairman of the Management Committee is of opinion that in view of urgency in any matter, it should be dealt with expeditiously, he may circulate a resolution to that effect to the members of the Management Committee, and such resolution shall be deemed to be the resolution passed by the Management Committee when it is approved by a majority of the Members but shall have effect from the date it is signed by the last signatory to the resolution:

Provided that any resolution passed as aforesaid shall be placed before the next meeting of the Management Committee:

Provided further that if any dissenting member requires in writing that any resolution so passed shall be placed before a meeting of the Management Committee, the resolution shall not be deemed to be valid and effectual as aforesaid unless the same is passed at such meeting.

Explanation— For the purpose of sub-clause (2), "Executive Director" means the whole-time Director, not being the Managing Director, appointed under sub-clause (a) of Clause 3 and designated as such.

18. Resolution without meeting of the Board valid

A resolution in writing signed by the majority of the members of the Board shall be valid and effectual and shall be deemed to be the resolution passed by the Board on the date it was signed by the last signatory to the resolution:

Provided that any resolution passed as aforesaid shall be placed before the next meeting of the Board.

Provided further that if any dissenting member requires in writing that any resolution so passed shall be placed before a meeting of the Board, the resolution shall not be deemed valid and effectual as aforesaid unless the same is passed at such meeting.

20. Increase of paid-up capital

The paid-up capital of a Nationalised Bank may be increased from time to time as in sub-clause (a) or sub-clause (b) or sub-clause (c) below or in combination with any of them:

(a) the Board of Directors of a Nationalised Bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government transfer to its capital a specified amount from the reserve fund establishment by such bank under sub-section (6) of Section 3 of the Act;

(b) the Central Government may, in consultation with the Reserve Bank, make contribution of any specified amount to the paid-up capital of a Nationalised Bank;

(c) the Board may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, raise the paid-up capital by public issue of shares in such manner as may be prescribed; so however, that the Central Government shall at all times hold not less than fifty-one per cent of the paid-up capital of each Nationalised Bank.

Bank of Baroda General (Shares and Meetings) Regulations, 1998

3. NATURE OF SHARES

The shares of Bank of Baroda shall be movable property, transferable in the manner provided under these regulations

4. KINDS OF SHARE CAPITAL

(i) Preference Share Capital means that part of share capital of the bank which fulfils both the following conditions:

A) as respects dividends, it carries a preferential right to be paid a fixed amount or an amount calculated at fixed rate, which may be either free of or subject to income tax and

B) as respect capital, it carries or will carry, on winding up repayment of capital, a preferential right to be repaid the amount of the capital paid up or deemed to have been paid up, whether or not there is preferential right to the payment of either or both of the following amounts, namely,

(a) any money remaining unpaid in respect of the amounts specified in clause (A) up to the date of winding up or repayment of capital, and

(b) any fixed premium or premium on any fixed scale, specified by the Board with previous consent of the Central Government.

(ii) "Equity Share Capital" means all share capital, which is not preference share capital.

(iii) The expressions "Preference Share" and "Equity Share" shall be construed accordingly.

5. PARTICULARS TO BE ENTERED IN THE REGISTER:

a) A share register shall be kept, maintained and updated in accordance with Sub-section 2(F) of Section 3 of the Act.

b) In addition to the particulars specified in Sub-Section 2(F) of Section 3 of the Act, such other particulars as the Board may specify shall be entered in the register.

c) In the case of joint holders of any share, their names and other particulars required by sub-regulations (i) shall be grouped under the name of the first of such joint holders.

d) Subject to the proviso of sub-section 2(D) of Section 3 of the Act, a shareholder resident outside India may furnish to the Bank an address in India, and any such address shall be entered in the register and be deemed to be his registered address for the purposes o the Act and these regulations.

5A. (i) The Bank shall, unless the register is in such form as in itself to constitute an index, keep an index, which may be in form of a card index of the names of shareholders and shall, within fourteen days after the date on which any alteration is made in the register of shareholders, make the necessary alteration in the index.

(ii) The index shall be kept with the register of shareholders.

6. CONTROL OVER SHARES AND REGISTERS:

Subject to the provisions of the Act and these regulations, and such directions as the Board may issue from time to time, the register shall be kept and maintained at the Head Office of the Bank and be under the Control of the Board and the decision of the Board as to whether or not a person is entitled to be registered as a shareholder in respect of any share shall be final.

7. PARTIES WHO MAY NOT BE REGISTERED AS SHAREHOLDERS:

a) Except as otherwise provided by these regulations, all persons who are not competent to contract shall not be entitled to be registered as a shareholder and the decision of the board in this regard shall be conclusive and final.

b) In case of partnership firms, shares may be registered in the names of the individual partners and no firm, as such, shall be entitled to be registered as a shareholder.

8. MAINTENANCE OF SHARE REGISTER IN COMPUTER SYSTEM, ETC.

a) The Particulars required to be entered in the share register under Sub-section 2(F) of Section 3 of the Act, read with those mentioned in Regulations, shall be maintained under Sub-section 2 (G) of Section 3 of the Act, in the form of data stored in magnetic/ optical/ magneto – optical media by way of diskettes, floppies, cartridges or otherwise (hereinafter referred to as the 'media') in computers to be maintained at the Head Office and the back up at such location as may be decided from time to time by the Chairman and Managing Director or any other official not below the rank of the General Manager designated in this behalf by the Chairman and Managing Director (hereinafter referred to as 'the designated official'.)

b) Particulars required to be entered in the share register under Section 3(B) of the Act read with Section 11 of the Depositories Act, 1996 shall be maintained in the electronic form in the manner and in the form as prescribed therein.

(c) The register in electronic form shall be maintained subject to such safeguards as stipulated for securing electronic records under the Information Technology Act, 2000 (21 of 2000).

9. SAFEGUARDS FOR PROTECTION OF COMPUTER SYSTEM:

a) The access to the system set out in Regulation 8(i) in which data is stored shall be restricted to such persons including Registrars to an issue and/ or share transfer agents as may be authorized in this behalf by the Chairman and Managing Director or the designated official and the passwords if any, and the electronic security control systems shall be kept confidential under the custody of the said persons.

b) The access by the authorized persons shall be recorded in logs by the computer system and such logs shall be preserved with the officials/ persons designated in this behalf by the Chairman and Managing Director or the designated official.

c) Copies of the back-ups shall be taken on removable media at intervals as may be specified from time to time by the Chairman and Managing Director or the designated official, incorporating the changes made in the register of shareholders. Atleast one of these copies shall be stored in a location other than the premises in which processing is being done. This copy shall be stored in a fire-proof environment with locking arrangement and at the requisite temperature. The access to the Back-ups in both the locations shall be restricted to persons authorized in this behalf by the Chairman and Managing Director or the designated official. The persons so authorized shall record the access in a manual register kept at the location.

d) It shall be the duty of the authorized persons to compare the data on the back-ups with that on the computer system by using appropriate software to ensure correctness of the back-up. The result of this operation shall be recorded in the register maintained for the purpose.

e) It shall be competent for the Chairman and Managing Director, by special or general order, to add or modify the instructions, stipulations in regard to the safeguards to be observed in maintaining the register of the shareholders in the computer system with due regard to the advancement of technology, and/or in the exigencies of situation or for any other relevant consideration.

10. EXERCISE OF RIGHTS OF JOINT HOLDERS:

If any share stands in the names of two or more persons, the person first named in the register shall, as regards voting, receipt of dividends, service of notices and all or any other matters connected with the Bank except the transfer of shares, be deemed to be sole holder thereof.

11. INSPECTION OF REGISTER:

a) The register shall, except when closed under Regulation 12, be open to inspection of any shareholder, free of charge, at the place where it is maintained during business hours subject to such reasonable restrictions as the Board may impose, but so that not less than two hours in each working day shall be allowed for inspection.

b) Any shareholder may make extracts of any entry in the register or computer prints free of charge or if he requires a copy or computer prints of the register or any part thereof, the same will be supplied to him on pre-payment at the rate of Rs.5/- or at such rate as the Board may decide for every 1000 words or fractional part thereof required to be copied.

c) Not withstanding anything contained in sub-regulation (b), any duly authorized officer of the Government shall have the right to make a copy of any entry in the register or be furnished a copy of the register or any part thereof.

12. CLOSING OF THE REGISTER:

The Bank may, after ensuring compliance of the applicable guidelines and the listing agreement with the Stock Exchanges, and after giving not less than seven days previous notice by advertisement in at least two newspapers circulating in India, close the register of shareholders for any period or periods not exceeding in the aggregate forty- five days in each year, but not exceeding thirty days at any one time as may in its opinion, be necessary

13. SHARE CERTIFICATES:

i) Each share certificate shall bear share certificate number, a distinctive number, the number of shares in respect of which it is issued and the names of the shareholder to whom it is issued and it shall be in such form as may be specified by the Board.

ii) Every share certificate shall be issued under the common seal of the Bank in pursuance of a resolution of the Board and shall be signed by two directors and some other officer not below the rank of Scale II or the Company Secretary for the purpose.

Provided that the signature of the directors may be printed, engraved, lithographed or impressed by such other mechanical process as the Board may direct.

(iii) A signature so printed, engraved, lithographed or otherwise impressed shall be as valid as a signature in the proper handwriting of the signatory himself.

(iv) No share certificate shall be valid unless and until it is so signed. Share Certificates so signed shall be valid and binding notwithstanding that, before the issue thereof, any person whose signature appears thereon may have ceased to be a person authorized to sign share certificates on behalf of the Bank.

14. ISSUE OF SHARE CERTIFICATES:

i) While issuing share certificates to any shareholder, it shall be competent for the Board to issue the certificates on the basis of one certificate for every hundred shares or multiples thereof registered in his name on any one occasion and one additional share certificate for the number of shares in excess thereof but which are less than hundred.

ii) If the number of shares to be registered is less than hundred, one certificate shall be issued for all the shares.

iii) In respect of any share or shares held jointly by several persons, the bank shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

15. ISSUE OF NEW OR DUPLICATE SHARE CERTIFICATE:

i) If any share certificate is worn out or defaced, the Board or the Committee designated by it on production of such certificate may order the same to be cancelled and have a new certificate issued in lieu thereof.

ii) If any share certificate is alleged to be lost or destroyed, the Board or the Committee designated by it on such indemnity with or without surety as the Board or the Committee thinks fit, and on publication in two newspapers and on payment to the Bank of its costs, charges and expenses, a duplicate certificate in lieu thereof may be given to the person entitled to such lost or destroyed certificate.

16. CONSOLIDATION AND SUB-DIVISION OF SHARES:

On a written application made by the shareholder(s), the Board or the committee designated by it may consolidate or sub-divide the shares submitted to it for consolidation/ sub-division as the case may be and issue a new certificate(s) in lieu thereof on payment to the Bank of its costs, charges and expenses of and incidental to the matter.

17. TRANSFER OF SHARES:

i) Every transfer of the shares of the Bank shall be by an instrument of transfer in form 'A' annexed hereto or in such other form as may be approved by the Bank from time to time and shall be duly stamped, dated and executed by or on behalf of the transferor and the transferee alongwith the relative share certificate.

ii) The instrument of transfer alongwith the share certificate shall be submitted to the Bank at its Head Office and the transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the share register in respect thereof.

iii) Upon receipt by the Bank of an instrument of transfer along with a share certificate with a request to register the transfer, the Board or the Committee designated by the Board shall forward the said instrument of transfer along with share certificate to the Registrar or Share Transfer Agent for the purposes of verification that the technical requirements are complied with in their entirety. The Registrar or share Transfer Agent shall return the instrument of transfer along with the share certificate, if any, to the transferee for resubmission unless the instrument of transfer is presented to the bank, duly stamped and properly executed for registration and is accompanied by the certificate of the shares to which it relates and such other evidence as the Board may require to show the title of the transferor to make such transfer.

Explanation:- "Illustrations of technical requirements" means

a) Transfer deed shall be duly stamped;

b) Certificate number or distinctive number mentioned in the transfer deed shall tally with the share certificate;

c) Transferor's signature shall tally;

d) Transfer deed shall be witnessed."

(iv) The Board or the Committee designated by the Board shall, unless it refuses to register the transfer under regulation 19 hereinafter, cause the transfer to be registered.

(v) Unless the transfer of shares is refused under regulation 19, the share certificate duly transferred shall be delivered to the transferee within sixty days from the date of lodging of the instrument of transfer.

18. POWER TO SUSPEND TRANSFERS:

The Board or the Committee designated by the Board shall not register any transfer during any period in which the register is closed.

19. BOARD'S RIGHT TO REFUSE REGISTRATION OF TRANSFER OF SHARES:

i) The Board or Committee may refuse transfer of any shares in the name of transferee on any one or more of the following grounds, and on no other ground:

a) the transfer of shares is in contravention of the provisions of the Act or regulations made there under or any other Law or that any other requirement under the law relating to registration of such transfer has not been complied with;

b) the transfer of shares, in the opinion of the Board, is prejudicial to the interest of the Bank or to public interest;

c) The transfer of shares is prohibited by an order of Court, Tribunal or any other authority under any law for the time being in force.

d) an individual or company resident outside India or any company incorporated under any law not in force in India or any Branch of such company whether resident outside India or not will on the transfer being allowed hold or acquire as a result thereof, shares of the Bank and such investment in the aggregate will exceed the percentage being more than 20% (twenty) of the paid up capital or as may be specified by the Central Government by notification in the Official Gazette.

ii) The Board or Committee shall, after the instrument of transfer of shares of the Bank is lodged with it for the purpose of registration of such transfer from its opinion as to whether such registration ought or ought not to be refused on any of the grounds referred to in such regulation (i) -

a) If it has formed the opinion that such registration ought not to be so refused, effect such registration; and

b) If it has formed the opinion that such registration ought to be refused on any of the grounds mentioned in sub regulation (i) intimate the same to the Transferor and the Transferee by notice in writing giving reasons for such refusal within 60 days from the receipt of transfer form or within such period as may be laid down in the Listing Agreement with the concerned Stock Exchange

20. TRANSMISSION OF SHARES IN THE EVENT OF DEATH, INSOLVENCY ETC.:

i) The executors or administrators of a deceased share holder in respect of a share, or the holder of letter of probate or letters of administration with or without the will annexed or succession certificate issued under Part X of the Indian Succession Act, 1925 or the holder of any legal representation or a person in whose favour a valid instrument of transfer was executed by the deceased sole holder during the latter's life time shall be the only person who may be recognized by the Bank as having any title to such share.

ii) In the case of shares registered in the name of two or more share holders, the survivor or survivors and on the death of the last survivor, his executors or administrators or any person who is the holder of letters of probate or letters of administration with or without will annexed or a succession certificate or any other legal representation in respect of such survivor's interest in the share or a person in whose favour a valid instrument of transfer of share was executed by such person and such last survivor during the latter' s life time, shall be the only person who may be recognized by the Bank as having any title to such share.

iii) The Bank shall not be bound to recognize such executors or administrators unless they shall have obtained probate or letters of administration or succession certificate, as the case may be, from a Court of competent jurisdiction.

Provided, however, that in a case where the Board in its discretion thinks fit, it shall be lawful for the Board to dispense with the production of probate or letters of administration of succession certificate or such other legal representation, upon such terms as to indemnity or otherwise as it may think fit.

iv) Any such person becoming entitled to share in consequence of death of a share holder and any person becoming entitled to a share in consequence of the insolvency, Bankruptcy or liquidation of a share holder shall upon production of such evidence, as the Board may require, have the right –

a) to be registered as a shareholder in respect of such share

b) to make such transfer of such share as the person from whom he derives title could have made.

21. SHAREHOLDER CEASING TO BE QUALIFIED FOR REGISTRATION:

It shall be the duty of any person registered as a shareholder, whether solely or jointly with another or others forthwith upon ceasing to be qualified to be so registered in respect of any share to give intimation thereof to the Board in this regard.

Explanation- For the purposes of this regulation, a shareholder may cease to be qualified for registration:-

(a) If he is a guardian of minor, on the minor attaining the majority;

(b) If he is holding shares as a Karta, on his ceasing to be a Karta.

22. CALLS ON SHARES:

The Board may, from time to time, make such calls as it thinks fit upon the share holders in respect of all moneys remaining unpaid on the shares held by them, which are by the conditions of allotment not made payable at fixed times, and each shareholder shall pay the amount of every call so made on him to the person and at the time and place appointed by the Board. A call may be payable by instalments.

23. CALLS TO DATE FROM RESOLUTION:

A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by the shareholders on the register on such date or at the discretion of the Board on such subsequent date as may be fixed by the Board.

24. NOTICE OF CALL:

A notice of not less than thirty days of every call shall be given specifying the time of payment provided that before the time for payment of such call the Board may by notice in writing to the shareholders revoke the same.

25. EXTENSION OF TIME FOR PAYMENT OF CALL:

The Board may, from time to time and at its discretion, extend the time fixed for the payment of any call to all or any of the shareholders having regard to distance of their residence or some other sufficient cause, but no shareholder shall be entitled to such extension as a matter of right.

26. LIABILITIES OF JOINT HOLDERS:

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

27. AMOUNT PAYABLE AT FIXED TIME OR BY INSTALMENTS AS CALLS:

If by the terms of issue of any share or otherwise any amount is payable at any fixed time or by instalments at fixed times, every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of the calls shall relate to such amount or instalment accordingly.

28. WHEN INTEREST ON CALL OR INSTALMENT PAYABLE:

If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made, or the instalment shall be due, shall pay interest on such sum at such rate as the Board may fix from time to time, from the day appointed for the payment thereof to the time of actual payment, but the Board may at its discretion waive payment of such interest wholly or in part.

29. NON-PAYMENT OF CALLS BY SHAREHOLDER:

No shareholder shall be entitled to receive any dividend or to exercise any right of a shareholder until he shall have paid all calls for the time being due and payable on every share held by him, whether singly or jointly with any person, together with interest and expenses, as may be levied or charged.

30. NOTICE ON NON-PAYMENT OF CALL OR INSTALMENT:

If any shareholder fails to pay the whole or any part of any call or instalment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Bank may at any time thereafter during such time as the call or instalment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such shareholder or on the person (if any) entitled to the share by transmission, requiring him to pay such call or instalment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been paid or incurred by the Bank by reason of such non-payment.

31. NOTICE OF FORFEITURE:

The notice of forfeiture shall name a day not being less than fourteen days from the date of the notice and the place or places on and at which such call or instalment or such part or other monies and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.

32. SHARES TO BE FORFEITED ON DEFAULT:

If the requirements of any such notice as aforesaid are not complied with, any of the shares in respect of which such notice has been given may at any time thereafter for non-payment of all calls or instalments, interest and expenses or the money due in respect thereof, be forfeited by a resolution of the Board to that effect at its next meeting to be held after the expiry of the notice of forfeiture under regulation 31 to that effect. Such forfeiture shall include all dividends declared in respect of forfeited shares and not actually paid before the forfeiture.

33. ENTRY OF FORFEITURE IN THE REGISTER:

When any share has been forfeited under Regulation 32, an entry of the forfeiture with the date thereof shall be made in the register.

34. FORFEITED SHARES TO BE PROPERTY OF THE BANK AND MAY BE SOLD:

Any share so forfeited shall be deemed to be the property of the Bank and may be sold, reallotted or otherwise disposed of to any person upon such terms and in such manner as the Board may decide.

35. POWER TO ANNUAL FORFEITURE:

The Board may, at any time, before any share so forfeited under Regulation 32 shall have been sold, reallotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it may think fit.

36. SHAREHOLDER LIABLE TO PAY MONEY OWING AT THE TIME OF FORFEITURE AND INTEREST:

Any shareholder whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Bank all calls, instalments, interest, expenses and other moneys owing upon or in respect of such shares at the time of forfeiture with interest thereon from the time of forfeiture until payment at such rate as may be specified by the Board and the Board may enforce the payment of the whole or a portion thereof.

37. PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE:

Neither a judgement nor a decree in favour of the Bank for calls or other monies due in respect of any shares nor any payment or satisfaction thereunder nor a receipt by the Bank of a portion of any money which shall be due from any shareholder from time to time in respect of any shares either by way of principal or interest nor any indulgence granted by the Bank in respect of payment of any money shall preclude the forfeiture of such shares under these regulations.

38. FORFEITURE OF SHARES EXTINGUISHES ALL CLAIMS AGAINST BANK:

The forfeiture of a share shall involve extension, at the time of forfeiture, of all interest in and all claims and demands against the Bank, in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents expressly waived.

39. ORIGINAL SHARES NULL AND VOID ON SALE, RE-ISSUE, RE-ALLOTMENT OR DISPOSAL ON BEING FORFEITED:

Upon any sale, reissue, reallotment or other disposal under the provisions of the preceding regulations, the certificate(s) originally issued in respect of the relative shares shall (unless the same shall on demand by the Bank have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

40. APPLICATION OF FORFEITURE PROVISIONS:

The provisions of these regulations as to the forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share become payable at a fixed time, whether on account of nominal value of the shares or by way of premium as if the same had been payable by virtue of a call duly made.

41. LIEN ON SHARES:

i) The Bank shall have a first and paramount lien -

a) on every share (not being a fully paid share), for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share;

b) on all shares (not being fully-paid shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Bank;

c) upon all the shares registered in the name of each person (whether solely or jointly with others) and upon the proceeds of sale thereof for his debts; liabilities and engagements, solely or jointly with any other person to or with the Bank, whether the period for the payment, fulfilment, or discharge thereof shall have actually arrived or not and no equitable interest in any share shall be recognized by the Bank over its lien.

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

ii) The Bank's lien, if any, on a share shall extend to all dividends payable thereon.

42. ENFORCING LIEN BY SALE OF SHARES:

i) The Bank may sell, in such manner as the Board thinks fit, any shares on which the Bank has a lien;

a) if a sum in respect of which the lien exists is presently payable and

b) after the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

c) to give effect to any such sale, the Board may authorize some officer to transfer the shares sold to the purchaser thereof.

43. APPLICATION OF PROCEEDS OF SALE OF SHARES:

The net proceeds of any sale of shares under Regulation 42 after deduction of costs of such sale, shall be applied in or towards the satisfaction of the debt or liability in respect whereof the lien exists so far as the same is presently payable and the residue, if any, be paid to the shareholders or the person, if any, entitled by transmission to the shares so sold.

44. CERTIFICATE OF FORFEITURE:

A certificate in writing under the hands of any director, Company Secretary or any other Officer of the Bank not below the rank of Scale II duly authorized in this behalf, that the call in respect of a share was made and that the forfeiture of the share was made by a resolution of the Board to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such shares.

45. TITLE OF PURCHASER AND ALLOTTEE OF FORFEITED SHARE:

The Bank may receive the consideration, if any, given for the share on any sale, reallotment or other disposition thereof and the person to whom such share is sold, reallotted or disposed of may be registered as the holder of the share and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, reallotment or other disposal of the share and the remedy of any person aggrieved by the sale shall be in damages only and against the Bank exclusively.

46. SERVICE OF A NOTICE OR DOCUMENT TO SHAREHOLDERS:

i) The Bank may serve a notice or a document on any shareholder either personally, or by ordinary post at his registered address or if he has no registered address in India, at the address, if any within India supplied by him to the Bank for giving of notice to him.

ii) Where a document or notice is sent by post, the service of such document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice:

Provided that where a shareholder has intimated to the Bank in advance that documents should be sent to him under a certificate of posting or by registered post, with or without acknowledgement due or by courier service or in an electronic mode and has deposited with the Bank a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the shareholder. And such service shall be deemed to have been effected in the case of a notice of a meeting at the expiration of forty eight hours after the letter containing the same is posted, and in any other case, at the time at which the letter would have been delivered in the ordinary course of post or electronic media, as the case may be.

iii) A notice or a document advertised in a newspaper widely circulated in India shall be deemed to be duly served on the day on which the advertisement appears on every shareholder of the Bank who has no registered address in India and has not supplied to the Bank an address within India for giving of notice to him.

iv) A notice or document may be served by the Bank on the joint holder of a share by effecting service on the joint holder named first in the register in respect of the share and notice so given shall be sufficient notice to all the holders of the said shares.

v) A notice or a document may be served by the Bank on the persons entitled to a share upon death or in consequence of the insolvency of a shareholder by sending it through post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons, claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.

vi) The signature to any notice to be given by the Bank may be written or printed.

CHAPTER III

SECURITIES OF THE BANK HELD IN A DEPOSITORY

47. AGREEMENT BETWEEN A DEPOSITORY AND THE BANK:

The Bank may enter into an agreement with one or more depository as defined in section 2 (e) of the Depositories Act, 1996to avail of its services in respect of securities issued by the Bank.

CHAPTER IV

MEETINGS OF SHAREHOLDERS

56. NOTICE CONVENING AN ANNUAL GENERAL MEETING:

i) A notice convening an Annual General Meeting of the shareholders signed by the Chairman and Managing Director or Executive Director or any officer not below the rank of Scale VII or Company Secretary of the Bank shall be published atleast twenty one clear days before the meeting in not less than two daily newspapers having wide circulation in India.

ii) Every such notice shall state the time, date and place of such meeting and also the business that shall be transacted at that meeting.

iii) The time and date of such meeting shall be as specified by the Board. The meeting shall be held at the place of Head Office of the Bank.

57. EXTRAORDINARY GENERAL MEETING:

i) The Chairman and Managing Director or in his absence the Executive Director of the Bank or in his absence any one of the Directors of the Bank may convene an Extra Ordinary General Meeting of shareholders if so directed by the Board, or on a requisition for such a meeting having been received either from the Central Government or from other shareholders holding shares, carrying, in the aggregate, not less than ten percent of the total voting rights of all the shareholders.

ii) The requisition referred in sub-regulation (i) shall state the purpose for which the Extra Ordinary General Meeting is required to be convened, but may consist of several documents in like form each signed by one or more of the requisitionists.

iii) Where two or more persons hold any shares jointly, the requisition or a notice calling a meeting, signed by one or some of them shall, for the purpose of this regulation have the same force and effect as if it had been signed by all of them.

iv) The time, date and place of the Extra Ordinary General Meeting shall be decided by the Board:

Provided that the Extra Ordinary General Meeting convened on the requisition by the Central Government or other shareholder shall be convened not later than 45 days of the receipt of the requisition.

v) If the Chairman and Managing Director or in his absence the Executive Director, as the case may be, does not convene a meeting as required by sub-regulation (i), within the period stipulated in the proviso to sub-regulation (iv), the meeting may be called by the requisitionist themselves within three months from the date of the requisition;

Provided that nothing in this sub-regulation shall be deemed to prevent a meeting duly convened before the expiry of the period of three months aforesaid, from being adjourned to some day after the expiry of that period.

vi) A meeting called under sub-regulation (v) by the requisitionist shall be called in the same manner, as nearly as possible as that in which the other general meetings are called by the Board.

58. QUORUM OF GENERAL MEETING:

i) No business shall be transacted at any meeting of the shareholders unless a quorum of atleast five shareholders entitled to vote at such meeting in person are present at the commencement of such business.

ii) If within half an hour after the time appointed for the holding of a meeting, a quorum is not present, in the case of a meeting called by a requisition of shareholders other than the Central Government, the meeting shall stand dissolved.

iii) In any other case if within half an hour after the time appointed for the holding of a meeting, a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and such other time and place as the Chairman may determine. If at the adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the shareholders who are present in person or by proxy or by duly authorized representative at such adjourned meeting shall be quorum and may transact the business for which the meeting was called:

Provided that no Annual General Meeting shall be adjourned to a date later than the date within which such Annual General Meeting shall be held in terms of Section 10A(1) of the Act and if adjournment of the meeting to the same day in the following week would have this effect, the Annual General Meeting shall not be adjourned but the business of the meeting shall be commenced within one hour from the time appointed for the meeting if the quorum is present or immediately after the expiry of one hour from that time and those shareholders who are present in person or by proxy or by duly authorized representative at such time shall form the quorum.

59. CHAIRMAN AT GENERAL MEETING:

i) The Chairman and Managing Director or in his absence, the Executive Director or in his absence such one of the Directors as may be generally or in relation to a particular meeting be authorized by the Chairman and Managing Director or in his absence, the Executive Director in this behalf, shall be the Chairman of the meeting and if the Chairman and Managing Director or the Executive Director or any other Director authorized in this behalf is not present, the meeting may elect any other Director present to be Chairman of the meeting.

ii) The Chairman of the General Meeting shall regulate the procedure at General Meetings and in particular shall have power to decide the order in which the shareholders may address the meeting to fix a time limit for speeches, to apply the closure, when in his opinion, any matter has been sufficiently discussed and to adjourn the meeting.

60. PERSONS ENTITLED TO ATTEND GENERAL MEETINGS:

i) All Directors and all shareholders of the Bank shall, subject to the provisions of Sub-Regulation (ii) be entitled to attend the General Meeting.

ii) A shareholder (not being the Central Government) or a Director, attending a General Meeting shall for the purpose of identification and to determine his voting rights, be required to sign and deliver to the Bank a form to be specified by the Chairman containing particulars relating to:

a) his full name and registered address,

b) the distinctive numbers of his shares,

c) whether he is entitled to vote and the number of votes to which he is entitled in person or by proxy or as a duly authorized representative.

61. VOTING AT GENERAL MEETINGS:

i) At any General Meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded be decided on a show of hands.

ii) Save as otherwise provided in the Act every matter submitted to a General Meeting shall be decided by a majority of votes.

iii) Unless a poll is demanded under Sub-Regulation (i), a declaration by the Chairman of the meeting that a resolution on show of hands has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings, shall be conclusive evidence of the fact, without proof of the number of proportion of the votes cast in favour or, or against, such resolution.

iv) Before or on the declaration of the result of the voting or any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion, and shall be ordered to be taken by him on demand made in that behalf by any shareholder or shareholders present in person or by proxy and holding shares in the Bank which confer a power to vote on the resolution not being less than one fifth of the total voting power in respect of the resolution.

v) The demand for the poll may be withdrawn at any time by the person or persons who made the demand.

vi) The poll demanded on a question of adjournment or election of Chairman of the meeting shall be taken forthwith.

vii) A poll demanded on any other question shall be taken at such time not being later than forty eight hours from the time when the demand was made, as the Chairman of the meeting may direct.

viii) The decision of the Chairman of the meeting as to the qualification of any person to vote, and also in the case of poll, as to the number of votes any person is competent to exercise shall be final.

61A. SCRUTINEERS AT POLL.

i) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him.

ii) The Chairman of the meeting shall have the power, at any time before the result of the poll is declared, to remove a scrutineer from the office and to fill the vacancy in the office of the scrutineers arising from such removal or from any other cause.

iii) Of the two scrutineers appointed under this regulation one shall always be a shareholder (not being an Officer or employee of the Bank) present at the meeting: provided that such a shareholder is available and willing to be appointed.

61B. MANNER OF TAKING POLL AND RESULT THEREOF.

i) The Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

ii) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

62. MINUTES OF GENERAL MEETINGS:

i) The Bank shall cause the minutes of all proceedings to be maintained in the books kept for the purpose.

ii) Any such minutes, if purporting to be signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings.

iii) Until the contrary is proved, every General Meeting in respect of the proceedings hereof minutes have been so made shall be deemed to have been duly called and held, and all proceedings held thereat to have been duly held.

iv) On written request made by a shareholder for inspection of the minute book or for a copy of the minute of a specified meeting, the Bank shall allow the inspection or furnish the copy of the minute, as the case may be, to the shareholder

CHAPTER V

ELECTION OF DIRECTORS

63. DIRECTORS TO BE ELECTED AT GENERAL MEETING:

i) A Director under Clause (i) of Sub-Section (3) of Section 9 of the Act shall be elected by the Shareholders on the register, other than the Central Government, from amongst themselves in the General Meeting of the Bank.

ii) Where an election of a Director is to be held at any General Meeting, the notice thereof shall be included in the notice convening the meeting. Every such notice shall specify the number of Directors to be elected and the particulars of vacancies in respect of which the election is to be held.

64. LIST OF SHAREHOLDERS:

i) For the purpose of election of a Director under Sub-Regulation (i) of Regulation 63 of these regulations, a list shall be prepared of shareholders on the register by whom the Director is to be elected.

ii) The list shall contain the names of the shareholders, their registered addresses, the number and denoting numbers of shares held by them with the dates on which the shares were registered and the number of votes to which they will be entitled on the date fixed for the meeting at which the election will take place and copies of the list shall be available for purchases atleast three weeks before the date fixed for the meeting at a price to be fixed by the Board or the Management Committee, on application at the Head Office.

65. NOMINATION OF CANDIDATES FOR ELECTION:

i) No nomination of a candidate for election as a Director shall be valid unless:

a) he is a shareholder holding not less than 100 (one hundred) shares in the Bank

b) he is on the last date for receipt of nomination, not disqualified to be a director under the Act or under the Scheme;

c) he has paid all calls in respect of the shares of the Bank held by him, whether alone or jointly with others, on or before the last date fixed for the payment of the call;

d) the nomination is in writing signed by atleast one hundred shareholders entitled to elect directors under the Act or by their duly constituted attorney, provided that a nomination by a shareholder who is a company may be made by a resolution of the Directors of the said company and where it is so made, a copy of the resolution certified to be a true copy by the Chairman of the meeting at which it was passed shall be dispatched to the Head Office of the Bank and such copy shall be deemed to be a nomination on behalf of such company;

e) the nomination accompanies or contains a declaration signed by the candidate before a Judge, Magistrate, Registrar or Sub-registrar of Assurances or other Gazetted Officer or any officer of the Reserve Bank of India or any nationalized bank, that he accepts the nomination and is willing to stand for election, and that he is not disqualified either under the Act or the scheme or these regulations from being a Director.

ii) No nomination shall be valid unless it is received with all the connected documents complete in all respects and received, at the Head Office of the Bank on a working day not less than fourteen days before the date fixed for the meeting.

66. SCRUTINY OF NOMINATIONS:

i) Nominations shall be scrutinized on the first working day following the date fixed for receipt of the nominations and in case any nomination is not found to be valid, the same shall be rejected after recording the reason therefore. If there is only one valid nomination for any particular vacancy to be filled by election, the candidate so nominated shall be deemed to be elected forthwith and his name and address shall be published as so elected. In such an event there shall not be any election at the meeting convened for the purpose and if the meeting had been called solely for the purpose of the aforesaid election, it shall stand cancelled.

ii) In the event of an election being held, if valid nominations are more than the number of directors to be elected, the candidate polling the majority of votes shall be deemed to have been elected.

iii) A director elected to fill an existing vacancy shall be deemed to have assumed office from the date following that on which he is, or is deemed to be elected.

67. ELECTION DISPUTES:

i) If any doubt or dispute shall arise as to the qualification or disqualification of a person deemed, or declared to be elected, or as to the validity of the election of a director, any person interested, being a candidate or shareholder entitled to vote at such election, may, within seven days of the date of the declaration of the result of such election, give intimation in writing thereof to the Chairman and Managing Director of the Bank and shall in the said intimation give full particulars of the grounds upon which he doubts or disputes the validity of the election.

ii) On receipt of an intimation under Sub-regulation (i), the Chairman and Managing Director or in his absence, the Executive Director of the Bank shall forthwith refer such doubt or dispute for the decision of a committee consisting of the Chairman and Managing Director or in his absence, the Executive Director and any two of the Directors nominated under Clause (b) and (c) of sub-section (3) of Section 9 of the Act.

iii) The committee referred to in Sub-Regulation (ii) shall make such enquiry as it deems necessary and if it finds that the election was a valid election, it shall confirm the declared result of the election or, if it finds that the election was not a valid election, it shall, within 30 days of the commencement of the enquiry, make such order and give such directions including the holding of a fresh election as shall in the circumstances appear just to the committee.

iv) An order and direction of such committee in pursuance of this regulation shall be conclusive.

CHAPTER VI

VOTING RIGHTS OF SHAREHOLDERS

68. DETERMINATION OF VOTING RIGHTS:

i) Subject to the provisions contained in Section 3(2E) of the Act, each shareholder who has been registered as a shareholder on the date of closure of the register prior to the date of a General Meeting shall, at such meeting, have one vote on show of hands and in case of a poll shall have one vote for each share held by him.

ii) Subject to the provisions contained in Section 3(2E) of the Act, every shareholder entitled to vote as aforesaid who, not being a company, is present in person or by proxy or who being a company is present by a duly authorised representative, or by proxy shall have one vote on a show of hands and in case of a poll shall have one vote for each share held by him as stated hereinabove in sub-regulation (i)

Explanation – for this Chapter, “ Company” means any body corporate.

iii) Shareholders of the Bank entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of himself; but a proxy so appointed shall not have any right to speak at the meeting.

69. VOTING BY DULY AUTHORISED REPRESENTATIVE:

i) A shareholder, being the Central Government or a company, may by a resolution, as the case may be, authorize any of its officials or any other person to act as its representative at any General Meeting of the shareholders and the person so authorized (referred to as a ‘duly authorized representative’ in these regulations) shall be entitled to exercise the same powers on behalf of the Central Government or company which he represents, as if he were an individual shareholder of the Bank. The authorization so given may be in favour of two persons in the alternative and in such a case any one of such persons may act as a duly authorized representative of the Central Government/ Company.

ii) No person shall attend or vote at any meeting of the shareholders of the Bank as the duly authorized representative of a company unless a copy of the resolution appointing him a duly authorized representative certified to be a true copy by the Chairman of the meeting at which it was passed shall have been deposited at the Head Office of the Bank not less than four days before the date fixed for the meeting.

70. PROXIES:

i) No instrument of proxy shall be valid unless, in the case of an individual shareholder, it is signed by him or by his attorney duly authorized in writing or in the case of joint holders, it is signed by the shareholder first named in the register or his attorney duly authorized in writing or in the case of the body corporate signed by its officer or an attorney duly authorized in writing;

Provided that an instrument of proxy shall be sufficiently signed by any shareholder, who is, for any reason, unable to write his name, if his mark is affixed thereto and attested by a Judge, Magistrate, Registrar or Sub-Registrar of Assurances or other Government Gazetted officer or an Officer of the Bank.

ii) No proxy shall be valid unless it is duly stamped and a copy thereof deposited at the Head Office of the Bank not less than four days before the date fixed for the meeting, together with the power of attorney or other authority (if any) under which it is signed or a copy of that power of attorney or other authority certified as a true copy by a Notary Public or a Magistrate unless such a power of attorney or the other authority is previously deposited and registered with the Bank.

iii) No instrument of proxy shall be valid unless it is in Form ‘B’.

iv) An instrument of proxy deposited with the Bank shall be irrevocable and final.

v) In the case of an instrument of proxy granted in favour of two grantees in the alternative, not more than one form shall be executed.

vi) The grantor of an instrument of proxy under this regulation shall not be entitled to vote in person at the meeting to which such instrument relates.

vii) No person shall be appointed as duly authorized representative or a proxy who is an officer or an employee of the Bank.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Bank or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Bank. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Designated Stock Exchange for registration and also the documents for inspection referred to hereunder, may be inspected at the Head Office and the Corporate Office of our Bank between 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid Closing Date/Issue Closing Date.

Material Contracts

1. Letters of appointment dated March 30, 2005 to SBI Capital Markets Limited, DSP Merill Lynch Limited, Enam Financial Consultants Private Limited JM Morgan Stanley Private Limited and Kotak Mahindra Capital Company Limited, April 30, 2005 to Karvy Investor Services Limited, August 18, 2005 to HSBC Securities and Capital Markets (India) Private Limited from our Bank appointing them as BRLMs and December 19, 2005 to Yes Bank Limited
2. Letter of appointment dated September 19, 2005 for the Registrar to the Issue.
3. Memorandum of Understanding amongst our Bank and the BRLMs dated October 5, 2005.
4. Memorandum of Understanding executed by our Bank and the Registrar to the Issue dated October 5, 2005.
5. Escrow Agreement dated [●] between the Bank, the BRLMs, the Co-Manager, Escrow Collection Bank and the Registrar to the Issue.
6. Syndicate Agreement dated [●] between the Bank, the BRLMs, the Syndicate Members and the Co-Manager.
7. Underwriting Agreement dated [●] between the Bank, the BRLMs, the Syndicate Members and the Co-Manager.

Material Documents

1. Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time.
2. Bank of Baroda General (Shares and Meetings) Regulations, 1998, as amended from time to time.
3. Shareholders' resolution dated January 4, 2005 in relation to this Issue and other related matters.
4. Resolution of the Board of Directors dated September 12, 2004 and February 25, 2005 in relation to this Issue and other related matters.
5. Letter no. FE.CO.FID/4781/10.02.40 (9107)/2005-06 dated September 2, 2005, from RBI permitting the Bank to issue shares to non-residents (except erstwhile OCBs) with repatriation benefits out of the issue of Equity Shares of Rs. 10 each amounting to Rs. 710 million.
6. Letter no. F.No.11/31/2004-BOA dated February 11, 2005, from the GoI, Ministry of Finance, Department of Economic Affairs (Banking Division), granting its approval for the Issue.
7. Notification F.No.11/31/2004-BOA dated February 14, 2005 from the GoI, MoF granting an exemption to us from the provisions of sections 13 and 15(1) of the Banking Regulations Act for a period of five years.
8. Reports of the Auditors dated December 20, 2005 prepared as per Indian GAAP and disclosed elsewhere in this Red Herring Prospectus.
9. Copies of annual reports of our Bank for the last five financial years.
10. Consents of the Auditors for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.
11. Power of Attorney executed by the Directors of our Bank in favour of Person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
12. Consents of BRLMs, Advisors to the Issue, Syndicate Members, Registrar to the Issue, Escrow Collection Bank,

Banker to the Issue, Domestic Legal Counsel to the Bank, Domestic Legal Counsel to the Managers, International Legal Counsel to the Managers, Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

13. In-principle listing applications dated October 5, 2005 and approvals dated October 19, 2005, October 17, 2005 and October 18, 2005 from NSE, BSE and VSE respectively.
14. Tripartite agreement between NSDL, our Bank and the Registrar to the Issue dated March 29, 1997.
15. Tripartite agreement between CDSL, our Bank and the Registrar to the Issue dated January 1, 2000.
16. SEBI observation letter no. CFD/DIL/AC/52974/2005 dated October 27, 2005 and our reply to the same dated December 21, 2005.
17. Due diligence certificate dated October 5, 2005 to SEBI from the BRLMs.
18. Due diligence certificate dated [●] to SEBI from the BRLMs.
19. Tax benefit report dated October 1, 2005 provided from S. M/s S. Venkatram & Co., Chartered Accountants.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Bank or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

DECLARATION

We, the Directors of the Bank, hereby declare that all the relevant provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and subsequent amendments made thereto, Bank of Baroda General (Shares and Meetings) Regulations, 1998, Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and subsequent amendments made thereto, Bank of Baroda General (Shares and Meetings) Regulations, 1998, Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. All legal requirements applicable till the filing of the Red Herring Prospectus with the Stock Exchanges have been complied with. We further certify that all statements and disclosures in this Red Herring Prospectus are true and fair.

SIGNED BY ALL DIRECTORS

Sd/-

Dr. Anil K. Khandelwal

Sd/-

A.C. Mahajan

Sd/-

Vinod Rai*

Sd/-

G.K. Sharma*

Sd/-

Dr. Pradip N. Khandwala*

Sd/-

Manesh P. Mehta*

Sd/-

T. K. Balasubramanian*

Sd/-

Masarrat Shahid *

Sd/-

Dr. Deepak Bhaskar Phatak*

Sd/-

Dr. Dharmendra Bhandari*

* Through their constituted attorney K.K. Agarwal, through the respective powers of attorneys.

General Manager Treasury & International Banking Division

Date : December 29, 2005

Place : Mumbai

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