ISSUE TERMS (TRANCH II)
Dated: June 14, 2006

Name of the Issuer	UTI Bank Ltd.	
Amount to be raised	Rs. 200 crores including Green Shoe Option of Rs.100 crores maximum.	
Face Value	Rs. 10,00,000 (Rupees Ten Lakhs) per Debenture	
Issue price	Rs.10,00,000 per Debenture (at par)	
Security	Unsecured Redeemable Non Convertible Tier II Debenture	
Rating	'LAA+' by ICRA 'AA+(ind)' by FITCH	
	Option I	**Option II**
Coupon Rate	8.95% p.a.	9.10% p.a.
Coupon Payment	Annually	Annually
Maturity	87 months from Deemed Date of Allotment	120 months from Deemed Date of Allotment
Put and Call Option	Nil	
Day Count basis	Interest payable on the Debentures will be calculated on the basis of actual number of days elapsed in a year of 365 or 366 Days as the case may be	
Interest on Application Money	Interest on application money will be same as the Coupon rate (subject to deduction of Tax at Source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modifications or re-enactment thereof) will be paid on application money to the applicants from the date of realisation but excluding the Deemed Date of Allotment.	
Listing	The Debentures being offered shall be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE).	
Minimum Application Size	1 Debenture and in multiples of 1 Debenture thereafter	
Market Lot	1 and in multiples of 1 thereafter	
Terms of Subordination	Pari passu among themselves and with other subordinated indebtedness of UTI Bank Ltd., and subordinate to the claims of all other creditors and depositors of UTI Bank Ltd., as regards repayment of principal and interest by the Issuer	
Debenture Trustees	The Western India Trustee & Executor Co. Limited	
Registrar & Transfer Agents	Karvy Computershare Pvt. Ltd.	

Issue Schedule

Issue Opening Date (*)	June 8, 2006
Issue Closing Date (*)	June 24, 2006
Deemed Date of Allotment (*)	June 28, 2006

(*) The issuer reserves the right to change the issue timetable including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice.

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SHELF INFORMATION MEMORANDUM

UTI BANK LIMITED

(Incorporated on 3rd December, 1993 under The Companies Act, 1956)
Registered Office: "Trishul", Third Floor, Opp. Samartheshwar Temple,
Law Garden, Ellisbridge, Ahmedabad – 380 006
Tel No. 079-26409322 / Fax No. 079-26409321, website: www.utibank.com
Contact Person:. Mr.P.J Oza; Email address: poza@utibank.co.in

[The Registered Office of the company was changed form 'Sakar - I', Ground Floor, Off Ashram Road, Ahmedabad 380 009 to the present address w.e.f. May 25, 2004]

Central Office: Maker Tower 'F', 13th Floor, Cuffe Parade, Colaba, Mumbai - 400 005
Tel No. (022) 22189106/7/8/9, Fax No. (022) 22186944/22181429

SHELF INFORMATION MEMORANDUM FOR PRIVATE PLACEMENT OF 10,000 UNSECURED SUBORDINATED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF RS. 10,00,000/- EACH FOR CASH AT PAR AGGREGATING TO RS. 1000 CRORES IN ONE OR MORE TRANCHES

General Risk

Investment in debt instruments involves a degree of risk and investors should invest any funds in the issue only after reading the risk factors on page no. 9 to page no. 14 in the Information Memorandum carefully. For taking investment decision, investors must rely on their own examination of the Issuer and the issue including the risk involved. The Securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

Issuer's Absolute Responsibility

The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in the Information Memorandum 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 make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

Listing

The Unsecured Redeemable Subordinated Debentures are proposed to be listed on The National Stock Exchange of India Limited (NSE) and The Bombay Stock Exchange Limited (BSE).

Credit Rating

ICRA has assigned rating **"LAA+"** (pronounced L double A plus) with positive outlook to these Debentures. This rating indicates high-credit-quality rating assigned by ICRA. The rated instrument carries low credit risk.
FITCH has assigned rating **"AA+ (ind)"** (Double A plus ind) rating to the Subordinated Debt Programme. The Outlook on the rating is "Stable". The credit risk inherent in these financial commitments differs only slightly from the country's highest rated issuers or issues.

DEBENTURE TRUSTEES	**REGISTRAR TO THE ISSUE**
The Western India Trustee & Executor Co. Limited 161/C, 16th Floor, Mittal Court, Nariman Point, Mumbai 400021 Tel No.: 022-22812883 / 22880988 Fax No. 022-22816477 E-mail : witco@vsnl.net	**Karvy Computershare Pvt. Ltd.** Karvy House, 46, Avenue 4, Street no.1, Banjara Hills, Hyderabad – 500 034. Tel. No. 040 23312454 / 23320751 Fax no. 040 23311968 E-mail : jayaramanvk@karvy.com

ISSUE SCHEDULE

This is a Shelf Information Memorandum and the issue schedule for each tranche would be provided separately which would form a part of this Information Memorandum.

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DEFINITIONS/ABBREVIATIONS USED

Act	The Companies Act, 1956
ALCO	Asset Liability Management Committee
ATM	Automated Teller Machine
BR Act	The Banking Regulation Act, 1949
BSE	Bombay Stock Exchange Ltd.
Bps	Basis Points
CAR	Capital Adequacy Ratio
CRR	Cash Reserve Ratio
CMD	Chairman and Managing Director
CDSL	Central Depository Services Limited
COD	Committee of Directors
DRT	Debt Recovery Tribunal
DDA	Deemed Date of Allotment
ED	Executive Director
FI	Financial Institution
FII	Foreign Institutional Investors
F&O	Futures & Options
FY/F.Y.	Financial Year
GDR	Global Depository Receipt
GIC	General Insurance Corporation of India
GIC-AMC	GIC Asset Management Company
GIC-HF	GIC Housing Finance Limited
G-Sec	Government Securities
GOI/GoI	Government of India
ICRA	ICRA Limited
INBMK	Indian Benchmark
Kshs	Kenyan Shilling
LIC of India	Life Insurance Corporation of India
MCX	Multi Commodity Exchange of India Ltd.
MF/MFs	Mutual Fund(s)
NAV	Net Asset Value
NDTL	Net Demand and Time Liabilities
NI Act	Negotiable Instruments Act
NCDEX.	National Commodity & Derivatives Exchange Limited
NIAC	The New India Assurance Company Ltd.
NIC	National Insurance Company Ltd.
NPAs	Non Performing Assets
NRI(s)	Non Resident Individuals
NSDL	National Securities Depository Limited
NSE	National Stock Exchange.
PLR	Prime Lending Rate
SARFAESI	The Securitisation and Reconstruction of Financial Assets and Enforcement of Act Security Interest Act, 2002.
OIC	The Oriental Insurance Company Limited.
OTCEI	Over The Counter Exchange of India
OCB	Overseas Corporate Body
RBI	Reserve Bank of India

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SEBI	Securities and Exchange Board of India
SUUTI	Specified Undertaking of Unit Trust of India
T.T	Trinidad and Tobago
UIIC	United India Insurance Company Limited
UTI	Unit Trust of India

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DEFINITIONS

Act	*The Act shall mean the Companies Act, 1956 as amended from time to time till date.*
Application Form	*The Application Form means the form in terms of which, the investors shall apply for the Unsecured Redeemable Subordinated Debentures of the Bank*
Articles	*Articles mean the Articles of Association of the Bank.*
The Bank/ The Issuer Company/ the Issuer/UTI Bank / We / Us	*The Bank / the Issuer Company / the Issuer / UTI Bank / We / Us shall mean UTI Bank Limited, a Banking Company incorporated under the Companies Act, 1956 and also governed by the Banking Regulation Act, 1949, and having its Registered Office at, "Trishul", Third Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad – 380 006*
Board	*The Board means the Board of Directors of the Bank or a Committee thereof.*
Debentures	*The Debentures means Unsecured Redeemable Non-Convertible Subordinated Debentures offered through private placement route under the terms of this Shelf Memorandum and any addendum thereto*
Debentureholder(s)	*Debentureholder(s) shall mean the Holder(s) of the Debentures(s) in dematerialised form*
Beneficial Owner(s)	*Debentureholder(s) holding Debenture(s) in dematerialized form (Beneficial Owner of the Debenture(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996)*
Information Memorandum / Offer Document/Disclosure Document	*Shelf Memorandum of Information dated February 16, 2006* for *Private Placement of Unsecured Redeemable Subordinated Debentures to be issued by UTI Bank Limited*
Issue/ Offer/ Offering	*Private Placement of Unsecured Redeemable Subordinated Debentures offered under the terms of this Shelf Memorandum and any addendum thereto*
Memorandum	*Memorandum of Association of the bank*
The Stock Exchange, Mumbai / BSE	*Bombay Stock Exchange Limited*
The National Exchange / NSE	*National Stock Exchange of India Limited*
Registrars to the Issue/ Registrar/ Registrar and Transfer Agents	*Karvy Computershare Private Limited*
Trustees / Trustee to Debentureholder(s)	*The Western India Trustee & Executor Co. Limited*

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DISCLAIMER

This Shelf Information Memorandum for private placement is neither a prospectus nor a statement in lieu of prospectus. This is only an information memorandum intended for private use and should not be construed to be an invitation for subscription to Debentures. This document is for the exclusive use of the Person(s)/Institution(s) to whom it is delivered and it should not be circulated or distributed to third party(ies). No Prospectus in relation to the Issuer or the NCDs relating to this Offer has been delivered for neither registration nor such a document is required to be registered under the applicable laws. It is the responsibility of potential investors to also ensure that they will sell these NCDs strictly in accordance with this Shelf Information Memorandum and other applicable laws, so that the sale does not constitute an offer to the public, within the meaning of the Companies Act, 1956. The potential investors should consult their own tax advisors on the tax implication relating to acquisition, ownership, sale or redemption of NCDs and in respect of income arising thereon. Investors are also required to make their own assessment regarding their eligibility for making investment(s) in the NCDs of the Company. The company or any of its directors, employees, advisors, affiliates, subsidiaries or representatives do not accept any responsibility and or liability for any loss or damage however arising and of whatever nature and extent in connection with the said information.

This Shelf Memorandum of Information for issue of bonds on private placement basis has been prepared in conformity with the extant SEBI circular no. SEBI/MRD/SE/AT/36/2003/30/09 dated September 30, 2003 and SEBI circular no. SEBI/MRD/SE/AT/46/2003 dated December 22, 2003. Therefore, as per the applicable provisions, copy of this Shelf Memorandum of Information has not been filed or submitted to SEBI.

This Shelf Information Memorandum is not intended to provide the sole basis of any credit decision or other evaluation and should not be considered as a recommendation that any recipients of this Shelf Information Memorandum should invest in the Debentures proposed to be issued by Issuer. Each potential investor should make its own independent assessment of the investment merit of the Debentures and the Issuer.

The information relating to the company contained in the Memorandum is believed by the company to be accurate in all respects as of the date hereof.

The distribution of this Shelf Information Memorandum and the offering of the Debentures in certain jurisdictions may be restricted by law. Persons into whose possession this Shelf Information Memorandum comes are required by the Issuer to inform themselves about, and observe any such restrictions.

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FORWARD-LOOKING STATEMENTS

This Information Memorandum may contain certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as we "believe", "expect", "estimate", "anticipate", "intend", "plan" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, among others:

a) General economic and business conditions in India;
b) Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
c) Changes in the value of the Indian rupee and other currency changes;
d) Changes in the Indian and International interest rates;
e) Changes in laws and regulations that apply to the Indian Banking Industry;
f) Increasing competition in, and the conditions of, the Indian Banking Industry;
g) Changes in political conditions in India; and
h) Changes in the foreign exchange control regulations in India.

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. In accordance with SEBI requirements, our bank 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(s).

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RISK FACTORS

Following are certain considerations, which the investors should peruse before making an investment in the issue. The material implication of the risks envisaged by the management has been quantified as far as possible. Where such quantification has not been made it may be construed that the implication cannot be quantified.

Internal Risk Factor:

1. Net interest income constituted 60.41% of the Bank's operating revenue for the 9-month period ended 31 December 2005. Changes in market interest rates could affect the interest rates charged on Bank's interest-earning assets differently from the interest rates paid on its interest-bearing liabilities. Any volatility in interest rates could adversely affect the Bank's business and its future financial performance.

   Proposal to address the Risk: In spite of hardening interest rates, the Bank has managed to lower its cost of funds from 4.89% in Q2 to 4.86% in Q3 owing to strong growth in savings bank and current accounts. The Asset Liability Management Committee (ALCO) of the Bank continuously monitors interest rate changes to assess the impact of change in interest rates and takes steps taken/required to be taken to minimize adverse impact, if any.

2. The primary business of Bank is lending which carries a risk of default by borrowers.

   Proposal to address the Risk: Necessary controls like entry level norms, maintaining a diversified portfolio through different industry segments, adhering to rating wise individual exposure limit, group-wise exposure limits, etc. ensure management of credit risk in the portfolio. The performance of the asset portfolio is monitored on a regular basis to take corrective action wherever necessary.

3. Any increase in the NPA levels of the Bank could adversely affect the Bank's performance. The Bank's net NPAs represented 0.95% of its net customers assets as on 31 December, 2005 down from 1.30% at the end of December'04, and also down from 1.03% as at end September'05. Any deterioration in the quality of the assets or inability of borrowers under restructuring programmes to perform, as projected, may adversely impact the asset quality.

   Proposal to address the Risk: The Bank has reduced its net NPAs significantly with a combination of conservative origination, adequate provisioning and emphasis on recoveries. The Bank has in place sound risk management systems and remedial management systems to identify and deal with borrowers under stress.
   The payment terms in respect of restructured assets are changed only if they come under CDR mechanism or the Bank is convinced about their capability to turn around and improve performance to honour the revised loan service obligations.

4. The Bank meets its funding requirements through short and long-term deposits from retail and large corporate depositors. However, a significant portion of the Bank's assets have long maturities resulting in maturity mismatches in liabilities and assets. If depositors do not

renew deposits or the Bank is unable to raise new deposits, the Bank may face a liquidity problem and may be required to pay higher interest rates to attract deposits, which may have an adverse impact on the Bank's business and operations.

Proposal to address the Risk: The Bank has advanced risk management system in place to monitor liquidity gap position vis-à-vis prudential limits. This report is placed periodically at ALCO so as to maintain a healthy and sustained growth within acceptable risk parameters. The Bank also maintains adequate levels of liquid assets, which can be used to meet the liquidity gaps.

5. The Bank faces substantial income volatility from its treasury operations. The Bank has reported a Trading Profit of Rs.47.24 crores in Q3 of the current financial year as compared to a Trading Profit of Rs.40.88 crores in Q3 of last year, a growth of 16% yoy. The Bank's treasury operations generated substantial trading income as a result of the fall in interest rates during June 2001 to April 2004. The profits on sale of investments and derivative transactions during fiscal 2003 and fiscal 2004 were Rs. 246 crores and Rs. 321 crores, respectively. However, with interest rates rising over the past year, the income from trading opportunities in treasury operations declined and during the financial year ended 31 March 2005 the Bank recorded a much smaller profit of Rs. 37.39 crores from such operations.

   Proposal to address the Risk: The Bank is focussed on reducing volatility in its income by reducing its dependence on trading revenue. The Bank has put in place adequate internal controls to monitor its securities portfolio position and ALCO reviews the value at risk periodically.

6. The Bank is exposed to fluctuation in foreign currency rates for its unhedged exposure.

   Proposal to address the Risk: The Bank operates within the regulatory limits on its unhedged foreign currency exposure and other risk control limits with pre-set triggers to control the risk.

7. The Bank's retail assets portfolio has grown from Rs. 2052 crores as of 31 March 2004 and Rs. 4184 crores as of 31 March 2005 to Rs.5778 crores as of 31 December 2005 (Retail Assets now constitute 30% of the Total Advances). The Bank has set up Retail Asset Centres (RACs) at 12 cities and Satellite RACs (SRACs) at 26 additional cities for focussed retail lending. The Bank is a relatively recent entrant into the retail loan market and the current default experience in the portfolio may undergo a change in the future. In the course of its retail banking business, the Bank also acquires assets through its channel partners and any failure on their part to perform their obligations due to their own failure, omissions or fraud may adversely impact the Bank's future financial performance.

   Proposal to address the Risk: The Bank follows product specific screening and verification processes to contain credit risk of borrowers in the retail portfolio. In respect of use of

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services of channel partners for acquisition of assets a strict selection criteria is used giving due weight to their past track record.

8. The Bank has purchased pools of retail assets from different originators with varying levels of duration. Only a few of these pools have been rated by external rating agencies.

   Proposal to address the Risk: In every case a detailed due diligence process is undertaken to identify assets, which meet a pre-selection criteria, to form a pool. The pool selection criterion is fixed to maintain geographical diversity, minimum expected seasoning of assets, efficient collection mechanism of the originator, among others.

9. The Bank has securitised retail and corporate assets, and provided credit enhancements through cash collateral to the holders of certain senior investors of securitised assets. These pools have been rated by external rating agencies, which have used pre-selection criteria for selecting the pools. Any deterioration in the Bank's ability to recover from a pool of securitised assets could result in holders of senior securitised assets drawing from the Bank's pledged cash collateral and could also trigger an increase in the Bank's provisioning requirements.

   Proposal to contain Risk: While credit enhancements have been provided as recommended by the rating agency the Bank does not expect these assets to show behaviour drastically different from its existing borrowers.

10. The Bank is vulnerable to risk arising from the failure of employees to adhere to approved procedures, system controls, fraud, system failures, information system disruptions, communication systems failure and data interception during transmission through external communication channels and networks.

    Proposal to address the Risk : The Bank has laid down a clear operational guidelines covering different business functions. These are periodically reviewed and necessary instructions are issued to operating staff for compliance. The Inspection and Audit Department of the Bank checks the compliance at pre-determined frequency.

    The Bank employs security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. These are continuously reviewed and upgraded.

11. The Bank is acting as trustee for various debenture issues under the SEBI (Disclosure and Investor Protection Guidelines 2000) (the "SEBI Guidelines"), as amended. If the Bank's licence to act as a debenture trustee is revoked or if there is a failure by the Bank in the performance of its duties as trustee, claims against the Bank from investors or governmental authorities could result and the Bank could incur penalties.

    Proposal to address the Risk: The Bank operates within the extant guidelines and is selective in taking up assignments with clients.

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12 (a) Following are the major litigations (Above Rs. 0.10 crore, Other than cases filed with Consumer court/Banking Ombudsman) involving claims against the Bank to the extent of approximately Rs.60 crores, not acknowledged as debts. Brief details are given in the table below.

Sr No (*)	Claim Amount (Rs. In crore(s))	Court / DRT / Forum	Claimant
1	23.55	DRT, Kolkatta	Stiefel Und Schuh (I) Ltd., Kolkatta
2	8.20	High Court, Kolkatta	Late N.R. Lohia (now represented by the Beneficiary)
3	4.57	Civil Court, Kokatta	Bhatapara Naihati Co-op Bank
4	0.95	High Court, New Delhi	Videsh Sanchar Nigam Ltd. (Shristi Videocorp Ltd.)
5	0.13	DRT, Delhi	Punjab National Bank (Dinesh Arora)
6	10.81	DRT, Cuttack	Cuttack Gramya Bank
7	0.38	Civil Court, Hubli	State Bank of India, Hubli
8	0.11	High Court, Madras	Pragati Engineering Co.
9	0.11	High Court, New Delhi	SKN Industries
10	0.11	DRT, Mumbai	Dena Bank
11	Total claim against all banks is Rs.1002.69 crores. UTI Bank's share will be about Rs.11 crores	Civil Court, Ahmedabad	Gujarat Telephone Cables Ltd. Against SBI,BOB, UWB,BOI, ICICI Bank, IndusInd Bank, ARCL

Others

b) Consumer cases

Sr. No.	Claim Amount (Rs. In crores)	Consumer Forum	Claimant
1.	1.29	At various places	66 cases filed before various consumer courts

c) Cases before Banking Ombudsman

Sr. No.	Claim Amount (Rs. In crores)	Ombudsman's Office	Complainant
1.	3.96	At various places	34 cases filed before Banking Ombudsman at various places

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d) Others in various Courts

Sr. No	Claim Amount	Name of the Court	Claimant
1.	0.05	Delhi High Court	Rajivkumar Aggarwal
2.	0.05	Kota	Jitendra Sharma
Total	0.10	------------	-------------

Proposal to address the Risk: The Bank has obtained specific legal opinions on the material cases marked (*) to the effect that Bank has a fair chance of succeeding. Further, for all the cases necessary action to defend the interest of the Bank is being undertaken.

13. As on December 31, 2005 UTI Bank has contingent liabilities of Rs. 83,560.49 crores.

Proposal to address the Risk: The contingent liabilities appearing in the books of the Bank as on December 31, 2005 are not fully provided for since they mainly represent guarantees issued, outstanding letters of credit and outstanding forward contracts, which are on account of Bank's normal operations. The income tax and interest tax disputed demands for earlier assessment years are pending in appeal but all the dues raised have been paid.

14. The Bank may face potential conflict of interest since the Bank and the Promoters (UTI/LIC/GIC) and other group companies of the Promoter are engaged in financial service sector, which may have overlap of business or could be competitors in some areas of business

Proposal to address the Risk: The Board of the Directors /Management of the Bank evaluates each business opportunity on its merits before finalising on the proposal. Further the Bank undertakes the business as permitted under its Object clause of Memorandum after obtaining necessary approval from RBI. It is also ensured that the Bank conducts its business in a competitive manner.

<u>External Risk Factor</u>:

1. There are number of regulations as per the BR Act, 1949 which impede the flexibility of the Bank's operations and affect/restrict investors' rights. They are as follows:

a) The Banks can only carry on business /activities as specified in the BR Act. There is no flexibility to pursue profitable avenues if they arise, in contrast with companies under the Companies Act, where shareholders can amend the Object Clause by a Special Resolution.

b) There are restrictions in the BR Act regarding:

i. Setting up a Subsidiary by a Bank

ii. Management of the bank including appointment of directors

iii. Borrowings and creation of floating charge thereby hampering leverage. Bank may have to resort to unsecured debt instruments for borrowings.

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iv. Opening of new branches is subject to RBI permission.
v. Reconstruction of banks through amalgamation etc.
vi. Further issue of capital including issue of bonus shares/rights shares requires RBI approval.

2. Other restrictions under the BR Act are as under:

i. In terms of Section 8 of the BR Act, the Bank is prohibited from trading in goods, which may act as an operation constraint.
ii. In terms of Section 25 of the BR Act each banking company has to maintain assets in India which is not less than 75% of its demand and time liabilities in India which in turn may prohibit the Bank from creating overseas assets and exploiting overseas business opportunities.

3. Material changes in Regulations Governing Indian Banks could impact the Bank's business.

The banks operate in a highly regulated environment in which the Reserve Bank of India extensively supervises and regulates all banks. Its business would be directly affected by any changes in policies for banks in respect of directed lending and reserve requirement. In addition, these could be subject to other changes in laws and regulations such as those affecting the extent to which they can engage in specific businesses, as well as changes in other governmental policies, income tax law as and accounting principles.

Notes:
The Bank would like to clarify that inspection by RBI is a regular exercise and is carried out periodically for all Banks and Financial Institutions. The reports of RBI are strictly confidential. RBI does not allow disclosure of its inspection report and that all the disclosures made in Information Memorandum are on the basis of management and audit reports of the Bank.

Creation of Redemption Reserve is not envisaged for the proposed issue of Subordinated Debentures. As per circular issued by Ministry of Law in April, 2002, Banking Companies are not required to create Debenture Redemption Reserve under Section 117 of Companies Act, 1956.

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HIGHLIGHTS OF THE BANK

- The Bank is professionally managed with a track record of profitability

- The Bank is one of the first private sector banks established under guidelines issued in 1993 by RBI in line with the Government's policy to reform India's financial sector

- The Bank has a large network of branches spread throughout the country. The Bank has 413 Branches and extension counters and 1820 ATMs as on December 31, 2005

- Capital Adequacy Ratio of 12.66% and 11.58% as on 31.03.2005 and 31.12.2005 respectively, which is above minimum of 9% prescribed by RBI.

- IFR Asia has awarded the "INDIA BOND HOUSE" award for the year 2005 to UTI Bank Ltd.

- Net Profit of Rs. 334.58 crores and diluted EPS of Rs. 14.06 per shares for year ended 31st March 2005.

- The total deposits of the Bank have grown 51% yoy from Rs. 20,954 crores as at end March'04 to Rs. 31,712 crores as at end March'05. Further, the total deposits of the Bank have grown 29% yoy from Rs. 26,326 crores as at end December'04 to Rs. 34,025 crores as at end December'05.

- Net advances of the Bank have grown 67% yoy from Rs. 9,363 crores at the end of March'04 to Rs. 15,603 crores as at end of March'05. Further, the Net Advances of the Bank grew to Rs. 19,531 crores as at end December '05 from Rs. 13,151 crores as at end December '04, a growth of 49% yoy.

- Bank's balance sheet size has grown by 56% yoy to Rs. 37,744 crores as at end March'05 from Rs. 24,150 crores as at end March'04.

- The Net Worth of the Bank was Rs. 2,408.19 crores as at end March'05 as compared to Rs. 1,136.42 crores a year earlier, a growth of 112%.

- ICRA has assigned rating "LAA+" (pronounced L double A plus) to these Debentures. While FITCH has assigned rating of "AA+ (ind)" (Double A plus ind) to the Subordinated Debt Programme

- Moody's Investors Services (MIS) have assigned Ba2/NP/D+ rating to UTI Bank Ltd.

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PART I

OVERVIEW OF THE ISSUER

UTI Bank the first private sector bank was set up under new guidelines issued in 1993 by the Government of India, consequent to the announcement of a policy of reform of India's financial sector. The Bank obtained its certificate of incorporation on December 3, 1993 and began its operation on April 2, 1994. Its first branch was opened at Ahmedabad in April 1994.

Bank's entire initial equity capital of Rs.100 crores was contributed by UTI-I (previously Unit Trust of India). Subsequently, LIC contributed Rs.7.50 crores and GIC together with four Government-owned general insurance companies, contributed Rs.7.50 crores.

The Bank's equity capital was subsequently increased from Rs.115 cores to Rs.132 crores through and initial public offering in September, 1998. The Bank issued 1.50 crores equity shares and UTI-I made a simultaneous offer for sale of 2 cores equity shares. The Bank's equity shares are listed on the NSE, the BSE, ASE and OTCEI (Permitted security).

The Bank had during March, 2005 successfully raised US$ 23.93 crores of capital by placing 4.05 crores GDRs, each GDR representing one underlying share, at the price of US$ 5.91 per GDR. Further, in April 2005, the Green Show option to the extend of 0.30 crores GDRs each GDR representing one underlying share, was exercised at the price of US $5.91. The total size after Green Shoe option stood at 4.35 crores GDRs The GDRs are listed on London Stock Exchange.

As of December 31, 2005 the Bank has a large network of branches spread throughout the country. The Bank has 413 Branches and extension counters and 1820 ATMs.

The Bank is offering a wide rage of products and services to corporate and retail customers through a variety of delivery channels.

The Banks principal business activities are divided into two segments, Banking Operations and Treasury, with a variety of products and services being offered to corporate and retail customers, including both resident and non-resident Indians (NRIs)

Banking Operations include products and services in the areas of Corporate Banking, including Merchant Banking and Retail Banking. Under Corporate Banking, the bank offers various loans and fee-based products and services to large corporations, small and medium enterprises ("SMEs") and to the agriculture sector. These products and services include cash credit facilities, demand and short-term loans, project finance, export credit, factoring, channel financing, structured products, discounting of bills, documentary credits, guarantees, foreign exchange and

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derivative products, cash management services, cross-border trade and correspondent banking services and tax collections on behalf of the Government and various State governments in India. Liability products including current accounts, certificate of deposits and time deposits are also offered to the Bank's corporate clientele.

The Bank also offers various Merchant Banking services such as loan syndication and placement, advisory services, issue management, capital market related services and debenture trusteeship service.

Retail Banking offers a variety of liability and asset products and services to retail customers. Liability products include savings accounts, time deposits and customized products for certain target groups such as high net worth individuals, senior citizen, defence personnel, students and salaried employees. Retail assets products include home loans, personal loans, auto loans, customer loans, education loans as well as security-backed loans of various types. The Bank also offers other products and services such as debit and travel currency cards, financial advisory services and bill payment services. The Bank also markets third party products such as mutual funds and Government Saving Bonds. A wide range of liability and assets products and services are also offered to NRIs.

The Treasury department manages the funding portion of the Bank and also manages and maintains its regulatory reserve requirements. The Treasury Department also invests in commercial paper, mutual funds and floating rate instruments as a part of short-term management of liquidity surplus. A wide range of treasury products and services are also offered to corporate customers in the form of derivative instruments such as forward contracts, interest rate swaps, currency swaps and foreign currency options.

The Board of Directors of the Bank has, at its meeting held on October 14, 2005, subject to necessary regulatory approvals, approved the constitution of the two Subsidiaries of the Bank to be constituted as a Public Limited Companies, as wholly owned subsidiaries of the bank:

1) A Sales and Services Subsidiary to undertake among others, the sales and services related activities of the Bank's products.
2) An Asset Management Company to manage funds under the Venture Capital guidelines of SEBI.

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The table set below Key Financials

(Rs. in crores)

Particulars	Year ended March 31,		
	2005	**2004**	**2003**
Equity Capital	273.8	231.58	230.19
Reserve and Surplus	2134.38	904.84	687.92
Total Income	2339.98	2138.69	1875.28
Total Expenditure	2005.40	1860.38	1683.1
Profit after Tax	334.58	278.31	192.18
Earning per share (Rs.) (Face Value of Rs.10 each)			
- Basic	14.32	12.06	10
Book Value per Share (Rs.)	87.95	49.07	39.88
Return on Average Networth	25.85%	27.09%	26.97%

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OFFERING DETAILS IN BRIEF

The Board of Directors of the Bank at its meeting held on January 13, 2006 has approved the issue of UNSECURED SUBORDINATED REDEEMABLE NON-CONVERTIBLE DEBENTURES.

UTI Bank is seeking offer for subscription of Unsecured Subordinated Redeemable Non-Convertible Debentures as part of Tier II Capital for an amount upto Rs. 1000 crores in one or more tranches at appropriate rate of interest to be decided by the Chairman and Managing Director. The funds are being raised for further augmenting the Tier II capital, for improving the Capital Adequacy Ratio and for enhancing the long-term resources of the Bank. The Bank has to increase its Capital to match the growth in Assets and maintain level of CAR higher than the Regulatory minimum CAR of 9%. The offer is made to Institutional Investors including Indian Bodies Corporate, Banks, Financial Institutions, Mutual Funds, Insurance Companies and Trusts by way of Private Placements. The Shelf Memorandum of Information does not, however, constitute an offer to sell or an invitation to subscribe to securities 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 Shelf Memorandum of Information comes is required to inform himself about and to observe any such restrictions.

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SUMMARY OF FINANCIAL STATEMENT

STATEMENT OF PROFITS AND LOSSES

(Rs. in crores)

						For Nine months ended on
	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.12.2005
	Audited	Audited	Audited	Audited	Audited	Unaudited
Income						
Interest Earned	890.86	1,178.53	1,464.81	1,598.54	1,924.16	2,056.14
Commission, exchange & brokerage	86.25	97.62	143.77	182.41	330.52	335.12
Profit on sale of investments (net)	63.78	305.44	246.14	320.84	-11.34	91.54
Profit on exchange transactions (net)	5.21	8.65	16.67	27.58	48.73	59.45
Profit / loss on sale of fixed assets (net)	-0.07	-0.78	-1.53	-1.49	-2.39	-1.50
Lease Rentals	-	3.63	3.97	2.18	3.47	2.43
Miscellaneous Income	2.17	1.31	1.45	8.63	46.83	14.52
Total	**1,048.20**	**1,594.40**	**1,875.28**	**2,138.69**	**2,339.98**	**2,557.70**
Expenditure						
Interest Expended	791.36	980.00	1,142.41	1,021.45	1,192.98	1,290.77
Staff Costs	28.53	51.22	85.23	121.25	176.85	177.73
Other Operating expenses	94.84	155.90	237.62	297.96	404.53	393.44
Provisions and Contingencies	28.05	193.91	108.82	268.62	61.92	194.36
Total	**942.78**	**1,381.03**	**1,574.08**	**1,709.28**	**1,836.28**	**2,056.30**
Net Profit before tax and extraordinary items	**105.42**	**213.37**	**301.20**	**429.41**	**503.70**	**501.40**
Provision for Taxes	18.33	79.23	109.02	151.10	169.12	168.05
Net Profit before Extraordinary Items	**87.09**	**134.14**	**192.18**	**278.31**	**334.58**	**333.35**
Extraordinary items	-	-	-	-	-	-
Net Profit After Extra-ordinary Items	**87.09**	**134.14**	**192.18**	**278.31**	**334.58**	**333.35**

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in crores)

	For the Year Ended 31 March					For the Nine Months Ended on
	2001	**2002**	**2003**	**2004**	**2005**	**31/12/05**
	Audited	Audited	Audited	Audited	Audited	Unaudited
Fixed Assets						
Gross block	254.56	343.80	430.16	619.80	780.42	861.20
Less-Depreciation	43.21	83.33	124.65	184.64	261.98	324.94
Net Block	211.35	260.47	305.51	435.16	518.44	536.26
Less Revaluation Reserves	-	-	-	-	-	-
Net Block after adjustment for revaluation reserve	211.35	260.47	305.51	435.16	518.44	536.26
Current Assets, Loans and Advances						
Investments	4,192.62	5,678.34	7,841.02	7,792.76	14,274.95	17,742.02
Cash & Bank Balances	1,211.78	2,703.32	3,569.71	5,663.21	5,276.01	3,509.27
Loans and Advances	4,845.20	5,352.30	7,179.92	9,362.94	15,602.92	19,530.78
Other Current Assets	305.91	386.62	717.02	896.10	2,071.38	1,489.16
Liabilities and Provisions						
Deposits	9,092.20	12,287.21	16,964.72	20,953.91	31,712.00	34,025.04
Borrowings	1,146.02	950.31	719.31	527.75	1,781.41	3,394.34
Employees Stock Options Outstanding (Net)	-	0.07	0.82	1.63	13.42	12.53
Current Liabilities and Provisions	226.22	528.70	1,010.22	1,530.46	1,828.68	2,545.41
Net Worth	302.42	614.76	918.11	1,136.42	2,408.19	2,830.17
Represented by						
1. Share capital	131.90	191.81	230.19	231.58	273.80	278.57
2. Reserves	170.52	422.95	687.92	904.84	2,134.39	2,551.60

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Less Revaluation Reserves	-	-	-	-	-	-
Reserves (Net of Revaluation Reserves)	170.52	422.95	687.92	904.84	2,134.39	2,551.60
Net Worth	302.42	614.76	918.11	1,136.42	2,408.19	2,830.17

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II. GENERAL INFORMATION

Information Memorandum for Private Placement of Unsecured Subordinated Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each for cash at par aggregating Rs. 1000 crores to be issued in one or more tranches by UTI Bank Limited.

UTI BANK LIMITED
(Incorporated on December 3, 1993 under The Companies Act, 1956)

Registration Number: 04-20769 (1993-94)

Registered Office:
"Trishul", Third Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge,
Ahmedabad – 380 006
Tel No. 079-26409322 / Fax No. 079-26409321, website: www.utibank.com
E.mail address : rajendra.swaminarayan@utibank.co.in

Central Office:
Maker Tower 'F', 13th Floor, Cuffe Parade, Colaba, Mumbai: 400 005
Tel No. (022) 22189106/7/8/9, Fax No. (022) 22186944/22181429

Address of Registrar of Companies where the Bank is registered:
The Registrar of Companies, Gujarat
ROC Bhavan, Opp. Rupal Park
Near Ankur Char Rasta
Naranpura, Ahmedabad – 380 013

Board of Directors

Sr. No.	Name of Director	Particulars
1	Dr. P. J. Nayak	Chairman and Managing Director
2	Mr. Surendra Singh	Director
3	Mr N. C. Singhal	Director
4	Mr A. T. Pannir Selvam	Director
5	Mr Jayanth R. Varma	Director
6	Dr. R. H. Patil	Director
7	Smt. Rama Bijapurkar	Director
8	Mr R. B. L. Vaish	Director
9	Mr S. Chatterjee	Executive Director (Whole Time Director)
10	Mr S. B. Mathur	Director
11	Mr M. V. Subbiah	Director
12	Mr Ramesh Ramanathan	Director

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Brief details of Chairman, Managing Director, Whole Time Directors etc.

(A) **Dr. P. J. Nayak – Chairman and Managing Director**

Dr. P. J. Nayak has a Ph.D. in Economics from the University of Cambridge, UK. He has completed 58 years of age. He was employed from May, 1996 to December, 1999 as Executive Trustee, Unit Trust of India. Before this, from 1971 to 1996, he was employed as a member of the Indian Administrative Service. From July, 1990 to July, 1995 he was employed as Joint Secretary by the Government of India in the Department of Economic Affairs in the Ministry of Finance. He has also served as a Government Director on the Boards of Banks, including Bank of Baroda and Canara Bank. Dr. P. J. Nayak is not a Director of any other Company.

Dr. Nayak was appointed as a Director of the Bank w.e.f. 9^{th} October, 1999 and was appointed as the Chairman and Managing Director from 1 January 2000 to 31 December 2004 and has been reappointed as the Chairman and Managing Director for a further period from 1 January 2005 to 31 July 2007.

(B) **Mr. S. Chatterjee – Executive Director**

Mr S. Chatterjee has an Honours degree in Arts. He is 59 years of age. He has over 34 years of experience in commercial and investment banking. He joined the Bank in 1994. In his earlier assignment with SBI, he had extensive exposure in the areas of international banking in the UK and the USA. He was the Bank's Resident Representative in Washington D.C. for five years.

Mr Chatterjee has been appointed as a full-time Executive Director of the Bank from 17 January 2005 till 31 December 2006.

Company Secretary & Compliance Officer:

Mr. P. J. Oza
Company Secretary,
UTI Bank Ltd.,
Maker Tower 'F', 13th Floor,
Cuffe Parade, Colaba,
Mumbai – 400005.
Tel No. (022) 22189106/7/8/9, Fax No. (022) 22186944/22181429
E-mail Id : poza@utibank.co.in

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Names and Addresses of Auditors, Registrars, Debenture Trustees

Auditors	**Registrars to the issue**
BSR & Co., KPMG House, Kamala Mills Compound, 448, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel No. +91(22) – 2491 3030, 24913131 Fax No. +91(22)- 2491 3132	Karvy Computershare Pvt. Ltd. Karvy House, 46, Avenue 4, Street no.1, Banjara Hills, Hyderabad – 500 034. Tel No. +91(40) – 23312454, 23320751 Fax No. +91(40) –23311968
Trustees to the Debentureholders The Western India Trustee & Executor Co.Ltd 161/C, 16th Floor, Mittal Court, Nariman Point, Mumbai 400021 Tel No.: 022-22812883 / 22880988 Fax No. 022-22816477 E-mail : witco@vsnl.net	

Credit Rating

a. ICRA has assigned rating **"LAA+"** (pronounced L double A plus) with Positive outlook to these Debentures. The rating indicates high-credit-quality rating assigned by ICRA. The rated instrument carries low credit risk.
FITCH has assigned rating "AA+ (ind)" (Double A plus ind) rating to the Subordinated Debt Programme. The Outlook on the rating is "Stable". The credit risk inherent in these financial commitments differs only slightly from the country's highest rated issuers or issues.

b. Credit ratings obtained during the previous three years before filing of the Information Memorandum for any of its listed debt securities at the time of accessing the market through a rated debt security:

Rating Agency	**Date of Rating Letter**	**Rating**	**Amount (Rs. Crs.)**
ICRA	July 11, 2003	LAA	150.00
ICRA	July 11, 2003	LAA	488.60
ICRA	February 21, 2005	LAA+	500.00
ICRA FITCH	January 20, 2006 February 13, 2006	LAA+ AA+(ind)	1000.00

Underwriting

The details of the issue if underwritten, will be informed separately.

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III. CAPITAL STRUCTURE

Equity Shares Capital as on December 31, 2005 **(Part of Tier I Capital)**

A. Authorised Capital	(Rs. in Crores)
30,00,00,000 Equity Shares of Rs. 10 each	300.00
B. Issued Subscribed and Paid-up Capital	
27,85,71,000 Equity Shares of Rs. 10 each	278.57
C. Paid Up Capital after the present issue	
27,85,71,000 Equity Shares of Rs. 10 each	278.57
D. Share Premium Account (As on March 31, 2005)	1268.95

Unsecured Debentures as on December 31, 2005 **(Subordinated Debt) - (Part of Tier II Capital)**

Sr No	Date of Allotment	Number of Debentures	Rate of Interest	Date of Redemption	Outstanding Amount (Rs. Crs.)
1	29.03.2000	2000	11.75%	28.04.2007	100.00
2	28.03.2001	1000	11.10%	28.06.2006	50.00
3	03.12.2001	2240	9.80%	03.06.2007	112.00
4	27.03.2002	670	9.30%	27.06.2007	33.50
5	20.09.2002	Opt-I-660	8.80%	20.06.2008	33.00
		Opt-II-100	9.05%	20.06.2010	5.00
		Opt-III-1240	9.30%	20.06.2012	62.00
6	21.12.2002	Opt-I-662	8.40%	21.09.2008	33.10
		Opt-II-0	8.70%	21.09.2010	0
		Opt-III-1200	8.95%	21.09.2012	60.00
7	26.07.2003	Opt-I-600	6.50%	26.04.2009	30.00
		Opt-II-100	6.70%	26.04.2011	5.00
		Opt-III-1300	7.00%	26.04.2013	65.00
8	15.01.2004	Opt-I-0	6.00%	15.10.2009	0
		Opt-II-0	6.25%	15.10.2011	0
		Opt-III-500	6.50%	15.10.2013	50.00
9	04.06.2004	1500	Floating	04.16.2010	150.00
10	25.07.2005	5000	Floating	25.07.2012	500.00
Total					**1288.60**
Present Issue Size: 10000 Unsecured Subordinated Redeemable NCDs of Rs. 10 lacs each in one or more tranches					1000.00
After the present issue					**2288.60**

Share Capital History January 13, 2006

Date of Issue	Number of shares	Face Value	Issue Price	Nature of allotment	Cumulative Capital (Rs. in crs)
08.12.1993	70	10	10/-	MOA-AOA ORIGINAL	0.00007
02.04.1994	100000000	10	10/-	PREF ISSUE	100.00
28.09.1994	6000000	10	10/-	PREF ISSUE	106.00
28.09.1994	1500000	10	10/-	PREF ISSUE	107.50
28.09.1994	1500000	10	10/-	PREF ISSUE	109.00
28.09.1994	1500000	10	10/-	PREF ISSUE	110.50
26.10.1994	1400000	10	10/-	PREF ISSUE	111.90
26.10.1994	100000	10	10/-	PREF ISSUE	112.00
26.10.1994	1500000	10	10/-	PREF ISSUE	113.50
26.10.1994	1500000	10	10/-	PREF ISSUE	115.00
23.10.1998	16903100	10	21/-	PUBLIC ISSUE	131.90
31.12.2001	28550000	10	34/-	PREF ISSUE	160.45
31.12.2001	17800000	10	34/-	PREF ISSUE	178.25
28.03.2002	3655000	10	39.04	PREF ISSUE	181.91
28.03.2002	5942820	10	39.04	PREF ISSUE	187.85
28.03.2002	1980940	10	39.04	PREF ISSUE	189.83
30.03.2002	1980940	10	39.04	PREF ISSUE	191.81
28.03.2003	18400000	10	42.75	PREF ISSUE	210.21
28.03.2003	8830540	10	42.75	PREF ISSUE	219.04
28.03.2003	8830540	10	42.75	PREF ISSUE	227.88
28.03.2003	2301754	10	42.75	PREF ISSUE	230.18
ON VARIOUS DATES	1009535	10	38.63	ESOP-GRANT I	As on 01.03.2005, the total paid up capital was Rs. 232.89 crs. Dividend into 23,28,91,947 equity shares.
ON VARIOUS DATES	993158	10	29.68	ESOP-GRANT II	
ON VARIOUS DATES	713550	10	39.77	ESOP-GRANT III	
21.03.2005	40490300	10	256.65	GDR	273.38
21.03.2005	8380	10	38.63	ESOP-GRANT I	On 21.03.2005, 414197 equity shares were allotted under ESOP and the paid up capital after allotment was Rs. 273.80/-
	395417	10	29.68	ESOP-GRANT II	
	10400	10	39.77	ESOP-GRANT III	
20.04.2005	1357	10	38.63	ESOP-GRANT I	On 20.04.2005, 50,527 equity shares were allotted under ESOP and the paid up capital after allotment was Rs. 273.85 crs.
	45600	10	29.68	ESOP-GRANT II	
	3570	10	39.77	ESOP-GRANT III	
25.04.2005	3000700	10	256.65	GDR - Green Shoe option	276.85

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14.05.2005	7542	10	38.63	ESOP-GRANT I	On 14.05.2005, 11,01,995 equity shares were allotted under ESOP and the paid up capital after allotment was Rs. 277.95 crs.
	106660	10	29.68	ESOP-GRANT II	
	470405	10	39.77	ESOP-GRANT III	
	517388	10	97.62	ESOP-GRANT IV	
ON VARIOUS DATES	7005	10	38.63	ESOP-GRANT I	Last allotment under ESOP has been made on 12.01.2006
ON VARIOUS DATES	96000	10	29.68	ESOP-GRANT II	
ON VARIOUS DATES	252815	10	39.77	ESOP-GRANT III	
ON VARIOUS DATES	318660	10	97.62	ESOP-GRANT IV	

This being the issue of Unsecured Subordinated Redeemable Non-Convertible Debentures the provisions for lock-in of equity shares offered is not applicable

There is no buy-back and stand by and similar arrangements for purchase of securities by Promoters or Directors.

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Details regarding Shareholders:-

Top Ten Shareholders of the Bank as on December 31, 2005

Sr No	Name of the Shareholder	Shares Held (Number)	% Stake In Total
1	Administrator of the Specified Undertaking of the Unit Trust of India (UTI - I)	77245070	27.73
2	HSBC Asia Pacific Holdings (UK) Limited	33950000	12.19
3	Life Insurance Corporation of India	29222936	10.49
4	The Bank of New York - as depositary for the equity shares representing the underlying shares to the Global Depositary Receipts (GDRs) issued to the investors overseas	23285720	8.36
5	Barclays Capital Mauritius Limited	13870047	4.98
6	General Insurance Corporation of India	7309035	2.62
7	Wasatch Advisors, INC. A/c Wasatch Core Growth Fund	5285562	1.90
8	UTI – Unit Linked Insurance Plan	4958342	1.78
9	Goldman Sachs Investments (Mauritius) I Ltd.	4938833	1.77
10	Matthews Int. Funds A/c Matthews Pacific Tiger Fund	3487200	1.25

Top Ten Shareholders of the Bank as on December 31, 2003 (two year prior)

Sr. No.	Name of the Shareholder	Shares Held (Number)	% Stake In Total
1	Administrator of the Specified Undertaking of the Unit Trust of India	77245070	33.44
2	Life Insurance Corporation of India	31162260	13.49
3	CDC Financial Services (Mauritius) Limited	28550000	12.36
4	South Asia Regional Fund	17800000	7.71
5	Citicorp Banking Corporation A/c CBC Bahrain	8830540	3.82
6	Chryscapital I, LLC	8830540	3.82
7	General Insurance Corporation of India	6936307	3.00
8	The New India Assurance Company Limited	3530872	1.53
9	National Insurance Company Limited	3491740	1.51
10	Templeton Mutual Fund Account Franklin India Prima Fund	2523476	1.09

Top Ten Shareholders of the Bank as on as on December 21, 2005
(Ten days prior to December 31, 2005)

Sr No	Name of the Shareholder	Shares Held (Number)	% Stake In Total
1	Administrator of the Specified Undertaking of the Unit Trust of India (UTI - I)	77245070	27.73
2	HSBC Asia Pacific Holdings (UK) Limited	33950000	12.19
3	Life Insurance Corporation of India	29222936	10.49

4	The Bank of New York - as depositary for the equity shares representing the underlying shares to the Global Depositary Receipts (GDRs) issued to the investors overseas	23493835	8.44
5	Barclays Capital Mauritius Limited	13870047	4.98
6	General Insurance Corporation of India	7309035	2.62
7	Wasatch Advisors, INC. A/c Wasatch Core Growth Fund	5285562	1.90
8	Goldman Sachs Investments (Mauritius) I Ltd.	4979700	1.79
9	UTI – Unit Linked Insurance Plan	4958342	1.78
10	Matthews Int. Funds A/c Matthews Pacific Tiger Fund	3487200	1.25

Shareholding of Promoter and Promoter Group of the Bank as on December 31, 2005

Sr. No.	Name of the Shareholder	Shares Held (Number)	% Stake In Total
1.	Administrator Of The Specified Undertaking Of the Undertaking Of Unit Trust Of India-DRF	77245070	27.73
2.	Life Insurance Corporation Of India	29222936	10.49
3.	General Insurance Corporation Of India	7309035	2.62
4.	National Insurance Company Ltd	2918709	1.05
5.	The New India Assurance Company Limited	3030872	1.09
6.	United India Insurance Company Limited	1290560	0.46
7.	The Oriental Insurance Company Limited	1034017	0.37

Shareholding Pattern as on December 31, 2005

Category	Sub Category	No. of Securities Held	% Holding
Promoter's Holding	Indian Promoters	122051199	43.81
	Foreign Promoters	-	-
	Persons Acting in Concert	-	-
	Sub Total	122051199	43.81
Institutional Investors	Mutual Funds and UTI	19568374	7.02
	Banks, FIs, Insurance Co.s, Central / State Govt. / Non-Govt. Institutions	1571389	0.56
	FIIs	59238328	21.27
	Sub Total	80378091	28.85
Others	Private Corporate Bodies	3347499	1.20
	Indian Public	15321513	5.50
	NRI / OCBs	236978	0.09
	Any Other	57235720	20.55
	Sub Total	76141710	27.34
	GRAND TOTAL	**278571000**	**100.00**

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Details of options granted or shares issued under scheme of employees stock options or employees stock purchase

The following options were granted to officers of various categories of the Bank during 2001, 2002, 2003, 2004, 2005 and 2006 . The details regarding options granted and exercised by the employees are given below:

Name Of Scheme	Grant Date	Employees Covered	Granted	Exercised
U T I Bank Ltd. ESOS, 2000-2001	24 Feb 2001	822	1118925	1033819
	28 Feb 2002	1,123	1779700	1636835
	06 May 2003	1,982	2774450	1450740
	29 Apr 2004	2,369	3809830	836048
	10 Jun 2005	3,342	5706425	Nil

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IV. OBJECT OF THE OFFERING

The funds are proposed to be raised for further augmenting the Tier II Capital through private placement of Debentures. The object of the issue is to augment the Tier-II Capital for strengthening the Capital Adequacy of the bank and enhancing its long -term resources.

V. BASIC TERMS OF ISSUE

UTI Bank proposes to issue Unsecured Subordinated Debentures in the nature of Non-convertible Redeemable Debentures as part of Tier II Capital of the face value of Rs. 10,00,000 each at par, aggregating to Rs. 1000 crores in one or more tranches. The common terms are given below. The specific terms of each tranche will be finalized closer to the actual date of issuance and would be submitted to the stock exchange at that point of time.

TERMS OF ISSUE	
Face Value & Issue Price	Rs.10,00,000/- per Debentures
Instrument	Unsecured Subordinated Debentures in the nature of Non-convertible Redeemable Debentures
Amount Payable on Application	Rs. 10,00,000/- per Debenture
Minimum Application Size	1 Debenture and in multiples of 1 Debenture thereafter
Interest Rate	Either fixed or floating and in accordance with RBI guidelines i.e. not exceeding 2% above the coupon on Govt. Securities of corresponding maturity.
Interest on application money	Interest on application money will be same as the Coupon rate (subject to deduction of Tax at Source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modifications or re-enactment thereof) will be paid on application money to the applicants from the date of realisation of but excluding the Deemed Date of Allotment.
Computation of Interest	Interest payable on the Debentures will be calculated on the basis of actual number of days elapsed in a year of 365 or 366 Days as the case may be.
Terms of Subordination	Pari-passu among themselves and with other subordinated indebtedness of UTI Bank Ltd., and subordinate to the claims of all other unsecured creditors and depositors of UTI Bank Ltd., as regards repayment of principal and interest by the Issuer.
Holiday Convention	If any of the interest or principal payment dates is a holiday in Mumbai, interest will be payable on the next succeeding business day in Mumbai and shall be the interest/principal payment date.
Market Lot Size	1 Debenture
Redemption	The Debentures will mature on Date(s) as specified in Term Sheet.

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Issue Opening Date	To be finalised prior to the issue
Issue Closing Date	To be finalised prior to the issue
	Note: i) The Bank reserves the right to vary (pre-pone/postpone) any of the Issue Schedule date(s) at its sole and absolute discretion, without giving any reasons or prior notice. In such a case, the Bank will intimate investors about the revised time schedule. ii) The Bank reserves the right to close the Issue any day before the scheduled Closing Date at its sole and absolute discretion, without giving any reasons or prior notice. No intimation of the same will be given to the investors.

VI. BASIS FOR ISSUE PRICE

This issue is a Debt issue the price has been determined taking market rate and cost of funds involved. The interest rate will be in accordance with RBI guidelines i.e. would not be more than 200 basis points above the yield on Government of India securities of equal residual maturity at the time of issuing Debentures.

VII. TAX BENEFITS

(i) **To the Bank**
There is no additional benefit arising to the Bank under the Income Tax Act 1961 by issue of Unsecured Subordinated Redeemable Non Convertible Debentures.

(ii) **To the Debentureholders**
The Debentureholders are advised to consider in his own case the tax implications in respect of subscription to the Debentures after consulting their tax advisor, as alternate views are possible.

(iii) No Wealth Tax is payable in respect of investments in Debentures/securities of the Bank.

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VIII SUMMARY OF INDUSTRY

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, 2003-2004, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks as of December 2004 and RBI's Annual Policy Statements for 2004-2005 and 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. long-term lending institutions;
c. non-bank finance companies, including housing finance companies;
d. other specialized financial institutions, and state-level financial institutions;
e. insurance companies; and
f. 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

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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.

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 nonscheduled 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 27 public sector banks in India. They include the SBI and its associate banks and 19 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'. At the end of December 2004, 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.

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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, 21 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 6.66% 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

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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 in 1997 and submitted its report in 1998 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.

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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 (EL), Hire Purchase (HP), Loan and Investment Companies and deposits and business activities of Residuary Non-Banking Companies (RNBCs). The Reserve Bank 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 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

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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 mediumsized 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-

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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 prereform 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;

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- 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, which it set itself the objective of establishing within three years. 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, the Foreign Exchange Regulation Act (FERA) which formed the statutory basis for exchange control in India was repealed and replaced by the FEMA with effect from June 2000.

Amendments to the Reserve Bank of India Act

Further, the Finance Act, 2005, provides for the introduction of the following amendments to the Reserve

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Proposed Structural Reforms

Amendments to the Banking Regulation Act

A comprehensive bill to amend the Banking Regulation Act, 1949, has recently been proposed in the Finance Bill, 2005 and 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, a petition filed before the Supreme Court. 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 under Section 17 in order to challenge the measures taken by the creditor in pursuance of Section 13(4) 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)

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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.

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 Annual Policy statement for the year 2005-06, 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.

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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 the year 2005-06, RBI has stated that the overall stance of monetary policy for the year 2005-06 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 conductive 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 27, 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%.
- No deregulation of interest rates relating to (i) savings deposit accounts; (ii) NRI deposits; (iii) interest rates ceilings on small loans upto Rs. 0.2 million; and (iv) interest rate regulation on export credit.
- 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 UK 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.

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- 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.

Third quarter review of Annual Policy for the year 2005-06

In the third quarter review of Annual monetary policy for the year 2005-06, RBI hiked the reverse repo rate by 25 basis points from 5.25% to 5.50%. It also hiked the repo rate from 6.25% to 6.50%. RBI has left the bank rate unchanged at 6%.

Reforms of the Non-Banking Finance Companies

The standards relating to income recognition, provisioning and capital adequacy were prescribed for nonbanking 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 31 March 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

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payment systems 64 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 ("DNSS") 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 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

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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 US$ 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

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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.

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IX BUSINESS OVERVIEW OF THE BANK

UTI Bank Ltd., the first private sector bank was set up under new guidelines issued in 1993 by the Government of India, consequent to the announcement of a policy of reform of India's financial sector The Bank obtained its certificate of incorporation on December 3, 1993 and began its operation on April 2, 1994. Its first branch was opened at Ahmedabad in April 1994. As of December 31, 2005 the Bank has a large network of branches spread throughout the country. The Bank has 413 Branches and extension counters and 1820 ATMs. The Bank is offering a wide rage of products and services to corporate and retail customers through a variety of delivery channels. The Banks principal business activities are divided into two segments, Banking Operations and Treasury, with a variety of products and services being offered to corporate and retail customers, including both resident and non-resident Indians (NRIs)

The factors attributing to success of the bank are briefed and stated as under:

- **Control Systems**

Critical areas of operation including Credit, Merchant Banking, Foreign Exchange, Treasury & International Banking, Personnel, Accounts, Information Technology, Marketing and Policy Planning and Review are headed by a management team of senior banking professionals. The Bank has a number of committees to review the operations of the Bank. The Committee of Directors headed by the Chairman & Managing Director has been delegated wide powers for credit and investment sanction, and in the matter of general administration. The Audit Committee reviews the Internal / External audit reports & compliance of aforesaid matters. The Asset-Liability Committee controls risks arising out of asset-liability mismatches and takes a view to assist in the deployment of resources and the enhancement of profits. The Share Committee looks after the transfer and splitting of shares. The Share Committee approves the transfer of the shares.

- **Credit Policy**

The Bank has a well-diversified portfolio of credit assets encompassing sectors such as chemicals, pharmaceuticals, textiles, diamond, iron & steel, consumer durables, construction and electronics, apart from trade and financial services.

Credit deployment of the Bank involves a well-laid out system of appraisals of risks and compliance with the guidelines of RBI. The prudential norms on risk management with regard to restrictions on exposures on individual industry, borrowal groups and individual corporate are complied with. Credit expansion is planned in such a way so as to guard against volatility in the money market. The Bank follows a strongly conservative and prudential policy on provisioning for weak assets, thereby providing strength to the Bank's balance sheet.

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In accordance with the guidelines of the Reserve Bank of India, the Bank has been laying emphasis on priority sector and export finance, while striving continually to acquire high quality assets.

The Bank is actively focussing on structured deals involving syndication of loans, mergers and acquisitions, and company restructuring, in association with leading financial institutions and banks.

The corporate loan book has also grown organically by targeting corporates with good rating, track record and sound corporate governance practices. Corporates are selected on the following criteria:

- Sustainable long term competitive advantage and managed by groups known for competence and integrity.
- Potential to evolve as market leaders
- Adequate size, appropriate technology, sustainable product portfolio and satisfactory track record.

- **Risk Management**

Sound corporate governance derives strength from a commitment to manage risk in its various forms as they affect various facets of banking operations. The challenges in managing risks in today's dynamic business environment hinges on the spirit of innovation, alacrity at which information is provided to management, and the level of sophistication used in assessing risk. Keeping this in mind the resources of the Risk Department are being directed to address risk issues systematically. The Bank is exposed to several risks that are an integral part of banking, predominantly credit risk, market risk and operational risk.

For effective management of credit risk, the Bank operates under a sound well defined credit grading criteria framework and has clearly established processes for ensuring credit exposures are within levels consistent with prudential standards & internal limits. The Bank has in place a robust internal rating system for grading corporate borrowers which is being supplemented at the post disbursement stage through monitoring tools for corporate borrowers. Market risk related issues are systematically addressed with increased use of analytical techniques (such as value at risk) and the Bank’s risk policies and controls are continually revalidated, including for new trading products and derivatives. The Bank is in the process of developing a framework for operational risk on the basis of guidelines provided by RBI, which would help in identifying and mitigating various contributors of operational risk.

- **Corporate Banking**

The Bank offers wide spectrum financial services to the corporate sector. The Bank serves the large corporate sector, the growing middle market companies and the agricultural sector. A broad classification of products and services offered by the Bank is set out below.

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⇒ Fund-based products. Loan and advances for working capital, corporate finance and project finance.

⇒ Non-fund based products. Non-fund based advances such as documentary credits, stand-by letter of credit and guarantees.

⇒ Fee-based services. Including fund transfers, cash management services, collection of Government taxes, trade services and loan syndication

Fund Based Products

(Rs.in Crores)

Type of Corporate Finance	**31.03.2005**	**31.12.2005**
Working Capital Finance	2102.00	1510.00
Project and Corporate Finance	9310.00	12243.00
Total	11412.00	13753.00

Working Capital Finance

The Banks outstanding net working capital loans amounted to Rs. 2102 crores, constituting approximately 13.48% of its net loan portfolio as on 31st March 2005. These amounted to Rs. 1510 crores, constituting 7.73% of the Banks net loan portfolio as on December 31 2005.

Project and Corporate Finance

The Banks outstanding net loans for corporate finance and project finance amounted to Rs. 9310 crores, constituting approximately 59.70% of its net loan portfolio as on March 31, 2005 and these amounted to Rs. 12243 crores, constituting 62.69% of the Banks net loan portfolio as on December 31, 2005.

The Bank earned interest income on its corporate credit portfolio of Rs. 717 crores in fiscal 2005 and Rs. 779 crores in the nine-month period ended December 31, 2005.

Non-Fund based products.

The Banks documentary credit portfolio amounted to Rs. 3063 crores as of 31 March 2005 and as of December 31, 2005 it amounted to Rs. 3698 crores.

Guarantees.

The Banks outstanding guarantee amounted to Rs. 1383 crores as of March 31, 2005 and as of December 31, 2005 these amounted to Rs. 29.32 billion.

Fee based Income

Fee Income from Corporate banking services constitutes one of the significant revenue streams of the Bank, accounting for 13.10% of total operating revenue for the nine month period ended December 31, 2005.

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Lending to SME

The Banks lending position to SMEs was Rs. 36.16 billion. as of December 31, 2005

Priority Sector Lending

A summary of Banks Priority Sector lending position as of the last reporting Friday

(Rs.in crores)

	31.03.2005	31.12.2005
Agricultural advances	959.00	1032.27
Small scale industry and services	708.30	818.88
Other priority sector lending	2961.04	3155.70
Total	4628.35	5006.85

The Bank had a portfolio of Rs. 5007 crores in priority sector lending, which consisted of Rs. 1032 crores in agricultural advances Rs. 819 crores to SSI and services and Rs. 3156 crores in other priority sector lending as on the last reporting Friday in December 2005.

Agricultural Financing

As of March 31, 2005 the Banks outstanding portfolio in the agricultural sector amounted to Rs. 959 crores compared to Rs. 1111 crores in fiscal 2004 and Rs. 588 crores in fiscal 2003.

Housing Finance

As of March 31, 2005 the Banks housing finance related lending amounted to Rs. 758 crores and as of December 31, 2005 it amounted to Rs. 1235 crores.

Export Credit:

As of March 31, 2005 the Banks outstanding export credit amounted to Rs. 210 crores, constituting 1.35% of the Banks net bank credit, and as of December 31, 2005 the Banks outstanding export credit amounted to Rs.245 crores, constituting 1.25 % of net bank credit.

- **Treasury & Foreign Exchange Operations**

The Bank runs an Integrated Dealing Room in the Treasury covering both domestic and foreign exchange markets. The Treasury has a team of dealers, sales staff and operations professionals who work together to meet customer requirements and take proprietary positions.

The Money desk covers borrowing/lending and Investments in government securities and debt market mutual funds.

The foreign exchange desk covers customer transactions through interbank dealing. It also trades within the RBI guidelines. The Bank has a large and growing pool of customers and the Bank witnessed a good growth in both trading and customer forex incomes. Customer advisory support together with an intensive sales effort saw customer volumes grow substantially.

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The Bank is an active participant in the derivatives business segment. The Bank runs a trading book on derivatives and also uses the product to hedge its balance sheet. The Bank deals in Interest Rate Swap, Currency Swap and Currency Options. The derivative desk also structures transactions for customers for new loans. Hedging the balance sheet against interest rate risks is also an activity that is carried out on the derivative desk.

The Treasury also handles resource raising through borrowings and term deposits and keeps the Bank funded at optimal cost.

- **Capital Markets**

The Bank received authorisation to function as a Category - I Merchant Banker in January 1995, and today has a significant presence in all areas covering the entire gamut of merchant banking activities. The Bank's Capital Market Department has developed expertise in areas such as capital structuring and management of public issues, placement and syndication, and appraisals. The Bank also acts as Bankers to corporate offerings. The Capital Market Department also handles investment and trading in corporate debt instruments, preference shares and equities.

The details of the services provided by the Capital Markets Division are provided below:

- **Depository Participant (DP) Business**

  The product was launched in March 1998 and has received excellent response from the investors. At present the Bank has a client base of about 1,68,567 account holders as on 31st December 2005 with a custodial volume of over Rs. Rs. 57354.03. crores as on 31st December, 2005.

- **Trustees to Debenture/Loan/ Securitisation Trustees**

  The Bank is registered with SEBI to carry out Debenture Trusteeship activities. The Bank started this activity in June 1998. The Bank also offers services of Trusteeship to securitisation transaction and the combined portfolio of trusteeship is approx. Rs. 84,500 crores as on December 31, 2005.

- **Capital Markets Division**

  The Bank has set up Capital Markets Division in July 2000. The division extends fund based and non- fund based assistance to the brokers of Bombay Stock Exchange Ltd. (BSE), The National Stock Exchange (NSE) and members of National Commodity & Derivatives Exchange Limited (NCDEX) and Multi Commodity Exchange of India Ltd. (MCX). The Bank is also a Clearing and Settlement Bank for BSE, NSE, NCDEX and MCX. Further the Bank is a Professional Clearing Member (PCM) for the F&O Segment on NSE.

- **Placement and Syndication**

  The Bank has over the years developed a strong relationship with banks, financial institutions, mutual funds and provident funds, among others. For the nine month period ended 31st December 2005, the Bank acted as arranger for syndication of bonds/debentures aggregating

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Rs. 27,046 crores for various Banks/ Financial Institutions/PSUs/ corporates as against over Rs.10,233 crores in corresponding period for the previous year. The extraordinary performance was on account of Banks/Financial Institution/ PSUs/Corporates tapping the bond market. Some of the major Banks/Financial Institutions/ PSUs / Corporates for which the Bank acted as arrangers are State Bank of India, Syndicate Bank, Catholic Syrian Bank, Bank of India, Bank of Baroda, Canara Bank, Union Bank, Bank of Baroda, HDFC Bank ,ICICI Bank, PFC, NABARD, HDFC Ltd, IDBI Ltd,,IRFC, Mahindra & Mahindra Finance Ltd., Citicorp Finance India Ltd., Citifinancial, Food Corporation of India Ltd,. JSW Port etc.

This year Bank has made its mark both domestically and internationally by being awarded as the "India Bond House" of the year 2005 by IFR Asia. The Bank continues to maintain its No. 1 rank as Debt Arranger in the market, as assessed by Prime Database and Bloomberg. Further, in the Bloomberg league table for 'India Domestic Bonds' the Bank has been ranked as number 1 for the year 2005.

- **Project Advisory Services**

  The Bank provides Advisory Services to various Government, Semi Government, Public Sector Undertaking and Corporates. The scope of services includes Project Advisory, Transaction Advisory, financial and restructuring advisory, enterprise reforms, Privatisation Advisory, Merger and Acquisition and other related services.

- **Primary Market Services:**

  The Bank as Registered Merchant Banker and Underwriter with SEBI handles assignment of managing IPOs, Public / Rights Issues, Buy Back of shares, Open Offers. etc. The Bank also acts as Financial Advisors for FCCB and GDR issues.

- **Private Equity & M&A Services:**

  The Bank offers services for placement of equity on Private Placement and offer services for Merger and Acquisition and other related services.

▪ **Business Banking**

The Business Banking initiatives undertaken during 2005-06 continued to focus on offering the best in transactional banking services by leveraging the Bank's strengths in terms of network and technology. The strategy to offer a range of current account products to meet the needs of various customer segments such as small and medium enterprises, traders, exporters, corporates and institutions with multi-city cheque-book facility and 'Anywhere Banking' facility across branches in addition to conventional banking facilities has helped the Bank substantially in sourcing current accounts. The Bank has also launched a premium current account 'Channel One' for targeting the high-end customers. The Bank has over 2.17 lacs current account relationships with an outstanding balance of Rs. 5240 crores as on December 31, 2005.

In the area of Cash Management Services (CMS), the Bank continues to be a strong player, by offering customised solutions such as collection, payment and remittance services, and enabling

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management cash flows of our customers. Aided by a network of branches at 209 centres and strong correspondent bank tie-ups the Bank is a preferred choice of corporates and institutions for CMS. The Banks is also strongly focused on electronic payments / remittances and offers RTGS facility at 126 locations, in addition to ECS/EFT facility at all the available locations. The total throughput handled by the Bank under CMS in the 9 Months ending December 31, 2005 was Rs. 1,41,099 crores as against a throughput of Rs. 1,32,028 crores in the F.Y. 2004-05. The number of CMS clients increased to 1328, as on December 31, 2005 from 948, as on March 31, 2005.

The Bank was the first Private Sector Bank to be authorised for Collection of Commercial Taxes in the twin cities of Hyderabad & Secunderabad in July 2001. In October 2003, the Bank's authorisation was extended, permitting it to offer banking services to various Central Government Ministries/ Departments and other State Governments/ Union Territories including collection of direct and indirect taxes on behalf of the Government of India and state taxes of State Governments.

Currently, the Bank is providing collection and payment services to four central Government Ministries/ Departments and seven State Governments/ Union Territories. The Bank also participated, in the e-Governance initiatives of various State Governments in India aimed at providing better citizen services by setting up integrated citizen facilitation centres. The Bank is presently associated with the 'eSeva' initiative of the Government of Andhra Pradesh, the 'Sampark' initiative of Government of Chandigarh UT and the 'Bangalore One' initiative of Govt. of Karnataka. The total Government Business turnover handled by the Bank in the 9 Months ending December 31, 2005 was Rs. 17,772 crores as against the turnover of Rs. 15,232 crores in the F.Y. 2004-05.

- **Retail Banking**

The Indian retail banking and financial services market is growing due to higher household incomes and increasing consumer credit demand. In order to take advantage of increasing demand, the Bank has developed a wide network of fully inter-connected retail branches, extension counters, ATMs, Retail Asset Centers, an internet banking channel, a call center and mobile banking. The Bank's retail stragegy is based on network expansion, building product differentiators, customer segmentation, sales effectiveness and providing quality customer service. Branches distribute liability accounts, debit cards, travel cards and remittances cards, have point-of-sale terminal machines and depository services and sell third party products such as mutual funds and saving bonds issued by the Government. Retail Asset Centers distribute retail credit products such as home loans, personal loans, vehicles loans and educational loans. The Bank is focused on shifting customer transactions to low cost alternative channels and cross selling between liability, asset, cards and third party products to maximize income.

The Bank offers a variety of retail credit products such as home mortgage loans, automobile loans, commercial vehicle loan, two wheeler loans, personal loans, consumer loans, educational loans, loans against time deposits and loans against shares. The Bank's focused marketing approach,

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product innovation, risk management systems and competent back-office processes contribute to the strength of the Bank's retail lending strategy.

There has been a considerable year on year escalation in retail liabilities in the form of low cost savings bank deposits (up by 62%), high yielding retail assets (up by 47%) as well as fee income (up by 54%). The buoyant outcome on the retail-banking front has been aided by a constructive interplay of several factors:

- A conscious separation of the functions of sales relationship management and transaction processing whereby the bulk of the transactions processing and back office activities has been shifted to a well – equipped Central Processing Unit, thereby shifting the branch focus to sales and marketing as well as customer relationship management.
- A continued expansion of the Bank's distribution capabilities across multiple channels as well as increase in the network of the Bank both geographically – from 190 to 236 cities and towns as well as physically - from 342 to 413 branches and extension counters, and from 1599 to 1820 ATMs during the year. All this helped the bank to aggressively acquire new customers and as on December 31, 2005, the number of customer accounts rose to over 0.41 crores.
- Increasing sales effectiveness –the Bank continued to develop a strong Retail Sales Channel comprising Branch Sales Officers, Relationship Managers & Sales Executives. The channel officers were put through stringent induction programmes, and continuous product and attitudinal training, in order to enhance their effectiveness. During the year there were major improvements in the performance levels of the Sales Executive Channel as reflected in the percentage contribution of the channel to new business acquisition has increased to more than 74% from 50% in the previous year.

However the key driver of profitability on the retail banking front has been and will continue to be the ability of the Bank is to effect increasing customer segmentation based on differentiated needs of disparate customer segments and customizing product offerings accordingly. As an example, the Savings Bank Account, otherwise the most commoditised of products, has differentiated features, depending on whether it is offered to the corporate salary account holder, the priority banking customer, the NGO or Trust, Women customer or the Senior Privilege Customer beside the base savings Bank –Easy Access Account.

The strategy has paid off as evident in the fact that most of these segments have its share of achievements during the current financial year. The growth in the Priority Banking customer base as well as the deposit base has been significant over the past 9 months. There has been a rapid growth of 129% in the number of customers enrolled for Priority Banking & the Savings Bank Deposit from them has also increased by 83% during the year. Under Payroll Account segment, a total of 5,20,005 new Salary Accounts were opened with a incremental deposit of Rs.716 crores in the current financial year. This represents 62% of the total savings Bank (Domestic) accounts opened and 49% of the total savings Bank (Domestic) Deposits growth in the current financial year. The base Savings Bank – Easy Access account has grown from a base of Rs.2334 crores as on March 31, 2005 to Rs.2774 crores as on December 31, 2005, i.e. 19%.

The bank also continued its pioneering efforts in ATM sharing and today offers the largest available access to 20,000 ATMs in the country to its customers, with tie-ups with eight banks and

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two multi-shared payment networks. The Bank has been always on the lookout to harness the power of the ATM to provide greater convenience to customers.

The Bank successfully launched Mobile Banking service for all its customers. The number of registered users has grown from 0.012 crore as on 31st March 2005 to 0.041 crore. The service offers Balance enquiry, last three transaction details and cheque status request to name a few. The service is available for alerts & enquiries too. Bank also offers mobile airtime refill facility at its ATMs and through I-Connect for Airtel, Hutch, Orange and Idea cellular service providers.

i*Connect*™, the internet banking service of the Bank, saw a growth in its user base to 0.15 crores as on December 31, 2005 from 0.081 crores as on March 31, 2005.

The Financial Advisory business model has been re-engineered to focus on profitability as a key parameter. Hence the income up to December 31, 2005 has increased by a substantial 203% as compared to income upto December 31, 2004, which was 84%.

The Debit Card base of the Bank is 0.39 crore as on December 31, 2005. A total of 0.09 crore cards were issued in the current financial year. The Debit card program generated revenue of Rs. 7.83 crores in current financial year.

The Bank was the first Indian Bank to launch 5 variants (US, Canadian and Australian Dollars, Pound Sterling and Euro) of the international travel currency card, a pre-paid card targeted at outbound travel. The Bank also intends to shortly add four more currencies viz. the Singapore Dollar, Swiss Francs, UAE Dihram and the Japanese Yen. During the current financial year, the foreign currency sales by the Bank through the Travel Currency card product were US$ 40 million. The total revenue generated on the Travel Currency card product for the current financial year is Rs.1.88 crores. The Bank has also launched Domestic Pre-Paid Card – Rewards Card in the month of July, 2005 and has issued 25,319 cards as on December 31, 2005.

The Bank has entered the Merchant Acquiring Business in December 2003, whereby POS (Point of Sales) terminals (swipe machines used for accepting Debit and Credit card payments) are offered to merchant establishments. The Bank, at end of December 31, 2005, has signed up 14,765 merchants and the installed Electronic Data Capture base was at 18086 Electronic Data Capture terminals. In the current financial year, 9,831 merchants were signed and 12,056 machines were installed. The total revenue earned through the business for the current financial year is Rs. 4.09 crores. The Merchant Acquiring business has also supplemented the Current Account acquisition and a total of 15,136 accounts have been opened till December 31, 05. Out of this 5,474 Current Accounts were opened in the current financial year and the balance in these accounts was Rs. 74.40 crores as on 31st December '05.

One of the key accomplishments of the Bank has been to build up a significant base and scale of operations in a short span of time and in the areas of ATMs, Debit Card, POS terminals and the International Travel Currency Card, the Bank has been able to secure a slot in the 'top three' league in the retail banking sector in the industry.

As on December 31, 2005 the retail assets portfolio was Rs. 5,810 crores and during the financial year 2005-06, the portfolio registered a growth of Rs. 1,601.12 crores, up from Rs. 4,208.64 crores as on March 31, 2005.

The bucket-wise provisioning policy currently adopted by the Bank for retail loans is more aggressive than the provisioning policy prescribed by Reserve Bank of India. As on December 31, 2005 the total provisioning for retail assets amounts to Rs. 32.75 crores vis-à-vis Rs. 25.98 crores

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as on March 31, 2005. The net non-performing assets (NPAs) amount to Rs. 32.61 crores and form 0.56% of the net portfolio.

With a view to increasing the Bank's share in the retail loans segment, the Bank has increased its network to 12 Retail Asset Centres (RACs) and 26 Satellite Retail Asset Centres (SRACs). In addition to these, another 6-8 new centres (SRACs) are proposed to be opened before the current financial year of 2005-06.

The Credit and Operational Risks associated with retail loans were contained by evolving tight and streamlined eligibility criteria, a robust credit-scoring model based on socio-economic parameters and monitored on a dynamic basis and fine-tuned in line with the environmental demands.

- **International Banking**

The bank offers a vide rage of banking, investments and advisory services to the NRI community. The major products offered to NRI includes Foreign Currency Non Resident Deposits, Non-Resident External Fixed Deposits, Non-Resident Ordinary Deposits, Non Resident External Savings Account, Portfolio Investment Scheme, Remittance Services and Tax Advisory Services etc.

The aggregate NRI Deposits stood at Rs. 1,464.63 crores as on 31.12.05 with a total of 46,262 SB Accounts. Through focussed development of this segment, high growth rates in business volumes have been achieved in recent times. The Bank has taken up an active international expansion programme and has identified potential markets that include the Gulf, Singapore, Sri Lanka, Hong Kong and China and applications have been filed with the regulators in the respective countries. Permission for establishing a banking presence in Singapore has since been received.

- **Operations**

The Operational Department formulates operational procedures for delivery of products, approves new products and services from the perspective of operational feasibility and convenience of delivery and ensures the implementation of regulatory policies concerning the operational aspects of banking. The Operations department is also actively involved in business process re-engineering activities whereby off-line processes are either shifted to centralized back-offices or outsourced so that branches can concentrate on business development. The call center and the central processing units are part of the operational department.

- **Call Centre**

The Bank has a call center in Mumbai offering telephone banking services to customers in the Western Zone of India. The Bank intends to extend these services gradually to all branches. The call center offers a self-service option for automated phone banking. In addition, carefully chosen trained phone banking officers offer personalized services for customers of the retail and SME segments, providing account related information and answering queries about the Bank's products and services.

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- **Central Processing Units**

As a part of the bank's initiative to leverage technology, redefine business processes and deliver quality products to its customers with efficiency and cost effectiveness, the Bank has set up a central processing unit in Mumbai in December, 2001. The central processing unit opens all liability accounts for the branches, produces welcome kits, deliver cheque books, debit cards, term deposit receipts and statement of account. Concurrent auditors verify whether the accounts are being opened after compliance with the Bank's "Know Your Customer" procedures and turn around time is strictly monitores.

- **Data Centre and Disaster Recovery System**

While the Bank's primary data center is located in Mumbai, it has a separate disaster recovery data center in Bangalore, which is connected, to the main data center. The disaster recovery data center has facilities to host critical banking applications in the event of disaster at the primary site.

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- **Business Strategy**

The key elements of the Bank's business strategy going forward are to:

- **Increase the Bank's market-share in India's expanding financial services industry through a continued focus on the retail financial services sector**. The Bank aims to achieve this by providing banking convenience to customers and by offering differentiated products to meet the specific needs of disparate customer segments. The Bank is sensitive to such product differentiation and management believes that such customer-specific orientation will strengthen its future profitability.

- **Improve profitability through emphasis on core income streams such as net interest income and fee-based income**. The Bank intends to achieve this by expanding its distribution network and alternate delivery channels such as internet banking aimed at the acquisition of low and/or non-interest bearing savings bank and current account deposits.

- **Sustain the focus on improvements in loan and investment portfolio quality**. The Bank aims to achieve this through rigorous credit and risk appraisal, sound treasury management, product diversification and strong internal controls.

- **Continuously upgrade the Bank's information technology systems**. The Bank aims to maintain a scalable computing infrastructure backed by a robust network architecture, which delivers service across multiple channels for customer convenience and cost reduction through operational efficiency. In order to retain a competitive edge, the Bank's information technology department ensures that the Bank's technology is continuously upgraded.

- **Build an international presence**. Globalisation of the Indian economy offers growth opportunities to the Bank in terms of financing cross-border trade and manufacturing activities in addition to remittance and business from NRIs. The Bank intends to capture a segment of this business by establishing offices overseas in Sri Lanka, Hong Kong, Singapore, China and Dubai, subject to receiving the necessary approvals from RBI and regulators in such jurisdictions.

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X. HISTORY AND CORPORATE STRUCTURE OF THE BANK

History

The Bank began its operations on April 2, 1994 as one of the first private sector banks established under guidelines issued in 1993 by RBI in line with the Government's policy to reform India's financial sector. The Bank obtained its certificate of incorporation on December 3, 1993 and its certificate of commencement of business on December 14, 1993. The Bank's entire initial equity capital of Rs. 100 crores was contributed by UTI-I (previously Unit Trust of India). Subsequently, LIC contributed Rs. 0.75 crores and GIC, together with four Government-owned general insurance companies, contributed Rs. 0.75 crores.

The Bank's equity capital was subsequently increased from Rs. 115 crores to Rs. 132 crores through an initial public offering in September 1998. The Bank issued 1.50 crores equity shares and UTI-I made a simultaneous offer for sale of 2 crores equity shares. The Bank's equity shares are listed on the NSE, the BSE and the ASE.

Its first branch was opened at Ahmedabad in April 1994. The Bank has 413 Branches and extension counters and 1820 ATMs as on December 31, 2005

Main Objects

1. To carry on the business of banking, that is to say, accepting for the purpose of lending or investment deposits of money from the public, repayable on demand or otherwise, and without prejudice to the generality hereof, to carry on the business of,

(a) borrowing, raising, or taking up of money;
(b) lending or advancing of money either upon or without security;
(c) 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, scripts and other instruments, and securities whether transferable or negotiable or not;
(d) granting and issuing of letter of credits, traveler's' cheques and circulars notes;
(e) buying, selling and dealing in bullions and specie; buying and selling on commission;
(f) underwriting and dealing in stocks, funds, shares, debentures, debenture stock, obligations, securities and investments of all kinds;
(g) purchasing and selling of Debentures, scrips or other forms of securities on behalf of itself, constituents or others;
(h) negotiating of loans and advances;
(i) receiving of all kinds for Debentures, scripts or valuable on deposits for safe custody or otherwise;
(j) providing of safe deposits vaults;
(k) collecting and transmitting of money and securities;

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(l) issuing credit cards, meal vouchers and extending any other credits and to carry on any other business specified in clause (b) to clause (n) of sub-section (1) of section 6 of the Banking Regulation Act, 1949 (10 of 1949) , and such other forms of business which the Central Government may by notification in the official Gazette specify as a form of business in which it would be lawful for a banking company to engage;

2. To carry on the business of merchant banking, investment banking, portfolio investment management, and corporate consultants and advisors;
3. To carry on the business of mutual fund, equipment leasing and hire purchase;
4. To carry on the business of factoring by purchasing and selling debts receivables and claims, including invoice discounting and rendering bill collection, debt collection and other factoring services;

Subsidiaries of the Bank

The Bank as on date does not have any subsidiaries.

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XI. MANAGEMENT

Board of Directors

Dr. P. J. Nayak	Dr. P. J. Nayak has a Ph.D. in Economics from the University of Cambridge, UK. He has completed 58 years of age. He was employed from May, 1996 to December, 1999 as Executive Trustee, Unit Trust of India. Before this, from 1971 to 1996, he was employed as a member of the Indian Administrative Service. From July, 1990 to July, 1995 he was employed as Joint Secretary by the Government of India in the Department of Economic Affairs in the Ministry of Finance. He has also served as a Government Director on the Boards of Banks, including Bank of Baroda and Canara Bank. Dr. P. J. Nayak is not a Director of any other Company. Dr. Nayak was appointed as a Director of the Bank w.e.f. 9th October, 1999 and was appointed as the Chairman and Managing Director from 1 January 2000 to 31 December 2004 and has been reappointed as the Chairman and Managing Director for a further period from 1 January 2005 to 31 July 2007.
Mr. Surendra Singh	Mr Surendra Singh has a Masters degree in Science. He is 68 years of age. He was formerly Cabinet Secretary to the Government of India. He was also an Executive Director of the World Bank, representing India, Bangladesh, Sri Lanka and Bhutan. He was appointed as a Director of UTI Bank w.e.f. 27th April, 2000. He holds various board level positions in the [banking] industry. He is a Director of NIIT Technologies Limited, NIIT Limited, Jubilant Organsoys Limited, BAG Films Limited, CMC Limited and Andhra Pradesh Paper Mills Limited.
Mr N. C. Singhal	Mr N. C. Singhal has a Masters degree in Economics and a Masters degree in Science and a Post Graduate Diploma in Public Administration. He is 69 years of age. He was the founder and Chief Executive Officer, designated as the Vice-Chairman and Managing Director of SCICI Ltd. (formerly known as the Shipping Credit and Investment Corporation of India Ltd.). He has also worked with ICICI Ltd. and ONGC for number of years. He was appointed as a Director of UTI Bank w.e.f. 2nd May, 2002. He is also a Director of Shapoorji Pallonji Finance Limited, Deepak Fertilizers & Petrochemicals Corporation Ltd., Max India Limited, The Shipping Corporation of India Limited, Max New York Life Insurance Company Limited, Birla Sun Life Asset Management Co. Ltd, Tolani Shipping Limited, Ambit Corporate Finance Pvt. Limited and Chairman of Samalpatti Power Company Pvt. Limited and Max Telecom Ventures Ltd.
Prof. J. R. Varma	Prof. J. R. Varma is a Cost Accountant and has a Post Gradute Diploma in Management from Indian Institute of Management, Ahmedabad. He is 46 years of age. He was appointed as a Director of UTI Bank w.e.f. 25th June,

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	2003. He is currently a professor in the Finance and Accounting department at Indian Institute of Management, Ahmedabad where he teaches courses in Capital Markets, International Financial Management and Corporate Finance. Prof. Varma was a full-time member of SEBI for a year. Before that, he was a part time member of SEBI for three years. Prof. Varma has carried out extensive research in the field of Indian Financial Market and Finance theory and published extensively in Indian and International Journals. He is a Director of Progeon Limited (a Subsidiary of Infosys Technologies Ltd.)
Mr. A. T. Pannir Selvam	Mr A. T. Pannir Selvam has a Masters degree in Economics. He is 65 years of age. He was formerly Chairman and Managing Director of Union Bank of India and Executive Director of Bank of India. He was also Chairman of a Government - appointed high level committee to study the causes of NPA's and to suggest remedial measures. He was also on the boards of several public sector undertakings. He was appointed as a Director of UTI Bank w.e.f. 25th June, 2003. He is presently a Director of 2icapital (India) Pvt. Limited, Rolta India Limited, and Pegasus Asset Reconstruction Company Pvt. Ltd. and Stock Holding Corporation of India Limited.
Mr. R. H. Patil	Mr R. H. Patil has done Masters in Economics and Ph.D. in International Economics. He is 68 years of age. He was appointed as a Director of UTI Bank w.e.f. 17th January, 2005. He is presently Chairman of Clearing Corporation of India Limited. He was the founder Managing Director and CEO of the National Stock Exchange of India. He has also worked for 7 years in RBI and more than 18 years in IDBI. He is also a Director of Credit Analysis & Research Limited, National Securities Depository Limited, NSE.IT Limited, National Securities Clearing Corporation India Limited, National Stock Exchange of India Limited, Clear Corp Dealing Systems (India) Ltd., SBI Capital Markets Limited, CorpBank Securities Limited, NDSL Database Mgt Ltd and Intuit Consulting Pvt. Ltd.
Mr. R. B. L. Vaish	Mr R. B. L. Vaish is a graduate in Commerce and a Chartered Accountant. He is 60 years of age. He was appointed as a Director of UTI Bank w.e.f. 17th January, 2005. He was the Executive Director (Finance & Accounts) of LIC of India. He has worked in various capacities with LIC for his entire career. He is not a Director of any other Company.
Smt. Rama Bijapurkar	Rama Bijapurkar has an Honours Degree in Science and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. She is 48 years of age. She is an Independent Management Consultant, specialising in market strategy and is a visiting faculty member at the Indian Institute of Management, Ahmedabad. She has 27 years of experience in market research and market strategy. She was appointed as a Director of UTI Bank w.e.f. 17th January, 2005. She is also a Director of

Infosys Technologies Limited, Godrej Consumer Products Limited, Credit Rating Information Services India Limited, Ambit Corporate Finance Pte. Ltd, Give Foundation (Sec. 25 Company) and CRISIL Marketwire Ltd.

Mr. S. Chatterjee	Mr S. Chatterjee has an honours degree in Arts. He is 59 years of age. He has over 33 years of experience in commercial and investment banking. He joined the Bank in 1994. In his earlier assignment with SBI, he had extensive exposure in the areas of international banking in the UK and the USA. He was the Bank's Resident Representative in Washington D.C. for five years. Mr Chatterjee has been appointed as a full-time Executive Director of the Bank from 17 January 2005 till 31 December 2006. He is not a Director of any other Company.
Mr S. B. Mathur	Mr S. B. Mathur is a graduate in Commerce and a Chartered Accountant as also a Cost Accountant. He is a former Chairman of Life Insurance Corporation and is presently the Administrator of the Specified Undertaking of the Unit Trust of India. He is also on the Board of National Stock Exchange, EID Parry (I) Ltd., UTI Securities Ltd., UTI Technology Services Ltd. Grasim Industries Ltd., IL&FS, Munich Re India Services Pvt.Ltd. National Collateral Management Services Ltd., UTI Infrastructure & Services Ltd., ITC Ltd, Indian Railway Catering and Tourism Corporation Ltd. and Havell's India Ltd. He is also Chairman in India Institute of Capital Market and Trustee and Board of Trustee of SASF and IDBI respectively.
Mr M. V. Subbiah	Mr M. V. Subbiah is a Diploma holder in Industrial Administration. He is the former Chairman and present Advisor of the Murugappa Group. Mr Subbiah has been a recipient of 'JRD Tata Business Leadership' award in 2002 and the National HRD award in 1988. The Murugappa family has received the 'Distinguished Family Business' award 2001, from IMD Lausanne. Mr Subbiah having served as the member of EID Parry (I) Ltd.; one of the oldest sugar companies in India has gained a lot of exposure to the farming community as well as the Agricultural and Rural Economy. Has been a member of the "Committee on the Financial System" constituted on 25/12/1997 under the Chairmanship of Mr M.Narasimham. He is a Director in Lakshmi Machine Works Ltd., ICI India Ltd., Chennai Wellingdon Corporate Foundation, Chennai Heritage (Section 25) Company, SRF Ltd.
Mr Ramesh Ramanathan	Mr Ramesh Ramanathan has an honours postgraduate degree in Physics. He is also an MBA in Finance and a CFA (AIMR). Mr Ramanathan is a Former Managing Director, CitiBank, North America, Head of North American Equity Derivatives and European Head, Corporate Derivatives. He was also the founder of Janaagraha and Sanghmitra, Social organisations in Bangalore.

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He is Director in Cross Domain Solutions Pvt.Ltd., Infostrands Pvt.Ltd and Sanghmithra Rural Financial Service (Section 25) Company.

Compensation Of Managing Directors/Whole Time Directors

Name & Address	Directorship in other Companies	Nature of Interest in other Companies
Dr. Pangal Jayendra Nayak Chairman & Managing Director 162, Jolly Maker Apts. III Cuffe Parade, Colaba Mumbai- 400 005	NIL	NIL

Dr. P. J. Nayak was appointed as Chairman and Managing Director of the Bank from January 1, 2000 upto December 31, 2004 on the terms and conditions contained in the agreement executed between the Bank and the Chairman and Managing Director on December 22, 1999 and also in the supplementary agreements executed on February 19, 2002, March 3, 2003, October 17, 2003, October 27, 2004 March 30, 2005 and July 14, 2005. He was re-appointed as the Chairman and Managing Director of the Bank for the period January 1, 2005 till July 31, 2007.

The terms effective from April 1, 2005 are as under:

Particulars	Revised Terms
Salary	Rs. 64,80,000/- p.a. (Rupees Sixty Four Lacs Eighty thousand only)
Variable Pay	As may be decided by the Remuneration and Nomination Committee/Board from time to time, subject to a maximum of 25% of salary drawn during the year
Leave Fare Concession	Rs. 3,71,000/- per annum
Personal Entertainment Allowance	Personal Entertainment allowance Rs.2,10,000 p.a.
Allowance for Upkeep of residential accommodation	Allowance for upkeep of residential accommodation provided by the Bank Rs. 1,93,500/- p.a.
Superannuation	@ 10 percent p.a. of salary as applicable to other employees of the Bank.
Employees Stock Option Plan	Stock options (ESOP) as may be decided by the Remuneration Committee / Board from time to time.
House Rent Allowance in lieu of Bank's owned / leased accommodation	Rs. 1,25,000/- p.m. (only if he stays in his own house)
Medical	Full medical facilities for self and family

Housing / Personal Loans	As given below at the same rate interest as applicable to other employees of the Bank)

Particulars	Amount of Loan (Rs.)
Housing Loan	Upto Rs.30.00 lacs
Staff Vehicle Loan	Rs.10.00 lacs
Staff Consumer Loan	Rs.5.00 lacs
Staff Personal Loan	Rs.10.00 lacs
Loan against NSC/Units of UTI and Other Mutual Funds	Rs.1.00 lac
Total Loan Eligibility	Rs. 56.00 lacs

Name & Address	Directorship in other Companies	Nature of Interest in other Companies
Mr S. Chatterjee Executive Director 13th Floor, Maker Towers "F" Cuffe Parade, Colaba Mumbai – 400 005	NIL	NIL

Mr S. Chatterjee was appointed as Executive Director of the Bank w.e.f. January 17, 2005 till the date of December 31, 2006. The terms effective from April 1, 2005 are as under:

Particulars	Terms
Salary	Rs. 27,57,900/- p.a. (Rupees Twenty seven lacs, fifty seven thousand nine hundred only)
Other allowance	RS. 11,64,240/- p.a.
Variable Pay	As may be decided by the Remuneration and Nomination Committee / Board from time to time, subject to a maximum of 25% of salary drawn during the year.
Leave Fare Concession	Rs. 1,92,000/- p.a.
Personal Entertainment Allowance	Expenditure on official entertainment would be on the Bank's account.
Allowance for Upkeep of residential accommodation	Rs. 36,000 p.a.
Superannuation	10% of Basic Pay p.a.
House Rent Allowance in lieu of Bank's owned/leased accomodation	Rs. 75,000/- p.m. (only if he stays in his own house)
Medical	Full medical facilities for self and family
Employees Stock Option Plan	As may be granted by the Board of Directors from time to time, according to the ESOP Scheme of the Bank, subject to prior approval of Reserve Bank of

	India
Housing/Personal Loans	As given below at the same rate interest as applicable to other employees of the Bank)

Particulars	**Amount of Loan (Rs.)**
Housing Loan	Upto Rs.30.00 lacs
Staff Vehicle Loan	Rs.8.00 lacs
Staff Consumer Loan	Rs.4.00 lacs
Staff education Loan	Rs.5.00 lacs
Staff Personal Loan	Rs.2.75 lacs
Loan against NSC/Units of UTI and Other Mutual Funds	Rs.0.25 lac
Total Loan Eligibility	Rs. 50.00 lacs

Corporate Governance

The Bank complies with Corporate Governance as applicable to listed Companies and has constituted the committees such as Committee of Directors, Audit Committee, Risk Management Committee, Shareholders/Investors Grievance Committee, Remuneration and Nomination Committee, Customer Service Committee and Special Committee to monitor large value frauds.

Audit Committee

The terms of reference of the Audit Committee are in accordance with clause 49 of the Listing Agreement entered into with the Stock Exchanges in India and inter alia includes the following:

a) To provide direction and to oversee the operation of the audit functions in the Bank.
b) To review the internal audit and inspection systems with special emphasis on their quality and effectiveness
c) To review inspection and concurrent audit reports of large branches with a focus on all major areas of Housekeeping, particularly inter branch adjustment accounts, arrears in the balancing of the books and un-reconciled entries in inter-bank and Nostro accounts and frauds
d) To follow up issues raised in Long Form Audit Report and inspection reports of Reserve Bank of India
e) To review the system of appointment and remuneration of concurrent auditors and external auditors.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee performs the following functions:

a) To decide the remuneration package for all employees and Directors, which includes Salary, Benefits, Bonuses, Pension and Employee Stock Options.

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b) The Committee is also consulted on appointments at very senior levels of the Bank.
c) The Committee also undertakes a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria

Shareholders/ Investors Grievance Committee

The committee look into the redressal of shareholders' and investors' grievances relating to non receipt of dividend, refund order, shares sent for transfer, non receipt of balance sheet etc.

Risk Management Committee

The Risk Monitoring Committee is formed as per the guidelines of the Reserve Bank of India on the Asset Liability Management/Risk Management Systems. The functions of the Committee inter-alia includes

a) To monitor the business of the Bank periodically and also to suggest the ways and means to improve the working and profitability of the Bank from time to time.
b) To perform the role of Risk Management in pursuance of the Risk Management Guidelines issued periodically by RBI and Board.

Shareholding of Directors (as on December 31, 2005)

Sr. No.	Name of Director	No. of Shares held
1	Mr P J Nayak	49,140
2	Mr S Chatterjee	32,756
3	Mr R.B.L. Vaish	225

Directors of the Bank are not required to hold qualification shares.

Interest of Directors

The Directors of the Bank are interested to the extent of shares held by them and/ or by their friends and relatives or which may be subscribed by them and/ or allotted to them by the Bank.

The Directors of the Bank are interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee and reimbursement of travelling and other incidental expenses, if any, for such attendance as per the rules of the Bank.

Save as stated above, no amount or benefit has been paid or given to the Bank's Directors or Officers since its incorporation nor is intended to be paid or given to any Directors or Officers of the Bank except the normal remuneration and/or disbursement for services as Directors, Officers or Employees of the Bank.

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Change in Directors of UTI Bank Limited during the Last Three Years

The following Persons have been appointed and inducted into the Board as Directors during the last 3 years

The following have been appointed and inducted on the Board as Directors during the last three years i.e. after 1st January, 2003

1	Mr R N Bhardwaj	January 16, 2003
2	Mr Jayanth Varma	June 25, 2003
3	Mr A. T. Pannir Selvam	June 25, 2003
4	Mr J M Trivedi Alternate Director to Mr Daniel Paul Fletcher Alternate Director to Mr Donald Peck	 March 27, 2002 to May 2, 2002 and from December 13, 2002 to April 29, 2003 and May 6, 2003 to May 22, 2003. June 20, 2002 to July 10, 2002 and from November 2, 2002 to November 26, 2002 and July 22, 2003 to August 19, 2003.
5	Mr. Ajeet Prasad	31st July, 2002 & January 20, 2004*
6	Dr. R. H. Patil	January 17, 2005
7	Mr R. B. L.Vaish (Nominee of LIC)	January 17, 2005
8	Smt. Rama Bijapurkar	January 17, 2005
9	Mr S. Chatterjee	January 17, 2005
10	Mr S. B. Mathur	October 14, 2005
11	Mr M. V. Subbiah	October 14, 2005
12	Mr Ramesh Ramanathan	October 14, 2005

*resigned and re-appointed

The following Persons have ceased to be Directors during the last 3 years

Sr. No.	Name of Director	Date	Reason
1	Mr. Ajeet Prasad	May 13, 2003	Resignation
2	Mr. B S Pandit	November 12, 2003	Resigned
3	Mr. Paul Fletcher	June 07, 2004	Resigned
4	Mr. Donald Peck	June 07, 2004	Resigned
5	Mr. R N Bhardwaj	August 16, 2004	Resigned
6	Mr. K Narasimha Murthy	October 01, 2004	Resigned
7	Mr. Ajeet Prasad	July 26, 2005	Resigned
8	Mr. Yash Mahajan	July 29, 2005	Resigned
9	Mr. M. Raghavendra	August 5, 2005	Resigned

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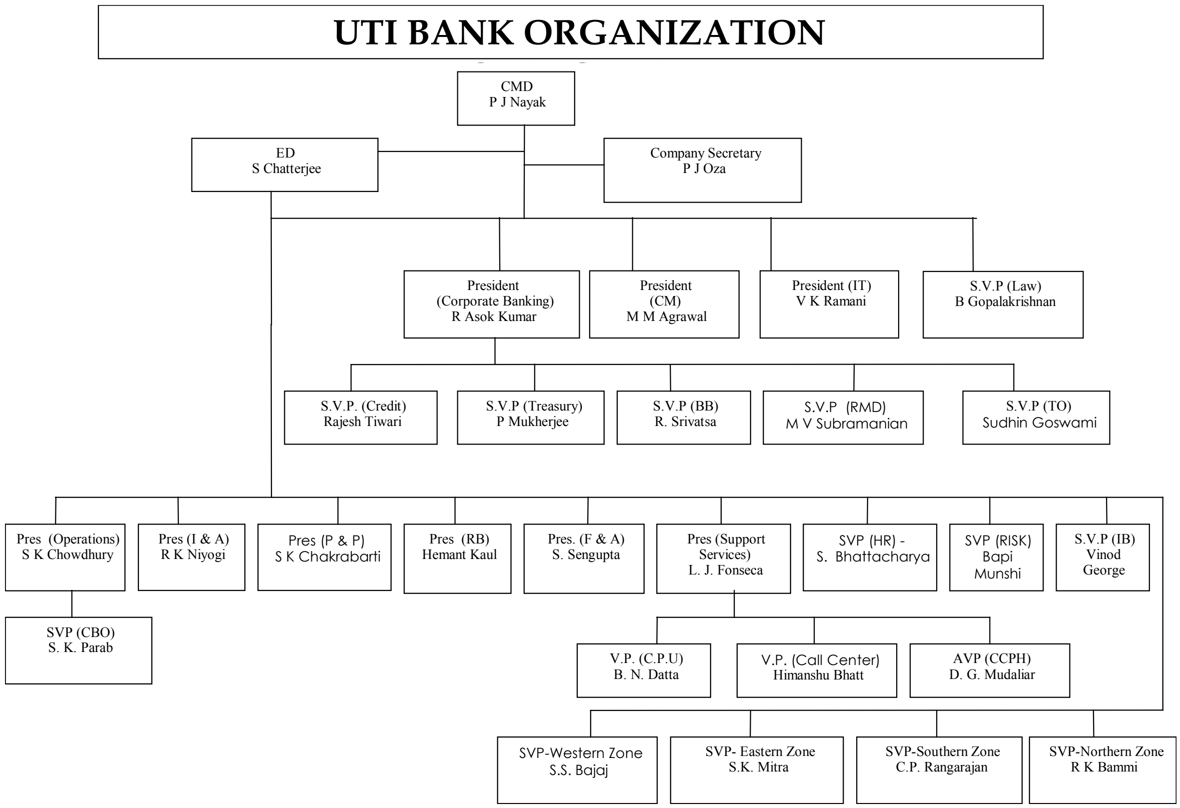
XII. Organization Structure



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XIII Key Managerial Personnel

Name	Designation	Date of Joining	Qualification	Experience	Ex-Employer Name
Dr. P J Nayak	CMD	01.01.2000	M.A., Ph.D. from Cambridge University	34	Unit Trust Of India
S Chatterjee	ED	01.12.1994	Honours (B.A)	35	State Bank of India

The Chairman and Managing Director and The Executive Director are supported by a team of professionals, who head various functional areas including Credit, Capital Markets, Foreign Exchange and Treasury, Finance and Accounts, Information Technology, Policy Planning and Personnel. The branches are headed by experienced bankers at senior level of Vice President/Asst. Vice President.

Change in Key Managerial Personnel in the preceding one year:

There has been no change in the Key Managerial Personnel in the preceding one year.

Disclosure regarding Employees stock option Plan

With a view to aligning the incentives of Bank's employees with those of shareholders, Bank has introduced Employee Stock Option Plan during the year 2001 and 2004, in accordance with SEBI guidelines on Employee Stock Options. Pursuant to the approval given by the shareholders in February, 2001 for granting an 1,30,00,000 and approval given in 2004 for granting additional 1,00,00,000 stock options to employees in one or more tranches four tranches of options of 1118925, 1779700, 2774450, 3809830 and 5706425 options were granted to the employees during 2000-01, 2001-02, 2003-04, 2004-05 and 2005-06 respectively. The options vest in a granted manner over three years, with 30%, 30% and 40% of the grants vesting in each year commencing after one year from the date of grant.

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XIV PROMOTERS

- **Administrator of The Specified Undertaking Of The Unit Trust Of India (UTI I)**

Brief History:
Erstwhile Unit Trust of India was set up as a body corporate under the UTI Act, 1963, with a view to encourage savings and investment. In December 2002, the UTI Act, 1963 was repealed with the passage of Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 by the Parliament, paving the way for the bifurcation of UTI into 2 entities, UTI-I and UTI-II with effect from 1st February 2003. In accordance with the Act, the Undertaking specified as UTI I has been transferred and vested in the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI), who manages 1 assured return schemes along with 6.75% US-64 Bonds**,** 6.60% ARS Bonds with a Unit Capital of over Rs. 14922.26 crores.

The Government of India has currently appointed Mr S B Mathur as the Administrator of the Specified undertaking of UTI, to look after and administer the schemes under UTI – I, where Government has continuing obligations and commitments to the investors, which it will uphold. The Central Government has appointed a Board of Advisors, comprising the following, to advise and assist the Administrator in carrying on the management of the Specified Undertaking.

1. Mr D P Krishna, Joint Secretary, (CM & ECB), Dept. of Economic Affairs, Ministry of Finance and Company Affairs, Government of India.
2. Mr Anurag Goel, Additional Secretary, Department of Expenditure, Ministry of Finance, Government of India.
3. Mr R V Shastri, CMD (Retd.), Canara Bank.
4. Mr A N Shanbhag, Investment Consultant.

The Schemes currently being managed by the Administrator of the Specified Undertaking of the Unit Trust of India are:

Sr. No.	**Schemes under UTI-I**
1.	6.75% US-64 Bonds
2.	6.60% ARS Bonds
3.	Special Unit Scheme – 99

Provisional figures of Assets under Management of SUUTI as on December 31,2005:

	Rs. in Crores
Equity & Preference Share *	11536.76
Corporate Debt (Debentures)	2520.89
Government Securities	1639.43
Money Market and Deposits	9202.32
Total	**24899.40**

* Including aggregate Shareholding in UTI Bank Limited: 7,72,45,070 shares comprising of 27.73% equity capital of UTI Bank Limited.

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Listed Ventures of Promoters:

Only one company viz UTI Bank Ltd is listed, out of all companies managed by the Administrator of SUUTI.

- **Life Insurance Corporation Of India**

Brief History:

Life Insurance Corporation of India (LIC of India) is a statutory Corporation formed under the Life Insurance Corporation of India Act, 1956, under which the Government of India nationalised the business of life insurance and the newly formed LIC of India took over the assets and liabilities of all the existing insurance Companies with effect from 01.09.1956. The entire capital of LIC is held by Government of India. LIC of India has strong marketing network of more than 11 lacs agents spread over the country and has also diversified into areas like housing finance, and management of mutual funds by promoting dedicated companies.

Board of Directors :

1. Mr. A K Shukla – Chairman
1. Mr. K. Sridhar – Managing Director
2. Mr. T. S. Vijayan – Managing Director
3. Mr. D.K. Mehrotra – Managing Director
4. Mr.V P Shetty
5. Mr. R K Joshi
6. Mr. Amitav Kothari
7. Dr.Gautam Baurua
8. Dr.A Jaygovind
9. Ms.Pushpa Girimaji
10. Dr.Arvind Virmani
11. Mr.Sunil Kant Munjal
12. Dr.Swati Piramal

Financial Highlights:

Rs.in Crores

Year	2002-2003	2003-2004	2004-05
Capital	5.00	5.00	5.00
Free Reserve – General Reserve (Shareholders Funds)	116.75	120.43	132.19
Total	121.75	125.42	137.19
Life Insurance Fund	273005	321754	385639
Total Income*	80939	93089	112346
Profit after Tax	497	548	708

* Total Income has been defined as Net Premium Income plus other income.

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- **General Insurance Corporation India**

Brief History :

The General Insurance Corporation of India was incorporated under the Companies Act, 1956 on November 22, 1972. In terms of the General Insurance (Business) Nationalisation Act, 1972 the undertakings of all insurance companies operating in the country were taken over by four companies, the New India Assurance Company Limited, United India Insurance Company Limited, Oriental Insurance Company Limited and National Insurance Company Limited was vested with GIC. Thus making it the holding company for the four general insurance companies operating in India. Central Government vide gazette notification S.O.329(E) dated 21.3.2003 has notified the "Appointed Date" on which the general insurance business (Nationalisation Act, 2002) has come into force in view of the said notification the share capital of the erstwhile four subsidiaries is now vested in the Central Government and GIC has been formally de-linked from the said subsidiary companies. GIC has diversified into area like Housing Finance and Management of Mutual Funds.

Board of Directors:

1. Mr. R K Joshi, Chairman cum Managing Director
2. Mr. G C Chaturvedi
3. Mr. A K Shukla
4. Mr. A K Purwar
5. Mr. B Chakrabarti

Financial Highlights:

Rs. in Crores.

Year	2002-2003	2003-04	2004-05
Share Capital	215	215	215
Reserves (excluding revaluation reserve)	2952	3917	4044
Net Premium Income	3833	4163	4614
Profit after Tax	261	1038	200
EPS (Face value Rs. 100 each) (Rs.)	122	483	47
NAV (Rs.)	3167	4132	4258

- **National Insurance Company Limited**

Brief History :

National Insurance Company Limited was incorporated in 1906 with its Registered office in Kolkata. Consequent to passing of the General Insurance Business Nationalisation Act in 1972, 21 Foreign and 11 Indian Companies were amalgamated with it and *National* became a subsidiary of General Insurance Corporation of India (GIC) which is fully owned by the Government of India.

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After the notification of the General Insurance Business (Nationalisation) Amendment Act, on 7th August 2002, *National* has become a Government of India undertaking. ***National*** transacts general insurance business of Fire, Marine and Miscellaneous insurance. The Company offers protection against a wide range of risks to its customers

Board of Directors:
1. Mr V Ramaswamy
2. Mr O N Singh
3. Mr Lalit Kumar Chandel
4. Mr T K Das
5. Mr.Y P Chopra

Financial Highlights:

Rs. in Crores

Year	2002-2003	2003-2004	2004-05
Share Capital (Paid up)	100.00	100.00	100.00
Free Reserve & Surplus	972.17	1015.20	1116.27
Total Income *	2270.33	3108.48*	3497.02
Profit after Tax	135.65	77.07	131.18

*Total Income has been defined as Income from underwriting net of other income (Invt.)

- **The New India Assurance Company Limited**

Brief History:
Incorporated on July 23, 1919 Founded by the House of Tata Founder member - Sir Dorab Tata. Nationalised in 1973 with merger of Indian companies. Currently it is a Government Company and with 100% Equity Capital is with the Indian Government.
Gross Premium of Rs.5103.16 crores in the year 2004-05, as against Rs. 4921.47 crores in the year 2003-04. Assets Rs.19827.19 crores as on 31st March 2005. During the year company operated in domestic market through Network of 26 Regional Offices, 393 Divisional Offices, 614 Branch Offices and 34 Direct Agent Branches. Rank No. 1 in the Indian market. Largest Non-Life insurer in Afro-Asia excluding Japan. First Indian non-life company to cross Rs. 5000 crores Gross Premium. Global Re-insurance facilities. Over-seas presence in countries like Japan, U.K, Middle East, Fiji and Australia.

Overseas operations commenced in 1920. Operations in 24 countries spanning 5 continents in the year 2005. New India operates through a Network of 19 Branches, 12 Agencies, 2 Associate companies and 2 Subsidiary companies in the year 2005. Overseas Premium of Rs. 892.35 crores in the year 2004-05

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Largest number of Offices - In India and Abroad Trained and technically qualified staff 1068 fully computerised offices across India. 'A' (Excellent) rating by A.M.Best & Co (Europe) for seven successive years. First domestic company to be rated by an International Rating Agency Rating based upon following factors: Superior capital position Strong operating performance Strong market position Only company to develop significant International operations, long record of successful trading outside India.

Board of Directors:

1. Mr. Bimalendu Chakrabarti -Chairman-cum-Managing Director
2. Mr.Girish Chandra Chaturvedi - Joint Secretary (Banking & Insurance)
3. Mr. Ram Kishore Joshi -Chairman-cum-Managing Director
4. Mr.Anil K Khandelwal -Chairman-cum-Managing Director
5. Mr. Ayalur Vedom Muralidharan - General Manager
6. Mr.Jitender Kumar Gupta - General Manager

Financial Highlights:

Rs. in Crores

Year	2002-2003	2003-2004	2004-05
Share Capital (Paid up)	100.00	100.00	150.00*
Free Reserve & Surplus	3304.00	3843.50	4166.41
Net Premium Income	3516.43	3634.94	3894.11
Profit after Tax	255.81	590.21	402.23
EPS Rs.	25.58	59.02	26.81
NAV (net worth) Rs.	3404.00	3943.50	4316.41

* Bonus Issue

The company has been De-linked from General Insurance Corporation of India by an Act of Parliament.

- **United India Insurance Company Limited**

Brief History:

The United India Insurance Company Limited (UIIC) was formed by the amalgamation of 22 general insurance companies and 5 foreign operation of the Indian Companies and is wholly owned by Government. of India. The Central Government, vide Gazette notification S.O. 329(E) dated 21st March 2003 has notified the "Appointed Date' on which the General Insurance Business (Nationalisation) Act 2002 shall come into force as 21st March 2003. With effect from this date the book value of the shares in the 4 Public Sector Insurance companies held by GIC stands transferred to the Central Government. In view of the said notification the share capital of

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United India Insurance Company is now vested with the central Government. & General Insurance Corporation of India has now been formally de-linked from the said four public sector insurance companies.

Board of Directors:

1. Mr. M K Garg, CMD
2. Mr.V P Bhardwaj, Director (Insurance), Dept. of Banking & Insurance (Ministry of Finance), Government of India.
3. Dr.K C Chakrabarty CMD, Indian Bank
4. Mr.V S Chopra General Manager, United Insurance Co. Ltd.

Financial Highlights:

Rs. in Crores

Year	2002-03	2003-04	2004-05
Share Capital (Paid up)	100.00	100.00	100.00
Free Reserves & Surplus	1346.03	1692.64	1929.58
Total Income*	2767.24	3093.86	3248.73
Profit after Tax	170.98	380.44	307.71
Earning Per Share (Rs.)	17.098	38.044	30.77

* Total Income has been defined as Net Premium Income plus other income
- UIIC was delinked from General Insurance Corporation of India by an act of Parliament w.e.f. March, 2003

- **The Oriental Insurance Company Limited**

Brief History:

Oriental Fire & General Insurance Company Ltd (OFGICL) was incorporated on September 12, 1947 & Commenced operations in late 1949. On the Nationalisation of General Insurance business in 1973, OFGICL became one of the four subsidiaries of General Insurance Corporation of India with the subsequent merger of ten India Insurance Companies & 12 foreign Insurance Companies with OFGICL. To reflect the gamut of operations of the company, the name of the company was changed in May 1984 from Oriental Fire & General Insurance Company Ltd. to The Oriental Insurance Company limited (OICL). On 30th August 2003, the shares held by GIC were transferred to Government. of India & since then the company has ceased to be a subsidiary of GIC. It is now a wholly owned Government Company.

Board of Directors :

1. Mr M Ramodoss, CMD
2. Mr K N Prithviraj
3. Mr Subash C Sharma
4. Mr. R C Jain

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Financial Highlights:

Rs. in Crores

Year	2002-2003	2003-2004	2004-2005
Share Capital (Paid up)	100.00	100.00	100.00
Free Reserve & Surplus	733.65	1021.92	1318.61
Total Income	2868.15	2899.74	3090.55
Profit after Tax	63.99	316.47	330.52

- OICL was delinked from General Insurance Corporation of India by an act of Parliament w.e.f. 21st March, 2003

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XV. AUDITORS REPORT & FINANCIAL INFORMATION

Private and Confidential
Mr Somnath Sengupta
President – Finance and Accounts
UTI Bank Limited
Maker Towers 'E'
Cuffe Parade
Colaba
MUMBAI 400005

13 February 2006

We were engaged to report on the financial information of UTI Bank Limited ('the Bank') annexed to this report, which is required to be prepared in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines') as amended on 29 March 2005, issued by Securities and Exchange Board of India ('SEBI') on 19 January 2000 and in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992.

The financial information is proposed to be included in the Offer Document of the Bank in connection with the issue of Unsecured subordinated debt of Rs 1,000 crores in the nature of non-convertible debentures on a private placement basis.

As required by the Guidelines and in accordance with the terms of our engagement, we have examined:

- the annexed restated statements of assets and liabilities of the Bank as at 31 March 2005, 31 March 2004, 31 March 2003, 31 March 2002 and 31 March 2001, the annexed restated statements of Profit and loss for each of the years ended on those dates and the unaudited financial results of the Bank for the period ended 31 December 2005 (collectively referred to as 'the summary statements') (Annexure 1);
- the capitalization statement as at 31 December 2005 presented in Annexure III, which has been prepared based on unaudited information;
- the Accounting and other ratios and tax shelter statement for the period ended 31 December 2005 presented in Annexure IV and V respectively, which have been prepared based on unaudited information; and
- Accounting and other ratios and Tax shelter statement for the years ended 31 March 2005, 31 March 2004, 31 March 2003, 31 March 2002 and 31 March 2001 presented in Annexure IV and Annexure V respectively which have been prepared based information extracted from the financial statements of the respective years.

The Bank's management is responsible for the preparation of the summary statements, the Capitalization statement, the Accounting and other ratios, and Tax shelter statement. Our responsibility is to report based on the work done.

With respect to the financial information set out in the summary statements relating to:

- the financial years ended 31 March 2001 to 31 March 2005, have been extracted from the audited financial statements drawn up in confirmation with the provisions of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Companies Act, 1956, audited by us for the years ended 31 March 2005, 31 March 2004 and 31 March 2003 and, and by M/s V Sankar Aiyar and Co., Chartered Accountants for the years ended 31 March 2002 and 31 March 2001; and
- the financial results for the period ended 31 December 2005, have been extracted from the Unaudited Financial Results drawn up in accordance with clause 41 of the listing agreements entered by the Bank with the Stock Exchange, Mumbai ('BSE'), The National Stock Exchange of India Limited (NSE) and the Stock Exchange, Ahmedabad and reviewed by us for the period ended 31 December 2005. A review of unaudited financial results consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on the audited financial statements for the years ended 31 March 2005, 31 March 2004, 31 March 2003, 31 March 2002 and 31 March 2001 and review of the unaudited financial results for the period ended 31 December 2005, we confirm that:

The summary statements have been restated with retrospective effect to reflect the significant accounting policies adopted by the Bank as at and for the year ended 31 March 2005 (as disclosed in the audited financial statements for the year ended 31 March 2005 and which are presented in Annexure II to this report), except for the following in respect of which no adjustments could be carried out as the consequential effects could not be ascertained on a retrospective basis:

- Pursuant to the Reserve Bank of India ('RBI') guidelines, the Bank in October 2000, changed its method of classification and valuation of investments, from the earlier method of classification of investments into current and long-term investments to the new method, whereby, investments were classified into three categories, ie. 'Held for trading', 'Available for sale' and 'Held to maturity'. The Bank has not applied the new guidelines of classification and valuation to investments retrospectively.
- The Institute of Chartered Accountants of India introduced Accounting Standard 22 ('AS 22'), on Accounting for taxes on income, with effect from 1 April 2001. This accounting standard has been adopted by the Bank from the year ended 31 March 2002 and no adjustments relating to AS 22 have been made retrospectively. In line with the transitional provision of AS 22, the deferred tax impact of timing differences upto 31 March 2001 were adjusted into the opening reserves and the deferred tax impact of the timing differences arising subsequent to 31 March 2001 were adjusted in the Profit & Loss Account of the Bank for the year ended 31 March 2002.
- In the earlier years, investments sold on repurchase basis (repos) were not included for valuation purposes wherever the repos were outstanding on the balance sheet date. During the year ended 31 March 2002, the Bank revised its policy to include such investments for valuation purpose. This change in accounting policy has not been retrospectively made.
- In line with the clarifications issued by RBI, the Bank has not accounted for any appreciation resulting from valuation of its investments in the 'Held for Trading' category of investments, which were hitherto recognised in the Profit and Loss account for the year ended 31 March 2002. This change in accounting policy has not been retrospectively made.

Accordingly, no such appreciation has been recognized by the Bank in subsequent periods after 31 March 2002.

- Prior to 1 April 2002, fee, commission and exchange income was recognized on receipt basis except commission income on deferred payment guarantees, which was recognized pro-rata over the period of guarantee. From 1 April 2002, recognition of fees, commission and exchange income is made on receipt basis, except in cases where income is greater than 1% of the total income of the Bank, where income is recognised on gross basis or 1% of the net profit before taxes, if the income is reckoned net of costs. Retrospective effect of change in this accounting policy on the net profit for the previous financial years has not been made. Further, with effect from 1 April 2005, the Bank has also changed this accounting policy and has started recognizing all fee income on accrual basis. This change ahs also not been applied retrospectively in the summary statements.
- Upto the year ended 31 March 2004, in case of unquoted bonds, debentures and preference shares where interest/dividend was received regularly, the market price was derived on the yield to maturity for government securities as prescribed by Fixed Income Money Market and Derivatives Association of India ('FIMMDA') and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for various credit ratings, maturity and sector classification issued by FIMMDA was adopted for this purpose. However with effect from October 2004 FIMMDA observed that the market does not distinguish between manufacturing and non-manufacturing companies and hence the sectoral markup was done away with. The Bank has not applied the new guidelines for valuation to investments retrospectively.
- Upto 31 March 2005, the Bank made general provision of 0.25% on all standard assets as per the RBI guidelines. However, due to change in regulatory guidelines issued by the RBI, the Bank has made general provision at the rate of 0.40% on standard assets as at 31 December 2005. This change has not been applied retrospectively to the prior years.

All regroupings made by the Bank in the financial statements for the years ended 31 March 2002, 31 March 2003 31 March 2004 and 31 March 2005 have only been incorporated in the respective years/period and not in the prior financial years.

We have performed such tests and procedures, which, in our opinion, were necessary for our reporting to you. These procedures include comparison of the annexed financial information with the Bank's audited financial statements/unaudited financial results.

Based on such procedures carried out by us and review of the records produced to us and the information and explanations given to us by the Bank's management, we confirm that nothing has come to our attention to indicate any non- compliance with the Guidelines, except for those mentioned above.

This report is intended solely for your information and for the Bank to comply with the provision of the Guidelines and may not be suitable for any other purpose.

Yours Sincerely,
For **BSR & Co.**
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

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					Annexure - I
STATEMENT OF ASSETS AND LIABILITIES					(Rs. in crores)
	For the Year Ended 31 March				**For the Nine Months Ended on**
	2001	**2002**	**2003**	**2004**	**2005**	**31/12/05**
	Audited	Audited	Audited	Audited	Audited	Unaudited
Fixed Assets						
Gross block	254.56	343.80	430.16	619.80	780.42	861.20
Less-Depreciation	43.21	83.33	124.65	184.64	261.98	324.94
Net Block	211.35	260.47	305.51	435.16	518.44	536.26
Less Revaluation Reserves	-	-	-	-	-	-
Net Block after adjustment for revaluation reserve	211.35	260.47	305.51	435.16	518.44	536.26
Current Assets, Loans and Advances						
Investments	4,192.62	5,678.34	7,841.02	7,792.76	14,274.95	17,742.02
Cash & Bank Balances	1,211.78	2,703.32	3,569.71	5,663.21	5,276.01	3,509.27
Loans and Advances	4,845.20	5,352.30	7,179.92	9,362.94	15,602.92	19,530.78
Other Current Assets	305.91	386.62	717.02	896.10	2,071.38	1,489.16
Liabilities and Provisions						
Deposits	9,092.20	12,287.21	16,964.72	20,953.91	31,712.00	34,025.04
Borrowings	1,146.02	950.31	719.31	527.75	1,781.41	3,394.34
Employees Stock Options Outstanding (Net)	-	0.07	0.82	1.63	13.42	12.53
Current Liabilities and Provisions	226.22	528.70	1,010.22	1,530.46	1,828.68	2,545.41
Net Worth	302.42	614.76	918.11	1,136.42	2,408.19	2,830.17

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Represented by						
1. Share capital	131.90	191.81	230.19	231.58	273.80	278.57
2. Reserves	170.52	422.95	687.92	904.84	2,134.39	2,551.60
Less Revaluation Reserves	-	-	-	-	-	-
Reserves (Net of Revaluation Reserves)	170.52	422.95	687.92	904.84	2,134.39	2,551.60
Net Worth	302.42	614.76	918.11	1,136.42	2,408.19	2,830.17

1) With effect from 1 April 2005, the Bank has recognised all fee income on accrual basis as against the earlier practice of accounting such income on receipt basis where it is less than 1% of the total income of the Bank. As a result of this change other income for nine months ended 31 December 2005 is higher by Rs. 5.46 crores. The profits of the earlier years i.e., for the years ended 31 March 2001 to 31 March 2005 have not been recomputed to reflect this change in accounting policy.

2) Pursuant to the change in provisioning requirement for standard assets from 0.25% to 0.40% as notified by RBI through its circular dated 4 November 2005, the Bank has made additional provision of Rs. 25.20 crores as at 31 December 2005. The profits of the earlier years i.e., for the years ended 31 March 2001 to 31 March 2005 have not been recomputed to reflect this change in regulatory guidelines.

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						Annexure - I
STATEMENT OF PROFITS AND LOSSES						**(Rs. in crores)**
						For Nine months ended on
	31.03.2001	**31.03.2002**	**31.03.2003**	**31.03.2004**	**31.03.2005**	**31.12.2005**
	Audited	Audited	Audited	Audited	Audited	Unaudited
Income						
Interest Earned	890.86	1,178.53	1,464.81	1,598.54	1,924.16	2,056.14
Commission, exchange & brokerage	86.25	97.62	143.77	182.41	330.52	335.12
Profit on sale of investments (net)	63.78	305.44	246.14	320.84	-11.34	91.54
Profit on exchange transactions (net)	5.21	8.65	16.67	27.58	48.73	59.45
Profit / loss on sale of fixed assets (net)	-0.07	-0.78	-1.53	-1.49	-2.39	-1.50
Lease Rentals	-	3.63	3.97	2.18	3.47	2.43
Miscellaneous Income	2.17	1.31	1.45	8.63	46.83	14.52
Total	**1,048.20**	**1,594.40**	**1,875.28**	**2,138.69**	**2,339.98**	**2,557.70**
Expenditure						
Interest Expended	791.36	980.00	1,142.41	1,021.45	1,192.98	1,290.77
Staff Costs	28.53	51.22	85.23	121.25	176.85	177.73
Other Operating expenses	94.84	155.90	237.62	297.96	404.53	393.44
Provisions and Contingencies	28.05	193.91	108.82	268.62	61.92	194.36
Total	**942.78**	**1,381.03**	**1,574.08**	**1,709.28**	**1,836.28**	**2,056.30**
Net Profit before tax and extraordinary items	**105.42**	**213.37**	**301.20**	**429.41**	**503.70**	**501.40**

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Provision for Taxes	18.33	79.23	109.02	151.10	169.12	168.05
Net Profit before Extraordinary Items	**87.09**	**134.14**	**192.18**	**278.31**	**334.58**	**333.35**
Extraordinary items	-	-	-	-	-	-
Net Profit After Extra-ordinary Items	**87.09**	**134.14**	**192.18**	**278.31**	**334.58**	**333.35**
Notes :						

1) With effect from 1 April 2005, the Bank has recognised all fee income on accrual basis as against the earlier practice of accounting such income on receipt basis where it is less than 1% of the total income of the Bank. As a result of this change other income for nine months ended 31 December 2005 is higher by Rs. 5.46 crores. The profits of the earlier years i.e., for the years ended 31 March 2001 to 31 March 2005 have not been recomputed to reflect this change in accounting policy.

2) Pursuant to the change in provisioning requirement for standard assets from 0.25% to 0.40% as notified by RBI through its circular dated 4 November 2005, the Bank has made additional provision of Rs. 25.20 crores as at 31 December 2005. The profits of the earlier years i.e., for the years ended 31 March 2001 to 31 March 2005 have not been recomputed to reflect this change in regulatory guidelines.

3) UTI Bank confirms that there have been no changes in the activity of the Bank which may have had a material effect on the statement of profit / loss for the last five years.

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Annexure II

Significant Accounting Policies forming part of the financial statements for the year ended 31 March 2005

1. *Investments*

Classification

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

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

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

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

All other investments are classified as AFS securities.

However, for disclosure in the balance sheet, investments are classified under five categories– Government securities, Other approved securities, Shares, Debentures and Bonds and Others.

Transfer of security between categories

Transfer of security between categories of investments is accounted for at the acquisition cost/book value/market value on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is fully provided for.

Valuation

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

Investments classified under the AFS and HFT category are marked to market. Net depreciation, if any, within each category of investments is recognized in the profit and loss account. The net appreciation if any, under each classification is ignored.

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

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

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

- market value of unquoted Government securities is derived based on the Prices/Yield to Maturity ('YTM') rate for Government securities of equivalent maturity as notified by Fixed Income Money Market and Derivatives Association of India ('FIMMDA');
- market value of unquoted State Government securities is derived by applying the YTM method by marking it up by 25 basis points above the yields of the Central Government Securities of equivalent maturity prescribed by the Primary Dealers Association of India ('PDAI')/FIMMDA periodically;
- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly, the market price is derived based on the YTM for Government securities as prescribed by FIMMDA and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for various credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of preference shares where dividend is not received regularly, the price derived on the basis of YTM is discounted in accordance with the FIMMDA guidelines;
- in case of bonds and debentures where interest is not received regularly, the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet (which is not more than one year prior to the date of valuation). In case the latest balance sheet is not available, the shares are valued at Re 1 per company; and
- Repurchase and reverse repurchase transactions are accounted as outright purchase and outright sale respectively. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is provided for.

2 Advances

Advances are classified into standard, sub-standard, doubtful and loss assets in accordance with the guidelines issued by the RBI and are stated net of provisions made towards Non-Performing Advances ('NPAs').

90 day norm (as prescribed by the RBI) is adopted by the Bank for classifying advances as NPA.

Provision for NPAs (other than retail advances) comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines. NPAs are identified by periodic appraisals of the loan portfolio by management.

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

In addition to specific provisions made towards identified NPAs, the Bank also establishes a 'floating provision'. Floating provision is used to set off specific provisions required to be made in accordance with the RBI prudential norms towards existing/future NPAs.

As per RBI guidelines, a general provision @ 0.25% is made on all standard assets. In addition, general provision is also made on retail advances based on bucket-wise provisioning for delinquencies less than 90 days. These provisions are included in 'other liabilities'.

3. Securitisation

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle (SPV). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate (PTC) holders. Premium paid on loans acquired under Deeds of Assignment is amortized over the residual term of loans based on the interest rate implicit in the terms of assignment.

Gain on account of securitisation of assets is recognized at the time of sale, based on the difference between the book value of the securitised asset and the purchase consideration/ net present value of future cash flows determined at the negotiated yield. Recourse obligations (projected delinquencies, future servicing costs, etc. if applicable) are provided for.

4. Foreign Currency Transactions

Transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction, except for interest income and interest expense on foreign currency asset/liabilities, which are translated at exchange rates prevailing at the month end.

Foreign currency assets and liabilities are translated at the balance sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year-end revaluations are included in the Profit and Loss account.

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

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

Outstanding foreign exchange contracts at balance sheet date are disclosed as contingent liabilities at contracted rates.

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5. Derivative Transactions

Derivative transactions comprise of swaps and options and are disclosed as off balance sheet exposures. The swaps/options are segregated as trading or hedge transaction. Trading swaps/options are revalued at the balance sheet date with the resulting unrealized gain/loss being recognized in the Profit and Loss account and is included in 'other assets' or 'other liabilities'. Hedged swaps/options are accounted for on an accrual basis.

6. Revenue Recognition

Income is accounted on an accrual basis except as stated below:

- Interest income on NPAs is recognized on receipt; and
- Fees, commission and exchange income are recognized on receipt basis except in cases where income is greater than 1% of the total income of the Bank if the income is recognized on a gross basis, or 1% of the net profit (before taxes) if the income is recognised net of costs in which case it is recognized on an accrual basis.

Commission income on deferred payment guarantees, is recognized pro-rata over the period of the guarantee.

Gain/loss on sell down of loans is recognized at the time of sale.

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

7. Fixed Assets and Depreciation

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

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

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

Asset	**Estimated useful life**
Owned premises	20 years
Assets given on Operating lease	20 years
Computer hardware	3 years
Application software	5 years
Vehicles	4 years

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EPABX, Telephone instruments	8 years
Mobile phone	2 years
Locker cabinets/Cash safe/Strong room door	16 years
Assets at staff residence	5 years
All other fixed assets	10 years

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

Depreciation on assets sold during the year is charged on a pro-rata basis to the Profit and Loss account till the date of sale.

Management periodically identifies assets which have outlived their utility. Such assets are retired from use and written off to the Profit and Loss account.

The Bank has in the current year revised the estimated useful life of Application software from 6.16 years to 5 years and thereby recorded an excess depreciation charge of Rs. 3.76 crores during the year ended 31 March 2005.

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

8. Lease Transactions

Assets given on operating lease are capitalized at cost. Rentals received by the Bank are recognised in the Profit and Loss account when due.

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

9. Staff Retirement Benefits

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the Profit and Loss account.

The Bank contributes towards gratuity fund (defined benefit retirement plans) administered by the Life Insurance Corporation of India ('LIC') for eligible employees. Liability with regard to gratuity fund is accrued and actuarially determined by the LIC.

Provision for leave encashment benefit is made based on an actuarial valuation.

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme. Superannuation is a defined contribution plan under which the Bank

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contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are charged to the Profit and Loss account in the period in which they accrue.

10. Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed thereunder) and the deferred tax charge or credit reflecting the tax effects of timing differences between accounting income and taxable income for the year.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

11. Share Issue Expenses

Share issue expenses are adjusted from share premium account.

12. Earnings Per Share

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

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

13. Employee Stock Option Scheme

The 2000 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date is recognized as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of the Board of Directors meeting in which options are granted / shares are issued, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange

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then the stock exchange where there is highest trading volume on the said date shall be considered.

14. Provisions and Contingent liabilities

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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		Annexure - III
Capitalisation statement		**(Rs. in crores)**
Particulars	**Pre issue as on December 31, 2005**	**As Adjusted for the issue**
Short Term Debts	2,248.50	2,248.50
Long Term Debts	2,434.44	3,434.44
Shareholders Funds		
Share Capital	278.57	278.57
Reserves	2,551.60	2,551.60
Total Shareholder's Funds	**2,830.17**	**2,830.17**
Long Term Debt / Equity	**0.86**	**1.21**

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						Annexure - IV
	For the year ended 31 March					For the Nine Months Ended on
	2001	**2002**	**2003**	**2004**	**2005**	**31/Dec/05**
	Audited	Audited	Audited	Audited	Audited	Unaudited
EPS (Basic) Rs.	6.53	9.34	10.00	12.06	14.32	12.00
Return on Net Worth*	28.80%	21.82%	20.93%	24.49%	13.89%	11.78%
NAV per share Rs.	22.93	32.05	39.88	49.07	87.95	101.59
Net Worth	302.42	614.76	918.11	1,136.42	2,408.19	2,830.17
Rate of dividend	15%	20%	22%	25%	28%	-
**Based on closing net worth*						

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Annexure - V

TAX SHELTER STATEMENT

(Rs. in crores)

	For the Year Ended 31st March					For the Nine Months Ended on
	2001	**2002**	**2003**	**2004**	**2005**	**31-Dec-05**
						(Unaudited)
Tax at notional rate - A	**41.31**	**76.17**	**110.69**	**154.05**	**184.32**	**168.77**
Tax Shelters						
Permanent Nature						
- Income exempt from tax	(13.90)	(11.93)	(9.58)	(9.16)	(9.85)	(6.86)
- Disallowances	0.00	0.00	6.05	0.56	4.75	1.62
Timing Difference						
- Difference between tax depreciation and book depreciation	(15.49)	(10.26)	(2.78)	(6.81)	(15.13)	1.99
- Provision for amortisation of Investments	0.52	0.95	5.03	3.15	9.16	14.78
- Provision for Bad Debts	5.80	22.03	(5.48)	34.07	(19.28)	9.71
- Other Adjustments	(0.29)	0.28	3.10	1.45	1.97	1.64
Total Tax Shelters - B	**(23.36)**	**1.07**	**(3.66)**	**23.26**	**(28.38)**	**22.89**
Provision for Current Tax (A-B)	**17.95**	**77.24**	**107.03**	**177.31**	**155.94**	**191.67**

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XVI. FINANCIAL INFORMATION OF GROUP COMPANIES PROMOTED BY PROMOTERS (Information as on 31.12.2005)

- **Companies promoted by Special Undertaking of Unit Trust of India (SUUTI) - Formerly know as Unit Trust of India**

(a) UTI Securities Limited

Brief History:
UTI Securities Limited was incorporated as 100% subsidiary of Unit Trust of India on June 28, 1994. The company undertakes Merchant Banking, Stock Broking and allied activities. Consequent to the repeal of Unit Trust of India (UTI) Act, the entire shareholding of the company was transferred to the Administrator of the Specified Undertaking of the Unit Trust of India w.e.f. 1st February, 2003.

Board of Directors:
1. Mr. S B Mathur – Chairman
2. Dr. D. C. Anjaria
3. Mr.T S Vishwanath
4. Mr.M L Majumdar
5. Mr. S Rajagopal
6. Mr. S Ramchandran
7. Mr. A.Rama Mohan Rao – Managing Director

Financial Highlights:

1	Date of Incorporation	28th June 1994		
2	Nature of Activities	Merchant Banking, Stock Broking, Allied Activities		
		2002-2003	2003-2004	2004-05
				(Rs. in crores)
3	Equity Capital (of Rs.10/- each)	30.00	30.00	30.00
4	Reserves (excluding revaluation reserves)	Nil	3.83	10.70
5	Income	9.58	25.79	38.98
6	Profit After Tax (PAT)	0.07	6.80	10.48
7	Earning Per Share (EPS) (Rs.)	0.02	2.27	3.43
8	NAV (Rs.)	12.21	12.11	13.56

(b) UTI Technology Services Ltd.

Brief History:
UTI Investor Services Ltd. was incorporated on May 19, 1993 as a 100% subsidiary of Unit Trust of India primarily to render services as Registrar and Transfer Agents and Government Service

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Department. Consequent to the enactment of Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, the entire share capital of the company vested into the Central Government through the Administrator of Specified Undertaking of UTI and its nominees w.e.f. 01.02.2003. The name of the company was changed to UTI Technology Services Ltd. with effect from 14th October, 2004.

Board of Directors:

1. Mr. S B Mathur – Chairman
2. Mr. M. Parameswaran –Chief Executive Officer
3. Mr. D Prakash
4. Mr. D S R Murthy
5. Prof G Sethu

Financial Highlights:

1	Date of Incorporation	19th May, 1993		
2	Nature of Activities	Providing R&T Services To Mutual Funds, Issue of PAN cards on behalf of Income-tax Department and IT-related services to Government of India and others.		
		2002-03	2003-2004	2004-2005
				(Rs. in crores)
3	Equity Capital (of Rs.10/- each)	10.00	30.00	30.00
4	Reserves (excluding revaluation reserves)	0.96	5.57	10.89
5	Sales	22.00	68.14	78.07
6	Profit After Tax (PAT)	0.78	8.38	10.40
7	Earning Per Share (EPS) (Rs.)	0.78	3.31	3.14
8	NAV (Rs.)	10.96	11.86	13.63

In the year 2003-04 the company allotted 2 crore equity shares of Rs. 10 each to the Specified Undertaking of Unit Trust of India towards the purchase consideration for assets taken over.

(c) Unit Trust of India Investment Advisory Services

Brief History:

Unit Trust of India Investment Advisory Services Limited (UTIIAS) was incorporated in India as wholly owned subsidiary of erstwhile Unit Trust of India (UTI). UTIIAS initially took up the role of Investment Advisor for the Off-Shore Funds floated by UTI and also provided management services to mutual funds on an ongoing basis for management fees. Consequent to the repeal of Unit Trust of India (UTI) Act, the entire shareholding of the company was transferred to the Administrator of the Specified Undertaking of the Unit Trust of India w.e.f. February 1, 2003. UTIIAS is now providing Trusteeship services for Bonds/Debenture, Security Trusteeship Services for ECBs and Consortium Financing and Trusteeship Services for Securitisation of debts/receivables.

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Board of Directors
1. Mr D S R Murthy
2. Mr M. R. Mayya
3. Mr Viraf Mehta
4. Mr M R Umarji
5. Mr K Madhava Kumar

Financial Highlights:

1	Date of Incorporation	20th June, 1988		
2	Nature of Activities	Trusteeship Services		
		2002-2003	2003-2004	2004-2005
				(Rs. in crores)
3	Equity Capital (of Rs.10/- each)	0.89	0.89	0.89
4	Reserves (excluding revaluation reserves)	4.26	5.34	5.62
5	Income	3.41	2.48	1.71
6	Profit After Tax (PAT)	0.07	1.32	0.79
7	Earning Per Share(EPS) (Rs.)	0.79	14.83	8.89
8	NAV (Rs.)	57.86	70.03	73.20

(d) Indian Institute Of Capital Markets (Formerly UTI Institute of Capital Markets):

Brief History:
Indian Institute of Capital Markets (formerly UTI Institute of Capital Markets (UTIICM)) was established by erstwhile Unit Trust of India on June 25, 1992. It is a non-profit organisation registered as society under the Societies Registration Act 1860 also as public trust under Bombay Public Trust Act 1950. The institute is governed by a governing council.

Names of Governing Council Members:
1. Mr S B Mathur – Chairman
2. Mr D. Basu
3. Mr Nimesh N. Kampani
4. Dr. K. R. S. Murthy
5. Dr. T. T. Ram Mohan
6. Dr. Ajit V. Karnik
7. Dr. P. P. Shastri

Financial Highlights:

1	Date of Registration	25th June, 1992
2	Nature of Activities	Education, Research & Consultancy

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		2002-2003	2003-2004	2004-05
				(Rs. in crores)
3	Trust Fund or Corpus	9.00	9.00	9.00
4	Income	2.83	2.43	2.43
5	Reserves	4.18	4.53	4.90
6	Profit after tax	(0.374)	0.35	0.36

- **Companies Promoted by LIC of India**

(a) LIC Housing Finance Limited:

Brief History

LIC Housing Finance Ltd. (LICHFL) was incorporated on June 19, 1989 with its registered office at Mumbai. LICHFL, promoted by LIC of India, is engaged in business of providing long term finance for purchase / construction of houses / flats.

Board of Directors

1. Mr A K Shukla– Chairman
2. Mr K Sridhar– Managing Director
3. Mr G M Ramamurthy
4. Mr Y B Desai
5. Mr Dhananjay Mungale
6. Mr. K Narasimha Murthy
7. Mr.S Ravi
8. Mr B N Shukla
9. Mr. S K Mitter

Financial Highlights

1	Date of Incorporation	June 19, 1989		
2	Nature of Activities	Long Term Finance to individuals for purchase / construction / repair and renovation of new / existing flats / houses.		
		2002-2003	2003-2004	2004-2005
				(Rs. in crores)
3	Equity Capital (of Rs.10/- each)	74.99	74.99	84.99
4	Reserves (excluding revaluation reserves)	786.12	886.33	1110.04
5	Income	1013.14	985.37	1048.27
6	Profit After Tax (PAT)	178.97	167.47	143.72
7	Earning Per Share(EPS) (Rs.)	23.88	22.35	17.84
8	NAV (Rs.)	114.72	128.29	140.70

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- There is a change in capital structure due to GDR issue during September, 2004 thereby issuing further captial to the extent of 1,00,00,000 underlying Equity shares of Rs. 10/- each.
- There was no public or rights issue during the preceding three years by LIC Housing Finance Ltd.
- The highest price of equity shares of LIC Housing Finance Ltd. during preceding six months was Rs. 283.80 and lowest price during the same period was Rs. 170.00

(b) Jeevan Bima Sahayog Asset Management Company Limited (JBS-AMC)

Brief History

Jeevan Bima Sahayog Asset Management Co. Ltd. (JBS-AMC) was incorporated on April 20, 1994 and received certificate of commencement of business on April 29, 1994. The company was granted approval to act as asset management company to LIC Mutual Fund on May 10, 1994, in terms of regulation 20 of SEBI (Mutual Funds) Regulations, 1993. Accordingly, JBS-AMC signed an investment agreement with LIC Mutual Fund for taking over the investment and allied functions of LIC Mutual Fund.

Board of Directors

1. Mr.A K Shukala - Chairman
2. Mr.Mohan Raj
3. Mr.S K Mitter
4. Mr. T.S. Vishwanath
5. Mr.H N Motiwalla
6. Mr.C R Thokore
7. Mr.R M Honavar
8. Mr.D M Sukthankar
9. Mr.N N Vohra

Financial Highlights

1	Date of Incorporation	April 20, 1994		
2	Nature of Activities	Asset Management Company		
		2002-2003	2003-2004	2004-2005
				(Rs. in crores)
3	Equity Capital (of Rs.10/- each)	10.00	10.00	10.00
4	Reserves (excluding revaluation reserves)	29.51	34.99	38.09
5	Income	19.83	26.70	20.11
6	Profit After Tax (PAT)	5.19	8.30	4.80
7	Earning Per Share(EPS) (Rs.)	5194.09	8298.75	4797
8	NAV (Rs.)	39538.92	45027.93	48103.93

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(c) LIC Mutual Fund Trustee Company Pvt. Ltd.

Brief History:
LIC Mutual Fund Trustee Company Pvt. Ltd. was incorporated on April 8, 2003 to act as Trustee for Mutual funds and to device various Schemes of Mutual Funds

Board of Directors:
Mr.D K Mehrotra – Chairman
Mr. P. N. Mehta
Mr. P. N. Shah
Mr.V G Subramanian
Mr. M Raghavendra

Financial Highlights

1	Date of Incorporation	April 8, 2003	
2	Nature of Activities	Trustees for Mutual Funds	
		2003-2004	2004-05
			(Rs. in crores)
3	Capital	1.00	1.00
4	Reserves (excluding revaluation reserves)	-	-
5	Income	2.00	3.00
6	Profit	(1.02)	(1.08)
7	Earning Per Share (EPS) (Rs.)	(10.24)	10.77

(d) LIC International E.C. – Baharain

Brief History:
Life Insurance Corporation (International) B.S.C. was formed as a Bahrain Exempt Company on July 23, 1989 to transact life insurance business. Its head office and administrative unit for servicing the policy holders is located at Bahrain. The company operates in the state of Bahrain, Kingdom of Saudi Arabia and state of Kuwait and UAE through its Chief agents for marketing it's products and in Qatar through a broker arrangement.

LIC owns 97.81% of Capital and Int. Agencies Company holds the balance 2.19%.

Board of Directors:
1. Mr.A K Shukla –Chairman
2. Mr. T.S.Vijayan – Deputy Chairman
3. Mr. Abdul Rehman Ali Alwazzan – Director
4. Mr. M. K. Santhanam – Managing Director
5. Mr.Sadiq Al Baharsa - Alternate Director

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Business Highlights:

(Rs. in Crores)

Year	2000-2001	2001-2002	2002-2003	2003-04
No of Policies	8560	10808	13598	10852
Sum Assured	316.13	423.85	585.48	463.28
First Premium	57.46	107.57	183.33	67.49

(e) LIC (Nepal) Ltd., Nepal

Brief History:
LIC (Nepal) Ltd, a joint venture between LIC and Vishal Group of Companies in the Kingdom of Nepal.

Vishal Group is a fast growing organisation, having reasonably good and well-spread distribution network in entire Nepal. MOU was signed by Chairman of LIC with 'Vishal Group Limited,' Nepal on November 28, 2000 at Kathmandu. LIC holds about 55% of the capital , 25% is held by Vishal group of companies and the balance 20% is held by Public.

Board of Directors:
1. Mr.A. K. Shukla – Chairman
2. Mr. K Sridhar
3. Mr.Vishal Agarwal
4. Mr.Gopal Agarwal

Business Highlights:

(Rs.in Crores)

	15-07-2002	15-07-2003	15-07-2004	15-07-2005
No Policies	4495	9177	20997	22180
Sum Assured	51.50	91.89	158.95	159.49
First Premium	2.36	4.40	7.27	7.79

(f) LIC Lanka Limited

Brief History:
Life Insurance Corporation of India, in pursuit of its strategic policy to expand internationally, is spreading its wings to more countries. LIC (Lanka) Ltd. the latest Joint Venture Company between LIC and Bartleet Group of Companies Ltd. was inaugurated on March 1, 2003, in Colombo, Sri Lanka with equity capital of 100 million (Sri Lankan Rupees). With the launch of this Company, the Corporation has made re-entry into Sri Lankan Life Insurance Market after the opening up of insurance sector to foreign companies in Sri Lanka.

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LIC owns 75% of the Capital and the balance 25% is held by Bartleet Group.

Board of Directors:

1. Mr. A K Shukla – Chairman
2. Mr. D K Mehrotra
3. Mr.Braj Wijesinghe
4. Mr. Sunil C Wijesinghe

Business Highlights:

(Rs.in Crores)

	31-12-2003	31-12-2004
No Policies	3485	8958
Sum Assured	21.6	0.76
First Premium	60.1	3.01

(g) LIC Mauritius (Offshore) Limited

The Corporation has recently subscribed to 70% of the share capital in LIC Mauritius (Offshore) Limited by way of share capital of that company, the balance 30% capital of the said company is held by GIC. This company has recently incorporated, however the operations are yet to start.

Board of Directors

The Board is under reconstitution.

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- **Companies Promoted by GIC**

(a) GIC Asset Management Company Limited (GAMCL)

Brief History:

GIC Asset Management Company Ltd. (GIC AMC) was incorporated on May 25, 1993 and appointed as Investment Manager to GIC Mutual Fund sponsored by General Insurance Corporation of India and its then subsidiaries.

Board of Directors:

1. Mr. R. K. Joshi – Chairman
2. Mr. V. H. Pandya
3. Mr. M. Raghavendra
4. Mr. Ramdas L. Baxi

Financial Highlights

1	Date of Incorporation	May 25, 1993		
2	Nature of Activities	Asset Management Company		
		2002-2003	2003-2004	2004-2005
				(Rs. in crores)
3	Equity Capital (of Rs.10/- each)	20.00	20.00	20.00
4	Reserves (excluding revaluation reserves)	Nil	Nil	Nil
5	Income	6.58	4.57	3.01
6	Profit After Tax (PAT)	3.19	1.72	0.15
7	Earning Per Share(EPS) (Rs.)	1.59	0.86	0.07
8	NAV (Rs.)	16.28	17.99	18.14

(b) GIC Housing Finance Limited

Brief History:

GIC Housing Finance Ltd. was incorporated as "GIC Grih Vitta Ltd." on December 12, 1989. The company was issued the certificate of commencement of business dated January 12, 1990. The name is changed to its present name vide certificate of incorporation issued on November 16, 1993. The company was formed with objective of entering in the field of direct lending to individuals and other corporates to accelerate the housing activities in India. The primary business of GICHFL is granting housing loans to individuals and to persons/entities engaged in construction of houses/flats for residential purpose.

The company was promoted by General Insurance Corporation of India and its erstwhile subsidiaries namely, National Insurance Co. Ltd., The New India Assurance Co. Ltd., The Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd., together with UTI, ICICI, IFCI, HDFC and SBI all of them contributing to the initial share capital.

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HDFC, SBI and ICICI have since sold off their holding in the company and have ceased to be the promoters of the company.

Board of Directors:

1. Mr. R K Joshi – Nominee Director
2. Mr. V Ramasaamy
3. Mr. B Chakrabarty
5. Mr. M K Garg
6. Mr. M Ramadoss
7. Mr. N R Raganathan – Nominee Director
8. Mr. M K Tandon
9. Mr. B P Deshmukh
10. Mr. R M Malla
11. Mr.Manu Chadha
12. Mr. Arun Datta
13. Mr. A K Guha – Managing Director

Financial Highlights:

1	Date of Incorporation	December 12, 1989		
2	Nature of Activities	Granting housing loans to individuals and to persons/entities engaged in construction of houses/flats for residential purpose		
		2002-2003	2003-2004	2004-2005
				(Rs. in crores)
3	Equity Capital (of Rs.10/- each)	17.97	17.97	26.93
4	Reserves (excluding revaluation reserves)	69.78	77.85	96.52
5	Income	97.53	100.10	125.61
6	Profit After Tax (PAT)	6.61	11.11	17.77
7	Earning Per Share(EPS) (Rs.)	3.67	6.17	7.60
8	NAV (Rs.)	48.83	53.23	45.84

- The highest price of equity shares of GIC Housing Finance Ltd. during preceding six months was Rs. 59.80 and lowest price during the same period was Rs. 36.50
- The company has come out with Rights issue of 89,75,561 equity shares at a premium of Rs. 6 per share in the ratio of 1:2 i.e. one equity shares for every two shares held. As a result of the Rights issue the equity share capital of the company was increased to 26,92,55,530 as on 28.02.2005 as against Rs.17,97,45,720 s on 31.03.2004.

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(c) The India International Insurance PTE. Limited, Singapore

Brief History

India International Insurance Pte Ltd. (IIIPL) was set up in December 3, 1987 as a locally incorporated fully owned subsidiary in Singapore to carry on general insurance business. The initial capital was subscribed by GIC and its subsidiary companies in equal ratio.

Board of Directors

1. Mr. B. Chakrabarti
2. Mr.M Ramdoss
3. Mr Hwang Soo Jin

Financial Highlight:

1	Date of Incorporation	December 3, 1987		
2	Nature of Activities	General insurance business		
		31.12.2002	31.12.2003	31.12.2004
				(Singapore Dollars in crores)
3	Equity Capital	2.5	2.5	2.5
4	Reserves	9.93	11.05	12.46
5	Income	13.54	16.53	14.59
6	Profit After Tax (PAT)	1.18	1.27	1.55
7	Earning Per Share (EPS) (Sing. $)	0.47	0.50	0.62
8	NAV (Sing. $)	4.97	5.42	5.98

(d) Kenindia Assurance Company Limited

Brief History:

Kenindia Assurance Company Ltd. (KACL) was incorporated as composite insurance company on December 6, 1978 by merging branch operations of subsidiaries of GIC and LIC then operating in Kenya. The company operates in Kenya with branches in Mombassa and other important places and is a leading insurance company in this region.

Board of Directors:

1. Mr M. N. Mehta
2. Mr. M. P. Chandaria
3. Hon'ble Simeon Nyachae
4. Mr R. K. Joshi
5. Mr.A K Shukla
6. Mr M K Garg
7. Mr A N. Ngugi
8. Ms Beatrice M Sabana

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9. Mr I. J. Jain

1	Date of Incorporation	December 3, 1987		
2	Nature of Activities	General insurance business		
		2002	2003	2004
				(Kshs.in crores)
3	Equity Capital	27.45	27.45	27.45
4	Reserves	30.98	38.31	43.96
5	Income	326.60	331.94	354.25
6	Profit After Tax (PAT)	9.97	10.71	8.52
7	Earning Per Share (EPS) (Sing $)	36.00	35.00	27.45
8	NAV (Sing $)	978.00	843.00	374.11

(e) Agriculture Insurance Company of India Limited (AICIL)

Brief History

The company was incorporated on December 20, 2002 under the Companies Act, 1956. The Company was incorporated with a mission to provide the financial security to persons engaged in agriculture and allied activities through insurance products and other support services. It is promoted by General Insurance Corporation alongwith NABARD, National Insurance, Oriental Insurance and United India. The Details of the shareholders of the Company with their respective shareholding is as follow:

Board of Directors:

1. Mr M Prashad– Chairman and Managing Director
2. Mr A.V.Muralidharan
3. Dr. K. G. Karmarkar
4. Mr. S K Chanana
5. Mr K. N. Bhandari
6. Ms Bhagyam Ramani
7. Mr T K Das
8. Mr T K Roy
9. Mr G. C. Chaturvedi
10. Mr S. S. Prasad
11. Mr Satish Chandra
12. Mr Naved Masood

Equity Capital:

The authorised equity share capital of the company is Rs.1500 cores with initial paid up capital of Rs.200 crores. The shareholders of the company are:

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	(Rs. Crs.)
GIC	70.00
NABARD	60.00
National Insurance	17.50
New India Assurance	17.50
Oriental Insurance	17.50
United India	17.50
Total	200.00

Financial Highlights:

(Rs in Crores)

Year	2003-04	2004-05
Net Earned Premium	189.09	455.37
Net Claims incurred	252.51	276.84
Underwriting Profit	(92.94)	217.32
Profit after tax	(82.92)	168.46

■ **Companies promoted by New India Assurance Company**

(a) The New India Assurance Company (Sierra Leone) Ltd.

Brief History

In the year 1959, New India Assurance Company opened its branch in Sierra Leone, South Africa as 100% subsidiary. Later in the year 1973, this branch was converted into local company. This Company is a hundred percent subsidiary of New India Assurance Company. The main business of the company is to do general insurance business in Sierra Leone.

Board of Directors

1. Mr. Bimalendu Chakrabarti
2. Mr. J K Gupta
3. Mr.K G Arora

Financial Highlights:

1	Date of Incorporation	May 14, 1973		
2	Nature of Activities	General insurance business		
		2002	2003	2004
		(Figures in local currency Leone in' 000)		
3	Share Capital (Paid –up)	500	500	500
4	Free Reserves & Surplus	86324.00	(18843)	(26343)
5	Premium written less reinsurance	2291	-	-

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6	Profit after tax/loss (-)	(35272.00)	(105167)	(7500)
7	Earnings per share Rs.	-	-	-
8	NAV (Net worth) Rs.	86824	-	-

(b) The New India Assurance Company (Trinidad and Tobago) Ltd.

Brief History

The Company was incorporated in 1977 in the Republic of Trinidad and Tobago and is a subsidiary of The New India Assurance Company Limited, Mumbai, India. The Company carries of general insurance business in Trinidad and Tobago, Dominica, St. Lucia and St. Maarten. The Company also maintains run-off portfolios in the islands of Antigua, Barbados and Grenada. The registered office and principal place of business are located at 22 St. Vincent Street, Port of Spain.

Board of Directors

1. Mr. Bimalendu Chakrabarti
2. Mr.P J Joseph
3. Mr.G C Chaturvedi
4. Mr.A R Sekar
5. Mr Keith Sirju
6. Mr.Jagdish Siewrathan
7. Mr.Horace Broomes

Financial Highlights

1	Date of Incorporation	May 14, 1973		
2	Nature of Activities	General insurance business		
		2002	2003	2004
		(figures in local currency T. T. $ in' 000)		
3	Share Capital (Paid-up)	17617	17617	17617
4	Free Reserves & Surplus	7599	12203	18443
5	Gross Premium written	26378	29895	37852
6	Profit after tax/loss (-)	7543	4604	7111
7	Net Worth	25216	29820	36060

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- **Company promoted by United India Insurance Company Limited.**

(a) Zenith Securities & Investments Limited

Brief History

The Company was incorporated on March 28, 1916 having in the name of Zenith Assurance Co. Ltd. After Nationalization of all the Insurance Companies by the Government of India, the Company has become the subsidiary of The United India Insurance Co. Ltd. Subsequently the Company's name was changed to Zenith Securities & Investments Ltd. w.e.f. 17th August, 1980.

Board of Directors:

1. Mr Homi F. Mehta – Chairman
2. Mr Lalit P Mehta
3. Mr S K Bansal
4. Mr C K Tanawala

Financial Highlights

	Year	2002-03	2003-04	2004-05
				(Rs. in crores)
1	Equity Capital	0.10	0.10	0.10
2	Reserves	0.93	1.61	2.35
3	Income	0.17	0.52	0.82
4	Profit After Tax (PAT)	0.13	0.72	0.81
5	Earning Per Share (EPS) (Rs.)	126.47	721.73	806.33
6	NAV (Rs)	N.A.	N.A.	N.A.

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- **Company promoted by Oriental Insurance Company Limited**

a) The Industrial Credit Company Limited

Brief History:
Industrial Credit Company was incorporated on July 5, 1930 as a fully owned subsidiary of Oriental Insurance Company to carry out the business of Hire Purchase/General Insurance.

Board of Directors:
1. Mr S. K. Chanana
2. Mr Dilip Dhar
3. Mr V. Sekar

	Year	2002-03	2003-04	2004-05
				(Rupees)
1	Capital	1.00	1.00	1.00
2	Profit & Loss A/c.	240151	(248396)	222245
3	Income	0.17	0.52	0.82
4	Profit after tax	(4940)	(8245)	26151
5	NAV (Rs.)	340.15	(148.40)	(122.24)

- Company is not in operation for many years.

XVII. MANAGEMENT DISCUSSION & ANALYSIS OF THE FINANCIAL STATEMENT

STATEMENT OF PROFITS AND LOSSES						
						(Rs. in crores)
						For Nine months ended on
	31.03.2001	**31.03.2002**	**31.03.2003**	**31.03.2004**	**31.03.2005**	**31.12.2005**
	Audited	Audited	Audited	Audited	Audited	Unaudited
Income						
Interest Earned	890.86	1,178.53	1,464.81	1,598.54	1,924.16	2,056.14
Commission, exchange & brokerage	86.25	97.62	143.77	182.41	330.52	335.12
Profit on sale of investments (net)	63.78	305.44	246.14	320.84	-11.34	91.54
Profit on exchange transactions (net)	5.21	8.65	16.67	27.58	48.73	59.45
Profit / loss on sale of fixed assets (net)	-0.07	-0.78	-1.53	-1.49	-2.39	-1.50
Lease Rentals	-	3.63	3.97	2.18	3.47	2.43
Miscellaneous Income	2.17	1.31	1.45	8.63	46.83	14.52
Total	**1,048.20**	**1,594.40**	**1,875.28**	**2,138.69**	**2,339.98**	**2,557.70**
Expenditure						
Interest Expended	791.36	980.00	1,142.41	1,021.45	1,192.98	1,290.77
Staff Costs	28.53	51.22	85.23	121.25	176.85	177.73
Other Operating expenses	94.84	155.90	237.62	297.96	404.53	393.44
Provisions and Contingencies	28.05	193.91	108.82	268.62	61.92	194.36
Total	**942.78**	**1,381.03**	**1,574.08**	**1,709.28**	**1,836.28**	**2,056.30**
Net Profit before tax and extraordinary items	**105.42**	**213.37**	**301.20**	**429.41**	**503.70**	**501.40**
Provision for Taxes	18.33	79.23	109.02	151.10	169.12	168.05
Net Profit before Extraordinary Items	**87.09**	**134.14**	**192.18**	**278.31**	**334.58**	**333.35**
Extraordinary items	-	-	-	-	-	-
Net Profit After Extra-ordinary Items	**87.09**	**134.14**	**192.18**	**278.31**	**334.58**	**333.35**

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The following discussion and analysis should be read in conjunction with financial statements.

Result of Operations for the year ended March 31, 2005 compared to the year ended March 31, 2004.

Net Profit: Net Profit of the Bank increased from 278.31 crores in 2003-04 to Rs.334.58 crores in the year 2004-05 an increase of 20.22% on YOY basis.

Net Interest Income: Net Interest Income increased by 26.70% to Rs.731.18 crores from Rs.577.09 crores in 2003-04. This increase in net interest income may be attributed towards increase in average interest earning assets by 36.12% from Rs.18504 crores during 2003-04 to Rs.25,187 crores during 2004-05 as also increase in the share of demand deposits to total deposits on a daily average basis from 21.56% in 2003-04 to 27.72% in 2004-05, which resulted in a decline in the cost of deposit from 5.6% in 2003-04 to 4.75% in 2004-05.

Fee Income: For FY 2004-05, the fee income grew to Rs. 378.43 crores as compared to Rs. 191.73 crores in the preceding year FY 2003-04, a growth of 97% YOY.

The total balance sheet size was Rs. 37,743.69 crores as on 31st March, 2005 as compared to Rs. 24,150.17 crores as on 31st March, 2004 resulting in 56% yoy growth. The total deposits of the Bank have grown 51% yoy from Rs. 20,954 crores as at end March'04 to Rs. 31,712 crores as at end March'05. The total deposits of the Bank have grown 51% yoy from Rs. 20,954 crores as at end March'04 to Rs. 31,712 crores as at end March'05. Demand deposits have grown 51% yoy, and constitute 38% of the total deposits, with Savings Bank deposits having grown 89% yoy and Current Account deposits having grown 33% yoy. The Net NPAs, as a proportion of net customer assets, have increased marginally to 1.07% from 1.03% at the end of the preceding year and declined from 1.30% at the end of December'04. The Bank's Capital Adequacy Ratio was 12.66% as at end March'05 as compared to 11.21% as at end March'04.

The advances of the Bank grew to Rs. 15,603 crores as at end March'05 from Rs. 9,363 crores as at end March'04, a growth of 67% yoy. Retail Advances growing by 104% yoy and Corporate Advances growing by 56% yoy. Banks investments rose to Rs. 14,275 crores from Rs. 7,793 crores a year earlier, a growth of 83% yoy.

Result of Operations for the year ended March 31, 2004 compared to the year ended March 31, 2003.

Net Profit: The Bank earned a net profit of Rs. 278.31 crores for the year 2003-04 as against Rs. 192.18 crores in the previous year, registering a growth of 44.82%.

Net Interest Income: The net interest income of Bank rose to Rs.565.26 crores as compared to Rs.322.40 crores a year earlier, a growth of 75.33%. The increase in interest income was driven by

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a sharp call in the cost of funds and anchored on strong growth of demand deposit. Consequently, the average net interest margin rose to 3.05% during the year, from 2.09% in the previous year.

The total balance sheet size grew by 23% to Rs. 24,150 crores as on March 31, 2004 as compared to Rs. 19,613 crores as on March 31, 2003. The total deposits of the Bank grew from Rs. 16,965 crores to Rs. 20,954 crores during the same period recording a growth of 24% and the advances portfolio grew from Rs. 7,180 crores to Rs. 9,363 crores at a growth of 30%.

As on March 31, 2003 the Capital Adequacy Ratio of the Bank stood at 11.21% (with Tier I capital at 6.44% and Tier II capital at 4.77%). The Bank has raised Rs. 150 crores by issue of unsecured non-convertible redeemable sub-ordinated debentures as its Tier II capital during the year.

Result of Operations for the year ended March 31, 2003 compared to the year ended March 31, 2002

Net Profit: The Bank earned a net profit of Rs. 192.18 crores for the year 2002-03 as against Rs. 134.14 crores in the previous year, registering a growth of 43.27%.

Net Interest Income: During the year 2002-03, the net interest income rose to Rs.322.40 crores as compared to Rs.198.53 crores in the preceding year, thereby registering a growth of 62%. The interest in net interest income was driven substantially by a reduction in the cost of funds, fuelled by a strong growth in demand deposit. Consequently, the average net interest margin rose to 2.09% during the year, from 1.68% in the previous year.

The total balance sheet size grew by 36% to Rs. 19,613 crores as on March 31, 2003 as compared to Rs. 14,381 crores as on March 31, 2002. The total deposits of the Bank grew from Rs. 12,287 crores to Rs. 16,965 crores during the same period recording a growth of 38%. The advances portfolio grew from Rs. 5,352 crores to Rs. 7,180 crores at a growth of 34%.

As on March 31, 2003 the Capital Adequacy Ratio of the Bank stood at 10.90% (with Tier I capital at 6.44% and Tier II capital at 4.46%).

UTI Bank confirms that:

1. There have been no unusual or infrequent events or transactions, since the date of the Auditors Report (April 21, 2005) contained herein.
2. There are no significant economic changes that materially affected or are likely to materially affect income from continued operations.
3. There are no known trends or uncertainties that have had or are likely to have a material adverse impact on the revenue or income from continuing operations.
4. There have been no changes in the activity of the Issuer which may have had a material effect on the statement of profit / loss for the last five years.

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Material Development

In the opinion of the Bank, since the date of the last financial statement disclosed in the Information Memorandum, there have been no circumstances that materially and adversely affect or are likely to affect the trading or profitability of the Bank, or the value of its assets, or its ability to pay its liabilities, within the next twelve months.

XVIII OUTSTANDING LITIGATIONS OR DEFAULTS

Outstanding litigation's pertaining to UTI Bank Limited as on December 31, 2005

Cases Filed against the Bank

Following are the major litigations (Above Rs. 0.10 crore, Other than cases filed with Consumer court/Banking Ombudsman) involving claims against the Bank to the extent of approximately Rs.60 crores, not acknowledged as debts. Brief details are given in the table below.

Sr No (*)	Claim Amount (Rs. In crore(s))	Court / DRT / Forum	Claimant
1	23.55	DRT, Kolkatta	Stiefel Und Schuh (I) Ltd., Kolkatta
2	8.20	High Court, Kolkatta	Late N.R. Lohia (now represented by the Beneficiary)
3	4.57	Civil Court, Kokatta	Bhatapara Naihati Co-op Bank
4	0.95	High Court, New Delhi	Videsh Sanchar Nigam Ltd. (Shristi Videocorp Ltd.)
5	0.13	DRT, Delhi	Punjab National Bank (Dinesh Arora)
6	10.81	DRT, Cuttack	Cuttack Gramya Bank
7	0.38	Civil Court, Hubli	State Bank of India, Hubli
8	0.11	High Court, Madras	Pragati Engineering Co.
9	0.11	High Court, New Delhi	SKN Industries
10	0.11	DRT, Mumbai	Dena Bank
11	Total claim against all banks is Rs.1002.69 crores. UTI Bank's share will be about Rs.11 crores	Civil Court, Ahmedabad	Gujarat Telephone Cables Ltd. Against SBI,BOB, UWB,BOI, ICICI Bank, IndusInd Bank, ARCL

1. Stiefel Und Schuh (I) Limited who were granted certain credit facilities filed a damage suit no. 345 of 1996 before the Calcutta High Court against the Bank allegedly for not extending need based support to the Company at the appropriate time fore effecting their export transactions. The company alleged that the Deferred Payment Guarantee issued by the Bank on their behalf

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was not according to their requirements owing to which, they suffered losses and damages for Rs. 23.55 crores which they claimed from the Bank.

2. The court passed and ad interim order for maintaining status quo with regard to the securities under the DPG with liberty to the Bank to take such action as is deemed appropriate under the law for recovery of its dues. Pursuant to such liberty being granted, the Bank filed an application under Section 19 of Recovery of Debts due to Banks and Financial Institution Act 1993 for recovery of its claims enforcement of securities and other reliefs. The case has now been transferred from the High Court to DRT in November 2000. The damage suit filed by the Company against the Bank would be heard simultaneously with our main suit as a counter claim.

3. M/s Srishti Videocorp Limited were sanctioned a guarantee limit of Rs. 4.20 crores in September 1996 for a period of 1 year against cash margin of 50%. The guarantee was favouring VSNL. As the Company did not perform some of its terms and conditions of the agreement with VSNL, the guarantee was invoked by VSNL for partial payment of Rs. 1.62 crores on 7th February 1997. The Bank paid the invoked amount to VSNL and asked for the original Bank Guarantee. VSNL took a stand that invocation was partial and hence did not return the Bank Guarantee. The Bank has maintained its stand time and again that the payment should be taken as full and final. These views were based on the legal opinion obtained by the Bank. Further the Bank was advised by its lawyers to file a caveat in the said matter as they envisaged that VSNL would be initiating proceedings against the Bank. Accordingly the Bank filed a caveat in the matter so that VSNL do not get ex parte injunction. VSNL subsequently filed a suit in the matter against UTI Bank Limited and M/s Srishti Videocorp Limited; however, no interim relief was sought by VSNL. The claim of VSNL filed with the court has been opposed by the Bank on the above-mentioned ground.

4. M/s. Bhatpara Naihati Co-op. Bank has filed a Money Suit No.45 of 2003 against Home Trade Ltd., Mr. Indranil Dey and UTI Bank before the Civil Judge (Sr. Div), Barasat, 24-Paraganas, Kolkata for recovering a sum of Rs. 4,57,46,478.45 from all the Defendants jointly and severally. We have filed our reply stating that our Bank is not involved either directly or indirectly in the said transactions. We have also filed a declaratory case against Bhatpara Naihati Co-operative Bank, Home Trade, Mr. Indranil Dey case before Kolkata High Court and it is pending. We have filed a petition to transfer the case to Kolkatta High Court.

5. Uniworth Limited (UWL), Kolkata was enjoying various credit facilities extended by the Bank from time to time against which as security, inter alia, Late N R Lohia pledged his Fixed Deposit Receipts. UWL was called upon by the Bank to regularize the account failing which it was proposed that the FDRs given by Late N R Lohia would be encashed and adjusted against the dues of UWL. The Bank accordingly encashed the FDRs and adjusted the amount of FDRs against the outstanding of UWL. Thereafter, an application was filed by the Bank for recovery of the remaining outstanding amount from UWL before the DRT, Kolkatta, which is still pending as the Company has been referred to BIFR. Mr. Lohia (since deceased and represented by the beneficiary) being aggrieved with the adjustment of the FDR amounts, filed

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a suit in the Calcutta High Court challenging the action of the Bank's such adjustment. The suit is still pending fir disposal.

6. Punjab National Bank has filed a recovery case against the Bank and Mr. Dinesh Aroa. PNB has claimed a sum of Rs. 13,10,044. Mr. Dinesh Arora the customer of UTI Bank's Pritampura branch alleged to have fraudulently collected two fake demand drafts. As for as UTI bank is concerned the account was opened on the bases of Election I - card and other Docs and Bank had opened the account after following due procedure laid down for opening of an account. Bank has no role in the transaction.

7. Cuttack Gramya Bank has filed a suit for Rs. 10.81 Crores in DRT, Cuttack against UTI Bank and Home Trade Ltd. The background stems from the old Kolkata CM Division transactions of Home Trade Ltd. in the year 2002-03. In course of its usual activity of syndication of private placement of securities, the Bank's Kolkata office, on the basis of their telephonic request, provided advisory services to Cuttack Gramya Bank for purchase and sale of certain government securities. The work relating to syndication can be defined as providing information advice relating to the availability of particular securities sought for by the buyer and its availability with certain seller. So the act of syndication in this instant cases was merely to advice Cuttack Gramya Bank about the availability of the securities sought for by them. In such cases it is the usual practice of the seller and the buyer to strike the deals themselves after doing the required due diligence. In these particular cases also the deals were struck between the buying counter party (Cuttack Gramya Bank) or the selling counter party (M/s Home Trade Ltd.) or vice-versa directly. The payments were made by Cuttack Gramya Bank to M/s Home Trade Ltd. directly or vice-versa. UTI Bank's role in these transactions were very limited i.e. providing information to the purchasing counter party about availability of a particular security, its tenure, yield, delivery schedule etc. with the selling counter party. UTI Bank never entered into a contract with Cuttack Gramya Bank. There have been no consideration paid to UTI Bank by Cuttack Gramya Bank and therefore, no privity of contract. All the syndication advices issued to Cuttack Gramya Bank were merely informative in nature where the details of the available security sought for by Cuttack Gramya Bank were mentioned and name of the counter party (seller) were also mentioned. In merchant banking or in financial transactions, the term 'counter party' is widely used. It denotes the entity with whom the contractual agreement is being made and who is required to extinguish the contract as per law. In none of the details mentioned in the plaint, UTI Bank was a counter party, which have also been mentioned by Cuttack Gramya Bank in their various communications to the Bank. We have denied the claim and sent detail draft reply to our Cuttak advocate who shall file the same on the next date of hearing.

8. SBI Hubli has filed a case in Civil Court, Hubli claiming against UTI Bank. This is a old case of our Hubli branch, wherein a business classic account in the name of M/s Southern Slabs and Granites, a proprietorship firm and a savings Bank account in the name of Swaroop Kumar Kottayam were opened in June, 2002 at Hubli Branch. Subsequently forged demand drafts drawn on SBI were deposited in these accounts at our Hubli and Bangalore branches under anywhere Banking. After these draft were presented through clearing, SBI paid them to us and

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the proceeds so collected were withdrawn through ATMs. There were about 110 and 50 withdrawals from various ATMs including other Bank's ATM. There were similarly withdrawals from the accounts opened with other Banks in Hubli.

9. The civil suit is filed by Company against TN Electricity Board and our Bank claiming an amount of guarantee paid by our Bank after the same was invoked by the beneficiary. The case is yet to be taken up for trial.

9. SKN Industries has filed the case for Rs. 0.11 crore in High Court, New Delhi against UTI Bank, Bharat Trading, Sandpit Dabas and Trinity Securities Pvt. Ltd. The SKN Industries contention was that a sum of Rs.7,90,550 was fraudulently withdrawn from the account of the company by their employee Sandip Dabbas by using a forged letter head and bearing the forged signature of the Chairman of the plaintiff company with a request that a pay order be made in the name of Bharat Trading and Trinity Securities Pvt. Ltd. It is alleged that UTI bank acted negligently in allowing Sandip Dabbas to withdraw the amount.

10. Dena Bank has filed a case claiming a sum of Rs. 0.11 crore against Cosmi Trading, Gabon trading and UTI Bank. Dena Bank held the high value cheques at the instance of its customer Cosmi Trading in clearing and returned the same after clearing hours, which were returned by our Bank with the reason too late to return. The case stems from the fact that one of our customer, M/s Gabon Trading Co. had lodged two cheques for Rs. 478941/- dt. 21.3.05 and Rs. 546185/- dt 22.3.05 drawn on Dena Bank for collection. As these were high value cheques and were presented in the normal course through service branch, Mumbai and were not returned by the drawee bank within the specified time. Therefore, in the normal course the customer was allowed to withdraw the funds. Later on Dena Bank returned the cheques in late clearing which were returned with a reason of 'too late to return'. This action of our Bank in returning the cheques was clearly as per the clearing house rules and RBI guidelines.

11. Gujarat Telephone Cable Limited has filed a case in Civil court Ahmedabad against SBI consortium alleging that since the consortium did not sanction/restructure their credit limit the company suffered a financial loss. The company made a claim of Rs.1002 crores against the consortium. Our share of total credit being Rs. 11 crores. The case has not come for hearing till date. Prima facie this is a case filed by the Company to avoid repayment of Bank's dues and not at all tenable. The same is not maintainable and liable to be dismissed, as the company's claim has not been substantiated by any concrete and documentary proof.

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(2) Others

a) Consumer cases

Sr. No.	Claim Amount (Rs. In crores)	Consumer Forum	Claimant
1.	1.29	At various places	66 cases filed before various consumer courts

b) Cases before Banking Ombudsman

Sr. No.	Claim Amount (Rs. In crores)	Ombudsman's Office	Complainant
1.	3.96	At various places	34 cases filed before Banking Ombudsman at various places

c) Others in various Courts

Sr. No	Claim Amount	Name of the Court	Claimant
1.	0.05	Delhi High Court	Rajivkumar Aggarwal
2.	0.05	Kota	Jitendra Sharma
Total	0.10	------------	-------------

d) There are no matters likely to affect operation and finances of the Company including disputed tax liabilities.

e) There is no criminal prosecution launched against the Company and the Directors for alleged offences under the enactments specified in paragraph 1 of Part I of Schedule XIII to the Companies Act, 1956.

In this connection, we have to state as under:

1. CBI has filed a charge sheet against one of our employee Mr Sanjeev Gupta allegedly for conspiring with Prakash Industries Ltd. relating to the lease transaction of Air Pollution Control Equipment. The Bank is fighting his case as his role was limited only to the preparation of the cheque and has filed a criminal Revision Petition before the High Court, Delhi for discharging the said employee and is slated for hearing on 8th December 2005.

2. The Labour Officer at Kochi filed a prosecution against CMD in the capacity as the principal employer u/s 24of C.L.A Act. A Writ Petition was filed in High Court of Kerala at Ernakulam and order was passed on 31st October 2003 staying all the proceedings. (Miner offence which is compoundable for Rs. 1000)

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3. The Labour Enforcement Officer, Cochin (Kochi) has also filed two complaints one being S.T. Case No.462 of 2005 and the other being S.T. Case No.463 of 2005 before the court of Judicial Magistrate First class, Calicut u/s 24 of the C.L.A. Act against CMD as a principal employer. The cases are posted on 22/10/05 for hearing. It is decided to file substitution petition u/s 205 of Criminal Procedure Code before Kozhikode Court to substitute CMD in lieu of a third person.

4. A Complaint has been filled by the Labour Enforcement Office of Contract Labour department (central) appointment under contract labour (Regulation & Abolition) Act 1970 for the offences under Section 23 & 24 of the said Act before the metropolitan magistrate's Court at Dadar against one of our employee who is presently Vice President Projects Mr A.R.Shymroy. The case is contested. (Minor offence, which is compoundable for Rs. 1000)
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5. A dismissed employee, an Executive by name Mr. Astana has filed petition before the L.C Kanpur to declare him as a workman under ID Act. The case is contested since he was dismissed for loss of money in his custody.

(f) There are no defaults in payment of statutory dues, institutional dues and any other dues and claims of a material nature against the Bank.

(g) There are no litigations against the Directors involving violation of statutory regulation or criminal offence.

Cases Filed By The Bank
In the ordinary course, the Bank has filed recovery cases before various Debt Recovery Tribunals against defaulters. Bank has also filed cases under Section 138 of NI Act against various defaulters and they are in various stages.

<u>Outstanding litigation pertaining to Promoter/Promoters Group</u>

<u>Outstanding Litigation or Defaults of the Administrator of the Specified Undertaking of the Unit Trust of India (UTI-1):</u>

Category	Number of Cases	Amount involved (Rs. Crs.)
Suits filed by Borrowers	-	-
Suits filed by other parties	59	a) The cause of action relates to scheme provision of US-64, RUS-92 & CGGF-86. The units of US64 & CGGF-86 have since been converted into Govt. of India Tax Free bonds.

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	67 1044	b) Rs.1.32 crores (Approx) c) Rs 3.87 crores (Approx)
Property disputes	5	Rs.7.26 crores.(Approx)
Criminal cases	11	These cases are related to non-receipt of repurchase/maturity proceeds & non-transfer of units. These cases are not maintainable and juding from our experience such cases are dismiss or withdrawn by the Complainant
Miscellaneous Cases	4	Rs.46.86 crores (Approx)
Title Suit cases	14	All these cases either shares have been replaced from broker or sold n the market after transfer

<u>Outstanding Litigation or Defaults of Life Insurance Corporation of India :</u>

LIC of India did not have any borrowings as such there are no suits filed by the lenders against it. There are various consumers cases of different categories pending in various consumer courts/forums in matters relating to repudiated death claims, delay in setting dues, non-payment of Bonus, Staff Matters, agency matters and other service matters like alterations Gap Premiums etc.

Against the Directors: There_has been no default in meeting statutory dues, institution dues, and other dues and claims against the directors of LIC of India. Further, there have been no prosecution, criminal or civil, lodged, or pending proceedings initiated for economic offences against the company.

<u>Outstanding Litigation or Defaults of United India Insurance Company Limited:</u>

UIIC is in the general insurance business and have various claims filed with Motor Accidents Claims Tribunals in respect of Motor Vehicle accidents. Further, certain cases are pending in various courts in respect of Property/Liability claims on account of non-admissibility / quantum of the claims. These claims would be suitably provided for / properly dealt with in the audited accounts for the year ended 31.03.2005.

It has various offices located all over the country. Certain litigations relating to properties in the matter of rent / vacation of premises instituted by / against the company, which cannot be quantified. However, these will not have any adverse effect on the accounts of the company.

There has been no default in meeting Institutional dues, Statutory dues and other dues and claims against the Director of the Company. Further, there has been no prosecution, criminal or civil lodge or pending, proceedings initiated for economic offences.

<u>Outstanding Litigation or Defaults of Oriental Insurance Company Limited :</u>

During the ordinary course of its business, the company has a number of court cases of different nature pending in the various courts of the Country, which are difficult to quantify. Most of the cases pertain to quantum payable with respect to the Insurance claims of the policyholders.

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There has been no defaults in meeting statutory dues, institutional dues and other dues and claims against the Directors of the Oriental Insurance Company Limited. Further, there has been no prosecution, criminal or civil, lodged or pending proceedings initiated for economic offences against the Directors of Oriental Insurance Company Limited.

Outstanding Litigation or Defaults of New India Assurance Company Limited

The company, New India Assurance Company Limited, is wholly owned by Government of India doing general insurance business. There are litigations filed by/against the company relating to claim settlements (major portion being motor third part) under normal course of its business. Similarly there could be employee-employer related litigation's filed by/against the company. However no litigations as such filed against any of the Directors in their personal capacity.

The New India Assurance Company (SIERRA LEONE) Ltd.

(No. of cases not readily available)

The New India Assurance Company (Trinidad and Tobago) Ltd.*

(No. of cases not readily available)

Contingent liabilities:

a) 27th July, 1990 - The company has denied liability for claims intimated arising from the events of 27th July, 1990. This is based on legal advice, which is reinforced by reinsures' common stand that these losses are not covered under treaty wordings. Also, no provision has been made for legal costs, which may be incurred in respect of court actions arising out of these claims.

b) Claims in litigations:

   The Company is defending various legal actions relating to claims in dispute. These have risen in the normal course of business. After taking legal advice, management has established certain provision that is reflected in the company's financial statements.

   The actual outcome of these legal actions could result in payments that differ from the provisions established by management.

Outstanding Litigation or Defaults of Zenith Securities & Investments Limited

Suit filed by landlords for eviction of premises.

Outstanding Litigations or Defaults of the Industrial Credit Company Limited

A contingent liability in respect of an ex-parte Court decree against the Company for Rs. 58,66,960/- is being contested by the Company.

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Outstanding Litigation or Defaults of GIC Housing Finance Ltd.:

Sr. No.	Particulars	No. of cases	Amt. Involved. (Rs. in crs.)
1.	Individual Housing Recovery suit – Civil	18	1.79
2.	Indl. Housing, Criminal Case – N.I. Act	53	0.51
3.	Builders & Corporate Recovery Suits	10	42.84
4.	Builders & Corporate Criminal Case-NIA	22	9.65
5.	Tax related cases.	3	4.57

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XIX. OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for Present Issue.

This present issue of Unsecured Subordinated Redeemable Non Convertible Debentures is being made pursuant to the resolutions of the Board of Directors of the bank, passed at its meeting held on January 13, 2006 and is within the general borrowings limits set out in resolution passed under section 293(1)(d) of the Companies Act, 1956, in the General Meeting of the bank held on May 30, 2000.

Registration and Government Approvals

The Bank was incorporated on December 3, 1993 and received Certificate of Commencement of Business on December 14, 1993. The Banking License from Reserve Bank of India was received vide letter no. DBOD(AH) No. 2300/03.02.24A/93-94 dated February 28, 1994 in terms of Section 22 of the Banking Regulation Act, 1949.

It must be distinctly understood, however, that the issuing of license and granting of approval by RBI should not, in any way, be deemed or construed to be an approval by RBI, to this Information Memorandum nor should it be deemed that RBI has approved it nor does RBI take any responsibility either for the financial soundness of the Bank or for the correctness of the statements made or opinions expressed in this connection.

This present issue of Debentures is being made in accordance with extant RBI guidelines as amended from time to time for issue of Tier-II Bonds. The bank can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority(ies)/ Reserve Bank of India (RBI) is required by the bank to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

Prohibition by SEBI

The Bank, its associates and companies with which the directors of the Bank are associated as directors or promoters are not prohibited from accessing the capital market/Corporate Debt Securities Market under any order or directions passed by SEBI.

Stock Exchange Disclaimer Clause

Application would be submitted to Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) to list the Debentures now being privately placed through this Shelf Memorandum of Information and to seek a permission to deal in such Debentures. The bank shall comply with the requirements of the listing agreement to the extent applicable to it on a continuous basis. It is to be distinctly understood that the submission of this Shelf Memorandum of Information to BSE and NSE or hosting of this Shelf Memorandum of Information by BSE and NSE on their respective websites should not in any way be deemed or construed that this Shelf Memorandum of Information has been cleared or approved by BSE and/or NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents

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of this Shelf Memorandum of Information; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

General Disclaimer

The Issuer accepts no responsibility for statements made otherwise than in the Shelf Memorandum of Information or any other material issued by or at the instance of the Issuer and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

Disclaimer in respect of jurisdiction

Any disputes arising out of this issue will be subject to the exclusive jurisdiction of the courts at Mumbai (Maharashtra). All information considered adequate and relevant about the Issuer and the Issuer Company has been made available in this Shelf Memorandum of Information for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever.

Listing

The Debentures being offered through this Information Memorandum shall be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE).

Filing of Shelf Memorandum of Information

As per extant SEBI guidelines/ regulations, filing of this Shelf Memorandum of Information is not required either with SEBI and Registrar of Companies (RoC) or any other regulatory authority(ies). The present issue of Debentures being made on private placement basis, the provisions of Section 60 of the Companies Act, 1956 shall not be applicable and accordingly, a copy of this Shelf Memorandum of Information along with the documents as specified under the head “Material Contracts and Documents for Inspection” have not been filed with the RoC and the SEBI.

Consent

BSR & Co., Chartered Accountants, the Statutory Auditors of the Bank have their written consent to their report being included in the form and content in which it appears in this Information Memorandum

The Western India Trustee & Executor Co. Limited has given its written consent to act as Trustees to the issue and for including their name in the Information Memorandum.

M/s Karvy Computershare Private Limited has given its consent written consent to act as Registrar to the issue and for including its name in the Information Memorandum Registrar

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Expenses of the Issue
Fees payable to and terms of appointment of the Trustees to the Issue & Registrar to the Issue shall be decided mutually between the Issuer and the Intermediary. Copy of Consent letter shall be kept open for Inspection be kept open for inspection at the Registered Office of the bank.

Underwriting Commission, Brokerage and Selling Commission
The details of the issue if underwritten, will be informed separately. There are no brokers to this Issue and hence no brokerage is payable.

Previous public or rights issue, if any
(during last five years)

Bank has not made any Public or Rights Issue during last five years. However, Bank has during during March, 2005 successfully raised US$ 23.93 crores of capital by placing 4.05 crores GDRs, each GDR representing one underlying share, at the price of US$ 5.91 per GDR. Further, in April 2005, the Green Show option to the extend of 0.30 crores GDRs each GDR representing one underlying share, was exercised at the price of US $5.91. The total size after Green Shoe option stood at 4.35 crores

Previous issue of shares otherwise than for Cash: The Bank has not issued shares otherwise than for cash.

Commission/Brokerage on Previous issues (Debt): Commission/Brokerage and Arrangership fees if any, paid was in accordance with mutually agreed terms.

There are no listed companies under the same management within the meaning of Section 370 (1)(B) of the Companies Act, 1956.

Promise V/s. Performance
Bank has not made any projections in the offer document of any of our previous capital issues during the last five years.

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Debentures issued by the Bank outstanding as on the date of Information Memorandum and terms of issue:

Sr No	Type of Security	Date of Allotment	Number of Debentures	Face Value Rs.	% of interest	Date of redemption	Outstanding amount Rs.	Detail Description of the security
1	Debentures	29.03.2000	2000	5,00,000/-	11.75%	28.04.2007	100,00,00,000	Unsecured Redeemable NCD's (Subordinated Debt)
2	Debentures	28.0302001	1000	5,00,000/-	11.10%	28.06.2006	50,00,00,000	---do ----
3	Debentures	03.12.2001	2240	5,00,000/-	9.80%	03.06.2007	112,00,00,000	---do ----
4	Debentures	27.03.2002	670	5,00,000/-	9.30%	27.06.2007	33,50,00,000	---do ----
5	Debentures	20.09.2002	Opt-I-660	5,00,000/-	8.80	20.06.2008	33,00,00,000	---do ----
			Opt-II-100	5,00,000/-	9.05	20.06.2010	5,00,00,000	---do ----
			Opt-III-1240	5,00,000/-	9.30	20.06.2012	62,00,00,000	---do ----
6	Debentures	21.12.2002	Opt-I-662	5,00,000/-	8.40	21.09.2008	33,10,00,000	---do ----
			Opt-II-0	5,00,000/-	8.70	21.09.2010	0	---do ----
			Opt-III-1200	5,00,000/-	8.95	21.09.2012	60,00,00,000	---do ----
7	Debentures	26.07.2003	Opt-I-600	5,00,000/-	6.50	26.04.2009	30,00,00,000	---do ----
			Opt-II-100	5,00,000/-	6.70	26.04.2011	5,00,00,000	---do ----
			Opt-III-1300	5,00,000/-	7.00	26.04.2013	65,00,00,000	---do ----
8	Debentures	15.01.2004	Opt-I-0	5,00,000/-	6.00	15.10.2009	0	---do ----
			Opt-II-0	5,00,000/-	6.25	15.10.2011	0	---do ----
			Opt-III-500	5,00,000/-	6.50	15.10.2013	50,00,00,000	---do ----
9.	Debentures	04.06.2004	Opt-I	10,00,000/-	Floating	15.10.2010	150,00,00,000	---do ----
10.	Debentures	25.07.2005	5000	10,00,000/-	Floating	25.07.2012	500,00,00,000	---do ----
						Total Outstanding	**1288,60,00,000**	

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XX. STOCK MARKET DATA

High and low prices quoted on BSE & NSE during the last 3 years

BSE				NSE		
Year (CY)	High(Rs)	Low(Rs.)	Average (Rs.)	High(Rs)	Low(Rs.)	Average (Rs.)
2005	315.00	169.10	242.05	310.90	170.00	240.45
2004	210.00	105.60	157.80	209.40	105.05	157.225
2003	148.80	35.75	92.275	153.20	38.10	95.65

High and low prices quoted on BSE & NSE during the last 6 months with volume with respective date of High/Low

	BSE			BSE		
Month	Date	High Rs.	Volume	Date	Low Rs.	Volume
Dec-2005	28-12-2005	315.00	29663	01-12-2005	269.05	120919
Nov-2005	30-11-2005	274.50	138922	01-11-2005	228.00	7485
Oct-2005	04-10-2005	268.00	28198	28-10-2005	220.00	189130
Sept-2005	21-09-2005	290.80	147470	02-09-2005	248.00	2766438
Aug-2005	03-08-2005	284.40	1181291	25-08-2005	241.05	105627
Jul-2005	29-07-2005	273.80	687298	15-07-2005	242.00	91902

	NSE			NSE		
Month	Date	High Rs.	Volume	Date	Low Rs.	Volume
Dec-2005	14-12-2005	310.90	856575	01-12-2005	269.05	424083
Nov-2005	30-11-2005	274.75	619087	02-11-2005	230.10	44084
Oct-2005	04-10-2005	268.00	185793	27-10-2005	219.35	420398
Sept-2005	21-09-2005	292.45	663788	02-09-2005	247.15	1909624
Aug-2005	03-08-2005	285.00	1853091	25-08-2005	240.00	491634
Jul-2005	13-07-2005	273.45	155993	04-07-2005	230.00	112449

No. of Shares traded during the last six months on each stock exchange

PERIOD	BSE	NSE
Dec-2005	1500976	6094610
Nov-2005	1607417	5657566
Oct-2005	3846629	7122023
Sept-2005	4175909	7552481
Aug-2005	7017267	11882398
Jul-2005	2531125	6937109

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Market Price on January 15, 2006 (Working day following the Board Meeting approving the Debt issue)

Rs.

Date	BSE				NSE			
	Open	High	Low	Close	Open	High	Low	Close
January 16, 2006	319.75	325.00	315.00	323.10	319.95	325.00	315.05	323.20
Volume on the date	177915				362589			

XXI. MECHANISM EVOLVED FOR REDRESSAL OF INVESTOR GRIEVANCES:

To ensure that Investors grievances are attended to expeditiously the Bank has appointed M/s. Karvy Computershare Private Limited, Hyderabad as its Registrar and Share Transfer Agent:

M/s. Karvy Computershare Private Limited
Unit: UTI Bank Limited
Karvy House, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad - 500 034
Phone Nos.: 040-23320251/751/752/753
Fax No.: 040-23311968

Further, investors may note that a compliance officer has also been appointed by the Bank and he may be contacted in case of any grievances at the following address:

Mr P. J. Oza
Company Secretary
UTI Bank Limited
"Trishul", Third Floor,
Opp. Samartheshwar Temple,
Law Garden, Ellisbridge,
Ahmedabad – 380 006
Tel No. 079-26409322/Fax No. 079-26409321

The details regarding normal time taken for disposal of various types of investors grievances is given below:

1. Transfer/Transmission of equity shares : 15 days
2. Change of Address : 2 days
3. Issuance of duplicate share certificates : 20 days
4. Non receipt of share certificates : 2 days
5. Non receipt of dividend warrants : 2 days
6. Noting of bank mandate : 2 days

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As on date there are no outstanding grievances against UTI Bank Limited from investors/ shareholders.

There are no listed companies under the same management within the meaning of Section 370 (1)(B) of the Companies Act, 1956 for which similar aforesaid details are required to be furnished.

There has been no change in the auditors of the company during the last three years

Capitalisation of reserves or profits (during last five years) : Nil
Revaluation of assets, if any (during the last five years.) : Nil

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PART II

XXII. OFFERING INFORMATION

Terms of the Issue

Status OF Debentures
The Debentures will be issued in the form of Unsecured Redeemable Non-Convertible Subordinated Debentures. The Debentures will constitute direct, unsecured and subordinated obligations of the Bank, ranking pari passu with the existing / future subordinated debt of the Bank and subordinated to the claims of all other creditors and depositors of the Bank as regards repayment of principal and interest by the bank. The Debentures shall be free of any restrictive clauses and shall not be redeemable at the initiative of the holder or without the consent of the Reserve Bank of India (RBI).

Key Terms:

Redemption
The Debentures will mature as will be specified in the respective Term Sheet. However, the NCDs shall not be redeemable before maturity at the initiative of the holder or without the consent of the RBI in terms of the Capital Adequacy Guidelines.

In case if the principal redemption date falls on a day which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in the city of Mumbai, Maharashtra), then the payment due shall be made on the next Business Day together with additional interest for the intervening period.

Coupon
The investors will receive interest at such interest rate (either fixed or floating) as will be specified in the respective Term Sheet.

Face Value & Issue Price
Each Debenture has a face value of Rs. 10,00,000/- and is issued at par i.e. for Rs. 10,00,000/-.

Market Lot
The market lot will be one Debenture ("Market Lot"). Since the Debenture are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of Debentures.

Terms of Payment
The full face value of the Debentures applied for is to be paid alongwith the Application Form. Investor(s) need to send in the Application Form and the cheque(s)/ demand draft(s) for the full face value of the Debentures applied for.

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Minimum Application Size
The Minimum investment shall be 1(one) Debenture i.e. Rs.10,00,000/- and in multiples of 1(one) Debenture i.e. Rs.10,00,000 thereafter.

Security
The Debentures are unsecured & unconvertible in Nature

Record Date
The 'Record Date' for the Debentures shall be 10 working days prior to each interest payment and/ or principal repayment date.

Put/Call Option
Neither Put Option shall be available to the Debenture holder(s), nor Call Option would be available to the Bank to redeem the Debentures prior to maturity. The Debentures are free from restrictive clauses and are not redeemable before maturity at the instance of the holder or without the consent of the Reserve Bank of India (RBI).

Minimum Subscription
Pursuant to the notification no. SEBI/MRD/SE/AT/46/2003 dated 22nd December 2003 issued by SEBI minimum subscription clause is not applicable to the privately placed debt securities.

Issue of Debentures in dematerialized form
The Bank has appointed Karvy Computershare Pvt. Ltd. as Registrar & Transfer Agents for the present issue of Debentures. The Bank will be issuing the NCDs in dematerialized form only. The Bank will be opening the accounts with NSDL and CDSL for issuing these NCDs. Applicant should mention their Depository Participant's name, DP-ID and Beneficiary Account Number in the appropriate place in the Application Form. The Bank will take necessary steps to credit the Depository Account of the allottee(s) with the number of Debentures allotted.

Issue of Letter(s) of Allotment
The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Debenture Certificate.

Refund Orders
The Bank shall ensure dispatch of Refund Order(s), if any, by registered post/speed post/courier/hand delivery.

Impersonation
Any person who-

a) makes in a fictitious name an application to a company of acquiring, or subscribing for any Securities therein, or

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b) otherwise induces a company to allot or register any transferor of Securities therein to him, or any other person in a fictitious name shall be punishable under the extant laws.

Interest on Application Money:

Interest on application money will same as the Coupon rate (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof) from the date of realisation of the cheques / drafts up to (but excluding) the DEEMED DATE OF ALLOTMENT. Where an applicant is allotted a lesser number of Debentures than applied for, the excess amount paid on application will be refunded to the applicant and the cheque towards interest on the refunded money will be despatched by registered post along with the letter of allotment. In all cases, the interest instruments will be sent, at the sole risk of the applicant / First applicant.

Effect of Holidays

Should any of dates defined above or elsewhere in the Information Memorandum, excepting the Deemed Date of Allotment, fall on a Saturday, Sunday or a Public Holiday, the next working day shall be considered as the effective date(s).

Payment of Interest

1. The first interest payment shall be made from the date of realization of the Cheque /DD till the Deemed date of allotment. Subsequent interest payments shall be made annually/semi-annually/quarterly or at such intervals from the Deemed date of allotment till the redemption of the Debentures as provided in Terms Sheet.
2. Interest on Debenture (s) shall be payable subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act 1961 or any other Statutory Modifications or re enactment thereof as provided in Terms Sheet.
3. Payment of interest will be made to the holders of the Debentures whose name appear on the record date in the list of Beneficial Owners as provided by the Depositories.
4. If any interest payment date falls on a day, which is not a business day, then payment of interest will be made on the next business day but without liability for making payment of interest for the delayed period.
5. In the event of delay in the lodgment for transfer by the transferee(s), interest payment due, if any, shall be made to the holder whose name is registered in the register of Debentureholders/list of Beneficial Owners on the interest payment date. In such case, claims for the interest by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.
6. Interest payment will be made by a demand draft/cheque / electronic mode (if available on that day) drawn and payable as per Mumbai jurisdiction.

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Basis of Allotment:

Acceptance of the offer to invest and the allotment shall be decided solely by the issuer. The Bank reserves the right to reject in full or part any or all the offers received by them to invest in the Debentures without assigning any reason for such rejection. Acceptance of the offer shall be

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subject to completion of subscription formalities, detailed in the application form. In case of over subscription, the issuer would finalise the basis of allotment.

Deemed Date of Allotment

The Debentures would be deemed to be allotted on Deemed date of allotment or any other date, as may be decided by the Bank. In case the closing date is extended, investors will be intimated about the revised time schedule by the Bank. The Bank also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. Further, the Bank reserves the right to close the issue earlier from the aforesaid date or change the issue time table including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice.

Redemption

The face value of the Debentures will be redeemed at par, as will be provided in Term Sheet from the DEEMED DATE OF ALLOTMENT.

Payment on redemption will be made by cheque(s)/ warrants(s) in the name of the Debentureholder whose name appears on the List of Beneficial owners given by Depository to the Bank as on the Record Date. On the Bank dispatching the redemption warrants to such Beneficiary(ies) by registered post/speed post/courier/hand delivery, the liability of the Bank shall stand extinguished.

The Debentures shall be taken as discharged on dispatch of redemption warrants by the Bank on maturity to the list of Beneficial Owners as provided by NSDL/ CDSL/ Depository Participant. The Bank will inform NSDL/ CDSL/Depository Participant about the redemption and the necessary corporate action would be taken.

The Bank's liability to the Debentureholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Bank will not be liable to pay any interest or compensation from the date of redemption. On the Bank dispatching the warrants or crediting the beneficiary's account by relevant amount as specified above in respect of the Debentures, the liability of the Bank shall stand extinguished.

Place and Currency of Payment

The Debentures are being issued by UTI Bank Ltd. All obligations under these Debentures are payable solely by the Issuer in Indian Rupees only.

Rights of Debentureholders

The Debenture shall not, except as provided in the Companies Act, 1956 confer upon the holders thereof any rights or privileges available to the members of the Bank including the right to receive Notices or Annual Reports of, or to attend and/or vote, at the General Meeting of the Bank. However, if any resolution affecting the rights attached to the Debentures is to be placed before the shareholders, the said resolution will first be placed before the concerned registered Debenture holders for their consideration. In terms of Section 219(2) of the Act, holders of Debentures shall be entitled to a copy of the Balance Sheet on a specific request made to the Bank.

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The rights, privileges and conditions attached to the Debentures may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Debentures or with the sanction of Special Resolution passed at a meeting of the concerned Debentureholders, provided that nothing in such consent or resolution shall be operative against the Bank, where such consent or resolution modifies or varies the terms and conditions governing the Debentures, if the same are not acceptable to the Bank.
The registered Debenture holder or in case of joint-holders, the one whose name stands first in the Register of Debenture holders/List of Beneficial Owner shall be entitled to vote in respect of such Debentures, either in person or by proxy, at any meeting of the concerned Debenture holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her/it's voting rights shall be in proportion to the outstanding nominal value of Debentures held by him/her/it on every resolution placed before such meeting of the Debenture holders.
The quorum for such meetings shall be at least five Debenture holders present in person or as may be prescribed by law from time to time.
The Debentures are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles, the terms of this Information Memorandum and Application Form. Over and above such terms and conditions, the Debentures shall also be subject to other terms and conditions as may be incorporated in the Trustee Agreement/ Letters of Allotment/ Debenture Certificates, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Debentures.
Save as otherwise provided in this Information Memorandum, the provisions contained in Annexure C and/ or Annexure D to the Companies (Central Government's) General Rules and Forms, 1956 as prevailing and to the extent applicable, will apply to any meeting of the Debenture holders, in relation to matters not otherwise provided for in terms of the Issue of the Debentures.
A register of Debenture holders will be maintained in accordance with Section 152 of the Act and all interest and principal sums becoming due and payable in respect of the Debentures will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of Debenture holders. The Debenture holders will be entitled to their Debenture free from equities and/or cross claims by the Bank against the original or any intermediate holders thereof.

Future Borrowings

The Bank shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Bank may think appropriate, without the consent of, or intimation to, the Debenture holder(s) or the Trustees in this connection.

Debentureholder not a Shareholder

The Debentureholders shall not be entitled to any of the rights and privileges available to the Shareholders.

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Transfer of Debentures

The transfer of Debentures in dematerialized form would be in accordance with the rules/procedures as prescribed by Depository/Depository Participant

Trustees for the Debentureholders

The Bank has appointed The Western India Trustee & Executor Co. Limited as Trustees for the Debentureholders ("Trustees").

The Bank and the Trustees will enter into a Trustee Agreement, inter alia, specifying the powers, authorities and obligations of the Trustees and the Bank. The Debentureholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the Debentureholder(s).

The Trustees will protect the interest of the Debenture holders in the event of default by the Bank in regard to timely payment of interest and repayment of principal and they will take necessary action at the cost of the Bank.

Procedure for Application and Mode of Payment

This Information Memorandum is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the Debentures issued by the Bank. The document is for the exclusive use of the person(s) to whom it is delivered and it should not be circulated or distributed to third parties. The document would be sent specifically addressed to such persons by the Issuer Bank

All cheques /drafts should be in favour of "**UTI Bank Ltd. A/c – Tier II (Series XI)** " and crossed Account Payee only.

The Issue/Offer/Book will open for subscription on such dates as will be provided in the Term Sheet which shall form part of this Information Memorandum. The Bank at its sole and absolute discretion without giving any reasons or prior notice may have the right to change the Issue time schedule. In such a case, investors will be intimated about the revised time schedule by the Bank. The Bank also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice.

Only eligible investors as given hereunder may apply for Debentures through the procedure detailed hereunder.Application Form duly completed in all respects must be submitted with the designated branch of the Bank.. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

The Application Forms must be completed in the prescribed format in BLOCK LETTERS in English as per the instructions contained therein. The applicant or in the case of an application in joint names, each of the applicants, should mention his/her/it's Permanent Account Number (PAN) allotted under the Income-tax Act, 1961 or where the same has not been allotted, the GIR

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No. and the Income tax Circle/Ward/District No. As per the provision of Section 139A(5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form at the address mentioned therein. Unless the Issuer specifically agrees in writing with or without such terms or conditions it deems fit, a separate single cheque/ demand draft must accompany each Application Form. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are made.

Applications may be made by

1. Scheduled Commercial Banks;
2. Financial Institutions;
3. Insurance Companies;
4. Provident, Gratuity, Pension and Superannuation Funds;
5. Regional Rural Banks;
6. Mutual Funds;
7. Companies, Bodies Corporate authorised to invest in bonds;
8. Trusts, Association of Persons, Societies registered under the applicable laws in India which are duly authorised to invest in bonds.

Applications under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Bank or to its Registrars or to such other person(s) at such other address(es) as may be specified by the Bank from time to time through a suitable communication.

Application by Mutual Funds

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

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Application by Provident Funds, Superannuation Funds and Gratuity Funds

The applications must be accompanied by certified true copies of (I) Trust Deed/Bye Laws/Resolutions, (ii) Resolution authorising investment and (iii) specimen signatures of the authorised signatories. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit a certificate issued by the Income Tax Officer along with the Application Form. For subsequent interest payments, such certificates have to be submitted periodically.

Tax Deduction at Source

Those desirous of claiming exemption from deduction of income tax at source as per the Income Tax Act, 1961 on the interest on application money, are required to submit relevant certificates in duplicate, along with the Application form in terms of Income Tax rules.

The interest payable subsequent to the DEEMED DATE OF ALLOTMENT will be treated as "Interest on Securities" as per Income Tax rules and those desirous of claiming exemption from deduction of income tax at source on the interest payable on Debentures will have to submit relevant certificates periodically at the Registered Office, at least thirty days before the relevant interest payment becoming due.

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Debentureholder(s) should consult their own tax advisers on the tax implications of the acquisition, ownership and sale of Debentures and Income arising thereon.

Succession

In the event of winding-up of the holder of the Debentures (s), the Bank will recognize the executor or administrator of the concerned Debentureholder(s), or the other legal representative as having title to the Debenture(s). The Bank shall not be bound to recognize such executor or administrator or other legal representative as having title to the Debentures (s), unless such executor or administrator obtains probate or letter of administration or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter..

The Bank may, in their absolute discretion, where they think fit, dispense with production of probate or letter of administration or other legal representation, in order to recognize such holder as being entitled to the Debenture (s) standing in the name of the concerned Debentureholder on production of sufficient documentary proof or indemnity.

Notices

The notices, communications and writings to the Debentureholder(s) required to be given by the Issuer shall be deemed to have been given if sent by Registered Post to the Registered Debentureholder(s) at the address of the Debentureholder(s) registered with the Registered Office. All notices, communications and writings to be given by the Debentureholder(s) shall be sent by Registered Post or by hand delivery to the Issuer at Registered Office or to such persons at such address as may be notified by the Issuer from time to time and shall be deemed to have been received on actual receipt.

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Undertaking by the Issuer Company

a. The complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily
b. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchange where the securities are to be listed are taken within 7 working days of finalization of basis of allotment.
c. No further issue of securities shall be made till the securities offered through this Information Memorandum are listed or till the application moneys are refunded on account of non-listing.
d. Necessary co-operation with the credit rating agency shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

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XXIII. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The main provisions of the Articles of Association of the Bank (hereinafter referred to as the Article(s) are reproduced below)

Share Certificates

14. (1) Every Member or allottee of shares shall be entitled, without payment, to receive one or more certificates in marketable lots, specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid thereon and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be.

(2) Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against warrants, letters of advice or acceptance or letters of renunciation, or in cases of issue of bonus shares.
Provided that if any such warrant or letter of allotment advice or acceptance or renunciation is lost or destroyed, the Board may impose such reasonable terms, if any, as it thinks fit as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence.

(3) For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding two rupees.

Issue of Shares Certificates

15. (1) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.

(2) Subject to the provisions of the Companies (Issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof, for the time being in force, every such certificate shall be issued under the Seal, which shall be affixed in the presence of (a) two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and (b) the Secretary or some other person appointed by the Board for the purpose.

The two Directors or their attorneys and the Secretary or other person so appointed shall sign the share certificate.

Provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing Director or Whole-time Director.

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(3) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as, engraving in metal or lithography, or computer print out but not by means of a rubber stamp. Provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

(4) The Company shall keep a Register and index of Members in accordance with Section 150, 151 and 152 of the Act and the details of the Members holding shares both in material and dematerialised form in any media as permitted by law including electronic media. The Company shall also be entitled to keep in any state or country outside India, a Branch Register of Member resident in that state or country.

(5) The Company shall be entitled to dematerialise any or all of its shares, debentures and other marketable securities pursuant to the Depositories Act, 1996 and, subject to these Articles, to offer its shares, debentures and other securities for subscription in a dematerialised form.

Renewal of Share Certificates fees chargeable

16. (1) (a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company.

(b) The Company shall not charge any fee for issuing any certificate issued on splitting or consolidation of share certificate/s or in replacement of share certificate/s that are defaced or torn, old, decrepit, worn out or where the cages on the reverse have been utilised.

(2) When a new share certificate has been issued in pursuance of clause (1) of this Article, it shall state on the face of it, and against the stub or counterfoil to the effect that it is "issued in lieu of share certificate No…………….. sub-divided / replaced/on consolidation of shares".

(3) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on payment of such fee, not exceeding one rupee as the Board may, from time to time fix, and on such terms, if any, as to evidence and indemnity and payment of out-of-pocket expenses incurred by the Company in investigating the evidence, as the Board thinks fit.

(4) When a new share certificate has been issued in pursuance of clause (3) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is

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"duplicate issued in lieu of share certificate No……………". The word "duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

(5) Where a new share certificate has been issued in pursuance of clause (1) or clause (3) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the name(s) of the person(s) to whom the certificate is issued, the number and date of issue of share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross references in the "Remarks" column.

Safe custody of blank share certificate forms, books, etc.

17. (1) All blank forms to be used for issue of share certificate shall be printed and the printing shall be done only on the authority of a resolution of the Board.

(2) The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose.

(3) The Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(4) The Executive Chairman or the Managing Director of the Company, for the time being, or if the Company has no Executive Chairman or Managing Director, every Director of the Company and the Secretary, if any, shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of the share certificates, except the blank forms of share certificates, referred to in clause (1) of this Article. All books referred to herein shall be preserved in good order permanently.

The first named of joint-holders deemed holder

18. If any share stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus, or service of notices and all other matters connected with the Company, except voting at meetings, and the transfer of the share, be deemed the sole holder thereof; but the other joint holder(s) of the same shall not be relieved of his/their obligations in respect of payment of all instalments and calls due on the share and all incidents thereof in accordance with the Company's Regulations.

Company to have lien on shares

30. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) but shall be restricted to moneys called or payable at fixed time in respect of such share and upon the proceeds of sale thereof for all moneys (whether presently payable or

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not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created.

Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

Enforcing Lien by Sale

31. (1) For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member.

Provided that no such sale shall be made-

(a) Unless a sum in respect of which the lien exists is presently payable, or

(b) Until 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.

(2) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(3) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(4) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

FORFEITURE OF SHARES

If money payable on share not paid, notice to be given to Members

33. If any Members fails to pay any call or instalment of a call, on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter during such time as the call or instalment remains unpaid, serve notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Notice of forfeiture/Forfeiture

34. (1) The notice shall name a day (not being less than one month from the date of the notice) and a place or places on and at which such call or installment and such interest as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.

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(2) The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares, in respect of which call was made or installment is payable, will be liable to be forfeited.

(3) Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture provided that there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

Judgement etc. not to preclude the Company to enforce forfeiture

35. Neither a judgement nor a decree in favour of the Company nor the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Notice of forfeiture

36. If the requirements of any such notice shall not be complied with, every or any share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable by the Company in respect of the forfeited shares and not actually paid before the forfeiture.

Omission to give notice not to invalidate forfeiture

37. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, or in the records of the Depository but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited share to be the property of the Company

38. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Member liable notwithstanding forfeiture

39. (1) Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay, and shall forthwith pay to the Company, on demand, all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate, as the Board may determine and the Board may enforce the payment thereof, it if thinks fit, but shall not be under any obligation to do so.

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(2) The liability of such person shall cease if and when the Company shall have received payment in full of all such money in respect of the shares.

Forfeiture to involve extinction of all interest etc.

40. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Validity of sale on forfeiture

41. (1) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares sold and may cause the purchaser's name to be entered in the Register of Members or in the records of the Depository in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members or in the records of the Depository in respect of such shares, the validity of the sale shall not be impeached by any person.

(2) Upon any such sale, re-allotment or other disposal under the above clause, the certificate or certificates originally issued in respect of the shares sold shall (unless the same shall, on demand by the Company, have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Power to annul forfeiture

42. The Board of Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

Transfer

43. Subject to the provisions of these Articles, a Member may, at any time, transfer all or any part of the shares held by him, to any person.

Form of transfer

44. The instrument of transfer of any share shall be in writing in the form prescribed under the Act, or as near thereto as circumstances will admit.

To be executed by Transferor and Transfere

45. Every such instrument of transfer shall be executed by or on behalf of both the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of

such share until the name of the transferee shall have been entered in the Register of Members or in the records of the Depository in respect thereof.

Transfer to be presented with evidence of title

46. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the relevant share certificate(s) and such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and Regulations as the Board may, from time to time, prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

Application for transfer

47. (1) An application for registration of a transfer of the shares in the Company may be made either by the transferor or the transferee.

(2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(3) For the purposes of clause (2) above, notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

The Company not liable for disregard of a notice prohibiting registration of a transfer

48. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to, regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

Death, insolvency or liquidation

49. In the case of death, insolvency, liquidation, dissolution or winding up of any one or more of the persons named in the Register of Members or in the records of the Depository as the joint holders of any share, subject to the other provisions of these Articles, the Company

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shall not be bound to recognise any person(s) other than the surviving or remaining holder/s.

Registrations of persons entitled to shares otherwise than by transfer

50. Any person becoming entitled to shares in consequence of death, insolvency, dissolution, winding-up or liquidation of any Member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board, which it shall not be under any obligation to give and subject to the other provisions of these Articles, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or his title, as the Board thinks sufficient, be registered as the holder of the shares subject to the provisions of the Act, and the Articles.

Fees on transfer or transmission

51. The Company shall not levy any charge for the following:

(a) For registration of transfer of shares and Debentures.
(b) For sub-division of renounceable Letters or Right;
(c) For registration of any Power of Attorney, Probate, Letters of Administration or similar other documents. However, the Company may charge fees, as may be decided by its Board of Directors from time to time, but not exceeding those which may be agreed upon with the recognised Stock exchanges, Depositories or any other Regulatory authorities.
(d) For issue of new certificates in replacement of those that are torn, defaced, lost or destroyed;
(e) For sub-division and consolidation of Share and Debenture Certificates and for sub-division of Letters of Allotment, split, consolidation, Renewal and Pucca Receipts into denomination other than those fixed for the market units of trading.

Registration of transfer of shares

52. Subject to the provisions of the said Acts and Securities Contracts (Regulation) Act, 1956, the Board of Directors, in its absolute discretion, shall be entitled to refuse registration of transfer of any shares or interest of a member therein or Debentures.

Provided that registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except the lien on shares.

52A. The acquisition of shares by a person / group which would take his/ its holding to a level of 5% or more of the total paid up capital of the Company (or such other percentage as may be prescribed by the Reserve Bank of India from time to time) shall be with the prior approval of Reserve Bank of India.

Register of transfers and transmissions.

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53. The Company shall keep a book, to be called the "Register of Transfers and Transmissions", and therein shall be fairly and distinctly entered particulars of every transfer and transmission of shares which is made in accordance with the provisions of these Articles.

Transfer books when closed

54 The Board shall have power, on giving seven days previous notice by advertisement in some newspaper circulating at the place where the Registered Office, for the time being, is situate to close the transfer books, the Register of Members and Register of debenture holders, at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty-five days in each year, as to it may seem expedient.

(a) Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.

Provided that in respect of the shares, debentures and other marketable securities held by the Depository on behalf of a beneficial owner as defined in the Depositories Act, Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall not apply.

DIRECTORS

Number of Directors

88. Until otherwise determined by a General Meeting the number of Directors shall be not less than three and not more than twelve.

Directors

89. (1) The Board of Directors of the Company shall consist of :

(a) The Executive Chairman acting as the Chairman and Managing Director nominated by the Unit Trust who shall not be liable to retire by rotation; and

(b) Three Directors nominated by the Unit Trust, who shall also not be liable to retire by rotation;

Retirement by Rotation of Directors and Reconstitution of Directors

(2) At every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. In these Articles a "retiring Director", means a Director retiring by rotation.

(3) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between the

persons who became Directors on the same day, those who are to retire shall, in default of, and subject to any agreement among themselves, be determined by lot.

(4) A retiring Director shall be eligible for reappointment.

(5) At the Annual General Meeting at which a Director retires as aforesaid, the Company, subject to these Articles, may fill up the vacancy by appointing the retiring Director or some other person thereto.

(6) If the place of a retiring Director, retiring by rotation at a Meeting, is not filled up at such Meeting and that Meeting has not expressly resolved not to fill the vacancy, that Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

(7) If, at the adjourned Meeting also, the place of the retiring Director is not filled up and that Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting unless-

i) At that Meeting or at the previous Meeting a Resolution for the re-appointment of such Director has been put to the Meeting and lost;

ii)The retiring Director has, by a notice in writing addressed to the Company or to the Board, expressed his unwillingness to be so re-appointed;

iii)He is not qualified or is disqualified for appointment; or

iv)A Resolution, whether Special or Ordinary, is required for his appointment or re-appointment by virtue of any provisions of the Act;

(8) No provision in a resolution providing for automatic re-appointment of any Director or retiring Director shall be effective or binding upon the Company.

(9) i) If, the requirements as to the constitution of the Board as laid down in any of the said Acts are not fulfilled at any time, the Board shall reconstitute such Board so as to ensure that such requirements are fulfilled.

ii) If, for the purpose of reconstituting the Board under sub-clause (i) it is necessary to retire any Director or Directors, the Board shall, by lots drawn at a Board Meeting decide which Director or Directors shall cease to hold office and such decision shall be binding on every Director.

iii) Every Director if he is appointed under any casual or other vacancy shall hold office until the date upto which his predecessor would have held office, if the

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election had not been held, or, as the case may be, the appointment had not been made.

iv)No act or proceeding of the Board of Directors of the Company shall be invalid by reason only of any defect in the composition thereof or on the ground that it is subsequently discovered that any of its Members did not fulfil the requirements of this Article.

The Company may increase or reduce number of Directors

(10) The Company may by Ordinary Resolution from time to time increase or reduce the number of Directors.

Provided that any increase in the number of Directors except an increase which is within the permissible maximum number of 12 shall not have any effect unless approved by the Regulatory Agencies whose approval is required under any law for the time in force.

Appointment of Alternate Director

90. (1) The Board may, subject to these Articles, appoint an alternate Director to act for a Director (hereinafter called the "Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.

(2) An alternate Director appointed under this Article shall vacate office if and when the Original Director returns to such State.

(3) If the term of office of the Original Director is determined before he so returns to that State, any provision in the Act or in these Articles for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director, and not to the alternate Director.

(4) An alternate Director shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed.

Appointment of Additional Directors

91. (1) The Board of Directors shall also have power at any time and from time to time, to appoint any person, as an additional Director, but so that the total number of Directors shall not, at any time exceed the maximum strength fixed for the Board by the Articles.

(2) Any person so appointed as an additional Director shall remain in office only upto the date of the next Annual General Meeting, but shall be eligible for the appointment at such Meeting subject to the provisions of the Act.

Filling of casual vacancies

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92. (1) If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire in the normal course, the resulting casual vacancy may, in default of and subject to these Articles, be filled by the Board of Directors at a meeting of the Board.

(2) Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

No share qualification for Directors

93. No Director shall be required to hold any shares as qualification shares.

Appointment of Directors to be voted on individually

94. (1) At a General Meeting of the Company a motion shall not be made for the appointment of two or more persons as Directors by a single resolution, unless a resolution that it shall be so made has first been agreed to by the Meeting without any vote being given against it.

(2) A Resolution moved in contravention of clause (1) shall be void, whether or not objection was taken at the time of its being so moved.
Provided that where a Resolution so moved is passed, no provision for the automatic re-appointment of the retiring Director in default of another appointment shall apply, as hereinbefore provided.

For the purpose of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

95. (1) Subject to the provisions of the said Acts and these Articles any person who is not a retiring Director shall be eligible for appointment to the Office of Director at any General Meeting if he or some members intending to propose him has at least fourteen clear days before the meeting left at the Registered Office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be, alongwith a deposit of such sum as may be prescribed under the Act which shall be refunded to such person if he succeeds in getting elected as a Director.

(2) The Company shall inform its Members of the candidature of a person for the office of a Director or the intention of a Member to propose such person as a candidate for that office, by serving individual notices on the Members not less than seven days before the Meeting;

Provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid, if the Company advertises such candidature or intention, not less than seven days before the Meeting, in at least two newspapers circulating in the place where the Registered Office of the Company is located, of

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which one is published in the English language and the other in the regional language of that place.

(3) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the Registered Office of the Company, a notice under the Act signifying his candidature for the office of Director) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.

(4) The Company shall ensure that the appointment of Directors by the Company in General Meeting and nomination of the Directors by the Unit Trust and their retirement shall be in accordance with the provisions of the said Acts and these Articles.

DIVIDENDS

Division of Profits

125. The profits of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum of these Articles and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively. Provided always that (subject at aforesaid) any capital paid-up on a share during the period in respect of which a dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such share to an apportioned amount to such dividend as from the date of payment.

Capital paid-up in advance at interest not to earn Dividend

126. Where capital is paid-up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

Dividends in proportion to amount paid-up

127. The Company may pay dividends in proportion to the amount paid-up or credited as paid-up on each share, where a larger amount is paid-up or credited as paid-up on some shares than on others.

Declaration of dividend and writing off capitalised expenses

128. (1) The Company before declaring any dividend on its shares for each year shall transfer to Reserve Fund an amount specified in these Articles and required by or under any directions issued under the said Acts and shall also completely write off all its capitalised expenses (including preliminary expenses, share selling commission, brokerage, amount of losses incurred and any other item of expenditure not represented by tangible assets).

Power to declare dividend without writing off

(2) Provided however that the Company may pay dividends on its shares without writing off:-

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(i) the depreciation, if any, in the values of its investments in approved securities in any case where such depreciation has not actually been capitalised or otherwise accounted for as a loss;

(ii) the depreciation, if any, in the value of its investments in shares, debentures, or bonds (other than approved securities) in any case where adequate provision for such depreciation has been made to the satisfaction of the Company; and

(iii) the bad debts, if any, in any case where adequate provision for such debts has been made to the satisfaction of the auditors of the Company;

The Company in General Meeting may declare a Dividend

129. The Company in General Meeting may, subject to the provisions of the said Acts and these Articles, declare a dividend to be paid to the Members according to their respective rights and interests in the profits and subject to the provisions of the said Acts may fix the time for payment. When a dividend has been so declared, the warrant in respect thereof shall be posted within forty-two days from the date of the declaration to the shareholders entitled to the payment of the same.

Power of Directors to limit dividend

130. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim dividend

131. Subject to the provisions of the said Acts, and these Articles, the Directors may, from time to time, pay to the Members such interim dividends as in their judgement the position of the Company justifies.

Retention of dividends until completion of transfer

132. Subject to the provisions of the said Acts, the Directors may retain the dividends payable upon shares in respect of which any person is, under these Articles, entitled to become a member or which any person under these Articles is entitled to transfer until such obligations of the persons to become a member in respect of such shares or shall duly transfer the same.

No member to receive dividend whilst indebted to the Company & Company's right of reimbursement thereout

133. Subject to the provisions of the said Acts no Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares and the Directors may

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deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Transfer of shares must be registered

134. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividends, how remitted

135. Unless otherwise directed any dividend may be paid by cheque or warrant sent through post to the registered address of the Member or person entitled, or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unclaimed Dividend

136. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with all the provisions of the Act in respect of unclaimed or unpaid dividend.

Dividend and call together and set off allowed

137. Any General Meeting declaring a dividend may make a call on the Members for such amount as the Meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.

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XXIV. MATERIAL CONTRACTS AND INSPECTION OF DOCUMENTS

The following contracts and also documents for inspection referred to hereunder, may be inspected at the registered office of the company at Ahmedabad from 11.00 am to 1.00 pm from the date of this Information Memorandum until the date of closure of this Issue.

- **MATERIAL CONTRACTS**

1. Agreement between UTI Bank and Dr. P. J. Nayak regarding terms of re-appointment of Dr. Nayak as Chairman and Managing Director of the Bank
2. Agreement between UTI Bank and Dr. S. Charterjee regarding terms of appointed as a full-time Executive Director of the Bank.
3. Letter from Karvy Computershare Private Limited giving their consent to act as Registrar
4. Letter from Trustees giving their consent to act as Trustees to the issue.

- **DOCUMENTS**

1. Memorandum and Articles of the Bank as amended from time to time
2. Certificate of Incorporation of the Bank dated 03.12.93, and Certificate of Commencement of Business dated 14.12.93.
3. Banking License from RBI vide letter no. DBOD(AH) No. 2300/03.02.24A/93-94 dated 28.02.94 in terms of Section 22 of the Banking Regulation Act, 1949.
4. The Report of the Auditors, M/s. BSR &Co. as set out herein dated February 13, 2006.
5. Copy of Board Resolution dated 13th January, 2006 authorising the issue.
5. Copy of application made to Stock Exchanges.
6. In-principle approval letter received from BSE and NSE
7. Copy of Rating received from Rating Agency.

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PART III

DECLARATION

All the relevant provisions of the Companies Act, 1956, the Banking Regulation Act, 1949, Securities and Exchange Board of India, the guidelines issued by the Government and any other competent authority have been complied with and no statement made in this Shelf Information Memorandum is contrary to the provisions of the Companies Act, 1956 and rules framed hereunder.

The Issuer Company accepts no responsibility for the statements made otherwise than in this Shelf Information Memorandum or any other material issued by or at the instance of the issuer and that any one placing reliance on any other source of information would be doing so at his own risk.

Signed by Mr. P J Nayak (Chairman and Managing Director) of the Bank, pursuant to the authority granted by the Board of Directors at their meeting held on January 13, 2006:

Signed for and on behalf of UTI BANK LTD.
Sd/-
P.J. Nayak
Chairman and Managing Director
(Authorised Signatory)

Date: 16-02-2006 **Place: Mumbai**

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I C R A Limited
An Associate of Moody's Investors Service

CONFIDENTIAL

Ref No: 2005-06/489/1576

January 20, 2006

Mr. P. Mukherjee
Sr. VP - Treasury
UTI Bank
Maker Towers 'F'
13th Floor, Cuffe Parade
Mumbai 400 005

Dear Sir,

Re : ICRA Credit Rating for the Tier II Bonds Programme of Rs.1000 crore.

Please refer to your request vide your letter dated January 17, 2006 for rating the Tier II Bonds programme of your bank. Our Rating Committee of ICRA, after due consideration, has assigned the **"LAA+"** (pronounced L double A plus) Rating **with a Positive outlook** to your Tier II Bonds Debt programme of Rs.1000 crore. This rating indicates the high-credit-quality rating assigned by ICRA. The rated instrument carries low credit risk.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as **"LAA+" with Positive outlook.** We would appreciate if you can sign on the duplicate copy of this letter and send it to us within 10 days from the date of this letter as a token of your acceptance and use of the assigned rating. The rationale for assigning the above rating will be sent to you on receipt of your confirmation about the use of our rating, as above. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you.

If the instrument rated as above, is not issued by you within a period of 10 months from the date of the letter communicating the rating, the same would stand withdrawn unless revalidated before expiry of the 10 months.

You are required to forthwith inform us about any default or delay in repayment of interest and/or principal amount of the instrument rated, as above, or any other debt instruments / borrowings. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/debts of the company with any lender (s) / investor (s).

..2/-

Electric Mansion, 3rd Floor,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025.

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+91 22 2436 2044, 2432 9109
Fax: +91 22 2433 1390

website: www.icraindia.com
email :mumbai@icraindia.com

Regd.Office:Kailash Building, 4th Floor, 26, Kasturba Gandhi Marg, New Delhi 110 001

RATING • ADVISORY • INFORMATION

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The rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us.

If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

ICRA reserves the right to suspend, withdraw or revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The ratings, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Non-Convertible Debentures issued by you.

Should you require any clarifications, please do not hesitate to get in touch with us.

We thank you for your kind co-operation during the course of the rating exercise.

With kind regards,

Yours faithfully,
For ICRA Limited

L. SHIVAKUMAR
General Manager &
Head – Mumbai Region

VINEET GUPTA
General Manager
Head Bank & Financial Institutions Ratings

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FitchRatings

Confidential

13 February 2006

UTI Bank Limited
111 Maker Towers 'F'
Cuffe Parade
Mumbai - 400 005

Fax: 2218 7456

Kind Attn: Mr P. Mukherjee, Senior Vice-President (Treasury)

Dear Sir,

Sub: Rating of the Subordinated Debt Programme (Rs10billion) of UTI Bank Limited

Fitch Ratings India Private Limited has assigned "AA+(ind)" *(Double A plus ind)* rating to the Subordinated Debt Programme (Rs10billion) of UTI Bank Limited. The Outlook on the rating is "Stable". Definitions of rating *symbols for long-term* debt instruments are enclosed.

This rating is based on information provided by the bank as well as the discussions we had with the bank's management team during the rating exercise.

In order to maintain our rating through the term of our agreement, you are requested to send us all relevant information and other data necessary for our ongoing monitoring. Notwithstanding the above, Fitch Ratings India reserves the right to change the rating, should business, financial or other conditions warrant and disseminate the same as per the terms of our agreement.

Yours truly,

R. Jayakumar
Senior Director &
Chief Operating Officer

Rakesh Valecha
Director

Fitch Ratings India's ratings are opinions on credit quality only and are not recommendations to buy, hold or sell any securities.

Fitch Ratings India Private Limited
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