

Dear Shareholders,

It gives me great pleasure to be amongst this august gathering of our stakeholders in this 4th Annual General Meeting of your esteemed Indian Bank.

On behalf of the Board of Directors and on my personal behalf, I have great pleasure in extending a warm welcome to each one of you. I trust you all have received a copy of the Bank's Annual Report for the year 2009-10, comprising of the report of the Board of directors and Audited Financial Statements of the Bank. With your consent, I shall take it as read.

Your Bank, in its stride towards a strong, efficient and financially sound organisation, achieved many significant milestones this year, which I would like to highlight later. I would like to quote Sir Colin Powell - "Excellence is not an exception, it is a prevailing attitude". The performance of your Bank is testimony to this fact.

GLOBAL & INDIAN ECONOMIC SCENARIO

During 2009-10, the global economy slowly regained momentum with larger contribution from Emerging Market Economies. Financial markets were marked by intermittent volatility, mainly arising from the uncertainty regarding the shape of the global recovery. As stronger signs of global recovery became visible, the risks in the global financial markets declined for most part of the year.

However, sovereign risk concerns dominated the financial markets. Two major events, i.e., the Dubai World debt and the sovereign debt problem of the East European countries, mainly Greece, posed risk to the financial system towards the end of 2009 and beginning of 2010, which led to greater volatility in the international markets.

The stronger signs of global recovery taking hold led to reduction in risks in the international markets, which also favourably impacted the domestic equity markets during the major part of the year.

Reduction in risk perception towards Emerging Market Economies along with continuance of low policy rates in the advanced economies for the extended periods, led to revival in capital flows to India, which in turn contributed to significant gains by the equity markets but put appreciation pressures on the exchange rate.

The Indian economy showed resilience with a broad based recovery. The growth outlook for the Indian economy in the near term remains positive. The domestic financial markets during 2009-10 were characterised by certain major trends, such as prevalence of comfortable liquidity conditions in money markets despite large government borrowing programme, call rate remaining low and around the lower bound of the liquidity adjustment facility (LAF) corridor, rising pressure on medium to long-term government bond yield, appreciation of the rupee amid a two-way movement, and substantial gain in asset prices, in terms of both stock and housing prices. The upward pressure on the exchange rate continued, reflecting the revival in capital inflows.

Concerned over the inflationary pressures in the 2nd half of last year, the Government and Reserve Bank of India have been adopting proactive balanced approach for improving growth while containing inflation. These challenges call for all players lending maximum support to the financial system and we rededicate ourselves to lead from the front by contributing our mile to the various sectors and thereby participating in the task of Nation building.

Your Bank is focusing on capacity building for truly emerging as the Bank for all Indians by extending its Pan India reach; it did a hat-trick by opening a 100 plus branches in the last three

years - 100 branches during 2007-08, 101 branches in 2008-09 and 114 branches in 2009-10. The Bank's distribution network in India increased to 1756 branches and 1005 Automated Teller Machines (ATMs) including 274 offsite ATMs as at the end of March 2010. Emphasis was also laid on further gearing up the performance levels of existing branches all-round. These and other strategies adopted by the Bank have already started yielding rich dividends.

FINANCIAL PERFORMANCE

We concluded the FY-2009-10, with excellent results despite a tough year for the economy and the industry.

You will be glad to know that your Bank's Operating Profit increased from Rs.2056 crore in FY 2008-09 to Rs.2747 crore, recording a growth of 33.6%.

Net Profit of your Bank crossed the Rs. 1500 crore mark; it grew by 24.87 per cent and reached a level of Rs. 1555 Crore for 2009-10 as against Rs.1245 crore last year.

Your Bank has crossed the Rs. 1, 50,000 crore mark - a milestone in terms of Business during 2009-10. You would be elated to know that the Bank's business grew by 21.28 per cent and reached the level of Rs.1,50,886 crore as on 31st March 2010.

Total Deposits grew by Rs.15646 crore to Rs.88,228 crore, a growth of 21.56% for the year 2009-10.

Gross Advances were at Rs. 62658 crore, registering an increase of Rs.10827 crore (20.89 %) as on 31.3.2010. Overall Credit Deposit ratio was at 71.02 %.

Priority Sector Advances grew by Rs.3239 crore (17.58%) to Rs. 21665 crore.

Efforts towards maintaining the asset quality brought the Gross NPA down to 0.81% as compared to 0.89% for March 2009 and Net NPA was at 0.23%.

AWARDS & RECOGNITION

In its relentless pursuit of excellence, your Bank has received several recognitions and awards, including some global ones.

Your Bank was ranked No. 1 Bank among Public Sector Banks by Hindustan Times - MARS Consumer Satisfaction Survey (2010).

Your Bank was ranked 4th by Economic Times intelligence group's first survey on publicly listed banks in India (published in their issue dated 23.11.09) based on overall performance and stated that - "in terms of efficiency and financial strength, it (Indian Bank) ranks among the Best".

Business Today ranked your Bank 6th among 39 big banks with a balance sheet size of Rs.24, 000 crore for the year 2008-09.

Your Bank was also awarded Business World's FASTEST GROWING MID SIZE BANK and the second best bank. The Magazine commended thus - "Stock Prices of Indian Bank and SBI were on equal footing in terms of price multiples.... The Bank is among the best for any measure of efficiency - ROE, ROA or Cost of deposits."

Your Bank won the IBA AWARD for "Best Risk Management Initiatives" under Public sector Banks category for the year 2009. The Award was adjudged on the basis of the initiatives undertaken to strengthen risk framework, risks identified and steps taken to mitigate the same and also the tangible benefits in terms of the monetary, reputation and compliance requirements brought about by these initiatives.

Celent, a research & advisory firm selected your Bank as the 'model bank' for innovative and extensive use of Core Banking Solution (CBS).

Your Bank was conferred with the 'Golden Peacock National Training Award' for the year 2009.

Govt. of Tamil Nadu has awarded Manimegalai Award for lending to SHGs.

Your Bank is the best Commercial Bank in lending to SHGs in Madurai District and the best performing Bank in rendering full support to SHGs by disbursing credit in Vellore District.

You will be happy to know FORBES 2000 has ranked your Bank 1568th for the year 2010, an improvement over 1659th position for 2009.

CUSTOMER SERVICE

Your Bank's endeavour is always to reach out to its customers and meet their needs/requirements. Bank is committed in terms of redressal mechanism, and I am proud to inform you that your Bank has launched an "On-line" redressal mechanism for customer grievances. Further, all can connect and voice their concerns directly to me at customerfirst.cmd@indianbank.com.

YEAR AHEAD

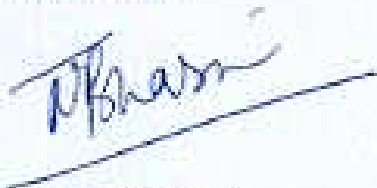
Your Bank is clearly in a branch expansion mode by opening more than 100 branches each during the last 3 years, giving equal emphasis on improvement in customer service as well. While we are forging ahead with opening more number of branches in different parts of the country in the coming years, your Bank's motto remains providing best customer service, to maintain the trust and goodwill the customer/stakeholder is having with us and also enhance the shareholders' value through volume growth in business and better profitability.

Maximisation of stakeholders' value will always be accorded prime focus by your Bank. The book value per share has gone up during the year by 21.28% to Rs.154.66 from Rs. 127.52 while the EPS went up from Rs. 27.96 to Rs 35.09, on account of all round improvement in profitability, productivity and efficiency.

I thank you for your continued support; and I look forward for the same in the future too, as the Bank scales still greater summits in its pursuit for more milestones.

I, on behalf of the Bank and my personal behalf would like to place on record my gratitude to the Government of India, Reserve Bank of India and Securities & Exchange Board of India, financial institutions and banks in India and abroad for continued Support & Guidance. I would also like to place on record my appreciation of the contribution made by members of staff at all levels. Our consistent growth was made possible by their hard work, co-operation and support.

Thank You



(T.M. BHASIN)

CHAIRMAN AND MANAGING DIRECTOR