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ICICI BANK LTD
Form 6-K
August 28, 2003

United States
Securities and Exchange Commission
Washington, D.C. 20549
FORM 6-K

Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 under
the Securities Exchange Act of 1934
For the month of August 2003

ICICI Bank Limited
(Translation of registrant's name into English)
ICICI Bank Towers,
Bandra-Kurla Complex
Mumbai, India 400 051
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F.

Form 20-F X

Form 40-F ___

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the Commission
pursuant to Rule 12g 3-2(b) under the Securities Exchange Act of 1934.

Yes ___

No. X

If Yes is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g 3-2(b).
Not applicable.

INDEX TO EXHIBITS

Item

1. Form 6k dated August 14, 2003 along with the Notice of the Ninth Annual General Meeting, Annual Report of the Bank and the accounts of subsidiary companies for the year ended March 31, 2003.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated : August 14, 2003

For ICICI Bank Limited

By : /s/ Jyotin Mehta

Name: Jyotin Mehta

Title : General Manager & Company Secretary

Item 1

Notice

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of ICICI Bank Limited will be held on Monday, August 25, 2003 at 2.00 p.m. at Professor Chandravadan Mehta Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended March 31, 2003 and Balance Sheet as at that date together with the Reports of Directors and Auditors.
2. To declare dividend on preference shares.
3. To declare dividend on equity shares.
4. To appoint a Director in place of Mr. Somesh R. Sathe, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Anupam Puri, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Prof. Marti G. Subrahmanyam, who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Ms. Kalpana Morparia, who retires by rotation and, being eligible, offers herself for re-appointment.
8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

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RESOLVED that pursuant to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956 and the Banking Regulation Act, 1949, S. R. Batliboi & Co., Chartered Accountants, be appointed statutory auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company for the year ending March 31, 2004.

9. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 and the Banking Regulation Act, 1949, the Board of Directors of the Company be and is hereby authorised to appoint branch auditors, in consultation with the Statutory Auditors, as and when required, to audit the accounts in respect of the Company's branches/offices in India and abroad and to fix their remuneration, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit.

SPECIAL BUSINESS

10. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that Mr. P. C. Ghosh, in respect of whom the Company has received Notices in writing along with a deposit of Rs.500 for each Notice, from some of its Members proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of the Director, be and is hereby appointed a Director of the Company.

11. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that Mr. M. K. Sharma, in respect of whom the Company has received Notices in writing along with a deposit of Rs.500 for each Notice, from some of its Members proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of the Director, be and is hereby appointed a Director of the Company.

12. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that, in partial modification of the Resolution passed by the Members at the Eighth Annual General Meeting held on September 16, 2002, *vide* Item No.14 of the Notice convening that Meeting, relating to appointment of and payment of remuneration to Ms. Lalita D. Gupte as the Joint Managing Director, the salary range of Ms. Lalita D. Gupte, Joint Managing Director, be revised to Rs.200,000 - Rs.650,000 per month, subject to the approval of Reserve Bank of India, other terms and conditions remaining the same.

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13. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

RESOLVED that subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, the Listing Agreements, the Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions

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and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors (hereinafter referred to as the Board, which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Calcutta Stock Exchange Association Limited, Delhi Stock Exchange Association Limited and Madras Stock Exchange Limited, as also to delist the equity shares and bonds of the Company from the Vadodara Stock Exchange Limited.

NOTES:

- a. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 8 to 13 set out in the Notice is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED/CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c. Members holding shares in physical form are requested to immediately notify any change in their address to the Registrar and Transfer Agents of the Company, ICICI Infotech Limited, at Maratha Mandir Annexe, Dr. A.R. Nair Road, Mumbai Central, Mumbai 400 008, quoting their Folio Number(s). Members holding shares in electronic form may update such details with their respective Depository Participants.
- d. Members are requested to note that the Company's shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience in future.
- e. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, August 6, 2003 to Monday, August 25, 2003 (both days inclusive).

Dividend on equity shares for the year ended March 31, 2003, if declared at the Meeting, will be paid on and from Tuesday, August 26, 2003:

- (i) to those Members whose names appear on the Register of Members of the Company, at the close of business hours on Monday, August 25, 2003, after giving effect to all valid transfers in physical form lodged with the Company and its Registrar and Transfer Agents on or before Tuesday, August 5, 2003; and
- (ii) in respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Tuesday, August 5, 2003.

In terms of the Securities and Exchange Board of India directives, shares issued by companies should be *pari passu* in all respects, including dividend entitlement, and hence, the equity shares allotted by the Company during the period April 1, 2003 to August 5, 2003 under the Employee Stock Option Scheme of the Company, will be entitled for full dividend that may be declared for the financial year ended March 31, 2003.

- f. In order to avoid fraudulent encashment of dividend warrants, Members are requested to send to the Registrar and Transfer Agents of the Company, ICICI Infotech Limited, at above mentioned address under the signature of the Sole/First Joint holder, the information relating to name and address of the banker, branch, pin code number and particulars of bank account, so that it can be printed on the dividend warrants.
- g. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of unclaimed dividend up to the financial year ended March 31, 1995 has been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

Consequent upon the amendment of Section 205A of the Companies Act, 1956 and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and thereafter no payments shall be made by the Company or

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by the IEPF in respect of such amounts.

Members who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 1996 and subsequent years, are requested to make their claims to the Registrar and Transfer Agents of the Company, ICICI Infotech Limited, without any delay.

- h. Members may avail the nomination facility as provided under Section 109A of the Companies Act, 1956.

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- i. Pursuant to the requirements of the Listing Agreements of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.
- j. Members desirous of getting any information about the accounts and operations of the Company are requested to write to the Company at least seven days before the date of the Meeting.
- k. All documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered/Corporate Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days from the date hereof up to the date of the Meeting.

By Order of the Board

JYOTIN MEHTA
General Manager &
Company Secretary

Mumbai, July 25, 2003

Registered Office: Corporate Office:

Landmark	ICICI Bank Towers
Race Course Circle	Bandra-Kurla Complex
Vadodara 390 007	Mumbai 400 051

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Explanatory Statement

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Item No. 8

N. M. Rajji & Co., and S. R. Batliboi & Co., Chartered Accountants were appointed as statutory auditors of the Company for the year 2002-2003 at the last Annual General Meeting and their term of office ends at the conclusion of this Annual General Meeting. S. R. Batliboi & Co. were appointed statutory auditors of the Company for the first time in fiscal 2003. N. M. Rajji & Co. had been auditors of erstwhile ICICI Limited (ICICI) for several years (with gaps in some years) since 1956. They were the sole auditors of ICICI from 1992 to 1997 and, thereafter, one of the joint auditors till the merger of ICICI with the Company.

Reserve Bank of India (RBI) recommends rotation of statutory auditors for banks and does not permit appointment of the same firm as statutory auditors for a period exceeding four years in succession for a bank. In view of this, on the recommendation of the Audit Committee, the Board of Directors of the Company at its Meeting held on June 27-28, 2003 recommended the appointment of S. R. Batliboi & Co., Chartered Accountants, as the statutory auditors of the Company to hold office from the conclusion of the Annual General Meeting to be held on August 25, 2003 until the conclusion of the next Annual General Meeting, subject to the approval of RBI. As required under the provisions of Section 30 of the Banking Regulation Act, 1949, the approval of RBI has been received *vide* their letter dated July 4, 2003.

S. R. Batliboi & Co., have forwarded a certificate to the Company stating that their appointment, if made, will be within the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956. Further, they have confirmed that they are not disqualified to be appointed as auditors under Section 226 of the Companies Act, 1956.

The Resolution at Item No. 8 is a Special Notice as required under Sections 190 and 225 of the Companies Act, 1956 for appointment of S. R. Batliboi & Co., Chartered Accountants, as the statutory auditors of the Company. A copy of Special Notice has been sent to N. M. Rajji & Co., Chartered Accountants. The Bank has not received any representation from them till date in this regard.

The Directors recommend the appointment of S. R. Batliboi & Co., Chartered Accountants, as the statutory auditors of the Company.

No Director is in any way concerned or interested in the Resolution at Item No. 8 of the Notice.

Item No. 9

The Company has a wide network of branches in various locations in India and is also in the process of establishing its business in various countries abroad, by setting up representative offices and opening of branches. The Company may need to appoint auditors for auditing the accounts of these branches/offices. Pursuant to the provisions of Section 228 of the Companies Act, 1956, it is proposed to delegate the authority to the Board of Directors of the Company to appoint branch auditors in consultation with the statutory auditors, as and when required, to audit the accounts in respect of the Company's branches/offices in India and abroad and to fix their remuneration, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit.

The Directors recommend the adoption of Resolution at Item No. 9 of the Notice.

No Director is in any way concerned or interested in the Resolution at Item No. 9 of the Notice.

Item No. 10

Mr. P. C. Ghosh, who has been appointed as an additional Director under Section 260 of the Companies Act, 1956 effective January 31, 2003 holds office up to the date of the Ninth Annual General Meeting of the Company as provided under Article 135 of the Articles of Association of the Company but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received Notices in writing along with a deposit of Rs.500 for each Notice, from some of its Members signifying their intention to propose the candidature of Mr. P. C. Ghosh for the office of the Director.

The Directors recommend the appointment of Mr. P. C. Ghosh.

Except Mr. P. C. Ghosh, no Director is in any way concerned or interested in the Resolution at Item No. 10 of the Notice.

Item No. 11

Mr. M. K. Sharma, who has been appointed as an additional Director under Section 260 of the Companies Act, 1956 effective January 31, 2003 holds office up to the date of the Ninth Annual General Meeting of the Company as provided under Article 135 of the Articles of Association of the Company but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received Notices in writing along with a deposit of Rs.500 for each Notice, from some of its Members signifying their intention to propose the candidature of Mr. M. K. Sharma for the office of the Director.

The Directors recommend the appointment of Mr. M. K. Sharma.

Except Mr. M. K. Sharma, no Director is in any way concerned or interested in the Resolution at Item No. 11 of the Notice.

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Item No. 12

The appointment of and payment of remuneration to Ms. Lalita D. Gupte, as the Joint Managing Director of the Company, effective May 3, 2002 up to June 23, 2004, was approved by the Members at the Eighth Annual General Meeting held on September 16, 2002. The Members had approved the payment of salary to Ms. Lalita D. Gupte in the range of Rs.200,000 - Rs.400,000 per month. It is necessary to revise the salary range proposed, in order to enable annual increments in the salary with the approval of the Board. In view of this, based on the recommendation of the Board Governance & Remuneration Committee, the Board of Directors, at its Meeting held on July 25, 2003, approved revision of the salary range of Rs.200,000 - Rs.650,000 per month for Ms. Lalita D. Gupte, subject to the approval of the Members and Reserve Bank of India.

This Explanatory Statement may be treated as an abstract under Section 302 of the Companies Act, 1956.

The Directors recommend the adoption of the Resolution at Item No.12 of the Notice.

Except Ms. Lalita D. Gupte, no Director is in any way concerned or interested in the Resolution at Item No.12 of the Notice.

Item No. 13

The equity shares of the Company are listed and traded since September 1997 on six stock exchanges in India, namely, Vadodara Stock Exchange Limited (VSE) (Regional Stock Exchange), The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Limited (NSE), Calcutta Stock Exchange Association Limited (CSE), Delhi Stock Exchange Association Limited (DSE) and Madras Stock Exchange Limited (MSE). ICICI Bank is one of the scrips specified by the Securities and Exchange Board of India for compulsory settlement in dematerialised form since May 31, 1999.

The bonds issued to the public from time to time by ICICI are listed on BSE and NSE. The bonds issued to the public in February and March 2002 by ICICI and the bonds issued by the Company during the fiscal 2003 are listed on BSE, NSE and VSE. There is no trading in the bonds listed on VSE.

A summary of trading volumes of equity shares of the Company on all the six stock exchanges in India during the last four years is given below:

**No. of equity shares traded during
the year ended March 31,**

Stock exchanges where listed	2000	2001	2002	2003
Vadodara Stock Exchange Limited	Nil	Nil	Nil	Nil
The Stock Exchange, Mumbai	53,786,082	40,334,381	38,860,121	169,872,869
National Stock Exchange of India Limited	42,389,133	45,362,983	57,740,587	124,087,835
Calcutta Stock Exchange Association Limited	619,010	348,843	622,770	132,563
Delhi Stock Exchange Association Limited	2,860,793	1,792,592	177,287	Nil
Madras Stock Exchange Limited	56,000	15,210	23,000	20,000

Source: Stock exchanges and Bridge Telerate

As may be observed, there was no trading in the shares on VSE; low trading on CSE, DSE and MSE and active trading only on BSE and NSE. With the extensive networking of BSE/NSE, the extension of BSE/NSE terminals to other cities and online trading facility provided by broking companies, investors are able to trade in the equity shares of the Company across the country, even if these are not listed on local stock exchanges.

The Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, allow companies to seek voluntary delisting of their securities from all stock exchanges, by giving an exit opportunity to the shareholders. When voluntary delisting is sought only from some of the exchanges, no exit opportunity is required to be given to the shareholders, so long as the securities continue to be listed on a stock exchange having nation wide trading terminals. However, the approval of the Board of Directors and the Members of the Company is required for delisting of equity shares from any stock exchange. There is no compulsion for companies to remain listed on any stock exchange merely because it is a regional stock exchange.

In view of the above, the Board of Directors of the Company has approved the proposal for delisting of the equity shares of the Company from CSE, DSE and MSE, as also to delist the equity shares and bonds of the Company from VSE, subject to the approval of the Members and such other approvals as may be required.

The proposed delisting, if and when it takes place, will not adversely affect the investors as the Company's equity shares/bonds would continue to be listed and traded on BSE and NSE. Hence, no exit opportunity is required to be given as per Delisting guidelines issued by SEBI. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on and from which the delisting will take effect would be suitably notified.

The Directors recommend the adoption of the Resolution at Item No. 13 of the Notice.

No Director is in any way concerned or interested in the Resolution at Item No. 13 of the Notice.

By Order of the Board

JYOTIN MEHTA
General Manager &
Company Secretary

Mumbai, July 25, 2003

Registered Office: Corporate Office:

Landmark	ICICI Bank Towers
Race Course Circle	Bandra-Kurla Complex
Vadodara 390 007	Mumbai 400 051

Annexure

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED

1. **Mr. Somesh R. Sathe** was first appointed on the Board on January 29, 1998. He holds a Bachelor's degree in Science Mechanical Engineering and has specialised knowledge of small scale industries. He is a technocrat entrepreneur.

Other Directorships

Committee Memberships

Name of Company

Name of Committee

Arbes Tools Private Limited, *Managing Director*
 ESSP Meditek Private Limited, *Managing Director*
 Sukeshan Equipment Private Limited, *Managing Director*

ICICI Bank Limited
 Audit Committee
 Agriculture & Small Enterprises Business Committee
 Credit Committee
 Share Transfer & Shareholders /Investors Grievance Committee

2. **Mr. Anupam Puri** was first appointed on the Board effective May 3, 2002. He holds various degrees, viz., Masters in Philosophy and Masters of Arts in Economics from Oxford University and Bachelor of Arts in Economics from Delhi University. From 1970 to 2000, he worked with McKinsey & Company, a leading management consultancy firm. He worked globally with corporate clients in several industries on strategy and organisational issues, and also served several governments and multilateral institutions on public policy.

Other Directorships

Committee Memberships

Name of Company

Name of Committee

Daksha eServices Private Limited
 Dr. Reddy's Laboratories Limited
 Godrej Consumer Products Limited
 Mahindra British Telecom Limited
 Mahindra & Mahindra Limited

Dr. Reddy's Laboratories Limited
 Nomination Committee, *Chairman*
 Audit Committee
Godrej Consumer Products Limited
 Human Resources Committee, *Chairman*
 Audit Committee
Mahindra British Telecom Limited
 Audit Committee
ICICI Bank Limited
 Business Strategy Committee
 Board Governance & Remuneration Committee

3. **Prof. Marti G. Subrahmanyam** was first appointed on the Board effective May 3, 2002. He is the Charles E. Merrill Professor of Finance and Economics in the Stern School of Business at New York University. He holds a degree in mechanical engineering from the Indian Institute of Technology, Chennai, a post-graduate diploma in business administration from the Indian Institute of Management, Ahmedabad and a doctorate in finance and economics from the Massachusetts Institute of Technology. He is an expert in the areas of corporate finance, capital markets and international finance.

Other Directorships

Committee Memberships

Name of Company	Name of Committee
Infosys Technologies Limited	Infosys Technologies Limited
Mannariah & Sons Private Limited	Compensation Committee, <i>Chairman</i>
Nexgen Financial Holdings Limited	Audit Committee
Nexgen Re Limited	Nexgen Financial Holdings Limited
Nomura Asset Management (U.S.A.) Inc.	Research Committee, <i>Chairman</i>
Supply Change Inc.	Audit Committee
Usha Communications Inc.	Usha Communications Inc.
	Audit Committee, <i>Chairman</i>
	Compensation Committee
	ICICI Bank Limited
	Risk Committee

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4. **Ms. Kalpana Morparia** was first appointed on the Board effective May 3, 2002. She holds Bachelor's degrees in Science and Law. She joined erstwhile ICICI Limited (ICICI) in the Legal Department in 1975. She was actively involved with several resource mobilisation initiatives of ICICI which included international offerings of debt and equity such as the issue of a Global Medium Term Note programme, a Global Depository Receipts issue, Yankee Fixed Rate Bonds issue, Euro Convertible Bonds and the American Depository Receipts issue. Since 1996, she was in-charge of several departments in ICICI including legal, human resources, treasury, corporate communications, planning and strategic support and special projects and was designated Senior General Manager of ICICI in 1998. She was appointed on the Board of ICICI as Executive Director in May 2001. The Board, at its Meeting held on April 26, 2002, appointed Ms. Kalpana Morparia as Executive Director of the Company effective May 3, 2002 upto April 30, 2006, which was approved by the Reserve Bank of India and the Members at their Annual General Meeting (AGM) held on September 16, 2002. Ms. Morparia is responsible for the Corporate Centre which includes the finance, risk, human resources, legal, corporate communications and strategy functions.

In terms of resolutions passed at the AGM held on September 16, 2002, if Ms. Kalpana Morparia is re-appointed as a Director immediately on retirement by rotation, she shall continue to hold her office of Executive Director and such retirement by rotation and re-appointment as a Director shall not be deemed to constitute a break in her appointment as Executive Director.

Other Directorships	Committee Memberships
Name of Company	Name of Committee
ICICI Investment Management Company Limited, <i>Chairperson</i>	ICICI Home Finance Company Limited
ICICI Home Finance Company Limited	Management Committee
ICICI Lombard General Insurance Company Limited	ICICI Lombard General Insurance Company Limited
ICICI Prudential Life Insurance Company Limited	Board Governance Committee
ICICI Securities Limited	ICICI Prudential Life Insurance Company Limited
(formerly ICICI Securities and Finance Company Limited)	Audit Committee
ICICI Venture Funds Management Company Limited	ICICI Securities Limited
	Audit Committee

ICICI Venture Funds Management Company Limited

Audit Committee

Remuneration Committee

ICICI Bank Limited

Asset Liability Management Committee

Committee of Directors

Share Transfer & Shareholders /Investors Grievance Committee

5. **Mr. P. C. Ghosh** was first appointed on the Board on January 31, 2003. He is the Chairman of General Insurance Corporation of India (GIC) since October 4, 2002. He holds a Bachelor's degree in Science (Physics) and B.Tech. (Mechanical) from Indian Institute of Technology, Chennai. He joined the insurance industry in 1974 as Insurance Executive in United India Insurance Company Limited and worked in various functional areas such as engineering, techno-marketing, reinsurance, foreign operations and personnel. Between 1992 and 2001, he worked with National Insurance Company Limited and The Oriental Insurance Company Limited. He was the Managing Director of GIC from March 1, 2001 to October 3, 2002. He has also been a speaker in insurance and risk management conferences and seminars.

Other Directorships

Committee Memberships

Name of Company

Name of Committee

General Insurance Corporation of India, *Chairman*
 GIC Asset Management Company Limited, *Chairman*
 GIC Housing Finance Limited, *Chairman*
 Loss Prevention Association of India Limited, *Chairman*
 India International Insurance Pte. Limited, *Chairman*
 Deposit Insurance and Credit Guarantee Corporation
 ECE Industries Limited
 Export Credit Guarantee Corporation of India Limited
 Indian Register of Shipping
 Kenindia Assurance Company Limited
 Life Insurance Corporation of India
 Southern Petrochemical Industries Corporation Limited

General Insurance Corporation of India
 Investment Committee, *Chairman*
Life Insurance Corporation of India
 Investment Committee
 Executive Committee

6. **Mr. M. K. Sharma** was first appointed on the Board on January 31, 2003. He is currently the Vice-Chairman of Hindustan Lever Limited. He holds Bachelor's Degree in Arts and Bachelor's of Law Degree from Canning College University of Lucknow. He has also completed his Post Graduate Diploma in Personnel Management from Department of Business Management, University of Delhi and Diploma in Labour Laws in Indian Law Institute, Delhi. After a six year stint in DCM Limited, he joined Hindustan Lever Limited in 1974 as Legal Manager and worked in various areas including taxation, shares and legal. He was inducted on the Board of Hindustan Lever Limited in August 1995.

Other Directorships

Committee Memberships

Name of Company	Name of Committee
Hindustan Lever Limited, <i>Vice-Chairman</i>	Hindustan Lever Limited
Vasishti Detergents Limited, <i>Chairman</i>	Investor Grievances Committee
Hind Lever Chemicals Limited	Vasishti Detergents Limited
Hind Lever Trust Limited	Investor Grievances Committee, <i>Chairman</i>
Indexport Limited	Hind Lever Chemicals Limited
Lever India Exports Limited	Audit Committee
Nepal Lever Limited	Remuneration Committee
TOC Disinfectants Limited	Investor Grievances Committee
	ICICI Bank Limited
	Agriculture & Small Enterprises Business Committee

By Order of the Board

JYOTIN MEHTA
General Manager &
Company Secretary

Mumbai, July 25, 2003

Registered Office: Corporate Office:

Landmark	ICICI Bank Towers
Race Course Circle	Bandra-Kurla Complex
Vadodara 390 007	Mumbai 400 051

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Our customers are our singular focus.

Our strategies are therefore built around this focus to seek new ways to make banking safer, simpler and smarter.

It is our constant effort to anticipate customer needs and offer value-added propositions to fulfil them. Our multi-channel, technology-driven distribution system enables our customers 24x7 access, country-wide.

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Our committed team of employees, equipped with world-class technology and financial skills, works to devise new solutions, enhance our responsiveness to customer needs and improve our services. So that we can help to make their lives easier and contribute to some of the important decisions at various stages in their lives.

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Enclosures:

Notice

Attendance Card and Form of Proxy

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Message from the Chairman

The Indian banking system has seen sweeping changes over the years. During the course of my association with the sector, I have witnessed the nationalisation of the banking system and, after over two decades of virtual government monopoly, the new beginning made in the wake of liberalisation, by allowing private participation in the sector. While nationalisation was aimed at fostering developmental objectives determined by national policy, the primary aim of the liberalisation initiative was to bring in much-needed private capital and entrepreneurial spirit into the banking sector, improving its efficiency and giving an impetus to its growth on the lines seen in developed markets. In the short span of time that they have been in existence, the leading new private sector banks have truly revolutionised banking in India. Their focus on technology and customer convenience has brought about a paradigm shift in the banking business. Indeed, this has now led to a significant change in the orientation of the public sector banks as well, as they too begin to focus on shareholder value creation and customer satisfaction.

We at ICICI Bank have been at the forefront of this change down the years. Our strategic initiatives over the years have led to our position today as the second largest bank in India and a leading

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provider of banking and other financial services to corporate and retail customers. Our pioneering new approaches to banking and our focus on extending the availability of technology-driven convenience to a large customer base have resulted in rapid business growth. We have achieved leadership positions across diverse businesses, from retail credit to life insurance. We have completed our transformational change from a single product financial services company to a true universal bank. Going forward, the key challenges for the Bank are to maintain its leadership positions in these businesses and expand and deepen its penetration in others. The Bank will also continue to focus on proactively addressing the legacy issue of distressed debt, and operationalise its strategies in this area in coordination with other participants in the financial system.

While we have today built stable businesses that we believe will deliver sustainable value to our stakeholders, there are also many exciting opportunities for further growth. The banking sector has focused primarily on the urban segment, with rural banking being

viewed as a regulatory burden. We believe that rural India represents the new frontier in banking, offering a vast, untapped market for integrated technology-driven banking and financial services. These include the whole gamut of financial products ranging from agricultural credit to consumer credit, liability products and insurance. Our strategy in this segment will be built around a deep understanding of rural income and cash flows and financial needs, and use of technology to deliver a high level of service to the rural customer base without the high cost of operations associated with traditional rural banking models.

As the economy grows more resilient and legacy issues are resolved, the Indian banking sector is indeed entering a significant new phase. We believe that ICICI Bank is well-placed to capitalise on emerging opportunities, as it reaches out to new markets in India and the world. We look forward to the future with enthusiasm and hope.

N. VAGHUL

Chairman

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Board of Directors

N. Vaghul

Chairman

Uday M. Chitale

P. C. Ghosh

Satish C. Jha

Lakshmi N. Mittal

Anupam Puri

Vinod Rai

Somesh R. Sathe

R. Seshasayee

M.K. Sharma

P. M. Sinha

Marti G. Subrahmanyam

K.V. Kamath

Managing Director & CEO

Lalita D. Gupte

Joint Managing Director

Kalpana Morparia

Executive Director

S. Mukherji

Executive Director

Chanda D. Kochhar

Executive Director

Nachiket Mor

Executive Director

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Board Committees

AUDIT COMMITTEE

R. Seshasayee, *Chairman*
Uday M. Chitale
Somesh R. Sathe

BUSINESS STRATEGY COMMITTEE

N. Vaghul, *Chairman*
Anupam Puri
R.Seshasayee
P. M. Sinha
K.V. Kamath

SHARE TRANSFER & SHAREHOLDERS INVESTORS GRIEVANCE COMMITTEE

Uday M. Chitale, *Chairman*
Somesh R. Sathe
Kalpana Morparia
Chanda D. Kochhar (from 01-06-2003)

AGRICULTURE & SMALL ENTERPRISES BUSINESS COMMITTEE

N. Vaghul, *Chairman*

CREDIT COMMITTEE

N. Vaghul, *Chairman*
Satish C. Jha
Somesh R. Sathe
K.V. Kamath

COMMITTEE OF DIRECTORS

K.V. Kamath, *Chairman*
Lalita D. Gupte
Kalpana Morparia
S. Mukherji

Satish C. Jha
Somesh R. Sathe
P. M. Sinha
M. K. Sharma

Chanda D. Kochhar
Nachiket Mor

**BOARD GOVERNANCE &
REMUNERATION COMMITTEE**

N. Vaghul, *Chairman*
Anupam Puri
R. Seshasayee
P. M. Sinha

RISK COMMITTEE

N. Vaghul, *Chairman*
Uday M. Chitale
Marti G. Subrahmanyam
K.V. Kamath

**ASSET LIABILITY
MANAGEMENT COMMITTEE**

Lalita D. Gupte, *Chairperson*
Kalpana Morparia
S. Mukherji
Chanda D. Kochhar
Nachiket Mor

Senior Management

**SENIOR GENERAL
MANAGERS**

Achintya Karati
Balaji Swaminathan
Bhargav Dasgupta
M. N. Gopinath
Madhabi Puri Buch

N. S. Kannan
P. H. Ravikumar
Sanjiv Kerkar
V. Vaidyanathan

Jyotin Mehta,

General Manager & Company Secretary

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Dear Stakeholders

Fiscal 2003 was a historic year for us, being our first year of operations as an integrated entity following the merger of ICICI with ICICI Bank. The year commenced with certain challenges of effecting the transition quickly and efficiently; and of leveraging the new business model to achieve leadership in the focus areas that we had identified for ourselves.

It gives us considerable satisfaction that we have successfully met these challenges, and indeed, even exceeded our expectations in certain areas. We had already complied with the regulatory requirements for the merger in fiscal 2002 itself; on receiving regulatory approvals in early fiscal 2003, we were able to seamlessly combine the merging entities into one single operating structure. We had identified retail credit as a key area of opportunity, since the fundamentals of the Indian economy provide the basis for sustainable growth in this segment. In fiscal 2003, we rapidly strengthened our position in the retail credit market, with continuing innovations in product design, marketing and distribution. We expanded our presence to new locations and increased the depth of our penetration in existing markets. We swiftly moved ahead of the competition, emerging as the market leader in retail credit in India. We leveraged our technology-driven distribution network to grow our deposit base by fifty per cent, about four times the rate of growth in the banking system as a whole. This

enabled us to replace a large part of our legacy high cost borrowings. These achievements resulted in a fundamental and dramatic shift in the composition of our balance sheet, bringing about greater diversity and stability in both our asset mix and our funding profile.

Fiscal 2003 saw several other milestones for ICICI Bank. We continued to focus on optimal utilisation of our retail distribution and servicing capabilities to offer enhanced customer convenience and a wide range of in-house and third party products. We commenced our international foray in key target geographies. This initiative, which already contributes significantly to our deposit base, should gather momentum in the coming years as we obtain regulatory approvals and expand our operations. We centralised and re-engineered our corporate banking services, leveraging technology to create a platform capable of delivering customised, high quality solutions to our clients. Our insurance subsidiaries achieved leadership in their areas of business, with the general insurance subsidiary breaking even in its first full year of operations.

The year saw landmark legislative and regulatory initiatives to facilitate asset resolution in the Indian banking system. We were proactive in implementing strategies to benefit from these initiatives, resulting in significant progress in restructuring and recoveries. We also successfully placed a 16% stake in ICICI Bank, held by ICICI prior to the merger, with strategic and institutional investors. We became the only Indian company to have an investment grade international credit rating, one notch higher than the sovereign ceiling, when Moody's upgraded our long-term foreign currency debt rating.

We have now created a platform that gives us the capability to capitalise on opportunities in all segments of our business, both retail and wholesale. Our strategic intent is to sharpen our focus on key areas with a view to maximise value. With the continued support and participation of all our stakeholders – investors, customers, employees – we aim to consolidate our position as India's leading financial services provider.

Product Portfolio

CORPORATE BANKING

Corporate Solutions
Government Solutions
Capital Market Services
Agriculture Finance
Structured Finance

RETAIL BANKING

Home Loans
Car & Two Wheeler Loans
Consumer/Personal Loans
Savings & Term Deposits
Salary Accounts

Project Finance	Roaming Current Accounts
Infrastructure Finance	Investment Products
Term Loans	Private Banking
Working Capital Finance	NRI Services
Cash Management Services	Demat Services
Trade Finance Services	Credit & Debit Cards
International Banking	Smart Cards
Treasury Services	Bill Payment Services
Corporate Internet Banking	E-Cheques
Corporate Advisory	Branches
Custodial Services	ATMs
Professional Clearing Membership Services	Internet Banking Phone Banking

Business Overview

ECONOMIC OVERVIEW

The Indian economy recorded satisfactory performance in fiscal 2003, despite negative factors such as the below-normal monsoon, subdued global economic activity and trade and uncertainties over the situation in West Asia. The overall GDP growth was estimated at 4.4% according to the Central Statistical Organisation (CSO). The low growth in agriculture consequent to the below-normal monsoon was offset by a robust performance by the industrial and services sectors, which are estimated to have grown by 6.1% and 7.1% respectively in fiscal 2003. Industrial recovery was primarily driven by the manufacturing sector, especially textiles, steel, cement, transport equipment and consumer non-durables. Domestic demand for basic goods like steel and cement was supported by highway construction activity and the housing sector.

The non-agricultural recovery was accompanied by continued macroeconomic stability, moderate inflation, orderly currency market conditions and comfortable foreign exchange reserves. Exports in dollar terms rose by 17.9% and exceeded US \$ 50 billion. The current account recorded a surplus for the second consecutive year. The growth in exports was achieved despite the subdued global economic situation, primarily on account of prudent exchange rate management and the increasing importance of new markets. The growth in merchandise and services exports, leading to healthy current account inflows, was partially responsible for the rapid increase in the foreign exchange reserves, which at the end of fiscal 2003 stood at US \$ 75.4 billion. Non-debt capital inflows also contributed significantly to the increase in foreign exchange reserves. The Indian rupee remained stable vis-à-vis the US dollar over the year.

The average annual rate of inflation in terms of the Wholesale Price Index (WPI) was 5.8% at the end of March 2003. Comfortable foreign exchange reserves and buffer food stocks ensured that the deficient monsoon did not adversely impact inflationary trends during the year. The interest rate regime continued to remain soft during fiscal 2003. The mid-term review of the monetary and credit policy by Reserve Bank of India (RBI) in October 2002 had announced a reduction in the bank rate by 25 basis points to 6.25%, the lowest since 1973. The Union Budget for fiscal 2004 maintained the low interest rate environment by reducing rates on small savings schemes by 100 basis points. Subsequently, RBI also reduced the savings deposit rate and repo rate by 50 basis points. RBI's monetary and credit policy in April 2003 further reduced the bank rate by 25 basis points to 6.0% and the Cash Reserve Ratio (CRR) to 4.50%.

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LIFE ON THE GO

I got the easiest accessibility with the **ICICI Bank ATM network**.
I can now access my account anywhere and anytime.
This makes things so much more convenient and easy.

24x7 convenience through India's largest network of around 1700 ATMs **More than 50% of transactions through ATMs**

Business Overview

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Despite the fact that it was a subdued year for equity capital markets, the National Stock Exchange (NSE) and the Stock Exchange, Mumbai (BSE) ranked third and sixth respectively in the world with respect to number of transactions. The year also witnessed important structural changes in the capital markets. The equity markets have now absorbed a new market design, with rolling settlement and equity derivatives trading. The Unit Trust of India (UTI) Act was repealed to restructure UTI into UTI-1 and UTI-2. The Union Budget for fiscal 2004 has provided a favourable tax regime for equity capital markets. The Union Budget has also proposed a separation of ownership and management of stock exchanges. In January 2003, Government bonds started trading on the exchanges.

The Indian economy has displayed considerable strength and resilience, and the prospects for sustained growth are favourable.

FINANCIAL SECTOR OVERVIEW

The process of financial sector reforms that began a decade ago received further momentum in fiscal 2003. The reforms were aimed at improving the asset resolution and recovery environment, strengthening the regulatory mechanism and increasing operational efficiency. The enactment of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act significantly strengthened the ability of lenders to enforce their security for recovery of dues from borrowers. The Act also created an enabling legal framework for asset reconstruction companies and for securitisation in general. ICICI Bank and other banks and institutions have taken the initiative to incorporate Asset Reconstruction Company (India) Limited (ARCIL) in order to give impetus to the resolution of distressed assets in the Indian financial system.

As a step towards strengthening the supervisory mechanism, RBI is undertaking risk-based supervision of banks on a pilot basis. RBI is also examining the impact of the new Basel capital accord on the Indian banking system. The Union Budget has raised the Foreign Direct Investment (FDI) limit in private sector banks to 74.0%. This would facilitate the setting up of subsidiaries by foreign banks as well as foreign investment in private sector banks.

In the securities market, the emphasis during the year was on strengthening the regulatory framework and undertaking structural reforms that seek to foster liquidity and market efficiency. Furthermore, with a view to investigate frauds in the stock market it was decided to set up a Securities Fraud Office (SFO) with a multidisciplinary team of experts, in the Department of Company Affairs. The year also saw the grant of approval to an

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LIFE AT HOME

I got the best deal with **ICICI Bank Home Loans**. We could buy our dream home right from where we were. With ICICI Bank's doorstep service, easy instalment options and fast execution, our dream is now a reality.

Doorstep service and innovative deals from India s leading home loan provider for 2002-2003 More than 2.4 lacs houses financed in the year

Business Overview

ICICI Bank-led consortium for the setting up of a multi-commodity exchange for trading in various commodities.

ORGANIZATION STRUCTURE

ICICI Bank s organizational structure is designed to support its business goals, and is flexible while at the same time seeking to ensure effective control and supervision and consistency in standards across business groups. The organization structure is divided into five principal groups Retail Banking, Wholesale Banking, Project Finance & Special Assets Management, International Business and Corporate Centre.

The Retail Banking Group comprises ICICI Bank s retail assets business including various retail credit products, retail liabilities (including our own deposit accounts and services as well as distribution of third party liability products), and credit products and banking services for the small enterprises segment.

The Wholesale Banking Group comprises ICICI Bank s corporate banking business including credit products and banking services, with dedicated groups for corporate clients, Government sector clients, financial institutions and rural and micro-banking and agri-business. Structured finance, credit portfolio management and proprietary trading also form part of this group.

The Project Finance Group comprises our project finance operations for infrastructure, oil & gas and manufacturing sectors. The Special Assets Management Group is responsible for large non-performing and restructured loans.

The International Business Group is responsible for ICICI Bank s international operations, including its entry into various geographies as well as products and services for non-resident Indians (NRIs).

The Corporate Centre comprises all shared services and corporate functions, including finance and balance sheet management, secretarial, investor relations, risk management, legal, human resources and corporate branding and communications.

BUSINESS REVIEW

During fiscal 2003, ICICI Bank successfully continued the process of diversifying its asset base and building a de-risked portfolio. Our ability to develop customized solutions, our speed of execution and our successful leveraging of technology have helped us develop innovative financial solutions for our customers in diverse areas such as the retail segment, agri-business and the corporate sector.

LIFE ON THE FAST TRACK

I got the best deal with **ICICI Bank Auto Loans**.
Thanks to the simple documentation and formalities,
easy instalments and friendly service, I am in top gear today!

**Reaching out to customers in more than 400 cities across India Largest financier of auto loans with more than 30%
market share More than 1.2 lac cars financed in 2002-2003**

Business Overview

Retail Banking

Retail banking is a key element of our growth strategy. With upward migration of household income levels, increasing affordability of retail finance and acceptance of use of credit to finance purchases, retail credit has emerged as a rapidly growing opportunity for banks that have the necessary skills and infrastructure to succeed in this business. ICICI Bank has capitalized on the growing retail opportunity in India and has emerged as a market leader in retail credit. The key dimensions of our retail strategy are innovative products, parity pricing, customer convenience, strong processes and customer focus. Cross-selling of the entire range of credit and investment products and banking services to our customers is a critical aspect of our retail strategy.

ICICI Bank offers a wide range of retail credit products. We have expanded the market significantly over the last few years by taking organized retail credit to a large number of high-potential markets in India, by penetrating deeper into existing markets and by offering customized solutions to meet the varying credit needs of the Indian consumer. ICICI Bank is one of the leading providers of mortgage loans, two-wheeler loans, commercial vehicle loans and personal unsecured loans, and continues to maintain leadership in automobile finance. ICICI Bank's total retail disbursements in fiscal 2003 were approximately Rs. 200 billion. Retail credit constituted 18% of ICICI Bank's balance sheet at March 31, 2003, compared to only 6% at March 31, 2002. Cross-selling has emerged as one of the significant drivers of retail credit growth. In fiscal 2003, cross-selling accounted for about 20% of mortgage loans and auto loans and about 25% of credit cards issued.

In May 2003, ICICI Bank acquired the entire paid-up capital of Transamerica Apple Distribution Finance Private Limited (TADFL), which has now been renamed as ICICI Distribution Finance Private Limited (IDFL). IDFL is primarily engaged in providing distribution financing in the two-wheeler segment. The acquisition is expected to supplement the Bank's retail franchise, especially in the two-wheeler segment.

During fiscal 2003, we continued our focus on retail deposits. This has reduced our funding cost and has enabled us to create a stable funding base, with over 4.7 million deposit customers. Following a life stage segmentation strategy, ICICI Bank offers differentiated liability products to various categories of customers depending on their age group (Young Star Accounts for children below the age of 18 years, Student Banking Services for students,

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LIFE - ANYTIME, ANYWHERE

I got the most convenient facility with the **ICICI Bank branches and e-lobbies**. In addition, I have access through phone and the internet also.

I can now open an account, pay my bills, withdraw money, carry out on-line broking, etc. from anywhere and at anytime.

Pioneering technology initiatives for customer convenience More than 3 million Internet Banking customers Among the leading Internet banks in the world

Business Overview

Salary Accounts for salaried employees, Roaming Current Accounts for businessmen, Private Banking for high networth individuals and Senior Citizens Accounts for individuals above the age of 60 years). ICICI Bank has further microsegmented various categories of customers in order to offer products catering to specific needs of each customer segment, like Defence Banking Services for defence personnel. This strategy has contributed significantly to the rapid growth in the retail liability base. ICICI Bank is also the largest incremental issuer of cards (including both debit and credit cards) in India. At March 31, 2003, ICICI Bank had issued over 3.4 million debit cards and 1.0 million credit cards.

Our multi-channel distribution strategy provides our customers 24x7 access to banking services. This distribution strategy not only offers enhanced convenience and mobility to the customer but also supports our customer acquisition and channel migration efforts. During the year, we have further expanded our electronic channels and migrated large volumes of customer transactions to these channels. Now, about 70% of customer induced transactions take place through electronic channels. During fiscal 2003, the Bank significantly strengthened its ATM network, taking the total number of ICICI Bank ATMs to 1,675. ICICI Bank has also pioneered the concept of mobile ATMs to reach out to remote/rural areas. Other facilities offered through our multilingual screen ATMs include bill payments and prepaid mobile card recharge facility. ICICI Bank has about 3.4 million customers with Internet banking access, who can undertake all their banking transactions (other than physical cash transactions) on the Internet). ICICI Bank's Internet banking customers can also pay their bills for more than 45 billers and shop on 85 online shopping portals. ICICI Bank considers phonebanking to be a key channel of service delivery and cross-sell. ICICI Bank's 1,750-seat call centre, the largest domestic call centre in India, can now be accessed by customers in over 355 cities across the country. The call centre handles more than 2.5 million customer contacts per month. The call centre services all retail customers across the ICICI group. The call centre uses state-of-the-art voice-over-Internet-protocol technology and cutting-edge desktop applications to provide a single view of the customer's relationship with us. ICICI Bank's mobile banking services provide the latest information on account balances, previous transactions, credit card outstanding and payment status and allow customers to request a cheque book or account statement. ICICI Bank has now extended its mobile banking services to all cellular service providers across the country and NRI customers in the United States, United Kingdom, Middle-East and Singapore.

With the foundation of a strong multi-channel distribution network, we have successfully developed a robust model for distribution of third party products like mutual funds,

LIFE AT WORK

My company found the most convenient solution in **ICICI Bank Cash Management Services**. Right from all India collections and multi-city payments to customized MIS and ERP integration, the Bank takes care of everything.

Services availed by over 500 top corporates of India Coverage of over 3,800 locations Turnover of more than Rs. 1.7 trillion in 2002-2003

Business Overview

Reserve Bank of India (RBI) relief bonds, and insurance products, with market leadership in these areas. This model also allows us to meet all customer needs by offering the customer the complete basket of financial products, while leveraging our distribution capability to earn fee income from third parties. ICICIdirect (www.icicidirect.com) is the market leader in Internet-based share trading, with complete end-to-end integration for seamless electronic trading on stock exchanges. ICICIdirect has a rating of TxA1 from CRISIL, indicating highest ability to service broking transactions. During the year, ICICIdirect launched online trading in the derivatives segment of the NSE.

Corporate Banking

ICICI Bank seeks to provide innovative financial solutions to its corporate clients, tailored to meet their requirements, while diversifying its revenue streams and generating adequate return on risk capital through risk-based pricing models and proactive portfolio management.

Our focus in fiscal 2003 was on technology-driven enhancement of delivery capabilities to offer improved service levels to clients. We set up centralized processing facilities for back-office

operations where technology is leveraged to benefit from economies of scale arising out of large transaction volumes. During the year we continued to expand the scope of our web-based services. ICICI Bank provides corporate Internet banking services through ICICLebusiness.com, a single point web-based interface for all our corporate products. The portal enables clients to conduct their banking business with ICICI Bank through the Internet in a secure environment. ICICI Bank offers online foreign exchange and debt securities trading services. A dedicated Product & Technology Group develops and manages back-office processing and delivery systems.

Dedicated relationship groups for corporate clients and the Government sector focused on expanding the range and depth of our relationships in these sectors. In the corporate segment, we focused on leveraging our relationships to expand the range of products and services to channel finance, transaction banking and non-fund based products. ICICI Bank has strong relationships with several large public sector companies and state governments and we are leveraging these relationships to expand the range of transaction banking services. ICICI Bank has already been empanelled for collection of sales tax in eight states.

We continued to focus on corporate lending transactions including working capital finance to highly rated corporates, structured transactions and channel financing. We also focused on leveraging our skills in originating and structuring transactions as well as on our ability to

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LIFE IN THE MARKETS

My company was able to effectively achieve its risk management objectives, thanks to **ICICI Bank's Treasury services**. Their team of skilled treasury professionals offered us comprehensive, customized treasury solutions at the finest prices.

Research backed advisory support Flawless execution Continuous market making

Business Overview

take large exposures to adopt an originate-and-sell-down strategy. This not only increased the risk-adjusted return on the capital employed but also enabled us to offer a comprehensive solution to our corporate clients. ICICI Bank's dedicated Structured Finance, Credit & Markets Group, with expertise in financial structuring and related legal, accounting and tax issues, actively supports the business groups in designing financial products and solutions. This Group is also responsible for managing the asset portfolio by structuring portfolio buyouts and sell-downs with a view to increase the risk-adjusted return on the capital.

During fiscal 2003, ICICI Bank focused on the agri-financing segment and developed several innovative structures for agri-business, including dairy farming, farmer financing and warehouse-receipt-based financing. We achieved robust growth in this segment and are working with state governments and agri-based corporates to evolve viable and sustainable systems for financing agriculture. We have also integrated our rural banking, micro-finance and agri-financing activity to offer integrated banking services in rural areas.

Treasury

The principal responsibilities of the Treasury included management of liquidity and exposure to market risks, mobilization of resources from domestic institutions and banks and international multilateral and bilateral institutions and banks, and proprietary trading. Further, the Treasury leveraged its strong relationships with financial sector players to provide a wide range of banking services in addition to its liability products.

In fiscal 2003, the balance sheet management function within Treasury managed interest-rate sensitivity by actively using rupee-interest-rate swaps as well as by adjusting the duration of the Government securities portfolio held for compliance with Statutory Liquidity Reserve (SLR) norms. Further, efforts were undertaken to make the banking-book-interest-rate positions more liquid by selling illiquid loans and substituting them with marketable securities.

The focus of trading operations was active, broad-based market-making in key markets including corporate bonds, Government securities, interest-rate swap and foreign exchange markets. A focus area in fiscal 2003 was the delivery of market solutions to corporate clients in various areas such as foreign exchange, fixed income and swaps. There was a significant increase in both the volumes and profits from foreign exchange transactions, swaps and loan syndication. As one of the largest players in the corporate debt market, we offered two-way quotes for many corporate debt papers, thereby increasing the liquidity and depth of the market.

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LIFE IN THE VILLAGES

I got the most effective support system from **ICICI Bank Agri Services**. The Bank not only offers loans but also helps me get the right inputs and finds me buyers for my produce.

**More than Rs. 2000 crores of loans to the agri-sector Loan assistance to more than 50,000 farmers in 2002-2003
Transforming the face & dynamics of agri-business finance in India**

Business Overview

Effective fiscal 2004, we have restructured our treasury operations to separate the balance sheet management function (which now forms part of the Finance Group), the corporate markets business (which has been integrated into the Structured Finance, Credit & Markets Group) and the proprietary trading activity (which is now housed in a separate Proprietary Trading Group).

Project Finance and Special Assets

Our project finance activities include financing new projects as well as capacity additions in the manufacturing sector and structured finance to the infrastructure sector and oil, gas and petrochemical sectors. Our project finance business is focused on structuring and syndication of financing for large projects by leveraging our expertise in project financing, and churning our project finance portfolio to prevent portfolio concentration and to manage portfolio risk. We view our role not only as providers of project finance but also as arrangers and facilitators, creating appropriate financing structures that may serve as financing and investment vehicles for a wider range of market participants.

Infrastructure Sector

In the infrastructure sector, growth is largely determined by the policy guidelines, regulatory framework, long-term sectoral viability and the reforms agenda. The telecommunications industry has been witnessing rapid growth over the last couple of years, driven primarily by the mobile telephony segment. The road sector has also witnessed significant activity, particularly on account of the highway projects of National Highway Authority of India (NHAI) which, along with large state-level projects, are expected to drive growth in the coming years as well. Going forward, we expect the airports, ports and urban infrastructure sectors, to provide significant business opportunities. In the airport sector, there are currently two green-field international airports proposed in Hyderabad and Bangalore, and ICICI Bank is playing a key role in both projects. With the corporatization of major ports, emergence of active minor ports and increasing containerization of cargo, there are promising business prospects in the port sector, especially in the area of private terminal infrastructure. We also expect investment activity in urban infrastructure in the medium term, as much-needed reforms are being initiated by the Central and various state Governments. The power sector is expected to benefit from the implementation of comprehensive reforms, driven by the recent enactment of the Electricity Act, leading to business opportunities in distribution and in select generation projects, especially hydro-based projects. ICICI Bank will focus on leveraging its origination capabilities to structure and syndicate project financing.

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Manufacturing Sector

Fiscal 2003 saw the overall investment climate in the country turning positive, with the Index of Industrial Production (IIP) recording a turnaround from the decline witnessed in the preceding two years. The manufacturing sector, accounting for a significant proportion of the IIP, recorded an improved performance in fiscal 2003, with growth in both capital goods production and consumer goods production. The buoyancy in the economy observed during fiscal 2003 resulted in a number of projects taking off in the manufacturing and core sector, particularly in the metals, transport equipment and food products segments.

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Our focus in the manufacturing sector is on projects sponsored by entities that have proven ability to commit the required financial resources and implement projects successfully within planned time-frames. We also continue to implement tighter security measures, such as security interests in project contracts and escrow accounts to capture cash flows. We believe that there is significant scope for consolidation in several segments in the manufacturing sector, which presents opportunities for structuring and syndicating acquisition financing.

Special Assets Management

The Special Asset Management Group (SAMG) was formed in fiscal 1998 to build in-house specialised skills in restructuring/recovery activities, restructuring viable projects and seeking early exits from unviable projects. During fiscal 2003, the operationalization of RBI's Corporate Debt Restructuring (CDR) forum, the enactment of the SARFAESI Act and the improvement in performance of key industrial sectors created a positive environment for asset resolution.

International Business

International business has been identified as a key growth driver for ICICI Bank. We believe that the development of a strong international presence would enable us to diversify risks across geographies, support the cross-border needs of our customers, accelerate growth and profitability and build domestic capabilities to match international standards. The initial international strategy is based on leveraging our India linkages – be it catering to the varied financial requirements of Non-resident Indians (NRIs), cross-border financing and trade requirements of Indian corporates or India-related business requirements of multinational corporations and banks.

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Business Overview

The focus of our international operations in fiscal 2003 was on capturing a significant share of NRI business and India-related trade finance volumes, developing strong correspondent banking relationships with international banks and setting up overseas operations in identified countries. The past year witnessed significant initiatives and successes in NRI services led by a strategy of innovative products, technology-enabled delivery and superior customer service. These initiatives resulted in a significant increase in NRI deposits in fiscal 2003.

Remittances recorded significant growth in fiscal 2003, driven mainly by online remittances from the US, UK, Europe, Canada and Singapore. The growth was further enabled by an expansion and deepening of correspondent relationships across the globe. During the year, ICICI Bank launched e-transfer, an online remittance product targeted at NRIs in the US. Customer service was further improved by offering multiple service channels to customers such as international toll-free service lines (in Canada, USA and UK), chat servicing and a dedicated NRI e-mail handling centre.

We have also made considerable progress during fiscal 2003 in establishing our overseas operations. ICICI Bank currently has representative offices in London and New York. The Bank has obtained regulatory approvals from RBI to upgrade its representative office in London to a subsidiary and to establish a presence in Canada, China, Singapore and the United Arab Emirates. Local country regulatory approvals have also been received for a branch in Singapore, a representative office in China and a subsidiary in the United Kingdom. Approvals from other local country regulators are awaited.

CREDIT RATING

During the year, Moody's Investor Service upgraded ICICI Bank's senior and subordinated long-term foreign currency debt rating to Baa3 from Ba1, making ICICI Bank the only Indian company with an investment-grade international credit rating. This is also one notch higher than the sovereign rating for India. ICICI Bank's credit ratings as per various credit rating agencies are given below:

Agency	Rating
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Moody's Investor Service (Moody's)	Baa3
Standard & Poor's (S&P)	BB
Credit Analysis & Research Limited (CARE)	CARE AAA
Investment Information and Credit Rating Agency (ICRA)	LAAA

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RISK MANAGEMENT

Risk is an integral part of the banking business and ICICI Bank aims at the delivery of superior shareholder value by achieving an appropriate trade-off between risk and returns. ICICI Bank is exposed to various risks, including credit risk, market risk and operational risk. Our risk management strategy is based on a clear understanding of various risks, disciplined risk-assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with international best practices. The risk management function at ICICI Bank is supported by a comprehensive range of quantitative and modelling tools developed by a dedicated risk analytics team.

The Risk, Compliance & Audit Group (RCAG) is responsible for assessment, management and mitigation of risk in ICICI Bank. This group, forming a part of the Corporate Centre, is completely independent of all business operations and is accountable to the Risk and Audit Committees of the Board of Directors. RCAG is organized into six sub-groups: Credit Risk Management Group, Market Risk Group, Credit Policies Group, Internal Audit Group, Retail Risk Group and Risk Analytics Group.

Credit Risk

Credit risk is the risk that a borrower is unable to meet its financial obligations to the lender. ICICI Bank measures, monitors and manages credit risk for each borrower and also at the portfolio level. ICICI Bank has a standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal and rating. ICICI Bank has developed internal credit rating methodologies for rating obligors as well as for products/ facilities. The rating factors in quantitative and qualitative issues and credit enhancement features specific to the transaction. The rating serves as a key input in the sanction as well as post-sanction credit processes. Credit rating, as a concept, has been well internalised within the Bank. The rating for every borrower is reviewed at least annually and for higher risk credits and large exposures at shorter intervals. Sector knowledge has been institutionalized across ICICI Bank through the availability of sector-specific information on the Intranet. Industry knowledge is constantly updated through field visits, interactions with clients, regulatory bodies and industry experts. In respect of the retail credit business, ICICI Bank has a system of centralized approval of all products and policies and monitoring of the retail portfolio. We continuously refine our retail credit parameters based on portfolio analytics.

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Business Overview

Market Risk

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Market risk is the risk of loss resulting from changes in interest rates, foreign currency exchange rates, equity prices and commodity prices. ICICI Bank's exposure to market risk is a function of its trading and asset and liability management activities and its role as a financial intermediary in customer-related transactions. The objective of market risk management is to minimize the impact of losses due to market risks on earnings and equity capital.

Market risk policies include Asset-Liability Management (ALM) policies and policies for the trading portfolio. ALM policies are approved by the Asset-Liability Management Committee (ALCO) of the Board of Directors. ALCO's role encompasses stipulating liquidity and interest-rate risk limits, monitoring risk levels by adherence to set limits, articulating the organization's interest rate view and determining business strategy in the light of the current and expected business environment. These sets of policies and processes are articulated in the ALM policy. A separate set of policies for the trading portfolio address issues related to investments in various trading products and are approved by the Committee of Directors (COD) of the Board. RCAG exercises independent control over the process of market-risk management and recommends changes in processes and methodologies for measuring market risk.

Middle Office Group

ICICI Bank has a separate Middle Office Group to monitor both credit and treasury-related compliance. The Credit Middle Office Group monitors compliance with policies and terms of sanction of credit proposals.

The Treasury Middle Office Group monitors the asset-liability position under the supervision of the ALCO. It also monitors treasury activities, including determining compliance with various exposure and dealing limits, verifying the appropriateness and accuracy of various transactions, processing these transactions, tracking the daily funds position and all treasury-related management and regulatory reporting.

Interest-rate risk is measured through the use of re-pricing gap analysis and duration analysis. Liquidity risk is measured through gap analysis. ICICI Bank ensures adequate liquidity at all times through systematic funds planning and maintenance of liquid investments as well as by focusing on more stable funding sources such as retail deposits. ICICI Bank mitigates its exposure to exchange-rate risk by stipulating daily stop-loss limits and position limits.

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Operational Risk

Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems and software or equipment, fraud, inadequate training and employee errors. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking regular contingency planning. The Middle Office Group monitors adherence to credit procedures. The Internal Audit Group undertakes a comprehensive audit of all business groups and other functions, in accordance with a risk-based audit plan. This plan allocates audit resources based on an assessment of the operational risks in the various businesses. ICICI Bank has been a pioneer in the implementation of a risk-based audit methodology in the Indian banking sector. The Internal Audit Group conceptualizes and implements improved systems of internal controls to minimize operational risk.

INFORMATION TECHNOLOGY

The rapidly evolving banking needs of customers in India have led to an increased focus on information-technology-dependent products and solutions with a view to better serve the consumer. ICICI Bank has identified technology as a key driver of its growth strategy and continues to leverage information technology as a strategic tool for its business operations to gain competitive advantage by offering customer convenience and improved service as well as improving productivity and efficiency.

ICICI Bank's technology strategy emphasises enhanced levels of customer services through 24x7 availability, multi-channel banking, straight-through processing, cost efficiency through optimal use of technology-driven channels, wider and focused market

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reach and opportunities for cross-selling. ICICI Bank also uses technology as a tool to help it understand the customer better, so that it can customize products and services to suit customer needs. The Technology Management Group (TMG) is the focal point for ICICI Bank's technology strategy and group-wide technology initiatives. This group reports directly to the Managing Director & CEO.

ICICI Bank is focusing on the integration of its various product and channel systems by effective use of technology. The Bank has implemented an Enterprise Application Integration (EAI)

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Business Overview

initiative across its retail and wholesale banking business units, linking various product and delivery systems across the two groups. This initiative underpins ICICI Bank's multi-channel customer service strategy and seeks to deliver customer-related information consistently across various access points.

In line with our commitment to offer its customers a seamless banking experience, we installed our Customer Relationship Management (CRM) software at various customer access points in fiscal 2003. The CRM software solution allows various channels to service customer needs at all touch points, and across all products. The solution has been deployed across the phone banking channel as well as a large number of branches. The solution gives a comprehensive view of the customer at the access point, enhancing understanding of customers and their needs. It optimizes processes and functions related to the customer, to enhance the efficiency and effectiveness of customer servicing. The solution also ensures that every customer request or complaint is tracked till its completion and escalated if standard turnaround times are exceeded.

HUMAN RESOURCES

In fiscal 2003, ICICI Bank continued its commitment to acquiring, developing and enhancing its human resource potential. ICICI Bank views its human capital as a key source of competitive advantage. Consequently, the development and management of human capital is an essential element of our strategy and a key management activity.

Human resources management in fiscal 2003 focused on the continuous improvement of recruitment, training and performance management processes. While ICICI Bank is India's second-largest bank, it had just over 10,600 employees at March 31, 2003, demonstrating our unique technology-driven, productivity-focused business model.

ICICI Bank continues to be a preferred employer at leading business schools and higher education institutions across the country, offering a wide range of career opportunities across the entire spectrum of financial services. Robust ability-testing and competency-profiling tools are being used to strengthen the campus recruitment process and match the profiles of employees to the needs of the organization. In addition to campus recruitment, ICICI Bank also undertakes lateral recruitment to bring new skills, competencies and experience into the organization and meet the requirements of rapidly growing businesses. ICICI Bank also encourages cross-functional movement, enriching employees' knowledge

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and experience and giving them a holistic view of the organization while ensuring that the bank leverages its human capital optimally. During fiscal 2003, ICICI Bank recruited over 4,000 employees. ICICI Bank also leveraged icicibankcareers.com, its

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career website, with a view to build a strong alternative recruitment channel to the traditional channels.

Continuous enhancement of knowledge and skill sets is vital, given the rapidly changing business environment and the constant challenges it poses to organizations. ICICI Bank believes that building a learning organization is critical for being competitive in products and services and meeting customer expectations. ICICI Bank has built strong capabilities in training and development to build competencies. Training on products and operations is imparted through web-based training modules. ICICI Bank achieved approximately 1.5 web-based learning mandays per employee in fiscal 2003. Special programmes on functional training and leadership development to build knowledge as well as management capability are conducted at a dedicated training facility. ICICI Bank also draws from the best available training programmes and faculty, both international and domestic, to meet its training and development needs and build globally benchmarked skills and capabilities.

The performance management system at ICICI Bank is based on clearly defined performance parameters and employee empowerment for achievement of goals, reinforcing the Bank's achievement-oriented culture. ICICI Bank also has a structured process of identifying and developing leadership potential.

ICICI Bank's constant endeavour to implement innovative human resource practices has resulted in the creation of an exceptional pool of talent and a performance-oriented organizational culture and has imparted agility and flexibility to the organization.

ORGANIZATIONAL EXCELLENCE

ICICI Bank recognizes the importance of excellence in its business. Developing and deploying world-class skills in a variety of areas such as technology, financial engineering, transaction processing and portfolio management, credit evaluation, customer segmentation and product design, and building and maintaining deep and enduring relationships of trust with our retail and wholesale customers are two essential elements of our strategy.

In recognition of the critical importance of excellence in internal processes and delivery to customers, the Organizational Excellence Group was set up in fiscal 2002 to focus on quality

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Business Overview

initiatives in the Bank. A Senior General Manager, who reports to the Managing Director & CEO, heads the Group. The Group is supported by a team of professionals with experience in the field of quality. The Organisational Excellence Group is engaged in institutionalizing quality in the Bank by building skills in various quality frameworks, tracking projects, reporting progress and replicating successes across the Bank. The Group has been partnering with business units in undertaking quality projects, which leverage quality for strategic change and lead to business improvement.

COMMUNITY DEVELOPMENT

At ICICI Bank, we believe that, as one of the largest participants in the financial system of the country, we need to contribute to the overall economic and social development of India. A dedicated not-for-profit group, the Social Initiatives Group (SIG) works to catalyze this effort, with the mission to identify and support initiatives designed to improve the capacities of the poorest of the poor to participate in the larger economy. ICICI Bank believes that ensuring health, education and access to financial services is critical for facilitating this participation. Within these, the specific areas identified for focused attention are infant health at birth, elementary education and micro-financial services. To fulfil its mission, ICICI Bank seeks to address key knowledge and practice gaps that currently impede the achievement of national goals in these sectors. It, therefore, supports projects that are cost-effective, measurable and capable of large-scale replication, and have the potential for both near and long-term impact.

Infant Health at Birth

In this area, important initiatives in fiscal 2003 included support to the introduction of additional health workers in rural areas for improving the quality and accessibility of existing publicly provided health and nutrition services. ICICI Bank has formed a partnership with the Government of Jharkhand and NGOs such as Krishi Gram Vikas Kendra (KGVK), CARE and the Child In Need Institute (CINI) to pilot the additional health worker strategy in two blocks of the Ranchi district in Jharkhand.

Elementary Education

Our initiatives in elementary education seek to work towards maximising the number of 14-year-olds who have a basic level of education. While continuing our support to organizations

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such as Pratham, we initiated a number of new relationships in fiscal 2003. We funded the Centre for Learning Resources, Pune to undertake a radio programme in every upper-primary municipal school in Mumbai and Delhi. The objective of this programme is to strengthen language skills of students. We also formulated a work plan with the Bhopal-based NGO, Eklavya, that specialises in teacher training and curriculum design.

Micro-Financial Services

Our micro-financial services initiative aims at maximizing access of the poor to banking, credit and insurance. A key element of our strategy is to create better interfaces between institutional financial services providers and community based organizations. In fiscal 2003, we launched an initiative with the DHAN Foundation, Madurai to develop a scalable strategy for bank linkage of self-help groups. A study for the development of a comprehensive insurance plan with the Society for Elimination of Rural Poverty (SERP) in Andhra Pradesh is currently underway.

PUBLIC RECOGNITION

During fiscal 2003, we received several prestigious awards in recognition of our business strategies, customer service levels, technology focus and human resource practices, including:

- Bank of the Year 2002, in India by *The Banker* magazine of UK;
- Bank of the Year from the Emerging Markets by *The Banker* magazine of UK;
- Best Bank in India by *Global Finance*;
- Best Consumer Internet Bank in India by *Global Finance*;
- Best Foreign Exchange Bank in India by *Global Finance*;
- India's Most Admired Bank 2002 in the BB-TN Sofres Mode Poll;
- Best Managed Bank in Asia, in a poll by *Euromoney*;
- India's Top 5 Most Respected Companies by *Business World* magazine; and
- Excellence in Retail Banking award by *Asian Banker* journal.

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Directors Report

To the members,

Your Directors have pleasure in presenting the Ninth Annual Report of ICICI Bank Limited with the audited statement of accounts for the year ended March 31, 2003.

FINANCIAL HIGHLIGHTS

As the Appointed Date of the merger of erstwhile ICICI Limited (ICICI), ICICI Personal Financial Services Limited (ICICI PFS) and ICICI Capital Services Limited (ICICI Capital) with the Bank was March 30, 2002, the profit & loss account for fiscal 2002 included the results of the operations of ICICI, ICICI PFS and ICICI Capital for March 30 and 31, 2002 i.e. two days only. The results for fiscal 2003 are, therefore, not comparable with the results for fiscal 2002. The financial performance for fiscal 2003 is summarised below:

	Fiscal 2003		Fiscal 2002	
Net interest income and other income, excluding extraordinary items	33.91		11.67	
Operating profit	13.80		5.45	
Provisions & contingencies	17.91		2.87	
Profit on sale of ICICI Bank shares	11.91			
Profit after tax	12.06		2.58	
Consolidated profit after tax	11.52		2.58	

APPROPRIATIONS

The profit & loss account shows a profit after taxation of Rs. 12.06 billion after write-offs and provisions of Rs. 17.91 billion and after taking into account all expenses. The disposable profit is Rs. 12.25 billion, taking into account the balance of Rs. 0.19 billion brought forward from the previous year. Your Directors have recommended a dividend rate of 75% (Rs. 7.50 per equity share of Rs. 10) for the year and have appropriated the disposable profit as follows:

	Fiscal 2003		Fiscal 2002	
To Statutory Reserve, making in all Rs. 5.51 billion	3.02		0.65	

To Investment Fluctuation Reserve, making in all Rs. 1.27 billion	1.00		<i>0.16</i>	
To Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income-tax Act, 1961, making in all Rs. 11.44 billion	0.50		<i>0.14</i>	
To Revenue and other Reserves making in all Rs. 36.91 billion ¹	2.50		<i>0.96</i>	

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Directors Report

Rs. billion

	Fiscal 2003		<i>Fiscal 2002</i>	
Dividend for the year (proposed)				
On equity shares @ 75%	4.60		<i>0.44</i>	
On preference shares (Rs.)	35,000			
Corporate dividend tax	0.59		<i>0.05</i>	
Leaving balance to be carried forward to the next year	0.04		<i>0.19</i>	

¹ In addition to appropriation of disposable profits, the balance in the Debenture Redemption Reserve of Rs. 0.10 billion was transferred to Revenue and other Reserves in fiscal 2003.

SUBSIDIARY COMPANIES

At March 31, 2003, ICICI Bank had twelve subsidiaries:

Domestic Subsidiaries	International Subsidiaries
ICICI Securities Limited	ICICI Bank UK Limited ¹
ICICI Venture Funds Management Company Limited	ICICI Securities Holdings Inc. ²
ICICI Prudential Life Insurance Company Limited	ICICI Securities Inc. ³

ICICI Lombard General Insurance Company Limited	ICICI International Limited
ICICI Home Finance Company Limited	
ICICI Investment Management Company Limited	
ICICI Trusteeship Services Limited	
ICICI Brokerage Services Limited ²	

¹ Awaiting UK regulatory approval for commencement of business

² Subsidiary of ICICI Securities Limited

³ Subsidiary of ICICI Securities Holdings Inc.

In terms of the approval granted by the Central Government *vide* letter dated June 11, 2003 under Section 212(8) of the Companies Act, 1956, a copy of the balance sheet, profit & loss account, report of the Board of Directors and report of the Auditors of the subsidiary companies has not been attached to the accounts of the Bank for the year ended March 31, 2003. The Bank will make available these documents/details upon request by any member of the Bank. These documents/details will also be available on the Bank's website. As required by Accounting Standard 21 (AS-21) issued by the Institute of Chartered Accountants of India, the Bank's consolidated financial statements incorporate the accounts of its subsidiaries, except those of ICICI Bank UK Limited. ICICI Bank UK Limited was incorporated on February 11, 2003 and is yet to commence operations and hence, its accounts have not been drawn up.

In May 2003, the Bank acquired the entire paid-up equity share capital of Transamerica Apple Distribution Finance Private Limited. The Company is now a wholly-owned subsidiary of ICICI Bank and has been renamed as ICICI Distribution Finance Private Limited.

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Directors Report

DIRECTORS

P. C. Ghosh, Chairman, General Insurance Corporation of India (GIC), which together with other Government-owned general insurance companies is among ICICI Bank's largest domestic institutional shareholders, was appointed as an additional Director effective January 31, 2003.

M. K. Sharma was appointed as an additional Director effective January 31, 2003. He is the Vice-Chairman of Hindustan Lever Limited. He joined Hindustan Lever Limited in 1974, worked in various areas including taxation and legal and was inducted on its Board in August 1995.

P. C. Ghosh and M. K. Sharma hold office up to the date of the forthcoming Annual General Meeting as provided under Article 135 of the Articles of Association of the Bank, but are eligible for appointment.

H. N. Sinor completed his term as Joint Managing Director on May 31, 2003 and retired with effect from June 1, 2003. During his tenure, the Bank achieved several milestones, including its listing on the New York Stock Exchange (NYSE), the acquisition of Bank of Madura and the merger of ICICI with the Bank, emerging as India's largest private sector bank and the second-largest bank in the country. The Bank pioneered technology-based banking in India under his leadership. The Board places on record its appreciation of the services rendered by him.

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The Government of India had, *vide* its letter dated May 6, 2002, nominated S. K. Purkayastha, Additional Secretary (Financial Sector), Ministry of Finance on the Board. The Government of India had subsequently nominated D. C. Gupta, Secretary (Banking & Insurance), Ministry of Finance & Company Affairs on the Board in place of S. K. Purkayastha, effective July 19, 2002. Subsequently, Vineeta Rai, Secretary (Banking & Insurance), Ministry of Finance & Company Affairs was nominated by the Government of India effective October 31, 2002 in place of D. C. Gupta. The Government of India withdrew the nomination of Vineeta Rai and nominated Vinod Rai, Joint Secretary (IF), Banking Division in her place effective January 3, 2003. In terms of Article 128A of the Articles of Association, Vinod Rai is not liable to retire by rotation.

In terms of the provisions of the Articles of Association, Somesh R. Sathe, Anupam Puri, Marti G. Subrahmanyam and Kalpana Morparia would retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. If Kalpana Morparia is re-appointed as Director immediately on retirement by rotation, she will continue to hold her office of Executive Director and the retirement by rotation and re-appointment shall not be deemed to constitute a break in her appointment.

AUDITORS

The Auditors, N. M. Raiji & Co. and S. R. Batliboi & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting. The Board at its Meeting held on June 27-28, 2003 has proposed the appointment of S. R. Batliboi & Co., Chartered Accountants as Auditors to audit the accounts of ICICI Bank for fiscal 2004 and the approval of Reserve Bank of India (RBI) has been received *vide* letter dated July 4, 2003. You are requested to consider their appointment.

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Directors Report

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure to the Directors Report.

APPOINTMENT OF NOMINEE DIRECTORS ON THE BOARD OF ASSISTED COMPANIES

ICICI had a policy of appointing nominee Directors on the Boards of certain borrower companies based on loan covenants, with a view to enable monitoring of the operations of those companies. Subsequent to the merger, ICICI Bank continues to nominate Directors on the Boards of assisted companies. Apart from the Bank's employees, experienced professionals from the banking, government and other sectors are appointed as nominee Directors. ICICI Bank has 144 nominee Directors on the boards of 280 companies, of whom 83 are employees of the Bank. The Bank has a Nominee Director Cell for maintaining records of nominee directorships.

CORPORATE GOVERNANCE

ICICI Bank has established a tradition of best practices in corporate governance. The corporate governance framework in ICICI Bank is based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees generally comprising a majority of independent Directors and chaired by an independent Director to oversee critical areas.

I. Philosophy of Corporate Governance

ICICI Bank's corporate governance philosophy encompasses not only regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders.

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II. Board of Directors

ICICI Bank has a broad-based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, Companies Act, 1956 and listing agreement with stock exchanges and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board has constituted nine committees, viz. Audit Committee, Agriculture & Small Enterprises Business Committee, Board Governance & Remuneration Committee, Business Strategy Committee, Credit Committee, Risk Committee, Share Transfer & Shareholders /Investors Grievance Committee, Committee of Directors and Asset Liability Management Committee. A majority of these Board Committees are chaired by independent professional Directors, and mainly consist of independent Directors. The constitution of these Committees is given hereafter.

At March 31, 2003, the Board of Directors consisted of 19 members. There were nine meetings of the Board during fiscal 2003 on April 12, April 24 & 26, May 3, June 21-22, July 31, September 16 and October 31 in 2002 and January 31 and March 28 in 2003. The names of Board members, their attendance at Board meetings and the number of other directorships and Board Committee memberships held by them at March 31, 2003 are given overleaf.

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Directors Report

Name of Member	Board	Attendance	Number of other		Number of
	Meetings	at last AGM	Directorships		other
	attended	(September	Of Indian	Of Other	Committee ³
	during	16, 2002)	Companies ¹	Companies ²	Memberships
	the year				
Independent non-executive Directors					
Current members					
N. Vaghul	9	Present	8	10	6(4)
Uday M. Chitale	8	Present	1	4	1(1)
P. C. Ghosh (w.e.f. January 31, 2003)	2	N.A.	8	3	
Satish C. Jha	7	Present	3		2
Lakshmi N. Mittal (w.e.f. May 3, 2002)	4	Present		50	
Anupam Puri (w.e.f. May 3, 2002)	2	Absent	5	1	6(2)

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Vinod Rai (w.e.f. January 3, 2003)*	2	N.A.	4		1
Somesh R. Sathe	8	Present		3	
R. Seshasayee (w.e.f. May 3, 2002)	7	Present	7	1	6(1)
M. K. Sharma (w.e.f. January 31, 2003)	2	N.A.	7	1	5(1)
P. M. Sinha	7	Present	3	2	2
Marti G. Subrahmanyam (w.e.f. May 3, 2002)**	2	Absent	1	6	2(1)
Members who ceased to be					
Directors during the year					
B. V. Bhargava (up to April 26, 2002)	2	N.A.	N.A.	N.A.	N.A.
R. Rajamani (up to April 26, 2002)	1	N.A.	N.A.	N.A.	N.A.
D. Sengupta (up to June 30, 2002)		N.A.	N.A.	N.A.	N.A.
S. K. Purkayastha (up to July 18, 2002)*		N.A.	N.A.	N.A.	N.A.
D. C. Gupta (July 19, 2002 up to October 30, 2002)*		Absent	N.A.	N.A.	N.A.
Vineeta Rai (October 31, 2002 up to January 2, 2003)*		N.A.	N.A.	N.A.	N.A.
Wholetime Directors					
K. V. Kamath***	9	Present	4	5	
H. N. Sinor	9	Present	2		
Lalita D. Gupte***	9	Present	4		2
Kalpana Morparia (w.e.f. May 3, 2002)	7	Present	6		5
S. Mukherji (w.e.f. May 3, 2002)	7	Present	2		2(1)
Chanda Kochhar	9	Present	2		1(1)

Nachiket Mor	8	Present	2	2		
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- 1 Includes companies as per the provisions of Section 278 of the Companies Act, 1956.
- 2 Includes foreign companies and other companies that are excluded as per the provisions of Section 278 of the Companies Act, 1956.
- 3 Includes the Audit Committee, the Share Transfer & Shareholders /Investors Grievance Committee and the Board Governance & Remuneration Committee. Bracketed figures indicate Committee Chairmanships.
- * Nominee of Government of India.
- ** Participated in three meetings through tele-conference.
- *** As wholetime Director effective May 3, 2002.

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Directors Report

III. Audit Committee

Terms of Reference

The Audit Committee provides direction to the audit and risk management function and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include the overseeing of the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommendation of appointment and removal of central and branch statutory auditors and fixation of their remuneration, review of the annual financial statements before submission to the Board, review of the adequacy of internal control systems and the internal audit function, review of compliance with the inspection and audit reports of RBI and reports of statutory auditors, review of the findings of internal investigations, discussion on the scope of audit with external auditors and examination of reasons for substantial defaults, if any, in payment to stakeholders.

Composition

The Audit Committee comprises three independent Directors and is chaired by R. Seshasayee. RBI guidelines stipulate that this Committee must meet at least six times in a financial year. There were six meetings of the Committee during the year. The details of composition of the Committee and attendance at its meetings are given below:

Name of Member	Number of Meetings attended
R. Seshasayee, Chairman	6
Uday M. Chitale	5
Somesh R. Sathe	5

IV. Agriculture & Small Enterprises Business Committee

Terms of Reference

The functions of the Committee include review of the business strategy of the Bank in the agri-business and small enterprises segments and review of the quality of the agricultural lending and small enterprises finance credit portfolio.

Composition

The Agriculture & Small Enterprises Business Committee was constituted by the Board effective July 1, 2003. The Committee comprises five independent Directors, viz. N. Vaghul, Satish C. Jha, Somesh R. Sathe, P. M. Sinha and M. K. Sharma. N. Vaghul is the Chairman of the Committee.

V. Board Governance & Remuneration Committee

Terms of Reference

The functions of the Board Governance & Remuneration Committee include recommendation of appointments to the Board, evaluation of the performance of the Managing Director & CEO, the Board and individual members on pre-determined parameters, recommendation to the Board of the remuneration

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Directors Report

(including performance bonus and perquisites) to wholetime Directors, approval of the policy for and quantum of bonus payable to the members of the staff, the framing of guidelines for the Employees Stock Option Scheme, recommendation of grant of stock options to the staff and wholetime Directors of ICICI Bank and its subsidiary companies and formulation of a code of ethics and governance.

Remuneration Policy

The Board Governance & Remuneration Committee has the power to determine and recommend to the Board the amount of remuneration, including performance/achievement bonus and perquisites, payable to the wholetime Directors. The recommendations of the Committee were based on evaluation of the wholetime Directors on certain parameters, as laid down by the Board as part of the self-evaluation process.

The following are the details of remuneration (including perquisites, bonus and retiral benefits) paid and stock options granted to wholetime Directors in fiscal 2003:

K.V.	H.N.	Lalita	Kalpana	S.	Chanda	Nachiket
Kamath	Sinor	Gupte	Morparia	Mukherji	Kochhar	Mor

Break-up of Remuneration

(Rupees)

Basic	4,800,000	3,000,000	3,600,000	2,520,000	2,520,000	2,100,000	2,100,000
Performance bonus for							
fiscal 2003#	4,800,000	3,000,000	3,600,000	2,520,000	2,520,000	2,100,000	2,100,000
Allowances and perquisites ..	843,387	680,400	2,519,789	3,912,252@	2,061,868	1,004,810	2,019,641
Provident fund	576,000	360,000	432,000	302,400	302,400	252,000	252,000
Gratuity	399,840	249,900	299,880	209,916	209,916	174,930	174,930
Superannuation	720,000	450,000	540,000	378,000	378,000	315,000	315,000
Stock Options							
Fiscal 2003	120,000	100,000	110,000	100,000	100,000	80,000	80,000
Fiscal 2002	120,000*	100,000	110,000*	100,000*	100,000*	80,000	80,000
Fiscal 2001	60,000*	56,250	55,000*	30,000*	30,000*	30,000*	30,000*

Approved by the Board and to be paid on approval by RBI.

@ Includes leave and leave-travel-allowance encashment of Rs. 3,129,000.

* Options awarded by ICICI and converted into ICICI Bank options as per the Scheme of Amalgamation.

Perquisites (evaluated as per Income-tax Rules wherever applicable and at actual cost to the Company otherwise) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, personal insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof; medical reimbursement, leave and leave-travel concession, education benefits, provident fund, superannuation fund and gratuity, were provided in accordance with the scheme(s) and rule(s) applicable from time to time. If accommodation owned by the Bank was not provided, the wholtime Director concerned was eligible for house rent allowance of Rs. 50,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may have been provided by the Bank.

The non-executive Directors, except the nominee Directors of Government of India were paid sitting fees of Rs. 5,000 per meeting of the Board or Committee attended by them.

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Directors Report

Composition

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The Board Governance & Remuneration Committee comprises four independent Directors and is chaired by N. Vaghul. There were two meetings of the Committee during the year. The details of composition of the Committee and attendance at its meetings are given below:

Name of Member	Number of Meetings attended
N. Vaghul, Chairman	2
R. Seshasayee (w.e.f. June 30, 2002)	2
P. M. Sinha	1
D. Sengupta (up to June 30, 2002)	Not Applicable
Anupam Puri (w.e.f. March 28, 2003)	Not Applicable

VI. Business Strategy Committee

Terms of Reference

The function of the Committee is to approve the annual income and expenditure and capital expenditure budgets for presentation to the Board for final approval and to review and recommend to the Board the business strategy of ICICI Bank.

Composition

The Business Strategy Committee comprises five Directors. It is chaired by N. Vaghul and a majority of its members are independent Directors. There was one meeting of the Committee during the year. The details of composition of the Committee and attendance at the meeting are given below:

Name of Member	Number of Meetings attended
N. Vaghul, Chairman	1
Anupam Puri	
R. Seshasayee	1
P. M. Sinha	
K. V. Kamath	1

VII. Credit Committee

Terms of Reference

The functions of the Committee include review of developments in key industrial sectors and approval of credit proposals as per authorisation approved by the Board.

Composition

The Credit Committee comprises four Directors. It is chaired by N. Vaghul and a majority of its members are independent Directors. There were six meetings of the Committee during the year.

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Directors Report

The details of composition of the Committee and attendance at its meetings are given below:

Name of Member	Number of Meetings attended
N. Vaghul, Chairman	6
Satish C. Jha	4
Somesh R. Sathe	5
K. V. Kamath	6

VIII. Risk Committee**Terms of Reference**

The Committee reviews ICICI Bank's risk management policies in relation to various risks (portfolio, liquidity, interest-rate, off-balance sheet and operational risks), investment policies and strategy, and regulatory and compliance issues in relation thereto.

Composition

The Risk Committee comprises four Directors. It is chaired by N. Vaghul and a majority of its members are independent Directors. There were four meetings of the Committee during the year. The details of composition of the Committee and attendance at its meetings are given below:

Name of Member	Number of Meetings attended
N. Vaghul, Chairman	4
Uday M. Chitale	3

Marti G. Subrahmanyam	4
K. V. Kamath	2

IX. Share Transfer & Shareholders /Investors Grievance Committee

Terms of Reference

The functions and powers of the Committee include approval and rejection of transfer or transmission of equity and preference shares, bonds, debentures and securities, issue of duplicate certificates, allotment of shares and securities issued from time to time, including those under stock options, review and redressal of shareholders and investors complaints, the opening and operation of bank accounts for payment of interest and dividend and the listing of securities on stock exchanges.

Composition

The Share Transfer & Shareholders /Investors Grievance Committee comprises four Directors and is chaired by Uday Chitale, an independent Director. There were 13 meetings of the Committee during the year.

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Directors Report

The details of composition of the Committee and attendance at its meetings are given below:

Name of Member	Number of Meetings attended
Uday M. Chitale, Chairman	12
Somesh R. Sathe	11
H. N. Sinor	12
Kalpana Morparia	9

Chanda D. Kochhar has been appointed as a Member of the Committee effective June 1, 2003 in place of H. N. Sinor.

Jyotin Mehta, General Manager & Company Secretary, is the Compliance Officer. Of the total of 3,468 shareholders complaints received in fiscal 2003, 3,452Lcomplaints were processed to the satisfaction of shareholders. At March 31, 2003,

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16Lcomplaints were pending. No applications were pending for transfer of shares as on March 31, 2003.

Prior to its dissolution on May 3, 2002, the Share Transfer Committee of ICICI Bank prior to the merger had met five times. The details of composition of the Committee and attendance at its meetings are given below:

Name of Member	Number of Meetings attended
H. N. Sinor	5
Lalita D. Gupte	3
Chanda D. Kochhar	5
Nachiket Mor	3

X. Committee of Directors

Terms of Reference

The powers of the Committee include review of performance against targets for various business segments and credit approvals as per authorisation approved by the Board, borrowing and treasury operations and premises and property related matters.

Composition

The Committee of Directors consists of all the wholetime Directors and is chaired by K. V. Kamath, Managing Director & CEO.

XI. Asset Liability Management Committee

Terms of Reference

The functions of the Committee include management of the balance sheet of the Bank, review of the asset-liability profile of the Bank with a view to manage the market risk exposure assumed by the Bank and deciding the deposit rates and Prime Lending Rates (PLR) of the Bank.

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Directors Report

Composition

The Asset Liability Management Committee consists of five wholetime Directors and is chaired by Lalita D. Gupte, Joint Managing Director.

XII. General Body Meetings

The details of General Body Meetings held in the last three years are given below:

General Body Meeting	Day & Date	Time	Venue
Fourth Extraordinary General Meeting	Monday, February 21, 2000	3.00 p.m.	Professor Chandravadan Mehta Auditorium, General Education Centre, Opposite D. N. Hall
Sixth Annual General Meeting	Monday, May 29, 2000	3.00 p.m.	Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002
Fifth Extraordinary General Meeting	Friday, January 19, 2001	12.30 p.m.	Central Gujarat Chamber of Commerce Auditorium, Second Floor, Vanijya Bhavan, Race
Seventh Annual General Meeting	Monday, June 11, 2001	3.00 p.m.	Course Circle, Vadodara 390 007
Sixth Extraordinary General Meeting	Friday, January 25, 2002	3.00 p.m.	
Eighth Annual General Meeting	Monday, September 16, 2002	2.00 p.m.	Professor Chandravadan Mehta Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002

The procedure of postal ballot was carried out for the Special Resolution relating to amendment to the Object Clause of the Memorandum of Association. Jayesh Gandhi, Partner of N. M. Rajji & Co., Chartered Accountants, was appointed Scrutinizer for conducting the postal ballot process. Notice was sent to 6,06,400 shareholders with the last date for receiving the postal ballot forms by the Scrutinizer as September 11, 2002 and, till that date, 45,572 forms were received. According to

the Scrutinizer's Report, 42,843 equity shareholders (excluding 2,729 invalid forms), representing 26,85,94,550 equity shares had cast their votes. 41,052 equity shareholders holding 26,84,27,807 equity shares had voted in favour of the Resolution and 1,791 equity shareholders holding 1,66,743 equity shares had voted against the Resolution. The results of the postal ballot were announced at the Eighth Annual General Meeting of the Bank held on September 16, 2002.

No Resolutions are proposed to be voted on through postal ballot this year.

Directors Report

XIII. Disclosures

1. There were no materially significant transactions with related parties i.e. promoters, Directors or the Management, their subsidiaries or relatives, conflicting with the Bank's interests.
2. There were no instances of non-compliance in respect of any matter related to the capital markets, during the last three years.

XIV. Means of Communication

It is ICICI Bank's belief that all stakeholders should have access to complete information regarding its position to enable them to accurately assess its future potential. ICICI Bank disseminates information on its operations and initiatives on a regular basis. The ICICI Bank website (www.icicibank.com) serves as a key awareness facility for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on ICICI Bank's strategy, business segments, financial performance, operational performance, share-price movements and displays the latest press releases. ICICI Bank's dedicated investor relations personnel respond to specific queries and play a proactive role in disseminating information to both analysts and investors. In accordance with Securities and Exchange Board of India (SEBI) and Securities Exchange Commission (SEC) guidelines, all information which could have a material bearing on ICICI Bank's share price is released at the earliest through leading domestic and global wire agencies. ICICI Bank also circulates its half-yearly results to all its shareholders. As required by SEBI and the listing agreements, ICICI Bank has been filing its financial and other information on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC) from July 2002.

ICICI Bank's quarterly financial results are published in the Financial Express (Ahmedabad, Bangalore, Chandigarh, Chennai, Delhi, Kochi, Kolkata and Mumbai editions) and in Sandesh/Vadodara Samachar (Vadodara). The financial results, official news releases and presentations are also displayed on the website.

The Management's Discussion & Analysis forms part of the Annual Report.

XV. General Shareholder Information

Ninth Annual General Meeting

Date	Time	Venue
Monday, August 25, 2003	2.00 p.m.	Professor Chandravadan Mehta Auditorium, General

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Education Centre, Opposite D. N. Hall Ground, The Maharaja

Sayajirao University, Pratapgunj, Vadodara 390 002

Financial Calendar : April 1 to March 31

Book Closure : August 6, 2003 to August 25, 2003

Dividend Payment Date : On and from August 26, 2003

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Directors Report

Listing on Stock Exchanges (with stock code)

Stock Exchange	Code for ICICI Bank
Vadodara Stock Exchange Limited (Regional) ¹ Fortune Towers, Sayajigunj, Post Box No. 2547, Vadodara 390 005	32174
The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	32174
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai 400 051	EQ
The Calcutta Stock Exchange Association Limited ¹ 7, Lyons Range, Kolkata 700 001	19268
The Delhi Stock Exchange Association Limited ¹ DSE House, 3/1 Asaf Ali Road, New Delhi 110 002	009187
Madras Stock Exchange Limited ¹	IBCL

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Exchange Building , Post Box No. 183, 11, Second Line Beach, Chennai 600 001

New York Stock Exchange (American Depositary Receipts)²

IBN

11, Wall Street, New York, NY 10005, United States of America

¹ Proposed to be delisted.

² Each American Depositary Receipt (ADR) of ICICI Bank represents two underlying equity shares.

ICICI Bank has paid annual listing fees for fiscal 2004 on its capital to all the stock exchanges where its securities are listed.

Market Price Information

The reported high and low closing prices and volume of equity shares of ICICI Bank traded during fiscal 2003 on the Stock Exchange, Mumbai (BSE) and National Stock Exchange (NSE) are given in the following table :

Month	BSE			NSE			Total volume on BSE and NSE
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume	
April 2002	131.40	111.05	1,319,327	131.50	111.00	2,509,386	3,828,713
May 2002	152.00	111.60	4,302,055	154.95	111.50	7,807,728	12,109,783
June 2002	164.50	133.50	4,455,797	164.40	133.15	8,430,066	12,885,863
July 2002	157.25	135.10	4,025,396	158.40	134.30	9,599,213	13,624,609
August 2002	145.50	131.10	2,116,953	145.85	130.10	4,426,936	6,543,889
September 2002	147.80	130.00	109,731,418	147.50	131.50	7,695,637	117,427,055
October 2002	145.75	122.25	4,004,941	145.60	122.70	7,195,466	11,200,407
November 2002	140.00	109.25	9,189,715	141.10	109.40	16,611,040	25,800,755
December 2002	153.20	130.20	6,361,098	153.45	130.00	14,996,542	21,357,640
January 2003	155.65	131.55	10,669,806	155.95	131.65	19,187,571	29,857,377
February 2003	152.80	139.50	5,330,486	153.00	135.00	12,455,504	17,785,990
March 2003	152.40	132.00	8,365,877	152.10	132.00	13,172,746	21,538,623

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Fiscal 2003	164.50	109.25	169,872,869	164.40	109.40	124,087,835	293,960,704
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Source: BSE and NSE

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Directors Report

The reported high and low closing prices and volume of ADRs of ICICI Bank traded during fiscal 2003 on the New York Stock Exchange (NYSE) are given below:

Month	High (US\$)	Low (US\$)	Number of ADRs traded
April 2002	6.60	4.92	46,922
May 2002	8.06	4.89	129,177
June 2002	8.31	6.28	118,320
July 2002	7.54	5.74	94,931
August 2002	6.80	5.40	134,327
September 2002	6.56	5.52	100,905
October 2002	6.28	5.60	102,108
November 2002	6.15	4.70	269,280
December 2002	7.00	5.60	147,219
January 2003	7.15	6.06	121,766
February 2003	7.15	6.63	121,026
March 2003	7.17	6.20	113,485
Fiscal 2003	8.31	4.70	1,499,466

Source: Yahoo Finance

The performance of the ICICI Bank equity share relative to the BSE Sensitive Index (Sensex) is given in the following chart:

Share Transfer System

ICICI Bank's investor services are handled by ICICI Infotech Limited (ICICI Infotech). ICICI Infotech operates in the following main areas of business: software consultancy and development, IT-enabled services, IT infrastructure and network and facilities management services. ICICI Infotech has received the ISO 9001 certification for its transaction processing activities.

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Directors Report

As per SEBI guidelines, ICICI Bank shares are being traded only in dematerialised form. During the year, 3,682,781 shares of ICICI Bank were transferred into electronic mode, involving 30,340 certificates. At March 31, 2003 about 96.11% of ICICI Bank's paid-up equity (including equity shares represented by ADRs constituting 26.10% of the paid-up equity share capital) comprising 589,219,692 shares had been dematerialised.

Physical share transfers are registered and returned typically, within a period of, seven days from the date of receipt, if the documents are correct and valid in all respects. A letter is sent to the shareholder giving an option to receive shares in physical or dematerialised mode. A period of 30 days is given to the shareholder for sending his intimation. The shareholder then receives the shares in the form he exercises his option for. No applications for transfer of equity shares were pending as on March 31, 2003.

The number of shares of ICICI Bank transferred during the last three years is given below:

	Fiscal 2001	Fiscal 2002	Fiscal 2003
Number of transfer deeds	7,703	2,114	8,140
Number of shares transferred	811,600	315,038	1,126,355

As required under Clause 47(c) of the listing agreements entered into by ICICI Bank with stock exchanges, a half-yearly certificate is being obtained from a firm of practising Company Secretaries, in regard to, *inter alia*, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares and bonds in the nature of debentures within one month of their lodgement. The certificates are forwarded to stock exchanges where the equity shares are listed within 24 hours of issuance and also placed before the Board.

In terms of SEBI's circular no. D&CC/FITTC/CIR-16 dated December 31, 2002, a Secretarial Audit is being conducted on a quarterly basis by a firm of Chartered Accountants, for the purpose of, *inter alia*, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/paid-up equity capital of ICICI Bank. Certificates issued in this regard are placed before the Share Transfer & Shareholders /Investors Grievance Committee and forwarded to stock exchanges where the equity shares of ICICI Bank are listed.

For any share-related queries, please call ICICI Infotech at +91-22-5592 8000, fax your query +91-22-5591 2480/81 or email to investor@icicibank.com.

Registrar and Transfer Agents

The Registrar and Transfer Agents of ICICI Bank is ICICI Infotech Limited. Investor services related queries may be directed to T. V. Rangaswami at either of the addresses below:

ICICI Infotech Limited
International Infotech Park
Tower 5, 4th Floor
Navi Mumbai 400 705, Maharashtra
Tel.: +91-22-5592 8000
Fax: +91-22-5591 2480/81

ICICI Infotech Limited
Maratha Mandir Annexe, Maratha Mandir
Dr. A. R. Nair Road
Near Mumbai Central Station
Mumbai 400 008

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Queries relating to the operational and financial performance of ICICI Bank may be addressed to:

Rakesh Jha / Anindya Banerjee
 ICICI Bank Limited
 ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051
 Tel.: +91-22-2653 1414, Fax: +91-22-2653 1175, E-mail: ir@icicibank.com

Information on Shareholding

Shareholding pattern of ICICI Bank at March 31, 2003

Shareholder Category	Shares	% holding
Deutsche Bank Trust Company Americas (as Depositary for ADR holders)	160,022,118	26.10
FII's and NRIs	236,644,243	38.60
Insurance Companies	94,714,564	15.45
Bodies Corporate	30,258,750	4.94
Unit Trust of India I & II	20,341,225	3.32
Banks and Financial Institutions	6,579,125	1.07
Mutual Funds	8,720,080	1.42
Individuals	55,754,299	9.10
Total	613,034,404	100.00

Shareholders of ICICI Bank with more than one per cent holding at March 31, 2003

Name of the Shareholder	Number of Shares	% to Total Number of Shares
Deutsche Bank Trust Company Americas (as Depositary for ADR holders)	160,022,118	26.10

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Life Insurance Corporation of India	50,948,413	8.31
Orcasia Limited	46,231,626	7.54
Government of Singapore*	42,478,330	6.93
Bajaj Auto Limited	21,519,880	3.51
Unit Trust of India I & II	20,341,225	3.32
M and G Investment Management Limited	18,980,477	3.10
The New India Assurance Company Limited	17,276,695	2.82
Emerging Markets Growth Fund Inc.	13,193,690	2.15
General Insurance Corporation of India	9,881,295	1.61
National Insurance Company Limited	8,425,659	1.37
Templeton Inv. Counsel LLC A/c Templeton foreign equity series	6,433,958	1.05
Emerging markets management LLC A/c EMSAF Mauritius	6,181,821	1.01

* Government of Singapore comprises:

Government of Singapore	26,373,458	4.30
Monetary Authority of Singapore-J	7,417,350	1.21
Monetary Authority of Singapore	4,790,568	0.78
Monetary Authority of Singapore-B	3,057,566	0.50
Government of Singapore Investment Corporation A/c		
Government of Singapore-E	839,388	0.14

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Directors Report

Distribution of shareholding of ICICI Bank at March 31, 2003

Range	Number of Folios	% of total	Number of shares	% of total
Up to 1,000	564,492	99.14	45,992,798	7.50

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1,001-5,000	4,066	0.72	7,870,906	1.28
5,001-10,000	341	0.06	2,399,332	0.39
10,001-50,000	253	0.04	5,272,716	0.86
50,001 & above	250	0.04	551,498,652	89.97
<hr/>				
Total	569,402	100.00	613,034,404	100.00
<hr/>				

Outstanding GDRs/ADRs/Warrants or any Convertible Debentures, conversion date and likely impact on equity

ICICI Bank has about 80 million ADRs (equivalent to about 160 million equity shares) outstanding, which constitute 26.10% of ICICI Bank's total equity capital. Currently, there are no convertible debentures outstanding except Euro Convertible Bonds (ECB) issued by ICICI amounting to USD 0.40 million outstanding as on March 31, 2003. As per the terms of the ECB agreement, the bondholder has a right to convert the bond into fully-paid non-assessable shares at any time during the conversion period which began on January 2, 1994 and would end at the close of business on March 1, 2004. The last date of redemption of the outstanding ECBs is April 1, 2004. The impact of conversion of ECBs on equity will be insignificant.

Plant Locations Not applicable

Address for Correspondence

Jyotin Mehta
 General Manager & Company Secretary
 ICICI Bank Limited
 ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051
 Tel.: +91-22-2653 1414, Fax: +91-22-2653 1122, E-mail: jyotin.mehta@icicibank.com

A majority of the non-mandatory requirements with respect to corporate governance have also been complied with.

COMPLIANCE CERTIFICATE OF THE AUDITORS

ICICI Bank has annexed to this report a certificate obtained from the statutory auditors, viz. N. M. Rajji & Co. and S. R. Batliboi & Co., Chartered Accountants, regarding compliance of conditions of corporate governance as stipulated in clause 49 of the listing agreement.

EMPLOYEE STOCK OPTION SCHEME

Since fiscal 2000, ICICI Bank has instituted an Employee Stock Option Scheme (ESOS) to enable its employees, including wholetime Directors, to participate in the future growth and financial success of the Bank. As per

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Directors Report

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the ESOS as amended by the Scheme of Amalgamation of ICICI, ICICI PFS and ICICI Capital with ICICI Bank, the maximum number of options granted to any employee is limited to 0.05% of ICICI Bank's issued equity shares at the time of the grant, and the aggregate of all such options is limited to 5% of ICICI Bank's issued equity shares after the merger of ICICI with ICICI Bank. The options vest in a graded manner over a three-year period, with 20%, 30% and 50% of the grants vesting in each year, commencing not earlier than 12 months from the date of grant. The options can be exercised within ten years from the date of grant or five years from the date of vesting, whichever is later. The exercise price of the options is the closing market price on the stock exchange which records the highest trading volume on the date of grant.

On the basis of the recommendation of the Board Governance & Remuneration Committee, the Board at its meeting on April 25, 2003 approved a grant of 7.3 million options for fiscal 2003 to eligible employees (including wholetime Directors). Each option confers on the employee a right to apply for one equity share of Rs. 10 of ICICI Bank at Rs. 132.05, the closing market price on the date of the grant on the National Stock Exchange, which recorded the highest trading volume on that date.

The total number of shares of ICICI Bank covered by the ESOS as approved by the shareholders is 30,651,720. The particulars of options granted by ICICI Bank as at June 27, 2003 are given below:

Options granted	21,248,975
Options vested	6,260,605
Options exercised	22,970
Options forfeited/lapsed	1,289,350
Extinguishment or modification of options	
Amount realised by sale of options	3,578,812
Total number of options in force	19,936,655

Options granted by ICICI Bank to senior managerial personnel for fiscal 2003 are as follows: K. V. Kamath 1,20,000, H. N. Sinor 100,000, Lalita Gupte 110,000, Kalpana Morparia 100,000, S. Mukherji 100,000, Chanda Kochhar 80,000, Nachiket Mor 80,000, Ramni Nirula 75,000, Balaji Swaminathan 75,000 and P. H. Ravikumar 44,000. No employee has a grant, in any one year, of options amounting to 5% or more of total options granted during that year. No employee was granted options during any one year equal to or exceeding 0.05% of the issued capital of ICICI Bank at the time of the grant.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss of the Bank for that period;

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Directors Report

3. that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Banking Regulation Act, 1949 and the Companies Act, 1956 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities; and

4. that they have prepared the annual accounts on a going-concern basis.

ACKNOWLEDGEMENTS

ICICI Bank is grateful to the Government of India, RBI and SEBI, for their continued co-operation, support and advice. ICICI Bank is thankful to the domestic and international banking community, rating agencies and stock exchanges for their support in resource mobilisation.

ICICI Bank would also like to take this opportunity to express sincere thanks to its valued clients and customers, including depositors and bondholders, for their continued patronage. The Directors express their deep sense of appreciation to all employees, who continue to display outstanding professionalism and commitment, enabling the organisation to achieve market leadership in its business operations and to operate successfully as a universal bank. Finally, the Directors wish to express their gratitude to the Members for their continued trust and support.

For and on behalf of the Board

Place : Mumbai
Date : July 11, 2003

N. VAGHUL
Chairman

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of ICICI Bank Ltd.

We have examined the compliance of conditions of corporate governance by ICICI Bank Ltd. for the year ended on March 31, 2003, as stipulated in clause 49 of the Listing Agreement of the said Bank with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Bank as per records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For N. M. RAIJI & CO.
Chartered Accountants

For S. R. BATLIBOI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner

per VIREN H. MEHTA
a Partner

Mumbai: April 25, 2003

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Management s Discussion & Analysis

FINANCIALS AS PER INDIAN GAAP

The Appointed Date for the merger of erstwhile ICICI Limited (ICICI) and two of its wholly-owned subsidiaries, ICICI Personal Financial Services Limited (ICICI PFS) and ICICI Capital Services Limited (ICICI Capital) with ICICI Bank (the merger) was March 30, 2002. Accordingly, ICICI Bank's profit and loss account for fiscal 2003 includes the full impact of the merger, whereas the Bank's profit and loss account for fiscal 2002 included the results of operations of ICICI, ICICI PFS and ICICI Capital for only two days i.e. March 30 and 31, 2002. ICICI Bank's profit and loss account for fiscal 2003 is therefore not comparable with the profit and loss account for fiscal 2002.

ICICI Bank's operating profit (profit before provisions and tax, excluding gain on sale of ICICI Bank shares) increased to Rs. 13.80 billion in fiscal 2003 as compared to Rs. 5.45 billion in fiscal 2002. During fiscal 2003, the ICICI Bank Shares Trust divested 101.4 million shares of the Bank (transferred to the Trust by ICICI prior to the merger in accordance with the Scheme of Amalgamation) to strategic and institutional investors, resulting in capital gains of Rs. 11.91 billion for the Bank. During fiscal 2003, the Bank made total provisions and write-offs (including accelerated/ additional provisions and write-offs against loans and investments, primarily relating to ICICI's portfolio) of Rs. 17.91 billion. On account of deferred tax asset arising out of provisions made in fiscal 2003 and utilisation of fair value provisions against ICICI's portfolio created at the time of the merger and after taking into account the tax charge for the period, there was a net credit of Rs. 4.26 billion on account of Income tax. Profit after tax for fiscal 2003 was Rs. 12.06 billion compared to Rs. 2.58 billion for fiscal 2002.

Operating Results Data

	Rs. billion	
	<i>Fiscal 2002</i>	Fiscal 2003
Interest income	21.52	93.68
Interest expenditure	15.59	79.44
Net interest income	5.93	14.24
Non-interest income	5.75	19.67
Fee income ¹	2.72	8.47
Treasury income ²	2.92	4.47
Lease income	0.11	5.37
Others		1.36
Operating income	11.68	33.91
Operating expense	5.98	15.35
Direct Marketing Agent (DMA) expense ³	0.14	1.62
Lease depreciation	0.11	3.14
Operating profit	5.45	13.80
Profit on sale of ICICI Bank shares		11.91
Provisions (including additional/accelerated provisions), net of write-backs	2.55	17.91
Tax, net of deferred tax	0.32	(4.26)

Profit after tax	2.58	12.06
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1 Includes merchant foreign exchange income.

2 Excludes merchant foreign exchange income.

3 Other than on auto loans, which is reduced from the interest income.

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Management's Discussion & Analysis

Net Interest Income and Spread Analysis

	Rs. billion, except percentages	
	<i>Fiscal 2002</i>	Fiscal 2003
Average interest-earning assets	222.39	905.16
Interest income	21.52	92.391
Average interest-bearing liabilities	207.37	891.62
Total interest expenses	15.59	79.44
Net interest income	5.93	12.95
Net interest margin	2.67%	1.43%
Average yield (1)	9.68%	10.21%
Average cost of funds (2)	7.52%	8.91%
<i>Average cost of deposits</i>	7.28%	6.77%
Yield spread (1) (2)	2.16%	1.30%

1 Excluding dividend income of Rs. 1.29 billion.

The total interest income increased to Rs. 92.39 billion (excluding all dividend income) in fiscal 2003 compared to Rs. 21.52 billion in fiscal 2002, due to an increase in the average volume of interest-earning assets to Rs. 905.16 billion in fiscal 2003 from Rs. 222.39 billion in fiscal 2002. The yield on average interest earning assets was 10.21% for fiscal 2003 compared to 9.68% for fiscal 2002. The increase in yield was primarily on account of the higher-yielding loan portfolio of ICICI transferred to the Bank on merger. This was offset by the increase in lower-yielding Government securities portfolio and cash reserves with RBI, in compliance with Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) requirements on ICICI's outstanding liabilities transferred to the Bank on merger. The average volume of investment in Government securities increased by about Rs. 161.50 billion to Rs. 246.19 billion in fiscal 2003. ICICI Bank reduces the amortisation of premium on SLR investments in the Held-to-Maturity category from the interest income. This amortisation charge was Rs. 1.36 billion for fiscal 2003. ICICI Bank also reduces Direct Marketing Agent (DMA) commissions on auto loans from the interest income. These commissions are expensed upfront and not amortised. The auto DMA commissions reduced from the interest income in fiscal 2003 were Rs. 1.57 billion. Interest income also includes Rs. 0.24 billion of interest on Income-tax refund.

During fiscal 2003, the Bank adopted a new accounting policy for non-accrual of income on certain loans, including assistance to projects under implementation where the implementation has been significantly delayed and, in the opinion of the management, significant uncertainties exist as to the final financial closure and/or date of completion of the project; although such non-accrual is not required by RBI norms. Dividend income (other than from subsidiaries) of Rs. 1.29 billion (including Rs. 0.53 billion of dividend income from mutual fund units) is included in interest income in accordance with RBI norms, but is excluded for the purpose of spread analysis.

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Management s Discussion & Analysis

Aggregate interest expense increased to Rs. 79.44 billion in fiscal 2003 from Rs. 15.59 billion in fiscal 2002, due to increase in average interest bearing liabilities to Rs. 891.62 billion for fiscal 2003 from Rs. 207.37 billion for fiscal 2002 and increase in total cost of funds to 8.91% in fiscal 2003 from 7.52% in fiscal 2002. The increase in cost of funds was primarily due to the impact of the higher-cost borrowings of ICICI transferred to the Bank on merger. This was partially offset by the repayment of Rs. 224.00 billion of ICICI s liabilities and reduction in the cost of deposits. The average cost of deposits declined to 6.77% for fiscal 2003 from 7.28% for fiscal 2002.

ICICI Bank s net interest margin and yield spread were adversely impacted by the large investments made in Government securities and cash balances with RBI in the latter half of fiscal 2002 to comply with SLR and CRR requirements on ICICI s outstanding higher-cost liabilities transferred to the Bank on merger. The yield spread decreased by 86 basis points to 1.30% in fiscal 2003 from 2.16% in fiscal 2002.

Non-Interest Income

Non-interest income increased to Rs. 19.67 billion in fiscal 2003 as compared to Rs. 5.75 billion in fiscal 2002. The components of non-interest income are discussed below:

Fee Income

Fee income increased to Rs. 8.47 billion in fiscal 2003 as compared to Rs. 2.72 billion in fiscal 2002. Retail banking fee income increased to Rs. 3.21 billion in fiscal 2003 as compared to Rs. 1.07 billion in fiscal 2002, primarily due to the growth in loan-processing fees, income from credit cards and other retail banking services. The number of credit cards increased to about 1 million at March 31, 2003 from about 0.6 million at March 31, 2002. Corporate banking fee income increased to Rs. 5.26 billion in fiscal 2003 from Rs. 1.65 billion in fiscal 2002, driven primarily by increase in transaction banking and other fees.

Treasury Income

The total income from treasury-related activities increased to Rs. 4.47 billion in fiscal 2003 from Rs. 2.92 billion in fiscal 2002, due to the increase in trading profits on Government securities and corporate debt trading as a result of the declining interest rate environment. Profit from foreign exchange transactions is net of forward premium expenses of Rs. 0.64 billion on foreign currency liabilities.

Lease Income

Leased assets of Rs. 22.27 billion were transferred to the Bank from ICICI on merger. Leased assets of Rs. 17.70 billion were outstanding at March 31, 2003. Gross lease income for fiscal 2003 was Rs. 5.37 billion and the related lease depreciation was Rs. 3.14 billion.

Others

Other non-interest income in fiscal 2003 includes dividend income received from subsidiaries of Rs. 1.09 billion.

Management's Discussion & Analysis

Operating Expense

Operating expense for fiscal 2003 was Rs. 15.35 billion (excluding lease depreciation of Rs. 3.14 billion and DMA expense of Rs. 1.62 billion) compared to Rs. 5.98 billion for fiscal 2002. The increase in operating expense was primarily due to inclusion of the operations of ICICI, ICICI Capital and ICICI PFS and the growth in the retail franchise, including lease and maintenance of ATMs, credit card expenses, call centre expenses and technology expenses. The number of savings accounts increased to about 4.26 million at March 31, 2003 from about 2.1 million at March 31, 2002. The credit and debit cards increased to about 4.50 million at March 31, 2003 from about 1.30 million at March 31, 2002. The number of ATMs increased to 1,675 at March 31, 2003 from 1,000 at March 31, 2002. The operating expenses as a percentage to average assets was 1.46% for fiscal 2003 compared to 2.55% for fiscal 2002.

The following table sets forth, for the periods indicated, the break-up of the principal components of operating expense.

	Rs. billion	
	<i>Fiscal 2002</i>	Fiscal 2003
Salary	1.47	4.03
Rents, taxes & lighting	0.66	1.12
Printing & stationery	0.35	0.75
Postage & courier	0.38	1.04
Repairs & maintenance	0.78	1.45
Insurance	0.14	0.25
Bank charges	0.12	0.23
Depreciation	0.52	1.91
Others	1.56	4.57
Operating expenses	5.98	15.35

DMA Expense

ICICI Bank incurred DMA expenses of Rs. 1.62 billion on the retail asset portfolio (other than auto loans). Retail assets increased to Rs. 191.32 billion at March 31, 2003 from Rs. 61.25 billion at March 31, 2002.

Provisions and Write-offs

ICICI Bank makes provisions/write-offs aggregating 50% of the secured portion of non-performing assets over a three-year period instead of the five-and-a-half year period prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are fully provided for / written off. Additional provisions are made against specific non-performing assets if considered necessary by the management. For restructured or rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which require that the difference between the present values of the future interest as per the original loan agreement and the

present values of future interest on the basis of the rescheduled terms be provided at the time of restructuring.

Management's Discussion & Analysis

ICICI Bank has adopted a conservative general provisioning policy for its standard asset portfolio. The Bank had already created fair valuation provisions against the corporate and project finance portfolio acquired from ICICI in the merger. While Reserve Bank of India guidelines require only a 0.25% general provision against standard assets, ICICI Bank makes additional general provisions against standard assets having regard to overall portfolio quality, asset growth, economic conditions and other risk factors. During the year, ICICI Bank also made additional/accelerated provisions against loans and other assets, primarily relating to ICICI's portfolio.

ICICI Bank made aggregate provisions and write-offs of Rs. 17.91 billion, net of write-backs, in fiscal 2003.

Income-Tax Expense

On account of deferred tax asset arising out of provisions made in fiscal 2003 and utilisation of fair value provisions against ICICI's portfolio created at the time of the merger and after taking into account the tax charge for the period, there was a net credit of Rs. 4.26 billion on account of Income tax. Deferred-tax asset has been accounted for in accordance with the provisions of Accounting Standard 22 issued by the Institute of Chartered Accountants of India, which requires recognition of deferred-tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Charge to profit for tax expense in fiscal 2002 was Rs. 0.32 billion after deferred-tax credit of Rs. 0.90 billion.

FINANCIAL CONDITION

The following table sets forth, for the periods indicated, the summarised balance sheet of ICICI Bank.

Rs. billion

	<i>March 31,</i>		March 31,	
	<i>2002</i>		2003	
Assets:				
Cash, balances with banks & SLR	<i>355.78</i>		320.72	
Cash & balances with RBI & banks	<i>127.86</i>		64.89	
SLR investments	<i>227.92</i>		255.83	
Advances	<i>470.35</i>		532.79	
Debentures & bonds	<i>64.36</i>		56.90	
Other investments	<i>66.63</i>		41.89	
Fixed assets	<i>42.39</i>		40.61	
Other assets	<i>41.55</i>		75.21	

Total assets	1,041.06		1,068.12
Liabilities:			
Equity capital & reserves	62.45		69.33
Equity capital	6.13		6.13
Reserves	56.32		63.20
Preference capital	3.50		3.50
Deposits	320.85		481.69
Savings deposits	24.97		37.93
Current deposits	27.36		36.89
Term deposits	268.52		406.87
Borrowings	589.70		440.52
Of which: Subordinated debt ¹	97.51		97.50
Other liabilities	64.56		73.08
Total liabilities	1,041.06		1,068.12

¹ Included in other liabilities in schedule 5 of the balance sheet.

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Management's Discussion & Analysis

ICICI Bank's total assets increased marginally to Rs. 1,068.12 billion at March 31, 2003 from Rs. 1,041.06 billion at March 31, 2002. Net advances increased to Rs. 532.79 billion at March 31, 2003 from Rs. 470.35 billion at March 31, 2002. Retail assets increased to about Rs. 191.32 billion at March 31, 2003 constituting about 18% of total assets as compared to about 6% of total assets at March 31, 2002. Cash, balances with Reserve Bank of India and banks, money at call and short notice and SLR investments at March 31, 2003 were Rs. 320.72 billion compared to Rs. 355.78 billion at March 31, 2002. Total investments at March 31, 2003 decreased marginally to Rs. 354.62 billion compared to Rs. 358.91 billion at March 31, 2002. SLR investments included in total investments were Rs. 255.83 billion at March 31, 2003 compared to Rs. 227.92 billion at March 31, 2002. Other assets increased to Rs. 75.21 billion at March 31, 2003 from Rs. 41.55 billion at March 31, 2002. Other assets at March 31, 2003 include Rs. 15.32 billion of application money on shares and debentures, while at March 31, 2002, application money on shares debentures (aggregating Rs. 9.21 billion at that date) were included in investments.

The net worth at March 31, 2003 increased to Rs. 69.33 billion from Rs. 62.45 billion at March 31, 2002. Total deposits increased 50.1% to Rs. 481.69 billion at March 31, 2003 from Rs. 320.85 billion at March 31, 2002. ICICI Bank's savings account deposits increased to Rs. 37.93 billion at March 31, 2003 from Rs. 24.97 billion at March 31, 2002, while current account deposits increased to Rs. 36.89 billion at March 31, 2003 from Rs. 27.36 billion at March 31, 2002. Term deposits increased to Rs. 406.87 billion at March 31, 2003 from Rs. 268.52 billion at March 31, 2002. Of the term deposits, value-added savings / current account deposits were about Rs. 85.74 billion at March 31, 2003 compared to about Rs. 53.42 billion at March 31, 2002. Total deposits at March 31, 2003 constituted 52.2% of ICICI Bank's funding. Borrowings (including subordinated debt) decreased to Rs. 440.52 billion at March 31, 2003 from Rs. 589.70 billion at March 31, 2002. Of the total borrowings, borrowings raised by ICICI prior to the merger declined

to Rs. 372.50 billion at March 31, 2003 from Rs. 582.10 billion at March 31, 2002. ICICI Bank raised about Rs. 25.00 billion through bond issues in the last quarter of fiscal 2003.

ICICI Bank's total capital adequacy ratio at March 31, 2003 at 11.10% (including Tier-I capital adequacy of 7.05%) was significantly higher than the minimum requirement of 9% as per regulatory norms. Deferred-tax asset of Rs. 4.88 billion has been deducted from Tier-I capital in compliance with RBI guidelines. In accordance with RBI guidelines, Tier-I capital includes Rs. 2.31 billion out of the face value of Rs. 3.50 billion of 20-year non-cumulative preference shares issued to ITC Limited as a part of the scheme for merger of ITC Classic Finance Limited with ICICI. The table overleaf sets forth, for the periods indicated, details on ICICI Bank's capital adequacy ratio.

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Management's Discussion & Analysis

Rs. billion, except percentages

	March 31, 2002		March 31, 2003	
	Amount	% of Risk-weighted assets	Amount	% of Risk-weighted assets
Tier-I capital	58.87	7.47	58.07 ¹	7.05
Tier-II capital ²	31.25	3.97	33.39	4.05
Total capital	90.12	11.44	91.46	11.10
Risk-weighted assets	787.73		823.81	

¹ Deferred-tax asset of Rs. 4.88 billion netted off as per RBI guidelines.

² Includes general provisions of Rs. 1.54 billion in fiscal 2002 and Rs. 3.08 billion in fiscal 2003.

Select Ratios

The following table sets forth, for the periods indicated, certain key ratios.

	Fiscal 2002	Fiscal 2003
Return on Net Worth (%)	17.75	18.30
Return on Assets ¹	1.10	1.15
Earnings per Share (Rs.)	11.61	19.68

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Book Value (Rs.)	101.88		113.10
Cost to income (%) ²	51.69		49.88
Cost to average assets (%) ²	2.55		1.46

¹ Return on assets is based on average daily assets.

² Cost includes operating expense excluding DMA expense and lease depreciation. Total income includes net interest income and non-interest income (excluding gain on sale of ICICI Bank shares and net of lease depreciation).

CONSOLIDATED ACCOUNTS

The consolidated profit after tax was Rs. 11.52 billion including the results of operations of subsidiaries and affiliates of ICICI that became subsidiaries and affiliates of the Bank on merger. Future bonus provisions and non-amortisation of expenses by ICICI Prudential Life Insurance Company in line with insurance company accounting norms had a negative impact of Rs. 1.09 billion on the Bank's consolidated profit. Life insurance companies worldwide require five to seven years to achieve break-even, in view of the business set-up and customer acquisition costs in the initial years as well as reserving for actuarial liability. The deficit in the initial years is usually higher for faster growing companies; the profit streams after break-even is achieved are expected to be correspondingly higher.

RECONCILIATION OF PROFITS AS PER INDIAN GAAP AND US GAAP

There are significant differences in the basis of accounting between US GAAP and Indian GAAP. Therefore, the financial statements under US GAAP and Indian GAAP for the Bank are not comparable. The impact of the key differences is set out overleaf:

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Management's Discussion & Analysis

- a. ICICI Bank's net worth as per US GAAP on March 31, 2003 was Rs. 92.21 billion, which was significantly higher than the consolidated net worth as per Indian GAAP of Rs. 66.72 billion.
- b. Under Indian GAAP, capital gains of Rs. 11.91 billion on the sale of shares of ICICI Bank and provisions of Rs. 17.91 billion were both accounted for in the profit and loss account. US GAAP requires the capital gains to be directly added to the net worth without being routed through the profit and loss account while provisions of Rs. 22.26 billion were accounted for in the profit and loss account under US GAAP.

Thus, while the US GAAP profit and loss account does not include the capital gains, it includes the full negative impact of the provisions.

- c. Under US GAAP, ICICI is deemed to have acquired ICICI Bank and therefore ICICI Bank's assets were fair-valued while accounting for the merger. Thus, ICICI Bank's investment portfolio on the date of the merger was marked-to-market with a positive impact on the value of the portfolio and the net worth. As a result, treasury gains of Rs. 4.47 billion realized during the year and recognized as treasury income under Indian GAAP were lower by Rs. 2.15 billion as this amount was already recognized in the opening net worth under US GAAP.

The technical accounting differences in respect of capital gains and treasury gains alone have a negative impact of Rs. 14.06 billion on the US GAAP profit and loss account, although the positive impact is accounted for in the net worth.

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As a result of the significant differences in the basis of accounting under US GAAP and Indian GAAP, the Bank's US GAAP accounts show a loss of Rs. 7.98 billion in fiscal 2003. A condensed reconciliation of consolidated profit after tax as per Indian GAAP with net income as per US GAAP for fiscal 2003 is set out in the following table :

	Rs. billion
Audited consolidated profit after tax as per Indian GAAP	11.52
Adjustments ¹:	
Profit on sale of ICICI Bank shares	(11.91)
Higher provision for loans & investments through profit & loss account in US GAAP as compared to Indian GAAP	(4.93)
Lower treasury income, already reflected in US GAAP stockholders equity due to fair valuation of HTM securities on merger	(2.15)
Amortization of intangibles / debt issue cost / fair values (net)	(0.84)
Net impact of fee and expense amortization	0.49
Other adjustments (including deferred taxation)	(0.16)
Audited net income as per US GAAP	(7.98)

¹ Certain items have been aggregated/combined as considered appropriate.

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Management's Discussion & Analysis

ASSET QUALITY AND COMPOSITION

Loan Portfolio

ICICI Bank follows a strategy of building a diversified and de-risked asset portfolio and limiting or correcting concentrations in particular sectors.

ICICI Bank limits its exposure to any particular industry to 15.0% of its total exposure. The following table sets forth ICICI Bank's industry-wise exposure at March 31, 2002 and at March 31, 2003.

	Rs. billion, except percentages		
	<i>March 31,</i>		March 31,
	<i>2002</i>		2003
Industry	<i>% of total</i>		% of total
			Exposure¹

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Retail	7.9		22.8		191.32
Power	11.2		10.1		85.01
Iron & steel	11.1		9.6		80.42
Services	9.3		8.5		71.61
Telecommunications	5.1		5.2		44.03
Textiles	6.2		4.9		41.06
Crude petroleum & refining	5.4		4.1		34.11
Engineering	3.5		3.4		28.93
Electronics	2.9		2.7		22.41
Metal & metal products	2.5		2.4		20.04
Cement	2.8		2.3		19.31
Petrochemicals	1.2		2.1		17.83
Roads, ports & railways	1.4		1.9		16.28
Chemicals	2.5		1.7		13.96
Automobiles	2.3		1.6		13.50
Fertilisers	1.3		1.6		13.08
Paper & paper products	2.2		1.5		12.56
Food processing	1.4		1.4		11.83
Man-made fibres	1.5		1.4		11.52
Hotels	1.6		1.2		10.10
Sugar	1.1		1.0		8.60
Plastics	1.4		1.0		8.57
Shipping	1.0		0.8		6.98
Non-banking finance companies	1.3		0.7		5.92
Drugs & pharmaceuticals	1.2		0.7		5.53
Rubber & rubber products	0.5		0.3		2.91
Mining	1.1		0.3		2.62
Other infrastructure	0.3		0.2		1.87
Miscellaneous	8.8		4.6		38.68
Total	100.0		100.0		840.59

¹ Includes principal outstanding, charges and non-fund-based exposures at 50%.

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Management's Discussion & Analysis

At March 31, 2003, the largest exposure was to retail finance, which constituted 22.8% of total exposure. Other sectors that constituted a significant portion of exposure were power (10.1%), iron & steel (9.6%) and services (8.5%).

As per RBI guidelines, the current exposure ceiling for a single borrower is 15% of total capital and for a group of borrowers is 40% of total capital. However, in the case of financing for infrastructure projects, the limit for a single borrower may be extended to 20% of total capital and for a group may be extended to 50% of total capital. Total capital comprises Tier-I and Tier-II capital as defined for determining capital adequacy.

The largest borrower at March 31, 2003 accounted for approximately 2.4% of ICICI Bank's total exposure and 22.3% of ICICI Bank's total capital. The Bank has received RBI's permission to exceed the exposure limit for this borrower. The largest borrower group at March 31, 2003 accounted for approximately 4.8% of ICICI Bank's total exposure and 44.2% of ICICI Bank's total capital which is within the prescribed limit taking into account infrastructure financing. At March 31, 2003, ICICI Bank's ten largest individual borrowers in aggregate accounted for approximately 12.0% of its total exposure and its ten largest borrower groups in aggregate accounted for approximately 23.1% of its total exposure.

CLASSIFICATION OF LOAN ASSETS

All credit exposures are classified as per RBI guidelines into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets. The RBI guidelines require restructured assets to be separately disclosed.

The following table sets forth classification of net customer assets (net of write-offs and provisions) of ICICI Bank at March 31, 2002 and at March 31, 2003.

	Rs. billion	
	<i>March 31,</i>	March 31,
	<i>2002</i>	2003
Loss assets		
Doubtful assets	21.80	19.90
Sub-standard assets	12.57	12.52
Of which, restructured sub-standard assets	0.18	
Less: general provisions held against non-performing assets	7.16	0.91
Standard assets	548.05	609.00
Of which, restructured standard assets	46.98	89.43
Net customer assets	575.26	640.51

1 All loss assets have been written off or provided for.

2 Provisions of Rs. 0.91 billion are held as general provisions against non-performing assets at March 31, 2003.

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Management's Discussion & Analysis

The ratio of net non-performing assets to net customer assets increased marginally to 4.9% at March 31, 2003 from 4.7% at March 31, 2002. At March 31, 2003, the gross non-performing assets (net of write-offs) were Rs. 58.89 billion compared to Rs. 53.69 billion at March 31, 2002. Including write-offs against ICICI's assets, the gross non-performing loans at March 31, 2003 were Rs. 84.14 billion compared to Rs. 74.66 billion at March 31, 2002. The coverage ratio (i.e. total provisions and write-offs made against non-performing assets as a percentage of gross non-performing assets) at March 31, 2003 was 62.6% compared to 63.6% at March 31, 2002. In addition, ICICI Bank held a provision cover of 5.5% against its performing corporate portfolio.

At March 31, 2003, the net outstanding amount of the 20 largest non-performing cases where ICICI Bank has decided to recall loans and enforce its security interest against the borrowers was Rs. 6.76 billion with no individual borrower accounting for more than Rs. 1.19 billion. At March 31, 2003, the net outstanding amount of the 20 largest non-performing cases, other than where ICICI Bank had decided to recall loans, aggregated Rs. 10.36 billion, with no individual borrower accounting for more than Rs. 1.39 billion.

Classification of Non-Performing Loans by Industry

The following table sets forth the classification of net non-performing loans by industry sector at March 31, 2002 and March 31, 2003.

Rs. billion, except percentages

	March 31,		March 31,	
	2002		2003	
	% of total		% of total	Net
				outstanding
Textiles	15.1		16.3	5.27
Iron & steel	15.4		13.3	4.30
Man-made fibres	8.3		9.8	3.17
Engineering	7.0		8.9	2.90
Chemicals	7.9		8.7	2.83
Metal & metal products	5.8		6.9	2.23
Services	0.7		4.8	1.57

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Food processing	4.9		3.2		1.04
Paper & paper products	4.0		3.0		0.96
Petrochemicals	4.0		2.7		0.87
Drugs	3.4		2.5		0.81
Cement	3.0		2.4		0.79
Plastic	2.7		2.1		0.69
Electronics	2.2		2.0		0.65
Sugar	1.6		1.9		0.63
Rubber & rubber products	0.7		0.7		0.23
Shipping	0.9		0.6		0.19
Non-banking finance companies	0.9		0.2		0.07
Hotels	1.5		0.2		0.05
Miscellaneous & others	10.0		9.8		3.17
Total of above	100.0		100.0		32.42
<i>Less: general provisions against non-performing loans</i>					0.91
Net non-performing loans					31.51

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Section 217

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (forming part of the Directors Report for the year ended March 31, 2003) in respect of employees of ICICI Bank Limited

Name, Qualifications and Age (in years)	Desig./ Nature of Duties***	Remuneration Received		Expe-rience (in years)	Date of Commence-ment of Employment	Last Employment
		Gross (Rs.)	Net (Rs.)			
Bagchi Anup, B.Tech (Chem.), PGDM, (32)	DGM	2419517	1593956	11	26-05-92	

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Bakshi Sandeep, B.Sc, PGDBM, (42)*	GM	2431289	1586007	19	01-12-86	Project Co-ordinator, The United Group
Basu Arnab, BE (Elec.), PGDM, (36)	DGM	2554220	1682780	12	15-01-92	Ex. Assistant to MD, INCAB Industries
Batra Mohit, BE (Prod.), MS, (37)	JGM	2638270	1715923	11	24-04-92	
Bharathan K., B.Com, ACA, (52)	GM	2848122	1789931	26	16-12-81	Manager, Lakshmi Vilas Bank Limited
Chakraborty Suvalaxmi, (Ms.), B.Com, CA, (36)	JGM	3291038	2139748	15	01-02-89	Junior Officer, Price Waterhouse
Daruwala Zarin, (Ms.), B.Com, CS, CA, (38)	DGM	2714815	1742813	14	21-06-89	
Gopinath M.N., B.Com, MBA, CAIIB, (54)	GM	3375091	2181114	34	01-06-95	Asst. General Manager, Bank of India
Gupte Lalita D., (Ms.), BA (Hons.), MMS, (54)+	JMD	7091789	4235830	32	15-06-71	
Kamath K.V., BE (Mech.), PGDBA, (55)+	MD&CEO	6939387	3899519	32	01-05-96	Adviser to the Chairman, Bakrie Group, Indonesia
Kannan N.S., BE(Mech.), PGDM, (37)	GM	4161482	2712387	15	02-05-91	Executive, SRF Limited
Kannan R, M.Tech (Chem.), DFM, CFA, (55)	GM	3794267	2529339	31	01-06-77	Process Design Engr., Southern Nitro Chemical Limited
Karati A., B.Com, LLB, (57)	GM	4288697	2649846	39	01-08-78	The India Machinery Company Limited
Kerkar Sanjiv, B.Tech (Chem.), MFM, (52)	SGM	5108949	3216318	27	26-11-96	Director-Operations, Asian Finance and Investment
Khasnobis S, BE (Mech.), (48)	GM	3399778	2230150	23	12-01-81	Asst. Indust. Engr., Hindustan Motors Limited
Kochhar Chanda (Ms.), BA, MMS, ICWAI, (41)+	ED	3671811	2172750	19	17-04-84	
Kusre A.T., M.Tech. (Chem.), (53)	GM	3638490	2353408	29	04-01-80	Officer, State Bank of Hyderabad
Madhav Kalyan B.P., BE, PGDM, (33)*	DGM	764394	539125	12	30-06-95	Branch Manager, Standard Chartered Bank
Mehta Jyotin, B.Com, CA, CS, ICWA, (45)	GM&CS	2788787	1733211	20	01-03-00	Vice President, Finance & CS, Bharat Shell
Mhatre Sangeeta V., (Ms.), B.Com, CA, (39)	DGM	2838352	1815386	14	12-06-89	
Mor Nachiket (Dr.), B.Sc, PGDM, Phd, (Fin. Eco.), (39)+	ED	4686642	2960892	16	04-01-01	
Morparia Kalpana (Ms.), B.Sc, LLB, (53)+	ED	7112652	4440418	27	05-11-75	Legal Asst., Malubhai Jamiatram & Madon
Mukerji Ananda, B.Tech., PGDM, (43)	SGM	5015562	3076477	18	15-01-02	CFO, BPL Communications Limited
Mukerji Nita, (Ms.), BA, PGDM, (37)	JGM	2760593	1813855	14	01-06-89	
Mukherji S., BA, MMS, M.Sc. (Lon), (50)+	ED	5262268	3251730	25	02-01-78	Research Associate, London School of Economics
Mulye Vishakha V.,(Ms.) B.Com, CA, (34)	JGM	2969450	1899973	11	01-03-93	Officer, Deutsche Bank
Nambiar Suvek, BE, MBA, (32)	DGM	2474752	1651207	9	02-05-94	Executive, Wipro Infotech
Narayanaswamy Ramesh, BE, (36)*	AGM	622232	557315	10	18-02-93	Assistant Engr, SPIC Heavy Chemicals Divn.
Nirantar R.B., B.Com, BGL, CAIIB, DIR&PM, (48)	GM	2435653	1590146	28	23-05-94	Manager, Union Bank of India
Nirula Ramni, (Ms.), BA, MBA, (50)	SGM	4285579	2630729	27	01-12-75	
Pinge N.D., B.Com, BGL, ACA, (44)	GM	3543304	2181624	19	06-04-98	Director, Anik Financial
Puri-Buch Madhabi, (Ms.), BA, PGDM, DPR (UK), (37)	GM	4017189	2518068	15	02-01-97	Research Director, MARG
Ramkumar K, B.Sc, PGDPM & IR, (41)	GM	3581191	2319354	18	02-07-01	Gen. Manager (HR), ICI India Limited
Ramnath Renuka, (Ms.), BText, MMS, (41)*	GM	4323538	2770791	17	09-07-97	Gen. Manager (HR), ICICI Securities Limited
Rao Mrutyunjaya, BE (Mech.), (47)	GM	4130643	2731143	24	22-03-82	Jr. Executive, Bharat Heavy Electricals Limited
Ravikumar P.H., B.Com, CAIIB, (51)	SGM	3936025	2577860	29	15-07-94	Chief Manager, Bank of India
Sarma P.J.V., B.Tech (Chem.), DFM, AICWA, (45)	GM	2506141	1572865	23	14-07-80	
Shah Devdatt, B.Tech, MBA, (48)*	SGM	14153768	9521614	24	01-01-99	MD (India), Canadian Imperial Bank of Commerce
Shah Nimish, B.Com, ICWA, CA, (32)	DGM	2437937	1537294	11	03-06-93	Ind. Trainee, CitiBank
Shah Shalini, (Ms.), B.Com, FCA, (55)	GM	2715435	1648173	31	25-04-77	Chartered Accountant
Sinor H.N., B.Com, LLB, JAIIB, (58)+	JMD	4490400	2546661	37	01-07-97	Executive Director, Central Bank of India
	GM	3031787	2048627	26	03-05-93	

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Srivastava O.P., M.Sc, PGDM, CAIIB, (48)							Sr. Vice President, PNB Capital Services Limited
Swaminathan Balaji, B.Com, CA, ICWA, (38)	SGM	3796580	2301976	14	01-08-01		Partner, KPMG
Vaidyanathan V., B.Com, MBA, (35)	GM	3195946	2218264	13	06-03-00		Sales Head, CitiBank
Vedasagar R., B.Sc, BL, (50)	GM	2703301	1879981	25	04-07-80		Advocate

* Indicates part of the year

+ Nature of employment contractual

*** Designation/Nature of Duties - Abbreviations

MD&CEO - Managing Director & Chief Executive Officer	JMD	- Joint Managing Director	ED	- Executive Director
SGM - Senior General Manager	GM&CS - General Manager & Company Secretary	GM	- General Manager	
JGM - Joint General Manager	DGM - Deputy General Manager	AGM	- Assistant General Manager	

Other employees are in the permanent employment of the Company, governed by its rule and conditions of service.

Notes:

1. Gross remuneration includes Salary, Bank's contribution to Provident and Superannuation Funds etc.
2. Net remuneration is shown after deduction from gross remuneration of contribution to Provident and Superannuation Fund, Profession Tax & Income Tax.
3. None of the employees mentioned above is a relative of any Director.
4. Designation, Nature of Duties and Remuneration are as on March 31, 2003.

For and on behalf of the Board

N. VAGHUL
Chairman

Mumbai, July 11, 2003

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auditors report

to the members of ICICI BANK LIMITED

1. We have audited the attached Balance Sheet of ICICI Bank Limited (the Bank) as at March 31, 2003 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 (the Banking Regulation Act) read with the provisions of sub-sections (1), (2) and (5) of Section 211 and sub-section (5) of Section 227 of the Companies Act, 1956 (the Companies Act), the balance sheet and the profit and loss account, are not required to be and are not drawn up in accordance with Schedule VI to the Companies Act. The balance sheet and profit and loss account are, therefore drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act.
4. We report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;
 - b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;
 - c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - d) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
 - e) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, insofar as they apply to the Bank;
 - f) On the basis of written representations received from the directors, as on March 31, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act;
 - g)

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In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in case of the balance sheet, of the state of the affairs of the Bank as at March 31, 2003;
- ii. in case of the profit and loss account, of the profit for the year ended on that date; and
- iii. in case of cash flow statement, of the cash flows for the year ended on that date.

For N.M. RAIJI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner

Mumbai: April 25, 2003

For S.R. BATLIBOI & CO.
Chartered Accountants

per VIREN H. MEHTA
a Partner

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balance sheet

as at March 31, 2003

			<i>As on</i>
	Schedule	(Rs. in 000s)	31.03.2002
CAPITAL AND LIABILITIES			
Capital	1	9,626,600	9,625,472
Reserves and Surplus	2	63,206,538	56,324,080
Deposits	3	481,693,063	320,851,111
Borrowings	4	343,024,203	492,186,592
Other liabilities and provisions	5	170,569,258	162,075,756
		1,068,119,662	1,041,063,011
TOTAL		1,068,119,662	1,041,063,011

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ASSETS

Cash and balance with Reserve Bank of India	6	48,861,445	17,744,682
Balances with banks and money at call and short notice	7	16,028,581	110,118,817
Investments	8	354,623,002	358,910,797
Advances	9	532,794,144	470,348,661
Fixed Assets	10	40,607,274	42,393,443
Other Assets	11	75,205,216	41,546,611
		<hr/>	<hr/>
TOTAL		1,068,119,662	1,041,063,011
		<hr/>	<hr/>

Contingent liabilities	12	894,385,070	394,465,858
Bills for collection		13,367,843	13,234,184
Significant Accounting Policies and Notes to Accounts	18		
Cash Flow Statement	19		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For and on behalf of the Board of Directors

For N.M. RAIJI & CO.
Chartered Accountants

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

JAYESH M. GANDHI
Partner

LALITA D. GUPTA
Joint Managing Director

KALPANA MORPARIA
Executive Director

For S.R. BATLIBOI & CO.
Chartered Accountants

NACHIKET MOR
Executive Director

CHANDA D. KOCHHAR
Executive Director

per VIREN H. MEHTA
a Partner

S. MUKHERJI
Executive Director

BALAJI SWAMINATHAN
Senior General Manager

*Place : Mumbai
Date : April 25, 2003
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JYOTIN MEHTA
*General Manager &
Company Secretary*

N.S. KANNAN
*Chief Financial Officer &
Treasurer*

G. VENKATAKRISHNAN
*General Manager -
Accounting & Taxation Group*

profit and loss account

for the year ended March 31, 2003

	Schedule	(Rs. in 000s)	Year ended 31.03.2002
I. INCOME			
Interest earned	13	93,680,561	21,519,297
Other income	14	19,677,741	5,746,598
Profit on sale of shares of ICICI Bank Limited held by erstwhile ICICI Limited		11,910,517	
TOTAL		125,268,819	27,265,895
II. EXPENDITURE			
Interest expended	15	79,439,989	15,589,235
Operating expenses	16	20,116,900	6,225,770
Provisions and contingencies	17	13,650,139	2,867,900
TOTAL		113,207,028	24,682,905
III. PROFIT/LOSS			
Net profit for the year		12,061,791	2,582,990
Profit brought forward		195,614	8,294
TOTAL		12,257,405	2,591,284
IV. APPROPRIATIONS/TRANSFERS			
Statutory Reserve		3,020,000	650,000
Transfer from Debenture Redemption Reserve		(100,000)	
Capital Reserves		2,000,000	
Investment Fluctuation Reserve		1,000,000	160,000
Special Reserve		500,000	140,000
Revenue and other Reserves		600,000	960,000
Proposed equity share Dividend		4,597,758	
Proposed preference share Dividend		35	
Interim dividend paid			440,717
Corporate dividend tax		589,092	44,953
Balance carried over to Balance Sheet		50,520	195,614
TOTAL		12,257,405	2,591,284

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Significant Accounting Policies and Notes to Accounts	18		
Cash Flow Statement	19		
Earning per Share (Refer Note B. 9)			
Basic (Rs.)		19.68	11.61
Diluted (Rs.)		19.65	11.61

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date

For and on behalf of the Board of Directors

For N.M. RAIJI & CO.
Chartered Accountants

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

JAYESH M. GANDHI
Partner

LALITA D. GUPTA
Joint Managing Director

KALPANA MORPARIA
Executive Director

For S.R. BATLIBOI & CO.
Chartered Accountants

NACHIKET MOR
Executive Director

CHANDA D. KOCHHAR
Executive Director

per VIREN H. MEHTA
a Partner

S. MUKHERJI
Executive Director

BALAJI SWAMINATHAN
Senior General Manager

Place : Mumbai
Date : April 25, 2003

JYOTIN MEHTA
General Manager &
Company Secretary

N.S. KANNAN
Chief Financial Officer &
Treasurer

G. VENKATAKRISHNAN
General Manager -
Accounting & Taxation Group

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schedules

forming part of the Balance Sheet

	(Rs. in 000s)	As on 31.03.2002
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SCHEDULE 1 CAPITAL

Authorised Capital

1,550,000,000 equity shares of Rs. 10 each [Previous year 300,000,000 equity shares of Rs. 10 each]	15,500,000	3,000,000
350 preference shares of Rs. 10 million each	3,500,000	

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Issued, Subscribed and Paid-up Capital 613,031,404 [Previous year 220,358,680] equity shares of Rs. 10 each ¹	6,130,314	2,203,587
<i>Less: Calls unpaid</i>	(3,744)	
<i>Add: Issued 3,000 equity shares of Rs. 10 each on exercise of employee stock option</i>	30	
Share Capital Suspense [Net] [Previous year: represents face value of 392,672,724 equity shares to be issued to share holders of ICICI Limited on amalgamation]		3,921,885
Preference Share Capital ² [Represents face value of 350 preference shares of Rs. 10 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation redeemable at par on April 20, 2018]	3,500,000	
Preference Share Capital Suspense ² [Represents face value of 350 preference shares to be issued to preference share holders of ICICI Limited on amalgamation redeemable at par on April 20, 2018]		3,500,000
TOTAL	9,626,600	9,625,472

1. Includes :
 - a) 31,818,180 underlying equity shares consequent to the ADS issue
 - b) 23,539,800 equity shares issued to the equity share holders of Bank of Madura Limited on amalgamation
 - c) 264,465,582 equity shares issued to the equity share holders [excluding ADS holders] of ICICI Limited on amalgamation
 - d) 128,207,142 underlying equity shares issued to the ADS holders of ICICI Limited on amalgamation
 2. The notification from Ministry of Finance has currently exempted the Bank from the restriction of Section 12 (1) of the Banking Regulation Act, 1949, which prohibits issue of preference shares by banks.
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schedules

forming part of the Balance Sheet

Continued

As on
(Rs. in 000s) 31.03.2002

SCHEDULE 2 RESERVES AND SURPLUS

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I.	Statutory Reserve		
	Opening balance	2,494,307	1,844,307
	Additions during the year	3,020,000	650,000
	Deductions during the year		
	Closing balance	5,514,307	2,494,307
II.	Debenture Redemption Reserve		
	Opening balance	100,000	
	Additions during the year		100,000
	Deductions during the year	100,000	
	Closing balance		100,000
III.	Special Reserve		
	Opening balance	10,940,000	
	Additions during the year	500,000	10,940,000
	Deductions during the year		
	Closing balance	11,440,000	10,940,000
IV.	Share Premium		
	Opening balance *	8,021,352	8,014,085
	Additions during the year on (exercise of employee stock options) .	285	
	Deductions during the year		
	Closing balance	8,021,637	8,014,085
V.	Investment Fluctuation Reserve		
	Opening balance	273,350	113,350
	Additions during the year	1,000,000	160,000
	Deductions during the year		
	Closing balance	1,273,350	273,350
VI.	Capital Reserve		
	Opening balance		
	Additions during the year	2,000,000	
	Deductions during the year		
	Closing balance	2,000,000	
VII.	Revenue and other Reserves		
	Opening balance	**34,306,724	911,206
	Additions during the year	600,000	33,395,518
	Deductions during the year		
	Closing balance	34,906,724	**34,306,724
VIII.	Balance in Profit and Loss Account	50,520	195,614
	TOTAL	63,206,538	56,324,080

* Net of Share Premium in Arrears Rs. 24.1 million. [Previous year Rs. 31.4 million]

** Includes
a) amount transferred on amalgamation of Bank of Madura Limited Rs. 20.7 million.

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- b) Rs. 117.7 million being excess of face value of equity shares issued over net assets and reserves of Bank of Madura Limited on amalgamation.
- c) Rs. 32,108.2 million on amalgamation with ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited.
- d) Rs. 960.0 million transferred from Profit and Loss Account.
- Net of e) Rs. 327.3 million being deferred tax liability as at March 31, 2001 in accordance with the transitional provisions of Accounting Standard 22 on Accounting for Income-Taxes.

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schedules

forming part of the Balance Sheet

Continued

(Rs. in 000s) As on
31.03.2002

SCHEDULE 3 DEPOSITS

A.	I.	Demand Deposits		
	i)	From banks	919,592	1,089,946
	ii)	From others	35,974,853	26,271,587
	II.	Savings Bank Deposits	37,932,081	24,970,029
	III.	Term Deposits		
	i)	From banks	53,585,875	44,229,583
	ii)	From others	353,280,662	224,289,966
		TOTAL	481,693,063	320,851,111
B.	I.	Deposits of branches in India	481,693,063	320,851,111
		TOTAL	481,693,063	320,851,111

SCHEDULE 4 BORROWINGS

I.	Borrowings In India			
	i)	Reserve Bank of India		1,408,900
	ii)	Other banks	24,469,090	26,875,980
	iii)	Other institutions and agencies		
	a)	Government of India	5,210,408	6,009,357
	b)	Financial Institutions	25,658,489	13,882,623

II. Borrowings In the form of			
i)	Deposits taken over from erstwhile ICICI Limited	5,062,808	42,507,596
ii)	Commercial Paper		5,495,306
iii)	Bonds and Debentures (excluding subordinated debt)		
a)	Debentures and Bonds guaranteed by the Government of India	14,815,000	18,240,000
b)	Tax free Bonds	800,000	800,000
c)	Non convertible portion of partly convertible notes		1,331,936
d)	Borrowings under private placement of bonds carrying maturity of one to thirty years from the date of placement	91,339,109	179,096,817
e)	Bonds Issued under multiple option/safety bonds series		
	Regular Interest Bonds	16,722,052	34,175,231
	Deep Discount Bonds	6,098,808	6,214,122
	Bonds with premium warrants	588,947	506,078
	Encash Bonds	1,892,690	2,493,030
	Tax Saving Bonds	80,125,313	74,933,163
	Easy Installment Bonds	31,337	31,359
	Pension Bonds	54,469	51,727
f)	Application Money pending allotment	11,238,896	5,374,495
III. Borrowings Outside India			
i)	From Multilateral/Bilateral Credit Agencies (guaranteed by the Government of India equivalent of Rs. 20,335.6 million)	25,417,795	25,213,694
ii)	From International Banks, Institutions and Consortiums	27,947,996	29,347,658
iii)	By way of Bonds and Notes	5,550,996	18,197,520
	TOTAL	343,024,203	492,186,592

Secured borrowings in I, II and III above is Rs. NIL

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schedules

forming part of the Balance Sheet

Continued

(Rs. in 000s) As on
31.03.2002

SCHEDULE 5 OTHER LIABILITIES AND PROVISIONS

I.	Bills payable	10,305,536	8,173,313
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II.	Inter-office adjustments (net)		330,459
III.	Interest accrued	16,191,657	22,895,118
IV.	Unsecured Redeemable Debentures/Bonds [Subordinated for Tier II Capital]	97,495,259	97,513,141
V.	Others		
a)	Security Deposits from Clients	3,540,625	3,865,561
b)	Sundry creditors	15,411,986	11,539,851
c)	Received for disbursements under special program	2,548,454	2,547,297
d)	Swap Suspense (Refer Note B. 12 c)		253,910
e)	ERAS Exchange Fluctuation Account		679,347
f)	Other Liabilities (including provisions) *	25,075,741	14,277,759
	TOTAL	170,569,258	162,075,756

* Includes

- a) Deferred Tax Liabilities Rs. NIL [Previous year Rs. 1,547.6 million]
- b) Proposed dividend Rs. 4,597.8 million [Previous year Rs. NIL]
- c) Corporate dividend Tax payable Rs. 589.1 million [Previous year Rs. NIL]

SCHEDULE 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA

I.	Cash in hand (including foreign currency notes)	3,364,709	2,458,991
II.	Balances with Reserve Bank of India in current accounts	45,496,736	15,285,691
	TOTAL	48,861,445	17,744,682

SCHEDULE 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

I.	In India		
i)	Balances with banks		
a)	in Current Accounts	2,150,990	8,960,684
b)	in Other Deposit Accounts	5,954,857	19,221,425
ii)	Money at call and short notice		
a)	with banks	1,925,000	39,241,081
b)	with other institutions	3,227,500	2,300,000
	TOTAL	13,258,347	69,723,190
II.	Outside India		
i)	in Current Accounts	910,655	1,503,322
ii)	in Other Deposit Accounts	637,790	12,881,905
iii)	Money at call and short notice	1,221,789	26,010,400
	TOTAL	2,770,234	40,395,627
	GRAND TOTAL (I + II)	16,028,581	110,118,817

schedules

forming part of the Balance Sheet

Continued

	(Rs. in 000s)	As on 31.03.2002
SCHEDULE 8 INVESTMENTS [Net of Provisions]		
I. Investments in India		
i) Government securities	255,485,754	227,223,129
ii) Other approved securities	344,477	704,644
iii) Shares	16,424,107	19,086,468
iv) Debentures and Bonds	56,899,185	64,363,559
v) Subsidiaries and/or joint ventures	7,806,824	6,067,331
vi) Others (CPs, Mutual Fund Units, etc.)	17,576,975	41,344,499
	<hr/>	<hr/>
TOTAL	354,537,322	358,789,630
	<hr/>	<hr/>
II. Investments outside India		
i) Subsidiaries and/or joint ventures abroad	14,488	14,488
ii) Others	71,192	106,679
	<hr/>	<hr/>
TOTAL	85,680	121,167
	<hr/>	<hr/>
GRAND TOTAL (I + II)	354,623,002	358,910,797
	<hr/>	<hr/>
SCHEDULE 9 ADVANCES		
A.		
i) Bills purchased and discounted	4,376,415	16,541,223
ii) Cash credits, overdrafts and loans repayable on demand ..	31,340,244	24,025,073
iii) Term loans	489,028,169	421,476,594
iv) Securitisation, Finance lease and Hire Purchase receivables	8,049,316	8,305,771
	<hr/>	<hr/>
TOTAL	532,794,144	470,348,661
	<hr/>	<hr/>
B.		
i) Secured by tangible assets [includes advances against Book Debt]	500,684,919	446,042,464
ii) Covered by Bank/Government Guarantees	16,998,486	10,293,611
iii) Unsecured	15,110,739	14,012,586

TOTAL	532,794,144	470,348,661
C. I. Advances in India		
i) Priority Sector	89,376,024	19,859,144
ii) Public Sector	18,974,073	43,562,087
iii) Banks	1,013,245	1,794,497
iv) Others	422,894,675	404,512,512
TOTAL	532,258,017	469,728,240
II. Advances outside India		
i) Due from banks		
ii) Due from others		
a) Bills purchased and discounted		
b) Syndicated loans		
c) Others	536,127	620,421
TOTAL	536,127	620,421
GRAND TOTAL (C. I and II)	532,794,144	470,348,661

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schedules

forming part of the Balance Sheet

Continued

(Rs. in 000s) As on
31.03.2002

SCHEDULE 10 FIXED ASSETS

I. Premises		
At cost as on March 31st of preceding year	14,431,673	2,030,868
Additions during the year	3,683,243	165,790
Additions on Amalgamation		12,377,806
Deductions during the year	(2,053,076)	(142,791)
Depreciation to date	(659,371)	(390,937)
Net block	15,402,469	14,040,736
II. Other Fixed Assets (including Furniture and Fixtures)		

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At cost as on March 31st of preceding year	7,133,585	2,535,245
Additions during the year	3,779,516	1,194,808
Additions on Amalgamation		3,413,358
Deductions during the year	(300,252)	(9,826)
Depreciation to date	(3,109,580)	(1,480,552)
Net block	7,503,269	5,653,033
III. Assets given on Lease		
At cost as on March 31st of preceding year*	23,377,605	1,330,663
Additions during the year	343,565	
Additions on amalgamation		22,270,582
Deductions during the year	(2,266,029)	(223,640)
Depreciation to date, accumulated lease adjustment and provisions	(3,753,605)	(677,931)
Net block	17,701,536	22,699,674
TOTAL	40,607,274	42,393,443

* Includes repossessed Leased Asset Rs. 96.0 million.

SCHEDULE 11 OTHER ASSETS

I. Inter-office adjustments (net)	1,034,655	
II. Interest accrued	19,582,564	18,473,846
III. Tax paid in advance/tax deducted at source (net)	14,140,278	9,870,068
IV. Stationery and Stamps	8,084	5,034
V. Non-banking assets acquired in satisfaction of claims*	4,538,354	2,067,795
VI. Others		
a) Advance for Capital Assets	1,562,088	1,987,449
b) Outstanding Fees and Other Income	1,776,206	1,910,861
c) Exchange Fluctuation Suspense with Government of India (Refer Note B. 12 b)	923,573	1,111,919
d) Swap Suspense (Refer Note B. 12 c)	128,667	
e) Recoverable from Subsidiary Companies	182,276	199,341
f) Others **	31,328,471	***5,920,298
TOTAL	75,205,216	41,546,611

* Includes certain non-banking assets acquired in satisfaction of claims are in the process of being transferred in the Banks name.

** Includes Net Deferred Tax Asset of Rs. 4,878.3 million [Previous year Net Deferred Tax Liability Rs. 1,547.6 million].

*** Includes Rs. 1,244.5 million [representing 101,395,949 equity shares being shares held by erstwhile ICICI Limited in ICICI Bank Limited] transferred to a trust.

SCHEDULE 12 CONTINGENT LIABILITIES

I. Claims against the Bank not acknowledged as debts	20,251,450	10,232,637
II. Liability for partly paid investments	1,804,936	2,615,161
III. Liability on account of outstanding forward exchange contracts.	251,030,498	152,545,916
IV. Guarantees given on behalf of constituents in India	106,348,281	93,516,016
V. Acceptances, endorsements and other obligations	43,251,942	17,391,049
VI. Currency Swaps	29,013,220	20,414,675
VII. Interest Rate Swaps	413,544,698	78,541,565
VIII. Other items for which the Bank is contingently liable	29,140,045	19,208,839

TOTAL

894,385,070394,465,858

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Continued

	(Rs. in 000s)	Year ended 31.03.2002
SCHEDULE 13 INTEREST EARNED		
I. Interest/discount on advances/bills	60,162,439	7,716,671
II. Income on investments	29,104,415	12,338,000
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,355,668	1,226,191
IV. Others	2,058,039	238,435
TOTAL	<u>93,680,561</u>	<u>21,519,297</u>
SCHEDULE 14 OTHER INCOME		
I. Commission, exchange and brokerage	7,917,880	2,297,841
II. Profit/(Loss) on sale of investments (net)	4,923,328	3,057,134
III. Profit/(Loss) on revaluation of investments (net)	1,076	(145,997)
IV. Profit/(Loss) on sale of land, buildings and other assets (net)	(65,038)	(627)
V. Profit/(Loss) on foreign exchange transactions (net) (including premium amortisation)	102,425	372,983
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	1,094,239	
VII. Miscellaneous Income (including Lease Income)	5,703,831	165,264
TOTAL	<u>19,677,741</u>	<u>5,746,598</u>
SCHEDULE 15 INTEREST EXPENDED		
I. Interest on deposits	24,797,095	13,889,252
II. Interest on Reserve Bank of India/inter-bank borrowings	1,833,699	478,387
III. Others (including interest on borrowing of erstwhile ICICI Limited)	52,809,195	1,221,596
TOTAL	<u>79,439,989</u>	<u>15,589,235</u>

SCHEDULE 16 OPERATING EXPENSES

I. Payments to and provisions for employees	4,030,246	1,471,774
II. Rent, taxes and lighting	1,115,796	662,783
III. Printing and Stationery	747,174	353,022
IV. Advertisement and publicity	581,767	79,657
V. Depreciation on Bank's property	1,914,703	525,955
VI. Depreciation on Leased assets	3,144,712	114,958
VII. Directors' fees, allowances and expenses	1,317	1,569
VIII. Auditors' fees and expenses (including branch auditors)	15,000	3,076
IX. Law Charges	85,153	15,149
X. Postages, Telegrams, Telephones, etc.	1,041,519	377,226
XI. Repairs and maintenance	1,448,654	783,346
XII. Insurance	251,809	141,498
XIII. Other expenditure	5,739,050	*1,695,757
	<hr/>	<hr/>
TOTAL	20,116,900	6,225,770
	<hr/>	<hr/>

* Includes Rs. 91.5 million amortisation of ADS issue expenses.

SCHEDULE 17 PROVISIONS AND CONTINGENCIES

I. Income Tax		
Current period tax	2,145,480	1,213,300
Deferred tax adjustment	(6,425,900)	(903,300)
II. Wealth Tax	22,500	5,000
III. Additional depreciation/(write-back of depreciation) on investments	3,094,311	(157,000)
IV. Provision for advances (net)	13,209,848	2,736,100
V. Prudential provision on standard assets	1,540,000	(53,200)
VI. Others	63,900	27,000
	<hr/>	<hr/>
TOTAL	13,650,139	2,867,900
	<hr/>	<hr/>

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Continued

SCHEDULE 18**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****Overview**

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held bank engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949.

Basis of preparation

In fiscal 2001, ICICI Bank acquired and merged Bank of Madura into itself in an all-stock deal. Effective March 30, 2002, ICICI Bank acquired ICICI Limited (ICICI) and two of its retail finance subsidiaries, ICICI Personal Financial Services Limited (IPFS) and ICICI Capital Services Limited (ICAPS) along with ICICI s interest in its subsidiaries in an all-stock deal. The amalgamation was accounted for as per the approved Scheme of Amalgamation and the purchase method of accounting.

The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform with Generally Accepted Accounting Principles (GAAP) in India, the guidelines issued by the Reserve Bank of India (RBI) from time to time and practices generally prevailing within the banking industry in India. The Bank follows the accrual method of accounting and historical cost convention.

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Revenue Recognition

- a) Interest income is recognised in the Profit and Loss Account as it accrues except in the case of non-performing assets where it is recognised upon realization as per the prudential norms of the Reserve Bank of India. Accrual of income is also suspended on certain other loans, including projects under implementation where the implementation has been significantly delayed and in the opinion of the management significant uncertainties exist as to the final financial closure and/or date of completion of the project.
- b) Income from hire purchase operations is accrued by applying the interest rate implicit on outstanding investments.
- c) Income from leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period. Leases effected from April 1, 2001 have been accounted as per Accounting Standard 19 on Accounting for leases issued by the Institute of Chartered Accountants of India (ICAI).
- d) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- e) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- f) Fees received as a compensation of future interest sacrifice is amortised over the remaining period of the facility.
- g) Arranger s fee is accrued proportionately where more than 75% of the total amount of finance has been arranged.
- h) All other fees are recognised upfront on their becoming due.
- i) Income arising from sell down of loan assets is recognised upfront in excess of the future servicing cost of the assets sold and projected delinquencies and included in Interest income.
- j) Guarantee commission is recognised over the period of the guarantee.

2. Investments

Investments are valued in accordance with the extant RBI guidelines on investment classification and valuation as under :

- a) All investments are categorised into Held to Maturity , Available for sale and Trading . Reclassifications, if any, in any category are accounted for as per the RBI guidelines. Under each category the investments are further classified under (a) Government Securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.

- b) Held to Maturity securities are carried at their acquisition cost or at amortised cost if acquired at a premium over the face value. A provision is made for other than temporary diminution.

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- c) Available for sale and Trading securities are valued periodically as per RBI guidelines.

The market/fair value for the purpose of periodical valuation of quoted investments included in the Available for Sale and Held for Trading categories would be the market price of the scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, price list of RBI, prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) periodically.

The market/fair value of other than quoted SLR securities for the purpose of periodical valuation of investments included in the Available for Sale and Trading categories is as per the rates put out by Fixed Income Money Market and Derivatives Association (FIMMDA).

The valuation of non-SLR securities, other than those quoted on the stock exchanges, wherever linked to the YTM rates, is with a mark-up (reflecting associated credit risk) over the YTM rates for government securities put out by FIMMDA.

Securities shall be valued scripwise and depreciation/appreciation aggregated for each category. Net appreciation in each basket if any, being unrealised, is ignored, while net depreciation is provided for.

- d) Costs such as brokerage, commission etc., pertaining to investments, paid at the time of acquisition, are charged to revenue.
- e) Broken period interest on debt instruments is treated as a revenue item.
- f) Profit on sale of investment in the Held to Maturity category is credited to the revenue account and thereafter is appropriated, (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Such appropriation is carried out at the year end.

3. Provisions/Write-offs on loans and other credit facilities

- a) In addition to the general provision of 0.25% made on standard assets in accordance with the RBI guidelines the Bank maintains general provisions to cover potential credit losses which are inherent in any loan portfolio but not identified. For standard assets, additional general provisions are determined having regard to overall portfolio quality, asset growth, economic conditions and other risk factors.
- b) The Bank has incorporated the assets taken over from ICICI in its books at carrying values as appearing in the books of ICICI with a provision made based on the fair valuation exercise carried out by an independent firm. To the extent future provisions are required on the assets taken over from ICICI, the provision created on fair valuation of the assets at the time of the amalgamation is used.

Amounts recovered against other debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the Profit and Loss Account.

- c) All credit exposures are classified as per the RBI guidelines, into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets for provisioning based on the criteria stipulated by the RBI. Provisions are generally made on substandard and doubtful assets at rates equal to or higher than those prescribed by the RBI. The secured portion of the sub-standard and doubtful assets is provided at 50% over a three-year period instead of five and a half years as prescribed by the RBI. Loss assets and unsecured portion of doubtful assets are fully provided/written off. Additional provisions are made against specific non-performing assets over and above what is stated above, if in the opinion of the management, increased provisions are necessary.
- d) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the present value of the interest sacrifice be provided at the time of restructuring.
- e) In the case of other than restructured loan accounts classified as NPAs, the account is reclassified as standard account if arrears of interest and principal are paid by the borrower.

In respect of loan accounts subject to restructuring, asset category is upgraded to standard account if the borrower demonstrates, over a minimum of one year, the ability to repay the loan in accordance with the contractual terms.

- f) In addition to the provisions required to be held according to the asset classification status, provisions are held for country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal requirement is held.

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4. Fixed assets and depreciation

- a) Premises and other fixed assets are carried at cost less accumulated depreciation. Depreciation is charged over the estimated useful life of a fixed asset on a straight line basis. The rates of depreciation for fixed assets are :

Asset	Depreciation Rate
Premises owned by the Bank	1.63%
Improvements to leasehold premises	1.63%
	or over the lease period, whichever is higher
ATMs	12.50%
Plant and Machinery like Air-conditioners, Xerox machines, etc	10%
Furniture and Fixtures	15%
Motor vehicles	20%

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Computers	33.33%
Others (including Software and system development expenses) .	25%

- b) Depreciation on leased assets is made on a straight-line basis at the higher of the rates determined with reference to the primary period of lease and the rates specified in Schedule XIV to the Companies Act, 1956.
- c) Assets purchased and sold during the year are depreciated on the basis of actual number of days the asset has been put to use.
- d) Items costing less than Rs. 5,000 are fully depreciated in the year of purchase.

5. Foreign Currency transactions

- a) Revenues and expenditure are translated at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at closing exchange rates notified by the Foreign Exchange Dealers Association of India (FEDAI) at the balance sheet date and the resulting profits/losses are included in the Profit and Loss Account.
- b) Outstanding forward exchange contracts are stated at contracted rates and are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of in-between maturities. The resultant gains or losses are recognised in the Profit and Loss Account.
- c) Contingent Liabilities on account of guarantees, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the Balance Sheet date.

6. Accounting for Derivative Contracts

The Bank enters into derivative contracts such as foreign currency options, interest rate and currency swaps and cross currency interest rate swaps to hedge on-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments are correlated with the movement of underlying assets and accounted pursuant to the principles of hedge accounting.

Interest income/expense is accrued on Interest Rate Swaps (IRS) and currency swaps designated as hedges and booked in the Profit and Loss Account. Trading IRS, trading currency swaps and foreign currency options, outstanding at the Balance Sheet date is marked to market and the resulting loss if any, is recorded in the Profit and Loss Account.

7. Employee Stock Option Scheme (ESOS)

The Bank has formulated an Employees Stock Option Scheme. The Scheme provides that employees are granted an option to acquire equity shares of the Bank that vests in graded manner. The options may be exercised within a specified period. Since the exercise price of the option is the closing market price as on the date of grant, there is no compensation cost.

8. Staff benefits

For employees covered under group gratuity scheme and group superannuation scheme of LIC, gratuity and superannuation charge to Profit and Loss Account is on the basis of premium charged by LIC. Provision for gratuity and pension for other employees and leave encashment liability is determined as per actuarial valuation. Defined contributions for Provident Fund are charged to the Profit and Loss Account based on contributions made in terms of the scheme.

9. Income Taxes

Income tax expense is the aggregate amount of current tax and deferred tax charge. Taxes on income are accrued in the same period as the revenue and expenses to which they relate. Current period taxes are determined in accordance with the Income Tax Act, 1961. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.

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Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences arising between the carrying values of assets and liabilities and their respective tax basis and operating carry forward losses. Deferred tax assets are recognised only after giving due consideration to prudence. Deferred tax asset and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. The impact on account of changes in the deferred tax assets and liabilities is also recognised in the income statement.

Deferred tax assets are recognised based upon management's judgement as to whether realisation is considered reasonably certain.

10. Translation of the Financial Statements of Foreign Representative Offices

In accordance with the guidelines issued by the Reserve Bank of India, all assets, liabilities, income and expenditure of the foreign representative offices of the Bank have been converted at the closing rate prevailing on the balance sheet date.

B. NOTES FORMING PART OF THE ACCOUNTS

1. Information about Business and Geographical segments

The Bank had been reporting segmental results under three business segments namely Retail Banking, Corporate Banking and Treasury & Corporate office. Consequent to the merger of erstwhile ICICI Limited and two of its subsidiaries ICICI PFS Limited and ICICI Capital Services Limited with the Bank, the following has been considered as reportable segments :

Commercial Banking comprising the retail and corporate banking business of the Bank.

Investment Banking comprising the rupee and forex treasury of the Bank

Based on such allocations, segmental Balance Sheet as on March 31, 2003 and segmental Profit & Loss account for the year ended March 31, 2003 have been prepared.

(Rupees in million)

Business segments	Commercial Banking		Investment Banking		Total	
	Current Year	Previous year	Current year	Previous year	Current year	Previous year
1. Revenue (before profit on sale of shares of ICICI Bank Limited held by erstwhile ICICI Limited)	92,717.0	22,891.2	29,157.5	7,550.9	121,874.5	30,442.1
2. Less: Inter segment Revenue					(8,515.6)	(3,176.2)
3. Total Revenue (1) (2)					113,358.9	27,265.9
4. Operating Profit (i.e.						

Profit before unallocated expenses, extraordinary profit, and tax)	9,456.0	4,326.2	4,346.1	1,124.5	13,802.1	5,450.9
5. Unallocated expenses						
6. Profit on sale of shares of ICICI Bank Limited held by erstwhile ICICI Limited			11,910.0		11,910.0	
7. Provisions (net) including Accelerated/Additional Provisions	17,305.7	2,709.9	602.4	(157.0)	17,908.1	2,552.9
8. Profit before tax (4)-(5)-(6)-(7)	(7,849.7)	1,616.3	15,653.7	1,281.7	7,804.0	2,898.0
9. Income tax expenses (net)/ (net deferred tax credit)					(4,257.8)	315.0
10. Net Profit (8)-(9)					12,061.8	2,583.0
Other Information						
11. Segment assets	685,550.8	669,889.9	363,550.4	361,303.1	1,049,101.2	1,031,193.0
12. Unallocated assets					19,018.5	9,870.0
13. Total assets (11)+(12)					1,068,119.7	1,041,063.0
14. Segment liabilities	800,361.9	742,014.9	267,757.8	297,500.1	1,068,119.7	1,039,515.0
15. Unallocated liabilities						1,548.0
16. Total liabilities (14)+(15)					1,068,119.7	1,041,063.0

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilisation in international markets. The assets and income from foreign operations are immaterial.

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2. Preference Shares

Certain Government Securities amounting to Rs. 1,244.8 million (2002 : Rs. 1,304.6 million) have been earmarked against redemption of preference share capital, which falls due for redemption on April 20, 2018 as per the original issue terms.

3. Employee Stock Option Scheme

In terms of Employee Stock Option Scheme, the maximum number of options granted to any Eligible Employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the Eligible Employees shall not exceed 5% of the aggregate number of the issued equity shares of the Bank subsequent to the amalgamation of ICICI, I CAPS and I PFS with the Bank and the issuance of equity shares by the Bank pursuant to the amalgamation of ICICI, I CAPS and I PFS with the Bank.

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In terms of the Scheme, 12,610,275 options (2002 : 13,343,625 options) granted to eligible employees were outstanding as at March 31, 2003.

Stock option activity

A summary of the status of the Bank's option plan is presented below:

	Year ended March 31, 2003	<i>Year ended March 31, 2002</i>
	Option shares outstanding	<i>Option shares outstanding</i>
Outstanding at the beginning of the year	13,343,625	<i>1,636,125</i>
<i>Add: Granted during the year</i>		<i>4,735,200</i>
Options taken over on Amalgamation		<i>*7,015,800</i>
<i>Less: Forfeited during the year</i>	730,350	<i>43,500</i>
Exercised during the year	3,000	
Outstanding at the end of the year	12,610,275	<i>13,343,625</i>

* Represents options granted to option holders of erstwhile ICICI Limited in the share swap ratio.

4. Subordinated Debt

Subordinated debt includes Index bonds amounting to Rs.95.8 million, (2002 : Rs.88.0 million) which carry a detachable warrant entitling bondholders to a right to receive an amount linked to the BSE Sensitive Index (Sensex) per terms of the issue. The liability of the Bank arising out of changes in the Sensex has been hedged by earmarking its investments of an equivalent amount in the UTI Index Equity Fund whose value is based on the Sensex. The Bank has not issued any subordinated debt during the current year.

5. Fixed Assets and Depreciation

The Bank depreciated Automatic Teller Machines (ATMs) over its useful life estimated as 6 years or over the lease period for ATMs taken on lease. Effective April 1, 2002 the Bank revised the useful life of the ATMs to 8 years based on an evaluation done by the management.

Accordingly, the depreciation charged for the current year was lower by Rs. 29.0 million.

6. Investments

Effective April 1, 2002, the Bank has changed the methodology for ascertaining the carrying cost of fixed income bearing securities from Weighted Average Method to First-In-First-Out Method. The impact due to the aforementioned change on the Profit and Loss Account for the year ended March 31, 2003 has resulted into a profit amounting to Rs. 132.2 million.

Investments include shares and debentures amounting to Rs. 3,781.9 million, which are in the process of being registered in the name of the Bank.

Investments also include government securities amounting to Rs. 703.5 million (representing face value of securities) pledged with certain banks and institutions for cheque drawal and clearing facilities.

Repurchase Transactions

During the current year, the Bank has changed its method of accounting repurchase transactions and reverse repurchase transactions. These transactions have been accounted for as a sale and forward purchase, or purchase and a forward sale transactions in the current year as against a borrowing or lending transaction in the previous year. The net impact of the same on the profit and loss account is not material.

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7. Deferred Tax

On March 31, 2003, the Bank has recorded net deferred tax asset of Rs.4,878.3Amillion, (2002 : Deferred tax liability of Rs. 1,547.6 million) which has been included in other assets.

A composition of deferred tax assets and liabilities into major items is given below :

	(Rupees in million)	
Particulars	March 31, 2003	<i>March 31, 2002</i>
Amortisation of premium on investments	527.4	85.2
Provision for bad and doubtful debts	12,988.7	7,139.7
Others	845.3	1,306.7
	14,361.4	8,531.6
<i>Less: Deferred Tax Liability</i>		
Depreciation on fixed assets	9,246.9	9,910.5
Others	236.2	168.7
	9,483.1	10,079.2
Net Deferred Tax Asset/(Liability)	4,878.3	(1,547.6)

8. Related party transactions

ICICI Bank has entered into transactions with the following related parties:

Subsidiaries, Joint Ventures and subsidiaries;
Key Management Personnel and their relatives

The related party transactions can be categorised as follows :

Key
Management

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Items/Related Party	Subsidiaries	Associates	Personnel@	Total
Deposits	2,343.0	4.4	20.3	2,367.7
Rendering of services	244.8	2.6		247.4
Insurance premiums paid		106.0		106.0

@ Whole-time Directors of the Board and their relatives.

Remuneration paid to the Directors of ICICI Bank Limited during the year ended March 31, 2003 was Rs. 41.0 million

The list of related parties is as follows :

Subsidiaries and Joint Ventures

ICICI Venture Funds Management Company Limited, ICICI Securities and Finance Company Limited, ICICI Brokerage Services Limited, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Home Finance Company Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Bank UK Limited, ICICI Prudential Life Insurance Company Limited, and ICICI Lombard General Insurance Company Limited.

Associates

Prudential ICICI Asset Management Company Limited, Prudential ICICI Trust Limited, ICICI Equity Fund, ICICI Eco-net Internet and Technology Fund, ICICI Emerging Sectors Fund, ICICI Strategic Investments Fund, ICICI Property Trust, and TCW/ICICI Investment Partners L.L.C.

9. Earnings Per Share (EPS)

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

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The computation of Earnings Per Share is set out below :

	Rupees in million except per share data	
	March 31, 2003	March 31, 2002
Basic		
Weighted Average no. of equity shares		
Outstanding (Nos.)	613,031,569	*222,510,311
Net Profit	12,061.8	2,583.0

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Earnings per Share (Rs.)	19.68	11.61
Diluted		
Weighted Average no. of equity shares		
Outstanding (Nos.)	613,750,295	*222,510,311
Net Profit	12,061.8	2,583.0
Earnings per Share (Rs.)	19.65	11.61
Nominal Value per share (Rs.)	10.00	10.00

* 39,26,72,724 shares issued on amalgamation of ICICI Limited have been considered for computation of weighted average number of equity shares.

The dilutive impact is mainly due to options issued to employees by the Bank

10. Assets under lease

10.1 Assets under operating lease

The future lease rentals are given in the table below :

	(Rupees in million)
	<u>March 31, 2003</u>
Period	
Not later than one year	108.5
Later than one year and not later than five years	537.9
Later than five years	472.0
	<u>1,118.4</u>
Total	1,118.4

10.2 Assets under finance lease

The future lease rentals are given in the table below :

	(Rupees in million)
	<u>March 31, 2003</u>
Period	
Total of future minimum lease payments	1,161.0
Present value of lease payments	818.1
Unmatured finance charges	342.9
Maturity profile of total of future minimum lease payments	
Not later than one year	166.0
Later than one year and not later than five years	831.9
Later than five years	163.1
	<u>1,161.0</u>
Total	1,161.0

11. Additional Disclosures

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The following additional disclosures have been made taking into account RBI guidelines in this regard.

11.1 Capital Adequacy Ratio

The Capital to Weighted Risk Assets Ratio (CRAR) as assessed by the Bank on the basis of the attached financial statements and guidelines issued by RBI is given in the table below :

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Continued

	(Rupees in million)	
	March 31, 2003	<i>March 31, 2002</i>
Tier I Capital*	58,072.3	<i>58,873.2</i>
Tier II Capital	33,387.5	<i>31,248.0</i>
Total Capital	91,459.8	<i>90,121.2</i>
Total Risk Weighted assets and contingents	823,805.4	<i>787,832.1</i>
Capital Ratios (per cent)		
Tier I	7.05%	<i>7.47%</i>
Tier II	4.05%	<i>3.97%</i>
Total Capital	11.10%	<i>11.44%</i>

* Tier I Capital includes the preference shares which are due for redemption in 2018, as reduced by the amount of corpus created in accordance with Reserve Bank of India guidelines.

11.2 Business/Information ratios

The business/information ratios for the years ended March 31, 2003 and March 31, 2002 are given in the table below :

(Rupees in million)

	March 31, 2003	<i>March 31, 2002</i>
(i) Interest income to working funds (percent)	9.07%	<i>8.44%</i>
(ii) Non-interest income to working funds (percent)	1.91%	<i>2.25%</i>
(iii) Operating profit to working funds (percent)	2.49%	<i>2.14%</i>
(iv) Return on assets (percent)	1.13%	<i>0.67%</i>
(v) Business per employee (average deposits plus average advances)	112.0	<i>*48.6</i>

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(vi) Profit per employee	1.1	*0.5
(vii) Net non-performing advances (funded) to net advances (percent)	5.21%	5.48%

* based on weighted average number of employees.

For the purposes of computing the above ratios working funds represents the average of total assets as reported to the Reserve Bank of India under Section 27 of the Banking Regulation Act, 1949.

11.3 Maturity Pattern

a) Rupee denominated assets and liabilities as on March 31, 2003

The maturity pattern of rupee denominated assets and liabilities of the Bank as on March 31, 2003 is given below:

Maturity Buckets	(Rupees in million)			
	Loans & Advances	Investment Securities	Deposits	Borrowings
1 to 14 days	14,165.3	32,828.6	40,141.0	6,715.7
15 to 28 days	1,810.0	21,956.9	14,275.7	3,035.4
29 days to 3 months	18,592.5	36,459.5	67,790.7	17,445.0
3 to 6 months	17,052.9	18,736.1	26,369.2	18,111.5
6 months to 1 year	40,059.6	43,943.5	102,763.0	49,366.1
1 to 3 years	148,660.2	110,286.9	198,621.2	129,667.8
3 to 5 years	81,199.1	22,173.4	10,631.5	22,079.9
Above 5 years	142,587.7	68,238.2	6,885.0	28,231.6
Total	464,127.3	354,623.1	467,477.3	274,653.0

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Continued

b) Rupee denominated assets and liabilities as on March 31, 2002.

The maturity pattern of rupee denominated assets and liabilities of the Bank as on March 31, 2002 is given below :

(Rupees in million)	
Loans & Advances	Investment

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Maturity Buckets	(net of bill rediscounting)	Securities	Deposits	Borrowings
1 to 14 days	8,256.4	13,199.8	31,520.6	9,964.9
15 to 28 days	3,569.2	6,862.4	9,217.7	14,997.1
29 days to 3 months	25,529.4	28,901.8	48,170.6	44,152.0
3 to 6 months	23,315.0	26,753.0	27,790.6	32,293.2
6 months to 1 year	37,108.7	52,187.7	57,985.5	89,428.6
1 to 3 years	132,256.2	73,657.6	128,935.9	141,625.6
3 to 5 years	75,373.3	44,746.1	4,031.8	39,513.0
Above 5 years	137,006.9	115,570.6	1,442.1	28,482.3
Total	442,415.1	361,879.0	309,094.8	400,456.7

c) Forex denominated assets and liabilities as on March 31, 2003.

The maturity pattern of forex denominated assets and liabilities as on March 31, 2003 is given below:

(Rupees in million)

Maturity Buckets	Loans & Advances	Balances with banks and money at call and short notice	Deposits	Borrowings
1 to 14 days	341.3	2,770.2	677.7	1,579.2
15 to 28 days	545.0		233.6	1.0
29 days to 3 months	1,202.8		1,063.9	6,620.9
3 to 6 months	2,003.3		1,610.2	8,591.3
6 months to 1 year	6,889.3		3,603.0	10,132.7
1 to 3 years	17,575.2		7,026.7	9,834.9
3 to 5 years	11,553.8		0.7	13,099.4
Above 5 years	28,556.1			18,511.8
Total	68,666.8	2,770.2	14,215.8	68,371.2

d) Forex denominated assets and liabilities as on March 31, 2002.

The maturity pattern of forex denominated assets and liabilities as on March 31, 2002 is given below:

(Rupees in million)

Maturity Buckets	Loans & Advances	Balances with banks and money at call and short notice	Deposits	Borrowings	Other assets	Other liabilities
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1 to 14 days	521.7	27,513.7	598.0	257.7	319.1	325.9
15 to 28 days	300.0	12,881.9	228.6	1.0		
29 days to 3 months	1,384.0		913.4	5,575.4		
3 to 6 months	1,761.0		1,283.4	8,190.4		
6 months to 1 year	2,528.4		3,208.6	26,920.5		
1 to 3 years	10,383.6		5,521.1	16,413.6		
3 to 5 years	12,851.3		3.2	12,142.8		
Above 5 years	19,234.0			22,228.5		
Total	48,964.0	40,395.6	11,756.3	91,729.90	319.1	325.9

Notes :

In compiling the information of maturity pattern (refer 11.3 (a) , 11.3 (b), 11.3 (c) and 11.3 (d) above), certain estimates and assumptions have been made by the management which have been relied upon by the auditors. Assets and liabilities in foreign currency exclude off-balance sheet assets and liabilities.

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11.4 Advances

(i) Lending to sensitive sectors

The Bank has lending to sectors, which are, sensitive to asset price fluctuations. Such sectors include Capital Market, Real Estate and Commodities.

The position of lending to sensitive sectors is given in the table below :

	(Rupees in million)	
	March 31, 2003	<i>March 31, 2002</i>
Capital Market Sector*	1,692.7	<i>1,715.5</i>
Real Estate Sector	20,941.8	<i>4,757.8</i>
Commodities Sector	1,663.6	<i>1,109.6</i>

* represents loans to NBFC and brokers against pledge of shares.

(ii) Movement of Gross NPA (Funded) during the year

(Rupees in million)

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	2003	2002
As on March 31	50,130.3	4,092.5
Additions during the year	11,937.7	48,772.9
	62,068.0	52,865.4
<i>Less: Reductions during the year</i>	11,794.2	2,735.1
As on March 31	50,273.8	50,130.3

(iii) Provision for NPAs

(Rupees in million)

	2003	2002
Provision netted from Advances as on March 31	23,838.1	2,059.0
<i>Add: Provisions made during the year (including utilisation of fair value provisions)</i>	6,704.8	23,120.3
	30,542.9	25,179.3
<i>Less: write-offs/recovery</i>	8,506.8	1,341.2
Provision netted off from advances as on March 31	22,036.1	23,838.1

(iv) Information in respect of restructured assets

The Bank has restructured borrower accounts in standard and sub-standard category. The amounts outstanding at the year-end in respect of these accounts are given below :

(Rupees in million)

	March 31, 2003	March 31, 2002
Amount of Standard assets subjected to restructuring	*89,431.7	46,978.4
Amount of Sub-standard assets subjected to restructuring		177.4
Total amount of loan assets subjected to restructuring	89,431.7	47,155.8

* The above includes assets amounting to Rs. 39,282.4 million subject to restructuring under Corporate Debt Restructuring mechanism constituted by Reserve Bank of India

11.5 Investments

(Rupees in million)

March 31, 2003		March 31, 2002	
In India	Outside India	In India	Outside India

Gross value	370,454.5	356.7	<i>380,232.1</i>	<i>142.9</i>
Less: Provision for depreciation and Fair Value adjustments	15,917.2	271.0	<i>21,442.5</i>	<i>21.7</i>
Net value	354,537.3	85.7	<i>358,789.6</i>	<i>121.2</i>

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Provision for depreciation on Investments

(Rupees in million)

	2003	<i>2002</i>
As on March 31	* 17,330.0	<i>421.3</i>
Add: Provision made during the year (including utilisation of fair value provisions)	(3,168.5)	<i>17,135.8</i>
Less: Transfer to Investment Fluctuation Reserve		<i>160.0</i>
Write-off during the year		<i>67.1</i>
As on March 31	14,161.5	<i>17,330.0</i>

* Excludes provision on Application Money Rs. 1,166.1 million.

11.6 Investments in equity shares and equity like instruments

(Rupees in million)

	March 31, 2003	March 31, 2002
Shares	6,330.2	<i>7,208.1</i>
Convertible debentures	1,898.2	<i>1,198.2</i>
Units of Equity oriented mutual funds	578.9	<i>3,528.6</i>
Investment in Venture Capital Funds	3,352.6	<i>6,685.6</i>
Others (loans against collateral, advances to brokers)	1,400.2	<i>4,121.9</i>
Total	13,560.1	<i>22,742.4</i>

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11.7 Investments in jointly controlled entities

Investments include Rs. 4,026.1 million representing the Bank's interests in the following jointly controlled entities.

Sr. No.	Name of the Company	Country/ Residence	Percentage Holding
1.	ICICI Prudential Life Insurance Company Limited	India	74.00%
2.	ICICI Lombard General Insurance Company Limited	India	74.00%
3.	Prudential ICICI Asset Management Company Limited	India	**44.99%
4.	Prudential ICICI Trust Limited	India	**44.80%

** Indicates holding by ICICI Bank Limited along with its subsidiaries.

The aggregate amounts of assets, liabilities, income and expenses relating to the Bank's interests in the above entities follow :

(Rupees in million)

Liabilities	Amount	Assets	Amount
Capital and Reserves	2,370.9	Cash and Bank balances	522.1
Other liabilities	2,113.7	Investments	6,775.2
Liabilities on life policies in force	3,911.7	Fixed assets	352.8
		Other assets	746.2
Total	8,396.3	Total	8,396.3

(Rupees in million)

Expenses	Amount	Income	Amount
Interest Expenses	2.0	Interest income	254.0
Other expenses		Other income	
Premium ceded and Change in liability for life policies in force	2,588.1	Insurance premium/commission	4,942.3
Others	3,988.0	Others	410.4
Provisions	37.6		
Total	6,615.7	Total	5,606.7

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11.8 Risk category-wise country-wise exposure

The country exposure of the Bank is categorised into seven risk categories listed in the following table. Since the country exposure (net) of the Bank does not exceed 2% of the total funded assets, no provision is required to be maintained for country exposures.

Risk Category	(Rupees in million)
	Exposure (net) as on March 31, 2003
Insignificant	3,559.5
Low	205.9
Moderate	13.5
High	12.5
	3,791.4

11.9 Interest Rate Swaps

		(Rupees in million)
Notional Principal	Hedging	29,730.0
	Trading	348,337.8
Fair Value	Trading	308.8
Associated Credit Risk	Trading	422.8

Market Risk (Trading Swaps)	In the event of 100 basis points rise in the interest rates, there will be a negative impact of Rs. 38.1 million on the swap book.
Collateral	As per prevailing market practice, collateral is not insisted upon from counter party.
Credit risk concentration (Trading Swaps)	Standard Chartered Grindlays Bank Rs. 246.7 million.

12. Others

a. Credit Exposure to	% age to Capital funds	% age to Total Exposure	<i>% age to Capital funds</i>	<i>% age to Total Exposure</i>
	As at March 31, 2003		<i>As at March 31, 2002</i>	
(a) Single Largest Borrower	22.3%	2.4%	<i>21.4%</i>	<i>2.4%</i>

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(b)	Largest Borrower Group	44.2%	4.8%	41.3%	4.5%
(c)	Top ten Single Borrowers				
	No. 1	22.3%	2.4%	21.4%	2.4%
	No. 2	21.1%	2.3%	20.2%	2.2%
	No. 3	13.8%	1.5%	14.1%	1.5%
	No. 4	11.8%	1.3%	13.4%	1.5%
	No. 5	10.9%	1.2%	12.6%	1.4%
	No. 6	10.0%	1.1%	12.2%	1.3%
	No. 7	8.9%	1.0%	11.0%	1.2%
	No. 8	8.9%	1.0%	10.1%	1.1%
	No. 9	8.6%	0.9%	9.4%	1.0%
	No. 10	8.2%	0.9%	9.3%	1.0%
(d)	Top ten Borrower Groups				
	No. 1	44.2%	4.8%	41.3%	4.5%
	No. 2	28.1%	3.1%	32.7%	3.6%
	No. 3	28.1%	3.1%	23.5%	2.6%
	No. 4	25.2%	2.7%	21.0%	2.3%
	No. 5	19.1%	2.1%	19.2%	2.1%
	No. 6	18.5%	2.0%	13.4%	1.5%
	No. 7	14.3%	1.6%	12.1%	1.3%
	No. 8	11.8%	1.3%	11.9%	1.3%
	No. 9	11.4%	1.2%	11.8%	1.3%
	No. 10	11.0%	1.2%	10.8%	1.2%

% age to Total Exposure As at March 31, 2003	<i>% age to Total Exposure As at March 31, 2002</i>
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(e)	Five largest Industrial Sectors				
	No. 1			10.1%	10.9%
	No. 2			9.6%	10.7%
	No. 3			8.5%	9.1%
	No. 4			5.2%	6.2%
	No. 5			4.9%	5.1%

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b. Exchange Fluctuation

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Exchange Fluctuation aggregating Rs. 923.6 million, which arises on account of Rupee-tying Agreements with the Government of India, is held in Exchange Fluctuation Suspense with Government Account pending adjustment at maturity on receipt of payments from the Government for repayments to foreign lenders.

- c. Swap suspense (net) Swap Suspense (net) aggregating Rs. 128.7 million (debit), which arises out of conversion of foreign currency swaps, is held in Swap Suspense Account and will be reversed at conclusion of swap transactions with swap counter parties. d. Exchange Risk Administration Scheme Under the Exchange Risk Administration Scheme (ERAS), the Government of India has agreed to extend support to the Exchange Risk Administration Fund (ERAF), when it is in deficit and recoup its contribution in the event of surplus. The Bank can claim from the positive balance in the ERAF account maintained by the Industrial Development Bank of India (IDBI) to the extent of the deficit in the ERAS Exchange Fluctuation Account. If the balance in the ERAF account with IDBI is insufficient, a claim will be made on the Government of India through IDBI.

The Government of India has foreclosed the scheme vide their letter F. N. 6 (3)/2002-IF.1 dated January 28, 2003. The total amount payable to the Government of India under the scheme amounting to Rs. 493.6 million has been included in Other Liabilities.

- e. Profit on sale of shares in ICICI Bank Limited is in respect of the shares held by erstwhile ICICI Limited and transferred to a Board of Trustees as per the scheme of amalgamation.

13. Comparative figures

Consequent on the merger of ICICI, I PFS and I CAPS with the Bank effective March 30, 2002, current year figures are not comparable with those of the previous year. Figures of the previous year have been regrouped to conform to the current year's presentation.

Signatures to Schedules 1 to 19

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

LALITA D. GUPTA
Joint Managing Director

KALPANA MORPARIA
Executive Director

NACHIKET MOR
Executive Director

CHANDA D. KOCHHAR
Executive Director

S. MUKHERJI
Executive Director

BALAJI SWAMINATHAN
Senior General Manager

Place : Mumbai
Date : April 25, 2003

JYOTIN MEHTA
*General Manager &
Company Secretary*

N. S. KANNAN
*Chief Financial Officer &
Treasurer*

G. VENKATAKRISHNAN
*General Manager -
Accounting & Taxation Group*
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cash flow statement

for the year ended March 31, 2003

SCHEDULE 19

(Rs. in 000)

Particulars	2002-2003	2001-2002
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes	7,803,872	2,897,990
Adjustment for :		
Depreciation on fixed assets	5,059,415	640,913
Net (appreciation)/depreciation on investments	3,094,311	(157,000)
Provision in respect of non-performing assets (including prudential provision on standard assets)	14,749,848	2,682,900
Provision for contingencies & others	63,900	27,000
Loss on sale of fixed assets	65,038	627
	30,836,384	6,092,430
Adjustments for :		
(Increase) / Decrease in Investments	1,193,485	(153,127,918)
(Increase) / Decrease in Advances	(74,578,831)	23,033,299
Increase / (Decrease) in Borrowings	(149,162,389)	(14,704,085)
Increase / (Decrease) in Deposits	160,841,952	157,069,033
(Increase) / Decrease in Other assets	(24,500,144)	(5,070,756)
Increase / (Decrease) in Other liabilities and provisions	3,266,612	10,395,316
	(82,939,315)	17,594,889
Payment of taxes (net)	(6,438,190)	(1,275,280)
Net cash generated from operating activities	(A) (58,541,121)	22,412,039
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,516,874)	(244,184)
Proceeds from sale of fixed assets	102,090	7,307
Net cash generated from investing activities	(B) (4,414,784)	(236,877)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	315	
Repayment of subordinated debt	(17,882)	2,285,354
Dividend and dividend tax paid		(971,340)
Net cash generated from financing activities	(C) (17,567)	1,314,014
Cash and cash equivalents on amalgamation	(D)	68,437,439
Net increase/(decrease) in cash and cash equivalents	(A)+(B)+(C)+(D) (62,973,472)	91,926,615

Cash and cash equivalents as at April 1st	127,863,499	35,936,884
Cash and cash equivalents as at March 31st	64,890,027	127,863,499

Cash and Cash equivalents represent Cash and balance with Reserve Bank of India and Balances with banks and money at call and short notice

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

LALITA D. GUPTE
Joint Managing Director

KALPANA MORPARIA
Executive Director

NACHIKET MOR
Executive Director

CHANDA D. KOCHHAR
Executive Director

S. MUKHERJI
Executive Director

BALAJI SWAMINATHAN
Senior General Manager

Place : Mumbai
Date : April 25, 2003

JYOTIN MEHTA
*General Manager &
Company Secretary*

N.S. KANNAN
*Chief Financial Officer &
Treasurer*

G. VENKATAKRISHNAN
*General Manager -
Accounting & Taxation Group*

AUDITORS CERTIFICATE

We have verified the attached cash flow statement of ICICI BANK LIMITED which has been compiled from and is based on the audited financial statements for the years ended March 31, 2003 and March 31, 2002. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to the requirements of Listing Agreements entered into by ICICI Bank with stock exchanges.

For N. M. RAIJI & CO.
Chartered Accountants

For S.R. BATLIBOI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner

per VIREN H. MEHTA
a Partner

Place: Mumbai
Date: April 25, 2003
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Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

Sr. No.	Name of the Subsidiary Company	Financial year of the Subsidiary ended on	Number of Equity Shares held by ICICI Bank and/or its nominees in the Subsidiary as on March 31, 2003	Extent of interest of ICICI Bank in Capital of Subsidiary	Net aggregate amount of Profits/(Losses) of the Subsidiary so far as it concerns the Members of ICICI Bank and is not dealt with in the Accounts of ICICI Bank (see note 1)		Net aggregate amount of Profits/Losses of the Subsidiary so far as it concerns the Members of ICICI Bank dealt with or provided for in the Accounts of ICICI Bank (see note 2)	
					Rs. in thousands		Rs. in thousands	
					for the financial year ended March 31, 2003	for the previous financial years of the subsidiary since it became a subsidiary	for the financial year ended on March 31, 2003	for the previous financial years of the subsidiary since it became a subsidiary
1.	ICICI Securities and Finance Company Limited	March 31, 2003	202,833,200 Equity Shares of Rs.10 each fully paid-up.	99.9%	318,664	1,258,110	710,510	1,567,850
2.	ICICI Brokerage Services Limited	March 31, 2003	4,500,700 Equity Shares of Rs. 10 each fully paid-up held by ICICI Securities and Finance Company Limited.	99.9%	54,774	93,987	Nil	Nil
3.	ICICI Venture Funds Management Company Limited	March 31, 2003	3,124,890 Equity Shares of Rs. 10 each fully paid.	100%	34,327	198,544	151,875	348,736
4.	ICICI International Limited, Mauritius	March 31, 2003	40,000 Ordinary Shares of USD 10 each fully paid-up.	100%	13	11,513	2,446	13,336
5.	ICICI Home Finance Company Limited	March 31, 2003	115,000,000 Equity Shares of Rs. 10 each fully paid.	100%	56,450	136,486	230,000	Nil
6.	ICICI Trusteeship Services Limited	March 31, 2003	800 Equity Shares of Rs. 10 each fully paid.	100%	225	214	Nil	Nil
7.	ICICI Investment Management Company Limited	March 31, 2003	10,000,700 Equity Shares of Rs. 10 each fully paid-up.	100%	5,242	7,623	Nil	Nil
8.	ICICI Prudential Life Insurance Company Limited	March 31, 2003	314,500,000 Equity Shares of Rs. 10 each fully paid-up	74%	1,089,142)	(775,928)	Nil	Nil
9.	ICICI Lombard General Insurance Company Limited	March 31, 2003	81,400,000 Equity Shares of Rs.10 each fully paid-up	74%	24,405	(75,429)	Nil	Nil
10	ICICI Securities Holdings, Inc.	March 31, 2003	1,600,000 Shares of USD 1 each held by ICICI Securities & Finance Company Limited	99.9%	3,057	(9,103)	Nil	Nil
11	ICICI Securities Inc.	March 31, 2003	1,050,000 Commom Stock of USD 1 each, fully paid up held by ICICI Sec. Holding Inc.	99.9%	(5,484)	(18,134)	Nil	Nil

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1. The above companies which were subsidiaries of erstwhile ICICI Limited have become subsidiaries of the Bank consequent to merger of ICICI Limited with ICICI Bank.
2. The amount received by the erstwhile ICICI Limited upto March 29, 2002 as dividend as also been included in the reserves of ICICI Bank.
3. ICICI Bank UK Limited (ICICI Bank UK) was incorporated on February 11, 2003 as a 100% subsidiary of ICICI Bank Limited with paid-up share capital of 1 pound. No accounts have been prepared for financial period ended on March 31, 2003.

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

LALITA D. GUPTA
Joint Managing Director

KALPANA MORPARIA
Executive Director

NACHIKET MOR
Executive Director

CHANDA D. KOCHHAR
Executive Director

S. MUKHERJI
Executive Director

BALAJI SWAMINATHAN
Senior General Manager

Place : Mumbai
Date : April 25, 2003

JYOTIN MEHTA
*General Manager &
Company Secretary*

N. S. KANNAN
*Chief Financial Officer &
Treasurer*

G. VENKATAKRISHNAN
*General Manager -
Accounting & Taxation Group*
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consolidated financial statements of ICICI Bank Limited and its subsidiaries

auditors report

to the Board of Directors of ICICI Bank Limited on the Consolidated Financial Statements of ICICI Bank Limited and its Subsidiaries, Associates and Joint Ventures

We have examined the attached consolidated balance sheet of ICICI Bank Limited, and its subsidiaries, associates and joint ventures (the Group) as at March 31, 2003, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended prepared in accordance with accounting principles generally accepted in India.

These financial statements are the responsibility of the ICICI Bank Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not jointly audit the financial statements of the subsidiaries, associates and joint ventures, whose financial statements reflect total assets of Rs.55,391.4 million as at March 31, 2003, and total revenues of Rs.8,083.5 million for the year then ended. These financial statements have been audited by either of us singly or jointly with others or by other auditors, insofar as it relates to the amounts included in respect of those subsidiaries, associates and joint ventures, is based on the report of those respective auditors.

We report that -

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;
2. The consolidated financial statements have been prepared by the Bank in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of ICICI Bank Limited and its subsidiaries, associates and joint ventures included in the consolidated financial statements.
3. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of ICICI Bank Limited and its subsidiaries, associates and joint ventures, we are of the opinion that in conformity with the accounting principles generally accepted in India:
 - a. the Consolidated Balance Sheet gives a true and fair view of the state of affairs of the group as at March 31, 2003;
 - b. the Consolidated Profit and Loss Account gives a true and fair view of the results of operations of the group for the year then ended; and
 - c. the Consolidated Cash Flow Statement gives a true and fair view of the cash flows of the group for the year then ended.

For N.M. RAIJI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner

Mumbai: April 25, 2003

For S.R. BATLIBOI & CO.
Chartered Accountants

per VIREN H. MEHTA
a Partner

consolidated balance sheet

as of March 31, 2003

	Schedule	(Rs. in 000s)	As on 31.03.2002
CAPITAL AND LIABILITIES			
Capital	1	9,626,600	9,625,472
Reserves and Surplus	2	60,594,980	54,163,567
Minority Interest		71,309	608,580
Deposits	3	479,507,012	322,171,170
Borrowings	4	367,215,827	516,140,058
Liabilities on Life Policies in force		3,911,716	1,332,029
Other liabilities and provisions	5	173,404,234	164,130,138
TOTAL		1,094,331,678	1,068,171,014
ASSETS			
Cash and balance with Reserve Bank of India	6	49,089,557	17,780,348
Balances with banks and money at call and short notice	7	16,407,439	110,894,279
Investments	8	377,753,510	372,748,416
Advances	9	539,089,650	479,072,519
Fixed Assets	10	41,257,334	44,151,919
Other Assets	11	70,734,188	43,523,533
TOTAL		1,094,331,678	1,068,171,014
Contingent liabilities	12	937,472,700	438,008,528
Bills for collection		13,367,843	13,234,184
Significant Accounting Policies and Notes to Accounts	18		
Cash Flow Statement	19		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For N.M. RAIJI & CO.
Chartered Accountants

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

JAYESH M. GANDHI
Partner

LALITA D. GUPTA
Joint Managing Director

KALPANA MORPARIA
Executive Director

For S.R. BATLIBOI & CO.
Chartered Accountants

NACHIKET MOR
Executive Director

CHANDA D. KOCHHAR
Executive Director

per VIREN H. MEHTA
a Partner

S. MUKHERJI
Executive Director

BALAJI SWAMINATHAN
Senior General Manager

Place : Mumbai
Date : April 25, 2003
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JYOTIN MEHTA
General Manager &
Company Secretary

N.S. KANNAN
Chief Financial Officer &
Treasurer

G. VENKATAKRISHNAN
General Manager -
Accounting & Taxation Group

consolidated profit and loss account

for the year ended March 31, 2003

	Schedule	(Rs. in 000s)	Year ended 31.03.2001
I. INCOME			
Interest earned	13	96,908,195	21,539,054
Other income	14	25,239,011	5,791,261
Profit on sale of shares of ICICI Bank Limited held by erstwhile ICICI Limited		11,910,517	
TOTAL		134,057,723	27,330,315
II. EXPENDITURE			
Interest expended	15	81,267,904	15,603,176
Operating expenses	16	27,482,541	6,254,801
Provisions and contingencies	17	13,791,720	2,887,464
TOTAL		122,542,165	24,745,441
III. PROFIT/LOSS			
Net profit for the year		11,515,558	2,584,874
Minority Int. P/L Credit/(Debit)		(4,400)	(391)
Net profit after Minority Interest		11,519,958	2,585,265
Profit brought forward		197,889	8,294

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	TOTAL	11,717,847	2,593,559
IV.	APPROPRIATIONS/TRANSFERS		
	Statutory Reserve	3,020,000	650,000
	Transfer from Debenture Redemption Reserve	(100,000)	
	Capital Reserve	2,000,000	
	Investment Fluctuation Reserve	1,000,000	160,000
	Special Reserve	500,000	140,000
	Revenue and other Reserves	100,000	960,000
	Proposed equity share Dividend	4,597,758	
	Proposed preference share Dividend	35	
	Interim dividend paid		440,717
	Corporate dividend tax	589,092	44,953
	Balance carried over to Balance Sheet	10,962	197,889
	TOTAL	11,717,847	2,593,559
Significant Accounting Policies and Notes to Accounts	18		
Cash Flow Statement	19		
Earning per Share (Refer note B. 9)			
Basic (Rs.)		18.79	11.
Diluted (Rs.)		18.77	11.

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For and on behalf of the Board of Directors

For N.M. RAIJI & CO.
Chartered Accountants

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

JAYESH M. GANDHI
Partner

LALITA D. GUPTA
Joint Managing Director

KALPANA MORPARIA
Executive Director

For S.R. BATLIBOI & CO.
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Executive Director

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Executive Director

per VIREN H. MEHTA
a Partner

S. MUKHERJI
Executive Director

BALAJI SWAMINATHAN
Senior General Manager

Place : Mumbai
Date : April 25, 2003

JYOTIN MEHTA
General Manager &
Company Secretary

N.S. KANNAN
Chief Financial Officer &
Treasurer

G. VENKATAKRISHNAN
General Manager -
Accounting & Taxation Group
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schedules

forming part of the Consolidated Balance Sheet as on March 31, 2003

	(Rs. in 000s)	As on 31.03.2002
SCHEDULE 1 CAPITAL		
Authorised Capital		
1550,000,000 equity shares of Rs. 10 each	15,500,000	3,000,000
(Previous year 300,000,000 equity shares of Rs. 10 each)		
350 preference shares of Rs 10 million each.	3,500,000	
	<hr/>	<hr/>
Issued, Subscribed and Paid-up Capital		
613,031,404 (Previous year 220,358,680) equity shares of Rs. 10 each1	6,130,314	2,203,587
Less: Calls unpaid	(3,744)	
Add: Issued 3,000 equity shares of Rs. 10 each on exercise of employee stock option	30	
	<hr/>	<hr/>
Share Capital Suspense (Net)		
[Previous year : represents face value of 392,672,724 equity shares to be issued to shareholders of ICICI Limited on amalgamation]		3,921,885
	<hr/>	<hr/>
Preference Share Capital2		
[Represents face value of 350 preference shares of Rs. 10 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation redeemable at par on April 20, 2018]	3,500,000	
	<hr/>	<hr/>
Preference Share Capital Suspense2		
[Represents face value of 350 preference shares to be issued to preference share holders of ICICI Limited on amalgamation redeemable at par on April 20, 2018]		3,500,000
	<hr/>	<hr/>
TOTAL	9,626,600	9,625,472
	<hr/>	<hr/>

1. Includes:

- a) 31,818,180 underlying equity shares consequent to the ADS issue.
- b) 23,539,800 equity shares issued to the equity share holders of Bank of Madura Limited on amalgamation.
- c) 264,465,582 equity shares issued to the equity share holders [excluding ADS holders] of ICICI Limited on amalgamation.
- d) 128,207,142 underlying equity shares issued to the ADS holders of ICICI Limited on amalgamation.

2. The notification from Ministry of Finance has currently exempted the Bank from the restriction of Section 12 (1) of the Banking Regulation Act, 1949, which prohibits issue of preference shares by banks.

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schedules

forming part of the Consolidated Balance Sheet as on March 31, 2003

Continued

	(Rs. in 000s)	As on 31.03.2002
SCHEDULE 2 RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening balance	2,627,337	1,844,307
Additions during the year	3,044,990	783,030
Deductions during the year		
Closing balance	5,672,327	2,627,337
II. Debenture Redemption Reserve		
Opening balance	100,000	
Additions during the year		100,000
Deductions during the year	100,000	
Closing balance		100,000
III. Special Reserve		
Opening balance	10,973,030	
Additions during the year	612,366	10,973,030
Deductions during the year		
Closing balance	11,585,396	10,973,030
IV. Share Premium		
Opening balance*	8,341,025	8,014,085
Additions during the year (on exercise of employee stock options)	285	319,670
Deductions during the year		
Closing balance	8,341,310	8,333,755
V. Investment Fluctuation Reserve		
Opening balance	403,950	113,350
Additions during the year	889,422	290,600
Deductions during the year		
Closing balance	1,293,372	403,950
VI. Capital Reserve		
Opening balance	141,300	
Additions during the year	2,000,000	141,300
Deductions during the year**	(3,600)	
Closing balance	2,137,700	141,300

VII.	Revenue and other Reserves		
	Opening balance	***31,386,306	911,206
	Additions during the year	167,607	30,475,100
	Deductions during the year		
	Closing balance	31,553,913	***31,386,306
VII.	Balance in Profit and Loss Account	10,962	197,889
	TOTAL	60,594,980	54,163,567

* Net of Share Premium in Arrears Rs. 24.1 million. [Previous year Rs. 31.4 million]

** Represents effect of deconsolidation of certain subsidiaries [Refer Schedule 18(A)(3)].

*** Includes:

- Amount transferred on amalgamation of Bank of Madura Limited Rs. 20.7 million.
- Rs. 117.7 million being excess of face value of equity shares issued over net assets and reserves of Bank of Madura Limited on amalgamation.
- Rs. 32,108.2 million on amalgamation with ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited.
- Rs. 960.0 million transferred from Profit and Loss Account.

Net of e) Rs. 327.3 million being deferred tax liability as at March 31, 2001 in accordance with the transitional provisions of Accounting Standard 22 on Accounting for Income-Taxes.

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schedules

forming part of the Consolidated Balance Sheet as on March 31, 2003

Continued

(Rs. in 000s) As on
31.03.2002

SCHEDULE 3 DEPOSITS

A.	I.	Demand Deposits		
	i)	From banks	919,592	1,089,978
	ii)	From others	35,259,501	26,088,139
	II.	Savings Bank Deposits	37,932,081	24,970,029
	III.	Term Deposits		
	i)	From banks	53,585,875	44,565,784
	ii)	From others	351,809,963	225,457,240

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TOTAL		479,507,012	<i>322,171,170</i>
B. I. Deposits of branches in India		479,507,012	<i>322,171,170</i>
TOTAL		479,507,012	<i>322,171,170</i>

SCHEDULE 4 BORROWINGS

I. Borrowings in India			
i) Reserve Bank of India		8,000,000	<i>1,408,900</i>
ii) Other banks		36,837,487	<i>26,877,535</i>
iii) Other institutions and agencies			
a) Government of India		5,210,408	<i>6,009,357</i>
b) Financial Institutions		25,658,489	<i>21,842,092</i>
II. Borrowings in the form of			
i) Deposits (including deposits taken over from ICICI Limited)		6,665,336	<i>42,499,895</i>
ii) Commercial Paper		2,270,700	<i>7,022,886</i>
iii) Bonds and Debentures (excluding subordinated debt)			
a) Debentures and Bonds guaranteed by the Government of India		14,815,000	<i>18,240,000</i>
b) Tax free Bonds		800,000	<i>800,000</i>
c) Non convertible portion of partly convertible notes			<i>1,331,936</i>
d) Borrowings under private placement of bonds carrying maturity of one to thirty years from the date of placement		91,289,109	<i>193,569,377</i>
e) Bonds Issued under multiple option/safety bonds series			
- Regular Interest Bonds		16,722,052	<i>34,175,231</i>
- Deep Discount Bonds		6,098,808	<i>6,214,122</i>
- Bonds with premium warrants		588,947	<i>506,078</i>
- Index Bonds			
- Encash Bonds		1,892,690	<i>2,493,030</i>
- Tax Saving Bonds		80,125,313	<i>74,933,163</i>
- Easy Instalment Bonds		31,337	<i>31,359</i>
- Pension Bonds		54,469	<i>51,729</i>
f) Application Money pending allotment		11,238,896	<i>5,374,495</i>
III. Borrowings outside India			
i) From Multilateral/Bilateral Credit Agencies (guaranteed by the Government of India equivalent of Rs. 20,335.6 million)		25,417,795	<i>25,213,694</i>
ii) From International Banks, Institutions and Consortiums		27,947,995	<i>29,347,659</i>
iii) By way of Bonds and Notes		5,550,996	<i>18,197,520</i>
TOTAL		367,215,827	<i>516,140,058</i>

Secured borrowings in I, II and III above is Rs. 8,000 million (Previous year Rs. Nil)

schedules

forming part of the Consolidated Balance Sheet as on March 31, 2003

Continued

	(Rs. in 000s)	As on 31.03.2002
SCHEDULE 5 OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	10,305,536	8,173,313
II. Inter-office adjustments (net)		330,459
III. Interest accrued	16,270,883	22,927,812
IV. Unsecured Redeemable Debentures/Bonds [Subordinated for Tier II Capital]	97,495,259	97,513,141
V. Others		
a) Security Deposits from Clients	3,540,625	813,904
b) Sundry creditors	17,337,676	12,567,657
c) Received for disbursements under special program	2,548,454	2,547,297
d) Swap Suspense (Refer Note B. 11b)		253,910
e) ERAS Exchange Fluctuation Account		679,348
f) Liabilities on non-life policies in force	42,242	14,788
g) Other Liabilities (including provisions)*	25,863,559	19,640,538
TOTAL	173,404,235	165,462,167

* Includes:

- a) Deferred Tax Liabilities Rs NIL [Previous year Rs. 1,470.5 million].
- b) Proposed dividend Rs 4,597.8 million [Previous year Rs. NIL].
- c) Corporate dividend Tax payable Rs. 589.1 million [Previous year Rs. NIL].

SCHEDULE 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. Cash in hand (including foreign currency notes)	3,591,341	2,492,657
II. Balances with Reserve Bank of India		
i) In Current Accounts	45,498,216	15,285,691
ii) In Other Accounts		2,000

TOTAL	<u>49,089,557</u>	<u>17,780,348</u>
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**SCHEDULE 7 BALANCES WITH BANKS AND
MONEY AT CALL AND SHORT NOTICE**

I.	In India		
	i)	Balances with banks	
		a) in Current Accounts	2,360,618
		b) in Other Deposit Accounts	6,116,918
	ii)	Money at call and short notice	
		a) with Banks	1,925,000
		b) with Other Institutions	3,227,500
	TOTAL		<u>13,630,036</u>
II.	Outside India		
	i)	in Current Accounts	917,824
	ii)	in Other Deposit Accounts	637,790
	iii)	Money at call and short notice	1,221,789
	TOTAL		<u>2,777,403</u>
	GRAND TOTAL (I + II)		<u>16,407,439</u>

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schedules

forming part of the Consolidated Balance Sheet as on March 31, 2003

Continued

(Rs. in 000s)

As on
31.03.2002

SCHEDULE 8 INVESTMENTS [Net of provision]

I. Investments in India

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i)	Government securities	273,352,054	243,048,521
ii)	Other approved securities	344,477	704,645
iii)	Shares	26,388,366	25,970,806
iv)	Debentures and Bonds	62,215,264	69,590,999
v)	Subsidiaries, joint ventures and/or associates	14,426	
vi)	Others (CPs, Mutual Fund Units, etc.)	15,367,731	33,326,766
TOTAL		377,682,318	372,641,737
II. Investments outside India			
i)	Subsidiaries and/or joint ventures abroad		
ii)	Others	71,192	106,679
TOTAL		71,192	106,679
GRAND TOTAL (I + II)		377,753,510	372,748,416

SCHEDULE 9 ADVANCES

A.	i)	Bills purchased and discounted	4,376,415	16,541,223
	ii)	Cash credits, overdrafts and loans repayable on demand	31,340,244	24,025,073
	iii)	Term loans	495,323,675	430,200,453
	iv)	Securitisation, Finance lease and Hire Purchase receivables	8,049,316	8,305,770
TOTAL		539,089,650	479,072,519	
B.	i)	Secured by tangible assets [includes advances against Book Debt]	506,696,440	446,042,464
	ii)	Covered by Bank/Government Guarantees	16,998,486	10,293,612
	iii)	Unsecured	15,394,724	22,736,443
TOTAL		539,089,650	479,072,519	
C.	I.	Advances in India		
	i)	Priority Sector	89,376,024	19,859,144
	ii)	Public Sector	18,974,073	43,562,087
	iii)	Banks	1,013,245	1,794,497
	iv)	Others	429,190,181	413,236,370
TOTAL		538,553,523	478,452,098	
	II.	Advances outside India		
	i)	Due from banks		
	ii)	Due from others		
	a)	Bills purchased and discounted		
	b)	Syndicated loans		
	c)	Others	536,127	620,421

TOTAL	<u>536,127</u>	<u>620,421</u>
GRAND TOTAL (C. I and II)	<u>539,089,650</u>	<u>479,072,519</u>

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schedules

forming part of the Consolidated Balance Sheet as on March 31, 2003

Continued

As on
(Rs. in 000s) 31.03.2002

SCHEDULE 10 FIXED ASSETS

I. Premises		
At cost as on March 31st of preceding period	15,584,439	2,030,868
Additions during the year	3,752,559	1,318,556
Additions on Amalgamation		12,377,806
Deductions during the year	(3,001,041)	(142,791)
Depreciation to date	(723,665)	(390,937)
Net Block	<u>15,612,292</u>	<u>15,193,502</u>
II. Other Fixed Assets (including Furniture and Fixtures)		
At cost as on March 31st of preceding year	7,670,105	2,535,245
Additions during the year	4,009,073	1,731,328
Additions on Amalgamation		3,413,358
Deductions during the year	(384,691)	(9,826)
Depreciation to date	(3,415,418)	(1,480,552)
Net Block	<u>7,879,069</u>	<u>6,189,553</u>
III. Assets given on Lease		
At cost as on March 31st of preceding year*	23,446,795	1,330,663
Additions during the year	343,565	69,190
Additions on amalgamation		22,270,582
Deductions during the year	(2,243,981)	(223,640)
Depreciation to date, accumulated lease adjustment and provisions	(3,780,406)	(677,931)
Net Block	<u>17,765,973</u>	<u>22,768,864</u>

TOTAL	41,257,334	<i>44,151,919</i>
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* Includes repossessed Leased Asset Rs. 96.0 million

SCHEDULE 11 OTHER ASSETS

I. Inter-office adjustments (net)	1,034,655	
II. Interest accrued	19,761,130	<i>18,654,284</i>
III. Tax paid in advance/tax deducted at source (net)	14,192,470	<i>10,156,251</i>
IV. Stationery and Stamps	8,084	<i>5,034</i>
V. Non-banking assets acquired in satisfaction of claims*	4,538,354	<i>2,067,795</i>
VI. Others		
a) Advance for Capital Assets	1,563,466	<i>2,058,667</i>
b) Outstanding Fees and Other Income	2,527,873	<i>1,732,539</i>
c) Exchange Fluctuation Suspense with Government of India (Refer Note B 11 (a))	923,573	<i>1,111,919</i>
d) Swap Suspense (Refer Note B 11 (b))	128,667	
e) Others**	26,055,916	<i>***7,737,044</i>
TOTAL	70,734,188	<i>43,523,533</i>

* Includes certain non-banking assets acquired in satisfaction of claims are in the process of being transferred in the Banks name.

** Includes Net Deferred Tax Asset of Rs. 5,053.9 million [Previous year Net Deferred Tax Liability Rs. 1,470.5 million].

*** Includes Rs. 1,244.5 million [representing 101,395,949 equity shares being shares held by erstwhile ICICI Limited in ICICI Bank Limited] transferred to a trust.

SCHEDULE 12 CONTINGENT LIABILITIES

I. Claims against the Bank not acknowledged as debts	20,365,980	<i>10,236,207</i>
II. Liability for partly paid investments	1,804,936	<i>2,615,161</i>
III. Liability on account of outstanding forward exchange contracts	251,030,498	<i>152,545,916</i>
IV. Guarantees given on behalf of constituents in India	106,478,281	<i>93,516,016</i>
V. Acceptances, endorsements and other obligations	43,251,942	<i>17,391,049</i>
VI. Currency Swaps	29,109,450	<i>20,414,675</i>
VII. Interest Rate Swaps	455,894,698	<i>122,041,565</i>
VIII. Other items for which the Bank is contingently liable	29,536,915	<i>19,247,939</i>
TOTAL	937,472,700	<i>438,008,528</i>

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forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2003

	(Rs. in 000s)	Year ended 31.03.2002
SCHEDULE 13 INTEREST EARNED		
I. Interest/discount on advances/bills	61,628,197	7,725,058
II. Income on investments	30,889,875	12,349,422
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,368,947	1,226,299
IV. Others	2,021,176	238,275
	96,908,195	21,539,054
SCHEDULE 14 OTHER INCOME		
I. Commission, exchange and brokerage	8,660,753	2,308,887
II. Profit/(Loss) on sale of investments (net)	5,866,324	3,057,134
III. Profit/(Loss) on revaluation of investments (net)	1,487	(126,432)
IV. Profit/(Loss) on sale of land, buildings and other assets (net)..	(66,586)	(627)
V. Profit/(Loss) on foreign exchange transactions (net) (including premium amortisation)	102,431	372,200
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India		
VII. Miscellaneous Income (Including Lease Income)	10,674,602	180,099
	25,239,011	5,791,261
SCHEDULE 15 INTEREST EXPENDED		
I. Interest on deposits	24,797,095	13,896,190
II. Interest on Reserve Bank of India/inter-bank borrowings	3,076,050	478,387
III. Others	53,394,759	1,228,599
	81,267,904	15,603,176
SCHEDULE 16 OPERATING EXPENSES		
I. Payments to and provisions for employees	4,894,633	1,475,464
II. Rent, taxes and lighting	1,439,530	664,685
III. Printing and Stationery	807,914	353,022
IV. Advertisement and publicity	892,789	79,657
V. Depreciation on Bank's property	2,035,237	526,791
VI. Depreciation on leased assets	3,166,538	115,000
VII. Directors' fees, allowances and expenses	2,199	1,569

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VIII. Auditors fees and expenses (including branch auditors)	20,252	3,105
IX. Law Charges	178,387	15,149
X. Postages, Telegrams, Telephones, etc.	1,133,398	377,703
XI. Repairs and maintenance	1,555,653	783,916
XII. Insurance	269,697	141,533
XIII. Other expenditure*	11,086,314	**1,717,207
	<hr/>	<hr/>
TOTAL	27,482,541	6,254,801
	<hr/>	<hr/>

* Includes Rs. 2,588.1 million (Previous year Rs. 0.9 million) for Premium ceded and Change in liability for life policies in force.

** Includes Rs. 91.5 million amortisation of ADS issue expenses.

SCHEDULE 17 PROVISIONS AND CONTINGENCIES

I. Income Tax		
Current period tax	2,957,051	1,213,300
Deferred Tax adjustment	(6,518,520)	(903,300)
II. Wealth Tax	22,500	5,000
III. Additional depreciation/(write-back of depreciation) on investments .	2,444,174	(137,436)
IV. Provision for advances (net)	13,282,615	2,682,900
V. Prudential provision on standard assets	1,540,000	
VI. Others	63,900	27,000
	<hr/>	<hr/>
	13,791,720	2,887,464
	<hr/>	<hr/>

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SCHEDULE 18

A. SIGNIFICANT ACCOUNTING POLICIES

1. Overview

ICICI Bank Limited together with its subsidiaries, joint ventures and associates (collectively, the Group) is a diversified financial services group providing a variety of banking and financial services including project finance, working capital finance, venture capital finance, investment banking, treasury products and services, retail banking and broking.

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held bank engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949.

2. Principles of consolidation

The consolidated financial statements include the accounts of ICICI Bank, its subsidiaries, associates and joint ventures.

The Bank consolidates all subsidiaries as defined in Accounting Standard (AS) 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India (ICAI) on line by line basis by adding together like items of assets, liabilities, income and expenses. Further, the Bank accounts for investments in associates as defined by AS 23 Accounting for Investments in Associates in Consolidated Financial Statements by the equity method of accounting. The Bank has investments in certain joint ventures, which have been consolidated by the proportionate consolidation method as required by AS 27 on Financial Reporting of Interests in Joint Ventures.

3. Basis of preparation

In fiscal 2001, ICICI Bank acquired and merged Bank of Madura into itself in an all-stock deal. Effective March 30, 2002, ICICI Bank acquired ICICI Limited (ICICI) and two of its retail finance subsidiaries, ICICI Personal Financial Services Limited (IPFS) and ICICI Capital Services Limited (ICAPS) along with ICICI s interest in its subsidiaries in an all-stock deal. The amalgamation was accounted for as per the approved Scheme of Amalgamation and the purchase method of accounting.

The accounting and reporting policies of the Group used in the preparation of these financial statements conform with the Accounting Standards issued by ICAI, the guidelines issued by the Reserve Bank of India (RBI), Insurance Regulatory and Development Association (IRDA) and National Housing Bank (NHB) from time to time as applicable to relevant companies and generally accepted accounting principles prevailing in India.

The Group follows the accrual method of accounting and historical cost convention.

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. The consolidated financial statements include the results of the following entities:

Sr. No.	Name of the Company	Country/ Residence	Relation	Ownership Interest
1.	ICICI Securities and Finance Company Limited	India	Subsidiary	99.92%
2.	ICICI Brokerage Services Limited	India	Subsidiary	99.92%
3.	ICICI Securities Inc.	USA	Subsidiary	99.92%
4.	ICICI Securities Holding Inc.	USA	Subsidiary	99.92%
5.	ICICI Venture Funds Management Company Limited	India	Subsidiary	99.99%
6.	ICICI Home Finance Company Limited	India	Subsidiary	100.00%
7.	ICICI Trusteeship Services Limited	India	Subsidiary	100.00%
8.	ICICI Investment Management Company Limited	India	Subsidiary	100.00%
9.	ICICI International Limited	Mauritius	Subsidiary	100.00%
10.	ICICI Bank UK Limited	United Kingdom	Subsidiary	100.00%
11.	ICICI Property Trust	India	Direct holding	100.00%
12.	ICICI Eco-net Internet & Technology Fund	India	Direct holding	92.12%
13.	ICICI Equity Fund	India	Direct holding	100.00%
14.	ICICI Emerging Sectors Fund	India	Direct holding	100.00%
15.	ICICI Strategic Investments Fund	India	Direct holding	100.00%

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The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Bank, i.e. year ended March 31, 2003.

The investment in TCW/ICICI Investment Partners LLC. (holding of the Bank is 50%) is accounted under equity method as per AS 23.

During the year, the Bank has adopted AS 27 and the investments in the following companies have been accounted in accordance with the provisions of AS 27 :-

Sr. No.	Name of the Company	Country/ Residence	Percentage Holding
1.	ICICI Prudential Life Insurance Company Limited	India	74.00%
2.	ICICI Lombard General Insurance Company Limited	India	74.00%
3.	Prudential ICICI Asset Management Company Limited	India	**44.99%
4.	Prudential ICICI Trust Limited	India	**44.80%

** Indicates holding by ICICI Bank Limited along with its subsidiaries.

During the year, the following entities (whose shares have been held by various funds managed by ICICI Venture Funds Management Company Limited, a subsidiary of the Bank), were deconsolidated since these investments had been made by the venture capital subsidiary of the Bank and the control in these entities is intended to be temporary:

1. ICICI Web-Trade Limited
2. Reclamation Properties (India) Private Limited (formerly ICICI Properties Private Limited)
3. Reclamation Real Estate (India) Private Limited (formerly ICICI Real Estate Company Private Limited)
4. Reclamation Realty (India) Private Limited (formerly ICICI Realty Private Limited)
5. ICICI West Bengal Infrastructure Development Corporation Limited
6. ICICI KINFRA Limited
7. ICICI Knowledge Park

ICICI Information Technology Fund, which had been consolidated as subsidiary as on March 31, 2002, has subsequently redeemed the holding of ICICI Bank during the current year and has since ceased to be a subsidiary.

4. Revenue Recognition

ICICI Bank Limited

- a) Interest income is recognised in the Profit and Loss Account as it accrues except in the case of non-performing assets where it is recognised upon realisation as per the prudential norms of RBI. Accrual of income is also suspended on

certain other loans, including projects under implementation where the implementation has been significantly delayed and in the opinion of the management significant uncertainties exist as to the final financial closure and/or date of completion of the project.

- b) Income from hire purchase operations is accrued by applying the interest rate implicit on outstanding investments.
- c) Income from leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period. Leases effected from April 1, 2001 have been accounted as per AS 19 on Accounting for Leases issued by ICAI.
- d) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- e) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- f) Fees received as a compensation of future interest sacrifice is amortised over the remaining period of the facility.
- g) Arranger's fee is accrued proportionately where more than 75% of the total amount of finance has been arranged.
- h) All other fees are recognised upfront on their becoming due.
- i) Income arising from sell down of loan assets is recognised upfront in excess of the future servicing cost of the assets sold and projected delinquencies and included in Interest income.
- j) Guarantee commission is recognised over the period of the guarantee.

Other entities

- k) Fees earned on non-fund based activities such as issue management, loan syndication, financial advisory services etc., are recognised based on the stage of completion of assignments and the bills raised for the recovery of fees.
- l) Income from brokerage activities is recognised as income on the trade date of the transaction. Related expenditure incurred for procuring business are accounted for as procurement expenses.
- m) Contango transactions are treated as secured lending transactions and accordingly disclosed in the financial statements. The difference between purchase and sale values on such transactions is recognised in other income.
- n) Insurance premium is recognised when due, over the contract period or over the period of risk. Premium deficiency is recognised if the sum of expected claim costs, related expenses and maintenance costs exceeds related reserves for unexpired risks.

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5. Investments ICICI Bank Limited

Investments are valued in accordance with the extant RBI guidelines on investment classification and valuation as under:

- a) All investments are categorised into Held to Maturity, Available for Sale and Trading. Reclassifications, if any, in any category are accounted for as per the RBI guidelines. Under each category the investments are further classified under (a) Government Securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.
- b) Held to Maturity securities are carried at their acquisition cost or at amortised cost if acquired at a premium over the face value. A provision is made for other than temporary diminution.
- c) Available for Sale and Trading securities are valued periodically as per RBI guidelines.

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The market/fair value for the purpose of periodical valuation of quoted investments included in the Available for Sale and Held for Trading categories would be the market price of the scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, price list of RBI, prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) periodically.

The market/fair value of other than quoted SLR securities for the purpose of periodical valuation of investments included in the Available for Sale and Trading categories is as per the rates put out by FIMMDA.

The valuation of non-SLR securities, other than those quoted on the stock exchanges, wherever linked to the YTM rates, is with a mark-up (reflecting associated credit risk) over the YTM rates for government securities put out by FIMMDA.

Securities shall be valued scripwise and depreciation/appreciation aggregated for each category. Net appreciation in each basket if any, being unrealised, is ignored, while net depreciation is provided for.

- d) Costs such as brokerage, commission etc., pertaining to investments, paid at the time of acquisition, are charged to revenue.
- e) Broken period interest on debt instruments is treated as a revenue item.
- f) Profit on sale of investment in the Held to Maturity category is credited to the revenue account and thereafter is appropriated, (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Such appropriation is carried out at the year end.

Other entities

In case of investments by ICICI Equity Fund, ICICI Eco-net Internet and Technology Fund, ICICI Emerging Sectors Fund and ICICI Strategic Investments Fund, brokerage, commission and stamp duty are included in the cost of acquisition while underwriting commission and fees earned are netted off from cost of investments.

ICICI Equity Fund, ICICI Eco-net Internet and Technology Fund and ICICI Emerging Sectors Fund (schemes of ICICI Venture Capital Fund) value their investments as per Securities and Exchange Board of India (SEBI) guidelines issued from time to time. Total investments of these funds amount to Rs.7,716.9 million. Unrealised gains and temporary losses on investments are recognised as components of investors' equity and are dealt with under Unrealised Investment Reserve.

ICICI International Limited values their investments in accordance with International Accounting Standard (IAS) 39 (Financial Instruments: Recognition and Measurement). Value of the same is Rs.14.2 million.

Other subsidiaries value their investments as per AS 13 Accounting for Investments issued by ICAI. Total investments of such subsidiaries amount to Rs.22,673.7 million.

In case of ICICI Securities and Finance Company Limited and its subsidiaries, the repurchase and reverse repurchase transactions are treated as secured borrowing/lending transactions. The amount outstanding under these contracts as on March 31, 2003 was Rs. Nil.

Insurance Associates

ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited are governed by Insurance Act, 1938 which value their investments in accordance with the provisions of Insurance Regulatory and Development Authority Regulation, 2002. Total investments of these two subsidiaries amount to Rs.6,460.2Qmillion.

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6. Provision/Write-offs on loans and other credit facilities

- a) In addition to the general provision of 0.25% made on standard assets in accordance with the RBI guidelines the Bank maintains general provisions to cover potential credit losses which are inherent in any loan portfolio but not identified. For standard assets, additional general provisions are determined having regard to overall portfolio quality, asset growth, economic conditions and other risk factors.
- b) The Bank has incorporated the assets taken over from ICICI in its books at carrying values as appearing in the books of ICICI with a provision made based on the fair valuation exercise carried out by an independent firm. To the extent future provisions are required on the assets taken over from ICICI, the provision created on fair valuation of the assets at the time of the amalgamation is used.

Amounts recovered against other debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the Profit and Loss Account.

- c) All credit exposures are classified as per the RBI guidelines, into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets for provisioning based on the criteria stipulated by the RBI. Provisions are generally made on substandard and doubtful assets at rates equal to or higher than those prescribed by the RBI. The secured portion of the substandard and doubtful assets is provided at 50% over a three-year period instead of five and a half years as prescribed by the RBI. Loss assets and unsecured portion of doubtful assets are fully provided/written off. Additional provisions are made against specific non-performing assets over and above what is stated above, if in the opinion of the management, increased provisions are necessary.
- d) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the present value of the interest sacrifice be provided at the time of restructuring.
- e) In the case of other than restructured loan accounts classified as NPAs, the account is reclassified as Standard account if arrears of interest and principal are paid by the borrower.

In respect of loan accounts subject to restructuring, asset category is upgraded to standard account if the borrower demonstrates, over a minimum of one year, the ability to repay the loan in accordance with the contractual terms.

- f) In addition to the provisions required to be held according to the asset classification status, provisions are held for country exposure (other than for home country). The countries are categorised into seven risk categories namely Insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal requirement is held.

7. Fixed assets and depreciation

ICICI Bank Limited

- a) Premises and other fixed assets are carried at cost less accumulated depreciation charged over the estimated useful life of a fixed asset on a straight line basis. The rates of depreciation for fixed assets are:

Asset	Depreciation Rate
Premises owned by the Bank	1.63%
Improvements to leasehold premises	1.63% or over the lease period,

	whichever is higher
ATMs	12.50%
Plant and Machinery like Air conditioners, Xerox machines, etc.	10%
Furniture and Fixtures	15%
Motor vehicles	20%
Computers	33.33%
Others (including Software and system development expenses)	25%

- b) Depreciation on leased assets is made on a straight-line basis at the higher of the rates determined with reference to the primary period of lease and the rates specified in Schedule XIV to the Companies Act, 1956.
- c) Assets purchased and sold during the year are depreciated on the basis of actual number of days the asset has been put to use.
- d) Items costing less than Rs.5,000 are fully depreciated in the year of purchase.

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Other entities

- e) In case of ICICI Venture Funds Management Company Limited, depreciation on assets, other than leased assets, is charged on written down value method in accordance with the provisions of Schedule XIV of the Companies Act, 1956. The gross block, accumulated depreciation and net block in respect of such fixed assets as on March 31, 2003 for these subsidiaries was Rs.76.7 million, Rs.33.5 million and Rs.43.2 million respectively.
- f) In case of ICICI Securities and Finance Company Limited and its subsidiaries, depreciation on assets, other than leased assets and improvements to leased property, is charged on written down value method in accordance with the provisions of Schedule XIV of the Companies Act, 1956. The gross block, accumulated depreciation and net block in respect of such fixed assets as on March 31, 2003 for these subsidiaries was Rs. 206.9 million, Rs. 94.2 million and Rs. 112.7Qmillion respectively.
- g) In case of Prudential ICICI Asset Management Company Limited, fixed assets other than leasehold improvements are depreciated at written down value method based on economic lives of the assets as estimated by the management. The gross block, accumulated depreciation and net block in respect of such fixed assets as on March 31, 2003 was Rs.113.3 million, Rs.83.8 million and Rs.29.5 million respectively.

8. Foreign Currency transactions

ICICI Bank Limited

- a) Revenues and expenditure are translated at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at closing exchange rates notified by the Foreign Exchange Dealers Association of India (FEDAI) at the balance sheet date and the resulting profits/losses are included in the Profit and Loss Account.
- b) Outstanding forward exchange contracts are stated at contracted rates and are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of in-between maturities. The resultant gains or losses are recognised in the Profit and Loss Account.
- c) Contingent Liabilities on account of guarantees, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the Balance Sheet date.

Other entities

- d) Financial statements of foreign subsidiaries/associates ICICI Securities Holding Inc., ICICI Securities Inc., ICICI International Limited and TCW/ICICI Investment Partners LLC. have been converted at the closing rates on the Balance Sheet date.

9. Accounting for Derivative Contracts

ICICI Bank Limited

The Bank enters into derivative contracts such as foreign currency options, interest rate and currency swaps and cross currency interest rate swaps to hedge on-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments are correlated with the movement of underlying assets and accounted pursuant to the principles of hedge accounting.

Interest income/expense is accrued on Interest Rate Swaps (IRS) and currency swaps designated as hedges and booked in the Profit and Loss Account. Trading IRS, trading currency swaps and foreign currency options, outstanding at the Balance Sheet date is marked to market and the resulting loss if any, is recorded in the Profit and Loss Account.

Other entities

In case of ICICI Securities Limited and its subsidiaries:

- a) The gains are recognised only on settlement/expiry of the derivative instruments.
- b) All open positions are marked to market and the unrealised gains/loss are netted off on a scrip-wise basis. Mark-to-market gains, if any, are not recognised.
- c) Debit/credit balances on open positions are shown as current assets/liabilities, as the case may be.

10. Employee Stock Option Scheme (ESOS)

The Group has formulated an Employees Stock Option Scheme. The Scheme provides that employees are granted an option to acquire equity shares of the Bank that vests in graded manner. The options may be exercised within a specified period. Since the exercise price of the option is the closing market price as on the date of grant, there is no compensation cost.

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11. Staff benefits

For employees covered under group gratuity scheme and group superannuation scheme of LIC, gratuity and superannuation charged to Profit and Loss Account is on the basis of premium charged by LIC. Provision for gratuity and pension for other employees and leave encashment liability is determined as per actuarial valuation. Defined contributions for Provident Fund are charged to the Profit and Loss Account based on contributions made in terms of the scheme.

12. Income Tax

Income tax expense is the aggregate amount of current tax and deferred tax charge. Taxes on income are accrued in the same period as the revenue and expenses to which they relate. Current period taxes are determined in accordance with the Income Tax Act, 1961. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences arising between the carrying values of assets and liabilities and their respective tax basis and operating carry forward losses. Deferred tax assets are recognised only after giving due consideration to prudence. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. The impact on account of changes in the deferred tax assets and liabilities is also recognised in the income statement.

Deferred tax assets are recognised based upon management's judgement as to whether realisation is considered reasonably certain.

13. Translation of the Financial Statements of Foreign Representative Offices

In accordance with the guidelines issued by the Reserve Bank of India, all assets, liabilities, income and expenditure of the foreign representative offices of the Bank have been converted at the closing rate prevailing on the balance sheet date.

B. NOTES FORMING PART OF THE ACCOUNTS

1. Preference Shares

Certain Government Securities amounting to Rs.1,244.8 million (2002 : Rs.1,304.6Qmillion) have been earmarked against redemption of preference share capital, which falls due for redemption on April 20, 2018 as per the original issue terms.

2. Employee Stock Option Scheme

In terms of Employee Stock Option Scheme, the maximum number of options granted to any Eligible Employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the Eligible Employees shall not exceed 5% of the aggregate number of the issued equity shares of the Bank subsequent to the amalgamation of ICICI, I CAPS and I PFS with the Bank and the issuance of equity shares by the Bank pursuant to the amalgamation of ICICI, I CAPS and I PFS with the Bank.

In terms of the Scheme, 12,610,275 options (2002 : 13,343,625 options) granted to eligible employees were outstanding as at March 31, 2003.

Stock option activity

A summary of the status of the Bank's option plan is presented below:

Year ended *Year ended*

	<u>March 31, 2003</u>	<u>March 31, 2002</u>
	Option shares outstanding	<i>Option shares outstanding</i>
Outstanding at the beginning of the year	13,343,625	1,636,125
<i>Add:</i> Granted during the year		4,735,200
Options taken over on Amalgamation		* 7,015,800
<i>Less:</i> Forfeited during the year	730,350	43,500
Exercised during the year	3,000	
Outstanding at the end of the year	12,610,275	13,343,625

* Represents options granted to option holders of erstwhile ICICI Limited in the share swap ratio.

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3. Subordinated debt

Subordinated debt includes Index bonds amounting to Rs.95.8Qmillion, (2002 : Rs.88.0 million) which carry a detachable warrant entitling bondholders to a right to receive an amount linked to the BSE Sensitive Index (Sensex) per terms of the issue. The liability of the Bank arising out of changes in the Sensex has been hedged by earmarking its investments of an equivalent amount in the UTI Index Equity Fund whose value is based on the Sensex. The Bank has not issued any subordinated debt during the current year.

4. Fixed Assets and Depreciation

The Bank depreciated Automatic Teller Machines (ATMs) over its useful life estimated as 6 years or over the lease period for ATMs taken on lease. Effective April 1, 2002 the Bank revised the useful life of the ATMs to 8 years based on an evaluation done by the management.

Accordingly, the depreciation charged for the current year was lower by Rs.29.0 million.

5. Investments

Effective AprilQ1, 2002, the Bank has changed the methodology for ascertaining the carrying cost of fixed income bearing securities from Weighted Average Method to First-In-First-Out Method. The impact due to the aforementioned change on the Profit and Loss Account for the year ended March 31, 2003 has resulted into a profit amounting to Rs. 132.2 million.

Investments include shares and debentures amounting to Rs. 3,781.9 million which are in the process of being registered in the name of the Bank. For ICICI Emerging Sectors Fund and ICICI Equity Fund, such investments amounted to Rs. 1,991.3

million and Rs. 1,683.2 million respectively.

Investments also include government securities amounting to Rs. 703.5 million (representing face value of securities) pledged with certain banks and institutions for cheque drawal and clearing facilities.

6. Repurchase Transactions

During the current year, the Bank as changed its method of accounting repurchase transactions and reverse repurchase transactions. These transactions have been accounted for as a sale and forward purchase or purchase and a forward sale transactions in the current year as against a borrowing or lending transaction in the previous year. The net impact of the same on the profit and loss account is not material.

7. Deferred Tax

On March 31, 2003, the Group has recorded net deferred tax asset of Rs. 5,053.9Qmillion, (2002 : Deferred tax liability of Rs. 1,470.5 million) which has been included in other assets.

A composition of deferred tax assets and liabilities into major items is given below:

Particulars	Rupees in million	
	March 31, 2003	March 31, 2002
Amortisation of premium on investments	527.4	85.2
Provision for bad and doubtful debts	13,164.1	7,144.8
Others	879.3	1,430.1
	14,570.8	8,660.1
<i>Less: Deferred Tax Liability</i>		
Depreciation on fixed assets	9,275.0	9,938.3
Others	241.9	192.3
	9,516.9	10,130.6
Net Deferred Tax Asset/(Liability)	5,053.9	(1,470.5)

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8. Related party transactions

ICICI Bank has entered into transactions with the following related parties:

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Affiliates of the Bank;

Whole-time Directors of the Group

The related party transactions can be categorised as follows:

Rupees in million

	Associates (1) & (2)	Whole-time Directors	Total
Deposits	161.5	20.3	181.8
Receiving of services	92.8		92.8
Insurance Premium paid	106.0		106.0

(1) Prudential ICICI Asset Management Company Limited, Prudential ICICI Trust Limited, TCW/ICICI Investment Partners L.L.C.

(2) Includes transactions with ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited which have been accounted for as joint ventures in the consolidated financial statements.

Remuneration paid to the Whole-time Directors of ICICI Bank Limited during the year ended March 31, 2003 was Rs. 41.0 million.

9. Earnings Per Share (EPS)

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard-20 (AS-20), Earnings per Share. Basic earnings per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

The computation of Earnings per Share is set out below :

Rupees in million except per share data

	March 31, 2003	March 31, 2002
Basic		
Weighted Average no. of equity shares outstanding (Nos.)	613,031,569	*222,510,311
Net Profit	11,520	2,583.0
Earnings per Share (Rs.)	18.79	11.61
Diluted		
Weighted Average no. of equity shares outstanding (Nos.)	613,750,295	*222,510,311
Net Profit	11,520	2,583.0
Earnings per Share (Rs.)	18.77	11.61
Nominal Value per share (Rs.)	10.00	10.00

39,26,72,724 shares issued on amalgamation of ICICI Limited have been considered for computation of weighted average number of equity shares.

10. Assets under lease

10.1 Assets under operating lease

The future lease rentals are given in the table below :

Rupees in million

Period	March 31, 2003
Not later than one year	111.9
Later than one year and not later than five years	545.6
Later than five years	472.0
Total	1,129.5

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10.2 Assets under finance lease

The future lease rentals are given in the table below :

Rupees in million

Period	March 31, 2003
Total of future minimum lease payments	1,161.0
Present value of lease payments	818.1
Unmatured finance charges	342.9
Maturity profile of total of future minimum lease payments	
Not later than one year	166.0
Later than one year and not later than five years	831.9
Later than five years	163.1
Total	1,161.0

11. Other

a. Exchange Fluctuation

Exchange Fluctuation aggregating Rs. 923.6 million, which arises on account of Rupee-tying Agreements with the Government of India, is held in Exchange Fluctuation Suspense with Government Account pending adjustment at maturity on receipt of payments from the Government for repayments to foreign lenders.

b. Swap suspense (net)

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Swap Suspense (net) aggregating Rs.128.7 million (debit), which arises out of conversion of foreign currency swaps, is held in Swap Suspense Account and will be reversed at conclusion of swap transactions with swap counter parties.

c. Exchange Risk Administration Scheme

Under the Exchange Risk Administration Scheme (ERAS), the Government of India has agreed to extend support to the Exchange Risk Administration Fund (ERAF), when it is in deficit and recoup its contribution in the event of surplus. The Bank can claim from the positive balance in the ERAF account maintained by the Industrial Development Bank of India (IDBI) to the extent of the deficit in the ERAS Exchange Fluctuation Account. If the balance in the ERAF account with IDBI is insufficient, a claim will be made on the Government of India through IDBI.

The Government of India has foreclosed the scheme vide their letter F. No.6 (3)/2002-IF.1 dated January 28, 2003. The total amount payable to the Government of India under the scheme amounting to Rs.493.6 million has been shown against the account Amount payable to GOI under ERAS .

12. Information about Business and Geographical segments

The Bank had been reporting segmental results, in accordance with AS 17 on Segment Reporting issued by ICAI, under the business segments Retail Banking , Corporate Banking , Treasury & Corporate Office and Others . Consequent to the merger of erstwhile ICICI Limited and two of its subsidiaries ICICI PFS Limited and ICICI Capital Services Limited with the Bank, the following have been considered as reportable segments:

Commercial Banking comprising the retail and corporate banking business of the Bank and ICICI Home Finance Company Limited.

Investment Banking comprising the rupee and forex treasury of the Bank, the investment banking business of ICICI Securities & Finance Company Limited and its subsidiaries ICICI Venture Funds Management Company Limited, ICICI Eco-net Internet & Technology Fund, ICICI Equity Fund, ICICI Technology Incubator Fund, ICICI Emerging Fund, ICICI International Limited, ICICI Information Technology Fund, ICICI Advantage Fund and Strategic Investor Fund.

Others comprising, ICICI Lombard General Insurance Company Limited, ICICI Prudential Life Insurance Company Limited, Prudential ICICI AMC Limited, Prudential ICICI Trust Limited, ICICI Property Trust, TCW/ICICI Investment Partner LLC., whose individual business is presently not material in relation to the consolidated financials.

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schedules

forming part of the Consolidated Accounts

Continued

Based on such allocations, segmental Balance Sheet as on March 31, 2003 and segmental Profit & Loss Account for the year ended March 31, 2003 have been prepared.

Rupees in million

Business segments	Commercial Banking		Investment Banking		Others		Total	
Particulars	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year

1.	Revenue (before profit on sale of shares of ICICI Bank Limited held by erstwhile ICICI Limited)	94,132.4	22,955.3	30,923.0	7,550.9	5,607.9	130,663.4	30,506.2
2.	Less: Inter segment Revenue						(8,515.6)	(3,176.2)
3.	Total Revenue (1) -(2)						122,147.8	27,330.0
4.	Operating Profit (i.e. Profit before unallocated expenses, extraordinary profit, provision, and tax)	9,986.8	4,373.3	4,384.1	1,099.0	(973.6)	13,397.3	5,472.3
5.	Unallocated expenses							
6.	Profit on sale of expenses, extraordinary profit, shares of ICICI Bank Limited held by erstwhile ICICI Limited			11,910.0			11,910.0	
7.	Provisions (including accelerated / additional provision)	17,370.2	2,757.0	(43.9)	(180.0)		17,326.3	2,577.0
8.	Profit before tax (4)-(5)-(6)-(7)	(7,383.5)	1,616.3	16,338.1	1,279.0	(973.6)	7,981.0	2,895.3
9.	Income tax expenses (net) / (net deferred tax credit)						(3,539.0)	310.0
10.	Net Profit (8)-(9)						11,520.0	2,585.3
	Other Information							
11.	Segment assets	692,536.9	678,328.2	374,262.6	361,303.1	8,285.8	1,075,085.3	1,058,014.7
12.	Unallocated assets						19,246.4	10,156.3
13.	Total assets (11)+(12)						1,094,331.7	1,068,171.0
14.	Segment liabilities	808,680.2	740,102.9	281,400.7	297,500.1	4,250.8	1,094,331.7	1,066,873.0
15.	Unallocated liabilities							1,298.0
16.	Total liabilities (14)+(15)						1,094,331.7	1,068,171.0

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilisation in international markets. The assets and income from foreign operations are immaterial.

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schedules

forming part of the Consolidated Accounts

Continued

13. Profit on sale of shares

Profit on sale of shares in ICICI Bank Limited is in respect of the shares held by erstwhile ICICI Limited and transferred to a Board of Trustees as per the Scheme of Amalgamation.

14. Additional disclosures

Additional statutory information disclosed in separate financial statements of the Parent and the Subsidiaries having no bearing on the true and fair view of the Consolidated Financial Statements and also the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statement in view of the general clarification issued by ICAI.

15. Comparative figures

Consequent to the merger of ICICI, I PFS and I CAPS with the Bank effective March 30, 2002, the previous year figures include the results of those entities for only two days. Hence, current year figures are not comparable with

those of the previous year.

Consequent to AS 27 becoming mandatory with effect from April 1, 2002, the accounting treatment for consolidation during the current year in case of following entities is different from the previous year :

Sr. No.	Name of the Company	Relation during current year	Relation during previous year
1.	ICICI Prudential Life Insurance Company Limited	Joint Venture	Subsidiary
2.	ICICI Lombard General Insurance Company Limited	Joint Venture	Subsidiary
3.	Prudential ICICI Asset Management Company Limited	Joint Venture	Associate
4.	Prudential ICICI Trust Limited	Joint Venture	Associate

Figures of the previous year have been regrouped to conform to the current year s presentation.

Signatures to Schedules 1 to 19

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

LALITA D. GUPTA
Joint Managing Director

KALPANA MORPARIA
Executive Director

NACHIKET MOR
Executive Director

CHANDA D. KOCHHAR
Executive Director

S. MUKHERJI
Executive Director

BALAJI SWAMINATHAN
Senior General Manager

Place : Mumbai
Date : April 25, 2003

JYOTIN MEHTA
*General Manager &
Company Secretary*

N.S. KANNAN
*Chief Financial Officer &
Treasurer*

G. VENKATAKRISHNAN
*General Manager -
Accounting & Taxation Group*
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cash flow statement

forming part of the Consolidated Accounts for the year ended March 31, 2003

SCHEDULE 19 Consolidated Cash Flow Statement for the year ended March 31, 2003

(Rs. in 000)

Particulars	2002-2003	2001-2002
-------------	-----------	-----------

Cash Flow from Operating Activities		
Net profit before taxes	7,958,489	2,899,912
Adjustments for :		
Depreciation on fixed assets	5,201,775	641,824
Net (appreciation)/depreciation on investments	2,442,687	(137,397)
Provision in respect of non-performing assets (including prudential provision on standard assets)	14,822,615	2,682,876
Provision for contingencies & others	63,900	26,925
Loss on sale of fixed assets	66,586	648
	30,556,052	6,114,788
Adjustments for :		
(Increase)/Decrease in Investments	(7,299,473)	(153,127,884)
(Increase)/Decrease in Advances	(74,839,746)	23,033,282
Increase/(Decrease) in Borrowings	(148,924,231)	(14,704,074)
Increase/(Decrease) in Deposits	157,335,842	157,069,011
(Increase)/Decrease in Other assets	(16,595,338)	(5,070,725)
Increase/(Decrease) in Other liabilities and provisions	6,084,990	10,395,298
	(84,237,956)	17,594,908
Payment of taxes (net)	(7,053,848)	(1,275,292)
Net Cash Generated from Operating Activities	(A) (60,735,752)	22,434,404
Cash flow from Investing Activities		
Purchase of fixed assets	(2,477,199)	(244,187)
Proceeds from sale of fixed assets	103,423	7,282
Net Cash Generated from Investing Activities	(B) (2,373,776)	(236,905)
Cash flow from Financing Activities		
Proceeds from issue of share capital	315	
Proceeds from issue of subordinated debt	(17,882)	2,285,321
Dividend and dividend tax paid	(568)	(971,283)
Net Cash Generated from Financing Activities	(C) (18,135)	1,314,038
Cash and Cash Equivalents on Amalgamation	(D)	68,437,389
Effect of De-consolidation of Subsidiaries on Cash & Cash Equivalents	(E) (49,968)	788,801
Net Increase/(Decrease) in Cash and Cash Equivalents	(A)+(B)+(C)+(D)+(E) (63,177,631)	92,737,727
Cash and Cash Equivalents as at April 1st	128,674,627	35,936,900
Cash and Cash Equivalents as at March 31st	65,496,996	128,674,627

Cash and cash equivalents represent Cash and balances with Reserve Bank of India and Balances with banks and money at call and short notice.

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

LALITA D. GUPTA
Joint Managing Director

KALPANA MORPARIA
Executive Director

NACHIKET MOR
Executive Director

CHANDA D. KOCHHAR
Executive Director

S. MUKHERJI
Executive Director

BALAJI SWAMINATHAN
Senior General Manager

JYOTIN MEHTA
*General Manager &
Company Secretary*

N.S. KANNAN
*Chief Financial Officer &
Treasurer*

G. VENKATAKRISHNAN
*General Manager -
Accounting & Taxation Group*

*Place : Mumbai
Date : April 25, 2003*

AUDITORS CERTIFICATE

We have verified the attached consolidated cash flow statement of ICICI BANK LIMITED which has been compiled from and is based on the audited consolidated financial statements for the years ended March 31, 2003 and March 31, 2002. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to the requirements of Listing Agreements entered into by ICICI Bank with stock exchanges.

For N. M. RAIJI & CO.
Chartered Accountants
JAYESH M. GANDHI
Partner
Place: Mumbai
Date: April 25, 2003
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For S.R. BATLIBOI & CO.
Chartered Accountants
per VIREN H. MEHTA
a Partner

ICICI BANK LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2001, 2002 AND 2003

PREPARED IN ACCORDANCE WITH

UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP)

contents

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independent auditors' report

To the Board of Directors and Stockholders of ICICI Bank Limited

We have audited the accompanying consolidated balance sheets of ICICI Bank Limited and subsidiaries as of March 31, 2002 and 2003, and the related consolidated statements of operations, stockholders' equity and other comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ICICI Bank Limited and subsidiaries as of March 31, 2002 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, effective April 1, 2001, the Company adopted the provisions of SFAS No. 142, Goodwill and Other Intangible Assets and SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities. As discussed in Note 1 to the consolidated financial statements, effective October 1, 2002, the Company adopted the provisions of SFAS No. 147, Acquisitions of Certain Financial Institutions, retroactive to April 1, 2001, the adoption date of SFAS No. 142.

The United States dollar amounts are presented in the accompanying consolidated financial statements solely for the convenience of the readers and have been translated into United States dollar on the basis described in Note 1 to the consolidated financial statements.

KPMG

*Mumbai, India
June 28, 2003*

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consolidated balance sheets

	<i>(in millions, except share data)</i>		
at March 31,	2002 ⁽¹⁾	2003	2003
	<i>Rs.</i>	<i>Rs.</i>	Convenience translation into USD (unaudited) <i>USD</i>
Assets			
Cash and cash equivalents	41,476	72,453	1,524
Trading assets	42,376	39,634	834
Securities:			
Available for sale	47,857	267,499	5,626
Non-readily marketable equity securities	8,268	9,418	198
Venture capital investments	3,921	3,704	78
Investments in affiliates	10,086	2,615	55
Loans, net of allowance for loan losses, security deposits and unearned income	523,601	630,421	13,258
Customers' liability on acceptances	4,783	43,252	910
Property and equipment, net	12,577	21,215	446
Assets held for sale	2,029	2,306	48
Goodwill	2,250	4,787	101
Intangible assets, net		5,118	107
Deferred tax assets	7,295	6,423	135
Interest and fees receivable	9,482	12,472	262
Other assets	27,361	58,946	1,240
Total assets	743,362	1,180,263	24,822
Liabilities			
Interest bearing deposits	7,380	456,051	9,591
Non-interest bearing deposits		35,239	741
Trading liabilities	17,105	26,086	549
Short-term borrowings	70,804	42,095	885
Bank acceptances outstanding	4,783	43,252	910
Long-term debt	511,458	400,812	8,429
Redeemable preferred stock	772	853	18
Other borrowings	5,787		
Taxes and dividends payable	11,050	16,880	355
Deferred tax liabilities	1,144	460	9

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Other liabilities	41,471	66,198	1,392
Total liabilities	671,754	1,087,926	22,879
Commitments and contingencies (Note 29)			
Minority interest	260	124	3
Stockholders equity:			
Common stock at Rs. 10 par value: 800,000,000 and 1,550,000,000 shares authorized as of March 31, 2002 and 2003; Issued and outstanding 392,672,724 and 613,034,404 shares as of March 31, 2002 and 2003, respectively	3,922	6,127	129
Additional paid-in capital	42,036	64,863	1,364
Retained earnings	26,229	18,246	384
Deferred compensation	(7)		
Accumulated other comprehensive income	(832)	2,977	63
Total stockholders equity	71,348	92,213	1,940
Total liabilities and stockholders equity	743,362	1,180,263	24,822

See accompanying notes to the consolidated financial statements.

(1) As restated for reverse acquisition and adoption of SFAS No. 147

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consolidated statements of operations

(in millions, except share data)

for the year ended March 31,	2001 ⁽¹⁾	2002 ⁽²⁾	2003	2003
	Rs.	Rs.	Rs.	USD
Interest and dividend income				Convenience translation into USD (unaudited)
Interest and fees on loans	75,272	75,237	75,080	1,579
Interest and dividends on securities	499	1,447	17,022	358
Interest and dividends on trading assets	2,837	1,715	2,754	58
Interest on balances and deposits with banks	910	368	1,151	24

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Other interest income	586	100	2,096	44
Total interest and dividend income	80,104	78,867	98,103	2,063
Interest expense				
Interest on deposits	490	744	26,033	547
Interest on long-term debt	56,830	59,798	48,163	1,013
Interest on short-term borrowings	9,123	7,717	3,829	81
Interest on trading liabilities	1,446	911	3,114	65
Other interest expense	4	350	2,069	44
Total interest expense	67,893	69,520	83,208	1,750
Net interest income	12,211	9,347	14,895	313
Provision for loan losses	9,892	9,743	19,649	413
Net interest income/(loss) after provision for loan losses	2,319	(396)	(4,754)	(100)
Non-interest income				
Fees, commission and brokerage	5,317	4,703	5,722	120
Net gain on trading activities	847	2,442	3,075	65
Net gain/(loss) on venture capital investments	62	(316)	(1,278)	(27)
Net gain/(loss) on other securities	(1,776)	(3,256)	956	20
Net gain on sale of loans and credit substitutes	705	1,979	2,795	59
Foreign exchange income/(loss)	(108)	78	92	2
Software development and services	701	1,493	1,062	22
Gain on sale of stock of subsidiaries/affiliates	2,507	165		
Gain/(loss) on sale of property and equipment	(31)	29	16	
Rent	413	310	117	2
Other non-interest income	606	521	696	15
Total non-interest income	9,243	8,148	13,253	278
Non-interest expense				
Salaries and employee benefits	1,877	2,980	5,383	113
General and administrative expenses	3,342	4,616	12,581	264
Amortization of goodwill and intangible assets	260		645	13
Total non-interest expense	5,479	7,596	18,609	390
Income/(loss) before equity in earning/(loss) of affiliates, minority interest, income taxes and cumulative effect of accounting changes	6,083	156	(10,110)	(212)
Equity in earning/(loss) of affiliates	735	294	(958)	(20)
Minority interest	1	83	24	
Income/(loss) before income taxes and cumulative effect of accounting changes	6,819	533	(11,044)	(232)
Income tax (expense)/benefit	(189)	(251)	3,061	64

Income/(loss) before cumulative effect of accounting changes	6,630	282	(7,983)	(168)
Cumulative effect of accounting changes, net of tax		1,265		
Net income/(loss)	6,630	1,547	(7,983)	(168)

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consolidated statements of operations

(in millions, except share data)

for the year ended March 31,	2001 ⁽¹⁾	2002 ⁽²⁾	2003	2003
	Rs.	Rs.	Rs.	Convenience translation into USD (unaudited) USD
Earnings per equity share: Basic (Rs.)				
Net income/(loss) before cumulative effect of accounting changes	16.88	0.72	(14.18)	(0.30)
Cumulative effect of accounting changes		3.22		
Net income/(loss)	16.88	3.94	(14.18)	(0.30)
Earnings per equity share: Diluted (Rs.)				
Net income/(loss) before cumulative effect of accounting changes	16.81	0.72	(14.18)	(0.30)
Cumulative effect of accounting changes		3.22		
Net income/(loss)	16.81	3.94	(14.18)	(0.30)
Weighted average number of equity shares used in computing earnings per equity share (millions)				
Basic	393	393	563	563
Diluted	393	393	563	563

See accompanying notes to the consolidated financial statements.

(1) Restated for reverse acquisition.

(2) Restated for reverse acquisition and adoption of SFAS No. 147.

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statements of stockholders equity and other comprehensive income

(in millions, except share data)

	Common stock		Treasury Stock		Additional Paid-In Capital Rs.	Retained Earnings Rs.	Deferred Compen- sation Rs.	Accumu- lated Other Compre- hensive Income, Net of Tax Rs.	Total Stock- holders Equity Rs.
	No. of Shares (1)	Amount Rs.	No. of Shares	Amount Rs.					
Balance as of March 31, 2000	392,655,774	7,832			37,347	28,338	(70)	(2,539)	70,908
Effect of reverse acquisition on capital structure		(3,926)			3,926				
Common stock issued on exercise of stock options	16,250				3				3
Amortization of compensation							37		37
Increase in carrying value on direct issuance of stock by subsidiary					1,242				1,242
Tax effect of increase in carrying value on direct issuance of stock by subsidiary					(605)				(605)
Comprehensive income									
Net income						6,630			6,630
Net unrealized gain/(loss) on securities, net of realization								(1,674)	(1,674)
Translation adjustments								14	14
Comprehensive income/(loss)									4,970
Cash dividends declared (Re. 1 per common share)						(772)			(772)
Other		16			123				139

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Balance as of March 31, 2001	392,672,024	3,922			42,036	34,196	(33)	(4,199)	75,922
Common stock issued on exercise									
of stock options	700								
Amortization of compensation							26		26
Comprehensive income									
Net income						1,547			1,547
Net unrealized gain/(loss) on securities, net of realization								3,283	3,283
Translation adjustments								84	84
Comprehensive income/(loss)									4,914
Cash dividends declared (Rs. 11 per common share)						(9,514)			(9,514)
Balance as of March 31, 2002(2)	392,672,724	3,922			42,036	26,229	(7)	(832)	71,348
Common stock issued on reverse acquisition	118,962,731	1,190			10,838				12,028
Fair value of stock options assumed on reverse acquisition					409				409
Treasury stock arising due to reverse acquisition	101,395,949		(101,395,949)	(8,204)	8,204				
Sale of treasury stock		1,015	101,395,949	8,204	3,336				12,555
Common stock issued on exercise of stock options	3,000								
Increase in carrying value on direct issuance of stock by subsidiary					40				40
Amortization of compensation							7		7
Comprehensive income									
Net income/(loss)						(7,983)			(7,983)
Net unrealized gain/(loss) on securities, net of realization								3,731	3,731
Translation adjustments								78	78
Comprehensive income/(loss)									(4,174)
Balance as of March 31, 2003	613,034,404	6,127			64,863	18,246		2,977	92,213

Balance as of March 31,
2003

(US\$) (unaudited) 129 1,364 384 63 1,940

See accompanying notes to the consolidated financial statements.

(1) Restated for reverse acquisition.

(2) Restated for reverse acquisition and adoption of SFAS No. 147.

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consolidated statements of cash flows

(in millions, except share data)

for the year ended March 31,	2001	2002 ⁽¹⁾	2003	2003 ⁽¹⁾
	Rs.	Rs.	Rs.	Convenience translation into USD (unaudited) USD
Operating activities				
Net income/(loss)	6,630	1,547	(7,983)	(168)
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:				
Provision for loan and other credit losses	9,892	10,532	19,649	413
Depreciation	663	786	2,438	51
Amortization	1,180	1,193	5,815	122
Deferral of discounts and expenses on borrowings	1,213	1,307	607	13
Deferred income tax	(4,339)	(3,245)	(4,348)	(91)
Unrealised loss/ (gain) on trading securities	136	(80)	(117)	(2)
Unrealised loss on venture capital investments		300	1,278	27
Other than temporary decline in value of other securities	1,835	3,480	2,098	44
Unrealised loss/ (gain) on derivative transactions		190	(1,009)	(21)
Undistributed equity in earning/ (loss) of affiliates	(735)	(9)	958	20
Minority interest	(1)	(83)	(24)	(1)
(Gain)/loss on sale of property and equipment, net	31	(29)	(16)	
(Gain)/loss on sale of securities available for sale	(121)	(349)	(956)	(20)
Gain on sale of subsidiary's stock	(2,507)	(165)		
Gain on sale of loans	(705)	(1,979)	(2,795)	(59)
Cumulative effect of accounting changes, net of tax		(1,265)		
Change in assets and liabilities				
Trading account assets	10,153	(23,421)	29,944	630
Interest and fees receivable	(107)	3,583	(2,990)	(63)
Other assets	(2,389)	(12,783)	(34,295)	(721)

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Trading account liabilities	(4,857)	4,352	(13,656)	(287)
Taxes payable	(1,302)	552	5,830	122
Other liabilities	879	14,422	4,663	98
Net cash (used in)/provided by operating activities	15,549	(1,164)	5,091	107
Investing activities				
Purchase of held to maturity securities	(861)			
Purchase of available for sale securities	(5,230)	(68,043)	(717,765)	(15,095)
Purchase of venture capital investments	(4,094)	(504)	(1,268)	(27)
Purchase of non-readily marketable equity securities		(2,015)	(1,150)	(24)
Proceeds from sale of held to maturity securities		640		
Proceeds from sale of available for sale securities	1,756	28,512	684,769	14,401
Proceeds from sale of venture capital investments		53	207	4
Proceeds from sale of non-readily marketable equity securities	148	183		
Proceeds from sale of subsidiary s stock	4,075	302		
Origination of loans, net	(97,868)	69,439	(56,243)	(1,183)
Purchase of property and equipment	(3,785)	(1,701)	(6,943)	(146)
Proceeds from sale of property and equipment	145	128	504	11
Investments in affiliates	(1,161)	(1,159)	(1,691)	(36)
Payment for business acquisition, net of cash acquired	(1,950)	(143)	98,487	2,071
Net cash (used in)/provided by investing activities	(108,825)	25,692	(1,093)	(24)

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consolidated statements of cash flows

(contd.)

(in millions, except share data)