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.

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:

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.

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 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 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.

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

Explanatory Statement

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 8

N. M. Raiji & 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. Raiji & 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. Raiji & 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:

Stock exchanges where listed	No. of equity shares traded during the year ended March 31, 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*	**ICICI Bank Limited**
ESSP Meditek Private Limited, *Managing Director*	Audit Committee
Sukeshan Equipment Private Limited, *Managing Director*	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**
Dr. Reddy s Laboratories Limited	Nomination Committee, *Chairman*
Godrej Consumer Products Limited	Audit Committee
Mahindra British Telecom Limited	**Godrej Consumer Products Limited**
Mahindra & Mahindra 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, *Chairman*
Nexgen Financial Holdings Limited	Audit Committee
Nexgen Re Limited	**Nexgen Financial Holdings Limited**
Nomura Asset Management (U.S.A.) Inc.	Research Committee, *Chairman*
Supply Chainge Inc.	Audit Committee
Usha Communications Inc.	**Usha Communications Inc.**
	Audit Committee, *Chairman*
	Compensation Committee
	ICICI Bank Limited
	Risk Committee

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 Depositary 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, *Chairperson*	**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*	**General Insurance Corporation of India**
GIC Asset Management Company Limited, *Chairman*	Investment Committee, *Chairman*
GIC Housing Finance Limited, *Chairman*	**Life Insurance Corporation of India**
Loss Prevention Association of India Limited, *Chairman*	Investment Committee
India International Insurance Pte. Limited, *Chairman*	Executive Committee
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	

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, *Vice-Chairman*	**Hindustan Lever Limited**
Vasishti Detergents Limited, *Chairman*	Investor Grievances Committee
Hind Lever Chemicals Limited	**Vasishti Detergents Limited**
Hind Lever Trust Limited	Investor Grievances Committee, *Chairman*
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.

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.

Contents

Enclosures:

Notice
Attendance Card and Form of Proxy

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

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

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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.

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Product Portfolio

CORPORATE BANKING	RETAIL BANKING
Corporate Solutions	Home Loans
Government Solutions	Car & Two Wheeler Loans
Capital Market Services	Consumer/Personal Loans
Agriculture Finance	Savings & Term Deposits
Structured Finance	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

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 financer 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,

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 ICICIebusiness.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.

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.

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.

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.

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

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

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.

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 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)

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

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 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

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 - *Business World* magazine; and
- Excellence in Retail Banking award by *Asian Banker* journal.

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:

Rs. billion

	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:

Rs. billion

	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**		*0.16*	
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**		*0.14*	
To Revenue and other Reserves making in all				
Rs. 36.91 billion1	**2.50**		*0.96*	

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Directors Report

Rs. billion

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

[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 Limited1
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 Limited2	

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.

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.

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.

Name of Member	Board	Attendance	Number of other		Number of
	Meetings	at last AGM	Directorships		other
	attended	(September	Of Indian	Of Other	Committee3
	during	16, 2002)	Companies1	Companies2	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)

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		

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.

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 constitued 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

(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. Kamath	H.N. Sinor	Lalita Gupte	Kalpana Morparia	S. Mukherji	Chanda Kochhar	Nachiket 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 appoval 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 wholetime 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.

Directors Report

Composition

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.

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, 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.

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 Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002
Sixth Annual General Meeting	Monday, May 29, 2000	3.00 p.m.	
Fifth Extraordinary General Meeting	Friday, January 19, 2001	12.30 p.m.	Central Gujarat Chamber of Commerce Auditorium, Second Floor, Vanijya Bhavan, Race Course Circle, Vadodara 390 007
Seventh Annual General Meeting	Monday, June 11, 2001	3.00 p.m.	
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. Raiji & 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

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	32174
Fortune Towers, Sayajigunj, Post Box No. 2547, Vadodara 390 005	
The Stock Exchange, Mumbai	32174
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	
National Stock Exchange of India Limited	EQ
Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai 400 051	
The Calcutta Stock Exchange Association Limited1	19268
7, Lyons Range, Kolkata 700 001	
The Delhi Stock Exchange Association Limited1	009187
DSE House, 3/1 Asaf Ali Road, New Delhi 110 002	
Madras Stock Exchange Limited1	IBCL

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

Fiscal 2003	164.50	109.25	169,872,869	164.40	109.40	124,087,835	293,960,704

Source: BSE and NSE

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.

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, involvingL30,340 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-upLequity share capital) comprisingL589,219,692 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

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
FIIs 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

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

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

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
Total	569,402	100.00	613,034,404	100.00

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. Raiji & 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 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;

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 N. VAGHUL
Date : July 11, 2003 *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. For S. R. BATLIBOI & CO.
Chartered Accountants *Chartered Accountants*

JAYESH M. GANDHI per VIREN H. MEHTA
Partner *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

	Fiscal 2002		**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 income1	*2.72*		**8.47**	
Treasury income2	*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) expense3	*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**	

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.

Net Interest Income and Spread Analysis

Rs. billion, except percentages

	Fiscal 2002	**Fiscal 2003**
Average interest-earning assets	*222.39*	**905.16**
Interest income	*21.52*	**92.39**1
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%**
Average cost of deposits	*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.

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

	Fiscal 2002	**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.

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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

	March 31,		**March 31,**	
	2002		**2003**	
Assets:				
Cash, balances with banks & SLR	*355.78*		**320.72**	
Cash & balances with RBI & banks	*127.86*		**64.89**	
SLR investments	*227.92*		**255.83**	
Advances	*470.35*		**532.79**	
Debentures & bonds	*64.36*		**56.90**	
Other investments	*66.63*		**41.89**	
Fixed assets	*42.39*		**40.61**	
Other assets	*41.55*		**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		58.071	7.05	
Tier-II capital2	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 Assets1	1.10	1.15
Earnings per Share (Rs.)	11.61	19.68

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.

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

	March 31,		**March 31,**		
	2002		**2003**		
Industry	*% of total*		**% of total**		**Exposure1**

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%.

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

	March 31, 2002		**March 31, 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.

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, 2002	**March 31, 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**

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**
Less: general provisions against non-performing loans			**0.91**
Net non-performing loans			**31.51**

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 Gross (Rs.)	Remuneration Received Net (Rs.)	Experience (in years)	Date of Commencement of Employment	Last Employment
Bagchi Anup, B.Tech (Chem.), PGDM, (32)	DGM	2419517	1593956	11	26-05-92	

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	

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 MarchG31, 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 SectionG211 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 clauseG(g) of sub-sectionG(1) of SectionG274 of the Companies Act;

   g)

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

For S.R. BATLIBOI & CO.
Chartered Accountants

per VIREN H. MEHTA
a Partner

Mumbai: April 25, 2003

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balance sheet

as at 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	**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*
TOTAL		**1,068,119,662**	*1,041,063,011*

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*
TOTAL		**1,068,119,662**	*1,041,063,011*
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 N.M. RAIJI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner

For S.R. BATLIBOI & CO.
Chartered Accountants

per VIREN H. MEHTA
a Partner

Place : Mumbai
Date : April 25, 2003

JYOTIN MEHTA
General Manager & Company Secretary

For and onbehalf 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

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*

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 onbehalf of the Board of Directors

For N.M. RAIJI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner

For S.R. BATLIBOI & CO.
Chartered Accountants

per VIREN H. MEHTA
a Partner

Place : Mumbai
Date : April 25, 2003

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

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*
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**	

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*
Less: Calls unpaid	**(3,744)**	
Add: Issued 3,000 equity shares of Rs. 10 each on exercise of employee stock option	**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*

	(Rs. in 000s)	*As on 31.03.2002*

SCHEDULE 2 RESERVES AND SURPLUS

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.

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*

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*
	TOTAL		**354,537,322**	*358,789,630*
II.	**Investments outside India**			
	i)	Subsidiaries and/or joint ventures abroad	**14,488**	*14,488*
	ii)	Others	**71,192**	*106,679*
	TOTAL		**85,680**	*121,167*
	GRAND TOTAL (I + II)		**354,623,002**	*358,910,797*
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*
	TOTAL		**532,794,144**	*470,348,661*
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)**		

	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	**894,385,070**	*394,465,858*

schedules

forming part of the Balance Sheet *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	**93,680,561**	*21,519,297*
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	**19,677,741**	*5,746,598*
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	**79,439,989**	*15,589,235*

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*
	TOTAL	**20,116,900**	*6,225,770*

* 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*
	TOTAL	**13,650,139**	*2,867,900*

schedules

forming part of the Accounts *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 (I PFS) and ICICI Capital Services Limited (I CAPS) 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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schedules

forming part of the Accounts *Continued*

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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schedules

forming part of the Accounts *Continued*

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%

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.

schedules

forming part of the Accounts *Continued*

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**	
	Particulars	**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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schedules

forming part of the Accounts *Continued*

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.

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	*Year ended March 31, 2002*
	Option shares outstanding	*Option shares outstanding*
Outstanding at the beginning of the year	**13,343,625**	*1,636,125*
Add: Granted during the year		*4,735,200*
Options taken over on Amalgamation		*7,015,800
Less: 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.

4. Subordinated Debt

Subordinated debt includes Index bonds amounting to Rs.A95.8Amillion, (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 AprilA1, 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.

schedules

forming part of the Accounts *Continued*

7. Deferred Tax

On March 31, 2003, the Bank has recorded net deferred tax asset of Rs.A4,878.3Amillion, (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**	*March 31, 2002*
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*
Less: Deferred Tax Liability			
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

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.

The computation of Earnings Per Share is set out below :

Rupees in millionexcept 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*

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)

Period	March 31, 2003
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**
Total	**1,118.4**

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. Additional Disclosures

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 :

(Rupees in million)

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

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

(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:

(Rupees in million)

Maturity Buckets	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

schedules

forming part of the Accounts *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

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:

(Rupeesin million)

Maturity Buckets	Loans & Advances	Balances with banks and money at call and short notice	Deposits	Borrowings	Other assets	Other liabilities

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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forming part of the Accounts *Continued*

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	*March 31, 2002*
Capital Market Sector*	**1,692.7**	*1,715.5*
Real Estate Sector	**20,941.8**	*4,757.8*
Commodities Sector	**1,663.6**	*1,109.6*

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

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

(Rupees in million)

	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*
Less: Reductions during the year	**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*
Add: Provisions made during the year (including utilisation of fair value provisions)	**6,704.8**	*23,120.3*
	30,542.9	*25,179.3*
Less: write-offs/recovery	**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**	*380,232.1*	*142.9*
Less: Provision for depreciation and Fair Value adjustments	**15,917.2**	**271.0**	*21,442.5*	*21.7*
Net value	**354,537.3**	**85.7**	*358,789.6*	*121.2*

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schedules

forming part of the Accounts *Continued*

Provision for depreciation on Investments

(Rupees in million)

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

* 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**	*7,208.1*
Convertible debentures	**1,898.2**	*1,198.2*
Units of Equity oriented mutual funds	**578.9**	*3,528.6*
Investment in Venture Capital Funds	**3,352.6**	*6,685.6*
Others (loans against collateral, advances to brokers)	**1,400.2**	*4,121.9*
Total	**13,560.1**	*22,742.4*

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

schedules

forming part of the Accounts *Continued*

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.

(Rupees in million)

Risk Category	**Exposure (net) as on March 31, 2003**
Insignificant	**3,559.5**
Low	**205.9**
Moderate	**13.5**
High	**12.5**
Total	**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**	*% age to Capital funds*	*% age to Total Exposure*
		As at March 31, 2003		*As at March 31, 2002*	
(a)	Single Largest Borrower	**22.3%**	**2.4%**	*21.4%*	*2.4%*

(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	% age to Total Exposure As at March 31, 2002
(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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schedules

forming part of the Accounts *Continued*

b. 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.

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. 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

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

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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

JAYESH M. GANDHI
Partner

For S.R. BATLIBOI & CO.
Chartered Accountants

per VIREN H. MEHTA
a Partner

Place: Mumbai
Date: April 25, 2003
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section 212

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

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. 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

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

For S.R. BATLIBOI & CO.
Chartered Accountants

per VIREN H. MEHTA
a Partner

Mumbai: April 25, 2003

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 aboveform an integral part of theBalance 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. GUPTE *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* F30	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*

	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 aboveform an integral part of theBalance Sheet.

As per our Report of even date

For and on behalf of the Board of Directors

For N.M. RAIJI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner

For S.R. BATLIBOI & CO.
Chartered Accountants

per VIREN H. MEHTA
a Partner

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

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Joint Managing Director

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Executive Director

NACHIKET MOR
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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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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**	
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**	
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*
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**	
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*
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 onamalgamation.

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.

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:
a) Amount transferred on amalgamation of Bank of Madura Limited Rs. 20.7 million.
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 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*

	TOTAL		**479,507,012**	*322,171,170*
B.	I.	Deposits of branches in India	**479,507,012**	*322,171,170*
	TOTAL		**479,507,012**	*322,171,170*

SCHEDULE 4 BORROWINGS

I.	Borrowings in India			
	i)	Reserve Bank of India	**8,000,000**	*1,408,900*
	ii)	Other banks	**36,837,487**	*26,877,535*
	iii)	Other institutions and agencies		
		a) Government of India	**5,210,408**	*6,009,357*
		b) Financial Institutions	**25,658,489**	*21,842,092*
II.	Borrowings in the form of			
	i)	Deposits (including deposits taken over from ICICI Limited)	**6,665,336**	*42,499,895*
	ii)	Commercial Paper	**2,270,700**	*7,022,886*
	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	**91,289,109**	*193,569,377*
		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*
		- Index Bonds		
		- Encash Bonds	**1,892,690**	*2,493,030*
		- Tax Saving Bonds	**80,125,313**	*74,933,163*
		- Easy Instalment Bonds	**31,337**	*31,359*
		- Pension Bonds	**54,469**	*51,729*
		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	**27,947,995**	*29,347,659*
	iii)	By way of Bonds and Notes	**5,550,996**	*18,197,520*
	TOTAL		**367,215,827**	*516,140,058*

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 [Pevious 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		**49,089,557**	*17,780,348*

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**	*9,495,956*
	b) in Other Deposit Accounts	**6,116,918**	*19,421,614*
ii)	Money at call and short notice		
	a) with Banks	**1,925,000**	*39,241,081*
	b) with Other Institutions	**3,227,500**	*2,340,000*
TOTAL		**13,630,036**	*70,498,651*
II. Outside India			
i)	in Current Accounts	**917,824**	*1,503,323*
ii)	in Other Deposit Accounts	**637,790**	*12,881,905*
iii)	Money at call and short notice	**1,221,789**	*26,010,400*
TOTAL		**2,777,403**	*40,395,628*
GRAND TOTAL (I + II)		**16,407,439**	*110,894,279*

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

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

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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 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	**15,612,292**	*15,193,502*
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	**7,879,069**	*6,189,553*
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	**17,765,973**	*22,768,864*

	TOTAL	**41,257,334**	*44,151,919*

* 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**	*18,654,284*
III.	Tax paid in advance/tax deducted at source (net)	**14,192,470**	*10,156,251*
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	**1,563,466**	*2,058,667*
	b) Outstanding Fees and Other Income	**2,527,873**	*1,732,539*
	c) Exchange Fluctuation Suspense with Government of India (Refer Note B 11 (a))	**923,573**	*1,111,919*
	d) Swap Suspense (Refer Note B 11 (b))	**128,667**	
	e) Others**	**26,055,916**	****7,737,044*
	TOTAL	**70,734,188**	*43,523,533*

* 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**	*10,236,207*
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	**106,478,281**	*93,516,016*
V.	Acceptances, endorsements and other obligations	**43,251,942**	*17,391,049*
VI.	Currency Swaps	**29,109,450**	*20,414,675*
VII.	Interest Rate Swaps	**455,894,698**	*122,041,565*
VIII.	Other items for which the Bank is contingently liable	**29,536,915**	*19,247,939*
	TOTAL	**937,472,700**	*438,008,528*

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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*
	TOTAL	**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*
	TOTAL	**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*
	TOTAL	**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*

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*
	TOTAL	**27,482,541**	*6,254,801*

* 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*
		13,791,720	*2,887,464*

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forming part of the Consolidated Accounts *Continued*

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 (I PFS) and ICICI Capital Services Limited (I CAPS) 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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forming part of the Consolidated Accounts *Continued*

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) Contago 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.

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.

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.Q7,716.9 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.

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*

		March 31, 2003	*March 31, 2002*
		Option shares outstanding	*Option shares outstanding*
Outstanding at the beginning of the year		**13,343,625**	*1,636,125*
Add:	Granted during the year		*4,735,200*
	Options taken over on Amalgamation		** 7,015,800*
Less:	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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forming part of the Consolidated Accounts *Continued*

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:

Rupees in million

Particulars	**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*
Less: Deferred Tax Liability		
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)*

8. Related party transactions

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

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**

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)

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.

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**	*18,383.4*	**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**	*29,270.0*	**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.

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. 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

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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. 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 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

For S.R. BATLIBOI & CO.
Chartered Accountants
per VIREN H. MEHTA
a Partner

Place: Mumbai
Date: April 25, 2003

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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

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

consolidated balance sheets

(in millions, except share data)			
at March 31,	*2002[1]*	**2003**	**2003**
			Convenience translation into USD (unaudited)
	Rs.	**Rs.**	**USD**
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**

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

consolidated statements of operations

(in millions, except share data)

for the year ended March 31,	*2001(1)*	*2002(2)*	**2003**	**2003**
				Convenience translation into USD (unaudited)
	Rs.	*Rs.*	**Rs.**	**USD**
Interest and dividend income				
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**

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*	*1493*	**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)**

consolidated statements of operations

(in millions, except share data)

for the year ended March 31,	*2001*(1)	*2002*(2)	**2003**	**2003**
				Convenience translation into USD (unaudited)
	Rs.	*Rs.*	**Rs.**	**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.*

statements of stockholders equity and other comprehensive income

(in millions, except share data)

	Common stock		Treasury Stock						
	No. of Shares [1]	Amount Rs.	No. of Shares	Amount Rs.	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.
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 exercize 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

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			1547
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.*

consolidated statements of cash flows

(in millions, except share data)

for the year ended March 31,	*2001*	*2002*(1)	**2003**	**2003(1)** Convenience translation into USD (unaudited)
	Rs.	*Rs.*	**Rs.**	**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)**

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)**

consolidated statements of cash flows

(contd.) *(in millions, except share data)*

for the year ended March 31,	*2001*	*2002(1)*	**2003**	**2003(1)**
				Convenience translation into USD (unaudited)
	Rs.	*Rs.*	**Rs.**	**USD**
Financing activities				
Increase in deposits, net	*8,050*	*1,308*	**158,290**	**3,329**
Proceeds/ Repayment from short-term borrowings, net	*21,204*	*(28,852)*	**(30,118)**	**(633)**
Proceeds from other borrowings		*5,787*		
Proceeds from issuances of long-term debt	*182,015*	*158,905*	**10,631**	**224**

Repayment of long-term debt	*(112,047)*	*(142,019)*	**(124,979)**	**(2,628)**
Redemption of redeemable preferred stock	*(9,577)*			
Proceeds from issuance of common stock	*142*		**13,155**	**277**
Proceeds from issuance of common stock by subsidiary	*465*	*390*		
Cash dividends paid	*(775)*	*(9,514)*		
Net cash provided by/(used in) financing activities	*89,477*	*(13,995)*	**26,979**	**569**
Effect of de-consolidation of subsidiary on cash and cash equivalents	*(36,361)*			
Effect of exchange rate on cash and cash equivalents	*(14)*	*(14)*		
Net increase/(decrease) in cash and cash equivalents	*(40,174)*	*10,519*	**30,977**	**652**
Cash and cash equivalents at the beginning of the year	*71,131*	*30,957*	**41,476**	**872**
Cash and cash equivalents at the end of the year	*30,957*	*41,476*	**72,453**	**1,524**
Supplementary information:				
Cash paid for:				
Interest	*57,144*	*66,587*	**86,143**	**1,812**
Taxes	*2,919*	*4,505*	**1,027**	**22**
Non-cash items:				
Foreclosed assets	*2,024*	*1,188*	**673**	**14**
Conversion of loan to equity shares	*1,982*	*1,586*	**4,495**	**95**
Transfer of securities from held to maturity category to available for sale category		*866*		
Change in unrealized gain/(loss) on securities available for sale, net	*(1,674)*	*3,283*	**5,205**	**109**
Acquisitions				
Fair value of net assets acquired, excluding cash and cash equivalents			**(37,948)**	**798**
Shares issued			**118,965,731**	
Treasury stock			**8,204**	**173**

See accompanying notes to the consolidated financial statements.

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

notes to the consolidated financial statements

Continued

1. Significant accounting policies

Overview

ICICI Bank Limited (ICICI Bank) together with its subsidiaries and affiliates (collectively, the Company) is a diversified financial services group providing a variety of banking and financial services including project and corporate finance, working capital finance, venture capital finance, investment banking, treasury products and services, retail banking, broking and insurance. Further, the Company has an interest in the software development and services business. The Company is headquartered in Mumbai, India.

Effective April 1, 2002, ICICI Bank (which for periods prior to April 1, 2002 is referred to as the acquiree) and ICICI Limited (ICICI) consummated a transaction whereby shareholders of ICICI were issued shares of the acquiree in the ratio of 1:2. The transaction has been treated as a reverse acquisition for financial reporting purposes with ICICI (the acquirer) as the accounting acquirer and is further discussed in Note 3.

The consolidated balance sheet as of March 31, 2002, and the consolidated statements of operations, cash flows and stockholders equity and other comprehensive income for the year ended March 31, 2001 and 2002, presented herein, are those of the acquirer, even though the acquiree is the surviving legal entity subsequent to the reverse acquisition. As such, as further described in Note 2, they include the acquirer s less than majority ownership interest in the acquiree accounted for by the equity method.

Principles of consolidation

The consolidated financial statements include the accounts of ICICI Bank and all of its subsidiaries, which are more than 50% owned and controlled. All significant inter company accounts and transactions are eliminated on consolidation. The Company accounts for investments in common stock of affiliates by the equity method where its investment in the voting stock gives it the ability to exercise significant influence over the investee.

The consolidation of the Company s majority ownership interest in two insurance companies acquired in each of fiscal.2001 and 2002 has now been deemed inappropriate because of substantive participative rights retained by the minority shareholders. Accordingly, such investees are no longer consolidated but are accounted for by the equity method. Prior period financial statements have been restated with no resultant impact on net income or stockholders equity.

Basis of preparation

The accounting and reporting policies of the Company used in the preparation of these consolidated financial statements reflect general industry practices and conform to generally accepted accounting principles in the United States (US GAAP).

The preparation of consolidated financial statements in conformity with US GAAP requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported income and expense for the reporting period. The Company makes estimates for valuation of derivatives and securities, where no ready market exists, determining the level of allowance for loan losses and assessing recoverability of goodwill, intangible assets and deferred tax assets. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. The actual results could differ from these estimates.

Foreign currencies

The consolidated financial statements are reported in Indian rupees (Rs.), the national currency of India. The functional currency of each entity within the Company is its respective local currency.

The assets and liabilities of the Company s foreign operations are translated into Indian rupees at current exchange rates, and revenues and expenses are translated at average exchange rates for the year. Resulting translation adjustments are reflected as a component of accumulated other comprehensive income.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

Solely for the convenience of the readers, the financial statements as of and for the year ended March 31, 2003, have been translated into United States dollar at the noon buying rate in New York City on March.28, 2003, for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve of New York of USD.1 = Rs. 47.55. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other certain rate on March 31, 2003,.or at any other certain date.

notes to the consolidated financial statements

Continued

Revenue recognition

Interest income is accounted on an accrual basis except in respect of impaired loans, where it is recognized on a cash basis. Income from leasing and hire purchase operations is accrued in a manner to provide a fixed rate of return on outstanding investments.

Fees from activities such as investment banking, loan syndication and financial advisory services are accrued based on milestones specified in the customer contracts. Fees for guarantees and letters of credit are amortised over the contracted period of the commitment.

Revenues from software development and services comprise income from time-and-material and fixed-price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue with respect to fixed-price contracts is recognized in accordance with the percentage of completion method of accounting. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates.

Cash equivalents

The Company considers all highly liquid investments, which are readily convertible into cash and have contractual maturities of three months or less from the date of purchase, to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Securities and trading activities

The Company classifies investments in debt and readily marketable equity securities, other than investments held by certain venture capital subsidiaries, into two categories based upon management s intention at the time of purchase: trading securities and securities available for sale. Realized gains and losses on the sale of securities are recorded at the time of sale. For computing realized gains and losses on securities, the cost is ascertained using the First-In-First-Out Method.

As more fully explained in Note 6, the Company no longer classifies investments in debt securities as held to maturity, due to sale of certain held to maturity securities during the year ended March 31, 2002.

Trading assets, primarily debt securities and foreign exchange products, are recorded at fair value with realized and unrealized gains and losses included in non-interest income. Interest on trading securities is recorded in interest income. The fair value of trading assets is based upon quoted market prices or, if quoted market prices are not available, estimates using similar securities or pricing models.

Securities not classified as trading securities are classified as available for sale. These include securities used as part of the Company s asset liability management strategy, which may be sold in response to changes in interest rates, prepayment risk, liquidity needs and similar factors. Securities available for sale are recorded at fair value with unrealized gains and losses recorded, net of tax, as a component of accumulated other comprehensive income. Equity securities, which are traded on a securities exchange within six months of the balance sheet date are considered as publicly traded. The last quoted price of such securities is taken as their fair value. Non-readily marketable equity securities for which there is no readily determinable fair value are recorded at cost.

Securities on which there is an unrealized loss that is deemed to be other than temporary are written down to fair value with the loss recorded in non-interest income as a loss on other securities. Other than temporary decline is identified by management based on an evaluation of all significant factors including the length of time and the extent to which the fair value has been less than the cost, the financial condition and prospects of the issuer and the extent and ability of the Company to retain the investment for a period of time sufficient to allow for any probable recovery in fair value.

Securities acquired through conversion of loans in a troubled debt restructuring are recorded at the fair value on the date of conversion and subsequently accounted for as if acquired for cash.

The Company s venture capital subsidiaries carry their investments at fair value, with changes in fair value recognized in gain/loss on venture capital investments. The fair values of publicly traded venture capital investments are generally based upon quoted market prices. In certain situations, including thinly traded securities, large-block holdings, restricted shares or other special situations, the quoted market price is adjusted to produce an estimate of the attainable fair value for the securities. For securities that are not publicly traded, fair value is determined in good faith pursuant to procedures established by the Board of Directors of the venture capital subsidiaries. In determining the fair value of these securities, consideration is given to the financial conditions, operating results and prospects of the underlying companies, and any other factors deemed relevant. Generally, these investments are carried at cost during the first year, unless a significant event occurs that effects the long-term value of the investment. Because

of the inherent uncertainty of the valuations, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed.

Trading liabilities represent borrowings from banks in the inter-bank call money market, borrowings from banks and corporates in the course of trading operations and balances arising from repurchase transactions.

Loans

Loans are reported at the principal amount outstanding, inclusive of interest accrued and due per the contractual terms, except for certain non-readily marketable privately placed debt instruments, which are considered credit substitutes and are, therefore classified as loans but accounted for as debt securities. Loan origination fees (net of loan origination costs) are deferred and recognized as an adjustment to yield over the life of the loan. Interest is accrued on the unpaid principal balance and is included in interest income.

Loans include aggregate rentals on lease financing transactions and residual values, net of security deposits and unearned income. Lease financing transactions substantially represent direct financing leases. Loans also include the aggregate value of purchased securitized receivables, net of unearned income.

The Company identifies a commercial loan as impaired and places it on non-accrual status when it is probable that it will be unable to collect the scheduled payments of principal and interest due under the contractual terms of the loan agreement. A commercial loan is also considered to be impaired and placed on a non-accrual basis if interest or principal is greater than 180 days overdue. Delays or shortfalls in loan payments are evaluated along with other factors to determine if a loan should be classified as impaired. The decision to classify a loan as impaired is also based on an evaluation of the borrower s financial condition, collateral, liquidation value and other factors that affect the borrower s ability to pay.

The Company classifies a loan as a restructured loan where it has made concessionary modifications, that it would not otherwise consider, to the contractual terms of a loan to a borrower experiencing financial difficulties. Such loans are placed on non-accrual status.

Generally, at the time a loan is placed on non-accrual status, interest accrued and uncollected on the loan in the current fiscal year is reversed from income, and interest accrued and uncollected from the prior year is charged off against the allowance for loan losses. Thereafter, interest on non-accrual loans is recognized as interest income only to the extent that cash is received. When borrowers demonstrate over an extended period the ability to repay a loan in accordance with the contractual terms of a loan, which the Company classified as non-accrual, the loan is returned to accrual status. With respect to restructured loans, performance prior to the restructuring or significant events that coincide with the restructuring are evaluated in assessing whether the borrower can meet the rescheduled terms and may result in the loan being returned to accrual status after a performance period.

Consumer loans are generally identified as impaired not later than a predetermined number of days overdue on a contractual basis. The number of days is set at an appropriate level by loan product. The policy for suspending accruals of interest and impairment on consumer loans varies depending on the terms, security and loan loss experience characteristics of each product.

Allowance for loan losses

The allowance for loan losses represents management s estimate of probable losses inherent in the portfolio. Larger balance, non-homogenous exposures representing significant individual credit exposures are evaluated based upon the borrower s overall financial condition, resources and payment record and the realizable value of any collateral. Within the allowance of loan losses, a valuation allowance is maintained for larger-balance, non-homogenous loans that have been individually determined to be impaired. This estimate considers all available evidence including the present value of the expected future cash flows discounted at the loan s contractual effective rate and the fair value of collateral.

Each portfolio of smaller-balance, homogenous loans, including consumer mortgage, installment, revolving credit and most other consumer loans, is individually evaluated for impairment. The allowance for loan losses attributed to these loans is established via a process that includes an estimate of probable losses inherent in the portfolio, based upon various statistical analysis. These include migration analysis, in which historical delinquency and credit loss experience is applied to the current ageing of the portfolio, together with an analysis that reflects current trends and conditions.

While determining the adequacy of the allowance for loan losses, management also considers overall portfolio indicators including historical credit losses, delinquent and non-performing loans, and trends in volumes and terms of loans; an evaluation of overall credit quality and the credit process, including lending policies and procedures; consideration of economic, geographical, product, and other environmental factors.

notes to the consolidated financial statements

Continued

The Company also includes in the allowances, provision for credit losses on its performing portfolio based on the estimated probable losses inherent in the portfolio. The allowances on the performing portfolio are established after considering historical and projected default rates and loss severities, internal risk rating and geographic, industry and other environmental factors; and model imprecision.

The Company evaluates its impaired loan portfolio at the end of every period and loan balances which are deemed irrecoverable are charged off against related allowances for credit losses.

Transfers and servicing of financial assets

In September 2000, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of SFAS No. 125. The provisions of SFAS No. 140 relating to transfers and servicing of financial assets are effective for transactions after March 31, 2001. The Company transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognized and gains/losses are recorded only if the transfer qualifies as a sale under SFAS No. 140. Recourse and servicing obligations and put options written are recorded as proceeds of the sale. Retained beneficial interests in the loans and servicing rights are measured by allocating the carrying value of the loans between the assets sold and the retained interest, based on the relative fair value at the date of the securitization. The fair values are determined using either financial models, quoted market prices or sales of similar assets.

Loans held-for-sale

Loans originated for sale are classified as loans held-for-sale and are accounted for at the lower of cost or fair value. Such loans are reported as other assets. Market value of such loans are determined at rates applicable to similar loans.

Derivatives instruments and hedging activities

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Certain Hedging Activities. In June 2000, the FASB issued SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activity, an Amendment of SFAS No. 133. SFAS No. 133 and SFAS No. 138 require that all derivative instruments be recorded on the balance sheet at their respective fair values. SFAS No. 133 and SFAS No. 138 are effective for all fiscal quarters of all fiscal years beginning after June 30, 2000. On April 1, 2001, the Company adopted SFAS No. 133 and SFAS No. 138 on a prospective basis.

Under SFAS No. 133, the Company may designate a derivative as either a hedge of the fair value of a recognized fixed rate asset or liability or an unrecognized firm commitment (fair value hedge), a hedge of a forecasted transaction or the variability of future cash flows of a floating rate asset or liability (cash flow hedge) or a foreign-currency fair value or cash flow hedge (foreign currency hedge). All derivatives are recorded as assets or liabilities on the balance sheet at their respective fair values with unrealized gains and losses recorded either in accumulated other comprehensive income or in the statement of income, depending on the purpose for which the derivative is held. Derivatives that do not meet the criteria for designation as a hedge under SFAS No. 133 at inception, or fail to meet the criteria thereafter, are accounted for in other assets with changes in fair value recorded in the statement of income.

Changes in the fair value of a derivative that is designated and qualifies as a fair value hedge along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk, are recorded in the statement of income as other non-interest income. To the extent of the effectiveness of a hedge, changes in the fair value of a derivative that is designated and qualifies as a cash flow hedge, are recorded in accumulated other comprehensive income, net of tax. For all hedge relationships, ineffectiveness resulting from differences between the changes in fair value or cash flows of the hedged item and changes in the fair value of the derivative are recognized in the statement of income as other non-interest income.

At the inception of a hedge transaction, the Company formally documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. This process includes identification of the hedging instrument, hedged item, risk being hedged and the methodology for measuring effectiveness. In addition, the Company assesses, both at the inception of the hedge and on an ongoing quarterly basis, whether the derivative used in the hedging transaction has been highly effective in offsetting changes in fair value or cash flows of the hedged item, and whether the derivative is expected to continue to be highly effective.

The Company discontinues hedge accounting prospectively when either it is determined that the derivative is no longer highly effective in offsetting changes in the fair value or cash flows of a hedged item; the derivative expires or is sold, terminated or exercised; the derivative is de-designated because it is unlikely that a forecasted transaction will occur; or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flow or forecasted transaction is still expected to occur, gains and losses that were accumulated in other comprehensive income are amortized or accreted into the statement of income. Gains and losses are recognized in the statement of income immediately if the cash flow hedge was discontinued because a forecasted transaction did not occur.

The Company may occasionally enter into a contract (host contract) that contains a derivative that is embedded in the financial instrument. If applicable, an embedded derivative is separated from the host contract and can be designated as a hedge; otherwise, the derivative is recorded as a freestanding derivative.

Prior to the adoption of SFAS No. 133, derivatives used for interest rate risk management were not recorded at fair value. Rather, the net interest settlement on designated derivatives that either effectively altered the interest rate characteristics of assets and liabilities or hedged exposures to risk was treated as an adjustment to the interest income or interest expense of the related assets or liabilities. The effect of adopting SFAS No. 133 at April 1, 2001 did not result in any impact on the statement of operations.

Variable interest entities

In January 2003, the FASB issued FASB Interpretation No. (FIN) 46, Consolidation of Variable Interest Entities. FIN 46 changes the method of determining whether certain entities, including securitization entities, should be included in the Company s consolidated financial statements. An entity is subject to FIN 46 and is called a variable interest entity (VIE) if it has (1) equity that is insufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, (2) equity investors that cannot make significant decisions about the entity s operations, or (3) equity that does not absorb the expected losses or receive the expected returns of the entity. A VIE is consolidated by its primary beneficiary, which is the party involved with the VIE that has a majority of the expected losses or a majority of the expected residual returns or both. The provisions of FIN 46 are to be applied immediately to VIEs created after January 31, 2003, and to VIEs in which an enterprise obtains an interest after that date. For VIEs in which an enterprise holds a variable interest that it acquired before February 1, 2003, FIN 46 applies in the first fiscal period beginning after June 15, 2003. For any VIEs that must be consolidated under FIN 46 that were created before February 1, 2003, the assets, liabilities and noncontrolling interest of the VIE would be initially measured at their carrying amounts with any difference between the net amount added to the balance sheet and any previously unrecognized interest being recognized as the cumulative effect of an accounting change. If determining the carrying amounts is not practicable, fair value at the date FIN 46 first applies may be used to measure the assets, liabilities and noncontrolling interest of the VIE. FIN 46 also mandates new disclosures about VIEs, some of which are required to be presented in financial statements issued after January 31, 2003.

There are no VIEs that require disclosure under FIN 46. Further, there are no VIEs created after January 31, 2003 that are required to be consolidated under FIN 46.

Guarantees and indemnifications

In November 2002, the FASB issued FIN 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others, which requires that, for guarantees within the scope of FIN 45 issued or amended after December.31,.2002, a liability for the fair value of the obligation undertaken in issuing the guarantee be recognized. FIN 45 also requires additional disclosures in financial statements for periods ending after December 15, 2002. Accordingly, the required disclosures are included in Note 29 to the consolidated financial statements of the Company. The recognition and measurement provisions of FIN 45 were adopted effective January 1, 2003 and did not have a material impact on the consolidated financial statements of the Company.

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. The cost of additions, capital improvements and interest during the construction period are capitalized, while maintenance and repairs are charged to expense when incurred. Property and equipment held to be disposed off are reported as assets held for sale at the lower of carrying amount or fair value, less cost to sell.

Depreciation is provided over the estimated useful lives of the assets or lease term whichever is shorter.

Property under construction and advances paid towards acquisition of property and equipment are disclosed as capital work in progress. The interest costs incurred for funding an asset during its construction period are capitalized based on the average outstanding investment in the asset and the average cost of funds. The capitalized interest cost is included in the cost of the relevant asset and is depreciated over the estimated useful life of the asset.

Capitalized costs of computer software obtained for internal use represent costs incurred to purchase computer software from third parties and direct costs of materials and services incurred on internally developed software. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software.

Impairment of long-lived assets

Long-lived assets and certain intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Business combinations

In June 2001, the FASB issued SFAS No. 141, Business Combinations, which requires that the purchase method of accounting be used for all business combinations initiated after June.30,.2001. SFAS No. 141 also specifies the criteria that intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill, noting that any purchase price allocated to an assembled workforce may not be accounted separately.

As of April 1, 2001, the Company had an unamortized deferred credit of Rs. 1,265 million related to an excess of the fair value of assets acquired over the cost of an acquisition. As required by SFAS No. 141, in conjunction with the early adoption of SFAS No. 142, the unamortized deferred credit as of April 1, 2001, has been written-off and recognized as the effect of a change in accounting principle.

Goodwill and intangible assets

On April 1, 2001, the Company early-adopted SFAS No. 142, Goodwill and Other Intangible Assets. As required by SFAS No. 142, the Company reclassified existing goodwill and intangible assets to conform with the new criteria in SFAS No. 141 for recognition apart from goodwill. This resulted in reclassification of previously recorded intangible assets of Rs. 115.million as goodwill and a reclassification of previously recorded goodwill of Rs. 373.million as a separate unidentifiable intangible asset.

As required by SFAS No. 142, the Company identified its reporting units and assigned assets and liabilities, including goodwill to the reporting units on the date of adoption. Subsequently, the Company compared the fair value of each reporting unit to its carrying value, to determine whether goodwill is impaired at the date of adoption. This transitional impairment evaluation did not indicate an impairment loss.

Subsequent to the adoption of SFAS No. 142, the Company does not amortize goodwill but instead tests goodwill for impairment at least annually. The annual impairment test under SFAS No. 142 did not indicate an impairment loss.

Net income and basic and diluted earnings per share excluding the impact of amortization of goodwill, for all periods presented would have been as follows:

	Year ended March 31,		
	2001(1)	*2002(2)*	**2003**
Net income / (loss) (in Rs. millions)			
As reported	*6,630*	*1,547*	**(7,983)**
Add: Amortization of goodwill	*145*		
Pro forma net income / (loss)	*6,775*	*1,547*	**(7,983)**
Earnings / (loss) per share: Basic (in Rs.)			
As reported	*16.88*	*3.94*	**(14.18)**

Add: Amortization of goodwill	*0.37*		
Pro forma	*17.25*	*3.94*	**(14.18)**
Earnings / (loss) per share: Diluted (in Rs.)			
As reported	*16.81*	*3.94*	**(14.18)**
Add: Amortization of goodwill	*0.37*		
Pro forma	*17.18*	*3.94*	**(14.18)**

(1) *Restated for reverse acquisition.*

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

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Intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period.

The useful life of other intangible assets is as follow:

	No. of years
Marketing-related intangibles	5
Customer-related intangibles	3-10

In October 2002, the FASB issued SFAS No. 147, Acquisitions of Certain Financial Institutions. SFAS No. 147 requires that business combinations involving financial institutions within its scope, be accounted for under SFAS No. 141. Previously, generally accepted accounting principles for acquisitions of financial institutions provided for recognition of the excess of the fair value of liabilities assumed over the fair value of tangible and identifiable intangible assets acquired as an unidentifiable intangible asset. Under SFAS No. 147, such excess is accounted for as goodwill. Adoption of SFAS No. 147 resulted in a reclassification of previously recorded unidentifiable intangible asset of Rs..373.million to goodwill with effect from April.1,.2001. Further, as required by SFAS No. 147, the Company reversed the amortization expense of Rs. 290 million and the related income tax benefit of Rs. 103 million, by restating the results for the year ended March 31, 2002.

Income taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, Accounting for Income Taxes. SFAS No. 109 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the amount for financial reporting and tax basis of assets and liabilities, using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period of enactment. Deferred tax assets are recognized subject to a valuation allowance based upon management s judgement as to whether realization is considered more likely than not.

Issue of shares by subsidiary/affiliate

An issuance of shares by a subsidiary/affiliate to third parties reduces the proportionate ownership interest of the Company in the investee. A change in the carrying value of the investment in a subsidiary/affiliate due to such direct sale of unissued shares by the investee is accounted for as a capital transaction, and is recognized in stockholders equity when the transaction occurs.

Trading assets and liabilities

Trading assets and liabilities include securities and derivatives and are recorded either at market value or where, market prices are not readily available, fair value, which is determined under an alternative approach. The determination of market or fair value considers various factors including stock exchange quotations, time value and volatility factors underlying derivatives, counterparty credit quality and derivative transaction cash maintenance during that period. Derivatives in a net receivable position are reported as trading assets. Similarly derivatives in a net payable position are reported as trading liabilities.

Employee benefit plans

The Company provides a variety of benefit plans to eligible employees. Contributions to defined contribution plans are charged to income in the period in which they accrue. Current service costs for defined benefit plans are accrued in the period to which they relate. Prior service costs, if any, resulting from amendments to the plans are recognized and amortized over the remaining period of service of the employees.

Stock-based compensation

The Company uses the intrinsic value based method of Accounting Principle Board (APB) Opinion No..25, Accounting for Stock Issued to Employees, to account for its employee stock-based compensation plans. Compensation cost for fixed and variable stock based awards is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price. Compensation cost for fixed awards is measured at the grant date, while compensation cost for variable awards is estimated until the number of shares an individual is entitled to receive and the exercise price are known (measurement date).

In December 2002, FASB issued SFAS No. 148 Accounting for Stock Based Compensation-transition and disclosures, an amendment of FASB No. 123. SFAS No. 148 amends SFAS No. 123, Accounting for Stock Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock based employee compensation and the effect of the method used on reported results. The disclosure provisions of SFAS No. 148 are applicable for fiscal periods beginning after December 15, 2002. Had compensation cost been determined in a manner consistent with the fair value approach described in SFAS No. 123, the Company s net income and earnings per share as reported would have changed to the amounts indicated below:

	Year ended March 31,		
	2001(1)	*2002(2)*	**2003**
Net income/(loss) (in Rs. millions)	*Rs.*	*Rs.*	**Rs.**
As reported	*6,630*	*1,547*	**(7,983)**
Add: Stock based employee compensation expense included in reported net income, net of tax effects	*37*	*26*	**7**
Less: Stock based employee compensation expense determined under fair value based method, net of tax effects	*(128)*	*(58)*	**(358)**
Pro forma net income / (loss)	*6,539*	*1,515*	**(8,334)**
Earnings / (loss) per share: Basic (in Rs.)			
As reported	*16.88*	*3.94*	**(14.18)**
Pro forma	*16.65*	*3.86*	**(14.80)**
Earnings / (loss) per share: Diluted (in Rs.)			
As reported	*16.81*	*3.94*	**(14.18)**
Pro forma	*16.59*	*3.86*	**(14.80)**

(1) *Restated for reverse acquisition.*

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

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	2001	*2002*	**2003**
Dividend yield	*5.9%*	*5.5%*	**1.7%**
Expected life	*10 years*	*10 years*	**10 years**
Risk free interest rate	*10.4%*	*7.4%*	**8.9%**
Volatility	*30%*	*55%*	**54%**

Dividends

Dividends on common stock and the related dividend tax are recognized on approval by the Board of Directors.

Earnings / (Loss) per share

Basic earnings / (loss) per share is computed by dividing net income / (loss) by the weighted average number of common stock outstanding during the period. Diluted earnings / (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted.

Reclassifications

Certain other reclassifications have been made in the financial statements of prior years to conform to classifications used in the current year. These changes had no impact on previously reported results of operations or stockholders equity.

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2. Dilution of ownership interest in the acquiree

Until March 2000, the Company held a 74.2% controlling interest in the acquiree. In March.2000, the acquiree issued 15.9 million American Depository Shares (ADS) to third parties. As a result of the issuance, the proportionate ownership interest of the Company in the acquiree reduced from 74.2% to 62.2%.

The offering price per share exceeded the Company s carrying amount per share in the acquiree, resulting in an increase in the carrying value of the Company s investment in the acquiree by Rs. 4,114.million. This change in the carrying value was recognized in the statement of stockholders equity as a capital transaction.

In March.2001, the acquiree acquired Bank of Madura Limited, a banking company, through issuance of stock. The acquisition was recorded by the purchase method. As a result of the issuance, the ownership interest of the Company in the acquiree was reduced from 62.2% to 55.6%. The issuance price exceeded the Company s carrying amount per share in the acquiree resulting in an increase in the carrying value of the Company s investment in the acquiree by Rs. 1,242.million. This change in the carrying value, net of the related tax effect of Rs. 140.million, has been recognized in the statement of stockholders equity as a capital transaction.

Subsequently, during March.2001, the Company sold a 9.2% interest in the acquiree to institutional investors for a consideration of Rs. 3,499 million. The gain on sale of Rs. 1,996.million is included in the statement of income. This reduced the Company s interest in the acquiree to 46.4%.

In view of the Company s ownership interest in the acquiree having been reduced to below majority level, the Company determined that consolidation of the acquiree was not appropriate and accounted for its ownership interest under the equity method beginning April 1, 2000, the beginning of the fiscal year in which the ownership interest was less than majority.

During the year ended March 31, 2002, the Company further reduced its ownership interest to 46%. This resulted in a gain of Rs. 57 million, which is included in the statement of income.

3. Acquisitions

Reverse acquisition

Effective April 1, 2002, the acquiree and the Company consummated a transaction whereby shareholders of the Company were issued shares of the acquiree in the ratio of 1:2. The transaction has been treated as a reverse acquisition, with the acquiree as the surviving legal entity but the Company as the accounting acquirer.

On the acquisition date, the Company held a 46% ownership interest in the acquiree. Accordingly, the acquisition of the balance 54% ownership interest has been accounted for as a step-acquisition. The operations of the acquiree have been consolidated in the Company s financial statements effective April 1, 2002.

As a result of the acquisition, the Company became a universal banking company offering the entire spectrum of financial services. The acquisition is expected to reduce the cost of funds for the Company through access to the extensive branch network and deposit base of the acquiree. Further, the acquisition is expected to benefit the Company through greater opportunities to generate fee-based income, participation in the payment networks and ability to provide transaction banking services. Subsequent to the acquisition, the operations of the Company will be governed by the Banking Regulation Act, 1949.

The components of the purchase price and allocation are as follows:

	(Rs. in millions)
Fair value of common stock issued on reverse acquisition	12,028
Direct acquisition costs	1,627
Fair value of stock options assumed on reverse acquisition	409
Total	**14,064**

The fair value of common stock issued on reverse acquisition was based on the average prices of the equity shares for the two trading days before and after October 25, 2002, the date, the terms of the acquisition were agreed to and announced.

The total purchase price has been allocated to the acquired assets and assumed liabilities as of the date of acquisition based on management s estimates and independent appraisals as follows:

	(Rs. in millions)
Assets	
Cash and cash equivalents	53,183
Investments	113,725
Loans	39,102
Property and equipment	2,609
Intangible assets	5,470

Other assets	11,093
Total assets acquired	**225,182**
Liabilities	
Deposits	176,018
Borrowings	16,174
Other liabilities	19,745
Total liabilities assumed	**211,937**
Net tangible and intangible assets	13,245
Goodwill	819
Total	**14,064**

The goodwill recognized above is not deductible for tax purposes.

The intangible assets relate to customer and deposit relationships and would be amortized over a period of 10 years. Consequent to the acquisition, the 46% ownership interest held by the Company in the acquiree was recorded as treasury stock at its historical carrying value. In September 2002, the treasury stock was sold to institutional investors for Rs. 13,154 million. The difference between the sale proceeds and the carrying value, net of related tax effects of Rs. 599 million, was recognized in the statement of stockholders equity as a capital transaction.

Step-acquisition of Tricolour Infotech Services Limited

In September 2002, the Company acquired the remaining 50% ownership interest in Tricolor Infotech International Inc., Mauritius for a cash consideration of Rs. 110.million. The total purchase price has been allocated to the acquired assets and assumed liabilities based on management estimates as follows:

(Rs. in millions)

Net tangible assets	16
Marketing-related intangibles	76
Goodwill	18
Total	**110**

The goodwill recognized above is not deductible for tax purposes.

Acquisition of Customer Asset India Private Limited

In April 2002, the Company acquired a 100% ownership interest in Customer Asset India Private Limited, a company engaged in the business of providing contact center services through its offshore contact center at Bangalore, for a cash consideration aggregating Rs. 959.million. The acquisition would enable the Company to enter the IT enabled services market. The total purchase price has been allocated to the acquired assets and assumed liabilities based on management estimates as follows:

(Rs. in millions)

Net tangible assets	177
Customer-related intangibles	165
Goodwill	617
Total	**959**

The goodwill recognized above is not deductible for tax purposes.

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Pro forma information (unaudited)

Unaudited pro forma results of the operations for the years ended March 31, 2002 and 2003 as if the acquisitions had been made at the beginning of the periods is given below. The pro forma results include estimates and assumptions which management believes are reasonable. However, these do not reflect any benefits from economies or synergies, which might be achieved from combining the operations. The pro forma consolidated results of operations include adjustments to give effect to amortization of acquired intangible assets other than goodwill. The pro forma information is not necessarily indicative of the operating results that would have occurred had the purchase been made at the beginning of the periods presented.

	Year endedMarch 31,	
	2002	**2003**
Revenues (Rs. in millions)	*87,274*	**111,421**
Net income / (loss) (Rs. in millions)	*1,231*	**(8,017)**
EPS (Basic and Diluted) (in Rs.)	*3.13*	**(14.24)**

4. Sale of stock of ICICI Infotech Services Limited

During the year ended March.31,.2001, the Company diluted its interest in ICICI Infotech Services Limited to 92% through sale of an 8% interest to a strategic investor for a consideration of Rs. 576.million. The gain on sale of Rs..511.million is included in the statement of operations.

5. Cash and cash equivalents

Cash and cash equivalents as of March 31, 2003, includes deposits with Reserve Bank of India of Rs. 45,506 million (2002: Nil) (including Rs. 39,805 million (2002: Nil) in accordance with the guidelines governing minimum cash reserve requirements) and interest-bearing deposits with other banks of Rs. 6,919 million (2002: Rs. 35,508.million). The balance maintained with the Reserve Bank of India towards cash reserve requirements are subject to withdrawal and usage restrictions.

6. Trading assets

A listing of the trading assets is set out below:

(Rs. in millions)

	Year ended March 31,	
	2002	**2003**
Government of India securities	*15,602*	**26,658**
Securities purchased under agreements to resell	*21,399*	**5,399**
Corporate debt securities	*4,627*	**6,704**
Equity securities	*742*	**187**
Fair value of derivative and foreign exchange contracts	*6*	**686**
Total	*42,376*	**39,634**

As of March 31, 2003, trading assets include Government of India (GOI) securities amounting to Rs. 8,050.million (2002: Rs. 11,866.million), which are pledged for the purpose of collateralizing short-term borrowings.

7. **Securities**

The portfolio of securities is set out below:

(Rs. in millions)

	As of March 31, 2002				**As of March 31, 2003**			
	Amortized cost	*Gross unrealized gain*	*Gross unrealized loss*	*Fair value*	**Amortized cost**	**Gross unrealized gain**	**Gross unrealized loss**	**Fair value**
Available for sale								
Corporate debt securities	*4,446*	*502*	*(513)*	*4,435*	**10,636**	**389**	**(79)**	**10,946**
GOI securities	*26,662*	*438*		*27,100*	**240,187**	**4,403**	**(459)**	**244,131**
Total debt securities	*31,108*	*940*	*(513)*	*31,535*	**250,823**	**4,792**	**(538)**	**255,077**

Equity securities	*19,181*	*365*	*(3,223)*	*16,322*	**13,609**	**745**	**(1,932)**	**12,422**
Total securities available for sale	*50,289*	*1,305*	*(3,736)*	*47,857*	**264,432**	**5,537**	**(2,470)**	**267,499**
Non-readily marketable equity securities(1)	*8,268*				**9,418**			
Venture capital investments(2)				*3,921*				**3,704**

(1) *Primarily represents securities acquired as a part of project financing activities or conversion of loans in debt restructurings.*

(2) *Represents venture capital investments held by venture capital subsidiaries of the Company.*

During the year ended March 31, 2003, as part of its ongoing evaluation of its securities portfolio, the Company recorded an impairment charge of Rs..2,098.million (2002: Rs..3,480.million, 2001: Rs..1,835.million) for other than temporary decline in value of available for sale and non-readily marketable equity securities.

Privately placed corporate debt securities reported as loans (credit substitutes).

The portfolio of credit substitutes is set out below:

(Rs. in millions)

	As of March 31, 2002				**As of March 31, 2003**			
	Amortized cost	*Gross unrealized gain*	*Gross unrealized loss*	*Fair value*	**Amortized cost unrealized**	**Gross gain**	**Gross unrealized loss**	**Fair value**
Available for sale	*59,707*	*1,077*	*(502)*	*60,282*	61,295	2,539	(1,118)	62,716

During the year ended March 31, 2002, the Company sold debt securities classified as held to maturity. The debt securities were sold for Rs..640 million resulting in a realized gain of Rs..102 million. As the securities were sold for reasons other than those specified in SFAS No. 115, all remaining held to maturity securities were reclassified as available for sale. Subsequent to the sale, the Company no longer classifies debt securities as held to maturity.

Income from securities available for sale

A listing of income from securities available for sale is set out below:

(Rs. in millions)

	Year ended March 31,		
	2001	*2002*	**2003**
Interest	*123*	*1,027*	**16,633**
Dividends	*345*	*267*	**389**

Total	*468*	*1,294*	**17,022**
Gross realized gain	*474*	*1,238*	**6,845**
Gross realized loss	*(348)*	*(7)*	**(5,022)**
Total	*126*	*1,231*	**1,823**

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Income from credit substitutes available for sale

A listing of income from credit substitutes available for sale is set out below:

(Rs. in millions)

	Year ended March 31,	
	2002	**2003**
Interest	*2,872*	**8,406**
Dividends	*45*	**381**
Total	*2,917*	**8,787**
Gross realized gain	*282*	**1,200**
Gross realized loss		**(75)**
Total	*282*	**1,125**

Maturity profile of debt securities

A listing of each category of available for sale debt securities as of March.31, 2003, by maturity is set out below:

(Rs. in millions)

Available for sale

	Amortized Cost	Fair value
Corporate debt securities		
Less than one year	285	267
One to five years	8,436	8,719
Five to ten years	1,862	1,900
Greater than ten years	53	60
Total Corporate debt securities	**10,636**	**10,946**
GOI securities		
Less than one year	76,238	76,216
One to five years	54,976	55,922
Five to ten years	54,170	54,614
Greater than ten years	54,803	57,379
Total GOI securities	**240,187**	**244,131**
Total debt securities	**250,893**	**255,077**
Credit substitutes		
Less than one year	14,584	14,618
One to five years	32,984	34,683
Five to ten years	12,760	12,448
Greater than ten years	967	967
Total credit substitutes	**61,295**	**62,716**

8. Repurchase transactions

The Company has undertaken repurchase and reverse repurchase transactions in GOI securities. The average level of repurchase transactions outstanding during the year ended March 31, 2003, was Rs. 7002.million (2002: Rs. 1,743.million). The average level of reverse repurchase transactions outstanding during the year ended March 31, 2003, was Rs. 4,483.million (2002:.Rs. 1,347.million). As of March 31, 2003, outstanding repurchase and reverse repurchase transactions were Rs. 3,000 million (2002: Rs. 595 million) and Rs. 5,399 million (2002: Rs. 21,399.million) respectively.

8. Investments in affiliates

The acquiree

For the year ended March 31, 2002, the Company accounted for its 46% (2001: 46.4%) interest in the acquiree using the equity method. The carrying value of the investment in the acquiree as of March 31, 2002, was Rs. 8,204 million (2001: Rs. 7,562 million). The Company s equity in the income of the acquiree for the year ended March 31, 2002 was Rs. 929 million (2001:.Rs..811 million). During the year ended March 31, 2002, the Company received dividends of Rs. 403 million (2001: Rs. 184 million) from the acquiree.

The summarized balance sheets and statements of income of the acquiree are set out below:

(Rs. in millions)

Balance sheet	As of March 31,	
	2001	2002
Cash and cash equivalents	47,306	89,371
Trading assets	18,725	26,075
Securities	35,731	180,052
Loans	93,030	72,474
Other assets	25,746	36,833
Total assets	**220,538**	**404,805**
Deposits	164,254	325,221
Trading liabilities	5,958	1,237
Long-term debt	2,421	5,740
Other liabilities	31,598	54,457
Stockholders equity	16,307	18,150
Total liabilities and stockholders equity	**220,538**	**404,805**

(Rs. in millions)

Statement of income	Year ended March 31,	
	2001	2002
Interest income	12,406	20,837
Interest expense	(8,408)	(15,116)
Net interest income	3,998	5,721
Provision for loan losses	(1,082)	(1,722)
Non-interest income	1,754	5,213
Non-interest expense	(3,104)	(6,260)
Income taxes	(258)	(931)
Cumulative effect of accounting change		16

Net income	**1,308**	**2,037**

Insurance companies

The Company accounts for its 74% ownership interest in ICICI Prudential Life Insurance Limited (Prulife) and ICICI Lombard General Insurance Company Limited (Lombard) by the equity method of accounting because of substantive participative rights held by the minority shareholders.

The carrying value of the investment in these companies as of March 31, 2003, was Rs. 2,230.million (2002: Rs. 1,496 million). The Company s equity in the loss of these affiliates for the year ended March 31, 2003 was Rs. 971 million (2002: Rs. 681 million, 2001:.Rs. 118.million).

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The summarized balance-sheets and statements of operations of these entities as of and for the year ended March 31, 2002 is set out below:

(Rs. in millions)

Balance sheet	As of March 31, 2002	
	Prulife	**Lombard**
Cash and cash equivalents	108	186
Securities	1,924	1,088
Other assets	757	296
Total assets	**2,789**	**1,570**
Liabilities	1,776	561
Stockholders equity	1,013	1,009
Total liabilities and stockholders equity	**2,789**	**1,570**

Statement of income	(Rs. in millions) Year ended March 31, 2002	
	Prulife	**Lombard**

Interest income	124	56
Interest expense		
Net interest income	124	56
Non-interest income	1,291	55
Non-interest expense	(2,238)	(227)
Income tax (expense)/benefit	(11)	30
Net income/(loss)	**(834)**	**(86)**

Others

The other affiliates of the Company are Prudential ICICI Asset Management Company Limited (Pru-ICICI), Prudential ICICI Trust Limited (Pru-Trust), TCW/ICICI Investment Partners LLC (TCW) and Semantik Solutions Gmbh, Germany. The carrying value of the investment in such affiliates as of March 31, 2003, was Rs. 385.million (2002:.Rs. 386.million). The Company s equity in the income of such affiliates for the year ended March 31, 2003, was Rs. 13 million (2002:.Rs. 46 million, 2001:.Rs. 42 million).

10. Loans

A listing of loans by category is set out below:

(Rs. in millions)

	Year ended March 31,	
	2002	**2003**
Project and corporate finance (1) (2)	*416,386*	**387,870**
Working capital finance (including working capital term loans)	*42,225*	**74,422**
Lease financing	*49,865*	**26,927**
Consumer loans and credit card receivables	*73,013*	**188,286**
Other	*10,346*	**18,959**
Gross loans	*591,835*	**696,464**
Unearned income	*(20,013)*	**(8,902)**
Security deposits	*(11,574)*	**(2,922)**
Loans, net of unearned income and security deposits .	*560,248*	**684,640**
Allowances for loan losses	*(36,647)*	**(54,219)**
Loans, net	*523,601*	**630,421**

(1) *Non-readily marketable privately placed debt instruments are classified as loans to reflect the substance of such transactions as substitutes for direct lending (credit substitutes).*

(2) *Includes Rs. 62,716 million (2002: Rs. 60,282 million) of credit substitutes classified as loans.*

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Project and corporate finance loans are generally secured by property, plant and equipment and other tangible assets. Generally, the working capital loans are secured by a first lien on current assets, principally comprising inventory and receivables. Additionally, in certain cases the Company may obtain additional security for working capital loans through a first or second lien on property and equipment, pledge of financial assets like marketable securities and corporate/personal guarantees.

Lease financing

Contractual maturities of the Company s investment in lease financing and its components, which are included in loans are set out below:

(Rs. in millions)

	As of March 31, 2003
Gross finance receivables for the year ending March.31,	
2004	**5,900**
2005	**4,159**
2006	**3,531**
2007	**2,925**
2008	**2,793**
Thereafter	**7,619**
	26,927
Unearned income	**(6,213)**
Security deposits	**(2,852)**
Investment in lease financing	**17,862**

Maturity profile of loans

A maturity profile of gross loans, other than investment in lease financing is set out below:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Less than one year	*143,309*	**147,707**
One to five years	*237,025*	**328,692**

Greater than five years	*161,636*	**193,138**
Total	*541,970*	**669,537**

Interest and fees on loans

A listing of interest and fees on loans (net of unearned income) is set out below:

(Rs. in millions)

	As of March 31,		
	2001	*2002*	**2003**
Project and corporate finance	*60,900*	*56,032*	**45,307**
Working capital finance (including working capital term loans)	*5,892*	*6,418*	**8,241**
Lease financing	*4,948*	*4,977*	**2,484**
Consumer loans and credit card receivables	*2,088*	*6,593*	**15,372**
Other	*1,444*	*1,217*	**3,676**
Total	*75,272*	*75,237*	**75,080**

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Restructured loans

The Company classifies a loan as a restructured loan where it has made concessionary modifications, that it would not otherwise consider, to the contractual terms of a loan to a borrower experiencing financial difficulties. As of March 31, 2003, the Company had committed to lend Rs. 2,822 million (2002: Rs. 18,616 million), to borrowers who are parties to troubled debt restructurings.

Impaired loans, including restructured loans

A listing of restructured loans is set out below:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Project and corporate finance	*84,048*	**135,421**
Working capital finance (including working capital term loans)	*5,283*	**11,084**
Other	*5,757*	**886**
Restructured loans	*95,088*	**147,391**
Allowance for loan losses	*(17,722)*	**(24,732)**
Restructured loans, net	*77,366*	**122,659**
Restructured loans:		
With a valuation allowance	*95,088*	**147,391**
Without a valuation allowance		
Restructured loans	*95,088*	**147,391**

A listing of other impaired loans is set out below:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Project and corporate finance	*48,093*	**67,906**
Working capital finance (including working capital term loans)	*1,699*	**11,907**
Lease financing	*731*	**1,550**
Consumer loans and credit card receivables	*190*	**1,752**
Other	*41*	**41**
Other impaired loans	*50,754*	**83,156**
Allowance for loan losses	*(17,567)*	**(27,837)**
Other impaired loans, net	*33,187*	**55,319**
Other impaired loans:		
With a valuation allowance	*50,754*	**83,087**
Without a valuation allowance		**69**
Other impaired loans	*50,754*	**83,156**

During the year ended March 31, 2003, interest income of Rs. 2,358 million (2002:Rs. 3,257 million, 2001: Rs. 1,989 million) was recognized on impaired loans on a cash basis. Gross impaired loans (including restructured loans) averaged Rs. 188,195 million during the year ended March 31, 2003 (2002: Rs. 115,543 million).

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to Company s total credit exposure. The Company s portfolio of financial instruments is broadly diversified along industry, product and geographic lines within India.

11. Allowance for loan losses

Changes in the allowance for loan losses

Movements in the allowance for loan losses are set out below:

(Rs. in millions)

	As of March 31,		
	2001	*2002*	**2003**
Allowance for loan losses at the beginning of the year	*34,085*	*33,035*	**36,647**
Effect of reverse acquisition on allowance for loan losses			**1,297**
Effect of de-consolidation of subsidiary on allowance for loan losses	*(747)*		
Provisions for loan losses, net of releases of provisions as a result of cash collections	*9,892*	*9,743*	**19,649**
	43,230	*42,778*	**57,593**
Loans charged-off	*(10,195)*	*(6,131)*	**(3,374)**
Allowance for loan losses at the end of the year	*33,035*	*36,647*	**54,219**

12. Securitization activity

The Company primarily securitizes commercial loans through pass-through securitizations. After the securitization, the Company generally continues to maintain customer account relationships and services loans transferred to the securitization trust. Generally, the securitizations are with or without recourse and the Company does not provide any credit enhancement. In a few cases, the Company may enter into derivative transactions such as written put options and interest rate swaps with the transferees. Generally, the Company does not retain any beneficial interests in the assets sold.

During the year ended March 31, 2003, the Company securitized loans and credit substitutes with a carrying value of Rs. 51,780 million (2002: Rs. 40,851 million), which resulted in gains of Rs. 2,070 million (2002: Rs. 1,079 million, 2001: Rs. 434 million). The gains are reported as a component of gain on sale of loans and credit substitutes.

Transfers that do not meet the criteria for a sale under SFAS No. 140, are recorded as secured borrowings with a pledge of collateral. As of March 31, 2003, the Company recorded secured borrowings of Nil (2002: Rs. 5,787 million) that arise on securitization transaction involving trusts that are not considered as qualifying special purpose entities under the guidance provided by SFAS No. 140. Such secured borrowings are reported as a component of other borrowings.

As discussed above, the Company has written put options, which require the Company to purchase, upon request of the holders, securities issued in certain securitization transactions. The put options seek to provide liquidity to holders of such instruments. If exercised, the Company will be obligated to purchase the securities at the predetermined exercise price.

As of March 31, 2003, the Company sold loans and credit substitutes with an aggregate put option exercise price of Rs. 24,404 million (2002: Rs. 13,108 million). Subsequent to their initial issuance, such options are recorded at fair values with changes reported in the statement of operations.

13. Derivative instruments and hedging activities

The Company manages its exposures to market rate movements by modifying its mix of assets and liabilities, either directly or through the use of derivative financial products including interest rate swaps, cross currency swaps, equity index futures, equity index options and forward exchange contracts.

All such freestanding derivatives, whether held for trading or non-trading purposes, are carried at their fair value as either assets or liabilities and related gains and losses are included in other non-interest income. The Company has not identified any significant derivative features embedded in other contracts that are not clearly and closely related to the host contract and meet the definition of a derivative.

Fair values for derivatives are based on quoted market prices, which take into account current market and contractual prices of the underlying instrument as well as time value underlying the positions.

All the designated hedges entered into by the Company qualify as fair value hedges under SFAS No.133. There are no cash flow hedges or hedges of net investments in foreign operations. For fair value hedges, changes in the fair value of the hedged asset or liability due to the risk being hedged are recognized in the statement of operations along with changes in the fair value of the derivative. The Company assesses the effectiveness of the hedge instrument at inception and continually on a quarterly basis. The ineffectiveness, to the extent to which offsetting gains or loss are not achieved, is recorded through the statement of operations.

The table below summarizes certain information relating to the Company s hedging activities:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Fair value hedges	*1,161*	**1,836**
Hedge ineffectiveness recognized in earnings	*77*	**128**

14. Property and equipment

A listing of property and equipment by asset category is set out below:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Land	*1,336*	**1,535**
Buildings	*7,208*	**11,194**
Equipment and furniture	*5,304*	**4,068**
Capital work-in-progress	*469*	**1,077**
Others	*423*	**8,593**
Gross value of property and equipment	*14,740*	**26,467**
Accumulated depreciation	*(2,163)*	**(5,252)**
Property and equipment, net	*12,577*	**21,215**

As of March 31, 2003, land and buildings include certain assets of Rs. 622 million (2002:Rs. 397 million), which have not yet been registered in the Company s name pending regulatory transfer approvals.

15. Assets held for sale

As of March 31, 2003, assets held for sale represent certain assets of Rs. 2,306 million (2002:Rs. 2,029 million) acquired through foreclosure of loans.

16. Goodwill and intangible assets, net

A listing of goodwill and intangible assets by category is set out below:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Goodwill	*2,304*	**4,841**
Accumulated amortization	*(54)*	**(54)**
Goodwill, net	*2,250*	**4,787**
Customer-related intangibles		**5,635**
Accumulated amortization		**(590)**

Customer related intangibles, net		**5,045**
Other intangibles		**76**
Accumulated amortization		**(3)**
Other intangibles, net		**73**
Goodwill and intangible assets, net	*2,250*	**9,905**

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The following table presents the changes in goodwill during the year ended March 31, 2003.

	(Rs. in millions)
Balance as of March 31, 2002	2,250
Goodwill relating to acquisitions consummated during the period	1,454
Equity method goodwill reclassified on reverse acquisition of acquiree	1,083
Balance as of March 31, 2003	**4,787**

No goodwill impairment loss has been recorded during the year ended March 31, 2002 and March 31, 2003. Goodwill as of March 31, 2003 has been allocated to the following segments:

	(Rs. in millions)
Segment	
Commercial Banking	2,275
ICICI Infotech	1,895
ICICI OneSource	617
Total	**4,787**

Amortization of intangible assets

The estimated amortization schedule for intangible assets, on a straight line basis, for the next five years is set out below:

(Rs. in millions)

Year ended March 31,	
2004	630
2005	617
2006	574
2007	562
2008	562
Total	**2,945**

17. Other assets

Other assets consist of the following:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Debtors	*1,398*	**4,748**
Staff advances	*948*	**2,273**
Advance taxes	*16,566*	**28,273**
Security deposits	*1,004*	**2,789**
Advance for purchases of securities	*3,339*	**15,415**
Prepaid expenses	*164*	**522**
Derivatives	*896*	
Recoverable from Indian Government(1)	*1,111*	
Others(2)	*1,935*	**4,926**
Total	*27,361*	**58,946**

(1) *Recoverable from Indian Government represents foreign exchange fluctuations on specific foreign currency long-term debt, guaranteed by and recoverable from the Indian Government.*

(2) *Others include loans held for sale of Rs. 1,387 million (2002: Nil).*

notes to the consolidated financial statements

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18. Deposits

Deposits include demand deposits, which are non-interest-bearing, and savings and time deposits, which are interest bearing. A listing of deposits is set out below:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Interest bearing		
Savings deposits		**37,932**
Time deposits	*7,380*	**418,119**
	7,380	**456,051**
Non-interest bearing		
Demand deposits		**35,239**
Total	*7,380*	**491,290**

Contractual maturities of deposits as of March 31, 2003 are set out below:

(Rs. in millions)

Deposits maturing during the year ending March 31,	
2004	334,351
2005	37,410
2006	25,055
2007	6,697
2008	6,798
Thereafter	7,808
Total deposits	**418,119**

As of March 31, 2003, the aggregate of deposits with individual balances greater than Rs. 5 million was Rs. 267,297 million (2002: Rs. 1,922 million).

19. Short-term borrowings

Short-term borrowings represent non-trading borrowings with an original maturity of one year or less.

20. Long-term debt and redeemable preferred stock

Long-term debt

Long-term debt represents debt with an original maturity of greater than one year. Maturity distribution is based on contractual maturities or earlier dates at which the debt is callable at the option of the holder. A significant portion of the long-term debt bears a fixed rate of interest. Interest rates on floating-rate debt are generally linked to the London Inter-Bank Offer Rate or similar money market rates. The segregation between fixed-rate and floating-rate obligations is based on the contractual terms.

A listing of long-term debt as of March 31, 2003, by maturity and interest rate profile is set out below:

(Rs. in millions)

	Fixed-rate obligations	Floating-rate obligations	Total
Long-term debt maturing during the year ending March 31,			
2004	77,994	8,269	86,263
2005	67,022	2,977	69,999
2006	85,660	6,200	91,860
2007	20,190	5,143	25,333
2008	26,136	1,907	28,043
Thereafter	88,020	13,126	101,146
Total	**365,022**	**37,622**	**402,644**
Less: Unamortized debt issue cost			1,832
Total			**400,812**

All long-term debt is unsecured. Debt aggregating Rs. 35,151 million 2002:Rs. 40,439 million) is guaranteed by the Government of India (GOI).

Long-term debt is denominated in various currencies. As of March 31, 2003, long-term debt comprises Indian rupee debt of Rs. 350,633 million (2002: Rs. 438,529 million) and foreign currency debt of Rs. 50,179 million (2002: Rs. 72,894 million).

Indian Rupee debt

A listing of major category of Indian Rupee debt is set out below:

(Rs. in millions)

	As of March 31,							
	2002				**2003**			
Category	*Amount*	*Weighted average interest rate*	*Range*	*Average Residual maturity*	**Amount**	**Weighted average interest rate**	**Range**	**Average Residual maturity**
Bonds issued to institutional/individual investors(1)	*413,388*	*11.9%*	*8.4-16.5%*	*3.4 years*	**309,488**	**11.71%**	**7-16.40%**	**3.26 years**
Bonds eligible for statutory reserve requirements(2)	*18,240*	*11.3%*	*7.8-12%*	*6.8 years*	**14,815**	**11.87%**	**11.50-12%**	**7.22 years**
Borrowings from GOI(3)	*6,936*	*10.3%*	*11-16%*	*4.9 years*	**6,137**	**10.13%**	**11-13%**	**4.44 years**
Refinance from financial institutions					**20,193**	**7.35%**	**6.5-17%**	**3.64 years**
Total	*438,564*	*11.9%*		*3.5 years*	**350,633**	**11.28%**		**3.46 years**

(1) *Includes application money received on bonds outstanding at the end of the year.*

(2) *Banks in India are required to mandatorily maintain a specified percentage of certain liabilities as cash or in approved securities. These bonds issued by the Company are approved securities under the rules.*

(3) *Includes interest-free borrowing from the GOI aggregating Rs. 296 million (2002: Rs. 255 million). The borrowing was initially recorded at its fair value of Rs. 100 million based on the prevailing interest rate of 16% for borrowings of a similar term and risk. Interest is being imputed for each reporting period using this rate.*

Foreign currency debt

A listing of major category of foreign currency debt is set out below:

(Rs. in millions)

Category	As of March 31, 2002 Amount	Weighted average interest rate	Range	Average Residual maturity	2003 Amount	Weighted average interest rate	Range	Average Residual maturity
Borrowings from international development agencies (1) (2) (3)	*25,224*	*3.0%*	*0-6.8%*	*13.6 years*	**25,417**	**4.14%**	**0-8.5%**	**9.50 years**
Other borrowings from international markets	*47,670*	*3.8%*	*2-9.1%*	*2.1 years*	**24,762**	**3.37%**	**0-9.15%**	**2.52 years**
Total	*72,894*	*3.5%*		*6.08 years*	**50,179**	**3.69%**		**6.05 years**

(1) *These borrowings have been raised under specific lines of credit from international development agencies. The borrowings have lender-imposed restrictions that limit the use of the funds for specified purposes, which include lending to specified sectors.*

(2) *As of March 31, 2003, under these lines of credit, the Company has an unutilized option to borrow Rs. 6,265 million (2002:Rs. 5,349 million) as per an agreed schedule over a period of 5 years at various interest rates.*

(3) *Exchange rate fluctuations on certain borrowings are guaranteed by the GOI.*

Redeemable preferred stock

The Company issued preferred stock with a face value of Rs. 3,500 million during the year ended March 31, 1998 under the scheme of business combination with ITC Classic Finance Limited. This preferred stock bears a dividend yield of 0.001% and is redeemable at face value after 20 years. The preferred stock was initially recorded at its fair value of Rs. 466 million. Subsequently, interest is being imputed for each reporting period. The imputed interest rate of 10.6% was determined based on the then prevailing interest rate for securities of similar maturity. The carrying amount of this redeemable preferred stock as of March 31, 2003 is Rs. 853 million (2002: Rs. 772 million).

Banks in India are not allowed to issue preferred stock. However, the Company has been currently exempted from the restriction, which prohibits issue of preference shares by banks.

21. Other liabilities

Interest accrued

Other liabilities as of March 31, 2003, include Rs. 16,276 million (2002: Rs. 21,435 million) of interest accrued but not due on interest bearing liabilities.

Borrowings from Kreditanstalt fur Wiederaufbau

The Company has been borrowings from Kreditanstalt fur Wiederaufbau (KfW), an international development agency, under specific lines of credit. The terms of the borrowings provide for limitations on usage, whereby funds can be used only for specified purposes. The borrowings are guaranteed by the GOI.

With respect to certain borrowings, the terms of the borrowing agreement provide that a portion of the interest payable on the borrowing shall be paid to the GOI instead of the lender. KfW and the GOI have entered into an agreement whereby the interest paid to the GOI is repaid to the Company either in the form of a grant or a loan. While the loan is repayable as per a specified schedule, the grants do not have a repayment schedule. The interest amounts received from the GOI bear limitations on usage and are required to be advanced as loans/contributions for specified purposes. Similarly, with respect to certain other borrowings from KfW, the terms of the borrowing agreement provide that a portion of the interest payable on the borrowings shall be retained by the Company and used to be advanced as loans/contributions for specified purposes.

The Company periodically advances loans/contributions for specified purposes out of these funds and reports such utilizations to the GOI/KfW. However, no time schedule has been specified for the usage of the funds. In the event that the funds are not utilized for specified purposes, the GOI/KfW have the right to require repayment of the grant/ retained interest. Additionally, KfW can modify the scope of the specified purposes. The Company retains the income derived from the loans made out of the funds. Similarly, it bears the risks of default on the loans.

The interest repaid by the GOI in the form of grants and the interest retained under the agreement with KfW do not represent contributions as they specify donor-imposed conditions, the breach of which, would enable the donor to demand repayment of the grants/retained interest. Accordingly, the grants/retained interest have been reported as liabilities.

Other liabilities as of March 31, 2003, include grants of Rs. 2,052 million (2002:Rs. 2,689 million) and retained interest of Rs. 496 million (2002: Rs. 439 million).

22. Common stock

The Company presently has only one class of common stock. In the event of liquidation of the affairs of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company, after such discharge, shall be distributed to the holders of common stock in proportion to the common stock held by shareholders.

The Company has issued American Depository Shares (ADS) representing underlying common stock. The common stock represented by the ADS is similar to other common stock, except for voting rights. While every holder of common stock, as reflected in the records of the Company, has one vote in respect of each share held, the ADS holders have no voting rights due to a condition contained in the approval of the offering from the Ministry of Finance of India. Under the depository agreement, the depository of the ADS will vote as directed by the Board of Directors of the Company.

As discussed in Note 3, the Company consummated the reverse acquisition with the acquiree effective April 1, 2002, whereby shareholders of the Company were issued common shares of the acquiree in the ratio of 1:2. The effect of the reverse acquisition on the capital structure (including outstanding stock options) of the Company has been retroactively adjusted in the financial statements. On consummation of the reverse acquisition, adjustments were made to the value of the common stock and the additional paid in capital.

23. Retained earnings and dividends

Retained earnings at March 31, 2003 computed as per generally accepted accounting principles of India include profits aggregating to Rs. 5,514 million which are not distributable as dividends under the Banking Regulation Act, 1949. These relate to requirements regarding earmarking a part of the profits under banking laws in India. Utilization of these balances is subject to approval of the Board of Directors and needs to be reported to Reserve Bank of India. Statutes governing the operations of the Company mandate that dividends be declared out of distributable profits only after the transfer of at least 25% of net income each year, computed in accordance with current banking regulations, to a statutory reserve. Additionally, the remittance of dividends outside India is governed by Indian statutes on foreign exchange transactions.

Retained earnings as of March 31, 2002, include profits aggregating to Rs. 12,153 million (2001: Rs. 11,875 million), which are not distributable as dividends under Indian company law. These relate to profits on redemption of preferred stock and requirements regarding earmarking a part of profits under banking laws.

Retained earnings as of March 31, 2003, include reserves of Rs. 10,940 million (2002:Rs. 10,866 million) earmarked under Indian tax laws to avail tax benefits and which are not distributable as dividends. Any transfer of balances from such earmarked reserves would result in withdrawal of the tax exemption on the transferred amounts.

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24. Earnings per share

A computation of the earnings per share is set out below:

(Rs. in millions, except earnings per share data)

	Year ended March 31,					
	2001		*2002*		**2003**	
	Basic	*Fully Diluted*	*Basic*	*Fully diluted*	**Basic**	**Fully diluted**
Earnings						
Net income before extraordinary items and cumulative effect of accounting change (before dilutive impact)	*6,630*	*6,630*	*282*	*282*	**(7,983)**	**(7,983)**
Contingent issuances of subsidiaries/affiliates		*(25)*				
Net income before cumulative effect of accounting change (adjusted for full dilution)	*6,630*	*6,605*	*282*	*282*	**(7,983)**	**(7,983)**
Cumulative effect of accounting change, net of tax			*1,265*	*1,265*		

Net income available to common stockholders (adjusted for full dilution)	*6,630*	*6,605*	*1,547*	*1,547*	**(7,983)**	**(7,983)**
Common stock						
Weighted-average common stock outstanding	*393*	*393*	*393*	*393*	**563**	**563**
Dilutive effect of convertible debt instruments						
Dilutive effect of employee stock options						
Total	*393*	*393*	*393*	*393*	**563**	**563**
Earnings per share						
Net income before extraordinary items and cumulative effect of accounting change	*16.88*	*16.81*	*0.72*	*0.72*	**(14.18)**	**(14.18)**
Cumulative effect of accounting change			*3.22*	*3.22*		
Net income	*16.88*	*16.81*	*3.94*	*3.94*	**(14.18)**	**(14.18)**

Options to purchase 7,015,800 equity shares and 12,610,975 equity shares granted to employees at a weighted average exercise price of Rs. 81.30.and Rs. 171.10 were outstanding during the year ended March 31, 2002 and 2003, respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares during the period. During the year ended March 31, 2003, the Company has reported a net loss and accordingly all outstanding options are anti-dilutive.

25. Segmental disclosures and related information

Segmental disclosures

SFAS.No. 131, Disclosure about Segments of an Enterprise and Related Information, establishes standards for the reporting of information about operating segments. Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance. As discussed in Note 3, the Company consummated the reverse acquisition with the acquiree effective April 1, 2002. Subsequent to the reverse acquisition, the Company changed the structure of its internal organisation, which changed the composition of its operating segments. The Company s operations have been classified into the following segments: Commercial Banking segment, Investment Banking segment and Others. Segment data for previous periods have been reclassified on a comparable basis.

The Commercial Banking segment provides medium-term and long-term project and infrastructure financing, securitization, factoring, lease financing, working capital finance and foreign exchange services to clients. Further, it provides deposit and loan products to retail customers. The Investment Banking segment deals in the debt, equity and money markets and provides corporate advisory products such as mergers and acquisition advice, loan syndication advice and issue management services.

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Others consist of various operating segments that do not meet the requirements to be reported as on individual reportable segment as defined in SFAS No. 131.

The CODM evaluates the Company s performance and allocates resources based on performance indicators (components of profit and loss) of each of the segments. Further, the CODM specifically reviews assets of the personal financial services division, which is a part of commercial banking segment.

The profit and loss of reportable segments is set out below:

(Rs. in millions)

	Commercial Banking			Investment Banking		
	Year ended March 31,			Year ended March 31,		
	2001	*2002*	**2003**	*2001*	*2002*	**2003**
Income from external customers						
Interest income	*85,169*	*91,445*	**76,498**	*7,328*	*8,239*	**21,595**
Non - interest income	*8,401*	*9,747*	**4,771**	*1,824*	*1,826*	**6,792**
Income from other operating segments						
Interest income	*1,413*	*3,796*	**8,533**	*8,823*	*11,007*	**189**
Non - interest income	*658*	*1,040*	**384**	*236*	*219*	**251**
Total income	*95,641*	*106,028*	**90,186**	*18,211*	*21,291*	**28,827**
Interest expense	*72,111*	*81,867*	**69,462**	*14,327*	*17,454*	**23,916**
Depreciation	*948*	*1,244*	**2,008**	*67*	*89*	**231**
Provision for loan losses	*10,962*	*11,458*	**19,645**	*13*	*8*	**4**
Other expenses	*6,731*	*10,321*	**10,343**	*1,240*	*1,781*	**2,921**
Income/(loss) before taxes	*4,889*	*1,138*	**(11,272)**	*2,564*	*1,959*	**1,755**
Income tax (expense)/benefit	*(347)*	*(728)*	**3,420**	*24*	*(659)*	**(529)**
Cumulative effect of accounting changes, net of tax		1,281				
Net income/(loss)	4,542	1,691	**(7,852)**	*2,588*	*1,300*	**1,226**

A listing of certain assets of reportable segments is set out below:

(Rs. in millions)

	Commercial Banking		Investment Banking		Others		Eliminations of the acquiree		Total	
As of March 31,	*2002*	**2003**	*2002*	**2003**	*2002*	**2003**	*2002*	**2003**	*2002*	**2003**
Property and equipment	*13,157*	**16,048**	*2,152*	**2,754**	*2,099*	**2,413**	*(4,831)*		*12,577*	**21,215**
Investment in										

equity affiliates	*15*		**252**	*1,867*	**2,363**	*1,882*	**2,615**

Inter segment transactions are generally based on transfer pricing measures as determined by management. Income, expenses, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis. Corporate overheads and assets have also been allocated to segments on a systematic basis.

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A reconciliation between the segment income and consolidated totals of the Company is set out below:

(Rs. in millions)

	Total income			Income/(loss) before taxes and accounting changes			Net income/ (loss)		
	Year ended March 31,			Year ended March 31,			Year ended March 31,		
	2001	*2002*	**2003**	*2001*	*2002*	**2003**	*2001*	*2002*	**2003**
Commercial banking	*95,641*	*106,028*	**90,186**	*4,889*	*1,138*	**(11,272)**	*4,542*	*1,691*	**(7,852)**
Investment banking	*18,211*	*21,291*	**28,827**	*2,564*	*1,959*	**1,755**	*2,588*	*1,300*	**1,226**
Others	*1,659*	2,789	**2,874**	*116*	*(549)*	**(1,527)**	*(7)*	*(343)*	**(1,357)**
Eliminations of the acquiree	*(15,219)*	*(29,308)*		*(750)*	*(2,015)*		*(493)*	*(1,101)*	
Other reconciling adjustments	*(10,945)*	*(13,785)*	**(10,531)**						
Consolidated total	*89,347*	*87,015*	**111,681**	*6,819*	*533*	**(11,044)**	*6,630*	*1,547*	**(7,983)**

A reconciliation between the segments and consolidated total assets of the Company is set out below:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Commercial Banking(1)	*858,039*	**767,343**
Investment Banking	*268,726*	**398,574**
Others	*7,418*	**9,850**

Total segment assets	*1,134,183*	**1,175,767**
Unallocable assets	*15,397*	**16,826**
Eliminations	*(406,218)*	**(12,330)**
Consolidated total assets	*743,362*	**1,180,263**

(1) *Commercial banking includes retail assets of Personal financial services division of Rs. 172,208 million (March 2002: Rs. 75,072 million), which are reviewed separately by the CODM.*

Geographic distribution

The business operations of the Company are largely concentrated in India. Activities outside India are restricted to resource mobilization in the international markets and operations of certain software development and services subsidiaries in the United States.

Major customers

The Company provides banking and financial services to a wide base of customers. There is no major customer, which contributes more than 10% of total income.

26. Employee benefits

Gratuity

In accordance with Indian regulations, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee s salary and the years of employment with the Company. The gratuity benefit provided by the Company to its employees is equal to or greater than the statutory minimum.

In respect of the parent company, the gratuity benefit is provided to the employee either through a fund administered by a Board of Trustees and managed by Life Insurance Corporation of India (LIC) or through a fund administered and

managed by a Board of Trustees. The Company is responsible for settling the gratuity obligation through contributions to the fund. The plan is fully funded.

In respect of the remaining entities within the group, the gratuity benefit is provided through annual contributions to a fund administered and managed by the LIC. Under this scheme, the settlement obligation remains with the Company, although the LIC administers the scheme and determines the contribution premium required to be paid by the Company.

The following table sets forth the funded status of the plans and the amounts recognized in the financial statements:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Change in benefit obligations		
Projected benefit obligations at beginning of the year	*207*	**263**
Divestitures		
Obligations assumed on acquisition		**393**
Service cost	*29*	**69**
Interest cost	*25*	**64**
Expected benefits payments	*(14)*	**(18)**
Unrecognized prior service cost		**59**
Actuarial (gain)/loss on obligations	*17*	**63**
Projected benefit obligations at the end of the year	*264*	**893**
Change in plan assets		
Fair value of plan assets at beginning of the year	*213*	**248**
Fair value of plan assets acquired on acquisition		**402**
Expected return on plan assets	*26*	**70**
Employer contributions	*29*	**163**
Actual benefits paid	*(16)*	**(32)**
Actuarial (gain)/loss	*(5)*	**22**
Plan assets at the end of the year	*247*	**873**
Funded status	*(17)*	**(20)**
Unrecognized actuarial loss	*86*	**136**
Unrecognized transitional obligation	*(19)*	**(17)**
Unrecognized prior service cost	*9*	
Net prepaid gratuity cost	*59*	**99**

The components of the net gratuity cost are set out below:

(Rs. in millions)

	Year ended March 31,		
	2001	*2002*	**2003**
Service cost	*12*	*29*	**69**
Interest cost	*16*	*25*	**64**
Expected return on assets	*(16)*	*(29)*	**(70)**
Amortization of transition asset/liability	*(1)*	*(1)*	**1**
Amortization of prior service cost	*1*	*1*	**1**
Actuarial (gain)/loss		*2*	**2**

Net gratuity cost	*12*	*27*	**67**

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The actuarial assumptions used in accounting for the gratuity plan are given below:

	As of March 31,	
	2002	**2003**
Discount rate	*10%*	**8%**
Rate of increase in the compensation levels	*9%*	**7%**
Rate of return on plan assets	*9.5%*	**7.5%**

As of March 31, 2003, of the total plan assets, Rs. 46 million (2002: Rs. 3 million) has been invested in debt securities of the Company.

Pension

The Company provides for pension, a deferred retirement plan covering certain employees. The plan provides for a pension payment on a monthly basis to these employees on their retirement based on the respective employee s salary and years of employment with the Company. Employees covered by the pension plan are not eligible for benefits under the provident fund plan, a defined contribution plan. The pension plan is the continuation of the acquiree s plan and hence there are no comparatives for the current year.

The pension plan is funded through periodic contributions to a fund set-up by the Company and administrated by a Board of Trustees. Such contributions are actuarially determined.

The following table sets forth the funded status of the plan and the amounts recognized in the financial statements.

(Rs. in millions)

	As of March 31, 2003
Change in benefit obligations	
Projected benefit obligations at beginning of the year	913
Service cost	22
Interest cost	89
Expected benefits payments	(42)

Actuarial (gain)/loss on obligations	(129)
Projected benefit obligations at the end of the year.	**853**
Change in plan assets	
Fair value of plan assets at beginning of the year	914
Expected return on plan assets	86
Employer contributions	16
(Gain)/loss on plan assets	166
Benefits paid	(26)
Plan assets at the end of the year	**1,156**
Net prepaid benefit	**303**

The components of the net pension cost are set out below:

(Rs. in millions)

	Year ended March 31, 2003
Service cost	22
Interest cost	89
Expected return on assets	(86)
Actuarial (gain)/loss	
Net pension cost	**25**

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The assumptions used in accounting for the pension plan are given below:

(Rs. in millions)

	As of March 31, 2003

Discount rate	8%
Rate of increase in the compensation levels	7%
Rate of return on plan assets	7.5%

Superannuation

The permanent employees of the Company are entitled to receive retirement benefits under the superannuation scheme operated by the Company. Superannuation is a defined contribution plan under which the Company contributes annually a sum equivalent to 15% of the employee s eligible annual salary to LIC, the manager of the fund, which undertakes to pay the lump sum and annuity payments pursuant to the scheme. The Company contributed Rs. 51 million, Rs. 50 million and Rs. 97 million to the employees superannuation plan for the years ended March 31, 2001, 2002 and 2003 respectively.

Provident fund

In accordance with Indian regulations, employees of the Company (excluding those covered under the pension scheme) are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a fund set up by the Company and administered by a Board of Trustees. Further, in the event the return on the fund is lower than 11% (current guaranteed rate of return to the employees), such difference is contributed by the Company and charged to income. The contribution to the employees provident fund amounted to Rs. 55 million, Rs. 89 million and Rs. 106 million in years ended March 31, 2001, 2002 and 2003 respectively.

27. Employee Stock Option Plan

In August 1999, the Company approved an Employee Stock Option Plan (ICICI Plan). Under the ICICI Plan, the Company is authorized to issue up to 39.27 million equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting. The options vest in a graded manner over 3 years with 20%, 30% and 50% of the options vesting at the end of each year. The options can be exercised within 10 years from the date of the grant.

Compensation expense under the ICICI Plan for the year ended March 31, 2003 is Rs. 7 million (2002: Rs. 26 million, 2001: Rs. 37 million).

As a result of the reverse acquisition, all outstanding options of the Company were exchanged for options of the acquiree in the ratio of 1:2 with an adjustment to the exercise price in the same ratio. This transaction is similar to an equity restructuring. In accordance with FIN 44, Accounting for Certain Transactions involving Stock Compensation, the above transaction had no accounting consequence.

Under the terms of the reverse acquisition, the Company assumed the employee options outstanding under the acquiree s option plan. As the intrinsic value of all the assumed options was negative on the date of consummation, no amount has been allocated to deferred compensation under FIN 44.

Stock option activity

Stock option activity under the above stock option plans is set out below:

(Rs. in millions)

	Year ended March 31, 2001 ICICI Bank Limited			
	Option shares outstanding	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted average remaining contractual life (months)

Outstanding at the beginning of the year	1,161,875	171.0	171.0	112
Granted during the year	1,461,250	266.8	266.8	108
Forfeited during the year	(60,200)	171.0	171.0	
Exercised during the year	(16,250)	171.0	171.0	
Outstanding at the end of the year	**2,546,675**	**171.0-266.8**	**226.0**	**109**
Exercisable at the end of the year	231,175	171.0	171.0	

notes to the consolidated financial statements

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(Rs. in millions)

	Year ended March 31, 2002 ICICI Bank Limited			
	Option shares outstanding	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted average remaining contractual life (months)
Outstanding at the beginning of the year	2,546,675	171.0-266.8	226.0	109
Granted during the year	4,887,500	105.0-164.0	134.4	116
Forfeited during the year	(417,675)	164.0-266.8	218.4	
Exercised during the year	(700)	171.0	171.0	
Outstanding at the end of the year	**7,015,800**	**105.0-266.8**	**162.6**	**114**
Exercisable at the end of the year	74,300	171.0-266.8	205.6	

(Rs. in millions)

	Year ended March 31, 2003 ICICI Bank Limited			
	Option shares outstanding	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted average remaining contractual life (months)
Outstanding at the beginning of the year	7,015,800	105.0-266.8	162.6	114
Acquisitions	6,327,825	120.4-171.9	146.0	110
Forfeited during the year	(730,350)	120.4-266.8	154.6	
Exercised during the year	(3,000)	105.0	105.0	
Outstanding at the end of the year	**12,610,275**	**105.0-266.8**	**154.7**	**98**
Exercisable at the end of the year	5,222,317	52.5-266.8	169.9	

ICICI Infotech

In April 2000, ICICI Infotech approved an Employee Stock Option Plan (Infotech Plan). Under the Infotech Plan, ICICI Infotech is authorized to issue up to 12 million equity shares to its employees and employees of the parent company. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 3 years with 20%, 30% and 50% of the options vesting at the end of each year. The options can be exercised within 10 years from the date of the grant.

During the years ended March 31, 2001, 2002 and 2003, the Company has not recorded any compensation cost as the exercise price was equal to the fair value of the underlying equity shares on the grant date. As shares of ICICI Infotech are not quoted on exchanges, the fair value represents management s best estimates considering all available factors.

Stock option activity under the above stock option plan is set out below:

(Rs. in millions)

	Year ended March 31, 2001 ICICI Infotech			
	Option shares outstanding	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted average remaining contractual life (months)
Outstanding at the beginning of the year				
Granted during the year	2,344,800	37.5	37.5	108

Forfeited during the year	(103,400)	37.5		
Exercised during the year				
Outstanding at the end of the year	**2,241,400**	**37.5**	**37.5**	**108**
Exercisable at the end of the year				

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(Rs. in millions)

	Year ended March 31, 2002 ICICI Infotech			
	Option shares outstanding	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted average remaining contractual life (months)
Outstanding at the beginning of the year	2,241,400	37.5	37.5	108
Granted during the year	1,974,800	68.0	68.0	99
Forfeited during the year	(342,960)	37.5-68.0	42.0	
Exercised during the year	(10,220)	37.5	37.5	
Outstanding at the end of the year	**3,863,020**	**37.5-68.0**	**52.7**	**104**
Exercisable at the end of the year	369,448	37.5	37.5	

(Rs. in millions)

	Year ended March 31, 2003 ICICI Infotech			
	Option shares outstanding	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted average remaining contractual life (months)
Outstanding at the beginning of the year	3,863,020	37.5-68.0	52.7	104
Granted during the year	783,500	68.0-100.0	97.1	108
Forfeited during the year	(435,360)	37.5-100.0	59.1	
Exercised during the year	(10,200)	37.5-68.0	55.7	
Outstanding at the end of the year	**4,200,960**	**37.5-100.0**	**60.3**	**75**
Exercisable at the end of the year	1,235,070	37.5-100.0	46.2	87

ICICI Venture

In July 2000, ICICI Venture, a consolidated subsidiary, approved an Employee Stock Option Plan (Venture Plan). As of March 31, 2001, 78,900 options with an exercise price of Rs. 835 per share were outstanding. The Company did not record compensation cost, as the exercise price was equal to the fair value of the underlying equity shares on the grant date. During the year ended March 31, 2002, the Venture Plan was discontinued and all the options outstanding were voluntarily forfeited by the employees. The Company does not intend to replace such cancelled options.

ICICI OneSource Limited

In September 2002, ICICI OneSource, a consolidated subsidiary, approved an Employee Stock Options Plan (OneSource plan). Under the OneSource Plan, ICICI OneSource is authorized to issue equity shares up to 10% of the share capital to the employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 4 years with 25% at the end of the first year and 12.5% of the options vesting at the end of each subsequent six month period. The options can be exercised within 10 years from the date of the grant. Stock option activity under the above stock option plan is set out below:

(Rs. in millions)

	Year ended March 31, 2003 ICICI OneSource Limited			
	Option shares outstanding	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted average remaining contractual life (months)

Outstanding at the beginning of the year				
Granted during the year	4,250,000	11.3	11.3	113
Forfeited during the year	(395,000)	11.3	11.3	
Exercised during the year				
Outstanding at the end of the year	**3,855,000**	**11.3**	**11.3**	**113**
Exercisable at the end of the year				

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The Company has not recorded any compensation cost, as the exercise price was equal to the fair value of the underlying equity shares on the grant date. As shares of ICICI OneSource Limited are not quoted on exchanges, the fair value represents management s best estimates considering all available factors.

28. Income taxes

Components of deferred tax balances

The tax effects of temporary differences are reflected through a deferred tax.asset/liability, which is included in the balance sheet of the Company.

The components of the deferred tax balances are set out below:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Deferred tax assets		
Allowance for loan losses	*12,263*	**16,228**
Available for sale securities	*2,141*	**1,044**
Investments in trading securities	*176*	**62**
Unearned income	*1,264*	**693**
Capital loss carry forward	*31*	**23**
Business loss carry forward	*175*	**219**
Deposits		**94**
Other	*676*	**574**

	16,726	**18,937**
Valuation allowance	*(226)*	**(524)**
Total deferred tax asset	*16,500*	**18,413**
Deferred tax liabilities		
Property and equipment	*(9,416)*	**(9,216)**
Undistributed earnings of subsidiary and affiliates	*(875)*	**(294)**
Intangibles		**(1,857)**
Investment in trading securities		**(39)**
Long term debt		**(666)**
Available for sale securities		**(20)**
Others	*(58)*	**(358)**
Total deferred tax liability	*(10,349)*	**(12,450)**
Net deferred tax asset	*6,151*	**5,963**

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax asset is dependent on the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of the projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is more likely than not that the Company will realize the benefits of those deductible differences. The amount of deferred tax assets considered realizable, however could be reduced in the near term if estimates of future taxable income are reduced.

The Company would require taxable income of Rs. 21,266 million in the future periods to be able to fully realize the benefit of net deferred asset recognized in these consolidated financial statements.

The Company had a valuation allowance of Rs. 97 million as at April 1, 2001. The net change in the total valuation allowance for the years ended March 31, 2002 and March 31, 2003 was an increase of Rs. 129 and Rs. 298 million respectively. The majority of the valuation allowance as of March 31, 2002 related to business loss carried forward and capital loss carried forward. As at March 31, 2003, included in the above, the Company has recorded a valuation allowance of Rs. 280 million pertaining to an excess of the amount for financial reporting over the tax basis carried forward pertaining to investment in equity affiliates.

As at March 31, 2003, the Company has business loss carry forward of Rs. 505 million, with expiration dates as follows: March 31, 2009 Rs. 108 million, March 31, 2010 Rs. 43 million. Further, business loss carry forward pertaining to the Company s US subsidiary was Rs. 321 million which expires in 2022 and Australian subsidiary was Rs. 33 million which has no expiration date. The Company s capital loss carried forward of Rs. 110 million expires in March 31, 2006.

Reconciliation of tax rates

The Indian statutory tax rate is 35% plus a surcharge. During each of the years presented, legislation was enacted in the first few months of the fiscal year that changed the amount of the surcharge for that fiscal year and future years. The surcharge was changed to 13%, 2% and 5% during the years ended March 31, 2001, 2002 and 2003, respectively, and resulted in a total statutory tax rate of 39.55%, 35.70% and 36.75% for the years ended March 31, 2001, 2002 and 2003, respectively.

The following is the reconciliation of expected income taxes at statutory income tax rate to income tax expense/ benefit as reported:

(Rs. in millions)

	Year ended March 31,		
	2001	*2002*	**2003**
Income/(loss) before income taxes	*6,819*	*533*	**(11,044)**
Statutory tax rate	*39.55%*	*35.70%*	**36.75%**
Income tax expense/(benefit) at the statutory tax rate	*2,697*	*190*	**(4,059)**
Increases/(reductions) in taxes on account of:			
Special tax deductions available to financial institutions	*(542)*	*(333)*	**(38)**
Exempt interest and dividend income	*(525)*	*(800)*	**(558)**
Income charged at rates other than statutory tax rate	*(927)*	*280*	**916**
Changes in the statutory tax rate	*(192)*	*360*	**(109)**
Expenses disallowed for tax purposes	*179*	*109*	**486**
Tax on undistributed earnings of subsidiary	*227*	*234*	**62**
Change in valuation allowance	*97*	*129*	**298**
Tax adjustments in respect of prior year tax assessments		*175*	**(31)**
Tax adjustment on account of change in tax status of subsidiary			**(97)**
Other	*(825)*	*(93)*	**69**
Income tax expense/(benefit) reported	*189*	*251*	**(3,061)**

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Components of income tax expense from continuing operations

The components of income tax expense/(benefit) from continuing operations are set out below:

(Rs. in millions)

	Year ended March 31,		
	2001	*2002*	**2003**
Current	*4,458*	*3,474*	**1,287**
Deferred	*(4,269)*	*(3,223)*	**(4,348)**
Income tax expense/(benefit) reported	*189*	*251*	**(3,061)**

Only an insignificant amount of the Company s income/(loss) before income taxes and income tax expense/(benefit) was from outside India.

Allocation of income taxes

The total income tax expense/(benefit) was recorded as follows:

(Rs. in millions)

	Year ended March 31,		
	2001	*2002*	**2003**
Income/(loss) from continuing operations	*189*	*251*	**(3,061)**
Unrealized gain/(loss) on securities available for sale	*(481)*	*890*	**1,461**
Additional paid in capital	*605*		**599**
Income tax expense/(benefit) reported	*313*	*1,141*	**(1,001)**

29. Commitments and contingencies

Loan commitments

The Company has outstanding undrawn commitments to provide loans and financing to customers. These loan commitments aggregated Rs. 48,759 million as of March 31, 2003 (2002: Rs. 68,217 million). The interest rate on these commitments is dependent on the lending rates on the date of the loan disbursement. Further, the commitments have fixed expiration dates and are contingent upon the borrower s ability to maintain specific credit standards.

Guarantees

As a part of its project financing and commercial banking activities, the Company has issued guarantees to enhance the credit standing of its customers. These generally represent irrevocable assurances that the Company will make payments in the event that the customer fails to fulfill its financial or performance obligations. Financial guarantees are obligations to pay a third party beneficiary where a customer fails to make payment towards a specified financial obligation. Performance guarantees are obligations to pay a third party beneficiary where a customer fails to perform a non-financial contractual obligation. The guarantees are generally for a period not exceeding 10 years.

The credit risk associated with these products, as well as the operating risks, are similar to those relating to other types of financial instruments.

The current carrying amount of the liability for the Company s obligations under the guarantee amounted to Rs. 346 million (2002: Nil).

Details of guarantees outstanding are set out below:

(Rs. in millions)

Nature of guarantee	Maximum potential amount of future payments under guarantee				
	Less than 1 year	1-3 years	3-5 years	Over 5 years	Total
Financial guarantees	5,755	4,598	118	17,753	28,224
Performance guarantees	3,260	2,111	786	10,462	16,619
Total	**9,015**	**6,709**	**904**	**28,215**	**44,843**

Capital commitments

The Company is obligated under a number of capital contracts. Capital contracts are job orders of a capital nature which have been committed. As of the balance sheet date, work had not been completed to this extent. Estimated amounts of contracts remaining to be executed on capital account aggregated Rs. 264 million as of March 31, 2003 (2002: Rs. 756 million).

Tax contingencies

Various tax-related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and the Company does not estimate any incremental liability in respect of these proceedings.

Litigation

Various litigation and claims against the Company and its subsidiaries are in process and pending. Based upon a review of open matters with legal counsel, management believes that the outcome of such matters will not have a material effect upon the Company s consolidated financial position, results of operations or cashflows.

Operating lease commitments

The Company has commitments under long-term operating leases principally for premises and automated teller machines. The following is a summary of future minimum lease rental commitments as of March 31, 2003, for non-cancelable leases:

	(Rs. in millions)
Lease rental commitments for the year ending March 31,	
2004	237
2005	231
2006	223
2007	208
2008	174
Thereafter	320
Total minimum lease commitments	**1,393**

30. Related party transactions

The Company has transactions with its affiliates and directors/employees. The following represent the significant transactions between the Company and such related parties:

Insurance services

During the year ended March 31, 2003 the Company paid insurance premium to Lombard amounting to Rs. 224 million (2002: Rs. 26 million, 2001: Nil).

Lease of premises and facilities

During the year ended March 31, 2003, the Company received for lease of premises, facilities and other administrative costs from Prulife, Rs. 84 million (2002: Rs. 54 million. 2001: Rs. 22 million), from Pru-ICICI, Rs. 6 million (2002: Rs. 5 million, 2001: Rs. 3 million) and from Lombard, Rs. 82 million (2002: Rs. 50 million, 2001: Nil).

During the year ended March 31, 2002, the Company received rentals for lease of premises, facilities and other equipment from the acquiree, Rs. 256 million (2001:Rs.193 million). Similarly, during the year ended March 31, 2002, the Company paid rentals to the acquiree for lease of premises, Rs. 11 million (2001: Nil).

Secondment of employees

During the year ended March 31, 2003, the Company received from Prulife for seconded employees, Rs. 3 million (2002: Nil, 2001: Nil) and from Lombard, Rs. 10 million (2002:Rs. 5 million, 2001: Nil).

During the year ended March 31, 2002, the Company received from the acquiree for seconded employees, Rs.55 million (2001: Rs. 4 million) during the year ended March 31, 2002, Similarly, the Company paid to the acquiree for employees seconded to the Company, Rs. 8 million (2001: Rs. 5 million).

Asset management services

During the year ended March 31, 2003, the Company provided asset management services to TCW and earned fees of Rs. 24 million (2002: Rs. 21 million, 2001: Rs. 31 million).

Deposits and borrowings

During the year ended March 31, 2003, the Company paid interest on bonds/deposits/call borrowings to its affiliated companies, Rs. 12 million (2002: Rs. 268 million, 2001:Rs.202 million).

Banking services

The Company utilized banking services of the acquiree. During the year ended March 31, 2002, non-interest expense of the Company relating to such services, amounted to Rs. 32 million (2001: Rs. 72 million).

Derivative transactions

During the year ended March 31, 2002, the Company entered into interest rate swap contracts and cross currency swap contracts with the acquiree aggregating Rs. 10,310 million and Nil (2001: Rs. 3,350 million and Rs. 1,331 million) respectively. Contracts aggregating Rs. 8,760 million and Rs. 2,272 million (2001: Rs. 2,900 million and Rs. 4,352 million) were outstanding as of March 31, 2002, for interest rate swaps and currency swaps respectively. Net interest income in respect of these swaps amounted to Rs. 275 million (2001:Rs. 189 million) during the year ended March 31, 2002.

Similarly, the Company entered into forward foreign exchange contracts with the acquiree aggregating Rs. 22,466 million (2001: Rs. 47,863 million) during the year ended March 31,.2002. Contracts aggregating Rs. 251 million (2001: Rs. 2,262 million) were outstanding as of March 31, 2002.

Reverse repurchase transactions

During the year ended March 31,.2002, the Company has entered into reverse repurchase transactions with the acquiree amounting to Rs. 52,792 million (2001: Nil). As of March 31,.2002, the Company had reverse repurchase transactions outstanding with the acquiree of Rs. 21,399 million (2001: Nil).

Software development services

During the year ended March 31, 2002, the Company provided software development services to Tricolor and Pru-ICICI and earned fees of Rs. 19 million (2001: Rs. 8 million).

During the year ended March 31, 2002, the Company developed software and provided software and hardware support services to the acquiree, and earned fees of Rs. 124 million (2001:Rs. 73 million).

Back-office support services

During the year ended March 31, 2002, the Company set up a common technology infrastructure platform and the acquiree was charged towards communication expenses, backbone infrastructure expenses and data centre costs, Rs. 182 million (2001: Rs. 94 million).

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During the year ended March 31, 2002, the Company provided telephone banking call-centre services and transaction processing services for the credit card operations of the acquiree, and earned fees of Rs. 149 million (2001: Rs. 99 million).

Transfer of financial assets

During the year ended March 31, 2002, the Company transferred loans in pass-through securitization transactions, where the beneficial interests were purchased by the acquiree, of Rs. 11,152 million (2001:Rs. 438 million). Gains of Rs. 98 million (2001: Rs. 50 million) was recorded on the sale. Subsequently, due to a change in the status of the qualifying special purpose entity used in the transactions, the Company regained control of the assets sold. As at March 31, 2002, obligations of Rs. 3,526 million (2001: Nil) relating to such repurchases are reflected as a component of the other borrowings.

Share transfer activities

During the year ended March 31, 2002, the Company provided share transfer services and dematerialization services to the acquiree and earned fees of Rs. 3 million (2001:Rs. 8 million).

Other transactions

During the year ended March 31, 2002, the Company undertook a corporate brand advertising campaign, out of which an amount of Rs. 29 million (2001: Rs. 15 million) has been recovered from the acquiree.

Employee loans

The Company has advanced housing, vehicle and general purpose loans to employees, bearing interest ranging from 2.5% to 6%. The tenure of these loans range from 5 years to 25 years. The loans are generally secured by the assets acquired by the employees. Employee loan balances outstanding as of March 31, 2003, of Rs. 2,273 million (2002: Rs. 949 million) are included in other assets.

Related party balances

The following balances payable to/receivable from related parties are included in the balance sheet:

(Rs. in millions)

	As of March 31,	
	2002	**2003**
Cash and cash equivalents	*4,360*	
Loans	*209*	**22**

Other assets	*1,269*	**2,549**
Deposits		**440**
Other liabilities	*24*	**3**

31. Estimated fair value of financial instruments

The Company s financial instruments include financial assets and liabilities recorded on the balance sheet, as well as off-balance sheet instruments such as foreign exchange and derivative contracts.

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. Where available, quoted market prices are used. In other cases, fair values are based on estimates using present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. Derived fair value estimates cannot necessarily be substantiated by comparison to independent markets and, in many cases, could not be realized in an immediate sale of the instruments.

Fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Disclosure of fair values is not required for certain items such as investment accounted for under the equity method of accounting, obligations for pension and other post-retirement benefits, income tax assets and liabilities, property and equipment, prepaid expenses, core deposit intangibles and the value of customer relationships associated with certain types of consumer loans, particularly the credit card portfolio, and other intangible assets. Accordingly, the aggregate fair value amount presented do not purport to represent, and should not be considered representative of, the underlying market or franchise value of the Company. In addition, because of differences in methodologies and assumptions used to estimate fair values, the Company s fair values should not be compared to those of other financial institutions.

The following describes the methods and assumptions used by the Company in estimating the fair values of financial instruments:

Cash and cash equivalents

The carrying amounts reported in the balance sheet approximate fair values because maturities are less than three months.

Trading assets and liabilities

Trading account assets and liabilities are carried at fair value in the balance sheet. Values for trading securities are generally based on quoted, or other independent, market prices. Values for interest rate and foreign exchange products are based on quoted, or other independent, market prices, or are estimated using pricing models or discounted cash flows.

Securities

Fair values are based primarily on quoted, or other independent, market prices. For certain debt and equity investments that do not trade on established exchanges, and for which markets do not exist, estimates of fair value are based upon management s review of the investee s financial results, condition and prospects.

Loans

The fair values of certain commercial and consumer loans are estimated by discounting the contractual cash flows using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. The carrying value of certain other loans approximates fair value due to the short-term and/or repricing characteristics of these loans. For impaired loans, the impairment is considered while arriving at the fair value.

Deposits

The carrying amount of deposits with no stated maturity is considered to be equal to their fair value. Fair value of fixed-rate time deposits is estimated by discounting contractual cash flows using interest rates currently offered on the deposit products. Fair value for variable-rate time deposits approximates their carrying value. Fair value estimates for deposits do not include the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of alternative forms of funding (core deposit intangibles).

Long-term debt, short-term borrowings and redeemable preferred stock

The fair value of the Company s debt, including short-term borrowings, is estimated based on quoted market prices for the issues for which there is a market, or by discounting cash flows based on current rate available to the Company for similar types of borrowing arrangements.

A listing of the fair values by category of financial assets and financial liabilities is set out below:

(Rs. in millions)

	As of March 31, 2002		**As of March 31, 2003**	
	Carrying value	*Estimated fair value*	**Carrying value**	**Estimated fair value**
Financial assets				
Trading account assets	*42,376*	*42,376*	**39,634**	**39,634**
Securities (Note 1)	*60,046*	*60,046*	**280,621**	**280,621**
Loans (Note 2)	*523,601*	*527,167*	**630,421**	**641,048**
Other financial assets (Note 3)	*46,259*	*46,259*	**115,705**	**115,705**

Total	*672,282*	*675,848*	**1,066,381**	**1,077,008**
Financial liabilities				
Interest-bearing deposits	*7,380*	*7,609*	**456,051**	**454,251**
Non-interest-bearing deposits			**35,239**	**35,239**
Trading account liabilities	*17,105*	*17,105*	**26,086**	**26,086**
Short-term borrowings	*70,804*	*70,954*	**42,095**	**42,017**
Long-term debt	*511,458*	*540,649*	**400,812**	**426,928**
Redeemable preferred stock	*772*	*980*	**853**	**1,035**
Other financial liabilities (Note 4)	*4,783*	*4,783*	**43,252**	**43,252**
Total	*612,302*	*642,080*	**1,004,388**	**1,028,808**

Note 1: Includes non-readily marketable equity securities of Rs. 9,418 million (2002: Rs. 8,268 million) for which there are no readily determinable fair values.

Note 2: The carrying value of loans is net of the allowance for loan losses, security deposits and unearned income.

Note 3: Includes cash and cash equivalents and customers acceptance liability for which the carrying value is a reasonable estimate of fair value.

Note 4: Represents acceptances outstanding, for which the carrying value is a reasonable estimate of fair value.

32. Regulatory matters

Subsequent to the reverse acquisition of the acquiree, the Company is a banking company within the meaning of the Indian Banking Regulation Act, 1949, registered with and subject to examination by the Reserve Bank of India.

Statutory liquidity requirements

In accordance with the Banking Regulation Act, 1949, the Company is required to maintain a specified percentage of its net demand and time liabilities by way of liquid unencumbered assets like cash, gold and approved securities. The amount of securities required to be maintained at March 31, 2003 was Rs. 230,644 million (2002: Nil).

Capital adequacy requirements

The Company is subject to the capital adequacy requirements set by the Reserve Bank of India, which stipulate a minimum ratio of capital to risk adjusted assets and off-balance sheet items of 9% to be maintained. The capital adequacy ratio of the Company calculated in accordance with the Reserve Bank of India guidelines at March 31, 2003, was 11.10%.

For and on behalf of the Board

K.V. KAMATH
Managing Director & Chief Executive Officer

KALPANA MORPARIA
Executive Director

JYOTIN MEHTA
General Manager & Company Secretary

N. S. KANNAN
Chief Financial Officer & Treasurer

G. VENKATAKRISHNAN
General Manager
Corporate Accounts & Taxation

BALAJI SWAMINATHAN
Senior General Manager

F98

REGISTERED OFFICE

Landmark
Race Course Circle, Vadodara 390 007

CORPORATE OFFICE

ICICI Bank Towers
Bandra-Kurla Complex, Mumbai 400 051

STATUTORY AUDITORS

N. M. Raiji & Co.
Chartered Accountants
Universal Insurance Building,
Pherozeshah Mehta Road, Mumbai 400 001

S. R. Batliboi & Co.
Chartered Accountants
Express Towers, 6th Floor,
Nariman Point, Mumbai 400 021

REGISTRAR AND TRANSFER AGENTS

ICICI Infotech Limited
Maratha Mandir Annexe
Dr. Anand Rao Nair Road,
Mumbai Central, Mumbai 400 008

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ICICI SECURITIES LIMITED

10TH ANNUAL REPORT AND ACCOUNTS 2002-2003

Directors
K.V. Kamath, *Chairman*
Lalita D. Gupte
Kalpana Morparia
S. Mukherji
Nachiket Mor
Ramni Nirula, *Managing Director & CEO*

Auditors
N.M. Raiji & Co.
Chartered Accountants

Registered Office
41/44, Minoo Desai Marg
Colaba, Mumbai 400 005

directors report

to the members

Your Directors have pleasure in presenting the Tenth Annual Report of ICICI Securities Limited (the Company), with the audited Statement of Accounts for the year ended March 31, 2003.

CHANGE OF NAME

Pursuant to the resolution passed by the members at the Extraordinary General Meeting held on March 21, 2003, the Registrar of Companies accorded approval for the change in name of the Company from ICICI Securities and Finance Company Limited to ICICI Securities Limited effective

April 7, 2003.

FINANCIAL RESULTS		(Rupees million)
	2002-2003	*2001-2002*
Gross Income	**3053.19**	*3788.05*
Profit before Interest, Depreciation & Tax	**2380.05**	*3161.54*
Depreciation	**15.31**	*13.44*
Interest	**871.15**	*1271.93*
Profit before Tax	**1493.59**	*1876.17*
Provision for Tax	**464.15**	*597.26*
Profit after Tax	**1029.44**	*1278.91*

The profit after tax for the year ended March 31, 2003 was Rs. 1029.44 million. After taking into account the balance of Rs. 140.92 million brought forward from the previous year, the profit available for appropriation is Rs. 1170.36 million of which Rs. 102.94 million and Rs. 205.89 million have been transferred to General Reserve and Special Reserve respectively.

BUSINESS ENVIRONMENT

In 2002-2003, domestic economy proved to be resilient in the face of sluggish global economy and a poor monsoon. While the fall in agricultural output has resulted in 2002-2003 growth declining to 4.4% as per the Central Statistical Organisation s estimates, the figure masks strong performance by industry (5.8% growth) and the continued good performance by services (7.0% growth). During the year under review, inflation rose, propelled by increase in prices of oil and manufactured goods.

Interest rates exhibited volatility during the year, as markets coped with conflicting fortunes of domestic and global economies. Although markets suffered losses earlier due to the Indo-Pak tensions and doubts about monetary stance, sentiment improved from the second quarter onwards. Monsoon failure and doubts about global economic revival contributed to an uninterrupted rally in the third quarter and the beginning of calendar 2003 before a sharp reversal was triggered by the U.S.-Iraq conflict.

During the year, the Reserve Bank of India (RBI) continued to maintain its soft rate stance and cut the bank rate by 25 basis points (bps) and repo rate by 100 bps to cope with the monsoon failure and to support industrial recovery. Also, RBI maintained comfortable liquidity throughout the year by way of a 75 bps reduction in Cash Reserve Ratio. The RBI was helped to a large extent by the strong foreign exchange inflows (RBI s foreign currency assets increased by US$20bn to US$71bn in 2002-2003) on the back of US dollar weakness in the global markets and the strong performance on the current account. Globally, monetary easing cycle continued with the U.S. Federal Reserve cutting rates by 50 bps and European Central Bank following suit with a 75 bps cut. Apart from a weak spell during the Indo-Pak tensions in May last year, the rupee remained stable and capitalising on US dollar depreciation in the global markets, gained against the US dollar. During the year, the rupee appreciated by 2.65% even as the RBI mopped up the US dollar to temper the pace of appreciation.

Although bond markets encountered volatility through the year and changed direction a few times, the 10-year benchmark yield finished the year 115 bps lower. The I-Sec Sovereign Bond Index (i-BEX) clocked principal returns of 5.9% and total returns of 15.0% in 2002-2003. Although the past year did not see the introduction of any new products, fixed income markets can look forward to new products like STRIPS, exchange-traded interest rate derivatives and credit derivatives in the year ahead.

In the primary market, although funds raised through equity issues grew marginally by 2% during the year 2002-2003, overall fund-raising activity dropped 31% from Rs. 64.23 billion in 2001-2002 to Rs. 44.54 billion in 2002-2003. Further, contrary to expectations, the Government s disinvestment program progressed slowly during the year, with the disinvestments of the Shipping Corporation of India Limited, National Aluminium Company Limited, Maruti Udyog Limited, Hindustan Organics Company Limited, National Fertilizers Limited and Madras Fertilizers Limited yet to be completed. However, with the beginning of the disinvestment process for Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited due in the fiscal year 2003-2004, this activity is poised to regain the momentum. Also, Mergers & Acquisitions (M&A) activity remained buoyant, with deals totalling Rs. 391 billion completed during 2002-2003, an increase of 45% over Rs. 270 billion completed in 2001-2002. Given this, the number of deals in the second half of 2002-2003 suggests a relatively sustained level of future activity in the M&A market.

OVERALL PERFORMANCE

The Company continued to deliver remarkable performance, in line with its forefront position in the industry. During the year, the Company s net worth increased from Rs. 3.19 billion in 2001-2002 to Rs. 3.51 billion in 2002-2003, an increase of 10.03% and after-tax return on net worth was 30.72%.

DIVISION-WISE PERFORMANCE Fixed Income

During the period under review, the Company continued to maintain its leadership position in all segments of the domestic fixed income markets. In the Primary Dealership business, the Company surpassed its bidding and success targets committed to the RBI. In the non-SLR business, the Company saw its turnover increase by nearly 2.4 times to over Rs. 100 billion, confirming its status as one of the leading players in this market. The

Company also improved upon its profitability in the non-SLR business during the year. In the interest rate swaps market, the Company almost tripled its volumes in 2002-2003 and achieved a market share of about 15%. This performance is remarkable for a non-banking entity in a market dominated by banks.

Investment Banking

The Investment Banking operations of the Company, which is represented by industry and product groups, seeks to combine client-focused investment bankers with execution and industry expertise. Investment banking activities, mainly financial advisory and capital markets advisory, witnessed strong and sustainable growth in its revenues during the year. Financial advisory activities included advisory assignments with respect to M&A, divestitures, corporate defense activities, restructurings and spin-offs. Capital market activities included public offerings and private placements of equity and debt securities.

In the recent INDATA compilation of league tables, the Company was ranked 3rd in terms of deal value for 2002 as against 4th in 2001. The recent rankings published by Bloomberg for the first quarter of 2003 places the Company as No.1 advisor for M&As in India, with closure of 4 deals aggregating to US$142.47 million.

Financial (M & A) Advisory

During the period under review, the Company strengthened its M&A Advisory business with its strong team of senior M&A bankers, providing greater focus and exceptional quality to its clients. The Company was actively engaged in advising clients in the telecom, cement, media, oil and gas, engineering, auto ancillary, information technology, fertilizers and pharmaceutical sectors.

During 2002-2003, the notable deals completed by the Company includes the sale of promoter s equity stake in Hughes Tele.Com Limited, advising a large telecom company engaged in long-distance services on investing into a basic telecom services company, managing open offers of equity shares of IBP Limited and Indian Petrochemicals Company Limited on behalf of Indian Oil Corporation Limited and Reliance Industries Limited respectively. The Company, in its first cross-border transaction, also advised a major auto components company on the acquisition of a company based in the U.S.

The Company has also recently forayed into debt restructuring advisory. It has successfully advised a major cement company on restructuring its debt portfolio. With the enactment of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the formation of Independent Asset Reconstruction Companies, this business is expected to grow substantially.

Capital Markets

Despite marginal growth of 2% in the primary equity markets over the previous year, the Company raised Rs. 6.7 billion through initial public offerings (IPOs) as against Rs. 1.64 billion in the previous year. The capital market transactions successfully completed by the Company during the year included IPOs of two public sector banks, rights issue of a large corporate house, and managing of the buyback scheme for shares of OCL India Limited and Tube Investments of India Limited. On the private equity front, the Company also advised Hindustan Coca Cola Holdings Limited on the divestment of its holdings through a private placement of shares.

The year 2002-2003 also witnessed several prestigious assignments for the Company, including an IPO for Maruti Udyog Limited and National Aluminium Company Limited. The existing pipeline, along with the possibility of revival of primary markets, is likely to see an increase in IPO activity in the current year.

In Debt Capital segment, the Company assisted a number of companies to raise money and maintained its premier position despite a fall in overall market mobilisations. The Company acted as lead arranger for several private placements of bonds, notably those for Hindalco Limited, Steel Authority of India Limited, Larsen & Toubro (L&T) Limited and Sardar Sarovar Nigam Limited. The Company concluded landmark deals like raising funds through rating contingent bonds for L&T and managing the first sub-8% corporate bonds issued by Hindalco Limited.

Equity Research

An independent and analytical research department remains a major factor to augment service to both corporate and institutional clients of the Company and its subsidiaries. The Company continued to invest in research in order to ensure that its services are on par with international benchmarks. The Equity Research team s well-structured ideas as well as strategy and theme reports across sectors have been well received and appreciated by major domestic and international clients. In addition, the quality of interaction with both domestic and overseas institutional investors was significantly enhanced through regular servicing and periodic road-shows.

Risk Management

As a financial services company, the Company is committed to ensuring that effective risk management policies and practices are incorporated as fundamental aspects of all its business operations. The Corporate Risk Management Group of the Company has a comprehensive risk management policy in place, addressing areas such as market risk, credit risk and operation risk. This policy seeks to minimise the risks generated by the activities of the Company. The group continuously develops and enhances its risk management and control procedures in order to better identify and monitor risks and to proactively take appropriate actions to mitigate the same. The Company has also constituted a Risk Management Committee comprising the Managing Director & CEO and Senior Executives from cross-functional areas. The Committee is responsible for managing the liquidity and interest rate risk profile of both assets and liabilities of the Company.

SUBSIDIARY COMPANIES

The Company has one subsidiary in India, namely ICICI Brokerage Services Limited. As required under Section 212 of the Companies Act, 1956, the audited statements of accounts for the year 2002-2003, together with the Reports of the Directors and Auditors for the year ended March 31, 2003 of ICICI Brokerage Services Limited are attached herewith.

In addition, the Company also has two subsidiaries, namely, ICICI Securities Holdings, Inc. and ICICI Securities, Inc. in the U.S.A. The audited statements of accounts for the year 2002-2003 as prepared under the Companies Act, 1956, together with the Reports of the Directors and Auditors for the year ended March 31, 2003 of these subsidiaries are attached herewith as required under Section 212 of the Companies Act, 1956.

DIVIDEND

During the year, the Company declared four interim dividends aggregating 35%. Your Directors are pleased to recommend the aggregate of interim dividend of 35%, as total dividend for the year.

CHANGE OF OWNERSHIP

Pursuant to the merger of ICICI Limited with ICICI Bank Limited, ICICI Bank Limited holds 99.92% of the share capital of the Company and consequently now ICICI Bank Limited is the holding company.

PUBLIC DEPOSITS

During the year, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956.

DIRECTORS

Devdatt Shah resigned as Managing Director & CEO of the Company with effect from December 31, 2002. The Board places on record their appreciation for the valuable advice and guidance given by him during his tenure on the Board. Ramni Nirula was appointed as the Managing Director & CEO of the Company with effect from January 1, 2003 in accordance with Section 269, Schedule XIII and other relevant provisions of the Companies Act, 1956. The members approved the appointment of Ramni Nirula as Managing Director & CEO at the Extraordinary General Meeting of the Company held on March 21, 2003.

Nachiket Mor was appointed as an Additional Director of the Company with effect from April 17, 2003. In terms of Section 260 of the Companies Act, 1956, he holds office as an Additional Director only upto the forthcoming Annual General Meeting of the Company and being eligible offers himself for appointment as a Director.

In terms of the provisions of the Articles of Association of the Company, Kalpana Morparia will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers herself for re-appointment.

AUDITORS

The Auditors, M/s. N.M. Raiji & Co., Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting. The Board at its Meeting held on April 17, 2003 has proposed their re-appointment as Auditors to audit the accounts of the Company for the financial year ending on March 31, 2004. You are requested to consider their re-appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

During 2002-2003, expenditure in foreign currencies amounted to Rs. 14.20 million and earnings in foreign currencies amounted to Rs. 36.85 million.

PERSONNEL AND OTHER MATTERS

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the 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.

Since the Company does not own any manufacturing facility, the disclosure of information relating to conservation of energy and technology absorption to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable and hence not given.

CORPORATE PHILOSOPHY AND COMPLIANCE

The Company firmly believes that corporate governance and compliance practices are of paramount importance in order to maintain the trust and confidence of the stakeholders, clients, the good reputation of the Company and the unquestioned integrity of all personnel involved in the Company. To ensure transparency, fairness and objectivity in an organisation s functioning, the Company has proactively adopted best practices with regard to corporate governance and compliance, which are ahead of regulatory requirements. The Company s policy on compliance with external regulatory requirements is backed by stringent internal policies and principles to ensure, *inter alia*, priority to clients interest over proprietary interest, maintenance of confidentiality of client information and prevention of insider trading.

AUDIT COMMITTEE

Consequent to the resignation of Devdatt Shah as Managing Director & CEO, he ceased to be a member of the Audit Committee. Ramni Nirula, Managing Director & CEO, has been inducted on the Audit Committee with effect from July 25, 2002. During the year, the Committee met to review the half-yearly and annual accounts, to discuss the audit findings and recommendations of the internal and statutory auditors and to review the internal control systems of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm :

1. that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the Directors had 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 Company at the end of the financial year and of the profit of the Company for that period;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors thank the clients for the confidence reposed in the Company, which has enabled the Company to reach new heights.

Your Directors also thank the Company s bankers, lenders, the Government of India, the Securities and Exchange Board of India, the Reserve Bank of India and other statutory authorities for their continued support to the Company.

Your Directors express their gratitude for the unstinted support and guidance received from its shareholders, ICICI Bank Limited and other group companies.

Your Directors also express their sincere thanks and appreciation to all the employees for their commendable teamwork, professionalism and contribution during the year.

For and on behalf of the Board

Mumbai, April 17, 2003

K.V. KAMATH
Chairman

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auditors report

to the members of ICICI Securities Limited

We have audited the attached Balance Sheet of ICICI SECURITIES LIMITED as at March 31, 2003 and 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 Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :

(1) As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

(2) Further to our comments in the Annexure referred to in paragraph (1) above :

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

(c) the Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account of the Company;

(d) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 and are in agreement with the books of account;

(e) on the basis of written representations received from the Directors, we report that none of the Directors is disqualified as on March 31, 2003 from being appointed as a Director u/s 274(1)(g) of the Companies Act, 1956.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2003;

(ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

(iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, April 17, 2003

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annexure

to the auditors report

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Fixed Assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.

2. None of the fixed assets have been revalued during the year.

3. The securities held as stock-in-trade are kept with the custodian and depository participants. Statements from them have been obtained on a regular basis.

4. No material discrepancies have been noticed on physical reconciliation of stock with the custodian and depository participants as compared to the book stock.

5. In our opinion, the valuation of stock-in-trade is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

6. The Company has taken loans from the Companies listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of such loans are, prima facie, not prejudicial to the interest of the Company. The Company has not taken any loans, secured or unsecured, from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

7. The Company has not granted loans to the Companies listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has not granted any loans, secured or unsecured, to the companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

8. The parties to whom loans or advances in the nature of loans have been given by the Company are generally repaying the principal amounts as stipulated and are regular in the payment of interest.

9. The Company has an adequate internal control procedure commensurate with the size of the Company and the nature of its business in respect of purchase of assets and purchase and sale of securities.

10.

In our opinion, and according to the information and explanations given to us, services provided and purchase and sale of securities in pursuance of contracts or arrangements listed in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable, having regard to the prevailing market prices for such services/securities and nature of transactions.

11. The Company being a Non-Banking Financial Company (NBFC), Section 58A of the Companies Act, 1956 is not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India for NBFCs.

12. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

13. As per the records of the Company, during the year provident fund dues have been regularly deposited with the appropriate authorities. As informed to us, the Employees State Insurance Act is not applicable to the Company.

14. As per the records of the Company and according to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at March 31, 2003 for a period of more than six months from the date they became payable.

15. During the course of our examination of the books of account and according to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

16. The Company is not an industrial company and hence the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 is not applicable to the Company.

17. In respect of services activities :

    (a) the system of allocating man-hours utilized to the relative jobs, is not yet formalized;

    (b) there is a reasonable system of authorization at proper levels and adequate system of internal control commensurate with the size of the Company and nature of its business.

18. In respect of the loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities, the Company has maintained adequate documents and records.

19. Proper records have been maintained for the transactions relating to trading in shares, securities, debentures and other investments and entries therein have been made generally on a timely basis. Investments are held in the name of the Company. Securities held by the Company as Stock-in-trade are generally sent for transfer in the name of the Company unless they are held with the intention of selling prior to transfer. All securities are held in the name of the Company.

For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, April 17, 2003

balance sheet

as at March 31, 2003

	Schedule		(Rs. in 000s)	*March 31, 2002*
SOURCES OF FUNDS				
1 **Shareholders Funds**				
A. Share Capital	A	**2,030,030**		*2,030,030*
B. Reserves & Surplus	B	**1,480,780**		*1,161,850*
			3,510,810	*3,191,880*
2 **Loan Funds**				
A. Secured Loans	C		**8,000,000**	*11,258,300*
B. Unsecured Loans	D		**10,398,620**	*6,077,220*
			21,909,430	*20,527,400*
APPLICATION OF FUNDS				
1 **Fixed Assets**	E			
Gross Block		**213,110**		*218,540*
Less : Depreciation		**105,350**		*111,390*
Net Block			**107,760**	*107,150*
2 **Investments**	F		**1,873,950**	*526,430*
3 **Deferred Tax Asset**			**3,050**	*7,200*
4 **Current Assets, Loans & Advances**				
A. Current Assets				
(a) Interest Accrued	G	**467,350**		*679,620*
(b) Securities held as Stock-in-Trade	H	**19,001,130**		*18,859,430*
(c) Sundry Debtors	I	**170,190**		*26,490*
(d) Cash & Bank Balances	J	**23,380**		*13,420*
B. Loans & Advances	K	**2,813,070**		*2,293,990*
		22,475,120		*21,872,950*
Less : **Current Liabilities and Provisions :**	L			
A. Current Liabilities		**400,490**		*295,740*
B. Provisions		**2,149,960**		*1,690,590*
NET CURRENT ASSETS			**19,924,670**	*19,886,620*

			21,909,430	*20,527,400*

Notes forming part of the
Accounts and Accounting Policies T

profit and loss account

for the year ended March 31, 2003

	Schedule		(Rs. in 000s)	*March 31, 2002*
Income from Operations				
(a) Income from Services	M	**144,280**		*100,120*
(b) Interest Income	N	**1,298,880**		*1,669,060*
(c) Profit / (Loss) on Securities	O	**1,231,760**		*1,650,070*
(d) Other Income	P	**378,270**		*368,800*
			3,053,190	*3,788,050*
Less : Operating Expenditure				
(a) Financial Charges and Operating Expenses	Q		**933,570**	*1,349,200*
			2,119,620	*2,438,850*
Expenditure				
Less : Administrative Expenditure				
(a) Payments to and Provisions for Employees	R	**231,230**		*231,870*
(b) Establishment and Other Expenses	S	**379,490**		*317,370*
(c) Depreciation		**15,310**		*13,440*
			626,030	*562,680*
Profit before Taxation			**1,493,590**	*1,876,170*
Less : Provision for Taxation			**460,000**	*617,680*
Deferred Tax Adjustment			**4,150**	*(20,420)*
Profit After Taxation			**1,029,440**	*1,278,910*
Brought forward from previous years			**140,920**	*51,030*
Amount available for appropriations			**1,170,360**	*1,329,940*
Transfer to Special Reserve			**205,890**	*255,780*
Transfer to General Reserve			**102,940**	*127,890*
Interim Dividend (Current Year subject to tax)			**710,510**	*730,810*
Tax on Dividend				*74,540*

Balance carried to Balance Sheet	**151,020**	*140,920*

Notes forming part of the Accounts and Accounting Policies T

Per our Report attached
For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, April 17, 2003
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For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTE
Director

ABHIJEET GUIN
Vice President & Head - Financials

POYNI BHATT
Senior Vice President & Company Secretary

RAMNI NIRULA
Managing Director & CEO

schedules

forming part of the Accounts

	(Rs. in 000s)	*March 31, 2002*
A. SHARE CAPITAL		
Authorized :		
500,000,000 Equity Shares of Rs.10 each	**5,000,000**	*5,000,000*
Issued, Subscribed and Paid Up :		
203,002,800 Equity Shares of Rs.10 each	**2,030,030**	*2,030,030*

Notes :

1. Of the above, 202,833,200 (Previous year - 202,833,200) Equity Shares of Rs.10 each are held by ICICI Bank Limited - (the Holding Company) and its nominees.

B. RESERVES AND SURPLUS **(Rs. in 000s)**

	Balance as on April 1, 2002	**Additions/ Transfers during the year**	**Deductions/ Transfers during the year**	**Balance as on March 31, 2003**	*Balance as on March 31, 2002*
Share Premium Account	*112,800*			**112,800**	*112,800*
General Reserve	*389,000*	**102,940**		**491,940**	*389,000*
Special Reserve (maintained under Section 45 IC of the RBI Act, 1935)	*519,130*	**205,890**		**725,020**	*519,130*

Profit and Loss Account	*140,920*	**151,020**	*140,920*
Total	1,161,850	**1,480,780**	*1,161,850*

		(Rs. in 000s)	*March 31, 2002*
C.	**SECURED LOANS**		
	Borrowings from Reserve Bank of India		
	(Secured by Government Securities of face value Rs. 8,050,000 thousand; Previous year Rs. 11,271,500 thousand)	**8,000,000**	*10,663,900*
	Repo Borrowings from banks		
	(Secured by Underlying Security)		*594,400*
	Total	**8,000,000**	*11,258,300*
D.	**UNSECURED LOANS**		
	Short Term Loans		*1,368,500*
	Subordinated Bonds issued as Tier III Capital	**750,000**	*500,000*
	Inter-Corporate Borrowings	**380,700**	*625,000*
	Money at Call and Short Notice		
	From Banks	**3,440,000**	*830,000*
	From Others	**1,386,700**	*10,000*
	Commercial Paper Borrowings	**2,270,720**	*1,527,580*
	7.00% Debentures 2003	**110,000**	
	(Redeemable at par by April 2003)		
	Floating Rate Debenture	**500,000**	
	(Redeemable at par by April 2003)		
	Floating Rate Debenture 2003	**295,000**	
	(Redeemable at par by May 2003)		
	Floating Rate Debenture 2003	**340,500**	
	(Redeemable at par by June 2003)		
	6.05% Debentures 2003	**100,000**	
	(Redeemable at par by April 2003)		
	6.10% Debentures 2003	**250,000**	
	(Redeemable at par by April 2003)		
	6.00% Debentures 2003	**200,000**	
	(Redeemable at par by June 2003)		
	7.55% Debentures 2003	**295,000**	
	(Redeemable at par by May 2003)		
	6.25% Debentures 2003	**70,000**	
	(Redeemable at par by April 2003)		
	7.75% Debentures 2003	**10,000**	
	(Redeemable at par by April 2003)		
	Floating Rate Debenture		*768,000*
	(Redeemable at par by May 2002)		
	8.50% Debentures 2002		*100,000*
	(Redeemable at par by April 2002)		
	7.95% Debentures 2002		*5,640*
	(Redeemable at par by April 2002)		
	8.15% Debentures 2002		*45,000*

(Redeemable at par by April 2002)		
7.86% Debentures 2002		*250,000*
(Redeemable at par by April 2002)		
8.45% Debentures 2002		*47,500*
(Redeemable at par by April 2002)		
Total	**10,398,620**	*6,077,220*

Unsecured loans include an amount of Rs 500,000 thousand (Previous year Rs. 500,000 thousand) from ICICI Bank Limited - the Holding company.

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schedules

forming part of the Accounts *Continued*

E. FIXED ASSETS **(Rs. in 000s)**

	Gross Block (at Cost)				Accumulated Depreciation			Net Block	
	April 1, 2002	**Additions**	**Sale/Adj.**	**March 31, 2003**	**Additions**	**Sale/Adj.**	**March 31, 2003**	**March 31, 2003**	*March 31, 2002*
Freehold Land	*57,230*			**57,230**				**57,230**	*57,230*
Building	*10,050*			**10,050**	**390**		**2,710**	**7,340**	*7,730*
Improvements To Leasehold Property	*20,500*			**20,500**	**2,490**		**18,010**	**2,490**	*4,980*
Plant & Machinery / Electrical Installation	*5,980*		**30**	**5,950**	**360**		**3,820**	**2,130**	*2,520*
Office Equipment	*27,610*	**5,080**	**1,300**	**31,390**	**2,680**	**840**	**15,250**	**16,140**	*14,200*
Computers & Software	*73,310*	**11,900**	**18,470**	**66,740**	**7,790**	**17,990**	**51,330**	**15,410**	*11,780*
Furniture & Fixtures	*21,030*	**580**	**1,860**	**19,750**	**1,430**	**1,540**	**13,090**	**6,660**	*7,830*
Vehicles	*2,760*		**1,260**	**1,500**	**150**	**950**	**1,140**	**360**	*810*
Total	*218,470*	**17,560**	**22,920**	**213,110**	**15,290**	**21,320**	**105,350**	**107,760**	*107,080*
Capital Work-in-Progress									*70*
Net Block	*218,470*	**17,560**	**22,920**	**213,110**	**15,290**	**21,320**	**105,350**	**107,760**	*107,150*
Previous Year	*222,210*	*13,280*	*17,020*	*218,540*	*13,440*	*11,200*	*111,390*	*107,150*	

F. INVESTMENTS - LONG TERM
(At Cost, Quoted unless otherwise stated)

(Rs. in 000s)

Name of the Company	Quantity in thousands	Face Value per unit (Rs.)	March 31, 2003	*March 31, 2002*
In Equity Shares of Subsidiary Company				
- Unquoted and fully paid up				
ICICI Brokerage Services Limited	4,500.7 (4,500.7)	10.00	**45,007**	*45,007*
ICICI Securities Holdings Inc.	1,600.0 (1,100.0)	*	**75,023**	*50,613*
Bonds/Units				
Birla Bond Plus	232.3 (Nil)	10.00	**250,000**	
Birla Bond Plus	231.9 (Nil)	10.00	**250,000**	
HDFC Short Term Plan	236.8 (Nil)	10.00	**250,000**	
JM Short Term Fund	291.3 (Nil)	10.00	**300,480**	
JM Short Term Fund	243.5 (Nil)	10.00	**253,440**	
Kotak Mahindra	193.5 (Nil)	10.00	**200,000**	
Prudential ICICI Short Term Plan	229.3 (Nil)	10.00	**250,000**	
ICICI Bank Limited 2002	Nil (500.0)	100.00		*430,810*
TOTAL			**1,873,950**	*526,430*

Notes :

1. The aggregate cost and market value of the quoted Investments as at March 31, 2003 is Rs. 1,753,920 thousand and Rs. 1,807,500 thousand respectively (Previous year - Rs. 430,810 thousand and Rs. 430,800 thousand respectively).

2. The aggregate cost of unquoted Investments as at March 31, 2003 is Rs. 120,030 thousand (Previous year - Rs. 95,620 thousand).

* Face Value of US Dollar 1.00 per unit.

G. INTEREST ACCRUED	**(Rs. in 000s)**	*March 31, 2002*
On Investments		*40,330*
On Stock-in-Trade	**442,380**	*611,330*
On Loans and Advances	**24,970**	*27,960*
Total	**467,350**	*679,620*

schedules

forming part of the Accounts *Continued*

Total Face Value (in Rupees thousands)	(Rs. in 000s)	March 31, 2002

H. SECURITIES HELD AS STOCK-IN-TRADE

(at lower of cost or market value)

(Quoted unless otherwise stated)

Government of India Securities & Deemed

Government of India Securities

6.96%	Oil Co. Bonds 2009	250,000 (Nil)	**251,870**	
7.27%	Government of India 2013	300,000 (Nil)	**317,080**	
7.40%	Government of India 2012	315,000 (Nil)	**336,420**	
7.46%	Government of India 2017	400,000 (Nil)	**426,000**	
7.55%	Government of India 2010	300,000 (Nil)	**319,500**	
8.07%	Government of India 2017	311,800 (Nil)	**349,840**	
8.25%	Government of India 2005	30 (30)	**30**	*30*
8.35%	Government of India 2022	510,700 (Nil)	**582,700**	
9.39%	Government of India 2011	300,000 (926,500)	**355,800**	*1,027,030*
9.40%	Government of India 2012	700,000 (150,000)	**836,150**	*167,100*
9.81%	Government of India 2013	200,000 (1,300,000)	**249,600**	*1,483,950*
9.85%	Government of India 2015	300,000 (1,335,000)	**380,850**	*1,538,590*
9.90%	Government of India 2005	Nil (150,000)		*162,450*
10.03%	Government of India 2019	650,000 (Nil)	**843,700**	
10.18%	Government of India 2026	Nil (175,000)		*206,760*
10.25%	Government of India 2021	100,000 (197,600)	**133,100**	*233,460*
10.71%	Government of India 2016	Nil (600,000)		*727,800*
11.00%	Government of India 2002	Nil (100)		*100*
11.00%	Government of India 2006	300,000 (130,900)	**342,600**	*150,210*
11.03%	Government of India 2012	150,000 (Nil)	**195,600**	
11.10%	Government of India 2003	Nil (2,209,780)		*2,305,910*
11.15%	Government of India 2002	Nil (800)		*810*
11.19%	Government of India 2005	200,000 (50,000)	**222,100**	*56,430*
11.40%	Government of India 2008	2,300,000 (800,000)	**2,838,660**	*967,200*
11.50%	Government of India 2011	400,000 (2,150,000)	**530,800**	*2,690,730*
11.50%	Government of India 2007	400,000 (Nil)	**475,180**	
11.78%	Government of India 2003	Nil (39,300)		*41,850*
11.99%	Government of India 2009	2,750,000 (1,050,000)	**3,508,690**	*1,302,000*
12.50%	Government of India 2004	202,550 (960,000)	**214,910**	*1,060,800*
13.80%	Government of India 2002	Nil (24,810)		*25,080*
6.60%	Government of Jammu and Kashmir 2013	30,000 (Nil)	**29,150**	
7.80%	Government of Andhra Pradesh 2012	10,000 (Nil)	**10,500**	
7.80%	Government of Maharashtra 2012	10,000 (Nil)	**10,500**	
8.30%	Government of Kerala 2012	15,400 (Nil)	**16,700**	
12.50%	Government of Maharashtra 2004	10,350 (Nil)	**10,970**	
			13,789,000	*14,148,290*

Treasury Bills

364	Day Treasury Bills 11-07-2003	50,000 (Nil)	**47,560**	
364	Day Treasury Bills 12-12-2003	100,000 (Nil)	**95,690**	
364	Day Treasury Bills 20-02-2004	400,000 (Nil)	**379,960**	
364	Day Treasury Bills 05-03-2004	100,000 (Nil)	**94,690**	
364	Day Treasury Bills 19-03-2004	600,000 (Nil)	**566,640**	

			1,184,540	
Zero Coupon Bonds				
	Power Finance Corp. Limited 2022	30,900 (Nil)	**6,480**	
			6,480	
Fixed Rate Bonds				
6.05%	Exim Bank of India 2007	200,000 (Nil)	**196,000**	
6.20%	Exim Bank of India 2008	50,000 (Nil)	**47,920**	
6.30%	Exim Bank of India 2007	100,000 (Nil)	**96,390**	
6.90%	Union Bank of India 2010	321,000 (Nil)	**313,930**	
7.50%	Power Finance Corp. Limited 2009	50,000 (Nil)	**50,700**	
7.85%	Powergrid Corp. Limited 2005	150,000 (Nil)	**152,770**	
8.05%	National Thermal Power Corp. Limited 2006 - 2007	450,000 (Nil)	**465,470**	
	Total Face Value (in Rupees thousands)	**(Rs. in 000s)**		*March 31, 2002*
8.63%	Powergrid Corp. Limited 2010 - 2016	260,000 (Nil)	**278,190**	
8.85%	Bharat Heavy Electricals Limited 2008	350,000 (Nil)	**371,350**	
8.90%	Neyveli Lignite Corp. Limited 2009	Nil (100,000)		*98,420*
9.00%	Power Finance Corp. Limited 2009	50,000 (Nil)	**54,200**	
9.20%	Powergrid Corp. Limited 2006	Nil (50,000)		*49,760*
9.25%	Power Finance Corp. Limited 2012	Nil (334,700)		*331,340*
9.70%	Canara Bank 2007	Nil (5,000)		*5,030*
9.70%	Powergrid Corp. Limited 2006 - 2017	Nil (600,000)		*584,960*
9.90%	Bharat Petroleum Corp. Limited 2008 150,000 (150,000)		**162,670**	*152,880*
9.95%	Bharat Petroleum Corp. Limited 2008 100,000 (200,000)		**108,550**	*204,160*
10.00%	Housing Urban Development Corp. 2012	Nil (90,000)		*87,300*
10.00%	National Thermal Power Corp. Limited 2007 - 2009	Nil (103,200)		*103,200*
10.00%	Steel Authority Of India Limited 2003	Nil (80,000)		*79,900*
10.40%	Bharat Sanchar Nigam Limited 2006	Nil (50,000)		*51,080*
10.80%	Infrastructure Development 2006	Nil (50,000)		*52,440*
11.55%	State Bank Of India 2006	Nil (100,000)		*106,880*
11.75%	ICICI Bank Limited 2002	Nil (5,100)		*4,460*
12.00%	Bharat Petroleum Corpopration Limited 2006	Nil (150,000)		*159,940*
13.75%	ICICI Bank Limited 2003	50,000 (50,000)	**52,220**	*52,780*
13.75%	ICICI Bank Limited 2003	Nil (50,000)		*52,460*
14.50%	National Aluminium Co. Limited 2005	150,000 (Nil)	**110,620**	
16.00% I	CICI Bank Limited 2003	Nil (150,000)		*166,510*
16.00%	ICICI Bank Limited 2003	Nil (50,000)		*55,600*
			2,460,980	*2,399,100*
Debentures				
5.95%	Indogulf Corp. Limited 2008	50,000 (Nil)	**47,870**	
6.00%	Housing Development			

	Finance Corp. Limited 2005	100,000 (Nil)	**97,550**	
6.10%	Housing Development			
	Finance Corp. Limited 2008	250,000 (Nil)	**240,000**	
6.20%	Reliance Industries Limited 2007	350,000 (Nil)	**336,870**	
6.30%	Housing Development			
	Finance Corp. Limited 2007	200,000 (Nil)	**193,500**	
6.45%	Reliance Industries Limited 2012	100,000 (Nil)	**91,200**	
7.05%	Housing Development			
	Finance Corp. Limited 2007	50,000 (Nil)	**49,680**	
7.10%	LIC Housing Finance Corp. Limited 2009	50,000 (Nil)	**48,880**	
7.95%	Hindalco Industries Limited 2009	50,000 (Nil)	**51,700**	
8.34%	BSES Limited 2007	Nil (250,000)		*242,800*
8.65%	Reliance Industries Limited 2007	50,000 (Nil)	**52,380**	
8.80%	Housing Development			
	Finance Corp. Limited 2006	50,000 (Nil)	**52,780**	
8.85%	Grasim Industries Limited 2008	Nil (150,000)		*147,090*
9.00%	LIC Housing Finance Corp. Limited 2007	Nil (50,000)		*49,020*
9.25%	LIC Housing Finance Corp. Limited 2009	Nil (50,000)		*48,340*
9.60%	Gujarat Ambuja Cements Limited 2008	Nil (100,000)		*98,340*
9.60%	Reliance Industries Limited 2006	Nil (50,000)		*49,940*
9.70%	Grasim Industries Limited 2008	Nil (100,000)		*101,080*
9.75%	Hindalco Industries Limited 2008	Nil (250,000)		*254,770*
9.75%	ICICI Bank Limited 2007	Nil (100,000)		*98,020*
9.90%	Reliance Industries Limited 2006	Nil (50,000)		*50,530*
10.10%	Grasim Industries Limited 2006	Nil (50,000)		*51,200*
10.75%	Grasim Industries Limited 2005	Nil (50,000)		*52,210*
11.22%	Hindalco Industries Limited 2008	Nil (250,000)		*265,930*
11.75%	Great Eastern Shipping			
	Co. Limited 2002-2006	Nil (50,000)		*50,250*
12.70%	Reliance Industries Limited 2007	100,000 (Nil)	**122,260**	
13.00%	Reliance Petrochemicals Limited 2004	Nil (50,000)		*53,810*
13.20%	Indian Rayon and Industries Limited 2003	Nil (50,000)		*53,120*
13.50%	Prism Cement Limited 2004	3,105 (1,553)	**90**	*870*
			1,384,760	*1,667,320*

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schedules

forming part of the Accounts *Continued*

(Rs. in 000s)

	Total Face Value (in Rupees thousands)	March 31, 2002	
Debentures (Unquoted)			
10.00% Rama Newsprint & Papers Limited 2004	Nil (90,835)		*79,080*
12.50% Arvind Mills Limited 2000	Nil (4,092)		*3,690*
15.00% Pal Peugot Limited 2004	16,160 (16,160)	**12,170**	*12,170*
17.50% Grapco Granites Limited 1998	20,000 (20,000)	**18,250**	*18,250*
17.50% Grapco Granites Limited 2000	15,000 (15,000)	**13,100**	*13,100*
17.50% Grapco Mining Limited 1995	10,000 (10,000)	**9,310**	*9,310*
18.00% Parasrampuria Synthetics Limited 1999	20,000 (20,000)	**17,620**	*17,620*
19.50% Grapco Granites Limited 1998	20,000 (20,000)	**18,920**	*18,920*
20.00% Das Lagerwey 1996	30,000 (30,000)	**30,000**	*30,000*
20.00% Veena Textiles Limited 1996	15,000 (15,000)	**14,300**	*14,300*
22.00% GTV Spinners Limited 1996	4,529 (4,529)	**4,480**	*4,480*
		138,150	*220,920*
Equity			
Balaji Telefilms Limited	3 (Nil)	**80**	
Bharat Forge Limited	1,500 (1,500)	**29,700**	*16,020*
Bharat Forge Utilities Limited	750 (750)		
Bhushan Steel Limited	7,828 (7,828)	**18,980**	*12,130*
Biochem Synergy Limited	635 (635)		
CRISIL	1 (Nil)	**30**	
Dabur India Limited	76 (Nil)	**270**	
Eveready Industries India Limited	5,059 (5,059)	**5,200**	*5,520*
Hughes Tele.Com (India) Limited	Nil (121,782)		*85,250*
India Containers Limited	934 (934)		
Indian Seamless Metaltube Limited	1,000 (1,000)	**800**	*1,040*
Inland Printers Limited	7,992 (7,992)		
Jocil Ind Limited	2,371 (2,371)		
Kallam Spinning Mills Limited	4,634 (4,634)		
Nucent Finance Limited	1(1)		
Parakaram Tehcnofab Limited	1,910 (1,910)		
Parasrampuria Synthetics Limited	2,151 (2,151)	**10**	*10*
Rama Newsprint Limited	10 (10)		
Shri Renuga Textiles Limited	1,000 (1,000)		
South Indian Bank Limited	3,081 (3,081)	**10,990**	*13,250*
Sun Pharmaceutical Industries Limited	27 (19)	**90**	*90*
Sunshield Chemicals Limited	2(2)		
Tata Investment Corp. Limited	768 (768)	**5,830**	*6,590*
Unipon Industries Limited	2,177 (2,177)		
Usha Beltron Limited	625 (625)	**3,140**	*3,340*
Usha Martin Infotech Limited	625 (625)	**250**	*1,250*
Vickers System Limited	1(1)		
		75,370	*144,490*
Units			
HDFC Liquid Fund Dividend Option	Nil (500,017)		*500,230*

J M Income Fund Growth Option	4,133 (Nil)	**100,000**	
		100,000	*500,230*
Total		**19,139,280**	*19,080,350*
Less : Provision against Non-performing Assets / Bad debts written off		**138,150**	*220,920*
Grand Total		**19,001,130**	*18,859,430*

Notes :

1. Certain Debentures which have defaulted for payment on maturity date have been written off. However, the same have been continued to be disclosed as Stock-in-trade to reflect existence of the claim on the Issuer/Seller.
2. The aggregate carrying value and market value of quoted securities as at March 31, 2003 is Rs. 18,901,130 thousand and Rs. 18,917,590 thousand respectively. (Previous year - Rs. 18,359,190 thousand and Rs. 18,369,490 thousand respectively).

			(Rs. in 000s)	*March 31, 2002*
I.		**SUNDRY DEBTORS (Unsecured)**		
	(A)	**Receivables outstanding for a period exceeding six months**		
		Considered Doubtful	**2,130**	*3,240*
	(B)	**Other Receivables considered good**		
		Fees Receivable	**13,610**	*15,170*
		Trade Receivables	**156,580**	*11,320*
			172,320	*29,730*
		Less : Provision for Doubtful Debts	**2,130**	*3,240*
		Total	**170,190**	*26,490*
J.	**CASH AND BANK BALANCES**			
	Cash & Cheques on hand		**100**	*90*
	In Current Accounts with Scheduled Banks		**12,240**	*3,550*
	In Current Accounts with Reserve Bank of India		**10,040**	*9,780*
	Fixed Deposits with Scheduled Banks		**1,000**	
	Total		**23,380**	*13,420*
K.	**LOANS AND ADVANCES**			
	(Unsecured and considered good unless otherwise stated)			
	Advances :			
	(Recoverable in cash or in kind or for value to be received)			
	Advance Income & Other Tax		**2,134,890**	*1,809,110*
	Security Deposit for Leased Premises		**122,470**	*227,980*
	Other Advances and Deposits *		**55,700**	*59,490*
	Application Money for Securities		**500,010**	*200,000*

		2,813,070	*2,296,580*
Provision for Doubtful Advances			*2,590*
Total (B)		**2,813,070**	*2,293,990*

*Advances include an amount of Rs. 1,550 thousand respectively receivable from Subsidiary Companies (Previous year - Rs. 4,410 thousand).

L.		**CURRENT LIABILITIES AND PROVISIONS**		
	(A)	Current Liabilities		
		Interest Accrued but not due	**32,500**	*77,320*
		Sundry Creditors	**100,080**	*61,450*
		Sundry Creditors For Expenses	**118,850**	*46,510*
		Other Liabilities	**148,440**	*110,300*
		Unclaimed Dividends	**620**	*160*
		Total (A)	**400,490**	*295,740*
	(B)	Provisions :		
		Income And Other Taxes	**2,140,940**	*1,680,840*
		Retirement Benefits	**9,020**	*9,750*
		Total (B)	**2,149,960**	*1,690,590*

M.	**INCOME FROM SERVICES**	**20,560**	*9,300*
	Issue Management Fees		
	Financial Advisory Services	**57,210**	*21,210*
	Syndication Fees	**36,490**	*41,840*
	Underwriting Commission	**3,100**	*2,530*
	Brokerage And Commission	**26,920**	*25,240*
	Total	**144,280**	*100,120*

schedules

forming part of the Accounts *Continued*

		(Rs. in '000s)	*March 31, 2002*
N.	**INTEREST INCOME**		
	Interest on Securities Held as Stock in Trade	**1,123,470**	*1,325,540*
	Income on Discounted Instruments		

	Investments		**25,510**	*104,830*
	Stock In Trade		**102,060**	*55,760*
	Interest on Repo and Call Lendings		**13,550**	*85,320*
	Interest on Inter-Corporate Deposits			*41,230*
	Interest on Deposits for Leased Premises		**28,190**	*41,750*
	Interest on Income - Tax Refund			*3,160*
	Interest on Other Loans and Advances		**6,100**	*11,470*
	Total		**1,298,880**	*1,669,060*
O.	**PROFIT/(LOSS) ON SECURITIES**			
	Profit on Sale of Investments		**1,090**	*2,520*
	Profit on Stock In Trade			
	Sale of Securities	**543,688,710**		*546,669,210*
	Less : Purchases	**542,545,670**		*552,583,210*
		1,143,040		*(5,914,000*
	Add/Less : Increase/(Decrease) In Closing Stock	**58,940**		*7,526,890*
	Profit on Stock In Trade		**1,201,980**	*1,612,890*
	Net Gain/(Loss) from Swaps/ FRAs		**28,690**	*34,660*
	Total		**1,231,760**	*1,650,070*
P.	**OTHER INCOME**			
	Dividend Income from Mutual Funds / Companies		**350,310**	*335,450*
	Recovery against Bad Debts Written Off		**27,500**	*31,920*
	Miscellaneous Income		**460**	*1,430*
	Total		**378,270**	*368,800*
Q.	**FINANCIAL CHARGES AND OPERATING EXPENSES**			
	Interest on Fixed Loans and Debentures		**408,590**	*799,250*
	Interest on Borrowings from Reserve Bank of India		**34,540**	*111,340*
	Interest on Repo and Call Borrowings		**428,020**	*361,340*
	Procurement Expenses		**12,520**	*32,450*
	Rating Agency Fees		**3,120**	*3,680*
	Brokerage and Stamp Duty		**31,080**	*29,560*
	Bank Charges		**2,750**	*2,610*
	Transaction Charges		**7,770**	*460*
	Custodial Services		**1,700**	*750*
	Doubtful Debts Written Off/Provided	**13,000**		*10,600*
	Less : Opening Provision	**9,520**		*2,840*
			3,480	*7,760*
	Total		**933,570**	*1,349,200*

R.	**PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**		
	Salaries, Wages and Incentive	**214,630**	*218,940*
	Contribution to Provident and otherFunds	**9,340**	*6,810*
	Staff Welfare Expenses	**7,260**	*6,120*
	Total	**231,230**	*231,870*
S.	**ESTABLISHMENT AND OTHER EXPENSES:**		
	Rent and Amenities	**223,990**	*147,250*
	Insurance	**2,120**	*1,050*
	Travelling, Conveyance and Motor CarExpenses	**33,070**	*29,000*
	Business Promotion Expenses	**22,510**	*3,440*
	Repairs, Maintenance and Upkeep	**18,930**	*18,740*
	Rates and Taxes	**440**	*570*
	Electricity Expenses	**9,180**	*8,900*
	Loss on Sale of Fixed Assets	**1,070**	*5,450*
	Communication Expenses	**10,920**	*12,760*
	Printing and Stationery	**6,040**	*5,270*
	Deferred Revenue Expenditure Written Off		*43,460*
	Subscription and Periodicals	**16,780**	*10,960*
	Professional Fees	**4,560**	*9,030*
	Advertisement Expenses	**30**	*3,230*
	Auditors Remuneration	**760**	*690*
	Miscellaneous Expenses	**29,090**	*17,570*
	Total	**379,490**	*317,370*

T. NOTES FORMING PART OF THE ACCOUNTS AND ACCOUNTING POLICIES:

1. Significant Accounting Policies:

(i) Method of Accounting

The accounts are prepared in accordance with accounting principles generally accepted in India. The Company follows accrual method of accounting.

(ii) Revenue Recognition

In case of non-fund based activities such as issue management, loan syndication, financial advisory services etc., the revenue is recognized based on the stage of completion of assignments and the bills raised for the recovery of fees.
Interest income is accounted on an accrual basis except that no interest income is recognized on Non-Performing / Doubtful assets, considering prudential norms for income recognition issued by Reserve Bank of India for Non-Banking Financial Companies. Interest income on such assets is recognised when the amount is received and appropriated towards interest.

(iii) Stock-in-trade and Investments

(a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and shown as current assets. Other securities acquired with the intention of long-term holding are considered as Investments .

(b) In respect of investments, brokerage and stamp duty payable are considered to arrive at the cost. However, in respect of securities held as stock-in-trade, brokerage and stamp duty are written off as revenue expenditure. Commission earned in respect of securities held as stock-in-trade and investments acquired from the primary market and on devolvement are adjusted from the cost of acquisition.

(c) The securities held as stock-in-trade under current assets are valued at cost or market/fair value, whichever is lower. In case of investments transferred to Stock-in-trade, carrying amount on the date of transfer is considered as cost. In case of unquoted shares fair value is taken at break-up value of shares as per the latest audited balance sheet of the concerned company. In case of debt instruments, fair value is worked out on the basis of yield to maturity rate selected considering quotes where available and credit profile of the issuer.

(d)

The Investments are shown in balance sheet at cost. In case of quoted investments, provision for diminution in value of investments is made, if such diminution is of a permanent nature in the opinion of management.

(iv) **Repurchase and Resale Transactions (Repo)**

As a Primary Dealer, Reserve Bank of India has permitted the Company to enter into Repo transactions. Such transactions are treated as secured borrowing / lending transactions and accordingly disclosed in the financial statements. The difference between purchase and sale consideration is treated as interest and is accounted as income or expenditure, as the case may be, over the period of the contract.

(v) **Zero Coupon Instruments**

The difference between the acquisition price and maturity value of zero coupon instruments are treated as interest and is recognised as income over the remaining life of the instrument

(vi) **Fixed Assets and Depreciation**

Fixed assets are stated at historical cost. Expenditure incurred on plumbing, flooring and other civil works at leased premises prior to its occupation by the Company have been capitalized as Improvement to Leasehold Property .
Depreciation on value of improvements to leasehold property is provided on straight line method at the rate determined, considering the period of lease or at the rate prescribed in

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schedules

forming part of the Accounts *Continued*

Schedule XIV of the Companies Act, 1956, whichever is higher. Depreciation on fixed assets other than the leased assets and improvement to leasehold property is provided on written down value method at the rate prescribed in Schedule XIV of the Companies Act, 1956. Additionally, the written down value of an asset falls below Rs. 5,000 or the cost of which is less than Rs. 5,000 is fully depreciated.

The management has decided to capitalize expenditure incurred on software from the current financial year. As a result of this change profit for the period is higher by Rs. 4,470 thousand.

(vii) **Deferred Tax** The tax effects of significant temporary differences are reflected through a Deferred Tax Asset / Liability, which has been reflected in the Balance Sheet and the corresponding effect of the same is given in the Profit and Loss Account.

(viii) **Provision for Doubtful Loans and Advances**

The policy of provisioning against Non-Performing Loans and Advances has been decided by the management considering prudential norms issued by the Reserve Bank of India for Non Banking Financial Companies except that amounts recovered subsequent to the balance sheet date have not been considered for provisioning. As per the policy adopted, the provision against sub standard assets are fixed on a conservative basis, taking into account management s perception of the higher risk associated with the business of the Company. Certain Non-Performing Loans and Advances are considered as loss assets and full provision has been made against such assets.

(ix) **Miscellaneous Expenditure**

Lease rentals and other revenue expenditure incurred on leased premises prior to occupation of the premises are amortized over the balance period of the lease, starting from the date of occupation of leased premises.

(x) **Foreign Currency Transactions**

Expenses and income are recorded at the exchange rate prevailing on the date of transaction. Assets and liabilities at the balance sheet date are restated at the exchange rate prevailing on the Balance Sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in the profit and loss account.

(xi) **Retirement Benefits**

Provident Fund contribution is paid to the Provident Fund Commissioners fund while gratuity is covered under schemes with Life Insurance Corporation (LIC) and contribution is made to LIC.

(xii) Derivatives

(a) Gains are recognized only on settlement/expiry of the derivative instruments.

(b) All open positions are marked to market. Mark-to-market gains, if any, are not recognised.

(c) Debit/ credit balance on open position are shown as current assets/current liabilities, as the case may be.

2. Deferred Tax

The break-up of deferred tax assets into major components is as follows:-

	(Rs. in 000s)
Deferred Tax Assets	
Depreciation	**2,290**
Provision for Debtors	**760**
	3,050

3. Contingent Liabilities

(a) Income tax and interest tax matters disputed by the Company Rs. 84,340 thousand (Previous year Nil).

(b) Outstanding counter guarantees for subsidiary company as at March 31, 2003 is Rs. 130,000 thousand (Previous year Rs. 43,500 thousand).

4. Notional Principal outstanding on account of Swaps/Forward Rate Agreements/Foreign Currency Swaps Rs. 161,846,260 thousand (previous year- Rs. 50,550,000 thousand).

5. Loans and advances availed by the Company inclusive of interest accrued thereon but not paid :

(Rs. in '000s)

		Amount outstanding	Amount overdue
(a)	Unsecured Debentures	2,184,480	NIL
(b)	Inter-corporate loans and borrowing	385,310	NIL
(c)	Commercial Paper	2,270,720	NIL
(d)	Other Loans		
	- Liquidity Adjustment Facility from RBI	8,001,530	NIL
	- Subordinated Bonds issued as Tier III Capital	761,680	NIL
	- Money at Call and Short Notice	4,827,400	NIL
	Total	18,431,120	NIL

(Rs. in 000s)

		2002-2003	2001-2002
6	**Auditors Remuneration**		
(a)	Audit Fees	**650**	590
(b)	Tax Audit & Certification Fees	**90**	90
(c)	Out of Pocket Expenses	**10**	10
		750	690

7.	Expenditure in foreign currency (Travelling & Other expenses)	**14,200**	6,790
8.	Earnings in foreign currency (Fees towards Advisory Services)	**36,850**	190

9. QUANTITATIVE DETAILS OF SECURITIES HELD AS STOCK IN TRADE

(a) OPENING AND CLOSING STOCK

Category	**Opening Stock**		**Closing Stock**	
	Face Value (Rs. in 000s)	Value (Rs. in 000s)	Face Value (Rs. in 000s)	Value (Rs. in 000
Government Securities	12,249,820	14,148,290	11,415,830	13,789,000
	(6,400,751)	(6,629,02)	(12,249,820)	(14,148,290)
Treasury Bills			1,250,000)	1,184,540)
	(48,125)	(45,650)		
Equity Shares	183,671)	144,490)	61,969)	75,370)
	(186,406)	(186,600)	(183,670)	(144,490)
Debentures	1,898,721)	1,888,240)	1,553,794)	1,522,910)
	(1,160,737)	(1,094,120)	(1,898,721)	(1,888,240)
Others	2,877,917)	2,899,320)	2,561,900)	2,567,460)
	(3,388,238)	(3,598,060)	(2,877,917)	(2,899,320)
Total	**17,210,129**	**19,080,340**	**16,843,493**	**19,139,280**
	(11,184,257)	**(11,553,450)**	**(17,210,128)**	**(19,080,340)**

(b) PURCHASES AND SALES

Category	**Purchases**		**Sales**	
	Face Value (Rs. in 000s)	Value (Rs. in 000s)	Face Value (Rs. in 000s)	Value (Rs. in 000
Government Securities	364,927,824	410,020,490	365,761,814	411,427,550
	(430,686,605)	(471,857,440)	(424,837,536)	(466,088,120)
Treasury Bills	59,610,150	57,886,330	58,360,150	56,705,600
	(45,570,300)	(43,529,670)	(45,618,425)	(43,594,170)
Equity Shares	37,944	47,230	159,645	130,520
	(750)	(10)	(3,486)	(5,540)
Debentures	20,935,000	21,617,160	21,279,927	22,067,470
	(12,050,000)	(12,501,850)	(11,312,016)	(11,752,130)
Others	47,721,627	52,974,460	48,037,644	53,357,590
	(23,164,560)	(24,694,240)	(23,674,881)	(25,229,250)
Total	**493,232,545**	**542,545,670**	**493,599,180**	**543,688,730**
	(511,472,215)	(552,583,210)	(505,446,344)	(546,669,210)

Note: Figures in parenthesis pertain to previous year.

schedules

forming part of the Accounts *Continued*

10. Related Party Disclosures

The Company being a finance company the transactions in the normal course of business have not been disclosed. The following are the details of transactions with related parties:

(Rs. in 000s)

Name of the Related Party	Type of Transactions	Amount
ICICI Bank Limited The Holding Company	Establishment Expenses	111,610
	Dividend paid	709,920
	Procurement Expenses	2,450
	Fee Income	2,300
	Interest Income	60
ICICI Brokerage Services Limited Subsidiary of ICICI Securities Limited	Brokerage Expenses	90
ICICI Infotech Services Limited Associate of ICICI Bank Limited	Establishment Expenses	5,760
	Fee Income	3,000
ICICI Lombard General Insurance Company Limited Subsidiary of ICICI Bank Limited	Establishment Expenses	2,210

The control exists over the following parties with whom there are no transactions:

a. ICICI Brokerage Services Limited

(b) ICICI Securities Holdings Inc.

(c) ICICI Securities Inc.

11. For the purpose of comparison, figures for the previous year have been given, which have been regrouped/reclassified wherever necessary.

Signatures to Schedules A to T

Per our Report attached
For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, April 17, 2003

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTE
Director

ABHIJEET GUIN	POYNI BHATT	RAMNI NIRULA
Vice President & Head Financials	*Senior Vice President & Company Secretary*	*Managing Director & CEO*

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Statement pursuant to Part IV, Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No. 1 3 1 9 0 0 State Code 1 1

Balance Sheet Date 3 1 0 3 2 0 0 3

Date Month Year

2. Capital Raised during the Year

(Amount in Rupees thousand)

Public Issue	Bonus Issue
N I L	N I L
Rights Issue	Private Placement
N I L	N I L

3. Position of Mobilisation and Deployment of Funds

(Amount in Rupees thousand)

Total Liabilities and Shareholders Funds	Total Assets
2 1 9 0 9 4 3 0	2 1 8 9 8 4 3 9

Sources of Funds

Paid-up Capital	Reserves and Surplus
2 0 3 0 0 3 0	1 4 8 0 7 8 0
Secured Loans	Unsecured Loans
8 0 0 0 0 0 0	1 0 3 9 8 6 2 0

Application of Funds

Fixed Assets	Investments
1 0 7 7 6 0	1 8 7 3 9 5 0
Net Current Assets	Miscellaneous Expenditure
1 9 9 2 4 6 7 0	N I L

4. Performance of Company
(Amount in Rupees thousand)

Turnover	Total Expenditure
3 0 5 3 1 9 0	1 5 5 9 6 0 0
Profit before Tax	Profit after Tax
1 4 9 3 5 9 0	1 0 2 9 4 4 0
Earning per Share in Rupees	Dividend Rate %

5 . 0 7 3 5 %

5. Generic Names of Three Principal Services of the Company
(As per monetary terms)

Item Code No. : Not Applicable

Product Description : Securities Investment and Trading
Investment Banking Activities and
Corporate Finance

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTE
Director

ABHIJEET GUIN
Vice President & Head Financials

POYNI BHATT
Senior Vice President & Company Secretary

RAMNI NIRULA
Managing Director & CEO

Mumbai, April 17, 2003

cash flow statement

for the year ended March 31, 2003

			(Rs. in 000s)	*March 31, 2002*
A. Cash Flow From Operating Activities				
Profit Before Tax	**1,493,590**			*1,876,170*
(Profit)/Loss on Sale of Fixed Assets	**1,070**			*5,450*
Depreciation	**15,310**			*13,440*
Deferred Revenue Expenses Written Off				*43,460*
Provision for Wealth Tax	**100**			*100*
Bad and Doubtful Debts (Net)	**3,480**			*7,760*
Operating Profit before Changes in Operating Assets and Liabilities			**1,513,550**	*1,946,380*
Adjustments for net change in Operating Assets and Liabilities				
Current Assets excluding Cash and Cash Equivalents	**(73,130)**			*(7,281,110)*
Loans and advances relating to Operations	**(193,330)**			*2,606,250*
Current Liabilities relating to Operations	**100,540**			*(246,150)*
			(165,920)	*(4,921,010)*
Cash Generated from Operations			**1,347,630**	*(2,974,630)*

Payment of Taxes (Net)		**(325,780)**	*(568,68)*
Net Cash from Operating Activities		**1,021,850**	*(3,543,310)*
B. Cash Flow From Investment Activities			
Acquisition of Equity Investments in Subsidiary Companies		**(24,410)**	
Purchase of Investments		**(1,323,110)**	*(12,350)*
Purchase of Fixed Assets	**(17,490)**		*(13,350)*
Sale of Fixed Assets	**530**	**(16,960)**	*370*
Net cash used in Investment Activities		**(1,364,480)**	*(25,330)*
C Cash Flow From Financing Activities			
Borrowings (net of repayments)		**108,740**	*4,267,680*
Proceeds from Issue of Debentures		**954,360**	*150,000*
Payment of Dividends (including Dividend Tax)		**(710,510)**	*(851,230)*
		352,590	*3,566,450*
Net Cash used in Financing Activities			
Net Change in Cash & Cash Equivalents		**9,960**	*(2,180)*
Cash and Cash Equivalents at the Beginningof the Year		**13,420**	*15,600*
Cash and Cash Equivalents at the End of the Year		**23,380**	*13,420*

Per our Report attached
For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, April 17, 2003

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTE
Director

ABHIJEET GUIN
Vice President &
Head Financials

POYNI BHATT
Senior Vice President &
Company Secretary

RAMNI NIRULA
Managing Director & CEO

statement pursuant to section 212

of the Companies Act, 1956, relating to subsidiary companies

(Rs. in ’000s)

Sr. No.	**Name of the Subsidiary Company**	**ICICI Brokerage Services Limited**	**ICICI Securities Holdings, Inc.**	**ICICI Securities, Inc.**
1.	The financial year of the Subsidiary Company ended on	March 31, 2003	March31, 2003	March31, 2003
2. (a)	Number of Equity Shares held by ICICI Securities Limited and/or its nominees in the Subsidiary as on March 31, 2003	4,500,700 Equity Shares of Rs. 10 each Fully Paid-up	1,600,000 Equity Shares of US$1.00 per unit Fully Paid up	1,050,000 Equity Shares of US $1.00 per unitFully Paid up held by ICICI Securities Holdings Inc.
(b)	Extent of interest of ICICI Securities Limited in the Capital of the Subsidiary	100%	100%	100%
3	Net aggregate amount of Profits/Losses of the Subsidiary so far as it concerns the Members of ICICI Securities Limited and is not dealt with in the Accounts of ICICI Securities Limited			
(a)	Profits (losses) of the Subsidiary for the financial year ended on March 31, 2003	54,820	3,060	(5,489)
(b)	Profits (losses) for the previous financial years of the Subsidiary since it became Subsidiary o fICICI Securities Limited	89,230	(9,103)	(18,133)
4	Net aggregate amount of Profits/Losses of the Subsidiary so far as dealt with or provisions made for those losses in the Accounts of ICICI Securities Limited			
(a)	Profits of the Subsidiary for the financial year ended on March 31, 2003	Nil	Nil	Nil
(b)	Profits for the previous financial years of the Subsidiary since it became Subsidiary of ICICI Securities Limited	2,250	Nil	Nil

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTE
Director

Mumbai, April 17, 2003

ABHIJEET GUIN
Vice President &
Head Financials

POYNI BHATT
Senior Vice President &
Company Secretary

RAMNI NIRULA
Managing Director & CEO

CONSOLIDATED FINANCIAL STATEMENTS OF
ICICI SECURITIES LIMITED AND ITS SUBSIDIARIES

auditors report

to the members of ICICI Securities Limited and Subsidiaries (Group)

We have audited the attached Consolidated Balance Sheet of ICICI SECURITIES LIMITED and subsidiaries (Group) as at March 31, 2003, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of the Group for the year ended on that date. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 purpose of our audit;
2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
3. in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, in so far as they are applicable to the Company;
4. the consolidation has been carried out as per Accounting Standard 21 Consolidated Financial Statements issued by the Institute of the Chartered Accountants of India;
5. in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give a true and fair view :
   (i) in the case of the Balance Sheet, of the state of affairs of the group as at March 31, 2003;
   (ii) in the case of the Profit and Loss Account, of the Profit of the group for the year ended on that date; and
   (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, April 17, 2003

balance sheet

as at March 31, 2003

	Schedule		(Rs. in 000s)	*March 31, 2002*
SOURCES OF FUNDS				
1. Shareholders Funds				
A. Share Capital	A	**2,030,030**		*2,030,030*
B. Reserves and Surplus	B	**1,595,710**		*1,225,700*
			3,625,740	*3,255,730*
2. Loan Funds				
A. Secured Loans	C		**8,000,000**	*11,258,300*
B. Unsecured Loans	D		**10,398,620**	*6,077,220*
			22,024,360	*20,591,250*
APPLICATION OF FUNDS				
1. Fixed Assets	E			
Gross Block		**228,440**		*233,660*
Less: Depreciation		**113,130**		*117,430*
Net Block			**115,310**	*116,230*
2. Investments	F		**1,753,920**	*430,810*
3. Deferred Tax Asset			**1,970**	*6,100*
4. Current Assets, Loans and Advances				
A. Current Assets				
(a) Interest Accrued	G	**471,180**		*682,460*
(b) Securities held as Stock-in-Trade	H	**19,016,780**		*18,859,430*
(c) Sundry Debtors	I	**219,160**		*60,220*
(d) Cash and Bank Balances	J	**211,780**		*135,880*
B. Loans and Advances	K	**2,926,850**		*2,378,910*
		22,845,750		*22,116,900*
Less: **Current Liabilities and Provisions :**	L			
A. Current Liabilities		**453,740**		*333,310*
B. Provisions		**2,238,850**		*1,745,480*
NET CURRENT ASSETS			**20,153,160**	*20,038,110*
			22,024,360	*20,591,250*
Notes forming part of the Accounts and Accounting Policies	T			

profit and loss account

for the year ended March 31, 2003

		Schedule		(Rs. in 000s)	*March 31, 2002*
INCOME FROM OPERATIONS					
(a)	Income from Services	M	**288,100**		*192,840*
(b)	Interest Income	N	**1,307,720**		*1,675,890*
(c)	Profit / (Loss) on Securities	O	**1,229,250**		*1,649,600*
(d)	Other Income	P	**379,480**		*370,490*
				3,204,550	*3,888,820*
Less: Operating Expenditure					
(a)	Financial Charges and Operating Expenses	Q		**956,310**	*1,413,690*
				2,248,240	*2,475,130*
EXPENDITURE					
Less: Administrative Expenditure					
(a)	Payments to and Provisions for Employees	R	**247,050**		*242,900*
(b)	Establishment Expenses	S	**404,180**		*338,220*
(c)	Depreciation -		**17,070**		*15,330*
				668,300	*596,450*
Profit Before Taxation				**1,579,940**	*1,878,680*
Less:	*Provision for Taxation*			**494,000**	*622,980*
	Deferred Tax Adjustment			**4,130**	*(20,186)*
Profit After Taxation				**1,081,810**	*1,275,890*
	Brought forward from previous years			**202,920**	*116,050*
	Amount available for appropriations			**1,284,730**	*1,391,940*
	Transfer to Special Reserve			**205,890**	*255,780*
	Transfer to General Reserve			**102,940**	*127,890*
	Interim Dividend (Current Year Subject to Tax)			**710,510**	*730,810*
	Tax on Dividend				*74,540*
	Balance carried to Balance Sheet			**265,390**	*202,920*
	Notes forming part of the Accounts and Accounting Policies	T			

For and on behalf of the Board

Per our Report attached
For N. M. RAIJI & CO.
Chartered Accountants

K.V. KAMATH
Chairman

J. M. GANDHI
Partner

LALITA D. GUPTE
Director

Mumbai, April 17, 2003

ABHIJEET GUIN
Vice President & Head Financials

POYNI BHATT
Senior Vice President & Company Secretary

RAMNI NIRULA
Managing Director & CEO

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schedules

forming part of the Accounts

	(Rs. in 000s)	*March 31, 2002*
SCHEDULE A SHARE CAPITAL		
Authorised:		
50,00,00,000 Equity Shares of Rs. 10 each	**5,000,000**	*5,000,000*
Issued:		
20,30,02,800 Equity Shares of Rs. 10 each	**2,030,030**	*2,030,030*
Subscribed and Paid up:		
20,30,02,800 Equity Shares of Rs. 10 each	**2,030,030**	*2,030,030*

Notes :
Of the above, 20,28,33,200 (Previous year - 20,28,33,200) Equity Shares of Rs.10 each are held by ICICI Bank Limited (the holding company) and its nominees.

SCHEDULE B RESERVES AND SURPLUS:

(Rs. in 000s)

	Balance as on April 1, 2002	**Additions/ transfers during the Period**	**Deductions/ transfers during the Period**	**Balance as on March 31, 2003**	*Balance as on March 31, 2002*
Share Premium Account	*112,800*			**112,800**	*112,800*
General Reserve	*389,000*	102,940		**491,940**	*389,000*
Special Reserve (maintained under Section 45 IC of the RBI Act, 1935)	*519,130*	205,890		**725,020**	*519,130*
Translation Reserve	1,860			**560**	*1,860*

Profit and Loss Account	*202,920*		**265,390**	*202,920*
Total			**1,595,710**	*1,225,710*

	(Rs. in 000s	***March 31, 2002***
SCHEDULE C SECURED LOANS		
Borrowings from Reserve Bank of India (Secured by Government Securities of face value Rs.8,050 million; Previous year - Rs. 11,271.50 million)	**8,000,000**	*10,663,900*
Repo Borrowings from Banks (Secured by Underlying Security)		*594,400*
Total	**8,000,000**	*11,258,300*

SCHEDULE D UNSECURED LOANS

Short Term Loans		*1,368,500*
Subordinated Bonds issued as Tier III Capital	**750,000**	*500,000*
Inter-Corporate Borrowings	**380,700**	*625,000*
Money at Call and Short Notice		
From Banks	**3,440,000**	*830,000*
From Others	**1,386,700**	*10,000*
Commercial Paper Borrowings	**2,270,720**	*1,527,580*
7.00% Debentures 2003	**110,000**	
(Redeemable at par by April 2003)		
Floating Rate Debenture	**500,000**	
(Redeemable at par by April 2003)		
Floating Rate Debenture 2003	**295,000**	
(Redeemable at par by May 2003)		
Floating Rate Debenture 2003	**340,500**	
(Redeemable at par by June 2003)		
6.05% Debentures 2003	**100,000**	
(Redeemable at par by April 2003)		
6.10% Debentures 2003	**250,000**	
(Redeemable at par by April 2003)		
6.00% Debentures 2003	**200,000**	
(Redeemable		