



ICICI Bank Limited

Registered Office: 'Landmark', Race Course Circle, Vadodara - 390 007
Corporate Office: ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051
Tel.: (022) 2653 1414 Fax.: (022) 2653 1122 Website : www.icicibank.com
(Originally incorporated in Vadodara as ICICI Banking Corporation Limited on January 5, 1994,
subsequently renamed as ICICI Bank Limited on September 10, 1999)

Public Issue of Unsecured Redeemable Bonds in the nature of Debentures aggregating Rs. 4000 crore to be raised in one or more tranches having an Over Subscription Option

ENCASH BOND	FLOATING RATE BOND
CHILDREN GROWTH BOND	MONEY MULTIPLIER BOND
TAX SAVING BOND	MONTHLY INCOME BOND
30% TAX SAVING BOND/ SMALL TAX PAYERS BOND	REGULAR INCOME BOND

GENERAL RISKS: Investors are advised to read the Risk Factors carefully before taking an investment decision in this offering. For taking an investment decision, the investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Bonds have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the Risk Factors on page (ii) of the Prospectus.

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

The Lead Manager had filed a Draft Prospectus for PUBLIC ISSUE OF UNSECURED REDEEMABLE BONDS IN THE NATURE OF DEBENTURES AGGREGATING Rs. 4000 CRORE, TO BE RAISED IN ONE OR MORE TRANCHES HAVING AN OVER SUBSCRIPTION OPTION. SEBI's observation letter dated ____ on the captioned Issue has been received. The various tranches of the captioned Issue shall open for subscription within a period of 365 days from the date of the observation letter stated above. This is the ____ tranche of Rs. __ crore

CREDIT RATING:

CARE "CARE AAA" - This rating indicates investment is of best quality, carrying negligible investment risk.

ICRA "LAAA" - This rating indicates highest safety and a fundamentally strong position.

The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal or suspension at any time in the future by the assigning rating agency on the basis of new information, etc. Each rating should be evaluated independently of any other rating. Please refer to page no. 6 for details.

LISTING: Listing on The Stock Exchange, Mumbai (BSE) and/or National Stock Exchange of India Limited (NSE).

(ICICI Bank may list the Bonds being offered on these and/or any other exchanges)

Lead Manager

DSP Merrill Lynch Limited
(Due Diligence)
Mafatal Centre, 10th Floor
Nariman Point, Mumbai – 400 021
Tel.No.: (022) 5632 8000
Fax No: (022) 2204 8518

(For Co-Managers and Registrar refer to back cover)

ISSUE OPEN FROM _____ TO _____

CONTENTS (For detailed index refer to page 386)

	Page No.
Preamble	i
Risk Factors and Management Perception thereof	ii
Terms of the Bonds	xiii
PART I	
I. General Information.....	1
II. Capital Structure	6
III. Terms of the Present Issue	23
Nature of Bonds	23
• Children Growth Bond	24
• Encash Bond.....	24
• Floating Rate Bond	26
• Money Multiplier Bond	29
• Monthly Income Bond	30
• Regular Income Bond.....	30
• Tax Saving Bond	31
• 30% Tax Saving Bond or Small Taxpayers Bond	34
Common Features, Terms and Conditions of the Bonds	37
Procedure for Application.....	49
Payment Instructions	52
Tax Benefits.....	56
IV. Particulars of the Issue	58
V. Company Information.....	59
VI. Overview of Operations.....	64
VII. Outstanding Litigations/Criminal Prosecution, Defaults and Material Developments	182
VIII. Companies Under the Same Management.....	196
IX. Changes in Memorandum of Association	196
X. Mechanism Evolved for Redressal of Investor Grievances.....	198
XI. Specific Disclosures.....	199
PART II	
A. General Information.....	201
B. Financial Information	204
C. Statutory and Other Information.....	342
Main Provisions of the Articles of Association of the Company	378
Material Contracts and Documents for Inspection	380
PART III	
Declaration	383
Detailed Index	385

DEFINITIONS AND ABBREVIATIONS

Certain Definitions

ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited amalgamated with and into ICICI Bank Limited, effective March 30, 2002 for accounting purposes under Indian GAAP. In this Prospectus, all references to “ICICI Bank”, the “Company”, “we”, “our” and “us” are, as the context requires, to ICICI Bank Limited on an unconsolidated basis subsequent to the amalgamation, to ICICI Bank Limited on an unconsolidated basis prior to the amalgamation, or to both. References to specific data applicable to particular subsidiaries, joint ventures, associates and other consolidated entities are made by reference to the name of that particular company or entity. References to “ICICI” are to ICICI Limited on an unconsolidated basis prior to the amalgamation. References to “ICICI Personal Financial Services” are to ICICI Personal Financial Services Limited. References to “ICICI Capital Services” are to ICICI Capital Services Limited. References to the “amalgamation” are to the amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with and into ICICI Bank. References to the “Scheme of Amalgamation” are to the Scheme of Amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with ICICI Bank.

In the financial statements contained in this Prospectus and the notes thereto, all references to “the Bank” are, as the context requires, to ICICI Bank Limited on an unconsolidated basis subsequent to the amalgamation, to ICICI Bank Limited on an unconsolidated basis prior to the amalgamation, or to both. All references to “the Group” are to ICICI Bank, its subsidiaries, joint ventures and associates on a consolidated basis.

Issue Related Terms and Abbreviations

ADR	American Depositary Receipts
ADS.....	American Depositary Shares
AGM	Annual General Meeting
Articles	Our Articles of Association
ATM	Automated Teller Machine
Auditors	Our statutory auditors, S.R. Batliboi & Co., Chartered Accountants.
Banking Regulation Act.....	The Banking Regulation Act, 1949, as amended from time to time.
Board of Directors/ Board	Our Board of Directors or a Committee thereof
Bondholder/Debentureholder	The holder of the Bonds
Bond	Unsecured Redeemable Bonds in the nature of Debentures (The word “Bond” is used interchangeably for the word “Debenture”) issued under this Prospectus
BSE	The Stock Exchange, Mumbai
CDSL.....	Central Depository Services (India) Limited
Companies Act or the Act.....	The Companies Act, 1956, as amended from time to time
Corporate Office	ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051
CRR.....	Cash Reserve Ratio
Deemed Date of Allotment.....	30 days from the date of closure of the Issue or date of utilisation of proceeds, whichever is earlier.
Depositories Act.....	The Depositories Act, 1996, as amended from time to time
Depository.....	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository participant.....	A depository participant as defined under the Depositories Act.
Designated Stock Exchange.....	The Stock Exchange, Mumbai (BSE)
DRR.....	Debenture Redemption Reserve
DRT.....	Debt Recovery Tribunal
DSPML.....	DSP Merrill Lynch Limited
EPS.....	Earnings per Equity Share
ESOS.....	The Employee Stock Option Scheme as approved and adopted by our shareholders in January 2000 and amended from time to time.
FCNR.....	Foreign Currency Non Repatriable
FEMA.....	Foreign Exchange Management Act, 1999 as amended from time to time

	and regulations framed thereunder
FERA.....	Foreign Exchange Regulation Act, 1973, now repealed
FII.....	Foreign Institutional Investors
Financial year/ Fiscal/ FY.....	The 12 months ended March 31 of a particular year
FY.....	Financial Year
GDP.....	Gross Domestic Product
HUF.....	Hindu Undivided Family
“ICICI Bank” or the “Company” or the “Issuer”.....	ICICI Bank Limited (formerly ICICI Banking Corporation Limited), a company incorporated under the Companies Act, 1956, and licensed as a bank under the Banking Regulation Act, 1949, being the issuer of the Bonds
ICICI.....	the erstwhile ICICI Limited
ICICI Brokerage.....	ICICI Brokerage Services Limited
ICICI Capital.....	the erstwhile ICICI Capital Services Limited
ICICI Infotech.....	ICICI Infotech Limited
ICICI Investment.....	ICICI Investment Management Company Limited
ICICI Lombard.....	ICICI Lombard General Insurance Company Limited
ICICI PFS.....	the erstwhile ICICI Personal Financial Services Limited
ICICI Prudential Life.....	ICICI Prudential Life Insurance Company Limited
ICICI Securities.....	ICICI Securities and Finance Company Limited
ICICI Venture.....	ICICI Venture Funds Management Company Limited
Indian GAAP.....	Generally accepted accounting principles in India
IRR.....	Internal Rate of Return
Issue or Tranche.....	This Issue of Bonds aggregating Rs. __ crore being Tranche __ out of the total Rs. [_____] crore
I.T.	Income Tax
I.T. Act.....	The Income-tax Act, 1961 as amended from time to time
LIBOR.....	London Inter Bank Offer Rate
Memorandum.....	Our Memorandum of Association
NABARD.....	National Bank of Agriculture & Rural Development
NCD.....	Non Convertible Debentures
NCDEX.....	National Commodities and Derivatives Exchange Limited
NPA.....	Non-Performing Asset(s)
NRE.....	Non Resident External
NRI/ Non Resident Indian.....	A person resident outside India, as defined in FEMA, and who is a citizen of India or a Person of Indian origin, as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NSDL.....	National Securities Depository Limited
NSE.....	National Stock Exchange of India Limited
Offer Document or Prospectus.....	This Prospectus through which the Bonds are being offered for public subscription
Over Subscription Option.....	Right to retain over subscription to the extent of 100% of the issue, as per SEBI Guidelines
PCM.....	Professional Clearing Member
Prudential ICICI AMC.....	Prudential ICICI Asset Management Company Limited
Prudential ICICI Trust.....	Prudential ICICI Trust Limited
PFI.....	Public Financial Institution
RBI.....	the Reserve Bank of India
Registered Office.....	Our Registered office, being ‘Landmark’, Race Course Circle, Vadodara 390 007
ROC.....	Registrar of Companies, Gujarat at Ahmedabad
SCRA.....	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR.....	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI.....	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time)
SEBI Act.....	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines.....	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI

	on January 19, 2000 and the subsequent amendments to the same
Securities Act.....	United States Securities Act of 1933, as amended from time to time.
Securitisation Act.....	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended from time to time
SIDBI.....	Smallscale Industries Development Bank of India
Statutory Liquidity Ratio or SLR.....	Statutory Liquidity Ratio prescribed by RBI under the Banking Regulation Act.
TDS.....	Tax Deduction at Source
Trustees	Trustees for the Debentureholders
YTM/Yield	Yield to Maturity

PREAMBLE

The Lead Manager had filed a Draft Prospectus for the Public Issue of Unsecured Redeemable Bonds in the nature of Debentures aggregating Rs. 4,000 crore (including any Oversubscription Option), comprising of Tax Saving Bond, 30% Tax Saving Bond or Small Taxpayers Bond, Encash Bond, Children Growth Bond, Floating Rate Bond, Money Multiplier Bond, Monthly Income Bond and Regular Income Bond, to be raised in one or more tranches having an Over Subscription Option.

The present Public Issue is for mobilising Rs. ____ crore with an Over Subscription Option.

Details of previous tranches

Tranche number	Date of the issue		Deemed date of Allotment	Issue Size for the Tranche (Rs. in crore)	Additional subscription retained under the Over Subscription Option (Rs. In crore)	Date of despatch of debenture certificates	Name of the stock exchanges and date of listing	Number of investors complaints pending
	Opening	Closing						

The balance of Rs. ____ crore, along with any shortfall in the target amount of Rs. _____ crore of this tranche and previous tranches, if any, may be raised in one or more tranches having an Over Subscription Option in future within the stipulated period of 365 days from the date of SEBI's observation letter dated _____. The excess amount raised, over the target amount of any tranche (including the Oversubscription Option), can be retained by us, subject to the limit of Rs. 4,000 crore.

ICICI BANK LIMITED

Registered Office: 'Landmark', Race Course Circle, Vadodara - 390 007
Corporate Office: ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051.
Tel: (022) 2653 1414 Fax: (022) 2653 1122 Website: www.icicibank.com

(Originally incorporated in Vadodara as ICICI Banking Corporation Limited on January 5, 1994, subsequently renamed as ICICI Bank Limited on September 10, 1999)

Internal Risk Factors

These Bonds are Unsecured.

These Bonds are unsecured which means that they are not secured by any of our assets. We have appointed a Trustee to protect the interest of the investors. In the event of default/liquidation, the Bondholders may proceed against us in terms of the mechanism given under para "Trustees for the Bondholders" on page 47

Our business is particularly vulnerable to interest rate risk and volatility in interest rates could cause our net interest margin, the value of our fixed income portfolio and our income from treasury operations to decline and adversely affect our business.

As an Indian bank, we are, as a result of the Indian reserve requirements more structurally exposed to interest rate risk than banks in many other countries. Under the regulations of the Reserve Bank of India, our liabilities are subject to the statutory liquidity ratio requirement which requires that a minimum specified percentage, currently 25.0%, of a bank's demand and time liabilities be invested in government of India securities and other approved securities. Pursuant to the amalgamation, the statutory liquidity ratio requirement was imposed on the liabilities acquired from ICICI. We earn interest on such government of India securities at rates which are less favourable than those which we typically receive in respect of our retail and corporate loan portfolio. The statutory liquidity ratio generally has a negative impact on net interest income and net interest margin since it requires us to invest in lower interest-earning securities. During fiscal 2005, the secondary market yields on government of India securities have been volatile due to expectations of tightening of monetary policy and increase in interest rates as a result of global trends, particularly in the United States, and rising oil prices and their impact on inflation in India. The yield on 10-year government of India securities increased from 5.1% at March 31, 2004 to 6.7% at August 9, 2004. The Reserve Bank of India has increased the cash reserve ratio (the percentage of a bank's demand and time liabilities that it must maintain in the form of cash balances with the Reserve Bank of India) from 4.5% to 4.75% effective September 18, 2004 and 5.0% effective October 2, 2004. In a rising interest rate environment, especially if the rise were sudden or sharp, we would be materially adversely affected by the decline in market value of our government securities portfolio and other fixed income securities. Our income from treasury operations is particularly vulnerable to interest rate volatility and an increasing interest rate environment is likely to adversely affect the income from our treasury operations. Declines in the value of our trading portfolio in such an environment will adversely affect our income. If our cost of funds does not decline at the same time and to the same extent as the yield on our interest-bearing assets, or if the yield on our interest-bearing assets does not increase at the same time and to the same extent as our cost of funds, our net interest margins would be adversely impacted. Our subsidiary ICICI Securities is a primary dealer in government of India securities and its net income in fiscal 2004 had a high proportion of fixed income securities trading gains.

We are exposed to the risk of default by our borrowers.

Our principal business is providing financing to our clients. In the past, ICICI focused its activities on financing projects. Increasingly, we are focusing on lending to individuals, large corporate customers, many of who have strong credit ratings, and select small and middle market companies. We expect our loans to small and middle market companies to be more severely affected by adverse developments in the Indian economy than our loans to large companies. In all of these cases, we are subject to the credit risk that our borrowers may not pay in a timely fashion or may not pay at all. Increased competition arising from economic liberalisation in India, variable industrial growth, a sharp decline in commodity prices, the high level of debt in the financing of projects and capital structures of companies in India and the high interest rates in the Indian economy during the period in which a large number of projects contracted their borrowings have reduced the profitability of certain of our borrowers, which in turn has adversely affected our loan portfolio.

A large proportion of ICICI's loans were for project finance, a significant portion of which remains particularly vulnerable to completion risk

Long term project finance assistance constituted a large proportion of ICICI's asset portfolio and remains a significant, although declining proportion of our portfolio. The viability of these projects depends upon a number of factors, including completion risk, market demand, government policies and the overall economic environment in India and international markets. We cannot be sure that these projects will perform as anticipated. Over the past several years, we experienced a high level of non-performing loans to various industrial sectors as a result of the downturn in certain global commodity markets and increased competition in India.

These factors also led to restructuring of our exposures to several borrowers. In addition, a significant portion of projects to which we have exposures are still under implementation and present risks, including delays in the commencement of operations and breach of contractual obligations by counterparties, that could impact the project's ability to generate revenues. We cannot assure you that future credit losses on account of such exposures would not have a materially adverse effect on our profitability. If a substantial portion of our project finance exposures were to become non-performing, the quality of our loan portfolio could be adversely affected.

We have high concentrations of loans to certain customers and to certain sectors and if a substantial portion of these loans were to become non-performing, the quality of our loan portfolio could be adversely affected.

At March 31, 2004, our total exposure to borrowers was Rs. 1,04,819 crore (including principal outstanding, interest, other dues, equity investments and 100% of the nominal amount of non-fund based exposures). The 10 largest single borrowers in aggregate accounted for approximately 13.8% of our total exposure and the 10 largest borrower groups in aggregate accounted for approximately 22.2% of our total exposure. The largest borrower at March 31, 2004 accounted for approximately 2.2% of our total exposure and 24.9% of our total capital funds. The largest borrower group at March 31, 2004 accounted for approximately 4.6% of our total exposure and 53.1% of our total capital funds. Credit losses on these large single borrower and group exposures could adversely affect our business and our future financial performance.

At March 31, 2004, we had extended loans to several industrial sectors in India. At that date, our five largest industry exposures (excluding retail finance) comprised iron and steel, power, financial services, engineering and telecommunications and constituted 31.3% of our total exposure. The global and domestic trends in these industries may have a bearing on our financial position. Although our loan portfolio contains loans to a wide variety of businesses, financial difficulties in these sectors could increase the level of non-performing assets and restructured assets and adversely affect our business and our future financial performance.

If we are not able to reduce the level of non-performing assets in our portfolio, our business will suffer.

Our net non-performing assets at March 31, 2004 were Rs. 2,037 crore representing 2.87% of our net customer assets as compared to Rs. 3,151 crore representing 4.9% of our net customer assets at March 31, 2003. Our non-performing assets can be attributed to several factors, including increased competition arising from economic liberalisation in India, variable industrial growth, a sharp decline in commodity prices, the high level of debt in the financing of projects and capital structures of companies in India and the high interest rates in the Indian economy during the period in which a large number of projects contracted their borrowings, which reduced profitability for certain of our borrowers.

At March 31, 2004, approximately 46.7% of our gross non-performing asset portfolio was concentrated in three sectors: chemicals (including fertilizers and pesticides) (20.9%), power (15.3%) and textiles (10.5%). These three sectors together constituted 10.8% of our total exposure. These sectors have been adversely affected by economic conditions in the past several years in varying degrees. Although our loan portfolio contains loans to a wide variety of businesses, financial difficulties in these sectors could increase our level of non-performing assets and adversely affect our business and our future financial performance.

At March 31, 2004, in addition to our net non-performing assets of Rs. 2,037 crore, we had investments of Rs. 1,251 crore in security receipts arising out of the sale of net non-performing assets by us to Asset Reconstruction Company (India) Limited. There can be no assurance that Asset Reconstruction Company (India) Limited will be able to recover these assets and redeem our investments and that there will be no reduction in the value of these investments.

A number of factors will affect our ability to reduce non-performing assets. Some of these, including developments in the Indian economy, movements in global commodity markets, global competition, interest rates and exchange rates, are not within our control. If we are not able to control and reduce our non-performing loans, our business and our future financial performance could be adversely affected.

There is no assurance that there will be no deterioration in the provisions for loan losses as a percentage of non-performing assets or otherwise or that the percentage of non-performing assets that we will be able to recover will be similar to ICICI's and our past experience of recoveries of non-performing assets. In the event of any deterioration in our asset portfolio, there could be an adverse impact on our business and our future financial performance.

The failure of our restructured assets to perform as expected or a significant increase in the level of restructured assets in our portfolio could affect our business.

Our gross standard assets of Rs. 70,598 crore at year-end fiscal 2004 included restructured standard assets of Rs. 7,545 crore (constituting 10.1% of gross customer assets), compared to Rs. 9,287 crore (constituting 13.4% of gross customer assets), at year-end fiscal 2003. Our borrowers' need to restructure their loans can be attributed to several factors, including increased competition arising from economic liberalisation in India, variable industrial growth, a sharp decline in commodity prices, the high level of debt in the financing of projects and capital structures of companies in India and the high interest rates in the Indian economy during the period in which a large number of projects contracted their borrowings. These factors which reduced profitability for certain of our borrowers and also resulted in the restructuring of certain Indian companies in sectors including iron and steel, textiles and cement. The failure of these borrowers to perform as expected or a significant increase in

the level of restructured assets in our portfolio could adversely affect our business and our future financial performance.

Our funding is primarily short-term and if depositors do not roll over deposited funds on maturity our business could be adversely affected.

Like most banks the maturity profile of our assets and liabilities shows a negative gap in the short term. The negative gap arises mainly because our deposits and other liabilities are of shorter average maturity than our loans and investments. Most of our incremental funding requirements, including replacement of maturing liabilities of ICICI, which generally had longer maturities, are met through short-term funding sources, primarily in the form of deposits including inter-bank deposits. However, a large portion of our assets, primarily the assets of ICICI and our home loan portfolio, have medium or long-term maturities, creating a potential for funding mismatches. Our deposits are generally of less than one-year maturity. If a substantial number of our depositors do not roll over deposited funds upon maturity, our liquidity position could be adversely affected. The failure to obtain rollover of deposits upon maturity or to replace them with fresh deposits could have a material adverse effect on our business and our future financial performance.

In April 2003, unsubstantiated rumours believed to have originated in Gujarat, alleged that we were facing liquidity problems, although our liquidity position was sound. We witnessed higher than normal deposit withdrawals during the period April 11 to 13, 2003, on account of these unsubstantiated rumours. We successfully controlled the situation, but if such situations were to arise in future, any failure to control such situations could result in large deposit withdrawals, which would adversely impact our liquidity position.

Banking is a heavily regulated industry and material changes in the regulations which govern us could cause our business to suffer.

Banks in India are subject to detailed supervision and regulation by the RBI. In addition, banks are subject generally to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. The laws and regulations governing the banking sector could change in the future and any such changes could adversely affect our business and our future financial performance, by requiring a restructuring of our activities, increasing costs or otherwise. The directed lending norms of the RBI require that every bank should extend 40.0% of its net bank credit to certain eligible sectors, such as agriculture, small-scale industries and housing finance up to certain limits, which are categorised as “priority sectors”. Since the directed lending norms were not applicable to ICICI, the RBI directed us to maintain 50.0% of our net bank credit on the residual portion of our advances (i.e. the portion of our total advances excluding advances of ICICI at year-end fiscal 2002) in the form of priority sector loans until such time as our aggregate priority sector advances reach a level of 40.0% of our total net bank credit. We may experience a significant increase in non-performing loans in our directed lending portfolio, particularly loans to the agriculture sector and small-scale industries, since economic difficulties are likely to affect those borrowers more severely and we would be less able to control the quality of this portfolio.

There are a number of restrictions under the Banking Regulation Act, which impede our operating flexibility. These include the following:

- The forms of business in which we and our subsidiaries may engage are specified and regulated by the Banking Regulation Act. Pursuant to the provisions of section 8 of Banking Regulation Act, we cannot directly or indirectly deal in the buying, selling or bartering of goods by ourselves or for others, except in connection with the realisation of security given to us or held by us, or in

connection with bills of exchange received for collection or negotiation, or in connection with the administration of estates as executor, trustee or otherwise, or in connection with any business specified under section 6(1)(o) of the Banking Regulation Act. Goods for this purpose means every kind of movable property, other than actionable claims, stocks, shares, money, bullion and specie and all instruments referred to in section 6(1)(a) of Banking Regulation Act. Unlike a company incorporated under the Act which may amend the objects clause of its Memorandum of Association to commence a new business activity, banking companies may only carry on business activities permitted by section 6 of the Banking Regulation Act or specifically permitted by the RBI. This may restrict our ability to pursue profitable business opportunities as they arise.

- section 19 of the Banking Regulation Act restricts the opening of subsidiaries by banks, which may prevent us from exploiting emerging business opportunities. Similarly, Section 23 of the Banking Regulation Act contains certain restrictions on banking companies regarding the opening of new places of business and transfers of existing places of business, which may hamper our operational flexibility.
- section 25 of the Banking Regulation Act requires each banking company to maintain assets in India equivalent to not less than 75% of its demand and time liabilities in India, which in turn may restrict us from building overseas asset portfolios and exploiting overseas business opportunities.
- We are required to obtain approval of the RBI for the appointment and remuneration of our Chairman, Managing Director and other wholtime directors. The RBI has powers to remove managerial and other persons from office, and to appoint additional directors. We are also required to obtain approval of the RBI for the creation of floating charges for our borrowings, thereby hampering leverage. The Banking Regulation Act also contains provisions regarding production of documents and availability of records for inspection.
- A compromise or arrangement between us and our creditors or any class of them or between us and our shareholders or any class of them or any modification in such arrangement or compromise will not be sanctioned by any High Court unless such compromise or arrangement or modification, as the case may be, is certified by the RBI in writing as not being incapable of being implemented and as not being detrimental to the interests of our depositors. Our amalgamation with any other banking company will require the sanction of the RBI and shall be in accordance with the provisions of the Banking Regulation Act. The provisions for winding- up of banking companies as specified in the Banking Regulation Act are at variance with the provisions of the Act. Further, the RBI can also apply for winding up of a banking company in certain circumstances and can also be appointed as the liquidator and the Government of India has powers to acquire the undertakings of banking companies in certain cases.
- We are required to prepare our balance sheet and profit and loss account in the forms set out in the Third Schedule to the Banking Regulation Act or as near thereto and subject to and in accordance with the other provisions of the Banking Regulation Act read with the Act. Subject to and on account of laws governing banking companies, the financial disclosures in the offer document may not be available on a continuous basis.

At June 30, 2004, we had contingent liabilities of Rs. 2,24,182.50 crore. A determination against us in respect of disputed tax assessments of Rs. 2,523.97 crore included in these contingent liabilities may adversely impact our financial performance.

At June 30, 2004, we had contingent liabilities of Rs. 2,24,182.50 crore, which primarily comprised items such as guarantees issued, letters of credit, forward contracts and other derivatives which are

normal for the banking business. Our contingent liabilities included disputed tax assessments of Rs. 2,523.97 crore in excess of the provision made in our accounts in income tax, interest tax, wealth tax and sales tax demands by the Government of India's tax authorities. We have appealed each of these tax demands. There can be no assurance that these matters will be settled in our favour, and that no further liability will arise out of these claims. Of the Rs. 2,523.97 crore aggregate tax assessments in excess of the provision made in our accounts, a major portion relates to the treatment of depreciation claim on leased assets. In respect of depreciation claimed by us for fiscal 1993 on two sale and lease back transactions, the Income Tax Appellate Tribunal, Mumbai held in August 2003 that these transactions were tax planning tools and no depreciation is allowable. The tax impact of this decision is Rs. 18.90 crore. We have filed an appeal against this decision before the High Court. We have not provided for this tax demand but have disclosed it as a contingent liability. Any additional tax liability may adversely impact our future financial performance.

We are involved in various litigations and regulatory proceedings. Any final judgement awarding material damages against us could have a material adverse impact on our future financial performance.

We are often involved in litigations for a variety of reasons, which generally arise because we seek to recover our dues from borrowers or because customers seek claims against us. At October 7, 2004, there were 39 litigations against us, involving a claim of Rs. 10.0 lakhs and more, in the aggregate amount of approximately Rs 10,443.25 crore (to the extent quantifiable and including amounts claimed jointly and severally from us and other parties), and 703 litigations against us, involving an amount of less than Rs. 10.0 lakhs, as on September 30, 2004 in an aggregate amounts of approximately Rs 15.80 crore (to the extent quantifiable and including amounts claimed jointly and severally from us and other parties), which together aggregate to 743 litigations having an aggregate amount of approximately Rs 10,459.05 crore (to the extent quantifiable and including amounts claimed jointly and severally from us and other parties). As on October 7, 2004, 100 litigations were pending against our subsidiaries and other group companies in an aggregate and 23 other cases/ criminal complaints including claims and complaints against working directors. In addition several disputed tax demands were pending against us in an aggregate amount of Rs. 2,523.97 crore. For details of these litigations, please see "Outstanding Litigation or Defaults" on page 185. For details of regulatory actions against us, our subsidiaries and other group companies, please see "Outstanding Litigation or Defaults" on page 185. The vast majority of these cases arise in the normal course and do not involve the risk of a material adverse impact on our financial performance, were we to lose such cases. Where we assess that there is a material risk of loss, it is our policy to make provisions for the loss; however, we do not make provisions where our assessment is that the risk is not material. We have not made any provisions for a suit filed by Mardia Chemicals against us, Mr. K. V. Kamath, Managing Director and CEO and Ms. Lalita D. Gupte, Joint Managing Director, for an amount of Rs. 5,631 crore on the grounds that Mardia Chemicals had allegedly suffered financial losses on account of ICICI's failure to provide adequate financial facilities, ICICI's recall of the advanced amount and ICICI's filing of a recovery action against it. We have also not made any provisions for an arbitration proceeding in London, brought against us and other Indian lenders by certain foreign lenders in relation to a dispute under an inter-creditor agreement in connection with a power project, the principal sponsor of which has filed for bankruptcy in the United States, claiming damages against us and other Indian lenders in an aggregate amount of US\$ 534 million. A more detailed discussion of this situation can be found in "Business - Asset Composition and Classification" on page 79. Any final judgement awarding material damages against us in the aforesaid arbitration proceeding could, however, have a material adverse impact on our future financial performance. We cannot guarantee

that the arbitration will be concluded in a manner favourable to us and should our assessment of the risk change, our stance toward provisions will also change.

We have experienced recent and rapid growth in our retail loan portfolio and our business strategy supports continued growth in this area. Our inability to grow further or succeed in retail products and services may adversely affect our business.

We are a relatively new entrant into the retail loan business and have achieved significant growth in this sector since the amalgamation. At year-end fiscal 2004, retail loans represented 56.8% of our advances as compared to 35.9% of advances at year-end fiscal 2003. Our present business strategy reflects continued focus on further growth in this sector. While we anticipate continued significant demand in this area, we cannot assure you that our retail portfolio will continue to grow as expected. Our inability to grow further or succeed in retail products and services may adversely affect our business and our future financial performance.

Retail products and services could expose us to the risk of financial irregularities by various intermediaries and customers. We cannot assure you that our skills and management information systems will be adequate to successfully manage these retail products and services. Our retail loans are relatively new and there is no assurance that there will be no additional impaired loans on account of these loans and that such impaired loans will not have a materially adverse impact on the quality of our loan portfolio.

If we are not able to succeed in our new business areas, we may not be able to meet our projected earnings and growth targets.

ICICI entered the life insurance business in fiscal 2001 and the non-life insurance business in fiscal 2002 through its majority-owned joint ventures, which are now majority-owned joint ventures of ICICI Bank. We are also seeking to expand internationally by leveraging on our home country links and technology competencies in financial services. We are a new entrant in the international business and the skills required for this business could be different from those for our domestic businesses. The life insurance business and the international business are expected to require substantial capital. We cannot be certain that these new businesses will perform as anticipated. Our inability to grow or succeed in new business areas may adversely affect our business and our future financial performance.

Certain of our subsidiaries have incurred losses, which may adversely affect our results of operation.

Certain of our subsidiaries have incurred losses in recent years, as set-forth in the table below:

	<u>Year ended March 31,</u>			<u>Period ended</u>
				<u>June</u>
<u>30,</u>	2002	2003	2004	2004
<u>Subsidiary</u>	<u>(in Crore)</u>			
ICICI Lombard General Insurance Company Limited (Rs.)	Rs. (8.48)			
ICICI Securities Inc.(Rs.)	(1.42)	Rs. (0.55)		

ICICI Prudential Life Insurance Company Limited (Rs.)	(105.10)	(147.18)	(221.57)	(40.24)
ICICI Bank UK Limited (USD)			(0.22)	(0.09)
ICICI Bank Canada (CAD)			(0.01)	(0.12)

Although these losses can be primarily attributed to initial set-up and start-up costs and, particularly in the insurance industry, to a high level of operating expenses and reserving requirements in the initial years of expansion, any further losses in these subsidiaries may adversely affect our business and our future financial performance. In addition, certain venture capital and private equity and trust funds to which we are the sole or majority unit-holder or contributory have also incurred losses which are not significant in the context of our overall operations.

We are exposed to fluctuation in foreign exchange rates.

As a financial organisation we are exposed to exchange rate risk. We comply with regulatory limits upon our unhedged foreign currency exposure by making foreign currency loans on terms that are generally similar to our foreign currency borrowings and thereby transferring the foreign exchange risk to the borrower or through active use of cross-currency swaps and forwards to generally match the currencies of our assets and liabilities. However, we are exposed to fluctuation in foreign currency rates for our unhedged exposure. Adverse movements in foreign exchange rates may also impact our borrowers negatively which may in turn impact the quality of our exposure to these borrowers. Volatility in foreign exchange rates could adversely affect our business and our future financial performance.

Significant security breaches in our computer system and network infrastructure and frauds could adversely impact our business.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by our increased use of the Internet. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and network infrastructure. We employ security systems, including firewalls and password encryption, designed to minimise the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will be successful. A significant failure in security measures could have a material adverse effect on our business and our future financial performance. Our business operations are based on a high volume of transactions. Although we take adequate measures to safeguard against system related and other frauds, there can be no assurance that we would be able to prevent frauds. Our reputation could be adversely affected by significant frauds committed by employees, customers or outsiders.

System failures could adversely impact our business.

Given the increasing share of retail products and services and transaction banking services in our total business, the importance of systems technology to our business has increased significantly. Our principal delivery channels include ATMs, call centers and the Internet. Any failure in our systems, particularly for retail products and services and transaction banking, could significantly affect our operations and the quality of customer service and could result in business and financial losses.

Any inability to attract and retain talented professionals may impact our business.

Attracting and retaining talented professionals is a key element of our strategy and we believe it to be a significant source of competitive advantage. An inability to attract and retain talented professionals or the resignation or loss of key management personnel may have an adverse impact on our business and future financial performance.

No monitoring agency has been appointed for the Issue.

Banks and Financial Institutions are appointed as agencies for monitoring the utilisation of issue proceeds in case of companies. As we are a bank, appointment of a separate monitoring agency is not deemed necessary. Moreover, monitoring of utilisation of issue proceeds is necessary in case the funds are raised for specific projects. We are raising funds for our normal business operations pursuant to applicable regulations and not for any specific projects.

External Risk Factors

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

The Indian economy has shown sustained growth over the last few years with real GDP growing at 8.2% in fiscal 2004, 4.0% in fiscal 2003 and 5.8% in fiscal 2002. The Index of Industrial Production grew at 6.9% in fiscal 2004 compared to 5.8% in fiscal 2003 and 2.7% in fiscal 2002. Any slowdown in the Indian economy or volatility of global commodity prices, in particular oil and steel prices, could adversely affect our borrowers and contractual counterparties. With the increasing importance of retail loans to our business, any slowdown in the growth of sectors like housing and automobiles could adversely impact our performance. Further, with the increasing importance of the agricultural sector in our business, any slowdown in the growth of the agricultural sector could also adversely impact our performance. Growth in the agricultural sector in India has been variable and dependent on climatic conditions, primarily the level and timing of rainfall. The agricultural sector grew by 9.1% in fiscal 2004 compared to a decline of 5.2% during fiscal 2003. Any slowdown could adversely affect our business, including our ability to grow our asset portfolio, the quality of our assets, our financial performance, and our ability to implement our strategy.

A significant change in the Government of India's economic liberalisation and deregulation policies could disrupt our business.

Our assets and customers are predominantly located in India. The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities.

The most recent parliamentary elections were completed in May 2004. A coalition government led by the Indian National Congress party has been formed with Dr. Manmohan Singh as the Prime Minister of India. A significant change in the government's policies could adversely affect business and economic conditions in India and could also adversely affect our business and our future financial performance.

Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer.

As an Indian bank, we are exposed to the risks of the Indian financial system which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. As an emerging market system, the Indian financial system faces risks of a nature and extent not typically faced in developing countries, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. For example, in April 2003, unsubstantiated rumours, believed to have originated in Gujarat, alleged that we were facing liquidity problems, although our liquidity position was sound. We witnessed higher than normal deposit withdrawals during the period April 11 to 13, 2003 on account of these unsubstantiated rumours. We successfully controlled the situation, but if such situations were to arise in future, any failure to control such situations could result in large deposit withdrawals which would adversely impact our liquidity position.

In addition, certain Indian financial institutions have experienced difficulties in recent years. In July 2004, on an application by the Reserve Bank of India, the Indian government issued an order of moratorium on Global Trust Bank, a new private sector bank, and restricted withdrawals by depositors. The Reserve Bank of India subsequently announced a merger of Global Trust Bank with Oriental Bank of Commerce, a public sector bank. Some co-operative banks have also faced serious financial and liquidity crises. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business and our future financial performance.

Our business is very competitive and our growth strategy depends on our ability to compete effectively.

We face intense competition from Indian and foreign commercial banks in all our products and services. Additionally, the Indian financial sector may experience further consolidation, resulting in fewer banks and financial institutions, some of which may have greater resources than us. The government of India has also announced measures that would permit foreign banks to establish wholly-owned subsidiaries in India or acquire up to 74.0% of any Indian private sector bank. Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services at reasonable returns and this may adversely impact our business and our future financial performance.

Notes

- We would ensure full and firm allotment against all valid applications for the Tax Saving Bond and 30% Tax Saving Bond or Small Taxpayers Bond. *(The above note would be suitably modified/ deleted if the 30% Tax Saving Bond or Small Taxpayers Bond or Tax Saving Bond is not offered in a given tranche)*
- Our name was changed from ICICI Banking Corporation Limited to ICICI Bank Limited on September 10, 1999. The change of name was effected on account of us being widely known by the name "ICICI Bank".
- We would like to clarify that inspection by RBI is a regular exercise and is carried out periodically by RBI for all banks and financial institutions. The reports of RBI are strictly confidential. We are in dialogue with RBI in respect of observations made by RBI in their report for previous years. RBI does not allow disclosure of its inspection report and all the disclosures in the offer document are on the basis of our audited financials and management information systems.
- Our net worth (excluding preference share capital of Rs.350 crore) as on June 30, 2004 was 11,423.10 crore which is net of 155.80 crore of unamortised expenses.
- We have entered into certain related party transactions. See Related Party Transactions on page 137.
- Investors should note that _____ would constitute direct, unsecured and subordinated obligations of ours and will be subordinated and postponed to the prior payments of all our obligations whether for principal, interest, return or otherwise, except that they will rank *pari*

passu amongst themselves and with all our other existing and future subordinated obligations. If the subordinated bonds forms part of Tier II Capital, the same shall be issued in accordance with the RBI Guidelines as applicable from time to time.

(The above note will be incorporated if any of the instruments being offered are subordinated in nature)

TERMS OF THE BONDS

(Salient features of the Bonds being offered in a tranche would be incorporated.)

ICICI BANK LIMITED

Registered Office: "Landmark", Race Course Circle, Vadodara - 397 007

Corporate Office: ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051

Tel.: (022) 2653 1414 Fax.: (022) 2653 1122 Website: www.icicibank.com

(Incorporated as ICICI Banking Corporation Limited on January 5, 1994 as a Public Limited Company under the Act and subsequently renamed ICICI Bank Limited with effect from September 10, 1999)

PART I

I. GENERAL INFORMATION

OFFER OF BONDS

We are offering for Public subscription the following types of Unsecured Redeemable Bonds in the nature of Debentures aggregating Rs. ____ crore:

- Children Growth Bond
- Encash Bond
- Floating Rate Bond
- Money Multiplier Bond/ Zero Coupon Bond/ Deep Discount Bond
- Monthly Income Bond
- Regular Income Bond
- Tax Saving Bond
- Small Taxpayers Bond/ 30% Tax Saving Bond

This is the ____ tranche of Rs. ____ crore, with an Over Subscription Option, out of the Public Issue of Unsecured Redeemable Bonds in the nature of Debentures aggregating Rs. [____] crore to be raised in one or more tranches having an Over Subscription Option. The balance of Rs. ____ crore, along with any shortfall in the target amount of Rs. ____ crore of this tranche and the previous tranches, if any, may be raised in one or more tranches having an Over Subscription Option in future within the stipulated period of 365 days from the date of SEBI's observation letter dated ____.

(We would choose Bonds from the above for each tranche or may request for addition of other instruments)

AUTHORITY FOR THE ISSUE

This Issue of Bonds is being made pursuant to the Resolutions of our Board of Directors, passed at its Meeting held on April 12, 2002, the Resolutions of the Committee of Directors, passed at its Meeting held on August 24, 2004 and is within the overall borrowing limit under section 293(1)(d) of the Act as per the Scheme of Amalgamation of ICICI, ICICI Capital and ICICI PFS with us.

No approval is required from any Government Authority for this Issue. If the subordinated Bonds forms part of Tier II Capital, the same shall be issued in accordance with the RBI Guidelines as applicable from time to time.

The RBI has vide its guidelines dated June 11, 2004, permitted Banks to raise long term Bonds with a minimum maturity of five years to the extent of their exposure of residual maturity of more than five years to the infrastructure sector.

The present Issue of Bonds is being made in accordance with the terms of the SEBI Guidelines and RBI Guidelines.

Our main business is to grant loans to our borrowers, hence we do not have adequate fixed assets to give as security. Further, the RBI Guidelines have permitted Banks to only issue unsecured instruments. Moreover, terms of certain overseas and domestic loans and Bonds issued by us stipulate that if we raise any secured loans or issue any secured Bonds, similar security needs to be extended to them also. Hence, all our borrowings, as also this issue of Bonds, are unsecured. However, such terms of overseas and domestic loans and Bonds shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or

(ii) any statutory lien or (iii) any lien arising in the ordinary course of banking transactions or by membership of any clearing system.

Note:

We reserve the right to revise upwards the interest rate(s) / yield(s) being offered on the Bonds being offered in this Issue, subject to prior approvals from SEBI and/or any other regulatory authority as may be required.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT PROSPECTUS FOR MOBILISING RS. 4000 CRORE IN ONE OR MORE TRANCHES HAVING AN OVER SUBSCRIPTION OPTION HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR VETTED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT PROSPECTUS. DSPML, LEAD MANAGERS TO THE ISSUE, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION AS IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, DSPML HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED - 28 OCTOBER, 2004 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - A. THE DRAFT PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;
 - B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C. THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.

The Lead Manager has issued a fresh Due Diligence Certificate dated ____ for this tranche which reiterates the statements made in the above referred certificate and states that all observations made by SEBI vide letters No. _____ dated ____ have been incorporated in the Prospectus.

THE FILING OF PROSPECTUS DOES NOT, HOWEVER, ABSOLVE US FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

We and the Lead Manager accept no responsibility for statements made otherwise than in the Prospectus or in advertisements or any other material issued by or at the instance of us and the Lead Manager and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

DISCLAIMER IN RESPECT OF JURISDICTION

This Prospectus has been registered in India in accordance with the provisions of the Act. This offer of Bonds is made in India to persons resident in India and to NRIs. RBI vide its Notification No. FEMA 4/2000-RB dated May 3, 2000 has granted general permission to NRIs to invest in the issue on repatriation and on non-repatriation basis subject to certain conditions mentioned elsewhere in this Prospectus. This offer is not being made to Foreign Institutional Investors (FIIs) as defined under the Indian laws.

(The above paragraph would be suitably modified if the offer is not made to NRIs in a particular tranche).

The distribution of this Prospectus or Application forms and the offer, sale, pledge or disposal of the Bonds may be restricted in certain overseas jurisdictions. This Prospectus does not constitute an offer to sell or an invitation to subscribe to the Bonds issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions.

LISTING

Our existing equity shares are listed on BSE and NSE. Further our American Depository Shares (ADSs) are listed on the New York Stock Exchange, US\$ 150 million 7.55% Medium Term Notes due 2007 are listed on the Luxembourg Stock Exchange, US\$ 300 million 4.75% notes due 2008 are listed on the Singapore Exchange Securities Trading Limited and US\$ 300 million 5.00% Fixed Rate notes issued by the Singapore Branch under the Medium Term Notes Programme due August 18, 2009 are listed on the Luxembourg Stock Exchange. As on October 15, 2004, 96.99% of our share capital was in dematerialized form. The Bonds issued by ICICI in February 1996, March 1997, December 1997, March 1998, April 1998, July 1998, August 1998, October 1998, December 1998, January 1999, March 1999, May 1999, July 1999, August 1999, October 1999, November 1999, February 2000, March 2000, July 2000, August 2000, October 2000, November 2000, December 2000, February 2001, March 2001, June 2001, July 2001, August 2001, September 2001, November 2001, December 2001, January 2002, February 2002 and March 2002 are listed on BSE and NSE. The Bonds issued in January 2003, February 2003, March 2003, August 2003, October 2003 and December 2003 by us are listed on BSE and NSE. We will apply to BSE and NSE to list these Bonds. The Designated Stock Exchange will be BSE. We shall complete all the formalities relating to listing of the Bonds within 70 days from the date of closure of the Issue.

If such permission is not granted within 70 days from the Date of Closure of the Issue or where such permission is refused before the expiry of the 70 days from the closure of the Issue, we shall forthwith repay without interest, all monies received from the applicants in pursuance of the Offer Document, and if such money is not repaid within eight days after we become liable to repay it (i.e. from the date of refusal or 70 days from the date of closing of the subscription list, whichever is earlier), then we and every director of ours who is an officer in default shall, on and from expiry of eight days, will be jointly and severally liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under section 73 of the Act.

(Separate listing application would be filed for each tranche).

FILING

A copy of this Prospectus along with the documents as specified under the head "Material Contracts and Documents for Inspection" required to be filed under section 60 of the Act, has been delivered to the Registrar of Companies, Gujarat, at Ahmedabad for registration. A copy of this Prospectus has also been filed with SEBI at Mittal Court, 'A' Wing, Ground Floor, Nariman Point, Mumbai 400 021.

CAUTIONARY NOTE

As a matter of abundant caution and although not applicable in the case of Bonds, attention of applicants is specially drawn to the provisions of sub-section (1) of section 68A of the Act, which is reproduced below:

"Any person who:

- a) makes, in a fictitious name, an application to a company for acquiring, or subscribing for, any shares therein, or
- b) otherwise induces a company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

MINIMUM-MAXIMUM TARGET

We propose to make Public Issue of Unsecured Redeemable Bonds in the nature of Debentures aggregating Rs. ___ crore in one or more tranches having an Over Subscription Option.

MINIMUM SUBSCRIPTION

We can retain any amount received by us even if it is less than 90% of the issue size.

LETTER(S) OF ALLOTMENT / REFUND ORDER(S) AND INTEREST IN CASE OF DELAY IN DESPATCH

We shall despatch the letter(s) of allotment or Bond certificate(s)/letter(s) of Regret//refund order(s), as the case may be, by Registered Post/Speed Post at the applicant's sole risk, within 10 weeks from the date of closure of the Issue. However, refund orders up to Rs. 1,500/- will be sent under certificate of posting. Further,

- a) as far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of the Issue;
- b) we shall pay interest @ 15 per cent per annum if the allotment has not been made and/or the Refund Orders have not been despatched to the investors within 30 days from the date of the closure of the Issue, for the delay beyond 30 days.

We will provide adequate funds to the Registrar to the Issue, for this purpose.

ISSUE PROGRAMME

THE ISSUE WILL OPEN FOR SUBSCRIPTION AT THE COMMENCEMENT OF BANKING HOURS AND CLOSE AT THE CLOSE OF BANKING HOURS ON THE DATES INDICATED BELOW OR EARLIER OR ON SUCH EXTENDED DATE (SUBJECT TO A MAXIMUM OF 21 WORKING DAYS) AS MAY BE DECIDED AT THE DISCRETION OF THE COMMITTEE OF DIRECTORS OF ICICI BANK, SUBJECT TO NECESSARY APPROVALS:

ISSUE OPENS ON:

ISSUE CLOSES ON:

ISSUE MANAGEMENT TEAM

LEAD MANAGER TO THE ISSUE

DSP Merrill Lynch Limited

Mafatlal Centre, 10th Floor
Nariman Point
Mumbai 400 021.
Tel. No.: (022) 5632 8000
Fax No.: (022) 2204 8518

(We may appoint additional lead managers for each tranche and the lead manager responsible for the Due-Diligence would submit Memorandum of Understanding and their SEBI Registration details. However, the number of Lead managers would not exceed eight. We shall not retain all the lead managers during all tranches except the Due- Diligence lead manager)

ADVISORS TO THE ISSUE

(We may appoint the Advisors to the Issue for each tranche)

CO-MANAGERS TO THE ISSUE

(We may appoint the Co-managers for each tranche. However, the number of Co-managers would not exceed six.)

MARKETING CO-ORDINATOR

(We may appoint the Marketing Coordinator for each tranche)

REGISTRAR TO THE ISSUE

(We would appoint the Registrar for each tranche)

SOLICITORS & ADVOCATES

(We may specify our Solicitors and Advocates for each tranche)

LEGAL ADVISOR TO THE ISSUE

AMARCHAND & MANGALDAS & SURESH A. SHROFF & CO.

Peninsula Chambers, Peninsula Corporate Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai - 400 013

AUDITORS

S. R. Batliboi & Co.

Chartered Accountants
6th Floor, Express Towers
Nariman Point,
Mumbai 400 021

TRUSTEE FOR THE BONDHOLDERS

(We would appoint the Trustee for each tranche)

BANKERS TO THE ISSUE

(We will appoint bankers to the issue for each tranche)

BROKERS/AGENTS TO THE ISSUE

All members of the recognised Stock Exchanges and bankers to the Issue may act as Brokers to the Issue. Agents appointed by us would act as agents to the Issue.

COMPLIANCE OFFICER AND COMPANY SECRETARY

Mr. Jyotin Mehta

General Manager and Company Secretary

ICICI Bank Limited

ICICI Bank Towers, Bandra-Kurla Complex

Mumbai 400051

Tel. No.: (022) 2653 1414

Fax No.: (022) 2653 1122

E-mail: investor@icicibank.com

The Investors can contact the Compliance Officer in case of any pre-issue/post-issue related problems such as non-receipt of letters of allotment/Bond certificates/refund orders etc.

CREDIT RATING

We have obtained credit rating for an amount of Rs. 4000 crore from the following agencies:

The Credit Analysis & Research Limited (CARE) has assigned a rating of "CARE AAA" (Pronounced as "CARE triple A") to these Bonds. This is the highest rating for such instruments. Instruments carrying this rating are considered to be of the best quality, carrying negligible investment risk. Debt services payments are protected by stable cash flows with good margin. While the underlying assumptions may change, such changes as can be visualised are most unlikely to impair the strong position of such instruments.

ICRA Limited (ICRA) has assigned a rating of "LAAA" (Pronounced L triple A) to these Bonds. This is the highest rating for such instrument. This rating indicates highest safety and a fundamentally strong position. Risk factors are negligible. There may be circumstances adversely affecting the degree of safety but such circumstances, as may be visualised, are not likely to affect the timely payment of principal and interest as per terms.

Necessary co-operation would be given to the credit rating agencies in providing true and adequate information till the debt obligations in respect of the Bonds are outstanding.

Credit Rating of all listed Bonds and debentures issued by us and ICICI during the last three years have been disclosed under the head "Previous Debenture/Bond Issue" on pages 346 to 367 of this Prospectus.

Please note that the rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal or suspension at any time in the future by the assigning rating agency on the basis of new information, etc. Each rating should be evaluated independently of any other rating.

UNDERWRITING

The Issue of Bonds has not been underwritten.

II. CAPITAL STRUCTURE (As on June 30, 2004)

ICICI BANK LIMITED CAPITAL STRUCTURE		
As On June 30, 2004		(Rs. in Crore)
1. SHARE CAPITAL		
A) AUTHORISED		
1,550,000,000 Equity Shares of Rs. 10/- each		1,550.00
350 Preference Shares of Rs. 1,00,00,000/- each		350.00
B) ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL (1)		
61,63,91,905 Equity Shares of Rs 10/- each	616.39	
Less: Calls unpaid	(2.52)	
Add: Forfeited (nil) equity shares	0.01	
Add: Issued 11,75,05,952 equity shares of Rs10/-each on exercise of employee stock option	117.51	
	731.39	
C) ISSUED, SUBSCRIBED AND PAID UP PREFERENCE SHARE CAPITAL (2) AND (3)		
350 Shares of Rs. 1,00,00,000/- each	350.00	1,081.39
2. DEPOSITS AND BORROWINGS		
A) Deposits	66,779.91	
Total (A)	66,779.91	

B) Borrowings	
(i) Borrowings in India	
Unsecured Redeemable Debentures/ Bonds (Subordinated for Tier-II capital)	8,928.86
Loans and Advances from the Government of India	420.59
Debentures and Bonds (Guaranteed by the Government of India)	1,481.50
Tax Free Bonds	-
Other Debentures and Bonds	13,522.66
From Banks and Financial Institutions	4,938.70
Deposits taken over from erstwhile ICICI Limited	309.35
Total (B) (i)	<u>29,601.66</u>
(ii) Borrowings outside India	
From Multilateral/ Bilateral Credit Agencies	2,533.02
(Guaranteed by Government of India equivalent of Rs. 2,114.70 crore)	
From International Banks, Institutions and Consortiums	3,966.37
Other Bonds and Notes	1,920.83
Total (B) (ii)	<u>8,420.22</u>
Total Borrowings (B) (i) and (ii)	<u>38,021.88</u>
Total Deposits and Borrowings (A) and (B)	104,801.79
Secured borrowing in (B) (i) and (ii) are Rs. NIL	

1 Category (1) B 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 on amalgamation

d) 128,207,142 underlying equity shares issued to the ADS holders of ICICI on amalgamation

e) 108,928,571 equity shares issued consequent to public issue vide prospectus dated April 12, 2004.

f) 6,992,187 equity shares on exercise of the green shoe option.

g) 1,585,194 equity shares on exercise of employee stock options (March 31, 2004 :3,370,604 equity shares).

2 Represents face value of 350 preference shares of Rs. 10 million each issued to preference share holders of ICICI on amalgamation and redeemable at par on April 20, 2018

3

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.

Notes to Capital Structure

1 Our share capital history

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price	Nature of Payment
January 27, 1994	700	10	10.00	Signatories to the Memorandum of Association.
April 28, 1994	150,000,000	10	10.00	Promoter's contribution.
June 7, 1997	15,000,000	10	35.00	Promoter's contribution.
March 31, 2000	31,818,180	10	239.91	ADR Issue.
April 17, 2001	23,539,800	10	10.00	Issue of shares to shareholders of Bank of Madura upon merger with ICICI Bank in ratio of 2:1
June 11, 2002	392,672,724	10	10.00	Issue of shares to shareholders of ICICI upon amalgamation with ICICI Bank in the ratio of 1:2
December 11, 2002	3,000	10	105.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
June 30, 2003	970	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
June 30, 2003	600	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
July 22, 2003	11,550	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
July 22, 2003	16,950	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
August 5, 2003	3,000	10	105.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
August 5, 2003	29,000	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
August 5, 2003	29,680	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
August 26, 2003	9,110	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
August 26, 2003	7,550	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 1, 2003	43,020	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 1, 2003	31,950	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 1, 2003	375	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 8, 2003	9,670	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 8, 2003	28,100	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 8, 2003	925	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 8, 2003	1,250	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 15, 2003	18,180	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 15, 2003	7,450	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 22, 2003	15,670	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 22, 2003	38,445	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 22, 2003	10,000	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 22, 2003	5,000	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 22, 2003	2,500	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 29, 2003	40,720	10	120.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.

September 29, 2003	24,900	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 29, 2003	4,125	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
September 29, 2003	375	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 6, 2003	18,750	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 6, 2003	34,850	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 6, 2003	4,000	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 6, 2003	1,975	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 13, 2003	3,000	10	105.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 13, 2003	163,864	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 13, 2003	48,450	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 13, 2003	34,124	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 13, 2003	17,711	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 20, 2003	61,715	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 20, 2003	41,555	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 20, 2003	40,100	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 20, 2003	10,837	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 20, 2003	2,900	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 20, 2003	9,750	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 27, 2003	21,820	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 27, 2003	10,400	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 27, 2003	5,350	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 27, 2003	4,474	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 27, 2003	3,350	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
October 27, 2003	4,939	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 3, 2003	24,376	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 3, 2003	10,500	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 3, 2003	6,625	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 3, 2003	6,625	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 3, 2003	500	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 3, 2003	10,525	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.

November 10, 2003	6,000	10	105.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 10, 2003	55,043	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 10, 2003	21,150	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 10, 2003	40,960	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 10, 2003	51,849	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 10, 2003	22,200	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 10, 2003	32,525	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 17, 2003	46,440	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 17, 2003	19,600	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 17, 2003	15,565	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 17, 2003	10,803	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 17, 2003	21,950	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 17, 2003	13,425	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 24, 2003	21,330	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 24, 2003	31,600	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 24, 2003	30,350	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 24, 2003	10,524	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 24, 2003	65,000	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
November 24, 2003	6,550	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 1, 2003	18,130	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 1, 2003	51,280	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 1, 2003	16,250	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 1, 2003	5,625	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 1, 2003	12,450	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 1, 2003	9,020	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 8, 2003	33,312	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 8, 2003	13,650	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 8, 2003	44,050	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 8, 2003	46,445	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 8, 2003	21,250	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.

December 8, 2003	79,425	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 15, 2003	10,940	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 15, 2003	3,500	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 15, 2003	39,875	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 15, 2003	7,893	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 15, 2003	27,150	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 15, 2003	14,925	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 15, 2003	1,000	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 22, 2003	27,350	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 22, 2003	18,400	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 22, 2003	13,575	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 22, 2003	15,794	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 22, 2003	13,300	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 22, 2003	31,525	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 22, 2003	5,500	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 29, 2003	16,800	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 29, 2003	5,600	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 29, 2003	11,125	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 29, 2003	5,455	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 29, 2003	4,310	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 29, 2003	27,940	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
December 29, 2003	2,750	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 5, 2004	28,980	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 5, 2004	24,480	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 5, 2004	47,450	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 5, 2004	103,232	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 5, 2004	66,140	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 5, 2004	140,725	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 5, 2004	18,650	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 13, 2004	28,870	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.

January 13, 2004	39,950	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 13, 2004	49,075	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 13, 2004	22,466	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 13, 2004	7,400	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 13, 2004	46,536	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 13, 2004	21,750	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 19, 2004	13,930	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 19, 2004	350	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 19, 2004	16,475	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 19, 2004	15,487	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 19, 2004	29,900	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 19, 2004	14,985	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 19, 2004	10,750	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 27, 2004	14,846	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 27, 2004	8,200	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 27, 2004	15,500	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 27, 2004	5,337	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 27, 2004	1,500	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 27, 2004	11,230	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
January 27, 2004	200	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 2, 2004	6,390	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 2, 2004	2,000	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 2, 2004	1,875	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 2, 2004	375	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 2, 2004	17,000	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 2, 2004	9,830	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 9, 2004	5,280	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 9, 2004	4,465	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 9, 2004	3,000	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 9, 2004	14,349	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.

February 9, 2004	5,750	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 9, 2004	35,160	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 9, 2004	11,300	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 16, 2004	13,510	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 16, 2004	5,000	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 16, 2004	8,740	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 16, 2004	15,399	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 16, 2004	45,750	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 16, 2004	26,845	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
February 16, 2004	21,750	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000.
March 2, 2004*	-13,103	10	-	Forfeiture of equity shares for non payment of allotment/call money
March 5, 2004	7,510	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 5, 2004	5,700	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 5, 2004	11,100	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 5, 2004	15,550	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 5, 2004	11,500	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 5, 2004	39,869	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 5, 2004	10,625	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 8, 2004	3,980	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 8, 2004	400	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 8, 2004	1,525	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 8, 2004	9,245	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 8, 2004	1,975	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
March 8, 2004	250	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
April 21, 2004	100,157,271	10	280.00	Fully paid shares under public issue – April 2004
April 21, 2004	8,771,300	10	280.00	Partly paid equity shares of face value of Rs. 10/- each, on which Rs. 150 paid up (Rs. 5/- towards share capital and Rs. 145/- towards share premium) issued under the public issue. The balance amount of Rs. 130/- (Rs. 5/- towards share capital and Rs. 125/- towards share premium) payable on Call
April 27, 2004	73,328	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
April 27, 2004	93,137	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000

April 27, 2004	3,120	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
April 27, 2004	1,600	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
April 27, 2004	3,287	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
April 27, 2004	2,500	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
April 27, 2004	7,200	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
April 27, 2004	2,750	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 4, 2004	90,370	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 4, 2004	54,270	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 4, 2004	149,750	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 4, 2004	6,750	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 4, 2004	19,624	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 4, 2004	17,500	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 4, 2004	23,875	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 4, 2004	5,600	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 10, 2004	85,475	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 10, 2004	60,075	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 10, 2004	113,150	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 10, 2004	14,325	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 10, 2004	36,040	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 10, 2004	11,000	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 10, 2004	16,305	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 10, 2004	625	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 17, 2004	54,365	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 17, 2004	66,600	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 17, 2004	75,510	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 17, 2004	34,075	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 17, 2004	15,768	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 17, 2004	1,000	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 24, 2004	6,992,187	10	280.00	Fully paid equity shares of face value of Rs. 10/- each issued under the Green Shoe Option of public issue

May 25, 2004	5,235	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 25, 2004	10,800	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 25, 2004	25,940	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 25, 2004	24,725	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 25, 2004	5,688	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 25, 2004	5,850	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 31, 2004	14,015	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 31, 2004	5,825	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 31, 2004	21,140	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 31, 2004	4,375	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 31, 2004	2,058	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
May 31, 2004	8,000	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 7, 2004	12,265	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 7, 2004	15,450	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 7, 2004	28,460	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 7, 2004	15,550	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 7, 2004	2,750	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 7, 2004	2,000	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 7, 2004	800	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 14, 2004	4,545	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 14, 2004	14,100	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 14, 2004	18,140	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 14, 2004	4,750	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 14, 2004	3,425	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 14, 2004	1,500	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 21, 2004	17,525	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 21, 2004	28,050	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 21, 2004	32,800	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 21, 2004	31,250	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 21, 2004	2,763	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000

June 21, 2004	1,830	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 28, 2004	5,995	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 28, 2004	34,125	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 28, 2004	17,130	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 28, 2004	7,125	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 28, 2004	8,991	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
June 28, 2004	1,250	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 6, 2004	5,405	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 6, 2004	11,750	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 6, 2004	16,280	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 6, 2004	700	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 6, 2004	2,450	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 6, 2004	500	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 12, 2004	3,350	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 12, 2004	8,675	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 12, 2004	7,100	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 12, 2004	5,750	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 12, 2004	2,340	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 12, 2004	2,350	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 12, 2004	825	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 19, 2004	4,510	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 19, 2004	3,250	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 19, 2004	12,730	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 19, 2004	625	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 19, 2004	375	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 19, 2004	325	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 26, 2004	5,440	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 26, 2004	3,000	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 26, 2004	12,690	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 26, 2004	3,500	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000

July 26, 2004	2,100	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
July 26, 2004	1,250	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 2, 2004	5,865	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 2, 2004	8,850	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 2, 2004	9,160	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 2, 2004	4,000	10	157.03	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 2, 2004	8,750	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 2, 2004	700	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 2, 2004	17,500	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 2, 2004	14,500	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 9, 2004	7,350	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 9, 2004	16,475	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 9, 2004	38,430	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 9, 2004	3,000	10	157.03	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 9, 2004	7,475	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 9, 2004	18,573	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 9, 2004	7,975	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 16, 2004	20,755	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 16, 2004	4,850	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 16, 2004	56,250	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 16, 2004	5,000	10	157.03	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 16, 2004	1,650	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 16, 2004	11,413	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 16, 2004	5,510	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 23, 2004	18,900	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 23, 2004	22,775	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 23, 2004	20,460	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 23, 2004	12,525	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 23, 2004	14,163	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 23, 2004	4,500	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 23, 2004	3,575	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 30, 2004				Allotment of shares issued on exercise of options, under

	21,983	10	120.35	the Employee Stock Option Scheme 2000
August 30, 2004	50,845	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 30, 2004	66,320	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 30, 2004	170	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 30, 2004	13,105	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 30, 2004	11,888	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 30, 2004	5,000	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
August 30, 2004	8,850	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 3, 2004	5,000	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 3, 2004	30,680	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 3, 2004	10,530	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 3, 2004	5,425	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 3, 2004	6,563	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 3, 2004	1,200	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 21, 2004	8,205	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 21, 2004	4,125	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 21, 2004	14,080	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 21, 2004	10,125	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 21, 2004	9,820	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 21, 2004	50	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 27, 2004	10,412	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 27, 2004	3,725	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 27, 2004	5,810	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 27, 2004	16,625	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 27, 2004	18,587	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 27, 2004	2,500	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
September 27, 2004	1,000	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 4, 2004	6,345	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 4, 2004	920	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 4, 2004	8,120	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 4, 2004	2,500	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 4, 2004	5,045	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 4, 2004	600	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 4, 2004	2,500	10	266.80	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 11, 2004	11,505	10	120.35	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000

October 11, 2004	3,950	10	120.50	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 11, 2004	12,490	10	132.05	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 11, 2004	8,425	10	164.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 11, 2004	4,550	10	170.00	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 11, 2004	1,500	10	171.10	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000
October 11, 2004	15,250	10	171.90	Allotment of shares issued on exercise of options, under the Employee Stock Option Scheme 2000

* Date of forfeiture

- 2 Prior to the amalgamation, ICICI was our promoter. There are now no identifiable promoters, hence the details regarding the shareholding of the promoters and details of the transactions by them in our securities are not applicable.
- 3 We have not entered into any standby, buy-back or similar arrangements for these Bonds.
- 4 We may, at our discretion, raise a bridge loan against the proceeds of the Issue.
- 5 None of the Directors have, either directly or indirectly, undertaken transactions in our shares in the last six months preceding the date on which the Prospectus is filed with SEBI except as stated below:

Sr. No.	Date of Transaction*	Transferor	Transferee/Allottee	No. of Shares	Nature of Transaction
1	April 21, 2004		Mr. L. N. Mittal	3,110,700	Allotment through Public Issue
2	May 28, 2004		Mr. M. K. Sharma	5,000	Purchase
3	May 14, 2004		Ms. Chanda Kochhar	24,000	ESOS Allotment
	June 18, 2004		Ms. Chanda Kochhar	10,000	ESOS Allotment
	June 30, 2004		Ms. Chanda Kochhar	6,000	ESOS Allotment
	August 9, 2004		Ms. Chanda Kochhar	3,000	ESOS Allotment
4	May 4, 2004	Dr. Nachiket Mor		10,000	Sale
	May 31, 2004		Dr. Nachiket Mor	30,000	ESOS Allotment
	June 11, 2004	Dr. Nachiket Mor		30,000	Sale
	June 25, 2004		Dr. Nachiket Mor	56,000	ESOS Allotment
	July 27, 2004	Dr. Nachiket Mor		56,000	Sale
	August 6, 2004		Dr. Nachiket Mor	31,000	ESOS Allotment
	September 2, 2004	Dr. Nachiket Mor		3,616	Sale
	September 3, 2004	Dr. Nachiket Mor		19,967	Sale
	September 4, 2004	Dr. Nachiket Mor		7,417	Sale
5	September 3, 2004		Ms. Lalita Gupte	10,000	ESOS Allotment

* Information received from the depositories on the dates mentioned

- 6 We have not issued any shares or debentures or agreed to issue any shares or debentures for consideration other than cash other than that mentioned elsewhere in the Prospectus, within the two years preceding the date of this Prospectus.
- 7 The number of our shareholders as on October 15, 2004 was 5,16,758.

- 8 At any given time there shall be only one denomination for our equity shares and we shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
- 9 The following tables set forth, for the details indicated, our top 10 shareholders and their holdings.

a. At October 22, 2004

	Name	Shares held	% Shareholding
1	Deutsche Bank Trust Company Americas	160,025,318	21.78
2	Life Insurance Corporation of India	74,407,738	10.13
3	Allamanda Investments Pte. Ltd	66,234,627	9.01
4	Hwic Asia Fund	33,965,361	4.62
5	Government Of Singapore	30,958,244	4.21
6	Bajaj Auto Limited	24,957,373	3.40
7	The New India Assurance Company Limited	19,496,338	2.65
8	M & G Investment Management Ltd A/c The Prudential Assurance Co. Ltd	17,443,926	2.37
9	Janus Worldwide Fund	13,142,029	1.79
10	Templeton Global Advisors Ltd A/c Templeton Funds Inc (Templeton Foreign Fund)	11,341,987	1.54

Note: Deutsche Bank Trust Company Americas holds the equity shares represented by 80.01 million American Depositary Receipts outstanding, as depositary on behalf of the holders of the American Depositary Receipts. The American Depositary Receipts are listed on the New York Stock Exchange. The depositary has the right to vote on the Equity Shares represented by the American Depositary Receipts as directed by our Board of Directors. Under the Banking Regulation Act, no person holding shares in a banking company can exercise more than 10.0% of the total voting power. This means that Deutsche Bank Trust Company Americas (as depositary), which owned approximately 21.78% of our equity shares as of October 22, 2004, can only vote 10.0% of our equity shares. Pursuant to the terms of our ADR issuance, Deutsche Bank Trust Company Americas votes in accordance with the directions of our Board of Directors.

b. At October 15, 2004

	Name	Shares held	% Shareholding
1	Deutsche Bank Trust Company Americas	160,025,318	21.78
2	Life Insurance Corporation of India	74,482,738	10.14
3	Allamanda Investments Pte. Ltd	66,234,627	9.01
4	HWIC Asia Fund Class	33,965,361	4.62
5	Government of Singapore	30,958,244	4.21
6	Bajaj Auto Limited	24,957,373	3.40
7	The New India Assurance Company Limited	19,496,338	2.65
8	M & G Investment Management Ltd A/c The Prudential Assurance Co. Ltd	17,231,677	2.35
9	Janus Worldwide Fund	13,142,029	1.79
10	Templeton Global Advisors Ltd A/c Templeton Funds Inc (Templeton Foreign Fund)	11,341,987	1.54

c. At September 30, 2002

	Name	Shares held	% Shareholding
1	Deutsche Bank Trust Company Americas	160,022,118	26.10

2	The Western India Trustee and Executor Company Limited – ICICI Bank Shares Trust*	101,395,949	16.54
3	Life Insurance Corporation of India	52,455,024	8.56
4	Bajaj Auto Limited	21,519,880	3.51
5	Unit Trust of India	20,226,626	3.30
6	The New India Assurance Company Limited	17,364,674	2.83
7	M & G Investment Management Limited A/C The Prudential Assurance Company Ltd	16,020,477	2.61
8	Emerging Markets Growth Fund Inc.	13,193,690	2.15
9	General Insurance Corporation Of India	10,474,375	1.71
10	Smallcap World Fund Inc	8,597,501	1.40

* 101,395,949 equity shares held by ICICI transferred to the Western India Trustee and Executor Company Limited in terms of the scheme of amalgamation. These shares had been sold in the secondary market to FIIs and domestic investors on September 26, 2002

10 The following table sets forth, at October 22, 2004, certain information regarding the total ownership of our Equity Shares.

	Number of Shares	Percentage Shareholding
Government Financial Institutions	122,964,901	16.73
Public Sector Banks and Govt Companies	1,703,322	0.23
NRIs/OCBs/FIIs and Foreign Banks	353,848,373	48.15
ADRs	160,025,318	21.78
Mutual Funds	5,786,373	0.79
Bodies Corporates	31,537,880	4.29
Other Banks	159,549	0.02
Indian Public	58,845,098	8.01
Total	734,870,814	100.00

Relationship with the Government of India

We operate as an autonomous commercial enterprise, making decisions and pursuing strategies that are designed to maximise shareholder value. Prior to the amalgamation, ICICI was our promoter. We now have no identifiable promoters. The Indian Government has never directly held any of our or ICICI's shares. Reflecting the dominant role of the Indian government in the Indian economy and pursuant to the nationalisation of Indian insurance companies, which were among ICICI's largest shareholders, in the 1950s and the 1960s, ICICI's principal shareholders were Government-controlled. They included the Life Insurance Corporation of India, the General Insurance Corporation of India, Government-owned general insurance companies and the UTI. Consequent to the amalgamation of ICICI with us, these Government-controlled shareholders have received our shares in exchange for their shareholding in ICICI. There is no shareholders' agreement or voting trust relating to the ownership of the shares held by the Government-controlled shareholders.

11 Employee Stock Option Scheme

We have since fiscal 2000 instituted ESOS to enable our employees, including wholtime Directors and employees deputed to other companies, to participate in our future growth and financial success. ICICI had also granted stock options to its wholtime Directors and employees. As per the ESOS as amended, the maximum number of options granted to any employee is limited to 0.05% of our issued Equity Shares at the time of the grant, and the aggregate of all such options is limited to 5.0% of the aggregate of the number of issued equity shares from time to time, on the date(s) of grant of options under the ESOS. In

accordance with the Scheme of Amalgamation, Directors and employees of ICICI and its subsidiaries and affiliate companies have received stock options in us equal to half the number of their outstanding unexercised stock options in ICICI. The exercise price of these ICICI Bank options is twice the exercise price for the ICICI stock options. All other terms and conditions are similar to those applicable under ESOS.

The following table sets forth, the particulars of options granted under ESOS at September 30, 2004

a.	Options granted	28,956,975
b.	Exercise Price	Note 1
c.	Options vested	11,472,127
d.	Options exercised	5,806,570
e.	Total number of Equity Shares arising as a result of exercise of options	5,806,570
f.	Options forfeited / lapsed	2,452,274
g.	Extinguishment or modification of options	Nil
h.	Money realised by exercise of options (Rs.)	844,991,915
i.	Total number of options in force	20,698,131
j.	Person-wise details of options granted to	
	(i) Directors and key managerial employees	Details as below
	(ii) Any other employee who has received a grant in a year of options amounting to 5% or more of options granted during that year	None
	(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of our issued capital (excluding outstanding warrants and conversions) at the time of grant	None
k.	Dilution in EPS	Not meaningful
l.	Vesting schedule	20% at the end of one year, 30% at the end of two years and 50% at the end of three years from the date of grant of options. All options granted for FY2004 and beyond vest in a graded manner over a four-year period with 20%, 20%,30% and 30% of the grants vesting each year, commencing from the end of 12 months from the date of grant.
m.	Lock-in	30 days from the date of exercise
(1)	♦ The exercise price for options granted prior to June 30, 2003 is equal to the market price of our equity shares on the date of grant on the stock exchange that recorded the highest trading volume on the date of grant. ♦ The exercise price for options granted after June 30, 2003 and upto September 19, 2004 is equal to the average of the high and low market price of the equity shares in the two week period preceding the date of grant of the options, on the stock exchange which recorded the highest trading volume during the two week period. ♦ The exercise price of options granted on and after September 20, 2004 is equal to the closing price of our equity shares on the stock exchange that recorded the highest trading volume on the date prior to the grant date.	

The following table sets forth details of options granted to senior managerial personnel at September 30, 2004 and shares of ICICI Bank held by them at September 30, 2004.

Name	Position	Stock Options granted	Shares held at 30/9/2004 ⁽¹⁾	Options Outstanding
Mr. K. V. Kamath	Managing Director & Chief Executive Officer	775,000	68,500	686,000
Ms. Lalita D. Gupte	Joint Managing Director	630,000	40,541	580,500
Ms. Kalpana Morparia	Deputy Managing Director	490,000	21,190	470,000
Ms. Chanda Kochhar	Executive Director	380,000	77,881	306,000
Dr. Nachiket Mor	Executive Director	377,000	0	250,000
Mr. Bhargav Dasgupta	Senior General Manager	173,475	6,000	167,475
Mr. M. N. Gopinath	Senior General Manager	170,250	21,550	137,100
Mr. N. S. Kannan	Chief Financial Officer & Treasurer	187,400	7,980	171,920

Mr. Sanjiv Kerkar	Senior General Manager	185,500	4,289	185,500
Ms. Vishakha Mulye	Senior General Manager	135,975	6,315	128,660
Ms. Ramni Nirula	Senior General Manager	244,500	9,566	217,500
Ms. Madhabi Puri-Buch	Senior General Manager	204,900	30,811	147,450
Mr. Nagesh Pingre	Senior General Manager	157,500	31,572	120,300
Mr. P. H. Ravikumar ⁽²⁾	Senior General Manager	154,700	12,250	99,450
Mr. K. Ramkumar	Senior General Manager	105,000	6,350	93,000
Mr. Balaji Swaminathan	Senior General Manager	255,000	20,000	209,000
Mr. V. Vaidyanathan	Senior General Manager	184,900	11,220	157,450

(1) As per records of our Registrar.

(2) Mr. P. H. Ravikumar is on deputation to National Commodities & Derivatives Exchange of India Limited.

III. TERMS OF THE PRESENT ISSUE

We are offering for public subscription Unsecured Redeemable Bonds in the nature of Debentures aggregating Rs. 4000 crore in one or more tranches, having an Over Subscription Option.

The Bonds being offered are subject to the provisions of the Act, the Memorandum and Articles of Association, the terms of this Prospectus, Application Form and other terms and conditions as may be incorporated in the Trustee Agreement, letter(s) of allotment and/or Bond certificate(s). Over and above such terms and conditions, the Bonds shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI/the Government of India/RBI and/or other authorities and other documents that may be executed in respect of the Bonds.

NATURE OF BONDS

We are offering for subscription for cash the following types of Bonds in the nature of Debentures:

- Children Growth Bond
- Encash Bond
- Floating Rate Bond
- Money Multiplier Bond/ Zero Coupon Bond/ Deep Discount Bond
- Monthly Income Bond
- Regular Income Bond
- Tax Saving Bond
- 30% Tax Saving Bond or Small Taxpayers Bond

Out of the above Bonds, ____ would constitute direct, subordinated and unsecured obligations of the Company. (See also Status on page 40).

RBI vide its Notification No. FEMA 4/2000-RB dated May 3, 2000 has granted general permission for NRIs to invest in Bonds on repatriation and on non-repatriation basis subject to certain conditions mentioned elsewhere in this Prospectus.

(The Bonds eligible for subscription by NRIs would be indicated in each tranche. We may not offer Bonds to NRIs in a particular tranche).

(We would choose Bonds from the above for each tranche or may request for addition of other instruments)

1. CHILDREN GROWTH BOND

This Bond has been designed to provide for lumpsum expenditure requirements once the child has grown up for events such as the child's wedding, higher education etc.

Each Children Growth Bond in the nature of Deep Discount Bond will have a different Face Value under each Option and will be issued at a discounted price.

Investors can choose any/all of the following options:

Option	I	II	III	IV	V	VI
Issue Price (Rs.)						
Tenure						
Face Value (Rs.)						
Minimum Application						
Yield to Investor (%)**						

* Subject to TDS as per the then prevailing tax laws.

Rounded off to nearest multiple of 0.1

For Tax Benefits:

Please refer to the "Tax Benefits" on page 56.

See also "Common Features, Terms and Conditions of the Bonds".

2. Encash Bond

This Bond is designed to give instant liquidity anytime after ____ year, across the counter, to investors in case of need.

Issue Price/ Face Value : Rs ____

Redemption : At Face Value i.e. Rs. ____ at the end of ____ years from the Deemed Date of Allotment

Minimum application : ____ Bond(s)

Interest :

Interest will be payable annually at the following rates:

Year	1 st	2nd	3rd	4th	5th	6th	7th
Applicable rate of interest p.a. for respective year (%)*							

Annualised Yield to Maturity (YTM) at the end of each year on Early Redemption / Redemption:

Year	1 st	2nd	3rd	4th	5th	6th	7th
Annualised YTM at the end of respective year (%)*							

* Subject to TDS as per the then prevailing tax laws

(A limit on the maximum amount investible in this Bond may be specified. In case such a limit is specified, the following para shall be inserted)

Maximum Application Amount:

An investor can invest a maximum of Rs. ____ in this Bond. In case the amount invested in this Bond exceeds the maximum investible amount specified, we may, at our discretion, consider only the amount up to the maximum investible amount towards basis of allotment and refund the amount invested in excess of the maximum investible amount.

Payment of Interest

Interest will be paid on ____ every year. The first interest payment will be made on ____ for the period commencing from the Deemed Date of Allotment and the last interest payment will be made at the time of redemption of the Bond on a *pro rata* basis.

Early Redemption at the option of the Bondholders (Encash Facility), which option shall be specified if permitted by RBI to do so

All Bondholders have the option of Early Redemption of the Bonds ("Early Redemption") any time after the expiry of ____ months/years from the Deemed Date of Allotment till one month prior to the Redemption Date ("Relevant Period").

Each Bondholder can redeem up to ____ Bonds per day. The eligible Bondholder can approach the following of our branches / other bank/ such person at such address(es) as may be notified by us from time to time ("Specified Branches") for Early Redemption of the Bonds

(We may appoint any other Bank/other person for early redemption at the time of each tranche)

We may, at our discretion, specify additional Specified Branches for this purpose or discontinue the early redemption facility at any or all of the Specified Branches.

To exercise Early Redemption, the sole/first holder should submit the request in the Early Redemption Form (available at the Specified Branches) along with the Bond Certificate(s) duly discharged by the sole Bondholder/all the joint holders (signed on the reverse of the Bond Certificate(s)) to any of the Specified Branches. The Bondholder would be paid the Face Value of the Bond together with interest for the 'broken period' (refer to "Interest for Broken Period on Early Redemption").

However, Bondholder(s) will not be permitted to encash the Bond(s) at the Specified Branches in the following cases:

- If thumb impression is used for specimen signature.
- By legal successors in case of death of the sole Bondholder/any of the jointholders.
- In case the Bondholder who is a minor becomes a major during the tenure of the Encash Bond and intends to exercise the option of Early Redemption of the Bond.
- In case of duplicate Bond Certificate.

All Bondholders eligible for Early Redemption can also send their request for Early Redemption in writing along with the Bond Certificate(s) duly discharged (and in case of a minor attaining majority, with proof of his having attained majority) to ICICI Infotech Limited, Maratha Mandir Annexe, Dr. A. R. Nair Road, Mumbai Central, Mumbai 400 008 or to such person at such address as may be notified by us from time to time for this purpose ("Service Agent") either by hand delivery or by Registered Post with Acknowledgement Due. The request (complete in all respects) should be received by the Service Agent within the relevant period. We shall endeavour to send the redemption proceeds to the sole/first Bondholder within 15 days of the receipt of such request.

Early Redemption Date

The date on which the Early Redemption Form is received by Specified Branch / ICICI Infotech / Service Agent.

Interest for Broken Period on Early Redemption

On Early Redemption, we shall pay the interest for the 'broken period', i.e. the period commencing from the previous interest payment date (or Deemed Date of Allotment where no interest has been paid) and ending one day prior to the Early Redemption Date. A Bondholder entitled to exemption from deduction of tax at source on interest on the Bonds or to deduction of tax at source at a lower rate may submit a declaration in Form 15G/ 15H /certificate under section 197 of the Act as per the provisions of section 197A of the I.T. Act or any other valid proof of exemption, as may be applicable, along with his request for Early Redemption.

If Early Redemption is after the Record Date for the next interest payment, it would be assumed that the interest warrant has already been despatched to the Bondholder and no payment on account of interest accrued for the 'broken period' would be made. In such cases, we would deduct from the Redemption Proceeds, a further sum equal to interest for the period commencing from the Early Redemption Date and ending one day prior to the next interest payment date.

Final Redemption

Payment on Final Redemption of the Bond will be done by us in accordance with the procedure mentioned under "Procedure for Redemption by Bondholders" (refer page 43)

Upon despatching/paying the amount(s) as specified above in respect of the Bonds to the Bondholders, we shall have no further liability (either towards interest or otherwise) towards those Bondholder(s) in respect of the Bond(s) and all rights vested in the Bondholder(s) would stand extinguished.

For Tax Benefits:

Please refer to the "Tax Benefits" on page 56

See also "Common Features, Terms and Conditions of the Bonds"

(Encash Bond would not be issued in demat mode. In case it is issued in demat mode, relevant paras shall be suitably deleted/modified/added).

3. FLOATING RATE BOND

The Bond is designed to provide returns linked to _____ (T-Bill rates/ Bank Rate/ Fixed Deposit rates of any one bank or set of banks/ yield on Government of India Securities/ any other suitable benchmark), to the investor, along with early redemption options (to be modified suitably depending on put and/or call option, if any), which options shall be specified if permitted by RBI to do so.

Issue Price/ Face Value	:	Rs. _____/-
Minimum Application	:	Rs. _____/-
Redemption	:	At Face Value at the end of ____ years from the Deemed Date of Allotment.
Maturity Bonus	:	____%* of Face Value of the Bond, payable at the time of Redemption to those Bondholders whose name appears in the Register of Bondholders at the time of Redemption.

* Subject to TDS as per the prevailing tax laws.
(We may pay maturity bonus in a given tranche)

Interest Payment Period:

The period of 12 months commencing from ____ and ending on ____ every year. However, the first interest payment period shall commence from the Deemed Date of Allotment and end on ____ and the last interest payment period shall end on the Redemption Date.

Interest Rate*:

The Bonds shall carry a floating rate of interest, payable ____ (monthly/ quarterly/ half-yearly/ annually). The interest rate applicable for each interest payment period would be calculated at ____% over the ____ ("Benchmark Rate") (benchmark would be finalised before filing the Prospectus with ROC and would be intimated to SEBI) subject to the minimum interest rate being ____% p.a., and the maximum interest rate being ____% p.a.

(This clause will be suitably modified/deleted depending on whether any floor or cap on interest rate is offered. In the event, interest is paid monthly/ quarterly/ half-yearly, the above para would be suitably modified).

Interest Reset:

Interest Rate for each succeeding Interest Payment Period would be reset effective ____, based on the Benchmark Rate prevailing on ____ of the previous/ present year ("Reference Date") *(a date to be specified by us at our discretion)* and the same would be notified to the Bondholder(s) by us, by publishing a notice in one English and one regional language daily newspaper in Mumbai, Chennai, Delhi, Calcutta and Vadodara and/or will be sent by ordinary post to the Registered Holders of the Bond(s). If Reference Date is a holiday, then the interest rate will be fixed with reference to the Benchmark Rate prevailing on the next working day.

If any of the components of the benchmark mentioned above ceases to exist, we reserve the right to add new components to the benchmark and/or reset the Interest Rate based on the remaining components. If the current benchmark ceases to exist, we shall in consultation with the Trustees, choose any other suitable benchmark.

(This paragraph would be suitably modified by us at the time of raising money under each tranche depending on the benchmark chosen).

Payment of Interest

If interest is paid **monthly**, the following para shall be inserted:

Interest will be paid on the last day of each month. The first interest payment for the period commencing from Deemed Date of Allotment till ____ will be paid on ____ and the last interest payment will be made at the time of redemption of the Bond on a *pro rata* basis.

For the convenience of investors, we may, at our option, send every year in the month of April a set of 12 post dated cheques dated last day of the relevant month towards the payment of interest for each month in arrears, subject to the finalisation of tax rates for the year by the Finance Act/Bill. In case TDS rates for the year undergo a change after sending the post-dated cheques, the Company reserves the right to recover the differential TDS amount, if any, from the investors. The first set of post-dated cheques towards the interest from ____ till ____ may be sent in the month of ____/along with the first interest payment.

If interest is paid **quarterly**, the following para shall be inserted:

Interest will be paid on ____, ____, ____ & ____ each year. The first interest payment for the period commencing from the Deemed Date of Allotment till ____ will be paid on ____ and the last interest payment will be made at the time of redemption of the Bond on a *pro rata* basis. For the convenience of investors, we may, at our option, send every year in the month of ____ a set of 4 post dated cheques dated last day of the relevant quarter (as specified above) towards the payment of interest for each quarter in arrears, subject to the finalisation of tax rates for the year by the Finance Act. In case TDS rates for the year undergo a change after sending the post-dated cheques, we reserve the right to recover the differential TDS amount, if any, from the investors. The first set of post-dated cheques towards the interest from ____ till ____ may be sent in the month of ____/along with the first interest payment.

If interest is paid **half-yearly**, the following para shall be inserted:

Interest will be paid on ____ and ____ each year. The first interest payment will be made on ____ for the period commencing from Deemed Date of Allotment and the last interest payment will be made at the time of redemption of the Bond on a *pro rata* basis.

If interest is paid **annually**, the following para shall be inserted:

Interest will be paid on ____ each year. The first interest payment will be made on ____ for the period commencing from the Deemed Date of Allotment and the last interest payment will be made at the time of Redemption of the Bond on a *pro rata* basis.

Early redemption at the option of the Bondholders, which option shall be specified if permitted by RBI to do so

The Bondholder has the option of Early Redemption of the Bonds on ____ each year ("Early Redemption Date"). In case the option is exercised by the Bondholder, we will repay the principal along with interest for the Interest Payment Period ending on the relevant Early Redemption Date at the rate applicable for the said period on Early Redemption Date. To exercise the Early Redemption Option in any year, the Bondholder should intimate us/ Registrars between ____ and ____ of that year in accordance with the procedure laid down in "Procedure for exercise of Early Redemption Option" on page 43.

(We may prescribe a minimum period prior to the expiry of which the Early Redemption Option shall not be exercisable. We may not offer early redemption offer in a given tranche.)

Procedure for exercise of Early Redemption Option

The Bond Certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the Bond Certificate(s)) to be surrendered for early redemption should be sent by the Bondholder(s) by Registered Post with acknowledgment due or by hand delivery to ICICI Infotech Limited, Maratha Mandir Annexe, Dr. A.R. Nair Road, Mumbai Central, Mumbai 400 008, or to such persons at such addresses as may be notified by the us from time to time so that the same are received on or before ____ of the relevant year.

If the Bondholder's request for Early Redemption is not received on or before ____ of the relevant year, we would assume that the Bondholder has not exercised the Early Redemption Option.

Payment on exercise of Early Redemption Option

In case the Bondholder exercises the Early Redemption Option, we will despatch the Face Value of the Bond along with accrued interest, if any, by way of cheque/pay order, etc. by the Early Redemption Date.

Our liability to Bondholder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the Early Redemption Date in all events and on our despatching the redemption amounts to the Bondholder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the Early Redemption Date of the Bond(s).

Early Redemption at our option, which option shall be specified if permitted by RBI to do so

We have the option of redeeming the Bonds on every Early Redemption Date after expiry of ____ years from the Deemed Date of Allotment ("Call Option"). In case we exercise the Call Option, we will repay the principal along with the interest accrued till the day on which the Bond is redeemed ("Call Exercise Date").

(We may prescribe a minimum period prior to the expiry of which the Early Redemption Option shall not be exercisable by us. We may not offer early redemption at the our option in a given tranche.)

Procedure for exercise of Call Option

If we choose to exercise the Call Option, we shall give a Notice of the same to Bondholders at least ____ months/ days prior to the Call Exercise Date. On receipt of the aforesaid intimation, the sole Bondholder/ all the joint holders should duly discharge the Bond Certificate(s) by signing on its reverse and send the same by Registered Post with acknowledgment due or by hand delivery to ICICI Infotech Limited, Maratha Mandir Annexe, Dr. A.R. Nair Road, Mumbai Central, Mumbai 400 008, or to such persons at such addresses as may be notified by us from time to time. For procedure of giving the aforesaid Notice, please refer to "Notices" on page 46.

Payment on exercise of Call Option

In case we exercise the Call Option, we send the Face Value of the Bond along with accrued interest, if any, by way of cheque/ pay order, etc. only on the surrender of Bond Certificate(s), duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the Bond Certificate(s)). Despatch of cheques/ pay order, etc. in respect of such payment will be made on the Call Exercise Date or within a period of 30 days from the date of receipt of Bond Certificate(s), whichever is later.

Our liability to Bondholder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the Call Exercise Date in all events and on our despatching the redemption amounts to the Bondholder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the Call Exercise Date.

For Tax Benefits:

Please refer to the "Tax Benefits" on page 56.

See also "Common Features, Terms and Conditions of the Bonds".

(Floating Rate Bond would not be issued in demat mode. In case it is issued in demat mode, relevant paras shall be suitably deleted/modified/added).

4. MONEY MULTIPLIER BOND

Events such as a child's wedding, education, purchase of a house, car etc., require a lumpsum at a particular point in time. This product has been designed to meet these and similar such requirements.

Each Money Multiplier Bond in the nature of Deep Discount Bond will have a different Face Value under each Option and will be issued at a discounted price.

Investors can choose any/all of the following options:

Option	I	II	III	IV	V	VI
Issue Price (Rs.)						
Tenure						
Face Value (Rs.)						
Minimum Application						
Yield to Investor (%)**						

* Subject to TDS as per the then prevailing tax laws.

Rounded off to nearest multiple of 0.1

For Tax Benefits:

Please refer to the "Tax Benefits" on page 56.

See also "Common Features, Terms and Conditions of the Bonds".

5. MONTHLY INCOME BOND

This Bond has been designed keeping in view the need for a monthly income to meet expenses that are incurred on a monthly basis - for example, household expenses. The product also helps provide a source of income to individuals who have either a variable income (Self Employed Professional, etc.) or who have retired (including those who have opted for VRS).

Issue Price/ Face Value	:	Rs. _____
Redemption	:	At Face Value, i.e., Rs. _____
Minimum Application	:	_____ Bond(s)
Tenure	:	
Interest (p.a.)* (%)	:	
Interest Payable	:	Monthly
Yield to investor (%)**	:	

* Subject to TDS as per the then prevailing tax laws.

Rounded off to nearest multiple of 0.1

For Tax Benefits:

Please refer to the "Tax Benefits" on page 56.

Payment of Interest

Interest will be paid on the last day of each month. The first interest payment for the period commencing from the Deemed Date of Allotment till _____ will be paid on _____ and the last interest payment will be made at the time of redemption of the Bond on a *pro-rata* basis.

For the convenience of investors, we may, at our option, send every year in the month of April, a set of 12 post-dated cheques dated last day of the relevant month towards the payment of interest for each month in arrears, subject to the finalisation of taxation rates for the year by the Finance Act/Bill. In case TDS rates for the year undergo a change after sending the post-dated cheques, we reserve the right to recover the differential TDS amount, if any, from the investors. The first set of post-dated cheques towards the interest from _____ till _____ may be sent in the month of ____/ along with the first interest payment.

See also "Common Features, Terms and Conditions of the Bonds".

6. REGULAR INCOME BOND

This Bond has been designed keeping in view the need for a regular income to meet expenses that are incurred on a regular basis - for example, household expenses. The product also helps provide a source of income to individuals who have either a variable income (Self Employed Professional, etc.) or who have retired (including those who have opted for VRS). Depending upon their requirements investors can choose Monthly/Quarterly/Half-yearly/Annual option for payment of interest.

Issue Price/ Face Value : Rs. _____
Redemption : At Face Value, i.e., Rs. _____

The investors can choose any/all of the following options in respect of payment of interest.

Option	I	II	III	IV
Minimum Application				
Tenure				
Interest (%) (p.a.)*				
Interest Payable	Monthly	Quarterly	Half-yearly	Annually
Yield to Investor (%)* #				

* Subject to TDS as per the then prevailing tax laws.

Rounded off to nearest multiple of 0.1

For Tax Benefits:

Please refer to the "Tax Benefits" on page 56.

Payment of Interest

Option I (Monthly Interest)

Interest will be paid on the last day of each month. The first interest payment for the period commencing from the Deemed Date of Allotment till _____ will be paid on _____ and the last interest payment will be made at the time of redemption of the Bond on a *pro-rata* basis.

For the convenience of investors, we may, at our option, send every year in the month of April, a set of 12 post-dated cheques dated last day of the relevant month towards the payment of interest for each month in arrears, subject to the finalisation of taxation rates for the year by the Finance

Act/Bill. In case TDS rates for the year undergo a change after sending the post-dated cheques, we reserve the right to recover the differential TDS amount, if any, from the investors. The recovery of the differential TDS amount may be done by way of serving a demand notice to the Bondholder and/ or by adjusting from the interest/ redemption payments to be made to the Bondholder. The first set of post-dated cheques towards the interest from _____ till _____ may be sent in the month of ____/ along with the first interest payment.

Option II (Quarterly Interest)

Interest will be paid on ____, ____, ____, ____ of each year. The first interest payment for the period commencing from the Deemed Date of Allotment till ____ will be paid on ____ and the last interest payment will be made at the time of redemption of the Bond on a *pro-rata* basis.

For the convenience of investors, we may, at our option, send every year in the month of ____, a set of 4 post dated cheques dated last day of the relevant quarter (as specified above) towards the payment of interest for each quarter in arrears, subject to the finalisation of taxation rates for the year by the Finance Act. In case TDS rates for the year undergo a change after sending the post-dated cheques, we reserve the right to recover the differential TDS amount, if any, from the investors. The first set of post-dated cheques towards the interest from ____ till ____ may be sent in the month of ____/ along with the first interest payment.

Option III (Half-yearly Interest)

Interest will be paid on ____ and ____ of each year. The first interest payment will be made on ____ for the period commencing from the Deemed Date of Allotment and the last interest payment will be made at the time of Redemption of the Bond on a *pro-rata* basis.

Option IV (Annual Interest)

Interest will be paid on ____ each year. The first interest payment will be made on ____ for the period commencing from the Deemed Date of Allotment and the last interest payment will be made at the time of Redemption of the Bond on a *pro-rata* basis.

See also “Common Features, Terms and Conditions of the Bonds”.

7. TAX SAVING BOND

(Tax Saving Bonds offering tax rebate under section 88 would be offered upon notification of the same by the CBDT)

Investors can avail of rebate under section 88 of the I.T. Act by investing in this Bond.

The proceeds from this Bond shall be deployed towards infrastructure projects in accordance with the Income-tax Rules.

The Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, Government of India has vide its letter _____ dated _____ declared the Tax Saving Bond as eligible security for the purpose of clause (xvi) of sub-section (2) of section 88 of the I.T. Act. The tax rebate under section 88 can be availed of by NRIs in accordance with the prevailing provisions of the I.T. Act.

section 115I of the I.T. Act, gives an option to the non-resident Indian either to be assessed as per the normal provisions applicable to a resident Indian, or, to be assessed under the special provisions of Chapter XII-A of the I.T. Act.

(The above para shall be suitably amended in case NRIs are not offered Bonds under a particular tranche.)

The investor may choose any/all of the following options in respect for Tax Saving Bond:

Option	I	II
Tax Benefit Under section	88	88

Issue Price (Rs.)		
Face Value (Rs.)		
Tenure		
Interest (%) (p.a.)*		DDB@ (YTM--*)
Interest Payable	Monthly/ Quarterly/ Half-yearly/ Annually	DDB@
Minimum Application		
Yield to Investor (%)*># (Including Tax benefits)		

- @ Tax Saving Bond-Option II is in the nature of Deep Discount Bond (DDB), hence no periodic interest is payable.
- * Subject to TDS as per the then prevailing tax laws.
- > The Yield has been calculated considering tax rebate of 15% available to the eligible investors and assuming that a surcharge of NIL% of tax is payable in case of all the options
- # Rounded off to nearest multiple of 0.1

Notes:

- Under section 88 of the I.T. Act, Individuals and HUFs would be entitled to claim rebate on investments made up to Rs. 1,00,000/-.
- Investors applying for Option II would be entitled to benefit under section 88 in respect of Issue Price only and not on the Face Value of the Bond.

For Tax Benefits:

Please refer to the "Tax Benefits" on page 56.

Payment of Interest

Option I (Monthly/Quarterly/ Half-yearly/ Annual Interest)

In the above option, if interest is paid **monthly**, the following para shall be inserted:

Interest will be paid on the last day of each month. The first interest payment for the period commencing from Deemed Date of Allotment till ____ will be paid on ____ and the last interest payment will be made at the time of redemption of the Bond on a *pro-rata* basis.

For the convenience of investors, we may, at our option, send every year in the month of April, a set of 12 post dated cheques dated last day of the relevant month towards the payment of interest for each month in arrears, subject to the finalisation of taxation rates for the year by the Finance Act / Bill. In case TDS rates for the year undergo a change after sending the post-dated cheques, then we reserve the right to recover the differential TDS amount, if any, from the investors. The first set of post-dated cheques towards the interest from ____ till ____ may be sent in the month of ____/ along with the first interest payment.

In the above option, if interest is paid **quarterly**, the following para shall be inserted:

Interest will be paid on ____, ____, ____, ____ each year. The first interest payment for the period commencing from the Deemed Date of Allotment till ____ will be paid on ____ and the last interest payment will be made at the time of redemption of the Bond on a *pro-rata* basis.

For the convenience of investors, we may, at our option, send every year in the month of ____, a set of 4 post dated cheques dated last day of the relevant quarter (as specified above) towards the payment of interest for each quarter in arrears, subject to the finalisation of taxation rates for the year by the Finance Act. In case TDS rates for the year undergo a change after sending the post-dated cheques, we reserve the right to recover the differential TDS amount, if any, from the investors. The first set of post-dated cheques towards the interest from ____ till ____ may be sent in the month of ____/ along with the first interest payment.

In the above option, if interest is paid **half-yearly**, the following para shall be inserted:

Interest will be paid on ____ and ____ each year. The first interest payment will be made on ____ for the period commencing from Deemed Date of Allotment and the last interest payment will be made at the time of redemption of the Bond on a *pro-rata* basis.

In the above option, if interest is paid **annually**, the following para shall be inserted:

Interest will be paid on ____ each year. The first interest payment will be made on ____ for the period commencing from the Deemed Date of Allotment and the last interest payment will be made at the time of Redemption of the Bond on a *pro-rata* basis.

Option II

Tax Saving Bond Option II is in the nature of Deep Discount Bond. This Bond would be issued at an Issue Price of Rs. ____ and would be redeemed at the Face Value of Rs. ____ at the end of ____ years and ____ months from the Deemed Date of Allotment. Hence, no periodic interest payment will be made.

Taxation

Section 88

Under section 88 of the I.T. Act, subscription to the Tax Saving Bond (Options I and II) would entitle Individuals and HUFs to a rebate from income tax as indicated below

Gross Total Income (Rs.)	Maximum Rebate available under section 88*
0 - 150,000	Rebate @20% on tax saving investments of Rs.100,000
150,001 - 500,000	Rebate @15% on tax saving investments of Rs.100,000
500,001 & Above	Nil

- In case of individuals / HUFs with Gross Total Income before giving effect to the deduction under Chapter VIA upto Rs 1,50,000 - 20% of the aggregate of the sums paid or deposited upto **Rs. 1,00,000** in a financial year by the tax payer as prescribed in clause (xvi) of sub-section 2 of section 88 of the I.T. Act subject to the conditions and the specific provision made in this behalf under section 88 of the I.T. Act.
- In case of individuals / HUFs with Gross Total Income before giving effect to the deduction under Chapter VIA more than 1,50,000 upto Rs 5,00,000 - 15% of the aggregate of the sums paid or deposited upto Rs. 1,00,000 in a financial year by the tax payer as prescribed in clause (xvi) of sub-section 2 of section 88 of the I.T. Act subject to the conditions and the specific provision made in this behalf under section 88 of the I.T. Act.
- In case of individuals / HUFs with Gross Total Income before giving effect to the deduction under Chapter VIA above Rs 5,00,000 - no rebate would be available under section 88 of the I.T. Act.

Further an individual shall be entitled to an enhanced rate of rebate @ 30% if his income chargeable under the head “salaries” does not exceed Rs.1,00,000 before allowing deduction under section 16 and is not less than 90% of the gross total income subject to and in accordance with the specific provisions made in this behalf under section 88 of the I.T. Act.

- If investment of a lower amount is made, tax rebate would be available at the applicable rate as specified above of the amount invested, subject to fulfilment of prescribed conditions.

To avail of benefit under section 88, such investment needs to be held for a period of at least three years. In case the Bonds are sold or otherwise transferred by the investor at any time within a period of three years from the date of acquisition, the amount of deduction of income-tax allowed in respect of these Bonds shall be deemed to be tax payable by the investor for the assessment year relevant to the previous year in which the Bonds are sold or otherwise transferred and shall be added to the amount of income-tax on the total income of the assessee with which he is chargeable for such assessment year.

Section 88D of the I.T. Act

As per the provisions of the Finance (No.2) Act, 2004, a resident individual assessee, whose income does not exceed Rs.1,00,000 shall be entitled to a tax rebate of 100% on his total income chargeable to tax in accordance with the provisions of section 88D of the I.T. Act.

8. 30% TAX SAVING BOND OR OR SMALL TAXPAYERS BOND

These Bonds have been specifically designed to cater to the tax saving needs of the small investors by offering a lower Issue Price/Face value on this Bond.

(Except for differences in the basic product features relating to the Issue Price, Face Value, Interest rate, Interest Payable, Tenor and minimum application, all other terms and conditions as applicable to Tax Saving Bonds would also be applicable to this Bond.)

Investors can avail of rebate under section 88 of the I.T. Act by investing in this Bond.

The proceeds from this Bond shall be deployed towards infrastructure projects in accordance with the Income-tax Rules.

The Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, Government of India has vide its letter _____ dated _____ declared the Tax Saving Bond and 30% Tax Saving Bond or Small Taxpayers Bond as eligible security for the purpose of clause (xvi) of sub-section (2) of section 88 of the I.T. Act. The tax rebate under section 88 can be availed of by NRIs in accordance with the prevailing provisions of the I.T. Act.

section 115I of the I.T. Act, gives an option to the non-resident Indian either to be assessed as per the normal provisions applicable to a resident Indian, or, to be assessed under the special provisions of Chapter XII-A of the I.T. Act. (The above *para shall be suitably amended in case NRIs are not offered Bonds under a particular tranche.*)

The investor may choose any/all of the following options in respect for 30% Tax Saving Bond or Small Taxpayers Bond:

Option	I	II
Tax Benefit Under section	88	88
Issue Price (Rs.)		
Face Value (Rs.)		
Tenure		
Interest (%) (p.a.)*		DDB@ (YTM--*)
Interest Payable	Monthly/ Quarterly/ Half-yearly/ Annually	DDB@
Minimum Application		
Yield to Investor (%)># (Including Tax benefits)		

@ 30% Tax Saving Bond or Small Taxpayers Bond -Option II is in the nature of Deep Discount Bond (DDB), hence no periodic interest is payable.

* Subject to TDS as per the then prevailing tax laws.

➤ The Yield has been calculated considering tax rebate of 15% available to the eligible investors and assuming that a surcharge of NIL% of tax is payable in case of all the options

Rounded off to nearest multiple of 0.1

Notes:

- Under section 88 of the I.T. Act, Individuals and HUFs would be entitled to claim rebate on investments made up to Rs. 1,00,000/-.
- Investors applying for Option II would be entitled to benefit under section 88 in respect of Issue Price only and not on the Face Value of the Bond.

For Tax Benefits:

Please refer to the "Tax Benefits" on page 56 payment of Interest

Option I (Monthly/Quarterly/ Half-yearly/ Annual Interest)

In the above option, if interest is paid monthly, the following para shall be inserted:

Interest will be paid on the last day of each month. The first interest payment for the period commencing from Deemed Date of Allotment till ____ will be paid on ____ and the last interest payment will be made at the time of redemption of the Bond on a *pro-rata* basis.

For the convenience of investors, we may, at our option, send every year in the month of April, a set of 12 post dated cheques dated last day of the relevant month towards the payment of interest for each month in arrears, subject to the finalisation of taxation rates for the year by the Finance Act / Bill. In case TDS rates for the year undergo a change after sending the post-dated cheques, we reserves the right to recover the differential TDS amount, if any, from the investors. The first set of post-dated cheques towards the interest from ____ till ____ may be sent in the month of ____/ along with the first interest payment.

In the above option, if interest is paid **quarterly**, the following para shall be inserted:

Interest will be paid on ____, ____, ____, ____ each year. The first interest payment for the period commencing from the Deemed Date of Allotment till ____ will be paid on ____ and the last interest payment will be made at the time of redemption of the Bond on a *pro-rata* basis.

For the convenience of investors, ICICI Bank may, at its option, send every year in the month of ____, a set of 4 post dated cheques dated last day of the relevant quarter (as specified above) towards the payment of interest for each quarter in arrears, subject to the finalisation of taxation rates for the year by the Finance Act. In case TDS rates for the year undergo a change after sending the post-dated cheques, we reserve the right to recover the differential TDS amount, if any, from the investors. The first set of post-dated cheques towards the interest from ____ till ____ may be sent in the month of ____/ along with the first interest payment.

In the above option, if interest is paid **half-yearly**, the following para shall be inserted:

Interest will be paid on ____ and ____ each year. The first interest payment will be made on ____ for the period commencing from Deemed Date of Allotment and the last interest payment will be made at the time of redemption of the Bond on a *pro-rata* basis.

In the above option, if interest is paid **annually**, the following para shall be inserted:

Interest will be paid on ____ each year. The first interest payment will be made on ____ for the period commencing from the Deemed Date of Allotment and the last interest payment will be made at the time of Redemption of the Bond on a *pro-rata* basis.

Option II

30% Tax Saving Bond or Small Taxpayers Bond Option II is in the nature of Deep Discount Bond. This Bond would be issued at an Issue Price of Rs. ____ and would be redeemed at the Face Value of Rs. ____ at the end of ____ years and ____ months from the Deemed Date of Allotment. Hence, no periodic interest payment will be made.

Taxation

Section 88

Under section 88 of the I.T. Act, subscription to the Tax Saving Bond (Options I and II) would entitle Individuals and HUFs to a rebate from Income tax as indicated below

Gross Total Income (Rs.)	Maximum Rebate available under section 88*
0 - 150,000	Rebate @20% on tax saving investments of Rs.100,000
150,001 - 500,000	Rebate @15% on tax saving investments of Rs.100,000
500,001 & Above	Nil

- In case of individuals / HUFs with Gross Total Income before giving effect to the deduction under Chapter VIA upto Rs 1,50,000 - 20% of the aggregate of the sums paid or deposited upto Rs. 1,00,000 in a financial year by the tax payer as prescribed in clause (xvi) of sub-section 2

of section 88 of the I.T. Act subject to the conditions and the specific provision made in this behalf under section 88 of the I.T. Act.

- In case of individuals / HUFs with Gross Total Income before giving effect to the deduction under Chapter VIA more than 1,50,000 upto Rs 5,00,000 - 15% of the aggregate of the sums paid or deposited upto Rs. 1,00,000 in a financial year by the tax payer as prescribed in clause (xvi) of sub-section 2 of section 88 of the I.T. Act subject to the conditions and the specific provision made in this behalf under section 88 of the I.T. Act.
- In case of individuals / HUFs with Gross Total Income before giving effect to the deduction under Chapter VIA above Rs 5,00,000 - no rebate would be available under section 88 of the I.T. Act.

Further an individual shall be entitled to an enhanced rate of rebate @ 30% if his income chargeable under the head “salaries” does not exceed Rs.1,00,000 before allowing deduction under section 16 and is not less than 90% of the gross total income subject to and in accordance with the specific provisions made in this behalf under section 88 of the I.T. Act.

- If investment of a lower amount is made, tax rebate would be available at the applicable rate as specified above of the amount invested, subject to fulfillment of prescribed conditions.

To avail of benefit under section 88 of the I.T. Act, such investment needs to be held for a period of at least three years. In case the Bonds are sold or otherwise transferred by the investor at any time within a period of three years from the date of acquisition, the amount of deduction of income-tax allowed in respect of these Bonds shall be deemed to be tax payable by the investor for the assessment year relevant to the previous year in which the Bonds are sold or otherwise transferred and shall be added to the amount of income-tax on the total income of the assessee with which he is chargeable for such assessment year.

Section 88D of the I.T. Act

As per the provisions of the Finance (No.2) Act, 2004, a resident individual assessee, whose income does not exceed Rs.1,00,000 shall be entitled to a tax rebate of 100% on his total income chargeable to tax in accordance with the provisions of section 88D of the I.T. Act.

See also “Common Features, Terms and Conditions of the Bonds”.

COMMON FEATURES, TERMS AND CONDITIONS OF THE BONDS

Interest on Application Money

No interest on application money will be paid to any investor.

Deemed Date of Allotment

The Deemed Date of Allotment for the issue has been fixed as 30 days from the date of closure of the Issue or date of utilisation of proceeds, whichever is earlier. All benefits relating to the Bonds will be available to the investors from the Deemed Date of Allotment. The actual allotment may occur on a date other than the Deemed Date of Allotment.

Market Lot

The market lot will be one Bond (“Market Lot”).

Terms of Payment

Type of Bond	Minimum Application for	Amount Payable on Application per Bond (Rs.)
Children Growth Bond		
Option I		
Option II		
Option III		
Option IV		

Option V
Option VI
Encash Bond
Floating Rate Bond
Money Multiplier Bond
Option I
Option II
Option III
Option IV
Option V
Option VI
Monthly Income Bond
Regular Income Bond
Option I
Option II
Option III
Option IV
Tax Saving Bond
Option I
Option II
30% Tax Saving Bond or Small
Taxpayers Bond
Option I
Option II

Applications should be for minimum number of Bonds as specified above and in multiples of one Bond thereafter.

Application Size

The maximum application amount should not exceed Rs.____ crore, excluding the amount applied for _____ (Name of the Bond(s) shall be given) by _____ (Category(ies) of the applicant shall be given). In case the amount invested exceeds the maximum investible amount specified, we may, at our, consider only the amount up to the maximum investible amount towards basis of allotment and refund the amount invested in excess of the maximum investible amount.

Applicants should apply for any or all types of Bonds (any/all options) using the same Application Form.

(Amount payable on application, minimum application and maximum application would be decided for each tranche).

Payment of Interest on Encash Bond, Floating Rate Bond, Monthly Income Bond, Regular Income Bond, Tax Saving Bond (other than option II) and 30% Tax Saving Bond or Small Taxpayers Bond (other than option II).

Payment of Interest on Encash Bond, Floating Rate Bond, Monthly Income Bond, Regular Income Bond, Tax Saving Bond (other than option II) and 30% Tax Saving Bond or Small Taxpayers Bond (other than option II) will be made to those Bondholders whose names appear in the register of Bondholders (or to first holder in case of joint-holders) as on Record Date/Book Closure Date to be fixed by us for this purpose from time to time.; except in case of _____ (Name of the Bond and Monthly/Quarterly Interest Option shall be inserted) where the interest from the Deemed Date of Allotment till ____ (first interest payment) would be paid to the original investor.

Buyers of the Bonds are advised to send the Bond Certificate(s) to us/ ICICI Infotech or to such persons as may be notified by us from time to time, along with a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by us for registration of transfer of the Bond(s). Otherwise interest will be paid to the seller and not to the buyer. In such cases, claims in respect of interest, if any, shall be settled *inter se* amongst the parties and no claim or action shall lie against us or ICICI Infotech/ the Registrars.

Investors should note that in case of _____ (Name of the Bond and Monthly/ Quarterly Interest Option shall be inserted), we would not entertain any request for transfer of unencashed interest warrants in the names of the Buyer. Transferor(s) will NOT be required to surrender the unencashed post-dated interest warrants at the time of sale of Bonds to the transferee(s). Hence, monthly/ quarterly interest would be paid to the seller (transferor) and not to the Buyer (transferee) till the next record date. Claims in respect of interest should be settled inter se amongst the parties and no claim or action shall lie against us or ICICI Infotech/ the Registrars.

Interest payment will be made by cheques payable at par at such places as we may deem fit. In case the cheque payable at par facility is not available, we reserve the right to adopt any other suitable mode of payment.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate for such banks.

We may offer the facility of Electronic Clearing Service (ECS) to help small investors. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the para on “Electronic Clearing Facility for Payment of Interest” appearing on page 39.

Tax Treatment of Children Growth Bond, Money Multiplier Bond, Tax Saving Bond (Option II) and 30% Tax Saving Bond or Small Taxpayers Bond (Option II).

Please refer point II of the Tax Benefits

Payment of Interest subject to Deduction of Tax at Source

The interest paid on application money, interest on refund (in case of delay beyond 30 days from the date of closure of the subscription list) and interest on Bonds will be subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the I.T. Act or any statutory modification or re-enactment thereof.

As per the current provisions of the I.T. Act, tax will not be deducted at source from interest on application money (in case of all categories of resident Bondholders) and from interest on Bonds (in case of resident individual Bondholders), if such interest does not exceed Rs. 5,000 and Rs. 2,500, respectively in any financial year.

If interest exceeds the prescribed limit of Rs. 5,000 on account of interest on application money in case of all resident Bondholders and Rs. 2,500 on account of interest on Bonds in case of resident individual Bondholders, then to ensure non-deduction or lower deduction of tax at source, as the case may be, the Applicant should furnish either (a) an evidence for total exemption from deduction of tax at source in terms of CBDT circular no. 4/2002 dated July 16, 2002, for example, certified true copy of Recognition Certificate under section 10(25)(ii) of the I.T. Act, 1961 applicable only for recognised employee provident funds, or (b) a declaration (in duplicate) in the prescribed form i.e. Form 15G which can be issued by all applicants (other than Companies and Firms) subject to provisions of section 197A of the I.T. Act, or (c) a certificate, from the Assessing Officer of the Applicant, in the prescribed form under section 197 of the I.T. Act which can be obtained by all applicants (including Companies and Firms).

Senior citizens, who are 65 or more years of age at any time during the financial year, can submit a self-declaration in the prescribed Form 15H in accordance with the provisions of section 197A of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum limit i.e. Rs. 50,000 for FY 2004-2005

To ensure non-deduction/lower deduction of tax at source from **interest on application money/Bonds**, the resident investor should submit Form 15G / 15H / certificate under section 197 of the I.T. Act/ other evidence, as may be applicable, with the Application Form, or send to the Registrar along with a copy of the application form on or before the closure of the Issue. Subsequently, Form 15G/ 15H / certificate under section 197 of the I.T. Act / other evidence, as may be applicable, may be submitted to ICICI Infotech Limited, Maratha Mandir Annexe, Dr. A.R. Nair Road, Mumbai Central, Mumbai or to such person at such address as may be notified by us from time to time,

quoting the name of the sole/first Bondholder, Bondholder number and the distinctive number(s) of the Bond(s) held, at least one month prior to the interest payment date.

The investors need to submit Form 15G/ 15H/ certificate under section 197 of the I.T. Act/other evidence each financial year to ensure non-deduction or lower deduction of tax at source from interest on Bonds.

If the applicant is eligible to submit Form 15G/15H, then he should tick at the relevant place on the Application Form, so that we may send a blank copy of the form to the applicants. Blank declaration form would be furnished to other investors by us on request made atleast two months prior to the interest payment date. This facility is being provided for the convenience of investors and we would not be liable in any manner, whatsoever, in case the investor does not receive the form. As per the prevailing tax provisions, Form 15G cannot be submitted if the aggregate of income of the nature referred to in section 197A of the I.T. Act viz. dividend, interest etc. as prescribed therein, credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to tax. (Presently, the maximum amount of income not chargeable to tax in case of individuals and HUFs is Rs. 50,000 and for Co-operative societies Rs. Nil)

In case of non-resident applicants, tax will be deducted at source on interest at the rates as per prevailing I.T. Act, or Double Taxation Avoidance Agreement, whichever is lower, subject to submission of relevant documents and fulfillment of conditions as may be amended from time to time. Alternatively, to ensure non-deduction or lower deduction of tax at source, as the case may be, a certificate, from the Assessing Officer under section 197 or section 195(3) of the I.T. Act, should be furnished, which can be obtained by all applicants (including Companies and Firms).

Electronic Clearing Service for Payment of Interest

RBI has introduced the concept of Electronic Clearing Service (ECS) through the clearing house to obviate the need for issuing and handling paper instruments and thereby facilitate improved customer service. This facility would be available in cities where RBI provides such a facility. We may provide ECS facility to the investors as per RBI Guidelines.

As per the guidelines issued by RBI in this regard, the investor is required to give his mandate for ECS with all the details as per the format given. This will help us to credit the interest amount to the investor's account with the concerned bank at the earliest. The investors will also have the convenience of direct credit to their bank account without the need to receive interest warrants by post and deposit the same in their bank accounts. The relevant bank branch will credit the investor's account and indicate the credit entry with ECS in the passbook/statement of account.

We may obtain the ECS mandate from the investors through the application form or subsequent to despatch of the Bond Certificate(s)/Letter(s) of Allotment, we/Registrar may send to the investor a form to be duly filled up by those investors desiring to avail the facility of ECS.

Investors who do not opt for ECS will be sent interest warrants.

Application by Debit Card Members

We have made arrangements with _____ ("The Card Issuing Bank") to enable its debit card members to utilise their cards for subscribing to the Issue. Cardholders will receive an Offer Letter and an Acceptance Coupon accompanied by the Application Form and a pre-addressed envelope. Card members must complete the Application Form and Acceptance Coupon and return it to the Card Issuing Bank in the pre-addressed envelope. All card member applications must be deposited on or before closure of the Issue.

The Card issuing bank will subsequently advise card members, through mail, the status of their applications. The Card issuing bank will levy the Card member a service charge up to ____ % on the transaction amount notwithstanding allotment/ refund. The maximum limit of application per card will be Rs._____ subject to available credit line and other such authorisation parameters as may be laid down by _____.

(We may offer this facility in a tranche. The above procedure may be modified suitably as per the terms offered by Card issuing bank, who will be a Collection Banker to the Issue)

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. Applications without this detail are liable to be rejected.

Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Status

_____ Bonds would constitute direct, unsecured and unsubordinated obligations of ours and shall rank *pari passu inter se* and (subject to any obligations preferred by mandatory provisions of the law prevailing from time to time) shall also, as regards amount invested and any benefits payable thereon by the us out of our own funds, rank *pari passu* with all our other existing direct, unsecured and unsubordinated borrowings.

_____ Bonds would constitute direct, unsecured and subordinated obligations of ours and will be subordinated and postponed to the prior payments of all our obligations, whether for principal, interest, return or otherwise, except that they will rank *pari passu* amongst themselves and with all our other existing and future subordinated obligations.

(Some of the instruments offered in a tranche may be subordinated).

These Bonds are unsecured which would mean that they are not secured against any of our assets. Our main business is to grant loans to its borrowers, hence we do not have adequate fixed assets to give as security. Further, the RBI vide its guidelines dated June 11, 2004 has permitted Banks to only issue unsecured instruments. Moreover, terms of most overseas and domestic loans and Bonds issued by us stipulate that if we raise any secured loans or issues any secured Bonds, similar security needs to be extended to them also. Hence, all our borrowings, as also this issue of Bonds, are unsecured. However, such terms of overseas and domestic loans and Bonds shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any statutory lien or (iii) any lien arising in the ordinary course of banking transactions or by membership of any clearing system.

_____, has been appointed as Trustees for the Bondholders. The Trustees would protect the interest of the Bondholders and take adequate steps to redress the grievances of the Bondholders. In case of default, the Bondholders can approach the Trustees or Securities & Exchange Board of India, or the Department of Company Affairs.

Loan Against Bonds

We may consider granting loans to Bondholders against the security of select Bonds issued by us subject to the applicable laws, rules, regulations and guidelines. The loan shall be subject to the terms and conditions as laid down by us from time to time and be provided at its sole discretion. For further details on this facility, the investors may contact any of our bank branches. The articles of association do not restrict us from granting loans against the Bonds.

(We may offer loan against Bonds)

Lien

We shall have the right of set-off and lien, irrespective of any other lien or charge, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues, whatsoever.

Lien on Pledge of Bonds

We, at our discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any bank/institution for any loan provided to the Investor against pledge of such Bonds.

Market-making

We or ____ may consider making arrangements for market-making of select Bonds in order to provide liquidity to the small investors.

(Detailed terms and conditions are being finalised and will be disclosed in the tranche document before filing the same with ROC.)

Depository Arrangement

We have made depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for issue and holding of the Bonds in dematerialised form.

As per the provisions of Depositories Act, 1996, the Bonds issued by us can be held in a dematerialised form, i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. In this context:

- i. Two tripartite agreements have been signed
 - Tripartite Agreement dated June 23, 1997 between ICICI Bank, ICICI Infotech and NSDL for offering depository option to the investors.
 - Tripartite Agreement dated April 23, 1999 between ICICI Bank, ICICI Infotech and CDSL for offering depository option to the investors.

We will apply to NSDL and CDSL respectively, for umbrella approval to admit the Bonds offered in the year 2004-05 into their depository system. (Bonds would be offered in demat form in a particular tranche subject to the receiving of the umbrella approval from NSDL and CDSL).

- ii. An applicant has the option to seek allotment of Bonds in electronic or physical mode.
- iii. An applicant who wishes to apply for Bonds in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.
- iv. The applicant seeking allotment of Bonds in the Electronic Form must necessarily fill in the details (including the beneficiary account number and DP's ID) appearing in the Application form under the heading 'Request for Bonds in Electronic Form'.
- v. Applicants must indicate in the application form, the number of Bonds they wish to receive in electronic form out of the total number of Bonds applied for. In case of partial allotment, Bonds will first be allotted in electronic form and the balance Bonds, if any, will be allotted in physical form.
- v. Bonds allotted to an applicant in the Electronic Account Form will be credited directly to the applicant's respective beneficiary account(s) with the DP.
- vi. For subscription in electronic form, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
- vii. Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrars to this Issue.
- viii. If incomplete/incorrect details are given under the heading 'Request for Bonds in electronic form' in the application form, it will be deemed to be an application for Bonds in physical form.
- ix. In case of allotment of Bonds in electronic form, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for losses, if any.

- x. It may be noted that Bonds in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. All the Stock Exchanges where our Bonds are proposed to be listed have connectivity with NSDL and CDSL.
- xi. Separate applications in physical and dematerialised form would be considered as multiple applications and are liable to be rejected at our sole discretion.
- xii. Interest or other benefits with respect to the Bonds held in dematerialised form would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date/Book Closure Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/Book Closure Date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

On-line Applications

We may decide to offer online application facility for Bonds, as and when it is permitted by law subject to terms and conditions as it may prescribe.

Form and Denomination

The Bond Certificate(s) will be issued in denominations of One Bond ("Market Lot"). The applicant can also request for issue of single certificate for the aggregate amount ("Consolidated Certificate") for each type of Bond to be allotted to him. In case an applicant does not specify the denomination of the certificates required by him, a Consolidated Certificate will be issued for each type of Bond allotted to him. In respect of Consolidated Certificates, we will, only upon receipt of a request from the Bondholder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of Bond Certificates in Market Lots, but stamp duty payable, if any, would be borne by the Investor(s). The charge for splitting into lots other than Market Lot, will be borne by the Bondholder subject to the maximum amount agreed upon by us with the Stock Exchanges where the Bonds are proposed to be listed. The request for splitting should be accompanied by the original Bond Certificate which would then be treated as cancelled by us.

We may opt for compulsory trading of the Bonds issued under this prospectus in demat mode. In such an eventuality, a Consolidated Certificate would be issued to the investor irrespective of the option exercised by the investor.

Procedure for Early Redemption by us

In case we decide for Early Redemption of Bond(s) we will announce our intention to do so at least____ months prior to the Early Redemption Date. For mode of announcement see "Notices" on page 46
(Any/all of the options offered in a tranche may have Early Redemption Option with us. In case such option is not given in a particular tranche, the above para would be deleted or appropriately modified)

Procedure for Redemption by Bondholders

Bonds held in physical form: The Bond Certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the Bond Certificate(s)) to be surrendered for redemption on maturity should be sent by the Bondholder(s) by Registered Post with acknowledgment due or by hand delivery to our office/ICICI Infotech or to such persons at such addresses as may be notified by us from time to time. Bondholder(s) are requested to surrender the Bond Certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the Redemption Date so as to facilitate timely payment.

We may at our discretion redeem the Bonds without the requirement of surrendering of the Bond Certificates by the Bondholder(s). In case we decide to do so, the Bondholders need not submit the Bond Certificates to us and the redemption proceeds would be paid to those Bondholders whose names stand in the register of Bondholders maintained by us on the Record date fixed for the purpose of Redemption. Also see the para "Payment on Redemption" given below.

Bonds held in electronic form:

Early Redemption: The Bondholder(s), desirous of exercising the facility of early redemption or on exercise of an early redemption option by us, shall give delivery instructions containing ICICI Bank's DP Account (no. _____) to his DP and submit a photocopy of the same to the company along with a request for early redemption of the Bonds, so as to reach us at least one month prior to the Early Redemption Date.

Redemption: No action is required on the part of Bondholder(s) at the time of redemption of Bonds.

(Some instruments in a tranche may have Early Redemption facility by Company/Investors (Put/Call Option). The above paragraph will be deleted or appropriately modified if such Option is not offered in any tranche.)

Payment on Early Redemption/ Redemption

Bonds held in physical form:

Early Redemption: Despatch in respect of payment on early redemption of the Bonds will be made by way of cheque/pay order, etc. on the Early Redemption Date only on the surrender of Bond Certificate(s), duly discharged by the soleholder/all the joint-holders (signed on the reverse of the Bond Certificate(s)) within the prescribed time limit.

Redemption: Despatch in respect of payment on redemption of the Bonds will be made by way of cheque/pay order, etc., only on the surrender of Bond Certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the Bond Certificate(s)). Despatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or within a period of 30 days from the date of receipt of the duly discharged Bond Certificate, whichever is later.

We may, at our discretion, redeem the Bonds without the requirement of surrendering of the Bond Certificates by the Bondholder(s). In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption Date to those Bondholders whose names stand in the register of Bondholders maintained by us on the Record date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us before the Record Date. In case the transfer documents are not lodged with us before the Record Date and we despatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against us or ICICI Infotech/ the Registrars.

Payment on redemption will be made by cheques payable at par at such places as we may deem fit. In case the cheque payable at par facility is not available, we reserve the right to adopt any other suitable mode of payment.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of redemption proceeds to the account of the investors. In such cases, redemption, on the redemption payment date, would be directly credited to the account of those investors who have given their bank mandate for such banks.

Our liability to Bondholder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of early redemption/ redemption in all events and on our despatching the redemption amounts to the Bondholder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the Bond(s).

Bonds held in electronic form:

Early Redemption: Redemption proceeds would be paid by cheque/pay order, etc. on the Early Redemption Date to those Bondholders who have expressed their intention of doing so, either by themselves or on a call option being exercised by us, by transferring the Bonds in favour of the company within the prescribed time limit

Redemption: On the redemption date, redemption proceeds would be paid by cheque/pay order etc. to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to

us. These names would be as per the Depositories' records on the Record Date/Book Closure Date fixed for the purpose of redemption. These Bonds will be simultaneously extinguished through appropriate debit corporate action. It may be noted that in the entire process mentioned above, no action is required on the part of Bondholders.

Payment on redemption will be made by cheques payable at par at such places as we may deem fit. In case the cheque payable at par facility is not available, we reserve the right to adopt any other suitable mode of payment.

Our liability to Bondholder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of early redemption/ redemption in all events and on our despatching the redemption amounts to the Bondholder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the date of early redemption/ redemption of the Bond(s).

(Some instruments in a tranche may have Early Redemption facility by us/Investors (Put/Call Option). The above paragraph will be deleted or appropriately modified if such Option is not offered in any tranche.)

Purchase

We may, at its discretion, at any time make arrangements for purchase of Bonds at discount, at par or at a premium in the open market or otherwise. Such Bonds may, at our, be redeemed, cancelled, held, reissued or resold at such price and on such terms and conditions as we may deem fit and as permitted by law. Our subsidiaries may also, at their discretion, subscribe to this Issue or at any time purchase Bonds at discount, at par or at premium in the open market or otherwise.

ICICI had, at its discretion, given a buyback option on select Bonds issued in one or more issues. A price, valid for a certain period, had been quoted for buying back the Bonds. The investor, at his discretion, could offer the Bonds for sale to the ICICI during the said period at the price quoted by ICICI. As of date, we, exercising our discretion, continue to provide this facility for select Bonds.

Right to Reissue Bond(s)

Where we have redeemed or repurchased any Bond(s), we shall have and shall be deemed always to have had the right to keep such Bonds alive without extinguishment for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such Bonds either by reselling or reissuing the same Bonds or by issuing other Bonds in their place. This includes the right to reissue original Bonds.

Upon the merger of ICICI with us, we have all the rights and obligations in respect of the Bonds issued by ICICI. In respect of the Bonds issued by ICICI, neither ICICI nor we, after merger, have exercised the powers to reissue redeemed or cancelled Bonds as per section 121 of the Act.

Transfer/Transmission of Bond(s)

The Bonds shall be transferred or transmitted in accordance with the applicable provisions of the Act. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the Act shall apply, *mutatis mutandis* (to the extent applicable to Debentures) to the Bond(s) as well. A suitable instrument of transfer as may be prescribed by us may also be used for the same.

Investors should note that in case of _____(Name of the Bond and Monthly/Quarterly Option shall be inserted), we would not entertain any request for transfer of unencashed interest warrants. Transferor(s) will NOT be required to surrender the unencashed post-dated interest warrants at the time of sale of Bonds to the transferee(s). Hence monthly/quarterly interest would be paid to the seller (transferor) and not to the buyer (transferee) till the next record date.

In case of sale by or to Companies, Bodies Corporate, Societies registered under the applicable laws in India, Trusts, Provident Funds, Superannuation Funds, Gratuity Funds, Scientific and/or Industrial Research Organisations, Commercial Banks, Co-operative Banks, Regional Rural Banks or NRIs, a certified true copy of the Power of Attorney or such other authority as may be acceptable to us, must

be lodged separately at our office / ICICI Infotech or such other person as may be notified by us for this purpose, at the time of registration of Bonds.

Transfer of Bonds to and from NRIs will be governed by the then prevailing guidelines of RBI.

For Bonds held in electronic form: The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In case the transferee does not have a DP account, the seller can re-materialise the Bonds and thereby convert his demat holding into physical holding. Thereafter the Bonds can be transferred in the manner as stated above.

In case the buyer of the Bonds in physical form wants to hold the Bonds in dematerialised form, he can choose to dematerialise the securities through his Depository Participant.

Joint-holders

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to other provisions contained in the Articles.

Nomination

The sole Bondholder or first Bondholder, along with other joint Bondholders (being individual(s)) may nominate any one person (being individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Bond. A person, being a nominee, becoming entitled to the Bond by reason of the death of the Bondholder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the Bond. Where the nominee is a minor, the Bondholder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded upon sale of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office /ICICI Infotech or such other person at such addresses as may be notified by us.

Bondholder(s) are advised to provide the specimen signature of the nominee to us/ICICI Infotech to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholder(s). The signature can be provided in the application form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

Succession

Where a nomination has not been made or the nominee predeceases the Bondholder(s) the provisions of the following paragraphs will apply:

In the event of the demise of the sole holder of the Bond, or the last survivor in case of joint-holders, we will recognise the executor or administrator of the deceased Bondholder, or the holder of the succession certificate or other legal representative as having title to the Bond(s). We shall not be bound to recognise such executor, administrator or holder of the succession certificate or legal representative unless such executor or administrator or holder of the succession certificate or legal representative obtains Probate or Letter of Administration or is a holder of the Succession Certificate or other legal representation, as the case may be, from an appropriate court in India. We at our absolute discretion, may in any case, dispense with production of Probate or Letter of Administration or Succession Certificate or other legal representation.

Where on the demise of the sole or last of the survivors of the joint-holders, who is a resident, an NRI becomes entitled to the Bond, the following steps will have to be complied with:

- (i) Documentary evidence should be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- (ii) Proof that the NRI is an Indian national or is of Indian origin. Such holding by the NRI will be on a non-repatriable basis.

Where on the demise of the sole or last of the survivors of the joint-holders, who is a non-resident, another NRI becomes entitled to the Bond, the steps as stated earlier will have to be complied with. The holding of the inheriting NRI would be on the same basis as held by the NRI from whom the Bond(s) are inherited.

Sharing of Information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the Bondholders available with us, our subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the Bondholder(s) required to be given by us or the Trustees shall be published in one English and one regional language daily newspaper in Mumbai, Chennai, Delhi, Kolkata and Vadodara and/or, will be sent by post/ courier to the Registered Holders of the Bond(s) from time to time.

Issue of Duplicate Bond Certificate(s)

If any Bond Certificate(s) is/are mutilated or defaced or the cages for recording transfers of Bonds are fully utilised, the same may be replaced by us against the surrender of such Certificate(s). Provided, where the Bond Certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any Bond Certificate is destroyed, stolen or lost then upon production of proof thereof to the our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate Bond Certificate(s) shall be issued.

Trustees for the Bondholders

We have appointed _____ to act as Trustees for the Bondholders. We and the Trustees will enter into a Trustee Agreement, *inter alia*, specifying the powers, authorities and obligations of the Trustees and us. The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the Bondholder(s). Any payment made by us to the Trustees on behalf of the Bondholder(s) shall discharge us *pro tanto* to the Bondholder(s).

The Trustees will protect the interest of the Bondholders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost. The Trustees may appoint a nominee director on the Board of the Company in consultation with other institutional debenture holders in the event of default. The major events of default which happen and continue without being remedied for a period of 30 days after the dates on which the monies specified in (i) and (ii) below become due and will necessitate repayment before stated maturity are as follows:

- (i) Default in payment of monies due in respect of interest owing upon the Bonds;
- (ii) Default in payment of any other monies including costs, charges and expenses incurred by the Trustees.

Other events of default are:

- i. Default is committed in the performance or observance of any covenant, condition or provision contained in these presents and/or the financial Covenants and Conditions (other than the obligation to pay principal and interest) and, except where the Trustees certify that such default is in their opinion incapable of remedy (in which case no notice shall be required), such default continues for 30 days after written notice has been given thereof by the Trustees to us requiring the same to be remedied.
- ii. Any information given by the company in its applications to the Bondholders, in the reports and other information furnished by us and the warranties given/deemed to have been given by it to the Bondholders/trustees is misleading or incorrect in any material respect.
- iii. We are unable to or have admitted in writing our inability to pay our debt as they mature.
- iv. A Receiver or a Liquidator has been appointed or allowed to be appointed of all or any part of our undertaking and such appointment is not dismissed within 60 days of appointment.
- v. We cease to carry on our business.

RIGHTS, POWERS AND DISCRETION OF TRUSTEE

GENERAL RIGHTS, POWERS AND DISCRETIONS

In addition to the other powers conferred on the Trustees and provisions for their protection and not by way of limitation or derogation of anything contained in the Trustee Agreement nor of any statute limiting the liability of the Trustees, IT IS EXPRESSLY DECLARED as follows:

- a) The Trustees shall not be bound to give notice to any person of the execution hereof or to see to the performance or observance of any of the obligations hereby imposed on us or in any way to interfere with the conduct of our business unless and until the rights under the Bonds shall have become enforceable and the Trustees shall have determined to enforce the same;
- b) Save as herein otherwise expressly provided the Trustees shall, as regards all trusts, powers, authorities and discretions, have absolute and uncontrolled discretion as to the exercise thereof and to the mode and time of exercise thereof and in the absence of fraud shall not be responsible for any loss, costs, charges, expenses or inconvenience that may result from the exercise or non-exercise thereof and in particular they shall not be bound to act at the request or direction of the Bondholders under any provisions of these presents unless sufficient monies shall have been provided or provision to the satisfaction of the Trustees made for providing the same and the Trustees are indemnified to their satisfaction against all further costs, charges, expenses and liability which may be incurred in complying with such request or direction;
- c) With a view to facilitate any dealing under any provision of these presents the Trustees shall have full power to consent (where such consent is required) to a specified transaction or class of transactions conditionally;
- d) The Trustees shall not be responsible for the monies paid by applicants for the Bonds;
- e) The Trustees shall not be responsible for acting upon any resolution purporting to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Bondholders;
- f) The Trustees shall have full power to determine all questions and doubts arising in relation to any of the provisions hereof and every such determination bonafide made (whether or not the same shall relate wholly or partially to the acts or proceedings of the Trustees) shall be conclusive and binding upon all persons interested hereunder;
- g) The Trustees shall not be liable for anything whatsoever except a breach of trust knowingly and intentionally committed by the Trustees;
- h) The Trustees shall not be liable for any default, omission or delay in performing or exercising any of the powers or trusts herein expressed or contained or any of them or in enforcing the

covenants herein contained or any of them or in giving notice to any person or persons of the execution hereof or in taking any other steps which may be necessary, expedient or desirable for any loss or injury which may be occasioned by reason thereof unless the Trustees shall have been previously requested by notice in writing to perform, exercise or do any of such steps as aforesaid by the holders representing not less than three-fourths of the nominal amount of the Bonds for the time being outstanding or by a Special Resolution duly passed at a meeting of the Bondholders and the Trustees shall not be bound to perform, exercise or do any such acts, powers or things or to take any such steps unless and until sufficient monies shall have been provided or provision to the satisfaction of the Trustees made for providing the same by or on behalf of the Bondholders or some of them in order to provide for any costs, charges and expenses which the Trustees may incur or may have to pay in connection with the same and the Trustees are indemnified to their satisfaction against all further costs, charges, expenses and liabilities which may be incurred in complying with such request.

PROVIDED NEVERTHELESS that nothing contained in this clause shall exempt the Trustees from or indemnify them against any liability for breach of trust nor any liability which by virtue of any rule or law would otherwise attach to them in respect of any negligence, default or breach of trust which they may be guilty of in relation to their duties hereunder.

Debt Equity Ratio (DER) and Notional Debt Service Coverage Ratio (NDSCR)

We shall not declare dividends in a particular year if we fail to maintain the DER and the NDSCR as may be required by SEBI and/or any regulatory authority, as applicable. No Bondholder shall be entitled to proceed directly against us unless the Trustees, having become so bound to proceed, fail to do so.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also issue Debentures/Bonds/other securities in any manner having such ranking in priority, *pari passu* or otherwise and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the Bondholders or the Trustees in this connection.

Bondholder not a Shareholder

The Bondholders will not be entitled to any of the rights and privileges available to the Shareholders.

Rights of Bondholders

1. The Bonds shall not, except as provided in the Act, confer upon the holders thereof any rights or privileges available to our members including the right to receive Notices or Annual Reports of, or to attend and/or vote, at our General Meeting. However, if any resolution affecting the rights attached to the Bonds is to be placed before the shareholders, the said resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of section 219(2) of the Act, holders of Bonds shall be entitled to a copy of the Balance Sheet on a specific request made to us.
2. The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of special resolution passed at a meeting of the concerned Bondholders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Bonds, if the same are not acceptable to us.
3. The registered Bondholder or in case of joint-holders, the one whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Bonds, either in person or by proxy, at any meeting of the concerned Bondholders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights shall be in proportion to the outstanding nominal value of Bonds held by him/her on every resolution placed before

such meeting of the Bondholders. The quorum for such meetings shall be at least five Bondholders present in person.

4. The Bonds are subject to the provisions of the Act, the Memorandum and Articles, the terms of this Prospectus and Application Form. Over and above such terms and conditions, the Bonds shall also be subject to other terms and conditions as may be incorporated in the Trustee Agreement/ Letters of Allotment/ Bond Certificates, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Bonds.
5. Save as otherwise provided in this Prospectus, the provisions contained in Annexure C and/or Annexure D to the Companies (Central Government's) General Rules and Forms, 1956 as prevailing and to the extent applicable, will apply to any meeting of the Bondholders, in relation to matters not otherwise provided for in terms of the Issue of the Bonds.
6. A register of Bondholders will be maintained in accordance with section 152 of the Act and all interest and principal sums becoming due and payable in respect of the Bonds will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of Bondholders.
7. The Bondholders will be entitled to their Bonds free from equities and/or cross claims by us against the original or any intermediate holders thereof.
8. Bonds can be rolled over only with the positive consent of the Bondholders.

PROCEDURE FOR APPLICATION

Availability of Prospectus and Application Forms

Application Forms with copies of the Prospectus may be obtained from our Registered/ Corporate Office and the branches/ Other Offices, from the Lead Managers, Advisor to the Issue, Co-Managers, Marketing Co-ordinator and Bankers to the Issue stated in this Prospectus, as well as from the collection centres listed in the Application Form. We may provide application form for being downloaded at such website as it may deem fit.

WHO CAN APPLY

The following categories of persons are eligible to apply in the Issue:

- *Resident Indian individuals - in their own names or in the names of their minor children as natural/legal guardians in single or joint names (but not exceeding three);*
- *Hindu Undivided Families through the Karta;*
- *Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Bonds;*
- *Public/Private Charitable/Religious Trusts which are authorised to invest in the Bonds;*
- *Provident Funds, Superannuation Funds and Gratuity Funds;*
- *Scientific and/or Industrial Research Organisations, which are authorised to invest in the Bonds;*
- *Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks;*
- *Mutual Funds;*
- *Partnership firms;*
- *Associations of Persons;*

■ **NRIs on both non-repatriable and repatriable basis.**

(The instruments to be offered in each tranche to NRIs would depend upon the terms of the same. Instruments eligible for investment by NRIs would be inserted here).

HOW TO APPLY

General Instructions

- Applications for the Bonds must be made in the prescribed form as mentioned below:

Resident Indians /NRIs on non-repatriable basis	Printed on _____ background form
NRIs on repatriable basis	Printed on _____ background form

- The forms should be completed in block letters in English as per the instructions contained herein and in the Application Form and are liable to be rejected if not so completed.
- Applications should be in single or joint names (not more than three).
- In case of an HUF applying through its *Karta*, the applicant should specify the name of applicant in the application form as “XYZ Hindu Undivided Family applying through PQR”, where PQR is the name of the *Karta*.
- Applications should be for a minimum of one Bond and in multiples of one Bond thereafter, except in case of ____ Bond(s) where the application should be for a minimum of ____ Bonds and in multiples of one Bond thereafter and ____ where the application should be for a minimum of ____ Bonds and in multiple of ____ Bond thereafter.

(ICICI Bank would finalise the minimum application and maximum application for each tranche).

- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any of the other languages specified in the 8th Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/her official seal
- Applicant’s Bank Account Details**

The name of the applicant’s bank, type of account and account number must be filled in the Application Form. This is required for the applicant’s own safety and these details will be printed on the refund orders and interest/redemption warrants. Applications without these details will be deemed incomplete and are liable to be rejected.

- Applications under Power of Attorney**

Unless we specifically agree in writing with or without such terms and conditions we deem fit, in the case of applications made under Power of Attorney or by limited companies, corporate bodies, trusts etc., a certified copy of the Power of Attorney and/or the relevant authority, as the case may be, and a certified copy of Memorandum and Articles of Association and/or bye-laws, where applicable, must be lodged separately, along with a photocopy of the Application Form at the office of the Registrar to the Issue simultaneously with the submission of the Application Form, indicating the name of the applicant along with the address, application number, date of submission of the Application Form, name of the bank and branch where it was deposited, Cheque/Demand Draft Number and the bank and branch on which the Cheque/Demand Draft was drawn.

- PAN/GIR Number**

Where application(s) is/are for a total value of Rs. 50,000 or more, the applicant or in the case of an application in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District.

As per the provision of section 139A(5A) of the I.T. Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the Bondholder including non-resident Bondholder should mention his PAN/GIR No in case interest on Bonds receivable by him exceeds Rs. 5000 (in case

of all resident Bondholders) and Rs. 2500 (in case of individual resident Bondholders), respectively and the investor does not submit form 15G/ 15H / certificate under section 197 /other evidence, as the case may be for non-deduction of tax at source. However, non-resident Bondholders cannot furnish Form 15G/15H.

In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non applicability). in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.

10. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form at the address mentioned therein.

11. Multiple Applications

An applicant should submit only one application (and not more than one) for the total number of Bonds required. Two or more applications in same names will be deemed to be multiple applications if the sole/first applicant is one and the same.

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the mutual fund and such applications will not be treated as multiple applications provided that the applications made clearly indicate the name of each scheme under which the application has been made.

No separate applications for physical and electronic form should be made. If such applications are made, the application for Bonds in physical mode shall be considered as multiple applications.

We reserve the right to accept or reject, in its sole and absolute discretion, all or any multiple applications in any/all categories as described in the para on "Basis of Allotment".

12. Unless we specifically agree in writing with or without such terms or conditions as we may deem, a separate single cheque/draft must accompany each Application Form.

13. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are made.

14. Interest on application money will be paid separately by us wherever applicable. Thus, the same should not be deducted from the application amount.

15. Tax Deduction at Source

Persons (other than companies and firms) including NRIs applying on repatriation or non-repatriation basis claiming receipt of interest on application money without deduction of tax at source should submit Form 15G at the time of submitting the Application Form, in accordance with and subject to the provisions of the I.T. Act. Other investors can submit a certificate under section 197 of the I.T. Act. For availing the exemption from deduction of tax at source from interest on Bonds he should submit Form 15G/15H/ certificate under section 197 of the I.T. Act/ valid proof of exemption, as the case may be along with the name of the sole/first applicant, Bondholder number and the distinctive numbers of Bonds held to us/ICICI Infotech on confirmation of allotment. Investors need to submit Form 15G/ 15H/ certificate under section 197 of the I.T. Act /valid proof of exemption each financial year. However, non-resident Bondholders cannot furnish Form 15G/15H. In case of non-resident applicants, tax will be deducted at source on interest at the rates as per prevailing I.T. Act, or Double Taxation Avoidance Agreement, whichever is lower, subject to submission of relevant documents and fulfilment of conditions as may be amended from time to time or at nil/lower rate in accordance with a certificate from the Assessing Officer under section 197 or section 195(3) of the I.T. Act.

(Also refer para on "Payment of Interest subject to Deduction of Tax at Source" on page 38)

16. **Category**

All applicants are requested to tick the relevant column “Category of Investor” in the Application Form. Public/Private Religious/Charitable Trusts, PF and Other Superannuation Trusts and other investors requiring “approved security” status for making investments and individuals should note that in case they do not tick in the relevant place, their application will be considered in the “Other Category” and allotment made accordingly. In all such cases, we will not be held responsible for the allotment, if any.

17. An investor should apply for one or more type of Bonds and/or one or more option of Bonds in a single Application Form only.

18. Investors are advised to exercise due caution in selecting the appropriate option for which they wish to apply.

For further instructions, please read Application Form carefully.

PAYMENT INSTRUCTIONS

FOR APPLICANTS OTHER THAN NRIs

i. Payment may be made by way of cash/cheque/bank draft drawn on any bank, including a co-operative bank which is situated at and is member or sub-member of the Bankers’ clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centres.

Outstation cheques/bank drafts or cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted. Money orders/postal orders will also not be accepted. Payment through stockinvest would also not be allowed as the same has been discontinued by the RBI vide notification No. DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003.

ii. All cheques/drafts must be made payable to “ICICI BANK BONDS” and crossed “A/C PAYEE ONLY”.

iii. Cash up to Rs _____ can be used for making Application in this Issue. If the amount payable on application together with any earlier outstanding loan or deposit placed with us by the applicant, is Rs. 20,000 or more, such payment must be effected only by way of an account payee cheque or bank draft. Otherwise the applications may be rejected and application money refunded without any interest.

(We may not stipulate any limits on investment in cash by the investors)

FOR APPLICANTS WHO ARE NRIs

1. For Investment on Repatriable Basis or Non-repatriable Basis by NRIs

i. Applications submitted in India should be accompanied by a cheque/bank draft drawn on any bank, including a co-operative bank which is situated at and is a member or sub-member of the Bankers’ clearing-house located at the locations where the Application Form is submitted, i.e., at designated collection centres.

ii. Outstation cheques/bank drafts or cheques/bank drafts drawn on a bank not participating in the clearing process will not be accepted.

iii. Applications complete in all respects must be submitted at any of the bank branches designated for collection of such applications mentioned in Application Form.

iv. Cash/money orders/postal orders will not be accepted.

v. All cheques/bank drafts must be crossed “A/c. Payee Only” and made payable in favour of “ICICI Bank Bonds - NRIs”.

- vi. Applicants need not obtain separate approval for subscribing to the Bonds either on repatriation or on non-repatriation basis.

2. For Investments on Repatriable Basis

RBI has granted general permission to Indian companies to issue, by way of public issue of Bonds to NRIs on repatriation basis subject to the following conditions:

- i. The amount of subscription should be received by inward remittance from abroad through normal banking channels or by debit to the non-resident's NRE/FCNR account, as the case may be, with an authorised dealer in India. The maximum allotment to NRIs would be restricted to 24% of the total paid up value of each series of the Bond issued (including use of the Over Subscription Option, if any).
- ii. The rate of interest on such Non Convertible Debentures ("NCDs") shall not exceed prime lending rate of State Bank of India plus 300 basis points.
- iii. The minimum period for redemption of such NCDs should be three years.

Accordingly NRIs would not be eligible to apply for _____ Bond being offered in this Issue. Further allotment to NRIs will be made subject to applicable ceiling for the Issue of Bonds as prescribed by RBI.

(Depending upon the terms of the instruments, Bonds would be offered to NRIs as per RBI guidelines)

Further:

- a. The application would have to be accompanied by documentary evidence of the payment being made;
 - out of funds held in NRE/FCNR account; or
 - by rupee drafts purchased out of funds held in NRE/FCNR accounts in India; or
 - by direct remittance from abroad through normal banking channels.
- b. Refunds, interest and other distribution, if any, would be made in Indian rupees. Where the applicant provides information on the NRE/FCNR account of the applicant from which the investment is made, payments would be credited directly, to the same NRE/FCNR account. In other cases, the payments would be made by cheques payable at par at such places as we may deem fit. In case the cheque payable at par facility is not available, we reserve the right to adopt any other suitable mode of payment.
- c. Cash/money orders/postal orders will not be accepted.

3. For investments on Non-repatriable Basis

RBI has granted general permission to Indian companies to issue Bonds to NRIs on non-repatriation basis subject to the following conditions:

- The amount of subscription should be received by inward remittance from abroad through normal banking channels or by debit to the non-resident's NRO/NRE/FCNR account, as the case may be, with an authorised dealer in India. The principal amount representing the investment is not repatriable. The investment, allotment and repatriation shall be subject to the RBI directives and guidelines as may be applicable from time to time.
- The rate of interest on such NCDs shall not exceed prime lending rate of State Bank of India, plus 300 basis points.
- The minimum period for redemption of such NCDs should be three years.

Accordingly NRIs would not be eligible to apply for _____ Bond being offered in this Issue. Further allotment to NRIs will be made subject to applicable ceiling for the Issue of Bonds as prescribed by RBI.

(Depending upon the terms of the instruments, Bonds would be offered to NRIs as per RBI guidelines)

Further:

- a. The application would have to be accompanied by documentary evidence of the payment being made out of foreign exchange remitted to India through approved banking channels, or out of funds held in NRO /NRE/FCNR accounts in India.
- b. Refunds, interest and other distribution, if any, would be made in Indian rupees. Where the applicant provides information on the NRO account of the applicant from which the investment is made, payments would be credited directly to the same NRO account. In other cases, the payments would be made by cheques payable at par at such places as we may deem fit. In case the cheque payable at par facility is not available, we reserve the right to adopt any other suitable mode of payment.
- c. Entire income on non-repatriable investments would be allowed to be remitted abroad if the investment is made through NRO/NRE/FCNR account.
- d. Cash/money orders/postal orders will not be accepted.

SUBMISSION OF COMPLETED APPLICATION FORMS

All applications duly completed and accompanied by account payee cheques/ drafts/ cash shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) or the our Collection Centre(s)/ agent(s) _____ as may be specified by us before the closure of the Issue. Our collection centre/ agent at _____, however, will not accept payments made in cash. **Applications should NOT be sent to us (other than our Collection Centre(s)/agents)/ Lead Managers/ Co-Managers/ Marketing Co-ordinator/ Advisor.**

Investors residing at those places where there is no collecting Bank or our Collection Centre/ agent may send their Application Form along with bank drafts payable at Mumbai by registered post with acknowledgment due to the office of the Registrar, _____, so that the same are received before the closure of the subscription list.

No separate receipts shall be issued for the application money. However, Bankers to the Issue at their designated branches/our Collection Centre(s)/ agent(s) receiving the duly completed Application Forms will acknowledge the receipt of the applications by stamping and returning the acknowledgment slip to the applicant.

Applications shall be deemed to have been received by us only when submitted to Bankers to the Issue at their designated branches or at our Collection Centre/ agent or on receipt by the Registrar as detailed above and not otherwise.

REJECTION OF APPLICATIONS

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

Number of Bonds applied for is less than the minimum application; Applications exceeding the maximum application size; Bank account details not given; Application by a minor without a guardian name; PAN/GIR and IT Circle/Ward/District not given for applications of Rs. 50,000 or more; In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. where relevant documents not submitted; Application by Stockinvest; Applications accompanied by cash of Rs. 20,000 or more; Multiple applications (as defined elsewhere).

In the event, if any Bond(s) applied for is/are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted under the provisions of the Act.

LETTERS OF ALLOTMENT/BOND CERTIFICATES/REFUND ORDERS

We shall credit the allotted securities to the respective beneficiary account/ despatch the Letter(s) of Allotment or Bond Certificate(s)/Letter(s) of Regret/Refund Orders, as the case may be, by Registered Post/Speed Post at the applicant's sole risk, within 10 weeks from the date of closure of the Issue. However, Refund Orders up to Rs. 1,500/- will be sent under certificate of posting. Further, we agree that:

- a) as far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of the Issue;
- b) it shall pay interest of 15 per cent per annum if the allotment has not been made and/or the Refund Orders have not been despatched to the investors within 30 days from the date of the closure of the Issue, for the delay beyond 30 days.

UNDERTAKING BY THE ISSUER

We undertake that :

- a) the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- b) we shall take necessary steps for the purpose of getting the securities listed in the concerned stock exchange(s) within the specified time;
- c) the funds required for despatch of refund orders/allotment letters/certificates by registered post shall be made available to the Registrar to the Issue by us;
- d) the certificates of the securities/refund orders to the non-resident Indians shall be despatched within specified time;
- e) necessary co-operation to the credit rating agency(ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding;
- f) we shall forward the details of utilisation of the funds raised through the Bonds duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;
- g) we shall disclose the complete name and address of the Debenture Trustee in our annual report;
- h) we shall provide a compliance certificate to the debenture holders (on yearly basis) in respect of compliance of with the terms and conditions of issue of Bonds as contained in the Prospectus, duly certified by the Debenture Trustee.

UTILISATION OF APPLICATION MONEY

The sum received in respect of the Issue will be kept in separate bank account(s) and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

DECLARATION AS A PUBLIC SECURITY/APPROVED SECURITY

Applications may be made for declaration of these Bonds as Public Securities as follows :

- Application may be made to the Government of India under section 20(f) of the Indian Trusts Act, 1882 for declaring the Bonds as "Approved/Public Securities".
- Applications may be made to the Government of Gujarat and the Government of Maharashtra under Section 2(12)(d) of the Bombay Public Trusts Act, 1950 and section 2(12)(d) of the Bombay Public Trusts Act, 1950 respectively.
- Application may be made to the Government of Rajasthan under section 2(10)(c) of the Rajasthan Public Trusts Act, 1959.
- Application may be made to the Government of Madhya Pradesh under section 13 of M.P. Public Trusts Act, 1951.

- Application may be made to the Government of Andhra Pradesh under the Andhra Pradesh Endowment Trust Act.

(We may make such application to other State Governments also for investment by a class of investors).

Subject to declaration by the Central/State Governments as above, Public/Private Trusts in the above states will be eligible to invest in these Bonds. In other states, Public/Private Trusts may invest in these Bonds subject to the relevant provisions of the respective trust deeds and applicable statutory provisions, if any, governing their investments.

Investment in the Bonds by religious/charitable trusts will qualify as eligible investments under section 11(5) of the I.T. Act.

APPLICATIONS BY PROVIDENT FUNDS, SUPERANNUATION FUNDS AND GRATUITY FUNDS

The Government of India has, *vide* its notification dated March 31, 1999, permitted Provident, Superannuation and Gratuity Funds, subject to their assessment of the risk-return prospects, to invest up to 10 per cent in the Bonds and securities issued by private sector organisation including banks provided that the Bonds or securities have an investment grade rating from atleast two credit rating agencies. Accordingly, provident, superannuation and gratuity funds can invest up to 10 per cent of their corpus in these Bonds.

UTILISATION OF PROCEEDS

Statement by the Board of Directors:

- (i) All monies received out of Issue of Bonds to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;
- (ii) Details of all monies utilised out of Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- (iii) Details of all unutilised monies out of issue of Bonds, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

The fund raised from previous Bond issues made by ICICI have been utilised for the business of ICICI as stated in the respective Prospectuses.

TAX BENEFITS

We have been advised by our Taxation Department that under the current tax laws, the following tax benefits *inter alia*, will be available to us and our Bondholders. An investor is advised to consider in his own case the tax implications of an investment in the Bonds after consulting his tax advisor as alternate views are possible.

I. To Us

II. To our Bondholders

A. To the Residents/ Indian public

B. To the Non-Resident Indians

C. To the Other Eligible Institutions

III. Wealth-tax

IV. Gift-tax

(Tax Benefits would be inserted for each tranche depending on the instruments offered in the tranche)

IV. PARTICULARS OF THE ISSUE

Objects of the Issue

We, as also ICICI, since merged with us, have provided long term debt financing to various infrastructure projects. . Given the short term deposit maturity profile in the Indian banking system and the long term maturity of infrastructure lending, we have decided to raise longer term liabilities so as to meet the enhanced demand for financial assistance in the infrastructure sector. The present issue of Bonds are being made subject to applicable regulations to meet these requirements. The proceeds of this issue, including oversubscription retained, if any, would be utilised for our business operations and / or the requirements, as aforesaid. The expenses of the present issue would also be met from the proceeds of this issue.

The main object clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised through the present Issue and also the activities which we have been carrying on till date.

V. COMPANY INFORMATION

Overview

We are a private sector commercial bank and together with our subsidiaries, offer products and services in the areas of commercial banking to retail and corporate customers (both domestic and international), treasury and investment banking and other products like insurance. We were incorporated in India in 1994. We were the surviving entity in an all-stock amalgamation of ICICI, a long-term financial institution and two of its subsidiaries, ICICI Personal Financial Services and ICICI Capital Services, with us, which was effective March 30, 2002 for accounting purposes under Indian GAAP. ICICI Personal Financial Services was engaged in the distribution and servicing of various retail credit products and other services offered by ICICI and us. ICICI Capital Services was a distributor of financial and investment products. Our products and services now include those previously offered by ICICI. As of March 31, 2004 we were the largest private sector bank in India and the second largest bank in India, in terms of assets with total assets of Rs. 1,25,229 crore.

Our commercial banking products and services for retail customers include both retail loans and retail liability products and services. We offer a wide range of retail credit products including home loans, automobile loans, commercial vehicle loans, two wheeler loans, dealer financing, personal loans, credit cards, loans against time deposits and loans against shares. We also offer loans and fee-based services to small enterprises, which include suppliers and dealers of large corporations, and clusters of small enterprises that have a homogeneous profile. We take rupee and foreign currency deposits, primarily from non-resident Indians. Our deposit products include demand deposits (savings and current accounts) and time deposits, with specific products for customers in various segments, like student accounts, payroll accounts, accounts for small businesses and non-resident Indian accounts. Our other retail products and services include private banking, debit cards, fund transfer facilities and utility bill payment services. We also distribute third party investment products, including Government of India Relief Bonds, mutual funds and life insurance policies issued by our joint venture, ICICI Prudential Life Insurance Company.

Our commercial banking operations for corporate customers include a range of products and services for India's leading companies and growth-oriented small middle market businesses. Our products and services for corporate customers include loan products and fee and commission-based products and services. Our loan products consist of project finance, corporate finance and working capital loans, including cash credit facilities and bill discounting. Fee and commission-based products and services include letters of credits, project finance guarantees, cash management services, cross-border trade services, payment services, custodial services and loan syndication. We also take rupee or foreign currency deposits with fixed or floating interest bases from our corporate customers. Our deposit taking products include certificates of deposit, current accounts and time deposits. We also offer agricultural financing products.

Our treasury operations include maintenance and management of regulatory reserves, proprietary trading in equity and fixed income, a range of products and services for corporate customers, such as forward contracts and interest rate and currency swaps, and foreign exchange products and services. Through our treasury operations, we manage our balance sheet including the maintenance of required regulatory reserves and seek to optimise profits from our trading portfolio by taking advantage of market opportunities. There is no restriction on active management of our regulatory reserve portfolio through sales and purchases of securities. Our subsidiary ICICI Securities is engaged in the investment banking business and offers corporate advisory services, including advice on financing and strategic transactions, underwriting and placement of equity offerings and broking, and has fixed income operations, including primary dealership in government securities and proprietary operations in various money market instruments. Funds managed by our subsidiary ICICI Venture Funds Management Company Limited provide venture capital funding to start-up companies, as well as private equity to a range of companies.

ICICI Prudential Life Insurance Company, our joint venture with Prudential plc, offers a range of life insurance products to individuals in India. ICICI Lombard General Insurance Company, our joint

venture with Lombard Canada Limited, offers property and other non-life insurance products to companies and individuals in India.

We believe that the international markets present a major growth opportunity and have, therefore, expanded overseas to meet our customers' cross-border needs and offer our commercial banking products to international customers. Our strategy for growth in international markets is based on leveraging home country links for international expansion by capturing market share in select international markets. We have identified North America, the United Kingdom, the Middle-East and South-East Asia as the key regions for establishing an international presence. We have established wholly-owned subsidiaries, ICICI Bank UK Limited and ICICI Bank Canada in the United Kingdom and Canada respectively. We have also established offshore branches in Singapore and Bahrain and representative offices in New York in the United States, Dubai in the United Arab Emirates, Shanghai in China and Dhaka in Bangladesh.

We offer our customers a choice of delivery channels including physical branches, ATMs, telephone banking call centres and the Internet. In recent years, we have expanded our physical delivery channels, including bank branches and ATMs, to cover a total of approximately 1,790 locations in 271 centres throughout India at June 30, 2004. We use technology to differentiate our products and services from those of our competitors. Our technology-driven products include Internet banking, cash management services, mobile phone banking services and electronic commerce-based business-to-business and business-to-consumer banking solutions. We remain focused on changes in customer needs and technological advances and seek to remain at the forefront of technology banking in India.

History

We are a private sector bank and are the surviving entity in the amalgamation of ICICI and two of its subsidiaries with us. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. Until the late 1980s, ICICI primarily focused its activities on project finance, providing long-term funds to a variety of industrial projects. With the liberalisation of the financial sector in India in the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services provider that, along with its subsidiaries and other group companies, offered a wide variety of products and services. As India's economy became more market-oriented and integrated with the world economy, ICICI capitalised on the new opportunities to provide a wider range of financial products and services to a broader spectrum of clients.

We were incorporated in 1994 as a part of the ICICI group. Our initial equity capital was contributed 75.0% by ICICI and 25.0% by SCICI Limited, a diversified finance and shipping finance lender of which ICICI owned 19.9% at December 1996. Pursuant to the merger of SCICI into ICICI, we became a wholly-owned subsidiary of ICICI. Effective March 10, 2001, we acquired Bank of Madura, an old private sector bank, in an all-stock merger.

The issue of universal banking, which in the Indian context means conversion of long-term lending institutions such as ICICI into commercial banks, has been discussed at length over the past few years. Conversion into a bank offered ICICI the ability to accept low-cost demand deposits and offer a wider range of products and services, and greater opportunities for earning non-fund based income in the form of banking fees and commissions. We also considered various strategic alternatives in the context of the emerging competitive scenario in the Indian banking industry. We identified a large capital base and size and sale of operations as key success factors in the Indian banking industry. In view of the benefits of transformation into a bank and the RBI's pronouncements on universal banking, ICICI and we decided to merge.

At the time of the merger, both we and ICICI were publicly listed in India and on the New York Stock Exchange. The amalgamation was approved by each of the boards of directors of ICICI, ICICI Personal Financial Services, ICICI Capital Services and us at the respective board meetings held on October 25, 2001. The amalgamation was approved by our and ICICI's shareholders at their extraordinary general meetings held on January 25, 2002 and January 30, 2002, respectively. The amalgamation was sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002. The amalgamation was approved by the RBI on April 26, 2002. The amalgamation became effective on May 3, 2002 and the date of the amalgamation for accounting

purposes under Indian GAAP (being the Appointed Date defined in the Scheme of Amalgamation) was March 30, 2002.

Strategy

Our objective is to enhance our position as a premier provider of banking and other financial services in India and to leverage our competencies in financial services and technology to develop our international business.

The key elements of our business strategy are to:

- fully leverage on the synergies of the amalgamation and our enhanced capital base following our recent share issuance;
- focus on profitable, quality growth opportunities by:
 - maintaining and enhancing our strong retail franchise;
 - maintaining and enhancing our strong corporate franchise;
 - building an international presence; and
 - enhancing our strengths in the insurance business.
- emphasize conservative risk management practices and enhance asset quality;
- use technology for competitive advantage; and
- attract and retain talented professionals.

Fully Leverage on the Synergies of the Amalgamation and Our Enhanced Capital Base following Our Recent Share Issuance

As a result of the acquisition of Bank of Madura, we became and continue to be the largest private sector bank in India and as a result of the amalgamation, we became and continue to be the second largest among all banks in India, in terms of total assets. The amalgamation increased our capital base, lowered the cost of our funding compared to ICICI and expanded the scope of our business operations. Subsequent to year-end fiscal 2004, we completed a share issuance of Rs. 3,246 crore to support growth in various areas of our business operations. We aim to continue to leverage on our larger size and enhanced capital base, comprehensive suite of products and services, extensive corporate and retail customer relationships, technology-enabled distribution architecture, strong brand franchise and vast talent pool to develop and increase our market share in profitable business lines.

Focus on Profitable, Quality Growth Opportunities by:

Maintaining and Enhancing our Strong Retail Franchise

We believe that the Indian retail financial services market is likely to continue to experience sustained growth. 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. We have capitalised on the growing retail opportunity in India and believe that we have emerged, on an incremental basis, as a market leader in retail credit. The key dimensions of our retail strategy are innovative products, parity pricing, customer convenience, wide distribution, strong processes, prudent risk management and customer focus. We are also focusing on growth in our retail deposit base to diversify our funding towards more stable and lower cost funding sources. We earn fee income from our commercial banking services to retail customers, including retail loan processing fees, credit card and debit card fees, and retail transaction fees. Our ATM acquiring business also generates fee income when customers of other banks execute transactions at our ATMs. We have also entered the credit card acquiring business, in which we earn income on transactions executed at merchant point of sale terminals owned by us. We also offer our customers depositary share accounts and direct sales of third party mutual funds and government of India Relief Bonds, for which we earn fee income. 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. We will also continue to securitise a portion of the retail assets originated by us.

We have integrated our strategy with regard to small enterprises with our strategy for retail products and services. We are focusing on offering working capital loans and other banking products and services to suppliers or dealers of large corporations, and clusters of small enterprises that have a homogeneous profile.

Maintaining and Enhancing our Strong Corporate Franchise

Our commercial banking services to corporate customers will continue to focus on leveraging our strong corporate relationships and increased capital base to increase our market share in non-fund based working capital products and fee-based services. Our corporate lending activities will continue to focus on structured finance, corporate finance and working capital lending to highly rated corporations. We will also focus on achieving directed lending obligations to the agricultural sector through carefully structured credit products. The government policy focus on infrastructure development, including resolution of certain issues through legislation, and the repositioning and emerging global competitiveness of the Indian industry offer growth opportunities in the area of project financing. In project finance, we will continue to focus on structuring and syndication of financing for large projects by leveraging our expertise in project financing, and on actively managing our project finance portfolio to reduce portfolio concentration and to manage portfolio risk. We view ourselves not only as a provider of project finance but also as an arranger and facilitator, creating appropriate financing structures that may serve as financing and investment vehicles for a wider range of market participants.

Our goal is to provide a comprehensive and integrated service to corporate treasurers through our client bankers. We aim to increase the cross selling of our products and services and maximise the value of our corporate relationships through the effective use of technology, speedy response times, quality service and the provision of products and services designed to meet specific customer needs. We will continue to actively manage our asset portfolio through securitisation of assets as well as through acquisition of credit portfolios from other institutions and banks, to diversify the portfolio, reduce long-term balance sheet exposures and maximise risk-adjusted returns.

Building an International Presence

We believe that the international markets present a major growth opportunity and have therefore expanded the range of our commercial banking products in international markets. Our initial strategy for growth in international markets is based on leveraging home country links for international expansion by capturing market share in select international markets. The initial focus areas are supporting Indian companies in raising corporate and project finance for their investments abroad, trade finance, personal financial services for non-resident Indians and international alliances to support domestic businesses. We have over the last few years built a large network of correspondent relationships across all major countries. Most of these countries have significant trade and other relationships with India.

We have identified North America, the United Kingdom, the Middle-East and South-East Asia as the key regions for establishing our international presence. We currently have subsidiaries in the United Kingdom and Canada, branches in Singapore and Bahrain and representative offices in the United States, China, United Arab Emirates and Bangladesh. We have also received regulatory approval to set up a representative office in South Africa and propose to establish a subsidiary in Russia.

With the establishment of a presence in key overseas locations, we aim to expand our offering to include local banking to non-resident Indians as well as to the broader local market. We propose to increase our scale of operations in each of these locations by launching appropriate products that leverage our technological capabilities and relative cost efficiencies.

Enhancing Our Strengths in the Insurance Business

Following the deregulation of the insurance sector in India, private sector companies were allowed to enter the insurance business. We have a joint venture partnership with Prudential plc of UK for the life insurance business. We have a 74.0% interest in this joint venture. This joint venture company,

ICICI Prudential Life Insurance Company Limited, obtained the license to conduct life insurance business in November 2000 and commenced business operations in December 2000. ICICI Prudential Life Insurance Company is the largest private sector life insurance company in India, with about 31% market share in the private sector based on incremental premium income (i.e., new business) in fiscal 2004. We distribute life insurance policies issued by ICICI Prudential Life Insurance Company through our branch network, based on a customer referral arrangement.

In the non-life insurance sector, we have a joint venture partnership with Lombard Canada Limited. We have a 74.0% interest in this joint venture. The joint venture company, ICICI Lombard General Insurance Company Limited, obtained the license to conduct general insurance business in August 2001 and subsequently commenced operations. ICICI Lombard General Insurance Company is the largest private sector general insurance company in India, with about 22% market share in the private sector in fiscal 2004. ICICI Lombard General Insurance Company offers general insurance products to corporate and retail customers and seeks to capitalise on our customer relationships.

The key dimensions of our strategy for growth in the insurance business are innovative products, a wide distribution network, a prudent portfolio mix and sound risk management practices. In addition, we are focussed on leveraging our corporate and retail customer base for cross selling insurance products.

Emphasize Conservative Risk Management Practices and Enhance Asset Quality

We believe that conservative risk management policies, processes and controls are critical for long-term sustainable competitive advantages in our business. Our Risk Management Group is an independent, centralized group responsible for establishing and implementing company-wide risk management policies, with an increasing focus on enhancing asset quality. An independent, centralized Compliance and Audit Group and a Middle Office Group monitor adherence to regulations, policies and procedures. We continue to build on our credit risk management procedures, credit evaluation and rating methodology, credit risk pricing models, proprietary analytics and monitoring and control mechanisms. We expect to enter new product markets only after conducting detailed risk analysis and pilot testing programs.

To reduce risk, we have diversified our loan portfolio towards retail lending and shorter-term working capital, while continuing to focus on corporate lending to highly-rated corporate customers and structured finance. In addition, we seek to lower the credit risk profile of the project and corporate loan portfolio through the increased use of financing structures based on a security interest in the cash flows generated from the business of the borrower and increased collateral, including additional security in the form of liquid assets, such as investment securities and readily marketable real property. We are also trying to mitigate project risk through the allocation of risk to various project counterparties, such as construction contractors, operations and maintenance contractors and raw material and fuel suppliers, by entering into rigorous project contracts with those counterparties. We seek to control credit risk in the retail loan portfolio, the small enterprises loan portfolio and the agricultural financing portfolio through carefully designed approval criteria and credit controls and efficient collection and recovery systems. We have placed emphasis on recruiting experienced retail credit professionals to staff our retail credit approval function. We have also established standards and investigative verification procedures for selection of our marketing and processing agents. While our lending to the agricultural sector and small scale industries to comply with the priority sector lending norms of the RBI may result in higher credit risk, we are seeking to develop appropriate credit approval criteria and credit delivery structures to mitigate this risk.

Management has placed great emphasis on asset quality and this focus has been institutionalised across the organisation. We believe we are the market driver in India in achieving early settlements with troubled borrowers, thus maximising our cash flows from these loans. Our Special Asset Management Group has the responsibility for managing large impaired loans and accounts under watch.

Use Technology for Competitive Advantage

We seek to be at the forefront of technology usage in the financial services sector. Information technology is a strategic tool for our business operations to gain a competitive advantage and to

improve overall productivity and efficiency of the organisation. All of our technology initiatives are aimed at enhancing value, offering customer convenience and improving service levels while optimising costs.

We expect to continue with our policy of making investments in technology to achieve a significant competitive advantage. The key objectives behind our information technology strategy continue to be:

- building a cost-efficient distribution network to accelerate the development of our retail franchise;
- enhancing cross selling and client segmenting capability by using analytical tools and efficient data storage and retrieval systems;
- improving credit risk and market risk management; and
- improving product and client profitability analysis.

Attract and Retain Talented Professionals

We believe a key to our success will be our ability to continue to maintain and grow a pool of strong and experienced professionals. We have been successful in building a team of talented professionals with relevant experience, including experts in credit evaluation, risk management, retail consumer products, treasury, technology and marketing. Recruitment is a key management activity and we continue to attract graduates from the premier Indian business schools as well as employees with other professional qualifications. Recruitment and assimilation of talented professionals from other organisations is a key element of our strategy.

Our management team is committed to enhancing shareholder value and our performance targets seek to meet this primary objective. We believe we have created the right balance of performance bonuses, stock options and other economic incentives for our employees so that they will be challenged to develop business, achieve profitability targets and control risk. We intend to continuously re-engineer our management and organisational structure to allow us to respond effectively to changes in the business environment and enhance our overall profitability.

Overview of our Operations

We offer products and services in the areas of commercial banking to corporate and retail customers, both domestic and international. We also undertake treasury operations and offer treasury related products and services to our customers. Our subsidiaries are engaged primarily in insurance, investment banking and venture capital and private equity financing.

Commercial Banking Products and Services for Retail Customers

General

We believe that the Indian retail financial services market is likely to continue to experience sustained growth in the future. 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. We have capitalised on the growing retail opportunity in India and believe that we have emerged as a market leader in retail credit on an incremental basis, with an outstanding retail finance portfolio of Rs.33,424 crore at March 31, 2004. The key dimensions of our retail strategy are innovative products, parity pricing, customer convenience, wide distribution, strong processes, prudent risk management 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. We offer a wide variety of consumer credit products such as home loans, automobile loans, commercial vehicle loans, two wheeler loans, consumer durable loans, dealer financing, personal loans, credit cards, loans against time deposits and loans against shares. Our total retail finance loans were 31.9% of our total exposure at March 31, 2004. Retail finance constituted 53.8% of our advances at March 31, 2004. Our commercial banking operations for retail customers also consist of raising deposits from retail customers. In addition, we offer retail liability products in the form of a variety of unsecured redeemable Bonds. All of our retail products are marketed under the “ICICI Bank” brand.

To enhance our brand equity, we undertake brand building and advertising campaigns with advertisements in print and on television.

Retail Lending Activities

We offer a range of retail asset products, including home loans, automobile loans, commercial vehicle loans, two wheeler loans, personal loans, credit cards, loans against time deposits and loans against shares. We also fund dealers who sell automobiles, two wheelers, consumer durables and commercial vehicles. For details of the composition of our outstanding retail finance portfolio, see “Asset Composition and Classification” on page 79

Home Finance

Our home finance business involves giving long-term secured housing loans to individuals and corporations. We also provide construction finance to builders. We provide housing loans directly and also through our wholly-owned subsidiary called ICICI Home Finance Company, which serves as the focal point for marketing, distribution and servicing of our home loan products. Currently, these loans are being given to resident and non-resident Indians for the purchase, construction and extension of residential premises and to self-employed professionals for office premises. At year-end fiscal 2004, our total home finance loans were approximately 53.0% of our consumer loans and credit card receivables.

Automobile Finance

Automobile finance generally involves the provision of retail consumer credit for an average maturity of three to five years to acquire specified new and used automobiles. Automobile loans are secured by a charge on the purchased automobile. We have a strong external distribution network and a strong in-house team to manage the distribution network which has been instrumental in achieving this leadership position. We also have strong relationships with automobile manufacturers and are a “preferred financier” with 12 automobile manufacturers in India.

Commercial Business

We fund commercial vehicles, utility vehicles and construction and farm equipment sold through manufacturer-authorised dealers. The finance is generally for a maximum term of five to seven years through loans, hire purchase agreements or a lease.

Personal Loans

Personal loans are unsecured loans provided to customers for various purposes such as higher education, medical expenses, social events and holidays.

Credit Cards

At June 30, 2004, we had a credit card base of over 2.4 million cards. As the Indian economy develops, we expect that the retail market will seek short-term credit for personal uses, and our offering of credit cards will facilitate further extension of our retail credit business. We also expect that as credit usage increases, we will be able to leverage our customer relationships to cross-sell additional retail and consumer-oriented products and services.

Dealer Funding

We fund dealers who sell automobiles, two wheelers, consumer durables and commercial vehicles. These loans are generally given for a short term. In May 2003, we acquired the entire paid-up capital of Transamerica Apple Distribution Finance Private Limited, which was primarily engaged in providing dealer financing in the two-wheeler segment. This company has now been renamed ICICI Distribution Finance Private Limited. The acquisition has supplemented our retail franchise, especially in the two-wheeler segment.

Lending to Small Enterprises

We are seeking to extend our reach to the growing small enterprises sector without the accompanying high credit risks, which are normally associated with advances to small enterprises, through our Small

Enterprises Group. This group focuses on supply-chain financing. Supply-chain financing means financing suppliers and dealers of large companies, thereby providing banking services at every stage of the supply chain from input to sale of the final product. Typically, the financing is in the form of short-term revolving facilities with overdraft or bill discounting limits and is extended only to carefully pre-selected suppliers and dealers to be used only for genuine transactions with our corporate clients. The group is also involved in financing based on a cluster or community based approach, that is, financing of small enterprises that have a homogeneous profile such as apparel manufacturers and manufacturers of pharmaceuticals.

Retail Deposits

Our retail deposit products include the following:

- time deposits including:
 - recurring deposits, which are periodic deposits of a fixed amount over a fixed term that accrue interest at a fixed rate and may be withdrawn before maturity by paying penalties; and
 - certificates of deposit;
- savings accounts, which are demand deposits that accrue interest at a fixed rate set by the RBI (currently 3.5% per annum) and upon which cheques can be drawn; and
- current accounts, which are non-interest bearing demand deposits.

In addition to deposits from Indian residents, we accept time and savings deposits from non-resident Indians, foreign nationals of Indian origin and foreign nationals working in India. These deposits are accepted on a repatriable and a non-repatriable basis and are maintained in rupees and select foreign currencies.

In addition to our conventional deposit products, we offer a variety of special value-added products and services, such as special products for different categories of customers depending upon their age and occupation, which seek to cater to their specific needs. Following a strategy focused on customer profiles and product segmentation, we offer differentiated liability products to various categories of customers depending on their age group, such as Young Star Accounts for children below the age of 18 years, Student Banking Services for students, Salary Accounts for salaried employees and Senior Citizens Account for individuals above the age of 60 years. We have also micro-segmented various categories of customers to offer targeted products, like Private Banking for high net worth individuals, Defence Banking Services for defence personnel, Special Savings Accounts for trusts and Roaming Current Account for businessmen. This segmentation strategy has contributed significantly to the growth in our deposit base.

Salary Accounts

In September 1996, we introduced “Power Pay”, a direct deposit product for our corporate customers, to help them streamline their salary payment systems for their employees. This product allows the employees’ salaries to be directly credited to a special individual savings account established for this purpose. Renamed as “Salary Account” in 2002, this product provides us with a competitive advantage as these new payroll account holders often open other accounts with us, including time deposits. We also seek to market our retail credit products to our salary account holders. We aim to deliver value to corporates and their employees by offering end-to-end financial solutions from salary processing through strategic alliances, offering payment services through cheques, debit and credit cards as well as online bill payment and in-house as well as third party investment vehicles.

Auto Invest Account

Our auto invest account is a savings account product that offers the customer liquidity as well as higher returns than an ordinary savings account. This product provides weekly automatic transfer of idle balances, above a certain minimum amount, from savings accounts to time deposits, resulting in higher yields. Whenever there is a shortfall in the customer’s savings account, deposits are automatically transferred back from the time deposit account, in units of Rs. 5,000 to meet the shortfall. A similar product is available for current accounts.

Roaming Current Account

We launched a current account product called “Business Multiplier” in July 2000 to meet the needs of the small enterprises segment. This product was re-launched in September 2002 as Roaming Current Account and offers flexibility to customers to choose from six product options with varying minimum average quarterly balance requirements. In addition to conventional banking facilities, this product offers a multi-city checking facility, anywhere banking facility, cash deposit and withdrawal facility across branches and doorstep banking. Customers can access their account through the corporate Internet banking platform and a 24-hour telephone banking facility and can receive account balance information on mobile telephones and electronic mail.

Private Banking

Our private banking services seek to meet the entire banking and financial advisory needs of high net worth individuals. At present, we offer these services at all our branches to clients with a banking relationship size in excess of Rs. 5,00,000. Private banking services aim at providing complete personalised services alongwith competitive pricing on certain asset products, preferential rates for select liability products and services, special complimentary offers and value-linked benefits.

In addition, we look at offering financial planning and investment advisory services to assist our top end customers in their investment and savings plans. This includes assistance in risk profiling, regular monitoring and performance review of the clients' investment and savings portfolio.

Service charges for deposit accounts

Service charges on deposit accounts mainly comprise of levies to savings account customers for non-maintenance of the minimum Quarterly Average Balance (QAB). Savings account customers, other than salary account customers, are generally required to maintain Rs 5,000 as the minimum QAB. Non-maintenance of the minimum QAB attracts charges of Rs. 750 for the quarter.

Debit cum ATM Cards

We offer an international debit card, branded as ICICINCash, in association with VISA International on its popular VISA Electron signature-based platform. This provides a greater choice of payment solutions to customers. It provides customers a safer and more convenient alternative to carrying cash both locally and internationally. The ICICINCash debit card enables direct deductions of the purchase amount from the customer's account from any VISA-enabled merchant establishment and ATM around the world. We earn an annual fee of Rs. 99 for every card and an interchange fee of 1.1% of the amount spent through the debit card. The debit cards also serve as ATM cards and can be used for various transactions including cash withdrawal at our ATMs free of cost and at other visa affiliated ATMs at a nominal charge. We had a debit card base of over 4.8 million cards at June 30, 2004.

Bond Issues

We have issued a variety of unsecured redeemable Bonds to the Indian public. These Bonds, which are not insured by any Indian authority, are designed to address various investor needs, such as the need for regular income, liquidity and tax saving. During fiscal 2004, we raised Rs. 1,352 crore through these Bond issuances. We had about 4.7 million Bondholder accounts at June 30, 2004.

Internet banking services

We offer Internet banking services to retail customers through our website www.icicibank.com. We believe that the increasing number of Internet users, the demographic characteristics of those users and the relative flexibility and convenience of internet banking provides us an opportunity to capitalise on our experience and to increase market share in retail banking. Services offered to our Internet banking customers include online access to account information, placement of time deposits, secure mail box facility for communication with Bank, Bill payments through Bank and Credit Card Accounts, Transfer of funds to third party within ICICI Bank or to any account outside ICICI Bank (select cities). The number of our Internet banking accounts was approximately 6.6 million as at June 30, 2004.

Online Bill Payment

We have tie-ups with leading telecommunication companies, utility providers, insurance companies and internet shopping portals for online payment of bills by our Internet banking customers. Currently, we have tied up with over 100 service providers (for utility bill payments) and 95 online shopping portals. Utility Bill Payment service is offered free of cost. This service is based on cost sharing arrangements with most of these companies.

Other Fee-Based Products and Services

Mutual Fund Sales

We have entered into arrangements with select mutual funds to distribute their products through our distribution network, for which we earn up-front and trailing commissions.

Depository Share Accounts

SEBI has made it mandatory for the 10 largest stock exchanges of the country to settle securities transactions in a dematerialised mode. We are a depository participant of the NSDL and CDSL and offer depository accounts for securities & commodities.

Government of India Bond Sales

We have been permitted by the RBI to sell Government of India Bonds This includes the receipt of applications for these Bonds, the issue of these Bonds in the form of bond ledger accounts and the servicing of bondholders. These Government of India Bonds are sold across a majority of our retail branches. We seek to capitalise on this opportunity by effectively distributing these Bonds through our distribution network/branches and earning fee income in the process.

Web Broking

ICICI Web Trade Limited provides web broking services. This service involves the online integration of a customer's depository share accounts and bank accounts with us and securities brokerage accounts with ICICI Web Trade. This service has assisted us in our efforts to acquire new customers and low-cost savings deposits, as each e-broking customer is required to open a bank account. ICICI Comm Trade Limited, a subsidiary of ICICI Web Trade, proposes to provide web and telephone based broking services in the commodities and commodity derivatives market.

Portfolio Investment Scheme

We are one of the banks designated by the RBI for issuing approvals to non-resident Indians and overseas corporate bodies (OCBs) (w.e.f. September 16, 2003 OCBs are not permitted to get fresh approvals and can not make fresh investments but can continue to hold the existing holdings until disposed off) to trade in shares and convertible debentures on the Indian stock exchanges through registered brokers. Pursuant to this scheme of the RBI, these investors can trade on the Indian stock exchanges within a prescribed limit and in the approved companies by obtaining an approval from a designated bank and by routing all the transactions through that bank. As a designated bank, we report all such transactions to the RBI. We also help these investors with regulatory compliance, such as ensuring delivery-based trading and limit monitoring and providing tax calculations.

Life Insurance Policy Referral and Lead Generation

We have a Memorandum of Understanding with ICICI Prudential Life Insurance Company for generating leads from our banking customers for the life insurance products of ICICI Prudential Life Insurance and referring these leads to ICICI Prudential Life Insurance. The insurance policy is issued by ICICI Prudential Life Insurance and we do not underwrite any insurance risks on our own balance sheet. We collect fees for generating leads and providing referrals.

Distribution of equity offerings

We distribute public offerings of equity shares by companies through our distribution network.

Commercial Banking Products and Services for Corporate Customers

General

We provide a range of commercial banking products and services to India's leading companies and growth-oriented middle market businesses. Our key commercial banking products and services to corporate customers include loan products and fee and commission-based products and services. Our loan products include project and corporate finance and working capital finance including cash credit facilities and bill discounting. We also offer agricultural financing. Our fee and commission-based products and services include letters of credit, financial and performance guarantees, cash management services, trust and retention accounts, cross border trade services, payment services, securities processing services and loan syndication. We also accept rupee or foreign currency deposits with fixed or floating interest bases from our corporate customers. Our deposit products include current deposits and time deposits. We deliver our commercial banking products and services to our corporate customers through a combination of physical branches, correspondent banking networks, telephone banking and the Internet.

Corporate Loan Portfolio

Our corporate loan portfolio primarily consists of term loans for project and corporate finance, and working capital credit facilities.

Project and Corporate Finance

We offer project finance to the manufacturing sector and structured finance to the infrastructure sector respectively. Our project finance business consists principally of extending medium-term and long-term rupee loans to our clients although we do provide financing in foreign currencies. We also provide guarantees to foreign lenders and export credit agencies, on behalf of our clients, typically for large projects in the infrastructure sector. Our manufacturing sector financing includes project-based lending to companies in traditional manufacturing sectors, including iron, steel and metal products, textiles, machinery and capital goods, cement and paper. We also offer corporate finance to our customers based on their existing operations and balance sheets. We have focused on using securitisation techniques to credit enhance our lending products.

Project and corporate finance is provided generally through term loans that amortise over a period of typically between one and ten years. Our term credits include rupee loans, foreign currency loans, lease financing and subscription to preferred stock. These products also include marketable instruments such as fixed rate and floating rate debentures. In the case of rupee and foreign currency loans, and debentures, we generally have a security interest and first lien on the fixed assets of the borrower. The security interest typically includes property, plant and equipment and other tangible assets of the borrower.

Working Capital Finance

Under working capital finance, we offer cash credit facilities, bill discounting and other products to our customers.

Cash Credit Facilities

Under the cash credit facility, a line of credit is provided up to a pre-established amount based on the borrower's projected level of inventories, receivables and cash deficits. Up to this pre-established amount, disbursements are made based on the actual level of inventories and receivables. A cash credit facility is typically given to companies in the manufacturing, trading and service sectors on a floating interest rate basis. Interest is earned on this facility on a monthly basis, based on the daily outstanding amounts. The facility is generally given for a period of up to 12 months, with a review after that period. Our cash credit facility is generally fully secured with full recourse to the borrower. In most cases, we have a first charge on the borrower's current assets, which normally are inventory and receivables. Additionally, in some cases, we may take further security of a first or second lien on fixed assets including real estate, a pledge of financial assets like marketable securities, corporate guarantees and personal guarantees.

Cash credit facilities are extended to borrowers by a single bank, multiple banks or a consortium of banks with a lead bank. The nature of the arrangement is usually agreed between the bank or banks and the borrower and depends upon the amount of working capital financing required by the borrower, the risk profile of the borrower and the amount of loan exposure a single bank can take on the borrower. We are focused on highly rated large corporations and have participated in multiple bank and consortium arrangements. Regardless of the arrangement, we undertake our own due-diligence and follow our credit risk policy to determine whether we should lend money to the borrower and, if so, the amount to be lent to the borrower and the rate of interest to be charged. For more details on our credit risk procedures, see “– Risk Management – Credit Risk” on page 93.

Overdraft

An overdraft is a form of credit similar to cash credit. The overdraft is a running account facility where the borrower may remit and draw funds freely, subject to the limit granted.

Commercial paper

A commercial paper is an unsecured, short-term corporate paper in the nature of a usance promissory note with fixed maturities and is negotiable by endorsement and delivery. Under current guidelines, commercial paper can be issued for a minimum tenor of 15 days and a maximum tenor of 365 days. Commercial papers are generally issued by highly rated borrowers and since they are tradeable, they offer us a liquid investment opportunity.

Bill Discounting

Bill discounting involves the financing of short-term trade receivables through negotiable instruments. These negotiable instruments can then be discounted with other banks if required, providing us with liquidity. In addition to traditional bill discounting, we also provide customised solutions to our corporate customers having large dealer networks. Loans are approved to dealers in the form of working capital lines of credit, based on analysis of credit risk profiles of dealers.

Short-term loan

Short-term loans are demand loans with a maturity of three to six months provided by us to corporate borrowers to meet their temporary cash flow mismatches or to avail of interest rate arbitrage. They can be denominated in either rupee or foreign currency and can be disbursed as fixed rate loans or floating rate loans linked to our prime lending rate or money market benchmark rates. Short-term loans are usually provided to highly rated corporates and may be unsecured.

Export Credit

The RBI requires banks to make loans to exporters at concessional rates of interest. We provide export credit for pre-shipment and post-shipment requirements of exporter borrowers in rupees and foreign currencies. The RBI provides export credit refinancing for an eligible portion of total outstanding export loans at the bank rate prevailing from time to time. The interest income earned on export credits is supplemented through fees and commissions earned from these exporter customers from other fee-based products and services availed by them from us, such as foreign exchange products.

Fee and Commission-Based Activities

Our fee and commission-based products and services include letters of credit, guarantees, cash management services, trust and retention accounts, escrow accounts, payment services, securities markets services and loan syndication.

Letters of Credit

We provide letter of credit facilities to our working capital loan customers both for meeting their working capital needs as well as for capital equipment purchases. For working capital purposes, we issue letters of credits on behalf of our borrowers for the sourcing of their raw materials and

stock inputs. Lines of credit for letters of credit are approved as part of a working capital loan package provided to a borrower. These facilities, like cash credit facilities, are generally given for a period up to 12 months, with review after that period. Typically, the line is drawn down on a revolving basis over the term of the facility, resulting in a fee payable to us at the time of each drawdown, based on the amount and term of the drawdown.

We issue letters of credit on behalf of borrowers both for domestic and foreign purchases. Borrowers pay a fee to us based on the amount drawn down from the facility and the term of the facility. This facility is generally secured by the same collateral available for cash credit facilities. We may also take collateral in the form of cash deposits, in the range of 5.0% to 20.0% of the drawdown amount, from our borrowers before each drawdown of the facility.

Guarantees

We provide guarantees, which can be drawn down any number of times up to the committed amount of the facility. We issue guarantees on behalf of our borrowers in favour of corporations and government authorities. Guarantees are generally issued for the purpose of bid bonds, guaranteeing the performance of our borrowers under a contract as security for advance payments made to our borrowers by project authorities and for deferral of and exemption from the payment of import duties granted to our borrowers by the government against fulfillment of certain export obligations by our borrowers. The term of these guarantees is generally up to 36 months though in specific cases, the term could be higher. This facility is generally secured by collateral similar to that of letters of credit. In addition, as a part of our project financing activity, we issue guarantees to foreign lenders, export credit agencies and domestic lenders on behalf of our clients.

Cash Management Services

Under cash management services, we offer our corporate clients custom-made collection, payment and remittance services allowing them to reduce the time period between collections and remittances, thereby streamlining their cash flows. Our cash management products include physical cheque-based clearing in locations where settlement systems are not uniform, electronic clearing services, central pooling of country-wide collections, dividend and interest remittance services and Internet-based payment products. Our customers pay a fee to us for these services based on the volume of the transaction, the location of the cheque collection centre and speed of delivery. This also results in low-cost funds being maintained for short durations in checking accounts of customers which we invest profitably.

Escrow and Trust and Retention Accounts

We offer escrow account and trust and retention account facilities to lenders in project finance transactions who typically require the setting up of escrow accounts and trust and retention accounts as part of the project financing structure. Our customers include power, road and other infrastructure development companies. This service enables us to capture the receivables of the project on behalf of the lenders and channel the cash flows in a pre-determined manner. We also offer escrow account facilities for securitisation, revenue sharing between joint venture partners, merger and acquisition transactions etc. Our customers pay a negotiated fee to us for this product based on the complexity of the structure and the level of monitoring involved in the transaction.

Payment Services

We offer online electronic payment facilities through our commercial Internet banking platform to our corporate customers and their suppliers and dealers as a closed user group, where the entire group is required to maintain bank accounts with us. We use the Internet as the delivery platform for this business-to-business electronic commerce product. Under this service, payments from our corporate customers to their suppliers and payments from the dealers to our corporate customers are made electronically. This service offers a high level of convenience since no

physical instruments are required, all transactions are done online and the information may be viewed on the Internet. This product can be customised to meet the specific requirements of individual customers. We presently do not charge a fee for this service, as it results in large low-cost funds being maintained for short durations in current accounts of customers. Some of these users are also using the platform for making payments and receiving collections from their channel partners.

Securities Markets Services

We are a clearing member of the National Stock Clearing Corporation Limited, BSE, Mumbai and a custodian registered with the SEBI, a depository participant of the NSDL and the CDSL, a custodian for Global Depositary Receipts and American Depositary Receipts issued by Indian companies and a Professional Clearing Member (PCM) for the derivatives segment of the NSE and the BSE.

Loan Syndication

We have developed significant syndication capabilities while structuring and arranging large project finance transactions. We seek to leverage these syndication capabilities to arrange project and corporate finance for our corporate clients and earn fee income, as well as to securitise loans originated by us. We have been granted a merchant banking license by the SEBI.

Corporate Deposits

We take deposits from our corporate clients with terms ranging from 15 days (seven days in respect of deposits over Rs. 15 lakhs with effect from April 19, 2001) to 7 years but predominantly from 15 days to one year. The RBI regulates the term of deposits in India, but not the interest rates, with some minor exceptions. Banks are not permitted to pay interest for periods less than seven days. Also, pursuant to the current regulations, we are permitted to vary the interest rates on our corporate deposits based upon the size range of the deposit so long as the rates offered are the same for every customer of a deposit of a certain size range on a given day. Corporate deposits include funds taken by us from large public sector corporations, government organisations, other banks and private sector companies.

We offer a variety of deposit products to our corporate customers. We market corporate deposits from branches and directly from our corporate office. We take rupee or foreign currency denominated deposits with fixed or floating interest rates. Our deposit products for corporations include:

- current accounts – non-interest-bearing demand deposits;
- time deposits – fixed-term deposits that accrue interest at a fixed rate and may be withdrawn before maturity by paying penalties; and
- certificates of deposit – a type of time deposit.

In addition to our corporate deposit taking activities described above, we also act as a banker to the market offerings of select companies on account of raising of equity or debt, buy back of equity and takeovers. These companies are required to maintain the subscription funds with the bankers to the offering until the allotment of shares/buy back of shares and the refund of excess subscription is completed. This process generally takes about 15 to 30 days, resulting in short-term deposits with us. We act as a banker to corporates for their dividend payout to their shareholders and interest payout to investors and depositors, which results in mobilising interest-free, float balances to us. We believe that our relationships with corporate deposit customers significantly reduce the volatility in our corporate deposit base. We also offer inter-bank call rate-linked floating rate deposits.

We also provide liquidity management services to our corporate customers to enable them to invest their short-term cash surpluses in a variety of short-term treasury and deposit-based instruments, including treasury bills, commercial paper and certificates of deposit. We also facilitate the holding of foreign currency accounts. In addition to large public and private sector companies, our other target customers for these products are provident funds.

Client Coverage

Our principal corporate relationship groups are the Corporate Banking Group, the Government Banking Group and the Rural, Micro-banking and Agri-business Group. The Corporate Banking Group is responsible for managing relationships with large corporates in both the private and public sector. The Government Banking Group is a dedicated group created to leverage the business opportunities in central and state governments and local government bodies. The Rural, Micro-banking and Agri-business Group is responsible for all our rural and micro-banking and agri-business initiatives. The group is also responsible for relationships with regional rural banks, co-operative banks, co-operatives and all other entities with a primarily agricultural or rural focus. The Structured Finance, Credit and Markets Group is responsible for structuring customised financing solutions for our customers, who are increasingly seeking integrated financial solutions encompassing credit, investment advice, foreign exchange management and derivatives and risk management. This group includes our corporate treasury and risk management products and services. We also have specialised groups for infrastructure project finance and manufacturing project finance (including oil, gas and petrochemicals and shipping). Product specialists from the product groups who focus on product improvements and customisation support our corporate relationship managers. The main focus of the relationship managers is to market our products, including cross-selling of our products and services for retail customers to our corporate clients and their employees. In addition to the above, they cross-sell the products offered by our subsidiaries.

Debenture Trusteeship

ICICI had provided debenture trusteeship services since 1983, and acted as trustee for the holders of convertible and non-convertible debentures issued in the public and private markets. During SEBI's inspection of the Debenture Trustee operations of ICICI, observations on certain shortcomings were made by SEBI in its inspection report. ICICI had initiated suitable action based on SEBI report and had submitted a detailed reply to SEBI. The matter was being examined by SEBI. ICICI had subsequently, with a view to exit this business, been divesting the portfolio of debenture trusteeship in favour of other debenture trustees. We continue to act as a debenture trustee for the companies, divestiture of trusteeship of which has not yet taken place.

Commercial Banking Products and Services for International Customers

Our strategy in international commercial banking is based on leveraging home country links for international expansion by capturing market share in select international markets. The initial focus areas are supporting Indian companies in raising corporate and project finance for their investments abroad, trade finance, personal financial services for non-resident Indians and international alliances to support domestic businesses. We have over the last few years built a large network of correspondent relationships with international banks across all major countries. Most of these countries have significant trade and other relationships with India.

Many international commercial banking products such as trade finance and letters of credit are variants of their respective commercial banking counterparts. Some of the key products and services that are unique to our international customers are described below.

TradeWay

"TradeWay" is an Internet-based documentary collection product, which provides correspondent banks access to real-time on-line information on the status of their export bills collections routed through us. The main features of the product are the availability of online status enquiry for documentary collections, availability of tracking and tracing functions for bills routed through us and the presence of a single point contact for India-bound documentary collections.

Guarantee Re-issuance

We re-issue guarantees favoring corporations and government departments in India against counter guarantees issued by correspondent banks. This service is provided subject to pre-arrangement. We offer competitive pricing for our guarantee re-issuance facility. We can issue bid bond guarantees, performance guarantees and financial guarantees including payment guarantees. Our guarantees have wide acceptance across Indian corporates and government departments.

Remittance Tracker

Remittance Tracker is a web-based application that allows a correspondent bank to query on the status of their payment instructions and also to get various information reports online. We currently offer this product free of charge to all our correspondent banks.

Offshore Banking Deposits

We offer multi-currency deposit products in US Dollar, Pound Sterling and Euro through our Offshore Banking Unit in the Special Economic Zone at Mumbai. These deposits are offered for tenures between three months and six years. The minimum deposit values are US\$ 2,000, GBP 1,500 and EUR 2,000 respectively.

Foreign Currency Non-Resident Deposits

Foreign Currency Non-Resident deposits are simple foreign currency deposits offered in four main currencies - US Dollar, Pound Sterling, Euro and Japanese Yen. Both the principal amount and interest earned can be fully repatriated out of India. These foreign currency deposits are subject to minimum deposit values of US\$ 1,000, GBP 1,000, EUR 1,000 and 200,000 Yen respectively.

Non-Resident External Fixed Deposits

These deposits are maintained in Indian rupees and the minimum investment amount is Rs. 25,000 (US\$ 576). These deposit accounts can be opened for tenure in the range of one year to 10 years. Both the interest earned and principal amounts are fully repatriable out of India. Interest rates are fixed on a monthly basis. The interest rates cannot exceed the LIBOR/swap rates for US Dollar deposits of corresponding maturity. Loans against these deposits are generally available for up to 90.0% of the deposit amount.

Non-Resident External Savings Account

Non-resident external savings accounts are maintained in Indian rupees and the minimum average balance required to be maintained is Rs. 10,000 (US\$ 230) for the quarter. An international ATM and debit card is offered together with the account and funds can be accessed from ATMs across the world. Funds can be transferred to this account free of cost, through the online remittance channel Money2India. Interest rates on balances in the non-resident external savings accounts are fixed on a quarterly basis. The interest rate cannot exceed the LIBOR/swap rates for six months maturity on US Dollar deposits and is fixed quarterly on the basis of the LIBOR/swap rate of US Dollar on the last working day of the preceding quarter.

Non-Resident Ordinary Savings Accounts and Non-Resident Ordinary Fixed Deposits

These products are primarily intended for non-residents who earn income in India. The interest rates offered and other product features are similar to the rates offered on domestic deposits. Principal is not repatriable except in certain cases while the interest is repatriable net of taxes payable in India.

Money2India Remittance Facility

For easy transfer of funds to India, we offer Money2India, a wire transfer remittance facility with a web interface. Non-resident Indians can send money to over 1,250 locations in India, besides direct credit to any bank account in ICICI Bank or networked branches of select banks within India.

Loan Pricing

We price our loans based on the following factors:

- our internal credit rating of the company;
- the maturity of the loan;
- the nature of the banking or financing arrangement (either a single bank, multiple bank or consortium arrangement);
- the collateral available; and
- market conditions.

As required by the RBI's guidelines and the advice issued by the Indian Banks' Association, effective January 1, 2004, we price our loans (other than fixed rate loans and certain categories of loans to individuals and agencies specified by the Indian Banks' Association, including among others, loans to individuals for acquiring residential properties, loans for purchase of consumer durables, non-priority sector personal loans and loans to individuals against shares, debentures, bonds and other securities) with reference to a benchmark prime lending rate, called the ICICI Bank Benchmark Advance Rate. The Asset-Liability Management Committee of our Board of Directors fixes the ICICI Bank Benchmark Advance Rate based on cost of funds, cost of operations and credit charge as well as yield curve factors, such as interest rate and inflation expectations, as well as market demand for loans of a certain term and our cost of funds. The ICICI Bank Benchmark Advance Rate is currently 9.75% p.a. payable monthly, effective May 5, 2004. The lending rates comprise ICICI Benchmark Advance Rate, term premium and transaction-specific credit and other charges.

Delivery Channels

We deliver our products and services through a variety of distribution outlets, ranging from traditional bank branches to ATMs, call centres, franchisees and the Internet. We believe that India's vast geography necessitates a variety of distribution channels to best serve our customers' needs. As part of our strategy to migrate customers to lower cost electronic delivery channels, we have made investments in channels such as ATMs, call centres and the Internet. Our channel migration effort is aimed at reducing cost while enhancing customer satisfaction levels by providing them round-the-clock transaction and servicing facilities. We believe that currently, more than 70.0% of our retail customer-induced banking transactions take place through non-branch channels. The key components of our distribution network are described below:

Branches and Extension Counters in India

At June 30, 2004, we had a network of 412 branches and 55 extension counters in 276 centres across several Indian states. Extension counters are small offices primarily within office buildings or on factory premises that provide commercial banking services. Prior to opening a branch, we conduct a detailed study in which we assess the deposit potential of the area. Our branch locations are largely leased rather than owned. Our back office operations are centralised at regional processing centres, enabling us to create a more efficient branch network.

As a part of its branch licencing conditions, the RBI has stipulated that at least 25.0% of our branches must be located in semi-urban and rural areas. A semi-urban area is defined as a centre with a population of greater than 10,000 but less than 1,00,000. A rural area is defined as a centre with a population of less than 10,000. The population figures relate to the 1991 census. We have adhered to this requirement as shown in the table below. Several of these branches are located in suburbs of large cities, and some of these branches are located in areas where large corporations have their manufacturing facilities. About 225 of our branches are open for 12 hours a day, six days a week.

The following table sets forth, at the date indicated, the number of branches and extension counters broken down by area.

	At June 30, 2004	
	Number of branches and extension counters	% of total
Metropolitan/urban	278	59.5%
Semi-urban/rural	189	40.5%
Total	467	100.0%

Prior to the amalgamation, ICICI had set up a number of "ICICI Centres", which were low-cost, technology driven, stand-alone offices with three or more employees, acting as marketing and service centres. At year-end fiscal 2002, ICICI had 95 ICICI Centres. Pursuant to the amalgamation, we have, with the approval of the RBI converted 25 of these centres into bank branches, 26 centres into

distribution and servicing centres attached to existing bank branches, and closed the remaining 44 centres.

Our corporate relationship groups are principally based at Mumbai, New Delhi, Chennai, Kolkata, Bangalore, Hyderabad, Ahmedabad, Pune, Vadodara, Coimbatore, Ludhiana, Chandigarh, Jaipur and Kochi. Our commercial banking services to corporate customers are delivered through our network of branches.

Franchisee Network

We have a vast franchisee network spread over all major cities in India. The franchisees deliver our retail credit products. These agents help us achieve deeper penetration by offering door-step service to the customer. These agents market our products on an exclusive basis. All credit and risk management decisions pertaining to any customer are made by us and no agent can extend credit to any customer without our approval. These agents receive a fee based on the volume of business generated by them.

ATMs

At June 30, 2004, we had 1,790 ATMs, of which 459 were located at our branches and extension counters. The remaining 1,331 were located at the offices of select corporate clients, large residential developments, airports, and petrol pumps and on major roads in metropolitan cities. Apart from cards issued to our own customers, our ATMs also process Visa, Visa Electron, Master, Cirrus and Maestro card transactions. We have entered into ATM sharing arrangements with Federal Bank and Andhra Bank, which allow our customers to access their accounts with us through the ATM networks of these banks in addition to our own ATM network. Similarly, customers of these banks can also access their bank accounts using our ATM network.

In view of the diversity of regional languages used in various parts of India, our ATMs offer multilingual screens. These screens are loaded depending on the location of the ATM centre. ATMs offer instructions in 11 languages. Other facilities offered through ATMs include bill payment services, a facility for recharging prepaid cards for mobile phones, obtaining internet packs, offering donations to leading temples and donating money towards charity. We have also pioneered the concept of mobile ATMs in India to reach remotely located customers. This service deploys ATMs mounted on mobile vans to visit specific areas at a pre-designated time. At present there are 3 mobile vans operating in different parts of the country. Some of our ATMs in Mumbai and Pune have also been modified to aid a visually handicap person to do a transaction on the ATM.

Internet

We believe that round the clock account access is key to high level customer servicing. We offer Internet Banking facilities through our website www.icicibank.com. Our Internet banking service facilitates customers to access their accounts for various informational and transactional needs. Using Internet Banking, Customers can transfer funds to third parties within ICICI Bank and outside in addition to payments for Utility Bills and online shopping for our Internet banking Customers. We also provide Internet Banking Service for our Credit Card and Demat Customers facilitating access to credit card statements and online instruction facility for Demat.

As at June 30, 2004 we have 6.6 million registered Internet banking users. We provide Internet banking services to our corporate customers through ICICI e-business, a finance portal which is the single point web-based interface for all our corporate customers. ICICI Bank e-business facilitates the customers to conduct banking business online in a secured environment. The Corporate Internet Banking (CIB) platform of ICICI Bank e-business allows the customers to view and transact on its accounts online, bill payment, inter-bank transfer of funds, etc. CIB also extends Trade Finance services like online application for letter of credit and bank guarantees and view the transaction events with ICICI Bank on Letter of Credit, Bank Guarantee, Bills and Forward Contracts. We also offer foreign exchange trading, through Forex Online for our Corporate Customers for dealing in spot and forward contract with ICICI Bank. Forex Online, a secure and user-friendly platform that makes it easy for clients to get live prices for their deals and transact from virtually anywhere in the world. We also

facilitate trading in Government Securities and Corporate Bonds through Debt Online for our Corporate Customers.

Call Centres

We provide telephone banking services through our call center. The call center functions 24 hours a day, seven days a week, and offers a self-service option to customers for automated phone banking. In addition, well-trained customer service officers offer personalised services for banking, dematerialised securities, online share trading customers, credit card holders, Bondholders and loan product customers. The call center is also used in product specific marketing campaigns to generate leads, which are assigned to the franchisees for fulfillment. At June 30, 2004, our call center had 2,075 workstations across two locations.

Mobile Phone Banking

Our mobile phone banking services enables a customer to bank while being on the move. Savings account and credit card customers can view their account details on their mobile phones. Savings account customers can also request a cheque book or account statement, and obtain a list of all the major transactions in their account through Short Messaging Service (SMS).

Correspondent Banking Networks

We have correspondent banking relationships with other banks in India with large physical branch networks to offer a broader coverage for our collections and payments products. As a result of our correspondent banking associations, we facilitate collections at over 3,900 locations and payments at more than 500 locations in India.

Treasury

Through our treasury operations, we seek to manage our balance sheet including the maintenance of required regulatory reserves and to optimise profits from our trading portfolio by taking advantage of market opportunities. Our trading and securities portfolio includes our regulatory reserve portfolio, as there is no restriction on active management of our regulatory reserve portfolio. Our treasury operations include a range of products and services for corporate customers, such as forward contracts and interest rate and currency swaps, and foreign exchange products and services.

General

Under the RBI's statutory liquidity ratio requirement, we are required to maintain a minimum of 25.0% of our demand and time liabilities by way of approved securities, such as Government of India securities and state government securities. We maintain the statutory liquidity ratio through a portfolio of Government of India securities that we actively manage to optimise the yield and benefit from price movements. Until September 17, 2004, under the Reserve Bank of India's cash reserve ratio requirements, we were required to maintain 4.5% of our demand and time liabilities in a current account with the Reserve Bank of India. The Reserve Bank of India announced an increase in the cash reserve ratio to 5.0% in two stages (4.75% effective September 18, 2004 and 5.0% effective October 2, 2004). The Reserve Bank of India pays no interest on these cash reserves up to 3.0% of the net demand and time liabilities and, effective September 18, 2004, pays interest at 3.5% on the remaining eligible balance, on which it used to pay interest at the bank rate (the rate at which the Reserve Bank of India provides refinance to the banking system, currently 6.0%). For further discussion of these regulatory reserves, see "Regulations and Policies – Legal Reserve Requirements" on page 175.

Our treasury undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the cash reserve ratio. The objective is to ensure the smooth functioning of all our branches and at the same time avoid the holding of excessive cash. Our treasury maintains a balance between interest-earning liquid assets and cash to optimise earnings. The treasury undertakes reserve management by maintaining statutory reserves, including the cash reserve ratio and the statutory liquidity ratio.

Our treasury engages in domestic and foreign exchange operations from a centralised trading floor in Mumbai. As part of our treasury activities, we also maintain proprietary trading portfolios in domestic debt and equity securities and in foreign currency assets. The Risk Committee and Asset-Liability Management Committee of our Board of Directors approve our investment and market risk policies.

We have a limited equity portfolio because the RBI restricts investments by a bank in equity securities to 5.0% of its total outstanding domestic loan portfolio as at March 31 of the previous year. A significant portion of ICICI's investments in equity securities was related to projects financed by it. The RBI has permitted us to exclude these investments for determining compliance with the restriction on investments by banks in equity securities, for a period of five years from the amalgamation. In addition, the RBI also approves the exclusion, on a case by case basis, of equity investments acquired by conversion of loans under restructuring schemes approved by the Corporate Debt Restructuring Forum. See also "Regulations and Policies" on page 164. To ensure compliance with the SEBI's revised insider trading regulations, all dealings in our equity investments in listed companies are undertaken by the equity and corporate bonds dealing desks of our treasury, which are segregated from our other business groups as well as the other groups and desks in the treasury, and which do not have access to unpublished price sensitive information about these companies that may be available to us as lenders.

We deal in several major foreign currencies and take deposits from non-resident Indians in four major foreign currencies. We also manage onshore accounts in foreign currencies. We control market risk and credit risk on our foreign exchange trading portfolio through an internal model which sets counterparty limits, stop-loss limits and limits on the loss of the entire foreign exchange trading operations and exception reporting.

Customer Foreign Exchange

We provide customer specific products and services and risk hedging solutions in several currencies to meet the trade and service-related requirements of our corporate clients. The products and services offered include:

- spot foreign exchange for the conversion of foreign currencies without any value restrictions;
- forward foreign exchange for hedging future receivables and payables, without any value restriction, up to a maximum period of three years; and
- foreign exchange and interest rate derivatives for hedging long-term exposures.

We earn commissions on these products and services from our corporate customers.

Forward Contracts, Interest Rate Swaps and Currency Swaps

We provide forward contracts to our customers for hedging their short-term exchange rate risk on foreign currency denominated receivables and payables. We generally provide this facility for a term of up to six months and occasionally up to 12 months. We also offer interest rate and currency swaps to our customers for hedging their medium and long-term risks due to interest rate and currency exchange rate movements. We offer these swaps for a period ranging from three to 10 years. Our customers pay a commission for this product that is included in the price of the product and is dependent upon market conditions. We also hedge our own exchange rate risk related to our foreign currency trading portfolio with products from banking counterparties. Our risk management products are currently limited to foreign currency forward transactions and currency and interest rate swaps for selected approved clients. We believe, however, that the demand for risk management products will grow, and we are building the capabilities to grow these products. We are focusing particularly on setting up sophisticated infrastructure and internal control procedures that are critical to these products.

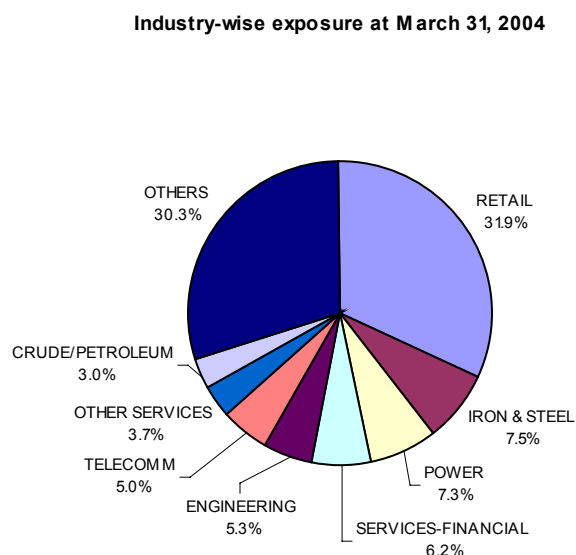
Asset Composition and Classification

Loan Concentration

We follow a policy of portfolio diversification and evaluate our total financing exposure in a particular sector in light of our forecasts of growth and profitability for that sector.

Our current policy is to limit our exposure to any particular industry (excluding retail finance) to 15.0% of our total exposure. At March 31, 2004, our largest exposure to a single industry (excluding retail finance) was to the iron & steel sector, which was 7.5% of our total exposure.

The following diagram represents the composition of our exposure at March 31, 2004:



The following tables set forth, at the dates indicated, the composition of our total exposure.

(Rs. Crore)			
Total Exposure To Top 5 Companies			
Industry	Total Exposure	% To Total Exposure	As % Of Total Exposure To The Industry
Retail Finance	33,423.92	31.9	
Iron & Steel	7,828.61	7.5	64.0
Power	7,617.18	7.3	51.7
Financial Services	6,460.81	6.2	30.1
Engineering	5,506.03	5.3	67.5
Telecom	5,202.87	5.0	64.9
Other Services	3,826.19	3.7	35.9
Crude Petroleum/ Refining	3,174.74	3.0	90.6
Petrochemicals	2,749.90	2.6	93.5
Textiles	2,424.83	2.3	36.3
Metal & Metal Products	2,299.04	2.2	55.6
Road/Port/Railways	2,236.63	2.1	63.6
Electronics	2,109.24	2.0	75.5
Cement	1,735.05	1.7	58.7
Automobiles	1,453.14	1.4	55.5
Fertilisers	1,359.87	1.3	86.8
Chemicals	1,269.45	1.2	35.8
Paper & Paper products	1,223.04	1.2	67.0
Shipping	979.02	0.9	79.2

Industry	Total Exposure	% To Total Exposure	Total Exposure To Top 5 Companies
			As % Of Total Exposure To The Industry
Hotels	876.07	0.8	70.2
NBFCs	826.40	0.8	75.6
Man Made Fibres	817.12	0.8	54.3
Food Processing	785.54	0.7	32.7
Plastic	732.44	0.7	61.5
Sugar	661.83	0.6	44.5
Drugs & Pharma	450.10	0.4	50.5
Rubber & Rubber Products	217.73	0.2	71.7
Mining	180.23	0.2	100.0
Other Infrastructure	93.10	0.1	100.0
Miscellaneous	6,298.63	6.0	
	104,818.75	100.0	

The following table sets forth, at the dates indicated, the composition of our outstanding retail finance portfolio.

	At March 31, 2004
(in Crore)	
Home loans	16,618
Automobile loans	6,974
Commercial business (including commercial-vehicle, construction equipment & farm equipment loans)	4,239
Two Wheeler loans	964
Personal loans	977
Credit cards	1,037
Loans against securities & others	878
Dealer Funding	1,034
Consumer Durables and Professional Equipment	702
Total retail finance portfolio	33,423

Pursuant to the RBI guidelines, our exposure to individual borrowers must not exceed 15.0% of our capital funds comprising Tier-1 and Tier-2 capital. Exposure to individual borrowers may exceed the exposure norm of 15.0% of our capital funds by an additional 5.0% (i.e. up to 20.0%) provided the additional exposure is on account of infrastructure financing. Our exposure to a group of companies under the same management control must not exceed 40.0% of our capital funds unless the exposure is in respect of an infrastructure project. In that case, the exposure to a group of companies under the same management control may be up to 50.0% of our capital funds. Pursuant to the RBI guidelines, exposure for funded facilities is calculated as the total approved limit or the outstanding funded amount, whichever is higher (for term loans, as undisbursed commitments plus the outstanding amount). Exposure for non-funded facilities is calculated as 100.0% of the approved amount or the outstanding non-funded amount, whichever is higher (50.0% of the approved amount or the outstanding non-funded amount, whichever is higher until year-end fiscal 2003).

The largest borrower at March 31, 2004 accounted for approximately 2.2% of our total exposure and 24.9% of our capital funds. We have received permission from RBI to exceed the exposure limit for this

borrower. The largest borrower group at March 31, 2004 accounted for approximately 4.6% of total exposure and 53.1% of total capital funds. We have received permission from RBI to exceed the exposure limit for this borrower. At March 31, 2004, the 10 largest individual borrowers in aggregate accounted for approximately 13.8% of the total exposure and the 10 largest borrower groups in aggregate accounted for approximately 22.2% of the total exposure.

The following table sets forth, our exposure (including principal outstanding, interest and other charges, equity investments and non-fund based exposures at 100%) to our 10 largest single borrowers at March 31, 2004.

Sr. No.	Name of the Industry	At March 31, 2004	
		Exposure as % of Total Capital	Exposure as % of Total Exposure
1	Crude Petroleum/Refining	24.9%	2.2%
2	Iron & Steel	20.7%	1.8%
3	Chemicals	19.9 %	1.7%
4	Power	15.7%	1.4%
5	Iron & Steel	14.8%	1.3%
6	Telecom	13.3%	1.2%
7	Electrical	13.1%	1.1%
8	Electrical	13.0%	1.1%
9	Electrical	12.4%	1.1%
10	Power	10.5%	0.9%

Directed Lending

RBI requires banks to lend to certain sectors of the economy. Such directed lending comprises priority sector lending, export credit and housing finance.

Priority Sector Lending

The RBI guidelines require banks to lend 40.0% of their net bank credit (total domestic loans less marketable debt instruments and certain exemptions permitted by the RBI from time to time) to certain specified sectors called priority sectors. Priority sectors include small-scale industries, the agricultural sector, food and agri-based industries, small businesses and housing finance up to certain limits. Out of the 40.0%, banks are required to lend a minimum of 18.0% of their net bank credit to the agriculture sector and the balance to certain specified sectors, including small scale industries (defined as manufacturing, processing and services businesses with a limit on investment in plant and machinery of Rs. 1 crore), small businesses, including retail merchants, professional and other self employed persons and road and water transport operators, housing loans up to certain limits and to specified state financial corporations and state industrial development corporations.

In its letter dated April 26, 2002 granting its approval for the amalgamation, the RBI stipulated that since ICICI's loans transferred to us were not subject to the priority sector lending requirement, we are required to maintain priority sector lending of 50.0% of our net bank credit on the residual portion of our advances (i.e. the portion of our total advances excluding advances of ICICI at year-end fiscal, 2002, henceforth referred to as residual net bank credit). This additional 10.0% priority sector lending requirement will apply until such time as our aggregate priority sector advances reach a level of 40.0% of our total net bank credit. The RBI's existing instructions on sub-targets under priority sector lending and eligibility of certain types of investments/ funds for qualification as priority sector advances apply to us.

We are required to comply with the priority sector lending requirements at the end of each fiscal year. Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with Government sponsored Indian development banks like the National Bank for

Agriculture and Rural Development and the Small Industries Development Bank of India. These deposits have a maturity of up to five years and carry interest rates lower than market rates.

At year-end fiscal 2004, our priority sector loans were Rs. 14,380.8 crore, constituting 84.4% of our residual net bank credit against the requirement of 50.0%.

The following table sets forth, for the periods indicated, our priority sector loans, classified by the type of borrower.

(Rs. in Crores, except percentages)

	2001	2002	2003*	2004	% of residual net bank credit at March 31, 2004
Small scale industries	636.9	471.5	307.2	291.6	1.7%
Others including Housing Loans and small Businesses	977.9	703.5	5,442.8	10,135.2	59.5%
Agricultural sector	628.6	877.6	2,266.9	3,954.0	23.2%
Total	2,243.4	2,052.6	8,016.9	14,380.8	84.4%

* Based on residual advances.

Export Credit

As part of directed lending, the RBI also requires banks to make loans to exporters at concessional rates of interest. Export credit is provided for pre-shipment and post-shipment requirements of exporter borrowers in rupees and foreign currencies. At the end of the any fiscal year, 12.0% of a bank's net bank credit is required to be in the form of export credit. This requirement is in addition to the priority sector lending requirement but credits extended to exporters that are small scale industries or small businesses may also meet part of the priority sector lending requirement. The RBI provides export refinancing for an eligible portion of total outstanding export loans at the bank rate prevailing in India from time to time. At March 19, 2004 (last reporting Friday for March 2004), our export credit was Rs. 602 crore, constituting 3.3% of our residual net bank credit.

Housing Finance

The RBI requires banks to lend up to 3.0% of their incremental deposits in the previous fiscal year for housing finance. This can be in the form of home loans to individuals or investments in the debentures and bonds of the National Housing Bank and housing development institutions recognised by the Government of India. Our housing finance lending in fiscal 2004 was significantly higher than the requirement of 3.0% of incremental deposits. Housing finance also qualifies as priority sector lending. At March 19, 2004 (last reporting Friday for March 2004), our housing finance advances qualifying as priority sector advances were Rs.8,674 crore.

Classification of Assets

All loans are classified as per RBI guidelines into performing and non-performing assets. Under these guidelines, effective year-end fiscal 2004, a term loan is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days (as against the period of 180 days stipulated earlier). Similarly, an overdraft or cash credit facility is classified as non-performing if the account remains out of order for a period of 90 days and a bill is classified as non-performing if the account remains overdue for more than 90 days. Further, non-performing assets are classified into

sub-standard, doubtful and loss assets. The Bank had classified an asset as non-performing if any amount remained overdue for more than 90 days, effective June 30, 2003.

Asset Classification

Assets are classified as described below:

Standard assets	Assets that do not disclose any problems or which do not carry more than normal risk attached to the business are classified as standard assets.
Sub-standard assets	Sub-standard assets comprise assets that are non-performing for a period not exceeding 18 months.
Doubtful assets	Doubtful assets comprise assets that are non-performing for more than 18 months.
Loss assets	Loss assets comprise assets (i) the losses for which are identified or (ii) that are considered uncollectible.

Restructured Assets

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

Provisioning and Write-Offs

The RBI guidelines on provisioning and write-offs applicable up to fiscal 2004 are as follows:

Standard assets	A general provision of 0.25%.
Sub-standard assets	A general provision of 10%.
Doubtful assets	A 100% write-off is made of the unsecured portion of the doubtful asset and charged against income. The value assigned to the collateral securing a loan is that reflected on the borrower's books or that determined by third party appraisers to be realisable. In cases where there is a secured portion of the asset, depending upon the period for which the asset remains doubtful, 20% to 50% provision on such secured asset is made as follows: Upto one year: 20% provision One to three years: 30% provision More than three years: 50% provision
Loss assets	The entire asset is written-off / provided for.
Restructured Assets	A provision is made equal to the net present value of the reduction in the rate of interest on the loan over its maturity.

In June 2004, the RBI announced additional provisioning requirements for advances classified as doubtful for than three years, based on which banks will be required to make a provision of 100% of the amount of additions to the "doubtful for more than three years" category on or after April 1, 2004, while a provision of 100% of outstanding advances in this category as on March 31, 2004 will have to be made in a phased manner by March 31, 2007.

Our policy

All non-performing retail loans (other than home loans) are fully written-off or provided for over a period of 180 days. Non-performing home loans are fully written-off or provided for over a period of two years. In respect of corporate assets, till fiscal 2004 the Bank had adopted a provisioning policy whereby provisions aggregating 50.0% of the secured portion of corporate non-performing assets were made over a three-year period instead of a five-and-

a-half year period prescribed by RBI. Effective quarter ended June 30, 2004, the Bank provides for corporate non-performing assets in line with the revised RBI guidelines applicable from March 31, 2005 requiring 100% provision over a five-year period. Loss assets and the unsecured portion of doubtful assets are fully provided for or written off. Additional provisions are made against specific non-performing assets if considered necessary by the management. Non-performing assets acquired from ICICI in the merger were fair valued and additional provisions were recorded to reflect the fair valuation. The Bank does not distinguish between provisions and write-offs while assessing the adequacy of the Bank's loan loss coverage, as both provisions and write-offs represent a reduction of the principal amount of a non-performing asset. In compliance with regulations governing the presentation of financial information by banks, the Bank reports non-performing assets net of cumulative write-offs in its financial statements.

The Bank has adopted a conservative general provisioning policy for its standard asset portfolio. While RBI's guidelines require only a 0.25% general provision against standard assets, the Bank makes additional general provisions against standard assets having regard to overall portfolio quality, asset growth, economic conditions and other risk factors. The corporate and project finance portfolio acquired from ICICI in the merger were fair valued and additional provisions were recorded to reflect the fair valuation. During fiscal 2003, the Bank also made additional/accelerated provisions against loans and other assets, primarily relating to ICICI's portfolio. For restructured assets, provisions are made in accordance with guidelines issued by RBI.

The following table sets forth data regarding ICICI Bank's gross asset (net of write-offs and interest suspense) classification for the last five years:

	(Rs. in crores)									
	March 31, 2000		March 31, 2001		March 31, 2002		March 31, 2003		March 31, 2004	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Standard	4,996	97.9	10,648	96.3	55,198	91.2	63,050	91.5	70,598	94.6
- of which restructured assets	—	—	—	—	5,043	8.3	9,287	13.4	7,545	10.1
Sub-standard	85	1.7	251	2.3	1,908	3.2	1,869	2.7	1,493	2.0
Doubtful Assets	22	0.4	147	1.3	3,411	5.6	3,940	5.7	2,487	3.3
Loss Assets	—	—	5	0.1	6	0.0	30	0.0	34	0.1
Total Loan Assets	5,103	100.0	11,051	100.0	60,523	100.0	68,889	100.0	74,612	100.0

The following tables sets forth, for the dates indicated, data regarding our non-performing assets.

As on	(Rs. in crore, except %)			
	Total Gross NPA*	Total Net NPA	Total Net Customer Assets	% of Net NPA to Total Net Customer Assets
March 31, 2000	107	70	5,066	1.4
March 31, 2001	403(1)	161	10,809	1.5
March 31, 2002	5,325(2)	2,721	57,526	4.7
March 31, 2003	5,839	3,151	64,051	4.9
March 31, 2004	4,014	2,037	71,002	2.9

* Net of write-offs and interest suspense]

(1) In March 2001 increase in NPA includes additions to NPAs to the extent of Rs.252.52 crores taken over from the erstwhile Bank of Madura.

(2) In March 2002 increase in NPA was mainly on account of additions to NPAs to the extent of Rs. 4,512.09 crores taken over from ICICI .

The information for March 31, 2002, March 31, 2003 and March 31, 2004 is not comparable with earlier periods on account of the amalgamation. The ratio of net non-performing assets to net customer

assets decreased to 2.87% at March 31, 2004 compared to 4.92% at March 31, 2003. At March 31, 2004, the gross non-performing assets (net of write-offs) were Rs.4,014 crore compared to Rs. 5,839 crore at March 31, 2003. Including technical write-offs, the gross non-performing assets at March 31, 2004 were Rs.6,715 crore compared to Rs. 8,414 crore at March 31, 2003. 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, 2004 was 69.7% compared to 62.6% at March 31, 2003.

In the past few years, the Indian economy has been impacted by negative trends in the global marketplace, particularly in the commodities markets, and recessionary conditions in various economies, which have impaired the operating environment for the industrial sector in India. The manufacturing sector has also been impacted by several other factors, including increased competition arising from economic liberalisation in India and volatility in industrial growth and commodity prices. This has led to stress on the operating performance of companies and an increase in the level of non-performing assets in the financial system, including ICICI and us.

Certain companies are coming to terms with this new competitive reality through a process of restructuring and repositioning, including rationalisation of capital structures and production capacities. To create an institutional mechanism for the restructuring of corporate debt, the RBI has devised a corporate debt restructuring system. The objective of this framework is to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities facing problems. The operation of this system has led to the approval of restructuring programmes for a large number of companies, which has resulted in an increase in the level of restructured assets in the Indian financial system, including an increase in our restructured assets. As a result, our gross restructured standard assets increased to Rs. 9,287 crore at year-end fiscal 2003 from Rs.5,043 crore at year-end fiscal 2002. Our gross restructured standard assets declined from Rs. 9,287 crore at year-end fiscal 2003 to Rs. 7,570 crore at March 31, 2004 mainly on account of upgradations and settlements during the period. The restructured assets continue to be classified as such till they complete one year of satisfactory performance.

In addition to the cumulative provisions and write-offs against non-performing assets, the Bank has made provisions against standard assets pursuant to the RBI norms for provisions for restructured standard assets, the Bank's general provisioning policy, the provisions recorded on fair valuation of ICICI's corporate and project finance portfolio while accounting for the merger and the additional/accelerated provisions, primarily relating to ICICI's portfolio, made during fiscal 2003. At March 31, 2004, the total cumulative provisions against standard assets were Rs.2,016 crore, including provisions against restructured standard assets pursuant to the RBI norms and general provisions against the Bank's retail finance portfolio.

Non-Performing Asset Strategy

In respect of unviable non-performing assets, where the companies have lost viability, we adopt an aggressive approach aimed at out-of-court settlements, enforcing collateral and driving consolidation. Our focus is on time value of recovery and a pragmatic approach towards settlements. The strong collateral against our loan assets has been the critical factor towards the success of our recovery efforts. In addition, we continually focus on proactive management of accounts under watch. Our strategy constitutes a proactive approach towards identification, aimed at early stage solutions to incipient problems.

We have institutionalised the focus on recovery and settlements. Our efforts in tackling non-performing loans have been spearheaded by the Special Assets Management Group (SAMG), which was created to focus exclusively on large non-performing assets and restructured accounts. Methods utilised by the SAMG include facilitating the integration of fragmented capacities, catalysing the merger of weak and unviable units into strong and viable ones, financial restructuring and taking early steps for legal action where necessary.

The Securitisation Act has strengthened the ability of lenders to resolve non-performing assets by granting them greater rights as to enforcement of security and recovery of dues from borrowers including removal of reference to the Board for Industrial and Financial Reconstruction and stay thereto. The Securitisation Act and guidelines issued by the RBI have permitted the setting up of asset reconstruction companies to acquire financial assets by banks and financial institutions. The RBI has

issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. At March 31, 2004, we had investments of Rs.1,251 crore in security receipts arising out of sale of net non-performing assets by us to Asset Reconstruction Company (India) Limited, a reconstruction company registered with the RBI.

We closely monitor migration of the credit ratings of our borrowers to enable us to take proactive remedial measures to prevent loans from becoming non-performing. We frequently review the industry outlook and analyse the impact of changes in the regulatory and fiscal environment. Our periodic review system helps us to monitor the health of accounts and to take prompt remedial measures. In respect of our retail loans, we adopt a standardised collection process to ensure prompt action for follow-up on overdues and recovery of defaulted amounts.

Sector-wise Analysis of Gross Non-Performing Assets

The following table sets forth, at the dates indicated, classification of gross non-performing assets by industry sector.

	At March 31, 2002		At March 31, 2003		(in Crores, except percentages) At March 31, 2004	
	Amt.	%	Amt.	%	Amt.	%
Chemicals (including fertilisers & pesticides)	1,304.00	0.24	1,513.00	0.26	849.35	20.9
Power	34	0.6	62	1.1	619.99	15.25
Textiles	819	15.3	981	16.7	426.12	10.48
Engineering	422	7.9	411	7	213.55	5.25
Other metal & metal products	270	5.1	321	5.5	198.1	4.87
Iron and steel	915	17	767	13	166.27	4.09
Cement	141	2.6	162	2.7	154.49	3.8
Ceramics, granite and related products	81	1.5	156	2.7	141.66	3.49
Electronics	97	1.8	105	1.8	101.94	2.51
Food processing	239	4.4	150	2.6	99.39	2.45
Services - finance	35	0.7	154	2.6	83.63	2.06
Services - others	103	1.9	80	1.4	82.83	2.04
Automobile (including trucks)	28	0.5	74	1.3	68.57	1.69
Paper and paper products	207	3.9	173	2.9	59.77	1.47
Rubber and rubber products	43	0.8	41	0.6	42.65	1.05
Sugar	84	1.6	86	1.5	26.48	0.65
Non-banking finance companies	65	1.2	64	1.1	25.4	0.62
Agriculture	20	0.4	24	0.4	21.85	0.54
Shipping	49	0.9	24	0.4	18.51	0.46
Petroleum	1	-	1	-	0.79	0.02
Road / port / railways	18	0.3	18	0.3	0	0
Other industries	394	7.3	521	8.8	663.06	16.31
Total	5,369.00	1	5,888.00	1	4,064.40	100
Interest suspense	-44	-	-49	-	-50.19	
Gross NPAs	5,325.00		5,839.00		4,014.21	

The net non-performing assets in the retail portfolio at March 31, 2004 were 0.71% of net retail assets.

The largest proportion of our non-performing loans constituted loans to the chemicals (including fertilisers and pesticides), textiles and power industries.

Chemicals. Increasing competition in the global chemical industry has resulted in significant structural changes, with players opting for increased focus on core competencies through corporate restructuring and consolidation or spin-off to attain leadership position in their core businesses. These trends in the global chemical industry environment have significantly affected the Indian chemical industry. The tariff rationalisation and other policy measures effected by the Government of India since 1991 have made the domestic chemical industry vulnerable to movements in international prices, with viability being closely linked to cost of production and capacity utilisation.

Power. Our non-performing loans in the power sector primarily include loans to a large private sector power generation project in the state of Maharashtra, the implementation of which is currently suspended on account of a dispute between the power company and the purchaser, the state electricity board. The matter is currently pending before the Indian courts, while parallel efforts are continuing for an out of court settlement, including re-negotiation of the power tariff. The principal sponsor of the project has filed for bankruptcy in the United States. The assets of the project are in the possession of a receiver appointed by the High Court of Judicature at Mumbai on a plea by the lenders of the project, including us. Efforts are continuing for sale of the project to new sponsors.

Textiles. Over the last few years, the textiles sector was adversely affected by the impact of erratic monsoons on cotton production, the South-east Asian economic crisis and competitive pressures from other low cost textile producing countries. A substantial portion of our loans to this sector have been classified as non-performing.

The following table sets forth the 10 largest net non-performing assets at March 31, 2004 on the basis of gross principal.

Borrower	Industry Segment	Gross Principal	(Rs. in crore) Net
			Outstanding ⁽¹⁾
Borrower A	Power	969.83	545.17
Borrower B	Chemicals	184.89	85.71
Borrower C	Textiles	128.44	45.70
Borrower D	Textiles	118.19	32.81
Borrower E	Iron and Steel	111.34	0.00
Borrower F	Other Metal & Metal Products	108.07	42.95
Borrower G	Textiles	99.68	28.50
Borrower H	Cement	81.62	29.10
Borrower I	Services - Finance	79.50	55.65
Borrower J	Power	73.76	51.63

(1) Net of cumulative provisions

Competition

As a result of the acquisition of Bank of Madura, we became and continue to be the largest private sector bank in India and as a result of the amalgamation, we became and continue to be the second largest bank in India, in terms of total assets. We face competition in all our principal areas of business from Indian and foreign commercial banks, housing finance companies, mutual funds and investment banks. We are the largest private sector bank in India and the second largest bank among all banks in the country, in terms of total assets, with total assets of Rs. 1,25,228.87 crore at year-end fiscal 2004. Subsequent to year-end fiscal 2004, we completed a share issuance of Rs. 3,246 crore to support growth in our various areas of business operations. We seek to gain a competitive advantage

over our competitors through our larger size and scale of operations and by offering innovative products and services, the use of technology, building customer relationships and developing a team of highly motivated and skilled employees. We evaluate our competitive position separately in respect of our products and services for retail and corporate customers.

Commercial banking products and services for retail customers

In the retail markets, competition is primarily from foreign and Indian commercial banks and housing finance companies. Foreign banks have product and delivery capabilities but are likely to focus on limited customer segments and geographical locations since they have a smaller branch network than Indian commercial banks. Foreign banks in the aggregate had only 196 branches in India at the end of March 2004. Indian commercial banks have wide distribution networks but relatively less strong technological and marketing capabilities. We seek to compete in this market through a full product portfolio, effective distribution channels, which include agents, robust credit processes and collection mechanisms, experienced professionals and superior technology.

Commercial banks attract the majority of retail bank deposits, historically the preferred retail savings product in India. We have sought to capitalise on our corporate relationships to gain individual customer accounts through payroll management products and will continue to pursue a multi-channel distribution strategy utilising physical branches, ATMs, telephone banking call centers and the Internet to reach customers. Further, following a strategy focused on customer profiles and product segmentation, we offer differentiated liability products to customers of various ages and income profiles. Mutual funds are another source of competition to us. Mutual funds offer tax advantages and have the capacity to earn competitive returns and hence, have increasingly become a viable alternative to bank deposits.

Commercial banking products and services for corporate customers

In products and services for corporate customers, we face strong competition primarily from public sector banks, foreign banks and other new private sector banks. Our principal competition in these products and services comes from public sector banks, which have built extensive branch networks that have enabled them to raise low-cost deposits and, as a result, price their loans and fee-based services very competitively. Their wide geographical reach facilitates the delivery of banking products to their corporate customers located in most parts of the country. We have been able, however, to compete effectively because of our efficient service and prompt turnaround time that we believe is significantly faster than public sector banks. We seek to compete with the large branch networks of the public sector banks through our multi-channel distribution approach and technology-driven delivery capabilities.

Traditionally, foreign banks have been active in providing trade finance, fee-based services and other short-term financing products to top tier Indian corporations. We effectively compete with foreign banks in cross-border trade finance as a result of our wider geographical reach relative to foreign banks and our customised trade financing solutions. We have established strong fee-based cash management services and compete with foreign banks due to our technological edge and competitive pricing strategies.

Other new private sector banks also compete in the corporate banking market on the basis of efficiency, service delivery and technology. However, we believe our size, capital base, strong corporate relationships, wider geographical reach and ability to use technology to provide innovative, value-added products and services provide us with a competitive edge.

In project finance, ICICI's primary competitors were established long-term lending institutions. In recent years, Indian and foreign commercial banks have sought to expand their presence in this market. We believe that we have a competitive advantage due to our strong market reputation and expertise in risk evaluation and mitigation. We believe that our in-depth sector specific knowledge and capabilities in understanding risks and policy related issues as well as our advisory, structuring and syndication services have allowed us to gain credibility with project sponsors, overseas lenders and policy makers.

New business areas

Our international strategy is focused on India-linked opportunities in the initial stages. In our international operations, we face competition from Indian public sector banks with overseas operations, foreign banks with products and services targeted at non-resident Indians and Indian businesses and other service providers like remittance services. We are seeking to position ourselves as an Indian bank offering globally-benchmarked products and services with an extensive distribution network in India to gain a competitive advantage. We seek to leverage our technology capabilities developed in our domestic business to offer convenient and efficient services to our international customers. We also seek to leverage our strong relationships with Indian corporates in our international business.

Our insurance joint ventures face competition from existing dominant public sector players as well as new private sector players. We believe that the key competitive strength of our insurance joint ventures is the combination of our experience in the Indian financial services industry with the global experience and skills of our joint venture partners. We believe that ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company have built strong product, distribution and risk management capabilities, achieving market leadership positions in their respective businesses. ICICI Prudential Life Insurance Company had a market share of 31% in new business written by private sector life insurance companies in India during fiscal 2004. ICICI Lombard General Insurance had a market share of 22% among the private sector general insurance companies in India during fiscal 2004.

Funding

Our funding operations are designed to ensure stability of funding, minimise funding costs and effectively manage liquidity. Subsequent to the amalgamation, our primary source of funding is deposits raised from both retail and corporate customers. We also raise funds through short-term rupee borrowings and public issuance of Bonds. As a financial institution, ICICI was not allowed to raise banking deposits and so its primary sources of funding, prior to the amalgamation, were rupee borrowings from a wide range of institutional investors, and retail Bonds. ICICI also obtained funds through foreign currency borrowings from multilateral institutions like the Asian Development Bank and the World Bank, which were guaranteed by the Government of India, as well as through commercial foreign currency borrowings. In October 2003, we made a Eurobond issue of US\$ 300 million in the international markets.

The composition of our liabilities has changed significantly pursuant to the amalgamation. Our deposits constituted 58.3% of our total liabilities at March 31, 2004 and 48.4% of our total liabilities at year-end fiscal 2003 and 32.9% of our liabilities at year-end fiscal 2002. Our borrowings (including subordinated debt) constituted 34.1% of our total liabilities at March 31, 2004 and 44.3% year-end fiscal 2003 compared to 60.5% of our total liabilities at year-end fiscal 2002. Our borrowings (including subordinated debt) declined to Rs. 39,846 crore at March 31, 2004 compared to Rs.44,052 crore at year-end fiscal 2003 and Rs. 58,970 crore at year-end fiscal 2002 due to repayment of ICICI's long-term and short-term borrowings in line with scheduled maturities, and new funding primarily through deposits. At year-end fiscal 2002, ICICI's borrowings transferred to us pursuant to the amalgamation were Rs. 58,210 crore, which declined to Rs.28,352 crore at March 31, 2004.

Our deposits were Rs.68,108 crore at March 31, 2004 compared to Rs. 48,169 crore at year-end fiscal 2003 and Rs. 32,085 crore at year-end fiscal 2002. This significant growth in deposits was achieved primarily through increased focus on retail and corporate customers by offering a wide range of products designed to meet varied individual and corporate needs and leveraging on our network of branches, extension counters and ATMs.

The following table sets forth, at the dates indicated, our outstanding deposits and the percentage composition by each category of deposits.

	March 31, 2002		March 31, 2003		March 31, 2004	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in crore, except percentages)					
Non-Interest bearing						
demand deposits	2,736	8.5	3,689	7.6	7,259	10.7
Savings deposits	2,497	7.8	3,793	7.9	8,372	12.3

Time deposits	26,852	83.7	40,687	84.5	52,477	77.0
Total deposits	32,085	100.0	48,169	100.0	68,108	100.0

Time deposits at March 31, 2004 included current and savings account linked deposits of approximately Rs. 10,042 crore, which was 14.7% of total deposits. Time deposits at year-end fiscal 2003 included current and savings account linked deposits of approximately Rs. 8,574 crore.

The following table sets forth our 25 largest borrowings at March 31, 2004.

Borrowing	Amt in Crore	Original Tenor	Coupon (%)
Borrowing A	1,312	5 Yrs	4.75
Borrowing B	1,148	3 Yrs - 5 Yrs & 4 Months	6.90 - 7.25
Borrowing C	1,102	3 Yrs - 21 Yrs	9.00 - 10.40
Borrowing D	841	2 yrs 11 mths - 3 yrs 1 mth	7.3
Borrowing E	758	3 Yrs - 7 Yrs	6.70 - 6.75
Borrowing F	664	3 Yrs - 21 Yrs	9.00 - 10.40
Borrowing G	637	3 Yrs - 21 Yrs & 3 Months	9.40 - 10.30
Borrowing H	603	18 Yrs 8 mths	1.63
Borrowing I	600	11 Yrs	10
Borrowing J	569	3 Yrs - 21 Yrs & 3 Months	8.75 - 10.30
Borrowing K	546	330 Days	1.38
Borrowing L	538	3 Yrs & 4 Months - 19 Yrs & 5 Months	10.50 - 11.30
Borrowing M	524	3 Yrs - 5 Yrs	5.50
Borrowing N	509	10 Yrs	7.55
Borrowing O	500	5 yrs	7.1
Borrowing P	491	3 Yrs - 7 Yrs	6.70 - 6.75
Borrowing Q	489	3 Yrs - 7 Yrs	5.60 - 5.75
Borrowing R	455	3 Yrs - 21 Yrs	8.90 - 10.40
Borrowing S	437	5 Yrs	1.92
Borrowing T	431	3 Yrs - 21 Yrs	8.90 - 10.40
Borrowing U	400	11 Yrs	10
Borrowing V	345	3 Yrs - 7 Yrs	5.75 - 6.00
Borrowing W	328	5 Yrs	1.82
Borrowing X	306	3 Yrs - 21 Yrs	9.00 - 10.40
Borrowing Y	300	5 Yrs & 1 month	11.90

Developmental Activities

ICICI had sought to broaden the scope of its activities by examining all sectors of the economy and by introducing new concepts, new instruments and, in some cases, new institutions in response to perceived needs. In this regard, ICICI's developmental activities encompassed such diverse areas as technology financing, science parks, rural development, vocational training and skill development for handicapped, education of the underprivileged and health care for the weaker sections of society.

ICICI had also been a pioneer in setting up specialised institutions in certain key sectors, singly or jointly with other institutions, banks and governments, including Housing Development Finance Corporation Limited (HDFC), National Stock Exchange (NSE), The Credit Rating Information Services of India Limited (CRISIL) and the OTC Exchange of India (OTCEI). We have, along with other institutions,

set up the NCDEX. NCDEX has received accreditation from the Forward Markets Commission, the regulator for commodity exchanges, and is a national level commodity exchange. Further, following the enactment of the Securitisation Act, which has created a facilitative environment for resolution of distressed debt in India, we have, together with other institutions, set up the Asset Reconstruction Company (India) Limited, which has been registered with the RBI as an asset reconstruction company.

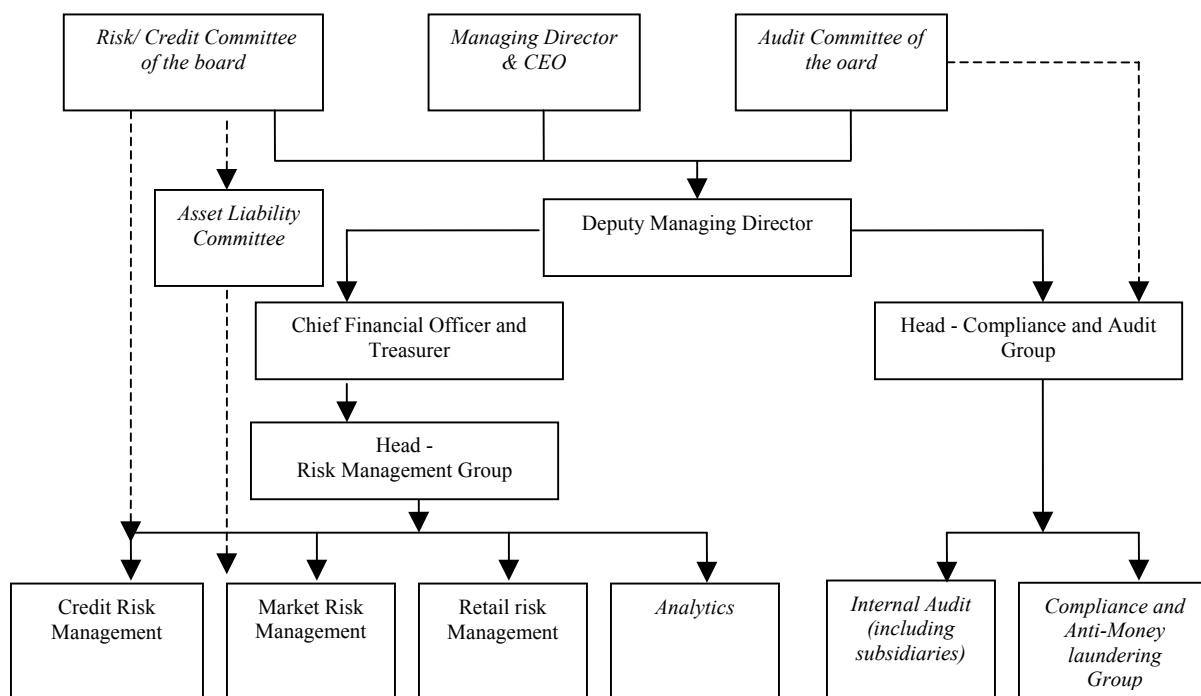
While we have varying levels of shareholding in the above mentioned entities, organisations and institutions, ranging from no equity holding to up to 30.0% equity holding, on account of our being a banking company and the development role played in establishment or setting up of such entities, organisations and institutions, we are not promoters or sponsors of such entities, organisations and institutions.

Risk Management

As a financial intermediary, we are exposed to risks that are particular to our lending and trading businesses and the environment within which we operate. Our goal in risk management is to ensure that we understand, measure and monitor the various risks that arise and that the organisation adheres strictly to the policies and procedures which are established to address these risks.

We are primarily exposed to credit risk, market risk, liquidity risk, operational risk and legal risk. We have two centralised groups, the Risk Management Group and the Compliance and Audit Group with a mandate to identify, assess and monitor all of our principal risks in accordance with well-defined policies and procedures. The Head of the Risk Management Group reports to the Chief Financial Officer and Treasurer and through him to the Deputy Managing Director. The Head of the Compliance and Audit Group reports to the Deputy Managing Director. Both the groups are independent of the business units and coordinate with representatives of the business units to implement our risk management methodologies. Committees of the board of directors have been constituted to oversee the various risk management activities. The Audit Committee provides direction to and also monitors the quality of the internal audit function. The Risk Committee reviews risk management policies in relation to various risks including portfolio, liquidity, interest rate, off-balance sheet and operational risks, investment policies and strategy, and regulatory and compliance issues in relation thereto. The Credit Committee reviews developments in key industrial sectors and our exposure to these sectors as well as to large borrower accounts. The Agriculture & Small Enterprises Business Committee reviews our strategy for small enterprises and agri-business and the quality of the agricultural lending and small enterprises finance credit portfolio. The Asset Liability Management Committee is responsible for managing the balance sheet and reviewing the asset-liability position to manage our liquidity and market risk exposure.

Our risk management set-up is organised as shown in the following chart:



Borrower credit ratings	<i>Developing and implementing market risk measurement methodologies</i>	Approval of retail policies and procedures	Development of proprietary models for risk measurement	Comprehensive review of operational risk inherent in all areas of business	Ensuring compliance to regulatory guidelines
Sectoral analysis and review		Portfolio review and monitoring			Formulation of anti-money laundering policies and ensuring compliance
Credit portfolio analysis	Approval of all new products Monitoring market risk exposures			Initiation of systems audit in information technology-intensive areas	Formulation of credit policies and ensuring compliance

The Risk Management Group is also responsible for assessing the risks pertaining to the international operations, including review of policies and setting sovereign and counterparty limits.

Credit Risk

Our credit policy is approved by the Credit Committee of the Board of Directors. In our lending operations, we are principally exposed to credit risk. Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any financial contract with us, principally the failure to make required payments on loans due to us. We currently measure, monitor and manages credit risk for each borrower and also at the portfolio level. We have a structured and standardised credit approval process, which includes a well-established procedure of comprehensive credit appraisal.

Credit Risk Assessment Procedures for Corporate Loans

In order to assess the credit risk associated with any financing proposal, we assess a variety of risks relating to the borrower and the relevant industry. Borrower risk is evaluated by considering:

- the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy;
- the borrower's relative market position and operating efficiency; and
- the quality of management by analysing their track record, payment record and financial conservatism.

Industry risk is evaluated by considering:

- certain industry characteristics, such as the importance of the industry to the economy, its growth outlook, cyclicalities and government policies relating to the industry;
- the competitiveness of the industry; and
- certain industry financials, including return on capital employed, operating margins and earnings stability.

After conducting an analysis of a specific borrower's risk, the Credit Risk Management Group assigns a credit rating to the borrower. We have a scale of 10 ratings ranging from AAA to B, an additional default rating of D and short-term ratings from S1 to S8. Credit rating is a critical input for the credit approval process. We determine the desired credit risk spread over its cost of funds by considering the

borrower's credit rating and the default pattern corresponding to the credit rating. Every proposal for a financing facility is prepared by the relevant business unit and reviewed by the appropriate industry specialists in the Credit Risk Management Group before being submitted for approval to the appropriate approval authority. The approval process for non-fund facilities is similar to that for fund-based facilities. The credit rating for every borrower is reviewed at least annually and is typically reviewed on a more frequent basis for higher risk credits and large exposures. We also review the ratings of all borrowers in a particular industry upon the occurrence of any significant event impacting that industry.

Working capital loans are generally approved for a period of 12 months. At the end of 12 months validity period, we review the loan arrangement and the credit rating of the borrower and takes a decision on continuation of the arrangement and changes in the loan covenants as may be necessary.

Project Finance Procedures

We have a strong framework for the appraisal and execution of project finance transactions. We believe that this framework creates optimal risk identification, allocation and mitigation, and helps minimise residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience. Once this review is completed, an appraisal memorandum is prepared for credit approval purposes. As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. The appraisal memorandum analyses the risk matrix and establishes the viability of the project. Typical risk mitigating factors include the commitment of stand-by funds from the sponsors to meet any cost overruns and a conservative collateral position. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower. After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

In addition to the above, in the case of structured project finance in areas such as infrastructure and oil, gas and petrochemicals, as a part of the due diligence process, we appoint consultants, wherever considered necessary, to advise the lenders, including technical advisors, business analysts, legal counsel and insurance consultants. These consultants are typically internationally recognised and experienced in their respective fields. Risk mitigating factors in these financings generally also include creation of debt service reserves and channeling project revenues through a trust and retention account.

Our project finance credits are generally fully secured and have full recourse to the borrower. In most cases, we have a security interest and first lien on all the fixed assets and a second lien on all the current assets of the borrower. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. Typically, it is our practice to lend between 60.0% and 80.0% of the appraised value of these types of collateral securities. Our borrowers are required to maintain comprehensive insurance on their assets where we are recognised as payee in the event of loss. In some cases, we also take additional collateral in the form of corporate or personal guarantees from one or more sponsors of the project and a pledge of the sponsors' equity holding in the project company. In certain industry segments, we also take security interest in relevant project contracts such as concession agreements, off-take agreements and construction contracts as part of the security package. In limited cases, loans are also guaranteed by commercial banks and, in the past, have also been guaranteed by Indian state governments or the government of India.

It is our current practice to normally disburse funds after the entire project funding is committed and all necessary contractual arrangements have been entered into. Funds are disbursed in tranches to pay for approved project costs as the project progresses. When we appoint technical and market consultants, they are required to monitor the project's progress and certify all disbursements. We also require the borrower to submit periodic reports on project implementation, including orders for machinery and equipment as well as expenses incurred. Project completion is contingent upon satisfactory operation of the project for a certain minimum period and, in certain cases, the

establishment of debt service reserves. We continue to monitor the credit exposure until its loans are fully repaid.

Corporate Finance Procedures

As part of the corporate loan approval procedures, we carry out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. Our funding of long-term core working capital requirements is assessed on the basis, among other things, of the borrower's present and proposed level of inventory and receivables. In case of corporate loans for other funding requirements, we undertake a detailed review of those requirements and an analysis of cash flows. A substantial portion of our corporate finance loans are secured by a lien over appropriate assets of the borrower.

The focus of our structured corporate finance products is on cash flow based financing. We have a set of distinct approval procedures to evaluate and mitigate the risks associated with such products. These procedures include:

- carrying out a detailed analysis of cash flows to accurately forecast the amounts that will be paid and the timing of the payments based on an exhaustive analysis of historical data;
- conducting due diligence on the underlying business systems, including a detailed evaluation of the servicing and collection procedures and the underlying contractual arrangements; and
- paying particular attention to the legal, accounting and tax issues that may impact any structure.

Our analysis enables us to identify risks in these transactions. To mitigate risks, we use various credit enhancement techniques, such as over-collateralisation, cash collateralisation, creation of escrow accounts and debt service reserves and performance guarantees. The residual risk is typically managed by complete or partial recourse to the borrowing company whose credit risk is evaluated as described above. We also have a monitoring framework to enable continuous review of the performance of such transactions.

Working Capital Finance Procedures

We carry out a detailed analysis of our borrowers' working capital requirements. Credit limits are established in accordance with the approval authorisation approved by the Board of Directors. Once credit limits are approved, we calculate the amounts that can be lent on the basis of monthly statements provided by the borrower and the margins stipulated. Quarterly information statements are also obtained from borrowers to monitor the performance on a regular basis. Monthly cash flow statements are obtained where considered necessary. Any irregularity in the conduct of the account is reported to the appropriate authority on a monthly basis. Credit limits are reviewed on an annual basis.

Working capital facilities are primarily secured by inventories and receivables. Additionally, in certain cases, these credit facilities are secured by personal guarantees of directors, or subordinated security interests in the tangible assets of the borrower including plant and machinery.

Credit Approval Authority for Corporate Loans

We have established four levels of credit approval authorities for our corporate banking activities, the Credit Committee of the Board of Directors, the Committee of Directors, the Committee of Executives (Credit) and the Regional Committee (Credit). The Credit Committee has the power to approve all financial assistance. The Board of Directors has delegated the authority to the Committee of Directors, consisting of the wholtime directors, to the Committee of Executives (Credit) and the Regional Committee (Credit), both consisting of our designated executives, to approve financial assistance to any company within certain individual and group exposure limits set by the board of directors.

The following table sets forth the composition and the approval authority of these committees.

S No	Committee	Members	Approval Authority
1	Credit Committee of the board of directors	Chaired by an independent director and consisting of a majority of independent directors.	- All approvals (in practice, generally above the prescribed authority of the Committee of Directors). - Approvals to companies identified by the Credit Committee where the company or the borrower group requires close monitoring. The following proposals are placed before the Credit Committee for approval / ratification - All credit and investment proposals of the bank with its subsidiaries / affiliates. - Any proposal exceeding the individual and / or group borrower prudential exposure ceilings as prescribed by the Reserve Bank of India (RBI); i.e. 15% of capital funds for a single borrower (20% in case of infrastructure) and 40% of capital funds for a group (50% in case of infrastructure). However, such proposals for additional exposure, over and above the prudential exposure ceilings, shall be considered within the guidelines prescribed by RBI from time to time. At present RBI has allowed Banks to consider additional exposure to a borrower up to 5% of capital funds, over and above the prudential ceilings outlined above, subject to certain conditions being fulfilled. - Any credit / investment proposal relating to a borrower, rated A or below, which is in default in payment of either simple interest or principal or both to the Bank for a period in excess of 30 days.
2	Committee of Directors	Chaired by the Managing Director and Chief Executive Officer and consisting of all wholetime directors.	- All approvals above the prescribed authority of the Committee of Executives. - Any proposal not exceeding the individual and / or group borrower prudential exposure ceilings as prescribed by the Reserve Bank of India (RBI); i.e. 15% of capital funds for a single borrower (20% in case of infrastructure) and 40% of capital funds for a group (50% in case of infrastructure). However, such proposals for additional exposure, over and above the prudential exposure ceilings, shall be considered within the guidelines prescribed by RBI from time to time. At present RBI has allowed Banks to consider additional exposure to a borrower up to 5% of capital funds, over and above the prudential ceilings outlined above, subject to certain conditions being fulfilled. - Small Enterprise Group (SEG) proposals exceeding individual exposure of Rs.25.00 crore or where the aggregate exposure to all such borrowers (where the individual exposure is greater than Rs.10.00 crore) exceeds 33% of the total SEG portfolio. - Proposals where the individual borrower exposure exceeds stipulated limits for different internal rating categories - Proposals for renewal with additional limits in excess of 20% of earlier sanctioned limits or total exposure including the additional limit exceeds the stipulated limit for different internal rating categories. - Proposal carrying a pricing deviation in excess of Rs. 30 lakh.

S No	Committee	Members	Approval Authority
3	Committee of Executives	Consisting of heads of client relationship groups, Retail Products & Distribution Group, Retail Infrastructure Group, International Banking Group, Structured Finance, Credit and Markets Group, Compliance and Audit Group, Project Finance Group, Risk Management Group and Chief Financial Officer.	• Approvals linked to the rating of the borrower which are above the authority of the Regional Committee subject to the following cumulative exposure limits : • Up to Rs. 500 crore for each company with an internal credit rating of AA+ and AAA; • Up to Rs. 150 crore for each company with an internal credit rating of AA; • Up to Rs. 90 crore for each company with an internal credit rating of AA;- • Up to Rs. 70 crore for each company with an internal credit rating of A+; • Up to Rs. 40 crore for each company with an internal credit rating of A; • Up to Rs. 30 crore for each company with an internal credit rating of A-; • Up to Rs. 20 crore for each company with an internal credit rating of BBB; • Up to Rs. 10 crore for each company with an internal credit rating of BB; • In respect of SEG proposals not exceeding individual exposure of Rs.25.00 crore or where the aggregate exposure to all such borrowers (where the individual exposure is greater than Rs.10.00 crore) does not exceed 33% of the total SEG portfolio.
4	Regional Committee	Consisting of regional representatives of various client relationship groups with representatives of Risk Management Group, Compliance and Audit Group and Middle Office Group as permanent invitees.	• Approvals linked to the rating of the borrower which are subject to the following cumulative exposure limits : • Up to Rs. 350 crore for each company with an internal credit rating of AA+ and AAA; • Up to Rs. 110 crore for each company with an internal credit rating of AA; • Up to Rs. 70 crore for each company with an internal credit rating of AA;- • Up to Rs. 50 crore for each company with an internal credit rating of A+; • Up to Rs. 30 crore for each company with an internal credit rating of A; • In addition to the above, proposals of Rural and Micro Banking group rated A-, BBB and BB are subject to the following cumulative exposure limits: • Up to Rs. 20 crore for each company with an internal credit rating of A-; • Up to Rs. 10 crore for each company with an internal credit rating of BBB; • Up to Rs. 5 crore for each company with an internal credit rating of BB; •

(1) Capital funds consist of Tier 1 and Tier 2 capital, as defined in the RBI regulations. See “Regulations and Policies - Capital Adequacy Requirements”.

All new loans must be approved by the above committees in accordance with their respective powers. Certain designated executives are authorised to approve:

- ad-hoc/ additional working capital facilities not exceeding the lower of 10.0% of existing approved facilities and Rs. 2.0 crore;

- temporary accommodation not exceeding the lower of 20.0% of existing approved facilities and Rs. 2.0 crore; and
- facilities fully secured by deposits, cash margin, letters of credit of approved banks or approved sovereign debt instruments.

In addition to the above loan products, our Rural, Micro Banking and Agri-business Group provides loans to self-help groups, rural agencies, as well as certain categories of agricultural loans and loans under government-sponsored schemes. These loans are typically of small amounts. The credit approval authorisation approved by the Board of Directors requires that all such loans above Rs.15 lakh be approved by the Committee of Directors, while the authority to approve loans up to Rs.15 lakh has been delegated to designated executives.

Credit Monitoring Procedures for Corporate Loans

The Credit Middle Office Group monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and insurance policies for assets financed. All borrower accounts are reviewed at least once a year. Larger exposures and lower rated-borrowers are reviewed more frequently.

Retail Loan Procedures

Our customers for retail loans are typically middle and high-income, salaried or self-employed individuals, and, in some cases, partnerships and corporations. Except for personal loans, credit cards and loan against shares, we require a contribution from the borrower and our loans are secured by the asset financed.

Our retail credit product operations are sub-divided into various product lines. Each product line is further sub-divided into separate sales and marketing and credit groups. The Risk Management Group, which is independent of the business groups, approves all new retail products and product policies and credit approval authorisations. All products and policies require the approval of the Committee of Directors. All credit approval authorisations require the approval the Board of Directors.

We use direct marketing agents as well as its own branch network and employees for marketing retail credit products. However, credit approval authority lies only with our credit officers who are distinct from the product marketing teams. The delegation of credit approval authority is linked, among other factors, to the size of the credit and the authority delegated to credit officers varies across different products.

Our credit officers evaluate credit proposals on the basis of the product policy approved by the Committee of Directors and the risk assessment criteria defined by the Risk Management Group. These criteria vary across product segments but typically include factors such as the borrower's income, the loan-to-value ratio and certain stability factors. In case of credit cards, in order to limit the scope of individual discretion, we have implemented a credit-scoring programme that is an automated credit approval system that assigns a credit score to each applicant based on certain demographic attributes like earnings stability, educational background and age. The credit score then forms the basis of loan evaluation. External agencies such as field investigation agents and credit processing agents are used to facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans to individual borrowers. Before disbursements are made, the credit officer conducts a centralised check and review of the borrower's profile. Though a formal credit bureau does not as yet operate in India, we avail the services of certain private agencies operating in India to check applications before disbursement. A centralised retail credit team undertakes review and audit of credit quality across each credit approval team.

We have established centralised operations to manage operating risk in the various back office processes of our retail loan business except for a few operations which are decentralised to improve turnaround time for customers.

We have a collections unit structured along various product lines and geographical locations, to manage delinquency levels. The collections unit operates under the guidelines of a standardised recovery process. We also make use of external collection agents to aid it in collection efforts, including collateral repossession in accounts that are overdue for more than 90 days. External agencies for collections are governed by standardised process guidelines.

A fraud control department has been set up to manage levels of fraud, primarily through fraud prevention in the form of forensic audits and also through recovery of fraud losses. The fraud control department is aided by specialised agencies. The fraud control department also evaluates the various external agencies involved in the retail finance operations, including direct marketing agents, external verification agents and collection agents.

Small Enterprises Loan Procedures

The Small Enterprises Group finances dealers and vendors of companies by implementing structures to enhance the base credit quality of the vendor / dealer, that involve an analysis of the base credit quality of the vendor / dealer pool and an analysis of the linkages that exist between the vendor / dealer and the company.

The group is also involved in financing based on a community-based approach, that is, financing of small enterprises that have a homogeneous profile such as apparel manufacturers and manufacturers of pharmaceuticals. The risk assessment of such communities involves identification of appropriate credit norms for target market, use of scoring models for enterprises that satisfy these norms and applying pre-determined exposure limits to enterprises that are awarded a minimum required score in the scoring model. The assessment also involves setting up of portfolio control norms, individual borrower approval norms and stringent exit triggers to be followed while financing such clusters or communities.

Market Risk

Market risk is exposure to loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The prime source of market risk for us is the interest rate risk we are exposed to as a financial intermediary, which arises on account of our asset liability management activities. In addition to interest rate risk, we are exposed to other elements of market risk such as, liquidity or funding risk, price risk on trading portfolios, and exchange rate risk on foreign currency positions.

Market Risk Management Procedures

Our exposure to market risk is a function of our asset and liability management activities, proprietary trading activities, and our role as a financial intermediary. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and to reduce the volatility inherent in financial instruments. The Asset Liability management (ALM) activities of the Bank are governed by the ALM policy, which is approved by the Asset Liability Management Committee (ALCO). Our investment activities are governed by Treasury Investment policy (TIP), which is approved by the Risk Committee.

The Asset Liability Management Committee is responsible for managing interest rate risk on the banking book and liquidity risk. The Asset Liability Management Committee is chaired by the Joint Managing Director. Deputy Managing Director and two Executive Directors are members of the Committee. The Committee generally meets on a monthly basis and reviews the interest rate and liquidity gap positions on the banking book, formulates a view on interest rates, sets deposit and benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, as deemed fit, in light of the current and expected business environment. The Structural Rate Risk Management Group and Balance Sheet Management Group are responsible for managing interest rate risk and liquidity risk, under the supervision of the Asset Liability Management Committee.

An independent Market Risk Management Group, which is part of Risk Management Group, recommends changes in risk policies, limits and controls. It also evaluates methodologies for quantifying and assessing market risks. We also have in place a Treasury Middle Office Group (TMOG), which is responsible for monitoring adherence to limits and daily reporting to senior management with respect to treasury operations. TMOG is independent of the front office and reports directly to the Deputy Managing Director.

Risk Limits

We have established various risk control limits to manage our market risks. We have set up position limits, stop loss limits, and value at risk limits for various portfolios in our treasury. Counterparty limits and sovereign limits have been set to avoid excessive exposure to any particular counterparty or country. These limits are monitored on a daily basis. ALM related limits have been put in place to manage liquidity and interest rate risks.

Interest Rate Risk

Exposure to fluctuations in interest rates is measured primarily by way of gap analysis, providing a static view of the maturity and re-pricing characteristics of balance sheet positions. An interest rate gap report is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated re-pricing date. The difference in the amount of assets and liabilities maturing or being re-priced in any time period category, then gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate gap reports are prepared on a fortnightly basis. Interest rate risk is further monitored through interest rate risk limits approved by the Asset Liability Management Committee.

Our core business is deposit taking and lending in both rupees and foreign currencies, as permitted by the RBI. These activities expose us to interest rate risk. As the rupee market is significantly different from the international currency markets, gap positions in these markets differ significantly.

The primary source of funding is deposits, and to a much smaller extent borrowings. In the rupee market, most of the deposit taking is at fixed rates of interest for fixed periods, except for savings deposits and current deposits, which do not have any specified maturity and can be withdrawn on demand. The borrowing is usually for a fixed period with a one-time repayment on maturity, with some borrowings having European call/put options, exercisable only on specified dates, attached to them. We have a mix of floating and fixed interest rate assets. The loans are generally repaid more gradually, with principal repayments being made over the life of the loan. The housing loans are primarily floating rate loans where the rates are reset every quarter. Till December 31, 2003, we followed a four-tier prime rate structure, namely, a short-term prime rate for one-year loans or loans that re-price at the end of one year, a medium-term prime rate for one to three year loans, a long-term prime rate for loans with maturities greater than three years and a prime rate for cash credit products. Effective January 1, 2004, we have moved to a single benchmark prime rate structure for all loans other than specific categories of loans advised by the Indian Banks' Association (which include, among others, loans to individuals for acquiring residential properties, loans for purchase of consumer durables, non-priority sector personal loans and loans to individuals against shares, debentures, Bonds and other securities), with lending rates comprising the benchmark prime rate, term premia and transaction-specific credit and other charges. Interest rates on loans outstanding at December 31, 2003 continue to be based on the four-tier prime rate structure. We seek to eliminate interest rate risk on undisbursed commitments by fixing interest rates on rupee loans at the time of loan disbursement.

In contrast to the rupee loans, a large proportion of the foreign currency loans are floating rate loans. These loans are generally funded with floating rate foreign currency funds. Our fixed rate foreign currency loans are generally funded with fixed rate foreign currency funds. We generally convert all our foreign currency borrowings and deposits into floating rate dollar liabilities through the use of interest rate and currency swaps with leading international banks. The foreign currency gaps are generally significantly lower than rupee gaps, representing a considerably lower exposure to fluctuations in foreign currency interest rates.

We use the duration of government securities portfolio as a key variable for interest rate risk management. The duration of government securities portfolio is either increased or decreased to increase or decrease the interest rate risk exposure. In addition, we also use interest rate derivatives to manage the asset and liability positions. We are an active participant in the interest rate swap market and are one of the largest counterparties in India.

Our asset liability management policy stipulates an interest rate risk limit, which seeks to cap the risk on account of the mark-to-market trading book and the earnings at risk on the banking book, based on a sensitivity analysis of a 100 basis points parallel and immediate shift in interest rates. In addition,

the Market Risk Management Group stipulates risk limits including position limits and stop loss limits for the trading book. These limits are monitored on a daily basis and reviewed periodically. In addition to risk limits, we also have risk monitoring tools such as Value-at-Risk models for measuring market risk in our trading portfolio.

We are required to invest a specified minimum percentage, currently 25.0%, of our liabilities in Government of India securities to meet the statutory ratio requirement prescribed by the RBI. As a result, we have a very large portfolio of Government of India securities classified as Available for Sale (AFS) or Held to Maturity (HTM) portfolio. This portfolio is managed by the Balance Sheet Management Group

Equity Risk

We assume equity risk both as part of our investment book and our trading book. On the investment book, investments in equity shares and preference shares are essentially long-term in nature. Nearly all the equity investment securities have been driven by its project financing activities. The decision to invest in equity shares during project financing activities has been a conscious decision to participate in the equity of the company with the intention of realising capital gains arising from the expected increases in market prices, and is separate from the lending decision.

Exchange Rate Risk

We offer foreign currency hedge instruments like swaps, forwards, and currency options to clients, which are primarily banks and highly rated corporate customers. We actively use cross currency swaps, forwards, and options to hedge against exchange risks arising out of these transactions. The forex risks arising from these transactions are mitigated by setting counterparty limits, stipulating daily and cumulative stop-loss limits, and engaging in exception reporting. All the options are maintained within the specified Greek limits. In addition, foreign currency loans are made on terms that are similar to foreign currency borrowings, thereby transferring the foreign exchange risk to the borrower. Foreign currency cash balances are generally maintained abroad in currencies matching with the underlying borrowings. In addition, there is an open foreign exchange position limit to minimise exchange rate risk.

Liquidity Risk

Liquidity risk arises in the funding of lending, trading, and investment activities and in the management of trading positions. It includes both the risk of unexpected increases in the cost of funding its asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price. Another source of liquidity risk is put options written by us on certain of the loans, which we have securitised. These options are binding and require us to purchase, upon request of the holders, securities issued in such securitized transactions. The options seek to provide liquidity to the security holders. If exercised, we will be obligated to purchase the securities at the pre-determined exercise price.

The goal of liquidity management is to enable us to meet all of our liability repayments on time even under adverse conditions and fund all investment opportunities. We actively monitor the liquidity position and attempt to maintain adequate liquidity at all times to meet all requirements of all depositors and Bondholders, while also meeting the requirement of lending groups. We continuously seek to establish a continuous information flow and an active dialogue between the funding and borrowing divisions of the organisation to enable optimal liquidity management. The Balance Sheet Management Group is responsible for liquidity management.

We maintain diverse sources of liquidity to facilitate flexibility in meeting funding requirements. We fund our operations principally by accepting deposits from retail and corporate depositors. We also borrow occasionally in the short-term inter-bank market. While generally this market provides an adequate amount of liquidity, the interest rates at which funds are available can sometimes be volatile. Loan maturities and sale of investments also provide liquidity. We maintain a substantial portfolio of liquid high quality securities that may be sold on an immediate basis to meet the liquidity needs.

Also, we are required to maintain a certain minimum percentage of its demand and time liabilities, excluding specified liabilities, in cash reserves with the RBI, which currently stands at 4.5%. In addition, we also are required to maintain a minimum statutory liquidity reserve by way of investments in Government of India securities, which is 25.0% at present. We have recourse to the liquidity adjustment facility and the refinance window, which are short-term funding arrangements provided by the RBI.

To review our liquidity position, a regular maturity gap statement is prepared. This however, only provides a static picture. So it is supplemented with the dynamic gap statements that take into account future business growth over short horizons. In addition, certain key liquidity ratios are tracked on a fortnightly basis.

The following table sets forth the maturity profile of our assets and liabilities at March 31, 2004

Maturity Buckets	(Rs. in crore)				
	< 1 year	1-3 years	3-5 years	> 5 years	Total
In crore					
Assets (Inflows)					
Loans & Advances	14,845.47	18,259.80	9,609.13	19,381.12	62,095.52
Investments	18,673.10	11,720.79	2,244.77	10,104.19	42,742.86
Cash/RBI Balances	2,789.82	1,886.34	308.51	423.32	5,408.00
Balances with banks, Call and Term money (1)	2,725.14	163.23	88.48	85.79	3,062.64
Leased assets	344.89	831.85	477.98	8.47	1,663.18
Other fixed Assets	0.00	0.00	0.00	2,393.23	2,393.23
Other Assets	2,322.61	526.17	156.37	4,858.29	7,863.45
Total (A)	41,701.02	33,388.19	12,885.24	37,254.42	125,228.87
Liabilities (Outflows)					
Deposits	34,880.83	30,158.94	2,122.05	946.77	68,108.58
Borrowings	10,234.36	11,760.12	4,521.00	4,224.76	30,740.24
Capital	0.00	0.00	0.00	966.40	966.40
Reserves/Surplus	0.00	0.00	0.00	7,394.16	7,394.16
Other Liabilities	6,479.63	4,041.89	1,775.81	5,722.17	18,019.49
Total (B)	51,594.82	45,960.95	8,418.85	19,254.25	125,228.87

Notes

- 1) Includes, balances in current accounts with banks, money at call and short notice, term deposits and other placements
- 2) The maturity profile has been computed based on relevant Asset & Liability Management guidelines of RBI and ICICI Bank's internally adopted policy in this regard.
- 3) In computing the information of maturity profile, certain estimates and assumptions have been made by the management which have been relied upon by the auditors.

The maturity profile of the assets and liabilities as on March 31, 2003 is given in the table below:

Maturity Buckets	(Rs. in crores)				
	<1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Inflows					
Loans & Advances	10,266.20	16,623.54	9,275.29	17,114.38	53,279.41
Investments	15,392.46	11,028.69	2,217.34	6,823.81	35,462.30
Cash/RBI Balances	2,552.62	1,642.92	223.40	467.20	4,886.14

Balances with banks, Call and Term money (1)	1,098.88	251.20	55.33	197.45	1,602.86
Leased Assets	477.29	749.80	543.06	—	1,770.15
Others Fixed Assets	—	—	—	2,290.58	2,290.58
Others	1,454.29	786.76	332.31	4,947.17	7,520.53
Total (A)	31,241.74	1,082.91	12,646.73	31,840.59	106,811.97
Outflows					
Capital	—	—	—	962.66	962.66
Reserves/Surplus	—	—	—	6,320.65	6,320.65
Deposits	25,852.80	20,564.79	1,063.22	688.50	48,169.31
Borrowings	12,159.88	13,950.27	3,517.93	4,674.34	34,302.42
Others (including subordinated debt)	4,720.55	5,127.99	1,127.64	6,080.75	17,056.93
Total (B)	42,733.23	39,643.05	5,708.79	18,726.90	106,811.97
Gap	(11,491.49)	(8,560.14)	6,937.94	13,113.69	—

(1) Includes, balances in current accounts with banks, money at call and short notice, term deposits and other placements

(2) The maturity profile has been computed based on relevant Asset & Liability Management guidelines of RBI and ICICI Bank's internally adopted policy in this regard.

(3) In computing the information of maturity profile, certain estimates and assumptions have been made by the management which have been relied upon by the auditors.

The maturity profile of the assets and liabilities as on March 31, 2002 is given in the table below:

(Rs.
in crores)

	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Inflows					
Loans & Advances	10,427.38	14,263.98	8,822.46	13,521.05	47,034.87
Investments	12,790.48	7,365.76	4,474.61	11,260.24	35,891.09
Cash/RBI Balances	878.45	573.39	140.44	182.19	1,774.47
Balance with banks, Call and Term money(1)	10,312.67	488.30	83.25	127.66	11,011.88
Leased Assets	237.08	747.51	609.11	676.26	2,269.96
Others Fixed Assets	—	—	—	1,969.37	1,969.37
Others	1,885.19	656.62	406.13	1,206.72	4,154.66
Total (A)	36,531.25	24,096.56	14,536.00	28,943.49	104,106.30
Outflows					
Capital	—	—	—	962.55	962.55
Reserves/Surplus	—	—	—	5,632.40	5,632.40
Deposits	18,091.71	13,445.70	403.51	144.20	32,085.12
Borrowings	23,178.06	15,803.92	5,165.58	5,071.09	49,218.65
Others (including subordinated debt)	2,872.40	4,093.85	2,965.13	6,276.20	16,207.58
Total (B)	44,142.47	33,343.47	8,534.22	18,086.44	104,106.30
Gap	(7,610.92)	(9,247.91)	6,001.78	10,857.05	—

(1) Includes, balances in current accounts with banks, money at call and short notice, term deposits and other placements.

(2) The maturity profile has been computed based on relevant Asset & Liability Management guidelines of RBI and Bank's internally adopted policy in this regard.

(3) In computing the information of maturity profile, certain estimates and assumptions have been made by the management which have been relied upon by the auditors.

Our Bonds are rated AAA by two Indian credit rating agencies, ICRA Limited and Credit Analysis & Research Limited. Our term deposits are rated AAA by ICRA Limited. Our foreign currency borrowings are rated Baa3 by Moody's and BB by Standard and Poor's. Our long-term foreign currency deposits are rated Ba2 by Moody's. Our short-term foreign currency ratings are 'not Prime' by Moody's and B by Standard & Poor's. Any downgrade in these credit ratings, or any adverse change in these ratings relative to other banks and financial intermediaries, could adversely impact our ability to raise

resources to meet our funding requirements, which in turn could adversely impact our liquidity position.

In April 2003, unsubstantiated rumours, believed to have originated in Gujarat, alleged that we were facing liquidity problems, although our liquidity position was sound. We witnessed higher than normal deposit withdrawals during the period April 11 to 13, 2003, on account of these unsubstantiated rumours. We successfully controlled the situation, but if such situations were to arise in the future, any failure to control such situations could result in large deposit withdrawals, which would adversely impact our liquidity position.

Operational Risk

We are exposed to many types of operational risk. Operational risk can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, computer systems, 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.

Operational Controls and Procedures in Branches

We have operating manuals detailing the procedures for the processing of various banking transactions and the operation of the application software. Amendments to these manuals are implemented through circulars sent to all offices.

We have a scheme of delegation of financial powers that sets out the monetary limit for each employee with respect to the processing of transactions in a customer's account. Withdrawals from customer accounts are controlled by dual authorisation. Senior officers have delegated power to authorise larger withdrawals. Our operating system validates the check number and balance before permitting withdrawals. Cash transactions over Rs. 10 lakh are subject to special scrutiny to avoid money laundering. Our banking software has multiple security features to protect the integrity of applications and data.

Operational Controls and Procedures for Internet Banking

In order to open an Internet banking account, the customer must provide us with documentation to prove the customer's identity, such as a copy of the customer's passport, a photograph and specimen signature of the customer. After verification of this documentation, we open the Internet banking account and issue the customer a user ID and password to access his account online.

Operational Controls and Procedures in Regional Processing Centers & Central Processing Centers

To improve customer service at our physical locations, we handle transaction processing centrally by taking away such operations from branches. We have centralised operations at regional processing centers located at 15 cities in the country. These regional processing centers process clearing checks and inter-branch transactions, make inter-city check collections, and engage in back-office activities for account opening, standing instructions and auto-renewal of deposits.

In Mumbai, we have centralised transaction processing on a nation-wide basis for transactions like the issue of ATM cards and PIN mailers, reconciliation of ATM transactions, monitoring of ATM functioning, issue of passwords to Internet banking customers, depositing postdated checks received from retail loan customers and credit card transaction processing. Centralised processing has been extended to the issuance of personalised check books, back-office activities of non-resident Indian accounts, opening of new bank accounts for customers who seek web brokering services and recovery of service charges for accounts for holding shares in book-entry form.

Operational Controls and Procedures in Treasury

We have a high level of automation in trading operations. We use technology to monitor risk limits and exposures. Our front office, back office and accounting and reconciliation functions are fully

segregated in both the domestic treasury and foreign exchange treasury. The respective middle offices use various risk monitoring tools such as counterparty limits, position limits, exposure limits and individual dealer limits. Procedures for reporting breaches in limits are also in place.

Our front office treasury operations for rupee transactions consist of operations in fixed income securities, equity securities and inter-bank money markets. Our dealers analyse the market conditions and take views on price movements. Thereafter, they strike deals in conformity with various limits relating to counterparties, securities and brokers. The deals are then forwarded to the back office for settlement.

Trade strategies are discussed frequently and decisions are taken based on market forecasts, information and liquidity considerations. Trading operations are conducted in conformity with the code of conduct prescribed by internal and regulatory guidelines.

The Treasury Middle Office Group, which reports to the Deputy Managing Director monitors counterparty limits, evaluates the mark-to-market impact on various positions taken by dealers and monitors market risk exposure of the investment portfolio and adherence to various market risk limits.

Our back office undertakes the settlement of funds and securities. The back office has procedures and controls for minimising operational risks, including procedures with respect to deal confirmations with counterparties, verifying the authenticity of counterparty checks and securities, ensuring receipt of contract notes from brokers, monitoring receipt of interest and principal amounts on due dates, ensuring transfer of title in the case of purchases of securities, reconciling actual security holdings with the holdings pursuant to the records and reports any irregularity or shortcoming observed.

Anti-money Laundering Controls

The RBI issued detailed guidelines to banks on know your customer and anti-money laundering in August 2002. The Indian Parliament also passed the Prevention of Money Laundering Act in 2002. However, the provisions of this Act are yet to be declared effective by the government of India. We are in compliance with the guidelines of the RBI. Our Board of Directors has approved for implementation an anti-money laundering policy which would apply to all our business operations in India and abroad. A Money Laundering Reporting Officer has been designated for implementing and monitoring compliance with this policy. The Audit Committee of the Board of Directors supervises the implementation of the anti-money laundering policy. The anti-money laundering policy has been designed using a risk-based approach and is based on two pillars: know your customer and monitoring and reporting of suspicious transactions. The business groups are required to undertake risk profiling of various customer segments and products, and classify them into high, medium and low-risk categories. The anti-money laundering framework seeks to institute a process of customer identification and verification depending on the nature of the customer and the transactions. A business relationship may be commenced only after establishing and verifying the identity of the customer and understanding the nature of the business the customer expects to conduct. The ultimate beneficiary of the relationship and the purpose of commencing the relationship must also be established. In respect of unusual or suspicious transactions or when the customer moves from a low-risk to high-risk profile, appropriate enhanced due-diligence measures are required to be adopted.

Global risk management framework

We have adopted a global risk management framework for our international banking operations, including overseas branches, offshore banking units and subsidiaries. Under this framework, our credit, treasury investment, asset liability management and anti-money laundering policies apply to all our overseas branches and offshore banking units, with modifications to meet local regulatory or business requirements. These modifications may be made only with the approval of the appropriate committee of our board of directors. All overseas banking subsidiaries are required to adopt risk management policy frameworks to be approved by their board of directors or an appropriate committee of their board of directors, based on applicable laws and regulations as well as our corporate governance and risk management framework. The overseas banking subsidiaries are required to adopt a process for formulation of policies which involves seeking the guidance and recommendations of our related groups.

The Compliance and Audit Group is responsible for implementing and monitoring the global risk management framework. The Compliance and Audit Group plays an oversight role in respect of regulatory compliance with both local and Indian regulatory requirements. Key risk indicators pertaining to our international banking operations are presented to the Risk Committee of our board of directors on a quarterly basis.

Risk measurement and modeling

We are in the process of implementing a measurement approach to arrive at regulatory capital allocation for operational risk. We have initiated work on modeling the impact of losses arising out of operational risk in different processes. These models, based on statistical methods, seek to facilitate the identification of processes that are prone to very high risk and assist us further in developing the necessary controls to reduce operational risk.

Audit

The Internal Audit Group, which is part of the Compliance and 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. The audit plan for every fiscal year is approved by the Audit Committee of our board of directors.

The Internal Audit Group also has a dedicated team responsible for information technology security audits. The annual audit plan covers various components of information technology including applications, databases, networks and operating systems.

The RBI requires banks to have a process of concurrent audits at branches handling large volumes, to cover a minimum of 50.0% of business volumes. ICICI Bank has a process of concurrent audits, using external accounting firms. Concurrent audits are also carried out at centralised and regional processing centers operations to ensure existence of and adherence to internal controls.

The Internal Audit Group has formed a separate International Banking Audit Group for audit of international branches, representative offices and subsidiaries.

Legal Risk

The uncertainty of the enforceability of the obligations of our customers and counter-parties, including the foreclosure on collateral, creates legal risk. Changes in laws and regulations could adversely affect us. Legal risk is higher in new areas of business where the law is often untested by the courts. We seek to minimise legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorised and consulting internal and external legal advisors.

Derivative Instruments Risk

We enter into interest rate and currency derivative transactions primarily for the purpose of hedging interest rate and foreign exchange mismatches and also engage in trading of derivative instruments on our own account. We provide derivative services to selected major corporate customers and other domestic and international financial institutions, including foreign currency forward transactions and foreign currency and interest rate swaps. Our derivative transactions are subject to counterparty risk to the extent particular obligors are unable to make payment on contracts when due.

Risk management in key subsidiaries

ICICI Securities provides investment banking services, including corporate advisory, fixed income and equity services, to corporate customers. All investment banking mandates, including underwriting commitments, are approved by the Commitments Committee comprising the Managing Director and CEO and relevant group heads, of ICICI Securities. ICICI Securities is a primary dealer and has government of India securities as a significant proportion of its portfolio. It has a corporate risk management group for managing principally the credit and market risks arising out of the various activities of the company.

ICICI Prudential Life Insurance is exposed to business risks arising out of the nature of products and underwriting, and market risk arising out of the investments made out of the corpus of premiums collected and the returns guaranteed to policyholders. ICICI Prudential Life Insurance believes it has a well-developed framework for assessing and managing these risks. We believe it has the largest team of underwriters among private sector insurance companies in India. The key risks and the risk management framework are periodically reviewed by the Risk Management and Audit Committee of its board of directors. The Investment Committee oversees investment-related risk management by approving and reviewing the implementation of the investment policy within the norms stipulated by the Insurance Regulatory and Development Authority. ICICI Prudential Life Insurance has an asset-liability management framework for its investment related risks. At year-end fiscal 2004, linked insurance plans constituted about 48.0% of the portfolio. These are exposed to low market risk as the returns are linked to the value of underlying investments. In order to manage the interest rate risk on the non-linked portfolio, ICICI Prudential Life Insurance has hedged the single premium non-participating portfolio by duration matching, re-balanced at monthly intervals. For the participating portfolio, ICICI Prudential Life Insurance has adopted an asset allocation strategy which includes investments in equities. The equity portfolio is benchmarked to a stock market index. ICICI Prudential Life Insurance follows a disciplined approach to portfolio construction to manage the volatility of equity investments and achieve superior equity asset class returns over the long term. The portfolio largely comprises index stocks and is constructed with small limits for sector and stock deviation vis-à-vis index stock weights. In addition, there are limits on exposures to companies, groups and industries.

ICICI Lombard General Insurance is principally exposed to risks arising out of the nature of business underwritten and credit risk on its investment portfolio. In respect of business risk, ICICI Lombard General Insurance seeks to diversify its insurance portfolio across industry sectors and geographical regions. It focuses on product segments that have historically experienced low loss ratios. It also has the ability to reduce the risk retained on its own balance sheet by re-insuring a part of the risks underwritten. Its investments are governed by the investment policy approved by its board of directors within the norms stipulated by the Insurance Regulatory and Development Authority. The Investment Committee oversees the implementation of this policy and reviews it periodically. Exposure to any single entity is normally restricted to 5.0% of the portfolio and to any industry to 10.0% of the portfolio. Investments in debt instruments are generally restricted to instruments with a domestic credit rating of AA or higher.

Technology

We seek to be at the forefront of usage of technology in the financial services sector. We use information technology as a strategic tool for our business operations, to gain a competitive advantage and to improve our overall productivity and efficiency. Our technology initiatives are aimed at enhancing value, offering customers enhanced convenience and improved service while optimising costs. Our focus on technology emphasises:

- Electronic and online channels to:
 - offer easy access to our products and services;
 - reduce distribution and transaction costs;
 - reach new target customers; and
 - enhance existing customer relationships.
- Application of information systems to:
 - effectively market to our target customers;
 - monitor and control risks; and
 - identify, assess and capitalise on market opportunities.

We also seek to leverage our domestic technology capabilities in our international operations.

Technology Organisation

While we have dedicated technology groups for our products and services for retail and corporate customers, our enterprise-wide technology initiatives are coordinated by the Technology Management Group.

Banking Application Software

We use a banking application software that is flexible and scaleable and allows us to effectively and efficiently serve our growing customer base. In fiscal 2003, our core banking software was upgraded and enabled with multi-currency features. A central stand-in server provides services all days of the week, throughout the year, to delivery channels. The server stores the latest customer account balances, which are continuously streamed from the core banking database. We have a data center in Mumbai for centralised data base management, data storage and retrieval.

Electronic and Online Channels

We use a combination of physical and electronic delivery channels to maximise customer choice and convenience, which has helped the differentiation of our products in the marketplace. Our branch banking software is flexible and scaleable and integrates well with its electronic delivery channels. Our ATMs are sourced from some of the world's leading vendors. These ATMs work with the branch banking software. At year-end fiscal 2004, we had 1,790 ATMs across India. We were one of the first banks to offer online banking facilities to our customers. We now offer a number of online banking services to our customers for both corporate and retail products and services. Our telephone banking call centers have a total seating capacity of 2,075 seats, across two locations, at Mumbai and Hyderabad. These telephone banking call centers use an Interactive Voice Response System. In fiscal 2003, we upgraded the existing hardware and deployed a new integrated Interactive Voice Response System to enhance capacity. The call centers are based on the latest technology and provide an integrated customer database that allows the call agents to get a complete overview of the customer's relationship with us. The database enables customer segmentation and assists the call agent in identifying cross-selling opportunities.

We launched mobile banking services in India in March 2000, in line with our strategy to offer multi-channel access to our customers. This service has now been extended to all mobile telephone service providers across India and non-resident Indian customers in the United States of America, the United Kingdom, the Middle East and Singapore.

High-Speed Electronic Communications Infrastructure

We have a nationwide data communications network linking all our channels and offices. The network design is based on a mix of dedicated leased lines and satellite links to provide for reach and redundancy, which is imperative in a vast country like India. The communications network is monitored 24 hours a day using advanced network management software.

Treasury and Operations relating to Commercial Banking for Corporate Customers

We use technology to monitor risk limits and exposures. We have invested significantly to acquire advanced systems from some of the world's leading vendors and connectivity to the SWIFT network. In fiscal 2003, we successfully centralised our corporate banking back office operations and rolled out a business process management solution to automate our activities in the areas of trade services and general banking operations. Through integration of the workflow system with the imaging and document management system, we have achieved substantial savings and practically eliminated the use of paper for these processes.

In fiscal 2004, we have centralised the systems of the treasuries of all our international branches and subsidiaries. As a result, the processing of transactions as well as the applications used for deal entry are now centrally located and maintained out of India.

Customer Relationship Management

We have implemented a customer relationship management solution for automation of customer handling in all key retail products. Our customer relationship management solution enables various channels to service the customer needs at all touch points, and across all products and services. The solution has been deployed at the telephone banking call centers as well as a large number of branches. We have also undertaken a retail data warehouse initiative to achieve customer data integration at the back-office level. We have implemented an Enterprise Application Integration initiative across our retail and corporate products and services, to link various products, delivery and channel systems. This initiative underpins our multi-channel customer service strategy and seeks to deliver customer related information consistently across access points.

Data center and disaster recovery system

While our primary data center is located in Mumbai, a separate disaster recovery data center has been set up in another city and is connected to the main data center in Mumbai. The disaster recovery data center has facilities to host critical banking applications in the event of a disaster at the primary site.

Employees

At September 30, 2004 we had 15,639 employees, of whom 6,690 employees were professionals in business management, accountancy, engineering, law, computer science or economics. Management believes that it has good relationship with its staff. We have a staff centre, which serves as a forum for grievances, pay and benefit negotiations and other industrial relations matters. The number of employees who have left us since April 1, 2004 (excluding those deputed to group companies) is 1,748.

We rely extensively on our human capital and continue to attract the best graduates from the premier business schools of the country. We dedicate a significant amount of senior management time to ensure that employees remain highly motivated and perceive the organisation as a place where opportunities abound, innovation is fuelled, teamwork is valued and success is rewarded. Employee compensation is clearly tied to performance and we encourage the involvement of all our employees in our overall performance and profitability through profit sharing incentive schemes based largely on the financial results and other quantitative and qualitative factors. A performance management system has been implemented to assist management in career development and succession planning. We have an employee stock option scheme to encourage and retain high performing employees. Up to 5.0% of our equity share capital at the time of grant of stock option can be issued as stock options under this scheme. The stock option entitles eligible employees to apply for equity shares. The Board Governance and Remuneration Committee determines the eligibility of each employee based on an evaluation of the employee including employee's work performance, technical knowledge and leadership qualities.

We have a training centre at Khandala, near Mumbai which conducts a series of training programmes designed to meet the changing skill requirements of our employees. These training programmes include orientation sessions for new employees and management development programmes for mid-level and senior executives. The training centre regularly offers courses conducted by faculty, both national and international, drawn from industry, academia and from our own employees. Training programmes are also conducted for developing functional as well as managerial skills. We also depute our employees to various specialised training programmes held in India and abroad.

In July 2003, we offered an Early Retirement Option to our employees. All employees who were 40 years of age and had completed seven years of service with us (including periods of service with Bank of Madura, ICICI, ICICI Personal Financial Services and ICICI Capital Services which were amalgamated with and into us) as of July 31, 2003 were eligible for the Early Retirement Option. Out of approximately 2,350 eligible employees, 1,495 employees exercised the Option.

The amount payable to these employees was the lesser of the amount equal to:

- three months' salary for every completed year of service, and
- one month's salary for the number of months of service left.

The above payment was subject to an overall limit of Rs. 20 lakhs for employees at the level of Joint General Manager and below, and Rs.25 lakhs for employees at the level of General Manager and Senior General Manager. For the purpose of this computation, salary included basic pay and dearness allowance but excluded all other allowances. While we have made provisions for leave encashment and retirement benefits based on actuarial valuation in accordance with relevant accounting guidelines, the early retirement of employees resulted in additional payouts over and above the provisions made to date in respect of those employees. The total cost of the Early Retirement Option including these provisions was Rs. 191 crore, which is being amortised over a period of five years in line with RBI's approval.

Properties

Our registered office is located at Landmark, Race Course Circle, Vadodara 390 007, Gujarat, India. Our corporate office is located at ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051, Maharashtra, India.

We had a principal network consisting of 412 branches, 55 extension counters and 1,790 ATMs at June 30, 2004. These facilities are located throughout India. In addition to the branches, extension counters and ATMs, we have 18 controlling/administrative offices including the registered office at Vadodara and the corporate headquarters at Mumbai, 14 regional processing centres in various cities and one central processing centre at Mumbai. We also own apartments and residential facilities for our employees.

CERTAIN CORPORATE MATTERS

Our Main Objects

Our main objects as contained in our Memorandum of Association are:

1. To establish and carry on business of banking in any part of India or outside India.
2. To carry on the business of accepting, for the purpose of lending or investment, of deposits of money repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise.
3. To borrow, raise or take up money, lend or advance money with or without interest either upon or without security.
4. To draw, make, execute, issue, endorse, negotiate, accept, discount, buy, sell, collect and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, Bonds, mortgage-backed securities, letters of credit or obligations, certificates, scrips and other instruments and securities whether transferable or negotiable or mercantile or not.
5. To grant and issue letters of credit, traveller's cheques and circular notes, buy, sell and deal in bullion and specie.
6. To receive all kinds of Bonds, scrips or valuables on deposit or for safe custody or otherwise, provide safe deposit vaults, collect and transmit money, negotiable instruments and all securities.
7. To buy, acquire, issue on commission, deal, sell, dispose of, exchange, convert, underwrite, subscribe, participate, invest in and hold whether on its own account or on behalf of any person, Body Corporate, company, society, firm or association of persons whether incorporated or not, shares, stocks, funds, debentures, debenture stocks, units, promissory notes, bills of exchange, Bonds, warrants, participation certificates or participation units, other money market or capital market instruments, obligations and securities and investments of all kinds issued or guaranteed by any government, state, dominion, sovereign body, commission, public body or authority, supreme, local or municipal or company or body, whether incorporated or not or by any person or association.
- 7A. To securitise, purchase, acquire, invest in, transfer, sell, dispose of or trade in any financial asset whatsoever, receivables, debts, whether unsecured or secured by mortgage of immoveables or charge on movables or otherwise, securitised debts, asset or mortgaged backed securities or mortgage backed securitised debts and to manage, service or collect the same and to appoint managing, servicing or collection agent therefor and to issue certificates or other instruments in respect thereof to public or private investors and to guarantee and insure the due payment, fulfillment and performance of obligations in respect thereof or in connection therewith and to promote, establish, undertake, organise, manage, hold or dispose of any special purpose entity, body corporate or vehicle for carrying on all or any such activities.
8. To act as foreign exchange dealer and to buy, sell or otherwise deal in all kinds of foreign currencies including foreign bank notes, foreign currency options, forward covers, swaps of all kinds and to transact for itself or on behalf of any person, body corporate, company, society, firm or association of persons whether incorporated or not, all transactions in foreign currencies.

9. To carry on the activities of bill discounting, rediscounting bills, marketing, factoring, dealing in commercial paper, treasury bills, certificate of deposits and other financial instruments.
10. To act as agents for any government or local authority or any other person or persons, carry on agency business of any description including clearing and forwarding of goods, give receipts and discharges and otherwise act as an attorney on behalf of customers, but excluding the business of a managing agent or secretary and treasurer of a company.
11. To contract for public and private loans and advances and negotiate and issue the same.
12. To form, constitute, promote, act as managing and issuing agents, brokers, sub-brokers, prepare projects and feasibility reports for and on behalf of any company, association, society, firm, individual and Body Corporate.
13. To carry on and transact every kind of guarantee and indemnity business.
14. To undertake and execute trusts and the administration of estates as executor or trustee.
15. To act as Registrar and Transfer Agents and Registrar to the Issue, Issue Agents and Paying Agents.
16. To provide custodial and depository services and to do all such things as may be advised, permitted or required for this purpose.
17. To effect, insure, guarantee, underwrite, participate in managing and carrying out of any issue, public or private, of state, municipal or other loans or of shares, stock, debentures or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue.
18. To provide credit, charge, debit, saving, investment or other facilities to any person or persons (whether individuals, firms, companies, bodies, corporate or other entities), whether in the private or public sector by issuance of credit, charge, debit, stored value, prepaid, smart or other cards whether private label, co-branded, affinity or otherwise and to establish and maintain card acceptance network (including physical, electronic, computer or automated machines network) and make payments or provide settlement service to the merchants or issuing banks on account of usage by the cardholders of the credit, charge, debit, stored value, prepaid, smart or other cards whether private label, co-branded, affinity or otherwise.
19. To provide or assist in obtaining, directly or indirectly, advice or services in various fields such as management, finance, investment, technology, administration, commerce, law, economics, labour, human resources development, industry, public relations, statistics, science, computers, accountancy, taxation, fund management, foreign exchange dealings, quality control, processing, strategic planning and valuation.
20. To do any other form of business which the Government of India may specify as a form of business in which it is lawful for a banking company to engage.
- 20A. To carry on the business of assisting industrial, infrastructure and commercial enterprises:
in general by
 - i) assisting in the creation, expansion and modernisation of such enterprises;
 - ii) encouraging and promoting the participation of capital, both internal and external in such enterprises;
and in particular by
 - i) providing finance in the form of long, medium or short term loans or equity participations;
 - ii) sponsoring and underwriting new issues of shares and securities;

- iii) guaranteeing loans from other investment sources;
 - iv) making funds available for re-investment by revolving investments as rapidly as prudent;
 - v) performing and undertaking activities pertaining to leasing, giving on hire or hire-purchase, bill marketing, factoring and related fields.
- 20B. To lend money, with or without interest, (with or without security) for any maturity, in any form whatsoever including by way of loans, advances, instalment credit, trade finance, hire or otherwise to any person or persons (whether individuals, firms, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector, for any purpose whatsoever, including agriculture, industry, infrastructure, export-import, housing, consumer or others.
- 20C. To lend money, with or without interest, (with or without security) for any maturity, in any form whatsoever, to any person or persons (whether individuals, firms, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector, for:
- (i) Purchasing or acquiring any freehold or leasehold lands, estate or interest in any land or property,
 - (ii) Taking demise for any term or terms of years of any land or property or
 - (iii) Constructions, erection, purchase, extension, alteration, renovation, development or repair any house or building or any form of real estate or any part or portion thereof.
- 20D. To provide financial assistance to any person or persons (whether individuals, firms, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector for any purpose whatsoever by means of leasing, giving on hire or hire-purchase, lending, selling, reselling, or otherwise disposing of all forms of immoveable and moveable properties and assets of any kind, nature or use, whatsoever and for the purpose, purchasing or otherwise acquiring dominion over the same, whether new or used.
- 20E. To purchase, acquire, sell, dispose of, deal or trade in bullion and specie and/or to issue, subscribe to, acquire, purchase, sell, dispose of, deal or trade in derivative financial instruments including futures, forwards options, swaps, caps, collars, floors, swap options, Bond options or other derivative instruments whether traded on any market or exchange or otherwise, for proprietary trading activities or for any person or persons (whether individuals, firms, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector.
- 20F. To promote, organise, manage or undertake the activities of insurance intermediaries including insurance or reinsurance brokers, consultants, surveyors, loss assessors, loss control engineers, risk managers, actuarial analyst and to promote organise, manage or undertake, marketing, trading, distribution or servicing of insurance and assurance products of all kinds, whether life or general; financial, investment or other products including (without limitation) securities, stocks, shares, debentures, Bonds, units, certificates or services offered by the Company and/or by any person, firm, company, body corporate, mutual fund, Government, State, public body or authority, supreme, municipal, local or otherwise, through the Company.s branches, or offices.
- 20G. To promote, organise or manage funds or investments on a discretionary or non-discretionary basis on behalf of any person or persons (whether individual, firms, companies bodies, corporate, public body or authority, supreme, local or otherwise, trusts, pension funds, offshore funds, charities, other associations or other entities), whether in the private or public sector.
- 20H. To act as Trustee of any deeds, constituting or securing any debentures, debenture stock, or other securities or obligations and to undertake and execute any other trusts, and also to undertake the office of or exercise the powers of executor, administrator, receiver, treasurer, custodian and trust corporation.

- 20I. To provide financial services, advisory and counselling services and facilities of every description capable of being provided by share and stock brokers, share and stock jobbers, share dealers, investment fund managers and to arrange and sponsor public and private issues or placement of shares and loan capital and to negotiate and underwrite such issues.

For details of the capital raised by us, see “Capital Structure” on page 6.

History and Major Events

We were incorporated in 1994 as a part of the ICICI group. Our initial equity capital was contributed 75.0% by ICICI and 25.0% by SCICI Limited, a diversified finance and shipping finance lender of which ICICI owned 19.9% at December 1996. Pursuant to the merger of SCICI into ICICI, we became a wholly owned subsidiary of ICICI.

The chronology of events since we were incorporated in 1994 is as follows:

Change of name

Our name was changed from ICICI Banking Corporation Limited to ICICI Bank Limited on September 10, 1999. The change of name was effected on account of our being widely known by the name “ICICI Bank”.

Merger of Bank of Madura

Bank of Madura was merged with us effective March 10, 2001. The share exchange ratio fixed for the transaction was two of our Equity Shares of Rs. 10 each for every equity share of Bank of Madura of Rs. 10 each.

Amalgamation of ICICI

ICICI, ICICI Capital Services and ICICI Personal Financial Services amalgamated with us with effect from May 3, 2002. The Appointed Date for the merger specified in the Scheme of Amalgamation, which was the date of the amalgamation for accounting purposes under Indian GAAP, was March 30, 2002. The amalgamation was approved by the High Court of Judicature at Bombay vide its order dated April 11, 2002 and by the High Court of Gujarat at Ahmedabad vide its order dated March 7, 2002. The share exchange ratio was one of our Equity Shares of Rs. 10 each for every two Equity Shares of ICICI of Rs. 10 each.

Board of Directors and Management

Our board of directors consisting of 17 members at September 20, 2004 is responsible for the management of our business. Our Articles of association provide for a minimum of three directors and a maximum of 21, excluding the Government Director (appointed by the Government of India under the terms of its loan and guarantee facilities to us) and the Debenture Director (who may be appointed by trustees for our debenture issuances). The Government Director and the Debenture Director are not liable to retire by rotation. The Government Director may be removed from office only by the President of India. The Debenture Director may be removed from office only as provided in the relevant trust deed. Mr. Vinod Rai, Additional Secretary, Ministry of Finance, is the Government Director. There is currently no Debenture Director.

Mr. N. Vaghul is the non-executive Chairman of our Board of Directors. Mr. Vaghul was Chairman and Managing Director of ICICI from 1985 to 1992, executive Chairman from 1992 to 1996 and non-executive Chairman from 1996 to 2002. He has been previously Chairman and Managing Director of Bank of India from 1981 to 1984, and has also been Chairman of the Indian Banks’ Association. RBI has vide its letter dated June 22, 2002 approved his appointment as Chairman for a period of three years effective May 3, 2002.

Our Board of Directors has five wholetime Directors. The following table sets-forth the names, designations and tenure of appointment of our wholetime Directors.

Name	Designation	Date of appointment	Tenure of appointment
K. V. Kamath	Managing Director & CEO	May 3, 2002	Till April 30, 2006
Lalita D. Gupte	Joint Managing Director	May 3, 2002	Till October 31, 2006
Kalpna Morparia	Deputy Managing Director*	May 3, 2002	Till April 30, 2006
Chanda D. Kochhar	Executive Director	April 1, 2001	Till March 31, 2006
Nachiket Mor	Executive Director	April 1, 2001	Till March 31, 2006

* Appointed as Executive Director and elevated as Deputy Managing Director effective February 1, 2004

Ms. Lalita D. Gupte is responsible for our international business strategy. Ms. Kalpna Morparia is responsible for the Corporate Centre and the Special Assets Management Group. Ms. Chanda Kochhar is responsible for our commercial banking operations for retail customers and Dr. Nachiket Mor is responsible for our commercial banking and project finance operations for corporate customers. In order to comply with the Companies Act, and the Articles of Association, Ms. Lalita D. Gupte and Ms. Kalpna Morparia will be liable to retire by rotation if at any time the number of non-rotational Directors exceeds one-third of the total number of Directors. If they are re-appointed as Directors immediately on retirement by rotation, they will continue to hold their offices and the retirement by rotation and re-appointment shall not be deemed to constitute a break in their appointment.

Stock Market Data

Stock Market Data of Our Equity Shares

The following table sets forth, for the periods indicated, the high and low of daily closing prices of our Equity Shares on the BSE.

Period	High	Low	Average ⁽¹⁾
FY2001	Rs. 260.00	Rs. 110.60	Rs. 179.85
FY2002	184.40	71.45	116.76
FY2003	161.80	110.90	137.61
October 2003	247.00	204.40	223.09
November 2003	259.45	227.05	243.25
December 2003	301.90	255.24	278.52
January 2004	312.10	283.40	300.38
February 2004	345.75	266.90	304.43
March 2004	305.75	269.65	286.00
April 2004	319.15	287.30	300.16
May 2004	314.85	230.55	274.82
June 2004	272.15	236.50	258.07
July 2004	266.80	234.65	250.01
August 2004	278.95	264.50	272.65
September 2004	295.25	262.15	274.85

(1) Average of the daily closing share price for the period.

The following table sets forth, for the period indicated, the number of Equity Shares traded on the days high and low prices of our Equity Shares was recorded on BSE for the last six months preceding the date of filing of this Prospectus with SEBI.

Month	High Date	Number of shares traded	Low Date	Number of shares traded
-------	-----------	-------------------------	----------	-------------------------

April 2004	April 23, 2004	4,889,521	April 16, 2004	118,834
May 2004	May 03, 2004	6,82,409	May 31, 2004	270,905
June 2004	June 09, 2004	325,434	June 01, 2004	130,941
July 2004	July 30, 2004	282,619	July 14, 2004	132,579
August 2004	August 5, 2004	1,85,071	August 24, 2004	95,891
September 2004	September 22, 2004	3,50,812	September 2, 2004	1,40,464

The following table sets-forth, for the period indicated, total volume of Equity Shares traded on the BSE during the six months preceding the date of filing with SEBI.

Month	Number of shares traded
April 2004	18,511,911
May 2004	10,404,584
June 2004	10,539,088
July 2004	7,418,677
August 2004	3,161,843
September 2004	3,999,422

Our Equity Shares are actively traded on the BSE and the NSE. Our ADSs are actively traded on the New York Stock Exchange where they are listed.

Until recently, our outstanding equity shares were also traded on the stock exchanges at Chennai, Delhi, Kolkata and Vadodara. Pursuant to delisting applications made by us, our equity shares have been delisted from The Delhi Stock Exchange Association Limited effective February 11, 2004, the Madras Stock Exchange Limited effective July 2, 2004 and The Calcutta Stock Exchange Association Limited effective July 21, 2004 and our equity shares and Bonds have been delisted from the Vadodara Stock Exchange Limited effective July 22, 2004.

Details of other Listings

The following US dollar denominated bond issue made by ICICI is listed on the Luxembourg Stock Exchange:

US\$ 150.0 million 7.55% Medium-Term Notes due August 15, 2007

August 1997

The following US dollar denominated Euro Bond Issue by us has been listed on the Singapore Stock Exchange:

US\$ 300.0 million 4.75% Fixed-Rate Notes due October 22, 2008

October 2003

The following US dollar denominated Medium Term Notes issued by us has been listed on the Luxembourg Stock Exchange;

US\$ 300 million 5.00% Fixed-Rate notes issued by the Singapore Branch under the Medium-Term Notes Programme due August 18, 2009

August 2004

Promise vs. Performance

We have not made any projections in the offer document of any of our previous capital issues during the last five years. The funds raised from these capital issues have been utilised for our business as mentioned in the respective Prospectuses.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

MANAGEMENT

Board of Directors (October 6, 2004)

Name, Description, Address & Business	Age (years)	Qualifications	Particulars of other Directorship(s)
Mr. Narayanan Vaghul Chairman ICICI Bank Limited ICICI Bank Towers 10th Floor No.93, Santhome High Road Chennai 600 028 Development Banker	68	B.Com. (Hons.), C.A.I.I.B.	Chairman Asset Reconstruction Company (India) Limited GIVE Foundation Himatsingka Seide Limited ICICI Knowledge Park Intercommercial Bank, West Indies Mahindra Industrial Park Limited Pratham India Education Initiative Director Air India Limited Air India Air Transport Services Limited Air India Engineering Services Limited Apollo Hospitals Enterprise Limited Azim Premji Foundation Hemogenomics Private Limited Ispat Caribbean Ispat Europe Group S.A., Luxembourg Ispat International N.V., Rotterdam, The Netherlands Ispat Mexicana, S.A. de C.V., Mexico Mahindra & Mahindra Limited Nicholas Piramal India Limited Pratham Tamilnadu Education Initiative Technology Network (India) Private Limited Wipro Limited
Mr. Uday Madhav Chitale Senior Partner M.P. Chitale & Company Chartered Accountants Hamam House, 1st Floor Ambalal Doshi Marg Fort, Mumbai 400 001 Chartered Accountant	54	B.Com., F.C.A.	Partner M.P. Chitale & Company M.P. Chitale & Associates Director Crossdomain Solutions Private Limited DFK Consulting Services (India) Private Limited DFK International (the Netherlands) GMR Energy Limited Indian Council for Dispute Resolution Vemagiri Power Generation Limited
Mr. Prabhas Chandra Ghosh Chairman General Insurance Corporation of India Suraksha, 6th Floor 170, J. Tata Road Churchgate Mumbai 400 020 Company Executive	59	B.Sc. - Phy. (Hons.) St. Xaviers' College, Kolkata B.Tech. (Mech.) Indian Institute of Technology, Chennai	Chairman General Insurance Corporation of India GIC Asset Management Company Limited GIC Housing Finance Limited Loss Prevention Association of India Limited India International Insurance Pte. Limited Director Deposit Insurance and Credit Guarantee Corporation Export Credit Guarantee Corporation of India Indian Register of Shipping Kenindia Assurance Company Limited Life Insurance Corporation of India Life Insurance Corporation (Mauritius) Offshore Limited Southern Petrochemical Industries Corporation Limited
Mr. Sunil Behari Mathur Chairman Life Insurance Corporation	59	B.Com, F.C.A. (Fellow of Inst. of CAs), I.C.W.A. (Part I &	Chairman Jeevan Bima Sahayog Asset Management Company Limited Life Insurance Corporation of India

Name, Description, Address & Business	Age (years)	Qualifications	Particulars of other Directorship(s)
of India Central Office "Yogakshema" 7 th Floor West Wing Jeevan Bima Marg Mumbai 400 021		II) London	LIC HFL Care Homes Limited LIC Housing Finance Limited LIC (International) E.C. Bahrain LIC (Lanka) Limited Life Insurance Corporation (Mauritius) Offshore Limited LIC (Nepal) Limited Director General Insurance Corporation of India Kenindia Assurance Company Limited, Nairobi, Kenya National Commodities and Derivatives Exchange Limited National Housing Bank National Stock Exchange of India Limited
Mr. Lakshmi Niwas Mittal Summer Palace 46 Bishops Avenue Hampstead London N2 0BA, U.K. Industrialist	54	B.Com. (Magna-cum-Laude) St. Xavier's Calcutta	Director Artha Limited Caribbean Ispat Limited Galmatias Limited Grupo Ispat International SA de CV Irish Ispat Limited Iscor Limited Ispat (US) Holdings Inc Ispat Annaba Spa Ispat Europe Group SA Ispat Inland Holdings Inc Ispat Inland Inc Ispat Inland LP Ispat International Investments SL Ispat International Limited Ispat International NV Ispat Karmet JSC Ispat Mexicana SA de CV Ispat Sidbec Inc Ispat Sidex Holdings BV Ispat Sidex SA Ispat Tebessa Spa LNM Capital Limited LNM Holdings BV LNM Holdings NV LNM Internet Ventures Limited Lucre Limited Nestor Limited Nuav Limited Pratham UK Limited PT Ispat Indo Tommyfield Limited Chairman – Supervisory Board Ispat Nova Hut a.s. President – Supervisory Board Ispat Polska Stal S.A.
Mr. Anupam Pradip Puri 17 East, 16 Street New York NY 10003, USA Management Consultant	58	BA (Eco.) St. Stephen's College, Delhi University BA (M.Phil.) Oxford University	Director Dr. Reddy's Laboratories Limited Godrej Consumer Products Limited Mahindra-British Telecom Limited Mahindra & Mahindra Limited Patni Computer Systems Limited

Name, Description, Address & Business	Age (years)	Qualifications	Particulars of other Directorship(s)
Mr. Vinod Rai Additional Secretary (FS) Ministry of Finance Department of Economic Affairs (Banking Division) Government of India Jeevan Deep Parliament Street New Delhi 400 001 Government Service	56	B.A. (Eco. - Hons.) M.A. (Eco.) MPA (Harvard) IAS (72-Kerala)	Director Bank of Baroda IFCI Limited Infrastructure Development Finance Company Limited Small Industries Development Bank of India
Mr. Somesh Ramchandra Sathe Managing Director Arbes Tools Private Limited B-4, Udyog Sadan No.1 MIDC Marol Andheri (East) Mumbai 400 093 Technocrat Entrepreneur	59	B.Sc. (Mechanical Engineering)	Managing Director Arbes Tools Private Limited ESSP Meditek Private Limited Sukeshan Equipments Private Limited Partner Tooltronics
Mr. Mahendra Kumar Sharma Vice-Chairman Hindustan Lever Limited Hindustan Lever House 165/166, Backbay Reclamation Mumbai 400 020 Business Executive	57	B.A. (Hons.) LL.B, PGDM	Vice-Chairman Hindustan Lever Limited Chairman Vasishti Detergents Limited Director Hind Lever Chemicals Limited Hind Lever Trust Limited Indexport Limited Lever India Exports Limited Nepal Lever Limited Toc Disinfectants Limited
Mr. Priya Mohan Sinha B-787 Sushant Lok Phase I GURGAON 122 002 Haryana Professional Manager	64	B.A.	Chairman Bata India Limited Director Azim Premji Foundation Indian Oil Corporation Limited Lafarge India Limited Quadra Advisory Private Limited Wipro Limited
Prof. Marti Gurunath Subrahmanyam Professor Stern School of Business New York University 44 West 4th Street Suite 9-190, NEW YORK NY 10012-1126, U.S.A. Professor	58	B.Tech. PGDBA, Ph.D.	Director Infosys Technologies Limited Nexgen Financial Holdings Limited Nexgen Re Limited Nomura Asset Management (U.S.A.), Inc. Supply Chain Inc. The Animi Offshore Fund Limited The Animi Offshore Concentrated Risk Fund Usha Communication Inc. Director – Board of Governors National Institute of Securities Markets
Mr. V. Prem Watsa	54	Bachelor of Technology in	Chairman & CEO Crum & Foster Holdings Corp.

Name, Description, Address & Business	Age (years)	Qualifications	Particulars of other Directorship(s)
Chairman & CEO Fairfax Financial Holdings Limited 95, Wellington Street West Suite 800 Toronto Ontario M5J 2N7 Canada Company Executive		Chemical Engineering (IIT, Madras), MBA (University of Western Ontario) Chartered Financial Analyst	Fairfax Financial Holdings Limited Chairman 4129768 Canada Inc. Federated Insurance Company of Canada Federated Life Insurance Company of Canada Northbridge Financial Corporation TIG Holdings, Inc. President 1109519 Ontario Limited 810679 Ontario Limited FFHL Share Option 1 Corp. The Sixty Two Investment Company Limited Vice-President FFHL Group Limited Vice-President & Secretary Hamblin Watsa Investment Counsel Limited Director Commonwealth Insurance Company Cunningham Lindsey U.S., Inc. Hudson Insurance Company Lindsey Morden Acquisitions Lindsey Morden Group Inc. Lombard General Insurance Company of Canada Lombard Insurance Company Markel Insurance Company of Canada Odyssey Re Holdings Corp. The Sixty Four Foundation The Sixty Three Foundation Zenith Insurance Company
Mr. Kundapur Vaman Kamath Managing Director & CEO ICICI Bank Limited ICICI Bank Towers Bandra-Kurla Complex Mumbai 400 051 Company Executive	56	B.E., PGDBA	Chairman ICICI Bank Canada ICICI Bank UK Limited ICICI Lombard General Insurance Company Limited ICICI Prudential Life Insurance Company Limited ICICI Securities Limited ICICI Venture Funds Management Company Limited Director Indian Institute of Management, Ahmedabad Director - Asia Pacific Regional Board Visa International Director - Board of Governors Indian Institute of Information Technology
Ms. Lalita Dileep Gupte Joint Managing Director ICICI Bank Limited ICICI Bank Towers Bandra-Kurla Complex Mumbai 400 051 Company Executive	56	B.A. (Hons.), MMS	Director ICICI Bank Canada ICICI Bank UK Limited ICICI Lombard General Insurance Company Limited ICICI Prudential Life Insurance Company Limited ICICI Securities Limited ICICI Venture Funds Management Company Limited
Ms. Kalpana Morparia Deputy Managing Director ICICI Bank Limited ICICI Bank Towers Bandra-Kurla Complex Mumbai 400 051 Company Executive	55	B.Sc., LLB	Chairperson ICICI Investment Management Company Limited Director ICICI Home Finance Company Limited ICICI Lombard General Insurance Company Limited ICICI Prudential Life Insurance Company Limited ICICI Securities Limited ICICI Venture Funds Management Company Limited

Name, Description, Address & Business	Age (years)	Qualifications	Particulars of other Directorship(s)
Ms. Chanda Kochhar Executive Director ICICI Bank Limited ICICI Bank Towers Bandra-Kurla Complex Mumbai 400 051 Company Executive	42	MMS, ICWA	Chairperson ICICI Home Finance Company Limited ICICI Distribution Finance Private Limited Director ICICI Prudential Life Insurance Company Limited
Dr. Nachiket Mor Executive Director ICICI Bank Limited ICICI Bank Towers Bandra-Kurla Complex Mumbai 400 051 Company Executive	40	B.Sc. (Physics) PGDM (Finance) Ph.D (Financial Economics)	Director ICICI Home Finance Company Limited ICICI Securities Limited ICICI Venture Funds Management Company Limited Pratham India Education Initiative

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

Key managerial personnel

The following table sets-forth certain details of our senior management.

Name	Age (yrs)	Date of joining (dd/mm/yyyy)	Designation	Qualifications	Details of previous employment	Work experience (years)	Compensation (FY 2004) ⁽¹⁾
K.V. Kamath	56	1/5/1996	Managing Director & CEO	B.E (Mech.), PGDBA	Advisor to the Chairman, Bakrie Group, Indonesia	33	Rs. 146,68,116
Lalita D. Gupte(Ms.)	56	15/6/1971	Joint Managing Director	B.A. (Hons.) MMS	—	33	123,18,771
Kalpana Morparia(Ms.)	55	5/11/1975	Deputy Managing Director	B.Sc., LLB	Legal Asst., Matubhau, Jamiatram & Madon	29	78,76,735
Chanda Kochhar(Ms.)	42	17/4/1984	Executive Director	B.A., MMS ICWAI	—	20	61,35,383
Nachiket Mor(Dr.)	40	4/5/1987	Executive Director	BSc, PGDM, PhD	—	17	61,51,568
N.S. Kannan	38	2/5/1991	Chief Financial Officer & Treasurer	B.E.(Hons), PGDM, CFA	Executive, SRF Limited	16	53,93,608
Sanjiv Kerkar	53	26/11/1996	Senior General Manager	B.Tech (Chem), MFM	Director-Operations, Asian Finance and Investment Corp. Ltd.	28	61,25,936

Ramni Nirula(Ms.)	51	1/12/1975	Senior General Manager	B.A., MBA	—	29	65,61,076
P. H. Ravikumar	52	15/7/1994	Senior General Manager	B.Com, CAIIB, Bank of India CAIB (London), Dip. in French		31	47,49,534
Balaji Swaminathan	39	1/8/2001	Senior General Manager	B.Com, CA, ICWA	Partner, KPMG	15	69,76,576
Madhabi Puri Buch(Ms.)	37	2/1/1997	Senior General Manager	B.A., PGDM, DPR(U.K.)	Research Director, ORGMARG	16	55,75,805
V. Vaidyanathan	36	6/3/2000	Senior General Manager	B.Com, MBA	Citibank N.A.	14	53,73,467
M. N. Gopinath	55	1/6/1995	Senior General Manager	B. Com, MBA, CAIIB	AGM,Bank of India	35	45,36,776
Bhargav Dasgupta	37	18/5/1992	Senior General Manager	BE, PGDM	Gr. Engineer Trainee, TELCO	14	49,93,917
Ramkumar Krishnaswamy	4202/07/2001		Senior General Manager	B.Sc., PGDPM&IR	GM(HR),ICI India Ltd.	1950,48,878	
N. D.Pinge	45	06/04/1998	Senior General Manager	B.Com, BGL, ACA	Director,Anik Financial	20	54,92,916
Vishakha Mulye (Ms.)	35	01/03/1993	Senior General Manager	B.Com,CA	Officer,Deutsche Bank	12	41,31,275

(1) As per section 217(2A) of the Act.

(2) All the above employees are on our rolls as permanent employees unless otherwise specified.

(3) The senior management includes those employees who have become our employees pursuant to the amalgamation. The details of previous employment of these employees relate to that of prior to joining ICICI.

(4) Of the above employees, Mr. V. Vaidyanathan holds the additional charge of ICICI Home Finance Company Limited as Managing Director and Mr. P. H. Ravikumar is on deputation to National Commodities & Derivatives Exchange of India Limited.

(5) The date of joining mentioned in respect of the aforesaid managerial personnel/executives is the date of joining of ICICI except Mr. P.H.Ravikumar and Mr. M.N. Gopinath who joined us on the date mentioned above.

Changes In Key Managerial Personnel In The Last Three Years

Following are the changes in the key managerial personnel in the last three years:

Transfers

Ms. Shikha Sharma was transferred to ICICI Prudential Life Insurance Company Limited with effect from April 1, 2002. Mr. Sandeep Bakhshi was transferred to ICICI Lombard General Insurance Company Limited with effect from April 1, 2002. Mr. Ananda Mukerji was transferred to ICICI Onesource Limited with effect from April 1, 2003. Ms. Renuka Ramnath was transferred to ICICI Venture Funds Management Company Limited with effect from April 1, 2003.

Mr. S. Mukherji stepped down from the Board of Directors pursuant to his appointment as Managing Director & CEO of ICICI Securities with effect from February 1, 2004.

Resignation

Mr. Devdatt Shah, Senior General Manager resigned from the services of ICICI Bank effective December 31, 2002.

Retirement

Mr. H. N. Sinor completed his term as Joint Managing Director on May 31, 2003 and retired with effect from June 1, 2003. Mr. A. Karati, Senior General Manager retired from the services of ICICI Bank effective March 31, 2004.

Compensation of our Directors

For details of compensation of our wholetime Directors, please see “Main Provisions of Articles of Association of ICICI Bank Limited - Remuneration - Salary and Tenure” on page 316. The non-wholetime Directors are entitled to sitting fees as permitted under the Act.

Corporate Governance

Our corporate governance policies recognise the accountability of the Board and the importance of making the Board transparent to all its constituents, including employees, customers, investors and the regulatory authorities, and to demonstrate that the shareholders are the ultimate beneficiaries of our economic activities.

Our corporate governance framework 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 and functions of executive management.

Our 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 shareholders.

Our Board’s role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of our Board include:

- approving corporate philosophy and mission;
- participating in the formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations;
- ensuring ethical behavior and compliance with laws and regulations;
- reviewing and approving borrowing limits;
- formulating exposure limits; and
- keeping shareholders informed regarding plans, strategies and performance.

To enable the Board of Directors to discharge these responsibilities effectively, executive management gives detailed reports on our performance on a quarterly basis.

The Board functions either as a full board or through various committees constituted to oversee specific operational areas. These board committees meet regularly. The constitution and main functions of the various committees are given below.

Agriculture & Small Enterprises Business Committee

The Agriculture & Small Enterprises Business Committee comprises four independent Directors - Mr. N. Vaghul, Mr. Somesh R. Sathe, Mr. M.K. Sharma and Mr. P.M. Sinha. The Committee is chaired by Mr. N. Vaghul.

The functions of the Agriculture & Small Enterprises Business Committee include review of our business strategy in the agri-business and small enterprises segments and review of the quality of the agricultural lending and small enterprises finance credit portfolio.

Audit Committee

The Audit Committee comprises three independent directors - Mr. Uday M. Chitale, who is a chartered accountant, Mr. M.K. Sharma and Mr. Somesh R. Sathe. The committee is chaired by Mr. Uday M. Chitale. Mr. M.K. Sharma was appointed as Alternate Chairman of the Committee effective

July 22, 2004. The Board of Directors has determined that Mr. Uday M. Chitale qualifies as an audit committee financial expert.

The Audit Committee provides direction to the audit and risk management function and monitors the quality of the internal and statutory audit. The responsibilities of the Audit Committee include 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 the 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.

Board Governance & Remuneration Committee

The Board Governance & Remuneration Committee comprises three independent directors - Mr. N. Vaghul, Mr. Anupam Puri and Mr. P. M. Sinha. The Committee is chaired by Mr. N. Vaghul.

The functions of the Board Governance & Remuneration Committee include recommendation of appointments to the Board, evaluation of the performance of the Managing Director & CEO and other wholetime Directors on pre-determined parameters, recommendation to the Board of the remuneration (including performance bonuses and perquisites) to wholetime directors, approving the policy for and quantum of bonus payable to the members of the staff, framing guidelines for the employees stock option scheme and recommendation of grant of stock options to the staff and our wholetime directors and our subsidiary companies.

Business Strategy Committee

The Business Strategy Committee comprises five directors - Mr. N. Vaghul, Mr. Anupam Puri, , Mr. M. K. Sharma, Mr. P. M. Sinha and Mr. K. V. Kamath. The majority of the members of this Committee are independent directors and it is chaired by Mr. N. Vaghul.

The functions of the Business Strategy Committee are 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 our business strategy.

Credit Committee

The Credit Committee comprises four directors - Mr. N. Vaghul, Mr. Somesh R. Sathe, Mr. M. K. Sharma and Mr. K. V. Kamath. The majority of the members of this Committee are independent directors and it is chaired by Mr. N. Vaghul.

The functions of this Committee include review of developments in key industrial sectors and approval of credit proposals in accordance with the authorisation approved by the board.

Fraud Monitoring Committee

The Fraud Monitoring Committee was constituted by the board effective May 1, 2004. The Committee comprises five Directors, - Mr. Uday M. Chitale, Mr. M.K. Sharma, Mr. K.V. Kamath, Ms. Kalpana Morparia and Ms. Chanda D. Kochhar. Mr. Uday Chitale is the Chairman of the Committee.

The functions of the Fraud Monitoring Committee include monitoring and review of all instances of frauds involving Rs.1 crore and above.

Risk Committee

The Risk Committee comprises five directors - Mr. N. Vaghul, Mr. Uday M. Chitale, Prof. Marti G. Subrahmanyam, Mr. V. Prem Watsa and Mr. K. V. Kamath. The majority of the members of this Committee are independent directors and it is chaired by Mr. N. Vaghul.

This Committee reviews our risk management policies in relation to various risks (credit, portfolio, liquidity, interest rate, off-balance sheet and operational risks), investment policies and strategy and regulatory and compliance issues in relation thereto.

Share Transfer & Shareholders'/Investors' Grievance Committee

The Share Transfer & Shareholders'/Investors' Grievance Committee comprises four directors - Mr. Uday M. Chitale, Mr. Somesh R. Sathe, Ms. Kalpana Morparia and Ms. Chanda D. Kochhar. The Committee is chaired by an independent director, Mr. Uday M. Chitale.

The functions and powers of the Share Transfer & Shareholders'/Investors' Grievance 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, delegation of authority for opening and operation of bank accounts for payment of interest, dividend and redemption of securities and the listing of securities on stock exchanges.

Committee of Directors

The Committee of Directors comprises all five wholtime directors and is chaired by Mr. K.V. Kamath, Managing Director & Chief Executive Officer.

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

Asset Liability Management Committee

The Asset Liability Management Committee comprises the Joint Managing Director, Deputy Managing Director and two Executive Directors and is chaired by Ms. Lalita D. Gupte, Joint Managing Director.

The functions of the Committee include management of our balance sheet, review of our asset-liability profile with a view to manage the interest rate risk and deciding our deposit rates and prime lending rate.

Changes in Our Board of Directors and Auditors during the last three years

Changes in Directors

The changes that took place in the Board of Directors since April 2000 are as follows:

From April 2000 to March 2001

Ms. Chanda D. Kochhar	Appointed	April 1, 2001
Dr. Nachiket Mor	Appointed	April 1, 2001

From April 2001 to March 2002

Mr. P. M. Sinha	Appointed	January 22, 2002
Mr. N. Vaghul	Appointed	March 27, 2002

From April 2002 to March 2003

Mr. B. V. Bhargava	Ceased	April 26, 2002
Mr. R. Rajamani	Ceased	April 26, 2002
Mr. R. Seshasayee	Appointed	May 3, 2002
Mr. D. Sengupta	Appointed	May 3, 2002
Prof. Marti G. Subrahmanyam	Appointed	May 3, 2002
Mr. Lakshmi N. Mittal	Appointed	May 3, 2002
Mr. Anupam Puri	Appointed	May 3, 2002
Ms. Kalpana Morparia	Appointed	May 3, 2002

Mr. S. Mukherji	Appointed	May 3, 2002
Mr. S. K. Purkayastha	Nominated	May 3, 2002
Mr. D. Sengupta	Ceased	June 30, 2002
Mr. S. K. Purkayastha	Ceased	July 19, 2002
Mr. D. C. Gupta	Nominated	July 19, 2002
Mr. D. C. Gupta	Ceased	October 31, 2002
Ms. Vineeta Rai	Nominated	October 31, 2002
Ms. Vineeta Rai	Ceased	January 3, 2003
Mr. Vinod Rai	Nominated	January 3, 2003
Mr. P. C. Ghosh	Appointed	January 31, 2003
Mr. M. K. Sharma	Appointed	January 31, 2003
<i>From April 2003 to March 2004</i>		
Mr. H. N. Sinor	Retired	June 1, 2003
Mr. R. Seshasayee	Resigned	October 31, 2003
Mr. S.B. Mathur	Appointed	January 29, 2004
Mr. V. Prem Watsa	Appointed	January 29, 2004
Mr. S. Mukherji	Resigned	February 1, 2004
<i>From April 2004 to date</i>		
Dr. Satish C. Jha	Retired	September 20, 2004

Mr. H. N. Sinor completed his term as Joint Managing Director on May 31, 2003 and retired with effect from June 1, 2003. Mr. S. Mukherji, who was appointed as Executive Director effective May 3, 2002 has ceased to be a member of the Board effective February 1, 2004, consequent to his appointment as Managing Director & CEO of ICICI Securities, our subsidiary.

The Board at its Meeting held on March 23, 2001 appointed Ms. Chanda D. Kochhar and Dr. Nachiket Mor as Executive Directors of ICICI Bank with effect from April 1, 2001 for a period upto March 31, 2006. The shareholders at the Annual General Meeting held on June 11, 2001 approved their appointments.

The Board at its Meeting held on April 26, 2002 appointed Mr. K. V. Kamath as the Managing Director & Chief Executive Officer of ICICI Bank with effect from May 3, 2002 for a period upto April 30, 2006.

The Board at its Meeting held on April 26, 2002 appointed Ms. Lalita D. Gupte as the Joint Managing Director with effect from May 3, 2002 for a period upto June 23, 2004. The Board at its Meeting held on January 29, 2004 re-appointed Ms. Lalita D. Gupte as Joint Managing Director of the Bank upto October 31, 2006 on completion of her term on June 23, 2004, subject to the approval of the RBI and our shareholders. The shareholders approved the re-appointment of Ms. Lalita D. Gupte at the EGM held on March 12, 2004. RBI *vide* its letter dated April 7, 2004 approved the said re-appointment.

The Board at its Meeting held on April 26, 2002 appointed Ms. Kalpana Morparia as Executive Director of ICICI Bank with effect from May 3, 2002 for a period upto April 30, 2006. The Board of Directors, at its Meeting held on January 29, 2004, elevated Ms. Kalpana Morparia to the position of Deputy Managing Director effective February 1, 2004.

The Government of India nominated Mr. S.K. Purkayastha effective May 3, 2002 and withdrew his nomination and nominated Mr. D.C. Gupta in his place effective from July 19, 2002. Subsequently Ms. Vineeta Rai was nominated by the Government of India effective October 31, 2002 in place of Mr. D.C. Gupta. Further, the Government of India withdrew the nomination of Ms. Vineeta Rai and nominated Mr. Vinod Rai in her place effective January 3, 2003.

The Board at its Meeting held on April 26, 2002 appointed Mr. S. Mukherji as Executive Director with effect from May 3, 2002 for a period upto April 30, 2006. Mr. Mukherji resigned from the Board effective February 1, 2004, consequent to his appointment as Managing Director & CEO of ICICI Securities, our subsidiary.

Changes in Auditors

The Members at their Eighth Annual General Meeting held on September 16, 2002 appointed N. M. Raiji & Co. and S. R. Batliboi & Co., both chartered accountants, in place of retiring auditors S.B. Billimoria & Co., chartered accountants, to audit our accounts for fiscal 2003.

RBI *vide* its letter dated July 4, 2003 and our Members, at their Ninth Annual General Meeting held on August 25, 2003 approved the appointment of S. R. Batliboi & Co., chartered accountants as Auditors to audit our accounts for fiscal 2004. Further, our Board of Directors at its Meeting held on April 30, 2004 has proposed the appointment of S. R. Batliboi & Co., chartered accountants as Auditors to audit our accounts for fiscal 2005, subject to the approval of RBI and our Members. RBI *vide* its letter dated May 31, 2004 has approved the said appointment. The Members have approved the said appointment at the Annual General Meeting held on September 20, 2004.

Interest of Directors and Key Managerial Personnel

Except as stated in “Related Party Transactions” on page 137 and to the extent of shareholding in ICICI Bank, the Directors and Key Managerial Personnel do not have any other interest in our business.

The key managerial personnel of ICICI Bank do not have any interest in ICICI Bank other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them in ICICI Bank, if any, and options granted to them under the ESOS (for details of options granted to management, see “Capital Structure” on page 6.

Except as stated otherwise in this Prospectus, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of such contracts, agreements or arrangements or are proposed to be made to them.

SUBSIDIARIES AND OTHER GROUP COMPANIES

We have 14 subsidiaries - ICICI Securities Limited, ICICI Brokerage Services Limited, ICICI Securities Holdings Inc, ICICI Securities Inc, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Venture Funds Management Company Limited, ICICI Home Finance Company Limited, ICICI Bank UK Limited, ICICI Bank Canada, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited and ICICI Distribution Finance Private Limited. We have the following other group companies within the meaning of the SEBI guidelines: Prudential ICICI Asset Management Company Limited and Prudential ICICI Trust Limited. In addition, we are the sponsors or co-sponsors of Prudential ICICI Mutual Fund, the asset management company of which is Prudential ICICI Asset Management Company Limited and the trustee of which is Prudential ICICI Trust Limited, and ICICI Securities Fund, the asset management company of which is ICICI Investment Management Company Limited and the trustee of which is ICICI Trusteeship Services Limited. None of our subsidiaries or other group companies have any shares listed on any stock exchange.

We also own the entire or majority of the units and/or have made entire or majority of the contributions in certain trust funds, private equity funds and venture capital funds, namely, ICICI Property Trust, ICICI Eco-net Internet & Technology Fund, ICICI Emerging Sectors Fund, ICICI Strategic Investments Fund and ICICI Equity Fund. Such trust funds, private equity funds and venture capital funds and/or their investee companies are not our subsidiaries under the Act or group companies under the SEBI guidelines. Under the accounting standards, these trust funds, private equity funds and venture capital funds are treated as associates.

Separately, ICICI held significant equity holdings in certain companies, directly or beneficially, and due to its role in their establishment, certain of these companies use "ICICI" in their name. Terms of such usage, allow us to terminate the use of 'ICICI' if our holding, direct or beneficial, falls below such levels as we determine and/or upon serving of notice of a certain period. Such companies are not our related parties for accounting purposes under Indian GAAP. In the event any such company seeks our consent to specify us as its promoter, and we do provide such consent, such company would then constitute our affiliate.

1. ICICI Securities Limited (formerly ICICI Securities and Finance Company Limited) (ICICI Securities)

ICICI Securities was set up in February 1993 to provide investment banking services to investors. ICICI Securities has three main business lines - corporate advisory and mergers and acquisitions, fixed income and equities. ICICI Securities is a merchant banker, underwriter and portfolio manager registered with the SEBI. ICICI Securities is registered with the RBI as a Primary Dealer in Government of India securities. It is actively involved in money market operations, and trading in various fixed income securities. ICICI Securities offers a wide range of investment banking services including issue management, underwriting, placement of debt and equity, corporate advisory services including mergers, acquisitions and corporate restructuring, valuations and fairness opinion reports. It also provides specialised services in the areas of private equity syndication and privatisation of government entities. ICICI Securities has an equity research team, which identifies investment opportunities and provides investment advice to clients. ICICI Bank Limited, the parent of the Company, owns 99.92% of the share capital of ICICI Securities.

A summary of the financial performance of ICICI Securities is as follows:

Particulars					(Rs. in crore)
	For the year ended March 31,				For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (unaudited)
Total Income	305.43	378.81	305.32	321.15	21.63
Expenditure	214.63	191.19	155.96	141.79	23.17
PBT	90.80	187.62	149.36	190.22	(1.54)

PAT	53.80	127.89	102.94	143.90	(0.85)
Share Capital	203.00	203.00	203.00	203.00	203.00
Reserves	65.81	116.18	148.08	189.50	188.65

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

2. ICICI Brokerage Services Limited (“ICICI Brokerage”)

ICICI Brokerage is a wholly-owned subsidiary of ICICI Securities. It is a member of the NSE and BSE. ICICI Brokerage provides broking services primarily, to institutional investor clients.

A summary of the financial performance of ICICI Brokerage is as follows:

					(Rs. in crore)
Particulars	For the year ended March 31,				For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (unaudited)
Income	20.63	9.58	13.52	37.60	10.53
Expenditure	16.11	7.93	4.64	7.73	5.57
PBT	4.52	1.65	8.88	29.87	4.96
PAT	2.77	1.10	5.48	19.08	3.17
Share Capital	4.50	4.50	4.50	4.50	4.50
Reserves & Surplus	7.91	8.92	14.41	33.48	36.66

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

3. ICICI Securities Holdings Inc.

ICICI Securities Holdings Inc. is incorporated in the United States and is a wholly-owned subsidiary of ICICI Securities. ICICI Securities Holdings Inc. was incorporated to render corporate advisory services for cross border transactions.

A summary of the financial performance of ICICI Securities Holdings Inc. is as follows:

					(Rs. in crore)
Particulars	For the year ended March 31,				For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (unaudited)
Total Income	0.48	2.00	3.06	2.68	0.34
Expenditure	1.41	1.99	2.76	2.63	0.86
Net Profit / (Loss)	(0.93)	0.02	0.31	0.05	(0.52)
Share Capital	5.06	5.06	7.50	7.50	7.50
Reserves	(0.94)	(0.96)	(0.71)	(0.81)	(1.24)

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

4. ICICI Securities Inc.

ICICI Securities Inc. was incorporated in the United States to provide brokerage, research and investment banking services to investors who wish to invest in the Indian financial markets. ICICI Securities Inc. is a wholly-owned subsidiary of ICICI Securities Holdings, Inc. ICICI Securities Inc. is

registered as a broker-dealer with the United States Securities Exchange Commission and is a member of the National Association of Securities Dealers Inc. in the United States. ICICI Securities Inc. is permitted to deal in securities market transactions in the United States and provide research and investment advice to institutional investors based in the United States.

A summary of the financial performance of ICICI Securities Inc. is as follows:

					(Rs. in crore)
Particulars	For the year ended March 31,				For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (unaudited)
Total Income	0.12	0.78	1.00	3.53	0.55
Expenditure	0.52	2.20	1.55	1.92	0.47
Net Profit/(Loss)	(0.39)	(1.42)	(0.55)	1.61	0.08
Share Capital	4.83	4.83	4.83	4.83	4.83
Reserves	(0.34)	(1.58)	(2.20)	(0.88)	(0.58)

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

5. ICICI Prudential Life Insurance Company Limited ("ICICI Prudential Life Insurance")

ICICI Prudential Life Insurance was incorporated on July 20, 2000. The authorised capital of ICICI Prudential Life Insurance is Rs. 1,200 crore and its paid-up capital is Rs. 675 crore. ICICI Prudential Life Insurance was incorporated as a 74:26 joint venture between ICICI Bank Limited and Prudential plc of the United Kingdom. ICICI Bank Limited owns 74.0% of the paid-up share capital of ICICI Prudential Life Insurance. The main objects of ICICI Prudential Life Insurance are to carry on the business of life insurance, effecting contracts of insurance dependent upon human life where payment of money is assured on death (except death only by accident), to grant annuities of all kinds and to carry on all forms of life insurance business. ICICI Prudential Life Insurance is registered with the Insurance Regulatory and Development Authority. ICICI Prudential Life Insurance commenced operations in December 2000, becoming one of the first few private sector players in life insurance sector. Since then ICICI Prudential Life Insurance has registered significant growth. ICICI Prudential Life Insurance has written over 10,24,000 policies to date and has established its position as a clear leader amongst the private life insurers in India with a retail market share of 36% during the fiscal ended March 31, 2004.

A summary of the financial performance of ICICI Prudential is as follows:

(Rs. in crore)					
Particulars	For the year ended March 31,				For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (unaudited)
Total Income	6.69	141.47	454.47	1,067.08	322.44
Expenditure	6.47	244.69	601.65	1,290.98	362.68
Profit /(Loss) before Tax	0.22	(103.22)	(147.18)	(223.90)	(40.24)
Profit /(Loss) after Tax	0.22	(105.10)	(147.18)	(221.57)	(40.24)
Share Capital	150.00	190.00	425.00	675.00	675.00
Reserves (excluding policy Holders' funds)	0.22	(105.32)	(253.58)	(474.07)	(514.31)

6. ICICI Lombard General Insurance

ICICI Lombard General Insurance was incorporated on October 30, 2000 as a 74:26 joint venture between ICICI and Fairfax Financial Holdings Limited. The authorised and paid-up share capital of ICICI Lombard General Insurance is Rs. 220 crore. Pursuant to the amalgamation, we own 74.0% of the paid-up share capital of ICICI Lombard General Insurance. ICICI Lombard General Insurance is registered

with the Insurance Regulatory and Development Authority. ICICI Lombard General Insurance offers a wide range of general insurance products for both corporate and retail customers. ICICI Lombard General Insurance achieved financial breakeven in fiscal 2003 and an underwriting profit in fiscal 2004. It had written 2,49,531 policies in fiscal 2004 and had a market share of 22.1% among the private sector general insurance companies in fiscal 2004. It has a network of about 1200 agents. ICICI Lombard General Insurance offers general insurance products to our corporate customers and seeks to leverage our corporate relationships.

A summary of the financial performance of ICICI Lombard is as follows:

Particulars	(Rs. in crore)			
	For the year ended March 31,			For the quarter ended
	2002	2003	2004	June 30, 2004 (unaudited)
Total Income	11.61	59.85	210.05	90.49
Expenditure	22.74	55.66	167.81	64.07
Profit (Loss) before Tax	(11.13)	4.19	42.24	26.42
Profit after Tax	(8.48)	3.30	31.78	19.82
Share Capital	110.00	110.00	220.00	220.00
Reserves	(9.84)	(6.38)	5.93	25.75

Note : Reserves as disclosed above are after deducting miscellaneous expenditure / preliminary expenditure not written off or adjusted.

7. ICICI Venture Funds Management Company Limited (“ICICI Venture”)

ICICI Venture (formerly TDICI Limited) is a venture capital company and was founded in 1988 as a joint venture between ICICI Limited and The Unit Trust of India. Subsequently, ICICI bought out Unit Trust of India’s stake in 1998 and ICICI Venture became a subsidiary of ICICI. Pursuant to amalgamation, we hold almost the entire share capital of ICICI Venture. ICICI Venture currently oversees nine domestic and offshore funds that collectively have a corpus of over Rs. 2,600 crore. ICICI Venture has invested in over 300 companies in a wide spectrum of industries.

A summary of the financial performance of ICICI Venture is as follows:

					(Rs. in crore)
Particulars	For the year ended March 31,				For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (unaudited)
Total Income	36.36	20.31	35.66	106.71	13.89
Expenditure	17.89	11.36	17.09	75.32	5.22
PBT	18.47	8.95	18.57	31.39	8.67
PAT	10.45	5.58	12.50	25.97	5.56
Share Capital	3.00	3.13	3.13	3.13	3.13
Reserves	23.07	25.44	28.88	38.10	40.14

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

8. ICICI Home Finance Company Limited (“ICICI Home Finance”)

ICICI Home Finance was incorporated on May 28, 1999 as a wholly-owned subsidiary of ICICI Personal Financial Services. Subsequently, it became a wholly-owned subsidiary of ICICI Limited. The authorised share capital of the Company is Rs. 300 crore and its paid-up capital is Rs.155 crore. Pursuant to the Scheme of Amalgamation, we hold the entire share capital of ICICI Home Finance. ICICI Home Finance has issued privately placed bonds listed on the wholesale debt market segment of the NSE aggregating Rs. 750 crore.

A summary of the financial performance of ICICI Home Finance Company Limited is as follows:

Particulars	For the year ended March 31,				(Rs. in crore)
	2001	2002	2003	2004	For the quarter ended June 30, 2004 (unaudited)
Total Income	57.81	192.21	197.82	146.29	49.83
Expenditure	55.87	179.58	157.24	135.76	46.94
PBT	1.94	12.63	40.58	10.53	2.89
PAT	1.50	9.58	28.65	9.85	2.23
Share Capital	95.00	155.00	155.00	155.00	155.00
Reserves	(0.43)	6.89	13.64	26.54	26.96

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

9. ICICI Bank UK Limited (“ICICI Bank UK”)

ICICI Bank UK was incorporated on February 11, 2003 with the Registrar of Companies of England and Wales and is our wholly-owned subsidiary. The authorised share capital of the company is US\$ 500 million and Euro 500 million and UK Sterling 100 million. The paid-up capital is US\$ 50 million and UK Sterling 2. ICICI Bank UK is authorised and regulated by the Financial Services Authority in the UK and seeks to provide banking products and services to corporate and retail customers, primarily based in the United Kingdom, with trading or personal links to India. ICICI Bank UK commenced operations during November 2003.

A summary of the financial performance of ICICI Bank UK is as follows:

Particulars	(US\$ in thousands)	
	For the year ended March 31, 2004	For the quarter ended June 30, 2004 (unaudited)
Total Income	1,552	1,679
Expenditure	(3,799)	(2,596)
PBT	(2,247)	(917)
PAT	(2,247)	(917)
Share Capital	50,000	50,000
Reserves	(2,247)	3,172

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

10. ICICI Bank Canada

Pursuant to the Bank Act of Canada, the Office of the Superintendent of Financial Institutions granted Letters Patent of Incorporation to ICICI Bank Canada, on September 12, 2003, and an Order to Commence and Carry On Business, on November 25, 2003. In addition, the Canada Deposit Insurance Corporation admitted ICICI Bank Canada to its membership, on September 24, 2003, giving it the ability to mobilise retail deposits across Canada. As a wholly-owned subsidiary of ICICI Bank Limited (the “Parent”), it will initially open and operate five full-service branches in Canada; four of these branches will be located in the Greater Toronto Area and one will be in the Greater Vancouver Area. The Subsidiary launched its operations, at a Toronto downtown branch, on December 19, 2003, and at a Brampton branch, on April 16, 2004.

Based in Toronto, Ontario, ICICI Bank Canada has received an initial capital injection of Canadian Dollar 25 million. It intends to provide a full range of personal and commercial financial services, including NRI services, to retail and commercial customers through its branch network, ATMs and the internet. Further, capitalising on our leadership, the ICICI Bank Canada proposes to offer a full suite of

trade finance products. ICICI Bank Canada plans to offer innovative products using our network in India and around the world to its domestic and overseas customers.

A summary of the financial performance of ICICI Bank Canada is as follows:

(Canadian Dollars in thousands)		
Particulars	For the period ended March 31, 2004	For the quarter ended June 30, 2004
	(unaudited)	(unaudited)
Total Income	289	196
Expenditure	1,621	1,895
PBT	(1,332)	(1,699)
PAT	(930)	(1,220)
Share Capital	25,000	25,000
Retained Earnings	(930)	(2,150)

11. ICICI International Limited (“ICICI International”)

ICICI International (formerly TDICI Investment Management Company) was originally incorporated as a wholly-owned subsidiary of ICICI Venture in Mauritius to carry on the business of offshore fund management. Subsequently, ICICI Venture transferred its entire shareholding to ICICI. Pursuant to the amalgamation, ICICI International has become our wholly owned subsidiary. ICICI and TCW (Trust Company of the West, USA) had jointly set up an asset management company named “TCW/ICICI Investment Partners, L.L.C.” to pursue investment management opportunities in the private equity business. TCW/ICICI Investment Partners, L.L.C. is domiciled in Mauritius and has a share capital of US\$ 600,000. Pursuant to the amalgamation, we hold 50.0% of the share capital of TCW/ICICI Investment Partners, L.L.C. through ICICI International. The balance 50.0% of the share capital of TCW/ICICI Investment Partners is held by TCW.

A summary of the past financial performance of ICICI International is as follows:

Particulars	For the year ended March 31,				(US\$)
	2001	2002	2003	2004	For the quarter ended June 30, 2004 (unaudited)
Total Income	11,35,237	952,130	333,996	160,698	28,338
Expenditure	9,52,932	828,951	333,720	160,698	23,131
Net Profit before dividend	1,82,305	155,641	276	-	5,207
Share Capital	4,00,000	400,000	400,000	400,000	400,000
Reserves	43,175	148,816	129,092	129,092	134,299

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

12. ICICI Trusteeship Services Limited (“ICICI Trusteeship”)

ICICI Trusteeship was incorporated on April 29, 1999 as a wholly-owned subsidiary of ICICI. The authorised share capital of ICICI Trusteeship is Rs.1 crore and the paid-up share capital is Rs. 500,000. Pursuant to the amalgamation, ICICI Trusteeship has become our wholly-owned subsidiary. The main object of ICICI Trusteeship is to act as trustee of mutual funds, off-shore funds, pension funds, provident funds, venture capital funds, insurance funds, collective or private investment schemes, employee welfare or compensation schemes etc., and to devise various schemes for raising funds in any manner in India or abroad and to deploy funds so raised and earn reasonable returns on their investments and to act as trustees generally for any purpose and to acquire, hold, manage, dispose-off all or any securities or money market instruments or property or assets and receivables or financial assets or any other assets or property.

A summary of the financial performance of ICICI Trusteeship is as follows:

Particulars	For the year ended March 31,				(Rupees) For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (unaudited)
Total Income	150,000	251,100	392,155	348,058	73,265
Expenditure	20,829	35,229	35,975	34,492	10,332
PBT	129,171	215,871	356,180	313,566	62,933
PAT	78,084	135,871	225,180	193,566	39,933
Share Capital	8,000	8,000	500,000	5,00,000	500,000
Reserves & Surplus	19,968	1,81,368	421,077	632,106	675,671

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

13. ICICI Investment Management Company Limited (“ICICI Investment Management”)

ICICI Investment Management Company was incorporated on March 9, 2000 as a wholly-owned subsidiary of ICICI. The authorised share capital of ICICI Investment Management is Rs. 25 crore and the paid-up share capital is Rs. 10 crore. Pursuant to the amalgamation, ICICI Investment Management has become our wholly-owned subsidiary. The main object of ICICI Investment Management is to carry on the business of management of mutual funds, unit trusts, offshore funds, pension funds, provident funds, venture capital funds, insurance funds, and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives these entities and to act as financial advisors and investment advisors.

A summary of the financial performance of ICICI Investment Management is as follows:

Particulars	For the year ended March 31,				(Rs in crore) For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (unaudited)
Total Income	1.09	1.13	1.09	0.75	0.17
Expenditure	0.03	0.91	0.28	0.33	0.10
PBT	1.06	0.21	0.81	0.42	0.07
PAT	0.62	0.14	0.52	0.30	0.04
Share Capital	10.00	10.00	10.00	10.00	10.00
Reserves	0.62	0.69	1.24	1.56	1.61

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

14. ICICI Distribution Finance Private Limited (“ICICI Distribution Finance”)

ICICI Distribution Finance was acquired by us effective May 7, 2003 and is our wholly-owned subsidiary. Prior to the acquisition, ICICI Distribution Finance was known by the name “Transamerica Apple Distribution Finance Private Limited” which was changed to ICICI Distribution Finance Private Limited effective June 3, 2003. The main object of ICICI Distribution Finance is to carry on consumer credit activities, including by way of lease, hire purchase, loan and instalment sales or any other method of financing consumer durables, both brown as well as white goods, electronic goods of all types, electrical appliances of all types, vehicles, machinery and equipments.

A summary of the financial performance of ICICI Distribution Finance is as follows:

(Rs. in crore)

Particulars	For the year ended March 31, 2004	For the quarter ended June 30, 2004 (unaudited)
Total Income	17.70	0.95
Expenditure	11.69	0.94
PBT	6.01	0.01
PAT	3.36	0.01
Share Capital	8.75	8.75
Reserves	43.49	43.50

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

15. Prudential ICICI Asset Management Company Limited, ("AMC") the asset management company of Prudential ICICI Mutual Fund

The AMC, a company registered under the Act, was originally incorporated as ICICI Asset Management Company Limited by ICICI as its wholly-owned subsidiary, to act as the investment manager of the ICICI Mutual Fund vide the Investment Management Agreement dated September 3, 1993. Consequent to a joint venture agreement dated June 29, 1994 entered into between ICICI and Morgan Guaranty International Finance Corporation (MGIFC), a subsidiary of JP Morgan of USA, MGIFC was issued and allotted shares aggregating 40.0% of the equity capital of ICICI Asset Management Company.

The management of ICICI Asset Management Company reviewed its long-term business strategy and decided to further strengthen its commitment to the individual investor segment. As a part of this plan, MGIFC and ICICI agreed to restructure their partnership. As a part of the restructuring plan, MGIFC divested its entire holdings to ICICI and the Board of ICICI Asset Management Company approved the induction of Prudential Plc. (Prudential Corporation Plc.), of UK (Prudential) as the new joint venture partner.

Prudential plc. of UK, through its wholly-owned subsidiary, Prudential Corporation Holdings Limited has been issued and allotted shares aggregating 55% stake in the share capital of the AMC, whereas the balance 45% shareholding in the AMC is being held ICICI Group. Out of the total 45% of the paid-up capital of the AMC held by the ICICI Group, 30% is held by ICICI Bank and the balance 15% is held by a subsidiary of ICICI Bank Ltd. viz. ICICI Venture Funds Management Company Limited. The AMC is acting as the Investment Manager for the 19 schemes of Prudential ICICI Mutual Fund - "ICICI Premier", "Prudential ICICI Power", "Prudential ICICI Growth Plan", "Prudential ICICI Income Plan", "Prudential ICICI Liquid Plan", "Prudential ICICI FMCG Fund", "Prudential ICICI Tax Plan", "Prudential ICICI Balanced Fund", "Prudential ICICI Gilt Fund", "Prudential ICICI Technology Fund", "Prudential ICICI Monthly Income Plan", "Prudential ICICI Fixed Maturity Plan", "Prudential ICICI Child Care Plan", "Prudential ICICI Index Fund - Nifty Plan", "Prudential ICICI Dynamic Plan", "SENSEX Prudential ICICI Exchange Traded Fund", "Prudential ICICI Advisor Series", "Prudential ICICI Income Multiplier Fund" and "Prudential ICICI Discovery Fund". The AMC is also registered with SEBI under SEBI (Portfolio Managers) Rules, 1993.

A summary of the financial performance of the AMC is as follows:

Particulars	For the year ended March 31,				(Rs in crore) For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (audited)
Total Income	49.60	61.52	61.97	99.73	24.64
Expenditure	37.05	45.19	43.06	59.27	14.07
PBT	12.55	16.33	18.91	40.46	10.57
PAT	8.35	11.43	12.15	27.28	6.89
Share Capital	18.52	18.52	18.52	18.52	18.52

Reserves	45.92	51.38	55.26	61.63	68.52
----------	-------	-------	-------	-------	-------

Note: Reserves as disclosed above are after deducting miscellaneous expenditure to the extent not written off or adjusted.

16. Prudential ICICI Trust Limited (“Trustee Company”), the trustee of Prudential ICICI Mutual Fund

The Trustee Company, a company registered under the Act was originally incorporated as ICICI Trust Limited by ICICI as its wholly-owned subsidiary, to act as Trustee of ICICI Mutual Fund vide Trust Deed dated August 25, 1993.

Prudential plc. of UK, through its wholly owned subsidiary, Prudential Corporation Holdings Limited, has been issued and allotted shares aggregating 55% stake in the share capital of the Trustee Company, whereas the balance 45% shareholding in the Trustee Company is being held by ICICI Group. Out of the total 45% of the paid-up capital of the Prudential ICICI Trust Limited held by the ICICI Group, 30% is held by ICICI Bank and the balance 15% is held by a subsidiary of ICICI Bank Ltd. viz. ICICI Venture Funds Management Company Limited.

A summary of the financial performance of Prudential ICICI Trust is as follows:

Particulars	For the year ended March 31,				(Rs in crore) For the quarter ended
	2001	2002	2003	2004	June 30, 2004 (unaudited)
Total Income	0.38	0.41	0.37	0.40	0.09
Expenditure	0.05	0.05	0.02	0.27	0.06
PAT	0.20	0.24	0.22	0.09	0.02
Share Capital	0.10	0.10	0.10	0.10	0.10
Reserves	0.43	0.56	0.67	0.76	0.78

Note: Reserves as disclosed above are after deducting miscellaneous expenditure to the extent not written off or adjusted.

RELATED PARTY TRANSACTIONS

We have transactions with its related parties comprising of subsidiaries (including joint ventures), associates (including joint ventures) and key management personnel. The following represent the significant transactions between us and such related parties:

Insurance services

During the period ended June 30, 2004, we paid insurance premium to insurance joint ventures amounting to Rs. 11.61 crore (March 31, 2004: Rs. 15.72 crore, June 30, 2003: Rs. 11.05 crore). During the period ended June 30, 2004 the Bank received payments under claims made from insurance subsidiaries amounting to Rs. 3.85 crore (March 31, 2004: Rs. 8.56 crore, June 30, 2003: Rs. 2.70 crore).

Fees

During the period ended June 30, 2004, we received fees from our insurance joint ventures amounting to Rs. 5.30 crore (March 31, 2004: Rs. 6.53 crore, June 30, 2003: Rs. 0.64 crore).

Lease of premises and facilities

During the period ended June 30, 2004, we charged an aggregate amount of Rs. 7.33 crore (March 31, 2004: Rs. 36.19 crore, June 30, 2003: Rs. 6.70 crore) for lease of premises, facilities and other administrative costs to subsidiaries and joint ventures.

Sale of housing loan portfolio

During the period ended June 30, 2004, we sold housing loan portfolio to our subsidiaries amounting to Rs. Nil (March 31, 2004: Rs. 1,831.72 crore, June 30, 2003: Rs. Nil).

Secondment of employees

During the period ended June 30, 2004, we received Rs. 0.72 crore (March 31, 2004: Rs. 1.42 crore, June 30, 2003: Rs. Nil) from subsidiaries and joint ventures for secondment of employees.

Sale of investments

During the period ended June 30, 2004, we sold certain investments to our associates amounting to Rs. Nil (March 31, 2004: Rs. 323.41 crore, June 30, 2003: Rs. 35.41 crore). On the sales made to the associates, we accounted for a gain of Rs. Nil (March 31, 2004: Rs. 19.92 crore, June 30, 2003: Rs. 19.92 crore).

Reimbursement of expenses

During the period ended June 30, 2004, we reimbursed expenses to our subsidiaries amounting to Rs. 60.45 crore (March 31, 2004: Rs. 207.57 crore, June 30, 2003: Rs. 50.49 crore)

Brokerage paid

During the period ended June 30, 2004, we paid brokerage to our subsidiaries amounting to Rs. 0.15 crore (March 31, 2004: Rs. 0.57 crore, June 30, 2003: Rs. 0.06 crore)

Custodial charges received

During the period ended June 30, 2004, we received custodial charges from our associates amounting to Rs. 0.12 crore (March 31, 2004: Rs. 0.47 crore, June 30, 2003: Rs. 0.20 crore)

Interest paid

During the period ended June 30, 2004, we paid interest to our subsidiaries and joint ventures amounting to Rs. 1.21 crore (March 31, 2004: Rs. 6.79 crore, June 30, 2003: Rs. 2.06 crore) and to our associates amounting to Rs. Nil (March 31, 2004: Rs. 0.95 crore, June 30, 2003: Rs. 0.60 crore).

Interest received

During the period ended June 30, 2004 we received interest from our subsidiaries and joint ventures amounting to Rs. 6.19 crore (March 31, 2004: Rs. 32.72 crore, June 30, 2003: Rs. 8.77 crore) and from our key management personnel[@] Rs. 0.01 crore (March 31, 2004: Rs. 0.04 crore, June 30, 2003: Rs. 0.01 crore).

Dividend received

During the period ended June 30, 2004 we received dividend from our subsidiaries and joint ventures amounting to Rs. 3.12 crore (March 31, 2004: Rs. 128.97 crore, June 30, 2003: Rs. 32.77 crore) and from our associates amounting to Rs. 34.30 crore (March 31, 2004: Rs. Nil, June 30, 2003: Rs. Nil).

Remuneration to whole-time directors

Remuneration paid to our whole-time directors during the period ended June 30, 2004 was Rs. 2.09 crore (March 31, 2004:Rs. 5.85 crore, June 30, 2003: Rs. 1.25 crore)

Related party balances

The following balances payable to/receivable from subsidiaries/ joint ventures/ associates/ key management personnel are included in the balance sheet as on June 30, 2004:

Items	Subsidiaries /Joint ventures	Associates	Key management personnel [@]	Rupees in crore Total
Deposits with ICICI Bank	146.47	0.47	2.45	149.39
Deposits of ICICI Bank	52.54	..	..	52.54

Advances	236.44	..	1.02	237.46
Investments of ICICI Bank	1,430.36	1,578.61	..	3,008.97
Investments of related parties in ICICI Bank	1.63	..	..	1.63
Receivables	12.70	85.24	..	97.94
Payables	124.79	0.05	..	124.84

@ whole-time directors and relatives

The following balances payable to/receivable from subsidiaries/ joint ventures/ associates/ key management personnel are included in the balance sheet as on March 31, 2004:

Rupees in crore

Items	Subsidiaries /Joint ventures	Associates	Key management personnel @	Total
Deposits with ICICI Bank	202.12	3.73	2.31	208.16
Advances	242.60	..	1.02	243.62
Investments of ICICI Bank	1,430.36	1,594.25	..	3,024.61
Receivables	31.51	80.80	..	112.31
Payables	73.94	0.05	..	73.99

@ whole-time directors and relatives

The following balances payable to/receivable from subsidiaries/ joint ventures/ associates/ key management personnel are included in the balance sheet as on June 30, 2003:

Rupees in crore

Items	Subsidiaries /Joint ventures	Associates	Key management personnel @	Total
Deposits with ICICI Bank	8.60	53.33	0.76	62.69
Advances	350.49	..	1.47	351.96
Investments of ICICI Bank	46.71	692.48	..	739.19
Receivables	15.11	0.33	..	15.44
Payables	2.99	0.08	..	3.07

@ whole-time directors and relatives

Subsidiaries and joint ventures

ICICI Venture Funds Management Company Limited, ICICI Securities 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 Bank Canada, ICICI Prudential Life Insurance Company Limited, ICICI Distribution Finance Private Limited, ICICI Lombard General Insurance Company Limited, Prudential ICICI Asset Management Company Limited and Prudential ICICI Trust Limited.

Associates

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.

Capitalisation Statement

	(Rs. in crore)
	June 2004
Borrowings (1)	
Short - Term Debt (2)	11955.54
Long Term Debt (3)	26066.34
Total Debts (A)	38021.88

Shareholders' Funds :	
Share Capital (4)	1081.39
Reserves	10847.52
Less :Unamortised Deferred Revenue expenditure (5)	155.8
Total Shareholders' Funds (B)	11773.11
Total Capitalisation (A) + (B)	49794.99

Notes :-

1. Borrowings do not include deposits.
2. Short-term debt is debt maturing within the next one year from the date of above statement [includes bonds in the nature of subordinated debt (excluded from Tier-II capital) of Rs. 1,683.88 crore] .
3. Includes Rs. 7,244.98 crore of unsecured redeemable debentures and bonds in the nature of subordinated debt eligible for inclusion in Tier-II capital.
4. Includes preference share capital of Rs. 350 crore.
5. Unamortised expenses on account of the early retirement option scheme offered to the employees
6. Long-term Debt / Equity Ratio

**SELECTED FINANCIAL DATA
(AS PER UNCONSOLIDATED FINANCIAL STATEMENTS UNDER INDIAN GAAP)**

Our financial and other data for the fiscal years 2000, 2001, 2002, 2003 and 2004 included in this Prospectus have been derived from our unconsolidated financial statements prepared in accordance with Indian GAAP, guidelines issued by the RBI from time to time and practices generally prevailing in the banking industry in India. The financial statements for fiscal 2000, 2001 and 2002 were audited by S. B. Billimoria and Co., Chartered Accountants, for fiscal 2003 jointly by N. M. Raiji and Co., Chartered Accountants and S. R. Batliboi and Co., Chartered Accountants and for fiscal 2004 by S. R. Batliboi and Co., Chartered Accountants. You should read the following discussion and analysis of our selected financial and operating data with the more detailed information contained in our audited financial statements. The following discussion is based on our audited financial statements and accompanying notes prepared in accordance with Indian GAAP.

The amalgamation was accounted for using the purchase method of accounting. The effective date of the amalgamation was May 3, 2002. However, the date of the amalgamation for accounting purposes under Indian GAAP was the Appointed Date under the Scheme of Amalgamation approved by the High Courts of Bombay and Gujarat and the RBI, which was March 30, 2002. Accordingly, our profit and loss account (hereinafter referred to as income statement) for fiscal 2002 includes the results of operations of ICICI, ICICI Personal Financial Services and ICICI Capital Services for only two days i.e. March 30 and 31, 2002, although our balance sheet for fiscal 2002 reflects the full impact of the amalgamation. As a result of the above, the income statement for fiscal 2003 is not comparable with the income statements for fiscal 2002 and prior years. The balance sheets at year-end fiscal 2001 and year-end fiscal 2002 are also not comparable, as the fiscal 2002 balance sheet reflects the amalgamation which is not reflected in the fiscal 2001 balance sheet. The balance sheets at year-end fiscal 2002 and year-end fiscal 2003 are, however, comparable.

In fiscal 2001, we acquired Bank of Madura. The effective as well as appointed date of the merger of Bank of Madura with us was March 10, 2001. Accordingly, our income statement for fiscal 2001 included the results of operations of Bank of Madura for only 21 days. Our income statement for fiscal 2002 is therefore not comparable with the income statement for fiscal 2001.

Operating results data

Rs. Crore

	2000	2001	2002	2003	2004	For the quarter ended June 30, 2004
(A) Interest Earned						
- Interest/discount on advances/bills (1)	347.91	570.91	771.67	6,016.24	6,073.85	1,585.79
- Income on investments (2)	409.71	555.72	1,233.80	2,910.44	2,431.74	501.63
- Interest on balances with RBI and other inter-bank funds	94.61	108.67	122.62	235.57	210.64	68.03
- Others	0.64	6.83	23.84	205.81	177.81	40.33
Total (A)	852.87	1,242.13	2,151.93	9,368.06	8,894.04	2,195.78
(B) Interest Expended						
- Interest on deposits	580.50	725.44	1,388.92	2,479.71	3,023.02	721.99
- Interest on Reserve Bank of India / inter-bank borrowings	23.55	32.05	47.84	183.37	229.37	47.28
- Others [including interest on borrowing on erstwhile ICICI Limited] (3)	62.89	80.18	122.16	5,280.92	3,762.86	795.96
Total (B)	666.94	837.67	1,558.92	7,944.00	7,015.25	1,565.23
(C) Net Interest Income (C) = (A) - (B)	185.93	404.46	593.01	1,424.06	1,878.79	630.55
(D) Other Income						
- Commission, exchange and brokerage (4)	67.07	139.53	229.79	791.79	1,071.80	374.36
- Profit/ (Loss) on sale of investments (net)	101.14	19.21	305.71	492.33	1,224.63	57.25
- Profit/ (Loss) on foreign exchange transactions (net) (including premium amortisation)	22.39	41.61	37.30	10.24	192.63	81.91
- Profit/ (Loss) on revaluation of investments (net)	-	13.77	(14.60)	0.11	-	(2.44)
- Lease Income	3.58	4.62	10.69	537.42	422.35	103.07
- Profit on sale of shares of ICICI Bank Limited held by ICICI	-	-	-	1,191.05	-	-
- Miscellaneous Income (5)	(0.13)	1.60	5.77	135.88	153.51	43.56
Total other income (D)	194.05	220.34	574.66	3,158.82	3,064.92	657.71
(E) Total Income (C) + (D)	379.98	624.80	1,167.67	4,582.88	4,943.71	1,288.26
Less: Operating Expenses (6)	151.15	332.22	611.08	1,697.22	2,292.72	648.42
Less: Depreciation on leased assets	2.16	2.41	11.50	314.47	278.51	84.00
Operating profit before provisions	226.67	290.17	545.09	2,571.19	2,372.48	555.84
Less: Provision and contingencies (7)	121.37	129.07	286.79	1,365.01	735.38	125.10
Net profit for the year/ period	105.30	161.10	258.30	1,206.18	1,637.10	430.74
Dividend per Share of Rs. 10 (Rs.)	1.50	2.00	2.00	7.50	7.50	-
Dividend tax per Share of Rs. 10 (Rs.)	0.17	0.20	0.20	0.96	0.96	-

	2000	2001	2002	2003	2004	Rs. in crore For the quarter ended June 30, 2004
Adjustments as per SEBI Guidelines						
Profit for the period	105.30	161.10	258.30	1,206.18	1,637.10	430.74
Add/(Less) :-						
1) Adjustment for change in accounting policy relating to depreciation on improvements to leased premises [Refer Note 8(a)]	3.36	-	-	-	-	-
2) Adjustment for change in accounting policy relating to depreciation on premises and other fixed assets [Refer Note 8(b)]	-	(9.48)	-	-	-	-
3) Adjustment for change in rates of depreciation on premises and other fixed assets [Refer Note 8(c)]	-	-	(6.43)	-	-	-

4) Adjustment for change in methodology for ascertaining carrying cost of investments, accounting for repurchase transactions and review of useful life of ATMs [Refer Note 8(d)]	-	-	-	(16.12)	-	-
5) Adjustment for change in accounting policy relating to Unrealised gains on rupee derivatives (net of provisions) [Refer Note 9]						(28.99)
6) Adjustment for change in accounting policy relating to comission paid to direct marketing agent of auto loans. [Refer Note 10]						-
7) Tax effect for the above adjustments	(1.29)	3.75	2.30	5.92	-	10.61
Adjusted profit after tax	107.37	155.37	254.17	1,195.98	1,637.10	412.36

Notes: Operating results data

- 1 Income from loans represents interest on rupee and foreign currency loans and advances (including bills) & hire purchase activity and gains on sell-down of loans
- 2 Interest income from investments represents primarily amounts earned on SLR investments, debentures ,bonds and dividend income from equity and other investments in companies other than subsidiaries.
- 3 Interest expense 'others' includes primarily interest expense on deposits taken over from ICICI, Commercial Paper bonds and debentures, subordinated debt and bills rediscounted and borrowings outside India.
- 4 Commission, exchange and brokerage includes income from commissions on guarantees, letters of credit, cash management services, loan processing fees, credit and debit card activities and demat. It also includes commission on bills for collection and bills purchased / discounted .
- 5 Miscellaneous income for year ended March 31, 2003 & 2004 and for three months ended June 30, 2004 includes primarily dividend income from subsidiaries/ affiliates.
- 6 Operating expenses include primarily employee expenses, establishment, depreciation on fixed assets and other general office expenses.
- 7 Provisions and contingencies includes provisions/ write offs as per RBI guidelines, additional depreciation /write-back of depreciation on investments, provision for taxes (net of deferred tax), tax on interest income imposed by Indian Law. The tax on interest income is separate from corporate income tax.
- 8(a) With effect from April 1, 1999, improvements (including fixtures / fittings) to leased premises have been depreciated over the primary lease period instead of at the rates specified in Schedule XIV of the Companies Act, 1956.
- (b) With effect from April 1, 2000, premises and other fixed assets have been depreciated over their estimated useful life on a straight line basis instead of on WDV basis.
- (c) With effect from April 1, 2001, arising from the merger of ICICI Limited with the Bank, the useful lives of certain categories of fixed assets were reviewed to align the depreciation rates followed by ICICI Limited and the Bank.

Accordingly, the Bank changed its rates of depreciation on certain categories of fixed assets. of fixed assets with effect from April 1, 2001.

- (d) Effective April 1,2002, the Bank has changed the methodology for ascertaining the carrying cost of fixed income bearing securities from Weighted Average method to First-In-First-Out Method.

During the year ended March 31, 2003 , the Bank has accounted for repurchase transactions as a sale and a forward purchase or purchase and a forward sale transaction as against borrowing or lending transaction.

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

- 9 Effective April 01, 2004 the bank have accounted for unrealised gains on rupee derivatives (net of provisions) as compared to it earlier policy of ignoring the unrealised gains. As a result profit after tax for the current period is higher by Rs. 28.99 crores.
- 10 Effective April 1, 2004 the commissions paid to direct marketing agents (DMAs) of auto loans, net of subvention income received from them, is recorded upfront in the profit and loss account. For disbursements made till March 31, 2004, the gross commissions paid to direct marketing agents (DMAs) of auto loans were recorded upfront in the profit and loss account and subvention income received from them is being amortised over the life of the loan. The impact of the change is not significant
- 11 Effective June 30, 2004 the Bank have reclassified the Premium Amortisation on HTM securities from Interest Income on Investments" i.e. Profit and loss account schedule 13 to schedule 17 "Provisions and contingencies" under the head "Additional deprection/(write-back of depreciation) on investments".
- 12 It has not been possible to determine the effect on profits if changes in accounting policies stated above had been made in each of the accounting years preceding the change and accordingly adjustments to profits for those items have not been made.
- 13 Consequent upon Accounting Standard 22 on "Accounting for Taxes on Income" becoming mandatory effective April 1, 2001, the deferred tax effect of timing differences arising during the year ended March 31, 2002 has been recognised in the Profit and Loss Account for the period . The deferred tax adjustment for March 31, 1999, 2000 and 2001 has not been determined and consequently, no adjustments have been carried out in the Statements of Profits shown above.

For other notes to accounts please refer to Auditors' Report under Part II of the Prospectus.

Taxation Statement

	(Rs. in Crores)	
	Year ended March 31, 2003	Year ended March 31, 2004
Tax at marginal rate on income	285.97	681.52
Adjustments		
Difference in book and tax Depreciation	(17.00)	49.58
Bad Debts written off through provision/Reserve	1,682.40	124.14
Special Reserve under Section 36(1)(viii)	-	-
Surplus on sale of Property/assets	7.00	1.85
Dividend exempt under Section 10(33)/10(34)	-	(223.74)
Tax - free Income exempt under Section 10(15)(iv)(h) & 10(23G)	(71.00)	(63.92)
Dividend exempt under Section 80M	(183.00)	-
Capital Gains on sale of shares	(1,291.00)	(401.34)
F/Value write back	(1,183.00)	(866.38)
Other Adjustments	501.00	115.12
Net Adjustments	(554.60)	(1,264.69)
Tax (Savings)/outgo thereon - other than Capital gains	(203.82)	(453.71)
Other tax provisions	41.45	20.64
Capital Gains on sale of shares	91.00	21.13
Tax (Savings)/outgo thereon	(71.37)	(411.94)
Add/(Less) : Deferred tax adjustments	(642.59)	(6.88)

Total Income Tax (A)	(428.0)	262.7
Wealth Tax (B)	2.25	2.40
Interest Tax (C)		
TOTAL TAXATION	(425.74)	265.11

NOTES

Adjusted profit before taxation	778.14	1,899.72
Rates of tax - other than capital gains	36.75%	35.88%
- Long Term capital gains	10.50%	10.25%

Balance Sheet Data

						Rs. in crore
	2000	2001	2002	2003	2004	As On June 30, 2004
ASSETS						
Cash in Hand and Balance with RBI	721.89	1,231.66	1,774.47	4,886.14	5,408.00	5,084.12
Balance with Banks and Money at call and short notice		2,362.03	11,011.88	1,602.86	3,062.64	2,833.13
Investments [net of provisions]						
-Government and other approved securities	2,814.94	4,111.93	22,792.78	25,583.03	29,917.80	27,723.71
-Debentures & Bonds	1,137.22	3,070.08	6,436.36	5,689.92	5,549.10	4,124.08
-Others	464.52	1,004.85	6,661.94	4,189.35	7,275.96	8,634.48
Advances (1)	3,657.34	7,031.46	47,034.87	53,279.41	62,095.52	65,266.01
Fixed Assets	222.12	384.75	4,239.34	4,060.73	4,056.41	3,968.69
Others Assets (2)	361.31	539.83	4,158.28	7,520.52	7,863.44	8,503.96
Total Assets	12,072.62	19,736.59	104,109.92	106,811.96	125,228.87	126,138.18
LIABILITIES AND CAPITAL						
Deposits						
-Demand Deposits	1,587.47	2,621.86	2,736.15	3,689.44	7,259.06	6,670.71
-Saving Deposits	533.26	1,880.64	2,497.00	3,793.21	8,372.03	8,607.66
-Term Deposits	7,745.28	11,875.71	26,851.96	40,686.65	52,477.49	51,501.54
Borrowings (3)	491.47	1,032.79	49,218.66	34,302.42	30,740.24	29,093.02
Unsecured Redeemable Debenture/Bonds (Subordinated Debt) (4)	168.00	168.00	9,751.31	9,749.53	9,105.86	8,928.86
Other Liabilities & Provisions (5)	397.63	844.97	6,456.27	7,307.40	8,913.63	9,407.48
Preference Share Capital Suspense (6)	-	-	350.00	-	-	-
Preference Share Capital (6)	-	-	-	350.00	350.00	350.00
Equity Capital (7)	196.82	220.36	613.03	612.66	616.40	731.39
Equity Share Capital Suspense (8)	-	-	-	-	-	-
Reserves and Surplus (9)						
-Statutory Reserves	103.86	184.43	249.43	551.43	960.73	960.73
-Debenture Redemption Reserve	-	-	10.00	-	-	-

-Special Reserve	-	-	1,094.00	1,144.00	1,169.00	1,169.00
-Capital Reserves	-	-	-	200.00	465.00	465.00
-Share Premium	769.03	804.54	804.54	802.16	852.33	3,883.61
-Investment Fluctuation Reserve	4.84	11.34	27.34	127.34	730.34	730.34
-Revenue & Other Reserves	74.82	91.12	3,430.67	3,490.67	3,163.67	3,163.67
-Balance in Profit & Loss Account	0.14	0.83	19.56	5.05	53.09	475.17
Total Liabilities and Capital	12,072.62	19,736.59	104,109.92	106,811.96	125,228.87	126,138.18
Contingent Liabilities						
i) Claim against Bank not acknowledged as debts	25.10	54.79	1,023.26	2,025.15	2,501.79	2,523.97
ii) Liability for partly paid investments	-	34.00	261.52	180.49	124.14	16.84
iii) Liability on account of outstanding forward exchange contracts	7,354.97	8,846.82	15,254.59	25,103.05	55,704.38	56,803.09
iv) Guarantees given on behalf of constituents in India	756.44	1,345.98	9,351.60	10,634.83	12,028.99	12,606.79
v) Acceptances, endorsements & other obligations	848.96	1,286.91	1,739.11	4,325.19	6,514.20	8,076.39
vi) Currency Swaps	765.75	871.03	2,041.47	2,901.32	4,448.48	7,024.33
vii) Interest rate Swaps	-	1,138.03	7,854.16	41,354.47	117,764.08	132,806.53
viii) Other items for which Bank is contingently liable	29.25	270.44	1,920.88	2,914.01	3,855.83	4,324.56
Total	9,780.47	13,848.00	39,446.59	89,438.51	202,941.90	224,182.50
Bills for collection	761.44	1,229.80	1,323.42	1,336.78	1,510.94	2,074.99

Notes: Balance sheet data

- Includes rupee / foreign currency loans, assistance by way of securitisation, loans under retail finance operations and receivable under finance lease.
- Includes primarily interest accrued but not due at period end, advances paid for capital assets, advance taxes paid, deposits for utilities outstanding fees and other income, exchange fluctuation suspense with Government of India inter office adjustments [net] and non-banking assets acquired in satisfaction of claims and deferred tax asset.
- Borrowings include call borrowings and refinance from RBI, banks and other financial institutions, deposits taken over from ICICI, bonds and debentures, commercial paper and borrowings outside India from multilateral and bilateral credit agencies, international banks, Institutions and consortiums.
- Represents unsecured borrowings eligible for inclusion in Tier-II capital for capital adequacy purposes.
- Other liabilities primarily include bills payable, interest accrued but not due, creditors for expenses, unclaimed refunds, brokerage and interest, deferred tax liability , proposed dividend, dividend tax thereon, inter-office adjustments [net], prudential provision on standard assets as per RBI norms and security deposits from clients.
- As on March 31, 2002, preference share capital suspense represents face value of 350 preference shares to be issued to preference shareholders of ICICI on amalgamation redeemable at par on April 20, 2018. 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.
These shares were subsequently issued on June 11,2002.
- As on March 31, 2001, equity capital includes Rs. 23.54 crore to be allotted to the equity shareholders of Bank of Madura, consequent to its merger with the Bank, effective March 10, 2001. Subsequently these shares have been issued on April 17, 2001.
As on March 31, 2002 equity capital includes Rs. 392.67 crore to be allotted to the equity shareholders of erstwhile ICICI Limited, consequent to its merger with the Bank, effective March 30, 2002. Subsequently these shares have been issued on June 11,2002.

- 8 As on June 30, 2004 , equity share capital suspense represents application money received on exercise of employee stock options .
- 9 Reserves and surplus at March 31, 2002 include Rs. 4,300.82 crore on amalgamation with ICICI, erstwhile ICICI Personal Financial Services Limited and erstwhile ICICI Capital Services Limited.

For other notes to accounts please refer to Auditors' Report under Part II of the Prospectus.

FIXED & FLOATING RATE ASSETS AND LIABILITIES

(Rs. in crores)

As at March 31, 2004

LIABILITIES	Floating	Fixed	Total
Deposits			
Rupee Deposits	0.00	65,805.20	65,805.20
Foreign Currency	0.00	2,303.38	2,303.38
Borrowings			
Rupee Borrowings	0.45	22,001.78	22,002.23
Foreign Currency Borrowings	4,798.06	3,939.96	8,738.01
Subordinated Debt			
Rupee Borrowings	0.00	9,105.86	9,105.86
Foreign Currency Borrowings	0.00	0.00	0.00
TOTAL	4,798.50	103,156.18	107,954.69
ASSETS			
Loans and Advances			
Rupee	24,772.57	34,643.64	59,416.21
Foreign Currency	3,989.48	2,556.54	6,546.02
Less : NPA Provision		(3,866.71)	(3,866.71)
TOTAL advances	28,762.05	33,333.47	62,095.52

Average Interest Earning Assets and Average Interest Bearing Liabilities

(Rs. in crores)

Year ended March 31,

	2000	2001	2002	2003	2004
(a) Average interest earning assets (1)	7,547.76	11,388.22	22,239.21	90,516.50	97,969.21
(b) Average Interest bearing liabilities	7,410.20	10,430.19	20,737.25	89,161.82	98,965.62
(c) Ratio of interest earning assets to interest bearing liabilities	1.02	1.09	1.07	1.02	0.99
(d) Total interest expense (2) and (3)	666.94	837.67	1,558.92	7,944.00	7,015.25
(e) Interest expense apportioned to					

Interest earning assets (4)	679.32	914.61	1671.83	8064.70	6944.62
-----------------------------	--------	--------	---------	---------	---------

- (1) Interest-earning assets consist of loans & advances (including non-performing loans and advances), investments (excluding dividend earning assets), call money lent, term deposits with banks in India, RBI balance and deposit placed with SIDBI & NABARD.
- (2) Averages data has been computed on a daily average basis, except for the year ended March 31, 2003 where averages of portfolios of ICICI, ICICI Capital Services Limited and ICICI Personal Financial Services Limited have been computed on a monthly basis.
- (3) Total interest expense does not include interest tax.
- (4) Interest expense apportioned to interest earning assets is calculated notionally by multiplying total interest expense by the ratio of average interest earning assets to average interest bearing liabilities, and therefore the apportioned interest is higher than the actual interest expense.

(Rs. in crore)

During year ended March 31, 2004	Amount	Interest	Cost
Average FC interest bearing liabilities	9,021.89	262.55	2.91%
Average Rupee interest bearing liabilities	89,943.72	6,752.70	7.51%

Financial Ratios

(Rs. in crores except percentage data)

	2000	2001	2002	2003	2004
Financial Ratios (1)					
Average Interest Earning Assets (2)	7,547.76	11,388.22	22,239.21	90,516.50	97,969.21
Interest Income (3)	852.87	1,242.13	2,151.93	9,368.06	8,894.04
Average Interest Bearing Liabilities	7,410.20	10,430.19	20,737.25	89,161.82	98,965.62
Total interest expense (4)	666.94	837.67	1,558.92	7,944.00	7,015.25
Average Share Capital & Reserves	401.51	1,258.66	1,454.92	6,589.14	7,471.94
Average total Assets	8,037.54	12,068.97	23,392.67	105,027.56	113,835.59
Net Profit	105.30	161.10	258.30	1,206.18	1,637.10
Net Interest Income	185.93	404.46	593.01	1,424.06	1,878.79
Net Interest Margin (%) (5)	2.46%	3.55%	2.67%	1.57%	1.92%
Gross Yield (%) (6)	11.30%	10.91%	9.68%	10.35%	9.08%
Average Cost of Loan Funds (%) (7)	9.00%	8.03%	7.52%	8.91%	7.09%
Yield Spread (%) (8)	2.30%	2.88%	2.16%	1.44%	1.99%
Return on Average Assets (%) (9)	1.31%	1.33%	1.10%	1.15%	1.44%
Average Share Capital & Reserves to Average Total Assets (%) (10)	5.00%	10.43%	6.22%	6.27%	6.56%

Notes :

1. Averages data has been computed on a daily average basis, except for the year ended March 31, 2004, where averages of portfolios of ICICI, ICICI Capital Services Limited and ICICI Personal Financial Services Limited have been computed on a monthly basis. Average Share Capital & Reserves for the year March 2004 is average of opening and closing balances.
2. Interest-earning assets consist of loans & advances, Investments, call money lent, term deposits with banks in India, RBI balance and deposit placed with SIDBI & NABARD
3. Interest income consists of income from the interest-earning assets, as defined above. Interest income is presented without deducting interest tax.

4. Total interest expense does not include interest tax.
5. Net interest margin represents net interest income divided by average interest earning assets.
6. Gross yield equals interest income divided by average interest earning assets.
7. Average cost of loan funds is the total interest expense (including interest tax) divided by average interest-bearing liabilities.
8. Yield spread represents the difference between gross yield and average cost of loan funds.
9. Return on average assets represents profit after tax for the year divided by average total assets.
10. Average share capital and reserves do not include preference capital.
11. Average daily balances of earlier years have not been regrouped or reclassified

CAPITAL ADEQUACY

We are subject to the capital adequacy requirements of RBI, which requires a minimum total capital adequacy ratio of 9 per cent, of which at least 4.5 per cent must be Tier I capital. Tier I capital comprises paid-up capital and free reserves. Our Management seeks to maintain capital adequacy comfortably above the minimum requirement of RBI.

The table below gives our capital adequacy ratio for the periods indicated:

In percentage	As at March 31					As on
	2000	2001	2002	2003	2004	30-Jun-04
Total capital adequacy	19.64	11.57	11.44	11.1	10.36	15.21
-Of which Tier I	17.42	10.42	7.47	7.05	6.09	9.36

ICICI had outstanding preference share capital of Rs. 350 crore, representing 350, 0.001% preference shares of Rs. 1,00,00,000 each issued under the scheme of amalgamation of erstwhile ITC Classic Finance with ICICI Limited. These preference shares are redeemable in the year 2018. RBI vide letter dated April 21, 1999, permitted ICICI Limited to include the “grant element” of such preference shares in Tier I capital subject to the creation of a corpus to be invested in Government of India securities of equivalent maturity. ICICI had created a corpus of Rs. 46.51 crore on May 3, 1999 and invested the amount in Government of India securities. Consequent to the merger of ICICI with us, these preference shares have now been transferred to us, as permitted by the Government notification exempting us from the provisions of Section 12(1)(ii) of the Banking Regulation Act, 1949 for a specified period. Accordingly, the grant element of this preference share capital has now been included in our Tier-I capital. At March 31, 2002, Tier I capital includes “grant element” of Rs. 234.26 crore out of the face value of Rs. 350.00 crore of these non-cumulative preference shares.

CHANGES IN THE ACCOUNTING POLICIES

There has been no change in the accounting policy in the last three years except the following

- 1 Consequent upon Accounting Standard 22 on Accounting for Taxes on Income becoming mandatorily effective from April 1, 2001, the Bank has recorded the cumulative deferred tax asset of Rs. 32.73 crores upto March 31, 2001 by credit to “General Reserve” in accordance with the transitional provisions of the Standard. Further, a deferred tax asset of Rs. 90.33 crore for timing differences arising during the year has been recognised by credit to the Profit and Loss account for the year. The liabilities recorded on amalgamation of ICICI, ICICI PFS and ICICI Capital included aggregate carried forward deferred tax liabilities of those companies amounting to Rs. 277.82 crore.

- 2 Arising from the merger of ICICI with the Bank, the Bank reviewed the estimated useful life of certain categories of fixed assets to align the depreciation rates followed by ICICI and the Bank. Accordingly, the Bank has changed its rates of depreciation on the following categories of its fixed assets with effect from April 1, 2001 :-
Premises from 5 % to 1.63 %
Furniture and Fixtures from 20 % to 15 %
Motor Car from 25 % to 20 %
- 3 With effect from March 31, 2002, investments are valued in accordance with the extant RBI guidelines on investment classification and valuation as under :
 - a All investments are classified under three categories, viz., 'Held to Maturity', 'Available for sale' and 'Trading'. 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 acquisition cost or at amortised cost if acquired at a premium over the face value. A provision is made for diminution other than temporary.
 - c 'Available for sale' and 'Trading' securities are valued periodically as per Reserve Bank of India guidelines. The market value of 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 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.
 - d Depreciation/Appreciation for each basket within 'Available for Sale' and 'Trading' category is aggregated. Net appreciation in each basket if any, being unrealised, is ignored, while net depreciation is provided for.
 - e Costs such as brokerage, commission etc., pertaining to investments, paid at the time of acquisition, are charged to revenue.
 - f Broken period interest on debt instruments is treated as a revenue item.
 - g Profit on sale of investment in the 'Held to Maturity' category is credited to the revenue account and thereafter is appropriated to Capital Reserve.
- 4 Effective April 1, 2002, the Bank has changed the methodology for ascertaining the carrying cost of fixed income bearing securities from Weighted Average method to First-In-First-Out Method.
- 5 The Bank depreciated Automated Teller Machines (ATMs) over its useful life estimated as 6 years or over 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 management.
- 6 During the year ended March 31, 2003, 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.
- 7 Effective April 01, 2004 the Bank have accounted for unrealised gains on rupee derivatives (net of provisions) as compared to its earlier policy of ignoring the unrealised gains. As a result profit after tax for the current period is higher by Rs. 28.99 crores.
- 8 Effective April 1, 2004 the commissions paid to direct marketing agents (DMAs) of auto loans, net of subvention income received from them, is recorded upfront in the profit and loss account. For disbursements made till March 31, 2004, the gross commissions paid to direct marketing agents (DMAs) of auto loans were recorded upfront in the profit and loss account and subvention income received from them is being amortised over the life of the loan. The impact of the change is not significant

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Merger of ICICI with us

Our Board of Directors and that of ICICI approved the proposal for merger of ICICI and two of its wholly owned subsidiaries, viz. ICICI Capital and ICICI PFS, with us on October 25, 2001. The Scheme of Amalgamation of ICICI, ICICI PFS and ICICI Capital with us became effective on May 3, 2002, with the Appointed Date being March 30, 2002. The Scheme was approved by the High Court of Gujarat at Ahmedabad on March 7, 2002, by the High Court of Judicature at Bombay on April 11, 2002 and by RBI on April 26, 2002.

Consequent to the amalgamation, the businesses formerly conducted by ICICI became subject for the first time to various regulations applicable to banks. These include the prudential reserve and liquidity requirements, namely the statutory liquidity ratio under Section 24 of the Indian Banking Regulation Act, 1949 and the cash reserve ratio under Section 42 of the Reserve Bank of India Act, 1934. The statutory liquidity ratio is required to be maintained in the form of Government of India securities and other approved securities, currently a minimum of 25.0% of our net demand and time liabilities. The cash reserve ratio is required to be maintained in the form of cash balances with RBI, which has increased the cash reserve ratio from 4.50% to 4.75% of our net demand and time liabilities, excluding inter-bank deposits, effective September 18, 2004 and to 5.00% effective October 2, 2004. In addition to the above, the directed lending norms of RBI require commercial banks to lend 40.0% of their net bank credit to specific sectors (known as priority sectors), such as agriculture, small-scale industry, small businesses and housing finance. Prior to the amalgamation, the advances of ICICI were not subject to the requirement applicable to banks in respect of priority sector lending. Pursuant to the terms of RBI's approval to the amalgamation, we are required to maintain a total of 50.0% of our net bank credit on the residual portion of our advances (i.e., the portion of our total advances excluding advances of ICICI at year-end fiscal 2002) in the form of priority sector advances. This additional requirement of 10.0% by way of priority sector advances will apply until such time as the aggregate priority sector advances reach a level of 40.0% of our net bank credit. We may experience a significant increase in impaired loans in our directed lending portfolio since economic difficulties are likely to affect those borrowers more severely and we would be less able to control the quality of this portfolio. We are adopting proactive strategies to meet the priority sector lending requirement stipulated by RBI while adequately mitigating credit risk, by focusing on housing finance, which partly qualifies as priority sector lending and structured financing mechanisms for emerging corporates and the agricultural sector. Compliance with the SLR and CRR norms on ICICI's liabilities has had an adverse impact on our profitability in quarter ended June 30, 2003 and quarter ended June 30, 2004 and is likely to have an adverse impact on our profitability in fiscal 2005.

The following discussion and analysis of the financial condition and results of operations should be read together with the audited financial statements. The following discussion is based on our audited financial statements, which have been prepared in accordance with guidelines issued by RBI and the generally accepted accounting policies within the banking industry in India.

Quarter ended June 30, 2004 compared with quarter ended June 30, 2003

Our operating profit (profit before provisions and tax) increased 10.2% to Rs. 555.84 crore for the quarter ended June 30, 2004 from Rs. 504.44 crore for the quarter ended June 30, 2003. Profit after tax for the quarter ended June 30, 2004 was Rs. 430.74 crore reflecting a growth of 26.6% over Rs. 340.20 crore for quarter ended June 30, 2003.

Net interest income

Net interest income increased 38.7% to Rs. 630.55 crore for quarter ended June 30, 2004 from Rs. 454.53 crore for quarter ended June 30, 2003, reflecting mainly the following:

- an increase of Rs. 10,113.86 crore or 10.6% in the average volume of interest-earning assets; and
- an increase in the spread to 2.4% in quarter ended June 30, 2004 from 1.9% in quarter ended June 30, 2003.

ICICI Bank's spread is lower than that of other Indian banks due to the high-cost liabilities of ICICI and the maintenance of Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) on these liabilities, which were not subject to these ratios prior to the merger. While ICICI Bank's cost of deposits (4.5% in quarter ended June 30, 2004) is comparable to the cost of deposits of other banks in India, ICICI Bank's total cost of funding (6.0% in quarter ended June 30, 2004) is higher compared to other banks as a result of these high-cost liabilities. Further, ICICI Bank has to maintain SLR and CRR on these liabilities, resulting in a negative impact on the spread.

The total interest income (including dividend income) decreased to Rs. 2,195.78 crore in quarter ended June 30, 2004 compared to Rs. 2,294.74 crore in quarter ended June 30, 2003, primarily due to decline in yield by 1.4%, partially offset by an increase of 10.6% in the average interest-earning assets to Rs. 105,107.93 crore from Rs. 94,994.21 crore. Yield on average interest-earning assets decreased to 8.3% for quarter ended June 30, 2004 compared to 9.7% for quarter ended June 30, 2003 primarily due to fall in the yield on government securities investments and declining interest rate environment.

Total interest expense decreased 14.9% to Rs. 1,565.23 crore in quarter ended June 30, 2004 from Rs. 1,840.21 crore in quarter ended June 30, 2003, primarily due to decline in the total cost of funds to 6.0% in quarter ended June 30, 2004 as compared 7.8% in quarter ended June 30, 2003 partially offset by a 11.2% increase in average interest-bearing liabilities to Rs. 105,579.72 crore for quarter ended June 30, 2004 from Rs. 94,938.14 crore for quarter ended June 30, 2003. The decrease in cost of funds was primarily due to reduction in the cost of deposits to 4.48% for quarter ended June 30, 2004 from 5.98% for quarter ended June 30, 2003 and repayments of higher-cost borrowings of ICICI during this period.

As a result of 1.85% decline in the cost of funds, offset partially by a 1.35% decline in yield, our net interest margin increased to 2.3% in quarter ended June 30, 2004 from 1.9% in quarter ended June 30, 2003. Net interest margin is, however, expected to continue to be lower than other banks in India until the borrowings of ICICI are repaid.

Non-interest income

Non-interest income increased to Rs. 657.71 crore in quarter ended June 30, 2004 as compared to Rs. 643.81 crore in quarter ended June 30, 2003. The components of non-interest income are discussed below:

Fee income

Fee and commission income (including income from foreign exchange transactions) increased to Rs. 418.33 crore in quarter ended June 30, 2004 as compared to Rs. 235.83 crore in quarter ended June 30, 2003.

Treasury income

The total income from treasury-related activities decreased to Rs. 92.75 crore in quarter ended June 30, 2004 from Rs. 260.63 crore in quarter ended June 30, 2003, due to adverse market conditions. Capital gains on shares was Rs. 6.00 crore for quarter ended June 30, 2004.

Lease income

Our total leased assets were Rs. 1,602.90 crore at June 30, 2004 compared to Rs. 1,626.40 crore at June 30, 2003. Gross lease income for quarter ended June 30, 2004 was Rs. 103.08 crore and the related lease depreciation was Rs. 84.00 crore. Gross lease income for quarter ended June 30, 2003 was Rs. 112.22 crore and the related lease depreciation was Rs. 73.05 crore.

Others

Other non-interest income in quarter ended June 30, 2004 includes dividend income received from subsidiaries of Rs. 37.42 crore as compared to Rs. 32.77 crore for quarter ended June 30, 2003.

Operating expense

Operating expense (excluding DMA expense and lease depreciation) for quarter ended June 30, 2004 was Rs. 564.40 crore compared to Rs. 462.93 crore for quarter ended June 30, 2003. The increase in operating expense was primarily due to 40.3% increase in employee expenses and 15.4% in other administrative expenses. The number of savings accounts increased to about 59 lac at June 30, 2004 from about 47 lac at June 30, 2003. The credit and debit cards increased to about 106 lac at March 31, 2004 from about 54 lac at June 30, 2003. The number of ATMs increased to 1,790 at June 30, 2004 from 1,690 at June 30, 2003.

We had implemented an Early Retirement Option Scheme (ERO) for our employees in July 2003. In accordance with the treatment approved by RBI, the ex-gratia payments under ERO, termination benefits and leave encashment in excess of the provisions made (net of tax benefits), aggregating to Rs. 191.00 crore are being amortised over a period of five years commencing August 1, 2003 (the date of retirement of employees exercising the option being July 31, 2003).

An amount of Rs. 9.60 crore has been charged to revenue on account of ERO scheme being the proportionate amount amortised for the quarter ended June 30, 2004.

DMA expense

We incurred DMA expenses of Rs. 84.02 crore on the retail asset portfolio (other than auto loans). These commissions are expensed upfront and not amortized.

Provisions and write-offs

Total provisions decreased by 62.9% to Rs. 45.84 crore in quarter ended June 30, 2004 from Rs. 123.69 crore in quarter ended June 30, 2003.

All non-performing retail loans (other than home loans) are fully written-off or provided for over a period of 180 days. Non-performing home loans are fully written-off or provided for over a period of two years. In respect of corporate assets, till fiscal 2004 the Bank had adopted a provisioning policy whereby provisions aggregating 50.0% of the secured portion of corporate non-performing assets were made over a three-year period instead of a five-and-a-half year period prescribed by RBI. Effective quarter ended June 30, 2004, the Bank provides for corporate non-performing assets in line with the revised RBI guidelines applicable from March 31, 2005 requiring 100% provision over a five-year period. Loss assets and the unsecured portion of doubtful assets are fully provided for or written off. Additional provisions are made against specific non-performing assets if considered necessary by the management. Non-performing assets acquired from ICICI in the merger were fair valued and additional provisions were recorded to reflect the fair valuation. The Bank does not distinguish between provisions and write-offs while assessing the adequacy of the Bank's loan loss coverage, as both provisions and write-offs represent a reduction of the principal amount of a non-performing asset. In compliance with regulations governing the presentation of financial information by banks, the Bank reports non-performing assets net of cumulative write-offs in its financial statements.

The Bank has adopted a conservative general provisioning policy for its standard asset portfolio. While RBI's guidelines require only a 0.25% general provision against standard assets, the Bank makes additional general provisions against standard assets having regard to overall portfolio quality, asset growth, economic conditions and other risk factors. The corporate and project finance portfolio acquired from ICICI in the merger were fair valued and additional provisions were recorded to reflect the fair valuation. During fiscal 2003, the Bank also made additional/accelerated provisions against loans and other assets, primarily relating to ICICI's portfolio. For restructured assets, provisions are made in accordance with guidelines issued by RBI.

Income tax expense

Provision for tax (including wealth tax) was Rs. 79.26 crore for quarter ended June 30, 2004 compared to Rs. 40.55 crore (on account of deferred tax asset created against provisions) for quarter ended

June 30, 2003. 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.

Financial condition

Our total assets increased 14.8% to Rs. 126,138.18 crore at June 30, 2004 from Rs. 109,841.08 crore at June 30, 2003. Net advances increased to Rs. 65,266.01 crore at June 30, 2004 from Rs. 54,379.91 crore at June 30, 2003. Retail assets increased to Rs. 36,582.21 crore at June 30, 2004 constituting about 29.0% of total assets as compared to about 21.0% of total assets at June 30, 2003. Cash, balances with Reserve Bank of India and banks and money at call and short notice at June 30, 2004 were Rs. 7,917.25 crore compared to Rs. 6,800.73 crore at June 30, 2003. Total investments at June 30, 2004 increased 8.9% to Rs. 40,482.27 crore from Rs. 37,175.85 crore at June 30, 2003. Investments in government and other approved securities were Rs. 27,723.71 crore at June 30, 2004 compared to Rs. 27,029.11 crore at June 30, 2003. Other assets increased to Rs. 8,503.96 crore at June 30, 2004 from Rs. 7,516.40 crore at June 30, 2003.

The net worth at June 30, 2004 increased to Rs. 11,423.11 crore (net of unamortised ERO expenses of Rs. 155.80 crore) from Rs. 7,623.57 crore at June 30, 2003. Total deposits increased 24.0% to Rs. 66,779.91 crore at June 30, 2004 from Rs. 53,853.17 crore at June 30, 2003. ICICI Bank's savings account deposits increased to Rs. 8,607.66 crore at June 30, 2004 from Rs. 4,174.82 crore at June 30, 2003, while current account deposits increased to Rs. 6,670.71 crore at June 30, 2004 from Rs. 4,765.69 crore at June 30, 2003. Term deposits increased to Rs. 51,501.54 crore at June 30, 2004 from Rs. 44,912.66 crore at June 30, 2003. Of the term deposits, value added savings/ current account deposits were about Rs. 9,286.41 crore at June 30, 2004 compared to about Rs. 9,100.00 crore at June 30, 2003. Total deposits at June 30, 2004 constituted 63.7% of ICICI Bank's funding (i.e. deposit, borrowings and subordinated debts). Borrowings (including subordinated debt) decreased to Rs. 38,021.88 crore at June 30, 2004 from Rs. 41,318.36 crore at June 30, 2003.

Our total capital adequacy ratio at June 30, 2004 at 15.21% (including Tier I capital adequacy of 9.36%) was higher than the minimum requirement of 9% as per regulatory norms. Deferred tax asset of Rs. 516.24 crore has been deducted from Tier-1 capital in compliance with RBI guidelines. In accordance with RBI guidelines, Tier-1 capital includes Rs. 164.30 crore out of the face value of Rs. 350.00 crore 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. On April 21, 2004 we issued 108,928,571 equity shares of Rs. 10 each at a premium of Rs. 270 per share aggregating to Rs. 3,050.00 crore. We also allocated 6,992,187 equity shares of Rs. 10 each at a price of Rs. 280 per equity share (fully paid up) by exercising green shoe option.

Fiscal 2004 compared to Fiscal 2003

In accordance with the Scheme of Amalgamation of ICICI with us, 10.14 crore of our shares held by ICICI had been transferred to the ICICI Bank Shares Trust. During fiscal 2003, the Trust's shareholding in us was divested at an average price of approximately Rs. 130 per share (the average acquisition cost of ICICI being approximately Rs. 12.27 per share), resulting in capital gains of Rs. 1,191.05 crore for the Bank. During fiscal 2003, we made accelerated / additional provisions and write-offs against loans and investments, primarily relating to ICICI's portfolio. Our operating profit (profit before provisions and tax) increased 71.9% to Rs. 2,372.48 crore in fiscal 2004 as compared to Rs. 1,380.14 crore (excluding capital gain of Rs. 1,191.05 crore on sale of our shares) in fiscal 2003. During fiscal 2004, we made total provisions and write-offs of Rs. 470.26 crore as compared to Rs. 1,790.81 crore (including accelerated/additional provisions) in fiscal 2003. Provision for tax (including wealth tax) was Rs. 265.11 crore for fiscal 2004 as compared to a net credit of Rs. 425.79 crore (mainly on account of deferred tax asset created against provisions) for fiscal 2003. Profit after tax for fiscal 2004 was Rs. 1,637.11 crore reflecting a growth of 35.7% over Rs. 1,206.18 crore for fiscal 2003.

Net interest income

Net interest income increased 31.9% to Rs. 1,878.79 crore for fiscal 2004 from Rs. 1,424.06 crore for fiscal 2003, reflecting mainly the following:

- an increase of Rs. 7,452.71 crore or 8.2% in the average volume of interest-earning assets; and
- an increase in the spread to 1.9% in fiscal 2004 from 1.3% in fiscal 2003.

ICICI Bank's spread is lower than that of other Indian banks due to the high-cost liabilities of ICICI and the maintenance of Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) on these liabilities, which were not subject to these ratios prior to the merger. While ICICI Bank's cost of deposits (5.4% in fiscal 2004) is comparable to the cost of deposits of other banks in India, ICICI Bank's total cost of funding (7.1% in fiscal 2004) is higher compared to other banks as a result of these high-cost liabilities. Further, ICICI Bank has to maintain SLR and CRR on these liabilities, resulting in a negative impact on the spread.

The total interest income (including dividend income) decreased 5.1% to Rs. 8,894.04 crore in fiscal 2004 compared to Rs. 9,368.06 crore in fiscal 2003, primarily due to decline in yield by 1.2%, partially offset by an increase of 8.2% in the average interest earning assets to Rs. 97,969.21 crore from Rs. 90,516.50 crore. Yield on average interest-earning assets decreased to 9.0% for fiscal 2004 compared to 10.2% for fiscal 2003 primarily due to fall in the yield on government securities investments and declining interest rate environment. Till fiscal 2004, we reduced the amortization of premium on government securities in the "Held-to-Maturity" category from the interest income.

Total interest expense decreased 11.7% to Rs. 7,015.25 crore in fiscal 2004 from Rs. 7,944.00 crore in fiscal 2003, primarily due to decline in the total cost of funds to 7.1% in fiscal 2004 as compared 8.9% in fiscal 2003 partially offset by a 11.0% increase in average interest-bearing liabilities to Rs. 98,965.62 crore for fiscal 2004 from Rs. 89,161.82 crore for fiscal 2003. The decrease in cost of funds was primarily due to reduction in the cost of deposits to 5.4% for fiscal 2004 from 6.8% for fiscal 2003 and repayments of higher-cost borrowings of ICICI during this period.

As a result of 1.8% decline in the cost of funds, offset partially by a 1.2% decline in yield, our net interest margin increased to 1.8% in fiscal 2004 from 1.4% in fiscal 2003. Net interest margin is, however, expected to continue to be lower than other banks in India until the borrowings of ICICI are repaid.

Non-interest income

Non-interest income increased to Rs. 3,064.92 crore in fiscal 2004 as compared to Rs. 1,967.77 crore (excluding capital gain of Rs. 1,191.05 crore on sale of our shares) in fiscal 2003. The components of non-interest income are discussed below:

Fee income

Fee and commission income (including income from foreign exchange transactions) increased 38.7% to Rs. 1,174.79 crore in fiscal 2004 as compared to Rs. 847.18 crore in fiscal 2003.

Treasury income

The total income from treasury-related activities increased to Rs. 1,314.26 crore in fiscal 2004 from Rs. 447.29 crore in fiscal 2003, due to the increase in trading profits on government securities and corporate debt securities as a result of the declining interest rate environment and capital gains realized on the sale of investments relating to our project finance portfolio. Capital gains on shares was Rs. 397.48 crore for fiscal 2004.

Lease income

Our total leased assets were Rs. 1,663.19 crore at March 31, 2004 compared to Rs. 1,770.15 crore at March 31, 2003. Gross lease income for fiscal 2004 was Rs. 422.35 crore and the related lease depreciation was Rs. 278.51 crore. Gross lease income for fiscal 2003 was Rs. 537.42 crore and the related lease depreciation was Rs. 314.47 crore.

Others

Other non-interest income in fiscal 2004 includes dividend income received from subsidiaries of Rs. 126.17 crore as compared to Rs. 109.42 crore for fiscal 2003.

Operating expense

Operating expense (excluding DMA expense and lease depreciation) for fiscal 2004 was Rs. 1,999.02 crore compared to Rs. 1,534.91 crore for fiscal 2003. The increase in operating expense was primarily due to 35.5% increase in employee expenses and 28.4% in other administrative expenses. The number of savings accounts increased to about 58 lac at March 31, 2004 from about 42 lac at March 31, 2003. The credit and debit cards increased to about 101 lac at March 31, 2004 from about 65 lac at March 31, 2003. The number of ATMs increased to 1,790 at March 31, 2004 from 1,675 at March 31, 2003.

We had implemented an Early Retirement Option Scheme (ERO) for our employees in July 2003. In accordance with the treatment approved by RBI, the ex-gratia payments under ERO, termination benefits and leave encashment in excess of the provisions made (net of tax benefits), aggregating to Rs. 191.00 crore are being amortised over a period of five years commencing August 1, 2003 (the date of retirement of employees exercising the option being July 31, 2003).

An amount of Rs. 25.60 crore has been charged to revenue on account of ERO scheme being the proportionate amount amortised for the period.

DMA expense

We incurred DMA expenses of Rs. 293.70 crore on the retail asset portfolio (other than auto loans). These commissions are expensed upfront and not amortized.

Provisions and write-offs

Total provisions decreased by 73.7% to Rs. 470.26 crore in fiscal 2004 from Rs. 1,790.81 crore in fiscal 2003 reflecting the additional/ accelerated provision made on ICICI's portfolio in fiscal 2003.

All non-performing retail loans (other than home loans) are fully written-off or provided for over a period of 180 days. Non-performing home loans are fully written-off or provided for over a period of two years. In respect of corporate assets, till fiscal 2004 the Bank had adopted a provisioning policy whereby provisions aggregating 50.0% of the secured portion of corporate non-performing assets were made over a three-year period instead of a five-and-a-half year period prescribed by RBI. Effective quarter ended June 30, 2004, the Bank provides for corporate non-performing assets in line with the revised RBI guidelines applicable from March 31, 2005 requiring 100% provision over a five-year period. Loss assets and the unsecured portion of doubtful assets are fully provided for or written off. Additional provisions are made against specific non-performing assets if considered necessary by the management. Non-performing assets acquired from ICICI in the merger were fair valued and additional provisions were recorded to reflect the fair valuation. The Bank does not distinguish between provisions and write-offs while assessing the adequacy of the Bank's loan loss coverage, as both provisions and write-offs represent a reduction of the principal amount of a non-performing asset. In compliance with regulations governing the presentation of financial information by banks, the Bank reports non-performing assets net of cumulative write-offs in its financial statements.

The Bank has adopted a conservative general provisioning policy for its standard asset portfolio. While RBI's guidelines require only a 0.25% general provision against standard assets, the Bank makes additional general provisions against standard assets having regard to overall portfolio quality, asset growth, economic conditions and other risk factors. The corporate and project finance portfolio acquired from ICICI in the merger were fair valued and additional provisions were recorded to reflect the fair valuation. During fiscal 2003, the Bank also made additional/accelerated provisions against loans and other assets, primarily relating to ICICI's portfolio. For restructured assets, provisions are made in accordance with guidelines issued by RBI.

Income tax expense

Provision for tax (including wealth tax) was Rs. 265.11 crore for fiscal 2004 compared to a net credit of Rs. 425.79 crore (on account of deferred tax asset created against provisions) for fiscal 2003. 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.

Financial condition

Our total assets increased 17.2% to Rs. 125,228.87 crore at March 31, 2004 from Rs. 106,811.97 crore at March 31, 2003. Net advances increased to Rs. 62,095.52 crore at March 31, 2004 from Rs. 53,279.41 crore at March 31, 2003. Retail assets increased to Rs. 33,423.92 crore at March 31, 2004 constituting about 26.7% of total assets as compared to about 17.9% of total assets at March 31, 2003. Cash, balances with Reserve Bank of India and banks and money at call and short notice at March 31, 2004 were Rs. 8,470.63 crore compared to Rs. 6,489.00 crore at March 31, 2003. Total investments at March 31, 2004 increased 20.5% to Rs. 42,742.86 crore from Rs. 35,462.30 crore at March 31, 2003. Investments in government and other approved securities were Rs. 29,917.79 crore at March 31, 2004 compared to Rs. 25,583.02 crore at March 31, 2003. Other assets increased to Rs. 7,863.44 crore at March 31, 2004 from Rs. 7,520.52 crore at March 31, 2003.

The net worth at March 31, 2004 increased to Rs. 7,845.16 crore (net of unamortised ERO expenses of Rs. 165.40 crore) from Rs. 6,933.31 crore at March 31, 2003. Total deposits increased 41.4% to Rs. 68,108.58 crore at March 31, 2004 from Rs. 48,169.31 crore at March 31, 2003. ICICI Bank's savings account deposits increased to Rs. 8,372.03 crore at March 31, 2004 from Rs. 3,793.21 crore at March 31, 2003, while current account deposits increased to Rs. 7,259.06 crore at March 31, 2004 from Rs. 3,689.44 crore at March 31, 2003. Term deposits increased to Rs. 52,477.49 crore at March 31, 2004 from Rs. 40,686.65 crore at March 31, 2003. Of the term deposits, value added savings/ current account deposits were about Rs. 10,042.73 crore at March 31, 2004 compared to about Rs. 8,574.00 crore at March 31, 2003. Total deposits at March 31, 2004 constituted 63.1% of ICICI Bank's funding (i.e. deposit, borrowings and subordinated debts). Borrowings (including subordinated debt) decreased to Rs. 39,846.10 crore at March 31, 2004 from Rs. 44,051.95 crore at March 31, 2003.

Our total capital adequacy ratio at March 31, 2004 at 10.36% (including Tier I capital adequacy of 6.09%) was higher than the minimum requirement of 9% as per regulatory norms. Deferred tax asset of Rs. 442.97 crore has been deducted from Tier-1 capital in compliance with RBI guidelines. In accordance with RBI guidelines, Tier-1 capital includes Rs. 204.49 crore out of the face value of Rs. 350.00 crore 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.

Fiscal 2003 compared to Fiscal 2002

The Appointed Date for the merger of ICICI (ICICI) and two of its wholly-owned subsidiaries, ICICI Personal Financial Services Limited (ICICI PFS) and ICICI Capital Services Limited (ICICI Capital) with us ("the merger") was March 30, 2002. Accordingly, our profit and loss account for fiscal 2003 includes the full impact of the merger, whereas our 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. Our profit and loss account for fiscal 2003 is therefore not comparable with the profit and loss account for fiscal 2002.

Our operating profit (profit before provisions and tax, excluding gain on sale of our) increased to Rs. 1,380.14 crore in fiscal 2003 as compared to Rs. 545.09 crore in fiscal 2002. During fiscal 2003, 10.14 crore of our shares (transferred to a Trust by ICICI prior to the merger in accordance with the Scheme of Amalgamation) were divested to strategic and institutional investors, resulting in capital gains of Rs. 1,191.05 crore for us. During fiscal 2003, we 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. 1,790.80 crore. 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 taking into account the tax charge for the period, there was a net credit of Rs. 425.79

crore on account of income tax. Profit after tax for fiscal 2003 was Rs. 1,206.18 crore compared to Rs. 258.30 crore for fiscal 2002.

The total interest income (excluding all dividend income) increased to Rs. 9,238.92 crore in fiscal 2003 compared to Rs. 2,151.93 crore in fiscal 2002, due to an increase in the average volume of interest-earning assets to Rs. 90,516.50 crore in fiscal 2003 from Rs. 22,239.21 crore in fiscal 2002. The yield on average interest earning assets was 10.21% for fiscal 2003 compared to 9.68% for fiscal 2002. We reduce the amortisation of premium on SLR investments in the "Held-to-Maturity" category from the interest income. This amortisation charge was Rs. 136.32 crore for fiscal 2003. We also reduce 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. 156.90 crore. Interest income also includes Rs. 24.29 crore of interest on income tax refunds. During fiscal 2003, we adopted a revised accounting policy for income recognition 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. 129.14 crore (including Rs. 53.38 crore 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.

Aggregate interest expense increased to Rs. 7,944.00 crore in fiscal 2003 from Rs. 1,558.92 crore in fiscal 2002, due to increase in average interest bearing liabilities to Rs. 89,161.82 crore for fiscal 2003 from Rs. 20,737.25 crore for fiscal 2002 and an 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 us on merger. This was partially offset by the repayment of about Rs. 22,400 crore 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.

Our net interest margin and interest spread were adversely impacted (decreased by 86 basis points to 1.30% in fiscal 2003 from 2.16% in fiscal 2002) by the large investments made in Government securities and cash balances with RBI in the latter half of fiscal 2002 to comply with Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) requirements on ICICI's outstanding higher cost liabilities transferred to the us on merger. The average volume of investment in SLR investments increased by about Rs. 16,149.69 crore to Rs. 24,619.05 crore in fiscal 2003.

Non-Interest Income

Non-interest income increased to Rs 1,967.77 crore in fiscal 2003 as compared to Rs. 574.66 crore in fiscal 2002. The components of non-interest income are discussed below:

Fee Income

Fee and commission income increased to Rs. 847.18 crore in fiscal 2003 as compared to Rs. 271.95 crore in fiscal 2002. Retail banking fee income increased to Rs. 321.13 crore in fiscal 2003 as compared to Rs. 107.10 crore in fiscal 2002, primarily due to the growth in loan processing fees, income from credit and debit cards and other retail banking services. The number of credit cards increased to about 0.11 crore at March 31, 2003 from about 0.06 crore at March 31, 2002. The number of debit cards increased to about 0.34 crore at March 31, 2003 from about 0.07 crore at March 31, 2002. Corporate banking fee income increased to Rs. 526.05 crore in fiscal 2003 from Rs. 164.86 crore in fiscal 2002.

Treasury Income

The total income from treasury-related activities increased to Rs. 447.29 crore (net of forward premium expenses of Rs. 63.68 crore on foreign currency liabilities) in fiscal 2003 from Rs. 292.01 crore 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.

Lease Income

Leased assets of Rs. 2,227.06 crore were transferred to us from ICICI on merger. Leased assets of Rs. 1,770.15 crore were outstanding at March 31, 2003. Gross lease income for fiscal 2003 was Rs. 537.42 crore and the related lease depreciation was Rs. 314.47 crore.

Others

Other non-interest income in fiscal 2003 includes dividend income received from subsidiaries of Rs. 109.42 crore.

Operating Expense

Operating expense (excluding DMA expense and lease depreciation) for fiscal 2003 was Rs. 1,534.91 crore compared to Rs. 597.48 crore 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 4,260,000 at March 31, 2003 from about 2,210,000 at March 31, 2002. The credit and debit cards increased to about 4,500,000 at March 31, 2003 from about 1,300,000 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.

DMA Expense

We incurred DMA expenses of Rs. 162.31 crore on the retail asset portfolio (other than auto loans). Retail assets increased to about Rs. 19,132 crore at March 31, 2003 from about Rs. 6,125 crore at March 31, 2002.

Provisions and Write-offs

Till fiscal 2004, we made 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 rescheduled terms be provided at the time of restructuring.

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

We made aggregate provisions and write-offs of Rs. 1,790.80 crore, 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 utilization of fair value provisions against ICICI's portfolio created at the time of the merger and taking into account the tax charge for the period, there was a net credit of Rs. 425.79 crore on account of income tax [including wealth 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. 31.00 crore after deferred tax credit of Rs. 90.33 crore

Financial Condition

Our total assets increased marginally to Rs. 106,811.97 crore at March 31, 2003 from Rs. 104,106.30 crore at March 31, 2002. Net advances increased to Rs. 53,279.41 crore at March 31, 2003 from Rs.

47,034.87 crore at March 31, 2002. Retail assets increased to about Rs. 19,132.38 crore 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 RBI and banks and money at call and short notice at March 31, 2003 were Rs. 6,489.00 crore compared to Rs. 12,786.35 crore at March 31, 2002. Total investments at March 31, 2003 decreased marginally to Rs. 35,462.30 crore compared to Rs. 35,891.08 crore at March 31, 2002. SLR investments included in total investments were Rs. 25,583.06 crore at March 31, 2003 compared to Rs. 22,792.77 crore at March 31, 2002. Other assets increased to Rs. 7,520.52 crore at March 31, 2003 from Rs. 4,154.66 crore at March 31, 2002. Other assets at March 31, 2003 include Rs. 1,531.97 crore of application money on shares and debentures, while at March 31, 2002, application money on shares debentures (aggregating Rs. 921.12 crore at that date) were included in investments.

The net worth at March 31, 2003 increased to Rs. 6,933.31 crore from Rs. 6,244.96 crore at March 31, 2002. Total deposits increased 50.1% to Rs. 48,169.31 crore at March 31, 2003 from Rs. 32,085.11 crore at March 31, 2002. ICICI Bank's savings account deposits increased to Rs. 3,793.21 crore at March 31, 2003 from Rs. 2,497.00 crore at March 31, 2002, while current account deposits increased to Rs. 3,689.45 crore at March 31, 2003 from Rs. 2,736.15 crore at March 31, 2002. Term deposits increased to Rs. 40,686.66 crore at March 31, 2003 from Rs. 26,851.96 crore at March 31, 2002. Of the term deposits, value added savings/ current account deposits were about Rs. 8,574 crore at March 31, 2003 compared to about Rs. 5,342 crore at March 31, 2002. Total deposits at March 31, 2003 constituted 52.2% of ICICI Bank's funding (i.e. deposit, borrowings and subordinated debts). Borrowings (including subordinated debt) decreased to Rs. 44,051.95 crore at March 31, 2003 from Rs. 58,969.97 crore at March 31, 2002. Of the total borrowings, borrowings raised by ICICI prior to the merger declined from about Rs. 58,210 crore at March 31, 2002 to about Rs. 37,250 crore at March 31, 2003. We raised about Rs. 2,500 crore through bond issues in the last quarter of fiscal 2003.

Our 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. 487.83 crore has been deducted from Tier-1 capital in compliance with RBI guidelines. In accordance with RBI guidelines, Tier-1 capital includes Rs. 231.21 crore out of the face value of Rs. 350.00 crore 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.

Fiscal 2002 compared to Fiscal 2001

The effective date of the merger of ICICI, ICICI PFS and ICICI Capital with us ("the merger") was May 3, 2002. However, the Appointed Date was March 30, 2002 as provided in the Scheme of Amalgamation. Accordingly, our profit and loss account for fiscal 2002 includes the results of operations of ICICI, ICICI PFS and ICICI Capital for only two days i.e. March 30 and 31, 2002. In fiscal 2001, we had acquired Bank of Madura. The effective as well as appointed date of the merger of Bank of Madura with us was March 10, 2001. Accordingly, our profit and loss account for fiscal 2001 included the results of operations of Bank of Madura for only 21 days. Our profit and loss account for fiscal 2002 is therefore not comparable with the profit and loss account for fiscal 2001.

Our operating profit increased 87.8% to Rs. 545.09 crore in fiscal 2002 as compared to Rs. 290.17 crore in fiscal 2001. Our profit after tax increased 60.3% to Rs. 258.30 crore in fiscal 2002 from Rs. 161.10 crore in fiscal 2001. The profit after tax for fiscal 2002 includes about Rs. 8 crore attributable to ICICI, ICICI PFS and ICICI Capital for March 30 and 31, 2002.

Net Interest Income

Our average yield, net interest margin and yield spread were adversely impacted by the large investments in Government securities to comply with Statutory Liquidity Ratio (SLR) requirements on ICICI's outstanding liabilities that were transferred to ICICI Bank on merger. Government securities typically have lower rates of interest. Yields on advances were also impacted by the overall decline in interest rates in the economy. However, the total interest income and net interest income increased due to the increase in the average interest earning assets. They also reflected the full-year impact of acquisition of Bank of Madura compared to less than a month in fiscal 2001. Interest income increased 73.2% to Rs. 2,151.93 crore in fiscal 2002 as compared to Rs. 1,242.13 crore in fiscal 2001, due to an increase of 95.3% in the average volume of interest-earning assets. This was offset in part by decline

of 123 basis points in yield on average interest earning assets to 9.68% in fiscal 2002 from 10.91% in fiscal 2001. The average volume of investments in Government securities increased by 186.9% to Rs. 8,469.36 crore in fiscal 2002 from fiscal 2001. Interest expense increased 86.1% to Rs. 1,558.92 crore in fiscal 2002 from Rs. 837.67 crore in fiscal 2001, due to an increase of 98.8% in the average interest bearing liabilities offset, in part, by a decline of 51 basis points in cost of funds. Net interest income increased 46.6% to Rs. 593.01 crore in fiscal 2002 primarily due to an increase of 95.3% in average interest-earning assets, offset, in part, by a decline of 88 basis points in net interest margin to 2.67%. The yield spread decreased by 72 basis points to 2.16% in fiscal 2002 from 2.88% in fiscal 2001.

Non-interest Income

Non-interest income increased 160.8% to Rs. 574.66 crore in fiscal 2002 as compared to Rs 220.34 crore in fiscal 2001. The components of non-interest income are discussed below:

Fee income

Fee income increased 65.0% to Rs. 282.64 crore in fiscal 2002 as compared to Rs. 171.30 crore in fiscal 2001. Retail banking fee income increased 153.7% to Rs. 107.10 crore in fiscal 2002 as compared to Rs. 42.22 crore in fiscal 2001, primarily due to the growth in income from credit and debit cards. The number of credit cards increased to about 610,000 in fiscal 2002 from about 220,000 in fiscal 2001. The number of debit cards increased to about 600,000 in fiscal 2002 from only about 10,000 in fiscal 2001. Corporate banking fee income increased 36.0% to Rs. 175.54 crore in fiscal 2002 from Rs. 129.08 crore in fiscal 2001, driven primarily by a 74.0% increase in income from foreign exchange services, a 41.6% increase in income from guarantees and a 33.3% increase in income from cash management services.

Treasury income

The total income from treasury related activities increased to Rs. 292.02 crore in fiscal 2002 from Rs. 49.04 crore in fiscal 2001, due to the increase in trading profits on Government securities and corporate debt portfolio as a result of the declining interest rate environment.

Non-interest Expense

Non-interest expense increased 86.1% to Rs. 622.58 crore in fiscal 2002 from Rs. 334.63 crore in fiscal 2001 primarily due to the full year's impact of the amalgamation of Bank of Madura, expenditure on refurbishment of branches taken over from Bank of Madura and growth in the retail franchise, including lease and maintenance of ATMs, credit card expenses, call centre expenses and technology expenses.

Non-interest expense as a percentage of average total assets decreased marginally to 2.66% in fiscal 2002 from 2.77% in fiscal 2001.

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

	Fiscal	Rs. in crore, except percentages	
		Fiscal	Growth
	2001	2002	%
Staff Cost	51.71	147.18	184.6
Repairs & Maintenance	27.11	78.33	188.9
Rentals, taxes and lighting	36.48	66.28	81.7
Depreciation on Fixed assets	36.76	64.09	74.4
Advertisement and publicity	14.33	7.97	(44.4)
Communications expense	20.84	37.72	81.0
Other	147.40	221.01	49.9
Total non-interest expense	334.63	622.58	86.1

Provisions and write-offs

All credit exposures are classified as per the RBI guidelines into performing and non-performing assets. Non-performing assets are further classified into sub-standard, doubtful and loss assets. We had a policy of making provisions as per RBI guidelines. We also made additional provisions against specific non-performing assets if considered necessary by the management. Loss assets and the unsecured portion of doubtful assets are fully provided for/ written off. We made aggregate provisions and write-offs against assets of Rs. 268.29 crore in fiscal 2002 as compared to Rs. 63.55 crore in fiscal 2001. In fiscal 2002 write-back of depreciation on investments was Rs. 15.70 crore as compared to Rs. 6.49 crore in fiscal 2001. Provision for other contingencies was Rs. 2.70 crore. In fiscal 2001, ICICI had adopted an accelerated provisioning policy whereby provisions aggregating 50% of the secured portion of non-performing assets are made over a three-year period instead of a five-and-a-half year period prescribed by RBI. Subsequent to the merger, we have adopted the same accelerated provisioning policy.

Income Tax Expense

Income tax expense in fiscal 2002 was lower at Rs. 31.50 crore as compared to Rs. 65.42 crore in fiscal 2001, due to deferred tax credit of Rs. 90.33 crore. Deferred tax was 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. Our effective tax rate for fiscal 2002 was 10.9%¹.

(1) Tax provision as a percentage of profit before Tax

Financial Condition

The merger has been accounted for under the purchase method of accounting. Accordingly, we have recorded the assets acquired from ICICI at carrying values adjusted to fair values wherever fair values are lower than the carrying values. The fair values of assets have been determined to our satisfaction, mainly based on valuations conducted by independent valuers. The key areas of fair valuation included loans and all credit substitutes which were fair valued by Deloitte Haskins & Sells; investments (including investments in venture capital funds) which were marked to market in accordance with the RBI guidelines; and fixed assets which have been incorporated at revalued amounts accounted for in the books of ICICI at June 30, 2001 based on a report by an independent firm of valuers. Subsidiaries where the management does not have an established intent to sell or where regulatory constraints exist in reducing our stake have been recorded at their carrying cost.

Liabilities have been considered at values to our satisfaction having regard to the nature of the liabilities. These are primarily of fixed tenure and are generally contracted at fixed rates without repricing options. These cannot be either ordinarily sold in the open market or over the counter due to contractual obligations between ICICI (now transferred to us) and the liability holder.

Our total assets increased to Rs. 104,109.92 crore at March 31, 2002 compared to Rs. 19,736.59 crore at March 31, 2001 primarily due to the merger. The increase in investments and cash and balances with RBI was due to compliance with SLR and Cash Reserve Ratio (CRR) requirements on ICICI's liabilities.

Total deposits increased 95.9% to Rs. 32,085.11 crore at March 31, 2002 from Rs. 16,378.21 crore at March 31, 2001. This increase was achieved through a strong focus on deposit mobilisation and fully leveraging the branch network acquired in the amalgamation of Bank of Madura, supported by migration of customer transaction volumes to non-branch channels. Savings account deposits increased 32.7% to Rs. 2,497.00 crore in fiscal 2002 from Rs. 1,880.64 crore in fiscal 2001. Time deposits increased 126.1% in fiscal 2002. The greater increase in time deposits as compared to demand deposits was due to the large requirement of resources for compliance with SLR and CRR requirements in less than six months. Borrowings primarily reflect transfer of ICICI's liabilities aggregating Rs. 56,079.69 crore (including subordinated debt of Rs. 9,356.31 crore).

Fiscal 2001 compared to Fiscal 2000

Operating profit for fiscal 2001 increased 28.0% to Rs. 290.17 crore from Rs. 226.67 crore in fiscal 2000 due to a 117.5% increase in net interest income, a 13.5% increase in non-interest income offset by

a 118.3% increase in non-interest expense. Profit after tax in fiscal 2001 was Rs. 161.10 crore, an increase of 53.0% as compared to Rs. 105.30 crore in fiscal 2000.

Net Interest Income

Net interest income increased by 117.5% in fiscal 2001 to Rs. 404.46 crore as compared to Rs. 185.93 crore in fiscal 2000 primarily due to an increase of 50.9% in the average volume of interest-earning assets, and an increase of 109 basis points in the net interest margin to 3.55% in fiscal 2001 from 2.46% in fiscal 2000.

Interest income increased 45.6% to Rs. 1,242.13 crore in fiscal 2001 compared to Rs. 852.87 crore in fiscal 2000 reflecting a 50.9% increase in the average volume of interest-earning assets, principally loans, offset by a decline in the gross yield on interest earning assets to 10.91% in fiscal 2001 from 11.30% in fiscal 2000. The average volume of loans increased by Rs. 1,916.49 crore or 77.5% to Rs. 4,390.58 crore in fiscal 2001 compared to fiscal 2000. The growth in loans was due to an increase in working capital loans and credit substitutes primarily to higher rated large corporate clients acquired through joint marketing efforts with ICICI Limited through Major Clients Group and Growth Clients Group. The increased volume of loans to higher rated clients, which typically earn lower yields due to the lower credit risk, lead to a decline in yield on interest-earning assets. The yield on advances was also impacted by non-performing loans on which the Bank does not accrue interest.

The interest expense increased 25.6% to Rs. 837.67 crore in fiscal 2001 from Rs. 666.94 crore in fiscal 2000 due to a 40.8% increase in average interest bearing liabilities in fiscal 2001 over fiscal 2000, offset by a 97 basis points decline in cost of funds. The average volume of interest-bearing liabilities increased primarily due to an increase in time deposits of 32.5% to Rs. 7,239.05 crore in fiscal 2001 from Rs. 5,465.09 crore in fiscal 2000

Non-interest Income

Non-interest income increased by 13.5% in fiscal 2001 to Rs. 220.34 crore from Rs. 194.05 crore in fiscal 2000. In fiscal 2001, increase in fee and commission income and income from foreign exchange transactions was offset by decrease in profit on sale of investments (net).

Commission, exchange and brokerage income increased by 108.0% in fiscal 2001 to Rs. 139.53 crore from Rs. 67.08 crore primarily due to the increase in income from cash management services, credit cards and commissions on bills and guarantees. Apart from these, income from depositary share account services and commission on investment also increased in fiscal 2001. In view of the limited market opportunities during the year, ICICI Bank's profit on sale of investments (net) declined in fiscal 2001 to Rs. 19.21 crore from Rs. 101.14 crore in fiscal 2000.

Non-interest Expense

Non-interest expense increased 118.3% in fiscal 2001 to Rs. 334.63 crore from Rs. 153.31 crore in fiscal 2000 primarily due to various retail business initiatives taken during the year and expansion of the ATM Network. The number of ATMs increased to 510 as on March 31, 2001 from 175 as on March 31, 2000.

The following table sets forth, for the periods indicated, the principal components of non-interest expense:

	Rs. in crore, except percentages Year ended March 31,		
	2000	2001	2001/2000 % Change
Salaries	36.37	51.71	42.2
Repairs & Maintenance	10.09	27.11	168.7
Rentals, taxes and lighting	18.01	36.48	102.6

Depreciation on Fixed Assets	24.79	36.76	48.3
Advertisement and publicity	3.88	14.33	269.3
Communications expense	6.88	20.84	202.9
Other	53.29	147.40	176.6
Total non-interest expense	153.31	334.63	118.3

On the increase of 269.3% in advertisement and publicity expenses in fiscal 2001, was primarily due to the focus on brand building in line with ICICI group's strategy of building long term sustainable competitive advantage with respect to its retail and other banking products. Other operating expenses including postage and telephone, stationery etc. also increased in keeping with the general growth in business volumes and increased thrust on retail segment which typically entail higher operational costs. During fiscal 2001, our customer base increased to 3.2 million from 0.6 million in fiscal 2000. We undertook several initiatives on the retail front like expansion of credit cards, launch of debit cards, setting up of call centers and regional processing centers. Non-interest expense as a percentage of average total assets increased to 2.77% in fiscal 2001 from 1.91% in fiscal 2000.

Income Tax Expense

Income tax expense increased 142.0% in fiscal 2001 to Rs. 65.42 crore from Rs. 27.03 crore in fiscal 2000 primarily due to the higher level of income in fiscal 2001 and also due to reduction in dividend income, which was then exempt from tax. The effective tax rate in fiscal 2001 was 28.9%¹ as compared to 20.4%¹ in fiscal 2000.

(1) Tax provision as a percentage of profit before Tax

Provisions and Write-offs

The aggregate provisions and write-offs on assets in fiscal 2001 amounted to Rs. 63.55 crore as compared to Rs. 75.50 crore in fiscal 2000. The ratio of net NPA to net consumer assets increased to 1.44% in fiscal 2001 from 1.14% in fiscal 2000. Gross NPA went up in fiscal 2001 primarily due to NPA accounts taken over from erstwhile Bank of Madura Ltd. Net write-back of depreciation on investments was Rs. 6.49 crore in fiscal 2001 as compared to a provision for depreciation on investments of Rs. 12.84 crore in fiscal 2000. Provisions for other contingencies for fiscal 2001 was Rs. 6.60 crore.

Financial Condition

Total assets increased 63.5% to Rs. 19,736.59 crore at March 31, 2001 compared to Rs. 12,072.62 crore at March 31, 2000. Net advances increased 92.3% in fiscal 2001 compared to at March 31, 2000, due to the growth in corporate lending and acquisition of loan portfolio of erstwhile Bank of Madura. The growth in cash and balance with RBI was due to acquisition of the assets of erstwhile Bank of Madura as also increased reserve requirements resulting from a 66.0% increase in deposits in fiscal 2001.

Fixed assets increased by 71.7% in fiscal 2001 to Rs. 384.75 crore from to Rs. 224.02 crore in fiscal 2000 primarily due to acquisition of assets of erstwhile Bank of Madura and significant investments in technology and ATMs.

The total deposits increased 66.0% in fiscal 2001 to Rs. 16,378.21 crore from to Rs. 9,866.01 crore at March 31, 2000. This increase is attributable to deposits acquired through merger of erstwhile Bank of Madura with us as well as deposits mobilised through increased focus on retail customers by offering various products. The savings account deposits increased 252.7% in fiscal 2001 as compared to fiscal 2000 due to the continued thrust on building a strong retail depositor base as well as savings deposits acquired during merger of erstwhile Bank of Madura. The time deposits increased 53.3% in fiscal 2001 as compared to fiscal 2000. Our non-interest-bearing deposits increased 65.2% in fiscal 2001 as compared to fiscal 2000, primarily due to the development and marketing efforts to mobilise current account deposits from key corporates.

Our borrowings increased by 110.1% to Rs. 1,032.79 crore as on March 31, 2001 from Rs. 491.47 crore as on March 31, 2000 primarily due to increase in call borrowings from banks and other institutions as well as refinance borrowings from RBI and other institutions.

REGULATIONS AND POLICIES

The main legislation governing commercial banks in India is the Banking Regulation Act. Other important laws include the RBI Act, the Negotiable Instruments Act and the Banker's Books Evidence Act. Additionally, the RBI, from time to time, issues guidelines to be followed by the bank. Compliance with all regulatory requirements is evaluated with respect to financial statements under Indian GAAP.

RBI Regulations

Commercial banks in India are required under the Banking Regulation Act to obtain a license from the RBI to carry on banking business in India. Before granting the license, the RBI must be satisfied that certain conditions are complied with, including (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) that the bank has adequate capital and earnings prospects; and (iv) that the public interest will be served if such license is granted to the bank. The RBI can cancel the license if the bank fails to meet the above conditions or if the bank ceases to carry on banking operations in India.

We, being licensed as a banking company, are regulated and supervised by the RBI. The RBI requires us to furnish statements, information and certain details relating to our business. It has issued guidelines for commercial banks on recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for impaired assets. The RBI has set up a Board for Financial Supervision, under the chairmanship of the Governor of the RBI. The appointment of the auditors of banks is subject to the approval of the RBI. The RBI can direct a special audit in the interest of the depositors or in the public interest.

Regulations relating to the Opening of Branches

Banks are required to obtain licenses from the RBI to open new branches. Permission is granted based on factors such as the financial condition and history of the company, its management, adequacy of capital structure and earning prospects and the public interest. The RBI may cancel the license for violations of the conditions under which it was granted. Under the banking license granted to us by the RBI, we are required to have at least 25.0% of our branches located in rural and semi-urban areas. A rural area is defined as a center with a population of less than 10,000. A semi-urban area is defined as a center with a population of greater than 10,000 but less than 100,000. These population figures relate to the 1991 census conducted by the government of India.

Capital Adequacy Requirements

We are subject to the capital adequacy requirements of the RBI, which, based on the guidelines of the Basel Committee on Banking Regulations and Supervisory Practices, 1998, require us to maintain a minimum ratio of capital to risk adjusted assets and off-balance sheet items of 9.0%, at least half of which must be Tier 1 capital.

The total capital of a banking company is classified into Tier 1 and Tier 2 capital. Tier 1 capital, the core capital, provides the most permanent and readily available support against unexpected losses. It comprises paid-up capital and reserves consisting of any statutory reserves, free reserves and capital reserve pursuant to the Indian I.T. Act as reduced by equity investments in subsidiaries, intangible assets and losses in the current period and those brought forward from the previous period. In fiscal 2003, the RBI issued a guideline requiring a bank's deferred tax asset to be treated as an intangible asset and deducted from its Tier 1 capital.

Tier 2 capital consists of undisclosed reserves, revaluation reserves (at a discount of 55.0%), general provisions and loss reserves (allowed up to a maximum of 1.25% of risk weighted assets), hybrid debt capital instruments (which combine certain features of both equity and debt securities) and subordinated debt. Any subordinated debt is subject to progressive discounts each year for inclusion in

Tier 2 capital and total subordinated debt considered as Tier 2 capital cannot exceed 50.0% of Tier 1 capital. Tier 2 capital cannot exceed Tier 1 capital.

Risk adjusted assets and off-balance sheet items considered for determining the capital adequacy ratio are the risk weighted total of specified funded and non-funded exposures. Degrees of credit risk expressed as percentage weighting have been assigned to various balance sheet asset items and conversion factors to off-balance sheet items. The value of each item is multiplied by the relevant weight or conversion factor to produce risk-adjusted values of assets and off-balance-sheet items. Standby letters of credit/ guarantees and documentary credits are treated as similar to funded exposure and are subject to similar risk weight. All foreign exchange open position limits of the bank carry a 100.0% risk weight. Capital requirements have also been prescribed for open positions in gold.

Effective March 31, 2001, banks and financial institutions were required to assign a risk weight of 2.5% in respect of the entire investment portfolio to cover market risk, over and above the existing risk weights for credit risk in non-government and non-approved securities. In fiscal 2002, with a view to the building up of adequate reserves to guard against any possible reversal of the interest rate environment in the future due to unexpected developments, the RBI advised banks to build up an investment fluctuation reserve of a minimum of 5.0% of the bank's investment portfolio within a period of five years, by fiscal 2006. This reserve has to be computed with respect to investments in held for trading and available for sale categories. Investment fluctuation reserve is included in Tier 2 capital. In June 2004, the RBI issued guidelines on capital for market risk. The guidelines prescribe the method of computation of risk-weighted assets in respect of market risk. The aggregate risk weighted assets are required to be taken into account for determining the capital adequacy ratio. Banks would be required to maintain a capital charge for market risk in respect of their trading book exposure (including derivatives) by year-end fiscal 2005 and securities included under available for sale category by year-end fiscal 2006.

Loan Loss Provisions and Non-Performing Assets

In April 1992, the RBI issued formal guidelines on income recognition, asset classification, provisioning standards and valuation of investments applicable to banks, which are revised from time to time. These guidelines are applied for the calculation of impaired assets under Indian GAAP.

The principal features of these RBI guidelines, which have been implemented with respect to our loans, debentures, lease assets, hire purchases and bills are set forth below.

Asset Classification

Until year-end fiscal 2003, an impaired asset (also called non-performing assets pursuant to the RBI guidelines) was an asset in respect of which any amount of interest or principal was overdue for more than two quarters. In particular, an advance was an impaired asset where:

- interest and/or installment of principal remained overdue for a period of more than 180 days in respect of a term loan;
- the account remained "out-of-order" for a period of more than 180 days in respect of an overdraft or cash credit;
- the bill remained overdue for a period of more than 180 days in case of bills purchased and discounted;
- interest and/or principal remained overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purposes; and
- any amount to be received remained overdue for a period of more than 180 days in respect of other accounts.

Effective fiscal 2004, banks are now required to classify an asset as impaired when principal or interest has remained overdue for more than 90 days. Interest in respect of impaired assets is not recognised or credited to the income account unless collected.

In line with the RBI master circular on income recognition, asset classification and provisioning pertaining to advances portfolio of banks, issued in July 2004 for banks, non-performing assets are classified as described below.

Sub-Standard Assets. Assets that are non-performing assets for a period not exceeding 18 months (12 months effective year-end fiscal 2005). In such cases, the current net worth of the borrower / guarantor or the current market value of the security charged is not enough to ensure recovery of dues to the banks in full. Such an asset has well-defined credit weaknesses that jeopardise the liquidation of the debt and are characterised by the distinct possibility that the bank will sustain some loss, if deficiencies are not corrected.

Doubtful Assets. Assets that are non-performing assets for more than 18 months (12 months effective year-end fiscal 2005). A loan classified as doubtful has all the weaknesses inherent in assets that are classified as sub-standard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Loss Assets. Assets on which losses have been identified by the bank or internal or external auditors or the Reserve Bank India inspection but the amount has not been written off fully.

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

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

To put in place an institutional mechanism for the restructuring of corporate debt, the RBI has devised a corporate debt restructuring system.

Provisioning and Write-Offs

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

- *Standard Assets.* A general provision of 0.25% is required.
- *Sub-Standard Assets.* A general provision of 10.0% is required.
- *Doubtful Assets.* A 100.0% write-off is required to be taken against the unsecured portion of the doubtful asset and charged against income. The value assigned to the collateral securing a loan is the amount reflected on the borrower's books or the realisable value determined by third party appraisers. Till year-end fiscal 2004, in cases where there was a secured portion of the asset, depending upon the period for which the asset remained doubtful, a 20.0% to 50.0% provision was required to be taken against the secured asset as follows:
 - Up to one year: 20.0% provision
 - One to three years: 30.0% provision
 - More than three years: 50.0% provision

In July 2004, the RBI introduced additional provisioning requirements for non-performing assets classified as 'doubtful for more than three years'. Effective year-end fiscal 2005, 100.0% provision will have to be made for the secured portion of assets classified as doubtful for more than three years on or after April 1, 2004. For the secured portion of assets classified as doubtful for more than three

years at March 31, 2004, a provision of 60.0% will have to be made by year-end fiscal 2005, 75.0% by year-end fiscal 2006 and 100.0% by year-end fiscal 2007.

- **Loss Assets.** The entire asset is required to be written off or provided for.
- **Restructured Assets.** A provision is made equal to the net present value of the reduction in the rate of interest on the loan over its maturity.

While the provisions indicated above are mandatory, a higher provision in a loan amount is required if considered necessary by the management.

Regulations relating to Making Loans

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

- The RBI has prescribed norms for bank lending to non-bank financial companies and financing of public sector disinvestment.
- Banks are free to determine their own lending rates but each bank must declare its prime lending rate as approved by its board of directors. Banks are required to declare a benchmark prime lending rate based on various parameters including cost of funds, operating expenses, capital charge and profit margin. Each bank should also indicate the maximum spread over the prime lending rate for all credit exposures other than retail loans. The interest charged by banks on advances up to Rs. 200,000 (US\$ 4,608) to any one entity (other than certain permitted types of loans including loans to individuals for acquiring residential property, loans for purchase of consumer durables and other non-priority sector personal loans) must not exceed the prime lending rate. Banks are also given freedom to lend at a rate below the prime lending rate in respect of creditworthy borrowers and exposures. Interest rates for certain categories of advances are regulated by the RBI.
- In terms of section 20(1) of the Banking Regulation Act, a banking company is prohibited from entering into any commitment for granting any loans or advances to or on behalf of any of its directors, or any firm in which any of its directors is interested as partner, manager, employee or guarantor, or any company (not being a subsidiary of the banking company or a company registered under section 25 of the Act, or a government company) of which, or the subsidiary or the holding company of which any of the directors of the bank is a director, managing agent, manager, employee or guarantor or in which he holds substantial interest, or any individual in respect of whom any of its directors is a partner or guarantor. There are certain exemptions in this regard as the explanation to the section provides that 'loans or advances' shall not include any transaction which RBI may specify by general or special order as not being a loan or advance for the purpose of such section. ICICI Bank is in compliance with these requirements.

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

There are guidelines on loans against equity shares in respect of amount, margin requirement and purpose.

Regulations relating to Sale of Assets to Asset Reconstruction Companies

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. RBI has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. A bank may sell a standard asset only if the borrower has a consortium or multiple banking arrangement, at least 75.0% by value of the total loans to the borrower are classified as non-performing and at least 75.0% by value of the banks and financial institutions in the consortium or multiple banking

arrangement agree to the sale. The banks selling financial assets should ensure that there is no known liability devolving on them and that they do not assume any operational, legal or any other type of risks relating to the financial assets sold. Further, banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. While each bank is required to make its own assessment of the value offered in the sale before accepting or rejecting an offer for purchase of financial assets by an asset reconstruction company, in consortium or multiple banking arrangements where more than 75.0% by value of the banks or financial institutions accept the offer, the remaining banks or financial institutions are obliged to accept the offer. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

Directed Lending

Priority Sector Lending

The RBI requires commercial banks to lend a certain percentage of their net bank credit to specific sectors (the priority sectors), such as agriculture, small-scale industry, small businesses and housing finance. Total priority sector advances should be 40.0% of net bank credit with agricultural advances required to be 18.0% of net bank credit and advances to weaker sections required to be 10.0% of net bank credit, and 1.0% of the previous year's net bank credit required to be lent under the Differential Rate of Interest scheme. Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with the National Bank for Agriculture and the Rural Development. These deposits can be for a period of one year or five years.

The RBI requires banks to lend up to 3.0% of their incremental deposits in the previous fiscal year towards housing finance. This can be in the form of home loans to individuals or subscription to the debentures and bonds of the National Housing Bank and housing development institutions recognised by the government of India.

Prior to the amalgamation, the advances of ICICI were not subject to the requirement applicable to banks in respect of priority sector lending. Pursuant to the terms of the RBI's approval of the amalgamation, we are required to maintain a total of 50.0% of our net bank credit on the residual portion of its advances (i.e., the portion of its total advances excluding advances of ICICI at year-end fiscal 2002) in the form of priority sector advances. This additional requirement of 10.0% by way of priority sector advances will apply until such time as the aggregate priority sector advances reach a level of 40.0% of our total net bank credit.

Export Credit

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

Credit Exposure Limits

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

The limits currently set by the RBI are as follows:

1. Exposure ceiling for a single borrower is 15.0% of capital funds and group exposure limit is 40.0% of capital funds. In case of financing for infrastructure projects, the exposure limit to a single borrower is extendable by another 5.0%, i.e., up to 20.0% of capital funds and the group exposure limit is extendable by another 10.0%, i.e., up to 50.0% of capital funds. Banks may, in exceptional circumstances, with the approval of their board of directors, consider enhancement of the exposure to a borrower up to a maximum of further 5.0% of capital funds,

subject to the borrower consenting to the banks making appropriate disclosures in their annual reports.

2. Capital funds is the total capital as defined under capital adequacy norms (Tier 1 and Tier 2 capital).
3. Non-fund based exposures are calculated at 100.0% and in addition, banks include forward contracts in foreign exchange and other derivative products, like currency swaps and options, at their replacement cost value in determining individual or group borrower exposure ceilings, effective April 1, 2003.

At fiscal year-end fiscal 2004, we were in compliance with these limits. We had received specific approval from the RBI for exceeding the limit in the case of one borrower group exposure and three single borrower exposures.

To ensure that exposures are evenly spread, the RBI requires banks to fix internal limits of exposure to specific sectors. These limits are subject to periodical review by the banks. We have fixed a ceiling of 12.0% on our exposure to any one industry (other than retail loans) and monitor our exposures accordingly.

Regulations relating to Investments and Capital Market Exposure Limits

Pursuant to the RBI guidelines, the exposure of banks to capital markets by way of investments in shares, convertible debentures, units of equity oriented mutual funds and loans to brokers, should not exceed 5.0% of total advances (including commercial paper) at March 31 of the previous fiscal year and investments in shares, convertible debentures and units of equity oriented mutual funds should not exceed 20.0% of the bank's net worth. Pursuant to the terms of the RBI's approval for the amalgamation, ICICI's project finance related investments are excluded from the computation of these limits for a period of five years from the amalgamation. In addition, the RBI has approved the exclusion of specific equity investments acquired by conversion of debt under restructuring schemes approved by the Corporate Debt Restructuring Forum.

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

In April 1999, the RBI, in its monetary and credit policy, stated that the investment by a bank in subordinated debt instruments, representing Tier 2 capital, issued by other banks and financial institutions should not exceed 10.0% of the investing bank's capital including Tier 2 capital and free reserves. In July 2004, the RBI imposed a ceiling 10.0% of capital funds (Tier 1 plus Tier 2 capital) on investments by banks and financial institutions in equity shares, preference shares eligible for capital status, subordinated debt instruments, hybrid debt capital instruments and any other instrument approved as in the nature of capital, issued by other banks and financial institutions. Investments in the instruments which are not deducted from Tier I capital of the investing bank or financial institution, will attract 100.0% risk weight for credit risk for capital adequacy purposes. Further, banks and financial institutions cannot acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's or financial institution's holding exceeds 5.0% of the investee bank's equity capital. Banks with investments in excess of the prescribed limits were required to apply to the RBI with a roadmap for reduction of the exposure. We have equity shareholding in excess of the prescribed limits in two Indian private sector banks, Federal Bank Limited and South Indian Bank Limited, and have submitted a roadmap for reduction of our shareholding to the RBI.

Consolidated Supervision Guidelines

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

Consolidated Financial Statements. Banks are required to prepare consolidated financial statements intended for public disclosure.

Consolidated Prudential Returns. Banks are required to submit to the RBI, consolidated prudential returns reporting their compliance with various prudential norms on a consolidated basis, excluding insurance subsidiaries. Compliance on a consolidated basis is required in respect of the following main prudential norms:

- Single borrower exposure limit of 15.0% of capital funds (20.0% of capital funds provided the additional exposure of up to 5.0% is for the purpose of financing infrastructure projects);
- Borrower group exposure limit of 40.0% of capital funds (50.0% of capital funds provided the additional exposure of up to 10.0% is for the purpose of financing infrastructure projects);
- Deduction from Tier 1 capital of the bank, of any shortfall in capital adequacy of a subsidiary for which capital adequacy norms are specified; and
- Consolidated capital market exposure limit of 2.0% of consolidated advances and 10.0% of consolidated net worth.

We are in compliance with these guidelines, except for the consolidated capital market exposure limits. We have submitted to the RBI that the limit of 2.0% of consolidated advances and 10.0% of consolidated net worth effectively reduces the standalone capital market exposure limit of 5.0% of advances and 20.0% of net worth. On a consolidated basis, we have exceeded the exposure limits in respect of one borrower group exposure and three single borrower exposures. The RBI has granted approval for exceeding the norms in these cases on a standalone basis.

In June 2004, the RBI published the report of a working group on monitoring of financial conglomerates, which proposed the following framework:

- identification of financial conglomerates that would be subjected to focused regulatory oversight;
- monitoring intra-group transactions and exposures and large exposures of the group to outside counter parties;
- identifying a designated entity within each group that would collate data in respect of all other group entities and furnish the same to its regulator; and
- formalising a mechanism for inter-regulatory exchange of information.

The proposed framework covers entities under the jurisdiction of the RBI, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and the National Housing Bank and would in due course be extended to entities regulated by the proposed Pension Fund Regulatory and Development Authority. The RBI has identified us and our related entities as a financial conglomerate with us as the designated entity responsible for reporting to the RBI.

Banks' Investment Classification and Valuation Norms

Based on the comments to the Report of the Informal Group on Banks' Investment Portfolio, the RBI finalised its guidelines on categorisation and valuation of banks' investment portfolio. These guidelines were effective from September 30, 2000. The salient features of the guidelines are given below.

- The entire investment portfolio is required to be classified under three categories: (a) held to maturity, (b) held for trading and (c) available for sale. Held to maturity includes securities acquired with the intention of being held up to maturity; held for trading includes securities acquired with the intention of being traded to take advantage of the short-term price/interest rate movements; and available for sale includes securities not included in held to maturity and held for trading. Banks should decide the category of investment at the time of acquisition.
- Held to maturity investments compulsorily include (a) recapitalisation bonds, (b) investments in subsidiaries and joint ventures and (c) investments in debentures deemed as advance. Held to maturity investments also include any other investment identified for inclusion in this category subject to the condition that such investments cannot exceed 25.0% of the total investment excluding recapitalisation bonds and debentures.
- Profit on the sale of investments in the held to maturity category is appropriated to the capital reserve account after being taken in the income statement. Loss on any sale is recognised in the income statement.
- The market price of the security available from the stock exchange, the price of securities in subsidiary general ledger transactions, the RBI price list or prices declared by Primary Dealers Association of India (PDAI) jointly with the Fixed Income Money Market and Derivatives Association of India (FIMMDA) serves as the “market value” for investments in available for sale and held for trading securities.
- Investments under the held for trading category should be sold within 90 days; in the event of inability to sell due to adverse factors including tight liquidity, extreme volatility or a unidirectional movement in the market, the unsold securities should be shifted to the available for sale category.
- Profit or loss on the sale of investments in both held for trading and available for sale categories is taken in the income statement.
- Shifting of investments from or to held to maturity may be done with the approval of the board of directors once a year, normally at the beginning of the accounting year; shifting of investments from available for sale to held for trading may be done with the approval of the board of directors, the Asset Liability Management Committee or the Investment Committee; shifting from held for trading to available for sale is generally not permitted.

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

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

Available for sale and held for trading securities are valued at market or fair value as at the balance sheet date. Depreciation or appreciation for each basket within the available for sale and held for trading categories is aggregated. Net appreciation in each basket, if any, that is not realised is ignored, while net depreciation is provided for.

Investments in security receipts or pass through certificates issued by asset reconstruction companies or trusts set up by asset reconstruction companies should be valued at the net asset value announced periodically by the asset reconstruction company based on the valuation of the underlying assets.

Limit on Transactions through Individual Brokers

Guidelines issued by the RBI require banks to empanel brokers for transactions in securities. These guidelines also require that a disproportionate part of the bank's business should not be transacted only through one broker or a few brokers. The RBI specifies that not more than 5.0% of the total transactions through empanelled brokers can be transacted through one broker. If for any reason this limit is breached, the RBI has stipulated that the board of directors of the bank concerned should ratify such action.

Prohibition on Short-Selling

The RBI does not permit short selling of securities by banks. The RBI has permitted banks to sell Government of India securities already contracted for purchase provided the purchase contract is confirmed and the contract is guaranteed by Clearing Corporation of India Limited or the security is contracted for purchase from the RBI. Each security is deliverable or receivable on a net basis for a particular settlement cycle.

Regulations relating to Deposits

The RBI has permitted banks to independently determine rates of interest offered on term deposits. However, banks are not permitted to pay interest on current account deposits. Further, banks may only pay interest of up to 3.5% per annum on savings deposits. In respect of savings and time deposits accepted from employees, we are permitted by the RBI to pay an additional interest of 1.0% over the interest payable on deposits from the public.

Domestic time deposits have a minimum maturity of 15 days (seven days in respect of deposits over Rs. 1.5 million (US\$ 34,562) with effect from April 19, 2001) and a maximum maturity of 10 years. Time deposits from non-resident Indians denominated in foreign currency have a minimum maturity of one year and a maximum maturity of three years. Starting April 1998, the RBI has permitted banks the flexibility to offer varying rates of interests on domestic deposits of the same maturity subject to the following conditions:

- Time deposits are of Rs. 1.5 million (US\$ 34,562) and above; and
- Interest on deposits is paid in accordance with the schedule of interest rates disclosed in advance by the bank and not pursuant to negotiation between the depositor and the bank.

We stipulate a minimum balance of Rs. 10,000 (US\$ 230) for a non-resident rupee savings deposit. Interest rates on non-resident rupee term deposits of one to three years maturity are not permitted to exceed the LIBOR/SWAP rates for US dollar of corresponding maturity. Interest rates on non-resident rupee savings deposits are not permitted to exceed the LIBOR/SWAP rate for six months maturity on US dollar deposits and are fixed quarterly on the basis of the LIBOR/SWAP rate of US dollar on the last working day of the preceding quarter.

Regulations relating to Knowing the Customer and Anti-Money Laundering

The RBI has issued several guidelines relating to identification of depositors and has advised banks to put in place systems and procedures to control financial frauds, identify money laundering and suspicious activities, and monitor high value cash transactions. The RBI has also issued guidelines from time to time advising banks to be vigilant while opening accounts for new customers to prevent misuse of the banking system for perpetration of frauds.

The RBI requires banks to open accounts only after verifying the identity of customers as to their name, residence and other details to ensure that the account is being opened by the customer in his own name. To open an account, a prospective customer is required to be introduced by an existing customer who has had his own account with the bank for at least six months duration and has satisfactorily conducted that account, or a well-known person in the local area where the prospective customer is residing.

If the prospective customer does not have an introducer, the prospective customer is required to submit documents such as his identity card, passport or details of bank accounts with other banks.

The Prevention of Money Laundering Act, 2002 has been passed by Indian Parliament and has received the assent of the President of India on January 17, 2003. However the provisions of the Act shall come into force and effect only on dates notified by the Indian government, which has not so far notified these dates. The Act seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in, money laundering and for incidental and connected matters.

Regulations on Asset Liability Management

At present, the RBI's regulations for asset liability management require banks to draw up asset-liability gap statements separately for rupee and for four major foreign currencies. These gap statements are prepared by scheduling all assets and liabilities according to the stated and anticipated re-pricing date, or maturity date. These statements have to be submitted to the RBI on a quarterly basis. The RBI has advised banks to actively monitor the difference in the amount of assets and liabilities maturing or being re-priced in a particular period and place internal prudential limits on the gaps in each time period, as a risk control mechanism. Additionally, the RBI has asked banks to manage their asset-liability structure such that the negative liquidity gap in the 1-14 day and 15–28 day time periods does not exceed 20.0% of cash outflows in these time periods. This 20.0% limit on negative gaps was made mandatory with effect from April 1, 2000. In respect of other time periods, up to one year, RBI has directed banks to lay down internal norms in respect of negative liquidity gaps.

Foreign Currency Dealership

The RBI has granted us a full-fledged authorised dealers' license to deal in foreign exchange through its designated branches. Under this license, we have been granted permission to:

- engage in foreign exchange transactions in all currencies;
- open and maintain foreign currency accounts abroad;
- raise foreign currency and rupee denominated deposits from non resident Indians;
- grant foreign currency loans to on-shore and off-shore corporations;
- open documentary credits;
- grant import and export loans;
- handle collection of bills, funds transfer services;
- issue guarantees; and
- enter into derivative transactions and risk management activities that are incidental to its normal functions authorised under its organisational documents.

Our foreign exchange operations are subject to the guidelines specified by the RBI in the control manual. As an authorised dealer, we are required to enroll as a member of the Foreign exchange Exchange Dealers Association of India, which prescribes the rules relating to foreign exchange business in India.

Authorised dealers, like us, are required to determine their limits on open positions and maturity gaps in accordance with the RBI's guidelines and these limits are approved by the RBI. Further, we are permitted to hedge foreign currency loan exposures of Indian corporations in the form of interest rate swaps, currency swaps and forward rate agreements, subject to certain conditions.

Ownership Restrictions

The government of India regulates foreign ownership in Indian banks. The total foreign ownership in a private sector bank, like ours, cannot exceed 74.0% of the paid-up capital and shares held by foreign institutional investors under portfolio investment schemes through stock exchanges cannot exceed 49.0% of the paid-up capital.

The RBI's acknowledgement is required for the acquisition or transfer of a bank's shares which will take the aggregate holding (both direct and indirect, beneficial or otherwise) of an individual or a group to equivalent of 5.0% or more of its total paid up capital. RBI, while granting acknowledgement, may take into account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fitness and propriety

tests. In determining whether the acquirer or transferee is fit and proper to be a shareholder, RBI may take into account various factors including, but not limited to the acquirer or transferee's integrity, reputation and track record in financial matters and compliance with tax laws, proceedings of a serious disciplinary or criminal nature against the acquirer or transferee and the source of funds for the investment.

While granting acknowledgement for acquisition or transfer of shares that takes the acquirer's shareholding to 10.0% or more and up to 30.0% of a private sector bank's paid-up capital, RBI may consider additional factors, including but not limited to:

- the source and stability of funds for the acquisition and ability to access financial markets as a source of continuing financial support for the bank,
- the business record and experience of the applicant including any experience of acquisition of companies,
- the extent to which the acquirer's corporate structure is in consonance with effective supervision and regulation of its operations; and
- in case the applicant is a financial entity, whether the applicant is a widely held entity, publicly listed and a well established regulated financial entity in good standing in the financial community.

While granting acknowledgement for acquisition or transfer of shares that takes the acquirer's shareholding to 30.0% or more of a private sector bank's paid-up capital, RBI may consider additional factors, including but not limited to whether or not the acquisition is in the public interest and shareholder agreements and their impact on the control and management of the bank's operations.

In July 2004, the RBI issued a draft policy on ownership and governance in private sector banks. The key provisions of the policy on ownership of banks, which are yet to be made effective, are:

- No single entity or group of related entities would be permitted to directly or indirectly hold more than 10.0% of the equity capital of a private sector bank and any higher level of acquisition would require the RBI's prior approval;
- Banks with shareholders with holdings in excess of the prescribed limit would have to indicate a plan for compliance;
- In respect of corporate shareholders, the objective would be to ensure that no entity or group of related entities has a shareholding in excess of 10.0% in the corporate shareholder. In case of shareholders that are financial entities, the objective will be to ensure that it is widely held, publicly listed and well regulated; and
- Banks would be responsible for the "fit and proper" criteria for shareholders on an ongoing basis.

Restrictions on Payment of Dividends

In April 2004, the RBI issued guidelines stating that a bank would require the prior approval of the RBI for payment of dividends if any of the following conditions are not satisfied:

- The bank should have had a capital adequacy ratio of at least 11.0% for preceding two completed years and the accounting year for which it proposes to declare dividend;
- The bank should have a net non-performing asset ratio of less than 3.0%;
- The dividend payout ratio (computed after excluding extraordinary income and before considering dividend distribution tax) should not exceed 33.33%;
- The proposed dividend should be payable out of the current year's profit; and

- The financial statements should be free of any qualifications by the statutory auditors, which have an adverse bearing on the profit during that year. In case of any qualification to that effect, the net profit should be suitably adjusted while computing the dividend payout ratio.

Subsidiaries and Other Investments

We require the prior permission of RBI to incorporate a subsidiary. We are required to maintain an “arms’ length” relationship in respect of our subsidiaries and in respect of mutual funds sponsored by us in regard to business parameters such as taking undue advantage in borrowing/lending funds, transferring/ selling/buying of securities at rates other than market rates, giving special consideration for securities transactions, in supporting/financing the subsidiary and financing our clients through them when they themselves are not able or are not permitted to do so. We and our subsidiaries have to observe the prudential norms stipulated by RBI, from time to time, in respect of our underwriting commitments. Pursuant to such prudential norms, our underwriting or the underwriting commitment of our subsidiaries under any single obligation shall not exceed 15% of an issue. We also require the prior specific approval of RBI to participate in the equity of financial services ventures including stock exchanges and depositories notwithstanding the fact that such investments may be within the ceiling (lower of 30.0% of the paid up capital of the investee company and 30.0% of the investing bank’s own paid up capital and reserves) prescribed under section 19(2) of the Banking Regulation Act. Further investment by us in a subsidiary, financial services company, financial institution cannot exceed 10.0% of our paid-up capital and reserves and our aggregate investments in all such companies and financial institutions put together cannot exceed 20.0% of our paid-up capital and reserves.

Deposit Insurance

Demand and time deposits of up to Rs. 100,000 accepted by Indian banks have to be mandatorily insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the RBI. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a semi-annual basis. The cost of the insurance premium cannot be passed on to the customer.

Statutes Governing Foreign Exchange and Cross-Border Business Transactions

The foreign exchange and cross border transactions undertaken by banks are subject to the provisions of the Foreign Exchange Management Act. All branches should monitor all non-resident accounts to prevent money laundering.

In November 2003, RBI issued guidelines which stated that no financial intermediary, including banks, will be permitted to raise external commercial borrowings or provide guarantees in favor of overseas lenders for external commercial borrowings. Eligible borrowers may raise external commercial borrowings in excess of US\$ 50 million only to finance the import of equipment and to meet foreign exchange needs of infrastructure projects.

Legal Reserve Requirements

Cash Reserve Ratio

A banking company such as ours is required to maintain a specified percentage of its net demand and time liabilities, excluding inter-bank deposits, by way of cash reserve with itself and by way of balance in current account with the RBI. The cash reserve ratio can be a minimum of 3.0% and a maximum of 20.0% pursuant to section 42 of the RBI Act. On September 11, 2004, the RBI announced an increase in the cash reserve ratio from 4.5% to 4.75% effective September 18, 2004 and 5.0% effective October 2, 2004.

The following liabilities are excluded from the calculation of the demand and time liabilities to determine the cash reserve ratio:

- inter-bank liabilities;
- liabilities to primary dealers; and

- refinancing from the RBI and other institutions permitted to offer refinancing to banks.

The RBI pays no interest on the cash reserves up to 3.0% of the demand and time liabilities and effective September 18, 2004, pays interest in the balance at 3.5% per annum. Prior to that date, the rate of interest paid was the bank rate (currently 6.0%).

The cash reserve ratio has to be maintained on an average basis for a fortnightly period and should not be below 70.0% of the required cash reserve ratio on any day of the fortnight.

Statutory Liquidity Ratio

In addition to the cash reserve ratio, a banking company such as ours is required to maintain a specified percentage of its net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, and it can be a minimum of 25.0% and a maximum of 40.0% pursuant to section 24 of the Banking Regulation Act. At present, the RBI requires banking companies to maintain a liquidity ratio of 25.0%. The Banking Regulation (Amendment) and Miscellaneous Provisions Bill, 2003 recently introduced in the Indian Parliament proposes to amend section 24 of the Banking Regulation Act to remove the minimum Statutory Liquidity Ratio stipulation, thereby giving the RBI the freedom to fix the Statutory Liquidity Ratio below this level.

Requirements of the Banking Regulation Act

Prohibited Business

The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities.

Reserve Fund

Any bank incorporated in India is required to create a reserve fund to which it must transfer not less than 25.0% of the profits of each year before dividends. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation. The government of India may, on the recommendation of the RBI, exempt a bank from requirements relating to its reserve fund.

Payment of Dividend

Pursuant to the provisions of the Banking Regulation Act, a bank can pay dividends on its shares only after all its capitalised expenses (including preliminary expenses, share selling commission, brokerage, amounts of losses and any other item of expenditure not represented by tangible assets) have been completely written off. The Indian government may exempt banks from this provision by issuing a notification on the recommendation of the RBI. We have been exempted from this provision in respect of expenses relating to the Early Retirement Option offered by us in fiscal 2004. We have obtained permission from the RBI to write off these expenses over a five-year period in our Indian GAAP accounts.

Restriction on Share Capital and Voting Rights

Banks can issue only ordinary shares. The Banking Regulation Act specifies that no shareholder in a banking company can exercise voting rights on poll in excess of 10.0% of total voting rights of all the shareholders of the banking company.

Only banks incorporated before January 15, 1937 can issue preferential shares. Prior to the amalgamation, ICICI had preference share capital of Rs. 350 crore. The government of India, on the recommendation of the RBI, has granted an exemption to us which allows the inclusion of preference capital in our capital structure for a period of five years, though we incorporated after January 15, 1937.

Legislation recently introduced in the Indian Parliament proposes to amend the Banking Regulation Act to remove the limit of 10.0% on the maximum voting power exercisable by an shareholder in a banking company and allow banks to issue redeemable and non-redeemable preference shares.

Restrictions on Investments in a Single Company

No bank may hold shares in any company exceeding 30.0% of the paid up share capital of that company or 30.0% of its own paid up share capital and reserves, whichever is less.

Regulatory Reporting and Examination Procedures

The RBI is empowered under the Banking Regulation Act to inspect a bank. The RBI monitors prudential parameters at quarterly intervals. To this end and to enable off-site monitoring and surveillance by the RBI, banks are required to report to the RBI on aspects such as:

- assets, liabilities and off-balance sheet exposures;
- the risk weighting of these exposures, the capital base and the capital adequacy ratio;
- the unaudited operating results for each quarter;
- asset quality;
- concentration of exposures;
- connected and related lending and the profile of ownership, control and management; and
- other prudential parameters.

The RBI also conducts periodical on-site inspections on matters relating to the bank's portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at intervals ranging from one to three years. We have been and at present also, are, subject to the on-site inspection by the RBI at yearly intervals. The inspection report, along with the report on actions taken by us, has to be placed before the Board of Directors. On approval by the Board of directors, we are required to submit the report on actions taken by us to the RBI. The RBI also discusses the report with the management team including the Managing Director & CEO.

The RBI also conducts on-site supervision of selected branches of ours with respect to their general operations and foreign exchange related transactions.

Appointment and Remuneration of the Chairman, Managing Director and Other Directors

We are required to obtain prior approval of the RBI before we appoint our chairman and managing director and any other wholetime directors and fix their remuneration. The RBI is empowered to remove an appointee to the posts of chairman, managing director and wholetime directors on the grounds of public interest, interest of depositors or to ensure the our proper management. Further, the RBI may order meetings of the Board of Directors to discuss any matter in relation to us, appoint observers to such meetings and in general may make such changes to the management as we may deem necessary and may also order the convening of a general meeting of our shareholders to elect new directors. We cannot appoint as a director any person who is a director of another banking company. In July 2004, the RBI issued guidelines on 'fit and proper' criteria for directors of banks.

Issue of Bonus Shares

We would require the prior permission of RBI and our shareholders' approval to issue bonus shares.

Penalties

The RBI may impose penalties on banks and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in any contravention of the regulations. The penalty may also include imprisonment.

Assets to be Maintained in India

Every bank is required to ensure that its assets in India (including import-export bills drawn in India and RBI approved securities, even if the bills and the securities are held outside India) are not less than 75.0% of its demand and time liabilities in India.

Restriction on Creation of Floating Charge

Prior approval of the RBI is required for creating floating charge on our undertaking or property. Currently, all our borrowings including Bonds are unsecured.

Secrecy Obligations

Our obligations relating to maintaining secrecy arise out of common law principles governing its relationship with its customers. We cannot disclose any information to third parties except under clearly defined circumstances. The following are the exceptions to this general rule:

- where disclosure is required to be made under any law;
- where there is an obligation to disclose to the public;
- where we need to disclose information in our interest; and
- where disclosure is made with the express or implied consent of the customer.

ICICI Bank is required to comply with the above in furnishing any information to any parties. We are also required to disclose information if ordered to do so by a court. The RBI may, in the public interest, publish the information obtained from the bank. Under the provisions of the Banker's Books Evidence Act, a copy of any entry in a bankers' book, such as ledgers, day books, cash books and account books certified by an officer of the bank may be treated as prima facie evidence of the transaction in any legal proceedings.

Regulations governing Offshore Banking Units

The government and RBI have permitted banks to set up Offshore Banking Units in Special Economic Zones, which are specially delineated duty free enclaves deemed to be foreign territory for the purpose of trade operations, duties and tariffs. We have an Offshore Banking Unit located in the Santacruz Electronic Exports Promotion Zone, Mumbai. The key regulations applicable to Offshore Bank Units include, but are not limited to, the following:

- No separate assigned capital is required. However, the parent bank is required to provide a minimum of US\$10 million to its Offshore Banking Unit.
- Offshore Banking Units are exempt from cash reserve ratio requirements.
- RBI may exempt a bank's Offshore Banking Unit from statutory liquidity ratio requirements on specific application by the bank.
- An Offshore Banking Unit may not enter into any transactions in foreign exchange with residents in India, unless such a person is eligible to enter into or undertake such transactions under the Foreign Exchange Management Act, 1999.
- All prudential norms applicable to overseas branches of Indian banks apply to Offshore Banking Units.
- Offshore Banking Units are required to adopt liquidity and interest rate risk management policies prescribed by RBI in respect of overseas branches of Indian banks as well as within the overall risk management and asset and liability management framework of the bank subject to monitoring by the bank's board of directors at prescribed intervals,
- Offshore Banking Units may raise funds in convertible foreign currency as deposits and borrowings from non-residents including non-resident Indians but excluding overseas corporate bodies.
- Offshore Banking Units may operate and maintain balance sheets only in foreign currency.

- The loans and advances of Offshore Banking Units would not be reckoned as net bank credit for computing priority sector lending obligations.
- Offshore Banking Units must follow the Know Your Customer guidelines and must be able to establish the identity and address of the participants in a transaction, the legal capacity of the participants and the identity of the beneficial owner of the funds.

Regulations and Guidelines of the Securities and Exchange Board of India

The Securities and Exchange Board of India was established to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market. We are subject to Securities and Exchange Board of India regulations for our capital issuances, as well as its underwriting, custodial, depository participant, investment banking, registrar and transfer agents, broking and debenture trusteeship activities. These regulations provide for our registration with the Securities and Exchange Board of India for each of these activities, functions and responsibilities. We are required to adhere to a code of conduct applicable for these activities.

Public Financial Institution Status

ICICI was a public financial institution under the Indian Companies Act, 1913. The special status of public financial institutions is also recognised under other statutes including the Indian I.T. Act, 1961, Sick Industrial Companies (Special Provisions) Act, 1985 and Recovery of Debts Due to Banks and Financial Institutions Act, 1993. We are not a public financial institution. As a public financial institution, ICICI was entitled to certain benefits under various statutes. These benefits included the following:

- For income tax purposes, ICICI's deposits and Bonds were prescribed modes for investing and depositing surplus money by charitable and religious trusts. Since we are a scheduled bank, our deposits and Bonds are also prescribed modes for investment by religious and charitable trusts.
- The government of India had permitted non-government provident, superannuation and gratuity funds to invest up to 40.0% of their annual accretion of funds in Bonds and securities issued by public financial institutions. Further, the trustees of these funds could at their discretion invest an additional 20.0% of such accretions in these Bonds and securities. These funds can invest up to only 10.0% of their annual accretion in Bonds and securities issued by private sector banks, such as us.
- Indian law provides that a public financial institution cannot, except as provided by law or practice, divulge any information relating to, or to the affairs of, its customers. We have similar obligations relating to maintaining secrecy arising out of common law principles governing our relationship with our customers.
- The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 provides for establishment of debt recovery tribunals for recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial institutions. Under this Act, the procedures for recoveries of debt were simplified and time frames were fixed for speedy disposal of cases. Upon establishment of the debt recovery tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by this Act, except the higher courts in India in certain circumstances. This Act applies to banks as well as public financial institutions and therefore applies to us.

ICICI's cessation as a public financial institution would have constituted an event of default under certain of ICICI's loan agreements related to its foreign currency borrowings. Prior to the amalgamation becoming effective, such event of default was waived by the respective lenders pursuant to the terms of such foreign currency borrowing agreements.

Special Status of Banks in India

The special status of banks is recognised under various statutes including the Sick Industrial Companies Act, 1985, Recovery of Debts Due to Banks and Financial Institutions Act, 1993, and the

Securitisation Act. As a bank, we are entitled to certain benefits under various statutes including the following:

- The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or Public Financial Institution or to a consortium of banks and Public Financial Institutions. Under this Act, the procedures for recoveries of debt have been simplified and time frames been fixed for speedy disposal of cases. Upon establishment of the Debt Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by this Act, except the higher courts in India in certain circumstances.
- The Sick Industrial Companies Act, 1985, provides for reference of sick industrial companies, to the Board for Industrial and Financial Reconstruction. Under the Act, other than the Board of Directors of a company, a scheduled bank (where it has an interest in the sick industrial company by any financial assistance or obligation, rendered by it or undertaken by it) may refer the company to the BIFR.
- The Securitisation Act focuses on improving the rights of banks and financial institutions and other specified secured creditors as well as asset reconstruction companies by providing that such secured creditors can take over management control of a borrower company upon default and/or sell assets without the intervention of courts, in accordance with the provisions of the Securitisation Act.

Income Tax Benefits

As a banking company, we are entitled to certain tax benefits under the Indian I.T. Act including the following:

- We are allowed a deduction of up to 40.0% of our taxable business income derived from the business of long-term financing (defined as loans and advances extended for a period of not less than five years) which is transferred to a special reserve, provided that the total amount of this reserve does not exceed two times the paid-up share capital and general reserves. We are entitled to this benefit because we are a financial corporation. Effective fiscal 1998, if a special reserve is created, it must be maintained and if it is utilised, it is treated as taxable income in the year in which it is utilised.
- We are entitled to a tax deduction on the provisioning towards bad and doubtful debts equal to 7.5% of our total business income, computed before making any deductions permitted pursuant to the Indian I.T. Act, to the extent of 10.0% of the aggregate average advances made by its rural branches computed in the manner prescribed. We have the option of claiming a deduction in respect of the provision made by us for any assets classified pursuant to the RBI's guidelines as doubtful or loss assets to the extent of 10.0% of the amount of such assets as on the last day of the year.
- We are eligible to issue tax saving Bonds approved in accordance with the provisions of the Indian I.T. Act. The subscription to such Bonds by certain categories of investors is a prescribed mode of investing for the purposes of availing of a tax rebate.
- For income tax purposes, our deposits and Bonds are prescribed modes of investing and depositing surplus money by charitable and religious trusts.

Regulations governing Insurance Companies

ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company, the subsidiaries of ICICI Bank offering life insurance and non-life insurance respectively, are subject to the provisions of the Insurance Act, 1938 and the various regulations prescribed by the Insurance Regulatory and Development Authority. These regulations regulate and govern, among other things, registration as an insurance company, investment, licensing of insurance agents, advertising, sale and distribution of insurance products and services and protection of policyholders' interests. In May 2002, the Indian parliament approved the Insurance (Amendment) Act 2002, which facilitates the appointment of corporate agents by insurance companies and prohibits intermediaries and brokers from operating as surrogate insurance agents.

Regulations governing International Operations

Our international operations are governed by regulations in the countries in which we have a presence.

Overseas Banking Subsidiaries

Our wholly-owned subsidiary in the United Kingdom, ICICI Bank UK Limited is authorised by the Financial Services Authority, which granted our application under Part IV of the Financial Services and Markets Act, 2000 on August 8, 2003. Our wholly-owned subsidiary in Canada, ICICI Bank Canada, was incorporated on September 12, 2003 as a Schedule II Bank in Canada. ICICI Bank Canada has obtained the approval of the Canada Deposit Insurance Corporation (CDIC) for deposit insurance and is regulated by the Office of the Superintendent of Financial Institutions.

Offshore Branches

In Singapore, we have an offshore branch, regulated by the Monetary Authority of Singapore. The Branch is allowed to accept deposits from Singapore residents with a minimum size of US\$ 100,000 or S\$ 250,000. It is also subject to minimum reserve requirements with respect to its Domestic Banking Unit book. The Asian Currency Unit book is not subject to reserve requirements, but the Branch is required to maintain minimum adjusted capital funds of Singapore\$ 10mn. In Bahrain, we have an offshore branch, regulated by the Bahrain Monetary Agency. The branch is permitted to transact banking business with approved financial institutions within Bahrain and individuals or institutions outside Bahrain. It is also permitted to offer banking services to non-resident Indians in Bahrain.

Representative Offices

Our representative office in New York in the United States is licensed and regulated by the State of New York Banking Department and the Federal Reserve Board. Our representative office in Dubai in the United Arab Emirates is regulated by the Central Bank of the United Arab Emirates. Our representative office in Shanghai in China is regulated by the China Banking Regulatory Commission. Our representative office in Bangladesh is regulated by the Bangladesh Bank.

INDIAN LICENCES, APPROVALS, REGISTRATIONS AND PERMISSIONS

We have the following licences and permissions from RBI:

1. Licence to carry on banking business under section 22 of the Banking Regulation Act: Licence No. A.H. 2 dated May 17, 1994.
2. Permission to set up subsidiaries which carry out businesses outside India under section 19(b):
 - RBI permission dated August 29, 2003 for a subsidiary in Moscow, Russia;
 - RBI permission dated December 2, 2002 for a subsidiary in London, UK; and
 - RBI permission dated December 2, 2002 for a subsidiary in Toronto, Canada.
3. Permission from RBI to open new places of business/ branches outside India under section 23(1)(b) of the Banking Regulation Act:
 - OBU- RBI Licence No. 1339 for SEEPZ, Mumbai dated July 9, 2003;
 - Branch - RBI permission dated May 24, 2004 for up gradation of representative office to a branch in New York, USA
 - Branch - RBI permission dated May 24, 2004 for branch office in Colombo, Sri Lanka;
 - Branch- RBI permission dated August 29, 2003 for branch office in Manama, Bahrain;
 - Branch - RBI permission dated December 2, 2002 for setting up of an Branch in Singapore
 - Representative Office-RBI permission dated August 29, 2003 for setting up of a representative office in Johannesburg, South Africa;

- Representative Office -RBI permission dated August 29, 2003 for setting up of a representative office in Dhaka, Bangladesh;
 - Representative Office -RBI permission dated December 2, 2002 for setting up of a representative office in Shanghai, China; and
 - Representative Office -RBI permission dated December 2, 2002 for setting up of a representative office in Dubai, UAE.
 - Representative Office -RBI permission dated December 11, 2000 for setting up of a representative office in New York, USA.
4. We have the following other registrations;
- As a Debenture Trustee with SEBI vide registration number IND000000004.
 - As a Custodian with SEBI vide registration number IN/CUS/005 dated January 8, 1999.
 - As an Underwriter to the Issue with SEBI vide registration number INU000000456.
 - As a Depository Participant - NSDL with SEBI vide registration number IN-DP-NSDL-2097 dated February 12, 2002.
 - As a Depository Participant - CDSL with SEBI vide registration number IN-DP-CDSL-4299 dated September 24, 2004.
 - As a Banker to the Issue with SEBI vide registration number INBI00000004.
 - As a Merchant Banker with SEBI vide registration number INM000010759 dated September 19, 2002.
 - As a Portfolio Manager with SEBI vide registration number PM/INP000000894 dated February 13, 2004.
 - As a Professional Clearing Member - BSE with SEBI vide registration number INF011133446.
 - As a Professional Clearing Member - NSE with SEBI vide registration number INF231134745.
 - As a Clearing House with BSE vide registration number Code No: 813, with NSE vide registration number Code No: ICICI and with OTC vide registration number Code No: ICICI.
5. In addition our subsidiaries, other group companies and mutual funds, sponsored/co-sponsored by us have the following registrations.
- ICICI Venture Funds Management Company Limited:
- Registered as a Stock Broker - OTCEI with SEBI vide registration number INB 200 49 8332 dated January 29, 1993.
 - ICICI Venture Funds Management Company Limited is notified as a Public Financial Institution under section 4A of the Act through S.O. 321 (E) dated April 12, 1990.
- ICICI Securities Limited:
- Registered as a Merchant Banker with SEBI vide registration number MB/INM 000001113 dated July 12, 2002.
 - Registered as an Underwriter with SEBI vide registration number UND/INU 000001017 dated December 14, 2001.
 - Registered as a Portfolio Manager with SEBI vide registration number PM/INP000000696 dated October 16, 2002.
 - Registered as a NBFC with RBI vide registration number B-13.01624 dated June 18, 2002.
 - Authorised by RBI to act as a Primary Dealer. Registration renewed vide letter dated June 21, 2004.
- ICICI Brokerage Services Limited:

- Registered as a Stock Broker with BSE vide registration number INB 010773035 (Capital Market Segment) dated March 8, 1999 and registration number INF 010773035 (Derivative Segment) dated June 8, 2000.
- Registered as a Stock Broker with NSE vide registration number INB 230773037 (Capital Market and Wholesale Debt Market Segment) dated September 14, 1995 and registration number INF 230773037 (Futures and Options Segment) dated June 8, 2000.

ICICI Securities Fund:

- Registered as a Mutual Fund with SEBI vide registration number MF/043/00/3 , the trustee of which is ICICI Trusteeship Services Limited and the asset management company of which is ICICI Investment Management Company Limited.

ICICI Investment Management Company Limited:

- Asset Management Company of ICICI Securities Fund, a Mutual Fund registered with SEBI, with Registration No. MF/043/00/3.
- Registered with SEBI as Portfolio Manager with Registration No.INP000001025 (validity - August 16, 2004 to August 15, 2007)

ICICI Trusteeship Services Limited:

- Trustee Company of ICICI Securities Fund, a Mutual Fund registered with SEBI, with Registration No. MF/043/00/3.

ICICI Home Finance Company Limited:

- Registered as a Housing Finance Company with NHB vide registration number 14-75-31.
- Registered “To carry out business of Housing Finance Institution” with NHB vide registration number 01.0007.01.

ICICI Prudential Life Insurance Company Limited:

- Registered as a Life Insurance Company with Insurance Regulatory and Development Authority vide registration number 105, dated November 24, 2000.

ICICI Lombard General Insurance Company Limited:

- Registered as a General Insurance Company with Insurance Regulatory and Development Authority vide registration number 115 dated August 3, 2001.

ICICI Distribution Finance Private Limited:

- Registered as a NBFC (not accepting public deposits) with RBI vide registration number B-13.00922.

ICICI Bank Canada

- RBI permission dated May 24, 2004 for a subsidiary in Canada

Prudential ICICI Mutual Fund:

- Registered as a Mutual Fund with SEBI vide registration number MF/003/93/6, the trustee of which is Prudential ICICI Trust Limited and the asset management company of which is Prudential ICICI Asset Management Company Limited.

Prudential ICICI Asset Management Company Limited

- Registered as a Portfolio Manager with SEBI vide registration number PM/INP000000373.

OUTSTANDING LITIGATION OR DEFAULTS

There are no outstanding or pending litigations or suits or proceedings (whether criminal or civil), no defaults, non-payment or overdues of statutory dues, no proceedings initiated for any economic or civil offences (including past cases if found guilty) and no disciplinary action taken by SEBI or stock exchanges, pertaining to matters likely to affect the operations and finances (including those of our subsidiaries and other group companies) whose outcome could have a material adverse effect on our operations except as disclosed and discussed in “Risk Factors” on pages (ii) to (xii). However, at October 7, 2004, the following are the outstanding or pending litigations or suits or proceedings against us involving a claim of Rs. 10 lakhs and more, and criminal complaints or cases, defaults, non-payment or overdues of statutory dues, proceedings initiated for any economic or civil offences (including past cases if found guilty) and disciplinary action taken by SEBI or stock exchanges (during the past five years) against us, our subsidiaries and other group companies and the outstanding or pending litigations or suits or proceedings against our subsidiaries and other group companies. The compiled position of claims against us involving an amount of less than Rs. 10 lakhs are given separately.

I. Claims against us where the amount claimed is more than Rs. 10 lakhs

1. ICICI had instituted legal proceedings against Mardia Chemicals Limited (MCL), for recovery of dues (number 3874 of 1999). MCL filed a counter-claim (number 278 of 2002) in the Debt Recovery Tribunal (DRT), Mumbai in 2002 for an amount of Rs. 5,631 crores. The DRT passed an order directing MCL to withdraw its counter-claim and forfeited the court fees paid by MCL as the counter claim was wrongly filed in the application made by the guarantor for MCL. This matter was dismissed. MCL then made an application in the High Court of Gujarat to seek extension of time for filing a counter claim in the DRT, Mumbai. The High Court of Gujarat held that it did not have jurisdiction in the matter and observed that the matter was to be decided by the DRT, Mumbai on merits. The DRT, Mumbai has now admitted the counter claim filed by MCL for adjudication. The proceedings are however presently stayed in view of the order of the DRT stating that as the fresh reference filed by MCL before the Board of Industrial and Financial Reconstruction is pending, the DRT proceedings cannot be proceeded with. We have preferred an appeal against the said order to the Debt Recovery Appellate Tribunal. The appeal is to be listed for hearing in due course.
2. Dabhol Power Co. Certain offshore lenders (including ABN Amro Bank N.V. and others) to a large private sector power generation project in the State of Maharashtra have initiated arbitration proceedings in London in April, 2003 against certain Indian lenders to the project company, including us, in relation to disputes under the Inter-Creditor Agreement, claiming from the Indian lenders, inter alia, damages in an aggregate amount of US\$ 53.4 crores (together with interests and costs).
3. The guarantors for MCL, Mr. Rasiklal Mardia, Mr. Rakesh Mardia and Mr. Rajiv Mardia filed a suit (number 1431 of 2003) for recovery of dues in the City Civil Court, Ahmedabad against us and have claimed an amount of Rs. 2,078 crores. We have filed our reply seeking dismissal of the suit. The matter is posted for hearing and is pending disposal.
4. ICICI filed a recovery suit (number 105 of 2001) in the DRT, Mumbai against Dynamic Logistics Limited (DLL) for Rs. 35 crores. DLL filed a counter-claim for Rs. 125 crores in the DRT, Mumbai and the matter is pending disposal. DRT, Mumbai passed an order stating that the claim, except the interim recovery certificate has to be tried at Pune. We have preferred an appeal against the DRT, Mumbai order and have got a stay against the transfer of the claim to DRT, Pune. On September 29, 2004 the recovery officer has taken symbolic possession of the property as per the DRT, Pune procedure of affixing Boards etc. and the same has been executed. The matter is pending disposal.
5. ICICI filed a suit (number 107 of 1999) in the DRT, Delhi against Esslon Synthetics Limited (ESL) and its managing director (in his capacity as guarantor) for recovery of dues payable to ICICI. The guarantor filed a counter-claim in the DRT, Delhi in 2001 for an amount of Rs. 100 crores against ICICI and others. ESL has moved an application for amending the counter-claim in January 2004. We have filed our reply to the application for amendment. The matter is pending disposal.

6. ICICI filed a recovery suit (number 584 of 2000) for Rs. 7 Crores against Camson Agritech Limited (CAL) and its guarantor in the DRT, Bangalore. CAL has made a counter-claim for Rs. 30 crores. We have filed our objections. The DRT, Bangalore has posted the matter to October 29, 2004 for leading evidence of the Applicant (ICICI Bank) on the main Application.
7. ICICI filed a recovery suit (number 3635 of 2000) in the DRT, Mumbai against Medtech Products Limited (MPL) for Rs. 27.06 crores. MPL filed a claim for set-off of an amount of Rs. 27.06 crores in the DRT, Mumbai. We have filed a review application as the DRT, Mumbai did not take our written statement on record. The matter is pending disposal and has been scheduled for hearing on October 7, 2004.
8. ICICI filed a recovery suit (number 3074 of 1987) in the High Court of Judicature of Bombay (since transferred to DRT) against Punalur Paper Mills Limited (PPL) for Rs. 3.6 crores. Subsequently, PPL has claimed damages from certain lenders (including ICICI), of an aggregate amount of Rs. 23.64 crores. The matter has not come up for final hearing.
9. We filed a suit (number 192 of 2001) in the DRT, Ahmedabad against Vision Organics Limited (VOL) for recovery of Rs. 31.27 crores. VOL has filed a counter claim against us for Rs. 23 crores to which we have filed our replies. The matter has been argued for our part of the claim. The arguments of IDBI are going on. The suit is pending disposal.
10. The Peerless General Finance and Investment Company Limited, a debenture holder of Essar Oil Limited, filed a suit (number 434 of 2001) against Essar Oil Limited and others in the City Civil Court, Kolkata in 2001 for non-receipt of redemption amount and interest of Rs. 11.23 crores. ICICI in its capacity as debenture trustee was impleaded as a defendant. We are in the process of filing our written statement. The suit is pending disposal.
11. Kalpana Lamps and Components Limited (KLCL) had availed of financial assistances from ICICI and other lenders. Anchor Electronics and Electricals Limited (AEEL) had paid the outstanding dues to ICICI and other lenders on behalf of KLCL and requested ICICI to assign the securities in its favour. AEEL filed a suit for specific performance. Subsequently, AEEL amended the specific performance suit to a money suit claiming Rs. 10.67 crores with interest thereon from ICICI and the same is pending before High Court of Judicature at Bombay. AEEL has filed an application for release of title deeds of KLCL's properties at Ranipet. ICICI has given its No Objection Certificate (NOC) to the above. The other charge holders are yet to give their NOC for the release. We have received a letter from Office of the Official Liquidator, Chennai that winding up order has been passed by the High Court of Judicature at Madras in respect of KLCL and they are proceeding to take formal possession of the properties of KLCL.
12. Sima Hotels and Resorts Ltd- ICICI had filed a joint suit (number 3499 of 1993) along with other financial institutions. Our portion of the assets have been transferred to ARCIL. Some of the defendants have filed a suit against us and other lenders claiming a sum of Rs. 7.3 crores. The matter is pending for final hearing.
13. Anagram Finance Limited, subsequently amalgamated with ICICI, filed a suit (number 3879 of 1998) in the City Civil Court, Ahmedabad in 1998 for recovery of a sum of Rs. 6.83 crores from Ezy Slide Fasteners Limited (ESFL). ESFL filed a separate suit (number 2243 of 1999) in the City Civil Court, Ahmedabad for recovery of Rs. 7.18 crores from Anagram Finance Limited, being the loss allegedly suffered by ESFL on account of breach of a subscription agreement dated April 4, 1995. The suit is pending disposal.
14. North Star Gems Limited (NSGL) filed a suit (number 53 of 2003) in the City Civil Court, Ahmedabad, pertaining to an alleged transfer of funds from the current account maintained by NSGL with the erstwhile Bank of Madura, of an amount of Rs. 7 crores. The suit is pending disposal. We have filed an application under for dismissal of the suit on the grounds of limitation. The said application filed by us has been rejected. We are in the process of filing an appeal against the same. In the meantime we are also in the process of filing our written statement.
15. Walsons Industries Products Incorporated (WIPL) filed a suit (number 603711 of 2002) against ICICI in the High Court of Judicature at Bombay for recovery of US\$ 6.53 lakhs alleging that three bills received through Bank of Nova Scotia should be paid by ICICI in terms of a letter of credit as was done in the case of five previous bills, since they formed a part of the same transaction. ICICI, in its statement of defence, stated that all documents received through Bank of Nova Scotia were on a collection basis, and each one was an independent transaction by itself without any supporting

commitment from ICICI through the letter of credit. The court has granted us unconditional leave to defend the case. The suit is pending disposal.

16. C D Industries We have filed a suit (number 373 of 2002) against the company and guarantors before the DRT, Mumbai. The company and one of the guarantors Mr. Vinod Kumar Agarwal have filed Set Off/Counter Claim of Rs. 3.41 crores. The defendants have also filed a written statement in the matter. We have also issued notice under the Securitisation Act, 2002 to the company and guarantors. The company filed a writ petition before the High Court of Judicature at Bombay against the said notice which has been dismissed. The matter is pending disposal,
17. M.B. Industries Limited (MBIL) filed a suit (number 130A of 1997) in the High Court at Kolkata claiming an aggregate amount of Rs. 10.25 crores from ICICI and other financial institutions, out of which approximately Rs. 2 crores was claimed from ICICI. The High Court at Kolkata did not grant any relief to MBIL. However, ICICI, and other financial institutions were granted leave to file recovery suits against MBIL. The matter was kept pending *sine die*. The financial institutions including ICICI filed a joint suit in the DRT, Kolkata against MBIL. Our claim in the suit is Rs. 1.91 crores. The Board for Industrial and Financial Reconstruction has recently granted consent to continue with the recovery proceedings against MBIL. The hearing of evidence has been concluded and the matter has been fixed for judgment.
18. Mr Sunil Joshi, an ex-employee, filed a suit (number 19 of 2002) before the District Judge, Alipore for alleged wrongful dismissal from our services, praying for a decree of Rs. 1.55 crores and damages for a loss of Rs. 42,602.74 per day with effect from April 11, 2001 till the date of realisation. We have filed a written statement and the suit is pending disposal.
19. Bank of India has filed a suit against the erstwhile Bank of Madura (number 2 of 2001) before High Court of Judicature at Madras against K S Computers and K A Systems for an amount of Rs. 1.11 crores and has also made us a party to the suit alleging that we have collected forged instruments. The suit has been transferred to DRT and is pending. The matter is yet to be posted for final hearing.
20. O. R. J. Electronic Oxides Ltd - Lease finance of US \$ 72 lakhs (Rs. 25.78 crores) was granted to the company by us. The Commissioner of Customs has imposed a fine of Rs. 1 crore on us and fined other persons for evasion of custom duty. We have filed an appeal (number 108 of 2002) before the Customs, Excise and Service Tax Appellate Tribunal and obtained an unconditional interim stay.

The Enforcement Directorate also initiated proceedings under the FERA for violation of FERA Rules and on adjudication imposed a fine on us for Rs. 10 lakhs. The Income Tax Department also disallowed the depreciation. We have filed an appeal before the Income Tax Appellate Tribunal and obtained a stay.

We have obtained an interim stay of the order passed by the Commissioner of Custom imposing a fine on us and the individuals (mentioned above). Arguments are currently going on. We are also seeking a waiver of deposit of the fine amount imposed by the Enforcement Directorate. The Enforcement Appellate Tribunal has directed us to deposit 50% of fine imposed by the Enforcement Directorate within three months. We are in the process of filing a writ petition against the said order.

21. Gokula Education Foundation (Medical) filed a complaint (number 88 of 2003) against us before the Karnataka State Consumers Disputes Redressal Commission. The monetary claim is for Rs. 79,30,067. The complaint has filed been for refund of front end fees, guarantee commission etc. as the sanctioned loan was not disbursed. The matter is posted for framing of issues and arguments on December 10, 2004.
22. J.G. Finance Ltd. made a public issue on May 23, 1995 and the erstwhile Bank of Madura was one of the collecting bankers to the issue. A suit was filed at the High Court of Judicature at Madras by First Leasing Company of India Ltd. against J.G. Finance Ltd and 11 others including the Bank of Madura. The High Court passed an injunction restraining the banks from making any payment to J.G. Finance Ltd. with regard to the public issue, except for an amount of Rs. 70 lakhs only. Accordingly on November 11, 1995 the erstwhile Bank of Madura has paid Rs. 23 lakhs. The matter is still pending at the High Court.
23. Mr. Bhalchandra Shinde, Proprietor of Mandar Travels filed a suit (number 5330 of 1999) against ICICI in the High Court of Judicature at Bombay for termination of bus services for transportation of the staff members. The amount involved is Rs. 66 lakhs. The services of Mandar Travels were temporarily hired till the final selection of the contractor. The matter is pending disposal.

24. Mr. Jitesh Pradhan has filed a case (number 313 of 2003) before the State Commission, Cuttack for wrongful encashment of a cheque of Rs. 30,000/-. He has claimed Rs. 60 lakhs towards harassment and mental agony. The matter is pending disposal.
25. Mr. Frank Gonsalves has submitted a petition with the Banking Ombudsman against our Mangalore Branch on December 31, 2003. The case refers to a dispute on interest charged on a loan against an FCNR deposit. The claimant has demanded an amount of Rs. 51.6 lakhs. The matter is pending disposal.
26. Venkateswara Eng. Corporation has filed a suit (number 785 of 1990) against erstwhile Bank of Madura at the High Court of Judicature at Madras against us claiming an amount of Rs. 52 lakhs towards fixed deposits. We have filed our written statement. The matter has been posted for Arguments.
27. Quality Foils Ltd has filed a complaint (number 75 of 1993) before the State Consumer Forum, on account of a return of letter of credit for wrong reasons. The forum allowed the complaint and directed us to pay Rs. 24 lakhs to the complainant. We have filed an appeal (number 208/209 of 1998) before the National Commission, Delhi and have obtained a conditional order on deposit of Rs. 24 lakhs. The case is pending for hearing.
28. Mr. Kailashchand Deoli has filed a case (number 197 of 2002) before the District Consumer Forum, Dehradun against us alleging deficiency of service and claiming a sum of Rs. 20 lakhs as compensation on account thereto. The matter is pending disposal.
29. Mr. Mahendra Jogani has filed a complaint (number 131 of 2004) for the wrongful dishonour of a cheque against us before the District Consumer Forum, Chennai. The Complaint has been filed claiming Rs. 10 lakhs towards negligence, deficiency in service and unfair trade practices, Rs. 10 lakhs towards mental agony and medical expenses and a refund Rs. 200 which was the debit charges for bouncing of cheques. The matter is pending disposal.
30. Mrs. Tasneem Adhikari has filed a civil suit against us (number 3585 of 2003) in the High Court of Judicature at Bombay for wrongful sale of her truck and has claimed compensation to the tune of Rs. 12.2 lakhs. The matter is pending final disposal.
31. Kisan Sahakari Chini Mills Limited has filed a suit against ICICI (number 6 of 2001) before the State Commission, UP claiming interest and compensation amounting to Rs. 13 lakhs on delayed payment of refund amount of Rs. 25 lakhs of the ICICI Bond Issue. We have filed its written statement before the State Commission. The matter is pending.
32. Vijay Bhargavi Chit Fund Private Limited filed a petition in the year 2002 before the Andhra Pradesh Consumer Disputes Redressal Commission for damages of Rs. 20 lakhs for deficiency in service arising out of the wrongful dishonour of a cheque. We have filed our written statement before the State Commission. The matter has been posted for further hearing.
33. Fidelity Finance Ltd. has filed a suit (number 523 of 1998) against erstwhile Bank of Madura before the High Court of Judicature at Madras claiming an amount of Rs. 12 lakhs from us on the ground of not honouring a letter of credit issued in favour of Vijaya Chemagro India P. Ltd. The matter is pending disposal.
34. Mr R M Kanappan, an ex-employee of ours has filed a writ petition (number 15127 of 1999) against erstwhile Bank of Madura, before the High Court of Judicature at Madras for wrongful dismissal from services. The writ petition is pending disposal.
35. Mr. R.N. Shetty has filed a complaint (number 212 of 2003) before Consumer Dispute Redressal Forum, Pune against us for deficiency of service and claimed an amount of Rs. 12,28,212/-. The matter is pending disposal.
36. Mr. S Srinivasagam, an ex employee of ours has filed a suit (number 465 of 1999) against erstwhile Bank of Madura, before the Sub Court, Madurai claiming an amount of Rs. 11 lakhs (notional claim) for wrongful suspension from employment. The suit has become infructuous and will be dismissed when taken up for final disposal. The matter is pending disposal.
37. A joint application was filed by ICICI and another financial institution (application number 35 of 2001) against Best Boards Limited for recovery of dues in DRT, Delhi. The company filed a counter claim on June 14, 2004 of Rs. 10 lakhs against the applicants. The matter is pending disposal.

38. G R Pharma has filed a complaint (number 45 of 1997) against erstwhile Bank of Madura before the State Consumer Forum, Chennai claiming an amount of Rs. 11 lakhs from us towards unauthorised debit from his current account. The matter is pending disposal
39. Mr. Muthu Meenal Alagappan has filed a complaint (number 158 of 1999) before the District Consumer Forum, Chennai South against erstwhile Bank of Madura, against two officials of ours and against us claiming Rs. 10 lakhs jointly and severally. The matter is pending disposal

Taxation-related matters

The major disallowances disputed in appeal by us and allowances disputed in appeal by the income tax authorities, are as under:

1. Lease Depreciation: Tax Rs. 1,050.47 crores (including interest)

The tax authorities have treated lease transactions as loans and have disallowed our depreciation claim. In the case of leasing business, the tax authorities have consistently denied depreciation to the lessor who is the legal owner. In a recent judgement, the Income Tax Appellate Tribunal has held a sale and lease back transaction between ICICI and Gujarat Electricity Board as not genuine, stating that the bona fide intention of both the parties was not present while entering into the transaction though the necessary documentation was in order, and has disallowed the depreciation treating the transaction as a tax-planning tool. The appeals filed are pending disposal.

2. Retrospective amendment for provision for bad and doubtful debts: Tax Rs. 507.61 crores (including interest)

ICICI was allowed a deduction for specific provision for bad and doubtful debts under section 36(1)(vii), I.T. Act. The Finance Act retrospectively amended the section in the year 2001 with effect from April 1, 1989. The appeals are pending disposal.

3. Taxability under section 41(4A), I.T. Act of amounts withdrawn from Special Reserve created up to Assessment Year 1997-98: Tax Rs. 379.70 crores (including interest)

ICICI had two special reserve accounts, "Special Reserve created up to Assessment Year 1997-98" and "Special Reserve created and maintained from Assessment Year 1998-99". Withdrawal has been made from the "Special Reserve created up to Assessment Year 1997-98". The tax authorities had not taxed the withdrawals in the original assessment. The assessments were subsequently re-opened to tax the withdrawal, and these have been taxed by the income tax authorities. No withdrawals have been made from "Special Reserve created and maintained from Assessment Year 1998-99" account. The appeals filed against taxing withdrawal of special reserve are pending disposal.

4. Allocation of expenses to earn dividend income: Rs. 343.31 crores (Including interest)

The disputed issue involves computation of exemption under section 10(33), I.T. Act and deduction under section 80 M, I.T. Act on account of dividend income viz. the gross dividend be exempted from tax or whether interest expenses are attributable to earning the exempt dividend income. The matter is pending disposal.

5. Appeals allowed in our favour disputed by Tax Department: Rs. 107.43 crores

The major issues include non-levy of interest tax on debentures/Government securities/bonds amounting to Rs. 40.46 crores, investment allowance on leased assets amounting to Rs. 3.2 crores and interest on interest amounting to Rs. 10.75 crores. The matter is pending disposal.

6. Broken Period Interest: Rs. 51.90 crores (Including interest)

The broken period interest paid on purchase of securities held as stock in trade by the Company was disallowed by applying a Supreme Court decision which is later distinguished by a High Court of Judicature at Bombay decision. The matter is pending disposal.

7. Sales Tax: Rs. 83.54 crores (Including interest)

The issue under dispute is the taxing of interstate / import leases by various State Government authorities in respect of lease transactions entered into by us. The matters are pending disposal.

II. Claims where amount is less than Rs. 10 lakhs (as on September 30, 2004)

	Nature of claim	Cases with Monetary Claim		Amount of possible liability on the basis of assessment of the branch/ in house legal dept. opinion		Cases with no specific monetary claim
		Number	Amount (Rs. Crore)	No of cases	Amount (Rs. Crore)	Number
1	Suits/legal proceedings filed by shareholders/bond holders of ICICI Bank Limited.	33	0.0327	22	0.0141	405
2	Suits/legal proceedings filed by debenture holders against ICICI Bank Limited as Debenture Trustees.	107	0.3063	91	0.2749	11
3	Suits filed by lessees/hirers seeking injunction against ICICI Bank Limited taking possession of vehicles pursuant to lease/hire purchase agreements and other suits filed by retail customers.	178	1.2400	13	0.0800	188
4	Miscellaneous suits/ legal proceedings in the course of business.	366	6.8189	198	1.6959	67
5	Counter claims filed by Borrower/s or Guarantor/s.	6	7.2501	0	0	9
6	Writ Petitions filed by employees/ex employees	0	0	0	0	12
7	Cases filed before the Banking Ombudsman	13	0.149	12	0.0295	32
	TOTAL	703	15.7970	336	2.0944	724

III. Against Our Subsidiaries and Other Group Companies

Subsidiaries

ICICI Securities Limited (ICICI Securities)

1. The RBI reduced the liquidity support limit for ICICI Securities by Rs. 25 crores vide its letter IDMC.PDRS. No.1409/03.64.00(I-Sec)/1999-2000 dated October 12, 2000 for a period of three months from October 7, 2002 until January 6, 2003, for delayed submission of bid in the treasury bill auction conducted on September 25, 2002. RBI has added back this amount of Rs. 25 crores with effect from January 7, 2003, to the liquidity support limit for ICICI Securities, thus re-setting the limits to the original level. Earlier, a reduction in the liquidity support limit by Rs. 1.5 crores was imposed for shortfall in bidding commitment on April 7, 2000, vide RBI's letter IDMC.PDRS. No.3710 /03.64.00(I-Sec)/1999-2000 dated April 8, 2000 which was reset to original level with effect from October 9, 2000.
2. ICICI Securities was awarded two penalty points by SEBI for non-submission of Letter of Offer in the Rights issues of Siroplast Limited and Thane Electricity Company Limited during 1995 and one penalty point for non-submission of post-issue report in the public issue for Shree Rajasthan Texchem Limited.
3. Two warning letter were issued by SEBI on October 2, 1998 in the public issue of Hindustan Motors Limited and on July 11, 2000 in the public issue of Cadilla Healthcare Limited respectively.

ICICI Brokerage Services Limited (ICICI Brokerage)

1. The NSE had, in its letter dated November 26, 2002 reference no NSE/INSP/ACT/2001-02/31487, reprimanded ICICI Brokerage and levied a penalty of Rs. 30,000/- subsequent to an inspection done by it. The penalty was with respect to the purported violations of short sales (three instances on March 9, 2001 and one instance on March 12, 2001) and transfer of client shares to own account (12 instances during February-March 2001). However, ICICI Brokerage had made a representation to NSE requesting a waiver of the penalties, since these arose from genuine technical difficulties in the internet trading systems of ICICI Web Trade Limited, which had been using ICICI Brokerage to execute the trades on NSE. ICICI Brokerage had therefore requested NSE for a review of the penalty and submitted all necessary documents in support of this. NSE has accepted ICICI Brokerage's representation and waived the above penalty.
2. SEBI had issued a show cause notice to ICICI Brokerage with regard to the agency business done on behalf of one of its clients in shares of Global Trust Bank. ICICI Brokerage replied to the show cause notice denying the allegations and findings of SEBI. Thereafter, SEBI granted a personal hearing on November 24, 2003. Subsequent to the hearing, SEBI vide its letter dated February 5, 2004 issued a show cause notice to ICICI Brokerage as to why the penalty of suspension of registration of ICICI Brokerage Services Limited for a period of four months as recommended by the enquiry officer should not be imposed. ICICI Brokerage had vide its letter dated February 23, 2004 submitted its reply to the said show cause notice denying all the allegations and findings of enquiry officer and that the charges against ICICI Brokerage stated in the show cause notice of February 5, 2004 be accordingly withdrawn. Further, ICICI Brokerage was granted a personal hearing before the Chairman, SEBI on March 18, 2004 wherein ICICI Brokerage was represented by its legal counsels. ICICI Brokerage re-iterated that it denied the allegations and findings of SEBI as stated in their show cause notice and also that the findings of SEBI were based merely on inferences and surmises without proving any guilt or market manipulation part of ICICI Brokerage. A written submission of the arguments presented at the personal hearing was also forwarded to SEBI. The Chairman, SEBI vide order dated September 9, 2004 discharged ICICI Brokerage from the proceedings in the said matter.
3. Mr. Sunil Kumar Gupta filed a case before the District Consumer Dispute Redressal Forum, Jaipur (Forum) against ICICI Brokerage, and an order dated August 22, 2003 was received by ICICI Brokerage from the Forum directing ICICI Brokerage to pay Rs. 19,538/- within one month. ICICI Brokerage has filed an appeal in September 2003 before the Rajasthan State Consumer Disputes Redressal Commission, Jaipur. The appeal was filed on September 20, 2003. The appeal was admitted on August 18, 2004. The next hearing is scheduled on November 5, 2004.
4. As per normal practise, the BSE/NSE and SEBI from time to time conduct inspections of its member/registered brokers. Accordingly, a regular inspection was conducted by SEBI of ICICI Brokerage's books for the period April, 2001 to March, 2003. The inspection report had brought out certain irregularities such as difference of trade details in under separate accounts

maintained by us; PAN not being quoted on contract notes in some cases and non-segregation of clients and our own funds. In this regard SEBI has vide its letter dated March 23, 2004 advised ICICI Brokerage to rectify the irregularities and warned it not to repeat the same in future.

5. The NSE levied a penalty of Rs. 1,25,500/- on ICICI Brokerage for delayed submission of the 'WDM segment' Annual Compliance Report for 2002-2003. Whilst the fine has been debited, ICICI Brokerage has replied to the NSE stating its factual position and requested a reversal of the above penalty. The NSE thereafter placed the matter before its Disciplinary Action Committee, which has reduced the penalty to Rs. 1 lakh, . ICICI Brokerage has sought a review of the said penalty.

ICICI Venture Funds Management Company Limited (ICICI Venture)

1. ICICI Equity Fund (the "Fund"), a Fund managed by the ICICI Venture was originally registered with the SEBI as a Venture Capital Fund under the SEBI (Venture Capital Funds) Regulations, 1996 (hereinafter the "Regulations"). The Fund de-registered from SEBI in the year 2002. In this process, the Fund first amended its Private Placement Memorandum (PPM) and pursued investment objectives permitted under the amended PPM before completing the de-registration formalities. During the course of its investment activity, the Fund invested in certain securities which were in excess of the limitations and restrictions imposed by the then prevailing Regulations. SEBI was of the view that the Fund should have completed the de-registration formalities before pursuing investments in the aforesaid securities. The Fund *suo moto* communicated these developments to SEBI and initiated a dialogue to conclude and regularize this matter. Upon consideration of the voluntary disclosures and representations made by ICICI Venture, SEBI vide its letter dated January 9, 2003 communicated that the above procedural lapse had been viewed seriously and advised ICICI Venture to take due care in future and improve its compliance mechanisms and standards to avoid recurrence of such incidents.
2. SEBI, Madras had issued a show cause notice dated May 31, 2002 to ICICI Venture alleging contravention of sub-Regulation 1 and sub-regulation 3 of Regulation 6 (for the year 1997) and sub-regulation 1 and sub-regulation 2 of Regulation 8 (for the years 1998, 1999, 2000 and 2001) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 for failure/delay in making the disclosure of its shareholding in Vimta Labs Limited. Adjudication proceedings were held. Based on the submissions made by ICICI Venture, SEBI vide order dated November 1, 2002 exonerated ICICI Venture from liability.
3. Based on an application made by an employee, the government of Karnataka made a reference to the Industrial tribunal at Bangalore. However since the employee did not subsequently appear before the Tribunal, the Tribunal vide its order dated April 16, 2004 rejected the reference made by the Government. As such the matter stands closed now.

ICICI Investment Management Company Limited (ICICI Investment Management)

1. ICICI Investment Management is the asset management company of "ICICI Securities Fund", a mutual fund registered with the SEBI. SEBI had issued on May 22, 2000, a warning letter to ICICI Investment Management Limited for the lack of due diligence while submitting the offer document for ICICI CBO Fund.

ICICI Distribution Finance Private Limited (ICICI Distribution)

1. The owner of certain premises rented to ICICI Distribution has filed a civil suit (number 617 of 2002) against ICICI Distribution in the court of the Civil Judge, Senior Division, Pune seeking possession of these premises. The matter is scheduled to be heard on October 15, 2004.
2. For the year 1999-2000, the sales tax returns were filed by the company declaring the taxable turnover as Nil as the company has claimed exemption of second sale on its turnover of hire purchase transactions. The sales tax authority had disallowed the exemption claimed by the Company for want of additional documents. The total tax assessed was Rs. 181.5 Lakhs and penalty levied by the authority was Rs. 272.2 Lakhs. We have paid Rs. 45.37 lakhs of the demand raised for admission of appeal and appeal filed is not yet disposed by the authorities.

3. For the year 2000-2001, the sales tax returns were filed by the company declaring the taxable turnover as Nil as the company has claimed exemption of second sale on its turnover of hire purchase transactions. The sales tax authority had disallowed the exemption claimed by the company for want of additional documents. The total tax assessed was Rs. 91.19 Lakhs and penalty levied by the authority was Rs. 136.78 Lakhs. We have paid Rs. 22.79 lakhs of the demand raised for admission of appeal and appeal filed is not yet disposed by the authorities

ICICI Home Finance Company Limited (ICICI Home Finance)

1. Ms. Dipali Gopani has filed a criminal complaint (number 1472 of 2002) before the Metropolitan Magistrate's 26th Court at Borivli, Mumbai, against ICICI Home Finance (and also against some of our Directors) for alleged wrongful recovery of Rs. 3,150/- and non-return of title deeds. A criminal application was filed on behalf of all the accused before the High Court of Judicature at Bombay on November 11, 2002 for quashing the complaint and in the interim for stay of the complaint against the Directors. The High Court disposed of this application after recording the statement of the complainant that she would withdraw the complaint against all Directors except those who were Directors of ICICI Home Finance. Accordingly, the complaint has been withdrawn against all the Directors except the Directors of the Home Finance Company and the Company itself. An application for discharge of the Directors has been filed in the trial court which is pending disposal. The matter is listed for argument on the said discharge application October 16, 2004.
2. Ms. Aparna Anil Jadhav has filed a civil suit (number 272 of 2003) in the court of the Civil Judge, Thane for declaration and injunction restraining ICICI Home Finance from taking possession of property. ICICI Home Finance is a proforma defendant and no specific claim has been raised against ICICI Home Finance except restraint order on the security. The matter is scheduled for hearing on October 25, 2004.
3. Vijaya Bank has filed a suit (number 563 of 2002) against Mustaq Husain Shawl and others before the Civil Judge, Thane in which ICICI Home Finance is named as a defendant. A client of ICICI Home Finance had purchased a property from Mustaq Husain which Mustaq Husain Shawl had mortgaged in favour of Vijaya Bank. ICICI Home Finance has filed its written statement. The matter is scheduled on October 25, 2004 for withdrawal.
4. Mr. Babu R. Nadumani filed a suit (number 691 of 2002) against ICICI Home Finance in the Court of Civil Judge, Junior Division, Belgaum for temporary injunction and also a permanent injunction restraining ICICI Home Finance from taking possession of property. An order was passed in favour of ICICI Home Finance in respect of the suit for temporary injunction Mr. Nedumani preferred an appeal (number 28 of 2003) against the said order which is listed for disposal on October 30, 2004.
5. Mr. Sasanka Sengupta who was granted a loan by ICICI Home Finance was unable to pay his monthly instalments but did not surrender the financed property. ICICI Home Finance proceeded to take possession of the property against which Mr. Sengupta filed a suit for injunction (number 172 of 2003), restraining ICICI Home Finance from forcibly taking possession of the property. The court dismissed the interim injunction application and the matter is pending final disposal .
6. Mr. Avinash Sane who was granted a loan by ICICI Home Finance was unable to pay his monthly instalments but did not surrender the property. ICICI Home Finance proceeded to take possession of the property against which Mr. Sane filed a suit for injunction (number 77 of 2002), restraining ICICI Home Finance from forcibly taking possession of the property. The matter is pending disposal. The court granted temporary injunction in favour of the customer. We had preferred an appeal against the order of the court which has been disposed of by the court with a liberty to file a suit for recovery. The original suit filed by the borrower is pending disposal.

ICICI Lombard General Insurance Company Limited (ICICI Lombard)

1. Seventy nine cases have been filed against ICICI Lombard, with claims aggregating approximately Rs. 87 lakhs. These claims have been made by various policy holders and relate to settlement of claims against the insurance policies issued on Event Insurance, Motor and Group Personal Accident. These claims have been made at various forums including District Disputes Redressal Forum, Kolkata, State Consumer Forum, Jaipur, District Consumer Forum, Faridabad, District Consumer Forum, Ahmedabad, District Consumer Forum, Bharuch, District Consumer Forum, Hyderabad, District Consumer Forum, Thane, District Consumer Forum, Junagadh, District Consumer Forum, Jamshedpur, District Consumer Forum, Rajkot, District Consumer Forum, Meerut, District Consumer Forum, Valsad, District Consumer Forum, Guwahati, District Consumer Forum, Godhara, District Consumer Forum, Nadiad, Workmen Compensation Commissioner, Bellary, District Consumer Forum, Ambala, District Consumer Forum, Gandhinagar, District Consumer Forum, Rewari, District Consumer Forum, Delhi, District Consumer Forum, Chennai, District Consumer Forum Kanpur, District Consumer Forum, Sambalpur and State Consumer Forum, Delhi. All these matters are pending disposal.

ICICI Prudential Life Insurance Company Limited (ICICI Prulife)

1. Twelve cases have been filed against ICICI Prulife with claims aggregating approximately Rs. 14.37 lakhs. These claims have been made by different policyholders and deal with various issues relating to life insurance policies. These claims have been made in various forums including District Consumer Disputes Redressal Forum, Mylapore, Chennai, Consumer Disputes Redressal Forum-I, Union Territory Chandigarh, Court of Administrative Civil Judge, Tis Hazari Courts, Delhi, District Consumer Disputes Redressal Forum, Ludhiana, District Consumer Disputes Redressal Forum, Panipat, High Court, New Delhi, Office of Insurance Ombudsman, Delhi and Rajasthan IRDA, City Civil Court, Bangalore, City Civil Court, Hyderabad and District Consumer Disputes Redressal Forum, New Delhi. All these matters are pending disposal.

Other Group Companies

Prudential ICICI Mutual Fund, the asset management company of which is Prudential ICICI Asset Management Company Ltd (Prudential ICICI AMC or AMC) and trustee of which is Prudential ICICI Trust Limited

1. Kwaliti Ice Cream India Pvt. Ltd (Investor), one of the investors under Prudential ICICI Growth Plan, had made investments to the tune of Rs. 50 lakhs under section 54EB, I.T. Act. In accordance with the legal opinion of the counsel of the Fund, the Fund was of the view that investments under section 54EB, I.T. Act read with CBDT notification number 10247 dated December 19, 1996 and the offer document of Prudential ICICI Growth Plan, the units had to be locked-in for a period of seven years from the date of investment. However, the Investor disputed this stand and filed a petition against Prudential ICICI Asset Management Company Limited as one of the respondents in the Delhi High Court seeking the direction of the Court for premature redemption of units. SEBI vide its order dated September 4, 2000, rejected the petitioner's claim.

The Investor subsequently approached the Securities Appellate Tribunal (Tribunal) seeking the release of money due upon the redemption of units and payment of interest thereon. The matter was heard by the Tribunal which dismissed the petition. The Investor, once again, filed a writ in the Delhi High Court (number. 1794 of 2000) challenging the order of the Tribunal and for release of its investment with interest @15% p.a. This matter is listed before Delhi High Court for final arguments in the regular hearing list.

2. A warning letter was issued by SEBI on July 14, 1999 for lack of due diligence observed in the filing of the soft copy of the offer document of Prudential ICICI Gilt Fund.
3. A warning letter was issued by SEBI on January 5, 2000 as the draft offer document of Prudential-ICICI Technology Fund did not disclose the scheme specific risk factors as required in accordance with the standard offer document and one NAV figure was incorrect for April 1999. Prudential ICICI AMC subsequently rectified the error.
4. A warning letter was issued by SEBI on July 27, 2000 for not disclosing necessary supporting figures for calculation of returns and for not compounding figures for returns since inception in

advertisements published in newspapers in the case of Prudential-ICICI Income Plan. All the investors who invested in the plan after the said advertisement were given an option to exit without any exit load. Prudential ICICI AMC subsequently ensured compliance.

5. A warning letter was issued by SEBI on September 10, 2001 with respect to the inspection report for the period April 1, 1999 to March 30, 2000, for errors of omission in various reports submitted to SEBI and for grossly overstating the annualized return for the Fast Moving Consumer Goods (FMCG) Plan in the offer document of the Gilt Fund, under the condensed financial information for the period ended June 30, 1999. Further the Gilt Fund was also issued a deficiency letter by SEBI for printing/ reporting errors in accounting statements for the year ended March 31, 2000 pointed out by the auditors in their inspection report.
6. SEBI vide its letter dated November 27, 2003, has advised the AMC that while issuing the performance based advertisements, the performance percentages should not be used in bold font in headlines in the advertisements. This advice was specifically with reference to the advertisement for “Prudential ICICI Power” Scheme.
7. A warning letter was issued by SEBI to Prudential ICICI Mutual Fund on June 22, 2004 with respect to the inspection report for the period from April 1, 2000 to June 30, 2002, where the auditors were of the opinion that a prior approval of the board of directors of the trust company and the AMC was not obtained before making the investment in unrated debt securities. The AMC has replied to the letter.
8. Mr. K.S. Mehta, a director of Prudential ICICI-AMC, has been made party to cases relating to dishonour of cheques issued by Paam Pharmaceuticals Limited in which he was a director. The dishonour occurred after Mr. Mehta had resigned from the board of directors of Paam Pharmaceuticals Limited. The matters are pending.

IV. Other cases/criminal complaints including claims and complaints against working directors

Litigations against Directors.

1. A suit (3874 of 1999) was filed against Mardia Chemicals Limited (MCL) in the High Court of Judicature at Bombay by ICICI for recovery of an outstanding amount of approximately Rs. 135 crores. Thereafter, in 2002, we issued a notice under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Ordinance, 2002 demanding payment of an outstanding amount of Rs. 293 crores. Subsequently, a suit (number 3189 of 2003) was filed against Mr K. V. Kamath and Ms. Lalita D. Gupte by MCL in the City Civil Court at Ahmedabad for a purported amount of Rs. 5631 crores. An application has been filed for the dismissal of the suit on the grounds of limitation, jurisdiction and no cause of action existing against Mr. Kamath and Ms. Gupte.
2. A consumer complaint (complaint number 349 of 2003) was filed against our Managing Director and Chief Executive Officer and all other working directors before the District Consumer Disputes Redressal Forum, Kolhapur, by Mr. Pradeep Balaso Kole claiming compensation for a sum of Rs. 11,772/- for taking back possession of his two wheeler without giving him proper notice. The matter is pending disposal.

Criminal and Miscellaneous Cases against us and / or our Directors

1. A criminal complaint (number 614 of 2001) was filed in the year 2001 against us by Pelicorp Limited upon termination of the Direct Selling Agent Agreement between itself and us pursuant to certain RBI guidelines. We filed a criminal petition for quashing the complaint in the Karnataka High Court, which has granted an interim stay in the matter. The matter is pending disposal.
2. A criminal complaint (number 1648 of 2001) was filed against us by Rajiv Aggarwal before the Chief Judicial Magistrate, Jaipur for the wrongful dishonour of certain cheques. We have filed a revision petition in the Rajasthan High Court at Jaipur for quashing the order passed by the Magistrate. The High Court has stayed the proceedings at the Magistrate's court. Final arguments in the revision are yet to take place.

3. A criminal complaint (number 353 of 2003) was filed before the Additional Chief Metropolitan Magistrate, New Delhi by Mr. Anoop G. Chaudhury against our Managing Director and Chief Executive Officer for sale of a vehicle which had been involved in an accident. The investigation officer has filed the investigation report in the Court. The matter is pending hearing.
4. A criminal complaint (number 64 of 2002) was filed against 36 individuals including Mr. K. V. Kamath Managing Director and Chief Executive Officer before the Court of the Chief Metropolitan Magistrate, Patiala House, New Delhi by Mr. M. M. Sehgal, the promoter of Sehgal Papers Limited (SPL). ICICI as part of a consortium of lenders led by IFCI Limited as lead institution had extended financial assistance to SPL. No summons have been issued to ICICI so far. Only a copy of the complaint filed by the complainant has been served on ICICI recently.
5. A criminal complaint (number 1356 of 2003) was filed against Ms. Urmil Gupta and Mr. Jyotin Mehta, General Manager and Company Secretary, before the Chief Judicial Magistrate, Rampur, by Mr. Sudeep Kumar Aggarwal alleging inter alia, that shares held by him had been illegally transferred to Ms. Urmil Gupta. Summons had been issued to Mr. Mehta in this regard. We have filed a criminal revision before the District and Sessions Judge, Rampur, challenging the issuance of summons to Mr. Mehta. The orders issuing summons passed by Chief Judicial Magistrate, Rampur, have been stayed by the District and Sessions Judge, Rampur.
6. Five criminal complaints (numbers 9419/S/2002 to 9423/S/2002) were filed against us before the 39th Court of Presidency Metropolitan Magistrate at Mumbai by the Municipal Corporation of Greater Mumbai (BMC) under sections 328 and 328-A read with sections 471 and 472 of the BMC Act thereof on grounds of non-payment of licence fees for the illuminated signboards at its ATM centres. We filed a writ petition (number 2377 of 2002) in the High Court of Judicature at Bombay challenging the applicability of the provisions of Sections 328 and 328-A of the BMC Act in respect of the ATM centres. The writ petition was dismissed. In appeal, we filed a special leave petition (special leave petition number 24215 of 2002) in the Supreme Court. The Supreme Court has granted a stay against all prosecutions and proceedings by BMC in this regard. The Metropolitan Magistrate stayed the proceedings before it till the final disposal of this special leave petition.

Further, the BMC has also filed two similar complaints (criminal complaint numbers 88/M/2003 and 89/M/2003) before the 27th Court of Presidency Metropolitan Magistrate at Mumbai, against us. We have submitted a copy of the Supreme Court's order to the Magistrate. The matter is pending disposal.

7. A criminal complaint (number 1472 of 2002) was filed against ICICI Home Finance and also against certain of our directors before the Metropolitan Magistrate's 26th Court at Borivli, Mumbai, by Ms. Dipali Gopani for alleged wrongful recovery of Rs. 3,150/- and non-return of title deeds. The complaint has been subsequently withdrawn against certain directors but is now pending against Ms. Lalita D. Gupte and Ms. Kalpana Morparia. An application for the discharge of the directors has been filed in the trial court which is pending disposal.
8. An application (number 752 of 1997) was filed against ICICI Infotech Services Limited in the Consumer Redressal Forum, Hyderabad District, by a shareholder of ICICI (Shri. M.P.Jain) regarding transfer of five shares in spite of a stop transfer request having been made by him which has since been disposed off. A criminal complaint was also filed in the year 2001 against ICICI and ICICI Infotech Limited before the 9th Metropolitan Magistrate, Secunderabad by the shareholder. The Magistrate has referred the matter to Marredpally Police Station, Secunderabad for investigation. ICICI filed a petition in the Andhra Pradesh High Court for quashing the criminal complaint filed before the 9th Metropolitan Magistrate, Secunderabad and the High Court has granted a stay on the investigations being undertaken by the police department till further orders.
9. A criminal complaint was filed before the Judicial Magistrate First Class, Bhiwandi by a car insurance policy holder for the alleged non-cognizable offences of criminal intimidation etc., against three officers of ICICI Lombard General Insurance Company Limited (Company). Mr. K. V. Kamath, our Managing Director and Chief Executive Officer has also been named as an accused in the complaint though no specific allegations are made against him except describing him as one of

the officers of the Company and making an allegation that all four officers conspired in committing the offences. Mr. K.V Kamath is a non executive director on the board of the Company. A writ petition was filed before the High Court of Judicature at Bombay seeking a quashing of the criminal complaint on the grounds, inter alia, that it is false and baseless and the facts are contradictory. The High Court passed an order, staying the proceedings before the Judicial Magistrate First Class, Bhiwandi. Thus, all the proceedings in criminal complaint number 2887 of 2002 filed against Mr. K.V. Kamath and others have been stayed.

10. A debenture holder of Lloyds Finance and Investment Company Limited filed a criminal complaint (number 2064(C) of 2000) for non receipt of interest and redemption amount in the Court of the Chief Judicial Magistrate, Patna against ICICI and its officials and also impleaded Mr. K.V. Kamath, Managing Director and Chief Executive Officer. ICICI filed a criminal revision petition before the Sessions Judge, who has admitted the revision application and called for the records from the Magistrate Court. Hence, the proceedings in the Magistrate Court have been stayed. The matter is pending disposal.
11. One of the debenture holders of Modern Denim Limited (MDL) filed a criminal complaint non receipt of interest and redemption amount (number 2175(C) of 2001) against ICICI and its officials and also impleaded Mr. N Vaghul, presently our Chairman and the erstwhile Chairman of ICICI. ICICI filed a criminal revision petition before the Sessions Judge, who has admitted the petition and called for the records from the Magistrate Court. The proceedings in the Magistrate Court have been stayed. The matter is pending disposal.
12. A criminal complaint has been filed (number C/3606/2003) before the Metropolitan Magistrate, Kolkata against Mr. K.V. Kamath, Managing Director and Chief Executive Officer for violation of the Equal Remuneration Act 1976 ICICI Bank is taking up the matter with the concerned authorities for withdrawing the prosecution in view of compliance with the requirement. The matter is pending disposal.
13. Seema Mungale has filed a criminal complaint (number 1876 of 2003) against us and all our Directors alleging that ICICI Bank has filed a false criminal complaint under section 138 of Negotiable Instruments Act, against her by making false statements. We filed a writ petition in the High Court of Judicature at Bombay for quashing the complaint against the Directors and an interim order has been passed staying the criminal proceedings in the Magistrate's court at Pune against eleven Directors. A writ petition for quashing of the complaint has been filed. The criminal case before the Magistrate at Pune and is pending disposal.
14. Mr. Deobrat Prasad has filed a criminal complaint (number 153 of 2004) the court of the Judicial Magistrate First Class, Jamshedpur implicating, *inter alia* Mr. K. V. Kamath, our Managing Director and Chief Executive Officer alleging conspiracy with other accused for taking forcible possession of his vehicle. We have filed an application in the High Court of Jharkhand at Ranchi for quashing the proceedings in the said criminal complaint. The said criminal complaint has been stayed by the Jharkhand High Court The matter is pending disposal.
15. Three criminal complaints (numbers 2412/S/2003, 2413/S/2003 and 2414/S/2003) were filed in the year 2000 against ICICI before the Metropolitan Magistrate, Mumbai, under the Maharashtra Private Security Guards Act, 1981 on the grounds that security guards were engaged from exempted security agencies even though ICICI was registered with the Security Guards' Board. The earlier notices in this regard were replied to stating that registration was only in respect of residential quarters for employees and not in respect of other establishments. The complaints are pending disposal.
16. Two criminal complaints (numbers 2415/S/2003 and 2416/S/2003) were filed in the year 2000 against us before the Metropolitan Magistrate, Mumbai, under the Maharashtra Private Security Guards Act, 1981, on the grounds that security guards have been engaged from unexempted security agencies. We have taken a stand that the exemption of security agencies continued on account of a previous High Court Order in another writ petition filed by certain security agencies. The complaints are pending disposal.
17. Two criminal complaints (numbers 2347/S/2003 and 2349/S/2003) were filed against us before the Metropolitan Magistrate, Mumbai, under the Maharashtra Private Security Guards Act, 1981 on the grounds that security guards have been engaged from unexempted security agencies. We have replied stating that the

security guards were deployed on trial basis and are being replaced by armed guards. The complaints are pending disposal.

18. A criminal complaint (number 39 of 2002) was filed against ICICI in the Industrial Court by the Union of Security Guards, of its corporate office at Bandra-Kurla Complex, Mumbai for regularising and for claim for difference in wages on the ground that ICICI employed security guards. On dismissal of the case, the said Union preferred an industrial dispute and thereafter the dispute has been referred to the Industrial Tribunal. The reference is pending disposal.
19. A writ petition (number 6813 of 2003) was filed against us in the High Court of Judicature at Bombay by the Union of security guards against the engagement of security guards by us despite registration with the Security Guards Board. A detailed reply has been filed, in particular, pointing out that that the registration had been obtained by ICICI only in respect of residential quarters for employees. The writ petition is pending disposal.
20. A writ petition has been filed by the Maharashtra Suraksha Rakshak Aghadi (number 2115 of 2004) challenging the Notification dated August 25, 2003 read with a Corrigendum dated July 5, 2004 granting exemption to security guards employed with Premier Security Services (PSS) and provided at our establishments. We are in the process of filing our reply.
21. A writ petition (number 2181 of 04) was also filed by Rajiv Aggarwal in the Rajasthan High Court at Jaipur against SEBI and ICICI Bank *inter alia* seeking directions against SEBI to initiate appropriate proceedings against us for failure to disclose details of the criminal proceedings filed by him in the prospectus. ICICI Bank has forwarded its comments to the counsel to prepare draft reply. As yet the matter is at the stage of service of notice.

MATERIAL DEVELOPMENTS

To our knowledge, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any circumstances that materially adversely affect or are likely to affect our profitability or the value of our assets or our ability to pay our liabilities within the next twelve months.

In accordance with SEBI requirements, we and Lead managers will ensure that investors are informed of material developments until as the grant of listing and trading permission by the Stock Exchanges.

OTHER REGULATORY DISCLOSURES

Stock Market Data for our Equity Shares

See “Certain Corporate Matters” on page 110.

Particulars Regarding Public Issues during the Last Five Years

See “Statutory and Other Information - Previous Rights and Public Issues” on page 344.

Companies Under the Same Management

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

Changes in Memorandum of Association

Date	Details of Change
10/09/1999	The name of the company was changed from ICICI banking corporation Limited to ICICI Bank Limited
11/06/2001	The objects clause modified to facilitate the company to establish, maintain and opearte currency chests and small coins depot
03/05/2002	Increase in authorised capital from Rs. 300 crores to Rs. 2,250 crores pusuant to the scheme of Amalgamation of ICICI Limited, ICICI Capital services Limited and ICICI Personal Financial Services Limited with ICICI Bank
16/01/2003	Reduction in authorized capital from Rs. 2,250 crores to Rs. 1,900 crores
14/05/2004	Note (*)

(*)

I. Clause III (A) be modified and amended as follows:

(a) By inserting the following Clause as Clause 7A after Clause 7:

7A. To securitise, purchase, acquire, invest in, transfer, sell, dispose of or trade in any financial asset whatsoever, receivables, debts, whether unsecured or secured by mortgage of immoveables or charge on movables or otherwise, securitised debts, asset or mortgaged backed securities or mortgage backed securitised debts and to manage, service or collect the same and to appoint managing, servicing or collection agent therefor and to issue certificates or other instruments in respect thereof to public or private investors and to guarantee and insure the due payment, fulfillment and performance of obligations in respect thereof or in connection therewith and to promote, establish, undertake, organise, manage, hold or dispose of any special purpose entity, body corporate or vehicle for carrying on all or any such activities.

(b) By deleting Clause III(A)(18) and replacing it with the following:

18. To provide credit, charge, debit, saving, investment or other facilities to any person or persons (whether individuals, firms, companies, bodies, corporate or other entities), whether in the private or public sector by issuance of credit, charge, debit, stored value, prepaid, smart or other cards whether private label, co-branded, affinity or otherwise and to establish and maintain card acceptance network (including physical, electronic, computer or automated machines network) and make payments or provide settlement service to the merchants or issuing banks on account of usage by the cardholders of the credit, charge, debit, stored value, prepaid, smart or other cards whether private label, co-branded, affinity or otherwise.

(c) By inserting the following Clauses after Clause III(A)(20) as Object Clause Nos. 20A, 20B, 20C, 20D, 20E, 20F, 20G, 20H, 20I, 20J, 20K:

20A.To carry on the business of assisting industrial infrastructure and commercial enterprises :

in general by

- i) assisting in the creation, expansion and modernisation of such enterprises;
- ii) encouraging and promoting the participation of capital, both internal and external in such enterprises;

and in particular by

- i) providing finance in the form of long, medium or short term loans or equity participations ;
- ii) sponsoring and underwriting new issues of shares and securities ;
- iii) guaranteeing loans from other investment sources ;
- iv) making funds available for re-investment by revolving investments as rapidly as prudent ;
- v) performing and undertaking activities pertaining to leasing, giving on hire or hire-purchase, bill marketing, factoring and related fields;

20B To lend money, with or without interest, (with or without security) for any maturity, in any form whatsoever including by way of loans, advances, instalment credit, trade finance, hire or otherwise to any person or persons (whether individuals, firms, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector, for any purpose whatsoever, including agriculture, industry, infrastructure, export-import, housing, consumer or others.

20C To lend money, with or without interest, (with or without security) for any maturity, in any form whatsoever, to any person or persons (whether individuals, firms, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector, for :

- (i) Purchasing or acquiring any freehold or leasehold lands, estate or interest in any land or property,
- (ii) Taking demise for any term or terms of years of any land or property, or
- (iii) Construction, erection, purchase, extension, alteration, renovation, development or repair any house or building or any form of real estate or any part or portion thereof.

20D To provide financial assistance to any person or persons (whether individuals, firms, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector for any purpose whatsoever by means of leasing, giving on hire or hire-purchase, lending, selling, reselling, or otherwise disposing of all forms of immoveable and moveable properties and assets of any kind, nature or use, whatsoever and for the purpose, purchasing or otherwise acquiring dominion over the same, whether new or used.

20E To purchase, acquire, sell, dispose of, deal or trade in bullion and specie and/or to issue, subscribe to, acquire, purchase, sell, dispose of, deal or trade in derivative financial instruments including futures, forwards, options, swaps, caps, collars, floors, swap options, bond options or other derivative instruments whether traded on any market or exchange or otherwise, for proprietary trading activities or for any person or persons (whether individuals, firms, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector.

20F To promote, organize, manage or undertake the activities of insurance intermediaries including insurance or reinsurance brokers, consultants, surveyors, loss assessors, loss control engineers,

risk managers, actuarial analyst and to promote, organize, manage or undertake, marketing, trading, distribution or servicing of insurance and assurance products of all kinds, whether life or general; financial, investment or other products including (without limitation) securities, stocks, shares, debentures, bonds, units, certificates or services offered by the Company and/or by any person, firm, company, body corporate, mutual fund, Government, State, public body or authority, supreme, municipal, local or otherwise, through the Company's branches or offices.

- 20G To promote, organise or manage funds or investments on a discretionary or non-discretionary basis on behalf of any person or persons (whether individual, firms, companies, bodies, corporate, public body or authority, supreme, local or otherwise, trusts, pension funds, offshore funds, charities, other associations or other entities), whether in the private or public sector.
- 20H To act as Trustee of any deeds, constituting or securing any debentures, debenture stock, or other securities or obligations and to undertake and execute any other trusts, and also to undertake the office of or exercise the powers of executor, administrator, receiver, treasurer, custodian and trust corporation.
- 20I To provide financial services, advisory and counselling services and facilities of every description capable of being provided by share and stock brokers, share and stock jobbers, share dealers, investment fund managers and to arrange and sponsor public and private issues or placement of shares and loan capital and to negotiate and underwrite such issues.

II. Clause III (B) be modified and amended by:

(a) By deleting Clause III (B)(61) and replacing it with the following:

- 61. To do all or any of the above things and all such other things as are incidental or as may be thought conducive to the attainment of the above objects or any of them in India or any other part of the world either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others and either by or through agents, contractors trustees or otherwise and to do all such things as are incidental or conducive to the attainment of the above objects.

(b) By inserting the following Clauses after Clause III(B)(60) as Object Clause Nos. 60A, 60B and 60C:

- 60A To develop, improve, design, software and programme products of any and all descriptions in connection with or incidental or conducive to or in furtherance of the attainment of any of the objects of the Company.
- 60B To appoint trustees (whether individuals or corporations) to hold securities on behalf of and to protect the interests of the Company.
- 60C To promote, sponsor, organise, manage or undertake events, exhibitions, conferences, lectures, seminars, printing, publication or distribution of any books, report, literature, newspapers, publicity or other materials in connections with or incidental or conducive to or in furtherance of the attainment of any of the objects of the Company.

Mechanism for Redressal of Investor Grievances

Status of complaints received from SEBI

As on, October 6, 2004, 3 complaints were pending with SEBI which pertain to the public issue of our Equity shares.

Overall status of Investor Grievances

Opening balance of the pending complaints as on October 1, 2004 was 176. Total number of complaints received till October 6, 2004 was 96. 176 complaints were attended to and 96 complaints were pending as on October 6, 2004.

Investor grievances will be settled expeditiously and satisfactorily by the Company. The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of despatch of Letters of Allotment/Share Certificates/Refund Orders to enable the investors to approach the Registrar for redressal of their grievances.

A separate cell has been set up for attending to complaints received through SEBI, Stock Exchanges and other statutory bodies and all responses are given in their prescribed formats.

All grievances relating to the Issue may be addressed to the Registrar giving full details such as name, address of the applicant, application number, number of Bonds applied for, amount paid on application and the bank branch/collection centre where the application was submitted.

Disposal of Investor Grievances

The average time required by the Company/Registrar for the redressal of routine investor grievances shall be 10 days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company/Registrar would strive to redress these complaints as expeditiously as possible.

Investor can also call on 24 hours call centre (022 - 2830 7777) for their queries.

All investors are hereby informed that the Company has appointed a Compliance Officer (not being an "Officer in Default" under Section 5(f) of the Act) who may be contacted in case of any pre-issue/post-issue related problems.

We have appointed Mr. Jyotin Mehta as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems. He can be contacted at: ICICI Bank Limited, ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051. Tel: 91-22-2653 1414; Fax: 91-22-2653 1122; Email: investor@icicibank.com

Details of our borrowings

For details of our borrowings, please see "Business - Funding" on page 89.

Specific Disclosures

Share Capital

	(Rs. in crores)
	As on June 30, 2004
Equity Share Capital (1)	731.39
Preference Share Capital (2)	350.00
Share Premium Account (3)	3,883.61

Note

- Includes Rs. 392.67 crore for shares issued to shareholders of ICICI on amalgamation.
- At June 30, 2004, preference share capital represents face value of 350 preference shares issued to preference shareholders of ICICI on amalgamation redeemable at par on April 20, 2018. 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
- Includes
 - Rs.2877.96 crore (Net of share premium in arrears of Rs. 63.11 crore) consequent to public issue vide prospectus dated April 12, 2004.
 - Rs.188.79 crore on the exercise of the green shoe option.
 - Rs. 19.84 crore on exercise of employee stock options.
 - Share issue expenses amounting to Rs.55.31 crore, written-off from the share premium amount as per the object of the issue.

ACCOUNTING RATIOS

Year ended March 31

	2000	2001	2002	2003	2004
Earning Per Share (Rs.)	6.38	8.13	11.61	19.68	26.66
Book value per share (Rs.)	57.41	59.11	101.92	113.10	127.27
Return on Average Net Worth (%)	30.14	12.98	17.75	18.31	22.15
Interest Service Coverage Ratio (ISCR) (1)	1.33	1.31	1.37	1.36	1.38

(1) Formula for calculation of ISCR

ISCR = (Net profit after tax + Interest expense + provision for doubtful debts and other non cash charges including depreciation on assets) / Interest Expense

(Non-cash charges comprise provision for standard, bad & doubtful debts, depreciation, appreciation/depreciation on investments, provision for contingencies & others and loss on sale of fixed assets)

Computation of 'Debt-Equity ratio'

	March 31, 2003	March 31, 2004
Debt Equity Ratio (1) and (2)	4.28	3.44

(1) Formula for calculation of Debt/Equity Ratio:-

Debt/Equity Ratio = Long term debt (after reducing current maturities i.e. amount maturing within one year)/Total Equity

(2) Total equity as on March 31, 2003 and March 31, 2004 includes preference share capital of Rs. 350 crores.

SERVICING BEHAVIOUR

There has been no default in meeting statutory dues, institutional dues and dues towards payment of interest or principal on due dates to holders of Debentures, Bonds, Fixed Deposits and Preference Shares.

ACCOUNTING POLICIES

The accounts are prepared in accordance with accounting principles generally accepted in India. The detailed Accounting Policies are disclosed under the "Auditors' Report" in Part II of this Prospectus. There has been no change in such accounting policies save as stated in the Auditors' Report as mentioned in Part II of the Prospectus.

Part II

A. GENERAL INFORMATION

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary, the Auditors, Solicitors and Advocates, Legal Advisors to the Issue and Bankers to the Issue; and (b) Lead Managers to the Issue, Advisors to the Issue, Marketing Co-ordinator, Trustees for the Bondholders and Registrars to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for Registration.

M/s. S.B. Billimoria & Co., Auditors of the Company, have given their written consent to the inclusion of their Report in the form and context in which it appears in the Prospectus and such consent and report have not been withdrawn up to the time of delivery of the Prospectus for Registration.

EXPERT OPINION

Save as stated elsewhere in the Prospectus, the Company has not obtained any expert opinion.

ALLOTMENT/REFUND

The Board of Directors/Committee of Directors of the Company reserve, in their absolute and unqualified discretion and without assigning any reason thereof, the right to reject any application in whole or in part. The unutilised portion of the application money will be refunded to the applicant by an A/c Payee cheque/demand draft. In case the cheque payable at par facility is not available, ICICI Bank reserves the right to adopt any other suitable mode of payment.

The Company shall credit the allotted securities to the respective beneficiary accounts/despatch the Letter(s) of Allotment or Bond Certificate(s)/Letter(s) of Regret/Refund Orders in excess of Rs.1,500/- , as the case may be, by Registered Post/Speed Post at the applicant's sole risk, within 10 weeks from the date of closure of the Issue. Refund Orders up to Rs. 1,500/- will be sent under certificate of posting. Further,

- a) as far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of the Issue;
- b) it shall pay interest @15 per cent per annum if the allotment has not been made and/or the Refund Orders have not been despatched to the investors within 30 days from the date of the closure of the Issue, for the delay beyond 30 days.

The Company will provide adequate funds to the Registrars to the Issue, for this purpose.

RETENTION OF OVERSUBSCRIPTION

The Company is making a Public Issue of Unsecured Redeemable Bonds in the nature of Debentures aggregating Rs. 4000 crore to be raised in one or more tranches having an Over Subscription Option, as per SEBI Guidelines.

BASIS OF ALLOTMENT (In the event of the Issue being oversubscribed, the Issuer, Lead Manager and the Registrar to the Issue, in consultation with The Stock Exchange, Mumbai will do the allotments in the following manner:

1. Full and firm allotment to all the valid applicants under the Tax Saving Bond and 30% Tax Saving Bond/ Small Taxpayers Bond. The balance amount after this firm allotment ('net offer') would be made available for allotment to investors who have applied for the other categories of Bonds, i.e. Encash Bond, Regular Income Bond, Monthly Income Bond, Money Multiplier Bond, Floating Rate Bond and Children Growth Bond.

2. (a) A minimum of 70 per cent of the net offer of Bonds shall initially be made available for allotment to valid individual applicants (for basis of allotment, "Individual applicants" would include Individual, *Karta* of Hindu Undivided Family, Minor and NRIs) who have applied for allotment of 50 or less than 50 Bonds (not including Tax Saving Bond and 30% Tax Saving Bond/ Small Taxpayers Bond).

In case of undersubscription in category 2(a), the unsubscribed portion will be added to category 2(b).

In case of oversubscription in category 2(a), allotment shall be on a proportionate basis and the balance will be considered for retention under the greenshoe option as hereafter referred.

(b) The balance 30 per cent of the net offer of Bonds shall be made available for allotment to individuals applying for more than 50 Bonds (not including Tax Saving Bond and 30% Tax Saving Bond/ Small Taxpayers Bond) and, to all other categories of investors as follows:

- (i) 67 per cent of the balance 30 per cent as mentioned above, shall initially be made available for allotment to private/public religious/charitable trusts and to any other investor requiring approved security status for making investments.

In case of undersubscription in category 2(b)(i), the unsubscribed portion will be added to category 2(b)(ii).

In case of oversubscription in category 2(b)(i), after adjusting for undersubscription in 2(b)(ii), if any, allotment will be in ascending order of application amount (i.e., smallest application allotted first) and the balance will be considered for retention under the greenshoe option as hereafter referred.

- (ii) The balance shall be made available for allotment to all other investors.

The unsubscribed portion in 2(b)(ii) if any, will be added to 2(b)(i). In case of oversubscription in category 2(b)(ii) after adding for undersubscription in 2(b)(i) allotment will be on proportionate basis.

(c) The unsubscribed portion of the offer in either 2(a) or 2(b) may be made available for allotment to applicants in the other category, if so required.

Notes

1. The Over Subscription Option would be exercised to the extent of oversubscription in category 2(a) and 2(b)(i) as detailed above. However, in case subscription for the Tax Saving Bond and 30% Tax Saving Bond/ Small Taxpayers Bond equals to or exceeds the Issue Size, the greenshoe option would be exercised to the extent of oversubscription in category firstly for (1) and thereafter if available for 2(a) and 2(b)(i) above.
2. After allotment to Tax Saving Bonds and 30% Tax Saving Bond/ Small Taxpayers Bond, if oversubscription in category 2(a) and 2(b)(i), together exceed the balance amount permitted to be retained as per DFI guidelines, allotment for category 2(a) and 2(b)(i) will be done on a proportionate basis.
3. The exercise of the Oversubscription option in 2(b)(ii) would be at the discretion of ICICI Bank.
4. Allotment to NRIs will be made subject to the applicable ceiling as prescribed by RBI Guidelines notwithstanding anything stated elsewhere in the prospectus.

Method of Proportionate Allotment

Allotment will be made on a proportionate basis in lots of one Bond as given below:

- (a) The total amount to be allotted under each category as a whole shall be arrived at based on the method explained above.
- (b) The total amount to be allotted to the successful allottees will be arrived at on a proportionate basis (i.e., total amount applied for multiplied by the inverse of the oversubscription ratio for that category).

- (c) The Bonds of each type to be allotted to successful allottees will be arrived at on a proportionate basis [i.e. total amount to be allotted multiplied by (amount invested per type of Bond/total application amount)] rounded off to the nearest multiple of one Bond. Balance amount, if any, would be refunded.
- (d) For applications where the proportionate allotment works out to less than one Bond the allotment will be made as follows:
 - (i) each successful applicant shall be allotted one Bond; and
 - (ii) the successful applicants out of the total applicants for that category shall be determined by the draw of lots in such a manner that the total amount allotted in that category to all successful applicants is equal to the total amount to be allotted under that category.
- (e) If the proportionate allotment to an applicant works out to a number that is not a multiple of Bonds, the applicant would be allotted Bonds by rounding off to the nearest multiple of one.

ISSUE OF CERTIFICATES

Bond Certificate(s) or in case the Company issues Letter(s) of Allotment, the Bond Certificate(s) relating thereto will be despatched at the risk of the applicant, through Registered Post/Speed Post, within three months from the closure of the Issue, or such extended time as may be permitted by the Company Law Board as per the provisions of the Act, in exchange for Letter(s) of Allotment issued, if any.

INTEREST ON DELAYED REFUND

Payment of interest @ 15 percent p.a. on the excess application money will be made to the applicant for the delayed period in refund, if any, beyond 10 weeks from the date of the closure of the Issue, as per the guidelines issued by the Government of India, Ministry of Finance vide letter No.F/8/6/SE/79 dated July 21, 1983 and as amended vide letter No.F/14/2/SE/85 dated September 27, 1985.