

SCHEDULE 18**Significant Accounting Policies and Notes to Accounts****OVERVIEW**

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

Basis of preparation

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

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

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

A. SIGNIFICANT ACCOUNTING POLICIES**1. Revenue Recognition**

- a) Interest income is recognised in the Profit and Loss Account as it accrues except in the case of non-performing assets where it is recognised upon realization as per the prudential norms of the Reserve Bank of India. Accrual of income is also suspended on certain other loans, including projects under implementation where the implementation has been significantly delayed and in the opinion of the management significant uncertainties exist as to the final financial closure and/or date of completion of the project.
- b) Income from hire purchase operations is accrued by applying the interest rate implicit on outstanding investments.
- c) Income from leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period. Leases effected from April 1, 2001 have been accounted as per Accounting Standard 19 on "Accounting for leases" issued by the Institute of Chartered Accountants of India ('ICAI').
- d) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

- e) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- f) Fees received as a compensation of future interest sacrifice is amortised over the remaining period of the facility.
- g) Arranger's fee is accrued proportionately where more than 75% of the total amount of finance has been arranged.
- h) All other fees are recognised upfront on their becoming due.
- i) Income arising from sell down of loan assets is recognised upfront in excess of the future servicing cost of the assets sold and projected delinquencies and included in Interest income.
- j) Guarantee commission is recognised over the period of the guarantee.

2. Investments

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

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

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

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

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

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

- d) Costs such as brokerage, commission etc., pertaining to investments, paid at the time of acquisition, are charged to revenue.
- e) Broken period interest on debt instruments is treated as a revenue item.

- f) Profit on sale of investment in the 'Held to Maturity' category is credited to the revenue account and thereafter is appropriated, (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Such appropriation is carried out at the year end.

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

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

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

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

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

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

4. Fixed assets and depreciation

- a) Premises and other fixed assets are carried at cost less accumulated Depreciation. Depreciation is charged over the estimated useful life of a fixed asset on a "straight

line" basis. The rates of depreciation for fixed assets are:

Asset	Depreciation Rate
Premises owned by the Bank	1.63%
Improvements to leasehold premises	1.63% or over the lease period, whichever is higher
ATMs	12.50%
Plant and Machinery like Air conditioners, Xerox machines, etc.	10%
Furniture and Fixtures	15%
Motor vehicles	20%
Computers	33.33%
Others (including Software and system development expenses)	25%

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

5. Foreign Currency transactions

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

6. Accounting for Derivative Contracts

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

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

7. Employee Stock Option Scheme ("ESOS")



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

8. Staff benefits

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

9. Income Taxes

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

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

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

10. Translation of the Financial Statements of Foreign Representative Offices

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

B. NOTES FORMING PART OF THE ACCOUNTS

1. Information about Business and Geographical segments

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

- **Commercial Banking** comprising the retail and corporate banking business of the Bank.
- **Investment Banking** comprising the rupee and forex treasury of the Bank

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

	Business segments	Commercial Banking		Investment Banking		Total	
		Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
1.	Revenue (before profit on sale of shares of ICICI Bank Limited held by erstwhile ICICI Limited)	92,717.0	22,891.2	29,157.5	7,550.9	121,874.5	30,442.1
2.	Less: Inter segment Revenue	..	..	..	..	(8,515.6)	(3,176.2)
3.	Total Revenue (1) -(2)	..	..	..	..	113,358.9	27,265.9
4.	Operating Profit (i.e. Profit before unallocated expenses, extraordinary profit, and tax)	9456.0	4326.2	4346.1	1124.5	13,802.1	5,450.9
5.	Unallocated expenses	..	..	..	..	..	..
6.	Profit on sale of shares of ICICI Bank Limited held by erstwhile ICICI Limited	..	..	11,910.0	..	11,910.0	..
7.	Provisions (net) including Accelerated/Additional Provisions	17305.7	2709.9	602.4	(157.0)	17,908.1	2,552.9
8.	Profit before tax (4)-(5)-(6)-(7)	(7,849.7)	1,616.3	15,653.7	1,281.7	7,804.0	2,898.0
9.	Income tax expenses (net) / (net deferred tax credit)	..	..	..	..	(4,257.8)	315.0
10.	Net Profit (8)-(9)	..	..	..	..	12,061.8	2,583.0
Other Information							
11.	Segment assets	685,550.8	669,889.9	363,550.4	361,339.3	1,049,101.2	1,031,229.2
12.	Unallocated	..	..	..	..	19,018.5	9,870.0

	Business segments	Commercial Banking		Investment Banking		Total	
		Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
	assets						
13.	Total assets (11)+(12)	..	..	..	..	1,068,119.7	1,041,099.2
14.	Segment liabilities	800,361.9	742,014.9	267,757.8	297,536.3	1,068,119.7	1,039,551.2
15.	Unallocated liabilities	..	..	..	..	..	1,548.0
16.	Total liabilities (14)+(15)	..	..	..	..	1,068,119.7	1,041,099.2

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

2. Preference Shares

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

3. Employee Stock Option Scheme

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

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

Stock option activity

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

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

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

4. Subordinated debt

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

5. Fixed Assets and Depreciation

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

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

6. Investments

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

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

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

Repurchase Transactions

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

7. Deferred Tax

On March 31, 2003, the Bank has recorded net deferred tax asset of Rs. 4878.3 million, (2002 : Deferred tax liability of Rs. 1547.6 million) which has been included in other assets.

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

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

8. Related party transactions

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

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

The related party transactions can be categorised as follows:

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

[@] whole time directors of the Board and their relatives

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

The list of related parties is as follows:

Subsidiaries and Joint Ventures

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

Associates

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

9. Earnings Per Share (“EPS”)

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

The computation of Earnings per Share is set out below:

Rupees in million except per share data		
	March 31, 2003	March 31, 2002
Basic		
Weighted Average no. of equity shares Outstanding (Nos)	613,031,569	*222,510,311
Net Profit	12,061.8	2,583.0
Earnings per Share (Rs.)	19.68	11.61
Diluted		
Weighted Average no. of equity shares Outstanding (Nos)	613,750,295	* 222,510,311
Net Profit	12,061.8	2,583.0
Earnings per Share (Rs.)	19.65	11.61
Nominal Value per share (Rs.)	10.00	10.00

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

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

10. Assets under lease

10.1 Assets under operating lease

The future lease rentals are given in the table below:

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

10.2 Assets under finance lease

The future lease rentals are given in the table below:

Rupees in million	
Period	March 31, 2003
Total of future minimum lease payments	1,161.0
Present value of lease payments	818.1
Unmatured finance charges	342.9

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

11. Additional Disclosures

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

11.1 Capital Adequacy Ratio

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

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

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

11.2 Business/Information ratios

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

	Rupees in million	
	March 31, 2003	March 31, 2002
(i) Interest income to working funds (per cent)	9.07%	8.44%
(ii) Non-interest income to working funds (per cent)	1.91%	2.25%
(iii) Operating profit to working funds (per cent)	2.49%	2.14%
(iv) Return on assets (per cent)	1.13%	0.67%
(v) Business per employee (average deposits plus average advances)	112.0	*48.6
(vi) Profit per employee	1.1	*0.5
(vii) Net non-performing advances (funded) to net advances (per cent)	5.21%	5.48%

*based on weighted average number of employees

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

11.3 Maturity Pattern

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

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

Rupees in million

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

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

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

Rupees in million

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

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

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

Rupees in million

Maturity Buckets	Loans & Advances	Balances with banks and money at call and short notice	Deposits	Borrowings
1 to 14 days	341.3	2770.2	677.7	1,579.2
15 to 28 days	545.0	..	233.6	1.0
29 days to 3 months	1,202.8	..	1,063.9	6,620.9
3 to 6 months	2,003.3	..	1,610.2	8,591.3
6 months to 1 year	6,889.3	..	3,603.0	10,132.7

Maturity Buckets	Loans & Advances	Balances with banks and money at call and short notice	Deposits	Borrowings
1 to 3 years	17,575.2	..	7,026.7	9,834.9
3 to 5 years	11,553.8	..	0.7	13,099.4
Above 5 years	28,556.1	..	..	18,511.8
Total	68,666.8	2,770.2	14,215.8	68,371.2

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

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

Rupees in million

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

Notes

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

11.4 Advances

(i) Lending to sensitive sectors

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

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

Rupees in million

	March 31, 2003	March 31, 2002
Capital Market Sector*	1692.7	1,715.5
Real Estate Sector	20941.8	4,757.8
Commodities Sector	1,663.6	1,109.6

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

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

Rupees in million

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

(iii) Provision for NPAs

Rupees in million

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

(iv) Information in respect of restructured assets

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

Rupees in million

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

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

11.5 Investments

Rupees in million

	March 31, 2003		March 31, 2002	
	In India	Outside India	In India	Outside India
Gross value	370,454.5	356.7	380,232.1	142.9
Less: Provision for depreciation and Fair Value adjustments	15,917.2	271.0	21,442.5	21.7
Net value	354,537.3	85.7	358,789.6	121.2

Provision for depreciation on Investments

Rupees in million

	2003	2002
As on March 31, 2002	* 17,330.0	421.3
Add : Provision made during the year (including utilisation of fair value provisions)	(3,168.5)	17,135.8
Less : Transfer to Investment Fluctuation Reserve	..	160.0
Write-off during the year	..	67.1
As on March 31, 2003	14,161.5	17,330.00

* Excludes provision on Application Money Rs. 1166.1 million

11.6 Investments in equity shares and equity like instruments

Rupees in million

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

11.7 Investments in Jointly controlled entities

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

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

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

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

Rupees in million

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

Rupees in million

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

11.8 Risk category-wise country-wise exposure

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

Rupees in million

Risk Category	Exposure (net) as on March 31, 2003
Insignificant	3559.5
Low	205.9
Moderate	13.5
High	12.5
Total	3,791.4

11.9 Interest Rate Swaps

Rupees in million

Notional Principal	Hedging	29,730.0
	Trading	348,337.8
Fair Value	Trading	308.8
Associated Credit Risk	Trading	422.8
Market Risk (Trading Swaps)	In the event of 100 basis points rise in the interest rates, there will be a negative impact of Rs. 38.1 million on the swap book.	
Collateral	As per prevailing market practice, collateral is not insisted upon from counter party.	
Credit risk concentration (Trading Swaps)	Standard Chartered Grindlays Bank Rs. 246.7 million.	

12. Others

a. Credit Exposure to

	% age to Capital funds	% age to Total Exposure	% age to Capital funds	% age to Total Exposure
	As at March 31, 2003		As at March 31, 2002	
(a) Single Largest Borrower	22.3%	2.4%	21.4%	2.4%
(b) Largest Borrower Group	44.2%	4.8%	41.3%	4.5%
(c) Top ten Single Borrowers				
No.1	22.3%	2.4%	21.4%	2.4%
No.2	21.1%	2.3%	20.2%	2.2%
No.3	13.8%	1.5%	14.1%	1.5%
No.4	11.8%	1.3%	13.4%	1.5%
No.5	10.9%	1.2%	12.6%	1.4%
No.6	10.0%	1.1%	12.2%	1.3%
No.7	8.9%	1.0%	11.0%	1.2%
No.8	8.9%	1.0%	10.1%	1.1%
No.9	8.6%	0.9%	9.4%	1.0%
No.10	8.2%	0.9%	9.3%	1.0%
(d) Top ten Borrower Groups				
No.1	44.2%	4.8%	41.3%	4.5%
No.2	28.1%	3.1%	32.7%	3.6%
No.3	28.1%	3.1%	23.5%	2.6%
No.4	25.2%	2.7%	21.0%	2.3%
No.5	19.1%	2.1%	19.2%	2.1%
No.6	18.5%	2.0%	13.4%	1.5%
No.7	14.3%	1.6%	12.1%	1.3%
No.8	11.8%	1.3%	11.9%	1.3%
No.9	11.4%	1.2%	11.8%	1.3%
No.10	11.0%	1.2%	10.8%	1.2%

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

b. Exchange Fluctuation

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



c. Swap suspense (net)

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

d. Exchange Risk Administration Scheme

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

The Government of India has foreclosed the scheme vide their letter F. No 6 (3)/2002-IF.1 dated January 28, 2003. The total amount payable to the Government of India under the scheme amounting to Rs 493.6 million has been Included in Other Liabilities

e. Profit on sale of shares

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

4. Comparative figures

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

SIGNATURES TO SCHEDULES 1 TO 19

For and on behalf of Board of Directors

N. Vaghul
Chairman

K.V.Kamath
Managing Director & CEO

Lalita D. Gupte
Joint Managing Director

Kalpana Morparia
Executive Director

Nachiket Mor
Executive Director

Chanda D. Kochhar
Executive Director

S. Mukherji
Executive Director

Balaji Swaminathan
Senior General
Manager

N. S Kannan
Chief Financial Officer &
Treasurer

Jyotin Mehta
General Manager &
Company Secretary

G. Venkatakrishnan
General Manager- Accounting &
Taxation Group