ICICI Bank

6TH ANNUAL REPORT AND ACCOUNTS 1999-2000

Directors

	R. Rajamani
	B. V. Bhargava
	Somesh R. Sathe
	Satish C. Jha
	Uday M. Chitale
Nominee of ICICI	K. V. Kamath
Nominee of ICICI	Lalita D. Gupte
Managing Director and Chief Executive Officer	H. N. Sinor

Executives

Senior Executive Vice Presidents	P. H. Ravikumar
	M. N. Gopinath
	Alladi Ashok
Executive Vice Presidents	E. S. Mohan
	A.V.A. Subramaniam
	G. Venkatakrishnan
Senior Vice Presidents	Mohan N. Shenoi
	K. S. Harshan
	R. B. Nirantar
	A. Hari Prasad
	M. S. Annigeri
	Ashok Kumar Patni
	Sateesh D. Mahale
	R. Jayaprakash
	Ujjal Choudhury
Company Secretary	Bhashyam Seshan

Statutory Auditors

S. B. Billimoria & Co.
Chartered Accountants
Meher Chambers
R. Kamani Road
Ballard Estate
Mumbai 400 001

Registrars and Share Transfer Agents

ICICI Infotech Services Limited
Maratha Mandir Annexe
Dr. A.R. Nair Road
Mumbai 400 008

Registered Office

Landmark
Race Course Circle
Vadodara 390 007

Corporate Office

ICICI Towers
4th floor, South Tower
Bandra-Kurla Complex
Mumbai 400 051

ICICI BANK LIMITED

To the Members

To the Members,

We are pleased to present the Sixth Annual Report to the Members, along with the audited Balance Sheet as on March 31, 2000, and the Profit and Loss Account and Cash Flow Statement for the financial year ended March 31, 2000.

The Bank achieved record financial results last year and more importantly was able to position itself on a strong growth platform for the coming year. Details of these have been dealt with in the Management's Discussion and Analysis section of the Report. The major highlights are briefly outlined below :

- Post tax profit of Rs. 105.30 crores, an increase of 66.19 per cent over the previous year;
- Return on average net worth was 30.14 per cent;
- Earnings per share on weighted average basis improved to Rs. 6.38 from Rs. 3.84;
- Return on average total assets was 1.31 per cent;
- Deposits stood at Rs. 9,866.02 crores, a growth of 62.46 per cent;
- Advances (including credit like instruments) stood at Rs. 5,030.96 crores, a growth of 48.51 per cent;
- Net interest income increased from Rs. 118.53 crores to Rs. 185.92 crore, a growth of 56.85 per cent;
- Non-interest income increased to Rs. 194.05 crore and constituted 18.54 per cent of total income;
- Net non-performing loans as a percentage of net advances (including credit like instruments) came down from 1.80 per cent to 1.14 per cent;
- Number of retail deposit accounts increased from 2,61,000 to 6,37,000, a growth of 144.06 per cent;
- Number of Internet accounts increased exponentially to reach 1,10,000;
- Staff productivity remained high throughout the year;
- Each branch maintained its growth target at a high level; and
- The Bank maintained its competitive position in all aspects of operations.

The most remarkable achievement of the Bank during the year, was the successful listing of its American Depository Shares (ADS) on the New York Stock Exchange (NYSE) on March 28, 2000. With the listing, the Bank has emerged as the first Indian and second bank from Asia to list on the NYSE. The ADS are at present being actively traded at a significant premium to the offer price. Subsequent to the issue, the net worth of the Bank has increased to Rs. 1,129.90 crores, placing it among the top ten banks in India in terms of net worth. The Bank now has its own position in the global financial market.

DIVIDEND

The new technology initiatives undertaken by the Bank during the year and the strong interim financial results led to improved market perception and a significant upward re-rating on the local bourses. The equity shares, which were trading at around Rs. 27.40 per share during March 1999, improved to Rs. 267.05 per share as on March 31, 2000. Similarly, the market capitalisation of the Bank increased to Rs. 5,256.05 crores on that date, up from Rs. 452.10 crores as at March 31, 1999.

Considering the strong profit performance, the Directors recommend for approval of the Member, a dividend at the rate of Rs. 1.50 per share compared with Rs. 1.20 per share last year. The new equity shares allotted on March 31, 2000 pursuant to the issue of ADS are not entitled to dividend for the year ended March 31, 2000, as stated in the issue prospectus.

FINANCIAL HIGHLIGHTS

The financial performance during the year ended March 31, 2000 is briefly summarised in Table I below :

TABLE I (Rupees in crores)

Particulars	For the current year ended March 31, 2000	For the previous year ended March 31, 1999
Gross Income (Interest income plus other income)	1,046.92	633.08
Profit before depreciation, provisions and contingencies	251.46	142.13
Depreciation on fixed assets	24.79	17.53
Profit before provisions and contingencies	226.67	124.60
Provisions and contingencies	121.37	61.24
Profit after tax	105.30	63.36

The Bank posted an operating profit and net profit of Rs. 226.67 crore and Rs. 105.30 crores respectively for the financial year 1999-2000 as against Rs. 124.60 crores and Rs. 63.36 crores respectively in the previous year.

The Bank registered an increase of 65.37 per cent in its total income, owing to a rise of 56.76 per cent in interest income. The average yield on advances was 12.06 per cent. Other income increased by 117.95 per cent and amounted to Rs. 194.05 crore. Other income accounted for 18.54 per cent of total income. The compounded annual growth rate in total income was 104.68 per cent in the last five years.

Interest expenses increased by 56.74 per cent during this period, while operating expenses rose by 84.78 per cent. The average cost of deposits was 7.28 per cent. Total provisions and contingencies during the year were Rs. 121.37 crores compared to Rs. 61.24 crores in 1998-99. Net profits increased by 66.19 per cent to Rs. 105.30 crores. During 1999-2000, the Bank achieved a return of 30.14 per cent on average net worth and 1.31 per cent on average total assets. The cost-to-income ratio remained virtually unchanged at 40.35 per cent in 1999-2000. Earnings per share for 1999-2000 was Rs. 6.38. The Bank has also maintained a healthy capital adequacy ratio of 19.64 per cent, with Tier-I capital being 17.42 per cent.

The above financial results are based on figures arrived at as per Indian Accounting Standards. Working results compiled in accordance with the United States Generally Accepted Accounting Principles (US GAAP) are also appended.

APPROPRIATIONS

Appropriations from profit after tax have been effected as per details in Table II below :

TABLE II (Rupees in crores)

Particulars	For the current year ended March 31, 2000	For the previous year ended March 31, 1999
Profit after tax	105.30	63.36
Balance of profit brought forward	0.13	0.39
Amount available for appropriations	105.43	63.75
Out of above,		
Transfer to		
• Statutory Reserve	25.00	20.00
• Investment Fluctuation Reserve	—	4.84
• Other Reserves	52.82	17.00
Transfer towards		
• Proposed Dividend	24.75	19.80
• Proposed Corporate Dividend Tax	2.72	1.98
Balance of profit carried forward	0.14	0.13

GROUP SYNERGY

The Bank restructured its business into three strategic business units viz., Corporate Banking, Retail Banking and Treasury with effect from April 1, 1999 to provide sharp business focus. These business units work closely with the Major Clients Group, Growth Clients Group and Personal Financial Services Group of ICICI, which are client driven business groups catering to the needs of customers of the Bank as well as those of other ICICI group companies. The group restructuring model has provided significant cross-selling opportunities and enabled the Bank to take advantage of ICICI's strong relationships with 1,000 corporate entities in India to market the Bank's products and services. The Bank has also been able to market its retail products to the employees of these corporates. However, while reaping the benefits of group synergy, the Bank has taken separate and independent strategic decisions and maintained an arms-length relationship with the other group companies to retain its independence and efficiency. The Bank has simultaneously widened its reach to customers outside the ICICI group umbrella to propel higher business levels.

NEW INITIATIVES

The Bank has always endeavoured to be a fast mover in all its initiatives to provide a one-stop financial solution to its customers with speed and quality being the guiding forces. To maximise customer choice and convenience, the Bank has used multiple delivery channels including conventional branch outlets (bricks and mortar), and electronic banking channels including Automated Teller Machines, telephone call-centres and the Internet. This 'clicks and bricks' approach has led to increased business volumes, lower service delivery time, increased business efficiency and a reduction in the cost of client servicing.

In keeping with its leadership status in Internet Banking in India, the Bank pioneered a number of Business-to-Business (B2B) and Business-to-Customer (B2C) initiatives during the year. The Bank's B2B solution – 'i-payments' - aims at facilitating online supply chain management for its corporate clients by linking them with their suppliers and dealers in a closed business loop. All the members of this loop are required to maintain accounts with the Bank. The Bank expects this product to be a key driver in increasing business volumes in the years to come. The Bank has also entered into arrangements with several utility service providers like mobile phone and electricity supply companies to enable its customers to pay their utility bills online. The Bank's arrangements with a leading Internet service provider is expected to lead to increased online visibility and enhanced access to its services.

Through the establishment of a seperate Risk Management department, the Bank has strengthened risk management measures. Separate front, mid and back offices have been established to deal, monitor and settle Treasury activities. The Bank has also strengthened the audit function, both internal and external. Further, the Bank has made arrangements to conduct concurrent audits to cover about 85 per cent of the business using the services of reputed firms of chartered accountants. This has resulted in a significant reduction in net non-performing loans from 1.80 per cent of net loans (including credit like instruments) at March 31, 1999 to 1.14 per cent at March 31, 2000.

ADDITIONAL CAPITAL

Subsequent to the approval for fresh issue of capital accorded by the Members at the Extraordinary General Meeting held on February 21, 2000, your Bank floated its American Depository Shares (ADS) in the international market. The ADS issue of USD 175 million was made in the last week of March 2000 and received an overwhelming response, with a total order book of USD 2.2 billion (institutional investors USD 1.5 billion and retail investors USD 0.75 billion). Each ADS was issued at USD 11 and represented two underlying equity shares of the Bank, each having a face value of Rs. 10. The Bank allotted 1,59,09,090 ADS represented by 3,18,18,180 equity shares of Rs. 10 each on March 31, 2000, which represented 10.61 per cent of the authorised share capital. After the ADS issue the shareholding of the parent ICICI Limited has declined to 62.24 per cent from 74.25 per cent.

CAPITAL ADEQUACY

As on March 31, 2000, the Tier I capital of the Bank stood at Rs. 1,125.07 crores and Tier II capital at Rs. 143.73 crores. Thus, the capital adequacy ratio at 19.64 per cent of risk-weighted assets, is significantly in excess of the 9 per cent benchmark stipulated by the RBI and provides the Bank with enormous scope for future growth

BRANCH EXPANSION

The Bank's 'clicks and bricks' distribution network has enabled its customers to access and utilise the Bank's services round the clock. The Bank has also extended its reach during the year by setting up many off-site and work-site Automated Teller Machines (ATMs), and Internet Kiosks, attached to local branches, at high footfall locations including petrol stations, consumer stores, and airports,

As on March 31, 2000, the services of the Bank were available through a network of 81 branches, 16 extension countres and 175 ATMs. These access points were located in 47 centres spread across 17 States and Union Territories. Of the 81 branches, 35 (43 per cent) are located in metropolitan cities, 23 (29 per cent) in urban centres, 18 (22 per cent) in semi-urban locations and 5 (6 per cent) in rural centres.

INFORMATION TECHNOLOGY

The Bank has viewed advanced information technology as a managerial and competitive tool and has tried to harness technology to the maximum extent possible to deliver superior customer service. In its issue dated March 6, 2000, Forbes Global magazine has rated the Bank's web-site to be extremely user-friendly and ranked it among the top 15 banking web-sites in the world. The Bank's recent initiatives in B2B and B2C have gained favourable acceptance from its customers and the Bank plans to continue to web-enable its existing products and services. In this context, the Bank recently launched a Web-enabled credit card, which allows card owners to track their card usage details, and effect payment through the Internet. However, the Bank has taken adequate safety measures to ensure the security and integrity of the data. These measures include, among others, installation of firewalls, use of encryption to safeguard the data and strict adherence to time-tested security procedures by staff members.

In order to enable the branches to have sharper customer focus, the Bank has centralised the back office functions by forming Regional Processing Centres (RPCs), which have considerably lowered the cost of transaction processing.

HUMAN RESOURCES

The Bank has continued to lay great emphasis on human resource development to make its employees attain global standards in productivity, thereby maximising value creation for its stakeholders. Accordingly, the staff of the Bank, numbering 1,344 as on March 31, 2000, has undergone significant training in a variety of training programmes at regular intervals during the year. As many as 878 employees attended training programmes during the year, both domestic and overseas, and the average training per person was 37 hours, which compares favourably with international benchmarks. The employees form the backbone in all the initiatives undertaken by the Bank, which remains committed to constantly upgrading their skills through training to ensure constant improvements in performance. A performance bonus scheme provides wide ranging incentives to employees.

EMPLOYEE STOCK OPTION SCHEME

With a view to attract talent and motivate employees, an Employee Stock Option Scheme (the Scheme) for employees of the Bank (including whole time directors) and of ICICI Limited (our holding company) was introduced during the year. The Scheme is expected to create an 'ownership attitude' amongst the employees and further the long term development of the Bank.

The Scheme was drawn in accordance with guidelines issued by the Securities and Exchange Board of India (SEBI) and approved by the Members at the Extraordinary General Meeting held on February 21, 2000. A total of 17,13,000 stock options have been effectively granted to 426 employees and directors of the Bank and ICICI Limited during the year with each stock option being convertible into one equity share. The options when fully exercised by the employees over time, would constitute 0.87 per cent of the issued capital of the Bank as on March 31, 2000. The stock options were granted at Rs. 171.90 per option, which was the closing price on The Stock Exchange Mumbai (BSE) on February 21, 2000.

PARTICULARS OF EMPLOYEES

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

STATUTORY DISCLOSURE OF PARTICULARS

The requirements of disclosure, in terms of Section 217(1)(e) of the Companies Act, 1956, pertaining to steps taken regarding conservation of energy, do not apply to your Bank. The Bank uses state-of-the-art technology to ensure superior processing capabilities in operations leading to world-class customer service. The Bank is constantly reviewing the enhancement in technological upgradation with the help of ICICI Infotech Services Limited and other reputed IT companies.

CORPORATE GOVERNANCE

The Bank continues to adopt best practices in corporate governance. The corporate governance practices followed by the Bank are enclosed as an annexure to this Report.

AUDITORS

M/s. S. B. Billimoria and Company, Chartered Accountants, and Statutory Auditors of the Bank for the year 1999-2000 would be retiring at the conclusion of the forthcoming Annual General Meeting (AGM) scheduled on Monday, May 29, 2000 and are eligible for re-appointment. The auditors have confirmed their eligibility and willingness to accept the office, if re-appointed. The Members are requested to consider their re-appointment, at a remuneration to be decided by the Board of Directors, for the financial year ending March 31, 2001, as set out in the Notice convening the AGM.

The Board has appointed KPMG as chartered accountants in order to restate the financials of the Bank under US GAAP. Their report and certified financials are enclosed as a part of the Annual Report.

The Members at their Fifth AGM held on Monday, June 14, 1999 had approved the proposal to seek exemption for certain branches from the purview of statutory audit. However, these branches would be subject to audit once in every three years.

DIRECTORS

There was no change in the constitution of the Bank's Board of Directors during the year.

In terms of Article 143 of the Articles of Assocation (the Articles), Shri R. Rajamani and Shri Somesh R. Sathe, Directors, would be retiring at the forthcoming AGM and being eligible, offer themselves for re-appointment under Article 144 of the Articles. Their appointment as Directors requires the approval of the Members, for which necessary resolutions have been incorporated in the Notice of the AGM.

Shri H. N. Sinor, the Managing Director and Chief Executive Officer of the Bank, has been elected on March 29, 2000, as a member of the Managing Committee of Indian Banks' Association (IBA), representing the private sector banks in India. Shri Sinor is also a member of National Payments Council constituted by the Reserve Bank of India (RBI) and two other committees. He was also a member of the Task Force for evolving vocational standards constituted by Indian Institute of Bankers (IIB).

The sitting fees payable to non whole-time Directors has been increased effective April 1, 2000 from Rs. 2,000 to Rs. 5,000 per Director for attending the meetings of the Board and from Rs. 1,000 to Rs. 2,000 for attending meetings of the committees of the Board in accordance with the stipulations under the Companies Act, 1956. The Managing Director and Chief Executive Officer as well as ICICI nominated Directors are not paid the sitting fees.

RELOCATION OF CORPORATE OFFICE

In order to achieve greater group synergy and closer co-ordination amongst companies of the ICICI group, and keeping in mind the need for increasing working space, the Corporate Office of the Bank was shifted to ICICI Towers in Bandra-Kurla Complex, Mumbai in October 1999.

ACKNOWLEDGEMENT

The Board places on record its appreciation for the valuable patronage, co-operation and goodwill received by it from customers, correspondent banks, financial institutions, ICICI group and its employees.

The Board places on record its gratitude to the Government of India, State Governments, the SEBI, the RBI, the IBA, the IIB, stock exchanges, the Foreign Exchange Dealers' Association of India, and other regulatory authorities and institutions for their continued guidance and support.

The Board acknowledges the co-operation and encouragement extended to the Bank by the United States Securities and Exchange Commission, the governing board of the New York Stock Exchange, the underwriters, the legal counsels and all others, who helped to make the ADS issue of the Bank a grand success.

The Bank has taken strides in every sphere of activity largely due to the commitment and dedication of the staff and the teamwork across the group companies, backed by leading-edge technology. The Board places on record its sincere appreciation for the untiring efforts made by each and every member of the staff.

For and on behalf of the Board of Directors

H. N. Sinor
Managing Director and
Chief Executive Officer

Place : Mumbai
Date : April 24, 2000

To the Members of ICICI Bank Limited

We have audited the attached Balance Sheet of the ICICI BANK LIMITED as at March 31, 2000 and also the annexed Profit and Loss Account of the Bank for the year ended on that date in which are incorporated the returns of sixty-two branches audited by us and unaudited returns of nineteen branches in respect of which exemption has been granted by the Central Government under Rule 4 (1) of the Companies (Branch Audit Exemption) Rules, 1961 from the provisions of sub-sections (1) and (3) of Section 228 of the Companies Act, 1956. These unaudited branches account for 0.43% of advances and 5.40% of deposits as at 31 March 2000; 0.14% of interest income and 4.53% of interest expense for the year. We report thereon as follows :

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.

2. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory.

3. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

4. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches.

5. The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the books of account and the Branch returns.

6. In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this Report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, in so far as they apply to banks.

7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for banking companies and give a true and fair view:

   i) in the case of the Balance Sheet, of the state of affairs of the Bank as at March 31, 2000 and

   ii) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date.

For S. B. Billimoria & Co.
Chartered Accountants

Place : Mumbai
Date : April 24, 2000

P. R. Ramesh
Partner

balance sheet as at March 31, 2000

profit & loss account for the year ended March 31, 2000

ICICI Bank

Balance Sheet as at March 31, 2000

(Rupees in million)

	Schedule	As on 31.03.2000	*As on 31.03.99*
CAPITAL AND LIABILITIES:			
Capital	1	**1,968.19**	*1,650.01*
Reserves & Surplus	2	**9,526.86**	*1,433.30*
Deposits	3	**98,660.18**	*60,729.44*
Borrowings	4	**4,914.69**	*1,998.88*
Other Liabilities and Provisions	5	**5,656.34**	*4,005.06*
Total		**120,726.26**	*69,816.69*
ASSETS:			
Cash and balances with Reserve Bank of India	6	**7,218.90**	*4,658.08*
Balances with banks and money at call and short notice	7	**26,932.72**	*11,724.41*
Investments	8	**44,166.78**	*28,612.27*
Advances	9	**36,573.44**	*21,101.20*
Fixed Assets	10	**2,221.22**	*1,996.28*
Other Assets	11	**3,613.20**	*1,724.45*
Total		**120,726.26**	*69,816.69*
Contingent Liabilities	12	**89,897.18**	*50,139.70*
Bills for Collection		**7,614.36**	*4,384.61*

Profit & Loss Account for the year ended March 31, 2000

(Rupees in million)

	Schedule	Year ended 31.03.2000	*31.03.99*
I. INCOME:			
Interest earned	13	**8,528.71**	*5,440.52*
Other income	14	**1,940.52**	*890.34*
Total		**10,469.23**	*6,330.86*
II. EXPENDITURE:			
Interest expended	15	**6,669.46**	*4,255.18*
Operating expenses [Refer Note 4]	16	**1,533.13**	*829.70*
Provisions and contingencies [Refer Note 1 (c)]		**1,213.67**	*612.40*
Total		**9,416.26**	*5,697.28*
III. PROFIT/LOSS:			
Net profit/loss (-) for the year		**1,052.97**	*633.58*
Profit/loss (-) brought forward		**1.35**	*3.92*
Total		**1,054.32**	*637.50*
IV. APPROPRIATIONS:			
Transfer to Statutory Reserve		**250.00**	*200.00*
Transfer to Investment Fluctuation Reserve		**—**	*48.35*
Transfer to other reserves		**528.20**	*170.00*
Transfer to proposed dividend		**247.50**	*198.00*
Transfer to corporate dividend tax		**27.23**	*19.80*
Balance carried over to Balance Sheet		**1.39**	*1.35*
Total		**1,054.32**	*637.50*

Significant Accounting Policies and Notes to Accounts — 17

The Schedules referred to above form an integral part of the Balance Sheet & the Profit & Loss Account.

As per our Report of even date

For S. B. BILLIMORIA & CO.
Chartered Accountants

P.R. RAMESH
Partner

Mumbai, April 24, 2000

G. VENKATAKRISHNAN
Chief Financial Officer

BHASHYAM SESHAN
Company Secretary

For and on behalf of the Board of Directors

LALITA D. GUPTE
Director

K. V. KAMATH
Director

R. RAJAMANI
Director

B. V. BHARGAVA
Director

SATISH C. JHA
Director

SOMESH R. SATHE
Director

UDAY M. CHITALE
Director

H. N. SINOR
Managing Director & CEO

schedules

forming part of the Balance Sheet

(Rupees in million)

	As on 31.03.2000	As on 31.03.99
1. Capital		
Authorized Capital		
30,00,00,000 Equity Shares of Rs. 10 each	**3,000.00**	*3,000.00*
Issued, Subscribed and Paid-up Capital 19,68,18,880 *(Previous year - 16,50,00,700)* Equity Shares of Rs. 10 each including 3,18,18,180 underlying equity shares consequent on USD 175 million ADS issue in March 2000	**1,968.19**	*1,650.01*
Less: Calls Unpaid	**—**	—
Add: Forfeited Shares	**—**	—
Total	**1,968.19**	*1,650.01*
2. Reserves and Surplus		
I. Statutory Reserves		
Opening balance	**788.60**	*588.60*
Additions during the year	**250.00**	*200.00*
Deductions during the year	**—**	—
II. Capital Reserves		
Opening balance	**—**	—
Additions during the year	**—**	—
Deductions during the year	**—**	—
III. Share Premium		
Opening balance	**375.00**	*375.00*
Additions during the year	**7,315.32**	—
Deductions during the year	**—**	—
IV. Revenue and other Reserves		
Opening balance	**268.35**	*50.00*
Additions during the year*	**528.20**	*218.35*
Deductions during the year	**—**	—
V. Balance in Profit and Loss Account	**1.39**	*1.35*
Total	**9,526.86**	*1,433.30*

* Includes Investment Fluctuation Reserve Rs. Nil *(Previous year - Rs. 48.35 million)*

	As on 31.03.2000	As on 31.03.99
3. Deposits		
A. I. Demand Deposits		
(i) from banks	**854.53**	*73.99*
(ii) from others	**15,020.23**	*5,692.21*
II. Savings Bank Deposits	**5,332.58**	*2,271.19*
III. Term Deposits		
(i) from banks	**15,535.73**	*13,141.53*
(ii) from others	**61,917.11**	*39,550.52*
Total	**98,660.18**	*60,729.44*
B. I. Deposits of branches in India	**98,660.18**	*60,729.44*
II. Deposits of branches outside India	**—**	—
Total	**98,660.18**	*60,729.44*
4. Borrowings		
I. Borrowings in India		
(i) Reserve Bank of India	**2,186.66**	*1,484.80*
(ii) Other banks	**1,921.85**	*417.73*
(iii) Other institutions and agencies	**806.18**	*96.35*
II. Borrowings outside India	**—**	—
Total	**4,914.69**	*1,998.88*

Secured borrowings in I and II above, Rs. Nil.

	As on 31.03.2000	As on 31.03.99
5. Other Liabilities and Provisions		
I. Bills payable	**1,422.01**	*1,121.88*
II. Inter-office adjustments (net)	**—**	—
III. Interest accrued	**335.24**	*234.91*
IV. Unsecured Redeemable Debentures/Bonds [Subordinated for Tier II Capital]	**1,680.00**	*1,680.00*
V. Others (including provisions)	**2,219.09**	*968.27*
Total	**5,656.34**	*4,005.06*

* Includes proposed Dividend Rs. 247.50 million (Previous year - Rs. 198.00 million)

(Rupees in million)

	As on 31.03.2000	As on 31.03.99
6. Cash and Balances with Reserve Bank of India		
I. Cash in hand (including foreign currency notes)	**314.54**	*92.64*
II. Balances with Reserve Bank of India		
(i) In Current Accounts	**6,904.36**	*4,565.44*
(ii) In Other Accounts	**—**	—
Total	**7,218.90**	*4,658.08*
7. Balances with Banks and Money at Call and Short Notice		
I. In India		
(i) Balances with banks		
(a) in Current Accounts	**196.40**	*438.06*
(b) in other deposit accounts	**2,983.55**	*1,981.65*
(ii) Money at call and short notice		
(a) with banks	**6,881.50**	*1,970.15*
(b) with other institutions	**1,254.00**	—
Total	**11,315.45**	*4,389.86*
II. Outside India		
(i) in current accounts	**174.79**	*203.53*
(ii) in other deposit accounts	**—**	—
(iii) Money at call and short notice	**15,442.48**	*7,131.02*
Total	**15,617.27**	*7,334.55*
Grand Total (I + II)	**26,932.72**	*11,724.41*
8. Investments		
I. Investments in India in		
(i) Government securities	**28,149.40**	*15,273.62*
(ii) Other approved securities	**—**	—
(iii) Shares	**1,609.45**	*1,380.03*
(iv) Debentures and Bonds	**11,372.19**	*6,666.14*
(v) Subsidiaries and/or joint ventures	**—**	—
(vi) Others (CPs, Mutual Fund Units, etc.)	**3,035.74**	*5,292.48*
Total	**44,166.78**	*28,612.27*
II. Investments outside India	**—**	—
Grand Total	**44,166.78**	*28,612.27*
9. Advances		
A. (i) Bills purchased and discounted	**7,012.95**	*4,549.59*
(ii) Cash credits, overdrafts and loans repayable on demand	**25,776.72**	*13,835.05*
(iii) Term loans	**3,783.77**	*2,716.56*
Total	**36,573.44**	*21,101.20*
B. (i) Secured by tangible assets	**28,060.61**	*18,253.51*
(ii) Covered by Bank/Government Guarantees	**982.43**	*576.15*
(iii) Unsecured	**7,530.40**	*2,271.54*
Total	**36,573.44**	*21,101.20*
C. I. Advances in India		
(i) Priority sector	**4,973.68**	*4,778.16*
(ii) Public sector	**1,044.68**	*42.81*
(iii) Banks	**154.63**	—
(iv) Others	**30,400.45**	*16,280.23*
Total	**36,573.44**	*21,101.20*
II. Advances outside India		
(i) Due from banks	**—**	—
(ii) Due from others		
(a) Bills purchased and discounted	**—**	—
(b) Syndicated loans	**—**	—
(c) Others	**—**	—
Total	**—**	—
Grand Total (C. I + II)	**36,573.44**	*21,101.20*

(Rupees in million)

	As on 31.03.2000	As on 31.03.99
10. Fixed Assets		
I. Premises		
At cost as on 31st March of preceding year	**1,302.12**	*1,066.20*
Additions during the year	**145.29**	*235.92*
Deductions during the year	**—**	—
Depreciation to date	**(167.39)**	*(86.07)*
II. Other Fixed Assets (including Furniture and Fixtures)		
At cost as on 31st March of preceding year	**703.18**	*497.98*
Additions during the year	**421.64**	*208.56*
Deductions during the year	**(2.44)**	*(3.36)*
Depreciation to date	**(434.68)**	*(289.69)*
III. Assets on Lease		
At cost as on 31st March of preceding year*	**610.28**	*623.49*
Additions during the year	**—**	*34.87*
Deductions during the year	**(28.65)**	*(48.08)*
Depreciation to date	**(108.02)**	*(86.40)*
Accumulated lease adjustment and provisions	**(220.11)**	*(157.14)*
Total	**2,221.22**	*1,996.28*

* Includes repossessed Leased Asset Rs. 96.00 million *(Previous year Rs. NIL)*

	As on 31.03.2000	As on 31.03.99
11. Other Assets		
I. Inter-office adjustments (net)	**48.60**	*0.10*
II. Interest accrued	**1,147.39**	*661.50*
III. Tax paid in advance/tax deducted at source (net)	**367.59**	*22.35*
IV. Stationery and Stamps	**0.98**	*0.23*
V. Non-banking assets acquired in satisfaction of claims	**—**	—
VI. Others*	**2,048.64**	*1,040.27*
Total	**3,613.20**	*1,724.45*

* Includes advances for Capital Assets Rs. 51.80 million *(Previous year - Rs. 90.88 million)*

Unamortized ADS issue expenses Rs. 196.00 million *(Previous year - Rs. NIL)*

	As on 31.03.2000	As on 31.03.99
12. Contingent Liabilities		
I. Claims against the Bank not acknowledged as debts	**0.99**	*2.82*
II. Liability for partly paid investments	**—**	*37.50*
III. Liability on account of outstanding forward exchange contracts	**73,549.71**	*39,666.78*
IV. Guarantees given on behalf of constituents		
(a) In India	**7,564.37**	*4,629.82*
(b) Outside India	**—**	—
V. Acceptances, endorsements and other obligations	**8,489.63**	*5,586.59*
VI. Other items for which the Bank is contingently liable	**292.48**	*216.19*
Total	**89,897.18**	*50,139.70*

(Rupees in million)

	Year ended 31.03.99	31.03.98
13. Interest Earned		
I. Interest/discount on advances/bills	**3,479.10**	*2,259.54*
II. Income on investments	**4,097.10**	*2,084.95*
III. Interest on balances with Reserve Bank of India and other inter-bank funds	**946.16**	*1,094.11*
IV. Others	**6.35**	*1.92*
Total	**8,528.71**	*5,440.52*
14. Other Income		
I. Commission, exchange and brokerage	**670.75**	*374.11*
II. Profit on sale of investments	**1,011.39**	*124.37*
Less: Loss on sale of investments	**—**	—
III. Profit on revaluation of investments	**—**	—
Less: Loss on revaluation of investments	**—**	—
IV. Profit on sale of land, buildings and other assets	**(1.33)**	*(0.95)*
V. Profit on exchange transactions	**223.87**	*341.16*
Less: Loss on exchange transactions	**—**	—
VI. Income earned by way of dividends, etc., from subsidiary companies and/or joint ventures abroad/in India	**—**	—
VII. Miscellaneous income *	**35.84**	*51.65*
Total	**1,940.52**	*890.34*

* Includes Rs. 46.33 million *[Previous year - Rs. 51.50 million]* being the amount of lease rental income after adjusting the net lease equalization of Rs. 10.54 million *[Previous year - Rs. 47.70 million]*

	Year ended 31.03.99	31.03.98
15. Interest Expended		
I. Interest on deposits	**5,805.02**	*3,718.74*
II. Interest on Reserve Bank of India/ inter-bank borrowings	**235.53**	*203.98*
III. Others	**628.91**	*332.46*
Total	**6,669.46**	*4,255.18*
16. Operating Expenses		
I. Payments to and provisions for employees	**363.72**	*181.88*
II. Rent, taxes and lighting	**180.14**	*113.70*
III. Printing and stationery	**82.32**	*32.40*
IV. Advertisement and publicity	**38.76**	*33.90*
V. Depreciation on Bank's property	**247.93**	*175.28*
VI. Directors' fees, allowances and expenses	**0.72**	*0.55*
VII. Auditors' fees and expenses (including branch auditors)	**1.45**	*1.28*
VIII. Law charges	**4.95**	*9.56*
IX. Postages, telegrams, telephones, etc.	**68.75**	*43.27*
X. Repairs and maintenance	**100.89**	*75.71*
XI. Insurance	**36.93**	*22.48*
XII. Other expenditure*	**406.57**	*139.69*
Total	**1,533.13**	*829.70*

* Includes Rs. 98.99 million amortization of ADS issue expenses (Refer Note 4)

17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Investments:

a) All investments are categorized as per Reserve Bank of India (RBI) guidelines and classified as 'current'. They are valued at cost and/or market/fair value as at March 31, 2000 in accordance with guidelines issued by RBI.

b) Depreciation/appreciation for each category is aggregated. Net appreciation, if any, for each category is ignored.

c) Costs such as brokerage, commission, etc., pertaining to fixed income securities, paid at the time of acquisition, are charged to revenue.

d) Broken period interest on debt instruments is treated as a revenue item.

2. Advances, Income Recognition and Provisioning:

a) 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 income recognition and provisioning.

b) Interest income is recognized in the Profit and Loss Account as it accrues except in the case of non-performing assets where it is credited to Interest Suspense Account and not reckoned as income in the accounts.

c) Lease income is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period, as per the Guidance Note on Accounting for Leases (Revised) issued by the Institute of Chartered Accountants of India.

d) Provision for non-performing assets is made and determined in accordance with the RBI guidelines.

3. Fixed assets and depreciation:

a) Premises and other fixed assets are accounted for at historical cost. Fixed assets are depreciated using the 'written-down value' method except leased assets which are depreciated using the 'straight line' method.

b) Depreciation on improvements (including fixtures/fittings) in leased premises is provided over the primary lease period. Depreciation on premises and other fixed assets is provided at the rates specified in Schedule XIV to the Companies Act, 1956.

c) Depreciation on additions is provided on a pro rata basis for completed months. Additions to fixed assets after the 15th day of a month are not depreciated for that month.

4. Forex transactions:

a) Monetary assets and liabilities are translated at closing exchange rates notified by the Foreign Exchange Dealers' Association of India (FEDAI).

b) Unrealised gains/losses on outstanding forward contracts as at the end of the year are taken as current income/expenses in accordance with the RBI/FEDAI guidelines. Premium/discount on hedge swaps is recognized as interest income/expenses and is amortized over the period of the transactions. Contingent Liabilities at the balance sheet date on account of foreign exchange contracts are reported at contracted rates.

5. Staff benefits:

a) Contributions to Gratuity/Provident/Pension funds for staff are being accounted on accrual basis.

b) Leave encashment liability is provided for as per the eligibility criteria of the Bank's rules.

6. Share issue expenses

Expenses on issue of equity shares consequent on USD 175 million ADS Issue are amortized over a period of three years.

B. NOTES TO ACCOUNTS

1. Disclosure in terms of RBI circulars:

a) Capital adequacy ratio is 19.64 per cent *(previous year - 11.06 per cent).*

b) Percentage of net non-performing assets (funded) to net advances is 1.53 per cent *(previous year - 2.88 per cent).*

Percentage of net non-performing assets (funded and including credit-like instruments) to net advances (including credit-like instruments) is 1.14 per cent *(previous year - 1.80 per cent).*

c) 'Provisions and Contingencies' as charged to the Profit and Loss Account for the period is in respect of:

(i) income tax Rs. 266.04 million *(previous year - Rs. 300.00 million);*

(ii) interest tax Rs. 60.04 million *(previous year - Rs. 37.50 million);*

(iii) wealth tax Rs. 4.22 million *(previous year - Rs. 0.30 million);*

(iv) additional depreciation on investments Rs. 128.37 million *(previous year write back of excess depreciation on investments - Rs. 48.35 million);*

(v) non-performing assets Rs. 755.00 million *(previous year - Rs. 322.00 million);* and

(vi) others Rs. Nil *(previous year - Rs. 0.95 million).*

d) The Bank has not raised any subordinated debt during the year *(previous year - Rs. 1,680.00 million).*

e) Business ratios:

		For the year ended 31.03.2000	*For the year ended 31.03.99*
(i)	Capital Adequacy Ratio Tier I Capital	**17.42%**	*7.32%*
(ii)	Capital Adequacy Ratio Tier II Capital	**2.22%**	*3.74%*
(iii)	Interest income to working funds	**10.59%**	*11.22%*
(iv)	Non-interest income to working funds	**2.41%**	*1.84%*
(v)	Operating profit to working funds	**2.81%**	*2.57%*
(vi)	Return on assets	**0.87%**	*0.91%*
(vii)	Business (average deposits plus average advances) per employee (Rupees in million)	**59.50**	*51.39*
(viii)	Profit per employee (Rupees in million)	**0.78**	*0.71*

f) Investments:

(Rupees in million)

	As on 31.3.2000	*As on 31.3.1999*
Gross value of Investments in India	**44,439.54**	*28,756.66*
Less : Provision for depreciation	**272.76**	*144.39*
Net value of investments in India	**44,166.78**	*28,612.27*

g) Movement of Gross NPA (Funded) During the year is given below:

	(Rs. in million)
As on 31st March, 1999	**1,014.50**
Add : Additions during the period	**677.17**
	1,691.67
Less : Reductions during the period	**745.57**
As on 31st March, 2000	**946.10**

Net NPA as on 31st March, 2000 is Rs. 559.20 million (Previous year Rs. 608.20 million)

h) Maturity pattern of rupee denominated assets and liabilities

(Rupees in million)

Maturity Buckets	Loans and Advances	Investment Securities	Deposits	Borrowings
1 to 14 days	3908	3040	13148	160
15 to 28 days	1219	6529	8956	Nil
29 days to 3 months	7483	1808	18516	2993
3 to 6 months	1040	2968	8920	Nil
6 months to 1 year	563	1258	7813	Nil
1 to 3 years	18246	13884	36488	Nil
3 to 5 years	1067	7066	254	Nil
Above 5 years	761	7614	183	Nil
Total	**34287**	**44167**	**94278**	**3153**

i) Maturity pattern of Forex denominated assets and liabilities

(Rupees in million)

Maturity Buckets	Loan and Advances	Balances with banks and money at call and shoft notice	Deposits	Borrowings	Other assets	Other liabilities
1 to 14 days	198	11364	822	1117	666	236
15 to 28 days	273	1254	628	218	Nil	Nil
29 days to 3 months	427	1049	466	209	Nil	Nil
3 to 6 months	575	1821	483	87	Nil	Nil
6 months to 1 year	582	1002	1248	131	Nil	Nil
1 to 3 years	219	Nil	735	Nil	Nil	Nil
3 to 5 years	12	Nil	Nil	Nil	Nil	Nil
Above 5 years	Nil	Nil	Nil	Nil	Nil	Nil
Total	**2286**	**16490**	**4382**	**1762**	**666**	**236**

Note :

- In compiling the information of maturity pattern (refer (h) and (i) 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.

j) Lending to sensitive sectors

	(Rupees in million)
Advances to capital market sector	**481.60**
Advances to real estate sector	**334.40**
Advances to commodities sector	**465.70**
Total	**1,281.70**

2. Improvements (including fixtures/fittings) to leased premises have been depreciated over the primary lease period instead of at rates specified in Schedule XIV to the Companies Act, 1956. As a result of this, the depreciation charge to the Profit and Loss Account during the year is higher by Rs. 33.61 million.

3. At the Extraordinary General Meeting on 21 February, 2000, the shareholders approved an Employee Stock Option Scheme. Under the Scheme, up to 5 per cent of the issued equity shares, including the ADS issue, can be allocated to Employee Stock Options. In terms of the Scheme, as at March 31, 2000, options on 17,13,000 shares have been granted to eligible employees of both, the Company and ICICI Limited, for issue to the employees on exercising the option.

4. expenditure on USD 175 million ADS issue in March 2000 is Rs. 294.99 million of which Rs. 98.99 million has been charged to the Profit and Loss Account for the year (Schedule 16 under "Other expenditure"). The balance amount of Rs. 196.00 million is included in Schedule 11 under "Others" to be amortied over the next two years.

5. Previous year's figures are regrouped and reclassified, where appropriate.

Signatures to Schedules 1 to 17

For and on behalf of the Board of Directors

LALITA D. GUPTE
Director

K. V. KAMATH
Director

R. RAJAMANI
Director

B.V. BHARGAVA
Director

G. VENKATAKRISHNAN
Chief Financial Officer

SATISH C. JHA
Director

SOMESH R. SATHE
Director

BHASHYAM SESHAN
Company Secretary

UDAY M. CHITALE
Director

H. N. SINOR
Managing Director & CEO

Mumbai, April 24, 2000

cash flow statement

for the year ended March 31, 2000

(Rupees in million)

	year ended 1999-2000	year ended 1998-99
Cash flow from operating activities		
Net profit before taxes	**1,383.27**	*971.38*
Adjustments for:		
Depreciation on fixed assets	**247.92**	*175.28*
Lease equalization	**10.54**	*47.70*
Net depreciation on investments	**128.37**	*(48.35)*
Provision in respect of non-performing assets	**755.00**	*322.00*
Provision for contingencies	**—**	*0.95*
Loss on sale of fixed assets	**1.33**	*0.95*
	2,526.43	*1,469.91*
Adjustments for:		
(Increase)/Decrease in investments	**(15,682.88)**	*(18,330.00)*
(Increase)/Decrease in advances	**(16,129.56)**	*(10,089.03)*
Increase/(Decrease) in borrowings	**2,915.80**	*76.63*
Increase/(Decrease) in deposits	**37,930.74**	*34,439.20*
(Increase)/Decrease in other assets	**(1,543.51)**	*(991.14)*
Increase/(Decrease) in other liabilities and provisions	**1,574.24**	*408.17*
	9,064.83	*5513.83*
Direct taxes paid	**(675.54)**	*(354.70)*
Net cash flow from operating activities (A)	**10,915.72**	*6,629.04*

(Rupees in million)

	year ended 1999-2000	year ended 1998-99
Cash flow from investing activities		
Purchase of fixed assets	**(561.42)**	*(478.22)*
Proceeds from sale of fixed assets	**1.11**	*1.27*
Net cash used in investing activities (B)	**(560.31)**	*(476.95)*
Cash flow from financing activities		
Proceeds from issue of share capital	**7,633.50**	—
Proceeds from issue of subordinated debt	**—**	1,680,00
Dividend paid	**(219.78)**	*(178.47)*
Net cash generated from financing activities (C)	**7,413.72**	*1,501.53*
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**17,769.13**	*7,653.63*
Cash and cash equivalents as at April 1, 1999 and 1998 respectively	**16,382.49**	*8,728.87*
Cash and cash equivalents as at March 31, 2000 and 1999 respectively	**34,151.62**	*16,382.49*

For and on behalf of the Board of Directors

LALITA D. GUPTE
Director

K. V. KAMATH
Director

R. RAJAMANI
Director

B.V. BHARGAVA
Director

G. VENKATAKRISHNAN
Chief Financial Officer

SATISH C. JHA
Director

SOMESH R. SATHE
Director

BHASHYAM SESHAN
Company Secretary

UDAY M. CHITALE
Director

H. N. SINOR
Managing Director & CEO

Mumbai, April 24, 2000

Auditors' Certificate

We have verified the attached Cash Flow Statement of ICICI BANK LIMITED which has been compiled from and is based on the audited financial statements for the years ended March 31, 2000 and March 31, 1999. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to Clause 32 of the Listing Agreement with The Stock Exchange, Mumbai.

For S.B. BILLIMORIA & CO.
Chartered Accountants

P. R. RAMESH
Partner

Mumbai : April 24, 2000