

# schedules



forming part of the Balance Sheet

(Rs. in '000s)

As on  
31.03.2001

## SCHEDULE 1 – CAPITAL

### Authorised Capital

30,00,00,000 equity shares of Rs. 10 each <sup>1</sup> .....	<b>300,00,00</b>	<i>300,00,00</i>
--	------------------	------------------

### Issued, Subscribed and Paid-up Capital

22,03,58,680 (Previous year 19,68,18,880) equity shares of Rs. 10 each including 3,18,18,180 underlying equity shares consequent on USD 175 million ADS issue in March 2000 and 2,35,39,800 equity shares issued to shareholders of Bank of Madura Limited on amalgamation .....	220,35,87	196,81,89
--	-----------	-----------

<i>Less: Calls unpaid</i> .....	—	—
---------------------------------	---	---

<i>Add: Forfeited shares</i> .....	—	—
------------------------------------	---	---

### Share Capital Suspense

(Current year : represents face value of 39,26,72,724 equity shares to be issued to shareholders of ICICI Limited on amalgamation  
Previous year : represents face value of 2,35,39,800 equity shares to be issued to shareholders of Bank of Madura Limited on amalgamation)

392,67,27	23,53,98
-----------	----------

### Preference Share Capital Suspense<sup>2</sup>

[Represents face value of 350 preference shares to be issued to preference shareholders of ICICI Limited on amalgamation redeemable at par on April 20, 2018] .....

<b>350,00,00</b>	—
------------------	---

TOTAL .....	<b>963,03,14</b>	<i>220,35,87</i>
-------------	------------------	------------------

<sup>1</sup> Pursuant to the Scheme of Amalgamation of ICICI Limited, ICICI Capital Services Limited and ICICI Personal Financial Services Limited with ICICI Bank Limited, the authorised capital has increased from Rs. 300 crores to Rs. 2,250 crores.

<sup>2</sup> As per the notification received from Ministry of Finance the restriction of Section 12 (1) of the Banking Regulation Act, 1949, prohibiting banks established after 1944 from holding preference shares, is not applicable to the Bank for a specified period.

# schedules

forming part of the Balance Sheet

Continued

(Rs. in '000s)

As on  
31.03.2001

## SCHEDULE 2 – RESERVES AND SURPLUS

I.	Statutory Reserve		
	Opening balance .....	<b>184,43,07</b>	103,86,00
	Additions during the year [Previous year : includes Rs. 57.07 lacs on amalgamation] .....	<b>65,00,00</b>	80,57,07
	Deductions during the year .....	—	—
	Closing balance .....	<b>249,43,07</b>	184,43,07
II.	Debenture Redemption Reserve		
	Opening balance .....	—	—
	Additions during the year [on amalgamation] .....	<b>10,00,00</b>	—
	Deductions during the year .....	—	—
	Closing balance .....	<b>10,00,00</b>	—
III.	Special Reserve		
	Opening balance .....	—	—
	Additions during the year [includes Rs. 108000.00 lacs on amalgamation] .....	<b>1094,00,00</b>	—
	Deductions during the year .....	—	—
	Closing balance .....	<b>1094,00,00</b>	—
IV.	Share Premium		
	Opening balance .....	<b>804,54,36</b>	769,03,18
	Additions during the year [Previous year : includes Rs. 3551.18 lacs on amalgamation] .....	—	35,51,18
	Deductions during the year .....	—	—
	Closing balance .....	<b>804,54,36</b>	804,54,36
V.	Investment Fluctuation Reserve		
	Opening balance .....	<b>11,33,50</b>	4,83,50
	Additions during the year .....	<b>16,00,00</b>	6,50,00
	Deductions during the year .....	—	—
	Closing balance .....	<b>27,33,50</b>	11,33,50
VI.	Revenue and other Reserves		
	Opening balance .....	<b>*91,12,06</b>	74,82,00
	Additions during the year .....	<b>**3339,55,18</b>	28,07,05
	Deductions during the year .....	—	(11,76,99)
	Closing balance .....	<b>3430,67,24</b>	91,12,06
VII.	Balance in Profit and Loss Account .....	<b>19,56,14</b>	82,94
	TOTAL .....	<b>5635,54,31</b>	1092,25,93

- \* Includes
- amount transferred on amalgamation with Bank of Madura Limited Rs. 207.05 lacs and
  - Rs. 1176.99 lacs being excess of face value of equity shares issued over net assets and reserves of Bank of Madura Limited on amalgamation.
- \*\* Comprises
- Rs. 321082.23 lacs on amalgamation of ICICI Limited, ICICI Capital Services Limited and ICICI Personal Financial Services Limited with the Bank.
  - Rs. 3272.95 lacs being deferred tax credit for earlier years on adoption of Accounting Standard 22.
  - Rs. 9600.00 lacs transferred from Profit and Loss Account.

# schedules



forming part of the Balance Sheet

Continued

(Rs. in '000s)

As on  
31.03.2001

## SCHEDULE 3 – DEPOSITS

A.	I.	Demand Deposits		
	i)	From banks .....	<b>108,99,46</b>	75,63,97
	ii)	From others .....	<b>2627,15,87</b>	2546,21,81
	II.	Savings Bank Deposits .....	<b>2497,00,29</b>	1880,63,55
	III.	Term Deposits		
	i)	From banks .....	<b>4422,95,83</b>	2098,45,63
	ii)	From others .....	<b>22428,99,66</b>	9777,25,82
		TOTAL .....	<b>32085,11,11</b>	16378,20,78
B.	I.	Deposits of branches in India .....	<b>32085,11,11</b>	16378,20,78
		TOTAL .....	<b>32085,11,11</b>	16378,20,78

## SCHEDULE 4 – BORROWINGS

<b>I.</b>	<b>Borrowings In India</b>			
	i)	Reserve Bank of India .....	<b>140,89,00</b>	301,24,00
	ii)	Other banks .....	<b>2687,59,80</b>	397,79,88
	iii)	Other institutions and agencies		
	a)	Government of India .....	<b>600,93,57</b>	—
	b)	Financial Institutions .....	<b>1388,26,23</b>	325,13,70
<b>II.</b>	<b>Borrowings in the form of</b>			
	a)	Deposits taken over from ICICI Limited .....	<b>4250,75,96</b>	—
	b)	Commercial Paper .....	<b>549,53,06</b>	—
	c)	Bonds and Debentures (excluding subordinated debt)		
	1)	Debentures and Bonds guaranteed by the Government of India .....	<b>1824,00,00</b>	—
	2)	Tax free Bonds .....	<b>80,00,00</b>	—
	3)	Non convertible portion of partly convertible notes	<b>133,19,36</b>	—
	4)	Borrowings under private placement of bonds carrying maturity of one to thirty years from the date of placement .....	<b>17909,68,17</b>	—
	5)	Bonds Issued under multiple option/safety bonds series		
	–	Regular Interest Bonds .....	<b>3417,52,31</b>	—
	–	Deep Discount Bonds .....	<b>621,41,22</b>	—
	–	Bonds with premium warrants .....	<b>50,60,78</b>	—
	–	Encash Bonds .....	<b>249,30,30</b>	—
	–	Tax Saving Bonds .....	<b>7493,31,63</b>	—
	–	Easy Instalment Bonds .....	<b>3,13,59</b>	—
	–	Pension Bonds .....	<b>5,17,27</b>	—
	6)	Application Money pending allotment .....	<b>537,44,95</b>	—
<b>III.</b>	<b>Borrowings outside India</b>			
	i)	From Multilateral/Bilateral Credit Agencies (guaranteed by the Government of India equivalent of Rs. 221988.43 lacs) .....	<b>2521,36,94</b>	—
	ii)	From International Banks, Institutions and Consortiums ..	<b>2934,76,58</b>	8,61,78
	iii)	By way of Bonds and Notes .....	<b>1819,75,20</b>	—
		TOTAL .....	<b>49218,65,92</b>	1032,79,36

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

# schedules

forming part of the Balance Sheet

Continued

(Rs. in '000s)

As on  
31.03.2001

## SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

I.	Bills payable .....	<b>817,33,13</b>	380,56,43
II.	Inter-office adjustments (net) .....	<b>33,04,59</b>	–
III.	Interest accrued .....	<b>2289,51,18</b>	55,64,53
IV.	Unsecured Redeemable Debentures/Bonds .....	<b>9751,31,41</b>	168,00,00
	[Subordinated for Tier II Capital]		
V.	Others		
a)	Security Deposits from Clients .....	<b>386,55,61</b>	–
b)	Sundry creditors .....	<b>1153,98,51</b>	–
c)	Received for disbursements under special program .....	<b>254,72,97</b>	–
d)	Swap Suspense (Refer Note C. 7 b) .....	<b>25,39,10</b>	–
e)	ERAS Exchange Fluctuation Account .....	<b>67,93,47</b>	–
f)	Other Liabilities (including provisions)* .....	<b>1427,77,59</b>	408,76,13
	TOTAL .....	<b>16207,57,56</b>	1012,97,09

\* Includes Deferred Tax Liability of Rs. 15476.29 lacs  
[Previous year Rs. NIL] [Refer Note C. 5.1]

## SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

I.	Cash in hand (including foreign currency notes) .....	<b>245,89,91</b>	100,74,00
II.	Balances with Reserve Bank of India in current accounts .....	<b>1528,56,91</b>	1130,92,29
	TOTAL .....	<b>1774,46,82</b>	1231,66,29

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

I.	In India		
i)	Balances with banks		
a)	in Current Accounts .....	<b>896,06,84</b>	81,38,82
b)	in Other Deposit Accounts .....	<b>1922,14,25</b>	461,44,97
ii)	Money at call and short notice		
a)	with banks .....	<b>3924,10,81</b>	717,03,05
b)	with other institutions .....	<b>230,00,00</b>	–
	TOTAL .....	<b>6972,31,90</b>	1259,86,84
II.	Outside India		
i)	in Current Accounts .....	<b>150,33,22</b>	32,76,25
ii)	in Other Deposit Accounts .....	<b>1288,19,05</b>	3,31,00
iii)	Money at call and short notice .....	<b>2601,04,00</b>	1066,08,45
	TOTAL .....	<b>4039,56,27</b>	1102,15,70
	GRAND TOTAL (I + II) .....	<b>11011,88,17</b>	2362,02,54

# schedules



forming part of the Balance Sheet

Continued

(Rs. in '000s)

As on  
31.03.2001

## SCHEDULE 8 – INVESTMENTS

### I. Investments in India

i) Government securities .....	<b>22722,31,29</b>	4070,44,09
ii) Other approved securities .....	<b>70,46,44</b>	41,49,29
iii) Shares .....	<b>1908,64,68</b>	125,11,85
iv) Debentures and Bonds .....	<b>6436,35,59</b>	3070,08,11
v) Subsidiaries and/or joint ventures .....	<b>606,73,31</b>	—
vi) Others (CPs, Mutual Fund Units, etc.) .....	<b>4134,44,99</b>	871,77,46
TOTAL .....	<b>35878,96,30</b>	8178,90,80

### II. Investments outside India

i) Subsidiaries and/or joint ventures abroad .....	<b>1,44,88</b>	—
ii) Others .....	<b>10,66,79</b>	7,95,46
TOTAL .....	<b>12,11,67</b>	7,95,46
GRAND TOTAL (I + II) .....	<b>35891,07,97</b>	8186,86,26

## SCHEDULE 9 – ADVANCES

A. i) Bills purchased and discounted .....	<b>1654,12,23</b>	1087,04,14
ii) Cash credits, overdrafts and loans repayable on demand .....	<b>2402,50,73</b>	4970,91,00
iii) Term loans .....	<b>42147,65,94</b>	973,50,48
iv) Securitisation, Finance lease and Hire Purchase receivables .....	<b>830,57,71</b>	—
TOTAL .....	<b>47034,86,61</b>	7031,45,62
B. i) Secured by tangible assets .....	<b>44604,24,64</b>	4947,34,57
[includes advances against Book Debt]		
ii) Covered by Bank/Government Guarantees .....	<b>1029,36,11</b>	448,93,43
iii) Unsecured .....	<b>1401,25,86</b>	1635,17,62
TOTAL .....	<b>47034,86,61</b>	7031,45,62
C. I. Advances in India		
i) Priority Sector .....	<b>1985,91,44</b>	1184,66,41
ii) Public Sector .....	<b>4356,20,87</b>	844,12,74
iii) Banks .....	<b>179,44,97</b>	90,66,30
iv) Others .....	<b>40451,25,12</b>	4912,00,17
TOTAL .....	<b>46972,82,40</b>	7031,45,62
II. Advances outside India		
i) Due from banks .....	—	—
ii) Due from others		
a) Bills purchased and discounted .....	—	—
b) Syndicated loans .....	—	—
c) Others .....	<b>62,04,21</b>	—
TOTAL .....	<b>62,04,21</b>	—
GRAND TOTAL (C. I and II) .....	<b>47034,86,61</b>	7031,45,62

# schedules

forming part of the Balance Sheet

Continued

(Rs. in '000s) As on  
31.03.2001

## SCHEDULE 10 – FIXED ASSETS

<b>I. Premises</b>		
At cost as on March 31 of preceding year .....	<b>203,08,68</b>	144,74,06
Additions during the year .....	<b>16,57,90</b>	12,09,53
Additions on Amalgamation .....	<b>1237,78,06</b>	46,25,09
Deductions during the year .....	<b>(14,27,91)</b>	—
Depreciation to date [Previous year : includes Rs.430.20 lacs on amalgamation] .....	<b>(39,09,37)</b>	(29,23,34)
<b>II. Other Fixed Assets (including Furniture and Fixtures)</b>		
At cost as on March 31 of preceding year .....	<b>253,52,45</b>	112,23,78
Additions during the year .....	<b>119,48,08</b>	77,75,93
Additions on Amalgamation .....	<b>341,33,58</b>	63,81,17
Deductions during the year .....	<b>(98,26)</b>	(28,43)
Depreciation to date [Previous year : includes Rs.3605.80 lacs on amalgamation] .....	<b>(148,05,52)</b>	(105,74,14)
<b>III. Assets given on Lease</b>		
At cost as on March 31 of preceding year * .....	<b>133,06,63</b>	58,16,35
Additions during the year .....	—	—
Additions on amalgamation .....	<b>2227,05,82</b>	74,90,28
Deductions during the year .....	<b>(22,36,40)</b>	—
Depreciation to date, accumulated lease adjustment and provisions .....	<b>(67,79,31)</b>	(69,95,41)
(Previous year : includes Rs.3182.56 lacs on amalgamation)		
<b>TOTAL</b> .....	<b>4239,34,43</b>	384,74,87

\*Includes repossessed Leased Asset Rs. 960.00 lacs [Previous year Rs. 960.00 lacs]

## SCHEDULE 11 – OTHER ASSETS

I. Inter-office adjustments (net) .....	—	5,12,00
II. Interest accrued .....	<b>1847,38,46</b>	224,73,93
III. Tax paid in advance/tax deducted at source (net) .....	<b>987,00,68</b>	105,13,90
IV. Stationery and Stamps .....	<b>50,34</b>	10,88
V. Non-banking assets acquired in satisfaction of claims .....	<b>206,77,95</b>	7,64,53
VI. Others		
a) Advance for Capital Assets .....	<b>198,74,49</b>	19,22,83
b) Outstanding Fees and Other Income .....	<b>191,08,61</b>	—
c) Exchange Fluctuation Suspense with Government of India (Refer Note C. 7 a) .....	<b>111,19,19</b>	—
d) Recoverable from Subsidiary Companies .....	<b>19,93,41</b>	—
e) Others * .....	<b>595,64,91</b>	177,85,38
<b>TOTAL</b> .....	<b>4158,28,04</b>	539,83,45

\* Includes a) unamortised ADS issue expenses Rs. NIL [Previous year Rs. 1018.51 lacs]  
b) Rs. 12444.96 lacs (representing 10,13,95,949 equity shares) transferred to a Board of Trustees being shares held by ICICI Limited in ICICI Bank Limited.

## SCHEDULE 12 – CONTINGENT LIABILITIES

I. Claims against the Bank not acknowledged as debts .....	<b>1023,26,37</b>	54,79,37
II. Liability for partly paid investments .....	<b>261,51,61</b>	34,00,00
III. Liability on account of outstanding forward exchange contracts .....	<b>15254,59,16</b>	8846,81,86
IV. Guarantees given on behalf of constituents in India .....	<b>9351,60,16</b>	1345,98,32
V. Acceptances, endorsements and other obligations .....	<b>1739,10,49</b>	1286,90,93
VI. Currency Swaps .....	<b>2041,46,75</b>	871,03,40
VII. Interest Rate Swaps .....	<b>7854,15,65</b>	1138,03,00
VIII. Other items for which the Bank is contingently liable .....	<b>1920,88,39</b>	270,43,89
<b>TOTAL</b> .....	<b>39446,58,58</b>	13848,00,77

# schedules



forming part of the Profit and Loss Account

	(Rs. in '000s)	Year ended 31.03.2001
<b>SCHEDULE 13 – INTEREST EARNED</b>		
I. Interest/discount on advances/bills .....	771,66,71	570,90,65
II. Income on investments .....	1233,80,00	555,72,59
III. Interest on balances with Reserve Bank of India and other inter-bank funds .....	122,61,91	108,67,02
IV. Others .....	23,84,35	6,82,90
TOTAL .....	<u>2151,92,97</u>	<u>1242,13,16</u>
<b>SCHEDULE 14 – OTHER INCOME</b>		
I. Commission, exchange and brokerage .....	229,78,41	139,52,62
II. Profit on sale of investments (net) .....	305,71,34	19,21,28
III. Profit/(Loss) on revaluation of investments (net) .....	(14,59,97)	13,77,29
IV. Loss on sale of land, buildings and other assets (net) .....	(6,27)	(13,09)
V. Profit on exchange transactions (net) .....	37,29,83	41,61,20
VI. Miscellaneous Income .....	16,52,64	6,34,72
TOTAL .....	<u>574,65,98</u>	<u>220,34,02</u>
<b>SCHEDULE 15 – INTEREST EXPENDED</b>		
I. Interest on deposits .....	1388,92,52	725,44,35
II. Interest on Reserve Bank of India/inter-bank borrowings .....	47,83,87	32,05,07
III. Others .....	122,15,96	80,17,81
TOTAL .....	<u>1558,92,35</u>	<u>837,67,23</u>
<b>SCHEDULE 16 – OPERATING EXPENSES</b>		
I. Payments to and provisions for employees .....	147,17,74	51,71,02
II. Rent, taxes and lighting .....	66,27,83	36,48,49
III. Printing and stationery .....	35,30,22	24,17,24
IV. Advertisement and publicity .....	7,96,57	14,33,07
V. Depreciation on Bank's property .....	64,09,13	36,75,71
VI. Directors' fees, allowances and expenses .....	15,69	17,92
VII. Auditors' fees and expenses (including branch auditors) .....	30,76	28,66
VIII. Law Charges .....	1,51,49	53,78
IX. Postages, Telegrams, Telephones, etc. ....	37,72,26	20,83,61
X. Repairs and maintenance .....	78,33,46	27,11,42
XI. Insurance .....	14,14,98	6,37,42
XII. Other expenditure* .....	169,57,57	115,84,30
TOTAL .....	<u>622,57,70</u>	<u>334,62,64</u>
* Includes Rs. 915.40 lacs [Previous year Rs. 1047.16 lacs] amortisation of ADS issue expenses		
<b>SCHEDULE 17 – PROVISIONS AND CONTINGENCIES</b>		
I. Income Tax		
– Current period Tax	Rs. 121,33,00	
– Deferred Tax adjustment	(Rs. 90,33,00)	
	31,00,00	65,05,00
II. Wealth Tax .....	50,00	37,00
III. Additional depreciation/ (write-back of depreciation) on investments	(15,70,00)	(6,49,43)
IV. Provision for non-performing assets ( net ) [incl. Provision for standard assets and after accounting for provisions required on certain accounts stated in Note B. 3(a) (ii)]	268,29,00	63,55,00
V. Others .....	2,70,00	6,60,00
TOTAL .....	<u>286,79,00</u>	<u>129,07,57</u>

**SCHEDULE 18****A. SIGNIFICANT ACCOUNTING POLICIES****1. Overview**

ICICI Bank Limited ("ICICI Bank" or "the Bank"), incorporated in the State of Gujarat having Registered Office at Vadodara, India, is a publicly held bank providing a wide range of banking and financial services including retail lending, commercial lending, trade finance and treasury products. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949.

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 100% of the outstanding equity shares of ICICI Limited ("ICICI") and ICICI's interest in its subsidiaries in an all-stock deal accounted for under the purchase method of accounting.

**2. Basis of Preparation**

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

The preparation of financial statements requires that management makes estimates and assumptions that affect the reported amounts of assets and 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. Actual results could differ from these estimates.

Since the appointed date of the merger of ICICI is March 30, 2002 the financials include the results of the operations for the full year of ICICI Bank and from the appointed date for ICICI. As more fully explained in Part B the results of operations of ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited upto the appointed date are accounted in accordance with the scheme of amalgamation and Accounting Standard 14 on 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India. The accounting policies described below have to be read together with the aforesaid note.

**3. 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 not reckoned as income in the accounts unless realised in cash.
- b) Income on hire purchase operations is accrued in a manner so as to provide a fixed return 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. In respect of leases effected from April 1, 2001, finance leases have been accounted as per Accounting Standard 19 issued by the Institute of Chartered Accountants of India.
- d) Income on discounted instruments is recognised over the tenure of the instrument.
- e) Dividend is accounted on an accrual basis when the Bank's right to receive the dividend is established.
- f) Front end fees, premium earned on prepayment of loans, fee income arising from sell down of assets and fees earned on restructured (including realignment of interest rates) loans are recognised upfront on their becoming due.
- g) Guarantee commission is recognised over the period of the guarantee.

**4. Investments**

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").



# schedules



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.

## 5. Provision/Write-offs on Loans and Other Credit Facilities

- a) As per RBI guidelines, general provision of 0.25% is made on standard assets. The Bank has a policy of making an additional general provision of 0.25%, thus making total general provision of 0.50% on standard assets. As a result of fair valuation done on ICICI's performing assets, the Bank currently holds Rs. 217100.00 lacs of provision on customer assets taken over from ICICI amounting to 4.55% provision on acquired performing customer assets, which is in excess of the Bank's policy of 0.50% provision.
- b) 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 based on the criteria stipulated by the RBI. Provisions are made on substandard and doubtful assets at rates higher than those prescribed by the Reserve Bank of India. 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 Reserve Bank of India. 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.
- c) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the Reserve Bank of India, 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.
- d) Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are written back to the revenue account.
- e) To the extent future provisions are required on the assets taken over from ICICI, the general provision credited on fair valuing the assets at the time of the amalgamation will be used.

## 6. Fixed Assets and Depreciation

- a) Premises and other fixed assets are carried at cost. 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:

<b>Asset</b>	<b>Depreciation Rate</b>
Premises owned by the Bank .....	1.63%
Improvements to leasehold premises .....	1.63%
	or over the lease period, whichever is higher
ATMs .....	16.67%
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. Depreciation on additions is provided on a pro-rata basis.

- c) Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year.
- d) Items costing less than Rs. 5,000/- are fully depreciated in the year of purchase.

## **7. Foreign Currency 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/expense in accordance with the RBI/FEDAI guidelines. Contingent Liabilities at the balance sheet date on account of foreign exchange contracts are reported at contracted rates.

## **8. Accounting for Swaps**

The Bank enters into derivative contracts such as currency swaps and interest rate swaps to hedge on-balance sheet assets and liabilities and 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 the underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. The related amount receivable from and payable to the swap counter parties is included in the other assets or other liabilities in the balance sheet. When there is no correlation of movements between derivative and the underlying asset or liability, or if the underlying asset or liability specifically related to a derivative instrument is matured, sold or terminated, the derivative instrument is closed out or marked to market as an element of non-interest income on an out-going basis.

## **9. 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 in 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, no compensation cost is incurred.

## **10. Staff Benefits**

For employees covered under group gratuity scheme and group superannuation scheme of LIC, gratuity and superannuation charged to Profit and Loss Account is on the basis of premium demanded by LIC. Provision for gratuity and pension (for certain category of 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. Retirement benefits for employees taken over from erstwhile Bank of Madura and ICICI are different from those applicable to other employees.

## **11. Deferred Tax**

The Bank accounts for income taxes as per Accounting Standards 22 (AS 22) "Accounting for Taxes on Income". AS 22 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax basis of assets and liabilities using substantively enacted tax rates expected to apply to taxable income in the years when temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss Account in the period of change. Deferred tax assets are recognised subject to a valuation allowance based upon management's judgement as to whether realisation is considered reasonably certain.

## **B. AMALGAMATION OF ICICI LIMITED, ICICI CAPITAL SERVICES LIMITED (ICICI CAPITAL) AND ICICI PERSONAL FINANCIAL SERVICES LIMITED (ICICI PFS) WITH THE BANK**

- 1. ICICI, ICICI PFS and ICICI Capital were amalgamated with the Bank with effect from March 30, 2002 in terms of the Scheme of Amalgamation approved by the Reserve Bank of India on April 26, 2002 and the High Court of Gujarat on March 7, 2002 and High Court of Judicature at Mumbai on April 11, 2002. ICICI was a financial services company offering a wide range of products and services to corporate and retail customers in India through a number of business operations, subsidiaries and affiliates. ICICI PFS, a subsidiary of ICICI, was acting as a focal point for marketing, distribution and servicing the retail product portfolio of ICICI including auto loans, commercial vehicle loans, credit cards, consumer loans, etc. ICICI Capital, a subsidiary of ICICI, was engaged in sales and distribution of various financial and investment products like ICICI Bonds, Fixed Deposits, Demat Services, Mutual Funds, etc.

# schedules



2. The following are the salient features of the scheme :
  - a) The consideration for the amalgamation is in the form of one equity share of ICICI Bank of Rs. 10 each issued for two equity shares of ICICI of the face value of Rs. 10 each. No shares would be issued pursuant to the amalgamation of ICICI PFS and ICICI Capital, both of which are wholly owned subsidiaries of ICICI.
  - b) ICICI would transfer prior to the appointed date, the shares held by it in ICICI Bank to an individual trustee or a board of trustees or a corporate trustee.
  - c) ICICI Bank shall issue to the holders of 0.001% preference shares of Rs. 10,000,000 each of ICICI, one preference share of Rs. 10,000,000 fully paid up on the same terms and conditions.
  - d) In respect of Stock Options issued by ICICI under the Employees' Stock Option Scheme to its Directors and employees and employees of ICICI PFS and ICICI Capital or any other subsidiary or associates and which have not been exercised and are therefore outstanding, the said Directors and employees, would in lieu of the options held by them in ICICI receive, options in ICICI Bank in the ratio of one equity share of Rs. 10 for every two equity shares of Rs. 10 each granted in ICICI. The exercise price of the said options shall be twice the price payable by said Directors and employees for the exercise of ICICI stock options.
3. In accordance with the Scheme of amalgamation the fair value of the assets (net of existing provisions) and liabilities of ICICI had to be determined for incorporation in the books of the Bank. In this context, the following procedures were adopted by the Bank:
  - a) (i) The auditors of ICICI have in their report confirmed that the valuation and provisioning requirements in respect of assets of ICICI have been carried out consistent with the prudential norms applicable to banks and provisioning requirements have been fully met out of existing provisions/reserves of ICICI, except to the extent of:
    - further provisioning required arising out of the report of the fair valuation exercise carried out by an independent firm of Chartered Accountants and
    - additional provision required in respect of certain performing loan accounts of ICICI which are non-performing in the books of ICICI Bank.
  - (ii) In respect of loans and all investments deemed to be credit substitutes and Venture Capital Investments the fair values have been determined by Messrs Deloitte Haskins & Sells, an independent firm of Chartered Accountants, which valuation resulted in an aggregate shortfall when compared with the carrying values. This shortfall has not been adjusted in the books of ICICI before amalgamation as required by the Reserve Bank of India. However, as permitted by Accounting Standard 14 on 'Accounting for Amalgamations', the said assets have been incorporated in the books of the Bank at carrying values as appearing in the books of ICICI with further provisions made in the books of the Bank as follows:
    - Rs. 243005.36 lacs, based on the fair values determined by Messrs Deloitte Haskins & Sells on the total portfolio basis without allocating to individual assets and other adjustments.
    - Rs. 15460.40 lacs in respect of performing loans which would be considered as non performing assets in the books of the Bank.
  - (iii) Investments other than investments in Venture Capital Funds and subsidiaries and investments deemed to be credit substitutes have been valued in accordance with RBI guidelines on Valuation of Investments.
  - (iv) No adjustment has been made to the carrying values in respect of investments in subsidiaries where the management does not have an established intent to sell or has regulatory constraints in reducing stakes.
  - (v) Fixed assets have been recorded as per their values in ICICI books prior to the amalgamation as determined by independent valuers. Hence no further adjustment was considered necessary.
  - (vi) It has not been considered necessary to make any adjustment to the values of the liabilities as appearing in the books of ICICI.
  - (vii) Subject to the above, the assets and liabilities of ICICI have been incorporated in the books of the Bank on the basis of Trial Balance as at the close on March 29, 2002 certified by the auditors of ICICI.
  - (viii) It has not been considered necessary to make any adjustment to the values of the assets and liabilities of ICICI Capital and ICICI PFS and these assets and liabilities have been incorporated based on Trial Balances certified by the auditors of ICICI Capital and ICICI PFS.
- b) The excess of the fair value of net assets of ICICI over the paid up value of the shares issued by the Bank has been dealt with as follows:
  - (i) The balances in 'Special Reserve Account' and 'Debenture Redemption Reserve Account' have been transferred to similar accounts in the books of the Bank.

# schedules

forming part of the Accounts

Continued

- (ii) The aggregate balances in 'Capital Reserve Account', 'Capital Redemption Reserve Account', 'Share Premium Account', 'General Reserve Account', 'Profit and Loss Account' and any other reserves as reduced by the provision referred to in para 3(a)(ii) and such other adjustments considered necessary has been transferred to 'General Reserve Account'.

Accordingly, the acquisition of ICICI has resulted in a net accretion to General Reserve of Rs. 321082.23 lacs. The computation of this amount is detailed in the table below:

	Rupees in lacs	
Assets at Book Values .....	7127157.14	
Less: Fair value and other adjustments .....	258465.76	
Fair value of assets .....	6868691.38	
Less: Liabilities taken over .....	6364341.88	
<b>Net Assets at Fair Value</b> .....		504349.50
Less : Consideration payable (39,26,72,724 equity shares of Rs. 10 each) .....	39267.27	
Preference Shares .....	35000.00	
Special Reserve .....	108000.00	
Debenture Redemption Reserve .....	1000.00	183267.27
<b>Amount taken to General Reserve in Bank's books</b> .....		321082.23

## C. NOTES FORMING PART OF THE ACCOUNTS

### 1. Preference Shares

Certain Government Securities amounting to Rs. 13045.75 lacs have been earmarked against redemption of preference share capital, which falls due for redemption on April 20, 2018.

### 2. Employee Stock Option Scheme

At the Extraordinary General Meeting on February 21, 2000, the shareholders approved an Employee Stock Option Scheme. Under the Scheme, up to 5% of the issued equity shares, including the ADS issue, can be allocated to Employee Stock Options. In terms of the Scheme, 63,27,825 options granted to eligible employees were outstanding as at March 31, 2002.

In terms of the Scheme of Amalgamation of ICICI Limited (ICICI), ICICI Capital Services Limited (ICICI Capital) and ICICI Personal Financial Services Limited (ICICI PFS) with ICICI Bank Limited (ICICI Bank), Directors and employees to whom stock options were granted by ICICI under the employees' stock option scheme, would receive options in ICICI Bank in the ratio of one equity share of Rs. 10 for every two equity shares of Rs. 10 each granted in ICICI. The exercise price of the said options shall be twice the price payable by said Directors and employees for the exercise of ICICI stock options. As on March 31, 2002, 1,40,31,600 options issued by ICICI were outstanding.

Upon the coming into effect of the Scheme of Amalgamation, Section IV Part I of the employees' stock option scheme stands amended in the following manner:

"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 five percent of the aggregate number of the issued equity shares of the Bank after coming into effect of the amalgamation of ICICI, ICICI Capital and ICICI PFS with the Bank and the issuance of equity shares by the Bank pursuant to the aforesaid amalgamation of ICICI, ICICI Capital and ICICI PFS with the Bank."

### 3. Subordinated Debt

Bank has raised subordinated debt amounting to Rs 22853.54 lacs during the year. (Previous year Rs. NIL)

Subordinated debt acquired from ICICI includes Index bonds amounting to Rs.879.60 lacs, 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.

### 4. Fixed Assets and Depreciation

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%

Accordingly, the depreciation charged for the current year was less by Rs. 643.00 lacs.

# schedules



forming part of the Accounts

Continued

## 5. Adoption of New Accounting Standards

### 5.1 Deferred Tax

Consequent upon Accounting Standard 22 on Accounting for Taxes on Income becoming mandatory effective April 1, 2001, the Bank has recorded the cumulative deferred tax asset of Rs. 3272.95 lacs 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. 9033.00 lacs 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. 27782.24 lacs. Accordingly, on March 31, 2002, the Bank has recorded net deferred tax liability of Rs. 15476.29 lacs, a composition of which into major items is given below:

	Rupees in lacs	
<b>Deferred Tax Asset</b>		
Amortisation of premium on investments .....	851.89	
Provision for bad and doubtful debts .....	71396.72	
Others .....	13067.30	85315.91
<b>Less : Deferred Tax Liability</b>		
Depreciation on fixed assets .....	99105.22	
Others .....	1686.98	100792.20
<b>Net Deferred Tax Asset/(Liability) .....</b>		<b>(15476.29)</b>

### 5.2 Related Party Transactions

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

- Affiliates of the Bank including ICICI (former parent company) till the acquisition date;
- Employees' Provident Fund Trust; and
- Directors and employees of the group

The related party transactions can be categorised as follows :

#### a) Banking Services

ICICI Bank provides banking services to all the related parties on the same terms that are offered to other customers. The revenues earned from these related parties are set out below:

	Rupees in lacs	
	FY 2002	FY 2001
ICICI (former parent company) till the date of amalgamation .....	<b>294.13</b>	<b>450.53</b>
Other Affiliates <sup>(1)</sup> (Including ICICI PFS and ICICI Capital till the date of amalgamation)	<b>78.45</b>	<b>265.40</b>
Total .....	<b>372.58</b>	<b>715.93</b>

<sup>(1)</sup> Comprising ICICI Securities and Finance Company Limited, ICICI Brokerage Services Limited, ICICI Capital, Prudential ICICI Asset Management Company Limited, ICICI PFS, ICICI Home Finance Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Infotech Services Limited and ICICI Knowledge Park.

ICICI Bank has paid to the related parties interest on deposits and borrowings in call money markets amounting to Rs. 5425.79 lacs for the year ended March 31, 2002 (March 31, 2001: Rs. 3921.52 lacs). Similarly it paid brokerage to ICICI Brokerage Services Limited amounting to Rs. 0.76 lakh for the year ended March 31, 2002 (March 31, 2001: Rs. 1.78 lacs).

#### b) Leasing of Premises and Infrastructural Facilities

ICICI Bank had entered into lease agreements with ICICI for lease of certain premises and infrastructural facilities to ICICI Bank, and paid rent till the amalgamation date of Rs. 2178.22 lacs (March 31, 2001: Rs. 1765.57 lacs). Similarly, ICICI Bank paid Rs. 377.43 lacs till the amalgamation date (March 31, 2001: Rs. 159.72 lacs) towards lease rentals on certain equipment leased from ICICI.

ICICI Bank has received Rs. 153.98 lacs for the year ended March 31, 2002 towards the rent of Bank's premises occupied by ICICI and other affiliates.

**c) Acquisition of Equipment**

ICICI Bank purchased equipments from ICICI and ICICI Infotech Services Limited for Rs. 109.12 lacs for the year ended March 31, 2002 (March 31, 2001 : Rs. 989.84 lacs).

**d) Forward Contracts**

ICICI Bank entered into foreign exchange forward contracts with ICICI. The outstanding contracts as on the date of amalgamation in respect of forward contracts amounted to Rs. 2508.98 lacs (March 31, 2001 : Rs. 22618.25 lacs).

**e) Derivative Transactions**

ICICI Bank entered into foreign exchange currency swaps and interest rates swaps with ICICI on a back to back basis. The outstanding contracts as on date of amalgamation in respect of cross currency swaps amounted to Rs. 22722.50 lacs (Rs. 43523.75 lacs as at March 31, 2001) and in respect of interest rate swap contracts amounted to Rs. 27100.00 lacs (Nil as at March 31, 2001). Similarly, Bank also enters into interest rate swaps with the affiliates on a back to back basis. The outstanding contracts with other affiliates at March 31, 2002 in respect of interest rate swaps amounted to Rs. 60500.00 lacs (March 31, 2001 : Rs. 29000.00 lacs).

**f) Expenses for Services Rendered**

ICICI Bank paid Rs. 120.80 lacs till the amalgamation date (March 31, 2001: Rs 44.77 lacs) to ICICI for secondment of their employees.

ICICI Bank paid Rs. 466.45 lacs till the amalgamation date (March 31, 2001: Nil) to ICICI PFS for secondment of their employees.

**g) Receipts for Services Rendered**

ICICI Bank received Rs 81.30 lacs till the amalgamation date (March 31, 2001: Rs 50.93 lacs) from ICICI for employees seconded to them.

ICICI Bank received Rs. 15.92 lacs till the amalgamation date (March 31, 2001: Nil) from ICICI PFS for employees seconded to them.

**h) Share Transfer Activities**

ICICI Bank paid Rs. 14.08 lacs for the year ended March 31, 2002 (March 31, 2001: Rs. 30.93 lacs) to ICICI Infotech Services Limited for share transfer services provided by them. The Bank paid Rs. 16.40 lacs for the year ended March 31, 2002 for DEMAT services provided by the above affiliate (March 31, 2001: Rs. 52.17 lacs).

**i) Dividend Payments**

ICICI Bank declared and paid interim dividend @ 20% for the year 2001-2002, out of which the Bank paid Rs. 4071.91 lacs to its affiliates for the year ended March 31, 2002 (March 31, 2001 Rs. 1841.99 lacs).

**j) Other Transactions with Related Parties**

ICICI Bank had entered into an agreement with ICICI PFS for telephone banking call centre services and transaction-processing services for the credit card related activities and paid till the amalgamation date Rs. 1489.88 lacs (March 31, 2001: Rs. 991.72 lacs).

ICICI had undertaken a corporate brand building advertising campaign of which ICICI Bank's share till the date of amalgamation was Rs. 289.16 lacs (March 31, 2001 : Rs. 153.86 lacs).

ICICI Bank has paid Rs. 481.13 lacs to ICICI towards common corporate expenditure during the year ended March 31, 2002 (March 31, 2001: Nil). Similarly, ICICI Bank has paid Rs. 418.92 lacs to ICICI and affiliates towards various expenditure such as lease line expenses, telephone expenses, custodial services, canteen expenses, etc. (March 31, 2001: Rs. 196.31 lacs).

ICICI has set up common technology infrastructure for utilisation by the ICICI Group. The Bank paid its share of Rs. 367.42 lacs and Rs. 179.84 lacs for communication expenses and backbone infrastructure expense till the amalgamation date. Similarly, it paid Rs. 1236.52 lacs for the year ended March 31, 2002, as expenses for development of software and providing support services by ICICI Infotech Services Limited (March 31, 2001 : Rs. 732.60 lacs).

ICICI Bank paid Rs. 1101.94 lacs till the amalgamation date as its share of the operating costs of the common data centre set up by ICICI (March 31, 2001 : Rs. 496.00 lacs).

# schedules



forming part of the Accounts

Continued

ICICI Bank hired the services of ICICI Capital for setting up of ATMs at various places and paid Rs. 66.27 lacs for the above services till the amalgamation date (March 31, 2001 : Rs. 78.90 lacs). ICICI Bank has paid Rs. 90.85 lacs to ICICI e-Payments Limited towards payment gateway services rendered in connection with credit cards acquiring transactions through internet channel (March 31, 2001 : Rs. 62.47 lacs). The Bank has hired the services of ICICI Web Trade Limited for data compilation of new accounts acquired by the Bank through internet channel for which Rs. 97.73 lacs were paid during the year ended March 31, 2002 (March 31, 2001 : Rs. 21.92 lacs).

ICICI Bank has paid premium of Rs. 43.60 lacs to ICICI Lombard General Insurance Company Limited towards the Staff Medical Insurance Policy (March 31, 2001 : Nil).

ICICI Bank paid compensation to its key management personnel Rs. 219.75 lacs for services rendered by them during the year.

The balances pertaining to receivables from and payable to related parties are set out below:

	Rupees in lacs	
	ICICI	Other Affiliates <sup>(1)</sup>
At March 31, 2001		
Accounts receivable .....	386.38	173.11
Accounts payable .....	52087.59	28474.54
At March 31, 2002		
Accounts receivable .....	—	*1995.54
Accounts payable .....	—	8933.86

\* includes amount receivable from Group Companies by erstwhile ICICI Limited

<sup>(1)</sup> Comprises ICICI Securities and Finance Company Limited, Prudential ICICI Asset Management Company Limited, Prudential ICICI Trust Limited, ICICI Infotech Services Limited, ICICI Brokerage Services Limited, ICICI PFS, ICICI Capital, ICICI Venture Funds Management Company Limited, ICICI Properties Private Limited, ICICI Home Finance Company Limited, ICICI Real Estate Company Private Limited, Traveljini.com Private Limited, ICICI Knowledge Park, ICICI Realty Private Limited, ICICI Web Trade Limited, ICICI West Bengal Infrastructure Development Corporation Limited, ICICI ePayments Limited, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, Bill Junction Limited, ICICI Trusteeship Services Limited and ICICI Investment Management Company Limited.

## 5.3 Earnings Per Share ("EPS")

The computation of Earnings per Share is set out below :

	Rupees in lacs except per share data	
	FY 2002	FY 2001
<b>Basic</b>		
Weighted Average no. of equity shares		
Outstanding (Nos) .....	* 222510311	198237717
Net Profit .....	25829.90	16109.74
Earnings per Share (Rs.) .....	11.61	8.13
Nominal Value per share (Rs.) .....	10.00	10.00
<b>Diluted</b>		
Weighted Average no. of equity shares		
Outstanding (Nos.) .....	* 222510311	198237717
Net Profit .....	25829.90	16109.74
Earnings per Share (Rs.) .....	11.61	8.13
Nominal Value per share (Rs.) .....	10.00	10.00

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

The market price has remained lower than the price at which the option was granted and therefore there is no dilutive impact on the basic EPS.

# schedules

forming part of the Accounts

Continued

## 6. Additional Disclosures

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

### 6.1 Capital Adequacy Ratio

	Rupees in lacs	
	FY 2002	FY 2001
Tier I Capital .....	588732	130243
Tier II Capital .....	312480	14496
Total Capital .....	901212	144739
Total Risk Weighted assets and contingents .....	7878321	1250516
Capital Ratios (per cent)		
Tier I .....	7.47%	10.42%
Tier II .....	3.97%	1.15%
Total Capital .....	11.44%	11.57%

### 6.2 Business/Information Ratios (Annualised)

	Rupees in lacs	
	FY 2002	FY 2001
(i) Interest income to working funds (per cent) .....	8.44	10.07
(ii) Non-interest income to working funds (per cent) .....	2.25	1.78
(iii) Operating profit to working funds (per cent) .....	2.14	2.35
(iv) Return on assets (per cent) .....	0.67	0.82
(v) Business per employee* (average deposits plus average advances) (Not annualised) .....	486.49	815.24
(vi) Profit per employee* .....	5.33	10.45
(vii) Net non-performing advances (funded) to net advances (per cent)	5.48	2.19
(viii) Net non-performing customer assets (funded) to net customer assets (per cent)	4.73	1.44

\*Weighted average number of employees

### 6.3 Maturity Pattern

a) Rupee denominated assets and liabilities

	Rupees in lacs			
Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings
1 to 14 days	82564	131998	315206	99649
15 to 28 days	35692	68624	92177	149971
29 days to 3 months	255294	289018	481706	441520
3 to 6 months	233150	267530	277906	322932
6 months to 1 year	371087	521877	579855	894286
1 to 3 years	1322562	736576	1289359	1416256
3 to 5 years	753733	447461	40318	395130
Above 5 years	1370069	1155706	14421	284823
<b>Total</b>	<b>4424151</b>	<b>3618790</b>	<b>3090948</b>	<b>4004567</b>

b) Forex denominated assets and liabilities

	Rupees in lacs					
Maturity Buckets	Loans & Advances	Balances with banks and money at call and short notice	Deposits	Borrowings	Other assets	Other liabilities
1 to 14 days	5217	275137	5980	2577	3191	3259
15 to 28 days	3000	128819	2286	10	—	—
29 days to 3 months	13840	—	9134	55754	—	—
3 to 6 months	17610	—	12834	81904	—	—
6 months to 1 year	25284	—	32086	269205	—	—
1 to 3 years	103836	—	55211	164136	—	—
3 to 5 years	128513	—	32	121428	—	—
Above 5 years	192340	—	—	222285	—	—
<b>Total</b>	<b>489640</b>	<b>403956</b>	<b>117563</b>	<b>917299</b>	<b>3191</b>	<b>3259</b>



# schedules



forming part of the Accounts

Continued

## Note

- In compiling the information of maturity pattern (refer 6.3 (a) and 6.3 (b) 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.
- The above tables do not include fair valuation impact as below:
  - loans and advances – Rs. 210304.12 lacs
  - investments – Rs. 29681.82 lacs

## 6.4 Advances

### (i) Lending to Sensitive Sectors

	Rupees in lacs	
	FY 2002	FY 2001
Capital Market Sector* .....	17155.42	20422.12
Real Estate Sector .....	47578.05	17813.04
Commodities Sector .....	11095.91	13215.25

\* represents loans against shares

### (ii) Credit Exposure to

	% age to Capital funds As at March 31, 2002	% age to Total Exposure
<b>(a) Single Largest Borrower</b> .....	21.4%	2.4%
<b>(b) Largest Borrower Group</b> .....	41.3%	4.5%
<b>(c) Top Ten Single Borrowers</b>		
No.1 .....	21.4%	2.4%
No.2 .....	20.2%	2.2%
No.3 .....	14.1%	1.5%
No.4 .....	13.4%	1.5%
No.5 .....	12.6%	1.4%
No.6 .....	12.2%	1.3%
No.7 .....	11.0%	1.2%
No.8 .....	10.1%	1.1%
No.9 .....	9.4%	1.0%
No.10 .....	9.3%	1.0%
<b>(d) Top Ten Borrower Groups</b>		
No.1 .....	41.3%	4.5%
No.2 .....	32.7%	3.6%
No.3 .....	23.5%	2.6%
No.4 .....	21.0%	2.3%
No.5 .....	19.2%	2.1%
No.6 .....	13.4%	1.5%
No.7 .....	12.1%	1.3%
No.8 .....	11.9%	1.3%
No.9 .....	11.8%	1.3%
No.10 .....	10.8%	1.2%
	% age to Total Exposure As at March 31, 2002	
<b>(e) Five Largest Industrial Sectors</b>		
No.1 .....		10.9%
No.2 .....		10.7%
No.3 .....		9.1%
No.4 .....		6.2%
No.5 .....		5.1%

# schedules

forming part of the Accounts

Continued

## (iii) Movement of Gross NPA (Funded) during the year

	Rupees in lacs
As on March 31, 2001 .....	40925.22
Additions on amalgamation .....	451208.79
Additions during the year .....	36520.09
	<u>528654.10</u>
Less: Reductions during the year .....	27351.09
As on March 31, 2002 .....	<u>501303.01</u>

## (iv) Provision for NPAs (excluding RBI Mandated Regulatory Provision on Standard Assets)

	Rupees in lacs
Provision netted from Advances as on March 31, 2001 .....	20590.34
Add: Provisions made during the year:	
Provision on loan book .....	23557.17
Additional provision on standard assets .....	1180.50
Provision rendered surplus .....	2053.55
	<u>26791.22</u>
Add: Additions on amalgamation* .....	204411.80
	<u>251793.36</u>
Less write-offs .....	13412.36
Provision netted off from advances as on March 31, 2002 .....	<u>238381.00</u>

\* Includes fair value adjustments amounting to Rs. 64975.21 lacs

## (v) Information in respect of restructured assets as on March 31, 2002

	Rupees in lacs
Amount of Standard assets subjected to restructuring .....	469784.00
Amount of Sub-standard assets subjected to restructuring .....	1774.00
Total amount of loan assets subjected to restructuring .....	<u>471558.00</u>

## 6.5 Investments

	March 31, 2002		March 31, 2001	
	In India	Outside India	In India	Outside India
Gross value	3802321.40	1428.67	821903.29	995.46
Less: Provision for depreciation and fair value adjustments	*214425.10	217.00	4012.49	200.00
Net value	<u>3587896.30</u>	<u>1211.67</u>	<u>817890.80</u>	<u>795.46</u>

\* Includes fair value adjustments on investments taken over from ICICI amounting to Rs. 29681.82 lacs.

## Provision for Depreciation on Investments

	Rupees in lacs
As on March 31, 2001 .....	4212.49
Add: Provision made during the year .....	—
Addition on amalgamation .....	183019.26
	<u>187231.75</u>
Less: Transfer to Investment Fluctuation Reserve .....	1600.00
Write-off during the year .....	671.47
As on March 31, 2002 .....	<u>184960.28</u>

# schedules



forming part of the Accounts

Continued

## 6.6 Investments in Equity Shares and Equity like Instruments (at cost)

	Rupees in lacs	
	<b>March 31, 2002</b>	<i>March 31, 2001</i>
Shares .....	<b>281249.42</b>	<i>1427.97</i>
Convertible Debentures .....	<b>24735.14</b>	<i>41.04</i>
Units of Equity Oriented Mutual Funds .....	<b>35286.02</b>	<i>7149.81</i>
Investment in Venture Capital Funds .....	<b>47714.46</b>	<i>1025.46</i>
<b>Total .....</b>	<b>388985.04</b>	<i>9644.28</i>

## 6.7 Interest Rate Swaps

		Rupees in lacs
Notional Principal	Hedging .....	474415.65
	Trading .....	311000.00
Fair Value*	Hedging .....	219294.10
	Trading .....	311192.73
Associated Credit Risk	Trading .....	857.94
	Default Risk	150.73
Market Risk	In the event of 100 basis points rise in the interest rates, there will be a negative impact of Rs 238.69 lacs on the swap book.	
Collateral	As per prevailing market practice, collateral is not insisted upon from counter party.	
Credit Risk Concentration	Standard Chartered Bank Rs. 870.00 lacs.	
Accounting Policy	<p>INR Interest Rate Swaps (IRS) are off-balance sheet transactions including derivative contracts with or without underlying securities, but linked to interest rates or indices.</p> <p>The Bank operates in this area for trading or as a hedge for its assets or liabilities from the risk of interest rate movements in the market.</p> <p>Interest income/expense is accrued on Hedge Interest Rate Swaps (IRS) and booked in the profit and loss account. Trading IRS is marked to market and the resulting gain / loss is booked in the profit and loss account.</p>	

\* Represents Notional principal amount and the resultant Unrealised gain/loss

## 7. Other Liabilities

### a. Exchange Fluctuation

Exchange Fluctuation aggregating Rs. 11119.19 lacs, which arises on account of Rupee-tying Agreements with the Government of India, is held in "Exchange Fluctuation Suspense with Government Account" pending adjustment at maturity on receipt of payments from the Government for repayments to foreign lenders.

### b. Swap Suspense (net)

Swap Suspense (net) aggregating Rs. 2539.10 lacs (credit), which arises out of conversion of foreign currency swaps, is held in "Swap Suspense Account" and will be reversed at conclusion of swap transactions with swap counter parties.

### c. Exchange Risk Administration Scheme

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

# schedules

forming part of the Accounts

Continued

## 8. Contingencies

In January 2001, certain international banks filed a claim against ICICI before the English Courts in London challenging certain transactions between ICICI and a borrower to whom both ICICI and the litigants are lenders. These transactions relate to certain lease, brand-financing and investment agreements between ICICI and the borrower. Such transactions aggregate approximately Rs. 57000 lacs. The plaintiffs allege that such specified transactions breach the Security Agent and Trust Agreement between ICICI and the plaintiffs, whereby ICICI was appointed as a Security Agent and Trustee for the plaintiffs.

The plaintiffs have sought

- a declaration that the specified transactions are void;
- damages and / or compensation equal to the sum of money sufficient to compensate each of the plaintiffs for the loss of security;
- interest in equity computed in quarterly rests and / or pursuant to Section 35A of the UK Supreme Court Act of 1981; and
- costs of litigation.

The litigation is in its early stages and as the claims are unparticularised, no estimate of the interest, damages and costs claimed can be quantified currently. ICICI has denied all claims of the plaintiffs and is contesting the jurisdiction of the English Courts to hear the matter. The proceedings have been adjourned till the final outcome of the restructuring scheme filed by the borrower in the Gujarat High Court. The Gujarat High Court has since approved the restructuring scheme filed by the borrower. Subsequently one of the plaintiffs has filed an appeal against the said order and the same is pending. Further, one of the plaintiffs has filed a criminal complaint with similar allegations against ICICI and some of its Directors and officers. ICICI and its Directors have filed writ petitions in the Gujarat High Court for quashing the criminal complaint and the Gujarat High Court has granted interim stay of the criminal proceedings till further order. Judgement is awaited in the said writ petitions.

Management believes that the ultimate resolution of the above litigation will not have a material adverse effect on the Bank's results of operations, financial condition, or liquidity. However, the final outcome of the litigation cannot be predicted with certainty, and accordingly, no assurance can be given about the ultimate outcome of the litigation and its impact.

## 9. Comparative Figures

Consequent on the merger of ICICI, ICICI PFS and ICICI Capital with the Bank during the year, current year figures are not comparable with those of the previous year. Figures of the previous year have been regrouped to conform to the current year's presentation.

### Signatures to Schedules 1 to 19

For and on behalf of the Board of Directors

N. VAGHUL  
*Director*

K. V. KAMATH  
*Managing Director & CEO*

H. N. SINOR  
*Joint Managing Director*

LALITA D. GUPTA  
*Joint Managing Director*

CHANDA D. KOCHHAR  
*Executive Director*

KALPANA MORPARIA  
*Executive Director*

NACHIKET MOR  
*Executive Director*

S. MUKHERJI  
*Executive Director*

JYOTIN MEHTA

*General Manager &  
Company Secretary*

G. VENKATAKRISHNAN  
*General Manager*

BALAJI SWAMINATHAN  
*Chief Financial Officer*

Place : Mumbai

Date : May 3, 2002