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## Message from the Chairman



The year 2004 is a watershed year for the ICICI group, as it marks the 50th year of our existence. ICICI was formed in 1955 as an innovative experiment - a development banking institution in the private sector, in a newly independent nation. Over the next few decades a number of visionary leaders shaped the organisation into a premier provider of finance to Indian industry, actively participating in the creation of industrial capacities and providing resources to support India's entrepreneurs.

While being primarily a provider of long-term loans to the manufacturing sector, we sought to respond to the needs of our clients in a growing and developing economy by expanding the range of products and services that we offered to various client segments. During the 1980s, we set up leasing operations and a venture capital company giving Indian businesses greater flexibility in determining their financing structures. We were closely involved in institution building and the development of the financial markets in India. We have participated in setting up a number of institutions including a credit rating agency, a stock exchange and state level institutions, and have been closely involved in policy-making over the years. This role of institution building continues today with our involvement in setting up a commodities exchange and an asset reconstruction company.

The process of diversification in the 1980s was the initiation of our move towards universal banking. This gathered momentum in the 1990s with the setting up of ICICI Bank in 1994, and our entry into insurance (both life and non-life) a few years later. It was during this period that we identified the opportunity in retail finance, then a niche segment in the Indian financial sector. Over

the next few years, we rapidly grew our retail banking franchise and made retail credit available to a large customer base, thus giving an impetus to economic growth by supporting long and medium term asset creation by Indian consumers, in the form of homes and automobiles. With the merger of ICICI and ICICI Bank, we achieved the optimal legal and regulatory platform for conducting the entire range of financial services businesses. It is indeed a matter of considerable satisfaction that we have been able to successfully meet the challenges posed by the merger and make considerable progress in realising its benefits.

Certain core strengths have anchored our journey of transformation and growth. These are our outstanding employees, our focus on innovation, our use of technology and our unwavering adherence to best practices in governance. The ICICI group has a strong tradition of attracting and nurturing talent. It is our people and their energy and passion that have made our achievements possible. We have created a performance-driven work ethic that rewards initiative and excellence. Our focus on innovation and continuous learning from international experience and best practices has given us the first mover advantage in many areas in the Indian financial sector. Technology has been perhaps the single biggest differentiator for us; we have been able to effectively harness technology for competitive advantage. We have created a governance structure with the Board as its nerve centre, that seeks to balance the interests of all stakeholders and appropriately guide decision making at all levels of the organisation.

The ICICI group has a vast array of opportunities before it. We believe that we have built capabilities to fully capitalise on the potential in all areas of our business. While the growth momentum in retail banking continues, the resurgence of Indian industry and the favourable prospects for infrastructure development present an opportunity to leverage our strong skills in this area. We are rolling out platforms for scaling up delivery of high quality financial services to rural India and small enterprises. Our international operations and insurance businesses are also making rapid progress. As we go forward, we will continue to be guided by our organisational ethos of innovation with stability.

During this long journey, we have had the good fortune of continuing to enjoy the support of our shareholders, who reposed their faith in the Board and the management. The confidence of the shareholders has been a considerable source of strength for the Board and the employees. As we step into a new decade of our existence, we continue to rely on this support and confidence, in all our endeavours.



N. VAGHUL  
Chairman

## Board of Directors

**N. Vaghul**  
*Chairman*

**Uday M. Chitale**

**P. C. Ghosh**

**Satish C. Jha**

**S. B. Mathur**

**L. N. Mittal**

**Anupam Puri**

**Vinod Rai**

**Somesh R. Sathe**

**M. K. Sharma**

**P. M. Sinha**

**Marti G. Subrahmanyam**

**V. Prem Watsa**

**K. V. Kamath**  
*Managing Director & CEO*

**Lalita D. Gupte**  
*Joint Managing Director*

**Kalpana Morparia**  
*Deputy Managing Director*

**Chanda D. Kochhar**  
*Executive Director*

**Nachiket Mor**  
*Executive Director*

## Senior Management

### SENIOR GENERAL MANAGERS

Bhargav Dasgupta

M. N. Gopinath

N. S. Kannan

Sanjiv Kerkar

Vishakha Mulye

Ramni Nirula

Nagesh Pinge

Madhabi Puri-Buch

K. Ramkumar

Balaji Swaminathan

V. Vaidyanathan

Jyotin Mehta  
*General Manager & Company Secretary*

## Board Committees

### AGRICULTURE & SMALL ENTERPRISES BUSINESS COMMITTEE

N. Vaghul, *Chairman*  
Satish C. Jha  
Somesh R. Sathe  
M. K. Sharma  
P. M. Sinha

### AUDIT COMMITTEE

Uday M. Chitale, *Chairman*  
Somesh R. Sathe  
M. K. Sharma

### BOARD GOVERNANCE & REMUNERATION COMMITTEE

N. Vaghul, *Chairman*  
Anupam Puri  
P. M. Sinha

### BUSINESS STRATEGY COMMITTEE

N. Vaghul, *Chairman*  
Anupam Puri  
M. K. Sharma  
P. M. Sinha  
K. V. Kamath

### CREDIT COMMITTEE

N. Vaghul, *Chairman*  
Satish C. Jha  
Somesh R. Sathe  
M. K. Sharma  
K. V. Kamath

### FRAUD MONITORING COMMITTEE

Uday M. Chitale, *Chairman*  
M. K. Sharma  
K. V. Kamath  
Kalpana Morparia  
Chanda D. Kochhar

### RISK COMMITTEE

N. Vaghul, *Chairman*  
Uday M. Chitale  
Marti G. Subrahmanyam  
V. Prem Watsa  
K. V. Kamath

### SHARE TRANSFER & SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Uday M. Chitale, *Chairman*  
Somesh R. Sathe  
Kalpana Morparia  
Chanda D. Kochhar

### COMMITTEE OF DIRECTORS

K. V. Kamath, *Chairman*  
Lalita D. Gupte  
Kalpana Morparia  
Chanda D. Kochhar  
Nachiket Mor

### ASSET LIABILITY MANAGEMENT COMMITTEE

Lalita D. Gupte, *Chairperson*  
Kalpana Morparia  
Chanda D. Kochhar  
Nachiket Mor





## Letter from the Managing Director & CEO



Dear Stakeholders,

The ICICI group is now in its 50th year. It has indeed been an exciting journey, from a development bank which became a leading provider of long-term finance in India to a diversified universal banking group present across the spectrum of financial services. The journey continues as we make a foray into the international markets while consolidating our leadership position in the Indian financial sector.

In 2002, ICICI and ICICI Bank merged to create India's second-largest bank. The strategic objectives of the merger were to expand our operations across various market segments, diversify our revenue streams and move to a more stable, low-cost funding profile. In fiscal 2003, the first year after the merger, we focused on implementing a framework to realise these objectives. While the benefits of the merger started flowing through in the same year, fiscal 2004 saw us achieve these goals in substantial measure.

Several years ago, we had identified retail credit as the growth opportunity for Indian banking, and began building our retail business. This has enabled us to capitalise on the robust growth in the retail credit market over the last two years. The momentum that we witnessed in the retail credit market in fiscal 2003 was sustained in fiscal 2004. We strengthened our leadership position in all segments of this market, leveraging our strong distribution capabilities backed by credit and analytical skills and technology. We also achieved rapid growth in our deposit base and continued to replace ICICI's high-cost borrowings with lower cost deposits. With retail loans constituting over 50% of our loan portfolio and deposits constituting over 60% of our funding, we have diversified



our balance sheet significantly. This process of structural change and diversification has resulted in improvement in our interest margins. At the same time, we have achieved steady growth in our fee income, reflecting the growing range and scale of our operations in fee-based products and services for both retail and corporate customers.

The competitive resurgence in Indian industry after a process of deep restructuring has had a positive impact on the asset quality of the banking system and is expected to give rise to new growth opportunities in corporate credit. The renewed policy focus on infrastructure development is also expected to encourage investment in various infrastructure sectors. We are well-positioned to leverage the emerging opportunities in project finance and corporate credit.

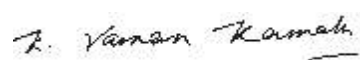
We are also seeking to enhance the delivery of financial services to under-served segments. We have created a differentiated proposition for the small enterprises segment, leveraging our technology capabilities to offer high quality banking services. Our focus now is on scaling up this business and expanding our geographical coverage. We believe that rural India presents an exciting opportunity. We have achieved the regulatory targets on agricultural lending and are looking beyond these mandatory requirements to build an integrated model for extending modern banking services to customers in rural areas.

Our international initiative, based on an understanding of local markets and their linkages with India, is making rapid progress. Last year we commenced banking operations in the United Kingdom, Canada and Singapore. We will continue to roll-out and expand our international operations in line with regulatory approvals.

Our life and non-life insurance subsidiaries are market leaders among the private sector players in their respective segments. While ICICI Prudential Life Insurance performed well on key profitability and operating parameters, though it recorded an accounting loss under insurance accounting norms, ICICI Lombard General Insurance achieved underwriting profitability in its second full year of operations.

We seek to support all our initiatives with appropriate resources - financial, technical and human. In view of the prospects for growth in various areas of our business, we strengthened our capital base substantially by raising additional equity capital of Rs. 32.46 billion. This has significantly enhanced our ability to capture the growth opportunities over the medium term.

We believe that we have built a robust foundation that will support growth across all our businesses. We have demonstrated our capabilities across products, customer segments and markets. We will continue to leverage this platform to achieve our aspirations and deliver value to our stakeholders.



K. V. KAMATH  
Managing Director & CEO

## Product Portfolio

### Corporate Banking

- Corporate Solutions
- Government Solutions
- Working Capital Finance
- Cash Management Services
- Trade Finance Services
- Treasury Services
- Structured Finance
- Agriculture Finance



- Infrastructure Finance
- Manufacturing Project Finance
- Capital Market Services
- Corporate Advisory
- International Banking
- Corporate Internet Banking
- Custodial Services
- Professional Clearing Membership Services
- Channel Financing

### Retail Banking

- Home Loans
- Car & Two Wheeler Loans
- Commercial Vehicle Financing
- Consumer / Personal Loans
- Savings & Term Deposits
- Salary Accounts
- Roaming Current Accounts
- Investment Products
- Private Banking
- NRI Services
- Demat Services



- Credit, Debit & Smart Cards
- Bill Payment Services
- E- Cheques
- Branch Banking
- ATM Services
- Internet Banking
- Phone Banking



## Directors' Report

Your Directors have pleasure in presenting the Tenth Annual Report of ICICI Bank Limited with the audited statement of accounts for the year ended March 31, 2004.

### FINANCIAL HIGHLIGHTS

The financial performance for fiscal 2004 is summarised below:

|   | Rs. billion |             |
|---|-------------|-------------|
|   | Fiscal 2003 | Fiscal 2004 |
| Net interest income and other income, excluding extraordinary items | 33.91       | 49.44       |
| Operating profit  | 13.80       | 23.72       |
| Provisions & contingencies  | 17.91       | 4.70        |
| Profit on sale of ICICI Bank shares                                 | 11.91       | -           |
| Profit after tax  | 12.06       | 16.37       |
| Consolidated profit after tax                                       | 11.52       | 15.80       |

### APPROPRIATIONS

The profit & loss account shows a profit after taxation of Rs. 16.37 billion after write-offs and provisions of Rs. 4.70 billion and after taking into account all expenses. The disposable profit is Rs. 16.42 billion, taking into account the balance of Rs. 0.05 billion brought forward from the previous year. Your Directors have recommended a dividend rate of 75% (Rs. 7.50 per equity share of Rs. 10) for the year and have appropriated the disposable profit as follows:

|  | Rs. billion |                   |
|--|-------------|-------------------|
|  | Fiscal 2003 | Fiscal 2004       |
| To Statutory Reserve, making in all Rs. 9.61 billion   | 3.02        | 4.09              |
| To Investment Fluctuation Reserve (IFR), making in all Rs. 7.30 billion <sup>1</sup>   | 1.00        | 2.76              |
| To Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income-tax Act, 1961, making in all Rs. 11.69 billion | 0.50        | 0.25              |
| To Revenue and other Reserves, making in all Rs. 36.29 billion <sup>2</sup>  | 2.90        | 2.50              |
| Dividend for the year (proposed)   |             |                   |
| - On equity shares @75%  | 4.60        | 5.44 <sup>3</sup> |
| - On preference shares (Rs.)   | 35,000      | 35,000            |
| - Corporate dividend tax   | 0.59        | 0.70 <sup>3</sup> |
| Leaving balance to be carried forward to the next year   | 0.05        | 0.50              |

<sup>1</sup> In addition to the appropriation of Rs. 2.76 billion to IFR out of the disposable profit, Rs. 3.27 billion was appropriated to IFR out of Revenue and other Reserves (created by appropriation of disposable profit in prior periods) in fiscal 2004.

<sup>2</sup> In addition to appropriation of disposable profits, the balance of Rs. 0.10 billion in the Debenture Redemption Reserve was transferred to Revenue and other Reserves in fiscal 2003.

<sup>3</sup> Excluding the impact of issue of 6,992,187 equity shares on May 24, 2004 by exercise of the green shoe option, after the adoption of the audited accounts by the Board on April 30, 2004.

### ISSUE OF EQUITY SHARES

In April 2004, ICICI Bank raised equity to the extent of Rs. 32.46 billion (including a green shoe of Rs. 1.96 billion) through a public issue of shares. The issue price was fixed at Rs. 280 per share i.e. a premium of Rs. 270 per share, and the issue was subscribed 5.14 times. ICICI Bank is the first Indian company to use a green shoe option as a post-issue price stabilisation mechanism. The new shares issued would be entitled to dividend on *pari-passu* basis with equity shares outstanding at March 31, 2004.



## INDUSTRIALISATION: 1955 - 1964

An era in which rapid industrialisation with a particular focus on basic and heavy industry took shape. ICICI, amongst the world's first development banks in the private sector, quickly emerged as an important source of foreign currency loans in the country, to facilitate import of industrial machinery and technology. ICICI assisted over 400 companies during this period.



## Directors' Report

### RESULTS FOR QUARTER ENDED JUNE 30, 2004

As per the audited accounts for the quarter ended June 30, 2004, ICICI Bank's profit after tax was Rs. 4.31 billion as compared to Rs. 3.40 billion for the quarter ended June 30, 2003.

### SUBSIDIARY COMPANIES

At March 31, 2004, ICICI Bank had 14 subsidiaries:

| Domestic Subsidiaries                           | International Subsidiaries                  |
|---|---|
| ICICI Securities Limited                        | ICICI Bank UK Limited                       |
| ICICI Venture Funds Management Company Limited  | ICICI Bank Canada                           |
| ICICI Prudential Life Insurance Company Limited | ICICI Securities Holdings Inc. <sup>1</sup> |
| ICICI Lombard General Insurance Company Limited | ICICI Securities Inc. <sup>2</sup>          |
| ICICI Home Finance Company Limited              | ICICI International Limited                 |
| ICICI Investment Management Company Limited     |   |
| ICICI Trusteeship Services Limited              |   |
| ICICI Brokerage Services Limited <sup>1</sup>   |   |
| ICICI Distribution Finance Private Limited      |   |

<sup>1</sup> Subsidiary of ICICI Securities Limited

<sup>2</sup> Subsidiary of ICICI Securities Holdings Inc.

ICICI Bank acquired 100% stake in Transamerica Apple Distribution Finance Private Limited with effect from May 7, 2003 and the name of the Company was changed to ICICI Distribution Finance Private Limited with effect from June 3, 2003. ICICI Bank Canada was incorporated as a 100% subsidiary on September 12, 2003.

As approved by the Central Government *vide* letter dated July 12, 2004 under Section 212(8) of the Companies Act, 1956, copies of the balance sheet, profit & loss account, report of the Board of Directors and report of the Auditors of the subsidiary companies have not been attached to the accounts of ICICI Bank for fiscal 2004. ICICI Bank will make available these documents/details upon request by any Member of ICICI Bank. These documents/details will be available on ICICI Bank's website [www.icicibank.com](http://www.icicibank.com) and will also be available for inspection by any Member of the Bank at its Registered Office and Corporate Office and also at the Registered Office of the concerned subsidiary. As required by Accounting Standard-21 (AS-21) issued by the Institute of Chartered Accountants of India, ICICI Bank's consolidated financial statements included in this Annual Report incorporate the accounts of its subsidiaries. A summary of key financials of ICICI Bank's subsidiaries is also included in this Annual Report.

### DIRECTORS

S.B. Mathur, Chairman, Life Insurance Corporation of India (LIC), which is among ICICI Bank's largest institutional shareholders, was appointed as an additional Director effective January 29, 2004.

V. Prem Watsa was appointed as an additional Director effective January 29, 2004. He is the Chairman & Chief Executive Officer of Fairfax Financial Holdings Limited (Fairfax). Fairfax is a financial services holding company based in Canada with subsidiaries engaged in insurance, reinsurance, investment management and insurance claims management. Lombard Canada Limited, ICICI Bank's joint venture partner in general insurance, is a subsidiary of Fairfax.



## REORGANISATION: 1965 - 1974

Having set the course for industrial development, the country now focused on other sectors as well. This resulted in the green revolution for food sufficiency; rise in exports to earn foreign exchange; development of industries in the backward areas to broad-base growth; and encouragement to small enterprises. Responding to the emerging needs, ICICI started export finance, concessional funding in industrially backward areas and loans for small enterprises. In this period, over 1,000 enterprises and 2,000 projects were assisted by ICICI.

## Directors' Report

R. Seshasayee, who was appointed as a Director effective May 3, 2002, resigned from the Board effective October 31, 2003, in view of his increasing professional commitments in his executive capacity at Ashok Leyland Limited and its group companies. The Board places on record its deep appreciation of his invaluable contribution to the growth and development of the ICICI group.

Lalita D. Gupte has been re-appointed as Joint Managing Director upto October 31, 2006. Her re-appointment was approved by the Members at their Extraordinary General Meeting held on March 12, 2004 and has also been approved by Reserve Bank of India (RBI).

Kalpana Morparia has been elevated as Deputy Managing Director effective February 1, 2004.

S. Mukherji ceased to be a member of the Board effective February 1, 2004, consequent to his taking up full-time executive responsibilities as Managing Director & CEO of ICICI Securities Limited (ICICI Securities) effective that date. He has worked with erstwhile ICICI Limited and ICICI Bank for over two decades and has vast experience in various areas. The Board places on record its deep appreciation of his invaluable contribution as a wholetime Director of ICICI Bank and extends its best wishes to him in his new role at ICICI Securities.

In terms of the provisions of the Articles of Association, Uday M. Chitale, Satish C. Jha, L.N. Mittal and P. M. Sinha would retire by rotation at the forthcoming Annual General Meeting (AGM). Uday M. Chitale, L.N. Mittal and P. M. Sinha, being eligible, offer themselves for re-appointment. RBI has *vide* its circular dated September 9, 2002 stipulated an upper age limit of 70 years for the appointment of Directors on the boards of private sector banks. Satish C. Jha, who completed 70 years of age on March 31, 2004 does not seek re-appointment. The Board places on record its deep appreciation of his invaluable contribution as a Director of ICICI Bank. S.B. Mathur and V. Prem Watsa hold office up to the date of the forthcoming AGM as provided under Article 135 of the Articles of Association, but are eligible for appointment. Approval of the Members is being sought at the forthcoming AGM for the re-appointment of Uday M. Chitale, L.N. Mittal and P. M. Sinha and the appointment of S. B. Mathur (in the vacancy created by the retirement of Satish C. Jha) and V. Prem Watsa.

### AUDITORS

The Auditors, S.R. Batliboi & Co., Chartered Accountants, will retire at the ensuing AGM. The Board at its Meeting held on April 30, 2004 has proposed the appointment of S. R. Batliboi & Co. as Auditors to audit the accounts of ICICI Bank for fiscal 2005, and the approval of RBI for their appointment has been obtained. You are requested to consider their appointment.

### PERSONNEL

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

### APPOINTMENT OF NOMINEE DIRECTORS ON THE BOARD OF ASSISTED COMPANIES

Erstwhile ICICI Limited had a policy of appointing nominee directors on the boards of certain borrower companies based on loan covenants, with a view to enable monitoring of the operations of those





## CONSOLIDATION: 1975 - 1984

With broad-based growth underway, India continued to consolidate and enhance self-sufficiencies to counter intermittent obstacles such as the oil shock of the 1970s. ICICI played its role in consolidating and broad-basing the financial system, setting up state level financial and technical institutions and the country's first specialised housing finance institution. During this decade, over 2,000 enterprises and 4,500 projects were assisted. ICICI became one of the first financial institutions to harness the power of information technology.

## Directors' Report

companies. Subsequent to the merger, ICICI Bank continues to nominate directors on the boards of assisted companies. Apart from the Bank's employees, experienced professionals from the banking, government and other sectors are appointed as nominee Directors. ICICI Bank has 112 nominee Directors of whom 66 are employees of the Bank on the boards of 214 companies. ICICI Bank has a Nominee Director Cell for maintaining records of nominee directorships.

### CORPORATE GOVERNANCE

ICICI Bank has established a tradition of best practices in corporate governance. The corporate governance framework in ICICI Bank is based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees, generally comprising a majority of independent Directors and chaired by an independent Director, to oversee critical areas.

#### I. Philosophy of Corporate Governance

ICICI Bank's corporate governance philosophy encompasses not only regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders.

##### *Whistle Blower Policy*

In line with the best international governance practices and the Sarbanes-Oxley Act, ICICI Bank has formulated a Whistle Blower Policy for the ICICI group. In terms of this policy, employees of ICICI Bank and its group companies are free to raise issues, if any, which they may have on the accounting policies and procedures adopted for any area or item and report the same to the Audit Committee through appropriate channels. The above mechanism has been communicated within the Bank across all levels and has been posted on ICICI Bank's intranet.

##### *Prevention of Insider Trading*

ICICI Bank has instituted a comprehensive code of conduct for prevention of insider trading namely, ICICI Bank Code of Conduct for Prevention of Insider Trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992.

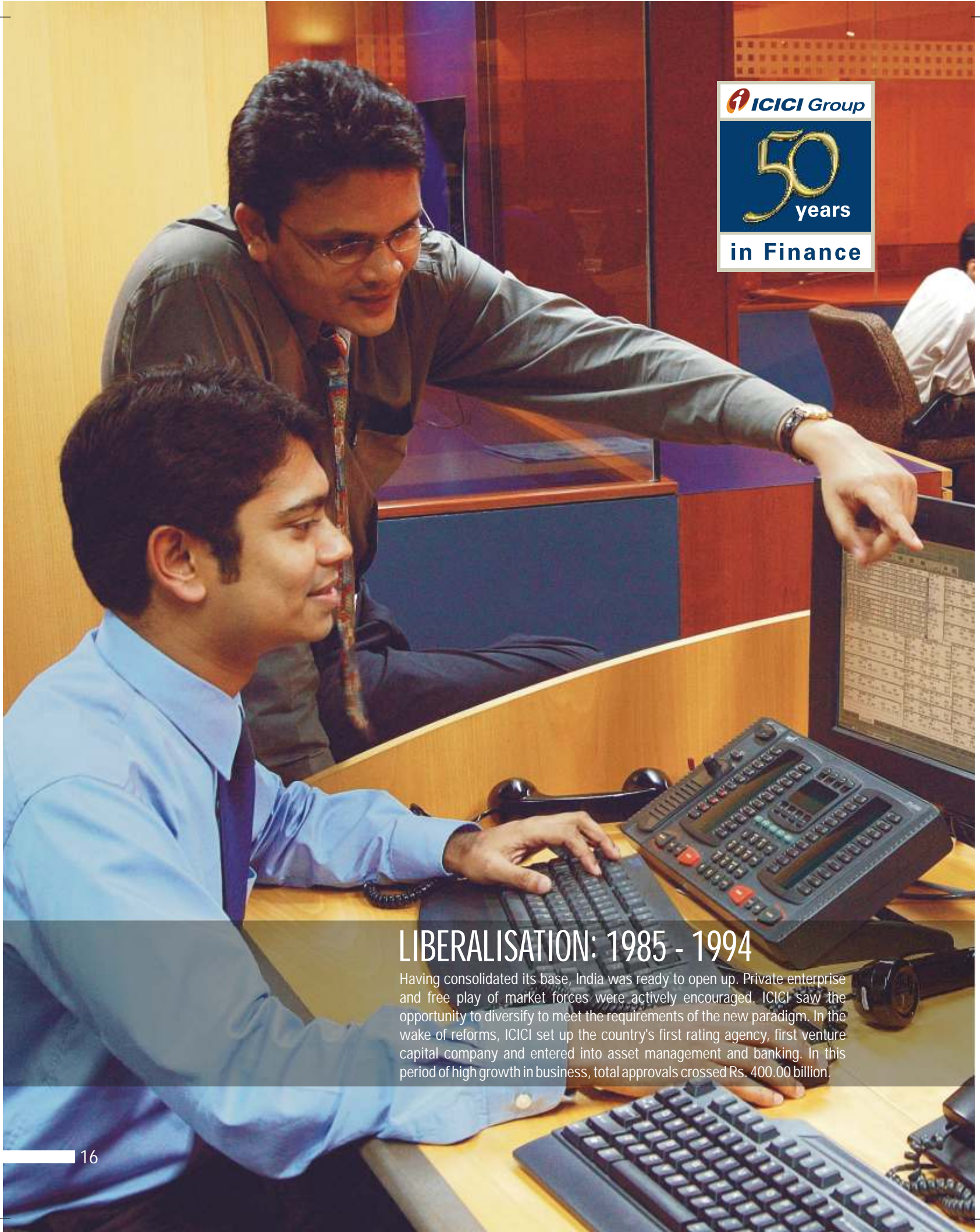
##### *Code of Business Conduct and Ethics*

The Board of Directors has approved a Code of Business Conduct and Ethics for Directors and employees of ICICI Bank.

#### II. Board of Directors

ICICI Bank has a broad-based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, Companies Act, 1956 and listing agreements entered into with stock exchanges and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board has constituted 10 committees, namely, Agriculture & Small Enterprises Business Committee, Audit Committee, Board Governance & Remuneration Committee, Business Strategy Committee, Credit Committee, Fraud Monitoring Committee, Risk Committee, Share Transfer & Shareholders'/Investors' Grievance Committee, Committee of Directors and Asset Liability Management Committee. A majority





## LIBERALISATION: 1985 - 1994

Having consolidated its base, India was ready to open up. Private enterprise and free play of market forces were actively encouraged. ICICI saw the opportunity to diversify to meet the requirements of the new paradigm. In the wake of reforms, ICICI set up the country's first rating agency, first venture capital company and entered into asset management and banking. In this period of high growth in business, total approvals crossed Rs. 400.00 billion.

## Directors' Report

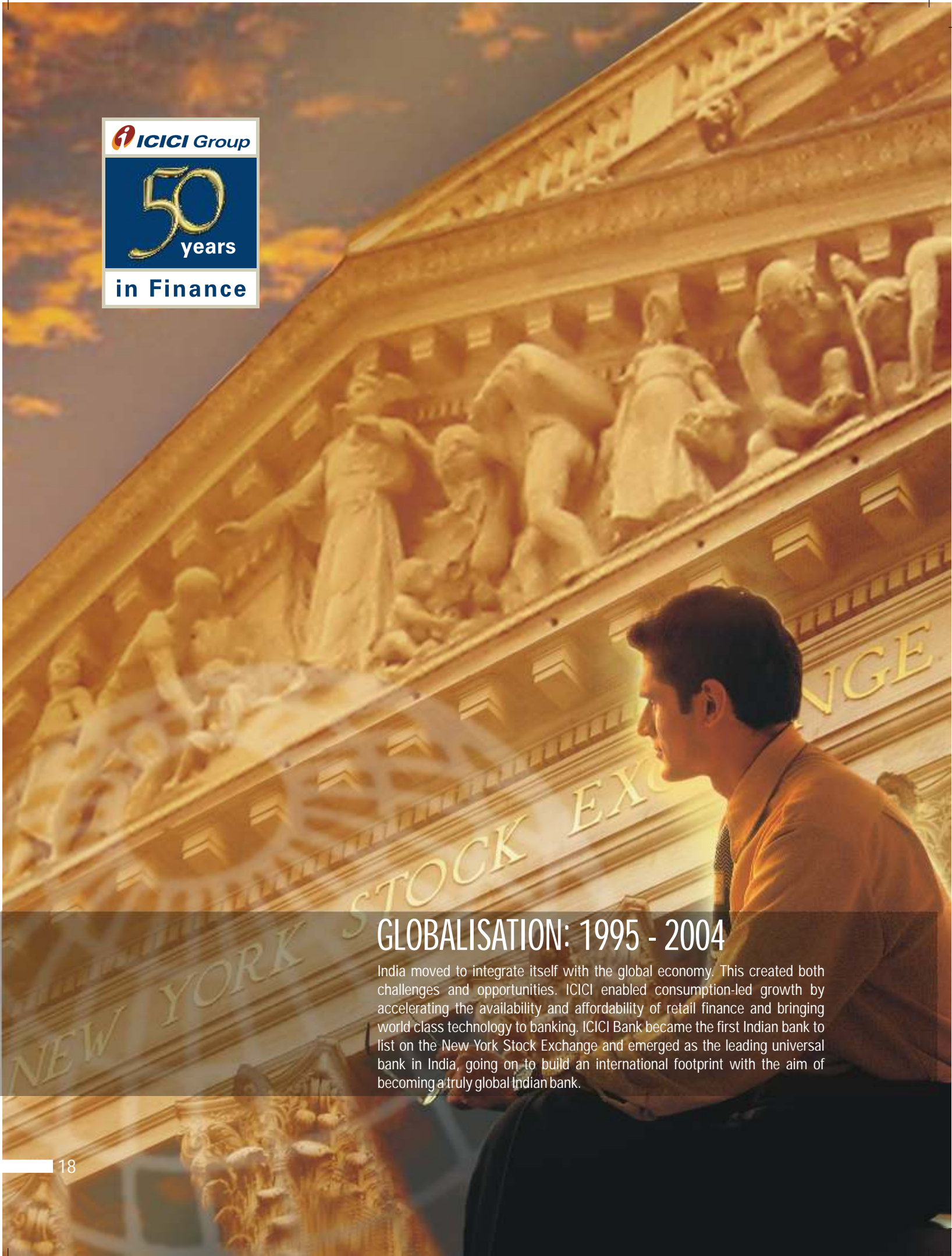
of these Board Committees are chaired by independent professional Directors, and mainly consist of independent Directors. The constitution of these Committees is given hereafter.

At March 31, 2004, the Board of Directors consisted of 18 members. There were seven meetings of the Board during fiscal 2004 - on April 25, June 27-28, July 25, August 25 and October 31 in 2003 and January 29 and February 10 in 2004. The names of Board Members, their attendance at Board Meetings and the number of other directorships and Board Committee memberships held by them at March 31, 2004 are given in the following table:

| Name of Member  | Board Meetings attended during the year | Attendance at last AGM (August 25, 2003) | Number of other Directorships    |                                 | Number of other Committee <sup>3</sup> memberships |
|---|---|--|----------------------------------|---------------------------------|--|
|   |   |  | Of Indian Companies <sup>1</sup> | Of Other Companies <sup>2</sup> |  |
| Independent non-Executive Directors                   |   |  |                                  |                                 |  |
| N. Vaghul   | 7                                       | Present                                  | 10                               | 11                              | 7(4)   |
| Uday M. Chitale                                       | 7                                       | Present                                  | 2                                | 4                               | 2(2)   |
| P. C. Ghosh   | 3                                       | Absent                                   | 7                                | 5                               | 1  |
| Satish C. Jha   | 5                                       | Absent                                   | 3                                | -                               | 2  |
| S.B. Mathur (w.e.f. January 29, 2004)                 | 1                                       | N.A.                                     | 8                                | 5                               | 2(1)   |
| L.N. Mittal <sup>*</sup>                              | 1                                       | Absent                                   | -                                | 42                              | -  |
| Anupam Puri   | 6                                       | Absent                                   | 5                                | 1                               | 7(4)   |
| Vinod Rai <sup>#</sup>                                | 5                                       | Absent                                   | 4                                | -                               | 1  |
| Somesh R. Sathe                                       | 7                                       | Present                                  | -                                | 3                               | -  |
| M. K. Sharma  | 5                                       | Present                                  | 7                                | 1                               | 5(1)   |
| P. M. Sinha   | 6                                       | Present                                  | 3                                | 2                               | 3  |
| Marti G. Subrahmanyam <sup>*</sup>                    | 2                                       | Absent                                   | 1                                | 6                               | 2(1)   |
| V. Prem Watsa (w.e.f. January 29, 2004) <sup>**</sup> | 1                                       | N.A.                                     | -                                | 25                              | -  |
| Wholetime Directors                                   |   |  |                                  |                                 |  |
| K.V. Kamath   | 7                                       | Present                                  | 4                                | 7                               | -  |
| Lalita D. Gupte                                       | 7                                       | Present                                  | 4                                | 2                               | 4  |
| Kalpana Morparia                                      | 7                                       | Present                                  | 6                                | -                               | 6 (1)  |
| Chanda D. Kochhar                                     | 7                                       | Present                                  | 2                                | 1                               | 1 (1)  |
| Nachiket Mor  | 7                                       | Present                                  | 3                                | 1                               | 1  |
| Directors for part of the year                        |   |  |                                  |                                 |  |
| R. Seshasayee (upto October 31, 2003)                 | 3                                       | Present                                  | N.A.                             | N.A.                            | N.A.   |
| H.N. Sinor (upto May 31, 2003)                        | -                                       | N.A.                                     | N.A.                             | N.A.                            | N.A.   |
| S. Mukherji (upto January 31, 2004)                   | 6                                       | Present                                  | N.A.                             | N.A.                            | N.A.   |

<sup>#</sup> Nominee of Government of India  
<sup>\*</sup> Also participated in four meetings through tele-conference  
<sup>\*\*</sup> Also participated in one meeting through tele-conference  
<sup>1</sup> Includes companies as per the provisions of Section 278 of the Companies Act, 1956.  
<sup>2</sup> Includes foreign companies and other companies that are excluded as per the provisions of Section 278 of the Companies Act, 1956.  
<sup>3</sup> Includes the Audit Committee, the Share Transfer & Shareholders'/ Investors' Grievance Committee and the Board Governance & Remuneration Committee. Figures in brackets indicate Committee Chairmanships.





## GLOBALISATION: 1995 - 2004

India moved to integrate itself with the global economy. This created both challenges and opportunities. ICICI enabled consumption-led growth by accelerating the availability and affordability of retail finance and bringing world class technology to banking. ICICI Bank became the first Indian bank to list on the New York Stock Exchange and emerged as the leading universal bank in India, going on to build an international footprint with the aim of becoming a truly global Indian bank.



## Directors' Report

### III. Agriculture & Small Enterprises Business Committee

*Terms of Reference*

The functions of the Committee include review of the business strategy of the Bank in the agri-business and small enterprises segments and review of the quality of the agricultural lending and small enterprises finance credit portfolio.

*Composition*

The Agriculture & Small Enterprises Business Committee, constituted effective July 1, 2003, comprises five independent Directors, namely, N. Vaghul, Satish C. Jha, Somesh R. Sathe, M. K. Sharma and P. M. Sinha and is chaired by N. Vaghul.

There was one Meeting of the Committee during the year which was attended by all the Members of the Committee.

### IV. Audit Committee

*Terms of Reference*

The Committee provides direction to the audit and risk management function and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include overseeing of the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommendation of appointment and removal of central and branch statutory auditors and fixation of their remuneration, review of the annual financial statements before submission to the Board, review of the adequacy of internal control systems and the internal audit function, review of compliance with the inspection and audit reports of RBI and reports of statutory auditors, review of the findings of internal investigations, discussion on the scope of audit with external auditors and examination of reasons for substantial defaults, if any, in payment to stakeholders.

*Composition*

The Audit Committee comprises three independent Directors and is chaired by Uday M. Chitale. There were six meetings of the Committee during the year. The details of composition of the Committee and attendance at its Meetings are given in the following table:

| Name of Member                                     | Number of Meetings attended |
|--|-----------------------------|
| Uday M. Chitale, Chairman                          | 6                           |
| Somesh R. Sathe                                    | 6                           |
| M.K. Sharma (w.e.f. August 25, 2003) <sup>1</sup>  | 3                           |
| R. Seshasayee (upto October 31, 2003) <sup>2</sup> | 3                           |

<sup>1</sup> Appointed as Alternate Chairman of the Audit Committee effective July 22, 2004.

<sup>2</sup> R. Seshasayee was the Chairman of the Audit Committee upto October 31, 2003. On his resignation, Uday M. Chitale was elected as the Chairman of the Audit Committee effective January 29, 2004.

### V. Board Governance & Remuneration Committee

*Terms of Reference*

The functions of the Committee include recommendation of appointments to the Board, evaluation of the performance of the Managing Director & CEO and wholetime Directors on pre-determined parameters, recommendation to the Board of the remuneration (including performance bonus and perquisites) to wholetime Directors, approval of the policy for and quantum of bonus payable to the members of the staff, framing of guidelines for the Employees Stock Option Scheme and



## Directors' Report

recommendation of grant of stock options to the staff and wholetime Directors of ICICI Bank and its subsidiary companies.

*Composition*

The Board Governance & Remuneration Committee comprises three independent Directors and is chaired by N. Vaghul. There were three meetings of the Committee during the year. The details of composition of the Committee and attendance at its Meetings are given in the following table:

| Name of Member                        | Number of Meetings attended |
|---------------------------------------|-----------------------------|
| N. Vaghul, Chairman                   | 3                           |
| Anupam Puri                           | 2                           |
| P. M. Sinha                           | 3                           |
| R. Seshasayee (upto October 31, 2003) | 1                           |

*Remuneration policy*

The Board Governance & Remuneration Committee has the power to determine and recommend to the Board the amount of remuneration, including performance/achievement bonus and perquisites, payable to the wholetime Directors. The recommendations of the Committee are based on evaluation of the wholetime Directors on certain parameters, as laid down by the Board as part of the self-evaluation process.

The following table sets out the details of remuneration (including perquisites, bonus and retiral benefits) paid to wholetime Directors for fiscal 2004 and details of stock options granted for the three years ended March 31, 2004.

|   | K. V.<br>Kamath | Lalita D.<br>Gupte | Kalpana<br>Morparia | Chanda D.<br>Kochhar | Nachiket<br>Mor |
|---|-----------------|--------------------|---------------------|----------------------|-----------------|
| Break up of remuneration (Rupees)       |                 |                    |                     |                      |                 |
| Basic                                   | 7,440,000       | 5,580,000          | 4,020,000           | 3,300,000            | 3,300,000       |
| Performance bonus for fiscal 2004       | 3,720,000       | 2,790,000          | 2,010,000           | 1,650,000            | 1,650,000       |
| Allowances and perquisites <sup>1</sup> | 2,867,316       | 3,468,171          | 1,536,535           | 915,383              | 931,568         |
| Provident fund                          | 892,800         | 669,600            | 482,400             | 396,000              | 396,000         |
| Superannuation                          | 1,116,000       | 837,000            | 603,000             | 495,000              | 495,000         |
| Stock options (Numbers)                 |                 |                    |                     |                      |                 |
| Fiscal 2004                             | 250,000         | 165,000            | 150,000             | 125,000              | 125,000         |
| Fiscal 2003 <sup>2</sup>                | 150,000         | 137,500            | 125,000             | 100,000              | 100,000         |
| Fiscal 2002 <sup>3</sup>                | 120,000         | 110,000            | 100,000             | 80,000               | 80,000          |

<sup>1</sup> Includes leave travel allowance: K. V. Kamath - Rs. 1,550,000, Lalita D. Gupte - Rs. 2,325,000, Chanda D. Kochhar - Rs. 687,500 and Nachiket Mor - Rs. 687,500.

<sup>2</sup> Include options granted on July 25, 2003: K. V. Kamath - 30,000, Lalita D. Gupte - 27,500, Kalpana Morparia - 25,000, Chanda D. Kochhar - 20,000 and Nachiket Mor - 20,000.

<sup>3</sup> In respect of K. V. Kamath, Lalita D. Gupte and Kalpana Morparia, represent options awarded by ICICI and converted into ICICI Bank options as per the Scheme of Amalgamation.

Perquisites (evaluated as per Income-tax Rules wherever applicable and at actual cost to the Bank otherwise) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, personal insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof; medical reimbursement, leave and leave travel concession, education

## Directors' Report

benefits, provident fund, superannuation fund and gratuity, were provided in accordance with the scheme(s) and rule(s) applicable from time to time. If accommodation owned by the Bank was not provided, the concerned wholetime Director was eligible for house rent allowance of Rs. 50,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may have been provided by the Bank.

The non-executive Directors (except the nominee Director of Government of India) were paid sitting fees of Rs. 5,000 for each meeting of the Board or Committee attended by them till August 25, 2003 and Rs. 20,000 for each meeting of the Board or Committee attended by them on or after that date, as permitted by a notification issued by the Central Government on July 24, 2003. The total sitting fees paid to each of the Directors during fiscal 2004 for attending Meetings of the Board and Committees is given in the following table:

| Name of Director                        | Sitting fees paid (Rupees) |
|---|----------------------------|
| N. Vaghul                               | 280,000                    |
| Uday M. Chitale                         | 395,000                    |
| P. C. Ghosh                             | 45,000                     |
| Satish C. Jha                           | 135,000                    |
| S. B. Mathur (w.e.f. January 29, 2004)  | 20,000                     |
| L. N. Mittal                            | 5,000                      |
| Anupam Puri                             | 100,000                    |
| Somesh R. Sathe                         | 460,000                    |
| M. K. Sharma                            | 150,000                    |
| P. M. Sinha                             | 125,000                    |
| Marti G. Subrahmanyam                   | 50,000                     |
| V. Prem Watsa (w.e.f. January 29, 2004) | 20,000                     |
| R. Seshasayee (upto October 31, 2003)   | 50,000                     |
| Total                                   | 1,835,000                  |

### VI. Business Strategy Committee

*Terms of Reference*

The function of the Committee is to approve the annual income and expenditure and capital expenditure budgets for presentation to the Board for final approval and to review and recommend to the Board the business strategy of ICICI Bank.

*Composition*

The Business Strategy Committee comprises five Directors, namely, N. Vaghul, Anupam Puri, M. K. Sharma, P. M. Sinha and K. V. Kamath. N. Vaghul is the Chairman of the Committee and a majority of its members are independent Directors. The Committee did not meet during the year as the budget and other strategic issues were directly reviewed by the Board of Directors.

### VII. Credit Committee

*Terms of reference*

The functions of the Committee include review of developments in key industrial sectors and approval of credit proposals as per authorisation approved by the Board.



"We have established a presence across key geographies and our focus now is on scaling up operations in these target markets, leveraging our strong India-based delivery platform to offer world-class solutions to the Indian diaspora and the growing number of Indian multinationals. "

Lalita D. Gupte  
Joint Managing Director



## Directors' Report

### Composition

The Credit Committee comprises four Directors. It is chaired by N. Vaghul and a majority of its members are independent Directors. There were six meetings of the Committee during the year. The details of composition of the Committee and attendance at its Meetings are given in the following table:

| Name of Member      | Number of Meetings attended |
|---------------------|-----------------------------|
| N. Vaghul, Chairman | 6                           |
| Satish C. Jha       | 3                           |
| Somesh R. Sathe     | 6                           |
| K. V. Kamath        | 6                           |

M. K. Sharma has been inducted as an additional Member of the Committee effective August 1, 2004.

### VIII. Fraud Monitoring Committee

#### Terms of reference

The Committee monitors and reviews all the frauds involving Rs. 10.0 million and above.

#### Composition

The Fraud Monitoring Committee was constituted by the Board effective May 1, 2004. The Committee comprises five Directors, namely, Uday M. Chitale, M. K. Sharma, K. V. Kamath, Kalpana Morparia and Chanda D. Kochhar. Uday M. Chitale is the Chairman of the Committee.

### IX. Risk Committee

#### Terms of reference

The Committee reviews ICICI Bank's risk management policies in relation to various risks (portfolio, liquidity, interest rate, off-balance sheet and operational risks), investment policies and strategy and regulatory and compliance issues in relation thereto.

#### Composition

The Risk Committee comprises five Directors. It is chaired by N. Vaghul and a majority of its members are independent Directors. There were three meetings of the Committee during the year. The details of composition of the Committee and attendance at its Meetings are given in the following table:

| Name of Member                           | Number of Meetings attended |
|--|-----------------------------|
| N. Vaghul, Chairman                      | 3                           |
| Uday M. Chitale                          | 3                           |
| Marti G. Subrahmanyam <sup>1</sup>       | 2                           |
| V. Prem Watsa (w.e.f. February 10, 2004) | N.A.                        |
| K. V. Kamath                             | 3                           |

<sup>1</sup> Also participated in one meeting through tele-conference.

### X. Share Transfer & Shareholders'/Investors' Grievance Committee

#### Terms of reference

The functions and powers of the Committee include approval and rejection of transfer or transmission of equity and preference shares, bonds, debentures and securities, issue of duplicate certificates, allotment of shares and securities issued from time to time, including those under stock options, review and redressal of shareholders' and investors' complaints, delegation of authority for opening and

## Directors' Report

operation of bank accounts for payment of interest, dividend and redemption of securities and the listing of securities on stock exchanges.

*Composition*

The Share Transfer & Shareholders'/Investors' Grievance Committee comprises four Directors and is chaired by Uday M. Chitale, an independent Director. There were 12 Meetings of the Committee during the year. The details of composition of the Committee and attendance at its Meetings are given below:

| Name of Member                          | Number of Meetings attended |
|---|-----------------------------|
| Uday M. Chitale, Chairman               | 12                          |
| Somesh R. Sathe                         | 12                          |
| H. N. Sinor (up to May 31, 2003)        | 1                           |
| Kalpana Morparia                        | 10                          |
| Chanda D. Kochhar (w.e.f. June 1, 2003) | 7                           |

Jyotin Mehta, General Manager & Company Secretary, is the Compliance Officer. Of the total of 402 shareholder complaints received in fiscal 2004, 400 complaints were processed to the satisfaction of shareholders. At March 31, 2004, 2 complaints were pending. These complaints have been resolved in April 2004. No applications were pending for transfer of shares as on March 31, 2004.

**XI. Committee of Directors**

*Terms of reference*

The powers of the Committee include review of performance against targets for various business segments, credit approvals as per authorisation approved by the Board, approvals in respect of borrowing and treasury operations and premises and property related matters.

*Composition*

The Committee of Directors comprises all five wholetime Directors and is chaired by K.V. Kamath, Managing Director & CEO.

**XII. Asset Liability Management Committee**

*Terms of reference*

The functions of the Committee include management of the balance sheet of the Bank, review of the asset-liability profile of the Bank with a view to manage the market risk exposure assumed by the Bank and deciding the deposit rates and Prime Lending Rate (PLR) of the Bank.

*Composition*

The Asset Liability Management Committee comprises the Joint Managing Director, Deputy Managing Director and two Executive Directors and is chaired by Lalita D. Gupte, Joint Managing Director.



"Strategic clarity, innovation and excellence in execution are the key drivers of our performance, as we achieve and sustain market leadership across the spectrum of financial services. A vibrant organisation and a strong, performance-driven work ethic attract and retain our vast pool of talent."

Kalpana Morparia  
Deputy Managing Director





# Directors' Report

## XIII. General Body Meetings

The details of General Body Meetings held in the last three years are given in the following table:

| General Body Meeting                           | Day, Date                  | Time       | Venue  |
|--|----------------------------|------------|--|
| Extraordinary General Meeting                  | Friday, January 19, 2001   | 12.30 p.m. | Central Gujarat Chamber of Commerce Auditorium<br>Second Floor, Vanijya Bhavan<br>Race Course Circle<br>Vadodara 390 007   |
| Seventh Annual General Meeting                 | Monday, June 11, 2001      | 3.00 p.m.  |  |
| Extraordinary General Meeting (court convened) | Friday, January 25, 2002   | 3.00 p.m.  |  |
| Eighth Annual General Meeting                  | Monday, September 16, 2002 | 2.00 p.m.  | Professor Chandravadan Mehta Auditorium<br>General Education Centre<br>Opposite D. N. Hall Ground<br>The Maharaja Sayajirao University<br>Pratapgunj, Vadodara 390 002 |
| Ninth Annual General Meeting                   | Monday, August 25, 2003    | 2.00 p.m.  |  |
| Extraordinary General Meeting                  | Friday, March 12, 2004     | 2.00 p.m.  |  |

No Resolutions are proposed to be voted on through postal ballot this year.

## XIV. Disclosures

1. There are no materially significant transactions with related parties i.e., Promoters, Directors or the Management, their subsidiaries or relatives conflicting with the Bank's interests.
2. There were no instances of non-compliance in respect of any matter related to the capital markets, during the last three years.

## XV. Means of Communication

It is ICICI Bank's belief that all stakeholders should have access to complete information regarding its position to enable them to accurately assess its future potential. ICICI Bank disseminates information on its operations and initiatives on a regular basis. The ICICI Bank website ([www.icicibank.com](http://www.icicibank.com)) serves as a key awareness facility for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on ICICI Bank's strategy, business segments, financial performance, operational performance, share price movements and the latest press releases.

ICICI Bank's dedicated investor relations personnel respond to specific queries and play a proactive role in disseminating information to both analysts and investors. In accordance with Securities and Exchange Board of India (SEBI) and Securities Exchange Commission (SEC) guidelines, all information which could have a material bearing on ICICI Bank's share price is released at the earliest through leading domestic and global wire agencies. ICICI Bank also circulates its half-yearly results to all its shareholders. As required by SEBI and the listing agreements, ICICI Bank files its financial and other information on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC).

ICICI Bank's quarterly financial results are published in the Financial Express (Ahmedabad, Bangalore, Chandigarh, Chennai, Delhi, Kochi, Kolkata and Mumbai editions) and in Vadodara Samachar (Vadodara). The financial results, official news releases and presentations are also displayed on the website of ICICI Bank.

## Directors' Report

The Management's Discussion & Analysis forms part of the Annual Report.

### XVI. General Shareholder Information

#### Tenth Annual General Meeting

| Date                       | Time      | Venue  |
|----------------------------|-----------|--|
| Monday, September 20, 2004 | 2.00 p.m. | Professor Chandravadan Mehta Auditorium<br>General Education Centre<br>Opposite D. N. Hall Ground<br>The Maharaja Sayajirao University<br>Pratapgunj, Vadodara 390 002 |
| Financial Calendar         |           | April 1 to March 31  |
| Book Closure               |           | September 4, 2004 to September 20, 2004  |
| Dividend Payment Date      |           | September 22, 2004   |

#### Listing of equity shares/ ADRs on Stock Exchanges (with stock code)

| Stock Exchange   | Code for ICICI Bank |
|--|---------------------|
| The Stock Exchange, Mumbai (BSE)<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai 400 001  | 532174              |
| National Stock Exchange of India Limited (NSE)<br>Exchange Plaza, Bandra - Kurla Complex<br>Bandra (East), Mumbai 400 051            | ICICI BANK EQ       |
| New York Stock Exchange (American Depositary Receipts) <sup>1</sup><br>11, Wall Street, New York, NY 10005, United States of America | IBN                 |

<sup>1</sup> Each American Depositary Receipt (ADR) of ICICI Bank represents two underlying equity shares.

Pursuant to the delisting applications made by the Bank, the equity shares of the Bank have been delisted from The Delhi Stock Exchange Association Limited effective February 11, 2004, the Madras Stock Exchange Limited effective July 7, 2004 and The Calcutta Stock Exchange Association Limited effective July 21, 2004 and the equity shares and bonds of the Bank have been delisted from the Vadodara Stock Exchange Limited effective July 22, 2004.

ICICI Bank has paid annual listing fees for fiscal 2005 on its capital to BSE and NSE where its securities now continue to be listed and traded.

#### Market Price Information

The reported high and low closing prices and volume of equity shares of ICICI Bank traded during fiscal 2004 on BSE and NSE are given in the following table:



## Directors' Report

| Month          | BSE        |           |             | NSE        |           |             | Total volume on BSE and NSE |
|----------------|------------|-----------|-------------|------------|-----------|-------------|-----------------------------|
|                | High (Rs.) | Low (Rs.) | Volume      | High (Rs.) | Low (Rs.) | Volume      |                             |
| April 2003     | 138.95     | 121.40    | 8,517,139   | 138.90     | 121.15    | 17,212,279  | 25,729,418                  |
| May 2003       | 139.40     | 120.80    | 10,169,469  | 138.80     | 120.80    | 23,002,769  | 33,172,238                  |
| June 2003      | 150.20     | 136.25    | 6,679,813   | 150.15     | 136.75    | 19,532,093  | 26,211,906                  |
| July 2003      | 163.10     | 144.70    | 13,591,037  | 163.20     | 145.10    | 37,044,326  | 50,635,363                  |
| August 2003    | 184.55     | 146.95    | 18,771,176  | 183.70     | 147.15    | 57,443,777  | 76,214,953                  |
| September 2003 | 204.50     | 181.60    | 13,835,502  | 204.50     | 181.30    | 34,017,304  | 47,852,806                  |
| October 2003   | 248.10     | 204.30    | 13,885,094  | 247.00     | 204.40    | 31,973,927  | 45,859,021                  |
| November 2003  | 259.45     | 227.05    | 11,151,796  | 259.65     | 227.35    | 25,581,024  | 36,732,820                  |
| December 2003  | 301.90     | 255.25    | 47,173,681  | 302.20     | 255.50    | 32,121,192  | 79,294,873                  |
| January 2004   | 312.10     | 283.40    | 21,478,769  | 313.20     | 283.30    | 43,276,098  | 64,754,867                  |
| February 2004  | 345.75     | 266.90    | 26,445,406  | 348.25     | 267.75    | 61,304,537  | 87,749,943                  |
| March 2004     | 305.75     | 269.65    | 8,566,100   | 304.30     | 269.55    | 26,944,410  | 35,510,510                  |
| Fiscal 2004    | 345.75     | 120.80    | 200,264,982 | 348.25     | 120.80    | 409,453,736 | 609,718,718                 |

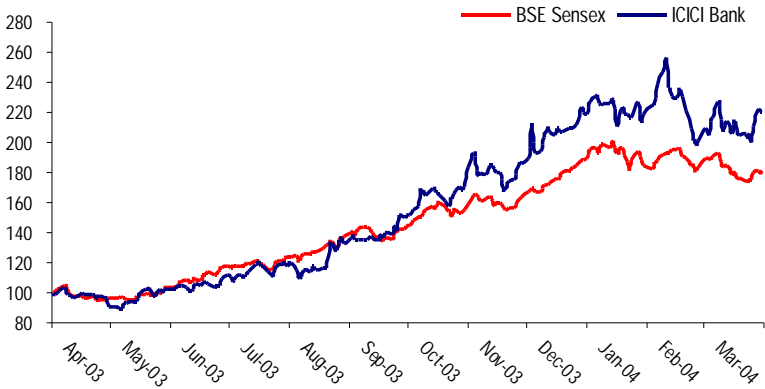
Source: Bloomberg and NSE

The reported high and low closing prices and volume of ADRs of ICICI Bank traded during fiscal 2004 on New York Stock Exchange (NYSE) are given below:

| Month          | High (US\$) | Low (US\$) | Number of ADRs traded |
|----------------|-------------|------------|-----------------------|
| April 2003     | 6.68        | 5.27       | 5,496,700             |
| May 2003       | 6.74        | 5.42       | 4,304,900             |
| June 2003      | 7.27        | 6.85       | 4,942,400             |
| July 2003      | 8.65        | 7.23       | 5,683,600             |
| August 2003    | 9.90        | 7.70       | 3,396,600             |
| September 2003 | 10.56       | 9.21       | 4,677,800             |
| October 2003   | 12.70       | 10.90      | 16,187,300            |
| November 2003  | 13.35       | 12.06      | 8,693,100             |
| December 2003  | 17.91       | 13.80      | 11,309,000            |
| January 2004   | 18.33       | 15.01      | 21,474,600            |
| February 2004  | 17.10       | 14.47      | 17,902,800            |
| March 2004     | 15.95       | 13.50      | 10,376,400            |
| Fiscal 2004    | 18.33       | 5.27       | 114,445,200           |

Source: Yahoo Finance

The performance of the ICICI Bank equity share relative to the BSE Sensitive Index (Sensx) is given in the following chart:



## Directors' Report

### Share Transfer System

ICICI Bank's investor services are handled by ICICI Infotech Limited (ICICI Infotech). ICICI Infotech operates in the following main areas of business: software consultancy and development, IT-enabled services, IT infrastructure and network and facilities management services. ICICI Infotech has received the ISO-9001 certification for its transaction processing activities.

As per SEBI guidelines, ICICI Bank's equity shares are being traded only in dematerialised form. During the year, 6,028,463 equity shares of ICICI Bank were transferred into electronic mode, involving 85,284 certificates. At March 31, 2004 about 96.19% of ICICI Bank's paid-up equity (including equity shares represented by ADRs constituting 25.94% of the paid-up equity share capital) comprising 592,893,127 equity shares had been dematerialised.

Physical share transfers are registered and returned typically within a period of seven days from the date of receipt, if the documents are correct and valid in all respects. A letter is sent to the shareholder giving an option to receive shares in physical or dematerialised mode. A period of 30 days is given to the shareholder for sending his intimation. The shareholder then receives the shares in the form he exercises his option for. However, effective February 10, 2004, SEBI has withdrawn its transfer-cum-demat scheme. No applications for transfer of equity shares were pending as on March 31, 2004.

The number of equity shares of ICICI Bank transferred during the last three years (excluding electronic transfers of shares in dematerialised form) is given below:

|                              | Fiscal 2002 | Fiscal 2003 | Fiscal 2004 |
|------------------------------|-------------|-------------|-------------|
| Number of transfer deeds     | 2,114       | 8,140       | 17,675      |
| Number of shares transferred | 315,038     | 1,126,355   | 1,105,135   |

As required under Clause 47(c) of the listing agreements entered into by ICICI Bank with stock exchanges, a half yearly certificate is being obtained from a firm of practising Company Secretaries, with regard to, inter alia, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares and bonds in the nature of debentures within one month of their lodgement. The certificates are forwarded to stock exchanges where the equity shares are listed within 24 hours of issuance and also placed before the Board.

In terms of SEBI's circular no. D&CC/FITTC/CIR-16 dated December 31, 2002, a Secretarial Audit is being conducted on a quarterly basis by a firm of Chartered Accountants, for the purpose of, inter alia, reconciliation of the total admitted equity shares with the depositories and in the physical form with the total issued/paid-up equity capital of ICICI Bank. Certificates issued in this regard are placed before the Share Transfer & Shareholders'/Investors' Grievance Committee and forwarded to stock exchanges where the equity shares of ICICI Bank are listed.

For any share-related queries, please call ICICI Infotech at +91-22-5592 8000, fax your query to +91-22-5592 8099 or email to investor@icicibank.com.



"We are today the largest provider of retail finance in the country; blending technology, distribution and product skills to offer customer-friendly financial solutions. Going forward, we will focus on further expanding our distribution and providing a superior banking experience to our customers."

Chanda D. Kochhar  
Executive Director



## Directors' Report

### Registrar and Transfer Agent

The Registrar and Transfer Agent of ICICI Bank is ICICI Infotech Limited. Investor services related queries may be directed to Padmanabhan Iyer at either of the addresses below:

|   |                        |
|---|------------------------|
| ICICI Infotech Limited                  | ICICI Infotech Limited |
| International Infotech Park             | Maratha Mandir Annex   |
| Tower 5, 4th Floor, Navi Mumbai 400 705 | Dr. A. R. Nair Road    |
| Tel No.: +91-22-5592 8000               | Mumbai Central         |
| Fax: +91-22-5592 8099                   | Mumbai 400 008         |

Queries relating to the operational and financial performance of ICICI Bank may be addressed to:

Rakesh Jha/Anindya Banerjee  
ICICI Bank Limited  
ICICI Bank Towers  
Bandra-Kurla Complex, Mumbai 400 051  
Tel No. : +91-22-2653 1414  
Fax No. : +91-22-2653 1175  
E-mail : ir@icicibank.com

### Information on Shareholding

Shareholding pattern of ICICI Bank at March 31, 2004

| Shareholder Category  | Shares      | % holding |
|---|-------------|-----------|
| <i>Foreign Shareholders</i>                                       |             |           |
| Deutsche Bank Trust Company Americas (Depositary for ADR holders) | 159,882,118 | 25.94     |
| FII's and NRIs  | 288,755,773 | 46.85     |
| <i>Domestic Shareholders</i>                                      |             |           |
| Insurance Companies   | 91,718,371  | 14.88     |
| Bodies Corporates   | 26,214,350  | 4.25      |
| Banks and Financial Institutions                                  | 2,182,881   | 0.36      |
| Mutual Funds  | 2,068,924   | 0.33      |
| Individuals   | 45,569,488  | 7.39      |
| Total   | 616,391,905 | 100.00    |

Shareholding pattern of ICICI Bank at June 30, 2004

| Shareholder Category  | Shares      | % holding |
|---|-------------|-----------|
| <i>Foreign Shareholders</i>                                       |             |           |
| Deutsche Bank Trust Company Americas (Depositary for ADR holders) | 159,882,118 | 21.79     |
| FII's and NRIs  | 352,416,248 | 48.02     |
| <i>Domestic Shareholders</i>                                      |             |           |
| Insurance Companies   | 120,337,907 | 16.40     |
| Bodies Corporates   | 33,080,295  | 4.51      |
| Banks and Financial Institutions                                  | 3,632,963   | 0.50      |
| Mutual Funds  | 4,798,651   | 0.65      |
| Individuals   | 59,749,675  | 8.13      |
| Total   | 733,897,857 | 100.00    |



## Directors' Report

Shareholders of ICICI Bank with more than one per cent holding at March 31, 2004

| Name of the Shareholder   | No. of shares | % to total<br>No. of shares |
|---|---------------|-----------------------------|
| Deutsche Bank Trust Company Americas<br>(Depositary for ADR holders)                | 159,882,118   | 25.94                       |
| Allamanda Investments Pte. Limited  | 57,094,290    | 9.26                        |
| Life Insurance Corporation of India   | 51,088,134    | 8.29                        |
| Government of Singapore   | 29,944,274    | 4.86                        |
| HWIC Asia Fund  | 25,618,861    | 4.16                        |
| Bajaj Auto Limited  | 19,663,653    | 3.19                        |
| The New India Assurance Company Limited   | 16,458,471    | 2.67                        |
| M & G Investment Management Limited<br>A/c The Prudential Assurance Company Limited | 14,866,787    | 2.41                        |
| Janus Worldwide Fund  | 12,513,128    | 2.03                        |
| Templeton Global Advisors Limited A/c Templeton Funds Inc.                          | 11,341,987    | 1.84                        |
| Copthall Mauritius Investment Limited   | 10,740,633    | 1.74                        |
| Emerging Markets Growth Fund Inc.   | 9,234,090     | 1.50                        |
| General Insurance Corporation of India  | 8,941,295     | 1.45                        |
| National Insurance Company Limited  | 8,075,659     | 1.31                        |
| Credit Lyonnais (Singapore) Merchant Bankers Limited                                | 6,437,689     | 1.04                        |

Shareholders of ICICI Bank with more than one per cent holding at June 30, 2004

| Name of the Shareholder   | No. of shares | % to total<br>No. of shares |
|---|---------------|-----------------------------|
| Deutsche Bank Trust Company Americas<br>(Depositary for ADR holders)                    | 159,882,118   | 21.79                       |
| Life Insurance Corporation of India   | 74,053,303    | 10.09                       |
| Allamanda Investments Pte. Limited  | 66,234,627    | 9.03                        |
| Government of Singapore   | 31,075,420    | 4.23                        |
| HWIC Asia Fund  | 33,965,361    | 4.63                        |
| Bajaj Auto Limited  | 24,957,373    | 3.40                        |
| The New India Assurance Company Limited   | 19,496,338    | 2.66                        |
| M & G Investment Management Limited<br>A/c The Prudential Assurance Company Limited     | 15,141,759    | 2.06                        |
| Janus Worldwide Fund  | 13,324,898    | 1.82                        |
| Emerging Markets Growth Fund Inc.   | 11,483,969    | 1.56                        |
| Templeton Global Advisors Limited A/c Templeton Funds, Inc.<br>(Templeton Foreign Fund) | 11,341,987    | 1.55                        |
| General Insurance Corporation of India  | 10,883,795    | 1.48                        |
| National Insurance Company Limited  | 8,389,159     | 1.14                        |

Distribution of shareholding of ICICI Bank at March 31, 2004

| Range           | No. of Folios | %      | No. of shares | %      |
|-----------------|---------------|--------|---------------|--------|
| Upto 1,000      | 450,810       | 99.06  | 36,677,119    | 5.95   |
| 1,001 - 5,000   | 3,549         | 0.78   | 6,979,643     | 1.13   |
| 5,001 - 10,000  | 320           | 0.07   | 2,250,856     | 0.37   |
| 10,001 - 50,000 | 250           | 0.05   | 5,011,227     | 0.81   |
| 50,001 & above  | 185           | 0.04   | 565,473,060   | 91.74  |
| Total           | 455,114       | 100.00 | 616,391,905   | 100.00 |



## Directors' Report

Distribution of shareholding of ICICI Bank at June 30, 2004

| Range           | No. of Folios | %      | No. of shares | %      |
|-----------------|---------------|--------|---------------|--------|
| Upto 1,000      | 544,162       | 99.07  | 48,144,986    | 6.56   |
| 1,001 - 5,000   | 4,184         | 0.76   | 8,340,506     | 1.14   |
| 5,001 - 10,000  | 390           | 0.07   | 2,780,651     | 0.38   |
| 10,001 - 50,000 | 306           | 0.06   | 6,456,026     | 0.88   |
| 50,001 & above  | 251           | 0.05   | 668,175,688   | 91.04  |
| Total           | 549,293       | 100.00 | 733,897,857   | 100.00 |

Outstanding GDRs/ADRs/Warrants or any Convertible Debentures, conversion date and likely impact on equity  
ICICI Bank has about 80 million ADRs (equivalent to about 160 million equity shares) outstanding, which constituted 25.94% of ICICI Bank's total equity capital at March 31, 2004 and 21.79% at June 30, 2004. Currently, there are no convertible debentures outstanding.

Plant Locations - Not applicable

*Address for Correspondence*

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The Bank has also complied with the non-mandatory requirements with respect to corporate governance.

**COMPLIANCE CERTIFICATE OF THE AUDITORS**

ICICI Bank has annexed to this report, a certificate obtained from the statutory auditors, S.R. Batliboi & Co., Chartered Accountants, regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the listing agreement.

**EMPLOYEE STOCK OPTION SCHEME**

In fiscal 2000, ICICI Bank instituted an Employee Stock Option Scheme (ESOS) to enable the employees and directors (including wholetime Directors) of ICICI Bank and its subsidiaries to participate in the future growth and financial success of the Bank. As per the ESOS as amended by the Scheme of Amalgamation of ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited with ICICI Bank, the maximum number of options granted to any employee/director in a year is limited to 0.05% of ICICI Bank's issued equity shares at the time of the grant, and the aggregate of all such options is limited to five percent of ICICI Bank's issued equity shares after the amalgamation. In April 2004, the Board approved the recommendation of the Board Governance & Remuneration Committee to modify the limit of the aggregate number of options that could be granted under the ESOS to five percent of the issued equity shares of the Bank as on the date of grant. The approval of the Members for this modification is being sought at the forthcoming AGM.

## Directors' Report

Options granted for fiscal 2003 and earlier years vest in a graded manner over a three-year period, with 20%, 30% and 50% of the grants vesting in each year, commencing not earlier than 12 months from the date of grant. In April 2004, the Board approved the recommendation of the Board Governance & Remuneration Committee to modify the vesting period of stock options such that all options granted for fiscal 2004 and beyond vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting each year, commencing not earlier than 12 months from the date of grant.

Options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The price of the options granted prior to June 30, 2003 is the closing market price on the stock exchange, which recorded the highest trading volume on the date of grant. The price for options granted on or after June 30, 2003 is equal to the average of the high and low market price of the equity shares in the two week period preceding the date of grant of the options, on the stock exchange which recorded the highest trading volume during the two week period.

On the basis of the recommendation of the Board Governance & Remuneration Committee, the Board at its Meeting held on April 30, 2004 approved grant of 7.5 million options for fiscal 2004 to eligible employees including wholetime Directors. Each option confers on the employee a right to apply for one equity share of Rs. 10 of ICICI Bank at Rs. 300.10, which is equivalent to the average of the high and low market price of the equity shares in the two week period preceding the date of grant of the options, on the stock exchange which recorded the highest trading volume during the two week period.

The total number of shares of ICICI Bank covered by the ESOS as approved by the Members is 30, 651,570. Particulars of options granted by ICICI Bank as at July 21, 2004 are given below:

|   |             |
|---|-------------|
| Options granted   | 28,941,975  |
| Options vested  | 11,427,627  |
| Options exercised   | 5,065,038   |
| Number of shares allotted pursuant to exercise of options | 5,065,038   |
| Options forfeited/lapsed                                  | 2,190,584   |
| Extinguishment or modification of options                 | -           |
| Amount realised by exercise of options (Rs.)              | 740,675,541 |
| Total number of options in force                          | 21,686,353  |

Options granted by ICICI Bank to senior managerial personnel for fiscal 2004 are as follows: K.V. Kamath - 250,000, Lalita D. Gupte - 165,000, Kalpana Morparia - 150,000, Chanda D. Kochhar - 125,000, Nachiket Mor - 125,000, Bhargav Dasgupta - 75,000, M.N. Gopinath - 37,500, N.S. Kannan - 75,000, Sanjiv Kerkar - 37,500, Vishakha Mulye - 37,500, Ramni Nirula - 37,500, Nagesh Pingre - 37,500, Madhabi Puri-Buch - 75,000, K. Ramkumar - 37,500, Balaji Swaminathan - 75,000 and V. Vaidyanathan - 75,000. No employee/director has a grant, in any one year, of options amounting to 5% or more of total options granted during that year. No employee/director was granted options during any one year equal to or exceeding 0.05% of the issued equity shares of ICICI Bank at the time of the grant.

The diluted earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard 20 was Rs. 26.44 in fiscal 2004. Since the exercise price of ICICI Bank's options is the average of the high and low market price of the equity shares in the two week period preceding the date of grant of the options,



"We believe that we have a unique value proposition that combines strong technology capabilities, a large balance sheet and an extensive network. These core strengths together with our focus on being at the cutting edge of new developments in the financial sector, enable us to offer best-in-class customer-focussed solutions to our clients."

Nachiket Mor  
Executive Director



## Directors' Report

there is no compensation cost in fiscal 2004 based on the intrinsic value of options. However, if ICICI Bank had used the fair value of options based on the Black-Scholes model, compensation costs in fiscal 2004 would have been higher by Rs. 324.0 million and proforma profit after tax would have been Rs. 16.05 billion. On a proforma basis, ICICI Bank's basic and diluted earnings per share would have been Rs. 26.13 and Rs. 25.92 respectively. The key assumptions used to estimate the fair value of options are:

|                           |                 |
|---------------------------|-----------------|
| Risk - free interest rate | 5.122% - 5.939% |
| Expected life             | 10 Years        |
| Expected volatility       | 40.065%         |
| Expected dividends        | 4.060%          |

In respect of options granted in fiscal 2004, the weighted average price of the underlying share in the market on the date of the option grant, the weighted average exercise price of the options and the weighted average fair value of the options were Rs. 132.72 per share, Rs. 132.65 per option and Rs. 46.23 per option respectively.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss of the Bank for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Banking Regulation Act, 1949 and the Companies Act, 1956 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities; and
4. that they have prepared the annual accounts on a going concern basis.

### ACKNOWLEDGEMENTS

ICICI Bank is grateful to the Government of India, RBI, SEBI and overseas regulators for their continued co-operation, support and advice. ICICI Bank wishes to thank its investors, the domestic and international banking community, investment bankers, rating agencies and stock exchanges for their support.

ICICI Bank would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage. The Directors express their deep sense of appreciation to all the employees, whose outstanding professionalism, commitment and initiative has made the organisation's growth and success possible and continues to drive its progress. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board

Place : Mumbai  
Date : July 23, 2004

N. VAGHUL  
Chairman