Touching Lives

ICICI Bank

13th Annual Report and Accounts 2006-2007

Touching Lives

From providing financial services to farmers and artisans in villages, to establishing footprints across the world, the ICICI Group has spread both its presence and its range of products and services to meet the demand for financial services from Indian corporates and individuals. As India transforms into one of the key economic players of the future, the ICICI Group seeks to partner the country's growth by delivery of world-class financial services. As a multi-specialist financial services provider, our offerings span investment banking for large companies, technology-driven transaction banking for small enterprises, conveniently accessible retail financial services and innovative solutions for rural India; insurance solutions to mitigate a range of risks for individuals and businesses; and investment solutions for managing and enhancing wealth. This is combined with a deep and abiding commitment to socio-economic development and empowerment, as a corporate citizen that seeks to use its unique skills and strengths to create a positive impact in identified focus areas.

Vision

To be the leading provider of financial services in India and a major global bank.

Mission

We will leverage our people, technology, speed and financial capital to:

- be the banker of first choice for our customers by delivering high quality, world-class products and services.
- expand the frontiers of our business globally.
- play a proactive role in the full realisation of India's potential.
- maintain a healthy financial profile and diversify our earnings across businesses and geographies.
- maintain high standards of governance and ethics.
- contribute positively to the various countries and markets in which we operate.
- create value for our stakeholders.

Contents

Registered Office

Landmark, Race Course Circle, Vadodara 390 007

Corporate Office

ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051

Statutory Auditors

BSR & Co.

Chartered Accountants, KPMG House, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013

Registrar and Transfer Agents

3i Infotech Limited

Maratha Mandir Annexe, Dr. A. R. Nair Road, Mumbai Central, Mumbai 400 008

Message from the Chairman

Fiscal 2007 was another eventful year for India and for Indian business. While the growth momentum in the economy remained strong, supply side constraints and inadequate investment in infrastructure, housing and manufacturing capacity in the past led to increase in inflation and rise in asset prices. This elicited a strong response from the regulator, in terms of monetary and prudential measures to cool demand and maintain price stability. This impacted both banks and borrowers. At the same time, the Indian corporate sector went from strength to strength, demonstrating its ability to think big and take advantage of inorganic growth opportunities globally to leapfrog competition. These trends had their impact on the financial markets as well, with overall optimism being punctuated by periods of volatility.

What should one make of these trends? We believe that fundamentally, the Indian economy is placed on a trajectory of high growth. This is being driven by the strong underlying growth momentum in the economy. The knowledge sectors continue to experience robust growth, driven by India's pool of skill and talent. This encompasses not only information technology and IT-enabled services, but spans across a range of sectors like financial services, engineering & design, pharmaceuticals and healthcare. These sectors have emerged as major employers, not only through the direct recruitment in companies engaged in these activities, but through their larger economic impact in the form of the support and service infrastructure required. The growth in the number of jobs in turn creates demand for modern entertainment, shopping and leisure facilities, which catalyses economic activity and employment creation in these areas. The resurgence of the industrial sector over the last few years, with a combination of global competitiveness and strong domestic demand driving large organic and inorganic growth plans, provides the second engine for India's growth.

At the same time, we must focus on the key challenges that we have to overcome for the growth potential to be realized and the benefits of this growth to be widespread. Insufficient physical infrastructure remains a continual bottleneck to India's growth. Sectors such as airports, power, irrigation, roads and urban infrastructure are areas that require urgent attention if we are to sustain our current growth momentum. While we have made excellent progress in telecommunications and have achieved improvement in inter-city highway connectivity, the areas of power, rural infrastructure and urban rejuvenation remain serious challenges and we must implement focused strategies to bridge these gaps.

We need to improve the social infrastructure of the nation as well. Revamping the current educational curriculum is the key to effecting this change. Knowledge has emerged as the key driver of our economy. India is increasingly being seen as a global operations hub and supply centre for skilled resources.

Paradoxically, despite our large and expanding pool of human capital, the most important question facing corporates today is the low availability of manpower with relevant skill sets for the jobs at hand. We need to focus on building an adequately trained knowledge worker base through setting up and expansion of institutions for higher education, and through curriculum change as may be necessary. Only then can India's demographic advantage be truly realized.

The inconsistent performance of the agriculture sector needs to be viewed with concern as sustaining and further enhancing the current growth rates, and ensuring broad-basing of growth, is dependent on improving economic conditions in rural India. The performance of the agriculture sector weakened as growth fell to around 2.0% in fiscal 2007 compared to the 6.0% growth recorded in 2006. While focusing on improvements in agricultural productivity and creating efficient farm-to-market linkages, we need to create new economic opportunities and employment generators in rural India and reduce dependence on agriculture alone. This would involve equipping young people in rural India with the skills that will enable them to engage with the mainstream economy. This will align the proportion of people directly dependent on agriculture to the capacity of the agriculture sector to provide higher than subsistence-level livelihoods, and create new income streams for the rural population. The goal of bringing rural India into mainstream economic activity is a challenge and the task before us is enormous. However, we need to make focused efforts in each of the above areas, starting with identified geographies and areas of activity and going on to increase the scale of operations. We can then indeed transform rural India into an engine of growth.

ICICI Bank is seeking to participate in India's growth process by leveraging its strong competencies in various segments of the business. We are continuing our focus on retail banking. We are partnering Indian companies by providing the right product and advisory skills to aid their rising global aspirations. Rural India continues to be a significantly untapped market and presents a major growth opportunity, which we are seeking to address through innovative products and delivery mechanisms. We seek to support this strategy with financial and human capital, as we move to the next level in terms of scale of operations. Looking ahead, we see ourselves as the premier provider of financial services in India and to Indian customers overseas, partnering our customers and the nation in achieving growth and prosperity.

N. VAGHUL
Chairman

Letter from the Managing Director & CEO

Dear Stakeholders,

India continues on its path of high economic growth, drawing on the strong foundation of economic activity in the country. This is reflected in our economic performance during fiscal 2007, a year which was marked by increases in domestic inflation, asset prices and both domestic and international interest rates. Our GDP growth rate is estimated to have been at 9% and above for the second year in succession - no mean achievement, and a testimony to the impact of 15 years of economic reform.

Our movement to a high growth trajectory has been propelled by the knowledge economy, which has established a completely new growth paradigm in India. Knowledge sublimates the entire process of wealth creation by directly leveraging human capital. This is now extending from information technology and related services to financial services, healthcare, analytics, engineering, design and other similar knowledge-based sectors. The development of a knowledge-centric and people-centric economy not only generates direct employment, but also has a multiplier effect on various sectors of our economy given the boost it gives to retail, infrastructure, real estate and other sectors. The only challenge is to equip our young people with skills relevant to this new economic reality, so that our unique demographic advantage is fully realized.

The explosive growth of the knowledge economy and the favourable demographic profile continue to drive consumption demand. This will lead to a market for a wide range of financial products and services for consumers - a mortgage to finance a house; a loan for a car; a credit card for ongoing purchases; a bank account; a long-term investment plan to finance a child's higher education; a pension plan for retirement; a life insurance policy, and many others. The increase in incomes leads to higher demand not only for financial and other services, but also for manufactured goods, thereby spurring increased manufacturing activity as companies step up production to meet the growing demand. Already we are in a position where companies are operating at near peak capacities and sustained demand growth will require a rapid build up of production capacities and infrastructure. Power, airports and ports, urban rejuvenation and rural infrastructure are all areas where infrastructure investment will scale up rapidly over the next few years. Our estimates show that by 2010 over US$ 500 billion of investments would be required to fund capacity expansion and infrastructure building. These domestic growth trends combined with the global expansion of Indian businesses present a diverse range of growth opportunities for the financial sector.

The ICICI Group is well positioned to participate in and contribute to this process. We were among the first to recognise the opportunity presented by the retail market and are today positioned as market leaders across the spectrum of retail products. In the insurance sector, we continue to maintain our leadership position among both life and general insurers. We are among the two largest asset management companies in India in terms of assets under management. We have continued to deepen our relationships with corporate clients and have developed a wide suite of products to cater to their requirements. Going forward, we expect that the demand for financial services in the retail sector will continue to act as a significant growth driver. Given the strong investment pipeline and the rapid scale-up of Indian corporates in international markets, we expect the demand for financial services from the corporate sector to grow exponentially. We will continue to expand our international presence and focus on the international operations of Indian companies, demand for financial services from the large Indian diaspora and the opportunity to leverage our technology platform to gain competitive advantage in overseas markets.

We view rural India as a major untapped opportunity and are focusing on this aspect as part of our core business of banking and financial services. Our strategy is based on identifying the needs of all segments of the rural population - farmers, traders, entrepreneurs and the poorest of the poor, designing products and services to meet their specific requirements and creating a distribution network that delivers these efficiently and at an affordable cost, while ensuring that our operations are sustainable. Rural India offers us the opportunity to leapfrog brick and mortar structures and use handheld devices and smart cards to provide banking services. While these initatives are at an early stage, we hope to build on these to develop a large-scale rural banking platform in the years ahead.

Looking ahead, we believe that India will sustain high growth rates for the foreseeable future, driven by the knowledge economy and industrial resurgence, to which rural growth could bring an additional new dimension. As an Indian financial services group, we seek to facilitate and participate in this growth process by making a wide range of financial products and services available on a large scale, accessing capital to support growth when necessary. Achieving size and scale aligned to the needs of a fast growing modern economy, with relevance in the global context, will be a key success factor as India grows and globalizes. We look forward to your continued support in this endeavour.

K. Vaman Kamath

K.V. KAMATH
Managing Director & CEO

Board of Directors

N. Vaghul, *Chairman*

Sridar Iyengar

R. K. Joshi

L. N. Mittal

Narendra Murkumbi

Anupam Puri

Vinod Rai

M. K. Sharma

P. M. Sinha

Marti G. Subrahmanyam

T. S. Vijayan

V. Prem Watsa

K. V. Kamath,
Managing Director & CEO

Kalpana Morparia,
Joint Managing Director
(Up to May 31, 2007)

Chanda D. Kochhar,
Deputy Managing Director

Nachiket Mor,
Deputy Managing Director

V. Vaidyanathan,
Executive Director

Madhabi Puri-Buch,
Executive Director
(w.e.f. June 1, 2007)

Senior Management

Vishakha Mulye
Group Chief
Financial Officer

K. Ramkumar
Group Chief
Human Resources Officer

Pravir Vohra
Group Chief
Technology Officer

Jyotin Mehta
General Manager & Company Secretary

Board Committees

Audit Committee
Sridar Iyengar, *Chairman*
Narendra Murkumbi
M. K. Sharma

Board Governance & Remuneration Committee
N. Vaghul, *Chairman*
Anupam Puri
M. K. Sharma
P. M. Sinha
Marti G. Subrahmanyam

Credit Committee
N. Vaghul, *Chairman*
Narendra Murkumbi
M. K. Sharma
P. M. Sinha
K. V. Kamath

Customer Service Committee
N. Vaghul, *Chairman*
Narendra Murkumbi
M. K. Sharma
P. M. Sinha
K. V. Kamath

Fraud Monitoring Committee
M. K. Sharma, *Chairman*
Narendra Murkumbi
K. V. Kamath
Chanda D. Kochhar
V. Vaidyanathan*

Risk Committee
N. Vaghul, *Chairman*
Sridar Iyengar
Marti G. Subrahmanyam
V. Prem Watsa
K. V. Kamath

Share Transfer & Shareholders'/ Investors' Grievance Committee
M. K. Sharma, *Chairman*
Narendra Murkumbi
Chanda D. Kochhar
Madhabi Puri-Buch*

Committee of Directors
K. V. Kamath, *Chairman*
Chanda D. Kochhar
Nachiket Mor
Madhabi Puri-Buch*
V. Vaidyanathan*

Asset Liability Management Committee**
Chanda D. Kochhar
Nachiket Mor
Madhabi Puri-Buch*
V. Vaidyanathan*

* Effective June 1, 2007
** Specific identified functions delegated to certain members of the senior management team.

Directors' Report

Your Directors have pleasure in presenting the Thirteenth Annual Report of ICICI Bank Limited with the audited statement of accounts for the year ended March 31, 2007.

Financial Highlights

The financial performance for fiscal 2007 is summarised in the following table:

Rs. billion, except percentages	Fiscal 2006	Fiscal 2007	% change
Net interest income and other income[1]	88.90	125.64	41.3
Operating profit[1]	38.88	58.74	51.1
Provisions & contingencies[1, 2]	7.92	22.26	181.1
Profit before tax	30.97	36.48	17.8
Profit after tax	25.40	31.10	22.4
Consolidated profit after tax	24.20	27.61	14.1

1. Amortisation of premium on government securities has been excluded from "Provisions & contingencies" and deducted from "Other income" as per Reserve Bank of India (RBI) guidelines in this regard. Previous year figures have been reclassified accordingly.
2. Excludes provision for taxes.

Appropriations

The profit & loss account shows a profit after tax of Rs. 31.10 billion after provisions and contingencies of Rs. 22.26 billion and all expenses. The disposable profit is Rs. 34.03 billion, taking into account the balance of Rs. 2.93 billion brought forward from the previous year. Your Directors have recommended a dividend rate of 100% (Rs.10 per equity share of Rs. 10) for the year and have appropriated the disposable profit as follows:

Rs. billion	Fiscal 2006	Fiscal 2007
To Statutory Reserve, making in all Rs. 28.79 billion	6.36	7.80
To Investment Fluctuation Reserve (IFR)	—[1]	—
To Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income-tax Act, 1961, making in all Rs. 19.19 billion	2.75	4.50
To Capital Reserve, making in all Rs. 6.74 billion	0.68	1.21
To Revenue and other Reserves, making in all Rs. 49.78 billion[2]	—[1]	—
Dividend for the year (proposed)		
– On equity shares @ 100% (@85% for fiscal 2006)	7.59[3]	9.01[3]
– On preference shares (Rs.)	35,000	35,000
– Corporate dividend tax	1.06	1.53
Leaving balance to be carried forward to the next year	2.93	9.98

1. In addition to appropriation of profits, balance in IFR of Rs. 13.20 billion (after appropriation to IFR during the year of Rs. 8.04 billion) was transferred to revenue and other reserves.
2. Net of transition adjustment of Rs. 1.06 billion on account of first time adoption of Accounting Standard 15 (Revised) on "Employee benefits" issued by the Institute of Chartered Accountants of India for the year ended March 31, 2007.
3. Proposed dividend for the year includes dividend paid on ESOPs exercised after balance sheet date of previous year.

Personal Banking
Deposits
Loans
Investments
Cards
Insurance
Demat Services
Online Services
Property Services

Over 1 million homes financed through affordable and convenient products and services

MERGER OF THE SANGLI BANK LIMITED WITH ICICI BANK

The Board of Directors of ICICI Bank Limited and the Board of Directors of The Sangli Bank Limited (Sangli Bank) at their respective meetings held on December 9, 2006, approved an all-stock amalgamation of Sangli Bank with ICICI Bank. The amalgamation was subsequently approved by the Members of both banks. RBI approved the scheme of amalgamation effective April 19, 2007.

With this amalgamation, ICICI Bank will be able to leverage Sangli Bank's network of over 190 branches, its existing customer base and the skills and experience of its employees across urban and rural centres. The amalgamation will also provide new opportunities to Sangli Bank's employees, and give its customers access to ICICI Bank's multi-channel network and wide range of products and services.

About Sangli Bank

Sangli Bank was an unlisted private sector bank headquartered at Sangli in the state of Maharashtra, India. At March 31, 2006, Sangli Bank had deposits of Rs. 2,004 crore, advances of Rs. 888 crore, net NPA ratio of 2.3% and capital adequacy of 1.6%. In the year ended March 31, 2006, it incurred a loss of Rs. 29 crore. Sangli Bank had 198 branches and extension counters, including 158 branches in Maharashtra and 31 branches in Karnataka. Approximately 50% of the total branches are located in rural and semi-urban areas and 50% in metropolitan and urban centres. Sangli Bank had approximately 1,850 employees.

SUBSIDIARY COMPANIES

At March 31, 2007, ICICI Bank had 17 subsidiaries as listed below:

Domestic Subsidiaries	International Subsidiaries
ICICI Securities Limited[1]	ICICI Bank UK Plc.
ICICI Securities Primary Dealership Limited[2]	ICICI Bank Canada
ICICI Prudential Life Insurance Company Limited	ICICI Wealth Management Inc.[3]
ICICI Lombard General Insurance Company Limited	ICICI Bank Eurasia Limited Liability Company
ICICI Prudential Asset Management Company Limited[4]	ICICI Securities Holdings Inc.[5]
ICICI Prudential Trust Limited[6]	ICICI Securities Inc.[7]
ICICI Venture Funds Management Company Limited	ICICI International Limited
ICICI Home Finance Company Limited	
ICICI Investment Management Company Limited	
ICICI Trusteeship Services Limited	

1. Formerly known as ICICI Brokerage Services Limited.
2. Formerly known as ICICI Securities Limited.
3. ICICI Wealth Management Inc. was incorporated as a subsidiary of ICICI Bank Canada in fiscal 2007. It has not yet been capitalised and is yet to commence operations.
4. Formerly known as Prudential ICICI Asset Management Company Limited.
5. Subsidiary of ICICI Securities Limited.
6. Formerly known as Prudential ICICI Trust Limited.
7. Subsidiary of ICICI Securities Holdings Inc.

Chanda D. Kochhar Deputy Managing Director

"The last fiscal saw a significant scale-up of our international operations and expansion of our global footprint to 18 countries. We are now a preferred international bank, offering best-in-class products to Indian corporates going global and the Indian diaspora by leveraging our international presence and strong technological capabilities. Our products and services for the NRIs were supplemented by offerings to the local customers, furthering our transformation into a global bank. Indian corporates are today undertaking large projects, big-ticket overseas acquisitions and raising huge capital from international markets. Our corporate banking strategy takes a unified global view of our clients and offers them a comprehensive suite of commercial and investment banking products apart from the working capital loans and project finance."

NRI Banking
Bank Accounts
Deposits
Credit Cards
Investments
Remittance Solutions
Property Solutions
Insurance
Loans

Over USD 7.5 billion channelised through multi channel remittance services to India

As approved by the Central Government *vide* letter dated May 23, 2007 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 each of the subsidiary companies have not been attached to the accounts of the Bank for fiscal 2007. The Bank will make available these documents/details upon request by any Member of the Bank. These documents/details will be available on the Bank's website 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 offices of the concerned subsidiaries. As required by Accounting Standard-21 (AS-21) issued by the Institute of Chartered Accountants of India, the Bank's consolidated financial statements included in this Annual Report incorporate the accounts of its subsidiaries. A summary of key financials of the Bank's subsidiaries is also included in this Annual Report.

The Board of Directors of ICICI Bank Limited at its meeting held at Jodhpur on March 1-3, 2007 approved, subject to other necessary approvals, the incorporation of a new wholly-owned subsidiary. It is proposed that ICICI Bank's investments in ICICI Prudential Life Insurance Company Limited (ICICI Life), ICICI Lombard General Insurance Company Limited (ICICI General), ICICI Prudential Asset Management Company Limited (ICICI AMC) and ICICI Prudential Trust Limited (ICICI Trust) will be transferred to this proposed new company subject to necessary approvals. ICICI Bank currently holds approximately 74% each of ICICI Life and ICICI General and 51% each of ICICI AMC and ICICI Trust. These investments would be transferred to the proposed new company at book value in the books of ICICI Bank, on the date of transfer (Rs. 22.28 billion at March 31, 2007).

DIRECTORS

Lalita D. Gupte completed her term as Joint Managing Director of the Bank on October 31, 2006 and retired from the services of the Bank with effect from November 1, 2006. Kalpana Morparia will complete her term as Joint Managing Director of the Bank on May 31, 2007 and retire from the services of the Bank with effect from June 1, 2007. The Board places on record its deep appreciation for their invaluable contribution to the growth and development of ICICI Group. Effective June 1, 2007, Kalpana Morparia will assume responsibility for the proposed new subsidiary of ICICI Bank, to which our investments in ICICI Life, ICICI General, ICICI AMC and ICICI Trust will be transferred, as its Managing Director & CEO, subject to necessary approvals. Effective June 1, 2007, Kalpana Morparia will also assume responsibility as the Chief Strategy & Communications Officer, ICICI Group, for a period of five years. She will report to the Managing Director & CEO of ICICI Bank.

The Board, at its Meeting held on October 24, 2006, appointed V. Vaidyanathan, Senior General Manager, ICICI Bank Limited, as an additional Director of the Bank. He holds office up to the date of the forthcoming Annual General Meeting (AGM), but is eligible for appointment. The Board has appointed V. Vaidyanathan as wholetime Director designated as Executive Director for a period of five years, effective October 24, 2006, subject to the approval of the Members and RBI. RBI has *vide* its letter dated April 17, 2007, approved the appointment of V. Vaidyanathan as Executive Director of the Bank.

Nachiket Mor Deputy Managing Director

"With a comprehensive strategy, covering multiple customer segments through customised products and delivery channels, the rural business has witnessed considerable growth. During the fiscal 2007, we have focused on strengthening our processes and devising relevant controls that would support scale up on a sustained basis."

Business Banking
Roaming Current Accounts
Trade and Forex Products
Business Loans
Equipment Loans
Advisory Services

Over 900,000 SMEs supported through financial and transaction banking services

The Board, at its Meeting held on April 28, 2007, decided to appoint Madhabi Puri-Buch, as wholetime Director (designated as an Executive Director) effective June 1, 2007 for a period of five years, subject to the approval of Members and RBI.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Bank, N. Vaghul, Anupam Puri, M. K. Sharma and Marti G. Subrahmanyam would retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-appointment.

AUDITORS

The Auditors, BSR & Co., Chartered Accountants, will retire at the ensuing AGM. As recommended by the Audit Committee, the Board has proposed the appointment of BSR & Co. as stautory auditors for fiscal 2008. You are requested to consider their appointment. Their appointment has been approved by RBI.

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 (ICICI) 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 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 various fields are appointed as nominee Directors. At March 31, 2007, ICICI Bank had 67 nominee Directors of whom 40 are employees of the Bank, on the boards of 107 assisted companies. The 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.

V. Vaidyanathan Executive Director

"The key dimensions of our retail strategy are innovation, speed and customer convenience. We have a demonstrated capability of changing our business model with the times. Whether moving from the physical space to internet/mobile, or moving from manual to scoring decisions, we have not hesitated to walk the path and cause change. At every stage of decision making we strive to question conventional wisdom. Technology continues to be the platform for adding value to the customer and to improve our efficiency. Going forward, customer service will be a key differentiator for us; we will drive this philosophy and make every effort to build warm, caring and long lasting relationships with our customers."

Building Sustainable Models
Health
Primary Education
Microfinance and Livelihoods
Finance and Development
Research
Environment

Extended microfinance to over 3 million households as a part of our commitment to socio-economic development

Whistle Blower Policy

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, on breach of any law, statute or regulation by the Bank and on the accounting policies and procedures adopted for any area or item and report them to the Audit Committee through specified channels. This mechanism has been communicated and posted on the Bank's intranet.

Prevention of Insider Trading

In accordance with the requirements of Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 1992, ICICI Bank has instituted a comprehensive code of conduct for prevention of insider trading.

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. This Code is also available on the website of the Bank www.icicibank.com. In terms of Clause 49 of the Listing Agreement, a confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and senior management is given on page 30 of the Annual Report.

CEO/CFO certification

In terms of Clause 49 of the Listing Agreement, the certification by the Managing Director & CEO and Group Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained.

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 nine committees, namely, Audit Committee, Board Governance & Remuneration Committee, Credit Committee, Customer Service Committee, Fraud Monitoring Committee, Risk Committee, Share Transfer & Shareholders'/ Investors' Grievance Committee, Committee of Directors and Asset Liability Management Committee.

A majority of these Board Committees are chaired by independent professional Directors and mainly consist of independent Directors.

At March 31, 2007, the Board of Directors consisted of 17 members. There were eight meetings of the Board during fiscal 2007 – on April 29, July 22, September 4, October 24 and December 9 in 2006 and January 20, March 1-3 and March 15 in 2007. Of the above, Meetings held on September 4, 2006, December 9, 2006 and March 15, 2007 were held at a short notice. The names of the Directors, their attendance at Board Meetings during the year and the number of other directorships and board committee memberships held by them at March 31, 2007 are set out in the following table:

Name of Director	Board Meetings attended during the year	Attendance at last AGM (July 22, 2006)	Number of other directorships		Number of other committee[3] memberships
			Of Indian companies[1]	Of other companies[2]	
Independent Directors					
N. Vaghul	8	Present	10	8	4(1)
Sridar Iyengar[(a)]	5	Present	3	4	3(1)
R. K. Joshi[(a)]	2	Absent	9	2	4(1)
L. N. Mittal[(a)]	2	Absent	14	2	—
Narendra Murkumbi	7	Present	2	3	1

Name of Director	Board Meetings attended during the year	Attendance at last AGM (July 22, 2006)	Number of other directorships		Number of other committee[3] memberships
			Of Indian companies[1]	Of other companies[2]	
Anupam Puri[(a)]	3	Present	3	—	2(1)
Vinod Rai[(a) (d)]	2	Absent	3	2	—
M. K. Sharma	8	Present	4	1	1
P. M. Sinha[(b)]	6	Present	3	1	3(1)
Marti G. Subrahmanyam[(c)]	3	Present	1	7	1
T. S. Vijayan	3	Absent	5	6	—
V. Prem Watsa[(a)]	2	Absent	—	6	—
Wholetime Directors					
K. V. Kamath	8	Present	4	5	—
Lalita D. Gupte (up to October 31, 2006)	4	Present	NA	NA	NA
Kalpana Morparia	8	Present	4	—	1
Chanda D. Kochhar	8	Present	2	3	1
Nachiket Mor[(a)]	7	Present	1	3	1
V. Vaidyanathan (w.e.f October 24, 2006)	5	N.A.	2	—	1(1)

(a) Also participated in one meeting through tele-conference.
(b) Also participated in two meetings through tele-conference.
(c) Also participated in five meetings through tele-conference.
(d) Nominee of Government of India.

1. Includes companies as per the provisions of Section 278 of the Companies Act,1956.
2. Includes foreign companies and other companies that are excluded as per the provisions of Section 278 of the Companies Act, 1956.
3. Includes Audit Committee and Share Transfer & Shareholders'/Investors' Grievance Committee. Figures in parentheses indicate Committee Chairpersonships.

II. Audit Committee

Terms of Reference

The Audit Committee provides direction to the audit function and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include overseeing 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 chief internal auditor and fixation of their remuneration, approval of payment to statutory auditors for other services rendered by them, review of functioning of Whistle Blower Policy, review of the quarterly and annual financial statements before submission to Board, review of the adequacy of internal control systems and the internal audit function, review of compliance with the inspection and audit reports and reports of statutory auditors, review of the findings of internal investigations, review of statement of significant related party transactions, review of management letters/letter of internal control weaknesses issued by statutory auditors, discussion on the scope of audit with external auditors and examination of reasons for substantial defaults, if any, in payment to stakeholders. The Committee provides direction to the internal audit function and monitors the quality of internal and statutory audit. The Committee is also empowered to appoint/oversee the work of any registered public accounting firm, establish procedures for receipt and treatment of complaints received regarding accounting and auditing matters, engage independent counsel as also provide for appropriate funding for compensation to be paid to any firm/advisors.

Composition

The Audit Committee comprises three independent Directors and is chaired by Sridar Iyengar. There were six meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
Sridar Iyengar, Chairman	6
M.K. Sharma, Alternate Chairman	6
Narendra Murkumbi	5

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

Composition

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

Name of Member	Number of meetings attended
N. Vaghul, Chairman	3
Anupam Puri[1]	1
M. K. Sharma	3
P. M. Sinha	3
Marti G. Subrahmanyam[2]	—

1. Also participated in one meeting through tele-conference.
2. Also participated in all the meetings through tele-conference.

Remuneration policy

The Board Governance & Remuneration Committee determines and recommends to the Board the amount of remuneration, including performance bonus and perquisites, payable to the wholetime Directors. The recommendations of the Committee are based on evaluation of the wholetime Directors on certain parameters.

The following table sets out the details of remuneration (including perquisites, bonus and retiral benefits) paid to wholetime Directors for fiscal 2007 and details of stock options granted for the three years ended March 31, 2007:

	K.V. Kamath	Lalita D. Gupte	Kalpana Morparia	Chanda D. Kochhar	Nachiket Mor	V. Vaidyanathan[1]
Break-up of remuneration (Rupees)						
Basic	11,160,000	4,935,000	7,080,000	5,400,000	5,400,000	3,990,968
Performance bonus for fiscal 2007	5,580,000	2,467,500	3,540,000	2,700,000	2,160,000	2,160,000
Allowances and perquisites[2]	6,403,635	6,921,286	3,152,616	2,086,329	5,185,915[3]	4,047,471[4]
Contribution to provident fund	1,339,200	592,200	849,600	648,000	648,000	478,916
Contribution to superannuation fund	1,674,000	740,250	1,062,000	810,000	—	—
Stock options (Numbers)						
Fiscal 2007	300,000	—	200,000	175,000	175,000	150,000
Fiscal 2006	250,000	165,000	165,000	125,000	125,000	75,000
Fiscal 2005	250,000	165,000	150,000	125,000	125,000	75,000

1. Includes remuneration for period prior to his appointment as Director effective October 24, 2006.
2. Includes leave travel allowance availed during the year: K.V. Kamath – Rs. 2,325,000, Lalita D. Gupte – Rs. 1,028,125, Kalpana Morparia – Rs. 1,475,000, Chanda D. Kochhar – Rs. 937,500, Nachiket Mor – Rs. 2,062,500 and V. Vaidyanathan – Rs. 830,685 and leave encashment: Lalita D. Gupte – Rs. 5,475,500, Kalpana Morparia – Rs. 590,000 and V. Vaidyanathan Rs. 317,333.
3. Includes superannuation allowance paid with salary Rs. 810,000.
4. Includes superannuation allowance paid with salary Rs. 598,645.

Perquisites (evaluated as per Income-tax Rules wherever applicable and otherwise at actual cost to the Bank) 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 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 is not provided, the concerned wholetime Director is eligible for house rent allowance of Rs. 50,000 per month and maintenance of accommodation, including furniture, fixtures and furnishings provided by the Bank. Approval of the Members is being sought at the forthcoming AGM for increase in the house rent allowance payable to wholetime Directors from Rs. 50,000 per month to Rs. 100,000 per month, subject to the approval of RBI.

As provided under Article 132 of the Articles of Association of the Bank, the fees payable to a Director (other than to the nominee of Government of India) for attending a Meeting of the Board or Committee thereof are decided by the Board of Directors from time to time within the limits prescribed by the Companies Act, 1956 or the Central Government. The Board of Directors have approved the payment of Rs. 20,000 as sitting fees for each meeting of Board or Committee attended. This amount is within the limits prescribed by the Ministry of Corporate Affairs *vide* its Notification dated July 24, 2003. Approval of the Members for payment of sitting fees to the Directors had been obtained at the AGM held on August 20, 2005.

Information on the total sitting fees paid to each of the independent Directors during fiscal 2007 for attending Meetings of the Board and Committees is set out in the following table:

Name of Director	Amount (Rupees)
N. Vaghul	680,000
Sridar Iyengar	360,000
R. K. Joshi	40,000
L. N. Mittal	40,000

Name of Director	Amount (Rupees)
Narendra Murkumbi	960,000
Anupam Puri	80,000
M. K. Sharma	960,000
P. M. Sinha	400,000
Marti G. Subrahmanyam	100,000
T. S. Vijayan	60,000
V. Prem Watsa	80,000
Total	**3,760,000**

The details of shares and convertible instruments of the Bank, held by the non-wholetime Directors as on March 31, 2007 are set out in the following table:

Name of Director	Instrument	No. of shares held
N. Vaghul	Equity	27,543
Sridar Iyengar	—	—
R. K. Joshi	—	—
Narendra Murkumbi	—	—
L. N. Mittal	Equity	3,110,700
Anupam Puri	—	—
Vinod Rai	—	—
M. K. Sharma	Equity	5,050
P. M. Sinha	—	—
Marti G. Subrahmanyam	Equity	1,613
	American Depositary Share (ADS)[1]	29,500
T. S. Vijayan	—	—
V. Prem Watsa	—	—

1. One ADS represents two equity shares.

IV. 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.

Composition

The Credit Committee comprises five Directors. It is chaired by N. Vaghul and a majority of its members are independent Directors. There were 19 meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are as follows:

Name of Member	Number of meetings attended
N. Vaghul, Chairman[1]	18
Narendra Murkumbi (w.e.f April 29, 2006)[1]	15
M. K. Sharma	14
P. M. Sinha[2]	10
K. V. Kamath	19

1. Also participated in one meeting through tele-conference.
2. Also participated in four meetings through tele-conference.

Sridar Iyengar attended three Meetings of the Credit Committee as an invitee.

V. Customer Service Committee

Terms of reference

The functions of this Committee include review of customer service initiatives, overseeing the functioning of the Customer Service Council and evolving innovative measures for enhancing the quality of customer service and improvement in the overall satisfaction level of customers.

Composition

The Customer Service Committee comprises five Directors, namely N. Vaghul, Narendra Murkumbi, M. K. Sharma, P. M. Sinha and K. V. Kamath. It is chaired by N. Vaghul and a majority of its members are independent Directors. There was one meeting of the Committee held in December 2006, which was attended by all the Members of the Committee except M. K. Sharma.

VI. 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 comprises five Directors, namely, M. K. Sharma, Narendra Murkumbi, K. V. Kamath, Kalpana Morparia and Chanda D. Kochhar and is chaired by M. K. Sharma.

There were 12 meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are as follows:

Name of Member	Number of meetings attended
M. K. Sharma, Chairman	9
Narendra Murkumbi	9
K. V. Kamath	5
Kalpana Morparia	7
Chanda D. Kochhar	8

VI. 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. The Committee also reviews key risk indicators covering areas such as credit risk, interest rate risk, liquidity risk, foreign exchange risk and internal audit.

Composition

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

Name of Member	Number of meetings attended
N. Vaghul, Chairman	4
Sridar Iyengar	4
Marti G. Subrahmanyam[1]	2
V. Prem Watsa	2
K. V. Kamath	4

1. Also participated in two meetings through tele-conference.

VII. 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 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 M. K. Sharma, an independent Director. There were 12 meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are given below:

Name of Member	Number of meetings attended
M. K. Sharma, Chairman	8
Narendra Murkumbi	11
Kalpana Morparia	8
Chanda D. Kochhar	9

Jyotin Mehta, General Manager & Company Secretary is the Compliance Officer. 399 shareholder complaints received in fiscal 2007 were processed. At March 31, 2007, two complaints were pending.

VIII. Committee of Directors

Terms of reference

The powers of the Committee include approval of credit proposals 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 of all five wholetime Directors and is chaired by K.V. Kamath, Managing Director & CEO.

IX. Asset Liability Management Committee

Terms of reference

The functions of the Committee include management of the balance sheet of the Bank within the risk parameters laid down by the Board of Directors/Risk Committee, 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. Specific identified functions of the Committee have been delegated to certain Members of the senior management team of the Bank.

Composition

The Asset Liability Management Committee comprises the Joint Managing Director, Deputy Managing Directors, Executive Director and senior executives and is chaired by Kalpana Morparia, Joint Managing Director.

X. General Body Meetings

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

General Body Meeting	Day, Date	Time	Venue
Tenth Annual General Meeting	Monday, September 20, 2004	2.00 p.m.	Professor Chandravadan Mehta Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002.
Eleventh Annual General Meeting	Saturday, August 20, 2005	1.30 p.m.	
Twelfth Annual General Meeting	Saturday, July 22, 2006	1.30 p.m.	
Extraordinary General Meeting	Saturday, January 20, 2007	2.00 p.m.	

Special Resolution

The details of Special Resolutions passed at the General Body Meeting of shareholders in the last three years are given below:

General Body Meeting	Date	Resolution
Tenth Annual General Meeting	September 20, 2004	• Amendment to ESOS – for employees/ Directors of the Bank. • Amendment to ESOS – for employees/ Directors of subsidiary companies/holding company of the Bank.
Eleventh Annual General Meeting	August 20, 2005	• Amendment to the Articles of Association of the Company for re-classification of the authorised share capital. • Approval for issue of preference shares subject to applicable laws and regulations.
Twelfth Annual General Meeting	July 22, 2006	Nil
Extraordinary General Meeting	January 20, 2007	• Merger of The Sangli Bank Limited with ICICI Bank Limited (passed by the requisite majority as provided under Section 44A of the Banking Regulation Act, 1949).

Postal Ballot

No Resolutions were passed through postal ballot during the last financial year.

XI. Disclosures

1. There are no materially significant transactions with related parties, i.e., directors, management, subsidiaries or relatives conflicting with the Bank's interest. The Bank has no promoter.
2. Penalties or strictures imposed on the Bank by any of the stock exchanges, SEBI or any other statutory authority, for any non-compliance on any matter relating to capital markets, during the last three years are detailed below:
   - On April 10, 2007, the Eastern Magistrate's Court, Hong Kong fined the Bank a sum of HKD 40,000, details of which are given in Note 37 of the Notes to Accounts.
   - During fiscal 2006, RBI had imposed a penalty of Rs. 0.5 million on the Bank citing contravention of RBI instructions relating to opening of accounts, monitoring of transactions for adherence of Know Your Customer/anti-money laundering norms and non-adherence to normal banking practices under Section 47A(1)(b) of the Banking Regulation Act, 1949.

Other than the aforementioned, no penalties or strictures were imposed on the Bank by any of the stock exchanges, SEBI or any other statutory authority, for any non-compliance on any matter relating to capital markets during the last three years.

XII. 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) 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 SEBI and Securities Exchange Commission (SEC) guidelines, all information which could have a material bearing on ICICI Bank's share price is released through leading domestic and global wire agencies. The information is also disseminated to New York Stock Exchange, the Luxembourg Stock Exchange, Singapore Stock Exchange and Japan Securities Dealers Association from time to time. 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 the 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 available on the website of ICICI Bank.

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

General Shareholder Information

Thirteenth Annual General Meeting

Day, Date	Time	Venue
Saturday, July 21, 2007	1.30 p.m.	Professor Chandravadan Mehta Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002.

Financial Calendar	:	April 1 to March 31
Book Closure	:	June 16, 2007 to July 14, 2007
Dividend Payment Date	:	July 23, 2007

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

Stock Exchange	Code for ICICI Bank
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	532174 & 632174[1]
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai 400 051	ICICIBANK
New York Stock Exchange (ADSs)[2] 11, Wall Street, New York, NY 10005, United States of America	IBN

1. FII segment of BSE.
2. Each ADS of ICICI Bank represents two underlying equity shares.

ICICI Bank has paid annual listing fees for the relevant periods on its capital to BSE, NSE and NYSE where its equity shares and ADSs are listed.

Market Price Information

The reported high and low closing prices and volume of equity shares of ICICI Bank traded during fiscal 2007 on BSE and NSE are set out in the following table:

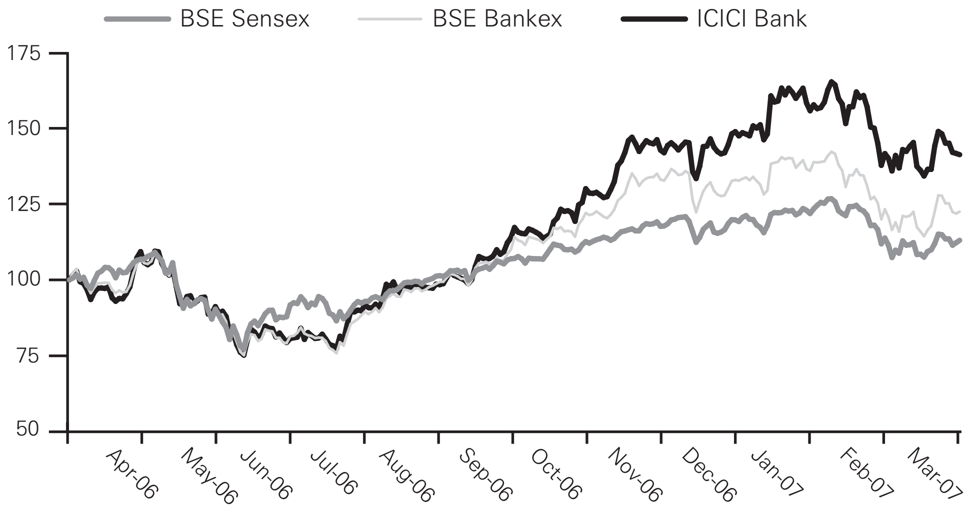
Month	BSE			NSE			Total volume on BSE and NSE
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume	
April 2006	621.60	561.60	4,357,315	621.90	559.80	12,771,527	17,128,842
May 2006	661.30	536.05	6,774,705	662.55	537.50	25,761,663	32,536,368
June 2006	551.00	454.50	5,722,759	551.95	451.20	23,628,415	29,351,174
July 2006	554.05	467.00	15,848,769	553.85	467.75	24,722,987	40,571,756
August 2006	600.10	547.30	8,710,907	599.25	547.00	28,482,210	37,193,117
September 2006	708.40	596.35	5,950,912	708.80	596.75	20,744,649	26,695,561
October 2006	785.45	687.15	5,126,460	787.90	687.00	19,047,220	24,173,680
November 2006	887.75	767.75	7,833,157	887.35	767.65	39,454,071	47,287,228
December 2006	898.85	805.60	4,714,620	903.20	803.95	21,955,589	26,670,209
January 2007	985.75	882.80	6,725,351	991.45	883.85	25,077,425	31,802,776
February 2007	997.90	831.90	5,815,463	999.70	829.50	31,297,691	37,113,154
March 2007	899.30	810.65	7,484,055	899.60	810.00	32,948,173	40,432,228
Fiscal 2007	997.90	454.50	85,064,473	999.70	451.20	305,891,620	390,956,093

The reported high and low closing prices and volume of ADSs of ICICI Bank traded during fiscal 2007 on the NYSE are given below:

Month	High (US$)	Low (US$)	Number of ADSs traded
April 2006	29.79	25.70	24,390,500
May 2006	30.27	26.10	29,533,500
June 2006	27.20	22.49	37,601,500
July 2006	26.23	21.25	29,015,600
August 2006	27.61	26.01	16,898,200
September 2006	30.71	26.18	20,359,200
October 2006	35.15	30.17	19,509,500
November 2006	39.44	34.53	21,976,200
December 2006	42.45	37.00	28,182,800
January 2007	45.14	40.95	27,348,800
February 2007	46.74	36.54	43,594,454
March 2007	40.85	36.75	52,984,080
Fiscal 2007	46.74	21.25	351,394,334

Source: Yahoo Finance

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



Share Transfer System

ICICI Bank's investor services are handled by 3i Infotech Limited (3i Infotech). 3i Infotech operates in the following main areas of business: software consultancy and development, IT-enabled services, IT infrastructure and network and facilities management services. 3i Infotech has received the ISO-9001 certification for its transaction processing activities.

ICICI Bank's equity shares are traded only in dematerialised form. During the year, 1,366,393 equity shares of ICICI Bank involving 18,616 certificates were transferred into electronic mode. At March 31, 2007, 98.66% of ICICI Bank's paid-up equity share capital (including equity shares represented by ADS constituting 26.52% of the paid-up equity share capital) comprising 238,530,478 equity shares had been dematerialised.

Physical share transfers are registered and returned generally within a period of seven days from the date of receipt, if the documents are correct and valid in all respects.

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

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Number of transfer deeds	8,059	7,994	4,804
Number of shares transferred	413,245	437,044	256,196

As required under Clause 47(c) of the listing agreements entered into by ICICI Bank with stock exchanges, a certificate is obtained every six months from a practising Company Secretary, 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 BSE and NSE, 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 conducted on a quarterly basis by a firm of Chartered Accountants, for the purpose of, *inter alia*, reconciliation of the total admitted equity share capital with the depositaries 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 and Shareholders'/Investors' Grievance Committee and forwarded to BSE and NSE, where the equity shares of ICICI Bank are listed.

Registrar and Transfer Agent

The Registrar and Transfer Agent of ICICI Bank is 3i Infotech Limited. Investor services related queries may be directed to L. N. Rajan at either of the addresses below:

3i Infotech Limited

International Infotech Park
Tower 5, 3rd Floor
Navi Mumbai 400 703
Tel No. : +91-22-6792 8000
Fax : +91-22-6792 8099
E-mail : investor@icicibank.com

3i Infotech Limited

Maratha Mandir Annex
Dr. A. R. Nair Road
Mumbai Central
Mumbai 400 008

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

Rakesh Jha/Rupesh Kumar
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, 2007

Shareholder Category	Shares	% holding
Deutsche Bank Trust Company Americas (Depositary for ADS holders)	238,530,478	26.52
FIIs, NRIs, Foreign Banks, Foreign Companies, OCBs, Foreign National	409,080,356	45.49
Insurance Companies	105,497,204	11.73
Bodies Corporate	46,686,599	5.19
Banks & Financial Institutions	2,292,367	0.26
Mutual Funds/UTI	39,534,652	4.40
Individuals	57,645,016	6.41
Total	**899,266,672**	**100.00**

Shareholders of ICICI Bank with more than one per cent holding at March 31, 2007

Name of the Shareholder	No. of shares	% to total no. of shares
Deutsche Bank Trust Company Americas (Depositary for ADS holders)	238,530,478	26.52
Life Insurance Corporation of India	70,111,049	7.80
Allamanda Investments Pte. Limited	66,234,627	7.37
CLSA Merchant Bankers Limited A/c CLSA (Mauritius) Limited	44,657,520	4.97
Bajaj Auto Limited	37,033,612	4.12
Crown Capital Limited	29,883,419	3.32
Government of Singapore	20,156,259	2.24
The Growth Fund of America Inc.	20,000,000	2.22
Calyon	16,300,148	1.81
The New India Assurance Company Limited	13,846,338	1.54
Europacific Growth Fund	13,455,000	1.50

Name of the Shareholder	No. of shares	% to total no. of shares
Morgan Stanley and Company International Limited A/c Morgan Stanley Dean Witter Mauritius Company Limited	12,785,304	1.42
BMF - Bank Bees Investment A/c	12,670,786	1.41
Capital World Growth and Income Fund Inc.	10,186,803	1.13
General Insurance Corporation of India	9,486,787	1.05

Distribution of shareholding of ICICI Bank at March 31, 2007

Range - Shares	No. of Folios	%	No. of shares	%
Upto 1,000	460,459	98.92	38,713,093	4.30
1,001 to 5,000	3,679	0.79	7,515,572	0.84
5,001 – 10,000	469	0.10	3,315,197	0.37
10,001 – 50,000	476	0.10	10,389,406	1.16
50,001 & above	401	0.09	839,333,404	93.34
Total	**465,484**	**100.00**	**899,266,672**	**100.00**

Outstanding GDRs/ADSs/Warrants or any Convertible Debentures, conversion date and likely impact on equity

ICICI Bank has about 119.3 million ADSs (equivalent to about 238.5 million equity shares) outstanding, which constituted 26.52% of ICICI Bank's total equity capital at March 31, 2007. Currently, there are no convertible debentures outstanding.

Plant Locations – Not applicable

Address for Correspondence

Jyotin Mehta
General Manager & Company Secretary
ICICI Bank Limited
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400 051
Tel No. : 91-22-2653 1414
Fax No. : 91-22-2653 1122
E-mail : companysecretary@icicibank.com

The Bank has also complied with the mandatory and non-mandatory requirements mentioned in the listing agreement, with respect to corporate governance.

ANALYSIS OF CUSTOMER COMPLAINTS

a) Customer complaints in fiscal 2007

Retail

Number of complaints pending at the beginning of the year	734
Number of complaints received during the year	35,291
Number of complaints redressed during the year	35,449
Number of complaints pending at the end of the year	576

Corporate

Number of complaints pending at the beginning of the year	43
Number of complaints received during the year	171
Number of complaints redressed during the year	211
Number of complaints pending at the end of the year	3

Total

Number of complaints pending at the beginning of the year	777
Number of complaints received during the year	35,462
Number of complaints redressed during the year	35,660
Number of complaints pending at the end of the year	579

b) Awards passed by the Banking Ombudsman in fiscal 2007

Number of unimplemented awards at the beginning of the year	Nil
Number of awards passed by the Banking Ombudsman during the year	7
Number of awards implemented during the year	3
Number of unimplemented awards at the end of the year	4[1]

1. Of the four awards, two awards have been rejected by the complainant. In case of other two, the complainants have not followed the instructions issued by the Banking Ombudsman and hence the awards have become null and void.

COMPLIANCE CERTIFICATE OF THE AUDITORS

ICICI Bank has annexed to this report, a certificate obtained from the statutory auditors, BSR & 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 of ICICI Bank and its subsidiaries to participate in the future growth and financial success of the Bank. As per the ESOS as amended from time to time, 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 5% of ICICI Bank's issued equity shares on the date of the grant (equivalent to 44,963,334 shares at April 28, 2007).

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. Options granted for fiscal 2004 onwards vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in 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 till July 21, 2004 is equal to the average of the high and low market price of the equity shares in the two week period preceding the date of grant of the options, on the stock exchange which recorded the highest trading volume during the two week period. The price for options granted on or after July 22, 2004 is equal to the closing price on the stock exchange which recorded the highest trading volume preceeding the date of grant of options. The above pricing is in line with the SEBI guidelines, as amended from time to time.

On the basis of the recommendation of the Board Governance & Remuneration Committee, the Board at its meeting held on April 28, 2007 approved a grant of approximately 4.8 million options for fiscal 2007 to eligible employees (including wholetime Directors). Each option confers on the employee a right to apply for one equity share of face value of Rs. 10 of ICICI Bank at Rs. 935.15, which was the last closing price on the stock exchange, which recorded the highest trading volume in ICICI Bank shares on April 27, 2007.

Particulars of options granted by ICICI Bank upto April 28, 2007 are given below:

Options granted	45,198,955[1]
Options vested	22,803,932
Options exercised	22,238,507
Number of shares allotted pursuant to exercise of options	22,238,507
Options forfeited/lapsed	5,075,715
Extinguishment or modification of options	—
Amount realised by exercise of options (Rs.)	3,935,490,671
Total number of options in force	17,884,733[1]

1. Includes 1,000,000 options granted to wholetime Directors for fiscal 2007, pending RBI approval.

Options granted by ICICI Bank to senior managerial personnel for fiscal 2007 are as follows: K. V. Kamath-300,000, Kalpana Morparia-200,000, Chanda D. Kochhar-175,000, Nachiket Mor-175,000, V. Vaidyanathan-150,000, Madhabi Puri-Buch-100,000, Vishakha Mulye-100,000, K. Ramkumar-100,000, and Pravir Vohra-100,000. No employee 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 AS-20 was Rs. 34.64 in fiscal 2007 against basic EPS of Rs. 34.84. Since the exercise price of ICICI Bank's options is the last closing price on the stock exchange, which recorded the highest trading volume preceding the date of grant of options, there is no compensation cost in fiscal 2007 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 cost in fiscal 2007 would have been higher by Rs. 827.4 million and proforma profit after tax would have been Rs. 30.27 billion. On a proforma basis, ICICI Bank's basic and diluted earnings per share would have been Rs. 33.91 and Rs. 33.72, respectively. The key assumptions used to estimate the fair value of options are:

Risk-free interest rate	5.12% – 8.22%
Expected life	3 – 6 years
Expected volatility	36.34% – 41.03%
Expected dividend yield	1.44% – 4.06%

In respect of options granted in fiscal 2007, the weighted average exercise price of the options and the weighted average fair value of the options were Rs. 581.97 per option and Rs. 215.24 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 of 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 : May 28, 2007

N. VAGHUL
Chairman

Compliance with the Code of Business Conduct and Ethics

I confirm that all Directors and members of the senior management have affirmed compliance with ICICI Bank Code of Business Conduct and Ethics.

K. V. Kamath
Managing Director & CEO

Place : Mumbai
Date : April 28, 2007

Auditors' Certificate on Corporate Governance

To the Members of ICICI Bank Limited

We have examined the compliance of conditions of corporate governance by ICICI Bank Limited ("the Bank") for the year ended on 31 March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
Date : 29 May 2007

Business Overview

ECONOMIC OVERVIEW

The Indian economy has continued on its high growth path recording an estimated GDP growth rate of 9.4% during fiscal 2007 following the GDP growth rate of 9.0% in fiscal 2006. The highlight of the economy's performance was the continued growth of the industrial sector coupled with a double-digit growth in the services sector. The Index of Industrial Production (IIP) recorded an annual average growth rate of 11.3% in fiscal 2007 following the growth of 8.2% in fiscal 2006. This growth was driven mainly by continued growth in the manufacturing sector which grew by 12.3% in fiscal 2007 following a 9.2% growth in the previous year. This was supported by an increase in the growth rate of the mining sector from 1.0% in fiscal 2006 to 5.1% during fiscal 2007. The electricity sector grew by 7.3% in fiscal 2007 as compared to 5.2% during fiscal 2006. The momentum of growth in the services sector (including construction) continued with 11.0% growth during fiscal 2007. Growth in agriculture and allied activities declined to 2.7% during the fiscal 2007 as compared to 6.0% in fiscal 2006, primarily on account of the uneven distribution and delay in rainfall.

Fiscal 2007 witnessed an increase in inflation primarily on account of a sharp increase in the prices of primary articles, due to a decline in growth of agricultural production. The annual average rate of inflation as measured by the Wholesale Price Index (WPI) was 5.3% for fiscal 2007 as compared to 4.4% for fiscal 2006, with continuing fiscal and monetary policy interventions aimed at controlling price levels. The year-on-year rate of inflation peaked at 6.7% for the week ended January 27, 2007 before declining to 5.7% for the week ended March 31, 2007. Global oil prices eased, reducing inflationary pressures experienced on this account in the previous fiscal. International crude oil prices increased from US$ 66.63 per barrel at March 31, 2006 to a peak of US$ 76.35 per barrel at August 9, 2006 before declining to US$ 64.00 per barrel at May 28, 2007. In view of rising inflation, and the liquidity situation following rapid growth in credit and large capital inflows, Reserve Bank of India (RBI) increased the reverse repo rate from 5.50% to 6.00%, the repo rate from 6.50% to 7.75% and the Cash Reserve Ratio (CRR) from 5.0% to 6.5% during fiscal 2007. The annual rate of inflation as measured by the WPI declined to 5.3% at May 12, 2007. The investment pipeline and demand for credit continue to be robust, and inflation conditions, global developments and external inflows will be key factors impacting liquidity and interest rates during the current year.

India's exports was US$ 124.6 billion during fiscal 2007, a growth of 23.9% over the previous year. During April–November 2006, exports of agriculture and allied products recorded a growth of 23.5% and exports of engineering goods recorded a growth of 38.5%. According to RBI, invisibles receipts reached US$ 82.6 billion during the first nine months of fiscal 2007, a growth of 29.9% over the corresponding period in the previous year. Growing import demand from a resurgent manufacturing sector has led to a deficit in the current account (US$ 11.8 billion during first nine months of fiscal 2006). Net Foreign Direct Investment (FDI) into India was US$ 5.8 billion during the first nine months of fiscal 2007 while net portfolio investment was US$ 5.2 billion. Foreign exchange reserves continued to grow, reaching US$ 199.2 billion on March 30, 2007.

The resilience displayed by the economy in fiscal 2007 is evidence of the broad-based and sustainable nature of India's growth momentum. With the resurgence of the manufacturing sector and robust growth in the services sector the growth prospects for fiscal 2008 appear favourable. Investment in infrastructure, reorienting education and skill-building to the needs of the new economic drivers and holistic development of the agricultural sector and the rural economy are the key imperatives to realise India's full potential in the long run.

FINANCIAL SECTOR OVERVIEW

The financial sector mirrored the developments in the Indian economy. Credit growth was robust, given the increase in economic activity. Non-food credit increased by 28.0% in fiscal 2007 compared to 30.8% in fiscal 2006. Based on data published by RBI, during April-December 2006, industry accounted for 38.5% of non-food credit, retail credit for 26.4%, agriculture and allied activities for 12.2%, trade for 6.1%, real estate for 2.4% and other sectors for the balance 14.4%. The credit-deposit ratio increased from about 70.0% in April 2006 to about 74.0% in March 2007. The incremental credit-deposit ratio was about 86.0% for fiscal 2007 compared to about 102.0% for fiscal 2006, on account of robust growth in deposits during fiscal 2007. Deposits of the banking system grew by Rs. 5,130.05 billion, or 24.2%, in fiscal 2007 compared to 17.4% in fiscal 2006. In response to the increase in the cash reserve ratio and the reverse repo rate and the liquidity conditions, banks have increased their lending and deposit rates. The average yield on 10-year Government securities increased from 7.1% in fiscal 2006 to 7.8% in fiscal 2007.

Growth in both the life and non-life insurance markets was significant. First year retail premium underwritten in the life insurance sector recorded a growth of 91.9% (on weighted received premium basis) to reach Rs. 402.77 billion in fiscal 2007 with the private sector's retail market share (on weighted received premium basis) increasing from 34.2% in fiscal 2006 to 35.5% in fiscal 2007. Gross premium in the non-life insurance sector (excluding Export Credit Guarantee Corporation of India Limited) grew by 22.4% to Rs. 250.02 billion in fiscal 2007 with the private sector's market share increasing from 26.6% in fiscal 2006 to 34.9% in fiscal 2007. Total assets under management of mutual funds grew by 40.8% from Rs. 2,318.62 billion at March 31, 2006 to Rs. 3,263.88 billion at March 31, 2007.

The banking sector witnessed several important regulatory developments. In April 2007, RBI issued final guidelines for the implementation of a revised Basel II capital adequacy framework that would be effective year-end fiscal 2008 for banks like us. The guidelines include an increase in the minimum Tier-I CAR from 4.5% to 6.0% and introduction of capital for operational risk. The guidelines prescribe a 75.0% weight for retail credit exposure and rating based differential risk weights for other credit exposures, including on undrawn commitments. During the fiscal year, RBI increased the general provisioning requirement on standard advances in specific sectors to 1.0% from 0.4%. In January 2007, RBI further increased the general provisioning requirement for real estate sector loans (excluding residential housing loans), credit card receivables, loans and advances qualifying as capital market exposure, personal loans and exposures to non-deposit taking systemically important non-banking financial companies to 2.0%. In April 2007, RBI issued revised guidelines on lending to the priority sector. The guidelines are effective fiscal 2008 and link priority sector lending targets to adjusted net bank credit. In April 2007, RBI issued draft guidelines aimed at permitting banks and primary dealers to begin transactions in credit default swaps. RBI also issued modified consolidated supervision norms limiting a bank's consolidated capital market exposure limit at 40.0% of its consolidated net worth and restricting direct exposure to 20.0% of the consolidated net worth.

The Indian financial sector is rapidly moving towards international benchmarks, with increasing efficiency, transparency and dynamism. Given the robust growth prospects in India, the financial sector has a crucial role to play in the development of the economy. Broad-based reforms have made the banking sector competitive and have positioned it well to support sustained economic growth.

ORGANISATION STRUCTURE

Our organisation structure is designed to be flexible and customer-focused, while seeking to ensure effective control and supervision and consistency in standards across the organisation and align all areas of operations to overall organisational objectives. The organisation structure is divided into six principal groups – Retail Banking, Wholesale Banking, International Banking, Rural, Micro-Banking and Agri-Business, Government Banking and Corporate Centre.

The Retail Banking Group is responsible for our products and services for retail customers and small enterprises including various credit products, liability products, distribution of third party investment and insurance products and transaction banking services.

The Wholesale Banking Group is responsible for our products and services for large and medium-sized corporate clients, including credit and treasury products, investment banking, project finance, structured finance and transaction banking services.

The Rural, Micro-Banking & Agri-Business Group is responsible for envisioning and implementing our rural banking strategy, including agricultural banking and micro-finance.

The Government Banking Group is responsible for our government banking initiatives.

The International Banking Group is responsible for our international operations, including our operations in various overseas markets as well as our products and services for non-resident Indians and our international trade finance and correspondent banking relationships.

The Corporate Centre comprises the internal control environment functions (including operations, risk management, compliance, audit and legal); finance (including financial reporting, planning and strategy, asset liability management, investor relations and corporate communications); human resources management; and facilities management & administration.

In addition to the above, the Global Principal Investments & Trading Group is responsible for taking proprietary positions in the Indian and international markets. The Global Markets Group is responsible for the global client-centric treasury operations. The Structural Rate Risk Management Group is responsible for taking interest rate views and determining interest rate risk positions for the Bank as a whole, with oversight over banking subsidiaries as applicable.

The Bank also has certain specialised groups namely, Technology Management Group (TMG) which is responsible for enterprise-wide technology initiatives, Organisational Excellence Group (OEG) which is responsible for quality initiatives and Social Initiatives Group (SIG) which is responsible for our social and community development activities.

BUSINESS REVIEW

During fiscal 2007, the Bank continued to grow and diversify its asset base and revenue streams by leveraging the growth platforms created over the past few years. We maintained our leadership position in retail credit, achieved robust growth in our fee income from both corporate and retail customers, grew our deposit base and significantly scaled up our international operations and rural reach.

Retail Banking

While we were among the first banks to identify the growth potential of retail credit in India, over the last few years the banking system as a whole has seen significant expansion of retail credit, with retail loans accounting for a major part of overall systemic credit growth. Despite the increase in interest rates during fiscal 2007, we believe that the retail credit continues to have robust long term growth potential, driven by sound fundamentals, namely, rising income levels, favourable demographic profile and wide availability of credit. At the same time, the retail credit business requires a high level of credit and analytical skills and strong operations processes backed by technology. Our retail strategy is centred around a wide distribution network, leveraging our branches and offices, direct marketing agents and dealer and real estate developer relationships; a comprehensive and competitive product suite; technology-enabled back-office processes; and a robust credit and analytical framework.

We are the largest provider of retail credit in India. Our total retail disbursements in fiscal 2007 were approximately Rs. 777.00 billion, compared to approximately Rs. 627.00 billion in fiscal 2006. Our total retail portfolio increased from Rs. 921.98 billion at March 31, 2006 to Rs. 1,277.03 billion at March 31, 2007, constituting 65% of our total loans at that date. We continued our focus on retail deposits to create a stable funding base. At March 31, 2007 we had more than 25 million retail customer accounts.

During fiscal 2007, we expanded our branch network. At March 31, 2007, we had 755 branches and extension counters compared to 614 branches and extension counters at March 31, 2006. Pursuant to the amalgamation of The Sangli Bank Limited with us effective April 19, 2007, we acquired over 190 additional branches and extension counters. We continued to expand our electronic channels, namely internet banking, mobile banking, call centres, point of sale terminals and ATMs, and migrate customer transaction volumes to these channels. During fiscal 2007, over 80% of customer induced transactions took place through these electronic channels. We increased our ATM network to 3,271 ATMs. Our call centres have a total seating capacity of approximately 4,464 sales and service workstations. Transaction volumes on internet and mobile banking have increased significantly. We continue to leverage our multi-channel network for distribution of third party products like mutual funds, Government of India relief bonds and insurance products as well as initial public offerings of equity.

Cross-selling new products and also the products of our life and general insurance subsidiaries to our existing customers is a key focus area for the Bank. Cross-sell allows us to deepen our relationship with our existing customers and helps us reduce origination costs as well as earn fee income. Our branches and other online channels are increasingly becoming important points of sale for our insurance subsidiaries. In fiscal 2007, about 18% of ICICI Prudential Life Insurance Company's new business was generated through ICICI Bank. We will continue to focus on cross-sell as a means to improve profitability and offer a complete suite of products to our customers.

Customer service is a key focus area for the Bank and we have adopted a multi-pronged approach to continuously monitor and enhance customer service levels. The Customer Service Council comprising wholetime directors and senior management meets regularly to review our customer service initiatives. We have implemented a structured customer feedback process where feedback is received from customers through e-mail, mobile messaging and telephone. We conduct regular training programmes for employees to improve customer handling and interaction and have incorporated customer service metrics in performance evaluation. Our service quality team is also responsible for tracking resolution and turn-around times for service requests, identifying root causes to be addressed through process improvements, rewarding achievements in customer service and institutionalising learnings from customer feedback. The Board of Directors periodically reviews the initiatives taken by the Bank in this area.

Small and Medium Enterprises

We have focused on scaling up operations and expanding our franchise in the small enterprises segment. In this segment our strategy has been focused around customer convenience in transaction banking services, and working capital loans to suppliers or dealers of large corporations and clusters of small enterprises that have a homogeneous profile. During fiscal 2007, our customer base increased by more than 50% to over 900,000 transaction banking customers. These customers are serviced by over 580 branches of the Bank, covering over 200 locations. During the year we also enhanced our value proposition to small enterprises through product innovation and process efficiency covering various transaction banking and assets products and non-branch banking channels. As part of our organization philosophy of going beyond banking to reach out to our customers, we have partnered with media organizations and a rating agency to organize the "Emerging India" awards, which recognize the achievements of small and medium enterprises in the country. During fiscal 2007, the Emerging India Award entered in the Limca Book of Records as the biggest business award in India. We continued to strengthen our mindshare in the small and medium enterprises sector through a weekly column "SME Dialogue" in a leading financial daily newspaper, and through a magazine "Emerging Enterprises" for our SME clients jointly with another leading financial daily newspaper, which feature relevant and contemporary issues relating to SMEs.

Corporate Banking

Our corporate banking strategy is based on providing comprehensive and customized financial solutions to our corporate customers. We offer a complete range of corporate banking products including rupee and foreign currency debt, working capital credit, structured financing, syndication and transaction banking products and services.

Our corporate banking group has been re-organised into two groups, the Global Clients Group, which is responsible for corporate clients having significant international presence and/or international investment plans, and the Major Clients Group, which is responsible for all other corporate clients. We have created an integrated Global Investment Banking Group, that is responsible for working with the Global Clients Group and the Major Clients Group and our international subsidiaries and branches, for origination, structuring and execution of investment banking mandates on a global basis.

Fiscal 2007 saw continuing demand for credit from the corporate sector, with growth and additional investment demand in almost all sectors. We were able to leverage our international presence and deep corporate relationships to work closely on important overseas acquisitions made by Indian companies and infrastructure projects in India. We are now a preferred partner for Indian companies for syndication of external commercial borrowings and other fund raising in international markets.

We have developed new relationships with medium-sized companies who we believe have the potential to become large corporations of tomorrow. We believe that medium-sized corporates will play an important role in the economy and have created a dedicated group for tapping opportunities with mid-cap companies. We have also restructured our delivery team for transaction banking products by creating dedicated sales teams for trade services and transaction banking products. This is expected to increase our market share from transaction banking products translating into a recurring fee income for the Bank. We focused on increasing market share in trade finance by leveraging and further strengthening correspondent banking relationships.

The resurgence of the Indian economy, the need for infrastructure development and the international expansion of Indian companies all provide exciting opportunities for our corporate banking business. ICICI Bank believes that it is well-placed to capitalise on these opportunities by combining its domestic and international balance sheets, and credit and structured financing expertise.

Project Finance

In order to sustain India’s growth momentum, infrastructure development is a key requirement. The investment requirement in the infrastructure sector is expected to increase significantly over the next five years. Our project finance proposition is based on our constant endeavour to contribute to the project framework to enhance bankability of projects through our innovative structuring skills, sectoral knowledge and robust due diligence techniques. In fiscal 2007, we consolidated our lead arranger position across a variety of project finance transactions in diverse sectors and have expanded our reach to select international project finance transactions as well.

There is tremendous potential in the infrastructure and manufacturing sectors which is borne out by the large projects which are currently being developed and implemented. In the transportation sector, the road sector development is now being undertaken across both the national highways (through the National Highway Development Programme) and the state highways. The contractual framework is being improved by the introduction of the Model Concession Agreement. The port sector is witnessing increased participation of the private sector (both domestic and international players) and an increased thrust on creating adequate capacity both in the bulk and container cargo segments. There is increased focus on the railways sector with the invitation to the private sector to participate in container traffic movement.

The proposed modernisation, upgradation and expansion of metro and non-metro airports are expected to continue to provide significant business opportunities in the future. In addition to the Delhi and Mumbai airports which have already been transferred to the private developers, the airports at Kolkata and Chennai are also proposed to be modernised through a suitable model. Greenfield airports are also proposed to be set up at key business and tourist destinations, such as Bangalore and Hyderabad which are currently under construction under private management.

The telecom sector is expected to see continued growth given the relatively low teledensity and consequently large investments in networks by telecom service providers. The ultra mega power projects announced by the Central Government, besides the increasing interest in hydroelectric generation capacity and generation from other renewable sources in the private sector are expected to continue providing attractive funding opportunities. In addition the increased thrust towards the foundation of the National Grid by offering transmission projects through competitive bidding would also provide funding opportunities in the area of transmission.

The oil and gas sector is witnessing activity across the entire value chain, from exploration and production through increased private sector participation under the New Exploration Licensing Policy to setting up of large-scale refineries by both public sector and private sector players. The manufacturing sector is also seeing fresh capacity additions across sectors such as steel, aluminium and cement.

Rural banking and agri-business

The delivery of financial services in rural areas presents a set of unique challenges. We have formulated a comprehensive strategy for rural, micro-banking and agri-business encompassing a range of products and channels with the twin objectives of meeting the needs of the rural economy while building a sustainable business model.

Our rural strategy is based on enhancing value at every level of the supply chain in all important farm and non-farm sectors. Towards this end, we offer a range of financial products and services that cater to the rural masses in all the important sectors like infrastructure, horticulture, food processing, dairy, poultry, seeds, fertiliser and agrochemical industries. Customised financial solutions are offered to individual customers, agri small & medium enterprises, agri corporates and members of their supply chains. On the rural retail side, the Bank offers crop loans, farm equipment financing, commodity-based loans, working capital loans for agri-enterprises, microfinance loans, jewel loans as well as savings, investment and insurance products. In addition we are introducing products like rural housing finance to cater to the needs of rural customers. During fiscal 2007, we introduced loans to rural educational institutions for expansion of their facilities.

We have developed a hybrid distribution channel strategy, a combination of branch and non-branch channels (credit access points). We have embarked on a “no white spaces” strategy wherein we aim to setup an ICICI Bank touch point within 10 km of any customer. The amalgamation of Sangli Bank would extend our outreach in rural areas.

The rural initiative exposes us to increased risks including credit risk, increased operational risk and increased fraud risk. We are a recent entrant in this area and are in the process of strengthening our controls. During fiscal 2007, a provision of Rs. 0.9 billion (US$ 22 million) was made on account of identified frauds in warehouse receipt financing business of agricultural credit. We have focused on strengthening our processes and devising relevant controls that would support desired scale up on a sustained basis. These processes and controls are aimed at ensuring healthy portfolio quality for the rural business.

International Banking

In 2001, we identified international banking as a key opportunity, aiming to cater to the cross-border needs of clients and leveraging our domestic banking strengths to offer products internationally. We have made significant progress in the international business since we set up our first overseas branch in Singapore in 2003. ICICI Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in Singapore, Bahrain, Hong Kong, Sri Lanka, Dubai International Finance Centre and Qatar Financial Centre and representative offices in the United States, United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. The Bank’s wholly owned subsidiary ICICI Bank UK plc has six branches in London, Leicester, Manchester, Southall, Wembley and Birmingham and one branch in Belgium, ICICI Bank Canada has six branches in Scarborough, Toronto Downtown, Toronto East, Brampton, Vancouver and Surrey and ICICI Bank Eurasia LLC has two branches in Moscow and one in Kaluga. ICICI Bank UK has received regulatory approvals for establishing a branch in Frankfurt in Germany.

ICICI Bank has established a strong franchise among non-resident Indians (NRI). We have established strong customer relationships by offering a comprehensive product suite, technology-enabled access for overseas customers, a wide distribution network in India and alliances with local banks in various markets. We have over 450,000 NRI customers. We have undertaken significant brand-building initiatives in international markets and have emerged as a well-recognised financial services brand for NRIs.

Our market share in inward remittances into India has increased to over 25%. We have consolidated our global remittance initiative, targeting non-Indian communities, by leveraging our core capabilities of technology-based service delivery. A large number of remittance products were introduced to complement the existing suite of products. The business focus has been on rolling out successful products across multiple geographies and getting into high volume correspondent arrangements.

We have strengthened our international private banking offering to service the wealth management needs of the large and growing population of affluent and high net worth customers. With a portfolio of in-house and third party products, we have created a holistic product suite across the entire risk spectrum starting from deposits and bonds to the more complex structured derivative products, private equity and real estate. We have entered into alliances with leading international product providers to offer private banking solutions.

RISK MANAGEMENT

Risk is an integral part of the banking business and we aim at delivering superior shareholder value by achieving an appropriate trade-off between risk and returns. We are exposed to various risks, including credit risk, market risk and operational risk. Our risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with international best practices.

We have three dedicated groups, the Global Risk Management Group (GRMG), the Compliance Group and the Internal Audit Group which are responsible for assessment, management and mitigation of risk in ICICI Bank. In addition, the Credit and Treasury Middle Office Groups and the Global Operations Group monitor operational adherence to regulations, policies and internal approvals. These groups form part of the Corporate Centre, are completely independent of all business operations and are accountable to the Risk and Audit Committees of the Board of Directors. GRMG is further organised into the Global Credit Risk Management Group and the Global Market & Operational Risk Management Group.

Credit Risk

Credit risk is the risk that a borrower is unable to meet its financial obligations to the lender. We measure, monitor and manage credit risk for each borrower and also at the portfolio level. We have standardised credit approval processes, which include a well-established procedure of comprehensive credit appraisal and rating. We have developed internal credit rating methodologies for rating obligors. The rating factors in quantitative, qualitative issues and credit enhancement features specific to the transaction. The rating serves as a key input in the approval as well as post-approval credit processes. Credit rating, as a concept, has been well internalised within the Bank. The rating for every borrower is reviewed at least annually. Industry knowledge is constantly updated through field visits and interactions with clients, regulatory bodies and industry experts.

In our retail credit operations, all products, policies and authorisations are approved by the Board or a Board Committee or pursuant to authority delegated by the Board. Credit approval authority lies only with our credit officers who are distinct from the sales teams. Our credit officers evaluate credit proposals on the basis of the approved product policy and risk assessment criteria. Credit scoring models are used in the case of certain products like credit cards. External agencies such as field investigation agencies and credit processing agencies are used to facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans to individual borrowers. Before disbursements are made, the credit officer conducts a centralised check on the delinquencies database and review of the borrower's profile. We continuously refine our retail credit parameters based on portfolio analytics. We also draw upon reports from the Credit Information Bureau (India) Limited (CIBIL).

Market Risk

Market risk is the risk of loss resulting from changes in interest rates, foreign currency exchange rates, equity prices and commodity prices. Our exposure to market risk is a function of our trading and asset-liability management activities and our role as a financial intermediary in customer-related transactions. The objective of market risk management is to minimise the impact of losses on earnings and equity capital due to market risk.

Market risk policies include the Investment Policy and the Asset-Liability Management (ALM) Policy. The policies are approved by the Board of Directors. The Asset-Liability Management Committee (ALCO) of the Board of Directors stipulates liquidity and interest rate risk limits, monitors adherence to limits, articulates the organisation's interest rate view and determines the strategy in light of the current and expected environment. These policies and processes are articulated in the ALM Policy. The Investment Policy addresses issues related to investments in various trading products. The Global Market and Operational Risk Management Group exercises independent control over the process of market risk management and recommends changes in processes and methodologies for measuring market risk.

Interest rate risk is measured through the use of re-pricing gap analysis and duration analysis. Liquidity risk is measured through gap analysis. We ensure adequate liquidity at all times through systematic funds planning and maintenance of liquid investments as well as by focusing on more stable funding sources such as retail deposits in the long-term. We limit our exposure to exchange rate risk by stipulating position limits.

The Treasury Middle Office Group monitors the asset-liability position under the supervision of the ALCO. It also monitors the treasury activities and adherence to regulatory / internal policy guidelines. The Treasury Middle Office Group is also responsible for processing treasury transactions, tracking the daily funds position and complying with all treasury-related management and regulatory reporting requirements.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risks. Operational risk is of wide import and includes all types of risk other than credit risk and market risk.

Operational risks in the Bank are managed through a comprehensive internal control framework. The control framework is categorized into 1) Front Office comprising business groups, 2) Mid office, comprising credit and treasury mid-offices, 3) Back office, comprising operations and 4) Corporate and support functions. All the key process, risks and controls are documented and risk and control assessments are carried out on a periodic basis. As part of compliance with RBI guidelines, an operational risk management policy was approved by our Board of Directors. The policy is applicable across the Bank including overseas offices and aims to ensure that there is clear accountability, responsibility and mitigation of operational risk.

TREASURY

Effective fiscal 2004, we restructured our treasury operations to separate the balance sheet management function, the client-related corporate markets business and the proprietary trading activity.

Fiscal 2007 saw the continuation of an upward trend in the interest rate environment. The government bond markets witnessed significant volatility in yields. Given the significant increase in the Statutory

Liquidity Ratio (SLR) book due to robust balance sheet growth, the balance sheet management function continued to actively manage the government securities portfolio held for compliance with SLR norms to optimize the yield on this portfolio, while maintaining an appropriate portfolio duration given the volatile interest rate environment. The focus of our proprietary trading operations was to maximise profits from positions across key markets including corporate bonds, government securities, interest rate swap, equity and foreign exchange markets. While the adverse fixed income market conditions had an adverse impact on fixed income proprietary trading operations, the Bank continued to capitalise on opportunities in the equity markets, realising gains on its equity portfolio.

In line with the international expansion of the bank, treasury functions have been set up in Hong Kong, Sri Lanka, Bahrain, Singapore and the Offshore Banking Unit in Mumbai to support the operations of these branches.

HUMAN RESOURCES

ICICI Bank believes that its 33,321 employees are the greatest driver of its growth and development.

During fiscal 2007, we began a unique initiative of industry-academia partnership. We have collaborated with NIIT to set up the Institute of Finance, Banking & Insurance to provide skilled resources to the financial services industry at the entry level. We have worked with leading management institutes in the country on curriculum design, training of faculty and design of case studies and provided teaching aids. These initiatives are aimed at complementing the existing course structure and providing a deeper insight into contemporary issues of the fast developing financial services sector. Through this, we strive to build awareness and inculcate an appreciation of the work requirement in the financial services industry. We believe that this will go a long way in creating a readily available pool of trained resources for the financial services sector.

ICICI Bank's performance and aspirations are underpinned by a strong organisational culture of dynamism, meritocracy, excellence in execution and high standards of professional integrity, that have helped us become an industry leader. During fiscal 2007, our cultural anchors have evolved and strengthened to uphold the ethos of our organization. Our core DNA anchors that were defined in the last year have been further articulated and aligned to our objectives. To sustain our competitive advantage in a complex and competitive business environment, we have taken initiatives to personify the DNA anchors in leaders who exemplify and embody these leadership behaviours.

The annual employee survey conducted this year facilitated employee engagement by giving employees a channel to share their views and opinions on various aspects of the organization culture. It also gave us an insight into our alignment drivers of task support and employee development. The inputs from this study and feedback received through other mediums of employee engagement have been a key contributor in bringing about an alignment of our culture with changing trends.

Our leadership development program builds leadership talent within the organisation. The program attempts to tap into the potential of employees and develop them into global leaders. The leadership development program has been developed in house with inputs from various experts. The Bank plans to use this program to develop thought leaders througout the organisation to participate in policy making, employee communication and perspective building.

INFORMATION TECHNOLOGY

ICICI Bank continues to deploy technology for use in banking. Innovative approaches have helped shape end-to-end solutions that provide customers with secure access to services at multiple locations. With automation of processes across the supply-chain, we have developed the concept of technology-led delivery. By introducing low-cost customer touch points in unbanked areas, we have initiated the process of financial inclusion through appropriate use of technology.

We have strengthened our channel mix by leveraging technology for branch, internet, mobile, ATM, point of sale, call centre, interactive voice response and assisted banking. At year-end fiscal 2007, our

ATM deployment stood at over 3,250 ATMs which support transactions for our customers along with transactions on the National Financial Switch (NFS), Mastercard International and Visa International.

During fiscal 2007, Financial Innovation & Network Operations, an entity sponsored by us, introduced an end-to-end technology solution in rural geographies. This provided customers with biometric enabled smart cards that allow banking transactions to be conducted on the field. The low-cost solution is an effective delivery option for our micro-finance institution (MFI) partners. We believe that the benefits of investing in the creation of a low-cost technology backbone will accrue as the rural banking strategy is progressively rolled out.

We have strengthened the security of our internet banking site by implementing two-factor authentication for online transactions. To counter online frauds and to keep in line with international best practices, customers are required to provide a second factor for authentication before a transaction request is processed. Our debit card supply-chain has become more responsive with the inception of a new debit card management system.

We have fully equipped our 24x7 global treasury with a state-of-the-art derivatives trading system. The new system allows trading in instruments such as foreign exchange options, interest rate derivatives and credit derivatives, thereby supporting the Bank's participation in global markets.

Our data centre infrastructure has been further optimized by employing server consolidation, virtualization and centralized storage area network. To enhance the end-user experience, the Wide Area Network (WAN) bandwidth has been significantly increased to allow for faster downloads.

KEY DOMESTIC SUBSIDIARIES

ICICI Prudential Life Insurance Company

ICICI Prudential Life Insurance Company (ICICI Life) continued to maintain its market leadership among private sector life insurance companies with a retail market share of about 28% in the private sector in fiscal 2007 (on weighted received premium basis). Life insurance companies worldwide tend to make losses in the initial years, in view of business set-up and customer acquisition costs in the initial years as well as reserving for actuarial liability. While the growing operations of ICICI Life had a negative impact of Rs. 4.80 billion on the Bank's consolidated profit after tax in fiscal 2007 on account of the above reasons, the company's unaudited New Business Achieved Profit (NBAP) for fiscal 2007 was Rs. 8.81 billion as compared to Rs. 5.28 billion in fiscal 2006. NBAP is a metric for the economic value of the new business written during a defined period. It is measured as the present value of all the future profits for the shareholders, on account of the new business based on standard assumptions of mortality, expenses and other parameters. Actual experience could differ based on variance from these assumptions especially in respect of expense overruns in the initial years.

ICICI Lombard General Insurance Company

ICICI Lombard General Insurance Company (ICICI General) enhanced its leadership position with a market share of 34% among private sector general insurance companies and an overall market share of about 12.4% during fiscal 2007. ICICI General's gross written premium grew by 89% from Rs. 15.92 billion in fiscal 2006 to Rs. 30.04 billion in fiscal 2007. ICICI General is required to expense upfront, on origination of a policy, all sourcing expenses related to the policy. While ICICI General's profit after tax for FY 2007 was Rs. 680 million, its combined ratio was 97%. The combined ratio is the sum of net claims and expenses as a percentage of premiums and indicates the surplus generated on an annualised basis from the business written during a period (excluding investment income). The surplus based on the combined ratio and investment income aggregated Rs. 1.80 billion on a pre tax basis.

ICICI Prudential Asset Management Company

ICICI Prudential Asset Management Company (ICICI AMC) was the second largest mutual fund in India at April 30, 2007 with assets under management of over Rs. 420.00 billion. Prudential ICICI AMC achieved a profit after tax of Rs. 0.48 billion in fiscal 2007 compared to Rs. 0.31 billion in fiscal 2006.

ICICI Venture Funds Management Company Limited

ICICI Venture Funds Management Company Limited (ICICI Venture) strengthened its leadership position in private equity in India, with funds under management of about Rs. 98.00 billion at year-end fiscal 2007. ICICI Venture achieved a profit after tax of Rs. 0.70 billion in fiscal 2007 compared to Rs. 0.50 billion in fiscal 2006.

ICICI Securities Limited and ICICI Securities Primary Dealership Limited

The securities and primary dealership business of the ICICI group have been reorganised. ICICI Securities Limited has been renamed as ICICI Primary Dealership Limited. ICICI Brokerage Services Limited has been renamed as ICICI Securities Limited and has become a direct subsidiary of ICICI Bank. Erstwhile ICICI Webtrade Limited was amalgamated with ICICI Securities Limited during fiscal 2007. ICICI Securities achieved a profit after tax of Rs. 0.63 billion and ICICI Securities Primary Dealership achieved a profit after tax of Rs. 1.33 billion, in fiscal 2007.

CREDIT RATINGS

ICICI Bank's credit ratings by various credit rating agencies at March 31, 2007 are given below:

Agency	Rating
Moody's Investor Service (Moody's)	Baa2[1]
Standard & Poor's (S&P)	BBB-[1]
Credit Analysis & Research Limited (CARE)	CARE AAA
Investment Information and Credit Rating Agency (ICRA)	AAA
CRISIL Limited	AAA

1. Senior foreign currency debt ratings.

PUBLIC RECOGNITION

- "Bank of the Year 2006 India" by The Banker
- "Best Transaction Bank in India" by Asset Triple AAA
- "Best Trade Finance in India " by Asset Triple AAA
- "Best Domestic Custody in India" by Asset Triple AAA
- "Best Bank of the Year 2006" by Business India
- "Business Leadership Award in the Banking category" by NDTV Profit
- "National Award for Excellence in Energy Management" by CII
- "Most Admired Bank" by Business Baron
- "Best Integrated Consumer Bank Site in Asia" by Global Finance
- "Best Presentment and Payment in Asia" by Global Finance
- "Best Consumer Internet Bank in India" by Global Finance
- "Best Corporate/Institutional Internet Bank in India" by Global Finance
- "Best Retail Bank India " by Asian Banker
- "Excellence in Multi Channel Distribution" by Asian Banker
- "Excellence in Automobile Lending Award" by Asian Banker
- "Most Trusted Brand Award" by Readers Digest
- "Excellence in Financial Reporting" by Institute of Chartered Accountant of India

Promoting Sustainable Development

Our work in the area of development is focused on facilitating wider participation by India's poorer communities in social and economic processes. Our efforts are broadly divided into two spheres: initiatives that seek to make a broader impact on society, which we pursue through a partnership approach; and initiatives that directly impact the economic well-being of individuals, where we have a more direct engagement.

PARTNERSHIP-BASED DEVELOPMENT INITIATIVES

The principal interventions in this category are being carried out through four sharply focused efforts:

1. Social Initiatives Group
2. Technology Finance Group
3. ICICI Knowledge Park
4. The ICICI CSO Platform

The core strategy has been to identify partners and work with them to build competencies and effectiveness on the field.

1. Social Initiatives Group

The foundations of ICICI Bank's most recent approach towards human and social development were laid with the setting up of the Social Initiatives Group (SIG), a non-profit resource group within the Bank in 2000. The group selected early child health, elementary education and access to financial services as the key areas of focus with the following objectives:

- Maximising the proportion of babies born healthy and optimising growth and development in the first three years of life
- Universalising access to elementary education
- Universalising access to basic financial services

SIG seeks to catalyse change by supporting innovation and research, influencing policy and reforming mainstream practices. SIG's work is carried out through the following specialised groups:

1.1 ICICI Centre for Child Health and Nutrition (ICCHN)

ICCHN is a grant making and research centre focused on improving maternal and child health and nutrition outcomes in India. The centre does collaborative work in the strategic areas of community-based nutrition and health action, capacity building and strengthening of the public health system and the Integrated Child Development Scheme (ICDS), as well as working with urban health systems and slum communities. These activities have translated into support for several key projects:

- An action research field site in a tribal area of Ranchi district of Jharkhand to promote community involvement and primary health reform to impact infant health and mortality.
- Exploring innovations to enhance effectiveness of and ensure sustainability of large-scale Community Health Worker programmes in Chhattisgarh.
- Building training resource capacity for Community Health Workers.
- Innovative capacity building to improve the quality of District Health planning and implementation in the states of Chhattisgarh, Jharkhand, Bihar and Orissa.
- An initiative in Tamil Nadu to integrate health and nutrition strategies into microfinance structures.
- An urban health project in Mumbai to build a strong maternal and neonatal referral system and energise the primary health care system.
- Initiatives in Maharashtra to improve child development in the tribal districts through building the capacity of and facilitating convergence between the ICDS programme and the health system.

1.2 Elementary Education Practice

The Elementary Education practice of SIG is focused on improving the quality and provision of early childhood (3-6 years) and elementary education (6-14 years) in India by supporting research and innovation in appropriate education and strengthening the government system of education especially the institutions that determine essential processes such as curriculum development, preparation of teaching learning material, teacher preparation and ongoing academic support and education assessment. Working in partnership with pioneering NGOs, academic institutions, universities, government and other organisations, the Elementary Education practice has funded the following initiatives:

- Building resource and research capacity in elementary education through the development of resource institutions. Three resource institutions have been supported based in the states of Rajasthan and Madhya Pradesh. An upcoming institution is being supported in Ahmedabad. These institutions are working to improve educational practice in the districts of Jaipur, Baran, Udaipur, Tonk, Sirohi, Bhopal, Indore, Hoshangabad, Surat, Hazira and the city of Ahmedabad. They have provided educational resource support to the states of Chhattisgarh, Rajasthan, Assam, Jammu and Kashmir, Gujarat, Madhya Pradesh, Bihar and Delhi and have participated in the development of the National Curricular Framework initiated by the NCERT. They run courses in education for teachers and education planners, produce a series of publications in education as well as contribute to children's literature.
- Building partnerships between state governments and resource institutions. The SIG has facilitated such partnership building in the states of Chhattisgarh, Rajasthan, Bihar and the city of Ahmedabad.
- A Masters programme in Elementary Education at a reputed University in Mumbai.
- Production of children's books in regional languages.

1.3 Microfinance Practice

The mandate of this practice is to universalise access to financial services – particularly among the poorest of the poor. It seeks to act as a catalyst for the development of appropriate channels, products and an environment that make basic formal financial services such as credit, savings, insurance, remittances and risk management services accessible to the poor.

The group's work can be categorised under four heads:

- Facilitating sectoral infrastructure to ensure holistic growth of microfinance.
- Policy-level advocacy to build a favourable regulatory environment.
- Research to understand the impact of existing models of microfinance.
- Product development to ensure a comprehensive suite of financial services.

2. Technology Finance Group (TFG)

TFG has been instrumental in ushering in new technology, innovative projects, processes and products. Projects supported under this scheme include collaborative R&D, post-harvest agri-business, energy research, child and reproductive health, pollution prevention and control, clean technologies and energy efficiency through dedicated programmes in association with international agencies and organisations.

3. ICICI Knowledge Park (IKP)

ICICI Knowledge Park (IKP) in Hyderabad, promoted by ICICI Bank and the Government of Andhra Pradesh, seeks to ensure that the companies of today have the requisite infrastructure and advantages of world-class technology available at crucial moments in their development. This will enable them to produce innovative results comparable with the best global companies the world over. This work is being carried out through the following centres:

3.1 The Biotech Park

The first professionally-managed Wet Lab Science Park in India to promote knowledge and innovation and help India become a global player in the knowledge economy. The park, set up on a 200-acre campus near Hyderabad, currently has 15 small to medium companies in pharmaceuticals, chemistry and biotech operating out of it.

3.2 ICICI Centre for Technologies in Public Health (ICTPH)

ICTPH aims to improve the health of the poor by focusing on designing, developing and delivering innovative solutions in healthcare in India and the developing world. The process is inclusive and seeks to integrate knowledge of factors influencing health and diseases in the country, regular evaluation and impact assessment of existing health systems and integration of appropriate technology for optimal health care delivery.

3.3 ICICI Centre for Advancement of Agricultural Practice (ICAAP)

ICAAP aims at improving agricultural practices which impact agricultural productivity levels and open new markets for farmers. It leverages the knowledge available at various research laboratories around the world and facilitates knowledge and experience sharing between the various stakeholders in agriculture.

4. The ICICI CSO Platform

Well-functioning Civil Society Organizations (CSOs) help create a climate and consensus for change and an enabling environment for best practices to flourish in. We have facilitated the creation of a network of partners which support the work of the CSOs. The current set of partners includes:

4.1 GiveIndia

www.giveIndia.org is a donation platform that allows donors to support a cause of their choice from over 110 CSOs that have been scrutinised for credibility. GiveIndia tells donors exactly where their money went and gives a feedback report with details of the person(s) who benefited from the donation. GiveIndia also drives a payroll giving programme that has nearly 10,000 employees of more than 20 companies donating over Rs. 2 million every month. It is also the official charity of the Mumbai Marathon and Delhi Half Marathon, that have, between them, raised over Rs. 75 million in fiscal 2007.

4.2 Mitra Foundation

Mitra's mission is to provide a spectrum of opportunities to engage people with CSOs. One of Mitra's initiatives, www.iVolunteer.org.in, for example presents a range of volunteering opportunities available in cities across India. On the recruitment front, Mitra has launched www.microfinancejobs.com, an initiative that aims to source the right kind of people for various positions in the microfinance sector and www.jobsforgood.com, an initiative focused at social change jobs.

4.3 Infochange

Infochange is driven by the belief that if citizens are to participate in meaningful discussion and citizens' action, and advocate change in public policy, they must be armed with information. The online resource base www.infochangeindia.org and its quarterly dossier InfoChange Agenda are among India's leading reference points and forums on development and social justice issues, strengthening public policy debate, advocacy and action at the local, national and international levels. With approximately 1.5 million hits and 60,000 visitors every month, www.infochangeindia.org is a regular reference point for concerned citizens.

MARKET-BASED DIRECT INITIATIVES

The broad approach taken is to build access to markets as a strategy to alleviate poverty. The key components of this strategy comprise:

1. Universal access to basic financial services
2. Bridging the missing markets gap
3. Creation of complementary infrastructure

1. Universal Access to Basic Financial Services

Almost all regions of India have a set of economically-viable occupations (such as buffalo rearing, fruit and vegetable vending and engaging in home-based craft) that even the very poor can engage in without the need for any specialised inputs. The only external input required to leverage these economic opportunities is access to basic financial services, which include savings, credit, insurance and tools for risk management. For example, micro-loans of less than US$250 (Rs.10,000) each in a poor region like Mirzapur district of Uttar Pradesh have allowed families too poor to afford even two meals a day to start low-skilled occupations, afford meals and withdraw their children from the work-force to attend school. Even where the micro-loans are not used to finance new income generating activities but to refinance higher cost debt, this immediately releases new resources for the household to finance existing and future activities.

The basic approach followed has been the development of a network of community-based financial institutions, which have the ability to provide the requisite services. It is believed that India would need a network of 200 such entities each with the capability to serve a million households (at present, of our 200 partners, there are already over six entities that have more than 500,000 clients).

In order to facilitate the creation of such a network, through our uniquely designed "partnership model" we provide partner microfinance institutions financial resources for on-lending, access to mezzanine finance for growth, financial engineering (securitization) and product development (health insurance, rainfall insurance, savings, risk management) and direct links with capital markets as the entities mature.

We have also participated in the creation of an enabling environment that can support the continued growth in the number of entities. The steps that have been taken are:

1. Partnership with Venture Capital Funds engaged in the task of identifying and providing equity finance, and mentoring new entrepreneurs.
2. Launch of FINO (www.fino.co.in), an Application Services Provider that seeks to provide front-end, back-end and information services.
3. Supporting institutes such as Institute of Financial Management and Research (IFMR) (www.ifmr.ac.in). IFMR is a leading Chennai-based business school with strengths in both research and teaching and offers research support to new initiatives launched by ICICI Bank and its divisions. It has set up the following specialized centres:
    - Centre for Micro Finance (CMF) that strives to maximise access to financial service through research, training and strategy building for MFIs. To complement CMF, an MFI Strategy unit (MSU) has been created to provide consulting and training services to these entities.
    - Centre for Development Finance (CDF) that is committed to developing sustainable models for financing infrastructure and services.
    - Small Enterprise Finance Centre (SEFC) that seeks to develop a vibrant SME sector through research and training.
    - Centre for Insurance and Risk Management (CIRM) that aims to develop risk mitigating instruments.

Following this approach, we have catalyzed the creation of over 210 micro finance partners and have been able to go from US$1.2 million (Rs. 48 million) in micro-loans extended to about 20,000 clients to over US$470 million (Rs. 18.80 billion) being provided to over 3 million clients in four years.

2. Bridging the Missing Markets Gap

Once the “access to finance” challenge has been overcome, the belief is that most of the households would be able to come up to a minimum level of subsistence. However, it is very likely that such households would continue to be poor and, therefore, vulnerable to systemic shocks to their economic environment.

Taking clients to the next level of economic activity needs a much more concerted effort; one that builds on the reality that a large population of economically-active poor now have access to basic financial services and have shown their preference for certain economic activities through actual choices of occupations once they are freed from credit constraints. Since the skills required to meet this goal are not core to the bank, the following steps have been taken:

- Building a partnership with social venture capitalists to create a series of specialized Network Enterprises (NEs) that will be able to build specialised capabilities in specific sectors and links between the poor and larger markets (www.thenetworkenterprisesfund.in).
- Assisting the NEs in building partnerships between grass-roots organizations and large companies.
- Identifying and facilitating the work of specialised entities so that they can work closely with MFIs and other grass-roots organizations on health and productivity interventions.

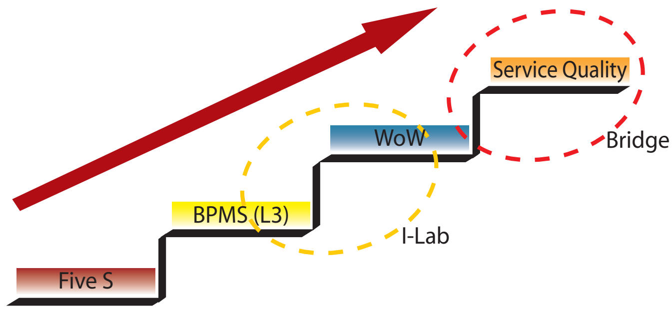
3. Creating Complementary Infrastructure

The third step is the creation of larger-scale infrastructure that will change the economic environment of the poor through the provision of better roads, healthcare infrastructure, government and private schools, electricity, clean water, etc. This work is being done in collaboration with local self-governments, district and state level administration and the private sector. We are in the process of creating a Development Strategy Group that will place highly-trained persons in each of its clusters (each comprising approximately three districts and covering a population of about 6 million people) who will be given the responsibility of identifying and developing these partnerships.

Many of the initiatives mentioned above are in the nature of long-term investments and will yield the desired results over a period of time. In keeping with our commitment towards socio-economic development and empowerment, we will continue to deploy our strengths and assets in an effort to achieve this vision.

Organisational Excellence

The need for building competitiveness through cost efficiency and a culture of quality and innovation is driving all the organisations to continuously take up new initiatives to improve efficiency and enhance their "quality quotient". At ICICI Bank, the quality journey started in 2002, by setting up an Organisational Excellence Group (OEG), headed by a Senior General Manager, reporting to the Managing Director & CEO. OEG is engaged in building, sustaining and institutionalising quality in the Bank by facilitating development of skills and capabilities in various quality frameworks. The Bank has evolved a holistic workplace transformation model by integrating various quality methodologies such as Five S, Business Process Management Systems (BPMS), Lean and Six Sigma. OEG also supports other ICICI group companies in their quality initiatives.



The quality journey of ICICI Bank started with workplace improvement using Five S. Five S is in regular practice in over 1,000 workplaces across the organisation. Some of the benefits of Five S include reduction in document retrieval time and efficient utilisation of space resulting in faster turnaround times and clutter-free environment.

BPMS is deployed to standardise and monitor processes across the Bank. This ensures standardisation of processes and setting up metrics, which are regularly monitored with an endeavour to ensure uniform customer experience. Improvement projects are taken up around business pain areas and customer service issues. This helps continual improvement.

I-lab, a platform for encouraging ideas & suggestions for continuous improvement in the work place, which was launched in 2004, is today being used by more than 20,000 employees. More than 40,000 suggestions for improvements have been submitted through this channel during fiscal 2007.

A new technology initiative, "Bridge" was launched in 2007. Bridge is an electronic control system designed to give a status snapshot using dashboards, which highlight exceptions based on thresholds for various metrics across processes, facilitating trigger based remedial action. It preempts problem occurrences using system intelligence.

During fiscal 2007, OEG also worked with business units to leverage quality for business improvements by identifying high impact projects through the structured programme of War on Waste (WoW). The programme attempts to continuously eliminate waste in all forms, from workplace, processes and business systems. The WoW programme has resulted in benefits, like reduction in turnaround time, reduction in rework and improvement in manpower productivity. Improvement methodologies like Six Sigma & Lean are deployed for WoW projects.

Going forward, OEG will focus on "Lean Breakthroughs", which are focused time bound improvements in areas such as, reduction in turnaround time, productivity improvement, removing wastes from the process and rationalising manpower.

Management's Discussion & Analysis

FINANCIALS AS PER INDIAN GAAP

Summary

Profit before provisions and tax increased 51.1% to Rs. 58.74 billion in fiscal 2007 from Rs. 38.88 billion in fiscal 2006 primarily due to an increase in net interest income by 40.9% to Rs. 66.36 billion in fiscal 2007 from Rs. 47.09 billion in fiscal 2006 and an increase in non-interest income by 39.4% to Rs. 59.14 billion in fiscal 2007 from Rs. 42.42 billion in fiscal 2006, offset, in part, by an increase in non-interest expenses by 33.8% to Rs. 66.91 billion in fiscal 2007 from Rs. 50.01 billion in fiscal 2006. Provisions increased significantly during fiscal 2007 due to higher provisions created on standard assets and lower level of write-backs. Profit before general provisioning and tax increased 27.4% to Rs. 43.79 in fiscal 2007 from Rs. 34.36 billion in fiscal 2006. Profit after tax increased 22.4% to Rs. 31.10 billion in fiscal 2007 from Rs. 25.40 billion in fiscal 2006.

Net interest income increased 40.9% to Rs. 66.36 billion in fiscal 2007 from Rs. 47.09 billion in fiscal 2006, reflecting an increase of 49.8% in the average volume of interest-earning assets.

Non-interest income increased by 39.4% to Rs. 59.14 billion in fiscal 2007 from Rs. 42.42 billion in fiscal 2006 primarily due to a 45.4% increase in fee income.

Non-interest expenses increased 33.8% to Rs. 66.91 billion in fiscal 2007 from Rs. 50.01 billion in fiscal 2006 primarily due to 49.4% increase in employee expenses and 41.9% increase in other administrative expenses.

Provisions and contingencies (excluding provision for tax) increased to Rs. 22.26 billion in fiscal 2007 from Rs. 7.92 billion in fiscal 2006 primarily due to higher provisions created on standard assets in accordance with the revised guidelines issued by RBI, a higher level of specific provisioning on retail loans due to change in the portfolio mix towards non collateralised loans and seasoning of the loan portfolio and lower level of write-backs.

Total assets increased 37.1% to Rs. 3,446.58 billion at year-end fiscal 2007 from Rs. 2,513.89 billion at year-end fiscal 2006 primarily due to an increase in loans by 34.0% and an increase in investments by 27.5%.

Operating results data

The following table sets forth, for the periods indicated, the operating results data.

Rs. in billion, except percentages

	Fiscal 2006	Fiscal 2007	% change
Interest income	143.06	**229.94**	60.7
Interest expense	95.97	**163.58**	70.4
Net interest income	47.09	**66.36**	40.9
Non-interest income	42.42	**59.14**	39.4
– Fee income(1)	34.47	**50.12**	45.4
– Lease income	3.61	**2.38**	(34.1)
– Others	4.34	**6.64**	53.0
Core operating income	**89.51**	**125.50**	**40.2**
Operating expenses	35.47	**49.79**	40.3
Direct marketing agency (DMA) expense(2)	11.77	**15.24**	29.5
Lease depreciation, net of lease equalisation	2.77	**1.88**	(31.9)
Core operating profit	**39.50**	**58.59**	**48.3**

	Fiscal 2006	Fiscal 2007	% change
Gross treasury income	7.40	**10.14**	37.0
Less: Premium amortisation on Government securities	8.02	**9.99**	24.6
Net treasury income	(0.62)	**0.15**	—
Operating profit	**38.88**	**58.74**	**51.1**
Provisions, net of write-backs[3]	7.92	**22.26**	181.1
Profit before tax	**30.97**	**36.48**	**17.8**
Tax, net of deferred tax	5.56	**5.38**	(3.2)
Profit after tax	**25.40**	**31.10**	**22.4**

(1) Includes merchant foreign exchange income and margin on customer derivative transactions.
(2) For the fiscal 2007, the Bank has reported all direct marketing agency expenses, on automobile loans and other retail loans, separately under "Operating expenses". Till fiscal 2006, the Bank deducted direct marketing agency expenses on automobile loans from interest income which has been reclassified to conform to current period classification.
(3) Premium amortisation on Government securities was earlier classified under provisions, however according to the revised Reserve Bank of India (RBI) guidelines, the same has been reclassified under treasury income.
(4) All amounts have been rounded off to the nearest Rs. 10.0 million.

Key ratios

The following table sets forth, for the periods indicated, the key ratios.

	Fiscal 2006	Fiscal 2007
Return on average equity (%)[1]	16.4	**13.4**[2]
Return on average assets (%)[3]	1.3	**1.1**
Earnings per share (Rs.)	32.5	**34.8**
Book value (Rs.)	248.6	**269.8**
Fee to income (%)	40.0	**40.5**
Cost to income (%)[4]	41.2	**40.2**

(1) Return on average equity is the ratio of the net profit after tax to the average equity.
(2) Return on average equity including profit of banking subsidiaries and excluding investment in insurance subsidiaries was 15.5%.
(3) Return on average assets is the ratio of net profit after tax to the average assets.
(4) Cost represents operating expense excluding DMA expense and lease depreciation. Income represents net interest income, treasury income and non-interest income and is net of lease depreciation.

Net interest income and spread analysis

The following table sets forth, for the periods indicated, the net interest income and spread analysis.

Rs. in billion, except percentages

	Fiscal 2006	Fiscal 2007	% change
Average interest-earning assets	1,720.57	**2,577.27**	49.8
Average interest-bearing liabilities	1,658.73	**2,484.99**	49.8
Net interest margin	2.7%	**2.6%**	—
Average yield	8.3%	**8.9%**	—
Average cost of funds	5.8%	**6.6%**	—
Interest spread	2.5%	**2.3%**	—

(1) All amounts have been rounded off to the nearest Rs. 10.0 million.

Net interest income

Net interest income increased 40.9% to Rs. 66.36 billion in fiscal 2007 from Rs. 47.09 billion in fiscal 2006, reflecting mainly the following:

- an increase of Rs. 856.70 billion or 49.8% in the average volume of interest-earning assets; and
- net interest margin of 2.6% in fiscal 2007 compared to 2.7% in fiscal 2006.

In February 2006, the Reserve Bank of India (RBI) issued guidelines for accounting for securitisation of standard assets. In accordance with these guidelines, with effect from February 1, 2006, we account for any loss arising on securitisation immediately at the time of sale and the profit/premium arising on account of securitisation is amortised over the life of the asset. Prior to February 1, 2006, profit arising on account of securitisation has been recorded upfront at the time of sale. Income from sell-down of loans was approximately 8.6% of net interest income in fiscal 2006 as against a loss in fiscal 2007, due to the impact of the aforesaid guidelines requiring amortisation of profit on securitisation from February 1, 2006 and the prevailing liquidity and interest rate scenario.

We use marketing agents, called direct marketing agents or associates, for sourcing our automobile loans. Until the year end fiscal 2006, we deducted commission paid to direct marketing agents of automobile loans from the interest income. For fiscal 2007, we have reported all direct marketing agency expenses, on automobile loans and other retail loans separately under "non-interest expense". These commissions are expensed upfront and not amortised over the life of the loan. The necessary reclassifications have been made for the prior years.

The average volume of interest-earning assets increased by Rs. 856.70 billion in fiscal 2007 primarily due to the increase in average advances by Rs. 500.28 billion, and an increase in average investments by Rs. 256.03 billion. The increase in the average advances was mainly due to increased disbursements of retail finance loans, offset, in part, by securitisation of loans and repayment of existing loans, and the increase in average investments was mainly due to increased investment in Government securities. Retail advances, net of provisions and write-off, increased by 38.5% to Rs. 1,277.03 billion at year-end fiscal 2007 from Rs. 921.98 billion at year-end fiscal 2006.

Interest income increased by 60.7% to Rs. 229.94 billion in fiscal 2007 from Rs. 143.06 billion in fiscal 2006 primarily due to an increase of 49.8% in the average interest-earning assets to Rs. 2,577.27 billion in fiscal 2007 from Rs. 1,720.57 billion in fiscal 2006. Yield on average interest-earning assets increased to 8.9% in fiscal 2007 compared to 8.3% in fiscal 2006, primarily due to the increase in the yield on advances portfolio to 9.9% in fiscal 2007 from 9.1% in fiscal 2006. The yield on advances has increased despite the significant decline in income from sell-down of loans due to an increase in lending rates in line with the general increase in interest rates and increase in the volumes of certain high yielding loans. Our prime lending rate (ICICI Bank's benchmark prime lending rate) has increased by 300 basis points from March 31, 2006 to April 1, 2007. Our home loan rates have increased by 350 basis points on the outstanding floating rate portfolio during the same period. Yield on average interest earning investments increased to 8.2% in fiscal 2007 from 7.8% in fiscal 2006 primarily due to an increase in the yield on average SLR investments by 77 basis points to 8.5% in fiscal 2007 from 7.7% in fiscal 2006.

Interest expense increased by 70.4% to Rs. 163.58 billion in fiscal 2007 from Rs. 95.97 billion in fiscal 2006, primarily due to an increase of 49.8% in the volume of average interest-bearing liabilities to Rs. 2,484.99 billion for fiscal 2007 from Rs. 1,658.73 billion for fiscal 2006 and increase in the cost of funds by 0.8% to 6.6% for fiscal 2007 from 5.8% in fiscal 2006. Total deposits at year-end fiscal 2007 constituted 76.5% of our funding (i.e. deposits, borrowings and subordinated debts) compared to 77.2% at year-end fiscal 2006. Total deposits increased 39.6% to Rs. 2,305.10 billion at year-end fiscal 2007 from Rs. 1,650.83 billion at year-end fiscal 2006. This is commensurate with our focus of increasing funding through deposits. Our cost of deposits has increased by 1.2% to 6.2% in fiscal 2007 from 5.0% in fiscal 2006 consequent to general increase in interest rates reflecting tight systemic liquidity scenario, particularly in the second half of fiscal 2007 and resulting in an increase in deposit rates for retail and other customers. The cost of borrowings increased marginally to 7.7% in fiscal 2007 from 7.6% in fiscal 2006 primarily due to increase in borrowings of foreign branches at higher rates, including raising of subordinated bonds.

As a result of the higher cost of funds and decrease in the gains on securitisation/sell down of assets, net interest margin decreased to 2.6% in fiscal 2007 from 2.7% in fiscal 2006. Net interest margin is expected to continue to be lower than other banks in India until we increase the proportion of retail deposits in our total funding. The net interest margin is also impacted by the relatively lower net interest margin earned by our foreign branches, which is offset by the higher fee income that we are able to earn by leveraging our international presence and our ability to meet the foreign currency borrowing requirements of Indian companies.

Fee income

Fee income increased by 45.4% to Rs. 50.12 billion in fiscal 2007 from Rs. 34.47 billion in fiscal 2006 primarily due to growth in fee income from retail products and services, including fee arising from retail assets products and retail liability related fee income like account servicing charges and third party distribution fees. Fees from corporate banking and international business also witnessed a strong growth.

Treasury income

The gross treasury income increased to Rs. 10.14 billion in fiscal 2007 from Rs. 7.40 billion in fiscal 2006 primarily due to higher level of gains from equity divestments, offset in part by 24.6% increase in premium amortisation on Government securities to Rs. 9.99 billion in fiscal 2007 from Rs. 8.02 billion in fiscal 2006 and lower profits on proprietory trading as a result of the sharp fall in the equity markets in May 2006 and adverse conditions in debt markets. The amortisation of premium on Government securities which was earlier shown as provisions and contingencies has been reclassified under income from treasury-related activities as per the revised guidelines of RBI.

Lease & other income

Lease income decreased by 34.1% to Rs. 2.38 billion in fiscal 2007 from Rs. 3.61 billion in fiscal 2006 primarily because of a decrease in leased assets to Rs. 10.03 billion at year-end fiscal 2007 compared to Rs. 11.74 billion at year-end fiscal 2006 since we are not entering into new lease transactions.

Other income increased by 53.0% to Rs. 6.64 billion for fiscal 2007 compared to Rs. 4.34 billion in fiscal 2006 primarily due to increase in income by way of dividend from our subsidiary companies and increase in profit on sale of land, buildings and other assets.

Non-interest expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

Rs. in billion, except percentages

	Fiscal 2006	Fiscal 2007	% change
Employee expenses	Rs. 10.82	**Rs. 16.17**	49.4
Depreciation on own property (including non banking assets)	3.47	**3.57**	2.7
Auditors' fees and expenses	0.02	**0.02**	14.9
Other administrative expenditure	21.16	**30.03**	41.9
Total non-interest expense (excluding lease depreciation and direct marketing agency expenses)	**35.47**	**49.79**	**40.3**
Depreciation (net of lease equalisation) on leased assets	2.77	**1.88**	(31.9)
Direct marketing agency expenses	11.77	**15.24**	29.5
Total non-interest expense	**Rs. 50.01**	**Rs. 66.91**	**33.8**

1. All amounts have been rounded off to the nearest Rs. 10.0 million.

Total non-interest expense increased by 33.8% to Rs. 66.91 billion in fiscal 2007 from Rs. 50.01 billion in fiscal 2006, primarily due to a 49.4% increase in employee expenses and 41.9% increase in other administrative expenses.

Employee expenses increased 49.4% to Rs. 16.17 billion in fiscal 2007 from Rs. 10.82 billion in fiscal 2006 primarily due to a 31.3% increase in the number of employees to 33,321 at year end fiscal 2007 from 25,384 at year end fiscal 2006, annual increase in the salaries and higher cost due to monetisation of benefits on loan facilities available to employees at concessional rates of interests and other employee benefits. The increase in employees was commensurate with the growth in our retail and other businesses.

Depreciation on own property increased by 2.7% to Rs. 3.57 billion from Rs. 3.47 billion. There was a 4.0% increase in premises and other fixed assets to Rs. 29.20 billion at year-end fiscal 2007 from Rs. 28.07 billion at year-end fiscal 2006. Depreciation on leased assets decreased to Rs. 1.88 billion in fiscal 2007 from Rs. 2.77 billion in fiscal 2006 primarily due to reduction in leased assets to Rs. 10.03 billion at year-end fiscal 2007 from Rs. 11.74 billion at year-end fiscal 2006.

Other administrative expenses increased by 41.9% to Rs. 30.03 billion in fiscal 2007 from Rs. 21.16 billion in fiscal 2006 primarily due to increased volume of business, particularly in retail banking, and includes maintenance of ATMs, credit card expenses, including promotional expenses on cash back scheme, insurance premium, collection expenses and other expenses. The number of branches (excluding foreign branches and OBUs) and extension counters increased to 755 at year-end fiscal 2007 from 614 at year-end fiscal 2006. ATMs increased to 3,271 at year-end fiscal 2007 from 2,200 at year-end fiscal 2006.

We use marketing agents, called direct marketing agents or associates, for sourcing our retail assets. We include commissions paid to these direct marketing agents of our retail assets in non-interest expense. These commissions are expensed upfront and not amortised over the life of the loan. We incurred direct marketing agency expenses of Rs. 15.24 billion on the retail asset portfolio in fiscal 2007 compared to Rs. 11.77 billion in fiscal 2006. The growth in direct marketing expenses was commensurate with growth in business volumes.

Provisions and tax

Provisions and contingencies (excluding provision for tax) increased to Rs. 22.26 billion in fiscal 2007 from Rs. 7.92 billion in fiscal 2006 primarily due to higher provisions created on standard assets, in accordance with the revised guidelines issued by RBI, a higher level of specific provisioning on retail loans due to change in the portfolio mix towards non collateralised loans and seasoning of the loan portfolio and lower level of write-backs.

We classify our loans in accordance with the RBI guidelines. Provisions and contingencies (excluding provision for tax) increased to Rs. 22.26 billion in fiscal 2007 from Rs. 7.92 billion in fiscal 2006 primarily due to higher provisions of about Rs. 3.92 billion made on standard assets in accordance with the revised guidelines issued by the RBI, significantly lower level of write-backs in fiscal 2007 compared to about Rs. 6.62 billion write-backs in fiscal 2006, provision of about Rs. 1.05 billion on account of frauds in rural portfolio, primarily in our warehouse receipt financing business and a higher level of specific provisioning on retail and other loans. The increase in provisioning on retail loans primarily reflects the growth in retail loans, seasoning of the loan portfolio and the change in the portfolio mix towards non-collateralised retail loan where credit losses are higher, but the higher losses are more than offset by the higher yield on such loans.

Under the RBI guidelines issued in September 2005, banks were required to make general provision at 0.4% on standard loans (excluding loans to the agricultural sector and to small and medium enterprises). In May 2006, the general provisioning requirement for personal loans, loans and advances qualifying as capital market exposure, residential housing loans beyond Rs. 2.0 million and commercial real estate was further increased to 1.0% from 0.4%. In January 2007, the general provisioning requirement for personal loans, credit card receivables, loans and advances qualifying as capital market exposure, commercial real estate and advances to non-deposit taking systemically important non-banking financial companies (NBFCs) was increased to 2.0%. As a result, general provision on standard assets increased by 115.6% to Rs. 7.31 billion in fiscal 2007 from Rs. 3.39 billion in fiscal 2006.

Income tax expense (including wealth tax) decreased by 3.4% to Rs. 5.38 billion in fiscal 2007 from Rs. 5.57 billion in fiscal 2006.

The effective tax rate of 14.7% for fiscal 2007 was lower compared to the statutory tax rate of 33.66% primarily due to concessional rate of tax on capital gains, exemption of dividend income, deduction towards special reserve and deduction of income of offshore banking unit.

Financial Condition

The following table sets forth, for the periods indicated, the summarised balance sheet.

Rs. in billion, except percentages

	March 31, 2006	March 31, 2007	% change
Assets:			
Cash, balances with banks & SLR[1]	681.14	**1,044.89**	53.4
– Cash & balances with RBI & banks	170.40	**371.21**	117.8
– Government securities[1]	510.74	**673.68**	31.9
Advances (net)	1,461.63	**1,958.66**	34.0
Debentures & bonds	18.04	**24.63**	36.5
Other investments	186.69	**214.27**	14.8
Fixed assets (including leased assets)	39.81	**39.23**	(1.5)
Other assets	126.58	**164.90**	30.3
Total assets	**2,513.89**	**3,446.58**	**37.1**
Liabilities:			
Equity capital and reserves	222.06	**243.13**	9.5
– Equity capital	8.90	**8.99**	1.0
– Reserves	213.16	**234.14**	9.8
Preference capital	3.50	**3.50**	—
Deposits	1,650.83	**2,305.10**	39.6
– Savings deposits	209.37	**288.38**	37.7
– Current deposits	165.73	**213.76**	29.0
– Term deposits	1,275.73	**1,802.96**	41.3
Borrowings	486.66	**706.61**	45.2
Of which : Subordinated debt[2]	*101.44*	***194.05***	*91.3*
– Erstwhile ICICI borrowings	132.25	**108.37**	(17.8)
– Other borrowings	354.41	**598.24**	68.6
Other liabilities	150.84	**188.24**	24.8
Total liabilities	**2,513.89**	**3,446.58**	**37.1**

(1) Represents government securities issued by Indian government and considered towards the requirement of statutory liquidity ratio (SLR).
(2) Included in 'other liabilities' in Schedule 5 of the balance sheet.
(3) All amounts have been rounded off to the nearest Rs. 10.0 million.

Our total assets increased by 37.1% to Rs. 3,446.58 billion at year-end fiscal 2007 from Rs. 2,513.89 billion at year-end fiscal 2006 primarily due to increase in advances and investments. Net advances increased by 34.0% to Rs. 1,958.66 billion at year-end fiscal 2007 from Rs. 1,461.63 billion at year-end fiscal 2006 primarily due to increase in retail advances in accordance with our strategy of growth in our retail portfolio, offset, in part, by reduction in advances due to repayments and securitisation. Retail advances increased 38.5% to Rs. 1,277.03 billion at year-end fiscal 2007 from Rs. 921.98 billion at year-end fiscal 2006. Total investments at year-end fiscal 2007 increased by 27.5% to Rs. 912.58 billion compared to

Rs. 715.47 billion at year-end fiscal 2006 primarily due to 31.9% increase in investment in Government and other approved securities in India to Rs. 673.68 billion at year-end fiscal 2007 from 510.74 billion at year-end fiscal 2006 in line with the increase in our net demand and time liabilities. Banks in India are required to maintain a specified percentage, currently 25.0%, of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities. Other investments (including debentures and bonds) increased by 16.7% to Rs. 238.90 billion at year-end fiscal 2007 compared to Rs. 204.73 billion at year-end fiscal 2006, reflecting an increase in investments in insurance and international subsidiaries, pass through certificates and credit linked notes. Total assets (gross) of overseas branches (including overseas banking unit in Mumbai) increased by 90.2% to Rs. 524.71 billion at year-end fiscal 2007 from Rs. 275.86 billion at year-end fiscal 2006.

Our equity share capital and reserves at year-end fiscal 2007 increased to Rs. 243.13 billion as compared to Rs. 222.06 billion at year-end fiscal 2006 primarily due to retained earnings for the year and exercise of employee stock options. As per the transition provision of Accounting Standard 15 - (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of retirement benefits created by the Bank at March 31, 2006 due to the revised standard have been adjusted in "Reserves and Surplus". Total deposits increased 39.6% to Rs. 2,305.10 billion at year-end fiscal 2007 from Rs. 1,650.83 billion at year-end fiscal 2006. This is commensurate with our focus of increased funding through deposits. Our savings account deposits increased to Rs. 288.38 billion at year-end fiscal 2007 from Rs. 209.37 billion at year-end fiscal 2006, while current deposits increased to Rs. 213.76 billion at year-end fiscal 2007 from Rs. 165.73 billion at year-end fiscal 2006. Term deposits increased by 41.3% to Rs. 1,802.96 billion at year-end fiscal 2007 from Rs. 1,275.73 billion at year-end fiscal 2006. Total deposits at year-end fiscal 2007 constituted 76.5% of our funding (i.e. deposit, borrowings and subordinated debts). Borrowings (including subordinated debt) increased to Rs. 706.61 billion at year-end fiscal 2007 from Rs. 486.66 billion at year-end fiscal 2006 primarily due to increase in borrowings of foreign branches.

Off Balance Sheet Items, Commitments and Contingencies

The table below sets forth, for the periods indicated, the principal components of contingent liabilities.

Rs. in billion, except percentages

	March 31, 2006	March 31, 2007	% change
Claims against bank not acknowledged as debts	Rs. 29.78	**Rs. 39.12**	31.4
Liability for partly paid investments	0.17	**0.17**	—
Liability on account of outstanding forward exchange contracts	918.32	**1,331.56**	45.0
Guarantees given on behalf of constituents	191.03	**292.12**	52.9
Acceptances, endorsements & other obligations	106.87	**186.71**	74.7
Currency swaps(1)	172.42	**325.26**	88.6
Interest rate swaps and currency options	2,471.92	**3,346.92**	35.4
Other items for which bank is contingently liable	59.84	**107.74**	80.0
Total	**Rs. 3,950.35**	**Rs. 5,629.60**	**42.5**

(1) Represents notional principal amount.

The Bank enters into foreign exchange forwards, options, swaps and other derivative products to enable customers to transfer, modify or reduce their foreign exchange and interest rate risk and to manage its own interest rate and foreign exchange positions. These instruments are used to manage foreign exchange and interest rate risk relating to specific groups of on-balance sheet assets and liabilities.

Contingent liabilities increased by 42.5% or Rs. 1,679.25 billion to Rs. 5,629.60 billion at year-end fiscal 2007 from Rs. 3,950.35 billion at year-end fiscal 2006 primarily due to a 35.4% increase in interest rate swaps and currency options and a 45.0% increase in liability on account of outstanding forward exchange contracts. The 47.3% increase in contingent liabilities to Rs. 3,950.35 billion at year-end fiscal 2006 from Rs. 2,681.54 billion at year-end fiscal 2005 was primarily due to a 62.7% increase in interest rate swaps and currency options.

Our contingent liabilities have been steadily increasing over the period from fiscal 2003. This increase is primarily due to increase in foreign exchange and derivative transactions. The swap and forward exchange contract market in India is a developing market. Market volumes have increased significantly in recent years. As an active player and market maker in swap and forward exchange contract markets and due to the fact that reduction in positions is generally achieved by entering into offsetting transactions rather than termination/cancellation of existing transactions, we have seen substantial increase in notional principal of our swap portfolio in recent years.

An interest rate swap does not entail exchange of notional principal and the cash flow arises on account of the difference between interest rate pay and receive legs of the swaps which is generally much smaller than the notional principal of the swap. A large proportion of interest rate swap, currency swap and forward exchange contracts is on account of market making which involves providing regular two-way prices to customers or inter-bank counter parties. The exposure due to these transactions is normally reduced by entering into an off-setting transaction with another counter-party. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio. For example, if a transaction entered into with a customer is covered by an exactly opposite transaction entered into with another counter-party, the net market risk of the two transactions will be zero whereas, the notional principle of the portfolio will be sum of both the transactions.

Claims against the Bank not acknowledged as debts represents demands made by the Government of India’s tax authorities in excess of the provisions made in our accounts, in respect of income tax, interest tax, wealth tax and sales tax matters.

Guarantees

As a part of our project financing and commercial banking activities, we have issued guarantees to enhance the credit standing of our customers. These generally represent irrevocable assurances that we will make payments in the event that the customer fails to fulfill its financial or performance obligations. Financial guarantees are obligations to pay a third party beneficiary where a customer fails to make payment towards a specified financial obligation. Performance guarantees are obligations to pay a third party beneficiary where a customer fails to perform a non-financial contractual obligation. The guarantees are generally for a period not exceeding 10 years.

The credit risks associated with these products, as well as the operating risks, are similar to those relating to other types of financial instruments.

We generally have collateral available to reimburse potential losses on the guarantees. Margins available to reimburse losses realised under guarantees amounted to Rs. 11.93 billion at year end fiscal 2007 and Rs. 10.29 billion at year-end fiscal 2006. Other property or security may also be available to us to cover losses under guarantees.

Capital Commitments

We are obligated under a number of capital contracts. Capital contracts are job orders of a capital nature, which have been committed. As of the balance sheet date, work had not been completed to this extent. Estimated amounts of contracts remaining to be executed on capital account aggregated Rs. 3.43 billion at year-end fiscal 2007 compared to Rs. 1.13 billion at year-end fiscal 2006. Estimated amounts of contracts remaining to be executed on capital account at year-end fiscal 2005 aggregated Rs. 0.70 billion compared to Rs. 0.29 billion at year-end fiscal 2004 signifying the unpaid amount for acquisition of fixed assets as per contracts entered into with suppliers.

Capital Adequacy

Rs. in billion, except percentages

	March 31, 2006	March 31, 2007
Tier I capital	Rs. 191.82	**Rs. 215.03**
Tier II capital	86.61	**123.93**
Total capital	278.43	**338.96**
On- balance sheet risk weighted assets	1,557.24	**2,132.64**
Off-balance sheet risk weighted assets	528.70	**767.29**
Total risk weighted assets	Rs. 2,085.94	**Rs. 2,899.93**
Tier I capital adequacy ratio	9.20%	**7.42%**
Tier II capital adequacy ratio	4.15%	**4.27%**
Total capital adequacy ratio	13.35%	**11.69%**[1]

(1) USD 750 million (Rs. 32.60 billion) of foreign currency bonds raised for Upper Tier II capital have been excluded from the above capital adequacy ratio computation, pending clarification required by RBI regarding certain terms of these bonds. If these bonds were considered as Tier II capital, the total capital adequacy ratio would be 12.81%.

We are subject to the capital adequacy requirements of the RBI, which are primarily based on the capital adequacy accord reached by the Basel Committee of Banking Supervision, Bank of International Settlements in 1988. We are required to maintain a minimum ratio of total capital to risk adjusted assets of 9.0%, at least half of which must be Tier I capital.

Our total capital adequacy ratio calculated in accordance with the RBI guidelines at year-end fiscal 2007 was 11.69%, including Tier I capital adequacy ratio of 7.42% and Tier II capital adequacy ratio of 4.27%. In accordance with the RBI guidelines, the risk-weighted assets at year-end fiscal include home loans to individuals at a risk weightage of 75%, other consumer loans and capital market exposure at a risk weightage of 125%. Commercial real estate exposure and investments in venture capital funds have been considered at a risk weightage of 150%. The risk-weighted assets at year-end fiscal 2006 and year-end fiscal 2007 also include the impact of capital requirement for market risk on the held for trading and available for sale portfolio. Deferred tax asset amounting to Rs. 6.10 billion and unamortised amount of expenses on Early Retirement Option Scheme amounting to Rs. 0.50 billion at year-end fiscal 2007, have been reduced from Tier I capital while computing the capital adequacy ratio.

ICICI had outstanding preference share capital of Rs. 3.50 billion, representing 350, 0.001% preference shares of Rs. 1,00,00,000 each issued under the scheme of amalgamation of erstwhile ITC Classic Finance with ICICI. These preference shares are redeemable in the year 2018. The RBI vide letter dated April 21, 1999, permitted ICICI to include the "grant element" of such preference shares in Tier I capital subject to the creation of a corpus to be invested in Government of India securities of equivalent maturity. Subsequently, ICICI created a corpus of Rs. 0.47 billion on May 3, 1999 and invested the amount in Government of India securities. Accordingly, the grant element of this preference share capital has been included in our Tier I capital. For these preference shares, the notification dated April 17, 2002 from Ministry of Finance, Government of India, issued on the recommendation of Reserve Bank of India (RBI), under Section 53 of the Banking Regulation Act, 1949, had exempted the Bank from the restriction of Section 12 (1) of the Banking Regulation Act, 1949, which prohibits the issue of preference shares by banks, for a period of five years. The Bank has applied to RBI for making a recommendation to Central Government for continuation of such exemption.

For all securitisation deals executed subsequent to February 1, 2006, capital requirement has been considered in accordance with the RBI guidelines issued in this regard on February 1, 2006. In January 2006, the RBI issued guidelines permitting banks to issue perpetual debt with a call option after not less than 10 years, to be exercised with its prior approval, for inclusion in Tier I capital up to a maximum of 15% of total Tier I capital, The RBI also permitted banks to issue debt instruments with a minimum maturity of 15 years and a call option after not less than 10 years, to be exercised with its prior approval, for inclusion in Tier II capital.

In February 2005, the RBI had issued draft Basel II guidelines which it further modified to issue revised draft guidelines in March 2007. In April 2007, the RBI issued final guidelines for the implementation of a revised Basel-II capital adequacy framework that would be effective year-end fiscal 2008 for us. The guidelines for the capital adequacy framework include an increase in the minimum Tier I CAR from 4.5% to 6.0% and, the introduction of capital for operational risk as per Basel II. Further, the risk weight for consumer credit and residential mortgages will continue to remain at 125.0% and 75.0% (risk weights for residential mortgage loans of less than Rs. 2.0 million with loan-to-value ratio of less than 75.0% would be 50.0%). The capital adequacy norms stipulate a capital charge on undrawn commitments. The norms also increase the risk-weightage for domestic corporates (for loans greater than Rs. 100.0 million) without a solicited external rating to 150.0% in a phased manner as compared to 100% currently. Similarly, non-resident corporates (for loans greater than Rs. 100.0 million) without a rating from an international rating agency would attract 150.0% risk weightage in a phased manner compared to 100% currently.

ASSET QUALITY AND COMPOSITION

Loan Concentration

We follow a policy of portfolio diversification and evaluate our total financing in a particular sector in light of our forecasts of growth and profitability for that sector. We identified retail finance as an area with potential for growth and sought to increase our financing to retail finance. We believe that retail finance offers significant risk diversification benefits as the credit risk is spread over a large number of relatively small individual loans. The growth of our retail finance portfolio has been the principal driver of our portfolio diversification strategy. Our loans and advances to retail finance constituted 65.2% of our total loans and advances at year-end fiscal 2007 compared to 62.9% at year-end fiscal 2006 and 60.9% at year-end fiscal 2005.

Our Credit Risk Management Group monitors all major sectors of the economy and specifically follows sectors to which we have loans outstanding. We seek to respond to any economic weakness in an industrial segment by restricting new exposures to that segment and any growth in an industrial segment by increasing new exposures to that segment, resulting in active portfolio management.

The following tables set forth, at the dates indicated, the composition of our gross advances (net of write-offs).

Rs. in billion, except percentages

	March 31, 2006		March 31, 2007	
	Total advances	% of total advances	Total advances	% of total advances
Retail finance[1]	929.08	62.9	**1,292.81**	**65.2**
Services – finance	58.93	4.0	**96.16**	**4.9**
Services – non finance[2]	41.90	2.8	**56.25**	**2.8**
Iron/ steel & products	48.68	3.3	**50.15**	**2.5**
Chemical & fertilizers	30.36	2.1	**48.78**	**2.5**
Crude petroleum/ Refining & petrochemicals	44.33	3.0	**48.57**	**2.5**
Food & beverages[3]	39.75	2.7	**44.17**	**2.2**
Power	27.07	1.8	**41.28**	**2.1**
Road, port, telecom, urban development & other infrastructure	30.11	2.0	**29.87**	**1.5**

	March 31, 2006		March 31, 2007	
	Total advances	% of total advances	Total advances	% of total advances
Wholesale/retail trade	12.70	0.9	**24.63**	**1.2**
Electronics & engineering	23.70	1.6	**21.86**	**1.1**
Other industries[4]	189.62	12.8	**227.40**	**11.5**
Total	1,476.2	100.0%	**1,981.93**	**100.0%**

(1) Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit cards, dealer funding and developer financing
(2) Includes offshore drilling.
(3) Includes sugar & tea.
(4) Other industries primarily include textile, shipping, construction, manufacturing products (excluding metal), automobiles, drugs & pharmaceuticals, metal & products (excluding iron/steel products), cement, gems & jewellery, FMCG, mining.
(5) All amounts have been rounded off to the nearest Rs. 10.0 million.

The following table sets forth, at March 31, 2007, the composition of our gross (net of write-offs) outstanding retail finance portfolio.

Rs. in billion, except percentages

	Total retail advances	% of total retail advances
Home loans	Rs. 638.54[1]	49.4%
Automobile loans	191.80	14.8%
Commercial business	202.17	15.7%
Two-wheeler loans	23.27	1.8%
Personal loans	124.61	9.6%
Credit cards	60.78	4.7%
Loans against securities & others	51.64[2]	4.0%
Total retail finance portfolio	**Rs. 1,292.81**	**100.0%**

(1) Includes developer financing of Rs. 45.95 billion.
(2) Includes dealer financing portfolio of Rs. 33.27 billion.

Pursuant to the guidelines of RBI, our credit exposure to individual borrowers must not exceed 15.0% of our capital funds, comprising Tier I and Tier II capital calculated pursuant to the guidelines of RBI. Credit exposure to individual borrowers may exceed the exposure norm of 15.0% of capital funds by an additional 5.0% (i.e. up to 20.0%) provided the additional credit exposure is on account of infrastructure financing. Our exposure to a group of companies under the same management control must not exceed 40.0% of our capital funds unless the exposure is in respect of an infrastructure project. In that case, the exposure to a group of companies under the same management control may be up to 50.0% of our capital funds. Banks may, in exceptional circumstances, with the approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., 20.0% of capital funds for an individual borrower and 45.0% of capital funds for a group of companies under same management), making appropriate disclosures in their annual reports. Exposure for funded facilities is calculated as the total committed credit and investment sanctions or the outstanding funded amount, whichever is higher (for term loans, as the sum of undisbursed commitments and the outstanding amount). Exposure for non-funded facilities is calculated as 100.0% of the committed amount or the outstanding non-funded amount whichever is higher.

Directed Lending

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

Till fiscal 2007, RBI guidelines required banks to lend 40.0% of their net bank credit (total domestic loans less marketable debt instruments and certain exemptions permitted by RBI from time to time) to certain specified sectors called priority sectors. Priority sectors included small-scale industries, the agricultural sector, food and agri-based industries, small businesses and housing finance up to certain limits. Out of the 40.0%, banks were required to lend a minimum of 18.0% of their net bank credit to the agriculture sector and the balance to certain specified sectors, including small scale industries (defined as manufacturing, processing and services businesses with a certain limit on investment in plant and machinery), small businesses, including retail merchants, professional and other self employed persons and road and water transport operators, housing loans up to certain limits and to specified state financial corporations and state industrial development corporations. In its letter dated April 26, 2002 granting its approval for the amalgamation, RBI stipulated that since ICICI's loans transferred to us were not subject to the priority sector lending requirement, we are required to maintain priority sector lending of 50.0% of our net bank credit on the residual portion of our advances (i.e. the portion of our total advances excluding advances of ICICI at year-end fiscal, 2002, henceforth referred to as residual net bank credit). This additional 10.0% priority sector lending requirement will apply until such time as our aggregate priority sector advances reach a level of 40.0% of our total net bank credit. RBI's existing instructions on sub-targets under priority sector lending and eligibility of certain types of investments/funds for qualification as priority sector advances apply to us.

RBI has issued revised guidelines applicable fiscal from 2008 on lending to priority sector. As per the revised norms, the targets and sub-targets have been linked to the adjusted net bank credit, or credit equivalent amount of off-balance sheet exposure, whichever is higher. The definition of adjusted net bank credit does not include certain exemptions and includes certain investments and will be computed with reference to the outstanding amount as on March 31 of the year. Under the revised guidelines the limit on the housing loans eligible for priority sector lending has been increased from Rs. 1.5 million to Rs. 2.0 million per borrower. The guidelines have capped eligible direct agriculture finance to non-individuals (i.e. partnership firms, corporates and institutions) at Rs. 10.0 million per borrower. One-third of loans in excess of Rs. 10.0 million per borrower would also be considered as direct finance while the remaining two-thirds would constitute indirect finance.

In addition fresh investments made by banks with National Bank of Agriculture and Rural Development in lieu of non achievement of priority sector lending targets will no longer be considered as indirect finance subsequent to end fiscal 2007. However, the existing investments in such bonds would continue to be classified as indirect agriculture finance till 2010. We are required to comply with the priority sector lending requirements at the end of each fiscal year. Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with government sponsored Indian development banks like the National Bank for Agriculture and Rural Development and the Small Industries Development Bank of India. These deposits have a maturity of up to seven years and carry interest rates lower than market rates. We report our priority sector loans to RBI on a quarterly basis. The loans reported are as on the last "reporting Friday" of the quarter. At March 30, 2007, which was the last reporting Friday for the quarter-ended March 31, 2007, our priority sector loans were Rs. 574.58 billion, constituting 45.9% of our residual net bank credit against the requirement of 50.0%.

Classification of Loans

We classify our assets as performing and non-performing in accordance with RBI's guidelines. Under these guidelines, an asset is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days (180 days until fiscal 2003), in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days (180 days until fiscal 2003) and in respect of bills, if the account remains overdue for more than 90 days (180 days until fiscal 2003).

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

We do not distinguish between provisions and write-offs while assessing the adequacy of our loan loss coverage, as both provisions and write-offs represent a reduction of the principal amount of a non-performing asset. In compliance with regulations governing the presentation of financial information by banks, we report non-performing assets net of cumulative write-offs in our financial statements.

For restructured loans, provisions are made in accordance with the guidelines issued by RBI, which require that the difference between the present values of the future interest as per the original loan agreement and the present values of future interest on the basis of rescheduled terms be provided at the time of restructuring.

The following table sets forth, at March 31, 2006 and March 31, 2007, data regarding the classification of our gross assets (net of write-offs and unpaid interest on non-performing assets).

Rs. in billion

	March 31, 2006	March 31, 2007
Standard assets	Rs. 1,512.81	**Rs. 2,036.46**
of which: Restructured loans	55.46	**50.41**
Non-performing assets	22.73	**41.68**
Of which: Sub-standard	10.71	**24.33**
Doubtful assets	11.05	**15.28**
Loss assets	0.97	**2.07**
Total loan assets	**Rs.1,535.54**	**Rs. 2,078.14**

(1) Includes loans, debentures, lease receivables and excludes preference shares.
(2) All amounts have been rounded off to the nearest Rs. 10.0 million.

The following table sets forth, at the dates indicated, data regarding our non-performing assets, or NPAs.

Rs. in billion, except percentages

Year ended	Gross NPA(1)	Net NPA	Net customer assets	% of Net NPA to Net customer assets(3)
March 31, 2005	34.37	19.83	978.94	2.03%
March 31, 2006(2)	22.73	10.75	1,520.07	0.71%
March 31, 2007(2)	41.68	20.19	2,053.74	0.98%

(1) Net of write-offs and interest suspense.
(2) Excludes preference shares.
(3) Customer assets include advances and credit substitutes like debentures and bonds.
(4) All amounts have been rounded off to the nearest Rs. 10.0 million.

The ratio of net non-performing assets to net customer assets increased to 0.98% at year-end fiscal 2007 compared to 0.71% at year-end fiscal 2006. At year-end fiscal 2007, the gross non-performing assets (net of write-offs and unpaid interest) were Rs. 41.68 billion compared to Rs. 22.73 billion at year-end fiscal 2006. Gross of technical write-offs, the gross non-performing assets at year-end fiscal 2007 were Rs. 48.50 billon compared to Rs. 29.63 billion at year-end fiscal 2006. The coverage ratio (i.e. total provisions and technical write-offs made against non-performing assets as a percentage of gross non-performing assets) at year-end fiscal 2007 was 58.37% compared to 63.72% at year-end fiscal 2006. In addition, total general provision made against standard assets was Rs. 12.95 billion at year-end fiscal 2007. Our investments in security receipts issued by Asset Reconstruction Company (India) Limited, a reconstruction company registered with RBI were Rs. 25.38 billion at year-end fiscal 2007. Our net restructured standard loans decreased from Rs. 53.16 billion at year-end fiscal 2006 to Rs. 48.83 billion at year-end fiscal 2007.

Classification of Non-Performing Loans by Industry

The following table sets forth, at March 31, 2006 and March 31, 2007, the composition of gross non-performing assets by industry sector.

Rs. in billion, except percentages

	March 31, 2006		March 31, 2007	
	Amount	%	Amount	%
Retail finance[1]	Rs. 14.29	62.3	**Rs. 31.14**	**73.8**
Chemicals & fertilisers	1.65	7.2	**1.64**	**3.9**
Food & beverages[2]	0.67	2.9	**1.25**	**3.0**
Textiles	1.68	7.3	**0.84**	**2.0**
Iron/steel & products	0.21	0.9	**0.77**	**1.8**
Electronics & engineering	0.55	2.4	**0.63**	**1.5**
Services – non finance	0.98	4.3	**0.63**	**1.5**
Services – finance	0.13	0.6	**0.19**	**0.5**
Paper and paper products	0.07	0.3	**0.07**	**0.2**
Automobile (including trucks)	0.03	0.1	**0.06**	**0.1**
Metal & metal products	0.01	—	**0.01**	**—**
Power	—	—	**—**	**—**
Cement	—	—	**—**	**—**
Road, port, telecom, urban development & other infrastructure	—	—	**—**	**—**
Other Industries[3]	2.68	11.7	**4.96**	**11.7**
Total	**Rs. 22.95**	**100.0**	**42.19**	**100.0**
Interest suspense	(0.22)		**(0.51)**	
Gross NPAs	**Rs. 22.73**		**41.68**	

(1) Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit cards, dealer funding and developer financing
(2) Includes sugar & tea
(3) Other industries primarily include shipping, construction, crude petroleum, drugs & pharmaceuticals, gems & jewellery, FMCG and mining.
(4) All amounts have been rounded off to the nearest Rs. 10.0 million.

SEGMENTAL INFORMATION

Our operations are classified into the following segments: Consumer and Commercial Banking segment and Investment Banking segment. Segment data for previous periods has been reclassified on a comparable basis. The consumer and commercial banking segment provides medium-term and long-term project and infrastructure financing, securitisation, factoring, lease financing, working capital finance and foreign exchange services to clients. Further, it provides deposit and loan products to retail customers. The investment banking segment includes treasury operations.

Consumer & Commercial Banking Segment

Profit before tax of the consumer and commercial banking segment was Rs. 23.38 billion in fiscal 2007 as compared to Rs. 26.55 billion in fiscal 2006 primarily due to an increase in provisions and contingencies and increase in non-interest expense, offset, in part by an increase in net interest income and non-interest income.

Provisions and contingencies were Rs. 21.97 billion in fiscal 2007 as compared to Rs. 7.32 billion in fiscal 2006 primarily due to higher provisions created on standard assets, in accordance with the revised guidelines issued by RBI, a higher level of specific provisioning on retail loans due to change in the portfolio mix towards non-collateralised loans and seasoning of the loan portfolio and lower level of write-backs on corporate portfolio. General provision on standard assets increased by 115.6% to Rs. 7.31 billion in fiscal 2007 from Rs. 3.39 billion in fiscal 2006.

Net interest income, increased by 32.3% to Rs. 56.53 billion in fiscal 2007 from Rs. 42.73 billion in fiscal 2006, primarily due to an increase in the interest income on advances, offset, in part, by an increase in the interest expense on deposits.

Non-interest income increased by 36.5% to Rs. 50.73 billion in fiscal 2007 from Rs. 37.17 billion in fiscal 2006, primarily due to growth in fee income from retail products and services, including fee arising from retail assets products and retail liability related income like account servicing charges and third party distribution fees. Fees from corporate banking and international business also witnessed a strong growth.

Non-interest expenses increased by 34.5% to Rs. 61.92 billion in fiscal 2007 from Rs. 46.03 billion in fiscal 2006, primarily due to an increase in employee expenses and the growth in the retail franchise, including maintenance of ATMs, credit card expenses, call center expenses and technology expenses. Employee expenses increased primarily due to increase in the number of employees, annual increase in the salaries and higher cost due to monetisation of benefits on loan facilities available to employees at concessional rates of interests and other employee benefits. The increase in employees was commensurate with the growth in our retail businesses.

Investment Banking Segment

Profit before tax of investment banking segment increased to Rs. 13.48 billion in fiscal 2007 from Rs. 4.80 billion in fiscal 2006 primarily due to increase in non-interest income and net interest income, offset in part, by an increase in the non-interest expenses.

Net interest income was Rs. 9.83 billion in fiscal 2007 compared to Rs. 4.36 billion in fiscal 2006 primarily due to a 54.8% increase in interest income from Government securities, offset, in part, by an increase in interest on inter-bank borrowings.

Non-interest income increased by 84.5% to Rs. 8.56 billion in fiscal 2007 from Rs. 4.64 billion in fiscal 2006 primarily due to higher level of gains from equity divestments, offset in part by 24.5% increase in premium amortisation on Government securities to Rs. 9.99 billion in fiscal 2007 from Rs. 8.02 billion in fiscal 2006 and lower profits on proprietary trading as a result of the sharp fall in the equity markets in May 2006 and adverse conditions in debt markets.

Non-interest expenses increased by 28.1% to Rs. 4.61 billion in fiscal 2007 from Rs. 3.60 billion in fiscal 2006 primarily due to increase in payments to and provisions for employees and other administrative expenses.

CONSOLIDATED FINANCIALS AS PER INDIAN GAAP

The consolidated profit after tax for fiscal 2007 was Rs. 27.61 billion as compared to Rs. 24.20 billion for fiscal 2006 including the results of operations of our subsidiaries and other consolidating entities.

Future bonus provisions and non-amortisation of expenses by ICICI Prudential Life Insurance Company in line with the insurance company accounting norms had a negative impact of Rs. 4.80 billion on our consolidated profits.

The following table sets forth, for the periods indicated, the profit/(loss) of our principal subsidiaries.

Rs. in billion

	Fiscal 2006	Fiscal 2007
ICICI Securities Group	1.57	**1.67**
ICICI Prudential Life Insurance Company Limited	(1.88)	**(6.49)**
ICICI Lombard General Insurance Company Limited	0.50	**0.68**
ICICI Venture Funds Management Company Limited	0.50	**0.70**
ICICI Home Finance Company Limited	0.12	**0.47**
ICICI Prudential Asset Management Company Limited (formerly known as Prudential ICICI Asset Management Company Limited)	0.31	**0.48**
ICICI Bank UK PLC. (formerly known as ICICI Bank UK Limited)	0.64	**1.77**
ICICI Bank Canada	(0.25)	**(0.07)**
ICICI Bank Eurasia Limited Liability Company	0.01	**0.05**

RECONCILIATION OF PROFITS AS PER INDIAN GAAP AND US GAAP

As a result of the differences in the basis of accounting under US GAAP and Indian GAAP, our profit under US GAAP accounts was Rs. 31.27 billion as compared to consolidated profit of Rs. 27.61 billion under Indian GAAP in fiscal 2007. A condensed reconciliation of consolidated profit after tax as per Indian GAAP with net income as per US GAAP for fiscal 2007 is set out in the following table:

Rs. in billion

Consolidated profit after tax as per Indian GAAP	**27.61**
Adjustments:	
Adjustments on account of:	
Allowances for loan losses	0.30
Business combinations	(0.98)
Consolidation	2.80
Valuation of debt and equity securities	2.47
Amortisation of fees and costs	(2.34)
Accounting for derivatives	0.59
Accounting for Compensation costs	(0.83)
Accounting for securitisation	1.43
Deferred Taxes	0.65
Others	(0.43)
Total impact of all adjustments	3.66
Net income as per US GAAP	**31.27**

Section 217

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (forming part of the Directors' Report for the year ended March 31, 2007) in respect of employees of ICICI Bank Limited

Name, Qualifications and Age (in years)	Desig./ Nature of duties***	Remuneration Received (Rs.) Gross (Rs.)	Net (Rs.)	Experience (in years)	Date of Commencement of Employment	Last Employment
Acharya Subhasish, BE, PGDM, (35)*	DGM	1929161	1466711	12	19-May-03	Consumer Products Manager, Madura Coats Limited
Agarwal Anuj, B.Sc, MBA, (38)	DGM	2504679	1926107	16	20-May-99	Manager Resources, HDFC Limited
Agarwal Vikas, B.Com, CA, (36)	AGM	2528563	1821962	13	15-Dec-98	Analyst, Anand Rathi Group
Anantha Raman R., B.Com, (38)	AGM	2588751	1913640	18	19-Nov-99	Dealer Business Manager, GE Countrywide
Ananthan Saravana Kumar, BE, PGDM, CAIIB, (40)	AGM	2729992	2116060	18	19-Mar-03	Head of Fixed Income Fund, SBI Mutual Fund
Arora Rajiv, BE, MBA, (40)	JGM	3424532	2340996	18	23-Apr-93	Project Officer, IFCI
Arunachalam Srinivasan, B.Sc., MMS, (46)	DGM	2648668	2015500	18	02-Jun-05	Managing Director, Sonnet Strategy Consultants
Ashish Kumar, MA, MMS, (35)	JGM	2880094	2242887	13	11-Oct-99	Regional Manager, Ceat Financial Services Limited
Attra Charanjit, B.Com, CA, CPA (35)	JGM	2924563	2159730	16	11-Sep-01	Manager, Bharat S. Raut & Co.
Badami Suresh, B.Sc., PGDM, (35)	JGM	3798563	2709302	13	16-Oct-02	Max Ateev Limited
Bagchi Anup, B.Tech, PGDM, (36)	SGM	5542378	3976555	15	26-May-92	—
Baji Meghana (Ms.), B.Com, CA, PGDM, (32)*	AGM	2236989	1513371	9	04-May-98	—
Balamurugan IAS, BE, MBA, (37)*	DGM	3125729	2210625	13	30-Aug-04	Assistant Vice President, Citibank N.A.
Balram Dole Sudhir, B.Com, ICWAI, PGDM, (37)	GM	4660953	3370159	14	16-Apr-03	Standard Chartered Bank
Banerjee Abonty (Ms.), B.Sc., MBA, (35)	DGM	2527482	1815059	11	04-Nov-99	Associate Research Director, Org-marg Research Limited
Banerjee Anindya, B.Com, CA, (31)	DGM	2545377	1766464	9	07-Oct-98	—
Banthiya Amit, BE, PGDBM, (33)*	CMII	2318822	1596369	10	04-Aug-03	Reliance Information and Communications
Batra Mohit, BE, MS, (41)	SGM	6121344	4478511	15	24-Apr-92	—
Batra Sandeep, B.Com, CA, CS, (41)*	SGM	2018795	1437368	19	08-Nov-06	Financial Controller, Citicorp
Bengani Vikash, B.Com, DBF, CA, CFA, (33)*	JGM	6716563	4604074	10	16-Dec-96	Citibank N.A.
Bhagat Amit, B.Com, CA, (41)	DGM	2827304	2020793	17	02-Sep-02	Deputy General Manager, Maharshi Housing Finance
Bhat Sham, B.Sc., PGDM, (34)	AGM	2952624	2128001	11	02-Sep-02	Senior Manager, IDBI Bank Limited
Bhattacharjee Sriraj, BE, PGPM, (32)	MMII	6716586	4592801	7	22-Aug-03	Manager, Securities Trading Corporation Limited
Bhoopathi Viswanadha, B.Tech., PGDM, (31)*	CMII	2539409	1859260	7	09-Aug-02	ASM, Marico
Chakraborty Suvalaxmi (Ms.), B.Com, CA, (40)*	GM	6211896	4545546	18	01-Feb-89	Junior Officer, Price Waterhouse
Chandnani Suresh, M.Sc., MMS, (38)	AGM	2577642	1954787	15	19-Aug-98	Senior Officer, HDFC Limited
Chandok Vijay, B.Tech, MMS, (39)	SGM	5472597	4056612	16	31-May-93	Production Executive, ITC Group - VST Industries
Chandra Naren, BE, PGDM, (37)	DGM	2583204	1905197	13	09-May-03	Director Client Services, Grey Worldwide
Chattanathan D., B.Sc., BJO, DBF, CAIIB, (43)	DGM	2680684	1966631	16	27-Jun-97	Agricultural Field Officer, Allahabad Bank
Chatterjee Amit, B.Tech., PGDM, (34)	DGM	2740454	1985419	11	02-May-05	Consultant, Citibank Tokyo
Chaudhry Ajay, BE, MBA, (50)	GM	4603867	3295206	28	03-Dec-81	Officer, HMV
Chaudhuri Ripujit, BE, MMS, (38)	DGM	2815766	2056955	15	05-Sep-01	Manager, Enron India Private Limited & Broadbank Solutions Private Limited
Chidambaram N., B.Com, MMS, (54)	DGM	2489285	1874081	7	01-May-00	—
Chopra Ashvini, B.Com, PGDBM, (36)*	AGM	2035094	1446834	14	27-Sep-04	Regional Manager, Standard Chartered Asset Management Co.
Chougule Sanjay(Dr.), BE, MMS, LLB, Ph.D, (43)	GM	4312135	3108382	20	01-Jun-87	Junior Engineer, RCF Limited
Daruwala Zarin(Ms.), B.Com, CA, CS, (42)	GM	4811229	3373673	17	21-Jun-89	—
Das Aniyan, B.Sc., DCM, (45)	AGM	2542763	1894804	18	20-Mar-02	Head - ISG Services, Apnaloan.com
Dasgupta Bhargav, BE, PGDM, (40)*	SGM	8054962	5773707	17	18-May-92	Gr. Eng. Trainee, Telco
Datar Salil, B.Com, CAIIB, MMS, (40)	DGM	2777599	1980857	18	09-May-02	Head Exports, Schenectady Herdillia
Deoras Rajeev, BE, CAIIB, (47)*	DGM	1741212	1288830	26	19-Jun-94	Officer MIII, State Bank of India
Desai Nihal, BE, MBA, (39)	JGM	3232377	2322540	12	01-Jun-94	
Deshpande Charudatta, BPHARM, (51)	JGM	3579481	2560990	12	21-Jul-05	General Manager, Mahindra & Mahindra
Dey Partha, B.Tech., PGPM, (36)	JGM	2819952	2125634	12	03-Jun-96	Tata Steel
Dhamodaran S., B.Sc., CAIIB, (52)	GM	4278011	3035771	32	04-Apr-94	Officer MII, State Bank of India
Dhar Vineet, B.Com, PGDPMIR, (31)	AGM	2817701	2006390	11	15-Mar-00	Officer, HSBC Bank
Dhuru Anita (Ms.), B.Com, CA, PGDM, (33)*	AGM	2453741	1788298	9	01-Jun-98	—
Doraivel S, B.Com, ICWAI, CA, (38)	AGM	2602122	2018245	14	07-Aug-02	Manager, GE Capital
Dutta Joydeep, BE, MS, (47)	JGM	2563685	1857182	24	21-Apr-95	Senior DB Analyst, Gartner - IT advisory services
Gambhir Neeraj, BE, PGDM, (34)	GM	6643762	4498375	11	15-Jun-98	Manager, Kotak Mahindra
Ganesh Nagori Nitish, B.Sc., DCA, DMS, (36)	AGM	2462560	1779700	11	01-Feb-05	Vice President/R.S.M, ABN Amro Bank
Ghotgalkar Shekhar, B.Com, MMM, (45)	DGM	2433263	1799441	12	20-Aug-01	Vice President, Orix Auto Finance (India)
Goel Ashish, B.Tech, PGDM, (34)	DGM	2856632	2038212	12	01-Oct-04	Trade Marketing Manager, Marico Industries Limited
Gopalakrishnan Venkatraman, B.Com, MMS, (41)*	JGM	3610542	2582640	18	09-Aug-04	Vice President, IDBI Bank Limited
Gune Smita (Ms.), B.Com, CA, CIA, (49)	GM	4629099	3325638	23	12-Oct-98	Assistant General Manager, Tata Finance
Gupta Ajay, B.Com, CA, (40)	GM	4480304	3364447	16	25-Nov-91	Article Clerk,A.F.Ferguson Co.
Gupta Anjali (Ms.), B.Sc., PGDIBM, (37)	DGM	2512575	1738912	14	04-Jul-05	Vice President. & Group Head, ARCIL
Gupta Bhavesh, B.Com, MBA, (34)	AGM	2750690	1964240	9	19-May-03	Assistant Vice President, TADFL-MNC, Financial Services
Gupta Deviinder, BA, DBM, CAIIB, (48)*	JGM	4545572	3477300	25	23-Jul-96	Indian Overseas Bank

Name, Qualifications and Age (in years)	Desig./ Nature of duties***	Remuneration Received (Rs.)		Experience (in years)	Date of Commencement of Employment	Last Employment
		Gross (Rs.)	Net (Rs.)			
Gupte D. Lalita (Ms.), BA (Hons), MMS, (58)+*	JMD	17100136	11994841	36	15-Jun-71	—
Haresh Drupad Shah, BE, MMS, (37)	AGM	2411906	1780892	13	05-Apr-99	Manager, Apple Finance Limited
Hebbar Nagendra, BA, PGDBM, PGDPMIR, (36)	AGM	2481572	1805969	14	01-Jul-96	Senior Manager, Shiram Chit Fund
Hegde Brahmanand, M.Sc., CAIIB, (48)	JGM	2892653	2069420	24	26-Feb-92	Assistant Manager, Bank of Maharashtra
Jain Mukesh, B.Com, CAIIB, PGDBM, DBANKM, (47)	GM	5714683	4090342	27	29-Mar-94	Officer, Canara Bank
Jayaraman Mohan, B.Com, ICWAI, (33)	DGM	2793819	2021490	13	02-Dec-02	Assistant General Manager, Fisaf
Jayarao K. M., BE, (51)	SGM	5808933	4019847	27	22-Mar-82	Junior Executive, BHEL, Hyderabad
Jha Rakesh, BE, PGDM, (35)	GM	4554590	2198723	11	03-Jun-96	—
Joglekar Vinayak, B.Com, (42)	DGM	2973045	2275391	22	15-Mar-99	Senior Manager, Lloyds Finance Limited
Johnson Shashi, B.Sc., PGDRM, (38)	DGM	2589024	1869764	14	13-Jun-02	Trading Manager, Cargill India Limited
Joshi Bhalchandra, B.Sc., MMS, (40)	AGM	2742691	2041893	16	02-Aug-99	Manager, Standard Chartered Bank
Joshi Rahul, B.Sc., MBA, (37)	AGM	2657397	1976277	15	15-Mar-99	Meghraj Financial Services India Private Limited
Juneja Maninder, BE, PGDM, (41)	GM	4976263	3497660	16	05-Apr-99	Head Agency Business, DGP Windsor
Kamani Anirudh, B.Com, CA, (37)	DGM	3198950	2301295	17	01-Feb-05	Manager Supply Chain, Becton Dickinson India Limited
Kamath K. V., BE, PGDBA, (59)+	MDCEO	25792035	18221661	35	01-May-96	Advisor to Chairman, Bakrie Group, Indonesia
Kamlesh Rajaninath Dangi, B.Com, PGPMS, (35)	DGM	2752925	1928120	12	02-Jul-01	Manager HR, Shoppers Stop Private Limited
Kanwar Vivek, BA(Hons), PGDBM, (44)	JGM	4174949	3028482	22	30-May-94	Product Manager, India Telecomp Limited
Kar Bikash,B.Com, (50)*	CMII	1979563	1520060	29	23-Dec-80	Accounts Assistant, Prochems Services
Kaul Anil, B.Sc., MBA, (41)**	JGM	4269640	2997922	18	04-Jan-99	—
Kaushal Vikram, B.Com, PGDBM, (36)	DGM	2971968	2185933	15	08-Oct-01	SREI Intl Finance
Kaushik Manoj, B.Sc., PGDBM, (37)	DGM	2720426	1934721	14	12-Nov-99	Vice President, Technofill Private Limited
Kerkar Sanjiv, B.Tech, MFM, (56)	SGM	8603574	6205737	31	26-Nov-96	Director-Operations, Asian Finance & Investment Corporation
Khandelwal Rajendra, B.Com, CA, CS, (35)	DGM	2723587	2050548	12	04-Oct-95	—
Khandelwal Sachin, BE, MBA, (40)	GM	4754891	3308475	15	10-Dec-99	Honda Siel Cars
Khanna Sanjaykumar, BE, (41)	DGM	2493555	1870306	20	15-Apr-05	Senior Manager, National Bank of Oman
Khasnobis Sudhamoy, BE, (52)*	GM	4729843	3418436	26	12-Jan-81	Assistant Industrial Engineer, Hindustan Motors Limited
Khera Manish, BE, MBA, (37)*	JGM	3020029	2310423	14	03-May-93	—
Kishore S, BE, ME, MBA, (41)*	JGM	3153999	2374128	18	24-Feb-93	Engineer Product Eng,Lucas TVS Limited
Kochhar Chanda (Ms.), BA, MMS, ICWAI, (45)+	DMD	11329329	8158037	23	17-Apr-84	—
Krishna Prasad T, B.Sc., MBA, (36)	DGM	3095051	2258572	12	06-Jun-94	—
Kulkarni Satish, BE, (39)	DGM	2683790	1977760	17	01-Sep-99	Regional Manager, Dewan Housing
Kumar Anand, B.Sc., MBA, (51)*	DGM	1700829	1289045	23	01-Aug-94	Officer MII, Bank of India
Kumar Anil P.R., B.Tech., MFM, (37)	DGM	2777104	2024025	12	10-Dec-03	Assistant Vice President, UTI Bank Limited
Kumar Saha Anup, B.Tech., PGPM, (36)	DGM	2964317	2134446	14	21-Jun-03	Assistant Vice President, GE Capital
Kumar Shilpa (Ms.), B.Com, PGDM, (40)	SGM	4528826	2979378	17	01-Jun-89	—
Kumar Sushant, MA, CAIIB, (47)	JGM	3543066	2581729	19	18-Jul-94	Deputy Manager, United Bank of India
Kumar Udaya, M.Com, CAIIB, (46)	AGM	2428411	1796649	23	01-Nov-95	Officer, Corporation Bank
Kuppuswami Swaminathan, M.Com, CAIIB, (52)	DGM	2505231	1887798	30	24-Feb-97	Officer MII, Union Bank of India
Madhivanan B., B.Sc., PGDM, (37)	GM	4841630	3595196	16	16-Dec-99	Chief Manager, Arvind Mills Limited
Malhotra Sandeep, B.Tech, M.Tech, (41)	GM	5684394	4134663	19	18-Nov-91	Simens India Limited
Mallick Rahul, B.Sc., MBA, (42)	JGM	3456587	2437436	18	10-Jan-05	Director, Prospect Base
Mantri Sanjeev, B.Com, CA, (36)	JGM	3252325	2386926	12	01-Oct-03	Deputy Head - Corp Banking, BNP Paribas
Mathur Abhishake, B.Tech., MBA, (35)	AGM	2860927	2129212	11	14-Jan-05	Head Accounts Services, Standard Chartered Bank
Mehra Rajan, B.Sc., CAIIB, (47)	DGM	2494948	1872682	26	05-Sep-98	Officer MIII, Dena Bank
Mehta Harshil, M.Sc., MBA, (40)	DGM	2600566	1815069	13	02-Jul-02	Assistant Vice President-IF, Transamerica Dist Finance
Mehta Jyotin, B.Com, ICWAI, CA, CS, (49)	GM&CS	3872116	2824115	24	01-Mar-00	Vice President - Finance & CS, Bharat Shell
Menon Jayan, B.Com, CA, (39)	JGM	2752559	2009733	18	03-Mar-92	Senior Officer, TISCO- Special Steel Limited
Menon Sashidharan, M.Sc., CISA, CIA, CIDA, (49)*	SGM	2899089	2042089	25	11-Sep-06	Vice President & Head of South Asia, Deutsche Bank
Menon Sunith, B.Tech. (38)	DGM	2774040	2002481	16	11-Nov-99	Business Manager, SRF Financials
Mhatre Sangeeta (Ms.), B.Com,CA, (43)	GM	5506761	3930556	21	12-Jun-89	Junior Officer, Price Waterhouse
Mishra Brajesh, BE, MBA, (37)	DGM	2659077	1924892	12	01-Jun-94	—
Mishra Lok, BA, CAIIB, MBA, (37)	DGM	2877767	2100517	14	22-Oct-96	Assistant Manager, Oriental Bank of Commerce
Misra Manish, B.Tech, PGDM, (36)	JGM	3169360	2303385	10	19-Jun-02	Vice President, Oyster Solutions
Mohan S.,M.Sc., MBA, CAIIB, DBM, BANK, (56)*	DGM	560607	484357	31	13-Jun-94	—
Mohd Khan Shakil, BA, DIMA, (33)	AGM	2811251	2060907	6	22-Mar-03	Credit Manager, Hutchison Telecom
Mor Nachiket (Dr.), B.Sc., PGDM, Ph.D., (43)+	DMD	13618915	9370084	20	04-May-87	—
Morparia Kalpana (Ms.), B.Sc., LLB, (57)+	JMD	15324216	10910439	32	05-Nov-75	Legal Assistant, Malubhai Jamiatram & Madon
Mukerji Neeta (Ms.), BA, PGDM, (41)	GM	4717303	3516938	17	01-Jun-89	—
Mulla Parvez, BE, PGDM, (36)	DGM	2594556	1842968	13	16-Aug-00	Relationship Manager, ANZ Grindlays Bank
Mulye Vishakha (Ms.), B.Com, CA, (38)	GCFO	7800384	5572218	14	01-Mar-93	Officer, Deutsche Bank
Muralidharan R, B.Sc., MA, CAIIB, (45)	GM	4254484	3034887	24	16-May-94	Branch Manager, State Bank of India
Nachiappan V., B.Sc., CAIIB, PGDBA, (53)	GM	3569028	2609589	33	01-May-00	General Manager, Bank of Madura Limited
Nagarajan Raghu, M.Sc., DCA, (42)	AGM	2454508	1837368	18	14-Nov-94	Assistant Manager, State Bank of India

Name, Qualifications and Age (in years)	Desig./ Nature of duties***	Remuneration Received (Rs.)		Experience (in years)	Date of Commencement of Employment	Last Employment
		Gross (Rs.)	Net (Rs.)			
Narayanan N.R., BE, PGDM, (44)	JGM	3942754	2764253	20	17-Apr-00	Regional Manager, Eicher Motors Limited
Narayanan T. V., B.Com, CAIIB, (47)	DGM	2871506	2194364	23	16-May-94	Manager, State Bank of India
Narayanaswami Krish, BE, MBA, (33)	AGM	2939786	2113857	11	11-Oct-99	Assistant Manager Operations, Standard Chartered Bank
Nayak Girish, B.Tech., PGDM, (36)	JGM	4017720	2915466	14	02-May-94	Software Engineer, Mastek Limited
Nirantar Rajendra, B.Com, DIRPM, CAIIB, BGL, (52)	GM	4347806	3105509	32	23-May-94	Manager, Union Bank of India
Nirula Ramni (Ms.), BA, MBA, (54)	SGM	7890676	5686124	31	01-Dec-75	—
Nohwar Rajeev, BE, MBA, (35)	AGM	2534186	1790712	11	20-Apr-99	Area Sales Manager, Bank of America
Pal D K, B.Com, ACA, (52)	JGM	2807298	2116985	27	02-Mar-81	State Bank of India
Pandey Keshav, B.Com, MDBA, (43)	AGM	2697528	1999440	17	04-Oct-02	Tata AIG Life Insurance
Pani Subrat, BE, PGDBM, (36)	DGM	3139572	2269845	13	22-Apr-02	Regional Business Head, SBI Cards
Parikh Sandip, B.Com, ICWAI, ACA, (38)*	DGM	1590604	1094235	13	25-Nov-02	Financial Controller, Rediff.com India Limited
Parikh Yagnesh, B.Com, BCS, (46)*	DGM	8024545	5439314	17	09-Jun-06	Assistant Manager, State Bank of India
Patnaik Shyam, B.Sc, PGPIM, (50)	DGM	2488508	1833498	26	16-Nov-96	Officer MII, Canara Bank
Patni Ashok Kumar, MA, (52)	JGM	3486555	2620378	30	01-May-96	State Bank of Bikaner & Jaipur
Pillai Neelakantan, BBM, (46)	AGM	2539580	1889565	20	10-Jan-00	Manager, Times Bank Limited
Pinge Nagesh, B.Com, BGL, ACA, (48)*	SGM	5251447	3712249	21	06-Apr-98	Director, Anik Financial
Prakash Hari, B.Sc., (48)*	DGM	2139909	1605762	21	09-Oct-00	Senior Relationship Manager, HDFC Bank Limited
Prakash V, M.Sc., CAIIB, DBM, (44)*	DGM	2614329	2006392	21	26-Mar-97	Officer, State Bank of India
Puri-Buch Madhabi(Ms.), BA(Hons), PGDM, (41)	GCBO	9399138	6590523	18	02-Jan-97	Research Director, MARG
Purker Prashant, B.Tech., PGDBM, (44)	SGM	6018622	4264245	17	22-Jul-02	IRIS Limited
Ramachandran G(Dr.), M.Sc., M.Phil., Ph.D., INS, (45)	AGM	2608858	1872291	17	24-Dec-01	CRISIL
Ramakrishnan Murali, B.Tech, PGDM, (44)	JGM	4041848	2962853	21	02-Aug-99	GE Capital TFS Limited
Raman Arun , BE, PGDM, (36)	DGM	2542279	1825519	7	20-Jul-05	General Manager, Satyam Computers Limited
Ramesh A R, B.Com, PGDM, MBA, (38)	DGM	3262744	2429628	14	01-Nov-99	Assistant Manager, Standard Chartered Bank
Ramesh GVS, B.Com, CA, (43)*	JGM	2169169	1532129	20	29-Jun-92	Systems Manager, Wipro Systems
Ramji Krishna Swamy, BE, MBA, (37)	AGM	2787359	2047606	11	22-Dec-03	Assistant Vice President, Citi Bank Financial
Ramkumar Krishnaswamy, B.Sc., PGDPM & IR, (45)	GCHRO	8520953	6094299	22	02-Jul-01	General Manager (HR), ICI India Limited
Ranade Anupama (Ms.), B.Com, ICWAI, CS, CA, (37)	DGM	3281435	2420024	14	24-May-93	—
Rao C V, M.Com, MBA, (42)	AGM	2693518	1906096	17	06-May-92	Research Assistant, Indian Institute of Management
Rao Pramod, BA, LLB, (33)	GM	3904011	2830079	11	01-Aug-96	Mulla & Mulla
Rao Subba, M.Sc., DBM, (46)	AGM	2458879	1828784	21	29-Jan-01	Chief Manager, Global Trust Bank
Rastogi Yogesh, BE, PGPM, (38)	DGM	2708521	1930361	14	14-May-93	—
Rathi Shashank, B.Tech., PGDM, (31)*	CMI	4884034	3334401	6	20-Jun-01	Technology Consl., Pramati Technologies
Raveendhrun S, B.Com, CA, (42)	AGM	3279506	2270554	21	27-Dec-99	Citibank N.A.
Ravikumar K., B.Com, LLB, DIRPM, JAIIB, (51)*	CMI	727919	641600	27	16-Nov-98	Senior Manager Corporation Bank
Ravindranathan N, B.Sc., DCOM, DTM, CS, LLB, CPA, (45)	DGM	2623081	1770389	25	23-Sep-02	Director, Svagath Professional Services
Rele Sushil, B.Com, MMS, ICWAI, INS, (42)	AGM	3090622	2193825	21	07-Oct-02	Assistant Vice President, Birla Sunlife Distribution
Rohokale Sunil, BE, MBA, (36)	JGM	3585739	2628801	13	01-Jun-94	Management Trainee, Atlas Copco(I) Limited
Sabharwal Rajiv, B.Tech., PGDM, (41)	SGM	5576459	3903529	16	21-Dec-98	Assistant Vice President, Times Bank
Saha Avijit, BE, PGDM, (38)*	JGM	1802199	1331761	13	07-Aug-06	Business Manager, ICI Paints
Sahasrabuddhe Vidhyadhar, B.Sc., LLB, (54)	JGM	2587785	1867915	36	28-Aug-96	Senior Manager, Bank of Maharashtra
Sakare Abhay, BE, DSM, AMIE, (38)	AGM	2659365	1837108	17	05-Feb-99	Senior Officer, HDFC Limited
Samuel Biju, B.Com, (36)	CMI	3439594	2441831	14	03-Jan-01	Vice President, Indo-Gulf Financial Services
Saraf Ajay, B.Com, ICWAI,ACA, (37)	GM	4168732	3168285	15	01-Jun-02	American Express Bank Limited
Saraff Sanjiv, B.Com, MFC, (39)	AGM	2463433	1814795	17	11-Jun-03	Business Head & Senior Vice President, SMIFS Capital Markets Limited
Sarkar Debashis, B.Tech, PGDQM, PGDMFM, MS, (39)	DGM	3190910	2315450	16	11-Jul-02	Marico Industries
Satpathy Suchismita (Ms.), DSM, BA, PGPM, (34)	DGM	2544239	1870055	11	01-Jun-95	—
Satyaprasad Manikonda, M.Com, CAIIB, (48)	JGM	3981112	2901841	26	26-Dec-01	Senior Vice President Credit Lyonnais Bank
Savant Geeta (Ms.), B.Com, CA, CS, (43)	DGM	2491172	1829375	20	17-Mar-92	Audit Executive., Voltas Limited
Saxena Sharad, BE, (44)	JGM	2688910	1992996	19	12-Sep-05	Chief Manager IT, Konkan Railway
Seetharaman M. S., MCOM, CAIIB, (49)	DGM	2413725	1792675	28	31-Mar-95	Officer, Canara Bank
Sehrawat Sanjeev, B.Sc., MBA, PGDM, (38)	JGM	3504642	2577275	14	03-Jun-96	Officer, Bharat Petroleum
Seshadri Sridhar, BE, PGDM, (34)	DGM	2652304	1971860	11	01-Aug-97	Research Executive, ORG-MARG
Seshadri Vishwanath, B.Com, ACA, (45)	GM	4314599	3115415	19	19-Aug-98	Manager Finance, Countrywide
Shah Hemant, B.Com, CWA, CA, CS, FRM, (38)	AGM	2829049	1989777	15	06-Apr-92	Audit Assistant, L.B. Jha & Co.
Sharma Sudershan, B.Com, CS, CA, (37)	JGM	7169363	4835682	12	01-Jul-99	Manager, IDBI
Shetty Supritha (Ms.), B.Com, CA, (41)	DGM	3320506	2384511	15	26-Sep-03	Manager, BNP Paribas
Shirole Sanjay, B.Sc., CAIIB, (42)	AGM	2466186	1856314	19	24-Jul-00	Deputy Manager, State Bank of India
Shroff Aditya, BA, LLB, (36)	JGM	3056635	2272266	12	04-Jul-03	Senior Associate, CZB & Partners
Singh Paul Davinder, B.Tech., PGDBM, (35)	DGM	2456352	1705393	8	04-Apr-05	Assistant Vice President -Products, Max Newyork Life
Singh Saurabh, MA, MMS, (40)	JGM	4000782	2864060	15	31-Dec-99	Manager HRD, Tata Liebert
Singhal Amit, B.Sc., PGDM, (33)	DGM	2855871	2070118	9	01-Aug-00	Procter & Gamble
Singhal Raghav, BA, PGDM, (32)	AGM	2494381	1827381	10	10-Jan-00	Product Manager, Godrej GE Appliances
Singhvi Sanjay, B.Sc., CA, (37)	DGM	2511339	1775480	14	15-Mar-00	Group Manager, Birla Global Finance Limited
Soman Madhavi (Ms.), B.Com, MMS, (46)*	SGM	2062626	1472362	8	15-Sep-06	Senior Vice President, Mphasis BFL Limited

Name, Qualifications and Age (in years)	Desig./ Nature of duties***	Remuneration Received (Rs.)		Expe-rience (in years)	Date of Commence-ment of Employ-ment	Last Employment
		Gross (Rs.)	Net (Rs.)			
Sreekumar Thallam, B.A (39)	DGM	2773046	2046757	17	18-Feb-99	Manager, GE Countrywide
Srinivas G, B.Tech, PGDM, (39)	JGM	3938302	2750009	15	08-Jun-93	—
Srirang T.K., BE, MBA, (35)	DGM	2740038	2025799	11	29-Oct-01	Area HR Manager, Coca-Cola India Limited
Srivastava Om Prakash, M.Sc., CAIIB, PGDM, (51)**	GM	5096883	3715268	29	03-May-93	Senior Vice President, PNB Capital Services Limited
Subramanian P.,BE,MFM, (42)*	DGM	1760913	1375459	19	2-Sep-92	Purchase Officer, Premier Automobiles Limited
Sudhalkar Ravindra, M.Sc., MBA, (38)	DGM	3182996	2337641	13	10-Jan-00	Assistant General Manager, Canfin Homes Limited
Sudhendranath M,B.Com, LLB, (55)*	DGM	2934716	2243367	19	01-Feb-88	—
Suresh Jogani Vandana (Ms.), BE, MMS, (37)	DGM	2860674	2004521	13	07-Mar-05	Assistant Vice President, GE Countrywide Consumer Finance
Suresh P., BE, PGDM, (35)	DGM	2678108	2016083	12	03-Jun-94	—
Swar Ajit, B.Sc., LLB, CAIIB, (55)	AGM	2400777	1759153	35	15-Sep-94	Officer MII, State Bank of India
Tikotekar Sanjay, B.Com, LLB, CAIIB, NCFM, AMFI, (48)	JGM	3385684	2518541	26	01-Dec-94	Deputy Manager, Bank of Maharashtra
Vaidyanathan V, MBA, AMP(HBS) (39)+	ED	11277355	7807207	16	06-Mar-00	Citibank N.A.
Vallury Shanta(Ms.), MA, MMM, (39)	DGM	2935147	2091236	18	20-Dec-99	Manager Card Sales, ANZ Grindlays Bank
Venkatakrishnan G., M.Sc, ICWAI, PGDBM, CAIIB, (56)*	GM	3750525	2653371	32	15-Dec-97	Officer SMV, State Bank of India
Venkatesh V., B.Com, CA, (34)	AGM	2419211	1831423	11	01-Jul-96	Assistant Manager, ACC-Manufacturing Company
Verghese Raji, B.Com, PGDBM, (41)	DGM	2580654	1779717	15	08-Mar-99	GE Capital TFS Limited
Vohra Pravir, CAIIB, MA, (52)	GCTO	8870323	6387746	32	28-Jan-00	Vice President, Times Bank
Vora Hemant, BE, (39)	JGM	2489739	1910376	13	01-Feb-06	Associate Director, KPMG
Warty Bindiya (Ms.), B.Com, ICWAI, (36)	CMII	2472081	1833543	15	19-May-03	Assistant Vice President, TADFL

* Indicates part of the year
** On deputation to other organisations
+ Nature of employment contractual, other employees are in the permanent employment of the Bank, governed by its rules and conditions of service
**** Designation/Nature of duties - Abbreviations

MD & CEO	- Managing Director & Chief Executive Officer	JMD	- Joint Managing Director	DMD	- Deputy Managing Director
ED	- Executive Director	GCBO	- Group Corporate Brand Officer	GCFO	- Group Chief Financial Officer
GCHRO	- Group Chief Human Resources Officer	GCTO	- Group Chief Technology Officer	SGM	- Senior General Manager
GM	- General Manager	GM&CS	- General Manager & Company Secretary	JGM	- Joint General Manager
DGM	- Deputy General Manager	AGM	- Assistat General Manager	CM	- Chief Manager

Note:
1. Gross remuneration includes salary and other benefits and employer's contribution to provident and superannuation funds.
2. Net remuneration represents gross remuneration less contribution to provident and superannuation funds, profession tax and income tax.
3. None of the employees mentioned above is a relative of any Director.
4. Designation/nature of duties are as on March 31, 2007 and remuneration is for the year ended that date.

For and on behalf of the Board

N. VAGHUL
Chairman

Mumbai, May 28, 2007

ICICI Bank

financials

auditors' report

To the Members of ICICI Bank Limited

1. We have audited the attached Balance Sheet of ICICI Bank Limited ('the Bank') as at March 31, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. Incorporated in the said financial statements is the return of the Singapore branch, audited by another auditor.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Singapore branch of the Bank, whose financial statements reflect total assets of Rs. 204,336 million as at March 31, 2007, total revenues of Rs. 12,610 million and cashflows amounting to Rs. 36,085 million for the year then ended. These financial statements have been audited by another auditor, duly qualified to act as auditors in the country of incorporation of the branch, whose report has been furnished to us, and was relied upon by us for our opinion on the financial statements of the Bank.
4. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211(1) and (2) of the Companies Act, 1956.
5. We report that:
   (i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
   (ii) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
   (iii) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
6. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India.
7. We further report that:
   (i) the Balance Sheet, Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns;
   (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
   (iii) the reports on the accounts of the Singapore branch audited by another auditor have been dealt with in preparing our report in the manner considered necessary by us;
   (iv) as per information and explanation given to us the Central Government has, till date, not prescribed any cess payable under Section 441A of the Companies Act, 1956;
   (v) on the basis of written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
8. In our opinion and to the best of our information and according to the explanations given to us and on consideration of report submitted by the Singapore branch auditor, the said accounts together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:
   (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at March 31, 2007;
   (ii) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date; and
   (iii) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

for BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 046768

Mumbai
April 28, 2007

balance sheet

ICICI Bank

as on March 31, 2007 (Rs. in '000s)

	Schedule	As on 31.03.2007	*As on 31.03.2006*
CAPITAL AND LIABILITIES			
Capital	1	**12,493,437**	*12,398,345*
Reserves and Surplus	2	**234,139,207**	*213,161,571*
Deposits	3	**2,305,101,863**	*1,650,831,713*
Borrowings	4	**512,560,263**	*385,219,136*
Other liabilities and provisions	5	**382,286,356**	*252,278,777*
TOTAL CAPITAL AND LIABILITIES		**3,446,581,126**	*2,513,889,542*
ASSETS			
Cash and balance with Reserve Bank of India	6	**187,068,794**	*89,343,737*
Balances with banks and money at call and short notice	7	**184,144,452**	*81,058,508*
Investments	8	**912,578,418**	*715,473,944*
Advances	9	**1,958,655,996**	*1,461,631,089*
Fixed assets	10	**39,234,232**	*39,807,115*
Other assets	11	**164,899,234**	*126,575,149*
TOTAL ASSETS		**3,446,581,126**	*2,513,889,542*
Contingent liabilities	12	**5,629,599,060**	*3,950,336,655*
Bills for collection		**40,465,610**	*43,384,648*
Significant accounting policies and notes to accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For BSR & Co.
Chartered Accountants

AKEEL MASTER
Partner
Membership No.: 046768

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

V. VAIDYANATHAN
Executive Director

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager &
Company Secretary

RAKESH JHA
General Manager

Place : Mumbai
Date : April 28, 2007

profit and loss account

for the year ended March 31, 2007 **(Rs. in '000s)**

		Schedule	Year ended 31.03.2007	*Year ended 31.03.2006*
I.	**INCOME**			
	Interest earned	13	**229,942,916**	*143,061,325*
	Other income	14	**59,291,686**	*41,808,859*
	TOTAL INCOME		**289,234,602**	*184,870,184*
II.	**EXPENDITURE**			
	Interest expended	15	**163,584,984**	*95,974,483*
	Operating expenses	16	**66,905,564**	*50,011,537*
	Provisions and contingencies	17	**27,641,854**	*13,483,417*
	TOTAL EXPENDITURE		**258,132,402**	*159,469,437*
III.	**PROFIT/LOSS**			
	Net profit for the year		**31,102,200**	*25,400,747*
	Profit brought forward		**2,934,416**	*1,882,221*
	TOTAL PROFIT/(LOSS)		**34,036,616**	*27,282,968*
	APPROPRIATIONS/TRANSFERS			
	Transfer to Statutory Reserve		**7,800,000**	*6,360,000*
	Transfer to Reserve fund		**1,168**	*222*
	Transfer to Capital Reserve		**1,210,000**	*680,000*
	Transfer to Investment Fluctuation Reserve		**—**	*5,900,000*
	Transfer from Investment Fluctuation Reserve		**—**	*(13,203,350)*
	Transfer to Special Reserve		**4,500,000**	*2,750,000*
	Transfer to Revenue and other reserves		**—**	*13,203,350*
	Proposed equity share dividend		**9,011,694**	*7,593,326*
	Proposed preference share dividend		**35**	*35*
	Corporate dividend tax		**1,530,978**	*1,064,969*
	Balance carried over to balance sheet		**9,982,741**	*2,934,416*
	TOTAL		**34,036,616**	*27,282,968*
Significant accounting policies and notes to accounts		18		
Earning per share (Refer Note 18.B.6)				
	Basic (Rs.)		**34.84**	*32.49*
	Diluted (Rs.)		**34.64**	*32.15*
Face value per share (Rs.)			**10.00**	*10.00*

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

For BSR & Co.
Chartered Accountants

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

AKEEL MASTER
Partner
Membership No.: 046768

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

V. VAIDYANATHAN
Executive Director

Place : Mumbai
Date : April 28, 2007

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager &
Company Secretary

RAKESH JHA
General Manager

cash flow statement

ICICI Bank

for the year ended March 31, 2007 (Rs. in '000s)

PARTICULARS		Year ended 31.03.2007	*Year ended 31.03.2006*
Cash flow from operating activities			
Net profit before taxes		**36,480,391**	*30,966,076*
Adjustments for:			
Depreciation and amortisation		**7,639,002**	*9,021,206*
Net (appreciation) / depreciation on investments		**9,918,419**	*8,301,403*
Provision in respect of non-performing assets (including prudential provision on standard assets)		**21,592,999**	*7,947,244*
Provision for contingencies & others		**251,311**	*226,801*
Dividend from subsidiaries		**(4,484,915)**	*(3,386,929)*
(Profit) / Loss on sale of fixed assets		**(1,152,224)**	*(71,222)*
		70,244,982	*53,004,579*
Adjustments for:			
(Increase)/decrease in investments		**(19,666,157)**	*(141,019,247)*
(Increase)/decrease in advances		**(511,255,267)**	*(552,112,941)*
Increase/(decrease) in borrowings		**57,039,927**	*65,476,052*
Increase/(decrease) in deposits		**654,270,149**	*652,643,939*
(Increase)/decrease in other assets		**(28,758,999)**	*(36,704,232)*
Increase/(decrease) in other liabilities and provisions		**26,886,199**	*13,861,469*
		178,515,852	*2,145,040*
Refund/(payment) of direct taxes		**(18,141,312)**	*(8,620,283)*
Net cash generated from operating activities	**(A)**	**230,619,522**	*46,529,336*
Cash flow from investing activities			
Investments in subsidiaries and/or joint ventures (including application money)		**(15,758,166)**	*(8,509,194)*
Income received on above investments		**4,484,915**	*3,386,929*
Purchase of fixed assets		**(4,924,623)**	*(5,474,001)*
Proceeds from sale of fixed assets		**4,347,300**	*942,843*
(Purchase)/sale of held to maturity securities		**(171,776,134)**	*(69,286,381)*
Net cash generated from investing activities	**(B)**	**(183,626,708)**	*(78,939,804)*
Cash flow from financing activities			
Proceeds from issue of share capital (including ESOPs) net of issue expenses		**2,074,414**	*79,813,833*
Net proceeds/(repayment) of bonds (including subordinated debt)		**160,717,380**	*869,592*
Dividend and dividend tax paid		**(8,646,021)**	*(7,174,390)*
Net cash generated from financing activities	**(C)**	**154,145,774**	*73,509,035*
Effect of exchange fluctuation on translation reserve	**(D)**	**(327,587)**	*3,955*
Net increase/(decrease) in cash and cash equivalents	**(A) + (B) + (C) + (D)**	**200,811,001**	*41,102,522*
Cash and cash equivalents at 1st April		**170,402,245**	*129,299,723*
Cash and cash equivalents at 31st March		**371,213,247**	*170,402,245*

Significant accounting policies and notes to accounts (refer Schedule 18)
The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For BSR & Co.
Chartered Accountants

AKEEL MASTER
Partner
Membership No.: 046768

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

V. VAIDYANATHAN
Executive Director

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager & Company Secretary

RAKESH JHA
General Manager

Place : Mumbai
Date : April 28, 2007

forming part of the Balance Sheet (Rs. in '000s)

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 1 – CAPITAL		
Authorised capital		
1,000,000,000 equity shares of Rs. 10 each [March 31, 2006: 1,000,000,000 equity shares of Rs. 10 each]	**10,000,000**	*10,000,000*
55,000,000 preference shares of Rs. 100 each [March 31, 2006: 55,000,000 preference shares of Rs.100 each]	**5,500,000**	*5,500,000*
350 preference shares of Rs. 10 million each [March 31, 2006: 350 preference shares of Rs. 10 million each]	**3,500,000**	*3,500,000*
Equity share capital		
Issued, subscribed and paid-up capital [1]		
889,779,621 equity shares of Rs. 10 each (March 31, 2006: 884,920,650 equity shares)	**8,897,796**	*8,849,206*
Add : Issued 9,487,051 equity shares of Rs. 10 each fully paid up (March 31, 2006: 4,903,251 equity shares) on exercise of employee stock options	**94,871**	*49,033*
	8,992,667	*8,898,239*
Less : Calls unpaid	**—**	*266*
Add : Forfeited 111,603 equity shares (March 31, 2006: 67,323 equity shares)	**770**	*372*
TOTAL EQUITY CAPITAL	**8,993,437**	*8,898,345*
Preference share capital [2] (Represents face value of 350 preference shares of Rs. 10 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation redeemable at par on April 20, 2018)	**3,500,000**	*3,500,000*
TOTAL CAPITAL	**12,493,437**	*12,398,345*

1. Includes:
   a) 110,967,096 equity shares of Rs.10 each issued vide prospectus dated December 8, 2005.
   b) 37,237,460 equity shares of Rs. 10 each issued consequent to issue of 18,618,730 American Depository Shares vide prospectus dated December 6, 2005.
2. For these preference shares, the notification dated April 17, 2002 from Ministry of Finance, Government of India, issued on the recommendation of Reserve Bank of India (RBI), under Section 53 of the Banking Regulation Act, 1949 had exempted the Bank from the restriction of Section 12(1) of the Banking Regulation Act, 1949, which prohibits the issue of preference shares by banks, for a period of five years. The Bank has applied to the RBI for making a recommendation to Central Government for continuation of such exemption.

ICICI Bank **forming part of the Balance Sheet** *(Contd.)* (Rs. in '000s)

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 2 – RESERVES AND SURPLUS		
I. Statutory reserve		
Opening balance	**20,987,307**	*14,627,307*
Additions during the year	**7,800,000**	*6,360,000*
Deductions during the year	**—**	*—*
Closing balance	**28,787,307**	*20,987,307*
II. Special reserve		
Opening balance	**14,690,000**	*11,940,000*
Additions during the year	**4,500,000**	*2,750,000*
Deductions during the year	**—**	*—*
Closing balance	**19,190,000**	*14,690,000*
III. Share premium		
Opening balance	**118,175,597**	*39,892,352*
Additions during the year [1]	**1,979,322**	*79,157,323*
Deductions during the year	**—**	*874,078*
Closing balance	**120,154,919**	*118,175,597*
IV. Investment fluctuation reserve		
Opening balance	**—**	*5,160,000*
Additions during the year	**—**	*8,043,350*
Deductions during the year	**—**	*13,203,350*
Closing balance	**—**	*—*
V. Capital reserve		
Opening balance	**5,530,000**	*4,850,000*
Additions during the year	**1,210,000**	*680,000*
Deductions during the year	**—**	*—*
Closing balance	**6,740,000**	*5,530,000*
VI. Foreign currency translation reserve	**(501,197)**	*3,955*
VII. Reserve fund		
Opening balance	**222**	*—*
Additions during the year [2]	**1,168**	*222*
Deductions during the year	**—**	*—*
Closing balance	**1,390**	*222*
VIII. Revenue and other reserves		
Opening balance	**50,840,074**	*39,780,074*
Additions during the year	**—**	*13,203,350*
Deductions during the year [3]	**1,056,027**	*2,143,350*
Closing balance	**49,784,047**	*50,840,074*
IX. Balance in profit and loss account	**9,982,741**	*2,934,416*
TOTAL RESERVES AND SURPLUS	**234,139,207**	*213,161,571*

1. Includes Rs. 1,901.9 million (March 31, 2006: Rs. 725.6 million) on exercise of employee stock options.
2. Represents appropriation of 5% of net profit by Sri Lanka branch to meet the requirements of Section 20 of Sri Lankan Banking Act No. 30 of 1988.
3. Represents transition adjustment on account of first time adoption of Accounting Standard 15 (Revised) on "Employee benefits" issued by The Institute of Chartered Accountants of India for the year ended March 31, 2007.

forming part of the Balance Sheet *(Contd.)* (Rs. in '000s)

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 3 – DEPOSITS		
A. I. Demand deposits		
i) From banks	**4,648,856**	*4,223,967*
ii) From others	**209,107,605**	*161,510,846*
II. Savings bank deposits	**288,387,894**	*209,369,834*
III. Term deposits		
i) From banks	**145,787,927**	*107,080,416*
ii) From others	**1,657,169,581**	*1,168,646,650*
TOTAL DEPOSITS	**2,305,101,863**	*1,650,831,713*
B. I. Deposits of branches in India	**2,217,017,644**	*1,565,128,392*
II. Deposits of branches outside India	**88,084,219**	*85,703,321*
TOTAL DEPOSITS	**2,305,101,863**	*1,650,831,713*
SCHEDULE 4 – BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	**—**	*—*
ii) Other banks	**42,668,594**	*39,370,169*
iii) Other institutions and agencies		
a) Government of India	**2,171,867**	*2,813,561*
b) Financial institutions	**36,708,119**	*34,372,429*
iv) Borrowings in the form of		
a) Deposits taken over from erstwhile ICICI Limited	**—**	*1,388,454*
b) Bonds and debentures (excluding subordinated debt)		
— Debentures and bonds guaranteed by the Government of India	**14,815,000**	*14,815,000*
— Borrowings under private placement of bonds carrying maturity of 1 to 30 years from the date of placement	**6,784,799**	*16,179,466*
Bonds issued under multiple option/safety bonds series		
— Regular interest bonds	**5,566,170**	*8,556,640*
— Deep discount bonds	**4,564,511**	*4,257,163*
— Bonds with premium warrants	**—**	*928,721*
— Encash bonds	**56,015**	*679,210*
— Tax saving bonds	**20,779,673**	*46,187,337*
— Pension bonds	**61,626**	*61,052*
TOTAL BORROWINGS IN INDIA	**134,176,374**	*169,609,202*
II. Borrowings outside India		
i) From multilateral/bilateral credit agencies guaranteed by the Government of India for the equivalent of Rs. 19,151.7 million at March 31, 2007, (March 31, 2006: Rs. 19,542.5 million)	**22,701,869**	*23,820,581*
ii) From international banks, institutions and consortiums	**177,126,582**	*123,776,548*
iii) By way of bonds and notes	**178,353,872**	*68,012,805*
iv) Other borrowings	**201,566**	*—*
TOTAL BORROWINGS OUTSIDE INDIA	**378,383,889**	*215,609,934*
TOTAL BORROWINGS	**512,560,263**	*385,219,136*

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

ICICI Bank **forming part of the Balance Sheet** *(Contd.)* (Rs. in '000s)

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	**42,337,867**	*33,271,959*
II. Inter-office adjustments (net)	**—**	*3,496,486*
III. Interest accrued	**20,408,669**	*13,846,487*
IV. Unsecured redeemable/ perpetual debentures/ bonds [Subordinated debt included in Tier I and Tier II Capital]	**194,051,111**	*101,443,755*
V. Others		
a) Security deposits from clients	**4,691,762**	*7,709,786*
b) Sundry creditors	**68,115,421**	*58,083,459*
c) Received for disbursements under special program	**1,896,661**	*3,007,090*
d) Provision for standard assets	**12,948,250**	*5,638,250*
e) Other liabilities [1]	**37,836,615**	*25,781,505*
TOTAL OTHER LIABILITIES AND PROVISIONS	**382,286,356**	*252,278,777*

1. Includes:
   a) Proposed dividend of Rs. 8,992.7 million [March 31, 2006: Rs. 7,563.5 million].
   b) Corporate dividend tax payable of Rs. 1,528.3 million [March 31, 2006: Rs. 1,060.8 million].

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	**20,669,585**	*12,088,189*
II. Balances with Reserve Bank of India in current accounts	**166,399,209**	*77,255,548*
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	**187,068,794**	*89,343,737*

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 7 – BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In current accounts	**7,778,635**	*4,402,861*
b) In other deposit accounts	**12,583,020**	*6,185,632*
ii) Money at call and short notice		
a) With banks	**1,000,000**	*6,500,000*
b) With other institutions	**—**	*3,000*
TOTAL	**21,361,655**	*17,091,493*
II. Outside India		
i) In current accounts	**15,930,529**	*7,318,874*
ii) In other deposit accounts	**114,269,004**	*48,614,939*
iii) Money at call and short notice	**32,583,264**	*8,033,202*
TOTAL	**162,782,797**	*63,967,015*
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	**184,144,452**	*81,058,508*

forming part of the Balance Sheet *(Contd.)* (Rs. in '000s)

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 8 – INVESTMENTS		
I. Investments in India [net of provisions]		
i) Government securities	**673,681,742**	*510,744,392*
ii) Other approved securities	**601**	*601*
iii) Shares (includes equity and preference shares)	**19,372,558**	*20,578,522*
iv) Debentures and bonds	**24,628,194**	*18,040,317*
v) Subsidiaries and/or joint ventures	**26,071,831**	*16,691,698*
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts etc.)	**123,785,241**	*104,308,855*
TOTAL INVESTMENTS IN INDIA	**867,540,167**	*670,364,385*
II. Investments outside India [net of provisions]		
i) Government securities	**2,965,737**	*1,342,384*
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	**14,650,476**	*11,915,291*
iii) Others	**27,422,038**	*31,851,884*
TOTAL INVESTMENTS OUTSIDE INDIA	**45,038,251**	*45,109,559*
TOTAL INVESTMENTS	**912,578,418**	*715,473,944*
III. Investments in India		
Gross value of investments	**873,108,274**	*675,324,809*
Less: Aggregate of provision/depreciation	**5,568,107**	*4,960,424*
Net investments	**867,540,167**	*670,364,385*
IV. Investments outside India		
Gross value of investments	**45,052,750**	*45,215,492*
Less: Aggregate of provision/depreciation	**14,499**	*105,933*
Net investments	**45,038,251**	*45,109,559*
TOTAL INVESTMENTS	**912,578,418**	*715,473,944*
SCHEDULE 9 – ADVANCES [net of provisions]		
A. i) Bills purchased and discounted	**44,947,460**	*63,065,998*
ii) Cash credits, overdrafts and loans repayable on demand	**328,642,181**	*249,328,298*
iii) Term loans	**1,512,550,418**	*1,117,904,639*
iv) Securitisation, finance lease and hire purchase receivables[1]	**72,515,937**	*31,332,154*
TOTAL ADVANCES	**1,958,655,996**	*1,461,631,089*
B. i) Secured by tangible assets [includes advances against book debts]	**1,528,133,832**	*1,199,732,405*
ii) Covered by Bank/Government guarantees	**34,195,829**	*13,508,731*
iii) Unsecured	**396,326,335**	*248,389,953*
TOTAL ADVANCES	**1,958,655,996**	*1,461,631,089*
C. I. Advances in India		
i) Priority Sector	**552,772,378**	*426,756,181*
ii) Public Sector	**4,017,005**	*11,572,043*
iii) Banks	**906,063**	*48,863*
iv) Others	**1,156,860,404**	*898,014,748*
TOTAL ADVANCES IN INDIA	**1,714,555,850**	*1,336,391,835*
II. Advances outside India		
i) Due from banks	**30,027,302**	*18,559,863*
ii) Due from others		
a) Bills purchased and discounted	**22,000,550**	*43,769,271*
b) Syndicated loans	**146,579,129**	*29,704,361*
c) Others	**45,493,165**	*33,205,759*
TOTAL ADVANCES OUTSIDE INDIA	**244,100,146**	*125,239,254*
TOTAL ADVANCES	**1,958,655,996**	*1,461,631,089*

1. Includes receivables under lease amounting to Rs. 577.9 million (March 31, 2006: Rs. 695.1 million).

ICICI Bank **forming part of the Balance Sheet** *(Contd.)* **(Rs. in '000s)**

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 10 – FIXED ASSETS		
I. Premises		
At cost as on March 31 of preceding year	**20,199,439**	*18,829,741*
Additions during the year	**1,186,105**	*1,454,189*
Deductions during the year	**(889,342)**	*(84,491)*
Depreciation to date	**(2,608,478)**	*(2,029,015)*
Net block	**17,887,724**	*18,170,424*
II. Other fixed assets (including furniture and fixtures)		
At cost as on March 31 of preceding year	**20,531,892**	*16,303,939*
Additions during the year	**4,469,584**	*4,361,180*
Deductions during the year	**(648,582)**	*(133,227)*
Depreciation to date	**(13,038,759)**	*(10,633,404)*
Net block	**11,314,135**	*9,898,488*
III. Assets given on lease		
At cost as on March 31 of preceding year	**18,954,323**	*20,122,827*
Additions during the year	**—**	*544*
Deductions during the year	**(817,791)**	*(1,169,048)*
Depreciation to date, accumulated lease adjustment and provisions	**(8,104,159)**	*(7,216,120)*
Net block	**10,032,373**	*11,738,203*
TOTAL FIXED ASSETS	**39,234,232**	*39,807,115*
SCHEDULE 11 – OTHER ASSETS		
I. Inter-office adjustments (net)	**3,762,923**	*—*
II. Interest accrued	**29,417,095**	*21,543,081*
III. Tax paid in advance/tax deducted at source (net)	**37,661,011**	*28,220,490*
IV. Stationery and stamps	**1,552**	*1,663*
V. Non-banking assets acquired in satisfaction of claims[1]	**3,536,564**	*3,627,879*
VI. Others		
a) Advance for capital assets	**1,896,627**	*1,479,423*
b) Outstanding fees and other income	**4,204,860**	*3,676,895*
c) Exchange fluctuation suspense with Government of India	**—**	*24,966*
d) Swap suspense	**168,266**	*71,587*
e) Deposits	**31,538,890**	*25,766,974*
f) Deferred tax asset (net)	**6,099,534**	*1,642,837*
g) Early retirement option expenses not written off	**501,979**	*885,979*
h) Others	**46,109,933**	*39,633,375*
TOTAL OTHER ASSETS	**164,899,234**	*126,575,149*

1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.

SCHEDULE 12 – CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	**39,115,895**	*29,777,239*
II. Liability for partly paid investments	**168,472**	*168,472*
III. Liability on account of outstanding forward exchange contracts	**1,331,560,415**	*918,314,985*
IV. Guarantees given on behalf of constituents		
a) In India	**241,625,310**	*170,909,502*
b) Outside India	**50,493,774**	*20,118,115*
V. Acceptances, endorsements and other obligations	**186,706,710**	*106,867,498*
VI. Currency swaps	**325,260,384**	*172,422,863*
VII. Interest rate swaps, currency options and interest rate futures	**3,346,921,704**	*2,471,920,061*
VIII. Other items for which the Bank is contingently liable	**107,746,396**	*59,837,920*
TOTAL CONTINGENT LIABILITIES	**5,629,599,060**	*3,950,336,655*

forming part of the Profit and Loss Account (Rs. in '000s)

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 13 – INTEREST EARNED		
I. Interest/discount on advances/bills	**160,963,126**	*102,065,918*
II. Income on investments	**59,885,435**	*36,927,577*
III. Interest on balances with Reserve Bank of India and other inter-bank funds	**8,085,554**	*3,354,647*
IV. Others[1]	**1,008,801**	*713,183*
TOTAL INTEREST EARNED	**229,942,916**	*143,061,325*

1. Includes interest on income tax refunds of Rs. 1,022.7 million (March 31, 2006: Rs. 399.8 million).

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 14 – OTHER INCOME		
I. Commission, exchange and brokerage	**43,308,555**	*30,019,493*
II. Profit/(loss) on sale of investments (net)	**11,152,403**	*7,497,522*
III. Profit/(loss) on revaluation of investments (net)[1]	**(10,337,772)**	*(8,557,360)*
IV. Profit/(loss) on sale of land, buildings and other assets (net)[2]	**1,152,224**	*71,222*
V. Profit/(loss) on foreign exchange transactions (net)	**6,439,626**	*4,730,846*
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint venture abroad/in India	**4,484,915**	*3,386,929*
VII. Miscellaneous income (including lease income)	**3,091,735**	*4,660,207*
TOTAL OTHER INCOME	**59,291,686**	*41,808,859*

1. Includes amortisation of premium on government securities of Rs. 9,987.0 million (March 31, 2006: Rs. 8,022.5 million).
2. Includes profit/(loss) on sale of assets given on lease.

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 15 – INTEREST EXPENDED		
I. Interest on deposits	**116,477,051**	*58,366,832*
II. Interest on Reserve Bank of India/inter-bank borrowings[1]	**13,001,023**	*9,254,169*
III. Others (including interest on borrowings of erstwhile ICICI Limited)	**34,106,910**	*28,353,482*
TOTAL INTEREST EXPENDED	**163,584,984**	*95,974,483*

1. Includes interest paid on inter-bank deposits.

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 16 – OPERATING EXPENSES		
I. Payments to and provisions for employees	**16,167,490**	*10,822,935*
II. Rent, taxes and lighting	**3,108,152**	*2,348,028*
III. Printing and stationery	**1,524,660**	*1,110,432*
IV. Advertisement and publicity	**2,177,368**	*1,855,514*
V. Depreciation on Bank's property (including non–banking assets)	**3,565,076**	*3,471,658*
VI. Depreciation (including lease equalisation) on leased assets	**1,882,750**	*2,766,260*
VII. Directors' fees, allowances and expenses	**3,849**	*3,237*
VIII. Auditors' fees and expenses	**21,203**	*18,456*
IX. Law charges	**284,800**	*112,356*
X. Postages, telegrams, telephones, etc.	**2,925,819**	*2,157,585*
XI. Repairs and maintenance	**3,369,533**	*2,580,722*
XII. Insurance	**1,688,971**	*1,080,254*
XIII. Direct marketing agency expenses	**15,238,964**	*11,770,607*
XIV. Other expenditure	**14,946,929**	*9,913,493*
TOTAL OPERATING EXPENSES	**66,905,564**	*50,011,537*

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 17 – PROVISIONS AND CONTINGENCIES		
I. Income tax		
— Current period tax	**9,443,237**	*6,618,650*
— Deferred tax adjustment	**(4,464,322)**	*(1,346,853)*
— Fringe benefit tax	**369,276**	*263,532*
II. Wealth tax	**30,000**	*30,000*
III. Provision for investments (including credit substitutes) (net)	**419,353**	*(255,957)*
IV. Provision for advances (net)[1]	**21,592,999**	*7,947,244*
V. Others	**251,311**	*226,801*
TOTAL PROVISIONS AND CONTINGENCIES	**27,641,854**	*13,483,417*

1. Includes provisions on standard assets, non-performing advances, non–performing leased assets and other receivables.

SCHEDULE 18

Significant accounting policies and notes to accounts

OVERVIEW

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

Basis of preparation

The financial statements have been prepared in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India ("Indian GAAP"), the guidelines issued by Reserve Bank of India ("RBI") from time to time and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting, except where otherwise stated, and the historical cost convention.

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

A. SIGNIFICANT ACCOUNTING POLICIES

1. Revenue recognition

a) Interest income is recognised in the profit and loss account as it accrues except in the case of non-performing assets ("NPAs") where it is recognised, upon realisation, as per the prudential norms of RBI.

b) Income from hire purchase operations is accrued by applying the implicit interest rate on outstanding balances.

c) Income from leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period. Leases entered into till March 31, 2001 have been accounted for as operating leases. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance lease. The principal amount is recognised as repayment of advances and the finance income is reported as interest income.

d) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

e) Dividend is accounted on an accrual basis when the right to receive the dividend is established.

f) Loan processing fee is accounted for upfront when it becomes due.

g) Project appraisal/structuring fee is accounted for at the completion of the agreed service.

h) Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.

i) Commission received on guarantees issued is amortised on a straight line basis over the period of the guarantee.

j) All other fees are accounted for as and when they become due.

k) Net income arising from sell-down/securitisation of loan assets prior to February 1, 2006 has been recognised upfront in interest income. With effect from February 1, 2006, net income arising from securitisation of loan assets is amortised over the life of securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. Net income arising from sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale.

2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as given below.

a) All investments are classified into 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Reclassifications, if any, in any category are accounted for as per RBI guidelines. Under each classification, the investments are further categorised as (a) government securities (b) other approved securities (c) shares (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

b) 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of the securities acquired is amortised over the remaining period to maturity on constant yield basis.

c) 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Any premium over the face value of the investments in government securities, classified as 'Available for Sale', is amortised over the remaining period to maturity on constant yield basis. Quoted investments are valued based on the trades/quotes on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association, periodically.

The market/fair value of unquoted government and other approved securities ("SLR" securities) included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by Fixed Income Money Market and Derivatives Association.

The valuation of other than government and other approved securities ("non-SLR" securities), other than those quoted on the stock exchanges, wherever linked to the Yield-to-Maturity ("YTM") rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by Fixed Income Money Market and Derivatives Association.

Unquoted equity shares are valued at the book value, if the latest balance sheet is available or at Re. 1 as per RBI guidelines.

Securities are valued scrip-wise and depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised, is ignored, while net depreciation is provided for.

d) Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account.

e) Equity investments in subsidiaries/joint ventures are categorised as 'Held to Maturity' in accordance with RBI guidelines.

f) Profit on sale of investments in the 'Held to Maturity' category is credited to the profit and loss account and is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit on sale of investments in 'Available for Sale' and 'Held for Trading' categories is credited to profit and loss account.

g) Repurchase and reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.

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

i) At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to instruments, other than government and other approved securities, prescribed by RBI from time to time. Accordingly, in cases where the security receipts issued by the asset reconstruction company are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period/year end.

j) The Bank follows trade date method for accounting of its investments.

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

a) All credit exposures are classified as per RBI guidelines, into performing and non-performing assets ("NPAs"). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. In the case of corporate loans, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. Subject to the minimum provisioning levels prescribed by RBI, provision on homogeneous retail loans is assessed at a portfolio level, on the basis of days past due.

b) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires a provision equal to the present value of the interest sacrifice to be made at the time of restructuring.

c) In the case of loan accounts classified as NPAs (other than those subjected to restructuring), the account is upgraded to "standard" category if arrears of interest and principal are fully paid by the borrower.

In respect of non-performing loan accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e., a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance of the account during the period.

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 recognised in the profit and loss account.

e) In addition to the specific provision on NPAs, the Bank maintains a general provision on performing loans. The general provision covers the requirements of the RBI guidelines.

f) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning is made on exposures exceeding 90 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 90 days, 25% of the above provision is required to be held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

4. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses, net of provisions, are accounted for only if the Bank surrenders the rights to benefits specified in the loan contract. Recourse and servicing obligations are reduced from proceeds of the sale. Retained beneficial interests in the loans is measured by allocating the carrying value of the loans between the assets sold and the retained interest, based on the relative fair value at the date of the securitisation.

In accordance with the RBI guidelines, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold.

5. Fixed assets and depreciation

Premises and other fixed assets are carried at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Schedule XIV of the Companies Act, 1956, are given below.

Asset	Depreciation Rate
Premises owned by the Bank	1.63%
Improvements to leasehold premises	1.63% or over the lease period, whichever is higher
ATMs	12.50%
Plant and machinery like air conditioners, photo-copying machines, etc.	10.00%
Computers	33.33%
Card acceptance devices	16.67%
Furniture and fixtures	15.00%
Motor vehicles	20.00%
Others (including Software and system development expenses)	25.00%

a) Depreciation on leased assets and leasehold improvements is recognised on a straight-line basis using rates determined with reference to the primary period of lease or rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher.

b) Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been put to use.

c) Items costing upto Rs. 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

6. Foreign currency transactions

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at weekly average closing rates, and income and expenditure of non-integral foreign operations (foreign branches and offshore banking units) are translated at quarterly average closing rates.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India at the balance sheet date and the resulting profits/losses are included in the profit and loss account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India at the balance sheet date and the resulting profits/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations.

The premium or discount arising on inception of forward exchange contracts that are entered to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued at the exchange rates notified by Foreign Exchange Dealers' Association of India for specified maturities and at interpolated rates for contracts of in-between maturities. The resultant gains or losses are recognised in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currencies are disclosed at the closing exchange rates notified by Foreign Exchange Dealers' Association of India at the balance sheet date.

7. Accounting for derivative contracts

The Bank enters into derivative contracts such as foreign currency options, interest rate and currency swaps and cross currency interest rate swaps for hedging or for trading purposes.

The swap contracts entered to hedge on-balance sheet 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 is correlated with the movement of underlying assets and accounted pursuant to the principles of hedge accounting. Hedged swaps are accounted for on an accrual basis.

Foreign currency and rupee derivative contracts are entered into for trading purposes are marked to market and the resulting gain or loss (net of provisions, if any) is accounted for in the profit and loss account.

8. Employee Stock Option Scheme ("ESOS")

The Employees Stock Option Scheme ("the scheme ") provides for the grant of equity shares of the Bank to its employees. The Scheme provides that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employees compensation plans. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

Since the exercise prices of the Bank's stock options are equal to fair market price on the grant date, there is no compensation cost under the intrinsic value method.

9. Staff Retirement Benefits

Gratuity

ICICI Bank pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. ICICI Bank makes contributions to three separate gratuity funds, for employees inducted from erstwhile ICICI Limited (erstwhile ICICI), employees inducted from erstwhile Bank of Madura and employees of ICICI Bank other than employees inducted from erstwhile ICICI and erstwhile Bank of Madura.

Separate gratuity funds for employees inducted from erstwhile ICICI and erstwhile Bank of Madura are managed by ICICI Prudential Life Insurance Company Limited. Actuarial valuation of the gratuity liability is determined by an actuary appointed by ICICI Prudential Life Insurance Company Limited. The investments of the funds are made according to rules prescribed by the Government of India. The gratuity fund for employees of ICICI Bank, other than employees inducted from erstwhile ICICI and erstwhile Bank of Madura, is administered by the Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited. In accordance with the gratuity fund's rules, actuarial valuation of gratuity liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

As per the transition provision of AS 15 (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of gratuity benefits created by the Bank at March 31, 2006 due to the revised standard have been included in Schedule 2 ("Reserves and Surplus").

Superannuation Fund

ICICI Bank contributes 15.0% of the total annual salary of each employee to a superannuation fund for ICICI Bank employees. ICICI Bank's employees get an option on retirement or resignation to receive one-third of the total balance and a monthly pension based on the remaining two-third balance. In the event of death of an employee, his or her beneficiary receives the remaining accumulated two-third balance. ICICI Bank also gives cash option to its employees, allowing them to receive the amount contributed by ICICI Bank in their monthly salary during their employment.

Upto March 31, 2005, the superannuation fund was administered solely by the Life Insurance Corporation of India. Subsequent to March 31, 2005, the fund is being administered by both Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited. Employees had the option to retain the existing balance with Life Insurance Corporation of India or seek a transfer to ICICI Prudential Life Insurance Company Limited.

Pension

The Bank provides for pension, a deferred retirement plan covering certain employees. The plan provides for a pension payment on a monthly basis to these employees on their retirement based on the respective employee's salary and years of employment with the Bank. Employees covered by the pension plan are not eligible for benefits under the provident fund plan, a defined contribution plan.

As per the transition provision of AS 15 (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of pension benefits created by the Bank at March 31, 2006 due to the revised standard have been included in Schedule 2 ("Reserves and Surplus").

Provident Fund

ICICI Bank is statutorily required to maintain a provident fund as a part of its retirement benefits to its employees. There are separate provident funds for employees inducted from erstwhile Bank of Madura (other than those employees who have opted for pensions), and for other employees of ICICI Bank. These funds are managed by in-house trustees. Each employee contributes 12.0% of his or her basic salary (10.0% for clerks and sub-staff of erstwhile Bank of Madura) and ICICI Bank contributes an equal amount to the funds. The investments of the funds are made according to rules prescribed by the Government of India.

Leave encashment

The Bank provides for leave encashment benefit, which is a defined benefit scheme, based on actuarial valuation as at the balance sheet date conducted by an independent actuary.

As per the transition provision of AS 15 (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of leave encashment benefits created by the Bank at March 31, 2006 due to the revised standard have been included in Schedule 2 ("Reserves and Surplus").

10. Income Taxes

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax charge. The annual income tax provision is based on the tax liability determined in accordance with the Income Tax Act, 1961. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.

Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation, tax losses and carry forward capital losses, only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

11. Impairment of Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

12. Provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for or disclose contingent assets, if any.

13. Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earning per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

14. Lease Transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term.

15. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

B. NOTES FORMING PART OF THE ACCOUNTS

The following additional disclosures have been made taking into account the requirements of accounting standards and RBI guidelines in this regard.

1. Merger of The Sangli Bank Limited

On December 9, 2006, the Board of Directors of ICICI Bank and the Board of Directors of The Sangli Bank Limited ('Sangli Bank') at their respective meetings, approved an all-stock amalgamation of Sangli Bank with ICICI Bank at a share exchange ratio of 100 shares of ICICI Bank for 925 shares of Sangli Bank. Shareholders of Sangli Bank have approved the scheme in their extra-ordinary general meeting held on January 15, 2007 and shareholders of ICICI Bank have approved the scheme of amalgamation in their extra-ordinary general meeting held on January 20, 2007.

RBI has sanctioned the scheme of amalgamation with effect from April 19, 2007 vide its order DBOD No. PSBD 10268 / 16.01.128/2006-07 dated April 18, 2007 under sub-section (4) of Section 44A of Banking Regulation Act, 1949.

As on March 31, 2006, Sangli Bank had total assets of Rs. 21,508.5 million, deposits of Rs. 20,043.3 million, loans of Rs. 8,882.8 million and capital adequacy of 1.6%. During the year ended March 31, 2006, it incurred a loss of Rs. 292.7 million.

forming part of the Accounts *(Contd.)*

2. Equity issue

During the year ended March 31, 2006, the Bank raised equity capital amounting to Rs. 80,006.1 million. The expenses of the issue amounting to Rs. 874.1 million have been charged to the share premium account. The details of the equity capital raised are given in the table below.

Rupees in million, except per share data

Details	No. of equity shares	Amount of share premium	Aggregate proceeds
Fully paid equity shares of Rs.10 each at a premium of Rs. 515 per share	67,787,322	34,910.5	35,588.3
Fully paid equity shares of Rs.10 each at a premium of Rs. 488.75 per share	28,894,060	14,122.0	14,410.9
18,618,730 American Depository Share ("ADS") at a price of US$ 26.75 per share[1]	37,237,460	22,134.6	22,506.9
Fully paid equity shares of Rs.10 each issued by exercise of the green-shoe option	14,285,714	7,357.1	7,500.0
Total	**148,204,556**	**78,524.2**	**80,006.1**

1. Includes 2,428,530 ADSs issued on exercise of the green-shoe option.

3. Capital adequacy ratio

The capital to risk weighted assets ratio (CRAR) as assessed on the basis of the financial statements and guidelines issued by RBI is given in the table below.

Rupees in million

	As on March, 31, 2007	*As on March 31, 2006*
Tier I capital	**215,033.4**	*191,815.3*
(of which Lower Tier I)	**22,577.9**	*—*
Tier II capital	**123,928.5**	*86,610.9*
(of which Upper Tier II)	**20,012.5**	*—*
Total capital	**338,961.9**	*278,426.2*
Total risk weighted assets	**2,899,930.6**	*2,085,935.9*
CRAR (%)	**11.69%**	*13.35%*
CRAR – Tier I capital (%)	**7.42%**	*9.20%*
CRAR – Tier II capital (%)	**4.27%**	*4.15%*
Amount of subordinated debt raised as Tier I capital/Tier II capital during the year	**64,903.5**	*39,730.0*

1. USD 750 million (Rs. 32,602.5 million) of foreign currency bonds issued for Upper Tier II capital have been excluded from the above capital adequacy ratio (CRAR) computation, pending clarification required by Reserve Bank of India regarding certain terms of these bonds. If these bonds were considered as Tier II capital, the total CRAR would be 12.81%.

4. Business/information ratios (annualised)

The business/information ratios for the year ended March 31, 2007 and for March 31, 2006 are given in the table below.

	Year ended March 31, 2007	*Year ended March 31, 2006*
(i) Interest income to working funds[1]	**8.04%**	*7.30%*
(ii) Non-interest income to working funds[1]	**2.07%**	*2.13%*
(iii) Operating profit to working funds[1]	**2.05%**	*1.98%*
(iv) Return on assets[2]	**1.09%**	*1.30%*
(v) Profit per employee (Rs. in million)	**0.9**	*1.0*

1. For the purpose of computing the ratios, working funds represent the average of total assets as reported to RBI under Section 27 of the Banking Regulation Act, 1949.
2. For the purpose of computing the ratio, assets represent average total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

Rupees in million

		As on March, 31, 2007	*As on March 31, 2006*
(vi)	Business per employee (average deposits plus average advances)[3]	**102.7**	*90.5*

3. For the purpose of computing the ratio, deposits and advances are the total deposits and total advances as reported to RBI in Form A under Section 27 of the Banking Regulation Act, 1949. The average deposits and the average advances represent the simple average of the figures reported in Form A to RBI under Section 27 of the Banking Regulation Act, 1949.

5. Information about business and geographical segments

Business Segments

- **Consumer and Commercial Banking** comprising of the retail and corporate banking operations of the Bank.
- **Investment Banking** comprising the treasury operations of the Bank.

Inter-segment transactions are generally based on transfer pricing measures as determined by management. Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

Based on such allocations, segmental balance sheet as on March 31, 2007 and March 31, 2006 and segmental profit & loss account for the year ended March 31, 2007 and for the year ended March 31, 2006 have been prepared.

Business segmental results are given below.

Rupees in million

		Consumer and commercial banking		Investment banking		Total	
	Particulars	**For the year ended 31.03.07**	*For the year ended 31.03.06*	**For the year ended 31.03.07**	*For the year ended 31.03.06*	**For the year ended 31.03.07**	*For the year ended 31.03.06*
1.	Revenue	**234,793.7**	*154,085.3*	**70,661.9**	*41,702.4*	**305,455.6**	*195,787.7*
2.	Less: Inter-segment revenue					**(16,221.1)**	*(10,917.6)*
3.	Total revenue (1) –(2)					**289,234.5**	*184,870.1*
4.	Operating profit (i.e. profit before unallocated expenses, and tax)	**45,352.6**	*33,870.5*	**13,775.6**	*5,397.7*	**59,128.2**	*39,268.2*
5.	Unallocated expenses					**384.0**	*384.0*
6.	Provisions (net)	**21,968.8**	*7,320.2*	**295.0**	*598.0*	**22,263.8**	*7,918.2*
7.	Profit before tax	**23,383.8**	*26,550.3*	**13,480.6**	*4,799.7*	**36,480.4**	*30,966.0*
8.	Income tax expenses (net of deferred tax credit)					**5,378.2**	*5,565.3*
9.	Net profit (7)-(8)					**31,102.2**	*25,400.7*
10.	Segment assets	**2,163,604.5**	*1,643,838.9*	**1,238,714.1**	*839,301.3*	**3,402,318.6**	*2,483,140.2*
11.	Unallocated assets					**44,262.5**	*30,749.3*
12.	Total assets (10)+(11)					**3,446,581.1**	*2,513,889.5*
13.	Segment liabilities	**2,642,032.9**	*1,923,206.7*	**804,548.2**	*590,682.8*	**3,446,581.1**	*2,513,889.5*
14.	Unallocated liabilities					**—**	*—*
15.	Total liabilities (13)+(14)					**3,446,581.1**	*2,513,889.5*

Geographical segments

The Bank reports its operations under the following geographical segments.

- **Domestic operations** comprises branches having operations in India.
- **Foreign operations** comprises branches having operations outside India and offshore banking unit having operations in India.

forming part of the Accounts *(Contd.)*

Geographical segmental results are given below.

Rupees in million

Particulars	Domestic operations For the year ended 31.03.07	Domestic operations *For the year ended 31.03.06*	Foreign operations For the year ended 31.03.07	Foreign operations *For the year ended 31.03.06*	Total For the year ended 31.03.07	Total *For the year ended 31.03.06*
1. Revenue	**268,961.9**	*183,348.0*	**20,272.7**	*9,544.7*	**289,234.6**	*192,892.7*
2. Assets	**3,039,670.0**	*2,295,744.9*	**406,911.1**	*218,144.6*	**3,446,581.1**	*2,513,889.5*

6. Earnings Per Share

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

The computation of earnings per share is given below.

Rupees in million, except per share data

	Year ended March 31, 2007	*Year ended March 31, 2006*
Basic		
Weighted average no. of equity shares outstanding	**892,820,768**	*781,693,773*
Net profit	**31,102.2**	*25,400.7*
Basic earnings per share (Rs.)	**34.84**	*32.49*
Diluted		
Weighted average no. of equity shares outstanding	**897,743,476**	*789,963,635*
Net profit	**31,102.2**	*25,400.7*
Diluted earnings per share (Rs.)	**34.64**	*32.15*
Nominal value per share (Rs.)	**10.00**	*10.00*

The dilutive impact is due to options granted to employees by the Bank.

7. Maturity pattern

- In compiling the information of maturity pattern (refer 7. (a) and (b) below), certain estimates and assumptions have been made by the management.
- Assets and liabilities in foreign currency exclude off-balance sheet assets and liabilities.

a) The maturity pattern of assets and liabilities of the Bank as on March 31, 2007 is given below.

Rupees in million

Maturity buckets	Loans & advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total foreign currency assets	Total foreign currency liabilities
1 to 14 days	92,885.1	45,292.9	223,743.2	9,453.3	94,285.0	47,662.5
15 to 28 days	24,562.0	97,922.7	104,126.2	5,694.1	12,626.0	10,878.7
29 days to 3 months	96,063.1	97,022.5	341,989.9	44,171.4	34,763.7	54,592.9
3 to 6 months	128,770.4	85,208.4	322,724.8	70,423.4	28,473.7	56,766.2
6 months to 1 year	208,006.2	173,803.9	594,972.4	82,016.6	92,005.7	83,910.9
1 to 3 years	763,016.1	156,450.4	674,036.1	158,216.9	56,812.0	137,945.8
3 to 5 years	251,094.3	68,280.5	31,354.7	122,375.6	68,987.5	103,222.6
Above 5 years	394,258.8	188,597.1	12,154.6	20,209.0	105,876.0	71,292.1
Total	1,958,656.0	912,578.4	2,305,101.9	512,560.3	493,829.6	566,271.7

1. Includes foreign currency balances.

b) The maturity pattern of assets and liabilities of the Bank as March 31, 2006 is given below.

Rupees in million

Maturity buckets	Loans & advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total foreign currency assets	Total foreign currency liabilities
1 to 14 days	75,450.2	103,983.4	149,071.4	31,237.0	41,679.5	37,847.1
15 to 28 days	8,865.2	44,993.6	69,193.3	10,049.4	11,454.3	18,646.8
29 days to 3 months	75,231.3	81,976.1	255,473.5	53,804.3	37,365.6	59,270.5
3 to 6 months	89,859.5	64,510.5	231,693.4	46,661.4	32,628.1	28,415.9
6 months to 1 year	145,066.0	93,267.8	388,402.8	53,160.2	29,919.0	57,175.5
1 to 3 years	591,575.5	142,607.5	520,604.7	72,646.8	37,734.5	43,054.4
3 to 5 years	165,878.4	41,030.3	14,002.1	94,981.8	41,477.4	67,547.5
Above 5 years	309,705.0	143,104.7	22,390.5	22,678.2	49,596.3	12,765.4
Total	1,461,631.1	715,473.9	1,650,831.7	385,219.1	281,854.7	324,723.1

1. Includes foreign currency balances.

8. Related party transactions

The Bank has transactions with its related parties comprising of subsidiaries, associates, joint ventures and key management personnel. The following are the significant transactions between the Bank and its related parties.

Insurance services

During the year ended March 31, 2007, the Bank paid insurance premium to insurance joint ventures amounting to Rs. 1,613.5 million (March 31, 2006: Rs. 829.6 million). During the year ended March 31, 2007, the Bank received claims from insurance joint ventures amounting to Rs. 725.4 million (March 31, 2006: Rs. 16.8 million).

Fees and commission

During the year ended March 31, 2007, the Bank received fees from its subsidiaries and joint ventures amounting to Rs. 4,427.2 million (March 31, 2006: Rs. 2,280.5 million) and commission of Rs. 10.7 million (March 31, 2006: Rs. 9.9 million) on account of guarantees and letters of credit issued for subsidiaries.

Lease of premises and facilities

During the year ended March 31, 2007, the Bank charged an aggregate amount of Rs. 711.5 million (March 31, 2006: Rs. 443.7 million) for lease of premises, facilities and other administrative costs to subsidiaries and joint ventures.

Sale/purchase of housing loan portfolio

During the year ended March 31, 2007, the Bank sold housing loan portfolio to its subsidiary amounting to Rs. 13,171.4 million (March 31, 2006: Rs. 37,711.0 million). During the year ended March 31, 2007, the Bank purchased housing portfolio from its subsidiary amounting to Rs. Nil (March 31, 2006: Rs. 18,307.7 million).

Secondment of employees

During the year ended March 31, 2007, the Bank received Rs. 136.3 million (March 31, 2006: Rs. 3.0 million) from subsidiaries and joint ventures for secondment of employees.

Purchase of investments

During the year ended March 31, 2007, the Bank purchased certain investments from its subsidiaries and joint ventures amounting to Rs. 14,186.8 million (March 31, 2006: Rs. 15,255.5 million) and from its associates amounting to Rs. 944.7 million (March 31, 2006: Rs. Nil). During the year ended March 31, 2007, the Bank invested in the equity share capital of its subsidiaries amounting to Rs. 13,584.7 million (March 31, 2006: Rs. 8,217.3 million).

Sale of investments

During the year ended March 31, 2007, the Bank sold certain investments to its subsidiaries and joint ventures amounting to Rs. 8,569.2 million (March 31, 2006: Rs. 6,757.7 million) and to its associates amounting to Rs. Nil (March 31, 2006: Rs. 1,545.0 million). On the sales made to subsidiaries and joint ventures, the Bank accounted for a gain of Rs. 186.4 million (March 31, 2006: Gain of Rs. 16.7 million) and on the sale made to associates, the Bank accounted for no gain (March 31, 2006: Gain of Rs. 10.1 million).

Redemption/Buyback and Conversion of investments

During the year ended March 31, 2007, consideration of Rs. 663.9 million (March 31, 2006: Rs. 1,078.9 million) was received on account of buyback / capital reduction of equity shares by subsidiaries and a gain amounting to Rs. 614.0 million (March 31, 2006: Rs. 620.6 million) was accounted in the books. Units in associates amounting to Rs. 2,795.9 million (March 31, 2006: Rs. 1,162.3 million) were redeemed during the year ended March 31, 2007.

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Reimbursement of expenses

During the year ended March 31, 2007, the Bank reimbursed expenses to its subsidiaries amounting to Rs. 2,147.7 million (March 31, 2006: Rs. 3,397.8 million).

Brokerage expenses

During the year ended March 31, 2007, the Bank paid brokerage to its subsidiaries amounting to Rs. 795.4 million (March 31, 2006: Rs. 13.6 million).

Custodial charges income

During the year ended March 31, 2007, the Bank received custodial charges from its subsidiaries and joint ventures amounting to Rs. 20.4 million (March 31, 2006: Rs. 15.8 million) and from its associates amounting to Rs. 5.7 million (March 31, 2006: Rs. 5.4 million).

Interest expenses

During the year ended March 31, 2007, the Bank paid interest to its subsidiaries and joint ventures amounting to Rs. 513.6 million (March 31, 2006: Rs. 384.2 million) and to its associates amounting to Rs. 1.1 million (March 31, 2006: Rs. Nil).

Interest income

During the year ended March 31, 2007, the Bank received interest from its subsidiaries and joint ventures amounting to Rs. 1,366.2 million (March 31, 2006: Rs. 613.6 million) and from its key management personnel[1] Rs. 0.7 million (March 31, 2006: Rs. 0.5 million).

Other income

During the year ended March 31, 2007, the gain on derivative transactions entered into with subsidiaries and joint ventures was Rs. 537.3 million (March 31, 2006: Gain of Rs. 245.3 million).

Dividend income

During the year ended March 31, 2007, the Bank received dividend from its subsidiaries and joint ventures amounting to Rs. 2,027.8 million (March 31, 2006: Rs. 1,635.6 million) and from its associates amounting to Rs. 2,457.1 million (March 31, 2006: Rs. 1,808.2 million).

Dividend paid

During the year ended March 31, 2007, the Bank paid dividend to its key management personnel[1] amounting to Rs. 4.4 million (March 31, 2006: Rs. 3.2 million).

Remuneration to whole-time directors

Remuneration paid to the whole-time directors of the Bank during the year ended March 31, 2007 was Rs. 87.0 million (March 31, 2006: Rs. 75.9 million).

Lines of credit

As on March 31, 2007, the Bank had issued lines of credit to its subsidiaries amounting to Rs. 2,173.5 million (March 31, 2006: Rs. 4,461.5 million).

Sale of property

During the year ended March 31, 2007, the Bank sold properties to its subsidiaries amounting to Rs. 1,505.7 million (March 31, 2006: Rs. Nil) and a gain amounting to Rs. 769.0 million (March 31, 2006: Rs. Nil) was accounted in the books.

Letter of Comfort

The Bank has issued letters of comfort on behalf of its foreign subsidiaries namely, ICICI Bank UK PLC., ICICI Bank Eurasia LLC and ICICI Bank Canada. The details of the same are given in the table below.

On behalf of	To	Purpose
ICICI Bank UK PLC.	Financial Services Authority, UK ("FSA")	To financially support ICICI Bank UK PLC. to ensure that it meets all of its financial obligations as they fall due.
ICICI Bank Canada	Office of the Superintendent of Financial Institutions, Canada ("OSFI")	To infuse additional capital should ICICI Bank Canada's capital fall below the minimum requirement and provide ICICI Bank Canada ongoing financial, managerial and operational support.
ICICI Bank Canada	Canada Deposit Insurance Corporation ("CDIC")	To comply with the Bank Act and the CDIC regulations or by-laws there under and to indemnify CDIC against all losses, damages, reasonable costs and expenses arising from failure of ICICI Bank Canada in performing the same.
ICICI Bank Eurasia LLC	ICICI Bank UK PLC.	To confirm that ICICI Bank is aware of ICICI Bank UK PLC. granting short-term money, foreign exchange and derivative lines of credit to ICICI Bank Eurasia Limited Liability Company.

Related party balances

The balances payable to/ receivable from subsidiaries/ joint ventures/ associates/ key management personnel included in the balance sheet as on March 31, 2007 are given below.

Rupees in million

Items	Subsidiaries/ Joint ventures	Associates	Key Management Personnel [1]	Total
Deposits with ICICI Bank	9,550.6	42.8	79.7	9,673.1
Deposits of ICICI Bank[2]	319.1	—	—	319.1
Call/Term money lent	11,186.1	—	—	11,186.1
Call/Term money borrowed	0.4	—	—	0.4
Advances	6,477.3	—	20.6	6,497.9
Investments of ICICI Bank	43,938.1	13,743.1	—	57,681.2
Investments of related parties in ICICI Bank	496.0	—	14.1	510.1
Receivables	1,456.5	—	—	1,456.5
Payables	657.8	—	—	657.8
Repo	—	—	—	—
Reverse repo	—	—	—	—
Guarantees[3]	3,449.8	—	—	3,449.8
Letters of comfort[4]	45,943.5	—	—	45,943.5
Swaps/forward contracts	214,298.9	—	—	214,298.9
Participation certificate	7,193.9	—	—	7,193.9

1. Whole-time directors and relatives.
2. Includes call money lent.
3. Includes letter of undertaking.
4. Excludes letters of comfort issued on behalf of foreign subsidiaries, details of which are given separately.

The maximum balance payable to/ receivable from subsidiaries/ joint ventures/ associates/ key management personnel during the year ended March 31, 2007 is given below.

Rupees in million

Items	Subsidiaries/ Joint ventures	Associates	Key Management Personnel[1]	Total
Deposits with ICICI Bank	16,238.9	3,149.0	129.0	19,516.9
Deposits of ICICI Bank[2]	1,228.8	—	—	1,228.8
Call/Term money lent	13,098.7	—	—	13,098.7
Call/Term money borrowed	869.4	—	—	869.4
Advances	6,477.3	—	20.8	6,498.1
Investments of ICICI Bank	43,938.1	16,539.2	—	60,477.3
Investments of related parties in ICICI Bank	1,533.6	—	14.1	1,547.7
Receivables	2,325.2	—	—	2,325.2
Payables	1,107.3	—	—	1,107.3
Repo	423.0	—	—	423.0
Reverse repo	1,880.0	—	—	1,880.0
Guarantees[3]	3,870.5	—	—	3,870.5
Letters of comfort[4]	47,134.5	—	—	47,134.5
Swaps/forward contracts	222,532.4	—	—	222,532.4
Participation certificate	161,522.1	—	—	161,522.1

1. Whole-time directors and relatives.
2. Includes call money lent.
3. Includes letter of undertaking.
4. Excludes letters of comfort issued on behalf of foreign subsidiaries, details of which are given separately.

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The balances payable to/ receivable from subsidiaries / joint ventures / associates / key management personnel included in the balance sheet as on March 31, 2006 are given below.

Rupees in million

Items	Subsidiaries/ Joint ventures	Associates	Key Management Personnel[1]	Total
Deposits with ICICI Bank	8,734.8	274.9	25.0	9,034.7
Deposits of ICICI Bank[2]	11,339.7	—	—	11,339.7
Call/Term money lent	179.3	—	—	179.3
Call/Term money borrowed	—	—	—	—
Advances	1,631.9	—	15.4	1,647.3
Investments of ICICI Bank	29,263.2	14,228.5	—	43,491.7
Investments of related parties in ICICI Bank	447.5	—	4.3	451.8
Receivables	666.0	2.0	—	668.0
Payables	779.2	—	—	779.2
Repo	—	—	—	—
Reverse repo	—	—	—	—
Guarantees[3]	3,634.0	—	—	3,634.0
Letters of comfort[4]	30,059.6	—	—	30,059.6
Swaps/forward contracts	148,404.1	—	—	148,404.1
Participation certificate	2,320.0	—	—	2,320.0

1. Whole-time directors and relatives.
2. Includes call money lent.
3. Includes letter of undertaking.
4. Excludes letters of comfort issued on behalf of foreign subsidiaries, details of which are given separately.

The maximum balance payable to / receivable from subsidiaries / joint ventures / associates / key management personnel during the year ended March 31, 2006 is given below.

Rupees in million

Items	Subsidiaries/ Joint ventures	Associates	Key Management Personnel[1]	Total
Deposits with ICICI Bank	11,331.7	2,160.2	46.1	13,538.0
Deposits of ICICI Bank[2]	12,223.9	—	—	12,223.9
Call/Term money lent	11,160.4	—	—	11,160.4
Call/Term money borrowed	7,490.3	—	—	7,490.3
Advances	2,245.8	—	21.2	2,267.0
Investments of ICICI Bank	29,960.3	14,726.8	—	44,687.1
Investments of related parties in ICICI Bank	547.1	—	4.4	551.5
Receivables	798.4	4.1	—	802.5
Payables	3,060.0	0.5	—	3,060.5
Repo	400.3	—	—	400.3
Reverse repo	2,244.7	—	—	2,244.7
Guarantees[3]	5,196.3	—	—	5,196.3
Letters of comfort[4]	30,815.7	—	—	30,815.7
Swaps/forward contracts	207,739.7	—	—	207,739.7
Participation certificate	2,320.0	—	—	2,320.0

1. Whole-time directors and relatives.
2. Includes call money lent.
3. Includes letter of undertaking.
4. Excludes letters of comfort issued on behalf of foreign subsidiaries, details of which are given separately.

Subsidiaries and joint ventures

ICICI Venture Funds Management Company Limited, ICICI Securities Primary Dealership Limited (formerly known as ICICI Securities Limited), ICICI Securities Limited (formerly known as ICICI Brokerage Services Limited), ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Home Finance Company Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Bank UK Plc., ICICI Bank Canada, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited (formerly known as Prudential ICICI Asset Management Company Limited), ICICI Prudential Trust Limited (formerly known as Prudential ICICI Trust Limited), ICICI Bank Eurasia Limited Liability Company, TCW/ICICI Investment Partners, L.L.C., TSI Ventures (India) Private Limited and ICICI Wealth Management Inc.

Associates

ICICI Equity Fund, ICICI Eco-net Internet and Technology Fund, ICICI Emerging Sectors Fund, ICICI Strategic Investments Fund, ICICI Property Trust.

9. Securitisation

The Bank sells loans through securitisation and direct assignment. The information on securitisation activity of the Bank as an originator for the year ended March 31, 2007 and for the year ended March 31, 2006 is given in the table below.

Rupees in million, except number of loans securitised

	Year ended March 31, 2007	*Year ended March 31, 2006*
Total number of loan assets securitised	**1,484,398**	*909,130*
Total book value of loan assets securitised	**116,012.5**	*94,856.2*
Sale consideration received for the securitised assets	**116,500.6**	*102,856.6*
Net gain/(loss) on account of securitisation[1]	**(65.5)**	*4,032.4*

1. Excludes unamortised gain.

Rupees in million

	As on March 31, 2007	*As on March 31, 2006*
Outstanding credit enhancement	**16,712.3**	*16,369.2*
Outstanding liquidity facility	**4,361.0**	*2,640.4*
Outstanding servicing liability	**371.4**	*695.6*
Outstanding subordinate contributions	**8,225.8**	*8,369.8*

The Bank has also issued credit enhancement in the form of guarantees amounting to Rs. 8,198.4 million as on March 31, 2007 (March 31, 2006: Rs. Nil).

The details of provision created at the time of sale is given below.

Rupees in million

Particulars	**Year ended March 31, 2007**
Opening balance	**6,077.3**
Add: Additions during the year	**2,178.1**
Less: Deductions during the year	**(1,370.2)**
Closing balance	**6,885.2**

10. Staff retirement benefits

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for pension and gratuity benefits is given below.

Rupees in million

Particulars	**Year ended March 31, 2007**	
	Pension	**Gratuity**
Defined benefit obligation liability at March 31, 2007		
Opening obligations	**1,038.5**	**1,001.0**
Service cost	**6.7**	**221.0**
Interest cost	**78.0**	**75.5**

forming part of the Accounts *(Contd.)*

Particulars	Year ended March 31, 2007	
	Pension	**Gratuity**
Actuarial (gain)/loss	**(28.2)**	**(63.6)**
Liabilities extinguished on settlement	**(2.3)**	**—**
Benefits paid	**(63.3)**	**(91.8)**
Obligations at March 31, 2007	**1,029.4**	**1,142.1**
Plan assets at March 31, 2007, at fair value		
Opening plans assets, at fair value	**1,079.5**	**785.3**
Expected return on plan assets	**78.9**	**62.5**
Actuarial gain/(loss)	**(110.1)**	**(18.0)**
Assets distributed on settlement	**(2.3)**	**—**
Contributions	**5.8**	**153.7**
Benefits paid	**(63.3)**	**(91.8)**
Plan assets at March 31, 2007, at fair value	**988.5**	**891.7**
Fair value of plan assets at the end of the year	**988.5**	**891.7**
Present value of the defined benefit obligations at the end of the year	**1,029.4**	**1,142.1**
Asset/(liability) at March 31, 2007	**(40.9)**	**(250.4)**
Cost for the year ended March 31, 2007		
Service cost	**6.7**	**221.0**
Interest cost	**78.0**	**75.5**
Expected return on plan assets	**(78.9)**	**(62.5)**
Actuarial (gain)/loss	**81.9**	**(45.6)**
Net cost	**87.7**	**188.4**

Investment details of plan assets

Majority of the plan assets are invested in Government securities and corporate bonds in case of pension plan and insurer managed funds and special deposit schemes in case of gratuity plan.

Assumptions		
Interest rate	**8.35%**	**8.35%**
Salary escalation rate	**7.00%**	**7.00%**
Estimated rate of return on plan assets	**7.50%**	**7.50%**

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

11. Employee Stock Option Scheme ("ESOS")

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 5% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options.

In terms of the Scheme, 13,187,783 options (March 31, 2006: 17,362,584 options) granted to eligible employees were outstanding at March 31, 2007.

As per the scheme, the exercise price of ICICI Bank's options is the last closing price on the stock exchange which recorded highest trading volume preceding the date of grant of options. Hence, there is no compensation cost in year ended March 31, 2007 based on intrinsic value of options. However, if ICICI Bank had used the fair value of options based on the Black-Scholes model, compensation cost in year ended March 31, 2007 would have been higher by Rs. 827.4 million and proforma profit after tax would have been Rs. 30,274.8 million. On a proforma basis, ICICI Bank's basic and diluted earnings per share would have been Rs. 33.91 and Rs. 33.72 respectively. The key assumptions used to estimate the fair value of options are given below.

Risk-free interest rate	5.12% – 8.22%
Expected life	3 – 6 years
Expected Volatility	36.34% – 41.03%
Expected dividend yield	1.44% – 4.06%

A summary of the status of the Bank's stock option plan is given below.

Rupees, except number of shares

	Stock options outstanding			
	Year ended March 31, 2007		*Year ended March 31, 2006*	
Particulars	**Number of shares**	**Weighted Average Exercise Price**	*Number of shares*	*Weighted Average Exercise Price*
Outstanding at the beginning of the year	**17,362,584**	**262.60**	*18,215,335*	*207.33*
Add: Granted during the year	**6,439,900**	**582.26**	*4,981,780*	*362.12*
Less: Forfeited/lapsed during the year	**1,127,650**	**422.81**	*931,280*	*261.89*
Exercised during the year[1]	**9,487,051**	**210.47**	*4,903,251*	*158.50*
Outstanding at the end of the year	**13,187,783**	**442.50**	*17,362,584*	*262.60*
Options exercisable	**326,259**	**225.80**	*4,451,704*	*194.00*

1. Excludes options exercised but not allotted.

Summary of stock options outstanding as on March 31, 2007 is given below:

Range of exercise price (Rupees per share)	Number of share arising out of options (Number of shares)	Weighted average exercise price (Rupees)	Weighted average remaining contractual life (Number of years)
105 - 300	203,190	168.24	4.50
301 - 600	12,861,093	442.93	8.27
601 - 1000	123,500	849.22	9.69

The options were exercised regularly throughout the year and weighted average share price as per NSE price volume data during the year ended March 31, 2007 was Rs. 750.58 (March 31, 2006: Rs. 531.34).

12. Preference shares

Certain government securities amounting to Rs. 2,104.8 million (March 31, 2006: Rs. 2,001.1 million) have been earmarked against redemption of preference share capital, which falls due for redemption on April 20, 2018, as per the original issue terms.

For these preference shares, the notification dated April 17, 2002 from Ministry of Finance, Government of India, issued on the recommendation of Reserve Bank of India (RBI), under Section 53 of the Banking Regulation Act, 1949, had exempted the Bank from the restriction of Section 12(1) of the Banking Regulation Act, 1949, which prohibits the issue of preference shares by banks, for a period of five years. The Bank has applied to RBI for making a recommendation to Central Government for continuation of such exemption.

13. Transfer to Investment Fluctuation Reserve ("IFR")

An amount of Rs. 2,143.4 million being the excess balance in IFR account over the regulatory requirement was transferred to general reserve account during the year ended March 31, 2005. RBI had subsequently instructed that this amount should be retained in IFR account itself. Accordingly, the said amount was transferred back to IFR account from the general reserve account in the first quarter of the year ended March 31, 2006, making IFR account balance Rs. 7,303.4 million.

RBI required banks to create Investment Fluctuation Reserve account aggregating to 5% of their investments in fixed income securities (in AFS and Trading Book) over a five-year period starting from March 31, 2002. Accordingly a further amount of Rs. 5,900.0 million was transferred to IFR during the year ended March 31, 2006, making the IFR account balance Rs. 13,203.4 million. RBI had vide its circular DBOD.No.BP.BC.38/21.04.141/2005-06 dated October 10, 2005 permitted banks that have maintained capital of at least 9% of the risk weighted assets for both credit risk and market risk for both held for trading and available for sale categories of investments as on March 31, 2006, to transfer the balance in the IFR account 'below the line' in the Profit and Loss Appropriation Account to Statutory Reserve, General Reserve or balance of Profit & Loss Account.

Pursuant to the above, the entire IFR account balance of Rs. 13,203.4 million has been transferred from IFR account to Revenue and other Reserves in the balance sheet during the year ended March 31, 2006.

14. Subordinated debt

a) During the year ended March 31, 2007, the Bank raised subordinated debt qualifying for Tier I/Tier II capital amounting to Rs. 97,506.0 million. The details of these bonds are given below.

Rupees in million

Particulars	**Date of Issue**	**Coupon Rate (%)**	**Tenure**	**Amount**
Tranche 1 Option 1	January 15, 2007	9.98% (semi-annually)[1]	Perpetual[2]	180.0
Total (Tier I)				180.0

1. Coupon rate of 9.98% payable semi-annually from January 15, 2007 upto April 30, 2017 and 100 basis points over and above the coupon rate of 9.98% i.e. 10.98% payable semi-annually for the balance years, if the call option is not exercised by the Bank.
2. Call option exercisable on April 30, 2017 and on every interest payment date thereafter (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 2 Option I	September 13, 2006	9.98% (semi-annually)[1]	Perpetual[2]	5,500.0
Total (Tier I)				5,500.0

1. Coupon rate of 9.98% payable semi-annually for first 10 years, 100 basis points over and above the coupon rate of 9.98% i.e. 10.98% payable semi-annually for the balance years, if the call option is not exercised by the Bank.
2. Call option exercisable after 10 years i.e. on September 13, 2016 and on every interest payment date thereafter (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	August 24, 2006	7.25% (semi-annually)[1]	Perpetual[2]	15,510.0
Total (Tier I)				15,510.0

1. Coupon rate of 7.25% payable semi-annually on April 30 and October 31 of each year, at a fixed rate per annum of 7.25% till October 31, 2016 and thereafter semi-annually in arrears on April 30 and October 31 of each year at a variable rate equal to six monthly LIBOR plus 2.94%.
2. Call option exercisable after 10 years i.e. on August 23, 2016 and on every interest payment date thereafter (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 1 Option 1	August 9, 2006	10.10% (semi-annually)[1]	Perpetual[2]	2,330.0
Total (Tier I)				2,330.0

1. Coupon rate of 10.10% payable semi-annually for first 10 years, 100 basis points over and above the coupon rate of 10.10% i.e. 11.10% payable semi-annually for the balance years, if the call option is not exercised by the Bank.
2. Call option exercisable after 10 years i.e. on August 9, 2016 and on every interest payment date thereafter (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 1 Option 2	January 15, 2007	9.40% Annual[1]	15 years[2]	940.0
Total (Upper Tier II)				940.0

1. Coupon rate of 9.40% payable annually from January 15, 2007 upto April 30, 2017 and 10.40 % payable semi-annually thereafter, if the call option is not exercised by the Bank.
2. Call option exercisable on April 30, 2017 (exercisable only with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	January 12, 2007	6.375% (semi-annually)[1]	15 Years[2]	33,135.0
Total (Upper Tier II)[3]				33,135.0

1. Coupon rate of semi-annually in arrears at fixed rate per annum equal to 6.375% till April 30, 2017 and thereafter semi-annually in arrears at six monthly LIBOR plus 2.28%, if the call option is not exercised by the Bank.
2. Call option exercisable on January 12, 2017 (exercisable with RBI approval).
3. The above bonds issued for Upper Tier II capital have been excluded from the capital adequacy ratio (CRAR) computation, pending clarification required by Reserve Bank of India regarding certain terms of these bonds.

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	December 27, 2006	Six-monthly LIBOR + 1.40% (semi-annually)[1]	15 Years[2]	6,639.0
Total (Upper Tier II)				6,639.0

1. Floating rate six monthly LIBOR plus 1.40% payable semi-annually on April 15 and October 15 of each year, till April 15, 2017 and thereafter semi-annually in arrears on April 15 and October 15 of each year at a rate equal to six monthly LIBOR plus 2.40%, if the call option is not exercised by the Bank.
2. Call option exercisable on December 27, 2016 (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 2 Option 1	July 17, 2006	9.50% Annual[1]	15 years[2]	10,000.0
Total (Upper Tier II)				10,000.0

1. Coupon rate of 9.50% for first 10 years. For next 5 years, 50 basis points over and above coupon rate of 9.50% i.e. 10.00%, if the call option is not exercised by the Bank.
2. Call option after 10 years, i.e. on July 17, 2016 (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 1 Option 1	July 11, 2006	9.00% Annual	10 years	20,000.0
Total (Tier II)				20,000.0

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 5 Option 1	June 22, 2006	8.95% Annual[1]	15 years[2]	2,552.0
Total (Upper Tier II)				2,552.0

1. Coupon rate of 8.95% for first 10 years. For next 5 years, 50 basis points over and above coupon rate of 8.95% i.e. 9.45%, if the call option is not exercised by the Bank.
2. Call option after 10 years, i.e. on June 22, 2016 (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 4 Option 1	May 19, 2006	8.50% Annual	10 years	230.0
Tranche 4 Option 2	May 19, 2006	8.60% Annual	12 years	140.0
Tranche 4 Option 3	May 19, 2006	8.40% Annual	5 years and 11 months	350.0
Total (Tier II)				720.0

b) During the year ended March 31, 2006, the Bank raised subordinated debt amounting to Rs. 39,730.0 million through private placements of bonds. The details of these bonds are given below.

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 3 Option I	March 31, 2006	8.83% Annual	10 years and 15 days	2,500.0
Tranche 2 Option I	March 25, 2006	8.80% Annual	9 years 11 months and 19 days	20,000.0
Tranche 1 Option I	March 14, 2006	8.55% Annual	10 years and 1 month	2,500.0
Total (Tier II)				25,000.0

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	February 14, 2006	8.15% Annual	10 years	1,190.0
Option II	February 14, 2006	8.25% Annual	15 years	370.0
Total (Tier II)				1,560.0

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option II	December 30, 2005	7.60% (semi-annually)	10 years	1,010.0
Option III	December 30, 2005	7.75% (semi-annually)	12 years	1,020.0
Option IV	December 30, 2005	7.80% (semi-annually)	15 years	890.0
Total (Tier II)				2,920.0

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	September 28, 2005	1 Yr INBMK[1] + 0.50% (To be reset semi- annually)	5 years and 7 months	2,250.0
Option III	September 28, 2005	7.50 % Annual	10 years	2,750.0
Total (Tier II)				5,000.0

1. INBMK – Indian Benchmark

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	June 29, 2005	1 Yr INBMK[1] + 0.50 % (To be reset semi- annually)	5 years and 10 months	1,100.0
Option II	June 29, 2005	7.25% Annual	5 years and 10 months	770.0
Option III	June 29, 2005	7.45% Annual	10 years	3,380.0
Total (Tier II)				5,250.0

1. INBMK – Indian Benchmark

15. Investments

The details of investments and the movement of provisions held towards depreciation of investments of the Bank as on March 31, 2007 and March 31, 2006 is given below.

Rupees in million

Particulars	**As on March 31, 2007**	*As on March 31, 2006*
1. Value of Investments		
(i) Gross value of investments		
(a) In India	**873,108.3**	*675,324.8*
(b) Outside India	**45,052.7**	*45,215.5*
(ii) Provision for depreciation		
(a) In India	**5,568.1**	*4,960.5*
(b) Outside India	**14.5**	*105.9*
(iii) Net value of investments		
(a) In India	**867,540.2**	*670,364.3*
(b) Outside India	**45,038.2**	*45,109.6*

	Year ended March 31, 2007	*Year ended March 31, 2006*
2. Movement of provision held towards depreciation on investments		
(i) Opening balance	**5,066.4**	*6,079.1*
(ii) Add: Provisions made during the year	**948.9**	*692.3*
(iii) Less: Write-off/write-back of excess provisions during the year	**(432.7)**	*(1,705.0)*
(iv) Closing balance	**5,582.6**	*5,066.4*

16. Investment in securities, other than government and other approved securities

i) Issuer composition of investments in securities, other than government and other approved securities

a) The issuer composition of investments of the Bank in securities other than government and other approved securities as on March 31, 2007 is given below.

Rupees in million

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2]	Extent of 'unlisted' securities[2, 3]
			(a)	(b)	(c)	(d)
1.	PSUs	2,850.9	251.0	32.1	—	—
2.	FIs	9,414.3	4,195.3	577.5	2,656.0	2,656.0
3.	Banks	23,069.0	1,124.0	2,082.0	9,172.2	8,694.0
4.	Private corporates	33,348.1	17,104.8	—	16,522.3	15,031.9
5.	Subsidiaries/Joint ventures	44,005.8	4,821.1	—	150.0	150.0
6.	Others	131,732.4	63,006.5	27,470.5	0.1	—
7.	Provision held towards depreciation	(5,524.4)				
	Total	238,896.1	90,502.7	30,162.1	28,500.6	26,531.9

1. Amounts reported under columns (a), (b), (c), and (d) above are not mutually exclusive.
2. This excludes investments, amounting to Rs. 4,671.1 million, in preference shares of subsidiaries, namely ICICI Bank UK Plc and ICICI Bank Canada. This also excludes investments in government securities (Rs. 2,967.8 million) and certificate of deposits (Rs. 869.4 million) of non-Indian origin made by overseas branches.
3. Includes an amount of Rs. 931.5 million in debentures, which are in the process of being listed.

b) The issuer composition of investments of the Bank in securities other than government and other approved securities as on March 31, 2006 is given below.

Rupees in million

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2]	Extent of 'unlisted' securities[2]
			(a)	(b)	(c)	(d)
1.	PSUs	2,875.6	277.5	1,134.3	0.5	32.6
2.	FIs	9,589.3	920.3	271.2	6,560.5	6,560.5
3.	Banks	22,373.4	7,087.2	1,228.0	7,942.8	7,992.9
4.	Private corporates	43,351.2	17,367.5	2,917.3	17,256.5	16,026.6
5.	Subsidiaries/Joint ventures	28,607.0	2,704.8	—	150.0	150.0
6.	Others	102,976.4	23,422.4	23,422.1	0.3	—
7.	Provision held towards depreciation	(5,043.9)	—	—	—	—
	Total	204,729.0	51,779.7	28,972.9	31,910.6	30,762.6

1. Amounts reported under columns (a), (b), (c), and (d) above are not mutually exclusive.
2. This excludes investments, amounting to Rs. 2,554.8 million, in preference shares of subsidiaries, namely ICICI Bank UK Plc and ICICI Bank Canada. This also excludes investments in government securities (Rs. 1,342.3 million) and certificate of deposit (Rs. 223.1 million) of foreign issuers made by overseas branches.

ii) Non-performing investments in securities, other than government and other approved securities

The movement in gross non-performing investments in securities other than government and other approved securities for the year ended March 31, 2007 and year ended March 31, 2006 is given below.

Rupees in million

Particulars	**Year ended March 31, 2007**	*Year ended March 31, 2006*
Opening balance	**2,595.9**	*8,877.3*
Additions during the year	**916.1**	*2,158.0*
Reduction during the year	**(428.9)**	*(8,439.4)*
Closing balance	**3,083.1**	*2,595.9*
Total provisions held	**2,045.9**	*1,509.3*

17. Repurchase transactions

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2007 and year ended March 31, 2006 are given below.

Rupees in million

	Minimum outstanding balance during the year	Maximum outstanding balance during the year	Daily average outstanding balance during the year	Balance as on year end
Year ended March 31, 2007				
Securities sold under repurchase transaction	—	55,823.8	17,020.1	4,760.6
Securities purchased under reverse repurchase transaction	—	5,100.1	110.1	—
Year ended March 31, 2006				
Securities sold under repurchase transaction	—	43,134.3	15,296.0	10,000.0
Securities purchased under reverse repurchase transaction	—	33,608.7	1,214.9	—

Note: The above figures do not include securities sold and purchased under Liquidity Adjustment Facility ("LAF") of RBI. The above figures are for Indian branches only.

18. Lending to sensitive sectors

The Bank has lending to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital market and real estate.

The position of lending to capital market is given below.

Rupees in million

	As on March 31, 2007	*As on March 31, 2006*
Capital market sector		
i) Investments made in equity shares	**12,046.5**	*14,453.1*
ii) Investments in convertible bonds / convertible debentures	**332.5**	*583.8*
iii) Investments in units of equity–oriented mutual funds	**394.5**	*200.6*
iv) Advances against share to individuals for investment in equity shares (including IPOs /ESOPs), bonds and debentures, units of equity oriented mutual funds	**7,763.8**	*5,470.1*
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers[1]	**15,160.8**	*7,485.9*
Total[2]	**35,698.1**	*28,193.5*
vi) Of (v) above, the total finance extended to stockbrokers for margin trading	**—**	*—*

1. Represents loans to non-banking financial companies ("NBFCs"), brokers and individuals against pledge of shares and includes an amount of Rs. Nil as on March 31, 2007 (March 31, 2006: Rs. 102.7 million) pertaining to guarantee issued to a corporate for the issue of non-convertible debentures, the proceeds of which have been utilised for acquisition of shares by the corporate. It includes a guarantee of Rs. 3,040.0 million (March 31, 2006: Rs. Nil) issued on behalf of a corporate customer to ensure equity capital contribution and an amount of Rs. 118.4 million (March 31, 2006: Rs. Nil) for issue of guarantee to venture funds.
2. The total does not include exposure in venture capital funds amounting to Rs. 19,499.7 million as of March 31, 2007 (the total does not include exposure in unregistered venture capital funds at March 31, 2006: Rs. 16,149.9 million), which forms a part of capital market exposure.

The summary of lending to real estate sector is given below.

Rupees in million

	As on March 31, 2007	*As on March 31, 2006*
Real estate sector		
I. Direct exposure	**751,382.9**	*508,136.8*
i) Residential mortgages,	**595,153.0**	*431,668.5*
of which housing loans upto Rs. 1.5 million	**300,137.0**	*263,796.5*
ii) Commercial real estate[1]	**142,509.8**	*69,846.0*
iii) Investments in mortgage backed securities (MBS) and other securitised exposures	**13,720.1**	*6,622.2*
– a. Residential	**13,720.1**	*6,622.2*
– b. Commercial real estate	**—**	*—*
II. Indirect exposure	**45,785.0**	*30,135.8*
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**30,214.4**	*13,821.5*
Others	**15,570.6**	*16,314.3*
Total[2]	**797,167.9**	*538,272.5*

1. Commercial real estate exposure includes loans given to land and building developers for construction, corporates for their real estate requirements and to individuals / firms / corporates against non-residential premises.
2. Excludes non-banking assets acquired in satisfaction of claims.

19. Credit exposure

During the year ended March 31, 2007, the Bank had no single borrower exposure above 15% and no group borrower exposure above 40% of capital funds.

20. Risk category-wise country-wise exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. Since the country exposure (net) of the Bank in respect of any country does not exceed 1% of the total funded assets, no provision is required to be maintained on country exposures as on March 31, 2007.

Rupees in million

Risk category	**Exposure (net) as on March 31, 2007**	**Provision held as at March 31, 2007**	*Exposure (net) as on March 31, 2006*	*Provision held as at March 31, 2006*
Insignificant	**277,784.2**	**—**	*118,755.5*	*63.6*
Low	**126,883.7**	**—**	*44,689.4*	*—*
Moderate	**20,616.3**	**—**	*24,372.9*	*—*
High	**1,565.1**	**—**	*3,357.7*	*—*
Very High	**404.3**	**—**	*—*	*—*
Restricted	**—**	**—**	*447.1*	*—*
Off-Credit	**—**	**—**	*223.1*	*—*
Total	**427,253.6**	**—**	*191,845.7*	*63.6*
– of which funded	**308,348.8**	**—**	*138,915.0*	

21. Advances

The details of movement of gross NPAs, net NPAs and provisions during the year ended March 31, 2007 and year ended March 31, 2006 are given in the table below.

Rupees in million

Particulars	**Year ended March 31, 2007**	*Year ended March 31, 2006*
(i) Net NPAs (funded) to Net Advances (%)	**1.02%**	*0.72%*
(ii) Movement of NPAs (Gross)		
(a) Opening balance	**22,225.9**	*27,704.3*
(b) Additions during the year[1]	**21,610.0**	*10,202.3*
(c) Reductions during the year[1]	**(2,575.3)**	*(15,680.7)*
(d) Closing balance[2]	**41,260.6**	*22,225.9*
(iii) Movement of Net NPAs		
(a) Opening balance	**10,526.8**	*15,052.7*
(b) Additions during the year[1]	**11,835.8**	*7,035.0*
(c) Reductions during the year[1]	**(2,442.2)**	*(11,560.9)*
(d) Closing balance	**19,920.4**	*10,526.8*
(iv) Movement of provisions for NPAs		
(a) Opening balance[3]	**11,427.5**	*12,368.5*
(b) Provisions made during the year	**11,179.5**	*5,601.2*
(c) Write-off/write-back of excess provisions	**(1,771.1)**	*(6,542.2)*
(d) Closing balance[3]	**20,835.9**	*11,427.5*

1. Excludes cases added to and deleted from NPAs in the same year with such gross loans amounting to Rs. 7,841.8 million (March 31, 2006: Rs. 1,714.7 million) and such net loans amounting to Rs. 6,770.8 million (March 31, 2006: Rs. 1,463.2 million).
2. Includes suspended interest and claims received from ECGC/DICGC of Rs. 504.3 million (March 31, 2006: Rs. 271.6 million) on working capital loan.
3. Excludes technical write-off amounting to Rs. 6,230.5 million (March 31, 2006: Rs. 6,586.7 million) and suspended interest and claims received from ECGC/DICGC of Rs. 504.3 million (March 31, 2006: Rs. 271.6 million).

The movement of floating provision during the year ended March 31, 2007 is given below.

Rupees in million

(v) Movement of floating provision	**Year ended March 31, 2007**
(a) Opening balance	**2,841.7**
(b) Provisions made during the year	**—**
(c) Utilisation during the year	**—**
(d) Closing balance	**2,841.7**

The Bank has not created any additional floating provision during the year ended March 31, 2007.

22. Financial assets transferred during the year to Securitisation Company (SC)/Reconstruction Company (RC)

The Bank has transferred certain assets to an asset reconstruction company (ARC) in terms of the guidelines issued by RBI governing such transfer. For the purpose of the valuation of the underlying security receipts issued by the underlying trust managed by ARCIL, the security receipts are valued at their respective NAVs as advised by the ARCIL. The details of the assets transferred during the year ended March 31, 2007 and the year ended March 31, 2006 are given in the table below.

Rupees in million

	Year ended March 31, 2007	*Year ended March 31, 2006*
A. No. of accounts	**19**	*15*
B. Aggregate value (net of provisions) of accounts sold to SC/RC	**8,169.6**	*4,794.0*
C. Aggregate consideration	**8,024.7**	*4,066.3*
D. Additional consideration realised in respect of accounts transferred in earlier years[1]	**—**	*—*
E. Aggregate gain/(loss) over net book value	**(144.9)**	*(727.7)*

1. During the year ended March 31, 2007, ARCIL fully redeemed security receipts of 26 trusts. The Bank realised Rs. 849.0 million over the gross book value in respect of these trusts (March 31, 2006: Rs. 95.7 million). The Bank also realised an additional amount of Rs. 50.7 million over the gross book value in respect of security receipts already redeemed during the year ended March 31, 2006. Further, the Bank has realised an additional amount of Rs. 43.5 million (March 31, 2006: Rs. Nil) over the gross book value in respect of security receipts not fully redeemed as on March 31, 2007.

23. Provisions on standard assets

During the year ended March 31, 2007, RBI increased the requirement of general provisioning to 2% on standard loans relating to personal loans, loans and advances qualifying as capital market exposure, credit card receivables, advances to non-deposit taking systemically important non-banking financial companies (NBFCs) and commercial real estate loans. On standard loans for residential housing beyond Rs. 2.0 million, the provisioning requirement has been increased to 1% from the earlier level of 0.4%. In accordance with the revised RBI guidelines, a general provision of Rs. 7,310.0 million has been made during the year ended March 31, 2007. The provision on standard assets held by the Bank in accordance with RBI guidelines was Rs. 12,948.3 million at March 31, 2007 (March 31, 2006: Rs. 5,638.3 million).

24. Provisions and contingencies

The break-up of 'Provisions and contingencies' included in Profit and Loss Account is given below.

Rupees in million

	Year ended March 31, 2007
Provisions for depreciation of investments	**419.4**
Provision towards non-performing assets	**14,283.0**
Provision towards standard assets	**7,310.0**
Provision towards income tax[1]	**5,348.2**
Provision towards wealth tax	**30.0**
Other provision and contingencies	**251.3**

1. Includes fringe benefit tax amounting to Rs. 369.3 million and creation of net deferred tax asset amounting to Rs. 4,464.3 million.

25. Information in respect of restructured assets

Details of loan assets subjected to restructuring are given below.

Rupees in million

		Year ended March 31, 2007			*Year ended March 31, 2006*	
Particulars	**No.**	**Amount**	**Interest Sacrifice**	*No.*	*Amount*	*Interest Sacrifice*
(i) Total amount of loan assets subjected to restructuring, rescheduling, renegotiation:	**5**	**527.2**	**—**	*5*	*4,139.4*	*50.7*
of which under CDR	**3**	**273.8**	**—**	*4*	*4,077.0*	*50.7*
(ii) The amount of standard assets subjected to restructuring, rescheduling, renegotiation:	**4**	**405.3**	**—**	*2*	*4,055.5*	*50.7*
of which under CDR	**3**	**273.8**	**—**	*2*	*4,055.5*	*50.7*
(iii) The amount of sub-standard assets subjected to restructuring, rescheduling, renegotiation:	**1**	**121.9**	**—**	*1*	*62.4*	*—*
of which under CDR	**—**	**—**	**—**	*—*	*—*	*—*
(iv) The amount of doubtful assets subjected to restructuring, rescheduling, renegotiation:	**—**	**—**	**—**	*2*	*21.5*	*—*
of which under CDR	**—**	**—**	**—**	*2*	*21.5*	*—*

Above details exclude cases that were approved by CDR Forum and disclosed in earlier years by the Bank and in which certain terms and conditions have been modified by CDR Forum during the current year.

26. Details of non-performing assets sold, excluding those sold to SC/RC

The Bank has sold non-performing assets in terms of the guidelines issued by RBI circular No. DBOD.NO.BP. BC.16/21.04.048/2005-06 dated July 13, 2005 on such sale. The details of assets sold are given below.

Rupees in million

Particulars	**Year ended March 31, 2007**	*Year ended March 31, 2006*
No. of borrower accounts sold	**—**	*366*
Aggregate outstanding (Gross)	**—**	*14,384.1*
Aggregate consideration received	**—**	*2,223.2*

27. Fixed Assets

Fixed assets include software acquired by the Bank. The movement in software is given below.

Rupees in million

Particulars	**Year ended March 31, 2007**	*Year ended March 31, 2006*
At cost as on March 31 of preceding year	**2,852.7**	*2,422.6*
Additions during the year	**455.9**	*430.1*
Deductions during the year	**(92.2)**	*—*
Depreciation to date	**(2,385.9)**	*(2,026.3)*
Net block	**830.5**	*826.4*

28. Assets given on lease

28.1 Assets under operating lease

The details of future rentals receivable on operating leases are given below.

Rupees in million

Period	**As on March 31, 2007**	*As on March 31, 2006*
Not later than one year	**—**	*126.7*
Later than one year and not later than five years	**—**	*605.9*
Later than five years	**—**	*2.0*
Total	**—**	*734.6*

28.2 Assets under finance lease

The details of finance leases are given below.

Rupees in million

Period	**As on March 31, 2007**	*As on March 31, 2006*
Total of future minimum lease receipts	**617.3**	*817.1*
Present value of lease receipts	**548.8**	*695.1*
Unmatured finance charges	**68.5**	*122.0*
Maturity profile of future minimum lease receipts		
– Not later than one year	**323.4**	*232.4*
– Later than one year and not later than five years	**293.9**	*584.7*
– Later than five years	**—**	*—*
Total	**617.3**	*817.1*

28.3 Maturity profile of present value of lease rentals

The details of maturity profile of present value of finance lease receipts are given below.

Rupees in million

Period	**As on March 31, 2007**	*As on March 31, 2006*
Not later than one year	**282.6**	*176.7*
Later than one year and not later than five years	**266.2**	*518.4*
Later than five years	**—**	*—*
Total	**548.8**	*695.1*

29. Early Retirement Option ("ERO")

The Bank had implemented an Early Retirement Option Scheme 2003 for its employees in July 2003. All employees who had completed 40 years of age and seven years of service with the Bank (including period of service with entities amalgamated with the Bank) were eligible for the ERO.

The ex-gratia payments under ERO, termination benefits and leave encashment in excess of the provision made (net of tax benefits), aggregating to Rs. 1,910.0 million is being amortised over a period of five years commencing August 1, 2003 (the date of retirement of employees exercising the Option being July 31, 2003).

On account of the above ERO scheme, an amount of Rs. 384.0 million (March 31, 2006: Rs. 384.0 million) has been charged to revenue being the proportionate amount amortised for the year ended March 31, 2007.

30. Provisions for income tax

The provision for income tax (including deferred tax and fringe benefit tax) for the year ended March 31, 2007 amounted to Rs. 5,348.2 million (March 31, 2006: Rs. 5,535.3 million).

31. Deferred tax

As on March 31, 2007, the Bank has recorded net deferred tax asset of Rs. 6,099.6 million (March 31, 2006: Rs. 1,642.8 million), which has been included in other assets. The break-up of deferred tax assets and liabilities into major items is given below.

Rupees in million

Particulars	**Year ended March 31, 2007**	*Year ended March 31, 2006*
Deferred Tax Asset		
Provision for bad and doubtful debts	**11,758.5**	*6,501.5*
Capital loss	**—**	*950.0*
Others	**884.0**	*880.7*
Total Deferred Tax Assets	**12,642.5**	*8,332.2*
Less: Deferred Tax Liability		
Depreciation on fixed assets	**6,543.3**	*6,697.2*
Others	**—**	*—*
Total Deferred Tax Liabilities	**6,543.3**	*6,697.2*
Add: Deferred tax asset pertaining to foreign branches	**0.4**	*7.8*
Total net deferred tax asset/(liability)	**6,099.6**	*1,642.8*

32. Subvention Income

The Bank had aligned its accounting policy for subvention income with its accounting policy for direct marketing agency/associate expenses in the year ended March 31, 2006. Accordingly, subvention income has been accounted for in the period in which it is received instead of over the period of the loan. As a result of the change in policy, the impact on profit for the year ended March 31, 2006 was not significant.

33. Derivatives

ICICI Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury middle office conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the investment policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group ("RMG") lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board ("RCB") reviews the Bank's risk management policy in relation to various risks (portfolio, liquidity, interest rate, off-balance sheet and operational risks), investment policies and compliance issues in relation thereto. The RCB comprises of independent directors and the Managing Director and CEO.

Risk monitoring of the derivatives portfolio other than credit derivatives is done on a daily basis. Risk monitoring of the credit derivatives portfolio is done on a monthly basis. The Bank measures and monitors risk using Value at Risk ("VAR") approach and the relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system and the marked to market position and the VAR of the derivatives portfolio other than credit derivatives is reported on a daily basis. The marked to market position and VAR on the credit derivatives portfolio is reported on a monthly basis.

The use of derivatives for hedging purpose is governed by the hedge policy approved by Asset Liability Management Committee ("ALCO"). Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter. During the year ended March 31, 2006, the Bank changed its method for testing hedge effectiveness from the price value of basis point ("PVBP") or duration method to the marked to market method. Due to this change certain derivative contracts, which were hitherto accounted for as hedges, became ineffective and were accordingly accounted for as trading.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers' Association of India guidelines. The Bank makes provisions on the outstanding positions in trading derivatives for possible adverse movements in the underlying. Derivative transactions are covered under International Swap Dealers Association (''ISDA'') master agreements with the respective counterparties. The credit exposure on account of derivative transactions is computed as per RBI guidelines and is marked against the credit limits approved for the respective counterparties.

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Rupees in million

Sr. No.	Particulars	Currency derivatives[1]	Interest rate derivatives[2]
		As on March 31, 2007	
1.	Derivatives (Notional principal amount)		
	a) For hedging	**1,441.0**	**145,066.4**
	b) For trading	**730,931.6**	**2,794,743.1**
2.	Marked to market positions[3]		
	a) Asset (+)	**5,044.8**	**1,828.6**
	b) Liability (-)	**—**	**—**
3.	Credit exposure	**40,376.0**	**42,433.4**
4.	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives[4]	**(12.5)**	**(5,031.7)**
	b) on trading derivatives	**(683.7)**	**684.8**
5.	Maximum and minimum of 100*PV01 observed during the year		
	a) on hedging[4]		
	Maximum	**—**	**(1,098.1)**
	Minimum	**(14.5)**	**(5,031.9)**
	b) on trading		
	Maximum	**1,934.0**	**1,965.5**
	Minimum	**(847.8)**	**(369.5)**

1. Options & cross currency interest rate swaps are included in currency derivatives.
2. Foreign currency interest rate swaps, forward rate agreements and swaptions are included in interest rate derivatives.
3. For trading portfolio.
4. The swap contracts entered for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

Rupees in million

Sr. No.	Particulars	*Currency derivatives[1]*	*Interest rate derivatives[2]*
		As on March 31, 2006	
1.	Derivatives (Notional principal amount)		
	a) For hedging	*—*	*41,252.2*
	b) For trading	*428,580.4*	*2,174,510.4*
2.	Marked to market positions[3]		
	a) Asset (+)	*2,150.3*	*1,963.2*
	b) Liability (-)	*—*	*—*
3.	Credit exposure	*21,458.8*	*28,170.8*
4.	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives[4]	*—*	*(1,230.8)*
	b) on trading derivatives	*1,087.0*	*900.9*
5.	Maximum and minimum of 100*PV01 observed during the year		
	a) on hedging[4]		
	Maximum	*—*	*838.4*
	Minimum	*(74.4)*	*(1,230.8)*
	b) on trading		
	Maximum	*1,119.8*	*1,097.5*
	Minimum	*632.8*	*(1,439.1)*

1. Options & cross currency interest rate swaps are included in currency derivatives.
2. Foreign currency interest rate swaps, forward rate agreements and swaptions are included in interest rate derivatives.
3. For trading portfolio.
4. The swap contracts entered for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

The notional principal amount of credit derivatives outstanding at March 31, 2007 was Rs. 59,096.9 million (March 31, 2006: Rs. 23,514.4 million). Of the above, notional principal amount Rs. 434.7 million represents protection bought by the Bank through its overseas branches as on March 31, 2007.

The notional principal amount of forex contracts classified as hedging at March 31, 2007 amounted to Rs. 288,639.6 million (March 31, 2006: Rs. 165,041.4 million).

The notional principal amount of forex contracts classified as trading at March 31, 2007 amounted to Rs. 1,042,920.8 million (March 31, 2006: Rs. 753,273.6 million).

The net overnight open position at March 31, 2007 was Rs. 1,279.7 million (March 31, 2006: Rs. 457.8 million).

34. Forward rate agreement ("FRA")/Interest rate swaps ("IRS")

The notional principal amount of Rupee IRS contracts at March 31, 2007 was Rs. Nil for hedging contracts (March 31, 2006: Rs. Nil) and Rs. 2,389,261.3 million for trading contracts (March 31, 2006: Rs. 1,870,025.6 million).

The fair value represents the estimated replacement cost of swap contracts at balance sheet date. At March 31, 2007 the fair value of trading rupee interest rate swap contracts was Rs. 1,111.4 million (March 31, 2006: Rs. 922.4 million).

Associated credit risk is the loss that the Bank would incur in case all the counter-parties to these swaps fail to fulfil their contractual obligations. At March 31, 2007, the associated credit risk on trading rupee interest rate swap contracts was Rs. 37,605.4 million (March 31, 2006: Rs. 16,754.4 million).

Market risk is monitored as the loss that would be incurred by the Bank for a 100 basis points change in the interest rates. At March 31, 2007 the market risk on trading rupee interest rate swap contracts amounted to Rs. 844.4 million (March 31, 2006: Rs. 1,192.3 million).

Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter-party. At March 31, 2007, there was a credit risk concentration of Rs. 657.9 million with ICICI Securities Primary Dealership Limited (formerly known as ICICI Securities Limited) (March 31, 2006: Rs. 476.4 million with ICICI Securities Primary Dealership Limited) under rupee interest rate swap contracts. As per the prevailing market practice, the Bank does not insist on collateral from the counter-parties in these contracts.

The details of the forward rate agreements/interest rate swaps are given below.

Rupees in million

Particulars	**As on March 31, 2007**	*As on March 31, 2006*
i) The notional principal of rupee swap agreements[1]	**2,389,261.3**	*1,870,025.6*
ii) Losses which would be incurred if all counter-parties failed to fulfil their obligations under the agreement	**37,605.4**	*16,754.4*
iii) Collateral required by the Bank upon entering into swaps	**—**	*—*
iv) Concentration on of credit risk arising from the rupee swaps	**657.9**	*476.4*
v) The fair value of rupee trading swap book	**1,111.4**	*922.4*

1. Notional principal of swap agreements includes both hedge and trading portfolio.

35. Exchange traded interest rate derivatives

The details of exchange traded interest rate derivatives are given below.

Rupees in million

Particulars	**As on March 31, 2007**	*As on March 31, 2006*
(i) Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)		
a) Euro dollar futures	**—**	*133,577.3*
b) Treasury note futures – 10 year	**22,476.0**	*13,496.0*
c) Treasury note futures – 5 year	**3,399.0**	*3,319.4*
(ii) Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)		
a) Euro dollar futures	**—**	*—*
b) Treasury note futures – 10 year	**652.1**	*1,516.9*
c) Treasury note futures – 5 year	**130.4**	*—*
(iii) Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	**N. A.**	*N. A.*
(iv) Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	**N. A.**	*N. A.*

Note: All the transactions in exchange traded derivatives form part of the foreign branches' trading portfolios.

forming part of the Accounts *(Contd.)*

36. Penalties/fines imposed by RBI and other regulatory bodies

There were no penalties imposed by RBI during the year ended March 31, 2007. A penalty of Rs. 0.5 million was imposed under Section 47A(1)(b) of the Banking Regulation Act, 1949 by RBI during the year ended March 31, 2006 citing contravention of RBI instructions relating to opening of accounts, monitoring of transactions for adherence to Know Your Customer ("KYC")/Anti Money Laundering ("AML") norms, and non-adherence to normal banking practices.

Securities and Futures Commission (SFC), Hong Kong charged the Bank with carrying on the business of dealing in securities in Hong Kong without having a license to do so. Pursuant to the charges preferred vide issue of summons on March 30, 2007 and the submissions of SFC and the Bank, the Eastern Magistrate's Court, Hong Kong, on April 10, 2007 fined the Bank a sum of HKD 40,000 (Rs. 0.2 million) and required the Bank to reimburse investigation costs to SFC.

37. Commission paid to marketing agents

Commission paid to direct marketing agents/dealers for origination of retail automobile loans, which was being netted from "Interest Income" up to the year ended March 31, 2006 has been reclassified to "Operating Expenses".

38. Premium amortisation

As per Reserve Bank of India circular DBOD.BP.BC.87/21.04.141/ 2006-07 dated April 20, 2007, the Bank has deducted the amortisation of premium on government securities from "Profit/(Loss) on revaluation of investments (net)" in Schedule 14, which was earlier included in "Provisions for investments (including credit substitutes) (net)" in Schedule 17.

39. Comparative figures

Figures of the previous year have been regrouped to conform to the current year presentation.

Signatures to Schedules 1 to 18

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

V. VAIDYANATHAN
Executive Director

Place : Mumbai
Date : April 28, 2007

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager &
Company Secretary

RAKESH JHA
General Manager

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

Sr. No.	Name of the subsidiary company	Financial year of the subsidiary ended on	No. of equity shares held by ICICI Bank and/or its nominees in the subsidiary as on March 31, 2007	Extent of interest of ICICI Bank in capital of subsidiary	Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of ICICI Bank and is not dealt with in the accounts of ICICI Bank[1] Rupees in '000s		Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of ICICI Bank dealt with or provided for in the accounts of ICICI Bank[2] Rupees in '000s	
					for the financial year ended March 31, 2007	for the previous financial years of the subsidiary since it became a subsidiary	for the financial year ended March 31, 2007	for the previous financial years of the subsidiary since it became a subsidiary
1	ICICI Securities Primary Dealership Limited (formerly ICICI Securities Limited)[3]	March 31, 2007	16,201 equity shares of Rs. 100,000 each fully paid up	99.9%	722,966	3,186,782	601,699	4,145,011
2	ICICI Securities Limited (formerly ICICI Brokerage Services Limited)[4, 5]	March 31, 2007	8,250,700 equity shares of Rs. 10 each, fully paid up held by ICICI Securities Primary Dealership Limited and ICICI Equity Fund	—	74,011	468,068	551,279	166,370
3	ICICI Securities Holdings Inc.[5]	March 31, 2007	77,00,000 common stock of USD 1 each fully paid up held by ICICI Securities Primary Dealership Limited	—	(21,923)	(1,584)	Nil	Nil
4	ICICI Securities Inc.[5]	March 31, 2007	7,050,000 common stock of USD 1 each fully paid up held by ICICI Securities Holdings Inc.	—	(66,507)	21,292	Nil	15,635
5	ICICI Venture Funds Management Company Limited	March 31, 2007	1,000,000 equity shares of Rs. 10 each fully paid up	100.0%	198,670	544,115	500,000	1,275,979
6	ICICI International Limited[6]	March 31, 2007	90,000 ordinary shares of US$ 10 each fully paid up	100.0%	230	10,923	Nil	15,782
7	ICICI Home Finance Company Limited	March 31, 2007	283,750,000 equity shares of Rs. 10 each fully paid up	100.0%	214,263	475,382	255,390	360,375
8	ICICI Trusteeship Services Limited	March 31, 2007	50,000 equity shares of Rs. 10 each fully paid up	100.0%	239	997	Nil	Nil
9	ICICI Investment Management Company Limited	March 31, 2007	10,000,700 equity shares of Rs. 10 each fully paid up	100.0%	6,553	21,112	Nil	Nil
10	ICICI Prudential Life Insurance Company Limited	March 31, 2007	969,328,571 equity shares of Rs. 10 each fully paid up	73.9%	(4,793,477)	(6,460,974)	Nil	Nil
11	ICICI Lombard General Insurance Company Limited	March 31, 2007	247,900,000 equity shares of Rs.10 each fully paid up	73.8%	181,090	449,034	323,689	465,179
12	ICICI Bank UK PLC. (formerly ICICI Bank UK Limited)[6]	March 31, 2007	135,000,000 ordinary shares of USD 1 each and 50,002 ordinary shares of 1 GBP each	100.0%	1,602,236	464,649	186,619	182,449
13	ICICI Bank Canada[7, 8, 9]	December 31, 2006	112,000,000 common shares of Canadian Dollar (CAD) 1 each	100.0%	(13,964)	(528,591)	Nil	Nil
14	ICICI Bank Eurasia Limited Liability Company[7, 9]	December 31, 2006	985,600,000 shares of Russian Rouble (RUB) 1 each	100.0%	2,780	12,457	Nil	Nil
15	ICICI Prudential Asset Management Company Limited (formerly Prudential ICICI Asset Management Company Limited)	March 31, 2007	9,002,573 equity shares of Rs. 10 each, fully paid up	51.0%	86,570	48,915	160,160	79,029
16	ICICI Prudential Trust Limited (formerly Prudential ICICI Trust Limited)	March 31, 2007	51,157 equity shares of Rs. 10 each, fully paid up	50.8%	145	161	256	Nil

1. The above companies (other than ICICI Bank UK PLC., ICICI Bank Canada, ICICI Bank Eurasia Limited Liability Company, ICICI Prudential Asset Management Company Limited and ICICI Prudential Trust Limited) which were subsidiaries of erstwhile ICICI Limited have become subsidiaries of the Bank consequent to the merger of erstwhile ICICI Limited with ICICI Bank.
2. The amount received by erstwhile ICICI Limited upto March 29, 2002 as dividend has also been included in the reserves of ICICI Bank.
3. During the year ended March 31, 2007, ICICI Securities Primary Dealership Limited has consolidated the face value of each equity share from Rs. 10 to Rs. 100,000.
4. Effective October 1, 2006, ICICI Web Trade Limited has merged with ICICI Securities Limited, a subsidiary of the Bank. Accordingly, the profit of ICICI Securities Limited for the current year includes the profit of erstwhile ICICI Web Trade Limited.
5. ICICI Securities Limited and ICICI Securities Holdings Inc. are wholly-owned subsidiaries of ICICI Securities Primary Dealership Limited. ICICI Securities Inc. is a wholly-owned subsidiary of ICICI Securities Holdings Inc.
6. The profits/ (losses) of ICICI Bank UK PLC. and ICICI International Limited for the year ended March 31, 2007 have been translated into Indian Rupees at the rate of 1 USD = Rs. 45.2409.
7. The profits/ (losses) of ICICI Bank Canada and ICICI Bank Eurasia Limited Liability Company for the year ended December 31, 2006 have been translated into Indian Rupees at the rate of 1 CAD = Rs. 40.4742 and 1 RUB = Rs. 1.6984 respectively.
8. ICICI Wealth Management Inc. ("ICICI WM") has been incorporated as a 100% subsidiary of ICICI Bank Canada on July 28, 2006. ICICI WM has not yet been capitalised and is yet to commence operations, both of which are expected shortly.
9. The information furnished for ICICI Bank Canada and ICICI Bank Eurasia Limited Liability Company is from the period January 1, 2006 to December 31, 2006, being their financial year. Please find below key financial parameters of these companies as on March 31, 2007 and their movement from December 31, 2006 levels.

ICICI Bank Canada			Rupees in '000s
Particulars	As on March 31, 2007	As on December 31, 2006	Movement
Fixed assets	105,636	109,642	(4,006)
Investments	21,797,396	24,841,984	(3,044,588)
Advances	53,944,996	41,134,139	12,810,857
Borrowings[a]	1,812,227	—	1,812,227

ICICI Bank Eurasia Limited Liability Company			Rupees in '000s
Particulars	As on March 31, 2007	As on December 31, 2006	Movement
Fixed assets	44,864	43,183	1,681
Investments	5,021,323	4,550,293	471,030
Advances	5,744,772	4,658,104	1,086,668
Borrowings[a]	4,489	4,392	97

a. Since it is not possible to identify the amount borrowed to meet its current liabilities, the amount shown above represents the total borrowings.
b. The financials parameters of ICICI Bank Canada have been translated into Indian Rupees at 1 CAD = Rs. 37.6825 for the year ended March 31, 2007 and 1 CAD = Rs. 38.1375 for the year ended December 31, 2006.
c. The financials parameters of ICICI Bank Eurasia Limited Liability Company have been translated into Indian Rupees at 1 RUB =Rs. 1.6694 for the year ended March 31, 2007 and 1 RUB = Rs. 1.6763 for the year ended December 31, 2006.

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

V. VAIDYANATHAN
Executive Director

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager & Company Secretary

RAKESH JHA
General Manager

Place: Mumbai
Date: April 28, 2007

Consolidated financial statements of ICICI Bank Limited and its subsidiaries

auditor's report

To the Board of Directors of ICICI Bank Limited on the Consolidated Financial Statements of ICICI Bank Limited and its Subsidiaries and Joint Ventures.

1. We have audited the attached consolidated Balance Sheet of ICICI Bank Limited ('the Bank') and its subsidiaries and joint ventures (collectively known as 'the Group') as at March 31, 2007 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Bank's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements and other financial information of certain subsidiaries and joint ventures, which have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. The attached consolidated financial statements include assets of Rs. 298,768 million as at March 31, 2007, revenues of Rs. 30,956 million and cash flows amounting to Rs. 8,711 million in respect of the aforementioned subsidiaries for the year then ended and assets of Rs. 195,425 million as at March 31, 2007, revenues of Rs. 100,011 million and cash flows amounting to Rs. 4,260 million in respect of the aforementioned joint ventures for the year then ended. We also did not audit the financial statements of the Singapore branch of the Bank, whose financial statements reflect total assets of Rs 204,336 million as at March 31, 2007, total revenues of Rs 12,610 million and cash flows amounting to Rs. 36,085 million for the year then ended. These financial statements have been audited by another auditor, duly qualified to act as auditors in the country of incorporation of the branch, whose report has been furnished to us, and was relied upon by us for our opinion on the financial statements of the Bank.

4. We have relied on the unaudited financial statements of certain subsidiaries for the year ended March 31, 2007. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management of the Bank. The unaudited financial statements of these subsidiaries reflect total assets of Rs. 97,040 million as at March 31, 2007, total revenues of Rs. 4,091 million and total cash flows of Rs. 7,192 million for the year then ended.

5. The actuarial valuation of liabilities for policies in force and claims Incurred But Not Reported ('IBNR') and those Incurred But Not Enough Reported ('IBNER') is the responsibility of the Appointed Actuary ('the Appointed Actuary') in case of the insurance subsidiaries. The actuarial valuation of liabilities for policies in force and claims Incurred But Not Reported ('IBNR') and those Incurred But Not Enough Reported ('IBNER') as at March 31, 2007 has been duly certified by the Appointed Actuary. The Appointed Actuary has also certified that, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ('IRDA') and the Actuarial Society of India in concurrence with the IRDA. We have relied upon the Appointed Actuary's certificate in this regard.

6. We report that the consolidated financial statements have been prepared by the Bank's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, and Accounting Standard 27, Financial Reporting of interest in Joint Ventures issued by the Institute of Chartered Accountants of India.

7. Based on our audit and to the best of our information and according to the explanations given to us and on consideration of reports of other auditors on separate financial statements and on the consideration of the unaudited financial statements and on other relevant financial information of the components, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2007;

   (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 046768

Mumbai
28 April 2007

consolidated balance sheet

ICICI Bank

as on March 31, 2007 (Rs. in '000s)

	Schedule	As on 31.03.2007	*As on 31.03.2006*
CAPITAL AND LIABILITIES			
Capital	1	**12,493,437**	*12,398,345*
Reserves and Surplus	2	**230,656,945**	*213,519,487*
Minority interest	2A	**5,095,649**	*2,749,402*
Deposits	3	**2,486,136,330**	*1,724,509,830*
Borrowings	4	**616,595,356**	*449,999,477*
Liabilities on policies in force		**148,418,907**	*81,221,053*
Other liabilities and provisions	5	**443,950,564**	*287,898,021*
TOTAL CAPITAL AND LIABILITIES		**3,943,347,188**	*2,772,295,615*
ASSETS			
Cash and balance with Reserve Bank of India	6	**192,410,383**	*89,859,352*
Balances with banks and money at call and short notice	7	**204,480,919**	*92,691,597*
Investments	8	**1,206,166,898**	*840,138,822*
Advances	9	**2,113,994,413**	*1,562,603,202*
Fixed assets	10	**43,401,487**	*41,428,705*
Other assets	11	**182,893,088**	*145,573,937*
TOTAL ASSETS		**3,943,347,188**	*2,772,295,615*
Contingent liabilities	12	**6,736,116,955**	*4,362,316,361*
Bills for collection		**40,553,879**	*43,469,104*
Significant accounting policies and notes to accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For BSR & Co.
Chartered Accountants

AKEEL MASTER
Partner
Membership No.: 046768

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

V. VAIDYANATHAN
Executive Director

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager & Company Secretary

RAKESH JHA
General Manager

Place : Mumbai
Date : April 28, 2007

consolidated profit and loss account

for the year ended March 31, 2007 **(Rs. in '000s)**

	Schedule	Year ended 31.03.2007	*Year ended 31.03.2006*
I. INCOME			
Interest earned	13	**250,012,495**	*151,358,248*
Other income	14	**163,625,427**	*94,796,893*
TOTAL INCOME		**413,637,922**	*246,155,141*
II. EXPENDITURE			
Interest expended	15	**176,757,193**	*101,014,796*
Operating expenses	16	**180,132,128**	*105,697,606*
Provisions and contingencies	17	**30,414,589**	*15,452,514*
TOTAL EXPENDITURE		**387,303,910**	*222,164,916*
III. PROFIT/LOSS			
Net profit for the year		**26,334,012**	*23,990,225*
Less: Minority interest		**(1,272,330)**	*(210,673)*
Net profit/(loss) after minority interest		**27,606,342**	*24,200,898*
Profit brought forward		**(2,435,605)**	*(908,834)*
TOTAL PROFIT/(LOSS)		**25,170,737**	*23,292,064*
IV. APPROPRIATIONS/TRANSFERS			
Transfer to Statutory Reserve		**7,800,000**	*6,360,000*
Transfer to Reserve Fund		**1,168**	*222*
Transfer to Capital Reserve		**1,210,000**	*680,000*
Transfer to Investment Fluctuation Reserve		**—**	*5,900,000*
Transfer from Investment Fluctuation Reserve		**—**	*(13,203,350)*
Transfer to Special Reserve		**4,677,098**	*2,778,000*
Transfer to Revenue and other reserves		**593,416**	*14,330,152*
Proposed equity share dividend		**9,085,370**	*7,593,326*
Proposed preference share dividend		**35**	*35*
Corporate dividend tax		**1,877,322**	*1,289,284*
Balance carried over to Balance Sheet		**(73,672)**	*(2,435,605)*
TOTAL		**25,170,737**	*23,292,064*
Significant accounting policies and notes to accounts	18		
Earning per share (Refer Note 18.B.3)			
Basic (Rs.)		**30.92**	*30.96*
Diluted (Rs.)		**30.75**	*30.64*
Face value per share (Rs.)		**10.00**	*10.00*

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date

For and on behalf of the Board of Directors

For BSR & Co.
Chartered Accountants

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

AKEEL MASTER
Partner
Membership No.: 046768

KALPANA MORPARIA
Joint Managing Director

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Deputy Managing Director

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Deputy Managing Director

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Executive Director

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager & Company Secretary

RAKESH JHA
General Manager

Place : Mumbai
Date : April 28, 2007

consolidated cash flow statement

ICICI Bank **for the year ended March 31, 2007** **(Rs. in '000s)**

Particulars		Year ended 31.03.2007	*Year ended 31.03.2006*
Cash flow from operating activities			
Net profit before taxes		**35,247,100**	*31,198,896*
Adjustments for :			
Depreciation and amortisation		**8,346,161**	*9,462,631*
Net (appreciation)/depreciation on investments		**12,160,982**	*8,660,775*
Provision in respect of non-performing assets (including prudential provision on standard assets)		**22,082,234**	*8,117,173*
Provision for contingencies & others		**307,652**	*203,564*
(Profit)/loss on sale of fixed assets		**(351,246)**	*(51,832)*
		77,792,883	*57,591,207*
Adjustments for :			
(Increase)/decrease in investments		**(173,187,373)**	*(203,374,105)*
(Increase)/decrease in advances		**(565,891,731)**	*(606,401,452)*
Increase/(decrease) in borrowings		**96,294,679**	*82,006,471*
Increase/(decrease) in deposits		**761,626,500**	*713,348,700*
(Increase)/decrease in other assets		**(27,065,243)**	*(45,598,461)*
Increase/(decrease) in other liabilities and provisions		**111,407,820**	*82,543,134*
		203,184,652	*22,524,287*
(Payment)/refund of taxes (net)		**(21,192,739)**	*(10,198,463)*
Net cash generated from operating activities	**(A)**	**259,784,796**	*69,917,031*
Cash flow from investing activities			
Purchase of fixed assets		**(8652,868)**	*(6,557,240)*
Proceeds from sale of fixed assets		**1,759,850**	*1,010,888*
(Purchase)/sale of long-term investments		**(204,006,388)**	*(96,168,425)*
Acquisition of subsidiaries (net of cash acquired)		**—**	*(688,736)*
Net cash generated from investing activities	**(B)**	**(210,899,407)**	*(102,403,513)*
Cash flow from financing activities			
Proceeds from issue of share capital (including ESOPs)		**2,055,383**	*79,850,509*
Net proceeds/(repayment) of bonds (including subordinated debts)		**172,962,927**	*6,534,092*
Dividend and dividend tax paid		**(9,072,081)**	*(7,598,693)*
Net cash generated from financing activities	**(C)**	**165,946,229**	*(78,785,908)*
Effect of exchange fluctuation on translation reserve	**(D)**	**(491,265)**	*(25,495)*
Net increase/(decrease) in cash and cash equivalents	**(A) + (B) + (C) + (D)**	**214,340,353**	*46,273,931*
Cash and cash equivalents as at April 1st		**182,550,949**	*136,277,018*
Cash and cash equivalents as at March 31st		**396,891,302**	*182,550,949*

Significant Accounting Policies and Notes to Accounts (refer Schedule 18)........
The Schedules referred to above form an integral part of the consolidated balance sheet

As per our Report of even date

For BSR & Co.
Chartered Accountants

AKEEL MASTER
Partner
Membership No.: 046768

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

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Managing Director & CEO

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Deputy Managing Director

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Deputy Managing Director

V. VAIDYANATHAN
Executive Director

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager & Company Secretary

RAKESH JHA
General Manager

Place : Mumbai
Date : April 28, 2007

forming part of the Consolidated Balance Sheet (Rs. in '000s)

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 1 — CAPITAL		
Authorised Capital		
1,000,000,000 equity shares of Rs. 10 each (March 31, 2006: 1,000,000,000 equity shares of Rs. 10 each)	**10,000,000**	*10,000,000*
55,000,000 preference shares of Rs. 100 each (March 31, 2006: 55,000,000 preference shares of Rs. 100 each)	**5,500,000**	*5,500,000*
350 preference shares of Rs. 10 million each	**3,500,000**	*3,500,000*
Equity Share Capital		
Issued, subscribed and paid-up capital[1] 889,779,621 equity shares of Rs. 10 each (March 31, 2006: 884,920,650 equity shares)	**8,897,796**	*8,849,206*
Add: Issued 9,487,051 equity shares of Rs. 10 each fully paid up (March 31, 2006: 4,903,251 equity shares) on exercise of employee stock options	**94,871**	*49,033*
	8,992,667	*8,898,239*
Less: Calls unpaid	**—**	*266*
Add: Forfeited 111,603 equity shares (March 31, 2006: 67,323 equity shares)	**770**	*372*
TOTAL EQUITY CAPITAL	**8,993,437**	*8,898,345*
Preference Share Capital[2] (Represents face value of 350 preference shares of Rs. 10 million each issued to preference shareholders of erstwhile ICICI Limited on amalgamation redeemable at par on April 20, 2018)	**3,500,000**	*3,500,000*
TOTAL CAPITAL	**12,493,437**	*12,398,345*

1. Includes:
   a) 110,967,096 equity shares of Rs.10 each issued vide prospectus dated December 8, 2005.
   b) 37,237,460 equity shares of Rs. 10 each issued consequent to issue of 18,618,730 American Depository Shares vide prospectus dated December 6, 2005.
2. For these preference shares, the notification dated April 17, 2002 from Ministry of Finance, Government of India, issued on the recommendation of Reserve Bank of India (RBI), under Section 53 of the Banking Regulation Act, 1949, had exempted the Bank from the restriction of Section 12(1) of the Banking Regulation Act, 1949, which prohibits the issue of preference shares by banks, for a period of five years. The Bank has applied to RBI for making a recommendation to Central Government for continuation of such exemption.

ICICI Bank **forming part of the Consolidated Balance Sheet** *(Contd.)* **(Rs. in '000s)**

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 2 — RESERVES AND SURPLUS		
I. Statutory reserve		
Opening balance (other than joint ventures)	**20,987,307**	*14,637,244*
Additions during the year	**7,800,000**	*6,360,000*
Deductions during the year	**—**	*9,937*
Closing balance	**28,787,307**	*20,987,307*
II. Special Reserve		
Opening balance (other than joint ventures)	**15,062,102**	*12,284,102*
Additions during the year	**4,677,098**	*2,778,000*
Deductions during the year	**—**	*—*
Closing balance	**19,739,200**	*15,062,102*
III. Share premium		
Opening balance for joint ventures	**—**	*—*
Opening balance (other than joint ventures)	**118,325,074**	*40,005,152*
Additions during the year[1]	**1,970,256**	*79,194,000*
Deductions during the year	**9,965**	*874,078*
Closing balance	**120,285,365**	*118,325,074*
IV. Unrealised Investment Reserve		
Opening balance (other than joint ventures)	**2,517,249**	*946,058*
Additions during the year	**3,506,314**	*2,488,250*
Deductions during the year	**1,155,860**	*917,059*
Closing balance	**4,867,703**	*2,517,249*
V. Investment Fluctuation Reserve ("IFR")		
Opening balance (other than joint ventures)	**—**	*5,160,000*
Additions during the year	**—**	*8,043,350*
Deductions during the year	**—**	*13,203,350*
Closing balance	**—**	*—*
VI. Capital reserve		
Opening balance (other than joint ventures)	**5,693,166**	*5,013,166*
Additions during the year	**1,210,000**	*680,000*
Deductions during the year	**—**	*—*
Closing balance	**6,903,166**	*5,693,166*
VII. Foreign currency translation reserve	**(516,760)**	*(25,495)*
VIII. Reserve Fund		
Opening balance (other than joint ventures)	**222**	*—*
Additions during the year[2]	**1,168**	*222*
Deductions during the year	**—**	*—*
Closing balance	**1,390**	*222*
IX. Revenue and other reserves		
Opening balance for joint ventures	**(2,687)**	*(1,646)*
Opening balance for others	**50,962,549**	*37,264,872*
Additions during the year for joint ventures	**—**	*—*
Additions during the year for others	**1,562,108**	*17,420,225*
Deductions during the year for joint ventures	**—**	*1,041*
Deductions during the year for others [3,4]	**1,932,396**	*3,722,548*
Closing balance[5]	**50,589,574**	*50,959,862*
TOTAL RESERVES AND SURPLUS	**230,656,945**	*213,519,487*

1. Includes Rs. 1,901.9 million (March 31, 2006: Rs. 725.6 million) on exercise of employee stock options.
2. Represents appropriation of 5% of net profit by Sri Lanka branch to meet the requirements of Section 20 of Sri Lankan Banking Act No. 30 of 1988.
3. Includes transition adjustment on account of first time adoption of Accounting Standard 15 (Revised) on "Employee benefits" issued by The Institute of Chartered Accountants of India for the year ended March 31, 2007.
4. Includes transition adjustment on account of first time adoption of FRS 26 by ICICI Bank UK PLC.
5. Includes restricted reserve of Rs. 2,547.1 million (March 31, 2006: Rs. 1,738.5 million) relating to life insurance subsidiary.
6. Debit balance in the profit and loss account has been shown under "Other Assets".

forming part of the Consolidated Balance Sheet *(Contd.)* **(Rs. in '000s)**

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 2A — MINORITY INTEREST		
Opening minority interest	**2,749,402**	*1,524,823*
Subsequent increase/decrease	**2,346,247**	*1,224,579*
CLOSING MINORITY INTEREST	**5,095,649**	*2,749,402*
SCHEDULE 3 — DEPOSITS		
A. I. Demand deposits		
i) From banks	**4,806,419**	*4,697,014*
ii) From others	**209,693,799**	*159,158,492*
II. Savings bank deposits	**375,330,044**	*242,571,556*
III. Term deposits		
i) From banks	**147,107,672**	*107,092,998*
ii) From others	**1,749,198,396**	*1,210,989,770*
TOTAL DEPOSITS	**2,486,136,330**	*1,724,509,830*
B. I. Deposits of branches/offices in India	**2,205,634,546**	*1,557,993,199*
II. Deposits of branches/offices outside India	**280,501,784**	*166,516,631*
TOTAL DEPOSITS	**2,486,136,330**	*1,724,509,830*
SCHEDULE 4 — BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	**1,400,000**	*—*
ii) Other banks	**78,545,412**	*73,138,752*
iii) Other institutions and agencies		
a) Government of India	**2,171,867**	*2,813,561*
b) Financial institutions	**37,981,766**	*38,544,121*
iv) Borrowings in the form of		
a) Deposits (including deposits taken over from erstwhile ICICI Limited)	**2,153,897**	*1,896,486*
b) Commercial paper	**4,995,546**	*497,010*
c) Bonds and debentures (excluding subordinated debt)		
- Debentures and bonds guaranteed by the Government of India	**14,468,420**	*14,815,000*
- Borrowings under private placement of bonds carrying maturity of 1 to 30 years from the date of placement	**6,784,799**	*16,179,466*
Bonds issued under multiple option/safety bonds series		
- Regular interest bonds	**5,566,170**	*8,556,640*
- Deep discount bonds	**4,564,511**	*4,257,163*
- Bonds with premium warrants	**—**	*928,721*
- Encash bonds	**56,015**	*679,210*
- Tax saving bonds	**20,779,673**	*46,187,337*
- Pension bonds	**61,626**	*61,052*
TOTAL BORROWINGS IN INDIA	**179,529,702**	*208,554,519*
II. Borrowings outside India		
i) From multilateral/bilateral credit agencies (guaranteed by the Government of India for the equivalent of Rs. 19,151.7 million at March 31, 2007; (March 31, 2006: Rs. 19,542.5 million)	**22,701,869**	*23,820,581*
ii) From international banks, institutions and consortiums	**216,242,358**	*150,053,656*
iii) By way of bonds and notes	**197,919,861**	*67,570,721*
iv) Other borrowings	**201,566**	*—*
TOTAL BORROWINGS OUTSIDE INDIA	**437,065,654**	*241,444,958*
TOTAL BORROWINGS	**616,595,356**	*449,999,477*

Secured borrowings in I and II above is Rs. 2,841.8 million (March 31, 2006: Rs. 4,411.3 million).

forming part of the Consolidated Balance Sheet *(Contd.)* (Rs. in '000s)

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 5 — OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	**42,476,957**	*33,336,184*
II. Inter-office adjustments (net)	**—**	*3,496,486*
III. Interest accrued	**21,167,766**	*14,563,000*
IV. Unsecured redeemable/perpetual debentures/bonds (Subordinated debt included in Tier I and Tier II capital)	**212,211,158**	*107,358,255*
V. Others		
a) Security deposits from clients	**4,691,762**	*7,712,042*
b) Sundry creditors	**84,663,926**	*72,892,120*
c) Received for disbursements under special program	**1,896,661**	*3,007,090*
d) Provision for standard assets	**13,264,338**	*5,735,262*
e) Other liabilities[1]	**63,577,996**	*39,797,582*
TOTAL OTHER LIABILITIES AND PROVISIONS	**443,950,564**	*287,898,021*

1. Includes :
   a) Proposed dividend of Rs. 9,036.2 million (March 31, 2006: Rs. 7,675.0 million).
   b) Corporate dividend tax payable of Rs. 1,591.8 million (March 31, 2006: Rs. 1,134.3 million).
   c) Deferred tax liability of Rs. Nil (March 31, 2006: Rs. 4.1 million).

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 6 — CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	**26,002,721**	*12,599,864*
II. Balances with Reserve Bank of India in current accounts	**166,407,662**	*77,259,488*
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	**192,410,383**	*89,859,352*

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 7 — BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) in current accounts	**8,526,243**	*4,606,958*
b) in other deposit accounts	**15,890,377**	*7,870,028*
ii) Money at call and short notice		
a) with banks	**1,000,000**	*6,500,000*
b) with other institutions	**—**	*3,000*
TOTAL	**25,416,620**	*18,979,986*
II. Outside India		
i) in current accounts	**16,709,682**	*7,685,674*
ii) in other deposit accounts	**106,544,658**	*38,778,224*
iii) Money at call and short notice	**55,809,959**	*27,247,713*
TOTAL	**179,064,299**	*73,711,611*
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	**204,480,919**	*92,691,597*

forming part of the Consolidated Balance Sheet *(Contd.)* **(Rs. in '000s)**

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 8 — INVESTMENTS		
I. Investments in India (net of provisions)		
i) Government securities	**696,367,000**	*527,979,787*
ii) Other approved securities	**601**	*356,349*
iii) Shares (includes equity and preference shares)	**40,895,698**	*38,738,178*
iv) Debentures and bonds	**45,829,459**	*27,896,238*
v) Assets held to cover linked liabilities of life insurance business	**128,906,303**	*70,788,454*
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts etc.)	**114,689,000**	*95,238,918*
TOTAL INVESTMENTS IN INDIA	**1,026,688,061**	*760,997,924*
II. Investments outside India (net of provisions)		
i) Government securities	**20,748,958**	*10,701,989*
ii) Others	**158,729,879**	*68,438,909*
TOTAL INVESTMENTS OUTSIDE INDIA	**179,478,837**	*79,140,898*
TOTAL INVESTMENTS	**1,206,166,898**	*840,138,822*
III. Investments in India		
Gross value of investments	**1,026,171,288**	*762,413,033*
Less: Aggregate of provision/depreciation/(appreciation)	**(516,773)**	*1,415,109*
Net investments	**1,026,688,061**	*760,997,924*
IV. Investments outside India		
Gross value of investments	**179,552,465**	*79,246,831*
Less: Aggregate of provision/depreciation/(appreciation)	**73,628**	*105,933*
Net investments	**179,478,837**	*79,140,898*
TOTAL INVESTMENTS	**1,206,166,898**	*840,138,822*
SCHEDULE 9 — ADVANCES (net of provisions)		
A. i) Bills purchased and discounted	**47,473,577**	*63,426,766*
ii) Cash credits, overdrafts and loans repayable on demand	**334,781,882**	*258,593,077*
iii) Term loans	**1,659,223,017**	*1,209,251,205*
iv) Securitisation, finance lease and hire purchase receivables[1]	**72,515,937**	*31,332,154*
TOTAL ADVANCES	**2,113,994,413**	*1,562,603,202*
B. i) Secured by tangible assets [includes advances against Book debts]	**1,602,564,461**	*1,290,962,380*
ii) Covered by Bank/Government guarantees	**87,960,211**	*15,235,139*
iii) Unsecured	**423,469,741**	*256,405,683*
TOTAL ADVANCES	**2,113,994,413**	*1,562,603,202*
C. I. Advances in India		
i) Priority sector	**555,491,571**	*447,310,487*
ii) Public sector	**4,017,005**	*11,572,043*
iii) Banks	**906,063**	*48,863*
iv) Others	**1,194,443,625**	*913,884,547*
TOTAL ADVANCES IN INDIA	**1,754,858,264**	*1,372,815,940*
II. Advances outside India		
i) Due from banks	**50,979,277**	*25,492,873*
ii) Due from others		
a) Bills purchased and discounted	**24,521,767**	*44,128,091*
b) Syndicated loans	**178,608,073**	*39,708,130*
c) Others	**105,027,032**	*80,458,168*
TOTAL ADVANCES OUTSIDE INDIA	**359,136,149**	*189,787,262*
TOTAL ADVANCES	**2,113,994,413**	*1,562,603,202*

1. Includes receivables under lease amounting to Rs. 577.9 million (March 31, 2006 : Rs. 695.1 million).

ICICI Bank forming part of the Consolidated Balance Sheet (Contd.) (Rs. in '000s)

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 10 — FIXED ASSETS		
I. Premises		
At cost as on March 31 of preceding year	**21,157,589**	*19,584,791*
Opening adjustment	**—**	*25,155*
Additions during the year	**3,306,091**	*1,699,414*
Deductions during the year	**(889,342)**	*(151,771)*
Depreciation to date	**(3,054,777)**	*(2,278,057)*
Net block	**20,519,561**	*18,879,532*
II. Other fixed assets (including furniture and fixtures)		
At cost as on March 31 of preceding year	**22,521,357**	*17,808,855*
Opening adjustment	**—**	*77,299*
Additions during the year	**5,832,130**	*4,838,149*
Deductions during the year	**(732,466)**	*(202,946)*
Depreciation to date	**(14,771,468)**	*(11,710,388)*
Net block	**12,849,553**	*10,810,969*
III. Assets given on Lease		
At cost as on March 31 of preceding year	**19,165,523**	*20,424,065*
Additions during the year	**—**	*544*
Deductions during the year	**(818,991)**	*(1,259,086)*
Depreciation to date, accumulated lease adjustment and provisions	**(8,314,159)**	*(7,427,319)*
Net block	**10,032,373**	*11,738,204*
TOTAL FIXED ASSETS	**43,401,487**	*41,428,705*
SCHEDULE 11 — OTHER ASSETS		
I. Inter-office adjustments (net)	**3,762,923**	*—*
II. Interest accrued	**31,972,407**	*22,887,616*
III. Tax paid in advance/tax deducted at source (net)	**37,839,774**	*28,418,197*
IV. Stationery and stamps	**1,552**	*1,663*
V. Non-banking assets acquired in satisfaction of claims [1]	**3,536,564**	*3,627,879*
VI. Others		
a) Advance for capital assets	**2,410,477**	*1,545,327*
b) Outstanding fees and other income	**4,852,253**	*3,578,907*
c) Exchange fluctuation suspense with Government of India	**—**	*24,966*
d) Swap suspense	**168,266**	*71,587*
e) Deposits	**32,125,652**	*26,069,853*
f) Deferred tax asset (net)	**7,659,104**	*2,471,990*
g) Early Retirement Option expenses not written off	**501,979**	*885,979*
h) Others [2,3]	**58,062,137**	*55,989,973*
TOTAL OTHER ASSETS	**182,893,088**	*145,573,937*

1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.
2. Includes debit balance in profit and loss account of Rs. 73.7 million (March 31, 2006: Rs. 2,435.6 million) including credit balance in profit and loss account for joint ventures of Rs. 88.7 million (March 31, 2006: debit balance of Rs. 13.7 million).
3. Includes goodwill on consolidation amounting to Rs. 624.0 million (March 31, 2006: Rs. 624.0 million).

	As on 31.03.2007	*As on 31.03.2006*
SCHEDULE 12 — CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	**39,265,351**	*29,879,081*
II. Liability for partly paid investments	**254,249**	*168,472*
III. Liability on account of outstanding forward exchange contracts	**1,341,835,648**	*919,149,224*
IV. Guarantees given on behalf of constituents		
a) In India	**241,625,700**	*170,959,502*
b) Outside India	**58,018,630**	*20,488,570*
V. Acceptances, endorsements and other obligations	**233,328,898**	*110,082,608*
VI. Currency swaps	**391,431,046**	*197,909,516*
VII. Interest rate swaps, currency options and interest rate futures	**3,984,601,670**	*2,852,269,039*
VIII. Other items for which the Bank is contingently liable	**445,755,763**	*61,410,349*
TOTAL CONTINGENT LIABILITIES	**6,736,116,955**	*4,362,316,361*

schedules

forming part of the Consolidated Profit and Loss Account (Rs. in '000s)

	Year ended 31.03.2007	Year ended 31.03.2006
SCHEDULE 13 — INTEREST EARNED		
I. Interest/discount on advances/bills	**169,700,875**	*106,359,009*
II. Income on investments	**68,460,679**	*40,607,809*
III. Interest on balances with Reserve Bank of India and other inter-bank funds	**9,037,876**	*3,433,183*
IV. Others [1]	**2,813,065**	*958,247*
TOTAL INTEREST EARNED	**250,012,495**	*151,358,248*

1. Includes interest on income tax refunds of Rs. 1,028.2 million (March 31, 2006: Rs. 415.6 million).

	Year ended 31.03.2007	Year ended 31.03.2006
SCHEDULE 14 — OTHER INCOME		
I. Commission, exchange and brokerage	**54,432,414**	*32,546,535*
II. Profit/(loss) on sale of investments (net)	**14,061,769**	*10,988,676*
III. Profit/(loss) on revaluation of investments (net)[1]	**(11,777,037)**	*(8,526,996)*
IV. Profit/(loss) on sale of land, buildings and other assets (net)[2]	**351,246**	*51,832*
V. Profit/(loss) on foreign exchange transactions (net)	**8,435,218**	*4,451,911*
VI. Premium and other operating income from insurance business	**95,125,466**	*50,703,679*
VII. Miscellaneous income (including lease income)[3]	**2,996,351**	*4,581,256*
TOTAL OTHER INCOME	**163,625,427**	*94,796,893*

1. Includes amortisation of premium on government securities of Rs. 9,987.0 million (March 31, 2006: Rs. 8,802.5 million)
2. Includes profit/(loss) on sale of assets given on lease.
3. Includes lease income of Rs. 2,403.3 million (March 31, 2006: Rs. 3,641.2 million)

	Year ended 31.03.2007	Year ended 31.03.2006
SCHEDULE 15 — INTEREST EXPENDED		
I. Interest on deposits	**124,565,606**	*59,590,224*
II. Interest on Reserve Bank of India/inter-bank borrowings[1]	**16,659,290**	*11,888,142*
III. Others (including interest on borrowings of erstwhile ICICI Limited)	**35,532,297**	*29,536,430*
TOTAL INTEREST EXPENDED	**176,757,193**	*101,014,796*

1. Includes interest paid on inter-bank deposits.

	Year ended 31.03.2007	Year ended 31.03.2006
SCHEDULE 16 — OPERATING EXPENSES		
I. Payments to and provisions for employees	**26,364,966**	*17,112,066*
II. Rent, taxes and lighting	**5,032,549**	*3,036,174*
III. Printing and stationery	**2,310,409**	*1,421,619*
IV. Advertisement and publicity	**5,546,368**	*3,066,259*
V. Depreciation on Bank's property (including non-banking assets)	**4,272,235**	*3,908,328*
VI. Depreciation (including lease equalisation) on leased assets	**1,882,750**	*2,771,014*
VII. Directors' fees, allowances and expenses	**22,237**	*14,523*
VIII. Auditors' fees and expenses	**64,192**	*43,356*
IX. Law charges	**603,440**	*298,817*
X. Postages, telegrams, telephones, etc.	**4,392,443**	*2,825,681*
XI. Repairs and maintenance	**4,494,181**	*3,329,657*
XII. Insurance	**1,674,444**	*298,979*
XIII. Direct marketing agency expenses	**15,602,364**	*11,912,231*
XIV. Claims and benefits paid pertaining to insurance business	**8,065,681**	*3,924,456*
XV. Other expenses pertaining to insurance business	**75,292,734**	*39,464,176*
XVI. Other expenditure	**24,511,135**	*12,270,270*
TOTAL OPERATING EXPENSES	**180,132,128**	*105,697,606*
SCHEDULE 17 — PROVISIONS AND CONTINGENCIES		
I. Income tax		
- Current period tax	**12,013,402**	*8,177,377*
- Deferred tax adjustment	**(4,989,924)**	*(1,595,191)*
- Fringe Benefit Tax	**587,178**	*385,749*
II. Wealth tax	**30,102**	*30,063*
III. Provision for investments (including credit substitutes) (net)	**383,945**	*133,779*
IV. Provision for advances (net)[1]	**22,082,234**	*8,117,173*
V. Others	**307,652**	*203,564*
TOTAL PROVISIONS AND CONTINGENCIES	**30,414,589**	*15,452,514*

1. Includes provision on standard assets, non-performing advances, non-performing leased assets and other receivables.

SCHEDULE 18

Significant accounting policies and notes to accounts

Overview

ICICI Bank Limited ("ICICI Bank" or "the Bank") together with its subsidiaries, joint ventures and associates (collectively, "the Company" or "the Group") is a diversified financial services group providing a wide range of banking and financial services including commercial banking, retail banking, project and corporate finance, working capital finance, insurance, venture capital and private equity, investment banking, broking and treasury products and services.

The Bank was incorporated in Vadodara, India and is a publicly held banking company governed by the Banking Regulation Act, 1949.

Principles of consolidation

The consolidated financial statements include the financials of ICICI Bank, its subsidiaries and joint ventures.

The Bank consolidates subsidiaries in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. Entities where the Bank holds 20% to 50% of the voting rights and/or has the ability to exercise significant influence, other than investments of designated venture capital subsidiaries, are accounted for under the equity method of accounting, and the pro-rata share of their income/(loss) is included in the consolidated profit and loss account. Assets, liabilities, income and expenditure of jointly controlled entities are consolidated using the proportionate consolidation method. Under this method, the Bank's share of each of the assets, liabilities, income and expenses of the jointly controlled entity are reported in separate line items in the consolidated financial statements. The total assets at March 31, 2007 and total income for the year ended March 31, 2007 of the entities consolidated by the proportionate consolidation method is Rs. 128.2 million and Rs. 9.6 million respectively. The Bank does not consolidate entities where control is intended to be temporary. All significant inter-company accounts and transactions are eliminated on consolidation.

Basis of preparation

The accounting and reporting policies of the Company used in the preparation of these consolidated financial statements conform to generally accepted accounting principles in India (Indian GAAP), guidelines issued by Reserve Bank of India ("RBI"), Insurance Regulatory and Development Authority ("IRDA") and National Housing Bank ("NHB") from time to time and as applicable to relevant companies and practices generally prevalent within the banking industry in India.

The Company follows the accrual method of accounting except where otherwise stated and historical cost convention. In case the accounting policies followed by a subsidiary or joint venture are different from those followed by the Bank, the same have been disclosed separately.

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

The consolidated financial statements include the results of the following entities:

Sr. No.	Name of the company	Country of incorporation	Nature of Relationship	Nature of business	Ownership interest
1	ICICI Securities Primary Dealership Limited (formerly ICICI Securities Limited)[1]	India	Subsidiary	Investment banking	99.94%
2	ICICI Securities Limited (formerly ICICI Brokerage Services Limited)[2,3,4]	India	Subsidiary	Securities broking	99.94%
3	ICICI Securities Inc.	USA	Subsidiary	Investment banking and securities broking	99.94%
4	ICICI Securities Holdings Inc.	USA	Subsidiary	Investment banking	99.94%
5	ICICI Venture Funds Management Company Limited	India	Subsidiary	Venture fund management	100.00%
6	ICICI Home Finance Company Limited[5]	India	Subsidiary	Housing finance	100.00%
7	ICICI Trusteeship Services Limited	India	Subsidiary	Trusteeship services	100.00%
8	ICICI Investment Management Company Limited	India	Subsidiary	Investment management	100.00%
9	ICICI International Limited	Mauritius	Subsidiary	Offshore fund management	100.00%
10	ICICI Bank UK PLC. (formerly ICICI Bank UK Limited)	United Kingdom	Subsidiary	Banking	100.00%
11	ICICI Bank Canada[10]	Canada	Subsidiary	Banking	100.00%

forming part of the Consolidated Accounts *(Contd.)*

Sr. No.	Name of the company	Country of incorporation	Nature of Relationship	Nature of business	Ownership interest
12	ICICI Bank Eurasia Limited Liability Company[6]	Russia	Subsidiary	Banking	100.00%
13	ICICI Property Trust	India	Consolidated as per Accounting Standard ('AS') 21	Assets and investments management	100.00%
14	ICICI Eco-net Internet and Technology Fund	India	Consolidated as per Accounting Standard ('AS') 21	Venture capital fund	92.03%
15	ICICI Equity Fund	India	Consolidated as per Accounting Standard ('AS') 21	Venture capital fund	100.00%
16	ICICI Emerging Sectors Fund	India	Consolidated as per Accounting Standard ('AS') 21	Venture capital fund	99.29%
17	ICICI Strategic Investment Fund	India	Consolidated as per Accounting Standard ('AS') 21	Venture capital fund	100.00%
18	ICICI Prudential Life Insurance Company Limited[7]	India	Subsidiary	Life Insurance	73.86%
19	ICICI Lombard General Insurance Company Limited[7]	India	Subsidiary	General Insurance	73.84%
20	ICICI Prudential Asset Management Company Limited[7, 8]	India	Subsidiary	Asset management company for ICICI Prudential Mutual Fund (formerly Prudential ICICI Mutual Fund)	50.99%
21	ICICI Prudential Trust Limited[7, 8]	India	Subsidiary	Trustee company for ICICI Prudential Mutual Fund (formerly Prudential ICICI Mutual Fund)	50.80%
22	TCW/ICICI Investment Partners LLC[9]	Mauritius	Jointly controlled entity	Asset and fund management company	50.00%
23	TSI Ventures (India) Private Limited[9]	India	Jointly controlled entity	Real estate consultant	50.00%

1. Effective March 1, 2007, the name of ICICI Securities Limited has been changed to ICICI Securities Primary Dealership Limited.
2. Effective March 26, 2007, the name of ICICI Brokerage Services Limited has been changed to ICICI Securities Limited.
3. Effective October 1, 2006, ICICI Web Trade Limited has merged with ICICI Securities Limited (formerly ICICI Brokerage Services Limited), a subsidiary of the Bank.
4. Includes direct and indirect holdings.
5. Effective August 11, 2005, ICICI Distribution Finance Private Limited has merged with ICICI Home Finance Company Limited. Consequent to the merger, ICICI Distribution Finance Private Limited ceases to be a subsidiary of the Bank.
6. ICICI Bank Eurasia Limited Liability Company has become a subsidiary of ICICI Bank Limited with effect from May 19, 2005, being the date of its acquisition.
7. The financial statements of these jointly controlled entities have been consolidated as per AS 21 on "Consolidated Financial Statements" consequent to the limited revision to AS 27 on "Financial Reporting of Interests in Joint Ventures".

8. The name of Prudential ICICI Asset Management Company Limited and Prudential ICICI Trust Limited has been changed to ICICI Prudential Asset Management Company Limited and ICICI Prudential Trust Limited respectively.
9. These entities have been consolidated as per the proportionate consolidation method as prescribed by AS 27 on "Financial Reporting of Interests in Joint ventures".
10. ICICI Wealth Management Inc. ("ICICI WM") was incorporated as a 100% subsidiary of ICICI Bank Canada on July 28, 2006. ICICI WM received a Limited Market Dealer license from the Ontario Securities Commission on March 2, 2007, which permits ICICI WM to provide wealth management services to Accredited Investors and Sophisticated Investors (both as defined in Canadian regulations) in Canada (except those in the provinces of Newfoundland and Labrador). ICICI WM has not yet been capitalised and is yet to commence operations, both of which are expected shortly.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Foreign currency transactions

The consolidated financial statements of the Company are reported in Indian rupees (Rs.), the national currency of India. Foreign currency income and expenditure items are translated as follows.

- For domestic operations, at the exchange rates prevailing on the date of the transaction with the resultant gain or loss accounted for in the profit and loss account.
- For integral foreign operations (representative offices), at weekly average closing rates with the resultant gain or loss accounted for in the profit and loss account. An integral foreign operation is a subsidiary, associate, joint venture or branch of the reporting enterprise, the activities of which are based or conducted in a country other than the country of the reporting enterprise but are an integral part of the reporting enterprise.
- For non-integral foreign operations (foreign branches and off-shore banking units), at the quarterly average closing rates with the resultant gains or losses accounted for as foreign currency translation reserve.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India ("FEDAI") at the balance sheet date and the resulting profits/losses are included in the profit and loss account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the balance sheet date and the resulting profit/loss on exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations.

The premium or discount arising on inception of forward exchange contracts that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of in-between maturities. The resultant gains or losses are recognised in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currency are disclosed at the closing exchange rates notified by FEDAI at the balance sheet date.

2. Revenue recognition

- Interest income is recognised in the profit and loss account as it accrues except in the case of non-performing assets ("NPAs") where it is recognised, upon realisation, as per the prudential norms of RBI.
- Income from hire purchase operations is accrued by applying the implicit interest rate on outstanding balances.
- Income from leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period. Leases entered into till March 31, 2001 have been accounted for as operating leases. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment of outstanding in respect of finance lease. The principal amount is recognised as repayment of advances and the finance income is reported as interest income.
- Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- Dividend income is accounted on an accrual basis when the right to receive the dividend is established.
- Loan processing fee is accounted for upfront when it becomes due.
- Project appraisal/structuring fee is accounted for at the completion of the agreed service.
- Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.
- Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.
- Net income arising from sell down/securitisation of loan assets prior to February 1, 2006 has been recognised upfront in interest income. Effective February 1, 2006 net income arising from securitisation of loan assets is amortised over the life of securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. Net income arising from sale of loan assets through direct assignment without any recourse obligation, is recognised at the time of sale.

- Income from brokerage activities is recognised as income on the trade date of the transaction. Brokerage income in relation to public issues/other securities is recognised based on mobilisation and terms of agreement with the client. The Company follows trade date method for accounting of its investments.
- Life insurance premium is recognised as income when due. Premium on lapsed policies is recognised as income when such policies are reinstated. For linked business, premium is recognised when the associated units are allotted. Income from linked funds, which includes fund management charges, administrative charges and mortality charges is recovered from the linked fund in accordance with the terms and conditions of the policy and is accounted on accrual basis.
- General insurance premium is recognised as income over the period of risk or the contract period based on 1/365 method, whichever is appropriate on a gross basis, net of service tax. Any subsequent revision to premium is recognised over the remaining period of risk or contract period. Adjustments to premium income arising on cancellation of policies are recognised in the period in which the policies are cancelled. Commission on re-insurance business is recognised as income in the period of ceding the risk. Profit commission under re-insurance treaties is recognised as income in the period of determination of profits.
- Insurance premium on ceding of the risk is recognised in the period in which the risk is ceded. Any subsequent revision to premium ceded is recognised in the period of such revision. Adjustment to re-insurance premium arising on cancellation of policies is recognised in the period in which it is cancelled. In case of life insurance business, re-insurance premium ceded is accounted in accordance with the treaty or in-principal arrangement with the re-insurer.
- Premium deficiency is recognised when the sum of expected claim costs and related expenses exceed the reserve for unexpired risks and is computed at a business segment level.

3. Stock based compensation

The following entities within the group have issued stock options to their employees.

- ICICI Bank Limited
- ICICI Prudential Life Insurance Company Limited
- ICICI Lombard General Insurance Company Limited

The Employee Stock Option Scheme ("the scheme") provides for grant of equity shares of the Bank to employees of the Bank. The scheme provides that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited have also formulated similar stock option schemes for their employees. ICICI Securities Primary Dealership Limited has approved a Long Term Incentive Scheme for its employees. As per this scheme, long-term incentive units (incentive units) are granted to employees, which vests over a vesting period specified in the scheme. Each incentive unit is equal to one notional share of ICICI Securities Primary Dealership Limited.

The Company follows the intrinsic value method to account for its stock-based employees compensation plans. Compensation is cost measured as the excess, if any, of the fair market price of the underlying stock over the exercise price. The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more that one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered. In case of ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited, the fair value of the shares is determined based on an independent valuer's report.

Since the exercise price of the Bank's stock option is equal to the fair value price there is no compensation cost under the intrinsic value method.

4. Income taxes

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax charge. Current year taxes are determined in accordance with the Income-tax Act, 1961. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the period.

Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgement as to whether realisation is considered certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation, tax losses and carry forward capital losses, only if there is virtual certainty that such deferred tax asset can be realised against future profits.

In the consolidated financial statements, deferred tax assets and liabilities are computed at individual entity level and aggregated for consolidated reporting.

5. **Claims and benefits paid**

In case of general insurance business, claims comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs. Claims (net of amounts receivable from re-insurers/co-insurers) are recognised on the date of intimation of the loss. Estimated liability for outstanding claims at the balance sheet date is recorded net of claims recoverable from/payable to co-insurers/re-insurers and salvage to the extent there is certainty of realisation. Estimated liability for outstanding claim is determined by the entity on the basis of ultimate amounts likely to be paid on each claim based on past experience. These estimates are progressively revalidated on availability of further information. Claims IBNR represent that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The claims IBNR provision also includes provision, if any, required for claims IBNER. Liability for claims IBNR/claims IBNER is based on an actuarial estimate duly certified by the appointed actuary of the entity. In case of life insurance business, claims other than maturity claims are accounted for on receipt of intimation. Maturity claims are accounted when due for payment. Re-insurance on such claims is accounted for in the same period as the related claims. Withdrawals under linked policies are accounted in the respective schemes.

6. **Liability for life policies in force**

In respect of life insurance business, liability for life policies in force and also policies in respect of which premium has been discontinued but a liability exists, is determined by the appointed actuary on the basis of an annual review of the life insurance business, as per the gross premium method in accordance with accepted actuarial practice, requirements of the IRDA and the Actuarial Society of India. The linked policies sold by the entity carry two types of liabilities – unit liability representing the fund value of policies and non-unit liability for future expenses, meeting death claims, income taxes and cost of any guarantees.

7. **Reserve for unexpired risk**

Reserve for unexpired risk is recognised net of re-insurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the entity under contractual obligations on contract period basis or risk period basis, whichever is appropriate. It is calculated on a daily pro-rata basis subject to a minimum of 50% of the premium written during the 12 months preceding the balance sheet date for fire, marine, cargo and miscellaneous business and 100% for marine hull business, in accordance with the provisions of the Insurance Act, 1938.

8. **Actuarial method and valuation**

In case of life insurance business, the actuarial valuation liability on both participating and non-participating policies is calculated using the gross premium method. The gross premium reserves are calculated using assumptions for interest, mortality, expense and inflation and in the case of participating policies, the future bonuses together with allowance for taxation and allocation of profits to shareholders. These assumptions are determined as prudent estimates at the date of valuation with allowances for adverse deviations.

The interest rates used for valuing the liabilities are in the range of 4.7% to 10.0% per annum (previous year – 4.7% to 10.0% per annum).

Mortality rates used are based on the published L.I.C. (1994-96) Ultimate Mortality Table, adjusted to reflect expected experience and allowances for adverse deviation. Expenses are provided for, at long-term expected renewal expense levels.

Unearned premium reserves are held for the unexpired portion of the risk for the general fund liabilities of linked business and riders there under and one year renewable group term insurance.

The unit liability in respect of linked business has been taken as the value of the units standing to the credit of policyholders, using the net asset value (NAV) prevailing at the valuation date. The adequacy of charges under unit-linked policies to meet future expenses has been tested and provision made as appropriate. Provision has also been made for the cost of guarantee under unit-linked products that carry a guarantee.

9. **Acquisition costs for insurance business**

Acquisition costs are those costs that vary with, and are primarily related to the acquisition of new and renewal of insurance contracts including commissions and policy issue expenses. These costs are expensed in the period in which they are incurred.

10. **Staff retirement benefits**

Gratuity

ICICI Bank pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. ICICI Bank makes contributions to three separate gratuity funds, for employees inducted from erstwhile ICICI Limited (ICICI), employees inducted from erstwhile Bank of Madura and employees of ICICI Bank other than employees inducted from erstwhile ICICI and erstwhile Bank of Madura.

Separate gratuity funds for employees inducted from erstwhile ICICI and erstwhile Bank of Madura are managed by ICICI Prudential Life Insurance Company Limited. Actuarial valuation of the gratuity liability is determined by an actuary appointed by ICICI Prudential Life Insurance Company Limited. The investments of the funds are made according to rules prescribed by the Government of India. The gratuity fund for employees of ICICI Bank, other than employees inducted from erstwhile ICICI and erstwhile Bank of Madura, is administered by the Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited. In accordance with the gratuity fund's rules, actuarial valuation of gratuity liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

As per the transition provision of AS 15 (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of gratuity benefits created by the Bank at March 31, 2006 due to the revised standard have been included in Schedule 2 ("Reserves and Surplus").

Superannuation Fund

ICICI Bank contributes 15.0% of the total annual salary of each employee to a superannuation fund for ICICI Bank employees. ICICI Bank's employees get an option on retirement or resignation to receive one-third of the total balance and a monthly pension based on the remaining two-third balance. In the event of death of an employee, his or her beneficiary receives the remaining accumulated two-third balance. ICICI Bank also gives cash option to its employees, allowing them to receive the amount contributed by ICICI Bank in their monthly salary during their employment. Upto March 31, 2005, the superannuation fund was administered solely by the Life Insurance Corporation of India. Subsequent to March 31, 2005, the fund is being administered by both Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited. Employees had the option to retain the existing balance with Life Insurance Corporation of India or seek a transfer to ICICI Prudential Life Insurance Company Limited.

Pension

The Bank provides for pension, a deferred retirement plan covering certain employees. The plan provides for a pension payment on a monthly basis to these employees on their retirement based on the respective employee's salary and years of employment with the Bank. Employees covered by the pension plan are not eligible for benefits under the provident fund plan, a defined contribution plan.

As per the transition provision of AS 15 (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of pension benefits created by the Bank at March 31, 2006 due to the revised standard have been included in Schedule 2 ("Reserves and Surplus").

Provident Fund

ICICI Bank is statutorily required to maintain a provident fund as a part of its retirement benefits to its employees. There are separate provident funds for employees inducted from erstwhile Bank of Madura (other than those employees who have opted for pensions), and for other employees of ICICI Bank. These funds are managed by in-house trustees. Each employee contributes 12.0% of his or her basic salary (10.0% for clerks and sub-staff of erstwhile Bank of Madura) and ICICI Bank contributes an equal amount of the funds. The investments of the funds are made according to rules prescribed by the Government of India.

Leave encashment

The Bank provides for leave encashment benefit, which is a defined benefit scheme, based on actuarial valuation as at the balance sheet date conducted by an independent actuary.

In respect of other entities within the group, retirement benefits in the form of provident fund and other defined contribution schemes, the contribution payable by the entity for the year is charged to the profit and loss account for that year. In respect of gratuity benefit and other benefit schemes, where the entity makes payments for retirement benefits out of its own funds, provisions are made in the profit and loss account based on actuarial valuation.

As per the transition provision of AS 15 (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of leave encashment benefits created by the Bank at March 31, 2006 due to the revised standard have been included in Schedule 2 ("Reserves and Surplus").

11. Provisions, contingent liabilities and contingent assets

The Company estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available upto the date on which the consolidated financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the consolidated financial statements. In case of remote possibility neither provision nor disclosure is made in the consolidated financial statements. The Company does not account for contingent assets, if any.

12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

13. Investments

Investments of the Bank are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as given below.

a) All investments are categorised into 'Held to Maturity', 'Available for Sale' and 'Held for Trading' categories. Re-classifications, if any, in any category are accounted for as per the RBI guidelines.

Under each category, the investments are further classified under (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.

b) 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of the securities acquired is amortised over the remaining period to maturity on the basis of constant effective yield. A provision is made for other than temporary diminution in the profit and loss account.

c) 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Any premium over the face value of the investments in government securities classified as 'Available for Sale' is amortised over the remaining period to maturity on the basis of constant effective yield. Quoted investments are valued based on the trades/quotes on the recognized stock exchanges, SGL account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association ("FIMMDA"), periodically.

The market/fair value of unquoted government and other approved securities ("SLR") included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA. The valuation of other than government and other approved securities ("Non-SLR securities"), other than those quoted on the stock exchanges, wherever linked to the Yield-to-Maturity ("YTM") rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA.

Unquoted equity shares are valued at the book value, if the latest balance sheet is available or at Re. 1 as per RBI guidelines.

Securities are valued scrip-wise and depreciation/appreciation aggregated for each category. Net appreciation, if any, in each basket, being unrealised, is ignored, while net depreciation is provided for.

d) Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account.

e) Profit on sale of investments in the 'Held to Maturity' category is credited to the profit and loss account and is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to capital reserve. Profit on sale of investments in 'Available for sale' and 'Held for Trading' categories is credited to profit and loss account.

f) At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines prescribed by RBI. Accordingly, as the security receipts issued by the asset reconstruction company are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank considers the Net Asset Value ("NAV"), obtained from the asset reconstruction company, for valuation of such investments at each reporting period end.

g) Repurchase and reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.

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

The venture capital investments are carried at fair values, with unrealised gains and temporary losses on investments recognised as components of investors' equity and accounted for in the unrealised investment reserve account. The realised gains and losses on investments and units in mutual funds and unrealised gains or losses on restatement of units in mutual funds are accounted for in the profit and loss account. Provisions are made in respect of accrued income considered doubtful. Such provisions as well as any subsequent recoveries are recorded through the profit and loss account. Subscription to/purchase of investments are accounted at the cost of acquisition inclusive of brokerage, commission and stamp duty. Bonus shares and right entitlements are recorded when such benefits are known. Quoted investments are valued on the valuation date at the closing market price. Quoted investments that are not traded on the valuation date but are traded during the two months prior to the valuation date are valued at the latest known closing price. An appropriate discount is applied where the asset management company considers it necessary to reflect restrictions on disposal. Quoted investments not traded during the two months prior to the valuation date are treated as unquoted. Unquoted investments are valued at their estimated fair values by applying appropriate valuation methods. Where there is a decline, other than temporary in the carrying amounts of investments, the resultant reduction in the carrying amount is charged to the profit and loss account during the period in which such decline is identified.

The Bank's investment banking subsidiary classifies its investments as short-term and trading or as long-term investments. The securities held with the intention of holding for short-term and trading are classified as stock in trade and the securities acquired with the intention of holding till maturity or for a longer period are classified as long-term investments. The securities held as stock in trade are valued at lower of cost arrived at on weighted average basis or market/fair value and long-term investments are carried at cost arrived at on a weighted average basis. Appropriate provision is made for other than temporary diminution in the value of investments. Commission earned in respect of securities acquired upon devolvement is reduced from the cost of acquisition.

The Bank's housing finance subsidiary classifies its investments as current investments and long-term investments. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments, which are carried at the lower of cost or the market value. All other investments are classified as long-term investments, which are carried at cost. However a provision for diminution in value is made to recognise any other than temporary decline in the value of investments. Costs such as brokerage, commission etc. paid at the time of acquisition of investments are included in the investment cost.

The investments in real estate made by the insurance subsidiaries are valued at historical cost subject to provision for impairment, if any. Revaluation of investments in real estate is done at least once in every three years.

14. Provisions/write-offs on loans and other credit facilities

All credit exposures of the Bank are classified as per RBI guidelines, into performing and non-performing assets ("NPAs"). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. In the case of corporate loans, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. Subject to the minimum provisioning levels prescribed by RBI, provision on homogeneous retail loans/receivables is assessed at a portfolio level, on the basis of days past due.

For restructured/rescheduled assets, provision is made by the Bank in accordance with the guidelines issued by RBI, which requires a provision equal to the present value of the interest sacrifice to be made at the time of restructuring.

In the case of NPAs other than restructured NPA accounts, the account is upgraded to the standard category, if arrears of interest and principal are fully paid by the borrower. In respect of NPA accounts subjected to restructuring, the account is upgraded as "standard" account if arrears of interest and principal are fully paid by the borrower.

In respect of non-performing loan accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance of the account during the period.

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 recognised in the profit and loss account.

In addition to the specific provision on NPAs, the Bank maintains a general provision on performing loans. The general provision meets the requirements of the RBI guidelines.

In addition to the provisions required to be held according to the asset classification status, provisions are held by the Bank for individual country exposure (other than for home country). The countries are categorised into seven-risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made on exposures exceeding 90 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 90 days, 25% of the provision is required to be held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

In the case of the Bank's investment-banking subsidiary, the policy of provisioning against NPAs is as per the prudential norms prescribed by the RBI for non-banking financial companies. As per the policy adopted, the provision against sub-standard assets are determined, taking into account management's perception of the higher risk associated with the business of the company. Certain NPAs are considered as loss assets and full provision has been made against such assets.

In case of the Bank's housing finance subsidiary, loans and other credit facilities are classified as per the NHB guidelines into performing and non-performing assets. Further, NPA's are classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB. 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.

In the case of the Bank's Canadian subsidiary, loans are stated net of allowance for credit losses. Loans are classified as impaired when there is no longer reasonable assurance of the timely collection of the full amount of principal or interest. An allowance for credit losses is maintained at a level that management considers adequate to absorb identified credit related losses as well as losses that have been incurred but are not yet identifiable.

15. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses, net of provisions, are accounted for only if the Bank surrenders the rights to benefits specified in the loan contract. Recourse and servicing obligations are reduced from proceeds of the sale. Retained beneficial interests in the loans are measured by allocating the carrying value of the loans between the assets sold and the retained interest, based on the relative fair value at the date of the securitisation.

In accordance with RBI guidelines, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold.

16. Fixed assets and depreciation

Premises and other fixed assets are carried at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis, except for those relating to venture capital, investment banking and asset management subsidiaries where depreciation is charged on a written down value method. The rates of depreciation for fixed assets are not lower than the rates prescribed in schedule XIV of the Companies Act, 1956.

Depreciation on leased assets and leasehold improvements is recognised on a straight-line basis using rates determined with reference to the primary period of lease or rates specified in Schedule XIV of the Companies Act, 1956, whichever is higher.

Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been put to use.

Items costing up to Rs. 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

In case of the Bank's life insurance subsidiary, assets costing upto Rs. 20,000 are fully depreciated in the year of acquisition. Intangible assets comprising software are stated at cost less amortisation. Significant improvements to software are capitalised while the insignificant improvements are charged off as software expenses. Software expenses, that are capitalised, are amortised on straight-line method over a period of three years from the date they are put to use, being management's estimate of the useful life of such intangibles. Depreciation on furniture and fixtures is charged @ 25% per annum.

In case of the Bank's general insurance and housing finance subsidiary, computer software are stated at cost less amortisation. Computer software including improvements is amortised over a period of five years, being management's estimate of the useful life of such intangibles.

In case of the investment banking subsidiary, membership right to the stock exchange is treated as an asset and the value paid to acquire such rights is amortised over a period of 10 years.

17. Accounting for derivative contracts

The Company enters into derivative contracts such as foreign currency options, interest rate and currency swaps and cross currency interest rate swaps for hedging or for trading purposes.

The swap contracts entered to hedge on-balance sheet 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 is correlated with the movement of underlying assets and accounted pursuant to the principles of hedge accounting. Hedged swaps/options are accounted for on an accrual basis.

Foreign currency and rupee derivative contracts entered into for trading purposes are marked to market and the resulting gain/loss, (net of provisions, if any) is accounted for in the profit and loss account.

18. Impairment of assets

Fixed assets and certain intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

19. Earnings per share ("EPS")

Basic and diluted earnings per equity share are computed in accordance with Accounting Standard 20, "Earnings per Share". Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

20. Lease Transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term.

B. NOTES FORMING PART OF THE ACCOUNTS

The following additional disclosures have been made taking into account the requirements of accounting standards and RBI guidelines in this regard.

1. Merger of Sangli Bank

On December 9, 2006, the Board of Directors of ICICI Bank Limited and the Board of Directors of the Sangli Bank Limited ("Sangli Bank") at their respective meetings, approved and all-stock amalgamation of Sangli Bank with ICICI Bank at a share exchange ratio of 100 shares of ICICI Bank for 925 shares of Sangli Bank. The shareholders of Sangli Bank have approved the scheme in their extra-ordinary general meeting held on January 15, 2007 and the shareholders of ICICI Bank have approved the scheme of amalgamation in their extra-ordinary general meeting held on January 20, 2007.

RBI has sanctioned the scheme of amalgamation with effect from April 19, 2007 vide its order DBOD No. PSBD 10268 / 16.01.128/2006-07 under sub-section (4) of Section 44A of the Banking Regulation Act, 1949.

At the year ended March 31, 2006, Sangli Bank had total assets of Rs. 21,508.5 million, deposits of Rs. 20,043.3 million, loans of Rs. 8,882.8 million and capital adequacy of 1.6%. During the year ended March 31, 2006, it incurred a loss of Rs. 292.7 million.

2. Equity issue of ICICI Bank Limited

During the year ended March 31, 2006, the Bank raised equity capital amounting to Rs. 80,006.1 million. The expenses of the issue amounting to Rs. 874.1 million have been charged to the share premium account. The details of the equity capital raised are given in the table below.

Rupees in million, except per share data

Details	No. of equity shares	Amount of share premium	Aggregate proceeds
Fully paid equity shares of Rs. 10 each at a premium of Rs. 515 per share	67,787,322	34,910.5	35,588.3
Fully paid equity shares of Rs. 10 each at a premium of Rs. 488.75 per share	28,894,060	14,122.0	14,410.9
18,618,730 American Depository Share ("ADS") at a price of US$ 26.75 per share [1]	37,237,460	22,134.6	22,506.9
Fully paid equity shares of Rs. 10 each issued by exercise of the green shoe option	14,285,714	7,357.1	7,500.0
Total	**148,204,556**	**78,524.2**	**80,006.1**

1. Includes 2,428,530 ADSs issued on exercise of the green shoe option.

3. Earnings per share ("EPS")

Basic and diluted earnings per equity share are computed in accordance with Accounting Standard 20, "Earnings per Share". Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

The computation of earnings per share is given below.

Rupees in million, except per share data

	Year ended March 31, 2007	*Year ended March 31, 2006*
Basic		
Weighted average no. of equity shares outstanding	**892,820,768**	*781,693,773*
Net profit	**27,606.3**	*24,200.9*
Basic earnings per share (Rs.)	**30.92**	*30.96*
Diluted		
Weighted average no. of equity shares outstanding	**897,743,476**	*789,963,635*
Net profit	**27,606.3**	*24,200.9*
Diluted earnings per share (Rs.)	**30.75**	*30.64*
Normal value per share (Rs.)	**10.00**	*10.00*

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

4. Related party transactions

The significant transactions between the Company and key management personnel[1] are given below.

Interest income

During the year ended March 31, 2007, the Bank received interest from its key management personnel[1] amounting to Rs. 0.7 million (March 31, 2006: Rs. 0.5 million).

Dividend paid

During the year ended March 31, 2007, the Bank paid dividend to its key management personnel amounting to Rs. 4.4 million (March 31, 2006: Rs. 3.2 million).

Remuneration to whole-time directors

During the year ended March 31, 2007, the Bank paid remuneration to its whole-time directors amounting to Rs. 87.0 million (March 31, 2006: Rs. 75.9 million).

Related party balances

The following are the balances payable to/receivable from key management personnel as on March 31, 2007:

Rupees in million

Items	As on March 31, 2007	*As on March 31, 2006*
Deposits	**79.7**	*24.9*
Advances	**20.6**	*15.4*
Investments	**14.1**	*4.3*

The following balances represent the maximum balance payable to/receivable from key management personnel during the year ended March 31, 2007:

Rupees in million

Items	Year ended March 31, 2007	*Year ended March 31, 2006*
Deposits	**129.0**	*46.1*
Advances	**20.8**	*21.2*
Investments	**14.1**	*4.4*

1. Includes whole-time directors and their relatives.

5. Employee stock option scheme ("ESOS")

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 5% of the aggregate number of the issued equity shares of the Bank of the date(s) of the grant of options.

In terms of the scheme, 13,187,783 options (March 31, 2006: 17,362,584 options) granted to eligible employees were outstanding at March 31, 2007.

The exercise price of ICICI Bank's options is the last closing price on the stock exchange, which recorded highest trading volume preceding the date of grant of options. There is no compensation cost in year ended March 31, 2007 based on intrinsic value of options. However, if ICICI Bank had used the fair value of options based on the Black-Scholes model, compensation cost in year ended March 31, 2007 would have been higher by Rs. 827.4 million. The key assumptions used to estimate the fair value of options are given below.

Risk-free interest rate	*5.12% - 8.22%*
Expected life	*3 – 6 years*
Expected volatility	*36.34% - 41.03%*
Expected dividend yield	*1.44% - 4.06%*

A summary of the status of the Bank's stock option plan is given below.

Rupees, except number of shares

Particulars	Stock options outstanding			
	Year ended March 31, 2007		*Year ended March 31, 2006*	
	Number of shares	**Weighted average exercise price**	*Number of shares*	*Weighted average exercise price*
Outstanding at the beginning of the year	**17,362,584**	**262.60**	*18,215,335*	*207.33*
Add: Granted during the year	**6,439,900**	**582.26**	*4,981,780*	*362.12*
Less: Forfeited/lapsed during the year	**1,127,650**	**422.81**	*931,280*	*261.89*
Exercised during the year[1]	**9,487,051**	**210.47**	*4,903,251*	*158.50*
Outstanding at the end of the year	**13,187,783**	**442.50**	*17,362,584*	*262.60*
Options exercisable	**326,259**	**225.80**	*4,451,704*	*194.00*

1. Excludes options exercised but not allotted.

A summary of stock options outstanding as on March 31, 2007 is given below.

Range of exercise price (Rupees per share)	Number of shares arising out of options (Number of shares)	Weighted average exercise price (Rupees)	Weighted average remaining contractual life (Number of years)
105 - 300	203,190	168.24	4.50
301 - 600	12,861,093	442.93	8.27
601 - 1000	123,500	849.22	9.69

The options were exercised regularly throughout the year and weighted average share price as per NSE price volume data during the year ended March 31, 2007 was Rs. 750.58 (March 31, 2006: Rs. 531.34).

ICICI Prudential Life Insurance Company Limited has formulated three ESOS schemes, namely "Founder option", "FY 2004-05 scheme" and "FY 2005-06 scheme".

During the year, ICICI Prudential Life Insurance Company Limited has recognised a compensation cost of Rs. 5.6 million. If the entity had used the fair value of options based on the Black-Scholes model, compensation cost in year ended March 31, 2007 would have been higher by Rs. 61.0 million. The key assumptions used to estimate the fair value of options are given below.

Risk-free interest rate	*6.87%*
Expected life	*5 years*
Expected volatility	*28.7%*
Expected dividend yield	*1.50%*

A summary of the status of the stock option plan – "Founder option" is given below.

Rupees, except number of shares

Particulars	Stock options outstanding			
	Year ended March 31, 2007		*Year ended March 31, 2006*	
	Number of shares	**Weighted average exercise price**	*Number of shares*	*Weighted average exercise price*
Outstanding at the beginning of the year	**2,287,500**	**30.00**	*2,665,500*	*30.00*
Add: Granted during the year	**—**	**—**	—	—
Less: Forfeited/lapsed during the year	**150,500**	**30.00**	*378,000*	*30.00*
Exercised during the year	**1,573,423**	**30.00**	—	—
Outstanding at the end of the year	**563,577**	**30.00**	*2,287,500*	*30.00*
Options exercisable	**60,202**	**30.00**	*1,143,750*	*30.00*

A summary of stock options outstanding as on March 31, 2007 is given below.

Range of exercise price (Rupees per share)	Number of shares arising out of options (Number of shares)	Weighted average exercise price (Rupees)	Weighted average remaining contractual life (Number of years)
30.00	563,577	30.00	7.99

A summary of the status of the stock option plan – "FY 2004-05 scheme" is given below.

Rupees, except number of shares

	Stock options outstanding			
	Year ended March 31, 2007		*Year ended March 31, 2006*	
Particulars	**Number of shares**	**Weighted average exercise price**	*Number of shares*	*Weighted average exercise price*
Outstanding at the beginning of the year	**3,285,100**	**42.00**	—	—
Add: Granted during the year	**34,500**	**42.00**	*3,384,700*	*42.00*
Less: Forfeited/lapsed during the year	**228,100**	**42.00**	*99,600*	*42.00*
Exercised during the year	**822,113**	**42.00**	—	—
Outstanding at the end of the year	**2,269,387**	**42.00**	*3,285,100*	*42.00*
Options exercisable	**32,962**	**42.00**	—	—

A summary of stock options outstanding as on March 31, 2007 is given below.

Range of exercise price (Rupees per share)	Number of shares arising out of options (Number of shares)	Weighted average exercise price (Rupees)	Weighted average remaining contractual life (Number of years)
42.00	2,269,387	42.00	8.06

A summary of the status of the stock option plan – "FY 2005-06 scheme" is given below.

Rupees, except number of shares

	Stock options outstanding			
	Year ended March 31, 2007		*Year ended March 31, 2006*	
Particulars	**Number of shares**	**Weighted average exercise price**	*Number of shares*	*Weighted average exercise price*
Outstanding at the beginning of the year	**—**	**—**	—	—
Add: Granted during the year	**4,633,250**	**70.00**	—	—
Less: Forfeited/lapsed during the year	**186,250**	**70.00**	—	—
Exercised during the year	**—**	**—**	—	—
Outstanding at the end of the year	**4,447,000**	**70.00**	—	—
Options exercisable	**—**	**—**	—	—

A summary of stock options outstanding as on March 31, 2007 is given below.

Range of exercise price (Rupees per share)	Number of shares arising out of options (Number of shares)	Weighted average exercise price (Rupees)	Weighted average remaining contractual life (Number of years)
70.00	4,447,000	70.00	9.80

ICICI Lombard General Insurance Company Limited has granted stock options to employees based on an independent valuer's report. If the entity would have estimated fair value computed on the basis of Black Scholes pricing model, compensation cost for the year ended March 31, 2007 would have been higher by Rs. 107.6 million. The key assumptions used to estimate the fair value of options are given below.

Risk-free interest rate	*8.14% - 8.17%*
Expected life	*4 – 7 years*
Expected volatility	*17% - 20%*
Expected dividend yield	*1.00%*

A summary of the status of the stock option plan of ICICI Lombard General Insurance Company Limited is given below.

Rupees, except number of shares

	Stock options outstanding			
	Year ended March 31, 2007		*Year ended March 31, 2006*	
Particulars	**Number of shares**	**Weighted average exercise price**	*Number of shares*	*Weighted average exercise price*
Outstanding at the beginning of the year	**4,093,060**	**35.00**	—	—
Add: Granted during the year	**4,296,500**	**40.00**	*4,317,060*	*35.00*
Less: Forfeited/lapsed during the year	**291,252**	**35.00**	*224,000*	*35.00*
Exercised during the year	**707,532**	**35.00**	—	—
Outstanding at the end of the year	**7,390,776**	**37.91**	*4,093,060*	*35.00*
Options exercisable	**304,114**	**35.00**	—	—

A summary of stock options outstanding as on March 31, 2007 is given below.

Range of exercise price (Rupees per share)	Number of shares arising out of options (Number of shares)	Weighted average exercise price (Rupees)	Weighted average remaining contractual life (Number of years)
35.00 - 40.00	7,390,776	37.91	9.58

If the Company had used the fair value of options based on the Black-Scholes model, the compensation cost in year ended March 31, 2007 would have been higher by Rs. 900.5 million and proforma consolidated profit after tax would have been Rs. 26,705.8 million. On a proforma basis, the Company's basic and diluted earnings per share would have been Rs. 29.91 and Rs. 29.75 respectively.

6. Fixed Assets

Fixed assets include software acquired by the Company. The movement in software is given below.

Rupees in millions

Particulars	**Year ended March 31, 2007**	*Year ended March 31, 2006*
At cost as on March 31 of preceding year	**3,347.0**	*2,784.4*
Additions during the year	**846.9**	*615.1*
Deductions during the year	**(92.5)**	*(52.5)*
Depreciation/amortisation to date	**(2,910.0)**	*(2,274.2)*
Net Block	**1,191.4**	*1,072.8*

7. Assets on lease

7.1 Assets given under operating lease

The details of future rentals receivable on operating leases are given below.

Rupees in million

Period	As on March 31, 2007	*As on March 31, 2006*
Not later than one year	—	*128.2*
Later than one year and not later than five years	—	*605.9*
Later than five years	—	*2.0*
Total	—	*736.1*

7.2 Assets taken under operating lease

The details of future rentals payable on operating leases are given below.

Rupees in million

Period	As on March 31, 2007	*As on March 31, 2006*
Not later than one year	**987.8**	*614.7*
Later than one year and not later than five years	**3,034.0**	*1,976.1*
Later than five years	**1,498.0**	*806.7*
Total	**5,519.8**	*3,397.5*

7.3 Assets under finance lease

The details of finance leases are given below.

Rupees in million

Period	As on March 31, 2007	*As on March 31, 2006*
Total of future minimum lease receipts	**617.4**	*817.1*
Present value of lease receipts	**548.8**	*695.1*
Un-matured finance charges	**68.6**	*122.0*
Maturity profile of future minimum lease receipts		
– Not later than one year	**323.4**	*232.4*
– Later than one year and not later than five years	**294.0**	*584.7*
– Later than five years	—	—
Total	**617.4**	*817.1*

7.4 Maturity profile of present value of lease rentals

The details of maturity profile of present value of finance lease receipts are given below.

Rupees in million

Period	As on March 31, 2007	*As on March 31, 2006*
Not later than one year	—	*176.7*
Later than one year and not later than five years	**282.6**	*518.4*
Later than five years	**266.2**	—
Total	**548.8**	*695.1*

8. Early retirement option ("ERO")

The Bank had implemented an Early Retirement Option Scheme 2003 for its employees in July 2003. All employees who had completed 40 years of age and seven years of service with the Bank (including period of service with entities amalgamated with the Bank) were eligible for the ERO. The ex-gratia payments under ERO, termination benefits and leave encashment in excess of the provision made (net of tax benefits), aggregating to Rs.1,910.0 million is being amortised over a period of five years commencing August 1, 2003 (the date of retirement of employees exercising the option being July 31, 2003). On account of the above ERO scheme, an amount of Rs. 384.0 million (March 31, 2006: Rs. 384.0 million) has been charged to revenue being the proportionate amount amortised for the year ended March 31, 2007.

9. Preference shares

Certain government securities amounting to Rs. 2,104.8 million (March 31, 2006: Rs. 2,001.1 million) have been earmarked against redemption of preference share capital, which falls due for redemption on April 20, 2018, as per the original issue terms.

For these preference shares, the notification dated April 17, 2002 from Ministry of Finance, Government of India, issued on the recommendation of Reserve Bank of India (RBI), under Section 53 of the Banking Regulation Act, 1949, had exempted the Bank from the restriction of Section 12(1) of the Banking Regulation Act, 1949, which prohibits the issue of preference shares by banks, for a period of five years. The Bank has applied to RBI for making a recommendation to Central Government for continuation of such exemption.

10. Transfer to Investment Fluctuation Reserve ("IFR")

An amount of Rs. 2,143.4 million being the excess balance in IFR account over the regulatory requirement was transferred to General Reserve account during the year ended March 31, 2005. RBI had subsequently instructed that this amount should be retained in IFR account itself. Accordingly, the said amount was transferred back to IFR account from the General Reserve account in the first quarter of the year ended March 31, 2006, making IFR account balance Rs. 7,303.4 million.

RBI required banks to create IFR aggregating to 5% of their investments in fixed income securities (in 'Available for Sale" category and Trading Book) over a five-year period starting from March 31, 2002. Accordingly, a further amount of Rs. 5,900.0 million was transferred to IFR account during the year ended March 31, 2006, making the IFR account balance Rs. 13,203.4 million. RBI had vide its circular DBOD.No. BP.BC. 38/21.04.141/2005-06 dated October 10, 2005 permitted banks that have maintained capital of at least 9% of the risk weighted assets for both credit risk and market risk for both held for trading and available for sale categories of investments as on March 31, 2006, to transfer the balance in the IFR account 'below the line' in the Profit and Loss Appropriation Account to Statutory Reserve, General Reserve or balance of Profit and Loss Account.

Pursuant to the above, the entire IFR account balance of Rs.13,203.4 million has been transferred from IFR account to Revenue and other Reserves in the balance sheet during the year ended March 31, 2006.

11. Staff retirement benefits

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for pension and gratuity benefits of the Company is given below.

Rupees in million

Particulars	Year ended March 31, 2007	
	Pension	Gratuity
Defined benefit obligation liability at March 31, 2007		
Opening obligations	1,038.5	1,140.5
Service cost	6.7	288.0
Interest cost	78.0	81.9
Actuarial (gain)/loss	(28.2)	(61.9)
Liabilities extinguished on settlement	(2.3)	—
Benefits paid	(63.3)	(98.7)
Obligations at March 31, 2007	**1,029.4**	**1,349.8**
Plan assets at March 31, 2007, at fair value		
Opening plans assets, at fair value	1,079.5	838.1
Expected return on plan assets	78.9	84.5
Actuarial gain/(loss)	(110.1)	(13.5)
Assets distributed on settlement	(2.3)	—
Contributions	5.8	168.9
Benefits paid	(63.3)	(96.1)
Plan assets at March 31, 2007, at fair value	**988.5**	**982.0**
Fair value of plan assets at the end of the year	988.5	982.0
Present value of the defined benefit obligations at the end of the year	1,029.4	1,349.8

Rupees in million

Particulars	Year ended March 31, 2007	
	Pension	Gratuity
Asset/(liability) at March 31, 2007	**(40.9)**	**(367.8)**
Cost for the period		
Service cost	6.7	288.0
Interest cost	78.0	81.9
Expected return on plan assets	(78.9)	(84.5)
Actuarial (gain)/loss	81.9	(48.4)
Net cost	**87.7**	**237.0**
Investment details of plan assets		
Majority of the plan assets are invested in Government securities and corporate bonds in case of pension plan and insurer managed funds and special deposit schemes in case of gratuity plan.		
Assumptions		
Interest rate	8.35%	7.85% - 8.35%
Salary escalation rate	7.00%	6.00% - 20.00%
Estimated rate of return on plan assets	7.50%	7.00% - 7.50%

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

12. Provision for income tax

The provision for income tax (including deferred tax and fringe benefit tax) for the year ended March 31, 2007 and for the year March 31, 2006 amounted to Rs. 7,610.7 million and Rs. 6,967.9 million respectively.

13. Deferred tax

As on March 31, 2007, the Company has recorded net deferred tax asset of Rs. 7,659.1 million (March 31, 2006: Rs. 2,467.9 million), which has been included in other assets. The break-up of deferred tax assets and liabilities into major items is given below.

Rupees in million

Particulars	As on March 31, 2007	*As on March 31, 2006*
Deferred tax asset		
Provision for bad and doubtful debts	**11,943.7**	*6,553.8*
Capital loss	**—**	*950.0*
Others	**1,835.0**	*1,426.0*
Total deferred tax asset	**13,778.7**	*8,929.8*
Less: Deferred tax liability		
Depreciation on fixed assets	**6,574.9**	*6,709.7*
Others	**—**	*—*
Total deferred tax liability	**6,574.9**	*6,709.7*
Add: Net deferred tax asset pertaining to foreign branches/subsidiaries	**455.3**	*247.8*
Total net deferred tax asset/(liability)	**7,659.1**	*2,467.9*

As on March 31, 2007, the life insurance subsidiary has created a deferred tax asset, on carry forward unabsorbed losses, amounting to Rs. 690.0 million (March 31, 2006: Rs. 262.4 million) based on the virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

14. Information about business and geographical segments

Business Segments

For the year ended March 31, 2007, a new business segment viz. "Insurance" has been added for the purposes of consolidated segment reporting. The Company reports its operations into the following segments.

Consumer and commercial banking comprises the retail and corporate banking business of the Bank and its banking subsidiaries i.e. ICICI Bank UK PLC., ICICI Bank Canada and ICICI Bank Eurasia Limited Liability Company and ICICI Home Finance Company Limited.

Investment banking comprises the treasury operations of the Bank and its banking subsidiaries i.e. ICICI Bank UK PLC., ICICI Bank Canada and ICICI Bank Eurasia Limited Liability Company, ICICI Securities Primary Dealership Limited (formerly ICICI Securities Limited), ICICI Securities Limited (formerly ICICI Brokerage Services Limited), ICICI Securities Inc., and ICICI Securities Holdings Inc., ICICI Venture Funds Management Company Limited, ICICI Eco-net Internet and Technology Fund, ICICI Equity Fund, ICICI Strategic Investments Fund, ICICI Emerging Sectors Fund and ICICI International Limited.

Insurance comprises of ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited.

Others comprises of ICICI Prudential Asset Management Company Limited, ICICI Prudential Trust Limited, ICICI Property Trust, ICICI Investment Management Company Limited, ICICI Trusteeship Services Limited, TCW/ICICI Investment Partners LLC and TSI Ventures (India) Private Limited.

Inter-segment transactions are generally based on transfer pricing measures as determined by the management. Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

Based on such allocations, consolidated segment balance sheet as on March 31, 2007 and March 31, 2006 and consolidated segment profit and loss account for the year ended March 31, 2007 and for the year ended March 31, 2006 have been prepared. Business segment results are given below.

Rupees in million

Sr. No	Particulars	Consumer and commercial banking		Investment Banking		Insurance		Others		Total	
		For the year ended 31.03.07	*For the year ended 31.03.06*	**For the year ended 31.03.07**	*For the year ended 31.03.06*	**For the year ended 31.03.07**	*For the year ended 31.03.06*	**For the year ended 31.03.07**	*For the year ended 31.03.06*	**For the year ended 31.03.07**	*For the year ended 31.03.06*
1	Revenue (before extraordinary profit)	**242,354.5**	*157,541.3*	**88,495.9**	*46,383.9*	**101,415.6**	*53,386.1*	**2,393.1**	*1,427.8*	**434,659.1**	*258,739.1*
2	Less: Inter-segment revenue	**—**	*—*	**—**	*—*	**—**	*—*	**—**	*—*	**(21,021.2)**	*(12,584.0)*
3	Total revenue (1) – (2)	**242,354.5**	*157,541.3*	**88,495.9**	*46,383.9*	**101,415.6**	*53,386.1*	**2,393.1**	*1,427.8*	**413,637.9**	*246,155.1*
4	Operating profit (i.e. profit before unallocated expenses extraordinary profit, provision and tax)	**47,501.1**	*33,572.8*	**14,295.0**	*6,621.4*	**(3,917.8)**	*(494.7)*	**526.6**	*337.7*	**58,404.9**	*40,037.2*
5	Unallocated expenses	**—**	*—*	**—**	*—*	**—**	*—*	**—**	*—*	**384.0**	*384.0*
6	Provisions	**22,355.6**	*7,532.1*	**419.7**	*922.4*	**—**	*—*	**(1.5)**	*(0.2)*	**22,773.8**	*8,454.3*
7	Profit before tax (4) – (5) – (6)	**25,145.5**	*26,040.7*	**13,875.3**	*5,699.0*	**(3,917.8)**	*(494.7)*	**528.1**	*337.9*	**35,247.1**	*31,198.9*
8	Income tax expenses (net)/(net deferred tax credit)	**—**	*—*	**—**	*—*	**—**	*—*	**—**	*—*	**7,640.8**	*6,998.0*
9	Net profit (7) – (8)	**25,145.5**	*26,040.7*	**13,875.3**	*5,699.0*	**(3,917.8)**	*(494.7)*	**528.1**	*337.9*	**27,606.3**	*24,200.9*
Other Information											
10	Segment assets	**2,253,098.2**	*1,735,245.8*	**1,455,864.0**	*892,103.3*	**188,501.7**	*109,667.3*	**(191.3)**	*1,067.6*	**3,897,272.6**	*2,738,084.0*
11	Unallocated assets	**—**	*—*	**—**	*—*	**—**	*—*	**—**	*—*	**46,000.9**	*31,776.0*
12	Total assets (10) + (11)	**2,253,098.2**	*1,735,245.8*	**1,455,864.0**	*892,103.3*	**188,501.7**	*109,667.3*	**(191.3)**	*1,067.6*	**3,943,273.5**	*2,769,860.0*
13	Segment liabilities	**2,705,738.6**	*2,020,233.8*	**1,051,307.6**	*645,245.2*	**180,044.8**	*100,010.7*	**6,182.5**	*4,370.3*	**3,943,273.5**	*2,769,860.0*
14	Unallocated liabilities	**—**	*—*	**—**	*—*	**—**	*—*	**—**	*—*	**—**	*—*
15	Total liabilities (13) + (14)	**2,705,738.6**	*2,020,233.8*	**1,051,307.6**	*645,245.2*	**180,044.8**	*100,010.7*	**6,182.5**	*4,370.3*	**3,943,273.5**	*2,769,860.0*

Geographical segments

The Company reports its operations under the following geographical segments.

- Domestic operations comprising branches and subsidiaries/joint ventures having operations in India.
- Foreign operations comprising branches and subsidiaries/joint ventures having operations outside India and offshore banking unit having operations in India.

Geographical segment results are given below.

Rupees in million

Particulars	Domestic Operations		Foreign Operations		Total	
	For the year ended March 31, 2007	*For the year ended March 31, 2006*	**For the year ended March 31, 2007**	*For the year ended March 31, 2006*	**For the year ended March 31, 2007**	*For the year ended March 31, 2006*
1. Revenue	**387,026.3**	*232,115.1*	**26,611.6**	*14,040.0*	**413,637.9**	*246,155.1*
2. Assets	**3,351,835.0**	*2,436,465.6*	**591,438.5**	*333,394.4*	**3,943,273.5**	*2,769,860.0*

15. Penalties imposed by RBI

There were no penalties imposed by RBI during the year ended March 31, 2007. A penalty of Rs. 0.5 million was imposed under Section 47A(1)(b) of the Banking Regulation Act, 1949 by RBI during the year ended March 31, 2006 citing contravention of RBI instructions relating to opening of accounts, monitoring of transactions for adherence to Know Your Customer ("KYC")/ Anti Money Laundering ("AML") norms, and non-adherence to normal banking practices.

Securities and Futures Commission (SFC), Hong Kong charged the Bank with carrying on the business of dealing in securities in Hong Kong without having a license to do so. Pursuant to the charges preferred vide issue of summons on March 30, 2007 and the submissions of SFC and the Bank, the Eastern Magistrate's Court, Hong Kong, on April 10, 2007 fined the Bank a sum of HKD 40,000 (Rs. 0.2 million) and required the Bank to reimburse investigation costs to SFC.

16. Commission paid to marketing agents

Commission paid to direct marketing agents/dealers for origination of retail automobile loans, which was being netted from "Interest Income" up to the year ended March 31, 2006 has been reclassified to "Operating Expenses".

17. Premium amortisation

As per Reserve Bank of India circular DBOD.BP.BC. 87/21.04.141/ 2006-07 dated April 20, 2007, the Bank has deducted the amortisation of premium on government securities from "Profit/(Loss) on revaluation of investments (net)" in Schedule 14, which was earlier included in "Provisions for investments (including credit substitutes) (net)" in Schedule 17.

18. Funds for future appropriation – linked business of ICICI Prudential Life Insurance Company Limited

Pursuant to a notification issued by IRDA dated March 29, 2006, the Appointed Actuary of ICICI Prudential Life Insurance Company Limited has determined an amount of Rs. 968.3 million (March 31, 2006: Rs. 792.2 million) as release of actuarial reserves on policies which have lapsed earlier.

ICICI Prudential Life Insurance Company Limited had in the previous year appropriated an amount of Rs. 792.2 million from the profit and loss account as Funds for Future Appropriation (FFA). This resulted in a lower amount of transfer to the policyholders' account, leading to lower losses in the profit and loss account in the previous year. Based on the requirements of IRDA, ICICI Prudential Life Insurance Company Limited has appropriated an amount of Rs. 968.3 million as FFA from the revenue account (policyholders' account) during the current year.

In case ICICI Prudential Life Insurance Company Limited had followed the policy of appropriating FFA from the profit and loss account, the loss for the year would have been lower by Rs. 968.3 million. However, neither the carrying value of FFA nor the debit balance in Profit and Loss account in the Balance Sheet is impacted by this change. The cumulative balance of Rs. 1,760.4 million under FFA as at March 31, 2007 is not available for distribution to shareholders.

19. Additional disclosure

Additional statutory information disclosed in separate financial statements of the parent and subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

20. Comparative figures

Previous period/year figures have been regrouped/reclassified, where necessary, to conform to current period classification.

SIGNATURES TO SCHEDULES 1 TO 18

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

V. VAIDYANATHAN
Executive Director

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager &
Company Secretary

RAKESH JHA
General Manager

Place : Mumbai
Date : April 28, 2007

Financial information of subsidiaries for the year ended March 31, 2007

Rupees in million

Particulars	ICICI Securities Primary Dealership Limited (formerly ICICI Securities Limited)	ICICI Securities Limited (formerly ICICI Brokerage Services Limited)[2, 3]	ICICI Securities Inc.[2]	ICICI Securities Holdings Inc.[2]	ICICI Home Finance Company Limited	ICICI Trusteeship Services Limited	ICICI Investment Management Company Limited	ICICI Venture Funds Management Company Limited	ICICI Prudential Life Insurance Company Limited	ICICI Lombard General Insurance Company Limited	ICICI International Limited[6]	ICICI Bank UK PLC.[6]	ICICI Bank Eurasia Limited Liability Company[7]	ICICI Bank Canada[7, 8]	ICICI Prudential Trust Limited (formerly Prudential ICICI Trust Limited)	ICICI Prudential Asset Management Company Limited (formerly Prudential ICICI Asset Management Company Limited)
Paid-up share capital[4]	1,621.0	82.5	314.2	342.6	2,987.5	0.5	100.0	10.0	13,123.0	4,857.1	39.1	8,046.1	1,652.2	4,652.8	1.0	176.5
Reserves	2,491.1	783.3	(49.7)	(23.2)	705.0	1.2	27.7	312.6	(8,073.9)	4,445.8	5.3	1,612.5	288.7	(571.9)	7.4	304.7
Total assets	19,581.6	3,927.7	627.8	327.3	46,107.8	1.9	128.5	3,244.6	167,619.2	29,540.4	184.8	211,619.4	14,184.8	67,214.6	14.2	1,286.7
Total liabilities (excluding capital and reserves)	15,469.5	3,061.9	363.3	7.9	42,415.3	0.2	0.8	2,922.0	162,570.1	20,237.5	140.4	201,960.8	12,243.9	63,133.7	5.8	805.5
Investments (excluding investments in subsidiaries)	11,695.6	22.3	523.7	Nil	371.7	Nil	17.1	551.8	157,511.4	17,104.7	104.9	125,319.1	4,867.0	24,842.0	8.4	404.9
Turnover (Gross income from operations)	4,246.7	4,379.0	104.7	14.3	4,351.3	0.4	11.3	1,937.9	79,129.9	30,034.5	3.2	10,551.2	607.5	2,606.1	3.5	2,352.4
Profit before tax	1,901.1	956.2	(83.1)	(11.4)	637.3	0.4	8.8	1,070.3	(6,916.7)	801.2	0.2	2,433.2	14.4	(13.4)	1.1	735.6
Provision for taxation	575.6	330.6	(16.6)	10.5	167.6	0.1	2.2	371.6	(427.6)	117.6	Nil	714.3	11.7	(0.2)	0.3	251.8
Profit after tax	1,325.5	625.6	(66.5)	(21.9)	469.7	0.3	6.6	698.7	(6,489.1)	683.6	0.2	1,718.9	2.7	(13.2)	0.8	483.8
Dividend paid (including corporate dividend tax)[5]	743.4	629.0	Nil	Nil	291.2	Nil	Nil	570.1	Nil	499.8	Nil	179.3	Nil	Nil	0.6	379.2

Notes:

1. The financial information of ICICI Bank Canada and ICICI Bank Eurasia Limited Liability Company is from the period January 1, 2006 to December 31, 2006, being their financial year.
2. ICICI Securites Limited and ICICI Securities Holdings Inc. are wholly owned subsidiaries of ICICI Securities Primary Dealership Limited. ICICI Securities Inc. is a wholly owned subsidiary of ICICI Securities Holdings Inc.
3. Effective October 1, 2006, ICICI Web Trade Limited has merged with ICICI Securities Limited, a subsidiary of the Bank.
4. The paid-up share capital of ICICI Home Finance Company Limited, ICICI Bank Canada and ICICI Bank UK PLC. includes paid-up preference share capital of Rs. 150.0 million, Rs. 381.4 million and Rs. 2,173.5 million respectively.
5. Dividend paid includes proposed dividend.
6. The financials of ICICI Bank UK PLC. and ICICI International Limited have been translated into Indian Rupees at the closing rate on March 30, 2007 of 1 USD = Rs. 43.47.
7. The financials of ICICI Bank Canada and ICICI Bank Eurasia Limited Liability Company have been translated into Indian Rupees at the closing rate on December 29, 2006 of 1 CAD = Rs. 38.1375 and 1 RUB = Rs. 1.6763 respectively.
8. ICICI Wealth Management Inc. ("ICICI WM") has been incorporated as a 100% subsidiary of ICICI Bank Canada on July 28, 2006. ICICI WM has not yet been capitalised and is yet to commence operations, both of which are expected shortly.
9. The amount of reserves of ICICI Prudential Life Insurance Company Limited excludes policyholders' funds.

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

V. VAIDYANATHAN
Executive Director

VISHAKHA MULYE
Group Chief Financial Officer

JYOTIN MEHTA
General Manager & Company Secretary

RAKESH JHA
General Manager

Place : Mumbai
Date : April 28, 2007

ICICI Bank

Reconciliation to US GAAP and related notes for the year ended March 31, 2007

reconciliation to US GAAP and related notes

for the year ended March 31, 2007

I. Differences between Indian GAAP and US GAAP

The consolidated financial statements of the Company are prepared in accordance with Indian GAAP, which differs, in certain significant aspects from US GAAP.

The following tables summaries the significant adjustments to consolidated net income and stockholders' equity which would result from the application of US GAAP:

1. Net income reconciliation

Rupees in million

	Note	Year ended March 31, 2005	2006	2007
Consolidated profit after tax as per Indian GAAP		18,523.3	24,200.9	**27,606.3**
Adjustments on account of :				
Allowance for loan losses	(a)	(14,666.9)	(5,214.7)	**300.3**
Business combinations	(b)	(500.5)	(1,051.2)	**(981.2)**
Consolidation	(c)	613.0	277.5	**2,801.8**
Valuation of debt and equity securities	(d)	150.5	537.8	**2,467.3**
Amortisation of fees and costs	(e)	1,935.7	3,158.9	**(2,336.4)**
Accounting for derivatives	(f)	(1,478.8)	(154.4)	**590.3**
Accounting for compensation costs	(g)	-	-	**(827.5)**
Accounting for securitisation	(h)	-	-	**1,431.4**
Deferred taxes	(i)	3,953.7	(1,714.5)	**654.6**
Others	(j)	-	-	**(436.1)**
Total impact of all adjustments		(9,993.3)	(4,160.6)	**3,664.5**
Net income as per US GAAP		8,530.0	20,040.3	**31,270.8**
Basic earnings per share				
Indian GAAP (consolidated)		25.45	30.96	**30.92**
US GAAP		11.72	25.64	**35.02**
Diluted earnings per share				
Indian GAAP (consolidated)		25.25	30.64	**30.75**
US GAAP		11.60	25.34	**34.79**

2. Stockholders' equity reconciliation

Rupees in million

	Note	As on March 31, 2006	2007
Consolidated networth as per Indian GAAP[1]		219,982.2	**239,576.7**
Adjustments on account of:			
Allowance for loan losses	(a)	(20,034.0)	**(19,733.7)**
Business combinations	(b)	(661.0)	**(1,642.8)**
Consolidation	(c)	(2,067.4)	**1,587.6**
Valuation of debt and equity securities	(d)	(1,971.0)	**(6,816.1)**
Amortisation of fees and costs	(e)	7,389.1	**5,052.7**
Accounting for derivatives	(f)	26.1	**615.6**
Accounting for compensation costs	(g)	-	**1,056.0**
Accounting for securitisation	(h)	-	**1,431.4**
Deferred taxes	(i)	7,358.5	**9,767.9**
Others	(j)	-	**(436.1)**
Proposed dividend	(k)	8,624.3	**10,521.0**
Total impact of all adjustments		(1,335.4)	**1,403.5**
Stockholders' equity as per US GAAP		218,646.8	**240,980.2**

1. Excludes preference shares capital of Rs. 3,500.0 million (March 31, 2006: Rs. 3,500.0 million) and debit balance in profit and loss account of Rs. 73.6 million (March 31, 2006: Rs. 2,435.6 million), included under Other Assets.

a) Allowance for loan losses

The differences in the allowance for loan losses between Indian GAAP and US GAAP are primarily on account of:

i) Differences in the discount rates and cash flows used for computing allowances created on restructured assets including allowances on certain loans transferred to an asset reconstruction company not accounted for as sale under US GAAP. The loss on assets transferred to an asset reconstruction company are included under allowance for loan losses under US GAAP whereas under Indian GAAP, these are netted off from the security receipts received as consideration for sale as the transfer of these loans is treated as a sale under Indian GAAP.

ii) Allowances for loan losses created on other impaired loans made in accordance with Statement No. 5 on "Accounting for Contingencies" and Statement No. 114 on "Accounting by Creditors for Impairment of a Loan" issued by the Financial Accounting Standard Board ('FASB') under US GAAP and prescriptive provisioning on non-performing loans as per Reserve Bank of India ("RBI") guidelines under Indian GAAP.

iii) Allowances made for credit losses on the performing portfolio based on the estimated probable losses inherent in the portfolio under US GAAP and prescriptive provisioning norms for standard assets as per Reserve Bank of India norms under Indian GAAP.

The guidelines on provisioning for loan losses under Indian GAAP are as follows:

Classification	Provisioning
Standard loans	As per the RBI guidelines issued in September 2005, banks were required to make a general provision at 0.4% on standard loans (excluding loans to the agricultural sector and to small and medium enterprises at 0.25%). In May 2006, the general provisioning requirement for personal loans, loans and advances qualifying as capital market exposure, residential housing loans beyond Rs. 2.0 million and commercial real estate was further increased to 1.0% from 0.4%. RBI allowed banks to create the above additional provision of 0.6% in a phased manner in four quarters of year ended March 31, 2007. In January 2007, the general provisioning requirement for personal loans, credit card receivables, loans and advances qualifying as capital market exposure, commercial real estate and advances to non-deposit taking systematically important non-banking financial companies (NBFCs) was increased to 2%.
Sub-standard assets	A loan is classified as sub-standard if interest payments or installments have remained overdue for more than 90 days. A provision of 10% is required for all sub-standard loans. An additional provision of 10% is required for accounts that are ab-initio unsecured.
Doubtful assets	A loan is classified as a doubtful loan, if it has remained as sub-standard for more than a year. A 100% provision/write-off is required in respect of the unsecured portion of the doubtful loans. Until year-end fiscal 2004, a 20% to 50% provision was required for the secured portion as follows: Up to one year: 20% provision; One to three years: 30% provision; and More than three years: 50% provision. Effective quarter ended June 30, 2004 a 100% provision is required for loans classified as doubtful for more than three years on or after April 1, 2004. In respect of assets classified as doubtful for more than three years up to March 31, 2004, 60% to 100% provision on the secured portion is required as follows: By March 31, 2005: 60% provision; By March 31, 2006: 75% provision; and By March 31, 2007: 100% provision.
Loss assets	The entire loan is required to be written off or provided for.
Restructured loans	A provision equal to the difference between the present value of the future interest as per the original loan agreement and the present value of the future interest on the basis of rescheduled terms at the time of restructuring is required to be made.

Under US GAAP, the impaired loans portfolio is classified into restructured loans and other impaired loans. Restructured loans represent loans whose terms relating to interest and installment payments have been modified and qualify as troubled debt restructurings as defined in Statement No. 15 on "Accounting by Debtors and Creditors for Troubled

Debt Restructurings". Other impaired loans represent loans other than restructured loans, which qualify for impairment as per Statement No. 114.

Under US GAAP, larger balance, non-homogenous exposures representing significant individual credit exposures (both funded and non-funded), are evaluated on the basis of borrower's overall financial condition, resources and payment record and the realisable value of any collateral. This estimate considers all available evidence including the present value of the expected future cash flows discounted at the loan's contractual effective rate and the fair value of collateral. Allowances recognised on account of reductions of future interest rates as a part of troubled debt restructurings are accreted as a credit to the provision for loan losses over the tenor of the restructured loan. Each portfolio of smaller-balance, homogenous loans, including consumer mortgage, installment, revolving credit and most other consumer loans, is individually evaluated for impairment. The allowance for loan losses attributed to these loans is established via a process that includes an estimate of probable losses inherent in the portfolio, based upon various statistical analysis.

Under US GAAP, the allowance for loan losses for restructured loans is created by discounting expected cash flows at contracted interest rates, unlike Indian GAAP, under which current interest rates are used.

Under US GAAP, the allowances on the performing portfolio are based on the estimated probable losses inherent in the portfolio. The allowances on the performing portfolio are established after considering historical and projected default rates and loss severities.

Under Indian GAAP, in respect of non-performing loan accounts subjected to restructuring, the account is upgraded to standard category if the borrower demonstrates, over a minimum period of one year, the ability to repay the loan in accordance with the contractual terms. However, the process of upgradation under US GAAP is not rule-based and the timing of upgradation may differ across individual loans.

During fiscal years 2005, 2006 and 2007, the Company transferred certain impaired loans to borrower specific funds/trusts managed by an asset reconstruction company against the issuance of security receipts by the funds/trusts. The funds/trusts have been set up by the asset reconstruction company under enacted debt recovery legislation in India and aim to improve the recoveries of banks from non-performing assets by aggregating lender interests and speeding up enforcement of security interest by lenders. While under Indian GAAP the entire transfer was recognised as a sale, under US GAAP these transfers are not recognised as a sale due to the following reasons.

- Certain transfers did not qualify for sale accounting under Statement No. 140 on "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities".
- Certain transfers qualified for sale accounting but were impacted by FASB Interpretation No. 46 on "Consolidation of Variable Interests" (FIN 46)/FASB Interpretation No. 46R (FIN 46R). The funds/trusts to which these loans have been transferred are variable interest entities within the definition contained in FIN 46. As the Bank is the 'Primary Beneficiary' of certain funds/trusts, it is required under US GAAP to consolidate these entities.

The difference in aggregate allowances for loan losses between Indian GAAP and US GAAP for the fiscal years 2005, 2006 and 2007 as attributable to the reconciling items is given in the table below.

Rupees in million

Reconciling items	**Year ended March 31**		
	2005	2006	**2007**
Differences due to provision on loans classified as troubled debt restructuring under US GAAP (includes cases transferred to asset reconstruction company)	(6,989.2)	(2,047.2)	**(547.6)**
Differences due to provisions on loans classified as other impaired under US GAAP	(5,597.7)	(5,037.5)	**(4,462.1)**
Differences due to provisions created on performing assets	(2,080.0)	1,870.0	**5,310.0**
Total difference in allowance for loan losses	(14,666.9)	(5,214.7)	**300.3**

b) Business combinations

The differences arising due to business combinations are primarily on account of:

i) Determination of the accounting acquirer.

ii) Accounting of intangible assets.

Under US GAAP, the amalgamation between ICICI Bank Limited and ICICI Limited was accounted for as a reverse acquisition in fiscal 2003. This means that ICICI Limited was recognised as the accounting acquirer in the amalgamation, although ICICI Bank was the legal acquirer. On the acquisition date, ICICI held a 46% ownership interest in ICICI Bank. Accordingly, the acquisition of the balance 54% ownership interest has been accounted for as a step-acquisition. Under Indian GAAP, ICICI Bank Limited was recognised as the legal and the accounting acquirer and the assets and liabilities of ICICI Limited were incorporated in the books of ICICI Bank Limited in accordance with the purchase method of accounting. Further, under US GAAP, the amalgamation resulted in goodwill and intangible assets while the amalgamation under Indian GAAP resulted in a capital reserve (negative goodwill), which was accounted for as Revenue and Other Reserves according to the scheme of amalgamation.

Further, for certain acquisitions made by the Company, no goodwill has been accounted for under Indian GAAP primarily due to accounting for the amalgamation by the pooling of interests method. However, under US GAAP, goodwill has been accounted for in accordance with Statement No. 141 on "Business Combinations" and Statement No. 142 on "Goodwill and Other Intangible Assets".

Under US GAAP subsequent to the adoption of Statement No. 142, the Company does not amortise goodwill and intangibles with infinite life but instead tests the same for impairment at least annually. The annual impairment test under Statement No. 142 does not indicate an impairment loss for fiscal 2005, fiscal 2006 and fiscal 2007.

Under US GAAP intangible assets are amortised over their estimated useful lives in proportion to the economic benefits consumed in each period.

The estimated useful life of intangible assets is as follows.

	No. of years
Customer-related intangibles	10
Other intangibles	5

In fiscal 2006, the Company recorded goodwill under US GAAP of Rs. 1,196.8 million in relation to the acquisitions of software, business process outsourcing and asset management companies in India and the United States for an aggregate cash consideration of Rs 1,480.1 million. The revenue and total assets of the acquired companies are immaterial to the consolidated results of operations and financial position of the Company. The Company has also entered into a contract with some of the companies acquired, to pay additional amounts if certain criteria are met.

c) Consolidation

The differences on account of consolidation are primarily on account of:

i) Consolidation of insurance subsidiaries.

ii) Equity affiliates and majority owned subsidiaries.

iii) Variable interest entities.

Under Indian GAAP, the Company has not consolidated certain entities in which control is intended to be temporary. However under US GAAP, these entities have been consolidated in accordance with Statement No. 94 on "Consolidation of majority owned subsidiaries" which requires consolidation of such entities.

Under Indian GAAP, consolidation is required only if there is ownership of more than one-half of the voting power of an enterprise or control of the composition of the board of directors in the case of a company or of the composition of the governing body in case of any other enterprise.

However, under US GAAP, the Company is required to consolidate entities deemed to be Variable Interest Entities (VIEs) where the Company is determined to be the primary beneficiary under FIN 46.

The Company's venture capital subsidiary is involved with entities that may be deemed VIEs. The FASB permitted non-registered investment companies to defer consolidation of VIEs with which they are involved until the proposed Statement of Position on the clarification of the scope of the Investment Company Audit Guide is finalised. Following issuance of the Statement of Position, the FASB will consider further modification to FIN 46R to provide an exception for companies that qualify to apply the revised Audit Guide. Following issuance of the revised Audit Guide and further modification, if any, to FIN 46R, the Company will assess the effect of such guidance on its venture capital business.

Under Indian GAAP, the insurance subsidiaries (ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited) are fully consolidated whereas under US GAAP, these subsidiaries are accounted for by the equity method of accounting as the minority shareholders have substantive participating rights as defined in Issue No. 96-16 issued by the Emerging Issues Task Force.

The significant differences between Indian GAAP and US GAAP in case of our life insurance subsidiary are given below.

Rupees in million

Reconciling items	Year ended March 31, 2005	2006	2007
Loss as per Indian GAAP	(2,116)	(1,879)	**(6,489)**
Adjustments on account of:			
Amortisation of deferred acquisition costs	2,883	5,660	**7,729**
Actuarial reserves on lapsed policies	—	—	**968**
Compensation costs	—	(72)	**(44)**
Difference in statutory reserve and unallocated policyholders' surplus	(1,472)	(5,016)	**(4,792)**
Un-realised loss / (gain) on trading portfolio of participating funds	(307)	808	**(605)**
Deferred taxes	(295)	(597)	**(126)**
Others	(3)	(3)	**(3)**
Loss as per US GAAP	(1,310)	(1,099)	**(3,362)**

The aforesaid differences in respect of our life insurance subsidiary are described below.

i) Amortisation of deferred acquisition costs

Under Indian GAAP acquisition cost is charged to the revenue account in the year in which it is incurred whereas under US GAAP the same is deferred over the policy term. Under US GAAP expenses that vary with and are primarily related to the acquisition of new business are carried as deferred acquisition cost. This deferred acquisition cost is written off over the premium payment term for Statement No. 60 products and over the estimated gross profits ("EGP") for Statement No. 97 products.

ii) Actuarial reserves on lapsed policies

Under US GAAP certain actuarial reserves on lapsed policies created in earlier years are released through the profit and loss account. The release of such actuarial reserves have been accounted as funds for future appropriations as a balance sheet item under Indian GAAP in accordance with the instructions received from the Insurance Regulatory and Development Authority for the year ended March 31, 2007.

iii) Compensation costs

It primarily represents the differences in the method followed for accounting of employee stock options. Under Indian GAAP, stock compensation costs are accounted for using the intrinsic value method as compared to US GAAP where the compensation costs have been accounted for at the fair value method in accordance with the requirement of Statement No. 123 (R).

iv) Differences in statutory reserve and unallocated policyholders' surplus

Reserves under Indian GAAP are held as per the requirements of the Insurance Regulatory and Development Authority and the Actuarial Society of India. Accordingly, the reserves are computed using the Gross Premium Method (reserves are computed as the present value of future benefits including future bonuses and the present value of expenses including overheads and are net of the present value of future total premiums, paid by policyholders). Reserves under US GAAP are valued using the Modified Net Premium Method as per the valuation norms prescribed under US GAAP. The liability consists of two parts namely policy reserves (comprising benefit reserve and maintenance expense reserve) and deferred premium liability.

The benefit reserve is computed as the present value of benefits less the present value of the net premium for benefits. The maintenance expense reserve is computed as the present value of maintenance expenses less the present value of net premiums for maintenance expenses. Deferred premium liability is held under Statement No. 97 limited pay and Statement No. 60 products where the premium paying term is lower than the policy term so as to allow the emergence of the profits over the entire policy term. Under unit-linked products, the excess of initial charges over ultimate charges is held as unearned revenue reserve to allow for the emergence of the profit over the term of the policy.

Unallocated policyholders' surplus represents amount to be set aside for policyholders' under participating products as required under US GAAP.

v) Un-realised loss / (gain) on trading portfolio of participating funds

Under Indian GAAP, accounting for investments is in accordance with the guidelines issued by the Insurance Regulatory and Development Authority, which do not allow the unrealised gain to be routed through the revenue account except in the case of linked businesses. Under US GAAP as per the requirements of Statement No. 115, unrealised gain/loss on investments classified as held for trading is taken to the revenue account.

The details of the significant differences between Indian GAAP and US GAAP for the general insurance subsidiary are given below:

Rupees in million

Reconciling items	Year ended March 31,		
	2005	2006	**2007**
Profit as per Indian GAAP	484	503	**684**
Adjustments on account of:			
Provision for re-insurance commission	(261)	(480)	**(1,304)**
Amortisation of deferred acquisition costs	196	423	**931**
Premium deficiency	(28)	(87)	**(215)**
Compensation costs	—	—	**(39)**
Deferred taxes	18	55	**211**
Others	28	(19)	**—**
Profit as per US GAAP	437	395	**268**

The aforesaid differences in respect of our general insurance subsidiary are described below:

i) Provision for re-insurance commission

Under Indian GAAP in the absence of any specific guidance, reinsurance commission on business ceded is recognised as income in the year of the ceding of the risk. Under US GAAP, proceeds from reinsurance transactions that represent recovery of acquisition costs are reduced from unamortised acquisition costs in such a manner that net acquisition costs are capitalised and charged to expense in proportion to net revenue recognised.

ii) Amortisation of deferred acquisition costs

Under Indian GAAP, acquisition cost is charged as expense to the revenue account in the year in which it is incurred whereas under US GAAP the same are capitalised and charged to expense in proportion to premium revenue recognised.

iii) Premium deficiency

Under Indian GAAP premium deficiency is recognised if the sum of the expected claims costs, related expenses and maintenance costs exceeds related unearned premiums. Indian regulations require assessment and recognition of premium deficiency under "Fire, Marine and Miscellaneous" segments of business and not under each line of businesses in the revenue account. Under US GAAP a premium deficiency relating to short-term insurance contracts indicates a probable loss. A premium deficiency for each line of business is assessed and recognised in the revenue account if the sum of expected claim costs and claim adjustment expenses, expected dividends to policyholders, un-amortised acquisition costs and maintenance costs exceeds related unearned premiums.

A premium deficiency is recognised by first charging un-amortised acquisition costs to expense to the extent required to eliminate the deficiency. If the premium deficiency is greater than un-amortised acquisition costs, a liability for the excess deficiency is required to be accrued.

iv) Compensation costs

Under Indian GAAP, stock compensation costs are accounted for by the intrinsic value method as compared to US GAAP where the compensation costs have been accounted for at the fair value method in accordance with the requirement of Statement No. 123 (R).

d) Valuation of debt and equity securities

Under Indian GAAP, net unrealised gains on investments by category are ignored, except for the venture capital investments wherein the unrealised gains and losses are transferred to Reserves and Surplus.

Under US GAAP, unrealised gains or losses on trading assets are recognised in the profit and loss account and unrealised gains or losses on securities classified as 'available for sale' are recognised in 'Accumulated Other Comprehensive Income' under stockholders' equity. Under Indian GAAP, unrealised gains and temporary losses on investments of venture capital subsidiaries are recognised in Reserves and Surplus. Under US GAAP, unrealised gains or losses on investments of venture capital subsidiaries are recognised in the profit and loss account.

Further, under US GAAP, the merger between ICICI Limited and ICICI Bank Limited was accounted for as a reverse merger wherein ICICI Limited was the accounting acquirer. Accordingly all assets and liabilities of ICICI Bank Limited were fair valued under US GAAP resulting in a different cost basis in the books of the consolidated entity as compared to Indian GAAP wherein ICICI Bank Limited was the accounting acquirer.

Under Indian GAAP, during fiscal 2005, the Company transferred investments amounting to Rs. 213,489.4 million from available for sale category to held to maturity category in accordance with the RBI guidelines. The difference between the book value of each investment and the lower of its acquisition cost and market value on the date of transfer, amounting to Rs. 1,828.2 million has been provided for in the profit and loss account. Under US GAAP, these investments continue to be classified as 'available for sale'.

e) Amortisation of fees and costs

Fees

Under US GAAP, loan origination fees (net of certain costs) are amortised over the period of the loans as an adjustment to the yield on the loan. However under Indian GAAP, loan origination fees are accounted for upfront except for certain fees, which are received in lieu of sacrifice of future interest, which are amortised over the remaining period of the facility. Loan origination costs, including commissions paid to direct marketing agents are expensed in the year in which they are incurred.

Costs

ICICI Bank Limited had implemented an Early Retirement Option Scheme 2003 ('ERO') for its employees in July 2003. All employees who had completed 40 years of age and seven years of service with the Bank (including period of service with entities amalgamated with the Bank) were eligible for the ERO. The ex-gratia payments under ERO, termination benefits and leave encashment in the excess of the provision made (net of tax benefits), aggregating to Rs. 1,910.0 million are being amortised under Indian GAAP over the period of five years commencing August 1, 2003. Under US GAAP, the same has been accounted in accordance with the provisions of Statement No. 87 on "Employers' Accounting for Pensions" and Statement No. 88 on "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits". Accordingly under US GAAP, this amount was expensed in fiscal 2004.

f) Accounting for derivatives

Under Indian GAAP, the interest rate and exchange rate risks on some on-balance sheet assets and liabilities are hedged through swap contracts. The impact of such derivative instruments is correlated with the movement of underlying assets and accounted for at fair value or on accrual basis, in accordance with RBI guidelines.

Under US GAAP, the Company accounts for its derivative transactions in accordance with the provisions of Statement No. 133 on "Accounting for Derivative Instruments and Hedging Activities", as amended. Accordingly certain derivative contracts classified as hedges under Indian GAAP may not qualify as hedges under US GAAP and are accounted for as trading derivatives with changes in fair value being recorded in the income statement.

Under US GAAP, the Company has designated certain derivatives as fair value hedges of certain interest bearing assets and liabilities under Statement No. 133. At the inception of a hedge transaction, the Company formally documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. This process includes identification of the hedging instrument, hedged item, risk being hedged and the methodology for assessing effectiveness and measuring ineffectiveness of the hedge. In addition, the Company assesses both at the inception of the hedge and on an ongoing basis, whether the derivative used in the hedging transaction is effective in offsetting changes in fair value or cash flows of the hedged item, and whether the derivative is expected to continue to be highly effective. The Company assesses the effectiveness of the hedge instrument at inception and continually on a quarterly basis.

g) Accounting for compensation cost

Under US GAAP, the Financial Accounting Standards Board issued FASB Statement No. 123 (revised 2004), share-based payment, which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement No. 123(R) supercedes APB opinion No. 25, Accounting for Stock issued to Employees, and amends FASB Statement No. 95, Statement of Cash flows. The approach in Statement No. 123(R) is generally similar to the approach in Statement No. 123. However, Statement No. 123 (R) requires all share-based payments to employees, including grants of employee stock options to be recognised in the income statement based on their fair values.

The Company adopted the modified prospective method in which compensation costs is recognised from the current year based on the requirements of Statement No. 123R, for all the share-based payments granted after April 1, 2006 and based on the requirements of Statement No. 123 for all awards granted to employees prior to April 1, 2006 that remain unvested.

Under Indian GAAP, the Company follows the intrinsic value method to account for its stock-based employees' compensation plans. Compensation costs is measured by the excess, if any, of the fair market price, of the underlying stock over the exercise price on the grant date.

Under US GAAP, compensated absences are accounted for on an accrual basis. Under Indian GAAP, till March 31, 2006 compensated absences were also accounted on accrual basis, based on the basic salary of the employee, computed an actuarial basis. During the year ended March 31, 2007, the Institute of Chartered Accountants of India issued Accounting Standard ('AS') 15 (revised) on retirement benefits, which is a revision of Accounting Standard 15, on retirement benefits. As per AS 15(R), in addition to certain other changes, the Company was required to account for the provision for leave encashment based on an employees' cost to the company instead of the basic salary, at which leaves can be encashed. AS 15(R) allowed an adjustment to the opening reserves for the difference in liability arising on account of retirement benefits at March 31, 2006.

Notice

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of ICICI Bank Limited (the Company) will be held on Saturday, July 21, 2007 at 1.30 p.m. at Professor Chandravadan Mehta Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended March 31, 2007 and Balance Sheet as at that date together with the Reports of the Directors and Auditors.
2. To declare dividend on preference shares.
3. To declare dividend on equity shares.
4. To appoint a director in place of Mr. N. Vaghul, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Anupam Puri, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a director in place of Mr. M. K. Sharma, who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint a director in place of Prof. Marti G. Subrahmanyam, who retires by rotation and, being eligible, offers himself for re-appointment.
8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

   RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 and the Banking Regulation Act, 1949, BSR & Co., Chartered Accountants, be appointed as statutory auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration (including terms of payment) to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, plus service tax and such other tax(es), as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company for the year ending March 31, 2008.
9. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

   RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 and the Banking Regulation Act, 1949, the Board of Directors of the Company be and is hereby authorised to appoint branch auditors, as and when required, in consultation with the statutory auditors, to audit the accounts in respect of the Company's branches/offices in India and abroad and to fix their remuneration (including terms of payment), based on the recommendation of the Audit Committee, plus service tax and such other tax(es), as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit.

SPECIAL BUSINESS

10. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

    RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India to the extent required, Mr. K. V. Kamath, Managing Director & CEO, be paid the following revised remuneration from April 1, 2007 up to April 30, 2009 as follows:

    Salary:

    In the range of Rs.700,000 to Rs.1,350,000 per month.

    Perquisites:

    Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

    In case Company-owned accommodation is not provided, Mr. K. V. Kamath shall be eligible for house rent allowance of Rs.100,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

    Bonus:

    Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Mr. K. V. Kamath, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Mr. K. V. Kamath, shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

11. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India to the extent required, Ms. Chanda D. Kochhar, Deputy Managing Director, be paid the following revised remuneration from April 1, 2007 up to March 31, 2011:

Salary:

In the range of Rs.400,000 to Rs.1,050,000 per month.

Perquisites:

Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

In case Company-owned accommodation is not provided, Ms. Chanda D. Kochhar shall be eligible for house rent allowance of Rs.100,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

Bonus :

Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Ms. Chanda D. Kochhar, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Ms. Chanda D. Kochhar shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

12. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India to the extent required, Dr. Nachiket Mor, Deputy Managing Director, be paid the following revised remuneration from April 1, 2007 up to March 31, 2011:

Salary:

In the range of Rs.400,000 to Rs.1,050,000 per month.

Perquisites:

Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

In case Company-owned accommodation is not provided, Dr. Nachiket Mor shall be eligible for house rent allowance of Rs.100,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

Bonus :

Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Dr. Nachiket Mor, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Dr. Nachiket Mor shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

13. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that Mr. V. Vaidyanathan, in respect of whom the Company has received notices in writing along with a deposit of Rs.500 for each notice, from some of its Members proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of director, be and is hereby appointed a Director of the Company.

14. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India to the extent required, Mr. V. Vaidyanathan, be appointed as a wholetime Director (designated as Executive Director) of the Company, effective October 24, 2006 up to October 23, 2011, on payment of the following remuneration:

Salary:

In the range of Rs.200,000 to Rs.500,000 per month (up to March 31, 2007)

In the range of Rs.300,000 to Rs.1,000,000 per month (from April 1, 2007 up to October 23, 2011).

Perquisites:

Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

In case Company-owned accommodation is not provided, Mr. V. Vaidyanathan shall be eligible for house rent allowance of Rs.50,000 per month (up to March 31, 2007) and Rs.100,000 per month (from April 1, 2007 up to October 23, 2011) and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

Bonus:

Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Mr. V. Vaidyanathan, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Mr. V. Vaidyanathan shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

RESOLVED FURTHER that Mr. V. Vaidyanathan shall not be subject to retirement by rotation during his tenure as wholetime Director. However, in order to comply with the provisions of the Articles of Association of the Company and the Companies Act, 1956, he shall be liable to retire by rotation, if, at any time, the number of non-rotational Directors exceed one-third of the total number of Directors. If he is re-appointed as Director immediately on retirement by rotation, he shall continue to hold his office of wholetime Director and the retirement by rotation and re-appointment shall not be deemed to constitute a break in his appointment as wholetime Director.

15. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that Ms. Madhabi Puri-Buch, in respect of whom the Company has received notices in writing along with a deposit of Rs.500 for each notice, from some of its Members proposing her as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of director, be and is hereby appointed a Director of the Company.

16. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949, and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India, Ms. Madhabi Puri-Buch, be appointed as a wholetime Director (designated as Executive Director) of the Company, effective June 1, 2007 up to May 31, 2012, on payment of the following remuneration:

Salary:

In the range of Rs.300,000 to Rs.1,000,000 per month.

Perquisites:

Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

In case Company-owned accommodation is not provided, Ms. Madhabi Puri-Buch shall be eligible for house rent allowance of Rs.100,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

Bonus:

Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Ms. Madhabi Puri-Buch, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Ms. Madhabi Puri-Buch shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

RESOLVED FURTHER that Ms. Madhabi Puri-Buch shall not be subject to retirement by rotation during her tenure as wholetime Director. However, in order to comply with the provisions of the Articles of Association of the Company and the Companies Act, 1956, she shall be liable to retire by rotation, if, at any time, the number of non-rotational Directors exceed one-third of the total number of Directors. If she is re-appointed as Director immediately on retirement by rotation, she shall continue to hold her office of wholetime Director and the retirement by rotation and re-appointment shall not be deemed to constitute a break in her appointment as wholetime Director.

17. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

RESOLVED that pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and subject to the necessary and relevant amendments of the Banking Regulation Act, 1949 or upon the receipt of any exemptions under the relevant provisions of the Banking Regulation Act, 1949 and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, if any, prescribed by Government of India, Reserve Bank of India, Securities and Exchange Board of India and the United States Securities and Exchange Commission or any other relevant authority, whether in India or abroad, from time to time, to the extent applicable and subject to approvals, consents, permissions and sanctions as might be required and subject to such conditions as might be prescribed while granting such approvals, consents, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as the Board, which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised on behalf of the Company to create, offer, issue and allot (including with provision for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted and including from capital that may be classified or unclassified, and of such denomination as required or permitted), in the course of one or more public and/or private offerings in domestic and/or one or more international market(s), preference shares including issuance of overseas depository receipts or other instruments, as permitted against the preference shares or issuance of foreign currency denominated preference shares, at the option of the Company and/or the holder(s) of such securities, and/or securities linked to preference shares and which, subject to applicable laws, may be irredeemable/perpetual or redeemable (and if redeemable, with such period as may be permitted or specified by the Company), cumulative or non-cumulative, participatory or non-participatory, non-convertible or other securities, and/or securities with or without detachable/non-detachable warrants with a right exercisable by the warrant-holder to subscribe for preference shares and/or warrants with an option exercisable by the warrant-holder to subscribe for preference shares, and/or any instruments or securities representing preference shares and/or convertible securities convertible to preference shares (all of which are hereinafter collectively referred to as "Securities"), to all eligible investors, including residents and/or non-residents and/or institutions/banks and/or incorporated bodies and/or individuals and/or trustees or otherwise, and whether or not such investors are Members of the Company, through one or more prospectus and/or letter of offer or circular and/or private/preferential placement basis, for, or which upon exercise or conversion of all Securities so issued and allotted could give rise to, the issue of an aggregate face value of Securities not exceeding Rs.1.50 billion, such issue and allotment to be made at such time or times, in one or more tranche or tranches, at such price or prices, at market price(s) or at a discount or premium to market price(s), including at the Board's discretion at different price(s) to retail investors defined as such under relevant rules, regulations and guidelines of the relevant authority, in such manner, and where necessary in consultation with the Lead Managers and/or Underwriters and/or other Advisors or otherwise on such terms and conditions, including issue of Securities as fully or partly paid, making of calls and manner of appropriation of application money or call money, in respect of different class(es) of investor(s) and/or in respect of different Securities, as the Board may in its absolute discretion decide at the time of issue of the Securities.

RESOLVED FURTHER that, without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with prevalent market practices or as the Board may in its absolute discretion deem fit, including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holders of any securities, or variation of the price of Securities during the period of the Securities or terms pertaining to voting rights, if any permitted by law, for early redemption of Securities.

RESOLVED FURTHER that, the Company and/or any agency or body or person authorised by the Board may issue depository receipts representing the underlying Securities in the capital of the Company or such other Securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Securities as may be required to be issued and allotted, including issue and allotment of Securities upon conversion of any depository receipts or other securities referred to above or as may be necessary in accordance with the terms of the offer.

RESOLVED FURTHER that for the purpose of giving effect to any offer, issue or allotment of Securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the number of Securities that may be offered in domestic and international markets and proportion thereof, entering into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar, stabilizing agent, paying agent, trustee and to issue any document(s), including but not limited to prospectus and/or letter of offer and/or circular, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more wholetime Directors of the Company.

18. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

    RESOLVED that the consent of the Members of the Company under the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, and the relevant provisions of the Articles of Association of the Company, be and is hereby accorded to the borrowings by the Board of Directors of the Company from time to time, of all moneys deemed by them to be requisite or proper for the purpose of carrying on the business of the Company, so however, that apart from deposits accepted in the ordinary course of business, temporary loans repayable on demand or within six months from the date of the loan or temporary loans, if any, obtained from the Company's bankers, the total amount of such borrowings outstanding at any time shall not exceed Rs.200,000 crore (Rupees two hundred thousand crore) notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (including temporary loans, if any, obtained for the purpose of financing expenditure of a capital nature) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

19. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

    RESOLVED that subject to the applicable provisions of the Companies Act, 1956 and subject to the requisite approvals, if and to the extent necessary, Article 56(d) of the Articles of Association of the Company be substituted by the following Clause:

    "56(d) Acquisition of shares by a person/group which could take in the aggregate his/her/its holding to a level of 5 per cent or more of the total paid-up capital of the Bank (or such other percentage as may be prescribed by Reserve Bank of India from time to time) should be effected by such buyer(s) after obtaining prior approval of Reserve Bank of India."

NOTES:

a) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 10 - 19 set out in the Notice is annexed hereto.

b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OR CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

c) Members are requested to note that the Company's shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.

d) The Register of Members and the Share Transfer Book of the Company will remain closed from Saturday, June 16, 2007 to Saturday, July 14, 2007 (both days inclusive).

   Dividend for the year ended March 31, 2007, at Rs.10 per fully paid-up equity share, if declared at the Meeting, will be paid on and from Monday, July 23, 2007:

(i) to those Members, holding shares in physical form, whose names appear on the Register of Members of the Company, at the close of business hours on Saturday, July 14, 2007, after giving effect to all valid transfers in physical form lodged on or before Friday, June 15, 2007 with the Company and/or its Registrar and Transfer Agent; and

(ii) in respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Friday, June 15, 2007.

In terms of the directives of Securities and Exchange Board of India, shares issued by companies should rank *pari passu* in all respects, including dividend entitlement, and accordingly the equity shares allotted/to be allotted by the Company during the period April 1, 2007 to June 15, 2007 under the ICICI Bank Employees Stock Option Scheme and Scheme of Amalgamation of The Sangli Bank Limited with ICICI Bank Limited will be entitled for full dividend for the financial year ended March 31, 2007, if declared at the Meeting.

e) (i) Members holding shares in physical form are requested to immediately notify change in their address, if any, to the Registrar and Transfer Agent of the Company, namely, 3i Infotech Limited, Maratha Mandir Annexe, Dr. A. R. Nair Road, Mumbai Central, Mumbai 400 008, quoting their Folio Number(s).

(ii) In order to avoid fraudulent encashment of dividend warrants, Members holding shares in physical form are requested to send to the Registrar and Transfer Agent of the Company, at the above mentioned address, on or before July 11, 2007, a Bank Mandate (providing details of name and address of banker, branch, PIN code and particulars of the bank account) or changes therein, if not provided earlier, under the signature of the Sole/First holder alongwith the folio number. This information will be printed on the dividend warrants. You may also avail of the Electronic Clearing Service (ECS) mandate facility provided by the Company.

f) Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to their depository participant only and not to the Company or its Registrar and Transfer Agent. The said intimations will be automatically reflected in the Company’s records.

g) Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of unclaimed dividend up to the financial year ended March 31, 1998 has been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

Further, pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company and erstwhile The Sangli Bank Limited, is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and, thereafter, no payments shall be made by the Company or by the IEPF in respect of such amounts. Therefore, the amount of unclaimed dividend up to the financial year ended March 31, 1999 has been transferred, and for the financial year ended March 31, 2000 is being transferred, to IEPF.

Members who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 2001 and subsequent years are requested to submit their claims to the Registrar and Transfer Agent of the Company without any delay.

h) Members may avail of the nomination facility as provided under Section 109A of the Companies Act, 1956.

i) Pursuant to the requirements on corporate governance under Clause 49 of listing agreements entered into with stock exchanges, the information about the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.

j) Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.

k) All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered and Corporate Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days from the date hereof up to the date of the Meeting.

By Order of the Board

JYOTIN MEHTA
General Manager &
Company Secretary

Mumbai, June 5, 2007

Registered Office:
Landmark
Race Course Circle
Vadodara 390 007

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

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item Nos.10-12

The Board of Directors, at its Meeting held on April 28, 2007, has decided (based on the recommendation of the Board Governance & Remuneration Committee), to revise the salary range and house rent allowance (hereinafter referred to as remuneration) of Mr. K. V. Kamath, Managing Director & CEO, Ms. Chanda D. Kochhar, Deputy Managing Director and Dr. Nachiket Mor, Deputy Managing Director (hereinafter referred to as wholetime Directors) effective April 1, 2007, subject to the approval of the Members and Reserve Bank of India (RBI), to the extent required.

The revision in the salary range of each of the wholetime Directors is detailed below :

Name and Designation	Salary Range per month (Rs.)	
	Existing	Proposed
Mr. K. V. Kamath *Managing Director & CEO*	600,000 – 1,050,000	700,000 – 1,350,000
Ms. Chanda D. Kochhar *Deputy Managing Director*	200,000 – 500,000	400,000 – 1,050,000
Dr. Nachiket Mor *Deputy Managing Director*	200,000 – 500,000	400,000 – 1,050,000

The Board or any Committee thereof, may in its absolute discretion and from time to time, will fix, within the above ranges, the salary payable to the wholetime Directors, subject to the approval of RBI.

Further, the house rent allowance payable to the above-named wholetime Directors has been increased from Rs.50,000 per month to Rs.100,000 per month effective April 1, 2007 subject to the approval of RBI, provided Company-owned accommodation has not been provided to the concerned wholetime Director.

The other terms and conditions of their appointment remain the same.

The above revisions have been intimated to the Members *vide* Circular dated April 28, 2007, as required under Section 302 of the Companies Act, 1956.

The Directors recommend the adoption of the Resolutions at Item Nos.10-12 of the Notice.

No Director is in any way concerned or interested in the Resolutions at Item Nos.10-12 of the Notice except Mr. K. V. Kamath, Ms. Chanda D. Kochhar and Dr. Nachiket Mor, to the extent of modification in the terms of their remuneration.

Item Nos.13 and 14

Mr. V. Vaidyanathan has been appointed as an additional Director effective October 24, 2006 pursuant to Section 260 of the Companies Act, 1956, read with Article 135 of the Articles of Association, and holds office up to the date of the Thirteenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received notices in writing along with a deposit of Rs.500 for each notice, from some of its Members signifying their intention to propose the candidature of Mr. V. Vaidyanathan for the office of Director.

The Board of Directors, at its Meeting held on October 24, 2006 (based on the recommendation of the Board Governance & Remuneration Committee), appointed him as wholetime Director (designated as Executive Director), subject to the approval of RBI and the Members for a period of five years effective October 24, 2006 on the terms and conditions mentioned in the Circular dated October 27, 2006 as required under Section 302 of the Companies Act, 1956. RBI, *vide* letter dated April 17, 2007 approved his appointment and payment of remuneration as decided by the Board at its Meeting held on October 24, 2006 and detailed in the said Circular.

The Board of Directors at its Meeting held on April 28, 2007 has decided (based on the recommendation of the Board Governance & Remuneration Committee) to revise the salary range of Mr. V. Vaidyanathan from Rs.200,000 to Rs.500,000 per month to Rs.300,000 – Rs.1,000,000 per month and house rent allowance from Rs.50,000 per month to Rs.100,000 per month, effective April 1, 2007, subject to the approval of the Members and RBI to the extent required. The above revision has been intimated to the Members *vide* Circular dated April 28, 2007 as required under Section 302 of the Companies Act, 1956.

The Directors recommend the adoption of the Resolutions at Item Nos.13 and 14 of the Notice.

No Director is in any way concerned or interested in the Resolutions at Item Nos.13 and 14 of the Notice except Mr. V. Vaidyanathan to the extent of his appointment and payment of remuneration.

Item Nos.15 and 16

Ms. Madhabi Puri-Buch has been appointed as an additional Director effective June 1, 2007 pursuant to Section 260 of the Companies Act, 1956, read with Article 135 of the Articles of Association, and holds office up to the date of the Thirteenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received notices in writing along with a deposit of Rs.500 for each notice, from some of its Members signifying their intention to propose the candidature of Ms. Madhabi Puri-Buch for the office of Director.

The Board of Directors, at its Meeting held on April 28, 2007 (based on the recommendation of the Board Governance & Remuneration Committee), appointed her as wholetime Director (designated as Executive Director), subject to the approval of RBI and the Members for a period of five years effective June 1, 2007 on the terms and conditions mentioned in the Circular dated April 28, 2007 as required under Section 302 of the Companies Act, 1956.

The Directors recommend the adoption of the Resolutions at Item Nos.15 and 16 of the Notice.

No Director is in any way concerned or interested in the Resolutions at Item Nos.15 and 16 of the Notice except Ms. Madhabi Puri-Buch to the extent of her appointment and payment of remuneration.

Item No.17

The Company will require additional capital due to the requirement of capital for operational risk under Basel II guidelines issued by RBI. In January 2006, RBI issued guidelines on enhancement of banks' capital raising options for capital adequacy purposes. The guidelines provide that apart from innovative perpetual debt instruments qualifying as Tier 1 capital and debt capital instruments qualifying as Upper Tier 2 capital, banks may augment their capital funds by issue of perpetual non-cumulative preference shares eligible for inclusion as Tier 1 capital and redeemable cumulative preference shares eligible for inclusion as Tier 2 capital, subject to laws in force from time to time. RBI has indicated that detailed guidelines regarding these two categories of instruments will be issued separately in due course, as legislative changes are required to permit banks to issue preference shares.

At present, banking companies are not permitted to issue/have preference shares as per Section 12(1)(ii) of the Banking Regulation Act, 1949. The Banking Regulation (Amendment) Bill, 2005 proposes to amend the Banking Regulation Act to permit banking companies to issue preference shares in accordance with the guidelines framed by RBI. This aforesaid Bill is pending approval of the Parliament.

Your Directors felt that it would be in the overall interest of the Company to explore the option of mobilisation of long-term resources by issue of preference shares at an opportune time by way of private placement or public issue or rights issue to the shareholders or to any domestic/foreign investors, or in such other manner, in such tranches, as the Board may, in its absolute discretion deem fit, from time to time, subject to applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Memorandum and Articles of Association of the Company. The Company would consider issuance of preference shares denominated in Indian rupees or an appropriate foreign currency, subject to applicable statute/ regulation and receipt of necessary approvals. Further, while currently the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 of the Central Government envisage issue of overseas depository receipts only against equity shares, subject to changes in this Scheme permitting the issue of overseas depository receipts against preference shares, the Company would also consider undertaking the same. To give effect to the above, it is proposed that the Board of Directors/any Committee thereof be authorised to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental thereto, including listing of the preference shares.

The Directors recommend the adoption of the Resolution at Item No.17 of the Notice.

No Director is in any way concerned or interested in the Resolution at Item No.17 of the Notice, except to the extent of his/her participating in the proposed issue of preference shares as also to the extent of participation in the proposed issue of preference shares by a financial institution/company/body corporate/firm/bank/undertaking in which the Director or his/her relative may be directly or indirectly concerned/interested.

Item No. 18

In terms of Section 293(1)(d) of the Companies Act, 1956, read with Articles 83 to 88 of Articles of Association of the Company, borrowings by the Company (apart from the deposits accepted in the ordinary course of business by the Company, temporary loans repayable on demand or within six months from the date of the loan, and temporary loans, if any, obtained from the Company's Bankers, other than loans raised for the purpose of financing expenditure of a capital nature), in excess of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, require the approval of the Members.

The Members, at their Fourth Annual General Meeting (AGM) held on June 15, 1998, had approved the borrowing of sums not exceeding Rs. 3,000 crore (Rupees three thousand crore) under Section 293(1)(d) of the Companies Act, 1956. Thereafter, pursuant to the Scheme of Amalgamation (the Scheme) under Sections 391 to 394 of the Companies Act, 1956 of erstwhile ICICI Limited, erstwhile ICICI Capital Services Limited and erstwhile ICICI Personal Financial Services Limited with the Company effective May 3, 2002, the borrowing limit of the Company was enhanced to an amount aggregating to Rs.103,550 crore (Rupees one lac three thousand five hundred fifty crore).

The balance sheet size of the Company has grown significantly since the revision of the borrowing limit as on May 3, 2002. Correspondingly, the net worth of the Company has increased from Rs.6,245 crore as on March 31, 2002 to Rs.24,313 crore as on March 31, 2007 which would further increase with the proposed equity issue. In view of the proposed equity issue the borrowing limits linked to Tier-1 Capital will increase providing flexibility to the Company in its borrowing program. Further, international business has been identified as one of the key growth drivers for the Company, with the expected growth in the International Banking Group, entailing higher funding requirement. Considering the substantial growth in business and operations of the Company, present and future requirements, your approval is being sought to increase the borrowing limits from Rs.103,550 crore to Rs.200,000 crore.

The Directors recommend the adoption of the Resolution at Item No.18 of the Notice.

No Director is in any way concerned or interested in the Resolution at Item No.18 of the Notice.

Item No. 19

Article 56(d) of the Articles of Association of the Bank provides that “Acquisition of shares by a person/group which could take in the aggregate his/her/its holding to a level of 5 per cent or more of the total issued capital of the Bank (or such other percentage as may be prescribed by the Reserve Bank of India from time to time) should be effected by such buyer(s) after obtaining prior approval of the Reserve Bank of India. The term ‘group’ will have the same meaning as contained in Section 2(e) of the Monopolies and Restrictive Trade Practices Act, 1969”.

It is proposed to delete the reference to the definition of ‘group’. Further the words “5 per cent or more of the total issued capital of the Bank” are proposed to be substituted by the words “5 per cent or more of the total paid-up capital of the Bank”.

The Directors recommend the adoption of the Resolution at Item No.19 of the Notice.

No Director is in any way concerned or interested in the Resolution at Item No.19 of the Notice.

By Order of the Board

JYOTIN MEHTA
General Manager &
Company Secretary

Mumbai, June 5, 2007

Registered Office:
Landmark
Race Course Circle
Vadodara 390 007

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

Annexure

Pursuant to Clause 49 of the listing agreement with the stock exchanges, following information is furnished about the Directors proposed to be appointed/re-appointed

1. **Mr. N. Vaghul** was first appointed on the Board on March 27, 2002. He holds a Bachelor's degree in Commerce and is a Chartered Associate of Indian Institute of Bankers. He is a development banker and was Chairman & Managing Director of erstwhile ICICI Limited (ICICI) from 1985 to 1992, its executive Chairman from 1992 to 1996 and non-executive Chairman from 1996 to 2002. He was Chairman & Managing Director of Bank of India from 1981 to 1984, and has also been Chairman of the Indian Banks' Association. He has vast experience in banking and financial services. He was appointed by the Board as the non-executive Chairman of ICICI Bank effective May 3, 2002. The Board at its Meeting held on April 30, 2005 has re-appointed him as the non-executive Chairman effective May 3, 2005 up to April 30, 2009, subject to the approval of RBI. RBI had *vide* its letter dated August 12, 2005 approved his appointment for a period up to April 30, 2009. Mr. Vaghul held 27,543 equity shares of the Company as on June 2, 2007.

Other Directorships	Committee Memberships
Name of Company	**Name of Committee**
Asset Reconstruction Company (India) Limited, *Chairman* GIVE Foundation, *Chairman* Himatsingka Seide Limited, *Chairman* ICICI Knowledge Park, *Chairman* Mahindra World City Developers Limited, *Chairman* Pratham India Education Initiative, *Chairman* Air India Limited Air India Air Transport Services Limited Air India Engineering Services Limited Apollo Hospitals Enterprise Limited Azim Premji Foundation Hemogenomics Private Limited Mahindra & Mahindra Limited Mittal Steel Caribbean Mittal Steel Company N.V. Nicholas Piramal India Limited Trans India Acquisition Corporation Wipro Limited	**Air India Limited** Audit Committee **Apollo Hospitals Enterprise Limited** Compensation Committee **Mahindra & Mahindra Limited** Compensation Committee, *Chairman* **Mahindra World City Developers Limited** Audit Committee Remuneration Committee **Nicholas Piramal India Limited** Compensation Committee, *Chairman* Audit Committee **Wipro Limited** Audit Committee, *Chairman* Board Governance & Compensation Committee **ICICI Bank Limited** Board Governance & Remuneration Committee, *Chairman* Credit Committee, *Chairman* Customer Service Committee, *Chairman* Risk Committee, *Chairman*

2. **Mr. Anupam Puri** was first appointed on the Board effective May 3, 2002. He was on the Board of erstwhile ICICI Limited since May 2001. He holds various degrees, namely, Masters in Philosophy and Master of Arts in Economics from Oxford University and Bachelor of Arts in Economics from Delhi University. He is currently a Management Consultant. From 1970 to 2000, he was with McKinsey & Company, a leading management consultancy firm. He worked globally with corporate clients in several industries on strategy and organisational issues and also served several governments and multilateral institutions on public policy. He spearheaded the development of McKinsey's India practice, oversaw the Asian and Latin American offices and was an elected member on its Board. Mr. Anupam Puri did not hold any equity shares of the Company as on June 2, 2007.

Other Directorships	Committee Memberships
Name of Company	**Name of Committee**
Dr. Reddy's Laboratories Limited Mahindra & Mahindra Limited Tech Mahindra Limited	**Dr. Reddy's Laboratories Limited** Board Nominations Committee, *Chairman* Audit Committee Compensation Committee Strategy Committee **Tech Mahindra Limited** Audit Sub-Committee, *Chairman* **ICICI Bank Limited** Board Governance & Remuneration Committee

3. **Mr. M. K. Sharma** was first appointed on the Board on January 31, 2003. He holds a Bachelor's Degrees in Arts and is a Bachelor of Law from Canning College University of Lucknow. He has also completed his Post Graduate Diploma in Personnel Management from Department of Business Management, University of Delhi and Diploma in Labour Laws from Indian Law Institute, Delhi. After a six-year stint in DCM Limited, he joined Hindustan Lever Limited in 1974 as Legal Manager and worked in various areas including taxation, shares and legal. He was inducted on the Board of Hindustan Lever Limited in August 1995. He retired as the Vice-Chairman of Hindustan Lever Limited on May 19, 2007. Mr. Sharma held 5,050 equity shares of the Company as on June 2, 2007.

Other Directorships	**Committee Memberships**
Name of Company	**Name of Committee**
Unilever Nepal Limited, *Chairman*	**ICICI Bank Limited** Fraud Monitoring Committee, *Chairman* Share Transfer & Shareholders'/Investors' Grievance Committee, *Chairman* Audit Committee, *Alternate Chairman* Board Governance & Remuneration Committee Credit Committee Customer Service Committee

4. **Prof. Marti G. Subrahmanyam** was first appointed on the Board effective May 3, 2002. He was on the Board of erstwhile ICICI since August 1998. He holds a Degree in Mechanical Engineering from the Indian Institute of Technology, Madras, a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad and a Doctorate in Finance and Economics from the Massachusetts Institute of Technology. He is the Charles E. Merrill Professor of Finance and Economics in the Stern School of Business at New York University. He is an expert in the areas of corporate finance, capital markets and international finance. Prof. Subrahmanyam held 1,613 equity shares and 29,500 American Depository Shares of the Company as on June 2, 2007.

Other Directorships	**Committee Memberships**
Name of Company	**Name of Committee**
Infosys Technologies Limited International Schools of Business Management Metahelix Life Sciences Private Limited Nexgen Financial Holdings Limited Nexgen Re Limited Nomura Asset Management (U.S.A.), Inc. Supply Chainge Inc. The Animi Offshore Fund Limited The Animi Offshore Concentrated Risk Fund Usha Comm Tech Limited	**Infosys Technologies Limited** Compensation Committee, *Chairman* Audit Committee **Metahelix Life Sciences Private Limited** Compensation Committee, *Chairman* **Nexgen Financial Holdings Limited** Research Committee, *Chairman* **Usha Comm Tech Limited** Audit Committee, *Chairman* Compensation Committee **ICICI Bank Limited** Board Governance & Remuneration Committee Risk Committee

5. **Mr. V. Vaidyanathan** holds a Master's degree in Business Administration and has also completed the Advanced Management Program at Harvard Business School. Prior to joining the ICICI Group, he was the National Head for Automobile Finance Business in India at Citibank. He has vast experience in retail banking and the small and medium enterprises segments. His contribution includes building a powerful distribution franchise, laying down the credit and collections philosophies for ICICI's retail banking and building the retail banking team. He was appointed as Executive Director of ICICI Bank effective October 24, 2006. He has contributed substantially to the growth of the retail business at ICICI Bank over the past five years. He is currently in charge of retail banking and the small and medium enterprises group. Mr. Vaidyanathan held 46,810 equity shares of the Company as on June 2, 2007.

Other Directorships	Committee Memberships
Name of Company	**Name of Committee**
ICICI Home Finance Company Limited, Chairman ICICI Lombard General Insurance Company Limited	**ICICI Home Finance Company Limited** Audit Committee, *Chairman* Asset Liability Management Committee, *Chairman* Bank Operations Committee, *Chairman* Management Committee (Premises), *Chairman* **ICICI Bank Limited** Fraud Monitoring Committee Committee of Directors Asset Liability Management Committee

6. **Ms. Madhabi Puri-Buch** is a Graduate in Mathematics with Economics and a Post Graduate in Management from the Indian Institute of Management, Ahmedabad. She joined erstwhile ICICI Limited in 1989 in the project finance department. She left ICICI in 1992 and worked in ANZ Grindlays Bank and ORG MARG Research before re-joining ICICI in 1997 in the planning and treasury department. She was the Managing Director of erstwhile ICICI Capital Services Limited, erstwhile ICICI Web Trade Limited and ICICI Home Finance Company Limited during 1999 to 2003. She was designated as Senior General Manager in 2003 and as Group Corporate Brand Officer & Head-Operations in 2006. She is responsible for the Internal Control Environment function of the Company globally, including operations, risk management, and legal, as well as the corporate brand. She was appointed as Executive Director of ICICI Bank effective June 1, 2007. Ms. Puri-Buch held 118,861 equity shares of the Company as on June 2, 2007.

Other Directorships	Committee Memberships
Name of Company	**Name of Committee**
ICICI Prudential Trust Limited ICICI Venture Funds Management Company Limited	**ICICI Bank Limited** Share Transfer & Shareholders'/Investors' Grievance Committee Committee of Directors Asset Liability Management Committee

By Order of the Board

JYOTIN MEHTA
General Manager &
Company Secretary

Mumbai, June 5, 2007

Registered Office:
Landmark
Race Course Circle
Vadodara 390 007

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

Notice

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of ICICI Bank Limited (the Company) will be held on Saturday, July 21, 2007 at 1.30 p.m. at Professor Chandravadan Mehta Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended March 31, 2007 and Balance Sheet as at that date together with the Reports of the Directors and Auditors.
2. To declare dividend on preference shares.
3. To declare dividend on equity shares.
4. To appoint a director in place of Mr. N. Vaghul, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Anupam Puri, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a director in place of Mr. M. K. Sharma, who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint a director in place of Prof. Marti G. Subrahmanyam, who retires by rotation and, being eligible, offers himself for re-appointment.
8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

   RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 and the Banking Regulation Act, 1949, BSR & Co., Chartered Accountants, be appointed as statutory auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration (including terms of payment) to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, plus service tax and such other tax(es), as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company for the year ending March 31, 2008.
9. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

   RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 and the Banking Regulation Act, 1949, the Board of Directors of the Company be and is hereby authorised to appoint branch auditors, as and when required, in consultation with the statutory auditors, to audit the accounts in respect of the Company's branches/offices in India and abroad and to fix their remuneration (including terms of payment), based on the recommendation of the Audit Committee, plus service tax and such other tax(es), as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit.

SPECIAL BUSINESS

10. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

    RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India to the extent required, Mr. K. V. Kamath, Managing Director & CEO, be paid the following revised remuneration from April 1, 2007 up to April 30, 2009 as follows:

    Salary:

    In the range of Rs.700,000 to Rs.1,350,000 per month.

    Perquisites:

    Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

    In case Company-owned accommodation is not provided, Mr. K. V. Kamath shall be eligible for house rent allowance of Rs.100,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

    Bonus:

    Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Mr. K. V. Kamath, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Mr. K. V. Kamath, shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

11. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India to the extent required, Ms. Chanda D. Kochhar, Deputy Managing Director, be paid the following revised remuneration from April 1, 2007 up to March 31, 2011:

Salary:

In the range of Rs.400,000 to Rs.1,050,000 per month.

Perquisites:

Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

In case Company-owned accommodation is not provided, Ms. Chanda D. Kochhar shall be eligible for house rent allowance of Rs.100,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

Bonus :

Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Ms. Chanda D. Kochhar, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Ms. Chanda D. Kochhar shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

12. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India to the extent required, Dr. Nachiket Mor, Deputy Managing Director, be paid the following revised remuneration from April 1, 2007 up to March 31, 2011:

Salary:

In the range of Rs.400,000 to Rs.1,050,000 per month.

Perquisites:

Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

In case Company-owned accommodation is not provided, Dr. Nachiket Mor shall be eligible for house rent allowance of Rs.100,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

Bonus :

Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Dr. Nachiket Mor, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Dr. Nachiket Mor shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

13. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that Mr. V. Vaidyanathan, in respect of whom the Company has received notices in writing along with a deposit of Rs.500 for each notice, from some of its Members proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of director, be and is hereby appointed a Director of the Company.

14. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India to the extent required, Mr. V. Vaidyanathan, be appointed as a wholetime Director (designated as Executive Director) of the Company, effective October 24, 2006 up to October 23, 2011, on payment of the following remuneration:

Salary:

In the range of Rs.200,000 to Rs.500,000 per month (up to March 31, 2007)

In the range of Rs.300,000 to Rs.1,000,000 per month (from April 1, 2007 up to October 23, 2011).

Perquisites:

Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

In case Company-owned accommodation is not provided, Mr. V. Vaidyanathan shall be eligible for house rent allowance of Rs.50,000 per month (up to March 31, 2007) and Rs.100,000 per month (from April 1, 2007 up to October 23, 2011) and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

Bonus:

Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Mr. V. Vaidyanathan, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Mr. V. Vaidyanathan shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

RESOLVED FURTHER that Mr. V. Vaidyanathan shall not be subject to retirement by rotation during his tenure as wholetime Director. However, in order to comply with the provisions of the Articles of Association of the Company and the Companies Act, 1956, he shall be liable to retire by rotation, if, at any time, the number of non-rotational Directors exceed one-third of the total number of Directors. If he is re-appointed as Director immediately on retirement by rotation, he shall continue to hold his office of wholetime Director and the retirement by rotation and re-appointment shall not be deemed to constitute a break in his appointment as wholetime Director.

15. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that Ms. Madhabi Puri-Buch, in respect of whom the Company has received notices in writing along with a deposit of Rs.500 for each notice, from some of its Members proposing her as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of director, be and is hereby appointed a Director of the Company.

16. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that subject to the applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949, and the provisions of the Articles of Association of the Company and subject to the approval of Reserve Bank of India, Ms. Madhabi Puri-Buch, be appointed as a wholetime Director (designated as Executive Director) of the Company, effective June 1, 2007 up to May 31, 2012, on payment of the following remuneration:

Salary:

In the range of Rs.300,000 to Rs.1,000,000 per month.

Perquisites:

Perquisites (evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company'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, payment of income-tax on perquisites by the Company to the extent permissible under the Income-tax Act, 1961 and Rules framed thereunder; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.

In case Company-owned accommodation is not provided, Ms. Madhabi Puri-Buch shall be eligible for house rent allowance of Rs.100,000 per month and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

Bonus:

Up to the average percentage of performance bonus paid to the employees, as may be determined by the Board or any Committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any Committee thereof and subject to such other approvals as may be necessary.

RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Ms. Madhabi Puri-Buch, within the terms mentioned above, subject to the approval of Reserve Bank of India, from time to time.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Ms. Madhabi Puri-Buch shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

RESOLVED FURTHER that Ms. Madhabi Puri-Buch shall not be subject to retirement by rotation during her tenure as wholetime Director. However, in order to comply with the provisions of the Articles of Association of the Company and the Companies Act, 1956, she shall be liable to retire by rotation, if, at any time, the number of non-rotational Directors exceed one-third of the total number of Directors. If she is re-appointed as Director immediately on retirement by rotation, she shall continue to hold her office of wholetime Director and the retirement by rotation and re-appointment shall not be deemed to constitute a break in her appointment as wholetime Director.

17. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

RESOLVED that pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and subject to the necessary and relevant amendments of the Banking Regulation Act, 1949 or upon the receipt of any exemptions under the relevant provisions of the Banking Regulation Act, 1949 and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, if any, prescribed by Government of India, Reserve Bank of India, Securities and Exchange Board of India and the United States Securities and Exchange Commission or any other relevant authority, whether in India or abroad, from time to time, to the extent applicable and subject to approvals, consents, permissions and sanctions as might be required and subject to such conditions as might be prescribed while granting such approvals, consents, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as the Board, which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised on behalf of the Company to create, offer, issue and allot (including with provision for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted and including from capital that may be classified or unclassified, and of such denomination as required or permitted), in the course of one or more public and/or private offerings in domestic and/or one or more international market(s), preference shares including issuance of overseas depository receipts or other instruments, as permitted against the preference shares or issuance of foreign currency denominated preference shares, at the option of the Company and/or the holder(s) of such securities, and/or securities linked to preference shares and which, subject to applicable laws, may be irredeemable/perpetual or redeemable (and if redeemable, with such period as may be permitted or specified by the Company), cumulative or non-cumulative, participatory or non-participatory, non-convertible or other securities, and/or securities with or without detachable/non-detachable warrants with a right exercisable by the warrant-holder to subscribe for preference shares and/or warrants with an option exercisable by the warrant-holder to subscribe for preference shares, and/or any instruments or securities representing preference shares and/or convertible securities convertible to preference shares (all of which are hereinafter collectively referred to as "Securities"), to all eligible investors, including residents and/or non-residents and/or institutions/banks and/or incorporated bodies and/or individuals and/or trustees or otherwise, and whether or not such investors are Members of the Company, through one or more prospectus and/or letter of offer or circular and/or private/preferential placement basis, for, or which upon exercise or conversion of all Securities so issued and allotted could give rise to, the issue of an aggregate face value of Securities not exceeding Rs.1.50 billion, such issue and allotment to be made at such time or times, in one or more tranche or tranches, at such price or prices, at market price(s) or at a discount or premium to market price(s), including at the Board's discretion at different price(s) to retail investors defined as such under relevant rules, regulations and guidelines of the relevant authority, in such manner, and where necessary in consultation with the Lead Managers and/or Underwriters and/or other Advisors or otherwise on such terms and conditions, including issue of Securities as fully or partly paid, making of calls and manner of appropriation of application money or call money, in respect of different class(es) of investor(s) and/or in respect of different Securities, as the Board may in its absolute discretion decide at the time of issue of the Securities.

RESOLVED FURTHER that, without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with prevalent market practices or as the Board may in its absolute discretion deem fit, including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holders of any securities, or variation of the price of Securities during the period of the Securities or terms pertaining to voting rights, if any permitted by law, for early redemption of Securities.

RESOLVED FURTHER that, the Company and/or any agency or body or person authorised by the Board may issue depository receipts representing the underlying Securities in the capital of the Company or such other Securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Securities as may be required to be issued and allotted, including issue and allotment of Securities upon conversion of any depository receipts or other securities referred to above or as may be necessary in accordance with the terms of the offer.

RESOLVED FURTHER that for the purpose of giving effect to any offer, issue or allotment of Securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the number of Securities that may be offered in domestic and international markets and proportion thereof, entering into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar, stabilizing agent, paying agent, trustee and to issue any document(s), including but not limited to prospectus and/or letter of offer and/or circular, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more wholetime Directors of the Company.

18. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

    RESOLVED that the consent of the Members of the Company under the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, and the relevant provisions of the Articles of Association of the Company, be and is hereby accorded to the borrowings by the Board of Directors of the Company from time to time, of all moneys deemed by them to be requisite or proper for the purpose of carrying on the business of the Company, so however, that apart from deposits accepted in the ordinary course of business, temporary loans repayable on demand or within six months from the date of the loan or temporary loans, if any, obtained from the Company's bankers, the total amount of such borrowings outstanding at any time shall not exceed Rs.200,000 crore (Rupees two hundred thousand crore) notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (including temporary loans, if any, obtained for the purpose of financing expenditure of a capital nature) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

19. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

    RESOLVED that subject to the applicable provisions of the Companies Act, 1956 and subject to the requisite approvals, if and to the extent necessary, Article 56(d) of the Articles of Association of the Company be substituted by the following Clause:

    "56(d) Acquisition of shares by a person/group which could take in the aggregate his/her/its holding to a level of 5 per cent or more of the total paid-up capital of the Bank (or such other percentage as may be prescribed by Reserve Bank of India from time to time) should be effected by such buyer(s) after obtaining prior approval of Reserve Bank of India."

NOTES:

a) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 10 - 19 set out in the Notice is annexed hereto.

b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OR CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

c) Members are requested to note that the Company's shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.

d) The Register of Members and the Share Transfer Book of the Company will remain closed from Saturday, June 16, 2007 to Saturday, July 14, 2007 (both days inclusive).

   Dividend for the year ended March 31, 2007, at Rs.10 per fully paid-up equity share, if declared at the Meeting, will be paid on and from Monday, July 23, 2007:

(i) to those Members, holding shares in physical form, whose names appear on the Register of Members of the Company, at the close of business hours on Saturday, July 14, 2007, after giving effect to all valid transfers in physical form lodged on or before Friday, June 15, 2007 with the Company and/or its Registrar and Transfer Agent; and

(ii) in respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Friday, June 15, 2007.

In terms of the directives of Securities and Exchange Board of India, shares issued by companies should rank *pari passu* in all respects, including dividend entitlement, and accordingly the equity shares allotted/to be allotted by the Company during the period April 1, 2007 to June 15, 2007 under the ICICI Bank Employees Stock Option Scheme and Scheme of Amalgamation of The Sangli Bank Limited with ICICI Bank Limited will be entitled for full dividend for the financial year ended March 31, 2007, if declared at the Meeting.

e) (i) Members holding shares in physical form are requested to immediately notify change in their address, if any, to the Registrar and Transfer Agent of the Company, namely, 3i Infotech Limited, Maratha Mandir Annexe, Dr. A. R. Nair Road, Mumbai Central, Mumbai 400 008, quoting their Folio Number(s).

(ii) In order to avoid fraudulent encashment of dividend warrants, Members holding shares in physical form are requested to send to the Registrar and Transfer Agent of the Company, at the above mentioned address, on or before July 11, 2007, a Bank Mandate (providing details of name and address of banker, branch, PIN code and particulars of the bank account) or changes therein, if not provided earlier, under the signature of the Sole/First holder alongwith the folio number. This information will be printed on the dividend warrants. You may also avail of the Electronic Clearing Service (ECS) mandate facility provided by the Company.

f) Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to their depository participant only and not to the Company or its Registrar and Transfer Agent. The said intimations will be automatically reflected in the Company's records.

g) Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of unclaimed dividend up to the financial year ended March 31, 1998 has been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

Further, pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company and erstwhile The Sangli Bank Limited, is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and, thereafter, no payments shall be made by the Company or by the IEPF in respect of such amounts. Therefore, the amount of unclaimed dividend up to the financial year ended March 31, 1999 has been transferred, and for the financial year ended March 31, 2000 is being transferred, to IEPF.

Members who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 2001 and subsequent years are requested to submit their claims to the Registrar and Transfer Agent of the Company without any delay.

h) Members may avail of the nomination facility as provided under Section 109A of the Companies Act, 1956.

i) Pursuant to the requirements on corporate governance under Clause 49 of listing agreements entered into with stock exchanges, the information about the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.

j) Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.

k) All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered and Corporate Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days from the date hereof up to the date of the Meeting.

By Order of the Board

JYOTIN MEHTA
General Manager &
Company Secretary

Mumbai, June 5, 2007

Registered Office:
Landmark
Race Course Circle
Vadodara 390 007

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

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item Nos.10-12

The Board of Directors, at its Meeting held on April 28, 2007, has decided (based on the recommendation of the Board Governance & Remuneration Committee), to revise the salary range and house rent allowance (hereinafter referred to as remuneration) of Mr. K. V. Kamath, Managing Director & CEO, Ms. Chanda D. Kochhar, Deputy Managing Director and Dr. Nachiket Mor, Deputy Managing Director (hereinafter referred to as wholetime Directors) effective April 1, 2007, subject to the approval of the Members and Reserve Bank of India (RBI), to the extent required.

The revision in the salary range of each of the wholetime Directors is detailed below :

Name and Designation	Salary Range per month (Rs.)	
	Existing	Proposed
Mr. K. V. Kamath *Managing Director & CEO*	600,000 – 1,050,000	700,000 – 1,350,000
Ms. Chanda D. Kochhar *Deputy Managing Director*	200,000 – 500,000	400,000 – 1,050,000
Dr. Nachiket Mor *Deputy Managing Director*	200,000 – 500,000	400,000 – 1,050,000

The Board or any Committee thereof, may in its absolute discretion and from time to time, will fix, within the above ranges, the salary payable to the wholetime Directors, subject to the approval of RBI.

Further, the house rent allowance payable to the above-named wholetime Directors has been increased from Rs.50,000 per month to Rs.100,000 per month effective April 1, 2007 subject to the approval of RBI, provided Company-owned accommodation has not been provided to the concerned wholetime Director.

The other terms and conditions of their appointment remain the same.

The above revisions have been intimated to the Members *vide* Circular dated April 28, 2007, as required under Section 302 of the Companies Act, 1956.

The Directors recommend the adoption of the Resolutions at Item Nos.10-12 of the Notice.

No Director is in any way concerned or interested in the Resolutions at Item Nos.10-12 of the Notice except Mr. K. V. Kamath, Ms. Chanda D. Kochhar and Dr. Nachiket Mor, to the extent of modification in the terms of their remuneration.

Item Nos.13 and 14

Mr. V. Vaidyanathan has been appointed as an additional Director effective October 24, 2006 pursuant to Section 260 of the Companies Act, 1956, read with Article 135 of the Articles of Association, and holds office up to the date of the Thirteenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received notices in writing along with a deposit of Rs.500 for each notice, from some of its Members signifying their intention to propose the candidature of Mr. V. Vaidyanathan for the office of Director.

The Board of Directors, at its Meeting held on October 24, 2006 (based on the recommendation of the Board Governance & Remuneration Committee), appointed him as wholetime Director (designated as Executive Director), subject to the approval of RBI and the Members for a period of five years effective October 24, 2006 on the terms and conditions mentioned in the Circular dated October 27, 2006 as required under Section 302 of the Companies Act, 1956. RBI, *vide* letter dated April 17, 2007 approved his appointment and payment of remuneration as decided by the Board at its Meeting held on October 24, 2006 and detailed in the said Circular.

The Board of Directors at its Meeting held on April 28, 2007 has decided (based on the recommendation of the Board Governance & Remuneration Committee) to revise the salary range of Mr. V. Vaidyanathan from Rs.200,000 to Rs.500,000 per month to Rs.300,000 – Rs.1,000,000 per month and house rent allowance from Rs.50,000 per month to Rs.100,000 per month, effective April 1, 2007, subject to the approval of the Members and RBI to the extent required. The above revision has been intimated to the Members *vide* Circular dated April 28, 2007 as required under Section 302 of the Companies Act, 1956.

The Directors recommend the adoption of the Resolutions at Item Nos.13 and 14 of the Notice.

No Director is in any way concerned or interested in the Resolutions at Item Nos.13 and 14 of the Notice except Mr. V. Vaidyanathan to the extent of his appointment and payment of remuneration.

Item Nos.15 and 16

Ms. Madhabi Puri-Buch has been appointed as an additional Director effective June 1, 2007 pursuant to Section 260 of the Companies Act, 1956, read with Article 135 of the Articles of Association, and holds office up to the date of the Thirteenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received notices in writing along with a deposit of Rs.500 for each notice, from some of its Members signifying their intention to propose the candidature of Ms. Madhabi Puri-Buch for the office of Director.

The Board of Directors, at its Meeting held on April 28, 2007 (based on the recommendation of the Board Governance & Remuneration Committee), appointed her as wholetime Director (designated as Executive Director), subject to the approval of RBI and the Members for a period of five years effective June 1, 2007 on the terms and conditions mentioned in the Circular dated April 28, 2007 as required under Section 302 of the Companies Act, 1956.

The Directors recommend the adoption of the Resolutions at Item Nos.15 and 16 of the Notice.

No Director is in any way concerned or interested in the Resolutions at Item Nos.15 and 16 of the Notice except Ms. Madhabi Puri-Buch to the extent of her appointment and payment of remuneration.

Item No.17

The Company will require additional capital due to the requirement of capital for operational risk under Basel II guidelines issued by RBI. In January 2006, RBI issued guidelines on enhancement of banks' capital raising options for capital adequacy purposes. The guidelines provide that apart from innovative perpetual debt instruments qualifying as Tier 1 capital and debt capital instruments qualifying as Upper Tier 2 capital, banks may augment their capital funds by issue of perpetual non-cumulative preference shares eligible for inclusion as Tier 1 capital and redeemable cumulative preference shares eligible for inclusion as Tier 2 capital, subject to laws in force from time to time. RBI has indicated that detailed guidelines regarding these two categories of instruments will be issued separately in due course, as legislative changes are required to permit banks to issue preference shares.

At present, banking companies are not permitted to issue/have preference shares as per Section 12(1)(ii) of the Banking Regulation Act, 1949. The Banking Regulation (Amendment) Bill, 2005 proposes to amend the Banking Regulation Act to permit banking companies to issue preference shares in accordance with the guidelines framed by RBI. This aforesaid Bill is pending approval of the Parliament.

Your Directors felt that it would be in the overall interest of the Company to explore the option of mobilisation of long-term resources by issue of preference shares at an opportune time by way of private placement or public issue or rights issue to the shareholders or to any domestic/foreign investors, or in such other manner, in such tranches, as the Board may, in its absolute discretion deem fit, from time to time, subject to applicable provisions of the Companies Act, 1956, the Banking Regulation Act, 1949 and the provisions of the Memorandum and Articles of Association of the Company. The Company would consider issuance of preference shares denominated in Indian rupees or an appropriate foreign currency, subject to applicable statute/ regulation and receipt of necessary approvals. Further, while currently the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 of the Central Government envisage issue of overseas depository receipts only against equity shares, subject to changes in this Scheme permitting the issue of overseas depository receipts against preference shares, the Company would also consider undertaking the same. To give effect to the above, it is proposed that the Board of Directors/any Committee thereof be authorised to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental thereto, including listing of the preference shares.

The Directors recommend the adoption of the Resolution at Item No.17 of the Notice.

No Director is in any way concerned or interested in the Resolution at Item No.17 of the Notice, except to the extent of his/her participating in the proposed issue of preference shares as also to the extent of participation in the proposed issue of preference shares by a financial institution/company/body corporate/firm/bank/undertaking in which the Director or his/her relative may be directly or indirectly concerned/interested.

Item No. 18

In terms of Section 293(1)(d) of the Companies Act, 1956, read with Articles 83 to 88 of Articles of Association of the Company, borrowings by the Company (apart from the deposits accepted in the ordinary course of business by the Company, temporary loans repayable on demand or within six months from the date of the loan, and temporary loans, if any, obtained from the Company's Bankers, other than loans raised for the purpose of financing expenditure of a capital nature), in excess of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, require the approval of the Members.

The Members, at their Fourth Annual General Meeting (AGM) held on June 15, 1998, had approved the borrowing of sums not exceeding Rs. 3,000 crore (Rupees three thousand crore) under Section 293(1)(d) of the Companies Act, 1956. Thereafter, pursuant to the Scheme of Amalgamation (the Scheme) under Sections 391 to 394 of the Companies Act, 1956 of erstwhile ICICI Limited, erstwhile ICICI Capital Services Limited and erstwhile ICICI Personal Financial Services Limited with the Company effective May 3, 2002, the borrowing limit of the Company was enhanced to an amount aggregating to Rs.103,550 crore (Rupees one lac three thousand five hundred fifty crore).

The balance sheet size of the Company has grown significantly since the revision of the borrowing limit as on May 3, 2002. Correspondingly, the net worth of the Company has increased from Rs.6,245 crore as on March 31, 2002 to Rs.24,313 crore as on March 31, 2007 which would further increase with the proposed equity issue. In view of the proposed equity issue the borrowing limits linked to Tier-1 Capital will increase providing flexibility to the Company in its borrowing program. Further, international business has been identified as one of the key growth drivers for the Company, with the expected growth in the International Banking Group, entailing higher funding requirement. Considering the substantial growth in business and operations of the Company, present and future requirements, your approval is being sought to increase the borrowing limits from Rs.103,550 crore to Rs.200,000 crore.

The Directors recommend the adoption of the Resolution at Item No.18 of the Notice.

No Director is in any way concerned or interested in the Resolution at Item No.18 of the Notice.

Item No. 19

Article 56(d) of the Articles of Association of the Bank provides that "Acquisition of shares by a person/group which could take in the aggregate his/her/its holding to a level of 5 per cent or more of the total issued capital of the Bank (or such other percentage as may be prescribed by the Reserve Bank of India from time to time) should be effected by such buyer(s) after obtaining prior approval of the Reserve Bank of India. The term 'group' will have the same meaning as contained in Section 2(e) of the Monopolies and Restrictive Trade Practices Act, 1969".

It is proposed to delete the reference to the definition of 'group'. Further the words "5 per cent or more of the total issued capital of the Bank" are proposed to be substituted by the words "5 per cent or more of the total paid-up capital of the Bank".

The Directors recommend the adoption of the Resolution at Item No.19 of the Notice.

No Director is in any way concerned or interested in the Resolution at Item No.19 of the Notice.

By Order of the Board

JYOTIN MEHTA
General Manager &
Company Secretary

Mumbai, June 5, 2007

Registered Office:
Landmark
Race Course Circle
Vadodara 390 007

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

Annexure

Pursuant to Clause 49 of the listing agreement with the stock exchanges, following information is furnished about the Directors proposed to be appointed/re-appointed

1. **Mr. N. Vaghul** was first appointed on the Board on March 27, 2002. He holds a Bachelor's degree in Commerce and is a Chartered Associate of Indian Institute of Bankers. He is a development banker and was Chairman & Managing Director of erstwhile ICICI Limited (ICICI) from 1985 to 1992, its executive Chairman from 1992 to 1996 and non-executive Chairman from 1996 to 2002. He was Chairman & Managing Director of Bank of India from 1981 to 1984, and has also been Chairman of the Indian Banks' Association. He has vast experience in banking and financial services. He was appointed by the Board as the non-executive Chairman of ICICI Bank effective May 3, 2002. The Board at its Meeting held on April 30, 2005 has re-appointed him as the non-executive Chairman effective May 3, 2005 up to April 30, 2009, subject to the approval of RBI. RBI had *vide* its letter dated August 12, 2005 approved his appointment for a period up to April 30, 2009. Mr. Vaghul held 27,543 equity shares of the Company as on June 2, 2007.

Other Directorships	Committee Memberships
Name of Company	**Name of Committee**
Asset Reconstruction Company (India) Limited, *Chairman*	**Air India Limited**
GIVE Foundation, *Chairman*	Audit Committee
Himatsingka Seide Limited, *Chairman*	**Apollo Hospitals Enterprise Limited**
ICICI Knowledge Park, *Chairman*	Compensation Committee
Mahindra World City Developers Limited, *Chairman*	**Mahindra & Mahindra Limited**
Pratham India Education Initiative, *Chairman*	Compensation Committee, *Chairman*
Air India Limited	**Mahindra World City Developers Limited**
Air India Air Transport Services Limited	Audit Committee
Air India Engineering Services Limited	Remuneration Committee
Apollo Hospitals Enterprise Limited	**Nicholas Piramal India Limited**
Azim Premji Foundation	Compensation Committee, *Chairman*
Hemogenomics Private Limited	Audit Committee
Mahindra & Mahindra Limited	**Wipro Limited**
Mittal Steel Caribbean	Audit Committee, *Chairman*
Mittal Steel Company N.V.	Board Governance & Compensation Committee
Nicholas Piramal India Limited	**ICICI Bank Limited**
Trans India Acquisition Corporation	Board Governance & Remuneration Committee, *Chairman*
Wipro Limited	Credit Committee, *Chairman*
	Customer Service Committee, *Chairman*
	Risk Committee, *Chairman*

2. **Mr. Anupam Puri** was first appointed on the Board effective May 3, 2002. He was on the Board of erstwhile ICICI Limited since May 2001. He holds various degrees, namely, Masters in Philosophy and Master of Arts in Economics from Oxford University and Bachelor of Arts in Economics from Delhi University. He is currently a Management Consultant. From 1970 to 2000, he was with McKinsey & Company, a leading management consultancy firm. He worked globally with corporate clients in several industries on strategy and organisational issues and also served several governments and multilateral institutions on public policy. He spearheaded the development of McKinsey's India practice, oversaw the Asian and Latin American offices and was an elected member on its Board. Mr. Anupam Puri did not hold any equity shares of the Company as on June 2, 2007.

Other Directorships	Committee Memberships
Name of Company	**Name of Committee**
Dr. Reddy's Laboratories Limited	**Dr. Reddy's Laboratories Limited**
Mahindra & Mahindra Limited	Board Nominations Committee, *Chairman*
Tech Mahindra Limited	Audit Committee
	Compensation Committee
	Strategy Committee
	Tech Mahindra Limited
	Audit Sub-Committee, *Chairman*
	ICICI Bank Limited
	Board Governance & Remuneration Committee

3. **Mr. M. K. Sharma** was first appointed on the Board on January 31, 2003. He holds a Bachelor's Degrees in Arts and is a Bachelor of Law from Canning College University of Lucknow. He has also completed his Post Graduate Diploma in Personnel Management from Department of Business Management, University of Delhi and Diploma in Labour Laws from Indian Law Institute, Delhi. After a six-year stint in DCM Limited, he joined Hindustan Lever Limited in 1974 as Legal Manager and worked in various areas including taxation, shares and legal. He was inducted on the Board of Hindustan Lever Limited in August 1995. He retired as the Vice-Chairman of Hindustan Lever Limited on May 19, 2007. Mr. Sharma held 5,050 equity shares of the Company as on June 2, 2007.

Other Directorships	**Committee Memberships**
Name of Company	**Name of Committee**
Unilever Nepal Limited, *Chairman*	**ICICI Bank Limited** Fraud Monitoring Committee, *Chairman* Share Transfer & Shareholders'/Investors' Grievance Committee, *Chairman* Audit Committee, *Alternate Chairman* Board Governance & Remuneration Committee Credit Committee Customer Service Committee

4. **Prof. Marti G. Subrahmanyam** was first appointed on the Board effective May 3, 2002. He was on the Board of erstwhile ICICI since August 1998. He holds a Degree in Mechanical Engineering from the Indian Institute of Technology, Madras, a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad and a Doctorate in Finance and Economics from the Massachusetts Institute of Technology. He is the Charles E. Merrill Professor of Finance and Economics in the Stern School of Business at New York University. He is an expert in the areas of corporate finance, capital markets and international finance. Prof. Subrahmanyam held 1,613 equity shares and 29,500 American Depository Shares of the Company as on June 2, 2007.

Other Directorships	**Committee Memberships**
Name of Company	**Name of Committee**
Infosys Technologies Limited International Schools of Business Management Metahelix Life Sciences Private Limited Nexgen Financial Holdings Limited Nexgen Re Limited Nomura Asset Management (U.S.A.), Inc. Supply Chainge Inc. The Animi Offshore Fund Limited The Animi Offshore Concentrated Risk Fund Usha Comm Tech Limited	**Infosys Technologies Limited** Compensation Committee, *Chairman* Audit Committee **Metahelix Life Sciences Private Limited** Compensation Committee, *Chairman* **Nexgen Financial Holdings Limited** Research Committee, *Chairman* **Usha Comm Tech Limited** Audit Committee, *Chairman* Compensation Committee **ICICI Bank Limited** Board Governance & Remuneration Committee Risk Committee

5. **Mr. V. Vaidyanathan** holds a Master's degree in Business Administration and has also completed the Advanced Management Program at Harvard Business School. Prior to joining the ICICI Group, he was the National Head for Automobile Finance Business in India at Citibank. He has vast experience in retail banking and the small and medium enterprises segments. His contribution includes building a powerful distribution franchise, laying down the credit and collections philosophies for ICICI's retail banking and building the retail banking team. He was appointed as Executive Director of ICICI Bank effective October 24, 2006. He has contributed substantially to the growth of the retail business at ICICI Bank over the past five years. He is currently in charge of retail banking and the small and medium enterprises group. Mr. Vaidyanathan held 46,810 equity shares of the Company as on June 2, 2007.

Other Directorships	**Committee Memberships**
Name of Company	**Name of Committee**
ICICI Home Finance Company Limited, Chairman ICICI Lombard General Insurance Company Limited	**ICICI Home Finance Company Limited** Audit Committee, *Chairman* Asset Liability Management Committee, *Chairman* Bank Operations Committee, *Chairman* Management Committee (Premises), *Chairman* **ICICI Bank Limited** Fraud Monitoring Committee Committee of Directors Asset Liability Management Committee

6. **Ms. Madhabi Puri-Buch** is a Graduate in Mathematics with Economics and a Post Graduate in Management from the Indian Institute of Management, Ahmedabad. She joined erstwhile ICICI Limited in 1989 in the project finance department. She left ICICI in 1992 and worked in ANZ Grindlays Bank and ORG MARG Research before re-joining ICICI in 1997 in the planning and treasury department. She was the Managing Director of erstwhile ICICI Capital Services Limited, erstwhile ICICI Web Trade Limited and ICICI Home Finance Company Limited during 1999 to 2003. She was designated as Senior General Manager in 2003 and as Group Corporate Brand Officer & Head-Operations in 2006. She is responsible for the Internal Control Environment function of the Company globally, including operations, risk management, and legal, as well as the corporate brand. She was appointed as Executive Director of ICICI Bank effective June 1, 2007. Ms. Puri-Buch held 118,861 equity shares of the Company as on June 2, 2007.

Other Directorships	**Committee Memberships**
Name of Company	**Name of Committee**
ICICI Prudential Trust Limited ICICI Venture Funds Management Company Limited	**ICICI Bank Limited** Share Transfer & Shareholders'/Investors' Grievance Committee Committee of Directors Asset Liability Management Committee

By Order of the Board

JYOTIN MEHTA
General Manager &
Company Secretary

Mumbai, June 5, 2007

Registered Office:
Landmark
Race Course Circle
Vadodara 390 007

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

h) Accounting for Securitisation

Under US GAAP, the Company accounts for gain on sale of loans securitised (including float income) at the time of sale in accordance with Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities. As per Statement No. 140, any gain on loss on the sale of the financial asset is accounted for in the income statement at the time of the sale. Under Indian GAAP, with effect from February 1, 2006, net income arising from securitisation of loan assets is accounted for over the life of the securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. The float income is accrued as it is earned under Indian GAAP.

i) Deferred Taxes

The differences in the accounting for deferred taxes are primarily on account of:

i) Tax impact of all US GAAP adjustments.

ii) Deferred taxes created on undistributed earnings of subsidiaries and affiliates under US GAAP. Deferred taxes are not required to be created on undistributed earnings of subsidiaries and affiliates under Indian GAAP.

iii) Under Indian GAAP deferred tax assets or liabilities are created based on substantively enacted tax rates whereas under US GAAP these are created on enacted tax rates in force at the balance sheet date.

j) Others

Others include gains realised on redemption of certain venture capital units through equity shares under Indian GAAP. The same was not accounted for as a gain under US GAAP as consideration other than beneficial interest was not received.

k) Dividend

Under US GAAP, dividends on common stock and the related dividend tax are recognised in the year of approval by the Board of Directors. Under Indian GAAP, dividends on common stock and the related dividend tax are recognised in the year to which it relates to.