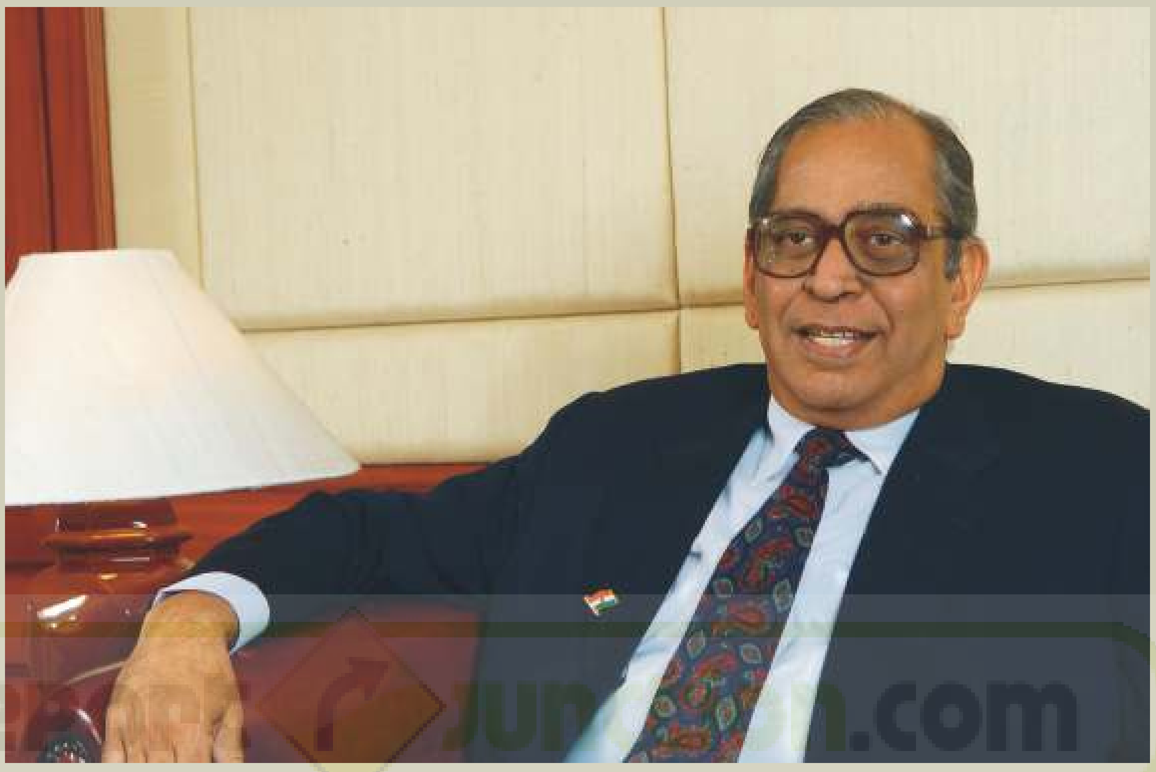
Contents

Message from the Chairman



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

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

The process of diversification in the 1980s was the initiation of our move towards universal banking. This gathered momentum in the 1990s with the setting up of ICICI Bank in 1994, and our entry into insurance (both life and non-life) a few years later. It was during this period that we identified the opportunity in retail finance, then a niche segment in the Indian financial sector. Over the next few years, we rapidly grew our retail banking franchise and made retail credit available to a large customer base, thus giving an impetus to economic growth by supporting long and medium term asset creation by Indian consumers, in the form of homes and automobiles. With the merger of ICICI and ICICI Bank, we achieved the optimal legal and regulatory platform for conducting the entire range of financial services businesses. It is indeed a matter of considerable satisfaction that we have been able to successfully meet the challenges posed by the merger and make considerable progress in realising its benefits.

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

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

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

N. VAGHUL
Chairman

Board of Directors

N. Vaghul
Chairman

Uday M. Chitale

P. C. Ghosh

Satish C. Jha

S. B. Mathur

L. N. Mittal

Anupam Puri

Vinod Rai

Somesh R. Sathe

M. K. Sharma

P. M. Sinha

Marti G. Subrahmanyam

V. Prem Watsa

K. V. Kamath
Managing Director & CEO

Lalita D. Gupte
Joint Managing Director

Kalpana Morparia
Deputy Managing Director

Chanda D. Kochhar
Executive Director

Nachiket Mor
Executive Director

Senior Management

SENIOR GENERAL MANAGERS

Bhargav Dasgupta

M. N. Gopinath

N. S. Kannan

Sanjiv Kerkar

Vishakha Mulye

Ramni Nirula

Nagesh Pinge

Madhabi Puri-Buch

K. Ramkumar

Balaji Swaminathan

V. Vaidyanathan

Jyotin Mehta
General Manager & Company Secretary

Board Committees

AGRICULTURE & SMALL ENTERPRISES BUSINESS COMMITTEE

N. Vaghul, *Chairman*

Satish C. Jha

Somesh R. Sathe

M. K. Sharma

P. M. Sinha

AUDIT COMMITTEE

Uday M. Chitale, *Chairman*

Somesh R. Sathe

M. K. Sharma

BOARD GOVERNANCE & REMUNERATION COMMITTEE

N. Vaghul, *Chairman*

Anupam Puri

P. M. Sinha

BUSINESS STRATEGY COMMITTEE

N. Vaghul, *Chairman*

Anupam Puri

M. K. Sharma

P. M. Sinha

K. V. Kamath

CREDIT COMMITTEE

N. Vaghul, *Chairman*

Satish C. Jha

Somesh R. Sathe

M. K. Sharma

K. V. Kamath

FRAUD MONITORING COMMITTEE

Uday M. Chitale, *Chairman*

M. K. Sharma

K. V. Kamath

Kalpana Morparia

Chanda D. Kochhar

RISK COMMITTEE

N. Vaghul, *Chairman*

Uday M. Chitale

Marti G. Subrahmanyam

V. Prem Watsa

K. V. Kamath

SHARE TRANSFER & SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

Uday M. Chitale, *Chairman*

Somesh R. Sathe

Kalpana Morparia

Chanda D. Kochhar

COMMITTEE OF DIRECTORS

K. V. Kamath, *Chairman*

Lalita D. Gupte

Kalpana Morparia

Chanda D. Kochhar

Nachiket Mor

ASSET LIABILITY MANAGEMENT COMMITTEE

Lalita D. Gupte, *Chairperson*

Kalpana Morparia

Chanda D. Kochhar

Nachiket Mor

Letter from the Managing Director & CEO

Dear Stakeholders,

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

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

Several years ago, we had identified retail credit as the growth opportunity for Indian banking, and began building our retail business. This has enabled us to capitalise on the robust growth in the retail credit market over the last two years. The momentum that we witnessed in the retail credit market in fiscal 2003 was sustained in fiscal 2004. We strengthened our leadership position in all segments of this market, leveraging our strong distribution capabilities backed by credit and analytical skills and technology. We also achieved rapid growth in our deposit base and continued to replace ICICI's high-cost borrowings with lower cost deposits. With retail loans constituting over 50% of our loan portfolio and deposits constituting over 60% of our funding, we have diversified our balance sheet significantly. This process of structural change and diversification has resulted in improvement in our interest margins. At the same time, we have achieved steady growth in our fee income, reflecting the growing range and scale of our operations in fee-based products and services for both retail and corporate customers.

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

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

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

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

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

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

K. Vaman Kamath

K. V. KAMATH
Managing Director & CEO

Product Portfolio

Corporate Banking

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

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

Retail Banking

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

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

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

FINANCIAL HIGHLIGHTS

The financial performance for fiscal 2004 is summarised below:

Rs. billion

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

APPROPRIATIONS

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

Rs. billion

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

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

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

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

ISSUE OF EQUITY SHARES

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

dickenson intellinetics 5690 2791 ICICI Annual Report 2004