



ICICI Banking Corporation Limited

1998-99 Fifth Annual Report



A memento being presented to
Shri P. V. Maiya
on the eve of his retirement as the Chairman of the Bank
by Shri B. V. Bhargava, Director
on behalf of the Board of Directors
on May 30, 1998.

The Board has placed on record
its sincere appreciation
for the valuable services rendered by
Shri P. V. Maiya
in laying a strong foundation of the Bank
during its formative years.

COMMITTEES OF THE BOARDCommittee of Directors

K. V. Kamath
Lalita D. Gupte
B. V. Bhargava
Uday M. Chitale
H. N. Sinor

Audit Committee

Uday M. Chitale
Lalita D. Gupte
Satish C. Jha
R. Rajamani
B. V. Bhargava

Share Transfer Committee

Lalita D. Gupte
B. V. Bhargava
Uday M. Chitale
H. N. Sinor

Nomination Committee

K. V. Kamath
R. Rajamani
B. V. Bhargava
H. N. Sinor

Compensation Committee

Lalita D. Gupte
Uday M. Chitale
Somesh R. Sathe
H. N. Sinor

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Fifth Annual General Meeting is scheduled to be held in the Professor Chandravadan Mehta (Professor C. C. Mehta) Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara - 390 002 on Monday, June 14, 1999 at 3.00 p. m.

Directors

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

Executives

Senior Executive Vice Presidents

A. G. Prabhu
P. H. Ravikumar
M. N. Gopinath

Executive Vice Presidents

Alladi Ashok
E. S. Mohan

Senior Vice Presidents

A. V. A. Subramaniam
G. Venkatakrishnan
Mohan N. Shenoi
Neeraj B. Bhai
K. S. Harshan
R. B. Nirantar
A. Hariprasad
M. S. Annigeri
Ashok Kumar Patni

Company Secretary

Bhashyam Seshan

Statutory Auditors

S. B. Billimoria and Company
Chartered Accountants
Meher Chambers, R. Kamani Road
Ballard Estate
Mumbai 400 001

Registrars and Share Transfer Agents

ICICI Infotech Services Limited
Maratha Mandir Annexe
Near Mumbai Central Station
Dr. Anand Rao Nair Road
Mumbai 400 008

Registered Office

Landmark, Race Course Circle
Vadodara 390 007

Corporate Office

Third Floor, Zenith House
Keshavrao Khadye Marg
Mahalakshmi, Mumbai 400 034

Registered Office : Landmark, Race Course Circle, Vadodara 390 007

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of the ICICI Banking Corporation Limited will be held in the Professor Chandravadan Mehta (Professor C. C. Mehta) Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara – 390 002 on Monday, June 14, 1999 at 3.00 p. m., 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, 1999 and the Balance Sheet as at March 31, 1999 together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend on the equity shares.
3. To appoint a Director in place of Dr. Satish C. Jha who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Uday M. Chitale who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint the Statutory Auditors for the Company and in this connection, to pass, with or without modifications, the following Resolution as a Special Resolution :

THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S. B. Billimoria and Company, Chartered Accountants, be and are hereby re-appointed Statutory Auditors of the Company to hold office from the conclusion of this Meeting up to the conclusion of the next Annual General Meeting, on a remuneration to be fixed by the Board of Directors of the Company in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company.

THAT the Board of Directors be and is hereby authorised to appoint Auditors, as and when required, to audit the accounts in respect of the Company's branches/offices and to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution :

THAT subject to the approval of the Central Government under Section 21 and other applicable provisions, if any, of the Companies Act, 1956, Sections 49-B and 49-C of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the name of the Company be changed from 'ICICI Banking Corporation Limited' to '**ICICI Bank Limited**' or such other name with minor modification(s) as may be suggested by the Registrar of Companies, Gujarat and/or the Reserve Bank of India which may be agreed to and accepted by the Board of Directors (the Board) of the Company and accordingly the name 'ICICI Banking Corporation Limited' wherever it appears in the Memorandum and Articles of Association of the Company and in all other records of the Company be substituted by the name '**ICICI Bank Limited**' or such other name with minor modification(s) as may be suggested by the Registrar of Companies, Gujarat and/or the Reserve Bank of India which may be agreed to or accepted by the Board.

Notice to the Members

7. To consider, and if thought fit, to pass the following Resolution, with or without modifications, as an Ordinary Resolution :

THAT pursuant to Section 228 and other applicable provisions of the Companies Act, 1956, the Companies (Branch Audit Exemption) Rules, 1961, the Banking Regulation Act, 1949 and any other applicable enactment, rules and directions (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of Government of India and such other authorities under any law for the time being as would be necessary, approval of the Company be and is hereby accorded to seek exemption from annual audit of existing branches and offices as well as of new branches and offices from annual audit, subject to such exempted branches and offices being audited once in 3 years and further subject to such other stipulations as are contained in the above enactments, rules or directives of the Government of India from time to time.

THAT the Board of Directors (the Board) of the Company be and is hereby authorised to do all such acts, deeds, matters and things, execute and tender all such applications, confirmations, certification as may be necessary or expeditious, in the matter of applying, renewing applications for seeking exemption of branches and offices from annual audit, accept such stipulations, conditions or directions as may be suggested or stipulated by the Government of India, the Reserve Bank of India or any other authority while granting such exemption from annual audit of branches and offices which may be agreed to and accepted by the Board.

THAT the Board be and is hereby, for the purpose, authorised to delegate authority to any officer, agency(ies) or any person to sign applications, documents, etc., on behalf of the Company as also to revise, substitute, revoke the authority of any such delegatee from time to time.

By Order of the Board of Directors



Bhashyam Seshan
Company Secretary

Vadodara
April 22, 1999

NOTES

- A. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 5 to 7 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 THE MEMBER. 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 OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

EXPLANATORY STATEMENT
(Under Section 173 (2) of the Companies Act, 1956)

Item No. 5 :

Although not strictly necessary, the Explanatory Statement is being given for Item No. 5 of the Notice dated April 22, 1999 as the Resolution is proposed as a Special Resolution.

Section 224A of the Companies Act, 1956 provides that in the case of companies in which not less than 25 per cent of the subscribed share capital of a company is held, whether singly or in any combination, by public financial institutions, banks, insurance companies, government companies, Central Government or state government(s), the appointment or re-appointment of an Auditor of the company shall be made by a Special Resolution. The ICICI Limited which is a public financial institution in terms of Section 4-A of the Companies Act, 1956, holds more than 25 per cent of the subscribed equity share capital of the Company. Hence, a Special Resolution is proposed for the re-appointment of M/s. S. B. Billimoria and Company, Chartered Accountants, as the Company's Statutory Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting.

As required, M/s. S. B. Billimoria and Company have forwarded a certificate to the Company stating that the re-appointment, if made, will be within the limit specified in sub-section (1-B) of Section 224 of the Companies Act, 1956.

The Directors recommend the re-appointment of M/s. S. B. Billimoria and Company, Chartered Accountants, as the Statutory Auditors of the Company for the year 1999 - 2000, as per the Resolution at Item No. 5 of the Notice.

None of the Directors is in any way concerned or interested in the Resolution at Item No. 5 of the Notice.

Item No. 6 :

The Company was incorporated with the Registrar of Companies, Gujarat, on January 5, 1994 under the name of 'ICICI Banking Corporation Limited'. The need for a change in the name of the Company has arisen consequent to closer working of the companies of the ICICI Group, of which the Bank is one of the companies, to benefit from the synergy of the group. Further, the name of the Company is quite long. The Company is well known and is frequently referred to by the public at large as 'ICICI Bank'. In view of this, the formalisation of the Company's name as '**ICICI Bank Limited**' instead of 'ICICI Banking Corporation Limited' is considered necessary and hence being recommended.

The Registrar of Companies, Gujarat, has confirmed that the new name 'ICICI Bank Limited' is available for registration under Section 20 of the Companies Act, 1956. Applications were made to the Central Government and the Reserve Bank of India (RBI) for a change of name of the Company. Approval of the RBI is awaited.

The Directors recommend for approval of the Members the change of name of the Bank as per the Resolution at Item No. 6 of the Notice.

None of the Directors is in any way concerned or interested in the Resolution at Item No. 6 of the Notice.

Annexure to the Notice



Item No. 7 :

Section 228 of the Companies Act, 1956 provides companies, including banks, for seeking approval of the Government of India for exempting certain of their branches from yearly audits, subject to the condition that satisfactory arrangements are made for the scrutiny and checking of branch accounts at regular intervals, by a responsible person who is competent to scrutinise and check accounts and that such branches are subject to audit at least once in a period of three years.

With the increased number of branches, annual audit of all branches is proving to be not only time consuming but also expensive. The Company has a system of carrying out internal audit of branches which is quite comprehensive. Hence, it is considered necessary that an application be made to the Government of India to exempt certain branches which are having in their books outstanding total advances amounting to Rs. 1.00 crore or less, from annual audit. The Board may be authorised to decide, subject to the above and such other conditions as may be stipulated by law or laid down by the Government of India or any regulatory body, branches and offices for which exemption from annual audit should be sought.

The Directors recommend for approval of the Members for seeking of exemption from annual audit of certain branches and offices as per the Resolution at Item No. 7 of the Notice.

None of the Directors is in any way concerned or interested in the Resolution at Item No. 7 of the Notice.

All the documents referred to in the Notice and the Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company between 11.00 a. m. and 1.00 p. m. on all working days except Saturdays from the date hereof up to the date of the Meeting.

By Order of the Board of Directors

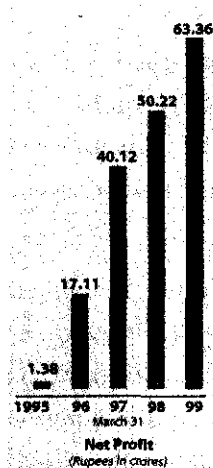
Bhashyam Seshan
Company Secretary

Vadodara
April 22, 1999

Report of the Directors

To the Members,

The Directors are pleased to present their Fifth Annual Report to the Members, together with the audited Profit and Loss Account for the financial year ended March 31, 1999, the Balance Sheet and the Cash Flow Statement as at March 31, 1999. The annual accounts are appended for being adopted by the Members at their Fifth Annual General Meeting (AGM) scheduled to be held on Monday, June 14, 1999.



FINANCIAL PERFORMANCE FOR THE YEAR UNDER REVIEW

RESULTS

2. The salient features of the financial performance during the year ended March 31, 1999 are summarised in Table I below :

TABLE I

(Rupees in crores)

Particulars	For the current year ended March 31, 1999	For the previous year ended March 31, 1998
Gross income (Interest income plus other income)	633.08	343.54
Profit before depreciation, provisions and contingencies	142.13	114.93
Depreciation on fixed assets	17.53	14.47
Profit before provisions and contingencies	124.60	100.46
Provisions and contingencies	61.24	50.24
Profit after tax	63.36	50.22

3. The financial year 1998-99 ended with an operating profit and net profit of Rs. 124.60 crores and Rs. 63.36 crores respectively as against Rs. 100.46 crores and Rs. 50.22 crores in the previous year, resulting in an increase of 26.16 per cent in the profit after tax.

APPROPRIATIONS

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

TABLE II

(Rupees in crores)

Particulars	For the current year ended March 31, 1999	For the previous year ended March 31, 1998
Profit after tax	63.36	50.22
Balance of profit brought forward	0.39	0.02
Amount available for appropriations	63.75	50.24

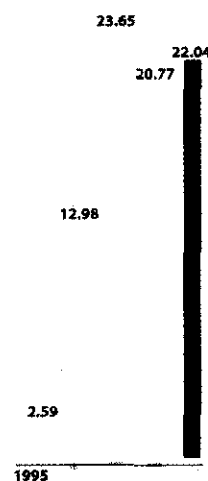
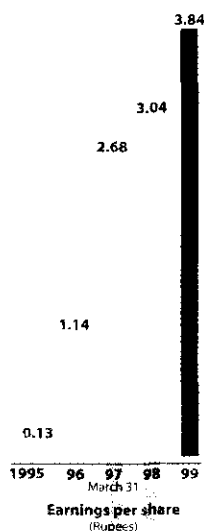


TABLE II (continued)

(Rupees in crores)

Particulars	For the current year ended March 31, 1999	For the previous year ended March 31, 1998
Transfer to		
• Statutory Reserve	20.00	27.00
• Investment Fluctuation Reserve	4.84	—
• other reserves	17.00	5.00
Transfer towards		
• proposed dividend	19.80	16.23
• proposed Corporate Dividend Tax	1.98	1.62
Balance of profit carried forward	0.13	0.39



DIVIDEND

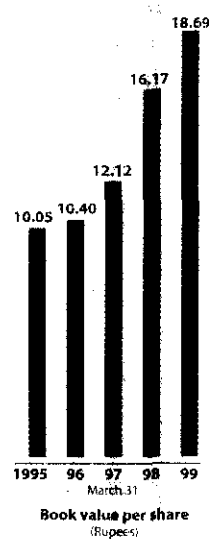
5. The Directors recommend, for approval of the Members, a dividend at the rate of Rs. 1.20 per share on 16,50,00,700 equity shares of Rs. 10 each amounting to Rs.19.80 crores.

OTHER HIGHLIGHTS

6. Other financial highlights as at March 31, 1999 are as per Table III below :

TABLE III

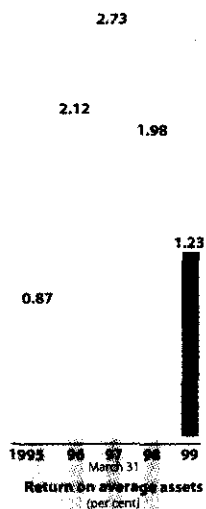
Particulars	For the current year ended March 31, 1999	For the previous year ended March 31, 1998
Net worth (Rupees in crores)	308.33	266.75
Earnings per share (Rupees)	3.84	3.04
Book value per share (Rupees)	18.69	16.17
Capital Adequacy Ratio (per cent)	11.06	13.48
• Tier I	(7.32)	(13.38)
• Tier II	(3.74)	(0.10)
Return on average Net Worth (per cent)	22.03	20.77



TIER II CAPITAL

7. The Bank raised its Tier II capital in two tranches. The first tranche of Rs. 100 crores was raised in May 1998 carrying interest at the rate of 13.50 per cent per annum payable half yearly for 63 months and the second tranche of Rs. 68 crores in January 1999 at the rate of 14.25 per cent per annum payable annually for 87 months by private placement of subordinated unsecured non-convertible redeemable debentures.

GROUP SYNERGY



8. The year 1998-99 was a watershed year for ICICI Bank. After spending the first four years in building a strong base, stable systems and procedures, careful and appropriate technology platform, and open and transparent human resources (HR) practices, the Bank decided to take a quantum jump in business growth to emerge as an aggressive player in the market. In one of the more challenging periods for the financial services industry in recent years, the Bank scripted a new chapter laying down the broad contours of a roadmap for assuming its rightful role as a dominant player in the banking market place. The result : growth in a single year more than the cumulative growth of the previous years in terms of branch expansion and business volumes.

9. The strength to grow at this scorching pace, well beyond the industry growth rates, has been facilitated by the ICICI Group's decision to create a common brand identity for all its companies and to work together to provide a one-stop financial super market which would target a major share of clients' total wallet size. During the year, as part of the Group's strategy, the Bank was actively involved in discussions with McKinsey and Company, consultants of international repute who were engaged by ICICI to advise on group restructuring. In order to generate greater synergy through closer co-ordination amongst group companies – without sacrificing the principles of arm's length relationship – the Bank has reorganised its organisational structure by setting up strategic business units, for retail banking, corporate banking and forex & treasury operations, as independent profit centres. The new structure has been put in place effective April 1, 1999.

10. As a part of this strategic initiative to harness the synergies within the ICICI group companies and to provide a common platform for servicing customers, the brand image is sought to be projected with uniformity across various companies in the Group through a new logo which projects the Group's vision of providing total financial and banking solutions for corporate and individual customers. This synergistic approach has demonstrated the success of the strategy. What had started in 1998-99 will be carried through, with much more refinement, in the new millenium for expanding the business volume and adding to the shareholders' value.

PROPOSED NAME CHANGE

11. In keeping with the ongoing dynamic changes in business and the popularity of the Bank amongst the public which knows it as 'ICICI Bank', your Directors have thought it appropriate to approach the Members for their approval to change the name of the Bank to 'ICICI Bank Limited' which will be subject to approval of the Reserve Bank of India (RBI) and such other authorities as may be required. Necessary resolution for obtaining the approval of the Members has been incorporated in the Notice of the forthcoming AGM.



Delhi Team - building a strong franchise in the North