UNIT 14 CASE STUDY : SERVING THE GLOBAL INDIAN*

Objectives

This unit is a case study on financial services marketing and relates to various issues concerning the banking industry in India. After studying this case, you should be able to :

- understand the changes coming out in the Indian Banking Sector,
- examine different products being offered in retail as well as corporate segments of the banking industry, and
- explore strategies for globalization of Indian Banks.

Structure

14.1 INTRODUCTION

Mr. Bhargava Dasgupta heads the international business operations of ICICI bank and he has to travel a lot these days. He is busy in building the ICICI bank's next big platform- globalization. He feels that it is impossible to reach to the clients everywhere across the world physically for providing the financial services, so it will be strategically sound to leverage the relationships with other banks in serving the global consumer. The success of the bank in the domestic market is largely credited to the customer orientation, high quality of customer service, innovative financial product introductions and active involvement in serving the emerging and latent needs of the Indian consumer.

They want to take their domestic market success to the global level. The recent spot of operations by the bank is an indicator of becoming a global financial service provider. ICICI bank has opened its first overseas branch in Singapore in 2003; in mid 2003, they opened the representative offices in London. They are close to acquire properties by the year 2003 end in Pundong and have already procured properties in East London to start their business operations including strategies to open offices in Toronto and Bahrain.

They have to decide about how to reach out to the global Indian in the large part of the globe within their financial limits compared to global giants like ABN

* This case has been developed for academic purpose, for the students to have an understanding of financial services marketing. It has been prepared from the data available from public domain and interviews conducted in the bank by the author. This case is not to illustrate effective or ineffective handling of administrative situation.

AMRO, Citi Bank and other banks. Their global rollout expenditures are around Rs. 450 crores (100 Million USD) which they can fund from the domestic balance sheet. The subsidiaries in Canada and England have already used 70 million USD of this capita.

They are also toying with an idea that some of the representative offices can be converted to subsidiaries where they will be looking for their own capital for operation in future period than relying on the parent company capital.
Mr. Dasgupta is of the opinion that the entry strategy in different countries is a function of the local regulations. Many countries have the rules to run the bank as a representative office offshore branch before they are permitted to be a subsidiary of the parent company.

ICICI bank's biggest business was in the area of industrial lending and few years before they have derisked the portfolio in entering into the consumer finance business quite aggressively. They are in the process of next growth opportunity by serving the financial needs of the global Indian consumer. The banks target is to make this SBU (global business) contributing one third of the bank's business in the coming five years (by 2008). Mr. Bhargav Dasgupta was pulled from the Venture capital subsidiary to head this global financial service initiative. Mr. Dasgupta is scheduled to give a presentation to the board about the strategy to make this initiative achieve its goal. Prior to preparing his plan for the proposed meeting, he thought of giving a bird's eye view on the bank's emergence and growth as a strong player in the domestic market and also evaluating the possible alternatives before him for serving the global Indian consumer.

14.2 CHANGING FACE OF INDIAN BANKING INDUSTRY

Financial sector reforms were initiated in India in early 90s with a view to improving efficiency in the process of financial intermediation; these reforms have facilitated greater choice for consumers, who have become more discerning and demanding, compelling banks to offer a broader range of products through diverse distribution channels. The traditional face of banks as mere financial intermediaries has since altered and risk management has emerged as their defining attribute.

The Indian financial system is identified with two set of institutions viz. regulators and intermediaries. Regulatory Institutions are statutory bodies assigned with the job of monitoring and controlling different segments of the Indian Financial System (IFS). These Institutions are given adequate powers through the vehicle of their respective Acts to enable them to supervise the segments assigned to them. It is the job of the regulator to ensure that the players in the segment work within recognized business parameters maintain sufficient level of disclosure and transparency of operations and do not act against the national interests. At present, there are two regulators directly connected to Indian financial system. They are Reserve Bank of India and Security and Exchange Board of India. Intermediary financial institutions include banking and non banking financial institutions.

The banking financial institutions participate in the economy's payments mechanism, i.e., they provide transaction services, their deposit liabilities constitute a major part of the national money supply, and they can, as a whole, create deposits or credit, which is money. Banks, subject to legal reserve requirements, can advance credit by creating claims against themselves. Other financial institutions can lend only out of resources put at their disposal by the savers.

Financial institutions are the primary source of long term lending for large projects. Conventionally, they raised their resources in the form of bonds subscribed by RBI, Public Sector Enterprises, Banks and others. With the drying up of concessional long term operations funds from the Reserve Bank in the early 1990s, financial institutions have increasingly raised resources at the short end of the deposit market.

The Banking Segment in India functions under the regulation of Reserve Bank of India. This segment broadly consists of commercial banks and co-operative banks. Non-banking Financial Institutions carry out financing activities but their resources are not directly obtained from the savers as debt. Instead, these Institutions mobilize the public savings for rendering other financial services including investment. All such Institutions are financial intermediaries and when they lend, they are known as non-banking financial intermediaries (NBFIs) or investment institutions. Some of the major non-banking financial intermediaries include Unit Trust Of India, Life Insurance Corporation (LIC) and General Insurance Corporation (GIC). Apart from these NBFIs, another part of Indian financial system consists of a large number of privately owned, decentralized, and relatively small-sized financial intermediaries. Most work in different, miniscule niches and make the market more broad-based and competitive. While some of them restrict themselves to fund-based business, many others provide financial services of various types. The entities of the former type are termed as "non-bank financial companies (NBFCs)". The latter type is called "non-bank financial services companies (NBFSCs)".

The commercial banking structure in India consists of two major set of players scheduled commercial banks and unscheduled banks. The scheduled commercial banks constitute those banks which have been included in the Second Schedule of Reserve Bank of India (RBI) Act, 1934. RBI in turn includes only those banks in this schedule which satisfy the criteria laid down *vide* section 42 (60) of the Act. This sub sector broadly consists of private sector banks, foreign banks. The banking sector is dominated by Scheduled Commercial Banks (SCBs). As at end-March 2002, there were 296 Commercial banks operating in India. This included 27 Public Sector Banks (PSBs), 31 Private, 42 Foreign and 196 Regional Rural Banks. Also, there were 67 scheduled co-operative banks consisting of 51 scheduled urban co-operative banks and 16 scheduled state co-operative banks.

14.3 TRANSFORMATION IN THE INDIAN BANKING SECTOR

Financial sector reforms were initiated in India in early 90s with a view to improving efficiency in the process of financial intermediation, enhancing the effectiveness in the conduct of monetary policy and creating conditions for integration of the domestic financial sector with the global financial system. The first phase of reforms had an approach of ensuring that 'the financial services industry operates on the basis of operational flexibility and functional autonomy with a view to enhancing efficiency, productivity and profitability'. The second phase, guided by Narasimham Committee II, focused on strengthening the foundations of the banking system and bringing about structural improvements. Among others, the important issues relate to corporate governance, reform of the capital structure (in the context of Basel II norms), retail banking, risk management technology and human resources development

The significant transformation of the banking industry in India is evident from the changes that have occurred in the financial markets, institutions and products. While deregulation has opened up new vistas for banks to augment revenues, it has entailed greater competition and consequently greater risks. Cross-border flows and entry of new products, particularly derivative instruments, have affected significantly on the domestic banking sector, forcing banks to adjust the product mix, as also to effect rapid changes in their processes and operations in order to remain competitive in the global environment. These developments have facilitated greater choice for consumers, who have become more discerning and demanding compelling banks to offer a broader range of products through diverse distribution channels. The traditional face of banks as mere financial intermediaries has since altered and risk management has emerged as their defining attribute.

The Growth of Universal Banking

A universal bank is a supermarket for financial products. Under one roof, corporate can get loans and avail of other services, while individuals can bank and borrow. To convert itself into a universal bank, an entity has to negotiate several regulatory requirements. Therefore, universal banks in the Indian context have been in the form of a group offering a variety of services under an umbrella brand such as ICICI or HDFC. In universal banking, large banks operate extensive networks of branches, provide many different services, hold several claims on firms (including equity and debt), and participate directly in the corporate governance of firms that rely on the banks for funding or as insurance underwriters.

14.4 ICICI BANK LTD

ICICI Bank is India's second-largest bank with total assets of about Rs. 1 trillion and a network of about 540 branches and offices and over 1,000 ATMs. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital, asset management and information technology.

ICICI Bank's equity shares are listed in India on stock exchanges at Chennai, Delhi, Kolkata and Vadodara, the Stock Exchange, Mumbai and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE).

One of the biggest mergers in the Indian financial system has been the merger of the ICICI with ICICI bank, which helped them move towards the universal banking. The management was of the view that the merger of ICICI with ICICI Bank would create the optimal legal structure for the ICICI group's universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity's access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The merger would enhance value for ICICI Bank shareholders through a large capital base and scale of operations, seamless access to ICICI's strong corporate relationships built up over five decades, entry into new business segments, higher market share in various business segments including fee-based services and access to the vast talent pool of ICICI and its subsidiaries.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, Shareholders of ICICI and ICICI Bank approved the merger in January 2002, the high court of Gujrat in March 2002 and the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail are integrated as single entity.

14.5 RETAIL BANKING BUSINESS OF ICICI BANK

Retail banking is a key element of ICICI's growth strategy. With upward migration of household income levels, increasing affordability of retail finance and acceptance of use of credit to finance purchases, retail credit has emerged as a rapidly growing opportunity for banks that have the necessary skills and infrastructure to succeed in this business. ICICI Bank has capitalized on the growing retail opportunity in India and has emerged as a market leader in retail credit. The dimensions of the retail strategy include innovative products, parity pricing, customer convenience, strong processes and customer focus.

Cross-selling of the entire range of credit and investment products and banking services to customers is a critical aspect of ICICI's retail strategy. ICICI Bank offers a wide range of retail credit products. It has expanded the market significantly over the last few years by taking organized retail credit to a large number of high-potential markets in India, by penetrating deeper into existing markets and by offering customized solutions to meet the varying credit needs of the Indian consumer.

ICICI Bank is one of the leading providers of mortgage loans, two-wheeler loans, commercial vehicle loans and personal unsecured loans, and continues to maintain leadership in automobile finance. ICICI Bank's total retail disbursements in fiscal 2003 are approximately Rs. 200 billion. Retail credit constituted 18% of ICICI Bank's balance sheet at March 31, 2003, compared to only 6% at March 31, 2002.

Cross selling has emerged as one of the significant drivers of retail credit growth. In fiscal 2003, cross selling accounted for about 20% of mortgage loans and auto loans and about 25% of credit cards issued. In May 2003, ICICI Bank acquired the entire paid-up capital of Transamerica Apple Distribution Finance Private Limited (TADFL), which is renamed as ICICI Distribution Finance Private Limited (IDFL). IDFL is primarily engaged in providing distribution financing in the two-wheeler segment. The acquisition is expected to supplement the Bank's retail franchise, especially in the two-wheeler segment.

Retail Deposits

During fiscal 2003, ICICI continued its focus on retail deposits. This has reduced its funding cost and has enabled it to create a stable funding base, with over 4.7 million deposit customers. Following a life stage segmentation strategy, ICICI Bank offers differentiated liability products to various categories of customers depending on their age group (Young Star Accounts for children below the age of 18 years, Student Banking Services for students, Salary Accounts for salaried employees, Roaming Current Accounts for businessmen, Private Banking for high net worth individuals and Senior Citizens Accounts for individuals above the age of 60 years). ICICI Bank has further micro-segmented various categories of customers in order to offer products catering to specific needs of each customer segment, like defence banking services for defence personnel. This strategy has contributed significantly to the rapid growth in the retail liability base.

Credit Cards

ICICI Bank is also the largest incremental issuer of cards (including both debit and credit cards) in India. At March 31, 2003, ICICI Bank had issued over 3.4 million debit cards and 1.0 million credit cards. Its multi-channel distribution strategy provides its customers 24%7 accesses to banking services. This distribution strategy not only offers enhanced convenience and mobility to the customer but also supports its customer acquisition and channel migration efforts.

Electronic Channels

During the year, ICICI has expanded its electronic channels and migrated large volumes of customer transactions to these channels. Seventy percent of customer induced transactions take place through electronic channels.

ATMs

During fiscal 2003, the Bank significantly strengthened its ATM network, taking the total number of ICICI Bank ATMs to 1,675. ICICI Bank has also pioneered the concept of mobile ATMs to reach out to remote/rural areas. Other facilities offered through multilingual screen ATMs include bill payments and prepaid mobile card recharge facility. ICICI bank is also planning to share the network with other key players in financial services market to give a wider access to its customers.

Internet Banking

ICICI Bank has about 3.4 million customers with Internet banking access, who can undertake all their banking transactions (other than physical cash transactions) on the Internet. ICICI Bank's Internet banking customers can also pay their bills for more than 45 billers and shop on 85 online shopping portals.

Phone Banking

ICICI Bank considers phone banking to be a key channel of service delivery and cross-sell. ICICI Bank's 1,750-seat call centre, the largest domestic call centre in India, can now be accessed by customers in over 355 cities across the country. The call centre handles more than 2.5 million customer contacts per month. The call centre services all retail customers across the ICICI group. The call center uses state-of-the-art voice-over-Internet-protocol technology and cutting-edge desktop applications to provide a single view of the customer's relationship.

Mobile Banking

ICICI Bank's mobile banking services provide the latest information on account balances, previous transactions, credit card outstanding and payment status and allow customers to request a cheque book or account statement. ICICI Bank has now extended its mobile banking services to all cellular service providers across the country and NRI customers in the United States, United Kingdom, Middle East and Singapore.

Service Delivery through Multi Channel Distribution Network

With the foundation of a strong multi-channel distribution network, it has successfully developed a robust model for distribution of third party products like mutual funds, Reserve Bank of India (RBI) relief bonds, and insurance products, with market leadership in these areas. This model also allows it to meet all customer needs by offering the customer the complete basket of financial products, while leveraging its distribution capability to earn fee income from third parties.

Online Trading

ICICI direct (*www.icicidirect.com*) is the market leader in Internet based share trading, with complete end-to-end integration for seamless electronic trading on stock exchanges. ICICIdirect has a rating of “TXA1” from CRISIL, indicating highest ability to service broking transactions. During the year, ICICIdirect launched online trading in the derivatives segment of the NSE.

14.6 CORPORATE BANKING BUSINESS OF ICICI BANK

ICICI Bank provides innovative financial solutions to its corporate clients, tailored to meet their requirements, while diversifying its revenue streams and generating adequate return on risk capital through risk-based pricing models and proactive portfolio management.

Its focus in the financial year 2003 is on technology-driven enhancement of delivery capabilities to offer improved service levels to clients. It set up centralized processing facilities for back office operations where technology is leveraged to benefit from economies of scale arising out of large transaction volumes. During the year it continued to expand the scope of its Web-based services.

ICICI Bank provides corporate internet banking services through ICICIebusiness.com, a single point web-based interface for all corporate products. The portal enables clients to conduct their banking business with ICICI Bank through the Internet in a secure environment. ICICI Bank offers online foreign exchange and debt securities trading services.

A dedicated product and technology group develops and manages back-office processing and delivery systems. Dedicated relationship groups for corporate clients and the government sector focusses on expanding the range and depth of its relationships in these sectors. In the corporate segment, it focusses on leveraging its relationships to expand the range of products and services to channel finance, transaction banking and non-fund based products.

ICICI Bank has strong relationships with several large public sector companies and state governments and it is leveraging these relationships to expand the range of transaction banking services. It has already been empanelled for collection of sales tax in eight states. It continued to focus on corporate lending transactions including working capital finance to highly rated corporate, structured transactions and channel financing. It also focused on leveraging its skills in originating and structuring transactions as well as on its ability to take large exposures to adopt an *originate-and-sell-down strategy*.

This not only increased the risk-adjusted return on the capital employed but also enabled it to offer a comprehensive solution to its corporate clients. ICICI Bank’s dedicated structured finance, credit and markets group, with expertise in financial structuring and related legal, accounting and tax issues, actively supports the business groups in designing financial products and solutions. This group is also responsible for managing the asset portfolio by structuring portfolio buy outs and sell-downs with a view to increase the risk-adjusted return on the capital.

During fiscal 2003, ICICI Bank focused on the agri-financing segment and developed several innovative structures for agri-business, including dairy farming, farmer financing and warehouse-receipt-based financing. It achieved robust growth in this segment and is working with state governments and agri-based corporate to evolve viable and sustainable systems for financing agriculture. It has also integrated its rural banking, micro-finance and agri-financing activity to offer integrated banking services in rural areas.

Treasury

The principal responsibilities of the Treasury included management of liquidity and exposure to market risks, mobilization of resources from domestic institutions and banks and international multilateral and bilateral institutions and banks, and proprietary trading. Further, the treasury leveraged its strong relationships with financial sector players to provide a wide range of banking services in addition to its liability products. In fiscal 2003, the balance sheet management function within treasury, managed interest-rate sensitivity by actively using rupee-interest-rate swaps as well as by adjusting the duration of the Government securities portfolio held for compliance with Statutory Liquidity Reserve (SLR) norms. Further, efforts are undertaken to make the banking-book-interest-rate positions more liquid by selling illiquid loans and substituting them with marketable securities.

The focus of trading operations was active, broad-based market making in key markets including corporate bonds, government securities, interest-rate swap and foreign exchange markets. A focus area in fiscal 2003 is the delivery of market solutions to corporate clients in various areas such as foreign exchange, fixed income and swaps. There is a significant increase in both the volumes and profits from foreign exchange transactions, swaps and loan syndication. As one of the largest players in the corporate debt market, it offered two-way quotes for many corporate debt papers, thereby increasing the liquidity and depth of the market. Effective fiscal 2004, it has restructured its treasury operations to separate the balance-sheet management function (which now forms part of the finance group), the corporate markets business (which has been integrated into the structured finance, credit & markets group) and the proprietary trading activity (which is now housed in a separate proprietary trading group).

14.7 ORGANIZATION STRUCTURE OF ICICI BANK

ICICI Bank's organizational structure is designed to support its business goals, and is flexible while at the same time seeking to ensure effective control, supervision, and consistency in standards across business groups. The organization structure is divided into five principal groups namely Retail Banking, Wholesale Banking, Project Finance & Special Assets Management, International Business and Corporate Centre.

- The Retail Banking Group comprises ICICI Bank's retail assets business including various retail credit products, retail liabilities (including own deposit accounts and services as well as distribution of third party liability products), and credit products and banking services for the small enterprises segment.
- The Wholesale Banking Group comprises ICICI Bank's corporate banking business including credit products and banking services, with dedicated groups for corporate clients, Government sector clients, financial institutions and rural and micro-banking and agri-business. Structured finance, credit portfolio management and proprietary trading also form part of this group.
- The Project Finance Group comprises our project finance operations for infrastructure, oil & gas and manufacturing sectors. The Special Assets Management Group is responsible for large non-performing and restructured loans.

- The International Business Group is responsible for ICICI Bank's international operations, including its entry into various geographies as well as products and services for non-resident Indians (NRIs).
- The Corporate Centre comprises all shared services and corporate functions, including finance and balance sheet management, secretarial, investor relations, risk management, legal, human resources and corporate branding and communications.

14.8 THE GLOBAL GROWTH STRATEGIES OF ICICI BANK

Mr. Dasgupta was looking at the future proposition of earning one third of the total revenue from the international business operations by the year 2008. There are four alternative strategies available for ICICI bank to provide financial services to the global Indian.

The first strategy is to build a regional base in neighboring countries like Nepal, Bangladesh and Sri Lanka. Some of the banks have followed this strategy in the past. Standard Bank had used this strategy to expand its business in Africa, but the neighbours around India are not economic powerhouses for which the opportunity to grow in these markets are limited.

The second strategy is to enter growth markets aggressively through the process of acquisitions. Mr Rana Talwar of Standard Chartered Bank followed this strategy by buying banks in Asia and Latin America. There is a risk involved in the acquisition process in the foreign country from two points. The legal procedures for acquisitions varies from country to country and secondly the issue of non performing assets of the existing banks may create problem to the ambitious growth plan of the bank. But he was sure some of these banks may serve as gold mine with higher return potential in developing nations. This also needs a bigger balance sheet that the current balance sheet of ICICI bank for a high level of acquisition.

The third strategy is to take a strong product and make it global. Identification of a core competitive advantage and then building a strategy on this particular advantage may also bring success to the banks global vision. Citibank expanded in the recent decades by following such a strategy of building the credit card business as its core competency for entering in to new markets. The complex financial service mix as well as the rapid change in level and type of technology as the enabler to the service provider brings doubt about such a strategy. However, ICICI bank has a set of successful products but they do not have a solid financial product as the unique selling proposition for the global market.

The fourth strategy is to follow the customer. Many Spanish banks followed this strategy to enter in to the Latina American market. The non resident Indian business is growing in countries like Dubai and Bahrain, there is a Sino-Indian trade boom which can be financed from the Shanghai operations, the growing link with the ASEAN nations can be serviced from Singapore. There are also traditional business interests in countries like USA and UK but there are also potential risks involved in the form of operating with international partners for some period until they establish the offshore subsidiaries. Similarly selected market coverage may limit the scope and image of the bank as a global financial service provider.

Mr. Dasgupta has to consider other issues. ICICI bank is still the number two bank in the country with ample scope for growing its business in the domestic market. The internationalization of other global players have come only after securing the home business and channelizing the liquid funds from the domestic market for international operations. HSBC bank moved out of Hong Kong when it had a substantial position in the domestic market for international shores.

Many financial experts are still of the opinion that the balance sheet of ICICI bank is still weighed down by problem loans to industries such as textiles, steel and telecom. The NRI as a business proposition has to be evaluated. The recent spike in the NRI deposits is because of the higher interest rates in India compared to global rates. As Reserve Bank of India is cutting down the interest rates to make it at par with global rates, it may hit the whole business proposition. Mr. K.V. Kamath, the CEO of the company thinks that the global Indian consumer is not bothered about the exchange rate risks and NRI remittances can be a good business proposition with a mix of portfolio management to mortgages rather than ordinary deposits.

Mr. Dasgupta believes that it is right time to go global as major economies are still recovering from a recession. Therefore, an opportunity for cheaper deals and quality recruitment exists for the bank. The decisions to enter in to International operation seem very complex for the bank. In addition, he has to decide about the strategies to handle global risk in the business and the structure of the global organization, as he has to operate in a multi cultural environment. He was sure that one of the strategic options explained above could take ICICI bank to the global platform as a financial service provider. He was not sure which one.

One thing he was sure about the future of the International operations. ICICI bank is going to concentrate on India related business in all these places rather than competing with global players with higher financial muscles and better service offers. ICICI is there to look after the Indian companies that are rapidly globalizing their operations. The motto should be to serve the customers at anywhere in the world with a correspondent relationship with other banks.

14.9 DISCUSSION QUESTIONS

1. What problem Mr. Bhargava Dasgupta is facing in this case?
2. What are the strategic alternatives available for Mr. Dasgupta to serve the Global Indian Consumer?
3. What do you mean by originate-and-sell-down strategy?
4. Explain the financial service mix portfolio of ICICI bank in retail sector? In corporate sector?
5. What recommendations will you make to Mr. Bhargava Dasgupta? Should he go global? Give your reasons.

14.10 APPENDIX

ICICI Bank: Sales and Profit Analysis

Year	Sales	Operating Profit	Net Profit
1998	1666.40	723.70	421.00
1999	6972.20	867.00	732.60
2000	8730.00	1465.10	1107.00
2001	14745.90	2908.70	2014.20
2002	69340.40	4556.00	8685.00

Ratio Analysis of ICICI and Other Players

Bank	SBI	ICICI	HDFC	UTI Bank
CAPITAL ADEQUACY RATIO	13.50	11.10	11.12	9.00
EARNING RATIOS				
Fund based income as a % of Op Income	91.75	93.37	89.91	92.26
Fee based income as a % of Op Income	8.24	6.62	10.08	7.73
PROFITABILITY RATIOS				
Cost of Funds Ratio	6.91	9.63	4.83	6.46
Net Profit Margin	8.43	9.62	15.53	10.23
Return on Net Worth	18.05	17.49	17.21	21.09
DEPOSIT RATIOS				
Demand Deposit of Total Deposits	15.11	7.65	22.12	14.65
Saving Deposit of Total Deposits	22.21	7.87	20.83	8.38
Time Deposit of Total Deposits	62.66	84.46	57.03	76.95
Deposits within India as % to Total Deposits	97.54	100.00	100.00	100.00
PER BRANCH RATIOS				
Operating Income Per Branch	40.28	120.39	105.70	133.95
Operating Profit Per Branch	8.83	45.78	33.08	32.79
Net Profit Per Branch	3.42	27.80	16.73	13.84
Personnel Expenses Per Branch	6.26	6.04	6.58	6.09
Borrowings Per Branch	10.25	100.43	98.90	51.38
Deposits Per Branch	326.09	1,325.87	968.66	1,211.77
PER EMPLOYEE RATIOS (Rs. in Units)				
Operating Income Income Per Employee	1,749,960.13	11,285,851.51	5,096,576.92	8,021,214.71
Operating Profit Per Employee	383,526.38	2,370,995.47	1,594,907.12	1,963,259.20
Personnel Expenses Per Employee	272,189.95	380,211.89	317,157.17	364,542.34
Deposits Per Employee	14,168,713.69	45,442,741.79	46,704,383.22	72,560,821.21

Product Mix Width (Personal Finance)

Product Line Length

Banking	Loans	Online Services	NRI Service	Investments	Cards	Demat	Mobile Banking
Savings Account	Home Loan	Bill Payment	Rupee Savings Account	ICICI Bank Bonds	Credit Credit		Banking Alerts
Fixed Deposit	Personal Loan	Shopping	High interest Fixed Deposits	GI Bonds	Debit cum ATM card		Credit Card Alert
Easy FD	Car Loan	Share Trading	Account for Returning Indians	Mutual Funds			
Recurring Deposit	Two Wheeler Loan	Charity	Money2India	IPO			
Private Banking	Commercial Vehicle Loan	Anywhere Banking	Donate2India				
Roaming Current Account	Loans against Securities		Home Loans				
Young Stars	Farm Equipment Loans		Home Search				
Bank@campus	Construction		Online Stock				
Salary Account	Office Equipment		Investment				
Women	Medical		Customer Service				
EEFC (Exchange)	Consumer Durables and		Tax queries answered				
Resident Foreign Currency (Domestic)							

Product Line Length	Product Mix Width (Corporate Finance)							
	Transaction Banking	**Treasury Solutions**	**Invesment Solutions**	**Capital markets**	**Securities Management Services**	**International Banking Services**	**Agri business business**	**Corporate & Structured Finance**
	Cash management services	Forex markets	Central Government Securities	Collecting Bankers	Equities	Automated INR Payment Services	Working capital finance	Working Capital Financing
	General Banking	Bond markets	Treasury Bills – (T-Bills)	Escrow & Paying Bankers	Equity Derivatives	VOSTRO Accounts	Term loans	Auto Loan Receivables
	Trade finance	Commodity markets	Call Money/Notice Money, Term Money and Fixed Deposit	Initial Public Offer (IPO) Funding	GDR/ADR/Euro Issues and arbitrage	Cross Border Trade Services	Forex	Credit Card Receivables
		Lending rates	Repos/Reverse Repos	Clearing & Settlement Bankers	Debt	Trust & Retention Account Services		Fertilizer Subsidy Receivables
			Bonds and Debentures	Bank Guarantees	SGL settlements through Constituent account with ICICI Bank	INR Agency Clearing Services		Export Receivables
			Inter Corporate Deposits	Overdraft Against Shares				Dealer financing
			Certificates of Deposit	DVP Funding				EPC Contract Financing
			Commercial Paper	Intra Day Funding				Investment Monetisation
			Bills Rediscounting Scheme (BRDS)	Temporary Overdrafts				Trade financing (long term)
								(REIT) / (REMIC) structures
								Brand financing
								Vendor financing, Transporter financing

PROFIT AND LOSS ACCOUNT

		Schedule	(Rs.in '000s)	As on 31.03.2002
I.	**INCOME**			
	Interest earned	13	93,680,561	21,519,297
	Other Income	14	19,677,741	5,746,598
	Profit on sale of shares of ICICI Bank Ltd held by erstwhile ICICI Ltd		11,910,517	-
	TOTAL		**125, 268, 819**	**27, 265, 895**
II.	**EXPENDITURE**			
	Interest expended	15	79,439,989	15,589,235
	Operating expenses	16	20,116,900	6,225,770
	Provisions and contingencies	17	13,650,139	2,867,900
	TOTAL		**113, 207, 028**	**24, 682, 905**
III.	**PROFIT/LOSS**			
	Net profit for the year		12,061,791	2,582,990
	Profit brought forward		195,614	8,294
	TOTAL		**12, 257, 405**	**2, 591, 284**
IV.	**APPROPRIATES/TRANSFERS**			
	Statutory Reserve		3,020,000	650,000
	Transfer from Debenture Redemption Reserve		(100,000)	--
	Capital Reserves		2,000,000	--
	Investments Fluctuations Reserve		1,000,000	160,000
	Special Reserve		500,000	140,000
	Revenue and other Reserves		600,000	960,000
	Proposed equity share Dividend		4,597,758	--
	Proposed preference share Dividend		35	--
	Interim dividend paid		--	440,717
	Corporate dividend tax		589,092	44,953
	Balance carried over to Balance sheet		50,520	195,614
	TOTAL		**12, 257, 405**	**2, 591, 284**
	Significant Accounting Policies and Notes to Accounts	18		
	Cash Flow statement	19		
Earning per share (Refer Note B.9)				
	Basic (Rs.)		19.68	11.61
	Diluted (Rs.)		19.65	11.61

BALANCE SHEET

	Schedule	(Rs.in '000s)	As on 31.03.2002
CAPITAL AND LIABILITIES			
Capital	1	9,626,600	9,625,472
Reserves and Surplus	2	63,206,538	56,324,080
Deposits	3	481,693,063	320,851,111
Borrowings	4	343,024,203	492,186,592
Other liabilities and provisions	5	170,569,258	162,075,756
TOTAL		**1, 068, 119, 662**	**1, 041, 063, 011**
ASSETS			
Cash and balance with Reserve Bank of India	6	48,861,445	17,744,682
Balances with banks and money at call and short notice	7	16,028,581	110,118,817
Investments	8	354,623,002	358,910,797
Advances	9	532,794,144	470,348,661
Fixed Assets	10	40,607,274	42,393,443
Other Assets	11	75,505,216	41,546,611
TOTAL		**1, 068, 119, 662**	**1, 041, 063, 011**
Contingent liabilities	12	894,385,070	394,465,858
Bills for collection		13,367,843	13,234,184
Significant Accounting Policies and Notes Accounts	18		
Cash Flow Statement			