

# The Power of Belief

Report  Junction.com



 **ICICI Bank**

15th Annual Report and Accounts 2008-2009

[www.reportjunction.com](http://www.reportjunction.com)

# The Power of Belief

When you believe in your dreams and in yourself, anything is possible. It is this self-belief that is a determinant of success in any endeavour. Over the past five decades, India has emerged as a vibrant and dynamic economy propelled by the self-belief of millions of Indians who continued to believe in themselves, their dreams and their destiny.

It is this Power of Belief that has inspired us to partner our customers in their journey towards realising their dreams and aspirations. A belief that has enabled us to develop a range of financial solutions to address the needs of customers across a cross-section of society - investment banking for large corporates, technology-driven transaction banking for small enterprises, conveniently accessible retail financial services and innovative solutions for rural India.

We will continue to be driven by a deep and abiding belief in our customers' conviction in a more promising future.

# Contents

Message from the Chairman	2
Letter from the Managing Director & CEO	4
Board of Directors & Senior Management	6
Board Committees	6
Directors' Report	7
Auditors' Certificate on Corporate Governance	29
Business Overview	30
Promoting Inclusive Growth	41
Organisational Excellence	44
Management's Discussion and Analysis	45
Key Financial Indicators	62
Particulars of Employees under Section 217 (2A) of the Companies Act, 1956	63
<b>FINANCIALS</b>	
Auditors' Report	F1
Balance Sheet	F2
Profit and Loss Account	F3
Cash Flow Statement	F4
Schedules	F5
Statement pursuant to Section 212 of the Companies Act, 1956	F44
Consolidated Financial Statements of ICICI Bank Limited and its subsidiaries	F45
BASEL II – Pillar 3 Disclosures (Consolidated)	F83

## ENCLOSURES

Notice
Attendance Slip and Form of Proxy

## Registered Office

Landmark, Race Course Circle,  
Vadodara 390 007

## Corporate Office

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

## Statutory Auditors

B S R & Co.  
Chartered Accountants, KPMG House,  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013

## Registrar and Transfer Agents

3i Infotech Limited  
International Infotech Park, Tower 5, 3rd Floor,  
Vashi Railway Station Complex,  
Vashi, Navi Mumbai 400 703

# Message from the Chairman



The ICICI Group has always endeavoured to think ahead of the present and prepare for the future.

This philosophy has been deeply inculcated in our organisation due to the visionary leadership of Mr. N. Vaghul. In his 24 years as Chairman of the Board of erstwhile ICICI Limited (ICICI) and ICICI Bank, Mr. Vaghul has been the guide who has helped the organisation navigate the often turbulent waters of the changing economy and financial sector. While we have transformed our business, we have done so based on a strong foundation of core values, which we owe to Mr. Vaghul's leadership. We salute and thank him as he retires as Chairman of the Board.

As I lay down my executive responsibilities as Managing Director & CEO of ICICI Bank, I would like to thank our shareholders, the Board of Directors, government and regulatory authorities and my colleagues for their support and goodwill over the last 13 years. I am honoured to have been appointed as non-executive Chairman of the Board. In my new role, I will work with the Board and the executive management to further strengthen the governance and management framework and help the Bank to meet the expectations of all stakeholders.

We have for many years believed in grooming leadership talent to ensure a smooth transition whenever there is a change in management responsibilities. The new Managing Director & CEO, Ms. Chanda Kochhar, has hands-on experience across every area of the Bank's functioning and is ideally placed to take the organisation forward. I am sure that her leadership will further strengthen the Bank and the ICICI Group, and that she would enjoy the support of all stakeholders in this endeavour.

The last year has been an exceptionally challenging year for the global economy and financial sector. India, while fundamentally in a much stronger position, has also experienced the impact of these events as they were transmitted through the trade and capital channels. I am confident that the Indian economy's robust fundamentals and domestic growth drivers will impart it the resilience to emerge stronger from this period. I believe the economic recovery, some signs of which are already visible, will gather momentum in the coming months and in due course see India returning to a high growth trajectory.

ICICI Bank has been able to meet the challenge posed by these developments due to its strong capital position and the fundamental strengths of its franchise. Over the years, we have sought to build businesses to serve India's diverse

and growing needs for financial services, supporting our strategies with capital, technology and human resources. We have demonstrated our success over a long period of time. In fiscal 1985, we had a networth of Rs. 1.75 billion, assets of about Rs. 21.00 billion and profits of Rs. 0.36 billion. In fiscal 2009, we had a networth of about Rs. 500.00 billion, assets of about Rs. 3,800.00 billion and profits of Rs. 37.58 billion. This represents over 20% compounded annual growth over a 24-year period. The ICICI Group will continue to focus its energies on partnering India's growth for the long-term and creating value for its stakeholders.

With best wishes,

*K. Vaman Kamath*

K. V. Kamath

Chairman

# Letter from the Managing Director & CEO



Dear Stakeholders,

I am privileged to have the opportunity to lead ICICI Bank as its Managing Director & CEO. This institution has been built over many years under the wise guidance of Mr. N. Vaghul and the dynamic leadership of Mr. K. V. Kamath. I would like to express our gratitude to them for their immense contribution to the growth and success of the ICICI Group.

The ICICI Group has strong traditional values and deeply-held beliefs. We have believed in capitalising on emerging opportunities and

contributing to the growth of our country. We have believed in innovation to enhance the range of products and services that we offer and provide greater convenience to the customer. We have believed in building depth of talent and leadership in the organisation and empowering the team to achieve organisational goals. We have placed strong emphasis on a framework of ethics and good governance that balances the interests of different stakeholders. We have sought to be adaptable and flexible, anticipating and responding to the changing needs of the economy, the dynamic business environment and the expectations of our stakeholders. These values and beliefs will continue to be the foundation of our strategy.

Over the past few years, we have built a strong franchise in the Indian corporate & retail segments, the non-resident Indian segment, and the wider deposit market in certain countries. Since 2007, as the global and Indian economic environment has changed rapidly, we have focused on a conscious strategy of capital conservation, risk containment

and efficiency improvement. We have healthy capital adequacy, sound liquidity and improved cost efficiencies.

Looking ahead, we see favourable prospects for the Indian economy. Our strong domestic consumption and investment drivers will continue to support healthy rates of growth over the medium-term. India has weathered the global storm with a high degree of resilience and we expect the Indian economy to return to a robust growth path ahead of other economies that are experiencing recessionary conditions. Against this backdrop, the ICICI Group sees before it a wide opportunity spectrum: increasing household incomes & consumption in both rural and urban India; significant industrial & infrastructure investment potential; and the vast Indian diaspora spanning the globe. We, as a multi specialist

financial services group, are well positioned to capitalise on these opportunities. We will continue to participate in India's growth by meeting the financial services needs of the Indian economy. As we prepare ourselves for the next phase of growth, we will work on further diversifying our funding profile and revenue streams.

We believe that the strategy that we have followed and the franchise that we have built provide a strong foundation for our growth in the years to come. We look forward to the continued support and goodwill of all our stakeholders in our endeavour.

With best wishes,



Chanda D. Kochhar

Managing Director & CEO

# Board of Directors

N. Vaghul, *Chairman*  
(Up to April 30, 2009)

K. V. Kamath  
(Managing Director & CEO - Up to April 30, 2009)  
(Chairman - w.e.f. May 1, 2009)

Sridar Iyengar

L. N. Mittal

Narendra Murkumbi

Anupam Puri

M. K. Sharma

P. M. Sinha

Marti G. Subrahmanyam

T. S. Vijayan

V. Prem Watsa

Chanda D. Kochhar  
(Joint Managing Director & CFO - Up to April 30, 2009)  
(Managing Director & CEO - w.e.f. May 1, 2009)

V. Vaidyanathan, *Executive Director*  
(Up to April 30, 2009)

Sonjoy Chatterjee, *Executive Director*

## Directors for part of the year

Arun Ramanathan  
(Up to January 26, 2009)

Anup K. Pujari  
(w.e.f. January 27, 2009)

Madhabi Puri Buch, *Executive Director*  
(Up to January 31, 2009)

K. Ramkumar, *Executive Director\**  
(w.e.f. February 1, 2009)

## Directors appointed after March 31, 2009

M. S. Ramachandran  
(w.e.f. April 25, 2009)

Sandeep Bakhshi, *Deputy Managing Director\**  
(w.e.f. May 1, 2009)

N. S. Kannan, *Executive Director & CFO\**  
(w.e.f. May 1, 2009)

\* Subject to approval of Reserve Bank of India.

# Senior Management

Pravir Vohra  
*Group Chief Technology Officer*

Sandeep Batra  
*Group Compliance Officer  
& Company Secretary*

# Board Committees

## Audit Committee

Sridar Iyengar, *Chairman*  
M. K. Sharma, *Alternate Chairman*  
Narendra Murkumbi

## Board Governance & Remuneration Committee

M. K. Sharma, *Chairman\**  
K. V. Kamath \*\*  
Anupam Puri  
P. M. Sinha  
Marti G. Subrahmanyam

## Credit Committee

K. V. Kamath, *Chairman\**  
Narendra Murkumbi  
M. K. Sharma  
P. M. Sinha  
Chanda D. Kochhar\*\*

## Customer Service Committee

K. V. Kamath, *Chairman\**  
Narendra Murkumbi  
M. K. Sharma  
P. M. Sinha  
Chanda D. Kochhar\*\*

## Fraud Monitoring Committee

M. K. Sharma, *Chairman*  
K. V. Kamath  
Narendra Murkumbi  
Chanda D. Kochhar  
Sandeep Bakhshi\*\*

## Risk Committee

K. V. Kamath, *Chairman\**  
Sridar Iyengar  
Marti G. Subrahmanyam  
V. Prem Watsa  
Chanda D. Kochhar\*\*

## Share Transfer & Shareholders/ Investors' Grievance Committee

M. K. Sharma, *Chairman*  
Narendra Murkumbi  
N. S. Kannan\*\*

## Committee of Directors

Chanda D. Kochhar, *Chairperson\**  
Sandeep Bakhshi\*\*  
N. S. Kannan \*\*  
K. Ramkumar\*\*\*  
Sonjoy Chatterjee

\* Chairman/Chairperson w.e.f. May 1, 2009

\*\* Member w.e.f. May 1, 2009

\*\*\* Member w.e.f. February 1, 2009



# Directors' Report

Your Directors have pleasure in presenting the Fifteenth Annual Report of ICICI Bank Limited with the audited statement of accounts for the year ended March 31, 2009.

## FINANCIAL HIGHLIGHTS

The financial performance for fiscal 2009 is summarised in the following table:

Rs. billion, except percentages	Fiscal 2008	Fiscal 2009	% change
Net interest income and other income	161.15	159.70	-0.9
Operating profit	79.61	89.25	12.1
Provisions & contingencies <sup>1</sup>	29.05	38.08	31.1
Profit before tax	50.56	51.17	1.2
Profit after tax	41.58	37.58	-9.6
Consolidated profit after tax	33.98	35.77	5.3

1. Excludes provision for taxes.

## Appropriations

The profit & loss account shows a profit after tax of Rs. 37.58 billion after provisions and contingencies of Rs. 38.08 billion and all expenses. The disposable profit is Rs. 61.94 billion, taking into account the balance of Rs. 24.36 billion brought forward from the previous year. Your Directors have recommended a dividend at the rate of Rs. 11.00 per equity share of face value Rs. 10 for the year and have appropriated the disposable profit as follows:

Rs. billion	Fiscal 2008	Fiscal 2009
To Statutory Reserve, making in all Rs. 48.79 <sup>1</sup> billion	10.40	9.40
To Special Reserve created and maintained in terms of Section 36(1) (viii) of the Income-tax Act, 1961, making in all Rs. 23.44 billion	1.75	2.50
To Capital Reserve, making in all Rs. 16.19 billion	1.27	8.18
Dividend for the year (proposed)		
– On equity shares @ Rs.11 per share (@ Rs. 11 per share for fiscal 2008) <sup>2</sup>	12.28	12.25
– On preference shares (Rs.)	35,000	35,000
– Corporate dividend tax	1.50	1.51
Leaving balance to be carried forward to the next year <sup>3</sup>	24.36	28.10

1. Includes Rs. 0.20 billion transferred on amalgamation of The Sangli Bank Limited with the Bank.

2. Includes dividend for the prior year paid on shares issued after the balance sheet date and prior to the record date.

3. After taking into account transfer to Reserve Fund Rs. 4.2 million for fiscal 2009, making in all Rs. 8.8 million.

# Believing in every drop that makes the ocean.

Every rupee saved is a promise for a brighter future. Our 'Savings & Deposits' services attempt to nurture the savings of millions of Indians.



**Sandeep Bakhshi**  
Deputy Managing Director

"We continue to expand our branch network across rural and urban India, with the branch as an integrated sales and service point for our wide range of retail products and services. This is complemented by our continuing innovation in technology-driven channels like internet and mobile banking, to enhance choice and convenience for our customers. Meeting customer needs effectively through improved efficiency and service quality is our core focus."

## SUBSIDIARY COMPANIES

At March 31, 2009, ICICI Bank had 17 subsidiaries as listed below:

Domestic Subsidiaries	International Subsidiaries
ICICI Prudential Life Insurance Company Limited	ICICI Bank UK PLC
ICICI Lombard General Insurance Company Limited	ICICI Bank Canada
ICICI Prudential Asset Management Company Limited	ICICI Wealth Management Inc. <sup>1</sup>
ICICI Prudential Trust Limited	ICICI Bank Eurasia Limited Liability Company
ICICI Securities Limited	ICICI Securities Holdings Inc. <sup>2</sup>
ICICI Securities Primary Dealership Limited	ICICI Securities Inc. <sup>3</sup>
ICICI Venture Funds Management Company Limited	ICICI International Limited
ICICI Home Finance Company Limited	
ICICI Investment Management Company Limited	
ICICI Trusteeship Services Limited	

1. Subsidiary of ICICI Bank Canada.
2. Subsidiary of ICICI Securities Limited.
3. Subsidiary of ICICI Securities Holdings Inc.

ICICI Prudential Pension Funds Management Company Limited has been incorporated on April 22, 2009 as a 100% subsidiary of ICICI Prudential Life Insurance Company Limited.

As approved by the Central Government *vide* letter dated April 20, 2009 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 2009. The Bank will make available these documents/details upon request