



# *khayaal aapka*

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Over the past decade ICICI Bank has redefined the banking landscape. Through a deep understanding of customer needs, it has leveraged technology to introduce several innovations to make banking simple and convenient for the consumer.

Continuing with our commitment towards deepening our relationship with our customers, we have undertaken many initiatives to strengthen the customer experience through multiple touchpoints such as bank branches, internet banking, mobile banking and phone banking. In addition we have continued to offer products and services that have been thoughtfully designed, keeping the consumer in mind.

*Khayaal Aapka* is a reflection of this commitment that we have towards our customers. *Khayaal Aapka* embodies our relationships with customers that go beyond transactions - it is our commitment to treat our customers fairly, show empathy towards customer needs and create and deliver products and services that make a difference to our customers' lives.

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## 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



**K. V. KAMATH**  
Chairman

Following the global financial and economic turmoil in 2008, last year was a year of stability and significant restoration of confidence in global markets. This transition was facilitated by policy initiatives both in the form of unprecedented monetary policy action and strong fiscal support.

The course of economic events since 2008 have had a significant impact on the operating environment for financial institutions globally, including considerable changes in the approach towards regulation and increased importance accorded to the quantity and quality of capital and liquidity. These changes are likely to create new paradigms for business going forward.

Prior to the global financial crisis, there had been strong support for self-regulation and minimalist intervention, based on the hypothesis of efficient and sound institutions and markets. With the failure of some large institutions and the resultant impact on markets, the approach to regulation has changed significantly. The focus of changes in the global regulatory regime is on avoiding a repeat of the crisis in future. Some of the proposed regulatory changes in respect of banks include increasing capital requirements, improvement in the quality of capital, stricter supervision of systemically important financial institutions, counter-cyclical provisioning requirements, macro-prudential supervision, greater transparency and greater focus on executive compensation. Over the past year, a lot of work has been done in these areas and the final shape of changes in the regulatory regime will be unveiled over the next one or two years. Navigating this

phase of the evolving regulatory regime will indeed be a challenge, especially for Western financial institutions.

In India, the Reserve Bank of India has consistently adopted a prudent and comprehensive approach to regulation, which has stood the country in good stead. It is important to note that a majority of the changes in regulations being contemplated currently at a global level have been in place in India for a considerable time now. Most aspects like higher capital requirements (compared to Basel II norms), countercyclical policy stance, supervision of financial conglomerates and oversight on executive compensation are already a part of the Indian financial system. Within this strong systemic regulatory architecture, ICICI Bank, with one of the highest capital adequacy ratios among large Indian banks and strong liquidity and risk management, is well placed to navigate this phase of evolution in the global financial regulatory regime.

The stability in the global economy has been challenged to some extent by the developments in Europe. A significant deterioration in the fiscal situation in certain European countries and their high levels of indebtedness have raised concerns over their ability to service their debt, even as efforts towards fiscal management have been viewed as disruptive to economic recovery. However, given the concerted focus and efforts of regulators and European Union authorities towards addressing these concerns, the situation is expected to be resolved resulting in restoration of calm in global markets.

India's resilience to crises has been demonstrated by its rapid recovery from the events of 2008. Whether it be India's policymakers or its industry, the response to global challenges was swift and effective. This has enabled India to move back quickly to a high growth path. We can now assess with a fair degree of comfort the potential impact of external challenges on the Indian economy, and hence I expect the current developments in Europe to have a limited impact on India.

The strength and rapidity of India's recovery reiterates the overall potential for sustained high economic growth in India. Our domestic architecture based on a sound regulatory framework has given us the ability to withstand any shocks emanating from global developments. The fundamentals that have helped us navigate the global financial crisis successfully can also be expected to drive sustained double digit growth. The ICICI Group has continuously strived to position itself to meet the needs, and capitalise on the opportunities, arising out of India's economic development. As a result, we believe that we are well positioned to benefit from the long-term economic development of the country.

With best wishes,



**K. V. KAMATH**

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# Letter from the Managing Director & CEO



**CHANDA D. KOCHHAR**  
Managing Director & CEO

Dear Stakeholders,

Fiscal 2010 has been a year of renewal of confidence and optimism in the Indian economy, as it has rebounded strongly from the impact of the global financial crisis and demonstrated its inherent strength and growth potential. We believe that we can look forward to a period of sustained growth driven by India's strong domestic fundamentals.

It is in the context of this evolving economic scenario that we have set out our growth strategy. It has been our endeavour to continuously anticipate economic and market trends and develop appropriate strategies for the long-term benefit of our businesses and all our stakeholders. As such, over the last two years, given the pressures in the global economy and their indirect impact on India, we instituted a Four Cs strategy of current & savings account (CASA) deposit growth, cost control, credit quality improvement and capital conservation to position ourselves for the next phase of growth.

It is with pleasure that I inform you of considerable success in the execution of this strategy. Our CASA ratio has increased from 28.7% at March 31, 2009 to 41.7% at March 31, 2010, resulting in a significantly enhanced stable low cost deposit base. As a result of our focus on improving operating efficiencies, our total operating expenses have declined by more than 25% over the last two years. At the same time, we have doubled our branch network to over 2,000 branches – the largest branch network among Indian private sector banks. We have also achieved considerable success in improving the quality of our credit portfolio. Our unsecured retail credit portfolio reduced from about 8% of our total loan portfolio at March 31, 2009 to less than 5% at March 31, 2010. Our net non-performing asset ratio has reduced to 1.87% at March 31, 2010. With a focus on containing risks and conserving capital,

our capital adequacy ratio increased from 15.5% at March 31, 2009 to 19.4% at March 31, 2010 with Tier I capital adequacy increasing from 11.8% at March 31, 2009 to 14.0% at March 31, 2010. As a result, we are currently one of the best capitalised banks in the country, giving us the ability to pursue accelerated growth in the coming years.

We are thus ready with a strong foundation for growth, coinciding with the revival in growth momentum in the Indian economy. Going forward, we will focus on leveraging this foundation to serve our customers better and capitalise on the diverse opportunities arising out of the Indian market and its global linkages. Our expanded branch network will be a core element of our strategy for service delivery to our customers. At the same time, we are continuously enhancing our non-branch channels, including internet banking and mobile banking, to give our customers the power to use technology for safe and convenient banking. The ICICI brand has become synonymous with growth and innovation, and is the only Indian brand to feature in the Brandz list of the top 50 global brands. We will build this brand further through a range of initiatives to broaden and deepen our presence across the country and our relationships with our customers.

Our insurance, asset management, securities and private equity subsidiaries have performed very well during the year, as a result of which we have achieved substantial increase in our consolidated profits. Our life insurance subsidiary has achieved accounting profits for the first time since its inception. All these businesses, led by outstanding teams, are well-positioned to capitalise on the growth opportunities in their respective market segments.

As we focus on enhancing our capabilities to serve our corporate and retail customers across India's towns and cities, it is also our endeavour to proactively reach out to rural India and to the vast numbers of our people who do not have access to formal financial services. We are significantly scaling up our work in the area of financial inclusion with the objective of empowering more and more people to participate in economic activity. In addition to the work we are doing as part of our regular business activities, we are also, through the ICICI Foundation for Inclusive Growth, seeking to make a deep impact on the socio-economic empowerment of the less privileged sections of our people, through initiatives in education, health, financial inclusion and strengthening of civil society organisations.

The coming decade is a decade of opportunity for India and Indians. We at the ICICI Group are focused on capitalising on the growth opportunities in the financial services sector. We are fully energised and committed towards playing our part in realising the potential of India, empowering more and more Indians to participate in the growth process and creating value for all our stakeholders. We look forward to your continued encouragement and support in this endeavour.

With best wishes,



**CHANDA D. KOCHHAR**

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## Board of Directors

K. V. Kamath  
*Chairman*

Sridar Iyengar  
Homi R. Khusrokhhan  
Narendra Murkumbi  
Anup K. Pujari  
M. S. Ramachandran  
Tushaar Shah  
M. K. Sharma  
V. Sridar  
V. Prem Watsa

Chanda D. Kochhar  
*Managing Director & CEO*

Sandeep Bakhshi  
*Deputy Managing Director*

N. S. Kannan  
*Executive Director & CFO*

K. Ramkumar  
*Executive Director*

## 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*  
Homi R. Khusrokhhan  
V. Sridar

### **Board Governance, Remuneration & Nomination Committee**

M. K. Sharma, *Chairman*  
K. V. Kamath  
Sridar Iyengar  
V. Prem Watsa

### **Corporate Social Responsibility Committee**

M. K. Sharma, *Chairman*  
Anup K. Pujari  
Chanda D. Kochhar

### **Credit Committee**

K. V. Kamath, *Chairman*  
Narendra Murkumbi  
M. S. Ramachandran  
M. K. Sharma  
Chanda D. Kochhar

### **Customer Service Committee**

K. V. Kamath, *Chairman*  
Narendra Murkumbi  
Anup K. Pujari  
M. S. Ramachandran  
M. K. Sharma  
Chanda D. Kochhar

### **Fraud Monitoring Committee**

M. K. Sharma, *Chairman*  
K. V. Kamath  
V. Sridar  
Chanda D. Kochhar  
Sandeep Bakhshi

### **Risk Committee**

K. V. Kamath, *Chairman*  
Sridar Iyengar  
Anup K. Pujari  
V. Sridar  
V. Prem Watsa  
Chanda D. Kochhar

### **Share Transfer & Shareholders/ Investors' Grievance Committee**

M. K. Sharma, *Chairman*  
Homi R. Khusrokhhan  
N. S. Kannan

### **Committee of Executive Directors**

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



# Directors' Report

Your Directors have pleasure in presenting the Sixteenth Annual Report of ICICI Bank Limited with the audited statement of accounts for the year ended March 31, 2010.

## FINANCIAL HIGHLIGHTS

The financial performance for fiscal 2010 is summarised in the following table:

Rs. billion, except percentages	Fiscal 2009	Fiscal 2010	% change
Net interest income and other income	159.70	155.92	(2.4)
Operating profit	89.25	97.32	9.0
Provisions & contingencies <sup>1</sup>	38.08	43.87	15.2
Profit before tax	51.17	53.45	4.5
Profit after tax	37.58	40.25	7.1
Consolidated profit after tax	35.77	46.70	30.6

1. Excludes provision for taxes.

## Appropriations

The profit & loss account shows a profit after tax of Rs. 40.25 billion after provisions and contingencies of Rs. 43.87 billion and all expenses. The disposable profit is Rs. 68.35 billion, taking into account the balance of Rs. 28.10 billion brought forward from the previous year. Your Directors have recommended a dividend at the rate of Rs. 12 per equity share of face value Rs. 10 for the year and have appropriated the disposable profit as follows:

Rs. billion	Fiscal 2009	Fiscal 2010
To Statutory Reserve, making in all Rs. 58.86 billion	9.40	10.07
To Special Reserve created and maintained in terms of Section 36(1) (viii) of the Income-tax Act, 1961, making in all Rs. 26.44 billion	2.50	3.00
To Capital Reserve, making in all Rs. 20.63 billion	8.18	4.44
To Investment Reserve, making in all Rs. 1.16 billion	—	1.16
To General Reserve, making in all Rs. 49.79 billion	—	0.01
Dividend for the year (proposed)		
– On equity shares @ Rs. 12 per share (@ Rs. 11 per share for fiscal 2009) <sup>1</sup>	12.25	13.38
– On preference shares (Rs.)	35,000	35,000
– Corporate dividend tax	1.51	1.64
Leaving balance to be carried forward to the next year <sup>2</sup>	28.10	34.64

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

2. After taking into account transfer to Reserve Fund Rs. 2.2 million for fiscal 2010, making in all Rs. 10.9 million.

## *khayaal aapka*

I was pleasantly surprised to receive a phone call from you in response to my e-mail requesting for a refund of charges. This was followed by your e-mail accepting my request. What is really amazing is that this was all done in just about 12 hours. I am an admirer of ICICI Bank for your liberal attitude, transparent transactions, up-to-date technology, customer friendly automation, professionalism with a human touch, etc. The list goes on and on and this response to my request has made me indebted to ICICI Bank always. I shall remain your brand ambassador for the common man. Thank you and good luck to you always!

- D. Sivaswamy, Chennai

