ICICI BANK LTD
Form 20-F
September 29, 2008

As filed with the Securities and Exchange Commission on September 29, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)
o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended March 31, 2008
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-15002

ICICI BANK LIMITED
(Exact name of registrant as specified in its charter)
Vadodara, Gujarat, India
(Jurisdiction of incorporation or organization)
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051, India
(Address of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Equity Shares of ICICI Bank Limited(1)	New York Stock Exchange
American Depositary Shares, each representing two Equity Shares of ICICI Bank Limited, par value Rs. 10 per share	New York Stock Exchange

(1) Not for trading, but only in connection with the registration of American Depositary Shares representing such Equity Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

The number of outstanding Equity Shares of ICICI Bank Limited as of March 31, 2008 was 1,112,687,495.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No o
If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes o No x
Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large accelerated filer x Accelerated filer o Non-accelerated filer o
Indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 o Item 18 x
If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

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CROSS REFERENCE SHEET

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CERTAIN DEFINITIONS

ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited amalgamated with and into ICICI Bank Limited, effective March 30, 2002 for accounting purposes under generally accepted accounting principles in India (“Indian GAAP”). In this annual report, all references to “we”, “our” and “us” are to ICICI Bank Limited and its consolidated subsidiaries and other consolidated entities under Indian GAAP subsequent to the amalgamation. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular entity. References to “ICICI Bank” and "the Bank" are, as the context requires, to ICICI Bank Limited on an unconsolidated basis subsequent to the amalgamation, to ICICI Bank Limited on an unconsolidated basis prior to the amalgamation, or to both. References to “ICICI” are to ICICI Limited and its consolidated subsidiaries and other consolidated entities under Indian GAAP prior to the amalgamation. References to “ICICI Personal Financial Services” are to ICICI Personal Financial Services Limited. References to “ICICI Capital Services” are to ICICI Capital Services Limited. References to the “amalgamation” are to the amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with and into ICICI Bank. References to “the Scheme of Amalgamation” are to the Scheme of Amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with ICICI Bank sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002 and approved by the Reserve Bank of India on April 26, 2002.

In the financial statements contained in this annual report and the notes thereto, all references to “the Company” are to ICICI Bank Limited and its consolidated subsidiaries and other consolidated entities under Indian GAAP.

All references to the “Companies Act” and the “Banking Regulation Act” are to the Companies Act, 1956 and the Banking Regulation Act, 1949 as passed by the Indian Parliament and as amended from time to time.

Pursuant to the issuance and listing of our securities in the United States under registration statements filed with the United States Securities Exchange Commission, we file annual reports on Form 20-F which must include financial statements prepared under generally accepted accounting principles in the United States (US GAAP) or financial statements prepared according to a comprehensive body of accounting principles with a reconciliation of net income and stockholders’ equity to US GAAP. When we first listed our securities in the United States, Indian GAAP was not considered a comprehensive body of accounting principles under the United States securities laws and regulations. Accordingly, our annual reports on Form 20-F for fiscal years 2000 through 2005 included US GAAP financial statements. However, pursuant to a significant expansion of Indian accounting standards, Indian GAAP constitutes a comprehensive body of accounting principles. Accordingly, we have included in this annual report, as in the annual reports for fiscal 2006 and fiscal 2007, consolidated financial statements prepared according to Indian GAAP, with a reconciliation of net income and stockholders' equity to US GAAP and a description of significant differences between Indian GAAP and US GAAP.

Our annual report prepared and distributed to our shareholders under Indian law and regulations include unconsolidated Indian GAAP financial statements, management’s discussion and analysis of our results of operations and financial condition based on unconsolidated Indian GAAP financial statements, consolidated Indian GAAP financial statements and reconciliation to US GAAP and related notes.

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FORWARD-LOOKING STATEMENTS

We have included statements in this annual report which contain words or phrases such as 'will', ‘expected to’, etc., and similar expressions or variations of such expressions, may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for banking and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology, our rural expansion, our exploration of merger and acquisition opportunities both in and outside of India, our ability to integrate recent or future mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, our ability to manage the increased complexity of the risks we face following our rapid international growth, future levels of impaired loans, our growth and expansion in domestic and overseas markets, the adequacy of our allowance for credit and investment losses, technological changes, investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on us, including on the assets and liabilities of ICICI, a former financial institution not subject to Indian banking regulations, the state of the global financial system and other systemic risks, the bond and loan market conditions and availability of liquidity amongst the investor community in these markets, the nature of credit spreads, interest spreads from time to time, including the possibility of increasing credit spreads or interest rates, our ability to roll over our short-term funding sources and our exposure to credit, market and liquidity risks as well as other risks that are detailed in this form. ICICI Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this annual report include, but are not limited to, the monetary and interest rate policies of India and the other markets in which we operate, natural calamities, general economic, financial or political conditions, instability or uncertainty in India, southeast Asia, or any other country which have a direct or indirect impact on our business activities or investments, caused by any factor including terrorist attacks in India, the United States or elsewhere, anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, tensions between India and Pakistan related to the Kashmir region, military armament or social unrest in any part of India, inflation, deflation, unanticipated turbulence in interest rates, changes or volatility in the value of the rupee, foreign exchange rates, equity prices or other market rates or prices, the performance of the financial markets in general, changes in domestic and foreign laws, regulations and taxes, changes in the competitive and pricing environment in India, and general or regional changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under “Risk Factors” included elsewhere in this annual report.

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EXCHANGE RATES

Fluctuations in the exchange rate between the Indian rupee and the US dollar will affect the US dollar equivalent of the Indian rupee price of our equity shares on the Indian stock exchanges and, as a result, will affect the market price of our ADSs in the United States. These fluctuations will also affect the conversion into US dollars by the depositary of any cash dividends paid in Indian rupees on our equity shares represented by ADSs.

In early July 1991, the government adjusted the Indian rupee downward by an aggregate of approximately 20.0% against the US dollar. The adjustment was effected as part of an economic package designed to overcome economic and foreign exchange problems. After the Indian rupee was made convertible on the current account in March 1993, it depreciated on an average annual basis at a rate of approximately 5-6%. The rupee depreciated against the US dollar by 0.5% during fiscal 2005 and by 2.0% during fiscal 2006. During fiscal 2007, the rupee appreciated against the US dollar by 3.1%, moving from Rs. 44.48 per US$ 1.00 at March 31, 2006 to Rs. 43.10 per US$ 1.00 at March 30, 2007. During fiscal 2008 the rupee appreciated against the US dollar by 7.1%, moving from Rs. 43.10 per US$ 1.00 at March 30, 2007 to Rs. 40.02 per US$ 1.00 at March 31, 2008. During fiscal 2009 (through September 19, 2008), the rupee depreciated against the US dollar by 14.2% moving from Rs. 40.02 per US$ 1.00 at March 31, 2008 to Rs. 45.71 at September 19, 2008. The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and US dollars based on the noon buying rate.

Fiscal Year	Period End(1)	Average(1) (2)
2004	43.40	45.78
2005	43.62	44.87
2006	44.48	44.20
2007	43.10	45.06
2008	40.02	40.13
2009 (through September 19, 2008)	45.71	42.48

Month	High	Low
November 2007	39.68	39.11
December 2007	39.55	39.29
January 2008	39.55	39.13
February 2008	40.11	39.12
March 2008	40.46	39.76
April 2008	40.45	39.73
May 2008	42.15	42.00
June 2008	42.93	42.76
July 2008	42.47	42.70
August 2008	43.74	42.01
September 2008 (through September 19, 2008)	46.81	43.95

(1) The noon buying rate at each period end and the average rate for each period differed from the exchange rates used in the preparation of our financial statements.

(2) Represents the average of the noon buying rate on the last day of each month during the period.

Although certain rupee amounts in this annual report have been translated into US dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into US dollars at any particular rate, the rates stated below, or at all. Except in the section on "Market Price Information", all translations from rupees to US dollars are based on the noon buying rate in the City of New York for cable transfers in rupees at March 31, 2008. The Federal Reserve Bank of New York certifies this rate for customs purposes on each date the rate is given. The noon buying rate at March 31, 2008 was Rs. 40.02 per US$ 1.00 and at September 19, 2008 was Rs. 45.71 per US$ 1.00.

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RISK FACTORS

You should carefully consider the following risk factors as well as other information contained in this annual report in evaluating us and our business.

Risks Relating to India

A slowdown in economic growth or rise in interest rates in India could cause our business to suffer.

Any slowdown in the Indian economy could adversely affect our borrowers and contractual counterparties. Further, in light of the increasing linkage of the Indian economy to other developed and emerging economies, the Indian economy is increasingly influenced by economic and market conditions in other countries and, as a result, a slowdown in the economic growth of the United States and other important countries in the developed and emerging global economy, especially those where we have established our international operations, could have an adverse impact on economic growth in India. The growth rate of India's GDP, which was 9.0% or higher in each of fiscal years 2006, 2007 and 2008, moderated to 7.9% in the first quarter of fiscal 2009. Since fiscal 2007, we have experienced a slowdown in disbursements of housing, automobile and other retail loans. The current uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption, adversely impacting our business. A further slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of our equity shares and ADSs.

Inflation and government efforts to combat inflation may contribute significantly to economic uncertainty in India and could adversely affect us and the market price of our ADSs.

India has recently experienced higher than normal rates of inflation. India's annual inflation rate, measured by the wholesale price index, reached 12.63% in August of 2008, its highest rate in 13 years. Since 2005, interest rates in the Indian economy have increased significantly in response to monetary policy measures to contain rising inflation and there is a risk of a sustained period of high interest rates. Most recently, prompted by concerns about inflation, the Reserve Bank of India raised its key interest rate, the repo rate, three times in June and July of 2008. As of September 2008, the repo rate stood at a seven-year high of 9.0%. The next scheduled rate review is on October 24, 2008. The Reserve Bank of India also raised bank reserve requirements in order to combat inflation. See "Supervision and Regulation — Legal Reserve Requirements". Future government actions taken to combat inflation could have adverse effects on the Indian economy. Such actions could include a further tightening of monetary policy by raising interest rates, thereby restricting the availability of credit and reducing economic growth. Increases in the basic interest rate could adversely affect us by reducing demand for our credit, increasing our cost of funds and increasing the risk of customer default to the extent these effects are not offset by increased margins. For the impact of interest rate increases on our business, see also "— A slowdown in economic growth or rise in interest rates in India could cause our business to suffer" and "Business — Risk Management — Quantitative and Qualitative Disclosures About Market Risk — Interest Rate Risk".

Actions taken to curb inflation, coupled with public speculation about possible future governmental actions, have contributed to economic uncertainty in India and heightened volatility in the Indian securities market. If India experiences fluctuations in rates of inflation in the future, our business could be affected and, if investor confidence lags, the price of our securities may fall. Inflationary pressures may also affect our ability to access foreign financial markets and may lead to counter-inflationary policies that may harm our business or adversely affect the market price of our shares and ADSs.

A significant increase in the price of crude oil could adversely affect the Indian economy, which could adversely affect our business.

India imports over 75.0% of its requirements of crude oil, which were over 30% of total imports in fiscal 2008. Since 2004, there has been a sharp increase in global crude oil prices due to both increased demand and pressure on production and refinery capacity, and political and military tensions in key oil-producing regions. The full burden of

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the oil price increase has not been passed to Indian consumers and has been substantially absorbed by the government and government-owned oil marketing companies. Sustained high levels of oil prices, further increases or volatility of oil prices and the pass-through of increases to Indian consumers could have a material negative impact on the Indian economy and the Indian banking and financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit. This could adversely affect our business including our liquidity, our ability to grow, the quality of our assets, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of our equity shares and ADSs.

Like all financial institutions, we are vulnerable to episodes of financial instability in India and in other countries which could adversely affect our business and the price of our equity shares and ADSs.

Since August 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. In September 2008, global financial markets deteriorated sharply following the bankruptcy filing by Lehman Brothers. In the days that followed, it became apparent that a number of other major financial institutions, including some of the biggest commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies in the United States were experiencing difficulties. The United States government has intervened on an unprecedented scale to prevent the failure of some of these institutions and to provide support to the multi-trillion dollar money market mutual fund industry, which suffered an erosion in investor confidence following the discovery that a number of large money market mutual funds have recently "broken the buck", meaning that the net asset values of the funds have fallen below amounts customers have invested. The impact of this financial crisis has not been limited to the United States. Governments in Europe and the United Kingdom have recently nationalized a number of financial institutions, there has been a deposit run and numerous institutions have sought additional capital. Central banks all over the world have agreed to act in concert to increase liquidity in the financial markets by taking measures such as increasing temporary reciprocal currency arrangement (or "swap lines") by many billions of dollars. Despite these measures, investor confidence remains very low. In a further effort to bolster the financial markets and provide relief to financial institutions, members of the executive and legislative branches of the United States government negotiated an emergency spending bill which would have given the Secretary of the Treasury the power to use public funds to purchase non-performing or illiquid assets from distressed financial institutions. This so-called "bailout plan" was intended to increase liquidity in the credit markets and prevent further collapses of major financial institutions. However, when put to a vote in the House of Representatives, the bill was voted down. At this stage it is impossible to predict whether another similar measure will be put to a vote, or whether it would actually be enacted. It is also impossible to predict what form a future bailout proposal might take, or how the financial markets would react to such a plan and there can be no assurances that, if a bailout plan is enacted, it would ameliorate the condition of the US economy or the global credit markets.

Although the proximate cause of this particular financial crisis, which is deeper than other recent financial crises, was the United States residential mortgage market, investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both the emerging and developed economies which lead to risks for all financial institutions, including us. For example, a loss of investor confidence in the financial systems of India or other markets and countries or any financial instability in India or any other market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector, our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs. The most recent financial crisis has not had as direct an impact on us as it has other major financial institutions in the US and Europe and we have not experienced the same degree of write-downs as banks that were more exposed to, or invested in, the United States residential mortgage market. However, the volatility caused by concerns over sub-prime debt in the United States has resulted in mark-to-market and realized losses on our investment and derivative portfolios, constrained our international debt capital market borrowings and increased our cost of funding.

The realized and mark-to-market losses on the investment portfolio would adversely impact our net income in fiscal 2009. We remain subject, moreover, to the risks posed by the indirect impact of the credit crisis on the global financial system and the economies in which we operate, some of which are unknowable and the vast majority of which are not in our control. We also remain subject to counterparty risk to financial institutions that fail or are otherwise unable to meet their obligations to us. See “Risk Management — Quantitative and Qualitative Disclosures About Market Risk — Credit Spread Risk” for disclosure on our exposure to Lehman. See “— Risks Relating to Our Business — If depositors do not roll over deposited funds upon maturity or we are unable to raise financing through wholesale borrowings or bond issues, our liquidity risk could increase and our business could be adversely affected”, “— Risks Relating to Our Business — We have experienced rapid international growth in the last three years which has increased the complexity of the risks that we face”, “Business — Overview of Our Products and Services — Commercial Banking for International Customers” and “Business — Risk Management — Qualitative and Quantitative Disclosures about Market Risk”.

Trade deficits could adversely affect our business and the price of our equity shares and ADSs.

India’s trade relationships with other countries and its trade deficit, driven to a major extent by global crude oil prices, may adversely affect Indian economic conditions. If trade deficits increase or are no longer manageable because of the rise in global crude oil prices or otherwise, the Indian economy, and therefore our business, our financial performance, our stockholders' equity and the price of our equity shares and ADSs could be adversely affected.

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A decline in India’s foreign exchange reserves may affect liquidity and interest rates in the Indian economy which could adversely impact us.

A decline in India’s foreign exchange reserves could result in reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs. See also “— Risks Relating to Our Business”.

Any downgrading of India’s debt rating by an international rating agency could adversely affect our business, our liquidity and the price of our equity shares and ADSs.

Any adverse revisions to India’s credit ratings for domestic and international debt by international rating agencies may adversely affect our business and limit our access to capital markets and decrease our liquidity.

Natural calamities and climatic and weather conditions could adversely affect the Indian economy, or the economy of other countries where we operate, our business and the p