

CONSOLIDATED FINANCIAL STATEMENTS OF ICICI SECURITIES LIMITED AND ITS SUBSIDIARIES

auditors' report

to the members of ICICI Securities Limited and Subsidiaries (Group)

We have audited the attached consolidated Balance Sheet of ICICI SECURITIES LIMITED and subsidiaries (Group) as at March 31, 2004 and the annexed Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
3. in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, in so far as they are applicable to the Company;

4. the consolidation has been carried out as per Accounting Standard - 21 'Consolidated Financial Statements', issued by the Institute of the Chartered Accountants of India;
5. in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give a true and fair view :
 - (i) in the case of the Balance Sheet, of the state of affairs of the group as at March 31, 2004;
 - (ii) in the case of the Profit and Loss Account, of the Profit of the group for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner
Membership No.: 37924

Mumbai, April 22, 2004

balance sheet profit and loss account



as at March 31, 2004

for the year ended March 31, 2004

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Schedule	(Rs. in '000s)	March 31, 2003	Schedule	(Rs. in '000s)	March 31, 2003	
SOURCES OF FUNDS			INCOME FROM OPERATIONS			
1. Shareholders' Funds			(a) Income from Services	M	602,010	288,100
A. Share Capital	A	2,030,030	(b) Interest Income	N	1,134,110	1,307,720
B. Reserves & Surplus	B	2,212,840	(c) Profit on Securities (Net)	O	1,390,980	1,229,250
		4,242,870	(d) Other Income	P	484,350	379,480
					3,611,450	3,204,550
2. Loan Funds			Less : Operating Expenditure			
A. Secured Loans	C	175,000	(a) Financial Charges and			
B. Unsecured Loans	D	18,671,340	Operating Expenses	Q	750,850	956,250
		23,089,210			2,860,600	2,248,300
APPLICATION OF FUNDS			EXPENDITURE			
1. Fixed Assets	E		Less : Administrative Expenditure			
Gross Block		216,820	(a) Payments to and			
Less: Depreciation		109,330	Provisions for			
Net Block		107,490	Employees	R	315,420	247,750
			(b) Establishment			
2. Investments	F	—	Expenses	S	420,790	403,540
			(c) Depreciation		15,530	17,070
3. Deferred Tax Asset		3,840			751,740	668,360
4. Current Assets, Loans & Advances			Profit before Taxation & Extraordinary items		2,108,860	1,579,940
A. Current Assets			Interest tax reversal of earlier years		108,700	—
(a) Interest Accrued	G	428,180				
(b) Securities held as			Profit before Taxation		2,217,560	1,579,940
Stock-in-Trade	H	22,287,810	Less: Provision for Taxation		573,000	494,000
(c) Sundry Debtors	I	329,440	Deferred Tax Adjustment		(1,870)	4,130
(d) Cash & Bank Balances	J	465,170				
B. Loans & Advances	K	267,780	Profit After Taxation		1,646,430	1,081,810
		23,778,380	Brought forward from previous years		265,390	202,920
			Amount available for appropriations		1,911,820	1,284,730
Less : Current Liabilities & Provisions:	L		Transfer to Special Reserve		287,800	205,890
A. Current Liabilities		792,400	Transfer to General Reserve		143,900	102,940
B. Provisions		8,100	Interim Dividend		908,440	710,510
			Tax on Dividend		116,390	—
NET CURRENT ASSETS		22,977,880	Balance carried to Balance Sheet		455,290	265,390
		23,089,210				
Notes forming part of the Accounts and Accounting Policies	T		Notes forming part of the Accounts and Accounting Policies	T		

Per our Report attached
For N.M. RAJJI & CO.
Chartered Accountants

J. M. GANDHI
Partner
Membership No.: 37924

Mumbai, April 22, 2004

ABHIJEET GUIN
Vice President & Head - Financials

ANDERSON POLLOCK
Company Secretary

For and on behalf of the Board

K. V. KAMATH
Chairman

LALITA D. GUPTA
Director

S. MUKHERJI
Managing Director & CEO

schedules

forming part of the Accounts

(Rs. in '000s) *March 31, 2003* (Rs. in '000s) *March 31, 2003*

SCHEDULE "A" - SHARE CAPITAL

Authorized :

50,00,00,000 Equity Shares of Rs 10 each 5,000,000 5,000,000

Issued :

20,30,02,800 Equity Shares of Rs 10 each 2,030,030 2,030,030

Subscribed & Paid Up :

20,30,02,800 Equity Shares of Rs 10 each 2,030,030 2,030,030

Notes :

Of the above, 20,28,33,200 (Previous year - 20,28,33,200) Equity Shares of Rs.10 each are held by ICICI Bank Limited. (the holding company) and its nominees.

SCHEDULE "B" - RESERVES AND SURPLUS

(Rs. in '000s)

	<i>Balance as on April 1, 2003</i>	Additions/ Transfers during the Period	Deductions/ Transfers during the Period	Balance as on March 31, 2004	<i>Balance as on March 31, 2003</i>
Share Premium Account	112,800	—	—	112,800	112,800
General Reserve	491,940	143,900	—	635,840	491,940
Special Reserve (maintained under Section 45 IC of the RBI Act, 1935)	725,020	287,800	—	1,012,820	725,020
Translation Reserve	560	—	—	(3,910)	560
Profit and Loss Account	265,394	—	—	455,290	151,020
Total	<u>1,595,714</u>	—	—	<u>2,212,840</u>	<u>1,595,710</u>

SCHEDULE "C" - SECURED LOANS

Borrowings from Reserve Bank of India
(Secured by Government Securities of
face value Rs. NIL; Previous year
Rs. 8,050,000 thousand)

Cash Credit facility

Total

(Rs. in '000s)	<i>March 31, 2003</i>
—	8,000,000
175,000	—
<u>175,000</u>	<u>8,000,000</u>

SCHEDULE "D" - UNSECURED LOANS

Subordinated Bonds issued as Tier III Capital	250,000	750,000
Inter-Corporate Borrowings	105,000	380,700
Money at Call and Short Notice		
- From Banks	9,930,900	3,440,000
- From Others	1,712,300	1,386,700
Commercial Paper Borrowings	742,800	2,270,717
FCNRB Borrowing	309,340	—
4.65% Debentures 2004	231,500	—
(Redeemable at par by April 2004)		
4.50% Debentures 2004	422,500	—
(Redeemable at par by April 2004)		
4.30% Debentures 2004	49,000	—
(Redeemable at par by April 2004)		
4.35% Debentures 2004	142,500	—
(Redeemable at par by May 2004)		
4.60% Debentures 2004	127,500	—
(Redeemable at par by May 2004)		
4.50% Debentures 2004	80,500	—
(Redeemable at par by May 2004)		
Floating Rate Debentures	3,000,000	—
(Redeemable at par by April 2004)		
Floating Rate Debentures	111,000	—
(Redeemable at par by May 2004)		
Floating Rate Debentures	1,456,500	—
(Redeemable at par by June 2004)		
7.00% Debentures 2003	—	110,000
(Redeemable at par by April 2003)		
Floating Rate Debenture	—	500,000
(Redeemable at par by April 2003)		
Floating Rate Debenture	—	295,000
(Redeemable at par by May 2003)		
Floating Rate Debenture	—	340,500
(Redeemable at par by June 2003)		
6.05% Debentures 2003	—	100,000
(Redeemable at par by April 2003)		
6.10% Debentures 2003	—	250,000
(Redeemable at par by April 2003)		
6.00% Debentures 2003	—	200,000
(Redeemable at par by June 2003)		
7.55% Debentures 2003	—	295,000
(Redeemable at par by May 2003)		
6.25% Debentures 2003	—	70,000
(Redeemable at par by April 2003)		
7.75% Debentures 2003	—	10,000
(Redeemable at par by April 2003)		
Total	<u>18,671,340</u>	<u>10,398,617</u>

Unsecured loans include an amount of Nil (Previous year Rs. 500,000 thousand)
from ICICI Bank Limited. - the Holding company.

SCHEDULE "E" - FIXED ASSETS

(Rs. in '000s)

	Gross Block (at Cost)				Accumulated Depreciation			Net Block	
	<i>April 1, 2003</i>	Additions	Sale/Adj	Mar 31, 2004	Additions	Sale/Adj	Mar 31, 2004	Mar 31, 2004	<i>Mar 31, 2003</i>
Freehold Land	57,230	—	—	57,230	—	—	—	57,230	57,230
Building	10,050	—	—	10,050	360	—	3,070	6,980	7,340
Improvements To Leasehold Property	21,530	—	—	21,530	2,610	—	21,530	—	2,610
Plant & Machinery / Electrical Installation	5,950	430	—	6,380	280	—	4,100	2,280	2,130
Office Equipment	32,850	950	460	33,340	2,540	210	18,500	14,840	16,660
Computers	64,690	3,250	18,170	49,770	5,640	17,800	39,810	9,960	12,750
Software	4,600	290	—	4,890	1,460	—	2,640	2,250	3,410
Furniture & Fixtures	20,040	860	110	20,790	1,240	90	14,300	6,490	6,890
Vehicles	1,500	2,810	1,470	2,840	360	1,190	310	2,530	350
BSE Membership Rights	10,000	—	—	10,000	1,000	—	5,070	4,930	5,930
Net Block	<u>228,440</u>	<u>8,590</u>	<u>20,210</u>	<u>216,820</u>	<u>15,490</u>	<u>19,290</u>	<u>109,330</u>	<u>107,490</u>	<u>115,310</u>
<i>Previous Period</i>	233,590	17,800	22,950	228,440	17,040	21,330	113,130	115,310	

schedules

Schedule	(Rs. in '000s)	March 31, 2004	Schedule	(Rs. in '000s)	March 31, 2003
SCHEDULE "F" - INVESTMENTS - LONG TERM (AT COST, QUOTED UNLESS OTHERWISE STATED)			SCHEDULE "J" - CASH AND BANK BALANCES		
		(Rs. in '000s)			
Name of the Company	Quantity in Thousands	Face Value per unit (Rs.)	March 31, 2004	March 31, 2003	
Units			—	1,753,920	
Total			—	1,753,920	
Notes :			SCHEDULE "K" - LOANS AND ADVANCES		
1. The aggregate cost of unquoted Investments as at March 31, 2004 is Rs. NIL (Previous year - Rs.1,753,920 million)			(Unsecured and considered good unless otherwise stated)		
			Advances		
			(Recoverable in cash or in kind or for value to be received)		
			Security Deposit for Leased Premises		
			Other Advances and Deposits		
			Application Money for Securities		
			Deposit with stock exchanges		
			Advance Tax (net of Provisions)		
			Total		
			Cash & Cheques on hand		
			In Current Accounts with Scheduled Banks		
			In Current Accounts with Reserve Bank of India		
			Fixed Deposits with Scheduled Banks		
			(Under lien with Stock Exchanges Rs.91,000 thousand, Previous year Rs.133,000 thousand)		
			Total		
			20		
			100		
			212,070		
			49,140		
			21,080		
			10,040		
			232,000		
			152,500		
			465,170		
			211,780		
			90		
			122,560		
			64,650		
			61,880		
			—		
			500,010		
			136,440		
			18,940		
			66,600		
			(6,370)		
			267,780		
			697,020		
			24,680		
			32,500		
			389,310		
			148,300		
			69,840		
			123,370		
			308,170		
			148,950		
			400		
			620		
			792,400		
			453,740		
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			9,020		
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			69,830		
			20,560		
			134,870		
			73,420		
			53,800		
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			332,530		
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			1,943,530		
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			57,920		
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			838,130		
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			22,425,960		
			19,154,930		
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			22,287,810		
			19,016,780		
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			332,530		
			154,530		
			602,010		
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			25,510		
			39,950</		

schedules

forming part of the Accounts

Continued

(Rs. in '000s) March 31,
2003

SCHEDULE "O" - PROFIT ON SECURITIES (NET)

Profit on Sale of Investments	68,720	1,090
Profit on Stock In Trade	1,112,060	1,198,270
Net Gain/(Loss) from Derivatives	210,200	29,890
Total	1,390,980	1,229,250

SCHEDULE "P" - OTHER INCOME

Dividend Income from Mutual Funds / Companies	465,350	350,600
Recovery Against Bad Debts Written Off	18,060	27,500
Miscellaneous Income	940	1,380
Total	484,350	379,480

SCHEDULE "Q" - FINANCIAL CHARGES AND OPERATING EXPENSES

Interest on Fixed Loans and Debentures	269,610	410,030
Interest on Borrowings from Reserve Bank of India	1,460	34,540
Interest on Repo and Call Borrowings	359,730	428,020
Procurement Expenses	34,200	24,180
Guarantee Commission	890	480
Rating Agency Fees	3,150	3,120
Turnover Fees	20	10
Transaction Charges	23,240	9,880
Brokerage and Stamp Duty	47,380	35,990
Bank Charges	3,600	2,880
Custodial Services	1,880	2,670
Doubtful Debts Written off / Provided	7,810	13,966
Less : Opening Provision	2,120	9,516
	5,690	4,450
Total	750,850	956,250

SCHEDULE "R" - PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Incentive	296,360	231,120
to Contribution to Provident and other Funds	12,110	9,340
Staff Welfare Expenses	6,950	7,290
Total	315,420	247,750

SCHEDULE "S" - ESTABLISHMENT AND OTHER EXPENSES

Rent and Amenities	232,970	231,570
Insurance	3,060	3,000
Travelling, Conveyance and Motor Car Expenses	46,530	35,300
Business Promotion Expenses	28,820	23,870
Repairs, Maintenance And Upkeep	19,320	19,800
Rates and Taxes	1,160	970
Electricity Expenses	9,910	9,180
Profit / (loss) on Sale of Fixed Assets	370	1,090
Communication Expenses	16,660	13,080
Printing and Stationery	10,130	6,570
Subscription and Periodicals	21,840	18,980
Professional Fees	9,880	8,680
Advertisement Expenses	10	70
Auditors' Remuneration	1,900	2,210
Miscellaneous Expenses	18,230	29,170
Total	420,790	403,540

SCHEDULE "T" - NOTES FORMING PART OF THE ACCOUNTS AND ACCOUNTING POLICIES

1. Significant Accounting Policies:

(i) Method of Accounting

The accounts are prepared in accordance with accounting principles generally accepted in India. The Company follows accrual method of accounting.

(ii) Basis of Consolidation

The consolidated financial statements include results of ICICI Securities Limited and its subsidiaries which are more than 50% owned and controlled. As per requirement of Accounting Standard 21 the consolidation is on a line to line basis, all material inter-company accounts and transactions are eliminated at the time of consolidation.

(iii) Revenue Recognition

In case of non-fund based activities such as issue management, loan syndication, financial advisory services etc., the revenue is recognized based on the stage of completion of assignments and the bills raised for the recovery of fees.

Interest income is accounted on an accrual basis except that no interest income is recognized on Non Performing / Doubtful assets, considering prudential norms for income recognition issued by Reserve Bank of India for Non-Banking Financial Companies. Interest income on such assets is recognised when the amount is received and appropriated towards interest.

Income from Brokerage activities is recognized as income on the trade date of the transaction. Related expenditure incurred for procuring business is accounted for as procurement expenses.

(iv) Stock-in-trade and Investments

(a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and shown as current assets. Other securities acquired with the intention of long-term holding are considered as 'Investments'.

(b) In respect of investments, brokerage and stamp duty payable are considered to arrive at the cost. However, in respect of securities held as stock-in-trade, brokerage and stamp duty are written off as revenue expenditure. Commission earned in respect of securities held as stock-in-trade and investments acquired from the primary market and on devolvement are adjusted from the cost of acquisition.

(c) The securities held as stock-in-trade under current assets are valued at cost or market/fair value, whichever is lower. In case of investments transferred to Stock-in-trade, carrying amount on the date of transfer is considered as cost. In case of unquoted shares fair value is taken at break-up value of shares as per the latest audited balance sheet of the concerned company. In case of debt instruments, fair value is worked out on the basis of yield to maturity rate selected considering quotes where available and credit profile of the issuer.

(d) The Investments are shown in balance sheet at cost. In case of quoted investments, provision for diminution in value of investments is made, if such diminution is of a permanent nature in the opinion of management.

(v) Repurchase and Resale Transactions (Repo)

Repo transactions are treated as purchase and sale of the securities as per RBI Guidelines and accordingly disclosed in the financial statements. The difference between purchase and sale consideration is treated as interest income or expenditure, as the case may be, over the period of the contract.

The difference between the sale price of the security offered under repo and its book value are shown under Current Assets / Liabilities in the Balance Sheet, as the case may be. In case, the sale price is lower than the book value the same is provided as loss on Security. In case, the sale price is higher than the book value, the differential gain is not recognised. Securities under repo/reverse repo are marked to market.

(vi) Zero Coupon Instruments

The difference between the acquisition price and maturity value of zero coupon instruments are treated as interest and is recognised as income over the remaining life of the instrument.

schedules

(vii) Fixed Assets and Depreciation

Fixed assets are stated at historical cost. Expenditure incurred on plumbing, flooring and other civil works at leased premises prior to its occupation by the company have been capitalized as "Improvement to Leasehold Property".

Depreciation on value of improvements to leasehold property is provided on straight line method at the rate determined, considering the period of lease or at the rate prescribed in Schedule XIV of the Companies Act, 1956, whichever is higher.

Depreciation on fixed assets other than leased assets and improvement to leasehold property is provided on written down method at the rate prescribed in Schedule XIV of the Companies Act, 1956.

Membership Rights of Stock Exchanges is treated as an asset and the value paid to acquire such rights is amortised over a period of 10 years.

(viii) Sundry debtors and creditors

Amounts receivable from and payable to clients for broking transactions are recognised on trade date basis and disclosed separately as sundry debtors and creditors.

(ix) Deferred Tax

The tax effects of significant temporary differences are reflected through a deferred tax Asset /Liability, which has been reflected in the Balance Sheet and the corresponding effect of the same is given in the Profit and Loss Account.

(x) Provision for doubtful Loans and Advances

The policy of provisioning against Non Performing Loans and Advances has been decided by the management considering prudential norms prescribed by the Reserve Bank of India for Non Banking Financial Companies except that amounts recovered subsequent to the balance sheet date have not been considered for provisioning. As per the policy adopted, the provision against sub standard assets are fixed on a conservative basis, taking into account management's perception of the higher risk associated with the business of the company. Certain Non Performing Loans and Advances are considered as loss assets and full provision has been made against such assets.

(xi) Miscellaneous Expenditure

Lease rentals and other revenue expenditure incurred on leased premises prior to occupation of the premises are amortized over the balance period of the lease, starting from the date of occupation of leased premises.

(xii) Foreign Currency Transactions

Expenses and income are recorded at the exchange rate prevailing on the date of transaction. Assets and Liabilities at the balance sheet date are restated at the exchange rate prevailing on the Balance Sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in the profit and loss account.

(xiii) Retirement Benefits

Provident Fund contribution is paid to the Provident Fund Commissioners' fund while gratuity is covered under schemes with Life Insurance Corporation (LIC) and contribution is made to LIC.

(xiv) Derivatives

- (a) Gains are recognized only on settlement / expiry of the derivative instruments.
- (b) All open positions are marked to market and the unrealized gains / loss are netted off on a scrip wise basis. Mark-to-market gains, if any, are not recognised.
- (c) Debit/ credit balance on open position are shown as current assets / current liabilities, as the case may be.

2. Contingent Liabilities

(a) Income tax matters disputed by the Company Rs. 128,800 thousand (Previous year - Rs. 110,960 thousand).

3. Notional Principal outstanding on account of Swaps / Forward Rate Agreements / Currency Swaps Rs. 384,765,890 thousand (Previous year - Rs. 161,846,230 thousand).

4. Related Party Disclosures

The Company being a finance company the transactions in the normal course of business have not been disclosed. The following are the details of other transactions with related parties: -

(Rs. in '000s)		
Name of the related Party	Type of Transactions	Amount
ICICI Bank Limited - The Holding Company	Establishment Expenses	103,500
	Dividend paid	907,680
	Procurement Expenses	1,290
	Interest expense	7,510
	Fee Income	500
	Brokerage Income	5,660
	Interest Income	7,420
	Guarantee Commission	370
ICICI Lombard General Insurance Co. Limited - Subsidiary of ICICI Bank Ltd	Establishment Expenses	2,130

The procedure for consolidation of Account is as per Accounting Standard - 21 in case of subsidiary companies. The list of subsidiary companies is given below.

- a. ICICI Securities Holdings Inc.
- b. ICICI Securities Inc

The company does not have any associate companies.

5. Segmental Disclosures

Internally evaluation of performance is based on two business segments - "Investment & Trading" and "Advisory & Transaction Services". These have been considered as a Primary reportable segment. The Company does not have any secondary reportable segment.

Following are the disclosures for the two identified segments. This being a finance company, interest and finance costs is allocated to each segment.

Segment wise Revenue, Results and Capital Employed for the year ended March 31, 2004

	March 31, 2004	March 31, 2003
Segment Revenue		
Investment and Trading	2,963,420	2,876,420
Advisory and Transaction Services	611,910	296,710
	<u>3,575,330</u>	<u>3,173,130</u>
Segment Results		
Investment and Trading	2,289,300	1,958,840
Advisory and Transaction Services	535,180	258,040
	<u>2,824,480</u>	<u>2,216,880</u>
Unallocable expenditure net off unallocable income	715,620	636,940
Profit before Taxation & Extraordinary items	2,108,860	1,579,940
Interest tax reversal of earlier years	108,700	—
Profit before tax	2,217,560	1,579,940
Less: Tax expense	571,130	498,130
Profit after tax	<u>1,646,430</u>	<u>1,081,810</u>
Segment Assets		
Investment and Trading	22,778,090	21,921,320
Advisory and Transaction Services	803,370	248,740
Unallocable assets	308,240	317,020
	<u>23,889,700</u>	<u>22,487,080</u>
Segment Liabilities		
Investment and Trading	(18,989,830)	(18,565,470)
Advisory and Transaction Services	(370,240)	(49,360)
Unallocable liabilities	(286,760)	(246,510)
	<u>(19,646,830)</u>	<u>(18,816,340)</u>
Cost of acquisition of Segment Assets		
Investment and Trading	—	—
Advisory and Transaction Services	130	250
	<u>130</u>	<u>250</u>

6. For the purpose of comparison, figures for the corresponding period of previous year have been given, which have been regrouped / reclassified wherever necessary.

Signatures to Schedules A to T

Per our Report attached For N.M.RAJI & CO. <i>Chartered Accountants</i>	For and on behalf of the Board	
J. M. GANDHI <i>Partner</i> Membership No.: 37924	K. V. KAMATH <i>Chairman</i>	ABHIJEET GUIN <i>Vice President & Head - Financials</i>
	LALITA D. GUPTA <i>Director</i>	S. MUKHERJI <i>Managing Director & CEO</i>
	ANDERSON POLLOCK <i>Company Secretary</i>	
Mumbai, April 22, 2004		

cash flow statements

for the year ended March 31, 2004

(Rs. in '000s) March 31, 2003

A. Cash Flow From Operating Activities

Profit Before Tax	2,108,860	1,579,940
- (Profit)/Loss on Sale of Fixed Assets	370	1,090
- Depreciation	15,530	17,070
- Provision for Wealth Tax	100	100
- Exchange adjustments	(4,470)	(1,300)
- Bad and Doubtful Debts (Net)	5,690	4,450
Operating Profit before Changes in Operating Assets and Liabilities	2,126,080	1,601,350
Adjustments for net change in Operating Assets and Liabilities		
- Current Assets excluding Cash & Cash Equivalents	(3,338,310)	(105,010)
- Loans and advances relating to Operations	502,210	(200,390)
- Current Liabilities relating to Operations	332,050	115,260
	(2,504,050)	(190,150)
Cash generated from Operations	(377,970)	1,411,200
Payment of Taxes (Net)	(569,230)	(347,570)
Net Cash from Operating Activities	(947,200)	1,063,630

B. Cash Flow From Investment Activities

- (Purchase) / Sale of Investments	1,753,920	(1,323,110)
- (Purchase) / Sale of Fixed Assets	(8,070)	(17,200)
Net cash used in Investment Activities	1,748,850	(1,340,310)

C. Cash Flow From Financing Activities

- Increase/ (Decrease) in Borrowings	(3,002,780)	108,740
- Proceeds from Issue of Debentures	3,450,500	954,360
- Dividends & Dividend Tax paid	(992,970)	(710,510)
Net Cash used in Financing Activities	(545,250)	352,590
Net Change in Cash & Cash Equivalents	253,390	75,900
Cash & Cash Equivalents at the beginning of the Period	211,780	135,880
Cash & Cash Equivalents at the end of the Period	465,170	211,780

Per our Report attached
For N.M. RAJJI & CO.
Chartered Accountants

J. M. GANDHI
Partner
Membership No.: 37924

Mumbai, April 22, 2004

ABHIJEET GUIN
Vice President & Head - Financials

ANDERSON POLLOCK
Company Secretary

For and on behalf of the Board

K. V. KAMATH
Chairman

LALITA D. GUPTA
Director

S. MUKHERJI
Managing Director & CEO