

## ICICI SECURITIES LIMITED

### 12TH ANNUAL REPORT AND ANNUAL ACCOUNTS 2006-2007

#### Directors

K. V. Kamath  
Kalpana Morparia  
Nachiket Mor  
S. Mukherji, *Chairman*  
Nitin Jain  
Paresh Shah  
Uday Chitale  
Subir Saha  
Anup Bagchi  
Anil Kaul

#### Auditors

S.R. Batliboi & Co.  
*Chartered Accountants*

Ranjan Prabhu  
*Company Secretary*

#### Registered Office

ICICI Centre  
H. T. Parekh Marg  
Churchgate  
Mumbai - 400 020

## directors' report

### to the members

The Directors take pleasure in presenting the Twelfth Annual Report of ICICI Securities Limited (the Company) with the audited Statement of Accounts for the year ended March 31, 2007.

#### CHANGE OF NAME

Pursuant to the resolution passed by the members at the Extraordinary General Meeting held on March 12, 2007, the Registrar of Companies, Maharashtra, accorded approval for the change in name of the Company from 'ICICI Brokerage Services Limited' to 'ICICI Securities Limited' effective March 26, 2007.

#### MERGER

ICICI Web Trade Limited (IWTL) merged with the Company with effect from October 1, 2006 (appointed date being April 1, 2006) and the exchange ratio was one equity share of Rs10 each of the Company for every eight shares held by the shareholders of IWTL. Accordingly, the paid-up share capital of the Company increased from Rs. 45 mn to Rs. 82.50 mn. As a result, the Company has ceased to be a wholly-owned subsidiary of ICICI Securities Primary Dealership Limited, which now holds 54.55% of the paid-up share capital of the Company. After the merger of IWTL with the Company, the Company is now engaged in both institutional and retail broking businesses.

The Reserve Bank of India (RBI) had vide its circular dated July 4, 2006 prohibited a Primary Dealer (PD) to have a step-down subsidiary in India and abroad. In view of this circular, ICICI Securities Primary Dealership Limited, the holding Company, was required to restructure its operations and ownership pattern. As per the plan of restructuring approved by RBI, the Merchant Banking activity, which is currently being carried on by ICICI Securities Primary Dealership Limited, will be carried on by the Company for which the Company has made application to Securities and Exchange Board of India (SEBI) to be registered as a Merchant Banker. Also, the holdings of ICICI Securities Primary Dealership Limited in the Company will be transferred to ICICI Bank Limited. As a result, the Company will cease to be a subsidiary of ICICI Securities Primary Dealership Limited and shall become the subsidiary of ICICI Bank Limited. The holdings of ICICI Securities Primary Dealership Limited in ICICI Securities Holdings, Inc. will be purchased by the Company. With this, the Company shall have a subsidiary in the form of ICICI Securities Holdings, Inc. and a step-down subsidiary in the form of ICICI Securities, Inc. After the completion of this process, the Company shall be engaged in the following activities:

- Broking (Institutional and Retail)
- Merchant Banking
- Underwriting

Necessary amendments in the object clause of the Memorandum of Association of the Company enabling it to carry on the abovementioned activities have been effected.

#### INDUSTRY OVERVIEW

Fiscal year 2006-2007 has been the fourth year of stellar growth performance with stable macro economic fundamentals that has only further increased the acceptance of India as a global power, helping Indian companies to make even larger acquisitions overseas. Confidence in the macro fundamentals was further reinforced by rating upgrade to investment grade from S&P, while Moody's and

Fitch had already done earlier. On the back of strong growth, the Indian equity bull run continued with the Sensex touching new highs and corporate sector experiencing record level of M&A deals led by Tatas, Hutch and Hindalco among others. The continued growth for a record period in succession attracted strong capital flows helping finance the current account deficit (expected to be in range of US\$ 15-20 bn in FY 2007 against US\$ 10.4bn in FY 2006) and provide stability to Balance of Payments during the year.

With India expected to turn into a US\$1 trn economy by March 2008, the J-curves of growth are being witnessed in more and more sectors, ranging from retail to aviation. There was a record addition of 7mn cellular subscribers in March 2007. India is also steadily emerging as a manufacturing hub in specific products such as small cars, engineering and electronics, to name a few, as large domestic market supported by active Government policies lures investors. This would acquire further momentum as SEZ policy is fine tuned and rolled out in current financial year. Public private partnership remains the driving force for infrastructure creation with global private equity investors lining up US\$ 5bn for investments into the sector. Successful bidding for ultra mega power plants (UMPP) has been another highlight of the sector.

Sustained high growth momentum in the economy has put pressure on inflation with lower-than-expected food grain production also contributing to supply side pressure. Bank credit growth has again turned in a stellar number at 30% levels for the third year in succession, leading to overheating worries. However, timely monetary steps by the central bank over the past year are expected to contain demand-side pressure on inflation and sustain the growth momentum.

Market capitalisation rose 15% to Rs. 35 trn amounting to 87% of GDP. Total FI trading volumes rose to Rs. 9.8 trn from Rs. 6.4 trn in FY 2006, while domestic mutual fund volumes increased to Rs. 2.6 trn (Rs. 1.8 trn in FY 2006). The competition in the equity broking industry has intensified with the entry of leading global names such as Goldman, CSFB, Lehman and Macquarie, resulting in falling commission rates. Along with pressures on market share, the entry of new players has also raised attrition levels to new highs. Against a tough competitive environment, the equities business maintained the market share and 30 new institutional clients were added to our roster. The investors' conference at Singapore and New York witnessed excellent responses from investors across the globe. The Singapore conference was extended to Hong Kong for a day, gleaming very favourable response from investors. The 'India Unlimited' conference was hosted in London for the first time, thereby helping build franchise in European markets and win several new clients. All this would not have been possible without the Herculean effort from the sales and research team even in the face of human resource pressures.

#### FINANCIAL HIGHLIGHTS

	(Rs. in million)	
	Fiscal 2007	Fiscal 2006
Gross Income	<b>4,379.05</b>	712.74
Profit before Tax	<b>956.24</b>	325.26
Provision for Tax	<b>330.57</b>	114.32
Profit after Tax	<b>625.67</b>	210.94



# directors' report



Continued **i-SEC**

## DIVIDEND

During the year, the Company declared four interim dividends aggregating 420% and amounting to Rs. 241.53 mn. In addition to this, before the merger of IWTL with the Company, IWTL had declared two interim dividends aggregating to 103.36% and amounting to Rs. 310.08 mn. The Directors are pleased to recommend the aggregate of interim dividends at Rs. 551.61 mn as final dividend for the year.

## OPERATIONAL REVIEW

The Company also recorded an all-time high revenue of Rs. 4,379.05 mn, a growth of 514.40% over the previous year. The growth in revenues is on account of the merger of IWTL with the Company.

The derivatives segment continues to do extremely well even in the face of increased competition during the year. The Company is fully geared to capitalise on the growth opportunities available in the market.

## OUTLOOK

Looking ahead, the secular India growth story is very well established with growth expected at 8%+ levels. The demographic dividend with more number of people joining the work force than before would result in higher savings rate leading to higher investments. A triple wealth effect (gold, equities & real estate) is buoying household sentiment and the outsourcing story is not only deepening in software and biotech but also widening in scope across other sectors as well.

After a stellar performance of the markets for the fourth successive year in a row, the scope for appreciation may be slightly lower given the rising cost of capital as the central bank removes the monetary accommodation. Even though, the confidence on sustained economic growth of India remains intact, the investment community no longer perceives India as a 'value market'. Add to it the fact that the current fiscal year would witness some of the mega-IPOs, resulting in diverting liquidity from secondary to primary market. The silver lining is in the form of opportunities in wider market as several sectors underperformed in the previous year and we expect foreign institutional investments close to levels attained in the previous fiscal. The year ahead brings greater opportunities but not without challenges in terms of delivery and regaining market share. As we commence the new fiscal year, the investor sentiment is seen to be moving from exuberant to cautious.

The derivatives market, too, holds immense promise and the Company expects it to continue to witness significant volume increases in the next few years.

Over the years, the Company has successfully been able to develop the image of a house with an independent view and insightful research that is able to provide local flavour to clients. The investors' conferences in Singapore and New York are now well established events attracting record number of corporates and international investors. The previous year also saw the conference being introduced in Europe and Hong Kong. On the back of this increased popularity, the Company remains confident of further deepening and broadening client relationships across geographies.

## PUBLIC DEPOSITS

During the year, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956.

## INCREASE IN AUTHORISED SHARE CAPITAL

During the year, the Authorised Share Capital of the Company increased from Rs. 250 mn to Rs. 650 mn.

## DIRECTORS

T.S. Baskaran and Devesh Kumar resigned from the Board during the year. The Board places on record its appreciation for the valuable services rendered by them. During the year, Uday Chitale, Anup Bagchi and Subir Saha were appointed on the Board of the Company as Directors. Anil Kaul was appointed as Additional Director with effect from August 9, 2006 and K.V. Kamath, Kalpana Morparia and Nachiket Mor were appointed on the Board of the Company as Additional Directors with effect from April 4, 2007. In terms of Section 260 of the Companies Act, 1956, they hold office as Additional Directors upto the forthcoming Annual General Meeting of the Company and being eligible offer themselves for appointment as Directors.

In terms of the provisions of the Articles of Association of the Company, Nitin Jain and Subir Saha, Directors will retire by rotation at the ensuing Annual

General Meeting of the Company and being eligible, offer themselves for re-appointment.

## AUDITORS

The Statutory Auditors, S. R. Batliboi & Co., Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting. The Board at its meeting held on April 23, 2007 has proposed their re-appointment as Auditors to audit the accounts of the Company for the year ending on March 31, 2008. S. R. Batliboi & Co., the retiring Auditors, have indicated their willingness to be re-appointed. You are requested to consider their re-appointment.

## FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

During 2006-2007, expenditure in foreign currencies amounted to Rs 37.26 mn (previous year Rs. 54.42 mn). There were no earnings in foreign currencies during the year.

## PERSONNEL AND OTHER MATTERS

There are no employees within the purview of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Since the Company does not own any manufacturing facility, the disclosure of information relating to conservation of energy and technology absorption to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable and hence not given.

## AUDIT COMMITTEE

During the year, an Audit Committee comprising of Uday Chitale, Anup Bagchi and S. Mukherji as its members was constituted. Uday Chitale, Director, is the Chairman of Audit Committee. The functions of the Committee include reviewing the half-yearly and annual accounts, internal control systems and significant accounting policies of the Company and discussing the audit findings and recommendations of the internal and statutory auditors.

## DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors of the Company confirm-

1. that the applicable accounting standards have been followed in preparation of final accounts and that there are no material departures;
2. that such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the profit of the Company for the period ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on a going concern basis.

## ACKNOWLEDGEMENTS

The Directors thank the clients, Securities and Exchange Board of India, Bombay Stock Exchange Limited, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and its bankers for their continued support to the Company.

The Directors express their gratitude for the unstinted support and guidance received from its shareholders, ICICI Bank Limited and other group companies.

The Directors also express their sincere thanks and appreciation to all the employees for their commendable teamwork, professionalism and contribution during the year.

For and on behalf of the Board

S. MUKHERJI  
Chairman

Mumbai, April 23, 2007



# auditors' report

## to the Members of ICICI Securities Limited (formerly known as ICICI Brokerage Services Limited)

1. We have audited the attached Balance Sheet of ICICI Securities Limited (formerly known as ICICI Brokerage Services Limited) ('the Company') as at March 31, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. 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 those books;
- iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v. On the basis of the written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
  - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.  
Chartered Accountants

per VIJAY MANIAR  
Partner

Membership No.: 36738

Mumbai, April 23, 2007

# annexure to the auditors' report

## annexure referred to in paragraph 3 of our report of even date

### Re: ICICI Securities Limited (formerly known as ICICI Brokerage Services Limited)

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets, except those pertaining to retail operations were physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification. *Fixed Assets pertaining to retail operations have not been physically verified by the management during the year, hence, we are unable to comment on the discrepancies, if any.*
  - (c) There was no substantial disposal of fixed assets during the year.
- (ii)
  - (a) The Company does not hold any securities in physical form. The securities held as stock in trade by the custodian are verified with the confirmation statement received from them on a regular basis. In our opinion, the frequency of such verification is reasonable.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory and no discrepancies were noticed on comparing the statement from custodian with book records.
- (iii) As informed, the Company has not granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of securities and fixed assets and for the sale of securities and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system, *the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.*
- (viii) The provision of clause (viii) of the Order is not applicable to the Company in the year under audit and hence not reported upon.
- (ix)
  - (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases of payment of income tax, service tax and provident fund.* The provisions of Investor Education and Protection Fund, customs duty, excise duty and cess are not applicable to the Company in the current year.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.



# annexure to the auditors' report



annexure referred to in paragraph 3 of our report of even date

i-SEC

Name of the statute	Nature of dues	Amount (Rs. in thousand)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of client introduction fees, Client Assistance Charges, etc.	142,430	AY 2002-03 to 2005-06	CIT (Appeals)

The shares, securities, debentures and other investments have been held by the Company, in its own name.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year. For this purpose loans with repayment periods beyond 36 months are considered as long-term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has unsecured debentures outstanding during the year on which no security or charge is required to be created.
- (xx) The Company has not raised any money through a public issue.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & CO.  
Chartered Accountants

per VIJAY MANIAR  
Partner

Membership No.: 36738

Mumbai, April 23, 2007



# balance sheet

# profit and loss account

as at March 31, 2007

for the year ended March 31, 2007

	Schedule	(Rs. in 000's)	March 31, 2006		Schedule	(Rs. in 000's)	March 31, 2006
<b>SOURCES OF FUNDS</b>				<b>INCOME FROM OPERATIONS</b>			
<b>1. Shareholders' Funds</b>				(a) Brokerage Income		3,677,280.00	693,510.00
A. Share Capital	A	82,510.00	45,010.00	(b) Income from other services		464,190.00	–
B. Reserves & Surplus	B	783,294.81	440,270.00	(c) Interest Income	M	93,560.00	19,830.00
		865,804.81	485,280.00	(d) Other Income	N	15,220.00	1,320.00
<b>2. Loan Funds</b>				(e) Profit/(Loss) on Securities (Net)	O	128,795.22	(1,920.00)
Secured Loans	C	300,000.00	–			4,379,045.22	712,740.00
Unsecured Loans	D	1,245,781.52	80,000.00	Less: Financial Charges and Operating Expenses	P	1,872,280.00	124,710.00
<b>3. Deferred Tax Liability</b>		–	2,470.00			2,506,765.22	588,030.00
		2,411,586.33	567,750.00				
<b>APPLICATION OF FUNDS</b>				<b>EXPENDITURE</b>			
<b>1. Fixed Assets</b>				(a) Payments to and provisions for Employees	Q	527,800.00	148,550.00
A. Gross Block	E	622,600.00	42,550.00	(b) Establishment and other Expenses	R	925,200.00	106,320.00
Less: Accumulated depreciation/ amortisation		332,220.00	15,530.00	(c) Depreciation		97,530.00	7,900.00
Net Block		290,380.00	27,020.00			1,550,530.00	262,770.00
B. Capital Work-in-Progress		93,878.37	320.00	<b>Profit Before Taxation</b>		956,235.22	325,260.00
		384,258.37	27,340.00	Less: Provision for current income-tax		350,000.00	110,000.00
<b>2. Investments</b>	F	10,600.00	10.00	Deferred tax		(31,440.00)	1,590.00
<b>3. Current Assets, Loans &amp; Advances</b>				Fringe Benefit tax		12,010.00	2,730.00
<b>A. Current Assets -</b>				<b>Profit after Taxation</b>		625,665.22	210,940.00
(a) Interest Accrued	G	69,110.00	6,850.00	<b>Brought forward from previous years</b>		463,441.69	419,220.00
(b) Securities held as Stock-in-Trade	H	11,720.00	–	<b>Amount available for appropriations</b>		1,089,106.91	630,160.00
(b) Sundry Debtors	I	540,450.00	1,082,890.00	Transfer to General Reserve		61,240.00	21,090.00
(c) Cash & Bank Balances	J	2,235,040.00	360,780.00	Transfer from Investor Contingency Reserve		15,217.90	–
<b>B. Loans &amp; Advances</b>	K	648,380.00	187,920.00	Interim Dividend		551,610.00	166,530.00
		3,504,700.00	1,638,440.00	Tax on Dividend		77,360.00	23,360.00
Less: Current Liabilities & Provisions :				Balance carried to Balance Sheet		414,114.81	419,180.00
(a) Current Liabilities	L	1,501,212.04	1,098,040.00	<b>Earnings per share (Basic &amp; Diluted)</b>		98.13	46.87
(b) Provisions		14,900.00	–	<b>Notes to Accounts</b>	S		
Net Current Assets		1,988,587.96	540,400.00				
<b>4. Deferred Tax Asset</b>		28,140.00	–				
		2,411,586.33	567,750.00				
<b>Notes to Accounts</b>	S						

This is the Balance Sheet referred to in our report of even date.

This is the Profit and Loss Account referred to in our report of even date.

For S. R. BATLIBOI & CO.  
Chartered Accountants

For and on behalf of the Board

per VIJAY MANIAR  
Partner  
Membership No.: 36738

S. MUKHERJI  
Chairman

ABHIJEET GUIN  
Vice President  
Finance & Accounts

RANJAN PRABHU  
Company Secretary

ANUP BAGCHI  
Director

Mumbai, April 23, 2007



# schedules



forming part of the Accounts

i-SEC

	(Rs. in 000's)	March 31, 2006	(Rs. in 000's)	March 31, 2006
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## SCHEDULE "A" - SHARE CAPITAL

### Authorised:

65,000,000 Equity Shares of Rs. 10 each	<u>650,000.00</u>	<u>250,000.00</u>
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### Issued:

8,250,700 (Previous year 4,500,700) Equity Shares of Rs. 10 each	<u>82,510.00</u>	<u>45,010.00</u>
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### Subscribed & Paid-up:

8,250,700 (Previous year 4,500,700) Equity Shares of Rs. 10 each	<u>82,510.00</u>	<u>45,010.00</u>
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## SCHEDULE "B" - RESERVES AND SURPLUS

	Balance as on April 1, 2006	Additions/ transfer during the year	Deductions/ transfers during the year	As at March 31, 2007	As at March 31, 2006
Securities Premium Account	262,500.00	-	-	262,500.00	-
General Reserve	35,430.00	61,240.00	-	96,680.00	21,090.00
Profit and Loss Account	463,441.69	640,883.12	690,210.00	414,114.81	419,180.00
Investors Contingency Fund	25,220.00	-	15,217.90	10,000.00	-
<b>TOTAL</b>	<u>786,591.69</u>			<u>783,294.81</u>	<u>440,270.00</u>

## SCHEDULE "C" - SECURED LOANS

Secured Loan from Standard Chartered Bank	<u>300,000.00</u>	-
	<u>300,000.00</u>	-

## SCHEDULE "D" - UNSECURED LOANS

Unsecured Debentures	<u>250,000.00</u>	-
Cash Credit	<u>995,781.52</u>	<u>80,000.00</u>
	<u>1,245,781.52</u>	<u>80,000.00</u>

## SCHEDULE "E" - FIXED ASSETS

(Rs. in 000's)

	Gross Block (At Cost)				Accumulated Depreciation				Net Block	
	April 1, 2006	Additions	Sale/Adj.	March 31, 2007	April 1, 2006	Additions	Sale/Adj.	March 31, 2007	March 31, 2007	March 31, 2006
<b>TANGIBLE</b>										
Computers	182,342.58	81,130.24	143.06	263,329.76	101,035.82	49,301.71	75.56	150,261.97	113,067.79	5,362.00
Furnitures and Fixures	20,247.50	68,576.69	-	88,824.18	2,358.03	10,577.03	-	12,935.06	75,889.12	-
Office Equipment	26,978.40	23,266.37	10.00	50,234.77	3,519.55	5,858.61	6.70	9,371.46	40,863.31	-
Vehicles	732.67	-	732.67	-	349.18	49.78	398.96	-	-	-
BSE Membership Rights	43,271.11	-	43,271.11	-	21,951.71	3,096.48	25,048.19	-	-	2,930.00
<b>INTANGIBLE</b>										
Software	172,273.17	48,018.12	80.00	220,211.29	132,076.88	27,640.37	70.00	159,647.26	60,559.78	18,730.00
<b>Total</b>	<u>445,845.43</u>	<u>220,991.41</u>	<u>44,236.84</u>	<u>622,600.00</u>	<u>261,291.18</u>	<u>96,523.99</u>	<u>25,599.41</u>	<u>332,220.00</u>	<u>290,380.00</u>	<u>27,020.00</u>
Capital Work-in-Progress	3,480.00	509,003.78	418,605.41	93,878.37	-	-	-	-	93,878.37	-
<b>Net Block</b>	<u>449,325.43</u>	<u>729,995.19</u>	<u>462,842.25</u>	<u>716,478.37</u>	<u>261,291.18</u>	<u>96,523.99</u>	<u>25,599.41</u>	<u>332,220.00</u>	<u>384,258.37</u>	<u>27,020.00</u>
Previous Period	12,394.00	30,160.00	-	42,554.00	7,628.00	7,901.00	-	15,529.00	27,015.00	4,760.00

## SCHEDULE "F" - INVESTMENTS - LONG-TERM

(AT COST, QUOTED UNLESS OTHERWISE STATED)

(Rs. in 000's)

Name of the Company	Quantity in thousands	Face Value per unit (Rs.)	As at March 31, 2007	As at March 3, 2006
<b>Unquoted</b>				
Shares of BSE Ltd.	10 (Nil)	1.00	10.00	10.00
Investors' Contingency Fund			10,590.00	-
<b>Total</b>			<u>10,600.00</u>	<u>10.00</u>

### Note:

The aggregate cost of the unquoted investments as at March 31, 2007 is Re. 1 (Previous period - Rs. Nil).

## SCHEDULE "G" - INTEREST ACCRUED

On Stock-in-Trade	<u>260.00</u>	-
On Fixed Deposits	<u>68,850.00</u>	<u>6,850.00</u>
<b>Total</b>	<u>69,110.00</u>	<u>6,850.00</u>

## SCHEDULE "H" - SECURITIES HELD AS STOCK-IN-TRADE

(Quoted unless otherwise stated):

### SHARES

India Cements Limited	Nil (551,000)	-	5,530.00
Infosys Technologies Limited	Nil (50)	-	30.00
Tata Steel Limited	250,000 (Nil)	11,240.00	-
Mutual Fund Units		493.45	-
<b>Total</b>		<u>11,720.00</u>	<u>5,560.00</u>

**Note :** The aggregate carrying value and market value of quoted securities as at March 31, 2007 is Rs. 16,250 thousand and Rs.11,230 thousand (Previous period - Nil).



# schedules

forming part of the Accounts

Continued

	(Rs. in 000's)	March 31, 2006		(Rs. in 000's)	March 31, 2006
<b>SCHEDULE "I" - SUNDRY DEBTORS (UNSECURED)</b>			<b>SCHEDULE "M" - INTEREST INCOME</b>		
<b>Considered Good</b>			Interest income on Fixed Deposits/ Application Money	<b>92,890.00</b>	19,710.00
<b>(less than six months)</b>			Interest on Securities held as Stock-in-Trade	<b>360.00</b>	120.00
Trades executed but not settled	<b>467,470.00</b>	1,081,850.00	Interest Income on Other Advances & Deposits	<b>310.00</b>	—
Other Receivables	<b>123,710.00</b>	1,040.00	<b>Total</b>	<b>93,560.00</b>	19,830.00
Provision for Doubtful Debt	<b>(50,730.00)</b>	—			
	<b>540,450.00</b>	1,082,890.00			
<b>SCHEDULE "J" - CASH AND BANK BALANCES</b>			<b>SCHEDULE "N" - OTHER INCOME</b>		
Cash & Cheques on hand	<b>11,090.00</b>	—	Financial Advisory Services	—	1,000.00
In Current Accounts with Scheduled Banks	<b>448,130.00</b>	102,940.00	Dividend Income	<b>782.72</b>	—
Fixed Deposits with Scheduled Banks	<b>34,866.00</b>	—	Miscellaneous Income	<b>14,441.07</b>	320.00
	<b>494,086.00</b>	102,940.00	<b>Total</b>	<b>15,220.00</b>	1,320.00
Fixed Deposits with Scheduled Banks (Under Lien)	<b>1,740,954.00</b>	257,840.00			
(Under lien with Stock Exchanges Rs. 62,380 thousand previous period Rs. 66,130 thousand and collateral security towards bank guarantees issued Rs. 218,970 thousand, previous period Rs. 191,710 thousand)					
<b>Total</b>	<b>2,235,040.00</b>	360,780.00			
<b>SCHEDULE "K" - LOANS AND ADVANCES (Unsecured and Considered Good)</b>			<b>SCHEDULE "O" - PROFIT/(LOSS) ON SECURITIES (NET)</b>		
<b>Advances:</b>			Profit on Stock-in-Trade	<b>22,211.11</b>	(1,920.00)
(Recoverable in cash or in kind or for value to be received)			Profit on Sale of Investments	<b>106,584.11</b>	—
Deposit with stock exchanges	<b>54,660.00</b>	121,840.00	<b>Total</b>	<b>128,795.22</b>	(1,920.00)
Security Deposit for Leased Premises	<b>192,840.00</b>	—			
Other advances and deposits	<b>197,520.00</b>	4,140.00			
Share Application Money	<b>44,950.00</b>	—			
Advance Tax (net of Provisions)	<b>158,410.00</b>	61,940.00			
<b>Total</b>	<b>648,380.00</b>	187,920.00			
<b>SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS</b>			<b>SCHEDULE "P" - FINANCIAL CHARGES AND OPERATING EXPENSES</b>		
<b>CURRENT LIABILITIES</b>			Interest on Fixed Loans	<b>157,010.00</b>	6,760.00
Interest accrued but not due	<b>7,480.00</b>	260.00	Procurement Expenses	<b>328,870.00</b>	53,280.00
Trades executed but not settled	<b>622,060.00</b>	975,100.00	Turnover Fees	<b>470.00</b>	30.00
Other Sundry Creditors	<b>638,740.00</b>	37,690.00	Transaction Charges	<b>3,130.00</b>	21,560.00
Other Liabilities	<b>232,932.04</b>	84,990.00	Custodial and Depository Charges	<b>444,610.00</b>	2,350.00
<b>Total</b>	<b>1,501,212.04</b>	1,098,040.00	Clients Assistance Charges	<b>569,780.00</b>	—
			Call Centre Charges - Policy Issuance Related	<b>54,090.00</b>	—
			Franking Charges	<b>155,160.00</b>	—
			Rating Agency Fees	<b>530.00</b>	—
			Guarantee Commission	<b>3,350.00</b>	3,370.00
			Stamp Duty	<b>1,910.00</b>	37,070.00
			Bank Charges	<b>38,240.00</b>	290.00
			Doubtful Debts Written Off/Provided	<b>115,130.00</b>	—
			<b>Total</b>	<b>1,872,280.00</b>	124,710.00
<b>SCHEDULE "Q" - PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>					
<b>PROVISIONS</b>			Salaries, Wages and Incentive	<b>489,270.00</b>	145,210.00
Provision for Gratuity	<b>14,900.00</b>	—	Contribution to Provident and other Funds	<b>20,800.00</b>	—
<b>Total</b>	<b>14,900.00</b>	—	Staff Welfare Expenses	<b>17,730.00</b>	3,340.00
			<b>Total</b>	<b>527,800.00</b>	148,550.00

Includes amount payable to SSI units Rs. Nil (Previous year Rs. Nil)



# schedules

(Rs. in 000's) *March 31,  
2006*

## SCHEDULE "R" - ESTABLISHMENT AND OTHER EXPENSES

Rent & Amenities	221,010.00	20,500.00
Insurance	10,130.00	490.00
Business Promotion, Travelling and Conveyance Expenses	83,270.00	32,120.00
Repairs, Maintenance & Upkeep	11,370.00	3,640.00
Rates & Taxes	27,890.00	1,240.00
Electricity Expenses	16,550.00	2,020.00
Communication Expenses	173,770.00	8,080.00
Loss / (Profit) on Sale of Fixed Assets	17,240.00	—
Advertisement & Publicity	102,560.00	—
Printing & Stationery	81,050.00	6,270.00
Subscription & Periodicals	32,440.00	17,220.00
Professional Fees	21,790.00	11,030.00
Auditors' Remuneration	2,030.00	1,030.00
Miscellaneous Expenses	124,100.00	2,680.00
<b>Total</b>	<b>925,200.00</b>	<b>106,320.00</b>

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

### 1. Significant Accounting Policies

#### (i) Basis of Preparation

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

#### Changes in Accounting Policies

There is a change in accounting policy as regards accounting of brokerage income w.e.f April 2006. The brokerage income was accounted gross of stamp duty, transaction charges, other exchange dues and net of service tax. W.e.f. April 1, 2006, the brokerage income is accounted net of stamp duty, transaction charges, other exchanges dues and service tax.

#### (ii) Revenue Recognition

- Brokerage income in relation to stock broking activity is recognized on the trade date of transaction. In respect of unsettled trades, amounts receivable from and payable to clients for broking transactions are disclosed separately as Trades executed but not settled. Brokerage income in relation to public issues/other securities is recognized based on mobilization and intimation received from clients/intermediaries.
- Gains/losses on dealing in securities are recognized on trade date.

#### (iii) Stock-in-Trade

- The securities acquired with the intention of short-term holding and trading is classified as stock-in-trade.
- The securities held as stock-in-trade under current assets are valued at lower of cost arrived at on weighted average basis or market/fair value, computed category-wise.

#### (iv) Investments

- The securities acquired with the intention of holding till maturity or for a longer period are classified as investments.
- The investments are shown in balance sheet at cost on a weighted average basis. Appropriate provision for diminution in

value is made to recognise a decline other than temporary in the value of the investments.

#### (v) Derivatives

- All open positions are marked to market.
- Gains are recognized only on settlement/expiry of the derivative instruments.
- Receivables/Payables on open position are disclosed as current assets/current liabilities, as the case may be.

#### (vi) Fixed Assets and Depreciation/Amortisation

- Fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for intended use.
- Depreciation on fixed assets is provided on written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts and when carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

#### (vii) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income-tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### (viii) Foreign Currency Translations

##### (a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### (b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

##### (c) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on a monetary item that, in substance, form part of company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.



**(ix) Segment Reporting**

Segment information is disclosed in the consolidated financial statement and hence not furnished in the separate financial statement.

**(x) Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

**(xi) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**(xii) Long-Term Incentive Scheme**

Accounting for Long-Term Incentive Scheme (the scheme) is done as per intrinsic value method specified in the guidance note on Accounting for Employee share based payments. Intrinsic value at each reporting date is calculated using the price/earnings method of valuation given in the scheme for measuring benefits accrued to the employees.

**2. Deferred Tax**

The break-up of deferred tax assets and liabilities into major components as on the Balance Sheet date is as follows:

(Rs. in 000's)

	2006-07	2005-06
<b>Deferred Tax Liability</b>		
Depreciation	19,610	2,470
<b>Less: Deferred Tax Assets</b>		
Prov. for Leave Encashment	1,880	—
Prov. for Debtors NPA and Advances	37,330	—
Provision for Gratuity	5,060	—
Expenditure on amalgamation S - 35DD	3,480	—
<b>Total</b>	<b>28,140</b>	<b>2,470</b>

**3. Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 33,370 thousand (Previous year – Rs. 18,400 thousand).

**4. Contingent Liabilities**

Income tax matters disputed by the Company are Rs.148,560 thousand (Previous year – Rs. 50,110 thousand).

**5. Retirement Benefits**

Short-term compensated absences are provided for on based on estimates. Long-term compensated absences are provided for based on actuarial valuation.

(Rs. in 000's)

	2006-07	2005-06
<b>6. Auditors' remuneration</b>		
(a) Audit Fees	1,400	700
(b) Tax Audit & Certification Fees	200	300
(c) Certification	400	—
(d) Out of pocket expenses	30	30
	<b>2,030</b>	<b>1,030</b>
<b>7. Expenditure in foreign currency</b> (Procurement & Other expenses)	<b>37,260</b>	<b>54,420</b>

**8. Related Party Disclosures**

The following are the details of transactions with related parties:

(Rs. in 000's)

Name of the Related Party	Type of Transactions	2006-07	2005-06
ICICI Bank Ltd. – The Parent Company	Brokerage Income	4,160	11,620
	Interest Income	36,100	11,620
	Financial Charges and Operating expenses	4,630	6,380
	Establishment and other expenses	48,400	620
	Bank Balance	(269,220)	17,390
	Fixed Deposits	428,470	116,130
	Interest Accrued	18,850	4,950
	Sundry Debtors	—	520
	Loans & Advances	780	290
	Secured Loans	—	80,000
	Current Liabilities	560	710
	Common Corporate Expenses	8,630	—
	Client Assistance Charges	486,580	—
	Salary Deputation	93,600	—
	IBG Fee	82,900	—
	Call Centre Charges	54,090	—
	Interest paid	85,860	—
	Dividend (ICICI Trusteeship Services Ltd.)	310,080	—
ICICI Securities Inc. – Fellow Subsidiary	Brokerage Income	5,800	8,620
	Dividend paid	189,030	166,530
	Sundry Debtors	91,400	417,090
	Current Liabilities	7,870	200,890
	Share Capital	45,010	45,010
ICICI Securities Inc. – Fellow Subsidiary	Financial Charges & Operating Expenses	25,840	37,500
	Current Liabilities	1,390	5,480
ICICI Prudential Life Insurance Co. Ltd. – Subsidiary of ICICI Bank Ltd.	Brokerage Income	24,610	12,470
	Current Liabilities	—	—
ICICI Lombard General Insurance Co. Ltd. – Subsidiary of ICICI Bank Ltd.	Brokerage Income	1,110	1,330
	Other Income	—	—
	Establishment Expenses	530	—
	Loans and advances	—	230
Prudential ICICI Asset Management Co. Ltd. – Subsidiary of ICICI Bank Ltd.	Brokerage Income	9,180	—
ICICI Bank Ltd. Prudential ICICI Trust Limited – Subsidiary of ICICI Bank Ltd.	Brokerage Income	4,320	—
ICICI International Ltd. – Subsidiary of ICICI Bank Ltd.	Brokerage Income	610	—



# schedules



forming part of the Accounts

Continued **i-SEC**

(Rs. in 000's)

## 9. Earnings per equity share (EPS)

EPS has been calculated based on the net profit after taxation of Rs. 625,670 thousand (previous year Rs. 210,940 thousand) and the weighted average number of equity shares outstanding during the year of 6,375.70 thousand (previous year 4,500.7 thousand).

## 10. Long-Term Incentive Scheme

The Company approved a Long Term Incentive Scheme (the scheme) for employees in the last year. As per the scheme, long-term incentive units (incentive units) are granted to employees, which vests over a vesting period specified in the scheme. Each incentive unit is equal to one notional share of ICICI Securities Primary Dealership Ltd. (The Holding Company).

With respect to the incentive units granted to the employees, the Company has provided Rs. 7,410 thousand using the price/earnings method of valuation given in the scheme for measuring benefits accrued to the employees. The number of incentive units forfeited/exercised during the year is 1,03,534. The intrinsic value of each incentive unit granted in the scheme is Rs.145.98 as at March 31, 2007.

Details of scheme are as follows:

Opening Units	Additional/Granted	Forfeited/Exercised	Closing
1,59,753	-	1,03,534	56,219

## 11. Amalgamation of ICICI Web Trade Ltd. with the Company

Pursuant to the Scheme of Amalgamation ( the Scheme) under sections 391 to 394 of the Companies Act, 1956, with effect from April 1, 2006 (the Appointed Date) ICICI Web Trade Limited (herein after referred to as IWTL) have been amalgamated with the company.

The effective date of the Scheme for the merger of IWTL as approved by Hon'ble High Court of Mumbai is October 1, 2006.

The Scheme is operative from the Appointment date i.e. April 1, 2006.

- In the terms of the Scheme, all assets and liabilities of IWTL have been transferred and stand vested with the Company with effect from the Appointment date at book value on that date. IWTL carried on all its business and activities for the benefit of and in trust for, the Company from the Appointment Date. Thus, the profit or income accruing or arising to IWTL, or expenditure or losses arising or incurred by them from the Appointment Date are treated as the profit or income or expenditure or losses as the case may be, of the Company. The Scheme has accordingly been given effect to in these accounts.
- The amalgamation have been accounted for under the "Pooling of Interest method" as prescribed by Accounting Standard 14 – Accounting for Amalgamations (AS 14) issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, the assets, liabilities and reserves of IWTL have been taken over at book value on the Appointment Date.
- In terms of Scheme, the Company has acquired assets having Net

Book Value of Rs. 383.81 thousand, as detailed hereunder:

Fixed Assets (Net including CWIP)	161,000
Investments	55,290
Currents Assets	8,606,830
<b>Total Assets</b>	<b>8,823,120</b>
Loans	510,930
Deferred Tax Liability	840
Current Liabilities and Provisions	7,927,540
<b>Total Liabilities</b>	<b>8,439,310</b>
<b>Net Book Value</b>	<b>383,810</b>

- The difference between the consideration of Rs. 37,500 thousand (being face value of Equity Shares of the Company issued) for amalgamation and the Net Book Value, after adjusting reserves of IWTL is transferred to Securities Premium Account, in accordance with the Scheme, as detailed hereunder:

(Rs. in 000's)

Net Book Value	383,810
Less: Investor Contingency Reserve considered as Investor Contingency Reserve of the Company	25,220
Less: General Reserves considered as General Reserves of the Company	14,340
Less: Profit & Loss account considered as profit and Loss account of the Company	44,250
<b>Balance</b>	<b>300,000</b>
Less: Issue of Equity Shares	37,500
<b>The balance transferred to Securities Premium Account of the Company</b>	<b>262,500</b>

- 37,50,000 Equity Shares of Rs. 10 each of the Company are issued to the share holder of IWTL in the ratio of 1 (one) fully paid up Equity Share of Rs. 10 each of the Company for every 8 (eight) fully paid up Equity Share of Rs. 10 each held in IWTL. Details of equity shares exchanged are as under:

Number of Equity Shares of IWTL	% of IWTL Equity Shares Exchanged	Number of Equity Shares of the Company	% of Company's Equity Shares Exchanged
3,00,00,000	100%	37,50,000	45.45%

- In the terms of the Scheme, the Equity Shares allotted by the Company shall rank *pari-passu* in all respects with existing Equity Shares of the Company.
- In view of the aforesaid amalgamation with effect from April 1, 2006, the figures for the current year are not comparable to those of the previous year.

12. For the purpose of comparison, figures for the previous year have been

## Signature to Schedules A to S

Per our Report attached  
For S. R. BATLIBOI & CO.  
Chartered Accountants

For and on behalf of the Board

S. MUKHERJI  
Chairman

per VIJAY MANIAR  
Partner  
Membership No.: 36738

ABHIJEET GUIN  
Vice President  
Finance & Accounts

RANJAN PRABHU  
Company Secretary

ANUP BAGCHI  
Director

Mumbai, April 23, 2007



# cash flow statements

for the year ended March 31, 2007

(Rs. in 000's) March 31,  
2006

given, which have been regrouped/reclassified wherever necessary.

## A. Cash Flow From Operating Activities

Profit Before Tax	956,235.22	118,160.00
- (Profit)/Loss on Sale of Fixed Assets	17,240.00	-
- Depreciation	97,530.00	2,250.00
- Exchange adjustments	-	-
- Bad and Doubtful Debts (Net)	-	-
Operating Profit before Changes in Operating Assets and Liabilities	1,071,005.22	120,410.00
Adjustments for net change in Operating Assets and Liabilities		
- Current Assets excluding Cash and Cash equivalents	5,720,255.87	139,200.00
- Fixed Deposits under Lien	(399,014.00)	(58,120.00)
- Loans and advances relating to Operations	53,571.02	(251,900.00)
- Current Liabilities relating to Operations	(7,315,628.57)	65,405.00
	(1,940,815.68)	(105,415.00)
Cash generated from Operations	(869,810.46)	14,985.00
Payment of Taxes (Net)	(384,254.85)	(51,851.08)
Net Cash from Operating Activities	(1,254,065.31)	(36,856.08)

## B. Cash Flow From Investment Activities

- (Purchase)/Sale of Investments (Net)	44,703.57	-
- (Purchase)/Sale of Fixed Assets (Net)	(309,689.11)	(9,844.04)
Net cash used in Investment Activities	(264,985.54)	(9,844.04)

## C. Cash Flow From Financing Activities

- Increase/(Decrease) in Borrowings (Net)	954,853.34	99,990.00
- Dividends & Dividend Tax paid	(627,710.00)	-
- Issue of Share Capital	-	-
Net Cash used in Financing Activities	327,143.34	99,990.00
Net Change in Cash & Cash Equivalents	(1,191,907.51)	53,289.88
Cash and Cash Equivalents at the beginning of the year	1,685,993.52	204,060.00
Cash and Cash Equivalents at the end of the year	494,086.00	257,349.88

Cash and cash equivalents at the end of the year does not include fixed deposits under Lien

Rs. 1,740,954 thousand (Previous year Rs. 276,350 thousand)

This is the Cash Flow Statement referred to in our report of even date.  
Per our Report attached  
For S. R. BATLIBOI & CO.  
Chartered Accountants

For and on behalf of the Board

S. MUKHERJI  
Chairman

per VIJAY MANIAR  
Partner  
Membership No.: 36738

ABHIJEET GUIN  
Vice President  
Finance & Accounts

RANJAN PRABHU  
Company Secretary

ANUP BAGCHI  
Director

Mumbai, April 23, 2007



# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV, SCHEDULE VI OF THE COMPANIES ACT, 1956

## 1. Registration details

Registration No. 

		8	6	2	4	1
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 State Code 

1	1
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Balance Sheet Date 

3	1
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0	3
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2	0	0	7
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Date Month Year

## 2. Capital raised during the Year (Rupees in thousand)

Public Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

 Bonus Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

 Private Placement 

						N	I	L
--	--	--	--	--	--	---	---	---

## 3. Position of mobilisation and deployment of funds (Rupees in thousand)

Total Liabilities and shareholder's funds 

		2	4	1	1	5	9	0
--	--	---	---	---	---	---	---	---

 Total Assets 

		2	4	1	1	5	9	0
--	--	---	---	---	---	---	---	---

Sources of Funds (Rupees in thousand) Reserves and Surplus 

			7	8	3	2	9	0
--	--	--	---	---	---	---	---	---

Paid-up Capital 

			8	2	5	1	0
--	--	--	---	---	---	---	---

 Unsecured Loans 

		1	9	8	8	5	9	0
--	--	---	---	---	---	---	---	---

Secured Loans 

		3	0	0	0	0	0	0
--	--	---	---	---	---	---	---	---

 Investments 

			1	0	6	0	0	0
--	--	--	---	---	---	---	---	---

Application of Funds (Rupees in thousand) Miscellaneous Expenditure 

						N	I	L
--	--	--	--	--	--	---	---	---

Net Fixed Assets 

		3	8	4	2	6	0
--	--	---	---	---	---	---	---

Net Current Assets 

		1	9	8	8	5	9	0
--	--	---	---	---	---	---	---	---

## 4. Performance of the Company (Rupees in thousand)

Turnover 

		4	3	7	9	0	5	0
--	--	---	---	---	---	---	---	---

 Total Expenditure 

		3	4	2	2	8	1	0
--	--	---	---	---	---	---	---	---

Profit Before Tax 

		9	5	6	2	4	0
--	--	---	---	---	---	---	---

 Profit After Tax 

		6	2	5	6	7	0
--	--	---	---	---	---	---	---

Earnings Per Share in Rupees 

		9	8	.	1	3
--	--	---	---	---	---	---

 Dividend Rate % 

					4	6	0
--	--	--	--	--	---	---	---

## 5. Generic names of three principal products/services of the Company

(As per Monetary Terms)

Brokerage commission from primary market operations

Brokerage commission from secondary market operations

Income from trading in securities

For and on behalf of the Board

S. MUKHERJI  
Chairman

ABHIJEET GUIN  
Vice President  
Finance & Accounts

RANJAN PRABHU  
Company Secretary

ANUP BAGCHI  
Director

Mumbai, April 23, 2007