

# ICICI HOME FINANCE COMPANY LIMITED

## 9TH ANNUAL REPORT AND ACCOUNTS 2007-2008

### Directors

V. Vaidyanathan, *Chairman*  
Rajiv Sabharwal, *Vice-Chairman*  
Ashok Alladi  
Jayesh Gandhi  
Sunil Rohokale, *Managing Director & CEO*

### Auditors

S.R. Batliboi & Co.  
*Chartered Accountants*  
  
Amol Chitnavis  
*Company Secretary*

### Registered & Corporate Office

ICICI Bank Towers  
Bandra-Kurla Complex  
Mumbai - 400 051

## directors' report

### to the members

Your Directors have pleasure in presenting the Ninth Annual Report of the Company with the audited Statement of Accounts for the year ended March 31, 2008.

### INDUSTRY OVERVIEW

During the year there has been a huge demand-supply gap in the housing sector. The trend is towards urbanization and smaller households, which will further push up the demand for urban housing. The housing requirement in India as per the National Housing Bank survey is estimated to be 26.53 million houses in urban India and 47.43 million houses in rural India during the period 2007-2011. Cities with more than 1 million population are set to grow from 35 in 2001 to 72 by 2011. However, the high interest rates coupled with the increase in the property prices in 2007-2008 have resulted in slow down in the demand as compared to previous years. The immediate market situation notwithstanding the growth of mortgage finance is expected to be sustained over the next decade.

In the last few years the property market in India has undergone a major transformation, and in some ways aligned itself with global standards. The developer community has become more professional, ensuring better quality and timely delivery. Real estate developers are now using new sources of finance like IPO, Private Equity, AIM listing, SPVs, REITs, etc. At the same time there is an increase in investor interest in the sector.

### APPROPRIATIONS

The Profit and Loss Account shows profit before taxation of Rs. 996.48 million (previous year Rs. 637.29 million) after provision and write off against non performing asset of Rs. 26.01 million [previous year Rs. (10.86) million] and after taking into account all expenses including depreciation of Rs. 1.56 million (previous year Rs. 2.92 million) on fixed assets.

The profit after tax for the year ended March 31, 2008 was Rs. 703.84 million (previous year Rs. 469.65 million). After taking into account the balance of Rs. 49.58 million (previous year Rs. 48.23 million) brought forward from the previous year, the disposable profit is Rs. 753.41 million (previous year Rs. 517.88 million).

Your Directors have paid an interim dividend of 1.75% in the month of June 2007, 4.75% in the month of September 2007, 2.00% in the month of December 2007, and 1.15% in the month of March 2008 and have appropriated the disposable profit as follows:

	(Rs. in million)	
	Fiscal 2008	Fiscal 2007
Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income-tax Act, 1961	142.50	177.10
Dividend		
Preference Shares (including tax thereon)	0.02	0.02
Equity Shares (Interim- including tax thereon)	504.62	291.19
Leaving balance to be carried forward to next year	106.27	49.58

### PUBLIC DEPOSITS

As required by National Housing Bank, the details of public deposits as on March 31, 2008, are given below:

(i) Number of accounts of unclaimed public deposit	:	324
(ii) Amount of unclaimed deposit	:	Rs. 28,568,812

The Company has sent reminders to the investors informing that the deposits have matured and requested them to claim the same.

### OPERATIONAL REVIEW

Your Company continued to serve as the focal point for marketing, distribution and servicing of home loan products.

In addition, your company keenly looks at every step in the entire value chain of real estate, which starts as a land transaction and culminates in an end user moving into a property, as a business opportunity for the Company.

Retail housing customers expect greater transparency, reliability, professional standards and convenience in the process of searching for their homes. The Company has made significant gains in the business of retail property services through the brand 'ICICI Home Search'.

The Company also made significant progress in the commercial real estate space and provided advisory services to corporate and developers in the aforesaid segment. This has driven growth in fee income.

The Company has started a separate business vertical that shall focus on sourcing ICICI HFC Fixed Deposits. The objective is to optimize cost of resources. ICICI HFC Fixed Deposits have received the highest credit ratings of AAA by CARE and MAAA by ICRA.

### DIRECTORS

Sunil Rohokale was appointed as the additional Director of the Company effective November 5, 2007. He was also appointed as Managing Director & CEO of the Company effective December 1, 2007 for a period of five years. He was also nominated by ICICI Bank pursuant to Article 129 of Articles of Association of the Company. In terms of the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, Sunil Rohokale holds the office as Director till the ensuing Annual General Meeting (AGM). The Company has received notice under Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose the candidature of Sunil Rohokale for the office of Director. Further, in terms of Articles of Association of the Company, V. Vaidyanathan and Ashok Alladi would retire at the ensuing AGM and, being eligible, offer themselves for re-appointment.

### AUDITORS

The Auditors, S. R. Batliboi & Co., Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting. As recommended by the Audit Committee, the Board, at its Meeting held on April 23, 2008, has proposed their appointment as Auditors to audit the accounts of the Company for fiscal 2009. You are requested to consider their appointment.

### AUDIT COMMITTEE

V. Vaidyanathan resigned as a Member of Audit Committee effective March 28, 2008. The Board of Directors have appointed Ashok Alladi as the Member of the Audit Committee effective March 28, 2008. The existing Members of Audit Committee are Jayesh Gandhi (Chairman), Rajiv Sabharwal and Ashok Alladi.

### FOREIGN EXCHANGE EARNING AND EXPENDITURE

During the year under review, foreign exchange earnings were Rs. 70.65 million. There was no foreign exchange outgo during the year under review.

### 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.



# directors' report



Continued

Since your Company does not own any manufacturing facility, the disclosure of information on other matters required 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.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care 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

- (d) they have prepared the annual accounts on a going concern basis.

## ACKNOWLEDGEMENTS

Your Company is grateful to the National Housing Bank and other regulatory authorities for their support and advice.

The Company would like to express its gratitude for the unstinted support and guidance received from ICICI Bank and its group companies.

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

For and on behalf of the Board

V. VAIDYANATHAN  
Chairman

Mumbai, April 23, 2008

# auditors' report

## to the Members of ICICI Home Finance Company Limited

1. We have audited the attached Balance Sheet of ICICI Home Finance Company Limited (the 'Company') as at March 31, 2008 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) 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, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 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, 2008;
  - 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

Mumbai, April 23, 2008

Membership No.: 36738



# annexure to the auditors' report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company being a Housing Finance Company, the provisions related to inventories as mentioned in clause (ii) of the said order are not applicable.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As informed, the Company has not taken any loans, secured or unsecured 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 fixed assets and for the sale of 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 there are no transactions which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company being a "Housing Finance company" ('HFC'), sections 58A, 58AA of the Companies Act, 1956 is not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, wealth-tax, service tax, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, undisputed dues in respect of lease tax amounting to Rs. 174,200 which 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, the dues outstanding of income-tax on account of dispute, are as follows:
- (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 a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, we are of the opinion that the Company has generally maintained adequate records in cases where the Company has granted loans and advances on the basis of security of its own fixed deposits.
- (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 Companies (Auditor's Report) Order, 2003 (as amended) 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. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (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) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet 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 by public issues during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.

Name of the statute	Nature of dues	Amount (Rs. in 000's)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demand	25,400	Assessment Year- 2003-04	CIT (Appeal)
Income Tax Act, 1961	Income Tax demand	4,792	Assessment Year- 2001-02	CIT (Appeal)

For S. R. Batliboi & Co.  
Chartered Accountants

per Vijay Maniar  
Partner

Mumbai, April 23, 2008

Membership No.: 36738



# balance sheet

# profit and loss account



as at March 31, 2008

for the year ended March 31, 2008

Schedule	March 31, 2008	(Rs. in 000's) March 31, 2007	Schedule	March 31, 2008	(Rs. in 000's) March 31, 2007
<b>I SOURCES OF FUNDS</b>			<b>Income</b>		
<b>(1) Shareholders' Funds:</b>			Income from Operations IX	<b>5,948,037</b>	4,351,340
A. Share Capital I	<b>7,987,500</b>	2,987,500	Other Income X	<b>399,123</b>	91,417
B. Reserves and Surplus II	<b>904,210</b>	705,014		<b>6,347,160</b>	4,442,757
		<b>8,891,710</b>			
		3,692,514			
<b>(2) Loan Funds:</b>			<b>Expenditure</b>		
Unsecured Loans III	<b>72,119,722</b>	40,866,319	Interest, Other Financial		
	<b>81,011,432</b>	44,558,833	Charges & Expenses on		
			Borrowings XI	<b>4,046,071</b>	3,101,849
			Employee Cost XII	<b>694,659</b>	607,833
			Establishment and		
			Other Expenses XIII	<b>951,340</b>	2,124,356
			Depreciation	<b>1,560</b>	2,916
			Provision/(write back)		
			of contingencies	—	(5,111)
			Provision and write off against		
			Non-performing Assets	<b>26,008</b>	(10,863)
			Provision against		
			standard assets	<b>99,941</b>	21,586
				<b>5,819,579</b>	5,842,566
			Less : Expenses Recovered	<b>468,903</b>	2,037,096
				<b>5,350,676</b>	3,805,470
<b>II APPLICATION OF FUNDS</b>					
<b>(1) Fixed Assets:</b> IV			<b>Profit before Taxation</b>	<b>996,484</b>	637,287
A. Gross Block	<b>27,422</b>	29,906	Less : Income-tax Expense		
B. Less: Accumulated Depreciation & Amortisation	<b>22,364</b>	22,000	Current Tax	<b>406,863</b>	97,038
C. Net Block	<b>5,058</b>	7,906	Provision for Tax of earlier years (net)	<b>13,372</b>	500
<b>(2) Investments</b> V	<b>11,383,537</b>	371,698	Deferred Tax	<b>(129,188)</b>	61,701
<b>(3) Deferred Tax Asset (Net)</b> [refer note 2(c)]	<b>282,263</b>	153,074	Fringe Benefit Tax	<b>1,602</b>	8,395
<b>(4) Loans and Other Credit Facilities</b> VI	<b>67,491,604</b>	43,225,246	<b>Profit after Taxation</b>	<b>703,835</b>	469,653
<b>(5) Current Assets, Loans and Advances:</b> VII			Add : Balance brought forward from previous year	<b>49,577</b>	48,230
A. Sundry Debtors	<b>186,830</b>	129,744	<b>Disposable Profit</b>	<b>753,412</b>	517,883
B. Cash and Bank Balances	<b>2,749,529</b>	227,281			
C. Current Assets	<b>816,297</b>	602,067	<b>Appropriations</b>		
D. Loans and Advances	<b>2,558,054</b>	720,851	Special Reserve- in terms of Section 36(1)(viii) of the Income Tax Act, 1961	<b>142,500</b>	177,098
	<b>6,310,710</b>	1,679,943	Dividend		
Less:			– on Equity Shares – Interim (including corporate dividend tax)	<b>504,621</b>	291,191
<b>Current Liabilities and Provisions:</b> VIII			– on Preference Shares – proposed (including corporate dividend tax)	<b>18</b>	17
A. Current Liabilities	<b>3,967,631</b>	474,489	Balance Carried to Balance Sheet	<b>106,273</b>	49,577
B. Provisions	<b>494,109</b>	404,545		<b>753,412</b>	517,883
	<b>4,461,740</b>	879,034			
Net Current Assets and Advances	<b>1,848,970</b>	800,909	<b>Earnings per share - Annualised</b>		
	<b>81,011,432</b>	44,558,833	(Equity shares, par value Rs. 10 each)		
			Basic (Rs.)	<b>1.61</b>	1.66
			Diluted (Rs.)	<b>1.56</b>	1.57
<b>Notes to Accounts</b> XIV			<b>Notes to Accounts</b> XIV		

The Schedules referred to above and the Notes to Accounts form an integral part of Balance Sheet & Profit and Loss Account

As per our report of even date  
For S. R. BATLIBOI & CO.  
Chartered Accountants

per VIJAY MANIAR  
Partner  
Membership No.: 36738  
Mumbai, April 23, 2008

For and on behalf of the Board

V. VAIDYANATHAN  
Chairman

AMOL CHITNAVIS  
Company Secretary

SUNIL ROHOKALE  
Managing Director & CEO

PRASHANT JAIN  
Deputy CFO



# schedules

## forming part of the Accounts

	March 31, 2008	(Rs. in 000's) March 31, 2007
<b>SCHEDULE - I</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
2,385,000,000 Equity Shares of Rs.10 each (March 2007 – 685,000,000)	23,850,000	6,850,000
15,000,000 Preference Shares of Rs.10 each (March 2007 – 15,000,000)	150,000	150,000
	<b>24,000,000</b>	<b>7,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
783,750,000 Equity Shares of Rs.10 each fully paid up (March 2007 – 283,750,000)	7,837,500	2,837,500
15,000,000 – 0.01% Fully Convertible Cumulative Preference Shares of Rs.10 each fully paid up (March 2007 – 15,000,000) – Refer Note 2 (a) of Notes to Accounts	150,000	150,000
	<b>7,987,500</b>	<b>2,987,500</b>

- Notes: 1. All shares are held by ICICI Bank Limited, the holding company and its nominees  
2. Authorised capital has been increased from Rs. 7,000,000,000 to Rs. 24,000,000,000 w.e.f. August 13, 2007

<b>SCHEDULE - II</b>		
<b>RESERVES AND SURPLUS</b>		
General Reserve		
As per Last Balance Sheet	106,393	106,393
Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income Tax Act, 1961.		
As per Last Balance Sheet	549,044	371,946
Add: Transferred from Profit & Loss Account	142,500	177,098
	<b>691,544</b>	<b>549,044</b>
Surplus in Profit and Loss Account	106,273	49,577
	<b>904,210</b>	<b>705,014</b>

<b>SCHEDULE - III</b>		
<b>UNSECURED LOANS</b>		
Loans from Holding Company – Subordinated debts	4,199,445	1,199,445
(Due within a year Rs. Nil, March 2007 – Rs. Nil)		
Loans from Banks	39,550,099	33,510,814
(Due within a year Rs. 8,410,714,286, March 2007 – Rs. 6,494,047,619)		
Loan from National Housing Bank (Refinance)	—	68,312
(Due within a year Rs. Nil, March 2007 – Rs. 68,312,000)		
Commercial Paper	20,000,000	3,750,000
(maximum outstanding during the period Rs. 20,000,000,000, March 2007 – Rs. 4,750,000,000)		
Less : Unamortised interest	1,162,932	138,624
	<b>18,837,068</b>	<b>3,611,376</b>
<b>Bonds</b>	<b>7,000,000</b>	<b>—</b>
(Maximum outstanding during the period Rs. 7,000,000,000, March 2007 – Rs. Nil)		
Fixed Deposits	2,533,110	2,476,372
{includes deposits from banks Rs.10,000,000 (March 2007 – Rs.10,000,000) and from corporates Rs. 20,931,200 (March 2007 – Rs.140,162,000)},		
(Due within a year – Rs. 452,175,653, March 2007 – Rs. 571,706,000)		
	<b>72,119,722</b>	<b>40,866,319</b>

SCHEDULE - IV										
FIXED ASSETS										
(Rs. in 000's)										
Particulars	Gross Block				Depreciation				Net Block	
	At April 01, 2007	Additions	Deductions	At March 31, 2008	At April 01, 2007	For the period	Adjust- ments/ deductions	At March 31, 2008	At March 31, 2008	At March 31, 2007
Computer	16,676	—	—	16,676	15,838	477	—	16,315	361	838
Software	1,755	—	—	1,755	1,524	230	—	1,754	1	231
Office Equipments	1,394	—	—	1,394	313	66	—	379	1,015	1,081
Motor Car	8,861	—	2,484	6,377	3,951	710	1,196	3,465	2,912	4,910
Furniture	1,220	—	—	1,220	374	77	—	451	769	846
Total	29,906	—	2,484	27,422	22,000	1,560	1,196	22,364	5,058	7,906
Previous year	37,579	—	7,673	29,906	22,750	2,916	3,666	22,000	7,906	—



# schedules

	March 31, 2008	(Rs. in 000's) March 31, 2007		March 31, 2008	(Rs. in 000's) March 31, 2007
<b>SCHEDULE - V</b>					
<b>INVESTMENTS - (FULLY PAID UP)</b>					
<b>Long Term Investments (Non-Trade) (at Cost)</b>					
<b>Quoted</b>					
<b>Government Securities - Quoted</b>					
364 Day T-Bill (Face value - Rs. 200,000,000, March 2007 - Rs. 156,475,000)	193,531	149,524			
<b>Share Application Money (Unquoted)</b>	513,800	—			
<b>Current Investments</b>					
Liquid Plan (Unquoted)	10,676,206	222,174			
(Refer Note 2(t) of Notes to Accounts)	11,383,537	371,698			
	193,699	149,505			
Market value of Quoted Investments	10,677,233	222,354			
Repurchase price of Mutual Fund Units					
<b>SCHEDULE - VI</b>					
<b>LOANS AND OTHER CREDIT FACILITIES (SECURED)</b>					
(Refer note 2(g) & 2(o) of Notes to Accounts)					
<b>Housing Loans</b>	34,689,485	37,469,402			
<b>Non-Housing Loans</b>	32,902,564	5,830,364			
	67,592,049	43,299,765			
	67,491,604	43,225,246			
Considered Good	100,445	74,519			
Considered Doubtful	100,445	74,519			
Less: Provisions	67,491,604	43,225,246			
<b>SCHEDULE - VII</b>					
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
<b>A. Sundry Debtors</b>					
Debts outstanding for a period exceeding six months	—	—			
— Unsecured, considered good	156,221	—			
— Unsecured, considered doubtful	186,830	129,744			
Other Debts	109,725	—			
— Unsecured, considered good	452,776	129,744			
— Unsecured, considered doubtful	265,946	—			
Less : Provision for doubtful debts	186,830	129,744			
<b>B. Cash and bank balances:</b>					
Balances with scheduled banks	2,589,529	67,281			
— in current accounts	160,000	160,000			
— in deposit accounts	2,749,529	227,281			
<b>C. Current Assets:</b>					
— Interest accrued on loans	809,179	599,946			
— Interest accrued on deposits	7,118	2,121			
	816,297	602,067			
<b>D. Loans and Advances:</b>					
(Unsecured, considered good unless Otherwise stated)					
Advances recoverable in cash or in kind or for value to be received*	298,245	390,743			
Considered Good	—	—			
Considered Doubtful	—	—			
Less: Provisions	298,245	390,743			
<b>Other Assets</b>	2,015,338	1,925			
Deposits	177,461	184,808			
Advance income tax (net)	67,010	143,376			
* Refer Note 2(n) of Notes to Accounts	2,558,054	720,851			
<b>SCHEDULE - VIII</b>					
<b>CURRENT LIABILITIES AND PROVISIONS</b>					
<b>A. Current liabilities:</b>					
Sundry creditors (other than Small Scale Inds. Undertaking)	167,695	101,113			
Interest accrued but not due	171,198	61,651			
Undisputed statutory dues	37,340	18,590			
Other liabilities	3,591,398	293,135			
	3,967,631	474,489			
<b>B. Provisions:</b>					
Provision for gratuity & other staff benefits	67,641	78,019			
Provision for Contingencies	204,042	204,042			
Other provisions*	222,408	122,467			
Proposed dividend**	18	17			
	494,109	404,545			
* Includes provision for standard assets Rs. 216,536,850 (March 2007 - Rs. 116,595,688)					
** Includes corporate dividend tax payable Rs. 2,550 (March 2007 - Rs. 2,104)					
<b>SCHEDULE - IX</b>					
<b>INCOME FROM OPERATIONS</b>					
Interest income	4,835,284	3,566,765			
Income from securitisation of loans	(2,211)	5,374			
Fee income	1,114,964	779,201			
	5,948,037	4,351,340			
<b>SCHEDULE - X</b>					
<b>OTHER INCOME</b>					
Interest received (Gross, Tax deducted at source Rs. 4,599,631; March 2007 - Rs. 1,495,403)	33,726	10,579			
Profit on sale of mutual fund units	252,489	80,649			
Dividend income	106,365	189			
Miscellaneous income	6,543	—			
	399,123	91,417			
<b>SCHEDULE - XI</b>					
<b>INTEREST, OTHER FINANCIAL CHARGES &amp; EXPENSES ON BORROWINGS</b>					
Interest	3,963,569	3,038,572			
Finance and other charges	82,502	63,277			
	4,046,071	3,101,849			
<b>SCHEDULE - XII</b>					
<b>EMPLOYEE COST</b>					
Salaries, Wages and Bonus	630,248	531,831			
Contribution to Provident and Other Funds	53,091	59,114			
Staff Welfare Expenses	11,320	16,888			
	694,659	607,833			
<b>SCHEDULE - XIII</b>					
<b>ESTABLISHMENT AND OTHER EXPENSES</b>					
Advertisement & Sales Promotion	44,322	130,413			
Customer acquisition	465,416	1,043,569			
Professional and legal charges	159,655	346,826			
Rent	94,783	133,724			
Communication	5,584	93,288			
Travelling and conveyance	20,259	7,432			
Loss on sale of fixed assets/Written Off	538	2,629			
Printing and stationery	21,749	38,233			
Audit fees	2,000	1,461			
Insurance	1,818	389			
Electricity	11,902	62,375			
Rates & Taxes	8,756	12,998			
Repairs & maintenance - others	31,393	43,510			
Office expenses	39,220	86,089			
Director sitting fees	100	45			
Loss on sale of long term investment	—	17,670			
Miscellaneous expenses	43,845	103,705			
	951,340	2,124,356			



### SCHEDULE - XIV NOTES TO ACCOUNTS

#### 1. Significant Accounting Policies

##### a) 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.

##### b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### c) Revenue Recognition

Interest Income/fees on housing loan is accounted for on accrual basis, other than interest on non-performing assets and charges for delayed payments and cheque bouncing, if any, which is accounted for on cash basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

##### d) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and net realizable value, category-wise. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

Cost such as brokerage, commission etc., pertaining to investment, paid at the time of acquisition, are included in investment cost.

##### e) Provisions/write-offs on loans and other credit facilities

- Loans and other credit facilities are classified as per the NHB guidelines, into performing and non-performing assets. Further non-performing assets are classified into sub standard, doubtful and loss assets based on criteria stipulated by NHB. Additional provisions are made against specific non performing assets over and above what is stated above, if in the opinion of the management, increased provisions are necessary.
- The Company maintains general provisions to cover potential credit losses, which are inherent in any loan portfolio but not identified. For standard assets, additional general provisions are determined having regard to overall portfolio quality, asset growth, economic conditions and other risk factors.

##### f) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

##### g) Depreciation

Depreciation on assets is charged on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956, except in case of Computer Software where depreciation is provided @ 20% per annum which is higher than the depreciation rate for Computers prescribed in Schedule XIV of the Companies Act, 1956.

##### h) Retirement Benefits

- Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

##### i) Income Tax

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 tax 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 and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. 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.

##### j) Transfer and Servicing of Financial Assets

The Company transfers loans to bankruptcy remote Special Purpose Vehicles through securitization transactions. The transferred loans are derecognized from the books of the Company and gains/losses are recorded, only if the Company surrenders the rights to benefits specified in the loan contract. Credit provisions and servicing obligations are debited separately to the Profit & Loss account. Retained beneficial interest in the loan is measured by allocating the carrying values of the loans between the assets sold and retained interest, based on the relative fair value measured at the date of securitisation. The carrying value of the retained beneficial interest is estimated at each reporting period end based on the forecasted cash flows from the assets securitised after adjusting for projected delinquencies, prepayments, etc. The resultant gains/losses if any are recorded in to the Profit and Loss account.

##### k) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

##### l) Accounting for Swaps

The Company enters into derivative contracts such as interest rate swaps to hedge balance sheet assets and liabilities. The swap contracts entered to hedge balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments are correlated with the movements of the underlying assets and liabilities and accounted pursuant to the principles of hedge accounting whereby interest differential received/paid is adjusted from/to interest expenses. The related amount receivable from and payable to the swap counter parties is included in the Other Assets or Other Liabilities in the Balance Sheet.

##### m) Impairment

- The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

##### n) Provision

A provision is recognized when an enterprise has a present obligation as a result of past event and 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 management 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 management estimates.

##### o) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

#### 2. Notes to accounts

- The Preference Shares for Rs.15 crores were allotted on March 14, 2002 and are convertible into equity shares at the option of the Preference Shareholder after completion of one year but before completion of seven years from the date of allotment in the ratio of 1:1. However, the said Preference Shares shall be compulsorily and automatically convertible into one Fully Paid-up Equity Share of Rs.10 each for every one Preference Share of Rs.10 held on March 14, 2009.

- During the year, the Company has also issued 500,000,000 Equity shares of Rs.10 each at par by way of preferential allotment to the existing equity shareholders of the Company on December 11, 2007.

##### c) Deferred Tax:

The composition of deferred tax assets and liabilities into major items is given below:

Particulars	(Rs. in 000's)	
	As on March 31, 2008	As on March 31, 2007
<b>Deferred tax assets:</b>		
Provision for doubtful debts & future servicing and other liability of securitization	270,098	135,564
Retirement Benefits	11,095	16,163
Less: <b>Deferred tax liability:</b>		
Depreciation	(1,070)	(1,347)
<b>Net Deferred tax asset</b>	<b>282,263</b>	<b>153,074</b>



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- d) Loans given by the Company are secured by the underlying property.
- e) **Contingent Liability:**  
Income Tax matters in appeals Rs.12,868,521 (March 2007 – Rs. 30,192,144).
- f) Commitment towards part disbursement of sanctions is amounting to Rs. 1,298,430,648 (March 2007 – Rs. 2,351,378).
- g) Loans and other credit facilities includes subordinated interest of Rs. 334,635,473 (March 2007 – Rs. 378,348,230) in the underlying trust property of housing loans of Mortgage Backed Securitisation Trust Series VI & VII.
- h) During the year the company has paid Rs. Nil (March 2007 – Rs. 2,000) penalty to National Housing Bank as the Company did not exceed the borrowing limit, as stated in paragraph 3(3) of the Housing Finance Companies (NHB) Directions, 2001.
- i) **Earnings Per Share:**  
The computation of earnings per share is given below:

(Rs. in 000's)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
<b>BASIC</b>		
Weighted average number of Equity Shares outstanding during the year (Nos.)	436,755	283,750
Net Profit (Less of preference dividend and the dividend tax)	703,818	469,638
Basic Earnings Per Share (Rs.) – annualised	1.61	1.66
<b>DILUTED</b>		
Diluted number of Equity Shares (Nos.)	451,755	298,750
Net Profit	703,853	469,668
Diluted Earnings Per Share (Rs.) – annualised	1.56	1.57
Face value of Equity Shares (Rs.)	10	10

Note: The dilutive impact is due to 15,000,000 Convertible Preference Shares (March 2007 – 15,000,000).

- j) As per the terms of appointment, the Managing Director and whole time director draw their remuneration and other benefits from the holding company, ICICI Bank Ltd.
- k) **Segment Information:**  
The parent of the Company i.e. ICICI Bank Limited presents both consolidated financial statements and the separate financial statement in a single financial report. Hence there is no separate disclosure of the reportable segments required in the financials of the Company as per the Accounting Standard on 'Segment Reporting' (AS-17), issued by the Institute of Chartered Accountants of India.
- l) Interest expense includes Rs. 88,008,046 (March 2007 – Rs.164,961,099) being (gain)/loss booked on the interest rate swaps (IRS). The notional principal of hedge IRS as on March 31, 2008 is Rs. 3,500,000,000 (March 2007– Rs. 7,250,000,000). During the year, the Company has not entered into any trading IRS transactions.
- m) The Company has been providing for gratuity and leave encashment based on actuarial valuation as per the Accounting Standard on Accounting for Retirement Benefits (AS-15 revised). Accordingly the company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method and Projected Accrued Benefit Method respectively.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Company has provided leave encashment benefits to the employees. These benefits are unfunded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

#### Profit and Loss account:

Net employee benefit expense (recognised in Employee Cost):

Gratuity	(Rs. in 000's)	
Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Current service cost	18,106	17,012
Interest cost on benefit obligation	2,121	1,557
Expected return on plan assets	(1,189)	(582)
Net actuarial (gain)/loss recognised in the year	(23,188)	(13,257)
Past service cost	—	—
Net benefit expense	(4,150)	4,730
Actual return on plan assets	1,451	583

#### Balance Sheet:

Details of Provision for gratuity and leave encashment:

(Rs. in 000's)

	Gratuity		Leave Encashment	
	As on March 31, 2008	As on March 31, 2007	As on March 31, 2008	As on March 31, 2007
Defined benefit obligation	(22,738)	(25,437)	—	—
Fair value of plan assets	18,455	10,890	—	—
	(4,283)	(14,547)	—	—
Less: Unrecognised past service cost	—	—	—	—
Plan asset/(liability)	(4,283)	(14,547)	(28,358)	(33,472)

Changes in the present value of the defined benefit obligation are as follows:

Gratuity	(Rs. in 000's)	
Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Opening defined benefit obligation	25,437	20,124
Interest cost	2,121	1,557
Current service cost	18,106	17,012
Benefits paid	—	—
Actuarial gains/losses on obligation	(22,926)	(13,256)
Closing defined benefit obligation	22,738	25,437

Changes in the fair value of plan assets are as follows:

Gratuity	(Rs. in 000's)	
Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Opening fair value of plan assets	10,890	4,036
Expected return	1,189	582
Contributions by employer	6,114	6,271
Benefits paid	—	—
Actuarial gains/(losses)	262	1
Closing fair value of plan assets	18,455	10,890
Expected employer's contribution next year	10,000	5,000

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Gratuity	(Rs. in 000's)	
Particulars	As on March 31, 2008	As on March 31, 2007
	%	%
Investments with insurer		
Managed Funds	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining Gratuity obligations for the Company's plans are shown below:

	(Rs. in 000's)			
	Gratuity		Leave Encashment	
	As on March 31, 2008	As on March 31, 2007	As on March 31, 2008	As on March 31, 2007
	%	%	%	%
Discount rate	8.57%	8.35%	8.57%	8.35%
Expected rate of return on assets	8.00%	7.50%	—	—
Increase in Compensation cost	7.00%	7.00%	7.00%	7.00%

#### Assumption relating to employee turnover:

Rates of leaving service at specimen ages are as shown below:

Age (Years)	Rates
21 – 24	3.00%
25 – 29	7.00%
30 – 34	4.00%
35 – 44	2.00%
45 & Above	1.00%

#### Expected employer's contribution:

Gratuity	(Rs. in 000's)	
Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Expected employer's contribution next year	10,000	5,000



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The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	Not determined	Not determined
Effect on defined benefit obligation	Not determined	Not determined

Gratuity (Rs. in 000's)		
Particulars	As on March 31, 2008	As on March 31, 2007
Defined benefit obligation	(22,738)	(25,437)
Plan assets	18,455	10,890
Surplus/(deficit)	(4,283)	(14,547)
Experience adjustments on plan liabilities	Not determined	Not determined
Experience adjustments on plan assets	Not determined	Not determined
Leave Encashment (Rs. in 000's)		
Particulars	As on March 31, 2008	As on March 31, 2007
Defined benefit obligation	(28,358)	(33,472)
Experience adjustments on plan liabilities	Not determined	Not determined

n) **Related Party Disclosure:**

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

(Rs. in 000's)			
Name	Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Holding Company	<b>A. Transaction during the year</b>		
	Rent paid	3,574	38
	Staff costs	195,596	24,489
	Miscellaneous expenses	129,389	8,617
	Interest and other finance expenses	297,916	314,823
	Bank Guarantee Comm.	8,731	8,692
	Management fees	626,263	713,833
	Property Service Fee	45	—
	Expenses recovered	526,802	2,266,467
	Interest Income on fixed deposits	13,760	6,511
	Purchase of housing loan portfolio	6,231,361	13,171,403
	Dividend – Equity Share	431,319	255,375
	Dividend – Preference Share	15	15
	<b>B. Outstanding Balances</b>		
	Bank balance (including interest accrued on fixed deposits)	751,000	223,004
	Amount recoverable on		
	Account of expenses	288,522	386,664
	Equity Share Capital	7,837,500	2,837,500
	Preference share Capital	150,000	150,000
	Sub-debt loan	4,199,445	1,199,445
Fellow Subsidiaries/ Associate Companies	Guarantees	3,100,000	3,100,000
	Letter of Comfort	65,248,388	44,833,590
	Notional principal of hedge IRS	3,500,000	7,250,000
	Amount payable on		
	Account of expenses (Including interest accrued but not due on unsecured loans)	86,807	107,435
	Insurance paid (ICICI Prudential Life Insurance Company Limited)	1,433	37,070
	Insurance claim (ICICI Lombard General Insurance Company Limited)	211,694	121,769
	Fee Receivable	19,884	3,596
	Other receivables	11,136	—
	Property Service Group fee	45,689	3,596

- (i) Holding Company: ICICI Bank Limited
- (ii) Fellow Subsidiaries: ICICI Venture Funds Management Company Limited, ICICI Securities Limited, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Bank UK PLC., ICICI Bank Canada, ICICI Wealth Management Inc., ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Prudential Trust Limited, ICICI Securities Primary Dealership Limited and ICICI Bank Eurasia Limited Liability Company.

- (iii) Key Management Personnel: Sunil Rohokale, Managing Director & CEO.

- o) (i) Loans and other credit facilities includes:

(Rs. in 000's)		
Particulars	As on March 31, 2008	As on March 31, 2007
<b>Outstanding for more than six months</b>		
Considered Good	90,923	55,235
Considered Doubtful	75,821	58,263
	166,744	113,498
<b>Other Debts</b>		
Considered Good	67,400,681	43,170,011
Considered Doubtful	24,624	16,256
	67,425,305	43,186,267
<b>Total</b>	<b>67,592,048</b>	<b>43,299,765</b>

- (ii) Disclosures of provisions for assets:

(Rs. in 000's)						
Particulars	Sub-Standard Assets		Doubtful Assets		Loss Assets	
	As on March 31, 2008	As on March 31, 2007	As on March 31, 2008	As on March 31, 2007	As on March 31, 2008	As on March 31, 2007
Housing	9,134	6,157	18,318	9,544	62,490	53,258
Non-Housing	8,377	77	2,027	5,483	98	—
Total	17,511	6,234	20,345	15,027	62,588	53,258

- p) **Disclosure of provision for contingencies:**

(Rs. in 000's)		
Particulars	Year Ended March 31, 2008	Year ended March 31, 2007
Servicing expenses provision on loans securitized		
Opening Balance	5,738	10,848
Utilisations/(write back)	—	(5,111)
Closing Balance	5,738	5,737
Provision for delinquencies, prepayment and conversion risk on loans securitized		
Opening Balance	198,305	198,305
Additions	—	4,619
Utilisations/(write back)	—	(4,619)
Closing Balance	198,305	198,305

Provision for servicing expenses of loans securitised is done upfront by the Company. At each Balance Sheet date, the Company assesses the servicing liability of securitised pool and differential amounts are written back or provided for in the books of account. The provision of the delinquencies and conversion risk as well as provision for prepayment risk on the loan portfolio sold by the Company is also made upfront and reduced from the gross capital gains on the securitisation transaction. At each Balance sheet date, the Company assesses the delinquencies, prepayment and conversion risk of securitised pool and differential amounts are written back/provided in the books of account.

- q) **Managerial remuneration:**

(Rs. in 000's)		
Particulars	Year Ended March 31, 2008	Year ended March 31, 2007
Salary	800	1,200
Contribution to Provident & Other Funds	—	—
Perquisites	—	—
<b>Total</b>	<b>800</b>	<b>1,200</b>



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r) Auditors' remuneration (including service tax):

Particulars	(Rs. in 000's)	
	Year Ended Mar 31, 2008	Year ended March 31, 2007
Statutory Audit fees	1,011	730
Tax audit fees	169	112
Audit Fee – Bond Issue	337	—
Certification and other charges	730	618
<b>Total</b>	<b>2,247</b>	<b>1,460</b>

s) The Company has recovered the following common expenses (as per the sharing arrangement) from ICICI Bank Limited:

Expense Head	(Rs. in 000's)	
	Year Ended Mar 31, 2008	Year ended March 31, 2007
Employee cost	6,871	26,831
Advertisement & Sales Promotion	545	127,601
Customer acquisition	275,448	1,035,542
Professional and legal charges	2,243	321,737
Rent	85,889	131,055
Communication	(988)	90,014
Traveling and conveyance	146	6,728
Printing & stationery	32,063	53,830
Insurance	451	145
Electricity	9,922	61,218
Rates & Taxes	6,625	12,723
Repairs & maintenance – others	16,546	62,682
Miscellaneous expenses	33,141	106,990
Service Tax	57,899	2,29,371
<b>Total</b>	<b>526,801</b>	<b>2,266,467</b>

t) Position of investment in mutual fund units:

Scheme Name	Face Value (Rs.)	Opening Balance	Purchase	Dividend	Redemption	No. of Units	
						Closing Balance	
Kotak Flexi Debt Scheme – Daily Dividend	10	—	288,156,652	562,502	116,637,258	172,081,896	
Kotak Liquid Institutional Premium	10	—	236,340,887	43,195	236,384,082	—	
Reliance Liquidity Fund – Daily Dividend Reinvestment Option	10	—	557,827,073	99,950	557,927,023	—	
Reliance Liquid Plus Fund – Institutional Option Daily Dividend	1,000	—	5,574,665	9,139	3,296,577	2,287,227	
Fidelity Liquid Plus Super Institutional							

Scheme Name	Face Value (Rs.)	Opening Balance	Purchase	Dividend	Redemption	No. of Units	
						Closing Balance	
Daily Dividend Fidelity Cash Fund Super Institutional - Daily Dividend	10	—	49,999,854	166,091	34,994,401	15,171,544	
Birla Sun Life Liquid Plus - Daily Dividend – Reinvestment	10	—	49,999,500	8,404	50,007,904	—	
Birla Cash Plus - Institutional Premium - Daily Dividend – Reinvestment	10	—	339,799,275	474,815	299,796,139	40,477,951	
ICICI Prudential Liquid Plan Super Institutional Daily Dividend – Reinvest	10	—	2,101,010,386	4,778,459	2,089,895,505	15,893,339	
ICICI Prudential Flexible Income Plan Dividend	10	—	833,687,993	2,901,417	635,100,147	201,489,263	
ICICI Prudential Super Institutional Growth	10	20,255,795	2,991,023,519	—	3,004,964,378	6,314,936	
ICICI Prudential Flexi Growth	10	—	138,778,202	—	138,778,202	—	
TATA Liquid Super High Investment Fund – Daily Dividend	1,000	—	4,427,915	1,806	4,429,721	—	
TATA Treasury Manager SHIP	1,000	—	4,922,246	2,759	1,196,410	3,728,595	
<b>Total</b>		<b>20,255,795</b>	<b>7,766,227,044</b>	<b>9,078,817</b>	<b>7,338,116,903</b>	<b>457,444,751</b>	

u) Cash and Cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

v) Earnings in Foreign Currency:

(Rs. in 000's)

Particulars	Year Ended Mar 31, 2008	Year ended March 31, 2007
Fee Income (Accrual basis)	70,647	3,928

w) Pursuant to The Institute of Chartered Accountants of India's (ICAI) Announcement dated March 29, 2008 on "Accounting for Derivatives", the Company has, based on the principles of prudence enunciated in Accounting Standard-1 on "Disclosure of Accounting Policies", valued mark to market losses on derivative contracts outstanding as on March 31, 2008 to the extent the losses are not offset by the fair value gain on the underlying hedge items. For the purpose of arriving at the net losses, the Company has considered fixed borrowings as one portfolio and interest rate swaps as separate portfolio. Accordingly, the amount of loss is not material.

x) Figure of the previous year have been regrouped to conform to the current period's presentation.

For and on behalf of the Board

V. VAIDYANATHAN  
Chairman

AMOL CHITNAVIS  
Company Secretary

SUNIL ROHOKALE  
Managing Director & CEO

PRASHANT JAIN  
Deputy CFO

Mumbai, April 23, 2008



# cash flow statement

for the year ended March 31, 2008

	March 31, 2008	(Rs. in 000's) March 31, 2007
<b>A. Cash Flow from Operating Activities :</b>		
Profit before taxation and exceptional items	996,484	637,287
<b>Adjustments for:</b>		
Depreciation/Amortisation (net of write back)	364	2,344
Provision for contingencies	—	(5,111)
Provision for Gratuity & Other staff benefits	(10,378)	24,380
Provision/(write back) against standard assets	99,941	21,586
Loss on sale of fixed assets/Written Off	538	2,629
Provision and write off against Non-performing Assets	26,008	(10,863)
Profit on sale of long term investments	—	—
Loss on sale of long term investments	—	17,670
Interest received	(33,726)	(10,579)
Interest paid	3,963,569	3,038,572
Dividend Income	(106,365)	(189)
Miscellaneous Expenditure w/off	—	—
Servicing Liability written back	—	—
Operating Profit before Working Capital Changes	4,936,435	3,717,726
<b>Adjustments for:</b>		
Trade and Other Receivables	(2,450,830)	28,700
Trade Payables and Other Liabilities	3,759,087	9,032
Loans given (net)	(24,292,366)	(5,148,936)
Cash generated from Operations	(18,047,674)	(1,393,478)
Income Taxes paid	(345,472)	(128,484)
<b>Net cash from Operating Activities - A</b>	<b>(18,393,146)</b>	<b>(1,521,962)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of fixed assets	—	—
Sale of fixed assets	1,947	1,951
Purchase of Investments	(557,808)	(149,524)
Sale of Investments	—	60,195
Dividend Income	106,366	189
Interest received	33,726	10,579
<b>Net cash from Investing Activities - B</b>	<b>(415,769)</b>	<b>(76,610)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Issuance of the Equity Shares	5,000,000	—
Dividend and dividend tax	(504,639)	(291,208)
Interest Paid	(3,963,569)	(3,038,572)
Proceeds from borrowings (net)	31,253,402	4,950,946
<b>Net Cash used in Financing Activities - C</b>	<b>31,785,194</b>	<b>1,621,166</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>12,976,279</b>	<b>22,594</b>
<b>Cash and Cash Equivalents as at beginning</b>	<b>449,456</b>	<b>426,862</b>
<b>Cash and Cash Equivalents as at end</b>	<b>13,425,735</b>	<b>449,456</b>
Notes :		
1. Cash and Cash Equivalents consists of:		
A. Bank balances		
I) Current Accounts	2,589,529	67,282
II) Deposit Accounts	160,000	160,000
B. Investments in mutual fund units	10,676,206	222,174
	13,425,735	449,456
2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.		

The Schedule referred to above and the notes to accounts form an integral part of Cash Flow Statement

As per our report of even date

For and on behalf of the Board

For S. R. BATLIBOI & CO.  
Chartered Accountants

per VIJAY MANIAR  
Partner  
Membership No.: 36738

Mumbai, April 23, 2008

V. VAIDYANATHAN  
Chairman

AMOL CHITNAVIS  
Company Secretary

SUNIL ROHOKALE  
Managing Director & CEO

PRASHANT JAIN  
Deputy CFO



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

(Rs. in 000's)

## **1. Registration details**

Registration No.

0 1 2 0 1 0 6

State Code

1 1

Balance Sheet Date

3 1

Date

0 3

Month

2 0 0 8

Year

## **2. Capital raised during the Year**

Public Issue

Nil

Bonus Issue

Nil

Rights Issue

5 0 0 0 0 0 0

Private Placement

Nil

## **3. Position of mobilisation and deployment of funds**

Total Liabilities

8 1 0 1 1 4 3 2

Total Assets

8 1 0 1 1 4 3 2

Sources of funds

Paid-up Capital

7 9 8 7 5 0 0

Reserves and Surplus

9 0 4 2 1 0

Secured Loans

Nil

Unsecured Loans

7 2 1 1 9 7 2 2

Application of funds

Net Fixed Assets

5 0 5 8

Loans & Investments

7 8 8 7 5 1 4 2

Net Current Assets

1 8 4 8 9 7 0

Miscellaneous Expenditure & Deferred Tax Assets

2 8 2 2 6 3

Accumulated Losses

Nil

## **4. Performance of the Company**

Turnover

6 3 4 7 1 6 0

Expenditure

5 3 5 0 6 7 6

Profit/(Loss) Before Tax

9 9 6 4 8 4

Profit/(Loss) After Tax

7 0 3 8 3 6

Earnings Per Share in Rupees – Basic

1 . 6 1

Dividend Rate %

9 . 6 5

## **5. Generic names of three principal products/services of the Company (As per monetary terms)**

Product Description

Item Code

Home Loans

Nil

For and on behalf of the Board

V. VAIDYANATHAN  
Chairman

AMOL CHITNAVIS  
Company Secretary

SUNIL ROHOKALE  
Managing Director & CEO

PRASHANT JAIN  
Deputy CFO

Mumbai, April 23, 2008