

ICICI SECURITIES HOLDINGS, INC.

9TH ANNUAL REPORT AND ACCOUNTS 2008-2009

Directors

Gopakumar P., *President*
A. Murugappan
Anup Bagchi
Subir Saha
Charanjit Attra
Hari Panday

Auditors

S. R. Batliboi & Co.
Chartered Accountants

Registered Office

1013 Centre Road
City of Wilmington
Country of New Castle
Delaware 19805
USA

directors' report

to the members

Your Directors have pleasure in presenting the Ninth Annual Report of ICICI Securities Holdings, Inc. (the Company) with the audited statement of accounts for the year ended March 31, 2009.

In July 2008, the Company launched Financial Planning and Investment Advisory services by merging with itself the business of Global Investment Management, Inc., a New Jersey-based company registered with the Securities and Exchange Commission (SEC) as a Registered Investment Advisor (RIA). As a result, the Company expanded its Wealth Management offerings to US investors.

INDUSTRY OVERVIEW

Fiscal 2009 was a difficult year for global financial markets. The sub-prime housing sector-led downturn affected the confidence in the financial system, causing significant volatility in the global financial markets.

The macroeconomic fundamentals in the US and overseas significantly weakened during the year, with weak consumer spending, poor corporate profitability and falling global demand resulting in a considerable drop in trade flows. However, significant Government intervention and monetary & fiscal actions by the US Treasury, the Federal Reserve Board and the Federal Government have provided an important stimulus.

Due to the recessionary fundamentals and drop in indices in equity markets, the Investment Advisory industry, which has exposure in equity markets, was affected. Thus, the advisory industry, which primarily derives its revenues based on Assets under Management (AUM), has also been affected.

FINANCIAL HIGHLIGHTS

	(Rs. in 000's)	
	<i>Fiscal 2008</i>	Fiscal 2009
Gross income	81.64	37,461.66
Profit before tax	(2,204.45)	(34,704.60)
Provision for tax	—	2,008.29
Profit after tax	(2,204.45)	(36,712.89)

OPERATIONAL REVIEW

During the year, the Company undertook various initiatives to establish itself as a Wealth Manager of choice for NRI investors. The Company launched a pan-US targeted Direct Mail campaign as well as TV & Print advertising in leading NRI-focused media. It also participated in a series of keynote-speaker opportunities.

The Company's conservative approach to manage client portfolios based on risk diversification, rigorous due diligence and discipline helped effectively manage client relationships.

OUTLOOK

The Company believes that the outlook for fiscal 2010 could continue to be somewhat muted. The Company would maintain a cautious and conservative approach to business for fiscal 2010. It will continue to proactively handhold the clients in these difficult times, keep them updated on the state of the markets and build the brand amongst the NRI community, to participate in the opportunity when the market stabilises and client interest is restored.

SUBSIDIARY COMPANY

The Company has a subsidiary, namely, ICICI Securities, Inc. (I-Sec. Inc.), which is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA).

In fiscal 2009, I-Sec. Inc. continued making its presence felt in the Indian capital markets brokerage space by continuously reaching out to various institutional investors. Further, I-Sec. Inc. conducted placement services for funds from India that were looking for raising capital for their proposed funds overseas. Meetings and road shows were organised with fund managers from India for meeting with institutional investors in the US including pension funds, insurance companies, endowments, foundations, family offices and fund of funds.

In the institutional space, I-Sec. Inc. continues to showcase select direct investment opportunities to its clients besides continuing to expand its relationships in select markets, even as it discontinued operations in Houston and San Jose on account of low volume of business from these locations.

SHARE CAPITAL

During the year, paid-up equity share capital of the Company increased US\$ 3.75 mn to US\$ 14.45 mn from US\$ 10.7 mn.

DIRECTORS

Nitin Jain resigned from the Board during the year. Hari Panday and Charanjit Attra were appointed as Directors on the Board of the Company during the year.

ANNUAL ACCOUNTS OF SUBSIDIARY

The audited statements of accounts for the year ending March 31, 2009 together with the reports of Directors and Auditors for the year ended March 31, 2009 of the subsidiary company ICICI Securities, Inc. are attached.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company confirm:

- that the applicable accounting standards have been followed in the preparation of the annual accounts and that there have been no material departures;
- that such accounting policies have been selected and applied consistently and judgments 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, 2009 and of the profit of the Company for the period ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

The Directors thank the clients of the Company for the confidence reposed in it that has enabled the Company to successfully deliver well-structured solutions to them through timely execution.

The Directors also thank the statutory authorities and the Company's bankers for their continued support. The Directors express their gratitude for the unstinted support and guidance received from its shareholder, ICICI Securities Limited, and other group companies. The Directors also express sincere appreciation to all employees for commendable teamwork, professionalism and contribution during the year.

For and on behalf of the Board

ANUP BAGCHI
Director

April 17, 2009

auditors' report

to the Members of ICICI Securities Holdings, Inc.

We have audited the attached Balance Sheet of ICICI Securities Holdings, Inc. ('the Company') as at 31 March 2009 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.

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.

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 31 March 2009;
- b. in the case of the profit and loss account, of the loss 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 17, 2009

balance sheet

profit and loss account



ICICI Securities Holdings Inc

as at March 31, 2009

for the year ended March 31, 2009

		(Rs. in 000's)		(US\$ in 000's)	
Schedule		March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
SOURCES OF FUNDS					
Shareholders' Funds					
A. Share capital	A	626,098.38	463,134.26	14,450.00	10,700.00
		<u>626,098.38</u>	<u>463,134.26</u>	<u>14,450.00</u>	<u>10,700.00</u>
APPLICATION OF FUNDS					
1. Fixed Assets	C				
Gross Block		140,780.98	967.21	2,775.65	22.37
Less: Accumulated depreciation		19,899.50	846.63	392.34	19.64
Net Block		<u>120,881.48</u>	<u>120.58</u>	<u>2,383.31</u>	<u>2.73</u>
2. Investments	D	476,467.50	433,597.50	11,050.00	10,050.00
3. Current Assets, Loans & advances					
A. Current Assets :					
Sundry debtors	E	12,546.87	—	247.38	—
Cash & bank balances	F	7,021.63	463.09	138.44	11.54
B. Loans & advances	G	17,145.11	8,165.50	338.03	203.53
		<u>36,713.61</u>	<u>8,628.59</u>	<u>723.85</u>	<u>215.07</u>
Less : Current liabilities & provisions	H	55,239.77	6,047.32	1,089.19	150.75
NET CURRENT ASSETS		<u>(18,526.16)</u>	<u>2,581.27</u>	<u>(365.34)</u>	<u>64.32</u>
4. Reserves & Surplus	B	47,275.56	26,834.91	1,382.03	582.95
		<u>626,098.38</u>	<u>463,134.26</u>	<u>14,450.00</u>	<u>10,700.00</u>
Notes to Accounts	N				

		(Rs. in 000's)		(US\$ in 000's)	
	Schedule	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Income from Operations					
(a) Income from services	I	36,253.47	—	789.08	—
(b) Other income	J	1,208.19	81.64	26.30	2.03
		37,461.66	81.64	815.38	2.03
Expenditure					
(a) Payments to and provisions for employees	K	36,569.10	—	795.95	—
(b) Establishment and other expenses	L	18,337.59	2,125.82	399.13	52.81
(c) Financial charges and operating expenses	M	93.26	62.04	2.03	1.54
(d) Depreciation		17,123.35	98.23	372.70	2.44
(e) Doubtful debts written off/provided		42.96	—	0.94	—
		72,166.26	2,286.09	1,570.75	56.79
Profit /(Loss) before taxation		(34,704.60)	(2,204.45)	(755.37)	(54.76)
Less: Provision for taxation		2,008.29	—	43.71	—
Profit/(Loss) after taxation		(36,712.89)	(2,204.45)	(799.08)	(54.76)
Brought forward from previous years		(25,716.65)	(23,512.20)	(582.95)	(528.19)
Amount available for appropriations		(62,429.54)	(25,716.65)	(1,382.03)	(582.95)
Balance carried to balance sheet		(62,429.54)	(25,716.65)	(1,382.03)	(582.95)
Earnings per share (basic & diluted)		(2.76)	(0.27)	(0.06)	(0.01)
(Face value US\$1 per share)					
Notes to Accounts	N				

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet and 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 17, 2009

For and on behalf of the Board

ANUP BAGCHI
Director

CHARANJIT ATTRA
Director

A. MURUGAPPAN
Director

GOPAKUMAR P.
Director

schedules

forming part of the financial statements

	March 31, 2009	(Rs. in 000's) March 31, 2008	March 31, 2009	(US\$ in 000's) March 31, 2008
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SCHEDULE "A" – SHARE CAPITAL

Authorised:

17,500,000 Equity Shares of US\$ 1 each

(As at March 31, 2008 15,000,000 shares of US\$ 1 each)

Issued Subscribed & Paid Up:

Common stock, US\$ 1 par value; 14,450,000 shares

(As at March 31, 2008 10,700,000 shares of US\$1 each) fully paid

626,098.38	463,134.26	14,450.00	10,700.00
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SCHEDULE "B" – RESERVE & SURPLUS

Profit and loss account debit balance

Balance as on April 1, 2008

(+)/(-) transfers during the year

Balance as on March 31, 2009

(25,716.65)	(23,512.20)	(582.95)	(528.19)
(36,712.89)	(2,204.45)	(799.08)	(54.76)
(62,429.54)	(25,716.65)	(1,382.03)	(582.95)

Translation reserve

Balance as on April 1, 2008

(+)/(-) transfers during the year

Balance as on March 31, 2009

(1,118.26)	282.78	—	—
16,272.24	(1,401.04)	—	—
15,153.98	(1,118.26)	—	—

TOTAL

(47,275.56)	(26,834.91)	(1,382.03)	(582.95)
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SCHEDULE C - FIXED ASSETS

	GROSS BLOCK (at Cost)				ACCUMULATED DEPRECIATION				NET BLOCK		NET BLOCK	
	April 1 2008	Additions	Sale/Adj*	March 31, 2009	April 1 2008	Additions	Sale/Adj*	March 31, 2009	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Tangible												
Office Equipment	668.07	206.24	(117.65)	991.96	590.46	80.91	(115.59)	786.96	205.00	77.61	4.04	1.73
Furniture & Fixtures	299.14	999.69	(49.88)	1,348.71	256.17	119.57	(54.67)	430.41	918.30	42.97	18.11	1.00
Total - Tangible Assets	967.21	1,205.93	(167.53)	2,340.67	846.63	200.48	(170.26)	1,217.37	1,123.30	120.58	22.15	2.73
Intangible	—	138,440.31	—	138,440.31	—	16,922.87	(1,759.26)	18,682.13	119,758.18	—	2,361.16	—
TOTAL	967.21	139,646.24	(167.53)	140,780.98	846.63	17,123.35	(1,929.52)	19,899.50	120,881.48	120.58	2,383.31	2.73
Previous year	897.41	69.80	—	967.21	748.40	98.23	—	846.63	120.58	149.01		

*Fixed assets sale/adjustment represent effect of translation reserve Rs.1,761.99 thousand (net).

	Quantity in thousands	March 31, 2009	(Rs. in 000's) March 31, 2008	March 31, 2009	(US\$ in 000's) March 31, 2008
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SCHEDULE "D" – INVESTMENTS – LONG TERM (AT COST)

In Equity Shares of Subsidiary Company

– Unquoted and fully paid up

ICICI Securities Inc.

11,050.00	476,467.50	433,597.50	11,050.00	10,050.00
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TOTAL

	476,467.50	433,597.50	11,050.00	10,050.00
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Face Value of US\$ 1 per Share.

SCHEDULE "E" – SUNDRY DEBTORS (Unsecured):

Receivables outstanding for a period not exceeding six months

Considered good

Considered doubtful

Less: Provision for doubtful debts

12,546.87	—	247.38	—
47.42	—	0.94	—
47.42	—	0.94	—
12,546.87	—	247.38	—

schedules



forming part of the financial statements

Continued

	March 31, 2009	(Rs. in 000's) March 31, 2008	March 31, 2009	(US\$ in 000's) March 31, 2008
SCHEDULE "F" – CASH AND BANK BALANCES				
In Current accounts with banks	7,021.63	463.09	138.44	11.54
Total	7,021.63	463.09	138.44	11.54
SCHEDULE "G" – LOANS AND ADVANCES				
(Unsecured and considered good unless otherwise stated)				
Advances:				
(Recoverable in cash or in kind or for value to be received)				
Other advances and deposits	16,583.08	8,086.06	326.95	201.55
Security deposit for leased premises	562.03	79.44	11.08	1.98
Total	17,145.11	8,165.50	338.03	203.53
Included in other advances and deposits:				
Dues from Companies under same management				
ICICI Securities Inc. Rs.14,519.57 thousand US\$ 286.27 thousand (Previous year - Rs. 8,086.06 thousand), (Previous year US\$ 201.55 thousand) and maximum amount outstanding during the year was Rs. 20,279.43 thousand US\$ 399.83 thousand (Previous Year Rs. 17,344.96 thousand), (Previous year US\$ 432.33 thousand)				
SCHEDULE "H" – CURRENT LIABILITIES AND PROVISIONS				
Sundry creditors for expenses*	47,241.46	1,834.78	931.49	45.75
Other liabilities	0.32	0.26	0.01	0.01
Provision for taxes	7,997.99	4,212.28	157.69	104.99
Total	55,239.77	6,047.32	1,089.19	150.75
* Includes amount payable to micro, small and medium enterprises Rs. Nil (Previous year Rs. Nil)				
SCHEDULE "I" – INCOME FROM SERVICES				
Financial advisory services	36,253.47	—	789.08	—
Total	36,253.47	—	789.08	—
SCHEDULE "J" – OTHER INCOME				
Interest on federal tax refund	607.13	—	13.21	—
Miscellaneous income	601.06	81.64	13.09	2.03
Total	1,208.19	81.64	26.30	2.03
SCHEDULE "K" – PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, wages and incentive	36,037.61	—	784.38	—
Staff welfare expenses	531.49	—	11.57	—
Total	36,569.10	—	795.95	—
SCHEDULE "L" – ESTABLISHMENT AND OTHER EXPENSES				
Rent and amenities	8,104.48	—	176.40	—
Insurance	142.51	—	3.10	—
Interest on tax	604.08	—	13.15	—
Business promotion, travelling and conveyance expenses	4,101.45	—	89.27	—
Rates and taxes	418.93	603.81	9.12	14.99
Communication expenses	645.14	—	14.04	—
Printing and stationery	1,793.06	—	39.03	—
Subscription and periodicals	811.94	—	17.67	—
Professional fees	1,418.53	1,504.01	30.88	37.35
Auditors' remuneration (statutory audit fee)	45.94	—	1.00	—
Miscellaneous expenses	251.53	18.00	5.47	0.47
Total	18,337.59	2,125.82	399.13	52.81
SCHEDULE "M" – FINANCIAL CHARGES				
Bank charges	93.26	62.04	2.03	1.54
Total	93.26	62.04	2.03	1.54

SCHEDULE "N" : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

Overview

ICICI Securities Holdings, Inc. ("the Company"), a wholly owned subsidiary of ICICI Securities Limited was incorporated in the United States in 2001. In order to assist corporate clients and institutional investors with investment banking services, the Company set up a wholly owned subsidiary in the United States viz, ICICI Securities, Inc. This wholly owned subsidiary, being a registered broker dealer with the National Association of Securities Dealers Inc., is engaged in a variety of securities transactions in the US market.

During the year, the Company acquired the business of Global Investment Management, Inc., a registered investment adviser located in Princeton, NJ. This "fee-only" wealth management advisory service operating in the name of "ICICI Group Global Private Clients" (IGGPC) is registered with the Securities and Exchange Commission (SEC) and with several state regulatory agencies in the US. IGGPC is specialized in providing financial independence, retirement planning, and investment portfolio management services to high net-worth individuals, trusts, foundations, and corporate pension plans.

Basis of preparation

The non-consolidated financial statements have been prepared solely for the information and use of ICICI Securities Limited, the Holding Company for consolidation in accordance with the notified accounting standards issued by Companies Accounting Standards Rules, 2006 and relevant provisions of the Companies Act, 1956. The non-consolidated financial statements have been prepared on historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and, except where otherwise stated, are consistent with those used in the previous year.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates

A SIGNIFICANT ACCOUNTING POLICIES

1. Revenue Recognition

Revenue from issue management, loan syndication and financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

2. Investments & stock in trade

Investments in debt and equity securities are classified as stock-in-trade or long term investments.

Securities acquired with the intention of short-term holding and trading are classified as stock-in-trade. The securities held as stock-in-trade are grouped under current assets and are valued at cost or market value, whichever is lower.

Securities acquired with the intention of holding it for more than a year are classified as long term investments. Long term investments are carried at acquisition cost, net of direct acquisition costs, if any. Any decline in the value of investments, which is other than temporary is reduced from its acquisition costs. A decline is considered as other than temporary after considering the investee company's market value, assets, results and the expected cash flows from the investment and restrictions, if any, on distribution or sale by the company.

3. Fixed Assets and Depreciation

Fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Depreciation on fixed assets is provided on straight line method at the rates which are equal or higher than the rates prescribed in Schedule XIV of the Companies Act, 1956. Such rates are fixed after considering applicable laws in the United States of America and management estimation of the useful life of the asset.

Depreciation of Assets	Estimate Life
Office Equipment & Computers	3 Years
Furniture & Fixtures	7 Years
Intangibles	5 Years

4. Income Tax

Current income- tax is measured at the amount expected to be paid to the tax authorities in accordance with the local tax rates of the United States of America. 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. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

5. 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.

The diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

6. 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.

7. Cash and cash equivalents

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

B OTHER NOTES TO ACCOUNTS

1. Acquisition of Global Investment Management, Inc. (GIM)

During the year, the Company acquired the investment advisory business of Global Investment Management, Inc., a registered investment adviser and a New Jersey corporation with office at Princeton, New Jersey, USA. The final purchase consideration as stated in the agreement, determined on the basis of AUM (Asset under Management) of Rs. 5,954,958 thousand (US\$ 117,409 thousand) as on March 31, 2009 is Rs. 131,246 thousand (US\$ 2,588 thousand). An amount of Rs. 87,193 thousand (US\$ 1,719 thousand), equal to 40% percent of the estimated purchase price has been paid towards the purchase consideration, the balance to be paid over two installments, payable at the end of first year and second year after the closing as specified in the agreement. The excess of the consideration paid over the fair values assigned to assets has been recognized as Intangible assets (goodwill) which is being amortised over a period of five years.

2. Deferred Tax

Deferred Tax asset resulting from accumulated losses have not been accounted in the absence of virtual certainty of availability of sufficient future taxable income.

3. Related Party Disclosures

As per Accounting Standard on Related Party Disclosures (AS18) as notified by the Companies Accounting Standard Rules 2006, the related parties with whom the company transacted during the year are as follows:

- Related party where control exist irrespective whether transactions have occurred or not

Ultimate Holding Company	: ICICI Bank Limited
Holding Company	: ICICI Securities Limited
Subsidiary	: ICICI Securities Inc.
- Other related parties where transactions have occurred during the year

Fellow Subsidiary	: ICICI Securities Primary Dealership Limited
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The following transactions were carried out with the related parties in the ordinary course of business.

Nature of transaction	Ultimate Holding Company		Holding Company		Subsidiary Company		Fellow Subsidiary Company	
	(Rs. in 000's)	(US\$ in 000's)	(Rs. in 000's)	(US\$ in 000's)	(Rs. in 000's)	(US\$ in 000's)	(Rs. in 000's)	(US\$ in 000's)
Establishment and other expenses					5,733.79 (—)	124.8 (—)		

The balances payable to / receivable from related parties included in the balance sheet as on March 31, 2009 are given below:

	Ultimate Holding Company		Holding Company		Subsidiary Company		Fellow Subsidiary Company	
	(Rs. in 000's)	(US\$ in 000's)	(Rs. in 000's)	(US\$ in 000's)	(Rs. in 000's)	(US\$ in 000's)	(Rs. in 000's)	(US\$ in 000's)
Investment					476,467.50 (433,597.50)	11,050.00 (10,050.00)		
Receivables					14,519.57 (8,086.06)	286.27 (201.55)		
Payables								
ICICI Bank Limited	— (267.57)	— (6.67)						
ICICI Securities Primary Dealership Limited							— (87.64)	— (2.18)
ICICI Securities Limited			14.84 (—)	0.29 (—)				
Share Capital								
ICICI Securities Limited			626,098.38 (463,134.26)	14,450.00 (10,700.00)				

Amount in parenthesis represent previous year figures

4. Earnings per equity share (EPS)

	(Rs. in 000's)		(US\$ in 000's)	
	Year ended		Year ended	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Basic & Diluted				
Weighted average no. of equity shares outstanding	13,302.74	8,216.39	13,302.74	8,216.39
Net profit/(loss)	(36,712.89)	(2,204.45)	(799.08)	(54.76)
Basic/Diluted earnings per share	(2.76)	(0.27)	(0.06)	(0.01)
Nominal value per share (\$)	1	1	1	1

5. Conversion to Indian Rupees

All income and expense items are converted at the average rate of exchange applicable for the year. All assets (except Investments) and liabilities (except Share Capital) are translated at the closing rate as on the Balance Sheet date.

The Equity Share Capital and Investments in subsidiary is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on

account of translation at the year-end are transferred to Translation Reserve account and the said account is being treated as "Reserves and Surplus". Amounts in US\$ (USD) given in financial statements are stated only for the purpose of conversion.

6. Figures for the previous year have been regrouped/reclassified wherever necessary.

Signatures to Schedules A to N

As per our report of even date.

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No.: 36738

Mumbai, April 17, 2009

For and on behalf of the Board

ANUP BAGCHI
Director

CHARANJIT ATTRA
Director

A. MURUGAPPAN
Director

GOPAKUMAR P.
Director

cash flow statement

for the year ended March 31, 2009

	March 31, 2009	(Rs. in 000's) March 31, 2008	March 31, 2009	(US\$ in 000's) March 31, 2008
A. Cash flow from Operating Activities				
Profit /(Loss) before tax	(34,704.60)	(2,204.45)	(755.37)	(54.76)
– Depreciation	17,123.35	98.23	372.70	2.44
– Exchange adjustments	18,034.23	7,023.47	—	—
Operating profit before changes in operating assets and liabilities	452.98	4,917.25	(382.67)	(52.32)
Adjustments for net change in operating assets and liabilities				
– Current assets excluding cash and cash equivalents	(12,546.87)	—	(247.38)	—
– Loans and advances relating to operations	(8,979.61)	3,839.84	(134.50)	(179.93)
– Current liabilities relating to operations	45,406.75	851.80	885.74	488.11
	23,880.27	4,691.64	503.86	308.18
Cash generated from operations	24,333.25	9,608.89	121.19	255.86
Payment of taxes (net)	1,777.42	(11,119.66)	8.99	(263.89)
Net cash from operating activities	26,110.67	(1,510.77)	130.18	(8.03)
B. Cash flow from Investment Activities				
– Acquisition of equity investments in subsidiary companies	(42,870.00)	(119,410.00)	(1,000.00)	(3,000.00)
– (Purchase)/sale of fixed assets (net)	(139,646.25)	(69.75)	(2,753.28)	(1.73)
Net cash used in investment activities	(182,516.25)	(119,479.75)	(3,753.28)	(3,001.73)
C. Cash flow from Financing Activities				
– Proceeds from issue of share capital	162,964.12	120,527.85	3,750.00	3,000.00
Net cash used in financing activities	162,964.12	120,527.85	3,750.00	3,000.00
Net change in cash & cash equivalents	6,558.54	(462.67)	126.90	(9.76)
Cash and cash equivalents at the beginning of the year	463.09	925.76	11.54	21.30
Cash and cash equivalents at the end of the year	7,021.63	463.09	138.44	11.54

This is the Cash Flow Statement referred to in our report of even date.

As per our report of even date.

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No.: 36738

Mumbai, April 17, 2009

For and on behalf of the Board

ANUP BAGCHI
Director

CHARANJIT ATTRA
Director

A. MURUGAPPAN
Director

GOPAKUMAR P.
Director