

# ICICI HOME FINANCE COMPANY LIMITED

## 3RD ANNUAL REPORT AND ACCOUNTS 2001-2002

### Directors

Chanda Kochhar *Chairperson*  
 Kalpana Morparia  
 Nachiket Mor  
 M. N. Gopinath  
 Amitabh Chaturvedi  
 V. Vaidyanathan *Managing Director & CEO*  
 Rajiv Sabharwal *Chief Operating Officer*

### Company Secretary

Rajendra Patil

### Auditors

N. M. Raiji & Co.  
 Chartered Accountants

### Registered and Corporate Office

ICICI Bank Towers  
 Bandra-Kurla Complex  
 Mumbai - 400 051

## directors' report

### to the members

Your Directors have pleasure in presenting the Third Annual Report of the Company with the audited Statement of Accounts for the year ended March 31, 2002.

#### APPROPRIATIONS

The Profit and Loss Account shows profit before taxation of Rs.126.34 million (previous year Rs.19.34 million) after provision of Rs.14.25 million (previous year Rs.3.10 million) towards bad and doubtful debts and taking into account all expenses including depreciation of Rs.3.95 million (previous year Rs.0.73 million) on fixed assets. The net profit for the year is Rs.95.78 million (previous year Rs.14.93 million).

Taking into account the balance of Rs.6.84 million (previous year Rs.0.49 million) brought forward from the previous year and after adjusting deferred tax liability at the beginning of the year, the disposable profit is Rs.102.63 million (previous year Rs.15.43 million). Your Directors do not recommend any dividend on equity shares for the year ended March 31, 2002 and have appropriated the disposable profit as follows:

	(Rupees)	
	2001-2002	2000-2001
Special Reserve created and maintained in terms of Section 36 (1) (viii) of the Income-tax Act, 1961	<b>33,328,748</b>	<i>8,009,738</i>
Dividend on Preference Shares for the year ended March 31 (including corporate dividend tax)	<b>7,993</b>	—
Leaving balance to be carried forward to next year	<b>69,296,353</b>	<i>7,423,232</i>

#### AMALGAMATION OF ICICI LIMITED WITH ICICI BANK LIMITED

ICICI Limited, the holding company, along with two of its wholly-owned subsidiaries namely, ICICI Capital Services Limited and ICICI Personal Financial Services Limited has amalgamated with ICICI Bank Limited (ICICI Bank). Consequent upon the aforesaid amalgamation, your Company has become a wholly-owned subsidiary of ICICI Bank effective May 3, 2002.

#### OPERATIONAL REVIEW AND BUSINESS STRATEGY

In November 2001, it was decided that as a strategic initiative, the holding company would undertake future home loan disbursement. In view of the above, loan approvals during the year aggregated Rs.13,326 million as compared to Rs.13,880 million in the previous year while disbursements aggregated Rs.10,446 million as compared to Rs.6,770 million in the previous year.

Your Company continued to expand the geographical reach and at the same time penetrated deeper into existing markets. It has used the "hub and spoke" distribution strategy towards this end, which ensured deeper penetration and larger market share, at the same time delivering customer service of a high standard nationwide. It operates from about 150 Centres in the country and offers doorstep service to customers.

During the year, your Company became the first housing finance provider to introduce floating rate loans. It also launched other innovative products with features like free personal accident insurance and nil part prepayment charges etc. It hosted various exhibitions to interact with and market products to focused customer segments.

Your Company continued to innovate into areas where there is a growing demand for home loans and other related services, in line with the ICICI group's vision of being a total financial solutions provider for individuals and corporates. It has expanded into fee-based property services for both corporate and retail customers. Your Company has also carried out a Six Sigma exercise on the sanctions and disbursement processes, which has reduced turnaround times and improved efficiency.

#### RESOURCES

The Company had been meeting its resource requirements primarily through borrowings from commercial banks and erstwhile ICICI. In order to comply with debt-equity norms stipulated under the erstwhile Housing Finance Companies (NHB) Directions, 1989 and also under the new Housing Finance Companies (NHB) Directions, 2001, the Company has issued additional capital of Rs.600 million in the form of equity shares as well as compulsorily convertible preference shares, which was subscribed to entirely by the holding company. At March 31, 2002, the paid-up capital of the Company stood at Rs.1,550 million and the capital adequacy ratio was 16.04 %.

#### PUBLIC DEPOSITS

In order to meet the growing business needs and diversify the resource base, the Company launched a Fixed Deposit (FD) programme to mobilize up to Rs.2,000 million by way of fixed deposits. The FD programme was been assigned a rating of AAA (SO) by Credit Analysis and Research Limited (CARE) and received a good response from the public. None of the deposit accounts has become due for repayment during the year under review.

#### DIRECTORS

Lalita D. Gupte, S. Mukherji and Nagesh Pinge who were on the Board since May 1999, July 2001 and October 2001 respectively, tendered their resignation from the Board, effective April 25, 2002. The Board accepted their resignations and placed on record its appreciation of the contributions made by them during their tenure.

The Board had appointed Kalpana Morparia as Additional Director, effective July 20, 2001. Further, the Board also appointed Amitabh Chaturvedi and Rajiv Sabharwal as Additional Directors, effective April 25, 2002 and Chanda Kochhar and Nachiket Mor as Additional Directors effective May 6, 2002. The Additional Directors so appointed would hold office up to the date of the forthcoming Annual General Meeting. However, they are eligible for appointment.



# directors' report



**Continued**

Chanda Kochhar was appointed Chairperson of the Board in place of Lalita D. Gupte effective May 6, 2002.

Rajiv Sabharwal, Chief Operating Officer, has also been appointed as Wholetime Director, effective April 25, 2002. Rajiv Sabharwal will draw his remuneration and other benefits from ICICI Bank and hence will not draw any remuneration from the Company. In terms of the provisions of the Companies Act, 1956, your approval is sought for his appointment as detailed in the Notice convening the Meeting.

The nomination of Madhabi Puri Buch as non-rotational Director and Managing Director was withdrawn and V. Vaidyanathan nominated in her place as non-rotational Director and Managing Director & CEO, effective April 25, 2002. During the tenure of Madhabi Puri Buch, the Company achieved remarkable growth of over 200% in disbursements and was recognised as a leading player in the housing finance industry. The Board at its Meeting on April 24, 2002 noted the above and placed on record its appreciation of the valuable contribution made by Madhabi Puri Buch. The Board had also appointed V. Vaidyanathan as Managing Director & CEO of the Company for a period of five years, effective April 25, 2002. V. Vaidyanathan will draw his remuneration and other benefits from ICICI Bank and hence will not draw any remuneration from the Company. In terms of the provisions of the Companies Act, 1956, your approval is sought for his appointment as detailed in the Notice convening the Meeting.

In terms of the provisions of the Articles of Association of the Company, M. N. Gopinath would retire at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

## **AUDITORS**

The Auditors, M/s. N. M. Rajji & Co., Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting. The Board, at its Meeting held on April 24, 2002, has proposed their appointment as Auditors to audit the accounts of the Company for the financial year ending March 31, 2003. You are requested to consider their appointment.

## **FOREIGN EXCHANGE EARNING AND EXPENDITURE**

During 2001-2002, expenditure in foreign currencies amounted to Rs.0.10 million on account of purchase of software and license. There was no earning in foreign currencies 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.

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:

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that the Directors had selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for that period;
- (c) that the Directors had 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) that the Directors had prepared the annual accounts on a going concern basis.

## **ACKNOWLEDGEMENTS**

Your Company is grateful to the National Housing Bank for their continued support and advice. The Company is also grateful to its clients and bankers for their continued support.

Your Company would like to express its gratitude for the unstinted support and guidance received from ICICI Bank Limited, the parent organisation, and also from other group companies.

Your 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

*Mumbai  
June 18, 2002*

CHANDA KOCHHAR  
*Chairperson*



# auditors' report

## to the members of ICICI Home Finance Company Limited

We have audited the attached Balance Sheet of ICICI HOME FINANCE COMPANY LIMITED as at March 31, 2002 and the annexed Profit and Loss Account of the Company for the year ended on that date and 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 misstatements. 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.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of subsection (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.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
3. The Balance Sheet and the Profit and Loss Account, dealt with by this report are in agreement with the books of account;

4. In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
5. On the basis of written representations received from the Directors of the Company, none of the Directors are disqualified as on March 31, 2002 from being appointed as Director under Section 274(1)(g), of the Companies Act, 1956.
6. 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:
  - (i) in the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2002; and
  - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For N.M. RAIJI & CO.  
*Chartered Accountants*

JAYESH M. GANDHI  
*Partner*

Mumbai, April 24, 2002

# annexure to the auditors' report

## referred to in paragraph (1) of our report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. Physical verification of fixed assets has been carried out by the management during the year. No discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The Company has taken unsecured loans from its holding Company, a Company which is also a party listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and terms of these loans are not, prima facie, prejudicial to the interest of the Company.
4. The Company has not given loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under Section 301 and/or to the Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
5. The parties to whom loans and advances in the nature of loans have been granted by the Company, are generally repaying the principal amounts as stipulated and are also generally regular in the payment of interest. The Company has also granted loans to employees, who are repaying the principal amount as stipulated and regular in the payment of interest.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets.
7. The Company being a "Housing Finance Company" (HFC), Section 58A of the Companies Act, 1956 is not applicable. During the year, the Company has accepted deposits from the public coming under the purview of the Housing Finance Companies (NHB) Directions, 1989 and 2001. In our opinion, the Company has complied with the provisions of the Housing Finance Companies (NHB) directions, 1989 and 2001 in respect of such deposits.
8. The Company has an internal audit system, which is commensurate with the size and the nature of its business.
9. In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and

sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs 50,000 or more in respect of each party. The Company provides services to the parties entered in register maintained under Section 301 of the Companies Act, 1956 and aggregating to Rs. 50,000 in respect of each party. Considering the specialised nature of services provided, the market prices of such services is not readily available and hence the prices charged for the services could not be compared.

10. As per the records maintained by the Company, the provident fund dues have been regularly deposited with the appropriate authorities. As informed to us, Employees State Insurance Act is not applicable to the Company.
11. There are no undisputed amounts payable in respect of income tax, sales tax and customs duty outstanding as at March 31, 2002, for a period of more than six months from the date they became payable.
12. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
13. Adequate documents and records are generally maintained in cases where the Company has granted loans and other credit facilities on the basis of security by way of property.
14. The clauses (iii) to (vi), (xii), (xiv), (xvi), (xx) of 4A, 4B, 4C and (iii) and (iv) of 4D of the Manufacturing and Other Companies (Auditors' Report) Order, 1988 are not applicable to the Company.

For N.M. RAIJI & CO.  
*Chartered Accountants*

JAYESH M. GANDHI  
*Partner*

Mumbai, April 24, 2002



# balance sheet profit and loss account



as at March 31, 2002

for the year ended March 31, 2002

Schedule	(Rs. in '000)	March 31, 2001	Schedule	(Rs. in '000)	March 31, 2001
<b>I. SOURCES OF FUNDS</b>			<b>INCOME</b>		
<b>Shareholders' Funds</b>			Income from Operations X 1,767,645.44 577,567.61		
A. Share Capital I	1,550,000.00	950,000.00	Other Income XI 154,480.13 485.22		
B. Reserves and Surplus II	110,634.84	15,432.97	<b>1,922,125.57 578,052.83</b>		
	<b>1,660,634.84</b>	<b>965,432.97</b>	<b>EXPENDITURE</b>		
<b>Loan Funds</b>			Interest, Other Financial Charges and Expenses on Borrowings 1,292,459.00 331,772.83		
Unsecured Loans III	14,569,947.69	6,265,000.00	Employee Cost 124,498.44 30,483.62		
<b>Deferred Tax Liability [refer note 2(d)]</b>			Establishment and Other Expenses XII 358,816.22 191,253.30		
	7,988.15	—	Depreciation 3,952.07 729.61		
	<b>16,238,570.68</b>	<b>7,230,432.97</b>	Provision and Write off Against Non-Performing Assets 14,251.15 3,099.06		
<b>II. APPLICATION OF FUNDS</b>			Preliminary and Share Issue Expenses written off 1,800.68 1,375.71		
<b>Fixed Assets</b>			<b>1,795,777.56 558,714.13</b>		
Gross Block IV	54,867.03	16,332.55	<b>Profit before Taxation 126,348.01 19,338.70</b>		
Less: Depreciation	4,681.67	729.60	Less: Provision for Taxation 23,150.00 4,400.00		
Net Block	50,185.36	15,602.95	Deferred Tax Provision 7,412.19 —		
<b>Investments</b>			<b>Profit after Taxation 95,785.82 14,938.70</b>		
V	78,085.84	—	Add: Balance brought forward from previous year 7,423.23 494.27		
<b>Loans and Other Credit Facilities</b>			Less: Adjustment on account of deferred tax liability at the beginning of the year 575.96 —		
VI	15,821,448.81	7,146,489.15	<b>102,633.09 15,432.97</b>		
<b>Current Assets, Loans and Advances</b>			<b>APPROPRIATIONS</b>		
A. Current Assets VII	771,712.56	161,321.70	Special Reserve - in terms of Section 36(1)(viii) of the Income Tax Act, 1961 33,328.75 8,009.74		
B. Loans and Advances	234,436.63	15,544.68	Dividend (including Corporate Dividend Tax Rs. 815, Previous year Nil) 7.99 —		
	<b>1,006,149.19</b>	<b>176,866.38</b>	— on Preference Shares 69,296.35 7,423.23		
Less: Current Liabilities and Provisions VIII			Balance carried to Balance Sheet 102,633.09 15,432.97		
A. Current Liabilities	731,169.88	123,516.93	<b>Notes forming part of the Accounts and Accounting Policies XIII</b>		
B. Provisions	27,902.99	4,745.00	<b>Notes forming part of the Accounts and Accounting Policies XIII</b>		
	<b>759,072.87</b>	<b>128,261.93</b>			
<b>Net Current Assets and Advances / (Liabilities)</b>					
	247,076.32	48,604.45			
<b>Miscellaneous Expenditure</b>					
IX	41,774.35	19,736.42			
	<b>16,238,570.68</b>	<b>7,230,432.97</b>			
<b>Notes forming part of the Accounts and Accounting Policies XIII</b>			<b>Notes forming part of the Accounts and Accounting Policies XIII</b>		

As per our Report attached

For and on behalf of the Board

For N. M. RAJI & CO.  
Chartered Accountants

LALITA D. GUPTA  
Chairperson

J. M. GANDHI  
Partner

RAJENDRA PATIL  
Company Secretary

MADHABI PURI BUCH  
Managing Director

Mumbai, April 24, 2002



# schedules

## forming part of the Accounts

(Rs. in '000) *March 31, 2001*

### SCHEDULE I

#### SHARE CAPITAL

##### Authorised

225,000,000 (300,000,000) Equity Shares of Rs.10 each	<b>2,250,000.00</b>	3,000,000.00
75,000,000 (Nil) Preference Shares of Rs.10 each	<b>750,000.00</b>	—
	<b>3,000,000.00</b>	3,000,000.00

##### Issued, Subscribed and Paid up

115,000,000 (95,000,000) Equity Shares of Rs.10 each fully paid up	<b>1,150,000.00</b>	950,000.00
40,000,000 (Nil) 0.01% Fully Convertible Cumulative Preference Shares of Rs. 10 each fully paid up - Refer Note (b) of Notes to Accounts (All shares are held by ICICI Limited, the holding company and its nominees)	<b>400,000.00</b>	—
	<b>1,550,000.00</b>	950,000.00

### SCHEDULE II

#### RESERVES AND SURPLUS

Surplus in Profit and Loss Account	<b>69,296.35</b>	7,423.23
Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income Tax Act, 1961.	<b>41,338.49</b>	8,009.74
	<b>110,634.84</b>	15,432.97

### SCHEDULE III

#### LOAN FUNDS (Unsecured)

Loans from Holding Company (includes subordinated debts of Rs. 1,930,000,000; Previous period Nil)	<b>4,628,999.99</b>	2,480,000.00
Loans from Banks Fixed Deposits (includes deposits from banks Rs. 336,198,350; Previous period Nil and corporate Rs. 149,347,038; Previous period Nil)	<b>8,269,170.88</b>	3,750,000.00
Short Term Loans and Advances from Corporates	<b>1,660,776.82</b>	—
	<b>11,000.00</b>	35,000.00
	<b>14,569,947.69</b>	6,265,000.00

### SCHEDULE IV

#### FIXED ASSETS

(Rs. in '000)

Assets	Gross Block			Depreciation		Net Block		<i>March 31, 2001</i>
	<i>March 31, 2001</i>	Additions	Deductions	<i>March 31, 2002</i>	For the Year	To date	<i>March 31, 2002</i>	
Computer and Software	8,029.68	<b>23,185.16</b>	—	<b>31,214.84</b>	<b>3,866.47</b>	<b>4,595.71</b>	<b>26,619.13</b>	7,300.44
Office Equipments	—	<b>874.26</b>	—	<b>874.26</b>	<b>27.07</b>	<b>27.07</b>	<b>847.19</b>	—
Motor Car	—	<b>1,104.27</b>	—	<b>1,104.27</b>	<b>29.57</b>	<b>29.57</b>	<b>1,074.70</b>	—
Furniture	8.15	<b>808.37</b>	—	<b>816.52</b>	<b>28.96</b>	<b>29.32</b>	<b>787.20</b>	7.78
Capital Work in Progress/ Capital Advances	8,037.83	<b>25,972.06</b>	—	<b>34,009.89</b>	<b>3,952.07</b>	<b>4,681.67</b>	<b>29,328.22</b>	7,308.22
<b>Total</b>	8,037.83	<b>25,972.06</b>	—	<b>34,009.89</b>	<b>3,952.07</b>	<b>4,681.67</b>	<b>50,185.36</b>	15,602.94
<i>Previous Year</i>	—	8,037.83	—	8,037.83	729.60	729.60	15,602.94	



# schedules



forming part of the Accounts

Continued

	(Rs. in '000)	March 31, 2001	(Rs. in '000)	March 31, 2001
<b>SCHEDULE V</b>				
<b>INVESTMENTS - AT COST</b>				
<b>Long Term Investment</b>				
10 Shares of Rs. 10 each of ICICI Venture Fund Management Company (Unquoted)	0.10	—		
<b>Short Term Investment</b>				
Government Securities (364 days T-Bill) (Quoted) (F.V. Rs. 83,250,000)	78,085.74	—		
	<u>78,085.84</u>	—		
Market Value of Quoted Investments	78,178.01	—		
<b>SCHEDULE VI</b>				
<b>LOANS AND OTHER CREDIT FACILITIES (Secured and considered good)</b>				
Housing Loans				
Considered Good	15,821,448.81	7,146,489.15		
Considered Doubtful	26,971.51	3,146.36		
Less: Provisions	26,971.51	3,146.36		
	<u>15,821,448.81</u>	<u>7,146,489.15</u>		
<b>SCHEDULE VII</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>A. Current Assets</b>				
Interest Accrued on Loans	149,722.83	55,859.47		
Securities Held as Stock-in-trade (at cost or market value whichever is less):				
68,273,141 units in Liquid scheme of Prudential ICICI Mutual Fund	951.23	—		
Cash and Bank balances :				
Balances with scheduled banks	538,508.65	105,462.23		
-in current accounts	82,529.85	—		
-in deposit accounts				
	<u>771,712.56</u>	<u>161,321.70</u>		
<b>B. Loans and Advances (Recoverable in cash or in kind or for value to be received - Considered Good)</b>				
Loans to Staff	47,948.69	—		
Other Advances and Deposits	144,253.94	10.00		
Advance Income and Interest tax	42,234.00	15,534.68		
	<u>234,436.63</u>	<u>15,544.68</u>		
(Unsecured, except Loans to Staff and Loans against Fixed Deposit which is secured)				
<b>SCHEDULE VIII</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. Current Liabilities</b>				
Sundry Creditors	51,397.38	112,070.14		
Interest Accrued But Not Due	60,408.45	8,521.66		
Other Liabilities	619,364.05	2,925.13		
	<u>731,169.88</u>	<u>123,516.93</u>		
<b>B. Provisions</b>				
Provision for tax	27,895.00	4,745.00		
Proposed Dividend (Including Corporate Dividend Tax)	7.99	—		
	<u>27,902.99</u>	<u>4,745.00</u>		
<b>SCHEDULE IX</b>				
<b>MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>				
Preliminary and Share Issue Expenses	14,796.85	16,597.53		
Deferred Revenue Expenditure	26,977.50	3,138.89		
	<u>41,774.35</u>	<u>19,736.42</u>		
<b>SCHEDULE X</b>				
<b>INCOME FROM OPERATIONS</b>				
Income from Financing Operations	1,593,730.59	434,611.71		
Fee Income	173,914.85	142,955.90		
	<u>1,767,645.44</u>	<u>577,567.61</u>		
<b>SCHEDULE XI</b>				
<b>OTHER INCOME</b>				
Interest on Deposits	729.85	281.50		
Origination and Administration Fees	151,336.24	—		
Other Income	2,414.04	203.72		
	<u>154,480.13</u>	<u>485.22</u>		
<b>SCHEDULE XII</b>				
<b>ESTABLISHMENT AND OTHER EXPENSES</b>				
Advertisement Expenses	37,571.24	37,985.97		
Customer Acquisition Expenses	81,744.74	64,067.05		
Professional and Legal Expenses	73,797.44	39,906.95		
Rent	41,847.23	17,249.10		
Communication Expenses	27,912.23	8,704.17		
Travelling and Conveyance	20,315.61	5,017.69		
Printing and Stationery	18,731.43	5,980.25		
Office Expenses	15,844.02	4,161.95		
Computer and Software Expenses	16,426.32	1,675.40		
Audit Fees	280.00	244.07		
Deferred Revenue Expenditure Written Off	2,129.49	1,236.11		
Miscellaneous Expenses	22,216.47	5,024.59		
	<u>358,816.22</u>	<u>191,253.30</u>		



# schedules

forming part of the Accounts

Continued

## SCHEDULE XIII

### NOTES FORMING PART OF THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

#### 1. Significant Accounting Policies

The accounts are prepared in accordance with the accounting principles generally accepted in India and the directions issued by the National Housing Bank from time to time.

##### a) Revenue Recognition

Interest Income on housing loan is accounted for on accrual basis, other than interest on Non-Performing Assets, if any, which is accounted for on cash basis. Further, interest income accounted in the past for Non-Performing Assets is also reversed. Fees are recognised on due basis.

##### b) Investments

Investments have been classified as long-term and short-term investments. Long-term investments have been valued at cost and short-term investments have been valued at cost or market value whichever is lower.

##### c) Expenses

All expenses are provided for on accrual basis.

##### d) Preliminary Expenses

Preliminary expenses are amortised over a period of ten years.

##### e) Deferred Revenue Expenditure

i) Advertisement expenditure and, expenditure incurred on Business Process Re-Engineering for which payment has been made, the benefit of which is expected over a subsequent period(s) is treated as Deferred Revenue Expenditure and amortised over the period of 36 months.

ii) The initial expenses on borrowings are amortised over the tenure of the borrowing facility.

##### f) 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.

##### g) Deferred Tax

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

##### h) Provision for Non-Performing Assets

Provisions against Non-Performing Assets (NPAs) are made based on norms decided by the management, which are more conservative as compared to the prudential norms prescribed by NHB.

#### 2. Notes to Accounts

a) Home Loans given by the Company are secured by the underlying property.

b) The Preference Shares issued are compulsorily convertible into Equity Shares at the option of ICICI Limited, any time after one year but not later than three years, from the date of allotment in the ratio of 1:1.

c) As per the terms of appointment, the Managing Director draws her remuneration and other benefits from ICICI Limited.

d) In compliance with the Accounting Standard 22 (Accounting for Taxes on Income), the Company has worked out deferred tax liability as at April 1, 2001 amounting to Rs. 575.96 thousand. The liability has been created out of Surplus of Profit and Loss Account as on March 31, 2001. Further for the current period deferred tax liability has increased to the extent of Rs. 7,412.19 thousand and to that extent profit after tax is lower.

The break-up of deferred tax assets and liabilities into major components is as follows:

	(Rs. in '000)
<b>Deferred Tax Asset</b>	
Provision for Doubtful Debts	1,356.19
Less: <b>Deferred Tax Liability</b>	
Depreciation	2,972.48
Others	6,371.86
<b>Net Deferred Tax Asset/(Liability)</b>	<u>(7,988.15)</u>

e) Capital commitment for purchase of assets Rs. 2,200.00 thousand (Previous period Rs. 4,400.00 thousand).

f) Commitment towards part disbursement of sanctions is amounting to Rs. 700,127.00 thousand (Previous period Rs. 722,156.69 thousand).

g) Expenditure in foreign currency Rs. 89.78 thousand (Previous period Rs. 1,614.77 thousand).

h) During the year following revenue expenditure incurred is treated as Deferred Revenue Expenditure, as per the policy followed by the Company:

- 1) Business Process Re-Engineering – Rs. 4,026.90 thousand.
- 2) Expenses on Borrowing – Rs. 25,384.73 thousand.

i) Related Party Disclosure :

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

Name of the Related Party	Type of Transactions	Amount (Rs. in '000)
ICICI Limited – the holding company	Rent Brokerage Income Misc. Expenses Other Income	39,570 2,070 25,110 151,340
ICICI Infotech Limited - the subsidiary of ICICI Limited	Purchase of Fixed Assets Rent Misc. Expenses	2,170 210 2,680
ICICI Bank Limited - an associate of ICICI Limited	Rent	620
ICICI PFS Limited - the subsidiary of ICICI Limited	Communication Expenses	6,720
ICICI Prudential Life Insurance Company Limited - the subsidiary of ICICI Limited	Brokerage Income Other Income	2,220 950
ICICI Capital Services - the subsidiary of ICICI Limited	Fixed Deposit – Brokerage Expenses Commission	18,600 6,720
ICICI Web Trade Limited - the subsidiary of ICICI Limited	Misc. Expenses	770

j) Business segment has been considered as primary segment for Segmental reporting of the entity as per Accounting Standard-17. As per the management there is no geographical segment, which has been identified.

Information about Business Segment :

(Rs. in '000)

	Home Loans		Property Services		Consolidated	
	March 31, 2002	March 31, 2001	March 31, 2002	March 31, 2001	March 31, 2002	March 31, 2001
<b>Revenue</b>						
Interest Income	1,593,730.59	434,611.71	—	—		
Fees	311,962.25	143,441.12	16,432.74	—		
Total Revenue	1,905,692.83	578,052.83	16,432.74	—		
Segment Result						
Unallocated Expenses						
Operating Expenses	498,940.01	226,941.29	3,378.54	—		
Interest Expenses	1,292,459.00	331,772.85	—	—		
<b>Net Profit</b>	113,293.81	19,338.70	13,054.20	—		
<b>Other Information</b>						
Segment Assets						
Unallocated						
Corporate Assets	—	—	—	—	16,238,570.68	7,230,432.97
Total Assets	—	—	—	—	16,238,570.68	7,230,432.97
Segment Liability						
Unallocated						
Corporate Liabilities	—	—	—	—	16,238,570.68	7,230,432.97
Total Liabilities	—	—	—	—	16,238,570.68	7,230,432.97

k) Previous period's figures have been regrouped wherever necessary.

As per our Report attached

For N. M. RAJJI & CO.  
Chartered Accountants

J. M. GANDHI  
Partner

Mumbai, April 24, 2002

For and on behalf of the Board

RAJENDRA PATIL  
Company Secretary

LALITA D. GUPTA  
Chairperson

MADHABI PURI BUCH  
Managing Director



**1. Registration Details**

Registration No.   
 Balance Sheet Date     
 Date Month Year State Code

**2. Capital Raised during the Year**

(Amount in Rupees Thousand)

Public Issue

Rights Issue

Bonus Issue

Private Placement

**3. Position of Mobilization and Deployment of Funds**

(Amount in Rupees Thousand)

Total Liabilities

Sources of Funds

Paid-up Capital

Deferred Tax Liability

Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Total Assets

Reserves and Surplus

Unsecured Loans

Loans and Investments

Miscellaneous Expenditure

**4. Performance of the Company**

Turnover

Profit/Loss before Tax

Earnings per Share in Rupees

Expenditure

Profit/Loss after Tax

Dividend Rate %

**5. Generic Names of three Principal Products/Services of the Company (As per monetary terms)**

Product Description Item Code No.  
Home Loans NIL

For and on behalf of the Board

LALITA D. GUPTA  
Chairperson

RAJENDRA PATIL  
Company Secretary

MADHABI PURI BUCH  
Managing Director