

Directors

Chairman	K.V. Kamath Lalita D. Gupte (Smt.) S.H. Bhojani
Managing Director	Devdatt Shah

Executives

Chief Operating Officer	Subhash Dhavale
Senior Vice Presidents	Pankaj Agrawal Meher Baburaj Swapna Bhargava Sharad C. Bhatia Zarin Daruwala Amit Tandon V. Srinivasan
Company Secretary	Ajay Vaidya

Auditors

M/s. N.M. Raiji & Company
Chartered Accountants

Registered Office

III Floor, ICICI Tower
NBCC Place
Bisham Pitamah Marg
New Delhi 110 003

Corporate Office

41/44, Minoo Desai Marg
Colaba, Mumbai 400 005

Other Offices

No-1, Cenotaph Road
Teynampet, Chennai 600 018

2B, Gorky Terrace,
(Off. Lower Circular Road)
Calcutta 700 017

directors' report



To the Members



Your Directors are pleased to present the Sixth Annual Report of the Company with the Audited Statement of Accounts for the year ended March 31, 1999

Financial Results

The financial results for the year under review are as follows:

	(Rupees million)	
	Year Ended	Year Ended
	March 31, 1999	March 31, 1998
Gross Income	1924.87	1869.18
Profit before Interest, Depreciation & Tax	1458.57	1281.71
Depreciation	75.22	75.63
Interest	1099.68	717.35
Profit/(Loss) before tax	283.67	488.73
Provision for Tax	85.00	88.12
Profit/(Loss) after tax	198.67	400.61

Economic Overview

Economic performance during the year remained mixed. Industrial growth continued to be low with the growth in the Index of Industrial Production reported to be 3.9% during the eleven month period from April 1998 to February 1999. While advance estimates place GDP growth in fiscal 1999 at 5.8%, this critically hinges on the estimated 5.3% growth in agriculture and allied sectors.

Supply side bottlenecks led to a sharp increase in prices of food articles, driving WPI inflation to over 8% for a few months. With the subsequent arrival of new crops, WPI inflation has eased to near 5%.

Government finances continue to be a cause for worry. Fiscal deficit was at 6.5% of GDP, significantly higher than the targeted 5.6% of GDP. Sovereign market borrowing, at Rs. 939 billion, exceeded the budgeted amount by Rs. 146 billion.

Although there was a rally in March 1999, subsequent to the presentation of the Union Budget and interest rate cuts by RBI, financial markets remained sluggish for most of the year, due to political instability and the continued economic slowdown. Nuclear tests conducted by India and Pakistan and the consequent U.S. led economic sanctions triggered a reversal of sentiment, with the BSE Sensex falling nearly 25% over the two months following the tests. Bond yields too hardened in the immediate aftermath, though yields recovered subsequently. The depressed market sentiment also had an impact on government disinvestments; compared to the target of Rs. 90 billion, only Rs. 65 billion could be raised.

However, liquidity in the system remained high, largely due to the enthusiastic response to the Resurgent India Bond issue, which raised \$4.2 billion. Thus, despite a widening trade deficit (\$8.2 billion during April 1998 to February 1999), the foreign exchange reserves position was comfortable, year-ending reserves being placed at an all-time high of \$32.5 billion.

Overall Performance

Despite sluggish financial markets and the continued economic slowdown, your Company was able to increase volumes which is reflected in higher gross income in fiscal 1999. However, increasing competition resulted in reduced commission rates, affecting your Company's fee income. Consequently, Profit after Tax declined to Rs. 198.67 million in fiscal 1999, compared to Rs. 400.61 million in fiscal 1998.

The division wise performance and outlook are as follows :

Debt Business :

Your Company continued to be a dominant player in all areas of the fixed income markets over the last year. The fixed income group maximised trading revenues and profits for the Company, by taking active trading views and increasing the volumes of their operations. As a Primary Dealer, it notched up an impressive performance and exceeded all commitments made to RBI at the beginning of the year. The total volume of Government Securities/Treasury Bills traded during the year was Rs. 228 billion. Your Company established itself as a major player in trading fixed income instruments such as bonds, debentures and CPs, notching up an impressive turnover. Debt placement was also a major area of focus; your Company helped raise over Rs. 80 billion of debt for Public Sector Undertakings, Financial Institutions and Corporates during the current year.

With the appointment of new Primary Dealers, the debt markets are expected to witness more activity. The consequent increase in competition and increased volumes should further test our dominance in the fixed income markets. With economic activity expected to pick up during the year, fund raising by corporates is likely to increase and this should provide exciting opportunities for your Company.

Equities Business :

The Primary market continued to be depressed: major issuances during the first half of the year came primarily from the banking sector. Four companies in the software sector tapped the capital market during the last four months of fiscal 1999. Your Company's Equity Capital Markets group mobilised an aggregate amount of Rs. 7.02 billion by way of public/rights issues (Rs. 3.11 billion), divestment of holdings of the Government of India in Gas Authority of India Limited (Rs. 1.84 billion) and private placement of equity (Rs. 2.07 billion) and played a key role in each of these offerings. Your Company was involved as a lead manager for the first (and the largest) public offering from the software sector during fiscal 1999.

While the primary market is unlikely to witness a very significant pick up in activity during fiscal 2000, offerings from software companies are expected to dominate primary market issuances. Your Company is well poised to leverage its research capabilities and placement strengths in playing a leading role in these issues. Your Company would also seek to exploit its valuation skills and placement capabilities in playing a more active role in the private placement of equities.

Your Company's research group continues to be recognised for the quality and depth of coverage. The group's research reports and updates are distributed to over 275 domestic and international clients. During the year, more companies have been brought under active coverage. New products launched during the year include The Results Compendium and Equity Strategy Note, both published quarterly. These have been well received by investors.

Corporate Finance Business :

Corporate finance activity comprising merger & acquisitions advisory, corporate advisory, project advisory and private equity syndication gained momentum as corporates decided to refocus on their core businesses. Your Company remained amongst the most active players in M&A advisory and strengthened its position in the business, through execution of numerous assignments on financial/business restructuring, buy/sell advisory, business valuation and open offers for a cross-section of industry. The project advisory/private equity group handled several assignments further consolidating its expertise in the Oil & Gas, Power and Telecom sectors. The project advisory activity has now been transferred to ICICI, in view of greater synergies with its operations.

The Corporate Finance Group has created a healthy pipeline for M&A business and infrastructure advisory for the current year. In M&A/Advisory, your Company is well positioned to convert opportunities arising from the ongoing consolidation and restructuring in certain industries into mandates. In the area of project advisory/private equity, increased activity in infrastructure sectors is expected to enhance the infrastructure advisory and private equity syndication business. We remain cautiously optimistic going into the future.

Dividend

Your Directors are happy to recommend for approval of the members a dividend at the rate of two percent on 20,30,02,800 Equity Shares of Rs. 10 each.

Organisation and Human Resources

Your Company recognises the importance of human resources and the need to retain good performers and keep them motivated. The importance of training to develop skills is emphasized and employees are encouraged to undertake training. Your Company has been able to attract the best talent, both from premier management schools as well as from professional institutions.

The statutory information regarding employees, as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is attached to this report.

Public Deposits

As on March 31, 1999, the Company had no unclaimed or unpaid deposits

directors' report

which are due for repayment/renewal as per the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1997.

Foreign Exchange Earnings and Expenditure

During the year, the earnings in foreign currency were Rs. 7.26 million. The foreign exchange outgo amounted to Rs. 2.59 million.

Since the Company does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 are not applicable.

Directors

At the fifth Annual General Meeting held on September 28, 1998, the members had appointed Mr. S. H. Bhojani as a Director of the Company.

Mr. K.A. Chaukar, Managing Director, resigned with effect from October 15, 1998. His resignation was accepted with regret. The Board placed on record its appreciation of the valuable services rendered by him during his tenure. Mr. Chaukar had been with ICICI since 1984 and held senior positions in ICICI prior to his becoming the Managing Director of your Company.

Your Board appointed Mr. Devdatt Shah as an Additional Director of the Company effective January 1, 1999 and as Managing Director of the Company with effect from the same date. At an Extraordinary General Meeting held on February 8, 1999, members appointed Mr. Devdatt Shah as a Director and also as Managing Director. Mr. Shah brings with him 20 years of international experience that would be very beneficial for your Company.

Mr. N. Vaghul, Chairman, resigned from the Board effective December 29, 1998. His resignation was accepted with regret. The Board placed on record its appreciation of the valuable services rendered by him during his tenure. Your Company benefited greatly from his advise on a wide range of matters and his knowledge and experience in the financial sector.

Prof. Marti Subrahmanyam, Director resigned with effect from December 29, 1998. His resignation was accepted with regret. The Board placed on record its appreciation of the valuable services rendered by him during his tenure.

In terms of the provisions of the Articles of Association of the Company, Mr. K. V. Kamath would retire by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

Y2K Compliance

The project has been allocated top priority and is being managed by an in-house project team, drawing upon the expertise of external consultants. Your Company has adopted a well focussed and structured approach for implementing the project. The project has organizationwide involvement, with employees being kept fully informed of the challenges that lie ahead. Your Company's systems will be compliant well before the millennium crossover.

Auditors

The Auditors, M/s. N. M. Rajji & Company retire at the ensuing Annual General Meeting and are eligible for re-appointment are requested to consider their appointment at a remuneration to be decided by the Board of Directors.

Acknowledgements

The Directors would like to thank ICICI Limited for the support that your Company received from it.

Your Company is also grateful to its clients, bankers, lenders, the Government of India, Reserve Bank of India and the Securities and Exchange Board of India for their support.

Finally, your Directors would like to record their appreciation of your Company's employees, who, through their dedication and commitment, helped your Company achieve excellent performance during the year 1998-99.

On behalf of the Board

K.V. KAMATH
Chairman

Mumbai, April 21, 1999

auditors' report



To the Members of ICICI Securities and Finance Company Limited

i-SEC

We have audited the attached Balance Sheet of ICICI SECURITIES AND FINANCE COMPANY LIMITED as at March 31, 1999 and the annexed Profit and Loss Account for the year ended on that date and report that :

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) 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 to the extent applicable to the Company.
- (2) Further to our comments in the Annexure referred to in paragraph (1) above :
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account of the Company;

- (d) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and are in agreement with the books of account;
- (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give 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, 1999; and
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For N. M. RAJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, April 21, 1999

annexure

To the Auditors' Report

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Fixed Assets, other than assets given on lease, have been physically verified 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 securities held as stock-in-trade have been periodically reconciled with the statements received from the custodian and discrepancies noticed are in the process of being sorted out. In our opinion, the valuation of stock-in-trade is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
4. The Company has taken loans from the Companies listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of such loans are, prima facie, not prejudicial to the interest of the Company. The Company has not taken any loans, secured or unsecured, from companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
5. The Company has granted loans to the Companies listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of such loans are, prima facie, not prejudicial to the interest of the Company. The Company has not granted any loans, secured or unsecured, to the companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
6. Certain loans and advances are treated as non-performing assets, for which provision have been made as per the policy followed by the Company and in respect of certain other loans and advances there were delays in recovery of principal/interest on due dates. Except for the above, the parties to whom loans or advances in the nature of loans have been given by the Company are generally repaying the principal amounts as stipulated and are regular in payment of interest.
7. The Company has an adequate internal control procedure commensurate with the size of the Company and the nature of its business in respect of purchase of assets and purchase and sale of securities.
8. In our opinion, and according to the information and explanations given to us, services provided and purchase and sale of securities in pursuance of contracts or arrangements listed 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, have been made at prices which are reasonable, having regard to the prevailing market prices for such services/securities and nature of transactions.
9. The Company being a "Non-Banking Financial Company" (NBFC), Section 58A of the Companies Act, 1956 is not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India for NBFCs.
10. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
11. As per the records of the Company, during the year 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.
12. As per the records of the Company and according to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at March 31, 1999 for the period of more than six months from the date they became payable.
13. During the course of our examination of the books of account and according to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
14. The Company is not an industrial company and hence the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 is not applicable to the Company.
15. In respect of service activities :
 - (a) the system of allocating man-hours utilized to the relative jobs, is not yet formalized;
 - (b) there is a reasonable system of authorization at proper levels and adequate system of internal control commensurate with the size of the Company and nature of its business.
16. In respect of the loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities, the Company has maintained adequate documents and records.
17. Proper records have been maintained for the transactions relating to trading in shares, securities, debentures and other investments and entries therein have been made generally on a timely basis. Investments are held in the name of the company. Securities held by the Company as "Stock-in-trade" are generally sent for transfer in the name of the Company unless they are held with the intention of selling prior to transfer. Except for securities under objection, securities are held in the name of the Company.

For N. M. RAJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, April 21, 1999

balance sheet

profit and loss account

as at March 31, 1999

for the period ended March 31, 1999

	Schedule	(Rupees in million)	March 31, 1998		Schedule	(Rupees in million)	March 31, 1998
SOURCES OF FUNDS				Income from Operations			
1. Shareholders' Funds				(a) Income from Services	L	110.14	195.39
A. Share Capital	A	2,030.03	2,030.03	(b) Interest Income	M	1,523.53	1,020.35
B. Reserves & Surplus	B	300.38	146.36	(c) Profit / (Loss) on Securities	N	214.98	566.02
		2,330.41	2,176.39	(d) Other Income	O	76.22	87.42
2. Loan Funds						1,924.87	1,869.18
Secured Loans	C	5,423.00	1,341.62	<i>Less : Operating Expenditure</i>			
Unsecured Loans	D	6,538.56	4,611.99	(a) Financial Charges and Operating Expenses	P	1,227.90	924.09
		14,291.97	8,130.00	(b) Interest Tax		25.00	16.00
				(c) Depreciation – On Assets Leased Out		51.61	51.03
APPLICATION OF FUNDS						1,304.51	991.12
1. Fixed Assets	E			<i>Less : Administrative Expenditure</i>			
Gross Block		449.39	574.48	(a) Payments to and Provisions for Employees	Q	64.35	95.13
Less : Depreciation		239.42	248.97	(b) Establishment Expenses	R	247.95	267.71
Add : Lease Adjustment		11.66	14.95	(c) Depreciation – On Other Owned Assets		23.61	24.60
Net Block		221.63	310.56	(d) Other Expenses	S	0.78	1.89
Capital Work-in-Progress (Including Capital Advances)		0.09	0.08			336.68	389.33
		221.72	310.64	Profit from Operations		283.67	488.73
2. Investments	F	146.52	145.03	<i>Less : Provision for Taxation</i>		85.00	88.12
3. Current Assets				Profit After Taxation		198.67	400.61
Loans & Advances				Brought forward from previous years		(141.69)	(542.30)
A. Current Assets -				Amount available for appropriations		56.98	(141.69)
(a) Interest Accrued	G	285.51	111.39	Transfer to Special Reserve		11.40	—
(b) Securities held as Stock-in-Trade		9,293.19	4,101.35	Proposed Dividend		40.60	—
(c) Sundry Debtors	H	685.35	156.86	Tax on Dividend		4.06	—
(d) Cash & Bank Balances	I	18.47	78.89	Balance carried to Balance Sheet		0.92	(141.69)
B. Loans & Advances	J	4,252.31	3,795.90				
		14,534.83	8,244.40				
<i>Less : Current Liabilities & Provisions :</i>	K						
A. Current Liabilities		200.66	329.05				
B. Provisions		482.86	331.00				
Net Current Assets		13,851.31	7,584.35				
4. Miscellaneous Expenditure :							
(To the extent not written off or adjusted)							
Deferred Revenue Expenditure		72.42	89.99				
5. Debit Balance in Profit & Loss Account							
Less : Reserves & Surplus as per contra in Schedule B		—	141.69				
		—	141.69				
		14,291.97	8,130.00				
Notes Forming Part of the Accounts	T						
Accounting Policies	U						

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

J.M. GANDHI
Partner

Mumbai, April 21, 1999

K.R. VEDULA
Financial Controller

AJAY VAIDYA
Company Secretary

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTA
Director

DEV DATT SHAH
Managing Director

schedules

(Rupees in million)

March 31, 1998

A. SHARE CAPITAL :

Authorized : 50,00,00,000 Equity Shares of Rs.10/- each	5,000.00	<u>5,000.00</u>
Issued : 20,30,02,800 Equity Shares of Rs.10/- each	2,030.03	<u>2,030.03</u>
Subscribed & Paid Up : 20,30,02,800 Equity Shares of Rs.10/- each	2,030.03	<u>2,030.03</u>

Of the above 20,28,32,700 (1998 -12,23,45,020) Equity Shares of Rs.10/- each are held by the ICICI Ltd. - (the holding company) and its nominees

B. RESERVES & SURPLUS :

	<i>Balance as on April 1, 1998</i>	Additions/Transfer during the year	Deductions/Transfers during the year	Balance as on March 31,1999	<i>Balance as on March 31, 1998</i>
Share Premium Account	112.80	—	—	112.80	112.80
Debenture Redemption Reserve	5.00	—	—	5.00	5.00
Deferred Tax Credit Reserve	59.03	—	5.21 @	53.82	59.03
General Reserve	111.22	5.21 @	—	116.44	111.22
Special Reserve (maintained under Section 451C of the RBI Act, 1935)	—	—	—	11.40	—
Profit and Loss Account		12.32	11.40	0.92	
Total				300.38	<u>288.05</u>
Less : Debit balance in Profit & Loss Account				—	141.69
<i>Previous Year</i>				146.36	<u>146.36</u>

@ Indicates transfer from Deferred Tax Credit Reserve to General Reserve

C. SECURED LOANS :

Borrowing from RBI (Secured by Government Securities of face value Rs. 5,470 Million)	5,423.00	—
Repo Borrowings (Secured by Underlying Security)	—	1,341.62
	5,423.00	<u>1,341.62</u>

D. UNSECURED LOANS :

Short Term Loan		
– From Institutions	500.00	940.00
– From Others	2,643.56	1,770.69
Inter-Corporate Borrowings	2,295.00	270.00
Money at Call and Short Notice		
– From Banks	1,000.00	700.00
– From Mutual Funds	—	391.30
17% Debentures 1998 (Redeemable at par on or before 26th May, 1998)	—	110.00
18.5% Debentures 1999 (Redeemable at par on 31st March, 1999)	—	330.00
13.25% Debentures 2000 (Redeemable at par on or before 4th November, 2000)	100.00	100.00
Total	6,538.56	<u>4,611.99</u>

(Of the Above Loans Rs. 3,878.56 million (1998 - Rs. 2,040.69 million) are covered by the line of credit sanctioned by ICICI Ltd. – the holding company)
(Short Term Loans and Inter-Corporate Borrowings due within one year Rs. 5,828.56 million)

schedules

forming part of the Accounts

Continued

(Rupees in million)

E. FIXED ASSETS

	Gross Block at Cost				Depreciation to Date				Net Block	
	April 1, 1998	Additions	Sale/Adj.	March 31, 1999	April 1, 1998	Additions	Sale/Adj.	March 31, 1999	March 31, 1999	March 31, 1998
Freehold Land	57.23	—	—	57.23	—	—	—	—	57.23	57.23
Building	10.05	—	—	10.05	0.56	0.47	—	1.03	9.02	9.49
Improvements to Leasehold Property	20.50	—	—	20.50	5.59	2.48	—	8.07	12.43	14.91
Plant & Machinery	2.76	—	—	2.76	0.79	0.27	—	1.06	1.70	1.97
Electrical Installation	12.12	—	—	12.12	3.89	1.14	—	5.03	7.09	8.23
Office Equipment	28.65	0.82	0.02	29.45	9.27	2.77	0.01	12.03	17.42	19.37
Computers	81.83	5.24	4.01	83.06	50.10	13.54	3.55	60.09	22.97	31.74
Furniture & Fixtures	20.23	0.17	—	20.40	8.05	2.23	—	10.28	10.12	12.18
Vehicles	2.92	1.40	0.50	3.82	1.19	0.69	0.37	1.51	2.31	1.73
Sub-Total	236.29	7.63	4.53	239.39	79.44	23.59	3.93	99.10	140.29	156.85
Assets given on Lease (Plant & Machinery)	338.19	—	128.19	210.00	169.53	51.61	80.82	140.32	69.68	168.66
Add/(Less) : Lease Adjustment									11.66	(14.95)
Total	574.48	7.63	132.72	449.39	248.97	75.20	84.75	239.42	221.63	310.56
Previous Year	556.27	31.25	13.04	574.48	183.16	75.63	9.82	248.97	310.56	

F. Investments - Long Term (At Cost)

Name of the Company	Quantity	Face Value per Share (Rs.)	March 31, 1999	March 31, 1998
ICICI Properties Ltd.	1(NIL)	10.00	—	—
ICICI Realty Ltd.	1000(NIL)	10.00	0.01	—
Unquoted and fully paid-up :				
In Equity Shares of Subsidiary Company				
– ICICI Brokerage Services Ltd.	4500700(4500700)	10.00	45.01	45.01
Other than Trade Investments :				
Preference Shares				
– Siemens Limited (Preference Shares)	NIL(10000000)	—	—	100.00
Bonds				
14.50 % ICICI 18-03-2000	1000(NIL)	—	101.50	—
– National Savings Certificates	—	—	—	0.01
Total			146.52	145.02

G. INTEREST ACCRUED :

On Investments	1.19	—
On Stock-in-Trade	280.53	90.93
On Loans & Advances	3.79	20.46
Total	285.51	111.39

H. SUNDRY DEBTORS (UNSECURED) :

(A) Receivables Outstanding for a period exceeding six months :		
Considered Good	1.87	—
Considered Doubtful	44.83	30.41
(B) Other Receivables :		
Considered Good	683.48	156.86
	730.19	187.27
Less : Provision for Doubtful Debts/ Doubtful Debts Written Off	44.83	30.41
Total	685.35	156.86

schedules



forming part of the Accounts

Continued **i-SEC**

	(Rupees in million)	March 31, 1998	(Rupees in million)	March 31, 1998
I. CASH & BANK BALANCES :				
Cash & Cheques on hand	0.06	49.65		
In Current Accounts with Scheduled Banks	14.82	10.80		
In Current Accounts with Reserve Bank of India	3.59	18.44		
Total	<u>18.47</u>	<u>78.89</u>		
J. LOANS & ADVANCES : (Unsecured and Considered Good unless otherwise stated)				
(A) Loans :				
Intercompany Deposits				
Considered Good *	565.70	536.87		
Considered Doubtful	29.99	15.17		
Short Term Loans to Promoters of Issuer Companies (Secured to the extent of Rs. 0.00 million 1998 - Rs. 120.41 million)				
Considered Good	—	120.41		
Considered Doubtful	0.68	0.27		
Certificate of Deposits	—	871.05		
Commercial Paper	870.62	99.31		
Call Money Lent	1,602.50	750.00		
	<u>3,069.49</u>	<u>2,393.08</u>		
Less : Provision Against Non-Performing Assets/ Doubtful Debts Written Off	30.68	15.44		
Total (A)	<u>3,038.82</u>	<u>2,377.64</u>		
(B) Advances : (Recoverable in Cash or in Kind or for value to be received)				
Advance Income & Other Tax	581.16	453.15		
Security Deposit for Leased Premises	464.65	525.36		
Other Advances and Deposits *	67.69	69.76		
Application Money for Securities	100.00	370.00		
Total (B)	<u>1,213.50</u>	<u>1,418.27</u>		
Total (A)+(B)	<u>4,252.31</u>	<u>3,795.90</u>		
* Intercompany Deposits and Advances include an amount of Rs. 55.70 million and Rs. 8.97 million respectively receivable from Subsidiary Company (Previous year - Rs.Nil and Rs. 0.01 million respectively) Amount due from Directors & Officers of the Company is Rs. 0.14 million (Previous year Rs. 2.25 million) (Maximum Outstanding during the year Rs. 2.42 million - Previous year Rs. 3.93 million)				
K. CURRENT LIABILITIES & PROVISIONS :				
(A) Current Liabilities :				
Interest Accrued but not due	91.96	111.87		
Sundry Creditors	0.07	57.56		
Sundry Creditors for Expenses	29.15	35.04		
Other Liabilities	79.47	124.58		
Total (A)	<u>200.66</u>	<u>329.05</u>		
(B) Provisions :				
Income, Wealth and Dividend Tax	307.33	218.27		
Interest Tax	112.92	87.92		
Proposed Dividend	40.60	—		
Retirement Benefits	22.01	24.81		
Total (B)	<u>482.86</u>	<u>331.01</u>		
L. INCOME FROM SERVICES :				
Issue Management Fees	14.36	25.07		
Financial Advisory Services	44.92	104.40		
Syndication Fees	48.94	65.17		
Underwriting Commission	1.92	0.75		
Total	<u>110.14</u>	<u>195.39</u>		
M. INTEREST INCOME :				
Interest on Securities				
– Stock-in-Trade	833.36	520.73		
– Investments	20.05	—		
Income on Discounted Instruments				
– Investments	—	—		
– Stock-in-Trade	241.87	117.32		
Interest on Inter-Corporate Deposits	185.89	171.51		
Interest on Deposits for Leased Premises	74.53	81.17		
Interest on Income Tax Refund	—	30.50		
Interest on Other Loans & Advances	19.13	69.25		
Interest on Repo & Call Lendings	148.70	29.87		
Total	<u>1,523.53</u>	<u>1,020.35</u>		
[Gross, Aggregate Tax deducted at source Rs. 69.42 million (March 31, 1998 - Rs. 40.30 million)]				
N. PROFIT/(LOSS) ON FINANCIAL INSTRUMENTS :				
Profit on Sale of Investments	15.50	—		
Profit on Commercial Papers & Certificate of Deposits	12.09	1.78		
Profit on Stock-in-Trade				
Sale of Securities	122,039.58	115,498.51		
Less : Purchases	<u>127,121.12</u>	<u>112,881.62</u>		
	<u>(5,081.54)</u>	<u>2,616.89</u>		
Add/Less : Increase/(Decrease) in Closing Stock	5,268.92	187.39	(2,052.65)	
Profit on Financial Instruments	<u>214.98</u>	<u>566.02</u>		
O. OTHER INCOME :				
Lease Rentals & Management Fees	69.86	72.48		
Less : Lease Equalisation	<u>13.69</u>	<u>8.71</u>		
	56.17	63.77		
Dividend Income on Stock-in-Trade	7.47	15.49		
(Gross, Tax Deducted at Source Rs.Nil , Previous Year - Rs.0.63 million)				
Brokerage & Commission	1.79	5.28		
Net Income from Foreign Currency Swap	1.57	0.25		
Recovery Against Bad Debts Written Off	8.22	—		
Miscellaneous Income	1.00	2.63		
Total	<u>76.22</u>	<u>87.42</u>		

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	(Rupees in million)	March 31, 1998		(Rupees in million)	March 31, 1998
P. FINANCIAL CHARGES & OPERATING EXPENSES :			R. ESTABLISHMENT EXPENSES :		
Interest on Fixed Rate Loans & Debentures	790.36	572.97	Rent & Amenities	149.16	137.15
Interest on Borrowings from RBI	24.88	—	Insurance	2.67	2.63
Interest on Repo & Call Borrowings	280.83	143.95	Rates & Taxes	0.31	0.18
Bank & Other Interest	3.61	0.43	Travelling, Conveyance and Motor Car Expenses	14.29	38.01
Guarantee Commission	4.92	15.08	Lease Syndication Fees	1.70	1.70
Bank Charges	3.82	3.85	Stationery & Supplies	4.38	5.68
Brokerage & Stamp Duty	7.66	8.51	Repairs, Maintenance And Upkeep	6.95	7.77
Custodial Services	1.63	3.11	Communication Expenses	19.19	24.10
Procurement Expenses	3.04	8.24	Software Expenses	11.31	5.21
Doubtful Debts Written Off / Provided	193.65	402.57	Loss on Sale of Fixed Assets	0.13	3.12
Less : Opening Provision	88.01	240.28	Electricity Charges	5.64	6.25
	105.64	162.29	Preliminary Expenses written off	—	0.73
Others	1.50	5.66	Deferred Revenue Expenditure written off	14.49	18.97
Total	1,227.90	924.09	Subscription & Periodicals	6.81	7.09
			Legal & Professional Services	8.73	3.63
			Miscellaneous Expenses	2.20	5.49
			Total	247.95	267.71
Q. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :			S. OTHER EXPENSES :		
Salaries, Wages and Bonus	50.74	64.87	Managerial Remuneration	0.31	1.40
Contribution to Provident and other Funds	8.26	18.22	Directors' Fees	0.00	0.01
Staff Welfare Expenses	5.35	12.04	Auditors' Remuneration	0.47	0.48
Total	64.35	95.13	Total	0.78	1.89

ANNEXURE OF SECURITIES HELD AS STOCK IN TRADE (at lower of cost or market value), (Quoted unless otherwise stated):

	Rupees in million			Rupees in million		
	Total Face Value (in Rupees thousands)	Mar 31, 1999		Mar 31, 1998	Total Face Value (in Rupees thousands)	Mar 31, 1999
Government of India Securities & Deemed Government of India Securities			14.00% Government of India 2006	Nil(2700)	—	2.95
0.00% Government of India 1999	Nil(150000)	—	12.30% Government of Uttar Pradesh 2007	Nil(50000)	—	50.52
6% Government of India Capital Index Bond 2002	4870(450000)	4.99	12.50% Government of Tamilnadu 2004	Nil(10)	—	0.01
10.85% Government of India 2001	Nil(1610)	—	13.05% Government of Gujarat 2007	Nil(200)	—	0.21
11.00% Government of India 2002	Nil(21179)	—	13.05% Government of Maharashtra 2007	Nil(855)	—	0.88
11.10% Government Stock 2003	50000(Nil)	49.12	13.05% Government of Tamilnadu 2007	Nil(650)	—	0.65
11.15% Government of India 2002	2760(200260)	2.73	13.05% Government of Westbengal 2007	100(1020)	0.10	1.02
11.40% Government of India 2000	1146200(Nil)	1,149.06	13.75% Government of Gujarat 2007	Nil(1040)	—	1.05
11.55% Government of India 2002	100000(Nil)	100.10	13.75% Government of Maharashtra 2007	Nil(230)	—	0.23
11.55% Government of India 2001	614500(Nil)	615.73	13.75% Government of Tamilnadu 2007	Nil(290)	—	0.29
11.55% Government of India 2002	863500(Nil)	866.52	13.85% Government of Gujarat 2006	Nil(116)	—	0.12
11.75% Government of India 2001	953513(13)	959.23	13.85% Government of Tamilnadu 2006	Nil(160)	—	0.16
12.00% Government of India 1999	Nil(175000)	—	14.00% Government of West . Bengal 2005	Nil(44)	—	0.04
12.25% Government of India 2008	6497(Nil)	6.55			5,713.78	2,673.68
12.40% Government of India 2013	88500(Nil)	88.50	Treasury Bills			
12.50% Government of India 2004	141700(50065)	145.60	91 Day Tbills 20/06/98	Nil(62500)	—	61.11
12.69% Government of India 2002	50000(260000)	51.55	364 Day Tbills 23/10/98	Nil(50000)	—	46.96
12.70% Government of India 2001	100000(Nil)	102.30	364 Day Tbills 09/10/98	Nil(300000)	—	277.87
12.75% Government of India 2002	100000(Nil)	103.35	364 Day Tbills 05/06/98	Nil(50000)	—	49.16
13.00% Govt. of India Floating Rate Bonds, 1999	Nil(350000)	—	364 Day Tbills 19/06/98	Nil(50000)	—	48.98
13.05% Government of India 2007	Nil(261640)	—	364 Days Tbills 10/3/2000	50000(50000)	45.29	—
13.25% Government of India 2000	947800(Nil)	966.76	364 Days Tbills 17/12/99	100000(50000)	93.14	—
13.50% Government of India 1998	Nil(865)	—	364 Days Tbills 19/11/99	225000(50000)	211.20	—
13.62% Government of India 1998	Nil(200000)	—	364 Days Tbills 14/01/2000	15000(50000)	13.83	—
13.65% Government of India 1998	Nil(33885)	—			363.46	484.08
13.65% Government of India 1999	Nil(100000)	—	Bonds In The Nature Of Discounted Debentures			
13.70% Government of India 1999	Nil(164910)	—	ICICI Ltd 23-03-2000 ZCB	Nil(Nil)	128.40	—
13.75% Government of India 2005	100(700)	0.10	ICICI Ltd 24-12-1999 ZCPD	90000(Nil)	85.48	—
13.75% Government of India 2001	350000(Nil)	365.58	ICICI Ltd 20/04/1999	150000(100000)	—	86.73
13.82% Government of India 2002	70000(640)	74.38	Industrial Finance Corporation of India 19/04/1999	100000(150000)	—	129.75
13.85% Government of India 2000	Nil(877)	—	Reliance Capital Ltd 28-10-2002 - Ix ZCB	200000(Nil)	46.57	—
13.85% Government of India 2001	50000(3000)	52.18	Reliance Capital Ltd 29-10-2002 G DD	Nil(Nil)	108.58	—
13.85% Government of India 2006	Nil(781)	—	The Industrial Finance Cor 28-09-2000 ZCB	120000(Nil)	90.94	—
13.85% Government of India 2006	Nil(8700)	—			459.97	216.48
14.00% Government of India 2005	8600(100)	9.35				
14.00% Government of India 2005	Nil(183053)	—				

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	Total Face Value (in Rupees thousands)	Rupees in million			Total Face Value (in Rupees thousands)	Rupees in million		
		Mar 31, 1999	Mar 31, 1998			Mar 31, 1999	Mar 31, 1998	
Fixed Rate Bonds								
13.00% ICICI Ltd 2001	20000(Nil)	19.67	—		1500(1500)	11.71	11.42	
13.15% Indian Telephone Industries Ltd 2002	Nil(500)	—	0.48		8042(8042)	15.12	18.30	
13.50% ICICI Ltd 2002	Nil(5000)	—	4.77		Nil(3)	—	—	
16.00% ICICI Ltd 2001	Nil(200)	—	0.22		635(635)	0.03	0.16	
16.00% ICICI Ltd 2001	245(245)	0.25	0.26		4(4)	—	—	
16.25% ICICI Ltd 2002	17780(Nil)	18.76	—		1000(1000)	1.55	1.80	
16.00% Industrial Finance Corporation of India 2001	5000(5000)	5.25	5.23		1(1)	0.01	0.01	
16.50% The Industrial Finance Corporation 1999 Frb	140000(Nil)	147.77	—		Nil(Nil)	—	—	
15.50% Coal India Ltd 1999	100(100)	0.10	0.09		—	—	—	
12.75% ICICI Ltd 1999	200000(Nil)	200.00	—		5059(5059)	28.99	35.42	
12.75% ICICI Ltd 1999	150000(Nil)	150.00	—		Nil(642)	—	0.06	
12.75% ICICI Ltd 2002	30000(Nil)	28.98	—		934(934)	1.91	1.91	
13.25% ITI Ltd 2004	31000(Nil)	31.00	—		7992(7992)	12.20	24.70	
13.75% ICICI Ltd 2003	10000(Nil)	10.00	—		2371(2371)	13.49	13.49	
13.75% ICICI Ltd Rib 2003	1700(Nil)	1.67	—		4634(4634)	0.70	2.09	
13.75% Indian Overseas Bank 2004	49000(Nil)	49.00	—		4000(4000)	1.52	4.60	
14.00% ICICI Ltd 2005	75000(Nil)	74.25	—		82(273)	0.08	0.30	
14.00% Industrial Development Bank of India Ltd 2005	65000(Nil)	64.84	—		Nil(Nil)	—	—	
14.00% Steel Authority of India Ltd 2005	6000(Nil)	5.40	—		28(28)	0.01	0.05	
14.20% Bank Of India Ltd 2006	28700(Nil)	28.70	—		Nil(357)	—	0.00	
14.20% Canara Bank 2006	60500(Nil)	60.50	—		20(20)	0.02	0.04	
14.25% India Infrastructure Development Ltd 2007	100000(Nil)	84.50	—		Mil Industries Ltd	350(350)	0.21	0.21
14.30% Bank of Baroda 2009	50000(Nil)	50.00	—		Narmada Cement Ltd	23000(23000)	55.20	23.22
14.35% ICICI Ltd 2002	100000(Nil)	101.65	—		Orissa Lamp Ltd	7215(7215)	1.26	1.26
14.50% ICICI Ltd 2008	22900(Nil)	22.78	—		Pal Peugeot Ltd	47(97)	0.01	0.03
14.50% ICICI Ltd 2000	20000(Nil)	20.10	—		Parakaram Tehcnofab Ltd	1910(1910)	0.48	0.48
14.50% National Aluminium Co Ltd 2005	20000(Nil)	20.00	—		Parasrampuriah Synthetics Ltd	1246(1246)	0.01	0.01
15.00% Andhra Pradesh State Elect 2006	40000(Nil)	40.00	—		Parasrampuriah Synthetics Ltd	905(905)	0.09	0.09
15.50% ICICI Ltd 2000	250000(Nil)	254.75	—		Pressman Ltd	1(1)	—	—
15.50% ICICI Ltd 2002	50000(Nil)	52.40	—		Rama Newsprint Ltd	10000(10000)	2.75	3.30
15.50% Industrial Development Bank of India Ltd 2005	200000(Nil)	210.90	—		Samata Manufacturing & Tra Eq	Nil(Nil)	—	—
16.00% Industrial Finance Corporation 2000	20000(Nil)	20.30	—		Shri Renuga Textiles Ltd	1000(1000)	1.00	1.40
16.00% Industrial Finance Corporation 2001	10000(Nil)	10.45	—		South Indian Bank Ltd	5740(5740)	9.21	26.36
16.25% Industrial Investment Bank 2001	10000(Nil)	10.96	—		Sun Pharmaceutical Industries Ltd	100(100)	1.50	1.50
17.00% Coal India Limited 2002	100000(Nil)	107.00	—		Sunshield Chemicals Ltd	2(2)	—	—
17.75% Nuclear Power Corporation 2003	100000(Nil)	108.00	—		Tata Investment Corp Ltd	—	—	—
15.75% Industrial Development Bank of India 2000	Nil(50000)	—	50.61		(Previously Held As Investment Corpn Of India Ltd)	768(768)	8.06	10.36
17.50% Rajasthan State Electricity Board 2003	Nil(20000)	—	21.68		Tata Iron & Steel Co. Ltd	1(1)	0.01	0.01
		2,009.93	83.34		Unipon Industries Ltd	2177(2177)	0.33	0.33
					Usha Beltron (Formerly Usha Martin Ltd)	1250(3750)	11.06	5.76
					Vickers System Ltd	1(1)	—	—
						178.52	188.67	
Debtentures								
12.50% Reliance Industries Ltd 2002	1765(1765)	1.65	1.33					
12.5000% Arvind Mills Ltd. 2000	8556(Nil)	7.44	—					
13.50% Prism Cement Ltd 2004	3105(3105)	2.08	2.08					
14.00% Finolex Industries Ltd 1998	Nil(34931)	—	11.11					
14.00% Pressman Ltd 2004	64738(64738)	41.11	37.59					
14.00% Voltas Ltd 1999	674(674)	0.55	0.55					
14.0000% ACC Ltd 2005	70000(Nil)	70.98	—					
14.0000% Tata Chemicals Ltd 2003	100000(Nil)	102.10	—					
14.75% Telco Ltd 2008	50000(Nil)	50.70	—					
15.00% Cosmo Films Ltd 2001	1419(1419)	0.75	1.14					
15.00% Madhusudan Industries Ltd 2001	1750(1750)	1.00	1.36					
15.5625% Indian Petrochemical Corporation Ltd 2002	100(100)	0.10	0.10					
16.00% GE Capital Services India Ltd 1999	Nil(25000)	—	24.74					
16.00% Lupin Laboratories Ltd 1999	Nil(520)	—	0.20					
17.00% Atul Products Ltd 1998	Nil(100000)	—	30.29					
17.00% Kesoram Industries Ltd 2001	50000(50000)	41.16	41.16					
17.00% Kotak Mahindra Finance Company Ltd 2001	1000(1000)	1.00	1.00					
17.25% Ashok Leyland Finance Ltd 2000	100000(100000)	92.44	99.75					
17.50% Ashok Leyland Finance Ltd 1999	Nil(100000)	—	99.00					
17.50% Gujarat Ambuja Cements Ltd 2000	Nil(7500)	—	7.94					
18.00% Gujarat Industries Power Ltd 15-10-2003	115074(Nil)	121.64	—					
Tata Iron And Steel Co 1999 SPNS	1148(1348)	0.54	1.16					
		535.24	360.50					
Debtentures (Unquoted)								
15.00% Pal Peugeot Ltd 2004	16160(16160)	12.17	12.17					
16.00% Rama Newsprint & Papers Ltd 1999	122751(122751)	87.23	71.58					
17.50% Grapco Granites Ltd 2000	15000(15000)	13.10	13.10					
17.50% Grapco Granites Ltd 2000	20000(20000)	18.25	18.25					
17.50% Grapco Mining Ltd 1995	10000(10000)	9.31	9.31					
18.00% Parasrampuriah Synthetics Ltd 1999	20000(20000)	17.62	16.97					
19.50% Grapco Granites Ltd 1998	20000(20000)	18.92	18.92					
20.00% Das Lagerwey 1995	30000(30000)	30.00	29.57					
20.00% Veena Textiles Ltd 1996	15000(15000)	14.30	14.30					
22.00% GTV Spinners Ltd 1996	4529(4500)	4.48	4.21					
		225.38	208.38					
Equity								
Bharat Forge Ltd					1500(1500)	11.71	11.42	
Bhushan Steel Ltd					8042(8042)	15.12	18.30	
Bhushan Steel Ltd - Warrants					Nil(3)	—	—	
Biochem Synergy Ltd					635(635)	0.03	0.16	
Bulls Power Systems Ltd					4(4)	—	—	
Ceekay Daikin Ltd					1000(1000)	1.55	1.80	
Corporation Bank Ltd					1(1)	0.01	0.01	
Dataline & Research Techno Ltd					Nil(Nil)	—	—	
Eveready Industries India Ltd					—	—	—	
(Previously Held As Mcleod Russel (I) Ltd)					5059(5059)	28.99	35.42	
Hemadri Cements Ltd					Nil(642)	—	0.06	
India Containers Ltd					934(934)	1.91	1.91	
Inland Printers Ltd					7992(7992)	12.20	24.70	
Jocil Ind Ltd					2371(2371)	13.49	13.49	
Kallam Spinning Mills Ltd					4634(4634)	0.70	2.09	
Kalyani Seamless Ltd					4000(4000)	1.52	4.60	
Kitply Industries Ltd					82(273)	0.08	0.30	
Lanco Industries Ltd					Nil(Nil)	—	—	
Lloyds Metals & Engineering Ltd					28(28)	0.01	0.05	
Lloyds Steel Industries Ltd -Warrants					Nil(357)	—	0.00	
Mangalore Refinery & Petrochemicals Ltd					20(20)	0.02	0.04	
Mil Industries Ltd					350(350)	0.21	0.21	
Narmada Cement Ltd					23000(23000)	55.20	23.22	
Orissa Lamp Ltd					7215(7215)	1.26	1.26	
Pal Peugeot Ltd					47(97)	0.01	0.03	
Parakaram Tehcnofab Ltd					1910(1910)	0.48	0.48	
Parasrampuriah Synthetics Ltd					1246(1246)	0.01	0.01	
Parasrampuriah Synthetics Ltd					905(905)	0.09	0.09	
Pressman Ltd					1(1)	—	—	
Rama Newsprint Ltd					10000(10000)	2.75	3.30	
Samata Manufacturing & Tra Eq					Nil(Nil)	—	—	
Shri Renuga Textiles Ltd					1000(1000)	1.00	1.40	
South Indian Bank Ltd					5740(5740)	9.21	26.36	
Sun Pharmaceutical Industries Ltd					100(100)	1.50	1.50	
Sunshield Chemicals Ltd					2(2)	—	—	
Tata Investment Corp Ltd					—	—	—	
(Previously Held As Investment Corpn Of India Ltd)					768(768)	8.06	10.36	
Tata Iron & Steel Co. Ltd					1(1)	0.01	0.01	
Unipon Industries Ltd					2177(2177)	0.33	0.33	
Usha Beltron (Formerly Usha Martin Ltd)					1250(3750)	11.06	5.76	
Vickers System Ltd					1(1)	—	—	
						178.52	188.67	
Equity - Unquoted								
Aldrich Pharmaceuticals Ltd					2400(2400)	4.27	4.27	
Aqua Bearings Ltd					—	—	—	
(Previously Held As Ring Gears India Ltd)					2258(1158)	4.41	4.41	
Arvind Cotspin Ltd					3000(3000)	5.70	6.51	
Hiralal Print Works Ltd					1935(1935)	1.51	1.50	
laec Industries Ltd					1500(1500)	3.05	3.05	
Incowax Ltd					588(420)	1.65	1.65	
Mahindra Sona Ltd					1158(1158)	1.16	1.16	
						21.75	22.55	
Units								
Boinanza '95 Units					1500(2000)	1.01	1.35	
Canbonus					80(93)	—	—	
Candouble					3(8)	—	0.01	
Cantriple					10(10)	0.01	0.01	
Magnum Multiplier					1072(1143)	1.07	1.20	
Master Gain 92					3360(3452)	3.26	3.71	
Master Growth					129(147)	0.15	0.17	
Master Plus					3180(3488)	5.01	5.50	
						10.51	11.95	
Total						9,518.54	4,249.63	
Less : Provision against Non-performing Assets / Bad debts written off						225.35	148.28	
Grand Total						9,293.19	4,101.35	
Note : Certain Debtentures which are defaulted for payment on maturity date have been written off. However, the same has been continued to be disclosed as Stock-in-trade to reflect existence of the claim on the Issuer.								

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T. NOTES FORMING PART OF THE ACCOUNTS :

1. The Company has entered into Foreign currency – Rupee swap by which Liability in Rupees has been swapped to US Dollars.

The difference between interest receivable and payable, after adjusting for charge/surplus on account of updation of underlying foreign currency liability has been shown as net income in Schedule " P " .

2. Contingent liability

a) Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. 0.09 million (1998 – Rs. 0.32 million)

b) Income tax and interest tax matters disputed by the Company Rs. 53.73 million (1998 – Rs. 50.09 million)

3. Deferred Revenue Expenditure as at the Balance Sheet date consists of balance amounts of :

	March 31, 1999	March 31, 1998
Software Expenses	—	3.08
Expenses on Leased Premises	72.42	86.91
	<u>72.42</u>	<u>89.99</u>

4. Cost of purchase of application software products were hitherto treated as deferred revenue expenditure and was written off over a period of three years. From the end of the year, the Company has decided to charge off the expenditure on purchase and also the balance of deferred revenue expenditure. On account of these changes, charge for the year is higher by Rs. 4.05 million, with the consequent reduction in profit for the year.

5. Certain assets given on lease by the Company have been transferred to its holding company at the book value of Rs. 7.04 million and correspondingly the right and obligation attached to the lease arrangement have also been transferred. After considering Written Down Value of the assets and lease equalisation created for such assets, no profit or loss arises in the books of the Company, on such transfer.

6. Deferred tax credit reserve to the extent of Rs. 5.21 million is not required any longer and therefore transferred to General Reserve, by the management.

(Rs. in million)

	1998-99	1997-98
	<u>0.26</u>	1.28
	<u>0.04</u>	0.16
	<u>0.02</u>	0.28
Total	<u>0.33</u>	<u>1.72</u>

7. Managerial Remuneration

Salaries and allowances	0.26	1.28
Company's contribution to Provident Fund and other Funds	0.04	0.16
Perquisites (including reimbursements)	0.02	0.28
Total	<u>0.33</u>	<u>1.72</u>

8. Auditors' Remuneration:

(a) Audit Fees	0.30	0.25
(b) Tax Audit & Certification Fees	0.15	0.22
(c) Out of Pocket Expenses	0.02	0.01
	<u>0.47</u>	<u>0.48</u>

9. Expenditure in foreign currency (Travelling & Other expenses) 2.59 8.21

10. Earnings in foreign currency (Fees towards Advisory & Research Services) 7.26 6.78

11. Provision for Taxation includes provision for Wealth Tax Rs. 0.11 million (Previous Year Rs. 0.12 million)

12. Quantitative details of securities held as stock-in-trade

(A) Opening and Closing stock

Category	Opening Stock		Closing Stock	
	Face Value (in 000's)	Value (in Rs. million)	Face Value (in 000's)	Value (in Rs. million)
Government Securities	2,674,593 (2,264,100)	2,673.68 (2,122.69)	5,648,640 (2,674,593)	5,713.78 (2,673.68)
Treasury bills	512,500 (1,712,050)	484.08 (1,668.48)	390,000 (512,500)	363.46 (484.08)
Equity shares	105,567 (169,531)	211.22 (337.43)	104,873 (106,939)	200.28 (211.22)
Debentures	767,260 (2,353,000)	568.88 (1,387.79)	842,317 (767,260)	760.62 (568.88)
Others	341,386 (150,600)	311.76 (785.88)	2,652,258 (341,386)	2,480.41 (311.76)
Total	4,401,306 (6,649,281)	4,249.62 (6302.27)	9,638,088 (4,402,678)	9,518.55 (4,249.63)

(B) Purchases and Sales

Category	Purchase		Sales	
	Face Value (in 000's)	Value (in Rs. million)	Face Value (in 000's)	Value (in Rs. million)
Government Securities	89,290,471 (79,418,460)	89,285.18 (84,686.84)	86,316,724 (79,007,967)	86,379.46 (84,553.86)
Treasury bills	26,561,200 (25,295,150)	25,261.86 (23,857.48)	26,683,700 (26,494,700)	25,403.37 (25,121.68)
Equity shares	188.01 (7,284)	— (175.59)	883 (69,876)	0.304 (226.37)
Debentures	1,069,733 (1,010,945)	1,085.26 (1,154.55)	994,676 (2,596,685)	920.34 (2,026.65)
Others	11,869,639 (1,705,021)	11,488.95 (3,007.16)	9,558,766 (1,514,235)	9,336.11 (3,569.95)
Total	128,791,231 (107,436,860)	127,121.12 (112,881.62)	123,554,749 (109,683,463)	122,039.58 (115,498.51)

Note : Figures in parenthesis pertain to previous years.

13. Figures for the previous year have been regrouped wherever necessary.

U. SIGNIFICANT ACCOUNTING POLICIES :

(i) Method of Accounting

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

(ii) Revenue Recognition

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

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

Lease transactions are treated as a finance lease and lease rental income is recognised on the basis of "Guidance Note on Accounting for Leases" issued by The Institute of Chartered Accountants of India for such transactions.

schedules



forming part of the Accounts

Continued I-SEC

(iii) Stock-in-trade & Investments

- (a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and shown as current assets. Other securities acquired with the intention of long-term holding are considered as 'Investment'.
- (b) In respect of investment, brokerage and stamp duty payable are considered to arrive at the cost. However in respect of securities held as stock-in-trade brokerage and stamp duty are written off as revenue expenditure. Commission earned in respect of securities held as stock-in-trade and investments acquired from the primary market and on devolvement is adjusted from the cost of acquisition.
- (c) The securities held as stock-in-trade under current assets are valued at cost or market/fair value, whichever is lower. In case of investments transferred to stock-in-trade, carrying amount on the date of transfer is considered as cost. In case of unquoted shares fair value is taken at break-up value of shares as per the latest audited balance sheet of the concerned company. In case of debt instruments, fair value is worked out on the basis of yield to maturity rate selected considering quotes where available and credit profile of the issuer.
- (d) The Investments are shown in balance sheet at cost. In case of quoted investments, provision for diminution in value of investments is made, if such diminution is of a permanent nature in the opinion of management.

(iv) Repurchase and Resale Transactions (Repo) :

As a Primary Dealer, Reserve Bank of India has permitted the Company to enter into Repo transactions. Such transactions are treated as secured borrowing/lending transactions and accordingly disclosed in the financial statements. The difference between purchase and sale consideration is treated as interest and is accounted as income or expenditure, as the case may be, over the period of the contract.

(v) Zero Coupon Instruments

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

(vi) Fixed Assets and Depreciation

Fixed assets are stated at historical cost. Expenditure incurred on plumbing, flooring and other civil works at leased premises prior to its occupation by the Company have been capitalised as "Improvement to Leasehold Property". Depreciation on leased assets is provided on straight line method at the rate determined, considering primary period of lease or at the rate prescribed in Schedule XIV of the Companies Act, 1956, whichever is higher. Depreciation on value of improvements to leasehold property is

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

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

(vii) Deferred Tax Credit Reserve

Deferred Tax Credit Reserve is created for the additional benefit accrued on account of higher depreciation/deduction allowed as per the Income-tax Act, 1961, and consequential reduction in tax liability.

(viii) Provision for Doubtful Loans and Advances

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

(ix) Miscellaneous Expenditure

- (a) Preliminary expenses incurred for the formation of the Company are being amortised over a period of five years.
- (b) Lease rentals and other revenue expenditure incurred on leased premises prior to occupation of the premises are amortised over the balance period of the lease, starting from the sale or occupation of leased premises.

(x) Foreign Currency Transactions

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

(xi) Retirement Benefits

The Company's employees are entitled for various retirement benefits as ICICI Group employees. Provident Fund contribution is paid to the fund while superannuation is covered by a scheme with Life Insurance Corporation (LIC) and yearly contribution is paid to LIC. Incremental gratuity liability, (determined on actuarial valuation) and other retirement benefits (as estimated by the management) are provided for. Such payments/provisions made by the Company is charged off to profit and loss account.

Signatures to Schedules A to U

As per our report attached
FOR N.M. RAJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, April 21, 1999

K.R. VEDULA
Financial Controller

AJAY VAIDYA
Company Secretary

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTA
Director

DEV DATT SHAH
Managing Director

Statement pursuant to Section 212



of the Companies Act, 1956, relating to Subsidiary Companies

i-SEC

I. Name of the Subsidiary Company :	ICICI Brokerage Services Limited	
1. The financial year of the Subsidiary Company ended on	March 31, 1999	
2. (a) No. of Equity Shares held by ICICI Securities and Finance Company Limited (I-Sec) and/or its nominees in the Subsidiary as on March 31, 1998	4,500,700 Equity Shares of Rs. 10/- each Fully Paid-up	
(b) Extent of interest of ICICI Securities and Finance Company Limited (I-Sec) in the Capital of the Subsidiary.	100%	
3. Net aggregate amount of Profits/Losses of the Subsidiary so far as it concerns the Members of I-Sec and is not dealt with in the Accounts of I-Sec		
(a) Profits of the Subsidiary for the financial year ended on March 31, 1999	Rs. 7.18 million	
(b) Profits for the previous financial years of the Subsidiary since it became Subsidiary of I-Sec	Rs. 0.08 million	
4. Net aggregate amount of Profits/Losses of the Subsidiary so far as dealt with or provisions made for those losses in the Accounts of I-Sec		
(a) Profits of the Subsidiary for the financial year ended on March 31, 1999	Nil	For and on behalf of the Board
(b) Profits for the previous financial years of the Subsidiary since it became Subsidiary of I-Sec.	Nil	K.V. KAMATH <i>Chairman</i>
		LALITA D. GUPTE <i>Director</i>
		DEVDATT SHAH <i>Managing Director</i>
	K.R.VEDULA <i>Financial Controller</i>	AJAY VAIDYA <i>Company Secretary</i>
Mumbai, April 21, 1999		