



2ND ANNUAL REPORT AND ACCOUNTS 1998-99

Directors

| | |
|-------------------|---|
| Chairman | K.V. Kamath Lalita D. Gupte (Smt.) S.H. Bhojani |
| Managing Director | Shikha Sharma (Smt.) |

Executive

| | |
|-------------------|--------------------|
| Company Secretary | Rajesh S. Chawathe |
|-------------------|--------------------|

Auditors

S.B. Billimoria & Co.
N.M. Raiji & Co.
Chartered Accountants

Registered Office

1, Cenotaph Road
Teynampet
Chennai 600 018

Corporate Office

ICICI Towers
Bandra-Kurla Complex
Mumbai 400 051

directors' report

To the Members

Your Directors have pleasure in presenting the Second Annual Report of the Company together with the audited Statement of Accounts for the year ended March 31, 1999.

FINANCIAL PERFORMANCE

During the year under review, the Company earned an income of Rs. 357.75 million. The profit before taxation amounts to Rs. 80.29 million after taking into account all expenses including depreciation of Rs. 45.86 million on fixed assets. The profit after taxation is Rs. 72.11 million.

The Directors have recommended a dividend at the rate of 10 % for the year ended March 31, 1999 and have appropriated the disposable profit of Rs 72.11 million (Rs. 39.29 million during the previous period) as under:

| | (Rs. in million) | |
|---|------------------------------|--------------------------------|
| | Year ended March 31, 1999 | Period ended March 31, 1998 |
| To Statutory Reserve [in terms of Section 45-IC of the RBI Act, 1934 as amended by the RBI (Amendment) Act, 1997] | 14.43 | 7.86 |
| To General Reserve | — | 20.60 |
| The Directors recommend a dividend for the year ended March 31, 1999 | | |
| – On equity shares at the rate of 10% | 50.00 | 9.81 |
| – Corporate dividend tax | 5.00 | 0.98 |
| Leaving balance to be carried forward to next year | 2.68 | 0.04 |

BUSINESS STRATEGY

During the year under review, there has been a significant shift in the Company's operations from leasing and hire purchase to distribution and servicing of all retail products for the ICICI group. The Company shall serve as a focal point for the marketing and distribution of all retail asset products for ICICI including auto loans, consumer durable finance and other financial products. The Company shall thus become a critical part of ICICI's retail strategy aimed at offering a comprehensive range of products and services to retail customers.

In view of this reorientation of the business, the name of the Company was changed from ICICI Credit Corporation Limited to ICICI Personal Financial Services Limited (ICICI PFS) effective March 22, 1999. In order to focus on building retail assets, the management of existing and future corporate leasing and hire-purchase business of the Company has been entrusted to ICICI Limited. Your Company also sold 100% investment in ICICI Capital Services Limited (ICICI Capital) to ICICI Limited and hence ICICI Capital had ceased to be a subsidiary of your Company with effect from March 1999.

OPERATIONS AND RESOURCES

The Company continued with building the wholesale asset portfolio comprising securitization, factoring, corporate leasing and hire purchase business till September 30, 1998. In view of the shift in focus indicated above, the wholesale business portfolio was transferred to ICICI Limited. However, the assets already booked in the Company would continue till they are totally wound down. Till September 30, 1998 the company generated fee income of Rs. 23.64 million from the business of sourcing lease proposals for ICICI Limited.

The Company's disbursement in respect of securitization and factoring during the year amounted to Rs. 41.96 million and 48.93 million respectively. The leasing and hire purchase disbursements were Rs. 99.45 million and Rs. 50.18 million respectively.

The Authorized Share Capital comprised 150,000,000 Equity Shares of Rs.10 each amounting to Rs.1,500 million. Of this, 50,000,000 Equity

Shares of Rs.10 each amounting to Rs. 500 million have been issued, subscribed and paid-up. The entire Paid-up Equity Capital is held by ICICI Limited and its nominees. In addition to this, the Company also enjoys a line of credit to the extent of Rs. 5,000 million from ICICI Limited.

As on March 31, 1999, the capital adequacy ratio, defined as the ratio of total capital to risk weighted assets, was 39%.

DIVIDEND

The Company proposes to pay equity dividend at the rate of 10%.

PUBLIC DEPOSITS

During the year under review, ICICI PFS did not accept or renew any Public Deposit within the meaning of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

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.

There was no expenditure or income in foreign currency during the year under review.

Since the 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

In terms of the provisions of the Articles of Association of the Company, Shri S. H. Bhojani would retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Shri V. Thirupathi, Managing Director resigned from the Board effective October 28, 1998. The Board placed on record its deep sense of appreciation for the valuable services rendered by Shri Thirupathi as a member of the Board.

Smt. Shikha Sharma was appointed as the Managing Director of the Company effective October 28, 1998. She will be on deputation from ICICI Limited.

AUDITORS AND AUDITORS' REPORT

M/s. S. B. Billimoria & Co. and M/s. N. M. Rajji & Co., Chartered Accountants, Mumbai, the Joint Auditors, will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished the requisite certificate under Section 224(1B) of the Companies Act, 1956.

The observations contained in the Auditors' Report are self-explanatory and, therefore, no comments are called for separately.

ACKNOWLEDGEMENTS

ICICI PFS is grateful to Reserve Bank of India for their co-operation and advice during the year under review. The Company is also grateful to its clients and bankers for the unstinted support received during the year.

The Company would like to express its gratitude for the unstinted support and guidance received from ICICI Limited, the parent organization, as also from other ICICI Group companies.

The Directors would also like to place on record their appreciation for the professionalism, dedication and excellent teamwork shown by the employees of the Company.

For and on behalf of the Board

K. V. KAMATH
Chairman

Mumbai, April 20, 1999

auditors' report



To the Members of ICICI Personal Financial Services Limited (formerly ICICI Credit Corporation Limited)

We have audited the attached Balance Sheet of ICICI PERSONAL FINANCIAL SERVICES LIMITED (formerly ICICI CREDIT CORPORATION LIMITED) as at March 31, 1999 and the Profit and Loss Account for the year ended on that date.

- (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 purposes 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) 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;

- (d) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes forming part of the accounts give the information required by the Companies Act, 1956, in the manner so required and also 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 S.B. BILLIMORIA & CO.

Chartered Accountants

S.J. MERCHANT

Partner

Mumbai, April 20, 1999

For N.M. RAIJI & CO.

Chartered Accountants

J.M. GANDHI

Partner

annexure to the auditors' report

Referred to in paragraph (1) of our Report of even date

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. Physical verification of the fixed assets has been carried out by the management during the year. No discrepancies were revealed on such verification.
2. None of the fixed assets have been revalued during the year.
3. In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from its holding company are not prima facie prejudicial to the interests of the Company.
4. The Company has not given any 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. 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, including assets subsequently given on lease.
6. The Company being a "Non-Banking Financial Company" (NBFC), Section 58A of the Companies Act, 1956 is not applicable to it. During the year, the Company did not accept any deposits from public falling under the purview of the Non-Banking Financial Companies (Reserve Bank) Directions, 1977 as also the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
7. In our opinion, the Company has an internal audit system which is broadly commensurate with the size and nature of its business.
8. The Provident Fund dues are deposited with the appropriate authority by the holding company on behalf of the Company or by the Company itself. Dues directly paid by the Company have been regularly deposited. We have been informed that dues paid by the holding company are also

regularly deposited with the appropriate authority and there are no arrears of such dues as at the Balance Sheet date.

9. There were no undisputed amounts payable in respect of income tax, sales tax and customs duty outstanding as at March 31, 1999 for a period of more than six months from the date they became payable.
10. 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.
11. Having regard to the nature of service activities:
 - (a) a system for allocating manhours to the relative jobs is not considered necessary.
 - (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.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The clauses (iii) to (vi), (ix), (xi), (xii), (xiv), (xvi) and (xx) of 4A, 4B(ii), 4C(ii), and 4D(iii) of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 are not applicable to the Company.

For S.B. BILLIMORIA & CO.

Chartered Accountants

S.J. MERCHANT

Partner

Mumbai, April 20, 1999

For N.M. RAIJI & CO.

Chartered Accountants

J.M. GANDHI

Partner

balance sheet

profit and loss account

as at March 31, 1999

for the year ended March 31, 1999

| | | Schedule | (Rupees in million) | March 31, 1998 | Schedule | (Rupees in million) | Sept. 10, 1997 to March 31, 1998 |
|---|---|----------|---------------------|----------------|--------------|---------------------|----------------------------------|
| SOURCES OF FUNDS | | | | | | | |
| Shareholders' Funds | | | | | | | |
| Share Capital | A | | 500.00 | 500.00 | | | |
| Reserves and Surplus | B | | 45.61 | 28.50 | | | |
| | | | 545.61 | 528.50 | | | |
| Loan Funds | | | | | | | |
| Unsecured Loan | C | | 617.50 | 2,146.70 | | | |
| | | | 1,163.11 | 2,675.20 | | | |
| APPLICATION OF FUNDS | | | | | | | |
| Fixed Assets | | | | | | | |
| Gross Block | D | | 354.59 | 175.61 | | | |
| Less: Depreciation | | | 47.06 | 1.20 | | | |
| Net Block | | | 307.53 | 174.41 | | | |
| Others | | | 43.06 | 24.68 | | | |
| | | | 350.59 | 199.09 | | | |
| Investments | | | | | | | |
| | E | | — | 150.25 | | | |
| Current Assets, Loans and Advances | | | | | | | |
| Less: Current Liabilities and Provisions | F | | 1,062.69 | 2,896.26 | | | |
| Net Current Assets | G | | 260.05 | 582.47 | | | |
| | | | 802.64 | 2,313.79 | | | |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | | | | | | | |
| Preliminary & Pre-operative expenses | H | | 9.88 | 12.07 | | | |
| | | | 1,163.11 | 2,675.20 | | | |
| Notes forming part of the Accounts and Accounting Policies | O | | | | | | |
| Balance Sheet Abstract and Company Profile | P | | | | | | |
| | | | | | | | |
| INCOME | | | | | | | |
| Income from Operations | I | | | | | 352.63 | 116.84 |
| Other Income | J | | | | | 5.12 | — |
| | | | | | | 357.75 | 116.84 |
| EXPENDITURE | | | | | | | |
| Staff Expenses | K | | 19.95 | | | | 9.19 |
| Establishment Expenses | L | | 19.71 | | | | 9.47 |
| Other Expenses | M | | 26.63 | | | | 9.11 |
| Financial Charges | N | | 177.83 | | | | 43.00 |
| Depreciation | | | | | | | |
| - against assets given on lease | | | | | 43.35 | | 0.68 |
| Less: Lease equalisation | | | | | 14.72 | | 0.25 |
| | | | | | 28.63 | | 0.43 |
| - against own assets | | | | | 2.51 | | 0.52 |
| Preliminary and Pre-operative expenses written off | | | | | 2.20 | | 1.22 |
| | | | | | | 277.46 | 72.94 |
| Profit before Tax | | | | | | 80.29 | 43.90 |
| Less: Provision for Taxation | | | | | | 8.18 | 4.61 |
| Profit after Tax | | | | | | 72.11 | 39.29 |
| Add: Balance brought forward from previous year | | | | | | 0.04 | — |
| | | | | | | 72.15 | 39.29 |
| APPROPRIATIONS | | | | | | | |
| Statutory Reserve | | | | | | 14.43 | 7.86 |
| General Reserve | | | | | | — | 20.60 |
| Proposed Dividend | | | | | | 50.00 | 9.81 |
| Tax on Proposed Dividend | | | | | | 5.00 | 0.98 |
| Surplus - Balance carried to Balance Sheet | | | | | | 2.72 | 0.04 |
| | | | | | | 72.15 | 39.29 |
| | | | | | | | |
| Notes forming part of the Accounts and Accounting Policies | | | | | | | |
| Balance Sheet Abstract and Company Profile | O | | | | | | |
| | P | | | | | | |

Per our Report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

S.J. MERCHANT
Partner

For N.M. RAIJI & CO.
Chartered Accountants

J.M. GANDHI
Partner

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTA
Director

R. SUNDARESAN
Senior Vice President

R.S. CHAWATHE
Company Secretary

S.H. BHOJANI
Director

SHIKHA SHARMA
Managing Director

Mumbai, April 20, 1999

schedules

ICICI PFS forming part of the Accounts

(Rupees in million)

March 31,
1998

A. SHARE CAPITAL

Authorized

150,000,000 Equity Shares of Rs.10 each

1,500.00

1,500.00

Issued, Subscribed and Paid-up

50,000,000 Equity Shares of Rs.10 each

500.00

500.00

All the above equity shares are held by ICICI Limited
– the holding company and its nominees.

B. RESERVES AND SURPLUS

| | Balance as at March 31, 1998 | Additions/ Transfers during the year | Balance as at March 31, 1999 |
|------------------------------------|------------------------------------|--|------------------------------------|
| Statutory Reserve | 7.86 | 14.43 | 22.29 |
| General Reserve | 20.60 | — | 20.60 |
| Surplus in Profit and Loss Account | 0.04 | 2.68 | 2.72 |
| | <u>28.50</u> | <u>17.11</u> | <u>45.61</u> |
| Previous period | 0.00 | 28.50 | 28.50 |

C. UNSECURED LOAN

Loans from Holding Company
(see Note 1)

617.50

2,146.70

617.50

2,146.70

D. FIXED ASSETS

| | Gross Block - at cost | | | | Depreciation | | | | Net Block | |
|--|---------------------------|--------------------------------|----------------|----------------------------|---------------------------|-----------------|----------------|---------------------------|----------------------------|----------------------------|
| | As at April 1, 1998 | Acquired during the year | Sale / Adj. | As at March 31, 1999 | As at April 1, 1998 | For the year | Sale / Adj. | Upto March 31, 1999 | As at March 31, 1999 | As at March 31, 1998 |
| Furniture and fixtures | 0.02 | 0.29 | — | 0.31 | 0.02 | 0.25 | — | 0.27 | 0.04 | — |
| Office equipment | 3.51 | 5.31 | — | 8.82 | 0.50 | 2.26 | — | 2.76 | 6.06 | 3.01 |
| | 3.53 | 5.60 | — | 9.13 | 0.52 | 2.51 | — | 3.03 | 6.10 | 3.01 |
| Assets given on lease – Plant & Machinery | 172.08 | 173.38 | — | 345.46 | 0.68 | 43.35 | — | 44.03 | 301.43 | 171.40 |
| | 175.61 | 178.98 | — | 354.59 | 1.20 | 45.86 | — | 47.06 | 307.53 | 174.41 |
| Lease adjustment | | | | | | | | | 14.96 | 0.25 |
| Advances on Capital Account | | | | | | | | | 28.10 | 24.43 |
| | | | | | | | | | 43.06 | 24.68 |
| | | | | | | | | | 350.59 | 199.09 |
| Previous period | — | 175.61 | — | 175.61 | — | 1.20 | — | 1.20 | 174.41 | |

E. INVESTMENTS

Long Term - at cost

In Subsidiary Company (Unquoted, fully paid-up)

5,000,000 Equity Shares of ICICI Capital Services Limited of Rs. 10 each **

—

50.25

Other Investments (fully paid-up, to be listed)

ICICI Safety Bonds :

200, Tax Saving Bonds

—

1.00

5800, Regular Income Bonds

—

29.00

17500, Money Multiplier Bonds

—

70.00

(Bonds in each category are with different redemption options)

—

100.00

**Ceased to be subsidiary company with effect from March 30, 1999

—

150.25

schedules

forming part of the Accounts

Continued

(Rupees in million)

March 31,
1998

F. CURRENT ASSETS, LOANS AND ADVANCES

(a) Current Assets

| | | | |
|---|--------------|-----------------|----------|
| Stock on Hire | | 897.71 | 2,829.19 |
| Securitized Lease Receivable | | 43.77 | 4.83 |
| Debts Factored | | — | 37.56 |
| Interest and Lease Rentals Accrued | | 1.28 | 2.27 |
| Sundry Debtors (Unsecured; considered good) | | | |
| more than six months | 11.74 | | — |
| others | 30.57 | | 9.29 |
| | | 42.31 | 9.29 |
| Cash and bank balances : | | | |
| Cash and Cheques on hand | 0.25 | | 0.24 |
| Current Accounts with Scheduled Banks | 33.40 | | 2.43 |
| Fixed Deposit with Scheduled Banks | 0.11* | | — |
| | | 33.76 | 2.67 |
| Sundry Deposits | | 0.03 | — |
| | | 1,018.86 | 2,885.81 |

* Punjab National Bank and Bank of Baroda have lien over their fixed deposit receipts of Rs. 0.10 million and Rs. 0.01 million respectively against bank guarantees.

(b) Advances

(Unsecured- Considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received

| | | | |
|--|-------------|-----------------|----------|
| For Stock on Hire | | 30.39 | 0.40 |
| Others | 0.24 | | 4.34 |
| | | 30.63 | 4.74 |
| Loan to Staff | | 0.66 | — |
| Due from the Subsidiary Company (Maximum balance due during the previous year Rs. 0.80 million) | | — | 0.80 |
| Advance payments of Tax and tax deducted at source | | 12.54 | 4.91 |
| | | 43.83 | 10.45 |
| | | 1,062.69 | 2,896.26 |

G. CURRENT LIABILITIES AND PROVISIONS

(a) Liabilities

| | | |
|--|--------------|---------------|
| Sundry Creditors | 33.30 | 13.89 |
| Unmatured Finance charges | 72.51 | 283.57 |
| Income received in advance | 11.80 | 13.88 |
| Other Liabilities : | | |
| - against collection of Securitized Assets | 67.95 | 224.96 |
| - against collection of Factored Debts | — | 10.37 |
| Interest accrued but not due | 6.48 | 20.40 |
| | | 192.04 |
| | | 567.07 |

(b) Provisions

| | | |
|--|--------------|---------------|
| Provision for Taxation | 13.01 | 4.61 |
| Proposed Dividend | 50.00 | 9.81 |
| Provision for tax on Proposed Dividend | 5.00 | 0.98 |
| | | 68.01 |
| | | 15.40 |
| | | 260.05 |
| | | 582.47 |

H. MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

| | | | |
|------------------------|--|-------------|-------|
| Preliminary Expenses | | 3.84 | 4.28 |
| Pre-operative Expenses | | 6.04 | 7.79 |
| | | 9.88 | 12.07 |

schedules

ICICI PFS forming part of the Accounts

Continued

(Rupees in million) Sept. 10, 1997 to
March 31, 1998

| | | |
|--|---------------|---------------|
| I. INCOME FROM OPERATIONS | | |
| (1) Income from Financing Operations | | |
| (a) Securitization | 239.03 | 63.08 |
| (b) Factoring | 3.43 | 0.09 |
| (c) Leasing | 78.51 | 3.65 |
| (d) Others | 0.24 | 0.17 |
| | <u>321.21</u> | <u>66.99</u> |
| (2) Income from Services | | |
| (a) Lease Portfolio Management | 23.64 | 39.15 |
| (b) Brokerage | 0.38 | 2.22 |
| | <u>24.02</u> | <u>41.37</u> |
| (3) Income from Fees | | |
| (a) Front end fees | 7.62 | 8.14 |
| (b) Other fees | — | 0.40 |
| | <u>7.62</u> | <u>8.54</u> |
| Less: Provision for Interest Tax | 0.22 | 0.06 |
| | <u>352.63</u> | <u>116.84</u> |
| Total tax deducted at source against Income from Operations - Rs. 1.39 million (previous period Rs. 3.41 million) | | |
| J. OTHER INCOME | | |
| Dividend from the then subsidiary company | 2.50 | — |
| Profit on Sale of Investments (net) | 2.56 | — |
| Interest on Staff Loan | 0.03 | — |
| Miscellaneous Income | 0.03 | — |
| | <u>5.12</u> | <u>—</u> |
| K. STAFF EXPENSES | | |
| Salaries and Other Employee benefits | 16.47 | 7.80 |
| Contribution to Provident and Other Funds | 1.67 | 0.64 |
| Staff Welfare and Other Expenses | 1.81 | 0.75 |
| | <u>19.95</u> | <u>9.19</u> |
| L. ESTABLISHMENT EXPENSES | | |
| Rent | 16.54 | 8.08 |
| Repairs & Maintenance | 2.32 | 0.53 |
| Electricity Charges | 0.77 | 0.80 |
| Insurance | 0.08 | 0.06 |
| | <u>19.71</u> | <u>9.47</u> |
| M. OTHER EXPENSES | | |
| Service Charges | 17.12 | 3.58 |
| Commission | 0.13 | 1.47 |
| Travel & Conveyance | 3.03 | 1.56 |
| Communication Expenses | 3.59 | 1.07 |
| Printing & Stationery | 0.82 | 0.52 |
| Seminar Expenses | 0.06 | 0.55 |
| Miscellaneous Expenses | 1.66 | 0.19 |
| Auditors' Remuneration | | |
| Audit Fees | 0.09 | 0.09 |
| Tax Audit | 0.03 | — |
| Company Law and Other Matters | 0.10 | 0.08 |
| Out of Pocket Expenses | —* | — |
| | <u>0.22</u> | <u>0.17</u> |
| | <u>26.63</u> | <u>9.11</u> |
| * Less than Rs. 5,000 | | |
| N. FINANCIAL CHARGES | | |
| Interest on Fixed Loans | 177.83 | 43.00 |
| | <u>177.83</u> | <u>43.00</u> |

schedules

forming part of the Accounts

O. NOTES FORMING PART OF THE ACCOUNTS AND ACCOUNTING POLICIES

(a) Notes on the accounts

1. Loan from Holding Company of Rs. 617.50 million (previous period – Rs. 2,146.70 million) is a subordinated loan, repayable within one year.
2. Earnings in foreign currency Rs. Nil.
3. Remuneration to Managing Director – Rs. Nil (previous period – Rs. Nil).
Per the terms of appointment, the Managing Director draws his/her remuneration and other benefits from ICICI Limited.
4. Expenditure in foreign currency Rs. Nil.
5. Estimated amounts of contracts remaining to be executed on Capital account and not provided for, in respect of lease contracts – Rs. 11.77 million (previous period – Rs. Nil), hire purchase contracts – Rs. 7.53 million (previous period – Rs.1.21 million) and other contracts – Rs. 0.03 million (previous period – Rs. 3.43 million).
6. Contingent liability – bank guarantees of Rs. 0.11 million (previous period – Rs. Nil).
7. Sales Tax liability on the transfer of right to use any goods for any purpose under the various states' Sales Tax Laws, if held payable, are recoverable from the concerned lessees, in accordance with the respective lease agreements.
8. Staff Expenses include expenses reimbursed to ICICI Limited for employees deputed to the Company upto December 1998.
9. The figures of the previous period have been regrouped wherever necessary. The previous periods figures are from September 10, 1997 to March 31, 1998 and as such are not strictly comparable.

(b) Significant Accounting Policies

The accounts are prepared in accordance with the accounting principles generally accepted in India and the directions issued by Reserve Bank of India for NBFCs from time to time, wherever applicable.

1. Revenue Recognition

- (i) Income
Income from Financing Operations, Services, Fees and other sources are recognized on accrual basis.
- (ii) Expenses
All expenses are accounted for on accrual basis.

2. Fixed Assets, Depreciation and Lease Equalisation

- (i) Fixed assets are carried at cost less accumulated depreciation. In respect of assets given on lease,

accumulated depreciation is adjusted for the balance in "Accumulated Lease Equalization Account", created in terms of Guidance Note issued by The Institute of Chartered Accountants of India.

- (ii) Depreciation on assets given on lease is provided on straight line method at the higher of the rates determined with reference to the primary period of lease (currently 5 years) and the rates prescribed in Schedule XIV of the Companies Act, 1956.

Adjustment towards lease equalization based on principal recovery portion of lease rentals, is made as prescribed by the Guidance Note on Lease Accounting issued by The Institute of Chartered Accountants of India.

- (iii) Depreciation on all other assets is provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

3. Stock on Hire

Stock on Hire includes securitized receivable assigned in favour of the Company and is carried at gross value of future receivable. The unmatured income arising towards such future receivable is carried as unmatured finance charges.

4. Debts Factored

The Debts factored are carried at gross value of the receivable. The unmatured income arising towards such future receivable is carried as unmatured finance charges.

5. Investments

Investments, being long term investments, are carried at cost. If in the opinion of the management, there is a permanent diminution in the value of investments, provision is made for such diminution.

6. Preliminary Expenses

Preliminary expenses are amortized over ten years in accordance with Section 35-D of the Income Tax Act, 1961.

7. Pre-operative Expenses

Pre-operative expenses are amortized over five years from the date of registration of the Company as a Non-Banking Finance Company (NBFC) i.e. September 10, 1997.

8. Retirement Benefits

Contributions towards Provident fund, Gratuity fund, Superannuation fund and Pension fund are reimbursed to ICICI Limited in respect of persons on deputation from that company. In respect of other employees, provision is made for similar benefits pending crystallization of schemes therefor. Provision against leave encashment liability is based on actuarial valuation.

Per our Report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

S.J. MERCHANT
Partner

For N.M. RAIJI & CO.
Chartered Accountants

J.M. GANDHI
Partner

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTA
Director

R. SUNDARESAN
Senior Vice President

S.H. BHOJANI
Director

R.S. CHAWATHE
Company Secretary

SHIKHA SHARMA
Managing Director

Mumbai, April 20, 1999

1. Registration Details

Registration No. 3 7 8 1 5
 Balance Sheet Date 3 1 0 3 9 9
 Date Month Year State Code 1 8

2. Capital Raised during the Year

(Amount in Rupees million)

Public Issue

 N I L

Bonus Issue

 N I L

Rights Issue

 N I L

Private Placement

 N I L

3. Position of Mobilization and Deployment of Funds

(Amount in Rupees million)

Total Liabilities

 1 1 6 3 . 1 1

Total Assets

 1 1 6 3 . 1 1

Sources of Funds

Paid-up Capital

 5 0 0 . 0 0

Reserves & Surplus

 4 5 . 6 1

Secured Loans

 N I L

Unsecured Loans

 6 1 7 . 5 0

Application of Funds

Net Fixed Assets

 3 5 0 . 5 9

Investments

 N I L

Net Current Assets

 8 0 2 . 6 4

Miscellaneous Expenditure

 9 . 8 8

Accumulated Losses

 N I L

4. Performance of Company

(Amount in Rupees million)

Turnover

 3 5 7 . 7 5

Total Expenditure

 2 7 7 . 4 6

Profit/Loss before Tax

 + 8 0 . 2 9

Profit/Loss after Tax

 + 7 2 . 1 1

Earnings per Share in Rupees

 1 . 4 4

Dividend Rate %

 1 0 . 0 0

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

Product Description

Item Code No.

 Securitization & Factoring

 Not Applicable

 Leasing, Hire Purchase & Lease Mgt.

 Not Applicable

 Retail Networking

 Not Applicable

Per our Report attached

 For S.B. BILLIMORIA & CO.
 Chartered Accountants
 S.J. MERCHANT
 Partner

 For N.M. RAJI & CO.
 Chartered Accountants
 J.M. GANDHI
 Partner

For and on behalf of the Board

 K.V. KAMATH
 Chairman
 LALITA D. GUPTA
 Director

 R. SUNDARESAN
 Senior Vice President
 R.S. CHAWATHE
 Company Secretary

 S.H. BHOJANI
 Director
 SHIKHA SHARMA
 Managing Director

Mumbai, April 20, 1999