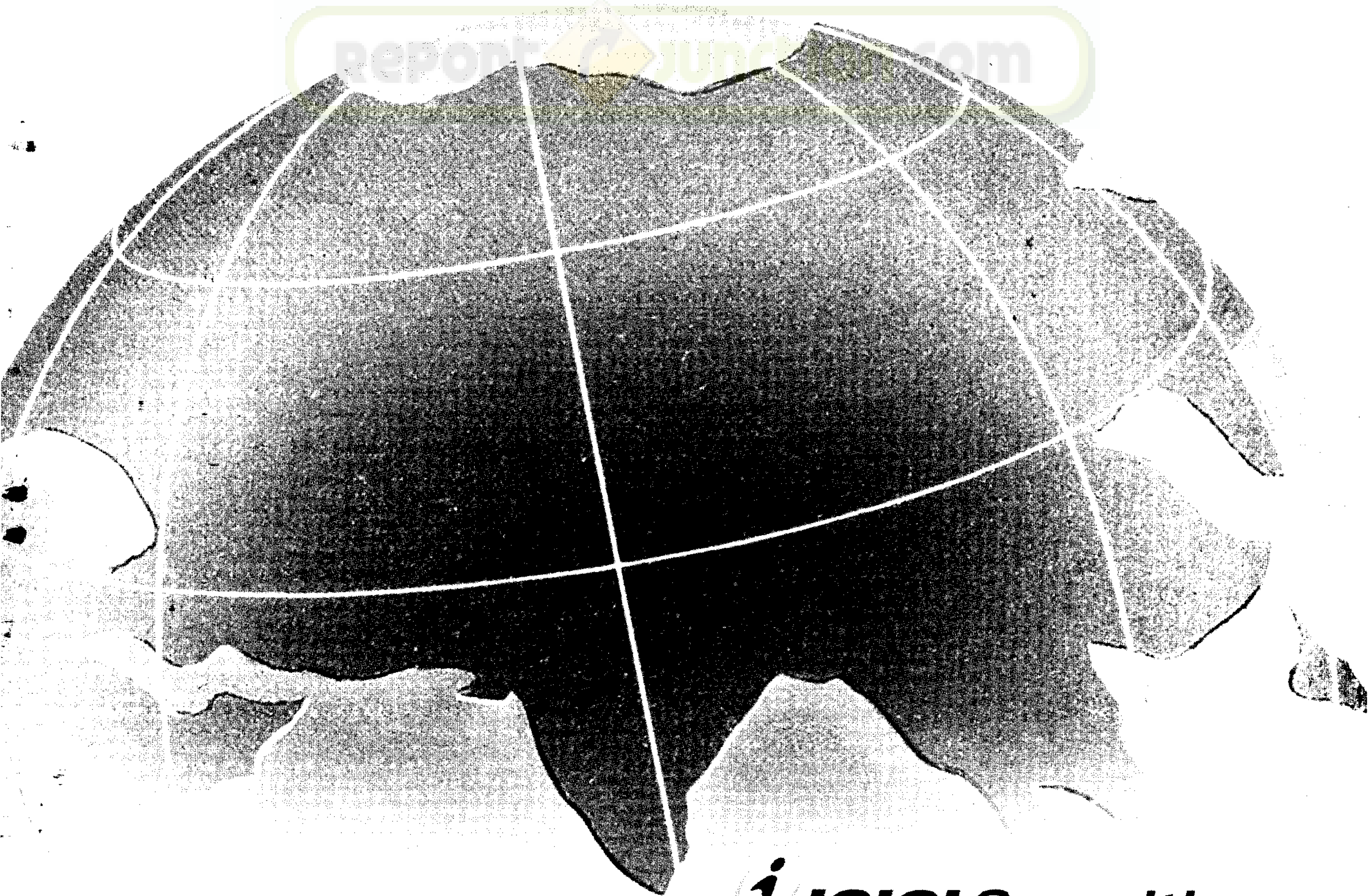
12th Annual Report 2004-05

ICICI Securities Limited



ICICI Securities

- ICICI Securities Limited
- ICICI Brokerage Services Limited - Member of NSE and BSE
- ICICI Securities Holdings, Inc.
- ICICI Securities, Inc.: Broker - Dealer of National Association of Securities Dealers, Inc., Registered with Securities and Exchange Commission USA, Monetary Authority of Singapore and Financial Services Authority, UK.

Chennai • Kolkata • Mumbai • New Delhi • London • New York • Singapore

Website: www.iseconline.com

ICICI Securities

Directors

Chairman	K. V. Kamath
	Lalita D. Gupte
	Kalpana Morparia
	Nachiket Mor
Managing Director & CEO	S. Mukherji

Executives

Group Heads	Abhijeet Guin
	Devesh Kumar
	J. Niranjan
	Joseph H. Bosco
	Lovleen Joshi
	Nitin Jain
	Swapna Bhargava
	V. Harikrishnan
Company Secretary	Anderson Pollock

Auditors

M/s. S. R. Batliboi & Company
Chartered Accountants

Registered Office

ICICI Centre, H. T. Parekh Marg,
Churchgate, Mumbai 400 020

Other Offices

3rd Floor, ICICI Bank Tower
NBCC Place
Bisham Pitamah Marg
New Delhi 110 003

II Floor, ICICI Bank Tower
93, Santhome High Road,
Chennai 600 028

2B, Gorky Terrace,
Off. Lower Circular Road
Kolkata 700 017

ICICI Securities i-SEC

ICICI SECURITIES LIMITED

12TH ANNUAL REPORT AND ACCOUNTS 2004-2005

Directors
K. V. Kamath, *Chairman*
Lalita D. Gupte
Kalpana Morparia
Nachiket Mor
S. Mukherji, *Managing Director & CEO*

Auditors
M/s. S. R. Batliboi & Company
Chartered Accountants

Registered Office
ICICI Centre
H. T. Parekh Marg
Churchgate
Mumbai - 400 020

directors' report

to the members

The Directors have pleasure in presenting the 12th Annual Report of ICICI Securities Limited (the Company), with the audited Statement of Accounts for the year ended March 31, 2005.

INDUSTRY OVERVIEW

The year FY05 saw the domestic economy overcome several constraining factors to maintain its growth momentum. The electoral verdict in the parliamentary elections in May 2004 impacted market sentiment for a while even as a poor monsoon distribution gave rise to fears about domestic growth. Global oil prices too started moving up steadily in Q1 of FY05 and notwithstanding frequent corrections, have risen by over 60% in FY05. Although households were largely insulated by Governmental policy from the full inflationary impact, the corporate sector was impacted. Other commodity prices also rose to multi-year high during the year. Overall, the economy is estimated to have grown at 6.9% despite farm output growth decelerating sharply to 1.1% (9.6% in FY04).

After remaining dormant in April 2004, inflation started moving up rapidly in the next four months to a peak level of 8.7% in August 2004 on the back of rise in fuel prices, minerals, metals and other manufactured goods. For FY05, inflation averaged 6.5% and ended the year at 5.1% in March 2005.

In response to the unforeseen rise in inflation, the Government took several steps to control prices and rein in inflation expectations. These included a mix of indirect duty cuts on various commodities and price control on petroleum products. The Reserve Bank of India (RBI) hiked the Cash Reserve Ratio (CRR) by 50 bps in September 2004 and the reverse repo rate by 25 bps in its October 2004 monetary policy review.

Interest rates remained in a narrow range in the first two months of FY05 before moving up in step with inflation. The 10 year yield, which began the year at 5.15% rose to 6.73% in August 2004 but dipped below 6.0% in September 2004 as RBI relaxed SLR accounting norms for commercial banks. The subsequent hikes in CRR and policy rate as well as renewed inflation fears on the back of the rise in oil prices saw yields rise to over 7.0% in November 2004. The 10 year yield peaked at 7.34% in November 2004 and ended the financial year at 6.66%, up 151 bps over the year.

During the year, the Federal Reserve began tightening interest rates at regular intervals in 25 bps increments and by end of the financial year had moved its policy rate to 2.75%, a cumulative rise of 175 bps. This effect of the U.S. rate rise was mitigated to some extent by the continued weakness in dollar against other major currencies and emerging market currencies. A sharp rise in FII inflows contributed to the rise in the rupee despite a widening trade deficit. The rupee ended the year at 43.76/US$, down 0.7% over the year, but up 5.8% from the year's low. The central bank's foreign exchange reserves also mirrored this pattern and rose by US$ 28 billion over the year to an all time high of US$ 135 billion.

The key feature of M&A activity in FY05 was the dominance of cross-border transactions, both inbound and outbound. The year witnessed a pick up in large, outbound cross-border M&A as Indian companies started acquiring foothold in key overseas markets, especially in sectors like steel, telecom, textiles, oil & gas and pharmaceuticals. At the same time, the year witnessed several large-sized domestic transactions in telecom, information technology and cement sectors, with MNCs increasingly viewing India as a critical element in their strategic plans, either as a manufacturing/outsourcing hub or an explosive growth market. Consolidation in the Indian public and private sector continued as large groups streamlined themselves to compete effectively on a global scale.

Capital markets went through tumultuous times in FY05 as investors initially feared uncertainty due to change in government following general elections in May 2004. Investor confidence, however, returned as the new government demonstrated commitment to the ongoing reforms and investment process. Consequently, India witnessed a record FII inflow of US$ 10 billion during FY05. Overall, the benchmark index, Nifty, returned 15% during the year. The NSE Midcap index, however, significantly outperformed with 73.5% return as investors took cognizance of the emerging stars of tomorrow. Primary markets, too witnessed, heightened activity as Indian companies raised US$ 5.8 billion (a 20% increase over last year) through IPO and rights issuances. Fund-raising through overseas offerings (FCCBs and GDRs) also gained momentum. While the year saw maiden issues in sectors like airlines and power, information technology and banking too continued to tap the capital markets. The year witnessed the IPOs of the largest listed power generating company in Asia (NTPC), India's biggest technology company (Tata Consultancy Services) and the largest private sector airline (Jet Airways). These offerings clearly underscore the deepening of Indian capital markets providing more opportunities for investors to invest in global size companies.

FINANCIAL HIGHLIGHTS

	(Rupees million)	
	Fiscal 2005	*Fiscal 2004*
Gross Income	**1,823.28**	*3,211.47*
Profit before Interest, Depreciation & Tax	**1,354.19**	*2,536.58*
Depreciation	**13.21**	*13.87*
Interest	**496.42**	*620.48*
Profit before Tax	**844.56**	*1,902.23*
Provision for Tax	**280.58**	*463.23*
Profit after Tax	**563.98**	*1,439.00*

The profit after tax for the year ended March 31, 2005 was Rs. 563.98 million (previous year Rs. 1439.00 million). After taking into account the balance of Rs. 133.49 million (previous year Rs. 151.02 million) brought forward from the previous year, the profit available for appropriation is Rs. 697.47 million (previous year Rs. 1590.02 million) of which Rs. 28.20 million (previous year Rs. 143.90 million) and Rs. 112.80 million (previous year Rs. 287.80 million) have been transferred to General Reserve and Special Reserve respectively.

DIVIDEND

During the year, the Company declared two interim dividends aggregating 13%. The Directors are pleased to recommend the aggregate of interim dividends of 13%, as final dividend for the year.

OPERATIONAL REVIEW

The Company continued to deliver remarkable performance, in line with its forefront position in the industry. During the year, the Company's net worth increased from Rs. 3.92 billion in 2003 - 2004 to Rs. 4.19 billion in 2004 - 2005, an increase of 6.89% and after-tax return on net worth was 13.90%.

Fixed Income

During the year under review, despite the difficult operating environment your Company continued to maintain its premier position in all segments of the domestic fixed income market. In the Primary Dealership business the Company surpassed its bidding and success obligations in government auctions. The Company also achieved a turnover in excess of Rs 1.2 trillion in government securities for the first time in its history. In the non-government business, the Company increased its turnover to Rs. 139 billion. The Company was able to maintain a market share of around 10% confirming its status as one of the leading players in this market. The emphasis continued to be on profitability and out performance of the movement in the benchmark yields. In swaps, the Company almost doubled its volumes during the year and added a number of new counter parties.

The Debt Capital Markets group mobilized funding for a large cross section of clients through private placement of bonds as well as loan syndications. The group structured several innovative floating rate structures for matching the clients' requirements with that of investors, in a rising interest rate scenario. ICICI Securities was also involved as an arranger in the largest private placement transaction of the year, for Food Corporation of India, which mobilized funds in excess of Rs. 40 billion in two tranches.

Investment Banking

During the year under review, the Company strengthened its Advisory business with intensive marketing and by leveraging synergies with the ICICI Group. This has enabled your Company to increase its presence in the advisory segment by effective service delivery and enabling revenue maximization in the advisory segment. The Company launched various initiatives to strengthen its presence in the U.S. and to build presence in Singapore and U.K. markets by networking with intermediaries to identify opportunities in the cross border M&A space. The Company was actively engaged in advising clients in the FMCG, Spirits, Power, Telecom, Automotive, Chemicals, Oil and Gas, Engineering, Fertilizers and Pharmaceutical sectors.

In the recent BLOOMBERG compilation of league tables, the Company was ranked 2nd in terms of deal value for FY05, with announcement of 13 deals aggregating to US$ 1.5 billion.

Your Company has set up a focused private equity team, which has built up a healthy pipeline of transactions across a cross-section of industries. In addition, the Company has been mandated by several clients in the infrastructure sector, another fast-growing area in India.

Capital Markets

ICICI Securities emerged as the leader in Indian equity capital markets, with 9 issuances during the year. Your Company lead-managed the public offering of the biggest power utility in the country, National Thermal Power Corp. (NTPC). The issue had an overwhelming retail response with 1.4 million applications and mobilized a record amount of funds (Rs. 680 billion/ US$ 1.2 billion). This also was the biggest offering for FY05. ICICI Securities was the Book-Running Lead Manager to the follow-on public offering of Punjab National Bank, the second largest bank issue ever. Some of other issuances for the year managed/co-managed by the Company included ICICI Bank Limited, Deccan Chronicle Holdings Limited, Dena Bank, 3i Infotech Limited, Jaiprakash Hydro-Power Limited and Emami Limited.

Equity Research

With markets being in frenzy, the role of equity research has become ever so important to provide independent and analytical views. Keeping this in mind, the company augmented its research efforts to become brokers of preferred choice for views on both established as well as emerging companies. The Equity Research team's well-structured ideas as well as strategy and theme reports across sectors have been well received and appreciated by major domestic and international clients. The investors' conferences at Singapore and New York witnessed excellent response from investors across the globe.

Risk Management

As a financial services company, the Company is committed to ensure that effective risk management policies and practices are incorporated as fundamental aspects of all its business operations. The Corporate Risk Management Group of the Company has a comprehensive risk management policy in place, addressing primarily areas such as market, credit and operation risks. This policy seeks to minimise the risks generated by the activities of the Company. The group continuously develops and enhances its risk management and control procedures in order to better identify and monitor risks and to proactively take appropriate actions to mitigate the same. The Company has also constituted an internal Risk Management Committee comprising the Managing Director & CEO and Senior Executives from cross-functional areas. The Committee is responsible for managing the liquidity and interest rate risk profile of the assets and liabilities of the Company.

FUTURE OUTLOOK

Fixed Income

The domestic growth outlook is positive and despite the likelihood of a slowdown in global growth, Indian GDP growth is likely to be higher than in FY05 on back of strong investment spending and resurgent consumerism. While inflation is likely to be sticky on account of strong GDP growth and also due to pressure from international commodity prices, a repeat of the FY05 scenario appears unlikely. Demand for funds is projected to be robust, given the budgeted fiscal deficit and likely corporate capital expenditure plans. Internationally, as monetary policies get normalized, interest rates are set to harden. Higher interest rates abroad could possibly have an adverse bearing on capital flows and in conjunction with widening current account deficit in India, it implies that a sustained appreciation of the Indian rupee is unlikely. The overall macro-economic environment thus could lead to further, albeit more moderate than FY05, upward movement in benchmark interest rates and bond yields in India.

Investment Banking

The renewed focus of corporates to invest for growth and to establish an overseas footprint, assisted by the buoyancy in the capital markets will drive fund raising activities. The trend towards tapping the capital markets outside India through global offerings is expected to sustain and your Company has initiated efforts to launch these product offerings. This is already being complemented by the emergence of India as an attractive destination for private equity as well and a dedicated team of your Company is focused on opportunities in this space.

Capital markets

Continued emphasis on the economic reforms agenda by the new government has convinced investors on the political consensus towards sustaining economic growth for the country. Consequently, the Company expects India to remain the favoured emerging market destination for equity investments. The Company looks forward to another eventful year as India Inc. continues its march towards making its presence felt on the global investment map.

SUBSIDIARY COMPANIES

The Company has one subsidiary in India, namely ICICI Brokerage Services Limited and two subsidiaries in the U.S.A., namely, ICICI Securities Holdings, Inc. and ICICI Securities, Inc. As required under Section 212 of the Companies Act, 1956, the audited statements of accounts for the year 2004 - 2005 as prepared under the Companies Act, 1956, together with the Reports of the Directors and Auditors for the year ended March 31, 2005 of these subsidiaries are attached.

ICICI Securities, Inc., a broker-dealer member with the National Securities Dealers Association Inc. (NASD), had in early 2004 filed applications for commencing business in Dealing in Securities and Advising on Corporate Finance with the Monetary Authority of Singapore (MAS) and to undertake Merchant Banking activities including Underwriting in Securities with the Financial Services Authority (FSA), United Kingdom. These applications are at a final stage of consideration by both, the MAS and the FSA, and registrations are expected shortly. Accordingly, ICICI Securities, Inc. has finalised the premises for opening of its branch offices in both the United Kingdom and in Singapore and operations are expected to commence shortly.

PUBLIC DEPOSITS

During the year, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956.

DIRECTORS

In terms of the provisions of the Articles of Association of the Company, Dr. Nachiket Mor will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

AUDITORS

The Statutory Auditors, S. R. Batliboi & Company, Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting. The Board at its Meeting held on April 21, 2005, has proposed their re-appointment as Auditors to audit the accounts of the Company for the financial year ending March 31, 2006. You are requested to consider their re-appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

During 2004 - 2005, expenditure in foreign currencies amounted to Rs. 30.34 million (previous year Rs. 28.66 million) and earnings in foreign currencies amounted to Rs. 26.09 million (previous year Rs. 22.42 million).

PERSONNEL AND OTHER MATTERS

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report.

Since the Company does not own any manufacturing facility, the disclosure of information relating to conservation of energy and technology absorption 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.

AUDIT COMMITTEE

During the year, the Committee met to review the half-yearly and annual accounts, to discuss the audit findings and recommendations of the internal and statutory auditors and to review the internal control systems of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that in preparation of the annual accounts for the year ended March 31, 2005 -

1. the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. they 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 of the Company for that period;
3. they 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
4. they had prepared the annual accounts on a going concern basis.

CORPORATE PHILOSOPHY AND COMPLIANCE

The Company firmly believes that corporate governance and compliance practices are of paramount importance in order to maintain the trust and confidence of the stakeholders, clients, the good reputation of the Company and the unquestioned integrity of all personnel involved in the Company. To ensure transparency, fairness and objectivity in an organisation's functioning, the Company has proactively adopted best practices with regard to corporate governance and compliance, which are ahead of regulatory requirements. The Company's policy on compliance with external regulatory requirements is backed by stringent internal policies and principles to ensure, interalia, priority to clients' interest over proprietary interest, maintenance of confidentiality of client information and prevention of insider trading.

ACKNOWLEDGEMENTS

The Directors thank the clients for the confidence reposed, which has enabled the Company to successfully deliver well structured solutions and timely execution, in a preferred way.

The Directors also thank the Company's bankers, lenders, the Government of India, the Securities and Exchange Board of India, the Reserve Bank of India and other statutory authorities for their continued support to the Company.

The Directors express their gratitude for the unstinted support and guidance received from its shareholders, ICICI Bank Limited and other group companies.

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

For and on behalf of the Board

K.V. KAMATH
Chairman

Mumbai, April 21, 2005

auditors' report

to the members of ICICI Securities Limited

1. We have audited the attached Balance Sheet of ICICI Securities Limited ('the Company') as at March 31, 2005 and also the Profit and Loss *Account and the Cash Flow Statement for the year ended on that date* annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of *account;*
   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   v. On the basis of the written representations received from the directors, as on March 31, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
      b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      c) *in the case of Cash Flow Statement, of the cash flows for the* year ended on that date.

For S.R. BATLIBOI & CO.
Chartered Accountants

per Viren H. Mehta
Partner

Mumbai, April 21, 2005 *Membership No.: 48749*

annexure

to the auditors' report

Annexure referred to in paragraph 3 of our report of even date
Re: ICICI Securities Limited

(i) (a) The fixed assets of the Company comprises of leased fixed assets and other fixed assets. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) All fixed assets, except leased assets, were physically verified by the management during the year in accordance with a planned program of verifying them which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The securities held as stock in trade by the custodian are verified with the confirmation statement received from them on a regular basis. In our opinion, the frequency of such verification is reasonable.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no discrepancies were noticed on comparing the physical securities/statement from custodian with book records.

(iii) As informed, the Company has not granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of securities and fixed assets and for the sale of securities and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The provision of clause (viii) of the Order is not applicable to the Company in the year under audit and hence not reported upon.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, wealth tax, service tax and other material statutory dues applicable to it. We have been informed that the provisions of Investor Education and Protection Fund, customs duty, excise duty and cess are not applicable to the Company in the current year.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
(c) According to the records of the Company, the dues outstanding of income-tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of expenses	164.25	AY 2003-04 to 2004-05	CIT (Appeals)

As informed by the management the provision of sales-tax, service tax, custom duty, excise duty and cess are not applicable to the Company in the current year, there are no outstanding disputed dues on account wealth tax.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(xii) According to the information and explanations given to us and *based on the documents and records produced to us, the Company* has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.

(xv) *According to the information and explanations given to us, the* Company has given counter guarantee for loans taken by subsidiary from bank, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) The Company did not have any term loans outstanding during the year. For this purpose loans with repayment periods beyond 36 months are considered are considered as long term loans.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding secured debentures during the year.

(xx) The Company has not raised any money through a public issue.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & CO.
Chartered Accountants

per Viren H. Mehta
Partner

Mumbai, April 21, 2005 *Membership No.: 48749*

balance sheet profit and loss account

ICICI Securities i-SEC

as at March 31, 2005

	Schedule	(Rs. in million)	March 31, 2004
SOURCES OF FUNDS			
1. Shareholders' Funds			
A. Share Capital	A	2,030.03	*2,030.03*
B. Reserves & Surplus	B	2,160.54	*1,894.95*
		4,190.57	*3,924.98*
2. Loan Funds			
A. Secured Loans	C	2,951.11	–
B. Unsecured Loans	D	5,960.39	*18,671.34*
		8,911.50	*18,671.34*
		13,102.07	*22,596.32*
APPLICATION OF FUNDS			
1. Fixed Assets	E		
Gross Block		378.05	*391.76*
Less: Accumulated depreciation/ amortisation		266.09	*290.31*
Net Block		111.96	*101.45*
Capital Work-in-progress		0.68	–
		112.64	*101.45*
2. Investments	F	841.54	*120.03*
3. Deferred Tax Asset		4.06	*4.81*
4. Current Assets, Loans & Advances			
A. Current Assets -			
(a) Interest Accrued	G	50.73	*415.76*
(b) Securities held as Stock-in-Trade	H	8,872.87	*22,287.20*
(c) Sundry Debtors	I	373.95	*103.89*
(d) Cash & Bank Balances	J	2,445.65	*49.74*
B. Loans & Advances	K	1,026.07	*123.40*
		12,769.27	*22,979.99*
Less : **Current Liabilities & Provisions:**	L		
A. Current Liabilities		617.36	*601.86*
B. Provisions		8.08	*8.10*
NET CURRENT ASSETS		12,143.83	*22,370.03*
		13,102.07	*22,596.32*

Notes to Accounts T

The Schedules referred above and the notes to accounts form an integral part of the Accounts

for the year ended March 31, 2005

	Schedule	(Rs. in million)	March 31, 2004
INCOME FROM OPERATIONS			
(a) Income from Services	M	564.83	*266.50*
(b) Interest Income	N	983.97	*1,123.86*
(c) Profit on Securities (Net)	O	227.85	*1,337.20*
(d) Other Income	P	46.63	*483.91*
		1,823.28	*3,211.47*
Less : Operating Expenditure			
(a) Financial Charges and Operating Expenses	Q	610.69	*711.80*
		1,212.59	*2,499.67*
EXPENDITURE			
Less: Administrative Expenditure			
(a) Payments to and Provisions for Employees	R	169.43	*299.19*
(b) Establishment and Other Expenses	S	185.29	*393.08*
(c) Depreciation		13.31	*13.87*
		368.03	*706.14*
Profit before Taxation & Extraordinary items		844.56	*1,793.53*
Interest tax reversal of earlier years		–	*108.70*
Profit before Taxation		844.56	*1,902.23*
Less: Provision for current income-tax		279.83	*465.00*
Deferred tax		0.75	*(1.77)*
Profit After Taxation		563.98	*1,439.00*
Brought forward from previous year		133.49	*151.02*
Amount available for appropriations		697.47	*1,590.02*
Transfer to Special Reserve		112.80	*287.80*
Transfer to General Reserve		28.20	*143.90*
Interim Dividend		263.90	*908.44*
Tax on Dividend		34.49	*116.39*
Balance carried to Balance Sheet		258.08	*133.49*
Earnings per share (Basic & Diluted) (Face value Rs. 10/- per share)		2.78	*7.09*

Notes to Accounts T

The Schedules referred above and the notes to accounts form an integral part of the Accounts

This is the Balance Sheet referred to in our report of even date.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board

For S. R. Batliboi & Co.
Chartered Accountants

K. V. KAMATH
Chairman

Per Viren H. Mehta
Partner
Membership No.: 48749

LALITA D. GUPTE
Director

ABHIJEET GUIN
Vice President & Head - Financials

ANDERSON POLLOCK
Company Secretary

S. MUKHERJI
Managing Director & CEO

Mumbai, April 21, 2005

	(Rs. in million)	March 31, 2004

A. SHARE CAPITAL

	(Rs. in million)	March 31, 2004
Authorized:		
50,00,00,000 Equity Shares of Rs 10/- each	5,000.00	5,000.00
Issued, Subscribed & Paid Up:		
20,30,02,800 Equity Shares of Rs 10/- each	2,030.03	2,030.03

Notes:
Of the above, 20,28,33,200 (Previous year - 20,28,33,200) Equity Shares of Rs.10/- each are held by ICICI Bank Ltd. (the Holding company) and its nominees.

B. RESERVES AND SURPLUS

(Rs. in million)

	Balance as on April 1, 2004	Additions/ transfer during the year	Deductions/ transfers during the year	Balance as at March 31, 2005	Balance as at March 31, 2004
Share Premium Account	112.80	—	—	112.80	112.80
General Reserve	635.84	28.20	—	664.04	635.84
Special Reserve (maintained under Section 45 IC of the RBI Act, 1935)	1,012.82	112.80	—	1,125.62	1,012.82
Profit and Loss Account	133.49	563.98	439.39	258.08	133.49
TOTAL	1,894.95			2,160.54	1,894.95

C. SECURED LOANS

	(Rs. in million)	March 31, 2004
CBLO Borrowings (Secured by pledge of Govt. securities of Face Value Rs. 3,290 mn)	2,951.11	—
Total	2,951.11	—

D. UNSECURED LOANS

	(Rs. in million)	March 31, 2004
Subordinated Bonds issued as Tier III Capital	250.00	250.00
Inter-Corporate Borrowings	1,425.00	105.00
Money at Call and Short Notice		
— From Banks	—	9,930.90
— From Others	—	1,712.30
Commercial Paper Borrowings	989.39	742.80
FCNRB Borrowing	229.00	309.34
Floating Rate Debentures (Redeemable at par by April 2005)	500.00	—
Floating Rate Debentures (Redeemable at par by June 2005)	1,885.50	—
6.00% Debentures 2005 (Redeemable at par by April 2005)	250.00	—
5.55% Debentures 2005 (Redeemable at par by April 2005)	431.50	—
4.65% Debentures 2004 (Redeemable at par by April 2004)	—	231.50
4.50% Debentures 2004 (Redeemable at par by April 2004)	—	422.50
4.30% Debentures 2004 (Redeemable at par by April 2004)	—	49.00
4.35% Debentures 2004 (Redeemable at par by May 2004)	—	142.50
4.60% Debentures 2004 (Redeemable at par by May 2004)	—	127.50
4.50% Debentures 2004 (Redeemable at par by May 2004)	—	80.50
Floating Rate Debentures (Redeemable at par by April 2004)	—	3,000.00
Floating Rate Debentures (Redeemable at par by May 2004)	—	111.00
Floating Rate Debentures (Redeemable at par by June 2004)	—	1,456.50
Total	5,960.39	18,671.34

E. FIXED ASSETS

(Rs. in million)

	Gross Block (at Cost)				Accumulated Depreciation			Net Block	
	April 1, 2004	Additions	Sale/Adj	March 31, 2005	Additions	Sale/Adj	March 31, 2005	March 31, 2005	March 31, 2004
TANGIBLE									
Freehold Land	57.23	—	—	57.23	—	—	—	57.23	57.23
Building	10.05	—	—	10.05	0.35	—	3.42	6.63	6.98
Plant & Machinery / Electrical Installation	6.39	1.02	3.90	3.51	0.32	2.71	1.72	1.79	2.28
Office Equipment	31.82	15.84	16.46	31.20	2.84	11.61	8.63	22.57	14.42
Computers	48.25	10.83	9.74	49.34	5.97	9.51	35.12	14.22	11.70
Furniture & Fixtures	20.52	0.20	18.41	2.31	0.65	13.70	1.16	1.15	6.31
Vehicles	2.84	1.06	—	3.90	0.83	—	1.14	2.76	2.53
INTANGIBLE									
Software	4.66	5.85	—	10.51	2.35	—	4.90	5.61	—
Sub-Total	181.76	34.80	48.51	168.05	13.31	37.53	56.09	111.96	101.45
Assets Given on lease (Plant & Machinery)	210.00	—	—	210.00	—	—	210.00	—	—
Total	391.76	—	—	378.05	13.31	37.53	266.09	111.96	101.45
Previous Year	423.11	8.44	39.79	391.76	13.86	18.40	290.31	101.45	

F. INVESTMENTS - LONG TERM

Name of the Company	Quantity in thousands	Face Value per unit (Rs.)	March 31, 2005	March 31, 2004
In Equity Shares of Subsidiary Company				
- Unquoted and fully paid up				
ICICI Brokerage Services Ltd	4,500.7 (4,500.7)	10.00	45.01	45.01
ICICI Securities Holdings, Inc.	1,600.0 (1,600.0)	*	75.02	75.02
- Quoted Bonds				
HDFC 06/12/2005 ZCB	0.75 (Nil)		721.51	—
TOTAL			841.54	120.03

Notes :

1. The aggregate cost of unquoted Investments as at March 31, 2005 is Rs. 120.03 million (previous year - Rs.120.03 million)
2. The aggregate cost and market value of the quoted Investments as at March 31, 2005 is Rs. 721.51 million and Rs. 721.47 million respectively (previous year - Rs. Nil).

* Face Value of US Dollar 1.00 per unit.

G. INTEREST ACCRUED

	(Rs. in million)	March 31, 2004
On Stock-in-Trade	32.77	415.20
On Loans & Advances	17.96	0.56
Total	50.73	415.76

	Total Face Value (Rs. in '000)	(Rs. in million)	March 31, 2004
H SECURITIES HELD AS STOCK IN TRADE (at lower of cost or market value categorywise) (Quoted unless otherwise stated)			
Government of India Securities & Deemed Government of India Securities			
5.64% Government of India 2019	Nil (1,188,000)	–	*1,185.10*
5.85% Government of Karnataka 2015	Nil (50,000)	–	*49.75*
5.85% Government of Maharashtra 2015	Nil (49,400)	–	*49.15*
6.01% Government of India 2028	Nil (1,031,800)	–	*1,032.32*
6.13% Government of India 2028	Nil (61,800)	–	*62.42*
6.17% Government of India 2023	Nil (160,000)	–	*165.04*
6.20% Government of India UTI Special Bonds 2010	Nil (300,000)	–	*313.95*
6.18% Government of India 2005	28,900 (Nil)	**28.89**	–
6.25% Government of India 2018	Nil (1,000,000)	–	*1,066.00*
6.35% Government of India 2020	Nil (350,000)	–	*371.35*
6.40% Government of India UTI Special Bonds 2010	Nil (200,000)	–	*211.10*
6.96% Oil Co Bonds 2009	Nil (50,000)	–	*53.67*
7.40% Government of India 2012	Nil (660,000)	–	*756.69*
7.46% Government of India 2017	Nil (1,302,190)	–	*1,545.70*
7.49% Government of India 2017	Nil (1,922,000)	–	*2,270.06*
7.95% Government of India 2032	Nil (100,000)	–	*125.60*
8.07% Government of India 2017	Nil (1,150,000)	–	*1,422.24*
8.25% Government of India 2005	30 (30)	**0.03**	*0.03*
8.35% Government of India 2022	Nil (200,000)	–	*254.30*
9.39% Government of India 2011	Nil (950,000)	–	*1,193.01*
9.40% Government of India 2012	500 (Nil)	**0.57**	–
9.85% Government of India 2015	Nil (100,000)	–	*138.40*
12.40% Government of India 2013	1,100 (Nil)	**1.46**	–
10.03% Government of India 2019	Nil (Nil)	–	–
10.18% Government of India 2026	Nil (250,000)	–	*374.37*
10.45% Government of India 2018	Nil (100,000)	–	*143.60*
10.47% Government of India 2015	Nil (200)	–	*0.28*
10.71% Government of India 2016	Nil (250,000)	–	*359.87*
11.03% Government of India 2012	Nil (2,500)	–	*3.44*
11.43% Government of India 2015	Nil (500,000)	–	*742.50*
11.50% Government of India 2015	Nil (100,000)	–	*148.00*
11.83% Government of India 2014	Nil (580,000)	–	*872.90*
12.50% Government of Gujarat 2004	Nil (9,200)	–	*9.20*
12.50% Government of Karnataka 2004	Nil (20,000)	–	*20.00*
12.50% Government of Maharashtra 2004	Nil (70,000)	–	*70.00*
7.17% Government of Andhra Pradesh 2017	1,900 (Nil)	**1.86**	–
GOI Floating Rate Bonds 2013	200,000 (Nil)	**200.17**	–
		232.98	*15,010.04*
Treasury Bills			
364 Day Treasury Bill 11-06-2004	Nil (100,000)	–	*99.08*
364 Day Treasury Bill 21-01-2005	Nil (100,000)	–	*96.50*
364 Day Treasury Bill 10-06-2005	50,000 (Nil)	**49.49**	–
364 Day Treasury Bill 13-05-2005	400,000 (Nil)	**397.69**	–
364 Day Treasury Bill 29-04-2005	250,000 (Nil)	**249.19**	–
91 Day Treasury Bill 15-04-2005	240,950 (Nil)	**240.49**	–
91 Day Treasury Bill 03-06-2005	3,050,000 (Nil)	**3,022.97**	–
91 Day Treasury Bill 06-05-2005	100,000 (Nil)	**99.49**	–
91 Day Treasury Bill 13-05-2005	200,000 (Nil)	**198.84**	–
91 Day Treasury Bill 20-05-2005	100,000 (Nil)	**99.29**	–
91 Day Treasury Bill 23-06-2005	2,225,000 (Nil)	**2,198.26**	–
91 Day Treasury Bill 23-06-2005	125,000 (Nil)	**123.51**	–
		6,679.22	*195.58*
Bonds & Debentures			
5.796% LIC Housing Finance Ltd 2011	100,000 (Nil)	**100.05**	–
5.63 % Industrial Development Bank of India 2007	200,000 (Nil)	**200.02**	–
5.85 % Housing Development Finance Corp Ltd 2009	Nil (600,000)	–	*602.49*
5.85 % Power Finance Corp Ltd 2010	Nil (700,000)	–	*705.25*
5.87 % Housing Development Finance Corp Ltd 2006	50,000 (Nil)	**50.00**	–
5.89 % Indian Railway Finance Corp Ltd 2008	Nil (150,000)	–	*150.70*
5.90 % Industrial Development Bank of India 2007	Nil (250,000)	–	*248.38*
5.99 % Indian Railway Finance Corp Ltd 2009	Nil (50,000)	–	*50.25*
6.20 % Industrial Development Bank of India 2011	Nil (500,000)	–	*492.00*
6.20 % Reliance Industries Ltd 2007	Nil (600,000)	–	*611.39*
6.25 % Export Import Bank of India 2007	Nil (100,000)	–	*101.64*
6.29 % Housing Development Finance Corp Ltd 2013	Nil (50,000)	–	*50.50*
6.30 % Housing Development Finance Corp Ltd 2007	Nil (50,000)	–	*50.56*
6.35 % National Textile Corporation 2008	14,000 (Nil)	**13.63**	–
6.45 % Export Import Bank of India 2012	Nil (50,000)	–	*51.10*
6.45% Reliance Industries Ltd 2012	Nil (100,000)	–	*102.00*
6.68% Powergrid Corp of India Ltd 2018	Nil (42,500)	–	*42.50*
6.68% Powergrid Corp of India Ltd 2019	Nil (50,000)	–	*50.00*
6.75% Industrial Development Bank of India 2008	Nil (150,000)	–	*152.39*
6.75% Unit Trust of India 2008	Nil (17,224)	–	*18.24*
6.80% Power Finance Corp Ltd 2011	109,000 (Nil)	**107.15**	–
7.00% Industrial Development Bank of India 2019	Nil (28,500)	–	*28.50*
7.00% Sterlite O&V 2006	Nil (50,000)	–	*50.00*
7.00% Sterlite O&V 2007	Nil (50,000)	–	*50.00*
7.00% Sterlite O&V 2008	Nil (50,000)	–	*50.00*
7.05% National Textile Corporation 2010	70,000 (Nil)	**69.27**	–
7.05% Citifinancial Consumer Finance 2008	350,000 (Nil)	**350.18**	–
7.20% Rural Electrification Corporation Ltd 2010	50,000 (Nil)	**49.90**	–
7.20% Rural Electrification Corporation Ltd 2011	50,000 (Nil)	**49.95**	–
7.20% Rural Electrification Corporation Ltd 2011	20,000 (Nil)	**19.96**	–
7.20% Rural Electrification Corporation Ltd 2012	50,000 (Nil)	**49.75**	–
7.20% Rural Electrification Corporation Ltd 2012	50,000 (Nil)	**49.75**	–
7.20% Rural Electrification Corporation Ltd 2013	31,000 (Nil)	**30.76**	–
7.20% Rural Electrification Corporation Ltd 2014	50,000 (Nil)	**49.30**	–
7.20% Rural Electrification Corporation Ltd 2015	50,000 (Nil)	**49.20**	–
7.20% State Bank of Bikaner & Jaipur 2014	12,000 (Nil)	**11.80**	–
7.30% Export Import Bank of India 2012	Nil (50,000)	–	*53.79*
7.65% Indian Railway Finance Corp Ltd 2007	Nil (50,000)	–	*53.12*
7.85% Powergrid Corp Ltd 2005	Nil (50,000)	–	*50.92*
8.00% Industrial Development Bank of India 2018	Nil (133,400)	–	*146.06*
8.00% Reliance Industries Ltd 2007	Nil (50,000)	–	*53.25*
8.05% National Thermal Power Corp Ltd 2007	Nil (150,000)	–	*160.87*
8.38% Export Import Bank of India 2007	Nil (100,000)	–	*107.29*
8.38% Export Import Bank of India 2007	Nil (100,000)	–	*107.29*
8.45% Reliance Industries Ltd 2007	Nil (150,000)	–	*160.95*
8.65% Reliance Industries Ltd 2007	Nil (50,000)	–	*54.13*
8.70% Export Import Bank of India 2006	Nil (100,000)	–	*107.14*
8.80% Housing Development Finance Corp Ltd 2006	Nil (50,000)	–	*53.88*
9.25% Power Finance Corp Ltd 2012	Nil (400,000)	–	*457.19*
9.25% Indian Railway Finance Corp Ltd 2006	Nil (50,000)	–	*54.01*
10.61% Mukand Ltd 2011	250,000 (Nil)	**254.85**	–
10.65% Great Eastern Shipping Co Ltd 2006	Nil (50,000)	–	*54.38*
11.90% State Bank of India 2008	Nil (500,000)	–	*608.49*
Industrial Development Bank of India FRB 2009	Nil (250,000)	–	*250.00*
		1,505.52	*6,190.65*
Debentures (Unquoted)			
15.00% Pal Peugot Ltd 2004	16,160 (16,160)	**12.17**	*12.17*
17.50% Grapco Granites Ltd 1998	20,000 (20,000)	**18.25**	*18.25*
17.50% Grapco Granites Ltd 2000	15,000 (15,000)	**13.10**	*13.10*
17.50% Grapco Mining Ltd 1995	10,000 (10,000)	**9.31**	*9.31*
18.00% Parasrampuria Synthetics Ltd 1999	20,000 (20,000)	**17.62**	*17.62*
19.50% Grapco Granites Ltd 1998	20,000 (20,000)	**18.92**	*18.92*
20.00% Das Lagerwey 1996	30,000 (30,000)	**30.00**	*30.00*
20.00% Veena Textiles Ltd 1996	Nil (15,000)	–	*14.30*
22.00% GTV Spinners Ltd 1996	4,529 (4,529)	**4.48**	*4.48*
		123.85	*138.15*
Equity (Face Value Rs.10 unless specified otherwise)			
6% Sun Pharmaceuticals Ltd	Nil (8)	–	–
Abhishek Industries Ltd	Nil (4,079)	–	*10.26*
Aldrich Pharmaceuticals Ltd.	2,400 (Nil)	**8.40**	–
Associated Cement Company FV Rs. 50	750 (Nil)	**5.38**	–
Astrazeneca Pharmaceutical Ltd	*(*)	–	–
Bharat Forge Ltd **	788 (750)	**16.95**	*14.85*
Bharat Forge Utilities Ltd	750 (750)	–	–
BHEL 100	(Nil)	**7.50**	–
Bhushan Steel Ltd	Nil (3)	–	*0.03*
Biochem Synergy Ltd	635 (635)	**1.14**	*1.14*
Cadbury India Ltd	*(*)	–	–
CRISIL	Nil (3)	–	*0.11*
Dabur India Ltd	Nil (76)	–	*0.33*
Dataline & Research Technologies	*(*)	–	–
Eicher Motors Ltd	Nil (22)	–	*0.33*
FDC Ltd.	50 (Nil)	**2.55**	–
Geodesic Ltd	Nil (207)	–	*3.13*