



1ST ANNUAL REPORT AND ACCOUNTS 1999-2000

Directors

Chairperson	Lalita D. Gupte S.H. Bhojani M.N. Gopinath
Managing Director	Shikha Sharma

Executive

Company Secretary	Vanita Sawant
-------------------	---------------

Auditors

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

Registered Office

ICICI Towers
Bandra-Kurla Complex
Mumbai 400 051

Corporate Office

ICICI Towers
Bandra-Kurla Complex
Mumbai 400 051

directors' report

To the Members

Your Directors have pleasure in presenting the First Annual Report of the Company together with the audited Statement of Accounts for the year ended March 31, 2000.

FINANCIAL PERFORMANCE

During the period under review, the Company earned an income of Rs. 25.14 million. The Profit & Loss Account shows a profit before tax of Rs. 0.70 million after taking into account all expenses. The profit after tax is Rs. 0.50 million.

The disposable profit is Rs. 0.50 million. The Directors have not recommended any dividend.

OPERATIONS

The Company commenced business in November 1999. During the period under review, your Company sanctioned 4400 cases amounting to Rs. 2,070 million spread over 13 cities. Your Company obtained registration from National Housing Bank in March, 2000.

RESOURCES

The Authorized Share Capital comprised 20,000,000 Equity Shares of Rs.10 each amounting to Rs. 2,000 million, which is fully subscribed and paid-up. The Paid-up Equity Capital of Rs. 2,000 million is entirely held by ICICI Limited and its nominees. In addition to this, the Company also enjoys a line of credit to the extent of Rs. 2,000 million from ICICI Limited.

The capital adequacy ratio, defined as the ratio of total capital to risk weighted assets, was 16 per cent as on March 31, 2000.

DIVIDEND

The Directors do not recommend any dividend for the period ended March 31, 2000.

PUBLIC DEPOSITS

During the period under review, your Company did not accept or renew any public deposits within the meaning of the National Housing Bank Directions, 1989.

BUSINESS STRATEGY AND FUTURE PLANS

Your Company intends to expand business to over 30 cities and their spokes in the coming financial year. During this year, it also proposes to leverage its corporate and builder relationships that could open doors for various opportunities like construction finance, joint promotional events etc. Your Company is also ideally positioned to leverage on the holding company's, plans to open safety centres at various locations across the country, which would offer financial products and services to the retail customers. Your Company has recently announced a 50 basis point cut across all tenors in home loans and has taken the lead in creating a new loan product with a maturity of 30 years. This increase in tenor and reduction in rate would offer customers greater choice and would make home loans more affordable.

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 period under review.

Since your Company does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable and hence not given.

DIRECTORS

Shri K.V. Kamath tendered his resignation from the Board effective August 13, 1999. The Board accepted the resignation of Shri Kamath and placed on record its appreciation of the valuable services rendered by him during his tenure. Smt. Lalita D. Gupte was appointed as the Chairperson of the Board in place of Shri Kamath effective August 14, 1999.

The Board appointed Smt. Shikha Sharma as the Managing Director of the Company for a period of three years effective August 13, 1999. In terms of the provisions of the Companies Act, 1956, the approval of the Members of the Company is sought for her appointment. Smt. Shikha Sharma will continue to draw her remuneration and other benefits from ICICI Limited and hence, will not draw any remuneration from the Company. Smt. Shikha Sharma is also the Managing Director of ICICI Personal Financial Services Ltd.

Shri M.N. Gopinath, who has been appointed as an Additional Director effective August 13, 1999 holds office only up to the date of the first Annual General Meeting of the Company as provided in the Articles of Association of the Company but is eligible for appointment.

In terms of the provisions of the Articles of Association of the Company, Smt. Lalita D. Gupte and Shri S.H. Bhojani would retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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. The Board has recommended their appointment as the Joint Auditors to audit the accounts of the Company for the financial year ending March 31, 2001. You are requested to consider their appointment.

ACKNOWLEDGEMENTS

Your Company is grateful to the National Housing Bank for their co-operation and advice during the period under review. The Company is also grateful to its clients and bankers for the unstinted support received during the aforesaid period.

The Company would like to express its gratitude for the unstinted support and guidance received from ICICI, 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

LALITA D. GUPTÉ
Chairperson

Mumbai, April 20, 2000

auditors' report



To the Members of ICICI Home Finance Company Limited

We have audited the attached Balance Sheet of ICICI Home Finance Company Limited as at March 31, 2000 and the Profit and Loss Account for the period from November 1, 1999 to March 31, 2000.

1. As required by the Manufacturing and Other Companies (Auditors' 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, 2000; and
 - (ii) In the case of the Profit and Loss Account, of the profit for the period November 1, 1999 to March 31, 2000.

For S.B. BILLMORIA & CO.
Chartered Accountants

For N. M. RAIJI & CO.
Chartered Accountants

S.J. MERCHANT
Partner

J. M. GANDHI
Partner

Mumbai, April 20, 2000

annexure to the auditors' report

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

1. The Company has taken a loan from its holding company, which is also a party listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and terms of this loan are not, prima facie, prejudicial to the interest of the Company.
2. The Company has not given loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 and /or to the companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
3. The parties to whom loans and advances in the nature of loans have been granted by the Company, are generally repaying the principal amounts as stipulated and are also generally regular in the payment of interest.
4. 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 deposit 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.
5. This being the first year of operations, the Company is in the process of setting up the internal audit system.
6. The Provident Fund dues are deposited with the appropriate authority by ICICI Personal Financial Services Limited on behalf of the Company. We

have been informed that the dues paid by ICICI Personal Financial Services Limited are also regularly deposited with the appropriate authority and there are no arrears of such dues as at the Balance Sheet date.

7. There were no undisputed amounts payable in respect of income tax, sales tax and customs duty outstanding as at March 31, 2000 for a period of more than six months from the date they become payable.
8. 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.
9. Adequate documents and records are generally maintained in cases where the Company has granted loans and other credit facilities on the basis of security by way of equitable mortgage.
10. The clauses (i) to (vi), (xi), (xii), (xiv), (xvi), (xx) of 4A, 4B, 4C, and (iii) and (iv) 4D of the Manufacturing and Other Companies (Auditors' Report) Order, 1988 are not applicable to the Company

For S.B. BILLMORIA & CO.
Chartered Accountants

For N. M. RAIJI & CO.
Chartered Accountants

S.J. MERCHANT
Partner

J. M. GANDHI
Partner

Mumbai, April 20, 2000

balance sheet

profit and loss account

as at March 31, 2000

for the period from November 1, 1999 to March 31, 2000

	Schedule	(in Rupees)	March 31, 2000	Schedule	(in Rupees)	November 1, 1999, to March 31, 2000
I SOURCES OF FUNDS				INCOME		
1. Shareholders' Funds				Income from operations	VIII	21,507,136
A. Share Capital	I	200,000,000		Other Income	IX	3,634,628
B. Reserves and Surplus	II	494,270	200,494,270			<u>25,141,764</u>
2. Loan Funds				EXPENSES		
Unsecured Loan	III	300,000,000	300,000,000	Interest and other financial charges	X	1,667,178
			<u>500,494,270</u>	Staff Expenses (Refer Note 1(b))		2,249,077
				Establishment and other expenses	XI	20,492,644
				Preliminary Expenses written off		33,595
II. APPLICATION OF FUNDS						<u>24,442,494</u>
1. Loans and Other Credit Facilities	IV		589,386,419	Profit before Tax		699,270
				Less: Provision for Taxation		205,000
2. Current Assets, Loans and Advances	V			Profit after Tax		<u>494,270</u>
A. Current Assets		6,516,847		APPROPRIATIONS		
B. Loans and Advances		2,111,619		Surplus carried to Balance Sheet		494,270
		8,628,466				<u>494,270</u>
Less: Current Liabilities & Provisions	VI			Notes forming part of the Accounts and Accounting Policies	XII	
A. Current Liabilities		98,149,860				
B. Provisions		345,000				
		<u>98,494,860</u>				
Net Current Assets/ (Liabilities)			(89,866,394)			
3. Miscellaneous Expenditure	VII		974,245			
			<u>500,494,270</u>			
Notes forming part of the Accounts and Accounting Policies	XII					

Per our Report attached

For S. B. BILLIMORIA & CO.
Chartered Accountants

S. J. MERCHANT
Partner

Mumbai, April 20, 2000

For N.M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

VANITA SAWANT
Company Secretary

For and on behalf of the Board

LALITA D. GUPTA
Chairperson

S. H. BHOJANI
Director

M. N. GOPINATH
Director

SHIKHA SHARMA
Managing Director

schedules



forming part of the Accounts

(in Rupees)

March 31, 2000

I SHARE CAPITAL		
Authorized		
20,000,000 Equity Shares of Rs.10 each		<u>200,000,000</u>
Issued, Subscribed and Paid up		
20,000,000 Equity Shares of Rs.10 each		<u>200,000,000</u>
(All shares are held by ICICI Limited, the holding company and its nominees)		<u>200,000,000</u>
II RESERVES AND SURPLUS		
Surplus in Profit and Loss Account		<u>494,270</u>
		<u>494,270</u>
III UNSECURED LOAN		
Loan from Holding Company		<u>300,000,000</u>
		<u>300,000,000</u>
IV LOANS AND OTHER CREDIT FACILITIES		
Housing Loans (Considered good)		<u>589,386,419</u>
		<u>589,386,419</u>
V CURRENT ASSETS, LOANS AND ADVANCES		
A. Current Assets		
Sundry Debtors (considered good)		
(i) Debts outstanding for more than six months	—	
(ii) Other Debts	<u>1,373,115</u>	
		1,373,115
Interest accrued		2,474,886
Cash and bank balances		
Current accounts with banks		<u>2,668,846</u>
		<u>6,516,847</u>
B. Loans and Advances		
Advance for Expenses		799,550
Advance tax and Tax deducted at source		1,312,069
		<u>2,111,619</u>
VI CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry creditors		65,587,681
Book overdraft		28,802,965
Interest accrued but not due on loans		1,527,178
Commission payable		<u>2,232,036</u>
		<u>98,149,860</u>
B. Provision		
Provision for Taxation		<u>345,000</u>
		<u>345,000</u>
VII MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary expenses		<u>974,245</u>
		<u>974,245</u>

schedules

forming part of the Accounts

Continued

(in Rupees)

November 1, 1999
to March 31, 2000

VIII INCOME FROM OPERATIONS

A. Income from Financing Operations

Interest on Housing loans

6,769,216

B. Fee income

(i) Processing Fees
(ii) Administration Fees

8,314,028
6,423,892

14,737,920

21,507,136

IX OTHER INCOME

Interest on deposits

3,634,628

3,634,628

X INTEREST AND FINANCIAL CHARGES

Interest on borrowing
Interest tax

1,527,178
140,000

1,667,178

XI ESTABLISHMENT AND OTHER EXPENSES

Advertisement
Audit fees
Commission
Operational expenses
Office
Bank charges
Printing and Stationery
Professional and Legal
Telephone

7,267,372
80,000

7,398,925

832,759

265,643

78,038

1,278,692

2,091,201

1,200,014

20,492,644

XII NOTES FORMING PART OF THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

1. Notes to Accounts

- Home Loans given by the Company are secured by property.
- All the employees of the Company are on deputation from ICICI Personal Financial Services Limited to whom the costs and other benefits are reimbursed.
- Expenditure in foreign currency – Rs. Nil.
- Remuneration to Managing Director – Rs. Nil. As per the terms of appointment, the Managing Director draws her remuneration and other benefits from ICICI Limited
- Contingent liability – Rs. Nil.
- Previous year's figures are not given as the operations have commenced during the year

2. Significant Accounting Policies

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

- Revenue recognition**
Interest income on housing loan is accounted on accrual basis, other than interest on non-performing assets, if any which is accounted on cash basis. Fees are recognized on due basis.
- Expenses**
All expenses are provided for on accrual basis.
- Preliminary expenses**
Preliminary expenses are amortized over a period of ten years.
- Provision**
Non-performing assets (NPA) are identified as per directions issued by National Housing Bank (NHB) and provisions against NPA are made based on prudential norms prescribed by NHB.

Per our Report attached

For S. B. BILLIMORIA & CO.
Chartered Accountants

S. J. MERCHANT
Partner

Mumbai, April 20, 2000

For N.M. RAJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

VANITA SAWANT
Company Secretary

For and on behalf of the Board

LALITA D. GUPTA
Chairperson

S. H. BHOJANI
Director

M. N. GOPINATH
Director

SHIKHA SHARMA
Managing Director

1. Registration Details

Registration No.
 Balance Sheet Date
 Date Month Year State Code

2. Capital raised during the Period

(Amount in Rupees thousand)

Public Issue Bonus Issue
 Rights Issue Private Placement

3. Position of Mobilization and Deployment of Funds

(Amount in Rupees thousand)

Total Liabilities Total Assets
Sources of Funds
 Paid-up Capital Reserves & Surplus
 Secured Loans Unsecured Loans
Application of Funds
 Net Fixed Assets Loans and Investments
 Net Current Assets Miscellaneous Expenditure

4. Performance of the Company

(Amount in Rupees thousand)

Turnover Total Expenditure
 Profit before Tax Profit after Tax
 Earnings per Share in Rupees Dividend Rate %

5. Generic Names of three Principal Services of the Company

(As per Monetary Terms)

Product Description Item code No.
 Home Loans

For and on behalf of the Board

LALITA D. GUPTA
Chairperson
 S. H. BHOJANI
Director
 M. N. GOPINATH
Director
 SHIKHA SHARMA
Managing Director

VANITA SAWANT
Company Secretary