

ICICI SECURITIES, INC.

8TH ANNUAL REPORT AND ACCOUNTS 2007–2008

Directors

Gopakumar P., *President & CEO*
Nitin Jain
A. Murugappan
Anup Bagchi
Subir Saha

Auditors

S. R. Batliboi & Co.
Chartered Accountants

Registered Office

1013 Centre Road
City of Wilmington
Country of New Castle
Delaware 19805
USA

directors' report

to the members

The Directors are pleased to present the Eighth Annual Report of ICICI Securities, Inc. (the Company), with the audited financial statements of Accounts for the year ended March 31, 2008.

In May 2007, all the shares of ICICI Securities Holdings, Inc., the holding company, were transferred from ICICI Securities Primary Dealership Limited to ICICI Securities Limited. As a result, ICICI Securities Holdings, Inc. became a 100% subsidiary of ICICI Securities Limited.

The Company held Capital Market Services licences for 'Dealing in Securities' and 'Advising on Corporate Finance' with the Monetary Authority of Singapore. The Company has surrendered the licence for 'Advising on Corporate Finance'.

INDUSTRY OVERVIEW

FY08 commenced on a cautious note, with the US sub-prime crisis manifesting itself through liquidity issues in the banking system due to foreclosures. The ongoing problem, which began towards end FY2006, triggered a global financial crisis through FY2007-2008. The current sub-prime mortgage crisis in the US is not likely to have a severe impact on South Asian countries on the back of three factors, which are:

- lack of exposure to US mortgage securities,
- availability of liquidity in domestic markets, and
- possibility of lower capital inflows that could help countries such as India in macroeconomic management.

The restrictions announced by the Reserve Bank of India (RBI) in October 2007, on the Participatory Notes, affected capital flows into India as many institutional investors, especially hedge funds, used that route for investing in India. Despite the current economic and financial scenario, the Company believes in the continuing growth in India and available opportunities in the Institutional and Wealth Management businesses.

FINANCIAL HIGHLIGHTS

	Fiscal 2008	(Rs. in 000's) <i>Fiscal 2007</i>
Gross Income	51,331.39	104,735.74
Profit before Tax	(195,521.65)	(83,148.10)
Provision for Tax	—	(16,601.19)
Profit after Tax	(195,521.65)	(66,546.91)

OPERATIONAL REVIEW

The Company undertakes securities business in the US and is a member of the Financial Industry Regulatory Authority (FINRA). Since its inception, the Company has been providing brokerage and research services to US institutional investors.

Further, with all necessary approvals from FINRA, the Company has now made inroads into the Wealth Management space, which involves showcasing India-based investment opportunities to both ultra high networth individuals (HNIs) and institutional investors.

The Company continued to make its presence felt in the brokerage and research space in FY2008. The Investors' conference at Singapore and New York witnessed excellent response from investors across the globe. The 'India Unlimited' conference held in New York had the Honourable Finance Minister of India, Mr. P Chidambaram, as the keynote speaker. His presence and views were highly appreciated by attending fund houses, investment managers and other key corporate houses.

Within Wealth Management, the Company has been successful in reaching out to the Sophisticated Investor segment by leveraging ICICI Group relationships with the NRI community in the US, besides reaching across to new clients. Amongst institutions, the Company has been showcasing India investment products to institutions such as pension funds, insurance companies, endowments, foundations, family offices and fund managers that seek alternate investment opportunities in India.

The Company has been able to make its presence felt to both HNIs and institutions supported by its branch offices based in Houston (Texas) and San Jose (California).

SHARE CAPITAL

During the year, the paid-up equity share capital of the Company increased to US\$ 10.05 million from US\$ 7.05 million.

DIRECTORS

Niranjan J. resigned from the Board during the year. The Board places on record its appreciation for the valuable services rendered by him. During the year, A. Murugappan was appointed on the Board as a Director.

IMPACT OF BANKING LICENCE OBTAINED BY ICICI BANK LIMITED

ICICI Bank Limited (ICICI Bank), the ultimate parent of the Company had, in the year 2004 applied to the Federal Reserve Board (FRB) and the Office of the Comptroller of Currency (OCC) for a branch licence in the US. ICICI Bank received the approval from the FRB and the OCC for opening a federal branch in New York, which commenced operations on March 3, 2008.

ICICI Bank is subject to the regulations of the Bank Holding Companies Act (BHC Act), which imposes restrictions on certain direct and indirect non-banking activities of its affiliates and subsidiaries. As part of the branch approval process, ICICI Bank has given a set of commitments as regards business activities of the Company in the US.

With this commitment, the Company will be allowed expansion of permitted business activities only with a notice filing/prior approval of the FRB. Activities that are not permitted for a non-banking subsidiary will not be approved and the Company will be required to wind down non-permissible activities within two years from the date of opening of the ICICI Bank branch in New York.

The Company's underwriting (co-lead underwriting as permitted by FINRA) and certain Mutual Fund distribution activities fall within the domain of non-permissible activities under the BHC Act. The Company proposes to make an application to the FRB for a Section 20 approval so as to continue these activities beyond the period of two years.

AUDITORS

The Auditors, S. R. Batliboi & Co., Chartered Accountants, Mumbai will retire at the ensuing Annual General Meeting and offer themselves for re-appointment. The Board, at its Meeting held on April 15, 2008, proposed their re-appointment as Auditors to audit the accounts of the Company for the year ended on March 31, 2009, as per Indian GAAP. You are requested to consider the re-appointment of the aforementioned retiring Auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company confirm:

1. that the applicable accounting standards have been followed in preparing the final accounts and that there have been no material departures;
2. that such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so

as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the profit of the Company for the period ended on that date;

3. that proper and sufficient care has been taken for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

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

The Directors also thank the Company's bankers and statutory authorities for their continued support.

The Directors express their gratitude for the unstinted support and guidance received from the shareholder, ICICI Securities Holdings, Inc., and other group companies.

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

For and on behalf of the Board

New York, April 15, 2008

GOPAKUMAR P.
President & CEO

auditors' report



to the members of ICICI Securities, Inc.

We have audited the attached Balance Sheet of ICICI Securities Inc. ('the Company') as at March 31, 2008 and also the Profit and Loss account and 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.

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 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.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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, 2008;
- b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No: 36738

Mumbai, April 15, 2008

balance sheet

profit and loss account

as at March 31, 2008

for the year ended March 31, 2008

		(Rs. in 000's)		(US\$ in 000's)				(Rs. in 000's)		(US\$ in 000's)		
Schedule		March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	Schedule		March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	
SOURCES OF FUNDS						INCOME FROM OPERATIONS						
Shareholders' Funds						(a) Income from						
A.	Share Capital	A	433,597.50	314,187.50	10,050.00	7,050.00	Services	I	33,065.74	68,296.89	821.15	1,509.63
B.	Reserves & Surplus		—	—	—	—	(b) Interest Income	J	899.43	1,649.14	22.34	36.45
Loan Funds						(c) Profit on						
A.	Unsecured Loans		—	326,025.00	—	7,500.00	Securities (Net)	K	36.35	15,935.93	0.90	352.25
			433,597.50	640,212.50	10,050.00	14,550.00	(d) Other Income	L	17,329.87	20,320.49	430.37	449.16
									51,331.39	106,202.45	1,274.76	2,347.49
APPLICATION OF FUNDS						Less: Operating Expenditure						
1. Fixed Assets C						Financial Charges and						
	Gross Block		59,526.87	1,945.36	1,433.68	44.75	Operating Expenses	M	16,554.62	49,674.49	411.12	1,098.01
	Less: Depreciation		7,768.66	482.07	192.51	11.09			34,776.77	56,527.96	863.64	1,249.48
	Net Block		51,758.21	1,463.29	1,241.17	33.66	EXPENDITURE					
	Capital Work-in-progress		—	18,214.01	—	419.00	Less: Administrative Expenditure					
			51,758.21	19,677.30	1,241.17	452.66	(a) Payments to and					
2. Current Assets, Loans & Advances						Provisions for						
A.	Current Assets -						Employees	N	123,512.00	67,352.14	3,067.28	1,488.75
(a)	Sundry Debtors	D	13,463.26	6,714.08	335.57	154.45	(b) Establishment and Other Expenses	O	99,499.83	71,915.57	2,470.97	1,589.62
(b)	Securities held as Stock-in-Trade	E	25,059.70	523,650.60	624.62	12,046.25	(c) Depreciation		7,286.59	408.35	180.95	9.03
(c)	Cash & Bank Balances	F	102,629.15	44,347.73	2,558.05	1,020.18			230,298.42	139,676.06	5,719.20	3,087.40
B.	Loans & Advances	G	38,362.90	49,981.69	956.19	1,149.78	Profit/(Loss) before Taxation					
			179,515.01	624,694.10	4,474.43	14,370.66			(195,521.65)	(83,148.10)	(4,855.56)	(1,837.92)
Less: Current Liabilities & Provisions						Less: Provision for Taxation						
H			59,071.61	53,845.70	1,472.38	1,224.49			—	(16,601.19)	—	(381.90)
NET CURRENT ASSETS						Profit After Taxation						
			120,443.40	570,848.40	3,002.05	13,146.17			(195,521.65)	(66,546.91)	(4,855.56)	(1,456.02)
3.	Profit & Loss A/c	B	261,395.89	49,686.80	5,806.79	951.18	Brought forward from previous years					
			433,597.50	640,212.50	10,050.00	14,550.00			(45,217.53)	21,329.38	(951.18)	504.84
Notes to Accounts P						Amount available for appropriations						
									(240,739.18)	(45,217.53)	(5,806.74)	(951.18)
							Interim Dividend					
									—	—	—	—
							Balance carried to Balance Sheet					
									(240,739.18)	(45,217.53)	(5,806.74)	(951.18)
						Earnings per share (Basic & Diluted)						
						(Face value USD 1 per share) (25.84) (7.50)						

This is the Balance Sheet referred to in our report of even date.
For S. R. BATLIBOI & CO.
Chartered Accountants

Per VIJAY MANIAR
Partner
Membership No: 36738
Mumbai, April 15, 2008

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

GOPAKUMAR P.
President & CEO

ANUP BAGCHI
Director

A. MURUGAPPAN
Director

schedules



forming part of the Accounts

	March 31, 2008	(Rs. in 000's) March 31, 2007	March 31, 2008	(US\$ in 000's) March 31, 2007
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SCHEDULE "A" – SHARE CAPITAL

Authorized:

15,000,000 Equity Shares of US\$ 1 each

Issued Subscribed & Paid-up:

Common stock, US\$ 1 par value; 10,050,000 shares

(Previous year 11,050,000 shares)

433,597.50	314,187.50	10,050.00	7,050.00
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SCHEDULE "B" – PROFIT & LOSS ACCOUNT

Profit and Loss Account

Translation Reserve

Total

(240,739.18)	(45,217.53)	(5,806.79)	(951.18)
(20,656.71)	(4,469.27)	—	—
(261,395.89)	(49,686.80)	(5,806.79)	(951.18)

SCHEDULE "C" – FIXED ASSETS

	(Rs. in 000's)								(US\$ in 000's)			
	Gross Block (At Cost)				Accumulated Depreciation				Net Block		Net Block	
	April 1, 2007	Additions	Sale/ Adj	March 31, 2008	April 1, 2007	Additions	Sale/ Adj	March 31, 2008	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Computers	1,510.66	2733.16	—	4,243.82	469.50	1,193.08	—	1,662.58	2,581.24	1,041.16	61.84	23.95
Software	434.70	196.69	—	631.39	12.57	168.58	—	181.15	450.24	422.13	10.44	9.71
Furniture & Fixtures	—	7,681.74	—	7,681.74	—	897.00	—	897.00	6,784.74	—	161.17	—
Telecom Equipment	—	1,172.73	—	1,172.73	—	213.32	—	213.32	959.41	—	23.60	—
Lease Hold Improvement	—	45,797.19	—	45,797.19	—	4,814.61	—	4,814.61	40,982.58	—	984.12	—
TOTAL	1,945.36	57,581.51	—	59,526.87	482.07	7,286.59	—	7,768.66	51,758.21	1,463.29	1,241.17	33.66
Previous Period	536.19	1,409.17	—	1,945.36	87.51	394.56	—	482.07	1,463.29			

SCHEDULE "D" – SUNDRY DEBTORS (Unsecured)

	March 31, 2008	(Rs. in 000's) March 31, 2007	March 31, 2008	(US\$ in 000's) March 31, 2007
(A) Receivables outstanding for a period exceeding six months:				
Considered Good	13,463.26	6,714.08	335.57	154.45
Considered Doubtful	4,610.43	4,995.40	114.92	114.92
(B) Receivables outstanding for a period not exceeding six months:				
Considered Good	—	0.00	—	—
	18,073.69	17,224.40	450.49	269.37
Less: Provision for Doubtful debts	4,610.43	4,995.40	114.92	114.92
Total	13,463.26	6,714.08	335.57	154.45

SCHEDULE "E" – SECURITIES HELD AS STOCK-IN-TRADE

(At lower of cost or market value)
(Quoted unless otherwise stated)

Units of Mutual Fund

25,059.70	523,650.60	624.62	12,046.25
25,059.70	523,650.60	624.62	20,046.25

schedules

forming part of the Accounts

Continued

	March 31, 2008	(Rs. in 000's) March 31, 2007	March 31, 2008	(US\$ in 000's) March 31, 2007
SCHEDULE "F" - CASH AND BANK BALANCES				
In Current Accounts with Banks	102,388.64	15,332.95	2,552.06	352.71
Fixed Deposits with Scheduled Banks	240.51	29,014.78	5.99	667.47
Total	101,629.15	44,347.73	2,558.05	1,020.18
SCHEDULE "G" - LOANS AND ADVANCES				
(Unsecured and considered good unless otherwise stated)				
Advances:				
(Recoverable in cash or in kind or for value to be received)				
Other Advances and Deposits	1,160.66	10,856.39	28.91	249.73
Security Deposit for Leased Premises	21,271.89	22,524.11	530.21	518.15
Advance Tax (net of Provisions)	15,930.35	16,601.19	397.07	381.90
Total	38,362.90	49,981.69	956.19	1,149.78
SCHEDULE "H" - CURRENT LIABILITIES				
Sundry Creditors For Expenses	20,442.70	26,141.25	509.54	601.36
Other Liabilities	38,628.91	26,665.17	962.84	599.22
Interest Accrued but not due	—	1,039.28	—	23.91
Provision for Tax	—	—	—	—
Total	59,071.61	53,845.70	1,472.38	1,224.49
Includes amount payable to SSI units Rs. Nil (Previous year Rs. Nil)				
SCHEDULE "I" - INCOME FROM SERVICES				
Brokerage and Commission	33,065.74	33,640.14	821.15	743.58
Financial Advisory Services	—	34,656.75	—	766.05
Total	33,065.74	68,296.89	821.15	1,509.63
SCHEDULE "J" - INTEREST INCOME				
Interest on Other Loans and Advances	899.43	1,649.14	22.34	36.45
Total	899.43	1,649.14	22.34	36.45
SCHEDULE "K" - PROFIT ON SECURITIES (NET)				
Profit on Stock-in-Trade	36.35	15,935.93	0.90	352.25
Total	36.35	15,935.93	0.90	352.25
SCHEDULE "L" - OTHER INCOME				
Miscellaneous Income	6,120.74	1,466.74	152.00	32.42
Dividend Income from Mutual Funds	11,209.13	18,853.75	278.37	416.74
Total	17,329.87	20,320.49	430.37	449.16

schedules

	March 31, 2008	(Rs. in 000's) March 31, 2007	March 31, 2008	(US\$ in 000's) March 31, 2007
SCHEDULE "M" - FINANCIAL CHARGES AND OPERATING EXPENSES				
Bank Charges	238.45	460.12	5.92	10.17
Interest on Fixed Loans and Debentures	15,444.86	24,278.36	383.56	536.65
Procurement Expenses	—	19,059.90	—	421.30
Transaction Charges	871.31	677.21	21.64	14.97
Doubtful Debts Written Off/Provided	—	5,198.90	—	114.92
Total	16,554.62	49,674.49	411.12	1,098.01

SCHEDULE "N" - PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Incentive	113,292.81	62,995.54	2,813.50	1,392.45
Staff Welfare Expenses	10,219.19	4,356.60	253.78	96.30
Total	123,512.00	67,352.14	3,067.28	1,488.75

SCHEDULE "O" - ESTABLISHMENT AND OTHER EXPENSES

Rent and Amenities	35,647.72	6,664.53	885.27	147.31
Rates and Taxes	1,514.80	510.33	37.62	11.28
Insurance	503.10	51.28	12.49	1.13
Business Promotion, Travelling and Conveyance Expenses	21,118.67	15,039.64	524.46	332.43
Subscription and Periodicals	3,745.26	4,690.40	93.01	103.68
Printing and Stationery	545.54	37.38	13.55	0.83
Communication Expenses	7,505.21	4,718.53	186.38	104.30
Professional Fees	23,093.89	18,200.79	573.51	402.31
Auditors' Remuneration	254.36	5,635.99	6.32	124.58
Service Charges	—	12,985.15	—	287.02
Miscellaneous Expenses	5,571.28	3,381.55	138.36	74.75
Total	99,499.83	71,915.57	2,470.97	1,589.62

SCHEDULE "P": NOTES FORMING PART OF THE ACCOUNTS AND ACCOUNTING POLICIES:

1. Significant Accounting Policies:

(i) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards issued by the Institute of Chartered Accountants of India, notified Accounting Standards by Companies Accounting Standard Rule, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) Revenue Recognition

Revenue from issue management, loan syndication, financial advisory services etc., is recognized based on the stage of completion of assignments and terms of agreement with the client.

(iv) Conversion to Indian Rupees

All income and expense items are converted at the average rate of exchange applicable for the year. All assets (except fixed assets) and liabilities are translated at the closing rate as on the Balance Sheet date.

The Equity Share Capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year-end are transferred to Translation Reserve account and the said account is being treated as "Reserves and Surplus"

(v) Income Tax

Current income- tax is measured at the amount expected to be paid to the tax authorities in accordance with the local tax rates of the United States of America. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such

deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized. As there is no virtual certainty of future taxable profits, deferred tax asset is not recognized.

(vi) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

(vii) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(viii) Stock-in-trade

- The securities acquired with the intention of holding for short-term and trading are classified as stock-in-trade.
- The securities held as stock-in-trade are valued at lower of cost or market/ fair value
- Discounted instruments like Commercial paper/ Certificates of Deposit / treasury bills/ zero coupon instruments are valued at carrying cost or market price whichever is lower.
- Units of mutual fund are valued at lower of cost and net asset value

(ix) Fixed Assets and Depreciation

Fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for intended use.

Depreciation on fixed assets is provided on straight line method at the rates which are equal or higher than the rates prescribed in Schedule XIV of the Companies Act, 1956. Such rates are fixed after considering applicable laws in the United States of America and management estimation of the useful life of the asset.

Depreciation of Assets	Estimated Life
Office Equipment , Computers & Software	3 years
Furniture & Fixtures	7 years
Telecom Equipment	5 years
Leasehold Improvements	10 years

(x) Segment Reporting

Segment information is disclosed in the consolidated financial statement and hence not furnished in the separate financial statement.

(xi) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short term investments with an original maturity of three months or less.

- The Company is a wholly owned subsidiary of ICICI Securities Holdings Inc. The accounts have been prepared and audited to attach with the accounts of ICICI Securities Limited, the ultimate holding Company, to comply with the provisions of the Indian Companies Act, 1956.
- Deferred Tax**
Deferred Tax asset resulting from accumulated losses have not been accounted in the absence of virtual certainty of availability of sufficient future taxable income.
- The rent expenses recognized in the financial statements have been straight-lined over the life of the lease. The lease expires on February 28, 2017.
- For the purpose of conversion of the local currency (USD) into Indian Currency (Indian Rupees) the exchange rate applied is as per para (iv) & (ix) of the accounting policies.
- Related Party Disclosures**

(Rs. in 000's)

Name of the Related Party	Type of Transactions	2007-08	2006-07
ICICI Bank Limited – The Ultimate Holding Company	Cash & Bank Balance	804	812
	Interest Income	18	–
	Financial Charges and Operating expenses	15,410	53,718
ICICI Securities Limited – The Holding Company	Sundry Debtors	941	1,389
	Current Liabilities	1,965	1,039
	Income from Services	26,157	25,836
ICICI Securities Primary Dealership Limited – Subsidiary of ICICI Bank Limited	Current Liabilities	1,665	–
ICICI Securities Holdings, Inc. – The Holding Company	Share Capital	433,598	314,187

7. Earnings per equity share (EPS)

EPS has been calculated based on the net loss after taxation of Rs. 195,521.65 thousands (previous year net loss after taxation Rs. 66,546.91 thousands) and the weighted average number of equity shares outstanding during the year of 7,566.39 thousands (previous year 4,507.53 thousands).

- For the purpose of Comparison, figures for the previous year have been given, which have been regrouped or reclassified wherever necessary.

Signatures to Schedules A to P

Per our Report attached
For S. R. BATLIBOI & CO.
Chartered Accountants

Per VIJAY MANIAR
Partner
Membership No: 36738
Mumbai, April 15, 2008

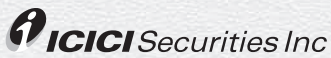
For and on behalf of the Board

GOPAKUMAR P.
President & CEO

ANUP BAGCHI
Director

A. MURUGAPPAN
Director

cash flow statement



for the year ended March 31, 2008

	March 31, 2008	(Rs. in 000's) March 31, 2007	March 31, 2008	(US\$ in 000's) March 31, 2007
A. Cash Flow From Operating Activities				
Profit Before Tax	(195,521.65)	(83,148.10)	(4,855.56)	(1,837.92)
– Depreciation	7,286.59	408.35	180.95	9.03
– Exchange adjustments	(15,731.73)	(7,437.77)	—	—
Operating Profit before Changes in Operating Assets and Liabilities	(203,966.79)	(90,177.52)	(4,674.61)	(1,828.89)
Adjustments for net change in Operating Assets and Liabilities				
– Current Assets excluding Cash and Cash equivalents	491,841.72	385,583.46	11,240.51	8,329.35
– Loans and advances relating to Operations	10,947.95	(22,537.73)	208.76	(524.85)
– Current Liabilities relating to Operations	6,111.88	(57,484.08)	217.96	(1,270.23)
	508,901.55	305,561.65	11,667.23	6,534.27
Cash generated from Operations	304,934.76	215,384.13	6,992.62	4,705.38
Payment of Taxes (Net)	(670.84)	(30,632.66)	15.17	(686.60)
Net Cash from Operating Activities	304,263.92	184,751.47	7,007.79	4,018.78
B. Cash Flow From Investment Activities				
– (Purchase)/Sale of Fixed Assets	(39,367.50)	(19,623.18)	(969.92)	(451.73)
Net cash used in Investment Activities	(39,367.50)	(19,623.18)	(969.92)	(451.73)
C. Cash Flow From Financing Activities				
– Increase/(Decrease) in Borrowings	(326,025.00)	(8,587.50)	(7,500.00)	—
– Proceeds from Issue of Share Capital	119,410.00	(177,024.55)	3,000.00	(4,000.00)
– Dividends & Dividend Tax paid	—	—	—	—
Net Cash used in Financing Activities	(206,615.00)	(185,612.05)	(4,500.00)	(4,000.00)
Net Change in Cash & Cash Equivalents	58,281.42	(20,483.76)	1,537.87	(432.95)
Cash and Cash Equivalents at the beginning of the year	44,347.73	4,831.49	1,020.18	1,453.13
Cash and Cash Equivalents at the end of the year	102,629.15	44,347.73	2,558.05	1,020.18

This is the Cash Flow Statement referred to in our report of even date.

For S. R. BATLIBOI & CO.
Chartered Accountants

For and on behalf of the Board

GOPAKUMAR P.
President & CEO

per VIJAY MANIAR
Partner
Membership No.: 36738
Mumbai, April 15, 2008

ANUP BAGCHI
Director

A. MURUGAPPAN
Director