

ICICI INFOTECH SERVICES LIMITED

8TH ANNUAL REPORT AND ACCOUNTS 2000-2001

Directors

K.V. Kamath, *Chairman*
 Lalita D. Gupte
 S.H. Bhojani (upto April 21, 2001)
 Shikha Sharma
 Kalpana Morparia
 Nachiket Mor
 Suresh Kumar
 V. Srinivasan, *Managing Director & CEO*

Auditors

M/s. Lodha & Co.
 Chartered Accountants
 6, Karim Chambers
 40, Ambalal Doshi Marg
 Hamam Street
 Mumbai 400 023

Registered Office

Zenith House
 Keshavrao Khadye Marg
 Mahalakshmi
 Mumbai 400 034

directors' report

to the members

Your Directors have pleasure in presenting the Eighth Annual Report of the Company with the annual Balance Sheet as on March 31, 2001 and Profit & Loss account for the year ended as on that date.

FINANCIAL HIGHLIGHTS & APPROPRIATIONS

	Rs. in million	
	Year ended March 31, 2001	Year ended March 31, 2000
Income from Operations	1078.52	417.61
Profit before tax	421.37	147.85
Provision for taxation	142.07	42.80
Profit after tax	279.30	105.05
Balance brought forward from Previous year	76.02	4.19
Profit available for distribution	355.32	109.24
Transfer to General Reserve	40.00	10.60
Interim Dividend Paid		
(Incl. Corporate dividend tax)	57.29	22.62
Debenture Redemption Reserve	3.20	—
Balance carried to Balance Sheet	254.83	76.02

The Profit after tax for the year ended March 31, 2001 amounted to Rs. 279.30 million. After taking into account, the balance of Rs. 76.02 million brought forward from the previous year, the profit available for distribution was Rs. 355.32 million. Your Company has paid two interim dividends aggregating to 55% during the financial year 2000-01 as against 50% paid in the previous year. Considering the need to plough back the funds to the business of the Company, your Directors do not recommend any further dividend.

OPERATIONAL REVIEW

During the year under review, the Company has achieved excellent organic and acquisitive growth. Your Company through its subsidiaries and joint ventures, has globally established its presence in US, Europe and West Asia & East Asia Pacific offering a wide spectrum of services in the areas of software development & consultancy, software products, IT infrastructure and IT enabled services.

Your Company achieved a turnover of Rs. 1078.52 million for the year ended March 31, 2001, as against Rs. 417.61 million in previous year and thereby recorded an increase of 158%. The profit after tax depicts a growth of 166% at Rs. 279.30 million as against Rs. 105.04 million in the previous year.

CAPITAL

On September 14, 2000, your company issued 36 million equity shares of Rs. 5/- each by way of bonus shares in the ratio of three shares for every share held.

With a view to mobilise funds to support its organic and acquisitive business growth, the Company issued and allotted further 3.67 million equity shares to its Parent Company, ICICI during last year.

In order to facilitate the Company's shareholders to hold their shares in depository system, the shares of the Company were inducted under the depository system of National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). This will also facilitate the Company to offer shares in electronic mode as and when it decides to make Initial Public Offer.

During the year under review, ICICI divested 3,840,000 equity shares of Rs. 5/- each, about 8% of its holding in the Company in favour of Emirates Merchant Bank Limited, Bahamas, at Rs. 150/- per share.

EMPLOYEE STOCK OPTIONS

With an intention to motivate the employees to contribute to their fullest capabilities towards the growth of the Company and provide them an opportunity to grow along with the Company, the Company introduced an Employee Stock Option Scheme (ESOS) in April 2000. The employees were granted options, which would vest in a graded manner @ 20%, 30% and 50% of the grants at the end of the 1st, 2nd and 3rd year from the date of grant respectively. The

Company had granted about 0.59 million options to the eligible employees, under the Scheme, at an exercise price of Rs. 150/- per share. Consequent to issue of bonus shares on September 14, 2000, in the ratio of three shares for every share held, the stock options were also increased in the same ratio as that of bonus shares and the exercise price was revised to Rs. 37.50 per share so as to ensure that the rights of the participants are substantially proportionate to the rights existing prior to the issue of the bonus shares. The number of options outstanding as on March 31, 2001, were about 2.24 million.

PUBLIC DEPOSITS

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

SUBSIDIARY COMPANIES

The Company has two subsidiaries, viz. ICICI Infotech Inc. and ICICI Infotech Pte. Ltd. ICICI Infotech Inc. has two subsidiaries viz. Ivory International Inc. and Command Systems Inc. Command Systems Inc. in turn has four subsidiaries viz. Command International Holdings, LLC, Command Delaware Holdings, LLC, Command International Software and Nova Technology Inc. The audited statements of accounts of the Company's subsidiaries, together with the Report of the Directors and Auditors for the preceding financial year, as required under Section 212 of the Companies Act, 1956, are attached.

DIRECTORS

During the year, Mr. Suresh Kumar was appointed as an additional Director. He holds office upto the conclusion of the forthcoming Annual General Meeting. The Company has received notice pursuant to Section 257 of Companies Act, 1956 from a member proposing his appointment as a Director.

Mr. Suresh Kumar has been a part of senior management of Emirates Bank Group, UAE, for more than a decade, and held other senior positions in banking sector in India and UAE. He is the CEO of Emirates Financial Services and Emirates Merchant Bank Limited, both wholly owned subsidiaries of Emirates Bank International. He is a Director on the Board of Dubai International Bank Limited, IIBU Fund Plc. in Ireland and is the Chairman of the Supervisory Board of EBA Invest Equity Participations (Mittelstandsfinanzierungs) AG ("EBAI") in Vienna. He is also Chairman of our Joint Venture Company, Tricolour Infotech International Inc.

In terms of the provisions of the Articles of Association of the Company, Ms. Lalita D. Gupte and Mr. Nachiket Mor are due to retire by rotation at the forthcoming Annual General Meeting of the Company, Ms. Lalita D. Gupte being eligible, offers herself for re-appointment.

AUDITORS

The Auditors, M/s. Lodha & Co., Chartered Accountants, Mumbai, are due to retire at the ensuing Annual General Meeting. The Board at its Meeting held on April 20, 2001 has proposed their re-appointment as Auditors of the Company for the financial year 2001-02.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

During 2000-01, expenditure in foreign currencies amounted to Rs. 39.42 million on account of import of capital goods, dividend, travelling & other expenses. During the same period, the Company earned Rs. 38.73 million in foreign currencies, as income from software development.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts made:

Being a technology Company, continuous efforts are made to keep the company's employees informed and abreast of all emerging technologies and developments which are relevant to the business of the Company.

During the year, the Company has made considerable efforts to expand into areas of developing embedded systems, m-commerce/wireless applications and knowledge management.

Company has developed software on many of the new and popular handheld

directors' report



devices powered by Windows CE™ and Palm™ using the latest development tools and technology.

A WAP (Wireless Application Protocol) server software, conforming to the latest WAP standards, has been developed indigenously using Java technology. WAP servers and gateways form an integral component of the technology powering m-commerce. Company has successfully completed projects to WAP enable existing web-sites.

New software components have been developed for on-line collaboration, which can be used to build knowledge management portals for organizations.

Benefits derived as a result of the above efforts:

There is a huge demand for Embedded systems and Wireless solutions in Europe and other parts of the world. Concentrating efforts on these has not only helped to improve the skill levels of the Company's employees but also resulted in raising the confidence of offshore clients in the Company's capabilities. This has indeed helped Company bag projects in embedded systems development, which is a niche area with good future potential for growth in store.

Efforts in developing Knowledge Management (KM) tools have helped in developing KM solution framework. This framework has been used to develop ICICI's Knowledge Management Portal as well as sites for other group companies. This framework is also available for implementation as a product.

PERSONNEL

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.

OTHER DISCLOSURES

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

auditors' report

to the members of ICICI Infotech Services Limited

We have audited the attached Balance Sheet of ICICI Infotech Services Limited as at March 31, 2001 and the annexed Profit and Loss Account of the Company for the year ended on that date and report that:

1. 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.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet and the Profit and Loss Account have been prepared in compliance with Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (hereinafter referred to as "the Act"), to the extent applicable.
5. In our opinion, to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes on Accounts in Schedule "XIV" particularly note no. 2.12 regarding provision for taxation for the year based on certain legal opinions obtained by the Company, give the information required by the Act, in the manner so required and give a true and fair view:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2001; and
 - b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
6. On the basis of confirmations received from other companies in which directors are directors or in their absence, confirmations from the directors concerned, none of the directors is disqualified from being appointed as a director under Section 274 (1)(g) of the Act.
7. 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 Act and on the basis of such checks as were considered appropriate and according to the information and explanations given to us during the course of our audit, we further report to the extent applicable:
 - (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
 - (ii) None of the fixed assets have been revalued during the year.
 - (iii) The Company has not granted/taken any loan, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Act. However, the Company has taken unsecured loans from its holding Company and granted unsecured loan to a subsidiary company, the rates of interest and other terms and conditions of which are prima facie, not prejudicial

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments 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. that the Directors 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. that the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Company is grateful to its clients, bankers, Securities & Exchange Board of India, Reserve Bank of India, Software Technology Park of India, SICOM, Customs, and other government authorities for their continued support.

The Company would like to express its gratitude for the unstinted support and guidance received from ICICI, its parent, other group companies, Joint Venture partner- Emirates Financial Services, other alliance partners and vendors.

The Directors would also like to express their sincere thanks and appreciation to all the employees for their commendable teamwork, professionalism and contribution during the year. Finally, the Directors wish to express their gratitude to the Members for their continued support.

For and on behalf of the Board

Mumbai, April 20, 2001

K.V. KAMATH
Chairman

to the interest of the Company. In terms of Section 370(6) of the Act, provisions of Section 370 of the Act, are not applicable to the Company on or after October 31, 1998.

- (iv) In case of loans and advances to employees in the nature of loans given by the Company, employees are repaying the principal amounts as stipulated and are also regular in payment of the interest, wherever applicable.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the services rendered are of special nature and suitable alternate sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of plant and machinery, equipment and other assets and for sale of services.
- (vi) There are no transactions of purchase of goods and materials and sale of goods, materials and services with the parties listed in the register maintained under Section 301 of the Act.
- (vii) The Company has not accepted any fixed deposits from the public within the meaning of Section 58A of the Act and the Rules framed thereunder.
- (viii) The Company is generally regular in depositing the Provident Fund and ESIC dues with the appropriate authorities.
- (ix) The Company has an internal audit system which is commensurate with the size and nature of its business.
- (x) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding as at March 31, 2001 for a period of more than six months from the date they became payable.
- (xi) No personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (xii) Considering the nature of services rendered and basis of billing as explained, the Company has a reasonable system of recording receipts, issues and consumption of stationery materials and of allocating man-hours utilized to the relative jobs, which is commensurate with the size and nature of its business. In our opinion, there is a reasonable system of authorization at proper levels.

For LODHA & COMPANY
Chartered Accountants

N. KISHORE BAFNA
Partner

Mumbai
Date: April 20, 2001

balance sheet

profit and loss account

as at March 31, 2001

for the year ended March 31, 2001

as at March 31, 2001			for the year ended March 31, 2001				
	Schedule	(Rupees in million)	March 31, 2000		(Rupees in million)	March 31, 2000	
I. SOURCES OF FUNDS							
1. Shareholders' Funds:							
A. Share Capital	I	248.33	50.00	Income from operations	X	1,078.52	417.61
B. Reserves & Surplus	II	677.33	89.98	Cost of Revenue	XI	379.89	175.07
		<u>925.66</u>	<u>139.98</u>	Gross Profit		698.63	242.54
2. Loan Funds:							
A. Secured Loans	III	9.97	—	Selling, General and Administrative Expenses	XII	197.21	77.71
B. Unsecured Loans	IV	2,249.30	224.00	Operating Income		501.42	164.83
		<u>2,259.27</u>	<u>224.00</u>	Other Income	XIII	27.37	2.07
		<u>3,184.93</u>	<u>363.98</u>	Earnings Before Interest, Depreciation and Tax		528.79	166.90
II. APPLICATION OF FUNDS							
1. Fixed Assets:							
A. Gross Block	V	896.62	361.02	Interest on fixed loans		28.63	4.64
B. Less: Depreciation		81.22	29.56	Amortization of Premium on Redemption on Debentures		30.72	—
C. Net Block		815.40	331.46	Depreciation		48.07	14.41
D. Capital Work-in-progress and pre-operative expenses (Pending allocation)		17.91	—	Profit before taxation		421.37	147.85
		<u>833.31</u>	<u>331.46</u>	Provision for taxation		142.07	42.80
2. Investments:							
	VI	2,036.36	12.43	Profit after taxation		279.30	105.05
3. Current Assets, Loans and Advances:							
A. Current Assets	VII			Add: Balance brought forward from the previous year		76.02	24.20
a) Sundry Debtors		130.98	48.45	Less: Utilized for issue of bonus shares		—	20.01
b) Cash and Bank Balances		34.63	5.45			76.02	4.19
B. Loans and Advances		525.55	90.54	Disposable profit		355.32	109.24
		<u>691.16</u>	<u>144.44</u>	Appropriations:			
				General Reserve		40.00	10.60
				Dividends Paid		46.73	20.33
				Corporate Dividend Tax		10.56	2.29
				Debenture Redemption Reserve		3.20	—
				Balance carried to Balance sheet		254.83	76.02
						355.32	109.24
Less: Current Liabilities and Provisions:	VIII			Significant Accounting Policies and Notes to Accounts	XIV		
A. Current Liabilities		145.19	69.82				
B. Provisions		233.87	55.60				
		<u>379.87</u>	<u>125.42</u>				
Net Current Assets		312.10	19.02				
4. Miscellaneous Expenditure							
(To the extent not written off or adjusted)	IX	3.16	1.07				
		<u>3,184.93</u>	<u>363.98</u>				
Significant Accounting Policies and Notes to Accounts	XIV						

The schedules referred to above form an integral part of the accounts.

As per out attached report of even date

For LODHA & COMPANY
Chartered Accountants

N. KISHORE BAFNA
Partner

Mumbai,
Dated : April 20, 2001

K.V. KAMATH
Chairman

LALITA D. GUPTA
Director

SHIKHA SHARMA
Director

DEBNEEL MUKHERJEE
Chief Financial Officer

For and on behalf of the Board

S.H. BHOJANI
Director

SURESH KUMAR
Director

S. R. SHETTIGAR
Company Secretary

KALPANA MORPARIA
Director

V. SRINIVASAN
Managing Director

schedules



forming part of the accounts

(Rupees in million)

March 31,
2000

I. SHARE CAPITAL

Authorized

70,000,000 (Previous year 20,000,000) Equity Shares of Rs. 5 each
15,000,000 Preference Shares of Rs. 10 each

350.00	100.00
150.00	150.00
248.33	50.00

Issued, Subscribed & Paid up

49,666,667 (Previous year 10,000,000) Equity shares of Rs. 5 each

Notes:

- Out of the above, 45,826,667 (Previous year 10,000,000) Equity Shares are held by the Holding Company, ICICI Ltd., and its nominees.
- Out of the above, 40,001,400 (Previous year 4,001,400) Equity shares are allotted as fully paid-up Bonus shares by capitalization of securities premium account and accumulated profits.

II. RESERVES & SURPLUS

	<i>Balance as at March 31, 2000</i>	Additions during the Year	Deductions/ Transfers during the Year	Balance as at March 31, 2001
Securities Premium Account	—	544.76*	180.00**	364.76
Capital Reserve (arising on amalgamation)	—	0.58	—	0.58
General Reserve	13.96	40.00	—	53.96
Profit & Loss Account	76.02	178.81	—	254.83
Debenture Redemption Reserve	—	3.20	—	3.20
Total	<u>89.98</u>	<u>767.35</u>	<u>180.00</u>	<u>677.33</u>
<i>Previous year</i>	27.56	82.43	20.01	89.98

Notes: * includes Rs.13.09 million on account of merger of erstwhile ASSL with the Company. (Refer Note 2.11 in Schedule XIV)
** Utilized for issue of bonus shares during the year.

III. SECURED LOANS

Vehicle Finance - from ICICI Limited (Holding Company)
(Secured against hypothecation of vehicles)

9.97	—
9.97	—

IV. UNSECURED LOANS

11,500,000 Zero Coupon Unsecured Redeemable
Optionally Convertible Debentures (ZOCD)*

Term Loans from Holding Company

- Foreign Currency Loan - Short term
- Rupee Term Loans

(Repayable within one year - Rs. 50 millions, Previous year - Rs. 6 million)

1,150.00	—
699.30	—
400.00	224.00
2,249.30	224.00

* Issued to ICICI Limited (Holding Company), at the terms and conditions hereunder:

Tenure : 24 months from the date of allotment viz., 30.03.2001
Face Value : Rs. 100 per debenture
Redemption : At a premium, calculated at 13% p.a. from the date of subscription viz., 16.01.2001 till the date of redemption.

The Company has an option to redeem the ZOCD either in full or part at anytime during the tenure at the aforesaid premium.

ICICI Limited has an option to convert the debentures at any time before Initial Public Offer of the Company or 24 months whichever is earlier from the date of issue of debentures at a price not exceeding Rs. 150 per Equity Share.

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forming part of the accounts

Continued

(Rupees in million)

March 31,
2000

V. FIXED ASSETS

(Rupees in million)

	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	As at April 1, 2000	Taken over from ASIL Refer Note 2.11	Additions for the year	Deductions/ Adjustment for the year	As at March 31, 2001	Upto March 31, 2000	Taken over from ASIL Refer Note. 2.11	For the year	Deductions/ Adjustment for the year	Upto March 31, 200	As at March 31, 2000	As at March 31, 1999
Land - Freehold	20.88	—	—	—	20.88	—	—	—	—	—	20.88	20.88
- Leased hold	—	—	5.24	—	5.24	—	—	0.05	—	0.05	5.19	—
Building - Owned	3.37	—	2.94	—	6.31	0.39	—	0.09	—	0.48	5.83	2.98
- Leasehold	156.75	2.83	49.24	—	208.82	—	1.33	3.96	—	5.29	203.53	156.75
Plant & Machinery/Electrical installations	6.21	—	101.56	—	107.77	0.73	—	2.33	—	3.06	104.71	5.48
Computer Hardware and Software	142.28	183.89	97.89	—	424.06	21.94	1.06	28.26	—	51.26	372.80	120.34
Furniture & Fixtures	6.31	1.24	73.05	—	80.60	2.18	0.32	8.81	—	11.31	69.29	4.14
Office Equipment	8.89	1.04	4.58	0.01	14.51	1.06	0.09	1.45	—	2.60	11.90	7.83
Vehicles	0.27	1.01	11.16	0.11	12.33	0.05	0.05	0.65	0.02	0.74	11.59	0.21
Business & Commercial Rights	16.06	—	0.05	—	16.11	3.21	—	3.22	—	6.43	9.68	12.85
Total	361.02	190.01	345.71	0.12	896.62	29.56	2.85	48.83	0.02	81.22	815.40	331.46
Previous Year	75.31	—	285.85	0.14	361.02	14.45	—	15.13	0.02	29.56	331.46	

Note:

- Building - Leasehold includes :
 - Rs. 158.22 million being lease premium paid in respect of building taken on lease for sixty years.
 - Rs. 52.07 million, being the cost of improvement on leasehold building.
- Leasehold land of Rs. 5.24 million is yet to be transferred in the name of the Company.
- Leasehold fixed assets installed and put to use in the month of January 2001 are an integral part of assets capitalized earlier.
- Vehicles include assets acquired on lease Rs. 10.64 million.

VI. INVESTMENTS

(Non-Trade, Unquoted and Fully Paid up)

Long Term Investments

i.	In Subsidiary companies		
	42,575,000 non-assessable share of US\$ 1 each of ICICI Infotech Inc.,USA	1,979.00	-
	1,000,000 equity shares of SNG\$ 1 each of ICICI Infotech Pte Ltd., Singapore	25.85	-
ii.	In Joint Venture company		
	4,00,000 ordinary shares of US\$ 1 each of Tricolour Infotech Intl. Inc.,Mauritius	18.36	-
iii.	In Mutual Funds		
	2,50,000 Units of Prudential ICICI Gilt Fund - Treasury Plan-Dividend	2.50	2.50
	2,50,000 Units of Birla Mutual Fund-Birla Balance-Dividend Payout	2.48	2.48
	2,44,307.63 Units of Templeton India Government Securities Fund-Dividend Plan	2.50	2.50
	2,50,000 Units of Kothari Pioneer Internet Opportunities Fund-Dividend Plan	2.47	2.47
	2,50,000 Units of Prudential ICICI Balanced Fund-Dividend	2.48	2.48

Current Investments

In Mutual Funds			
60,707.29 Units of Prudential ICICI Liquid Plan-Dividend Option*	0.72	—	
	2,036.36	12.43	
Repurchase price of Units of Mutual Funds	11.81	14.26	

* During the year the Company has purchased and sold 12,487,490.82 units and 12,426,783.52 units respectively.

VII. CURRENT ASSETS, LOANS AND ADVANCES

A Current Assets

Sundry Debtors :

(Unsecured, considered good)

i.	Debts outstanding for more than six months	8.10	—
ii.	Other Debts*	122.88	48.45
		130.98	48.45

* Includes due from subsidiary companies Rs. 6.93 million (previous year Rs.NIL).

Cash and Bank Balances:

i.	Cash on hand	0.17	0.01
ii.	Balances with scheduled banks:		
	in current accounts	20.42	4.39
	in EEFC accounts	9.01	—
	in deposit accounts	1.14	1.05
	in margin money accounts	3.89	—
		34.63	5.45
		165.61	53.90

schedules



forming part of the accounts

	(Rupees in million)	March 31, 2000	(Rupees in million)	March 31, 2000
B Loans and Advances (Unsecured, considered good)				
Loans :				
i. To a subsidiary company	233.10	—		
ii. To employees	25.24	10.83		
Advance Tax and Tax Deducted at Source	198.59	58.58		
Deposits	15.63	2.13		
Advances recoverable in cash or in kind or for value to be received*	52.99	13.55		
Advance against share capital	—	5.45		
	<u>525.55</u>	<u>90.54</u>		
	<u>691.16</u>	<u>144.44</u>		
* Includes due from subsidiary companies Rs. 17.10 million (previous year Rs.NIL).				
VIII. Current Liabilities and Provisions				
A Current Liabilities				
Sundry creditors				
(Due to other than small scale industries)	122.18	59.31		
Interest accrued but not due	12.29	0.34		
Other liabilities	10.72	10.17		
	<u>145.19</u>	<u>69.82</u>		
B Provisions				
Provision for taxation	197.61	55.60		
Provision for premium on redemption of Debentures	30.72	—		
Corporate Tax on Dividend (Interim)	5.54	—		
	<u>233.87</u>	<u>55.60</u>		
	<u>379.06</u>	<u>125.42</u>		
IX. Miscellaneous Expenditure (To the extent not written off or adjusted)				
Preliminary expenses	0.10	0.14		
Share issue expenses	3.06	0.93		
	<u>3.16</u>	<u>1.07</u>		
X. Income from Operations				
IT Enabled Transaction Processing Services	496.35	273.45		
Software Development & Consultancy Services	423.24	100.06		
IT Infra Networking & Facilities Management Services	158.93	44.10		
	<u>1,078.52</u>	<u>417.61</u>		
XI. Cost of Revenues				
Job Charges and Consultancy Charges	129.47	64.29		
Payments to and provisions for employees Salaries,bonus and other allowances	187.11	86.44		
Contribution to provident and other funds	26.64	12.33		
Staff welfare expenses	36.67	12.01		
	<u>250.42</u>	<u>110.78</u>		
	<u>379.89</u>	<u>175.07</u>		
XII. Selling, General and Administrative Expenses				
Rent	77.16	37.81		
Insurance	2.71	0.91		
Travelling and conveyance	37.40	9.99		
Electricity and power consumption	9.30	5.57		
Rates and taxes	0.86	0.16		
Communication expenses	14.61	4.91		
Donations	—	0.06		
Directors' fees	0.01	—		
Loss on sale of fixed assets	0.02	—		
Loss on sale of investments	0.03	—		
Printing and stationery	7.95	5.00		
Repairs and maintenance - building	3.70	0.49		
General office expenditure	27.28	10.19		
Bad debts written off	0.84	—		
Miscellaneous expenditure written off	0.39	0.14		
Miscellaneous expenses	14.95	2.48		
	<u>197.21</u>	<u>77.71</u>		
XIII. OTHER INCOME				
Interest			12.10	0.96
(Gross, TDS Rs 0.05 million; previous year Rs.0.21 million)				
Dividend on long term investments			1.19	0.57
Profit on sale of fixed assets			—	0.01
Excess/short provision written back/off (net)			5.98	0.41
Miscellaneous income			8.10	0.12
			<u>27.37</u>	<u>2.07</u>
SCHEDULE XIV				
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS				
1. Significant Accounting Policies				
1.1 Method of Accounting				The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards.
1.2 a) Fixed Assets				Fixed Assets are stated at cost, which comprises purchase consideration and other directly attributable cost of bringing the assets to their working condition for the intended use.
b) Method of Depreciation/Amortization				
i) Leasehold Land, Leasehold building and improvements thereon are amortized over the period of lease.				
ii) Business & Commercial Rights and Software Products developed in-house/purchased are amortized over a period of five years, as considered appropriate by the management.				
iii) Assets not owned by the Company are amortized over a period of five years.				
iv) Depreciation on other fixed assets is provided on straight line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.				
1.3 Investments				Investments are classified into long-term investments and current investments. Long-term investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments. Current Investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value. Overseas investments are carried at their original rupee cost less provision as described above.
1.4 Revenue Recognition				In respect of IT-enabled transaction processing activities and facilities management, income is recognized as per the terms of the relevant agreements/ contracts. In the case of software development and consulting, revenue is recognized on the basis of chargeable time or on acceptance of prescribed milestones for billing as provided in the relevant agreements/contracts.
1.5 Translation of Foreign Currency Items				Transactions in foreign currency are recorded at the rate of exchange in force at the date of transactions. Foreign currency assets and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the period end and resultant gains/losses are recognized in the Profit & Loss Account.
1.6 Accounting of Retirement Benefits				The Company has for its employees, retirement benefits such as Provident and Gratuity Funds recognized by Income Tax authorities and Superannuation Fund covered by a scheme with Life Insurance Corporation. The Provident, Gratuity and Superannuation Funds are administered through Trustees and the Company's contributions (actuarially determined at the year-end in the case of Gratuity) are charged to revenue. The liability in case of leave encashment is actuarially determined at the end of the year and provided for.
1.7 Amortization of Miscellaneous Expenditure				Preliminary expenses and share issue expenses are amortized over a period of ten years.
1.8 Borrowing Costs				Borrowing costs directly attributable to acquisition, construction and production of assets are capitalized as a part of the cost of such asset up to the date of completion. Other borrowing costs are charged to Profit & Loss Account.
2. Notes To Accounts				
2.1 Employee Stock Option Plan				The Company has instituted an Employees Stock Option Scheme – 2000 for the employees of the Company. The scheme also covers the key employees and wholtime directors and the employees of the subsidiaries, the holding company and subsidiaries of the holding company. The option of each share of Rs.5 is being granted at Rs.150 which is the fair value as determined by DSP Merrill Lynch as on March 31, 2000. Consequent to the issue of bonus shares on September 14, 2000, in the ratio of three shares for every share held, the stock options were also increased in the same ratio as that of bonus shares and the exercise price was revised to Rs. 37.50 per share so as to ensure that the rights of the participants are substantially proportionate to the rights existing prior to the issue of the bonus shares. The number of options outstanding as on March 31, 2001, were about 2.24 million.
2.2				The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) was Rs.43.62 million (previous year Rs. 0.03 million).

schedules

forming part of the accounts

<p>2.3 The Company has acquired certain vehicles on finance lease basis:</p> <p>a) The aggregate of future lease rental obligation in respect of assets taken over on lease was Rs. 9.97 millions (previous year Nil).</p> <p>b) Lease Rentals payable within one year was Rs. 1.67 million (previous year Nil).</p> <p>2.4 Sundry Debtors include amount due from the companies under the same management:</p>	<p>all its assets, liabilities and reserves and business as a going concern, stood transferred to and became vested with the Company w.e.f April 1, 2000.</p> <p>b) (i) the following assets, liabilities and reserves have been accounted on Purchase Method and included in the corresponding assets, liabilities and reserves in the accounts of the Company:</p>																																																																																																																																																																					
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Ltd</td> <td style="text-align: right;">0.52</td> <td style="text-align: right;">—</td> </tr> <tr> <td>ICICI Eco-net Limited</td> <td style="text-align: right;">2.47</td> <td style="text-align: right;">—</td> </tr> </tbody> </table> <p>2.5 Auditors' Remuneration:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">For the year ended 31.03.2001</th> <th style="text-align: right;">For the year ended 31.03.2000</th> </tr> </thead> <tbody> <tr> <td>Audit Fees</td> <td style="text-align: right;">0.15</td> <td style="text-align: right;">0.08</td> </tr> <tr> <td>Tax Audit Fees</td> <td style="text-align: right;">0.04</td> <td style="text-align: right;">0.02</td> </tr> <tr> <td>Certification Fees</td> <td style="text-align: right;">0.14</td> <td style="text-align: right;">0.08</td> </tr> <tr> <td>Other Services</td> <td style="text-align: right;">0.05</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Reimbursement of Out-of-Pocket expenses (including Service tax)</td> <td style="text-align: right;">0.04</td> <td style="text-align: right;">0.02</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">0.42</td> <td style="text-align: right;">0.20</td> </tr> </tbody> </table> <p>2.6 Details of Pre-operative expenses (pending allocation to fixed assets) incurred during the period:</p> <table border="0" style="width: 100%;"> <tbody> <tr> <td>Payments to and provisions for employees</td> <td style="text-align: right;">8.98</td> <td style="text-align: right;">5.88</td> </tr> <tr> <td>Computer Expenses</td> <td style="text-align: right;">6.88</td> <td style="text-align: right;">2.15</td> </tr> <tr> <td>Consultancy Charges</td> <td style="text-align: right;">0.67</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Interest on Fixed Loans</td> <td style="text-align: right;">21.89</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">3.85</td> <td style="text-align: right;">3.62</td> </tr> <tr> <td>Repairs & Maintenance - Building</td> <td style="text-align: right;">4.22</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">0.09</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Travelling and Conveyance</td> <td style="text-align: right;">1.24</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Electricity and Power consumption</td> <td style="text-align: right;">0.53</td> <td style="text-align: right;">0.52</td> </tr> <tr> <td>Communication Expenses</td> <td style="text-align: right;">0.70</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Printing & Stationery</td> <td style="text-align: right;">0.36</td> <td style="text-align: right;">—</td> </tr> <tr> <td>General Office Expenditure</td> <td style="text-align: right;">1.38</td> <td style="text-align: right;">0.43</td> </tr> <tr> <td>Miscellaneous Expenses</td> <td style="text-align: right;">1.62</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">0.76</td> <td style="text-align: right;">0.71</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">53.17</td> <td style="text-align: right;">13.31</td> </tr> <tr> <td>Less: Allocated to Fixed Assets</td> <td style="text-align: right;">42.10</td> <td style="text-align: right;">13.31</td> </tr> <tr> <td>Balance pending for allocation</td> <td style="text-align: right;">11.07</td> <td style="text-align: right;">—</td> </tr> </tbody> </table> <p>2.7 There are no outstanding overdues to small-scale industrial undertakings and/or ancillary industrial suppliers on account of principal and/or interest as at the close of the year. This disclosure is based on the documents/information available with the Company.</p> <p>2.8 a) In the opinion of the Board, the current assets, loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business.</p> <p>b) Unquoted investments, including in joint venture and subsidiary companies being of long-term nature are valued at cost and the management expects to realize them at least to the extent of the recorded book values of these investments. The fluctuations in exchange rates in respect of investments held in foreign currencies are also not recognized for the same reason.</p> <p>2.9 Loans and Advances include Rs. 5.39 million (previous year - Nil) paid for purchase of certain fixed assets.</p> <p>2.10 The amount of exchange difference net credited to Profit & Loss Account is Rs. 7.78 million (previous year- Nil)</p> <p>2.11 Pursuant to the Scheme of Amalgamation, approved by the Hon'ble High Court of Bombay vide its order dated March 14, 2001:</p> <p>a) the entire undertaking of erstwhile Ajax Software Solutions Limited ASSL (engaged in the business of developing and marketing software products) which had during the year become a wholly-owned subsidiary of the Company, with</p>		2000-2001	Rs. in million 1999-2000	ICICI Ltd (Holding Company)	33.78	34.76	ICICI Sec. and Fin. Co. Limited	0.93	0.51	ICICI Prudential Life Insurance Co. Ltd.	1.84	—	ICICI Lombard General Insurance Co.	1.16	—	ICICI Personal Financial Services Ltd	5.48	—	ICICI Web Trade Limited	8.02	—	ICICI Home Finance Limited	3.82	—	ICICI Capital Services Ltd	3.22	—	ICICI Venture Fund Management Co. Ltd	0.52	—	ICICI Eco-net Limited	2.47	—		For the year ended 31.03.2001	For the year ended 31.03.2000	Audit Fees	0.15	0.08	Tax Audit Fees	0.04	0.02	Certification Fees	0.14	0.08	Other Services	0.05	—	Reimbursement of Out-of-Pocket expenses (including Service tax)	0.04	0.02	Total	0.42	0.20	Payments to and provisions for employees	8.98	5.88	Computer Expenses	6.88	2.15	Consultancy Charges	0.67	—	Interest on Fixed Loans	21.89	—	Rent	3.85	3.62	Repairs & Maintenance - Building	4.22	—	Insurance	0.09	—	Travelling and Conveyance	1.24	—	Electricity and Power consumption	0.53	0.52	Communication Expenses	0.70	—	Printing & Stationery	0.36	—	General Office Expenditure	1.38	0.43	Miscellaneous Expenses	1.62	—	Depreciation	0.76	0.71	Total	53.17	13.31	Less: Allocated to Fixed Assets	42.10	13.31	Balance pending for allocation	11.07	—	<table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">2000-2001</th> <th style="text-align: right;">1999-2000</th> </tr> </thead> <tbody> <tr> <td>Fixed Assets *</td> <td></td> <td style="text-align: right;">187.14</td> </tr> <tr> <td>Current Assets</td> <td style="text-align: right;">9.47</td> <td></td> </tr> <tr> <td>Less : Current Liabilities</td> <td style="text-align: right;">5.79</td> <td></td> </tr> <tr> <td>Less : Secured Loans</td> <td style="text-align: right;">0.43</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">3.25</td> </tr> <tr> <td>Securities Premium Account arising on account of :</td> <td></td> <td></td> </tr> <tr> <td>a. 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The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.</p> <p>2.14 C.I.F Value of Imports:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">For the year ended 31.03.2001 (Rs. in million)</th> <th style="text-align: right;">For the year ended 31.03.2000 (Rs. in million)</th> </tr> </thead> <tbody> <tr> <td>Capital Goods</td> <td style="text-align: right;">31.27</td> <td style="text-align: right;">—</td> </tr> </tbody> </table> <p>2.15 Expenditure in foreign currency:</p> <table border="0" style="width: 100%;"> <tbody> <tr> <td>Travelling and Other Expenses</td> <td style="text-align: right;">7.58</td> <td style="text-align: right;">2.40</td> </tr> </tbody> </table> <p>2.16 Particulars of Dividend remitted in Foreign Currency:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">2000-2001</th> <th style="text-align: right;">1999-2000</th> </tr> </thead> <tbody> <tr> <td>Number of non-resident shareholders</td> <td style="text-align: right;">1</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Number of shares held by them</td> <td style="text-align: right;">3,840,000</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Dividend relating to the year 2000-2001</td> <td style="text-align: right;">—</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Net amount remitted (Rs. in million)</td> <td style="text-align: right;">0.57</td> <td style="text-align: right;">—</td> </tr> </tbody> </table> <p>2.17 Earnings in foreign exchange:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">For the year ended 31.03.2001 (Rs. in million)</th> <th style="text-align: right;">For the year ended 31.03.2000 (Rs. in million)</th> </tr> </thead> <tbody> <tr> <td>Income from software development charges and products</td> <td style="text-align: right;">38.73</td> <td style="text-align: right;">2.11</td> </tr> </tbody> </table> <p>2.18 Consequent to the merger of erstwhile Ajax Software Services Limited with the Company, the current year's figures are not comparable with those of the previous year. Figures for the previous year have been re-grouped/re-arranged, wherever considered necessary to conform to current year's presentation.</p>		2000-2001	1999-2000	Fixed Assets *		187.14	Current Assets	9.47		Less : Current Liabilities	5.79		Less : Secured Loans	0.43				3.25	Securities Premium Account arising on account of :			a. Difference in assets and liabilities taken over on 1.4.2000	11.93		b. 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	For the year ended 31.03.2001 (Rs. in million)	For the year ended 31.03.2000 (Rs. in million)																																																																																																																																																																				
Income from software development charges and products	38.73	2.11																																																																																																																																																																				

Signatures to Schedules "I" to "XIV"

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTA
Director

SHIKHA SHARMA
Director

DEBNEEL MUKHERJEE
Chief Financial Officer

S.H. BHOJANI
Director

SURESH KUMAR
Director

S. R. SHETTIGAR
Company Secretary

KALPANA MORPARIA
Director

V. SRINIVASAN
Managing Director

Mumbai,
Dated : April 20, 2001

Statement pursuant to Part IV, Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No. 7 4 4 1 1
 State Code 1 1
 Balance Sheet Date 3 1 0 3 2 0 0 1
 Date Month Year

2. Capital Raised during the Year

(Amount in Rupees million)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

1 8 0 . 0 0

Private Placement

1 8 . 3 3

3. Position of Mobilization and Deployment of Funds

(Amount in Rupees million)

Total Liabilities

3 1 8 4 . 9 3

Total Assets

3 1 8 4 . 9 3

Sources of Funds

Paid-up Capital

2 4 8 . 3 3

Reserves & Surplus

6 7 7 . 3 3

Secured Loans

9 . 9 7

Unsecured Loans

2 2 4 9 . 3 0

Application of Funds

Net Fixed Assets

8 3 3 . 3 1

Investments

2 0 3 6 . 3 6

Net Current Assets

3 1 2 . 1 0

Miscellaneous Expenditure

3 . 1 6

Accumulated Losses

N I L

4. Performance of Company

(Amount in Rupees million)

Turnover (including Other Income)

1 1 0 5 . 8 9

Total Expenditure

6 8 4 . 5 2

Profit Before Tax

4 2 1 . 3 7

Profit After Tax

2 7 9 . 3 0

Earnings per Share in Rupees

5 . 6 2

Dividend Rate %

5 5 . 0 0

5. Generic Name of Principal Products/Services of the Company (as per monetary terms)

Item Code No. : Not Applicable
 Service Description : IT-Enabled Transaction Processing Services
 Software Development & Consultancy Services
 IT Infra & Facilities Management Services

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTA
Director

SHIKHA SHARMA
Director

DEBNEEL MUKHERJEE
Chief Financial Officer

S.H. BHOJANI
Director

SURESH KUMAR
Director

S. R. SHETTIGAR
Company Secretary

KALPANA MORPARIA
Director

V. SRINIVASAN
Managing Director

Mumbai,
 Dated : April 20, 2001

statement pursuant to section 212

of the Companies Act, 1956, relating to Subsidiary Companies

Sr. No.	Name of Subsidiary Company	Financial year of subsidiary ended on	Number of equity shares held by ICICI Infotech Services Limited and/or its subsidiaries	Extent of interest of ICICI Infotech Services Ltd. in the capital of the subsidiary	Net aggregate amount of profits or losses of the subsidiary so far as it concerns the members of ICICI Infotech Services Limited and is not dealt with in the accounts of ICICI Infotech Services Limited		Net aggregate amounts of profit/losses of the subsidiary so far as it concerns the members of ICICI Infotech Services Limited dealt with or provided for in the accounts of ICICI Infotech Services Limited	
					For the financial year ended on March 31, 2001	For previous financial years of the subsidiary since it became a subsidiary	For the financial year ended on March 31, 2001	For previous financial years of the subsidiary since it became a subsidiary
1.	ICICI Infotech Inc.	March 31, 2001	42,575,000 shares of US \$ 1/- each	100%	US \$ (-)2.06 million	—	—	—
2	ICICI Infotech Pte. Ltd.	March 31, 2001	1,000,000 Ordinary shares of S \$ 1/- each	100%	S \$ 0.08 million	—	—	—
3	Ivory International Inc. (subsidiary of ICICI Infotech Inc.)	March 31, 2001	100 shares of no par value	100%	US \$ 0.76 million	—	—	—
4	Command Systems Inc. (subsidiary of ICICI Infotech Inc.)	December 31, 2000	7,657,926 shares of US \$ 0.01 each	100%	US \$ (-) 2.85 million	—	—	—
5	Command International Holdings, LLC (subsidiary of Command Systems Inc.)	December 31, 2000	100 shares of US \$ 1/- each	100%	US \$ (-) 0.01 million	—	—	—
6	Command Delaware Holdings, LLC (subsidiary of Command International Holdings.)	December 31, 2000	N.A	100%	—	—	—	—
7	Command International Software (subsidiary of Command International Holdings.)	March 31, 2001	7,490,325 shares of Rs. 10/- each	100%	Rs. (-) 14.44 million	—	—	—
8	Nova Technology Inc. (subsidiary of Command Systems Inc.)	December 31, 2000	200 shares of no par value	100%	—	—	—	—

For and on behalf of the Board

K. V. KAMATH
Chairman

LALITA D. GUPTA
Director

SHIKHA SHARMA
Director

DEBNEEL MUKHERJEE
Chief Financial Officer

S. H. BHOJANI
Director

SURESH KUMAR
Director

S. R. SHETTIGAR
Company Secretary

KALPANA MORPARIA
Director

V. SRINIVASAN
Managing Director

Mumbai, April 20, 2001