

ICICI CAPITAL SERVICES LIMITED

7TH ANNUAL REPORT AND ACCOUNTS 2000-2001

Directors

Lalita D. Gupte, *Chairperson*
 Kalpana Morparia
 Chanda Kochhar
 M.N. Gopinath
 V. Srinivasan
 Nachiket Mor
 Madhabi Puri Buch
 Amitabh Chaturvedi, *Executive Director & COO*
 R. K. Saxena, *Company Secretary*

Auditors

S.B. Billimoria & Co.
 Chartered Accountants

Registered and Corporate Office

ICICI Towers
 Bandra-Kurla Complex
 Mumbai - 400 051

directors' report

to the members,

Your Directors have pleasure in presenting the Seventh Annual Report of the Company with the audited Statement of Accounts for the year ended March 31, 2001.

APPROPRIATIONS

The Profit & Loss Account shows a profit before taxation of Rs.52.51 million (previous year Rs.24.16 million) after provisions of Rs.2.58 million (previous year Rs.0.01 million) towards bad and doubtful debts and non performing assets and taking into account all expenses including depreciation of Rs.0.44 million (previous year Rs.0.32 million) on fixed assets. The net profit for the year is Rs.31.51 million (previous year Rs.20.16 million).

Taking into account the balance of Rs.12.84 million (previous year Rs.3.21 million) brought forward from the previous year and adjustment of taxation for earlier years of Rs.0.40 million (previous year Rs.0.10 million), the disposable profit is Rs.43.95 million (previous year Rs.23.47 million). Your Directors have recommended a dividend rate of 12.5% (Rs.1.25 per share of Rs.10) for the year ended March 31, 2001 and have appropriated the disposable profit as follows:

	(Rs. in million)	
	2000-2001	1999-2000
To Reserve Fund [in terms of Section 45-IC of the RBI Act, 1934 as amended by the RBI (Amendment) Act, 1997]	6.30	4.03
To General Reserve, making in all Rs.15.19 million	1.58	1.01
Dividend for the year ended March 31, 2001 (including corporate dividend tax)		
• On equity shares at the rate of 12.5 %	6.89	5.59
Leaving balance to be carried forward to next year	29.18	12.84

OPERATIONAL REVIEW

The Company is a wholly owned subsidiary of ICICI Limited (ICICI) and is engaged in the sales and distribution of various financial and investment products including ICICI Bonds, ICICI Fixed Deposits, ICICI Direct-Online Trading, ICICI Demat Services and Mutual Funds. Set up initially with the focus on resource mobilization for ICICI, the Company has rapidly expanded the range of activities and services with the aim of becoming a "One Stop Shop" for the customer. The Company has now emerged as one of the largest distributors of Mutual Funds, Bonds and other investment products in the country, thus building a premium position in investment services for customers.

With the growth of online trading, the Company has also helped acquire and service the customers for ICICI Web Trade Limited, which has emerged as the largest online trading service provider in the country. The Company has been instrumental in the acquisition and servicing of customers for ICICI Demat services. Further, the Company has also been instrumental in helping ICICI emerge as one of the fastest growing Demat service providers in the country.

The Company proposes to consolidate its activities in future by active management of customer relationships. The product range would be enhanced to ensure that all the customer needs are fulfilled under one roof through the ICICI Centres.

CORPORATE GOVERNANCE

Your Company is practising the principles of good Corporate Governance, which has been one of the core values of ICICI Group. Corporate Governance is not just restricted to ensuring compliance with regulatory requirements but also meeting the higher standards of transparency, accountability and integrity in respect of all its transactions. Your Company has constituted an Audit Committee

comprising of Smt. Lalita D. Gupte, Smt. Kalpana Morparia and Smt. Chanda Kochhar which discharges the functions under Section 292A of the Companies Act, 1956.

PUBLIC DEPOSITS

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

DIRECTORS

Smt. Shikha Sharma, who was on the Board since March 24, 2000, tendered her resignation from the Board effective July 1, 2000. The Board accepted with regret the resignation of Smt. Shikha Sharma and placed on record its appreciation of the valuable services rendered by her during her tenure. The Board has appointed Smt. Chanda Kochhar, as Director of the Company in place of Smt. Shikha Sharma, effective July 1, 2000.

Smt. Madhabi Puri Buch, who was on the Board since September 8, 1999, tendered her resignation as the Managing Director effective April 1, 2001. The Board accepted with regret the resignation of Smt. Madhabi Puri Buch as Managing Director and placed on record its appreciation of the valuable services rendered by her during her tenure.

ICICI has nominated Shri Amitabh Chaturvedi as non-rotational Director on the Board of the Company, effective April 1, 2001 in place of Smt. Madhabi Puri Buch. Consequent upon the resignation of Smt. Madhabi Puri Buch as Managing Director of the Company, the Board has appointed Shri Amitabh Chaturvedi, as "Manager" of the Company and has designated him as "Executive Director", effective April 1, 2001. Shri Amitabh Chaturvedi would continue to act as Chief Operating Officer of the Company. In terms of the provisions of the Companies Act, 1956, the approval of the members of the Company is sought for his appointment. Shri Amitabh Chaturvedi, being on deputation, will continue to draw his remuneration and other benefits from ICICI.

The Board has appointed Smt. Madhabi Puri Buch, as additional Director of the Company, effective April 1, 2001.

In terms of the provisions of the Articles of Association of the Company, Smt. Lalita D. Gupte and Smt. Kalpana Morparia, would retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

The Auditors, M/s. S. B. Billimoria and Co., Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting. The Board at its Meeting held on April 23, 2001 has proposed their appointment as Auditors to audit the accounts of the Company for the financial year ending March 31, 2002. You are requested to consider their appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

During 2000-2001, expenditure in foreign currencies amounted to Rs.17.04 million on account of business travel and purchase of database. There was no earning in foreign currencies during the year.

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, as amended.

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' report

to the members,

Continued

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the 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 or loss 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

Your Company is grateful to the Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India and OTC Exchange of India for their continued support and advice. The Company is also grateful to its clients, agents and bankers for their continued support.

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

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

For and on behalf of the Board

LALITA D. GUPTA
Chairperson

Mumbai, April 23, 2001

auditors' report

to the members of ICICI Capital Services Limited

We have audited the attached Balance Sheet of ICICI CAPITAL SERVICES LIMITED as at March 31, 2001 and the Profit and Loss Account for the year ended on that date and report that:

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
- (2) Further to our comments in the Annexure referred to in paragraph (1) above:-
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) 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;

- (e) on the basis of written representations given by the Directors to the Company, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2001 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956;
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2001; and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

SANJIV N. SHAH
Partner

Mumbai, April 23, 2001

annexure to the auditors' report

referred to in paragraph (1) of our report of even date

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. Physical verification of the fixed assets has been carried out by the management during the year. No significant discrepancies were revealed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The Company has not given any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 and/or to the companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business relating to purchase of fixed assets and purchase and sale of shares, debentures and other securities.
5. The Company being a "Non-Banking Financial Company", Section 58A of the Companies Act, 1956 is not applicable to the Company. During the year, the Company did not accept any deposits from the public falling under the purview of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
6. The internal audit is commensurate with the size of the Company and the nature of its business. The internal audit program adopts a risk based approach. The period under review is subjected to audit in accordance with a predefined, phased audit program.
7. As per the records of the Company, the provident fund dues have generally

been regularly deposited with the appropriate authorities during the year.

8. There were no undisputed amounts payable in respect of Income Tax, Sales Tax and Customs Duty outstanding as at March 31, 2001 for a period of more than six months from the date they became payable.
9. 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.
10. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
11. Having regard to the nature of service activities, a system for allocating man-hours to the relative jobs is not considered necessary.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In respect of investment by the Company in shares, securities, debentures, etc., proper records have been maintained of the transactions and contracts and timely entries have been made therein; all the shares, securities, debentures and other investments are held in the name of the Company.

For S. B. BILLIMORIA & CO.
Chartered Accountants

SANJIV N. SHAH
Partner

Mumbai, April 23, 2001.

balance sheet profit and loss account



as at March 31, 2001

for the year ended March 31, 2001

	Schedule	(Rupees in million)	March 31, 2000		Schedule	(Rupees in million)	March 31, 2000
SOURCES OF FUNDS				INCOME			
Shareholders' Funds				Income from operations	G	486.23	160.52
Share Capital	A	50.00	50.00	Other Income	H	20.45	6.29
Reserves and Surplus	B	58.85	34.63				
						506.68	166.81
		108.85	84.63	EXPENDITURE			
		108.85	84.63	Staff expenses	I	89.07	39.34
APPLICATION OF FUNDS				Establishment expenses	J	48.14	16.64
Fixed Assets	C			Financial charges	K	0.38	0.00
Gross Block		4.01	19.84	Other expenses	L	110.89	25.03
Less: Depreciation		0.47	3.84	Sub-Brokerage		196.69	54.95
Net Block		3.54	16.00	Depreciation		0.44	0.32
Capital Work in Progress	C	2.83	0.00	Preliminary expenses and Market Development expenditure written off		6.36	6.36
Investments	D	34.73	39.94	Provision for diminution in value of investment		2.20	0.01
Current Assets, Loans and Advances	E	163.54	52.98			454.17	142.65
Less: Current Liabilities and Provisions	F	106.41	41.27	Profit before taxation		52.51	24.16
Net Current Assets, Loans and Advances		57.13	11.71	Less: Provision for taxation		21.00	4.00
Miscellaneous Expenditure (to the extent not written off or adjusted)				Profit after taxation		31.51	20.16
Preliminary expenses		0.11	0.15	Add: Balance brought forward from previous year		12.84	3.21
Market Development Expenditure		10.51	16.83	Prior Period Adjustments (Net)		(0.40)	0.10
		10.62	16.98	Disposable profit		43.95	23.47
		108.85	84.63	APPROPRIATIONS			
Notes forming part of the Accounts	M			Reserve Fund		6.30	4.03
Significant Accounting Policies	N			General Reserve		1.58	1.01
				Interim Dividend Paid		—	5.00
				Proposed Dividend		6.25	—
				Tax on Dividend		0.64	0.59
				Balance carried to Balance Sheet		29.18	12.84
				Notes forming part of the Accounts	M		
				Significant Accounting Policies	N		

As per our report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

SANJIV N. SHAH
Partner

R.K. SAXENA
Company Secretary

JOHN KOSHI
Group Manager

For and on behalf of the Board

LALITA D. GUPTA
Chairperson

MADHABI PURI BUCH
Director

Mumbai, April 23, 2001

schedules

forming part of the accounts

(Rupees in million)

March 31,
2000

A. SHARE CAPITAL

Authorized

5,000,000 Equity Shares of Rs.10 each

50.00

50.00

Issued, Subscribed and Paid up

5,000,000 Equity Shares of Rs.10 each

50.00

50.00

50.00

50.00

All the above Equity Shares are held by ICICI Limited (the holding company) and its nominees.

B. RESERVES AND SURPLUS

	Balance as at March 31, 2000	Additions during the year	Balance as at March 31, 2001
Reserve Fund	8.18	6.30	14.48
General Reserve	13.61	1.58	15.19
Profit & Loss Account	12.84	16.34	29.18
	34.63	24.22	58.85
<i>As at March 31, Previous Year</i>	19.96	14.67	34.63

C. FIXED ASSETS

	Gross Block - at cost			Depreciation				Net Block		
	As at March 31, 2000	Additions	Deletions	As at March 31, 2001	As at March 31, 2000	For the year	On Deletions	As at March 31, 2001	As at March 31, 2001	As at March 31, 2000
Stock Exchange Membership (Note 2)	15.03	—	15.00	0.03	—	—	—	0.00	0.03	15.03
Furniture and Fixtures	0.23	—	—	0.23	0.14	0.03	—	0.17	0.06	0.09
Office Equipment	4.58	3.28	4.11	3.75	3.70	0.41	3.81	0.30	3.45	0.88
	19.84	3.28	19.11	4.01	3.84	0.44	3.81	0.47	3.54	16.00
Capital Work In Progress									2.83	—
	19.84	3.28	19.11	4.01	3.84	0.44	3.81	0.47	6.37	16.00
<i>As at March 31, Previous Year</i>	19.56	0.28	—	19.84	3.52	0.32	0.00	3.84	16.00	

* Less than Rs. 5,000

D. INVESTMENTS

Long Term - at cost (Note 1)

Quoted

Non-Convertible Debentures

3.31

3.66

Non-Convertible PSU Bonds

—

2.73

Units of Mutual Fund

34.50

34.50

Unquoted

Equity Shares

0.01

0.01

Non-Convertible Debentures

0.05

0.01

37.87

40.91

Less: Provision

3.14

0.97

34.73

39.94

Aggregate of Quoted Investments - cost

37.81

40.89

Unquoted

0.06

0.02

Market Value *

38.04

42.37

* Market value comprises of redemption value/break-up value for and/or face value for unquoted debentures.

schedules



forming part of the accounts

Continued

	(Rupees in million)	March 31, 2000
E. CURRENT ASSETS, LOANS AND ADVANCES		
(A) Current Assets		
Interest accrued on Investment	0.02	1.95
Less: Provision for Interest due but not accrued	<u>—</u>	<u>1.59</u>
	0.02	0.36
Sundry Debtors (Unsecured-considered good)		
Debts due over six months	0.24	0.83
Others	<u>72.36</u>	<u>25.18</u>
	72.60	26.01
Cash and bank balances		
Cash & Cheques on hand	0.98	0.28
Balances with Scheduled Banks		
Current accounts	21.94	3.16
Fixed deposits	<u>39.60 **</u>	<u>10.60 **</u>
	62.52	14.04
	<u>135.14</u>	<u>40.41</u>
<p>** ICICI Bank Limited has lien over fixed deposit receipts of Rs.2.50 million (previous year Rs.2.50 million) against the guarantee given by the bank on behalf of the Company. Punjab National Bank has lien over fixed deposit receipts of Rs.0.20 million (previous year Rs.0.20 million) against the guarantees given by the bank on behalf of the Company.</p>		
(B) Loans and Advances		
Advance recoverable in cash or in kind for value to be received	2.14	1.44
Less : Provision	<u>0.10</u>	<u>—</u>
	2.04	1.44
Staff loans	3.06	3.11
Prepaid expenses	1.85	0.01
Sundry deposits	<u>0.64</u>	<u>0.12</u>
	7.59	4.68
Advance income tax and tax deducted at source	<u>17.64</u>	<u>6.44</u>
	25.23	11.12
Other Interest accrued	<u>3.17</u>	<u>1.45</u>
	<u>163.54</u>	<u>52.98</u>
F. CURRENT LIABILITIES AND PROVISIONS		
(A) Liabilities		
Sundry creditors	69.77	34.22
Other liabilities	<u>3.27</u>	<u>0.92</u>
	73.04	
(B) Provisions		
Provision for proposed dividend	6.25	—
Provision for tax on proposed dividend	0.64	—
Provision for taxation	26.03	5.93
Provision for leave encashment	<u>0.45</u>	<u>0.20</u>
	106.41	41.27
G. INCOME FROM OPERATIONS		
ICICI Centres marketing fees (tax deducted at source Rs. 0.06 million, previous year Rs.0.60 million)	110.00	91.01
Brokerage on primary market	283.73	69.33
Income from ICICI Bank- ATM installation & Cross-Sell (tax deducted at source Rs.0.2 million, previous year NIL)	10.14	—
Income from ICICI PFS products (tax deducted at source Rs.0.01 million, previous year NIL)	0.39	—
Income from ICICI Demat (tax deducted at source Rs.0.18 million, previous year NIL)	8.76	—
Income from ICICI Web Trade (tax deducted at source Rs.0.62 million, previous year NIL)	66.91	—
Issue Marketing Fees (tax deducted at source Nil, previous year Rs.0.01 million)	0.00	0.18
Income from ICICI towards database subscription	<u>6.30</u>	<u>—</u>
	<u>486.23</u>	<u>160.52</u>

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forming part of the accounts

Continued

	(Rupees in million)	March 31, 2000
H. OTHER INCOME		
Interest on		
Bonds and Debentures (tax deducted at source Rs.0.01 million, previous year Rs 0.02 million)	0.35	1.53
Deposits (tax deducted at source Rs.0.15 million, previous year Rs.0.75 million)	2.17	2.94
Interest on Staff loan	0.01	—
Dividend income	1.51	0.98
Redemption premium on SPN (tax deducted at source Nil , previous year Nil)	0.00	—*
Miscellaneous income	7.19	0.60
Profit on redemption	0.33	0.24
	<u>11.56</u>	<u>6.29</u>
Profit on sale of NSE card to ICICI Web Trade Fixed Asset (Net)	9.15	—
Less : Loss on Sale/Write-off of Assets (Net)	0.26	—
	<u>8.89</u>	<u>—</u>
	<u>20.45</u>	<u>6.29</u>
I. STAFF EXPENSES		
(Note 5)		
Salaries and other employee benefits	78.27	34.00
Contribution to Provident and other funds	2.94	2.46
Staff welfare expenses	7.86	2.88
	<u>89.07</u>	<u>39.34</u>
J. ESTABLISHMENT EXPENSES		
Rent	38.21	12.35
Repairs and maintenance	4.34	2.18
Electricity expenses	5.43	1.93
Insurance charges	0.16	0.18
	<u>48.14</u>	<u>16.64</u>
K. FINANCIAL CHARGES		
Bad and doubtful debts written off	0.37	—
Interest paid	0.01	—
	<u>0.38</u>	<u>—</u>
L. OTHER EXPENSES		
Marketing expenses	22.16	1.69
Marketing fees Web Trade	18.07	—
Postage, telephone and fax	23.40	8.51
Printing and stationery	7.65	3.29
Travelling expenses	6.41	3.17
Interest on security deposits	3.36	—
Centre Hardware charges	2.92	—
Datacentre expenses	2.05	—
WAN Backbone expenses	1.74	—
Training expenses	4.03	2.37
Recruitment expenses	2.67	1.57
Conveyance	3.17	1.58
Software expenses	2.26	0.06
Processing charges	1.12	0.32
Subscriptions	0.61	0.44
Books and periodicals	0.04	0.08
Miscellaneous expenses	0.51	0.51
Bank charges	0.84	0.19
Cross-sell bank	1.35	0.33
Membership fees	0.85	0.13
Legal and professional charges	0.42	0.52
Directors' sitting fees	—	—*
Advertisement expenses	0.17	—
Provision against doubtful advances	0.07	0.01
E-Broking expenses	1.18	—
Regional meeting expenses	0.23	—
Corporate office expenses	0.94	—
Demat expenses	1.69	—
Appraisal meet expenses	0.70	—
Seminar expenses	0.06	0.06
Auditors' remuneration		
Audit fee	0.11	0.10
Tax audit fee	0.03	0.02
Company law and other matters	0.07	0.07
Out-of-pocket expenses and service charges	0.01	0.01
	<u>0.22</u>	<u>0.20</u>
	<u>110.89</u>	<u>25.03</u>

* Less than Rs. 5,000

schedules



forming part of the accounts

Continued

M. NOTES FORMING PART OF THE ACCOUNTS

- 1 The investments are shown in Balance Sheet at cost. In the case of quoted investments, provision for diminution in value of investments is made, if such diminution is of a permanent nature in the opinion of the management.
The investments in non-convertible debentures and bonds are in the name of the erstwhile SCICI Securities Limited and have not been transferred in the name of the Company.
 - 2 Since the company was earlier predominantly engaged in the business of broking, the deposits made by it with Over The Counter Exchange of India (OTCEI) towards acquiring the membership of the exchange, was considered as fixed assets and no depreciation is provided on the same. The secondary market broking business has since been discontinued but the membership cards are retained for other activities of the Company.
- | | As at
March 31, 2001
(Rs. in million) | As at
March 31, 2000
(Rs. in million) |
|---|---|---|
| 3. Contingent liabilities on account of : | | |
| Bank guarantee | 2.70 | 2.50 |
| Tax demand in appeals | 1.92 | 0.50 |
| 4. Expenditure in foreign currency | 17.04 | Nil |
5. Remuneration (including contribution to Provident Fund, Gratuity Fund and Leave Encashment) of the Managing Director is borne by ICICI Limited, the holding company.
 6. The Company has not contributed the amount provided towards the gratuity liability to an independent gratuity fund pending formalities for establishing the fund. Hence the amount provided is not considered as an expenditure for the purpose of Tax provision.
 7. The figures of the previous year have been regrouped, wherever necessary, so as to make them comparable with those of the current year.

N. SIGNIFICANT ACCOUNTING POLICIES

The accounts are prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant laws as well as the guidelines prescribed by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Reserve Bank of India and the Institute of Chartered Accountants of India.

1. System of Accounting

- a) Revenue Recognition
 - i. Brokerage income on primary market subscriptions, issue marketing fees and placement commission are recognized based on the stage of completion of assignments and the terms of the related agreements.
 - ii. Interest income is accounted for on accrual basis.
 - iii. Profit or loss on sale of investments and stock-in-trade is recognized on contract dates on weighted average cost basis.
 - iv. Income from ICICI Centre Marketing fees is accounted for on accrual basis.
 - v. Income from Cross-sell of Bank Products and ATM installations is accounted for on accrual basis.
- b) Expenses
All expenses are provided for on accrual basis.

2. Fixed Assets

Fixed Assets are capitalized at cost inclusive of all incidental expenses. Depreciation on fixed assets is provided on written down value method in terms of Section 350 of the Companies Act, 1956, at the rates prescribed in Schedule XIV to the Companies Act, 1956, except in the following cases:

- i. No Depreciation has been charged on the Stock Exchange Membership.
- ii. Depreciation on Software expenditure is at the rate of 20 per cent per annum. Expenditure on application software amounting to less than Rs 0.50 million is expensed.

The fixed assets of ICICI Centres do not belong to the Company but belong to ICICI Limited. As such depreciation on such fixed assets is provided by them and not by the Company, though these assets are used by the Company.

3. Investments

Investments are capitalized at cost. In terms of the Reserve Bank of India guidelines to Non-Banking Financial Companies, all investments are bifurcated into current investments and long term investments. Unquoted shares are valued at cost or break-up value, whichever is less. Other unquoted securities are valued at cost. However, quoted investments are valued at cost and provision for diminution, if any, is made to recognize a decline, other than temporary, in the value of the investments.

4. Retirement benefits

Provision for the Gratuity and Leave Encashment Liabilities are based on an actuarial valuation.

5. Miscellaneous expenditure

Preliminary expenses have been amortized over 10 years from the year in which the expenses are incurred.

Initial market development expenses relating to advertisement have been amortized over 5 years and that relating to printing have been amortized over 3 years from the year in which the expenses are incurred.

For and on behalf of the Board

LALITA D. GUPTA
Chairperson

R.K. SAXENA
Company Secretary

JOHN KOSHI
Group Manager

MADHABI PURI BUCH
Director

Mumbai, April 23, 2001

schedules

annexure to schedule D forming part of the accounts

Continued

(Rupees in million)

Investments as at March 31, 2001

Name of the Company	Number of Shares/Debs./Bonds/Units	Face Value Per Share/Deb./Bond/Unit (Rs.)	As at March 31, 2001	Cost As at March 31, 2000
Equity Shares (Unquoted and fully paid up)				
ICICI Realty Ltd.	500	10	0.01	0.01
			0.01	0.01
* Non-Convertible Debentures (Quoted and fully paid up)				
14.0% Ashok Leyland Ltd.	—	—	—	0.01
15.0% Ballarpur Industries Ltd.	—	—	—	0.01
14.5% Bharat Forge Ltd.	119	33.34	**	**
16.0% Bharat Forge Ltd.	—	—	—	0.01
13.0% DCM Shriram Consolidated Ltd.	439	100	0.03	0.03
15.0% Escorts Ltd.	120	40	**	0.01
12.5% Escorts Ltd.	—	—	—	**
16.0% Essar Shipping Ltd.	855	15	0.01	0.02
16.0% Garware Polyester Ltd.	—	—	—	**
15.0% Herbertsons Ltd.	—	—	—	**
12.5% Herdillia Unimers Ltd.	20	100	**	**
14.0% Hindusthan Development Corporation Ltd.	892	40	0.03	0.03
12.5% Hindusthan Development Corporation Ltd.	25	40	**	**
14.0% Hotel Leelaventure Ltd.	100	150	0.01	0.01
17.0% ITC Hotels Ltd.	125	90	0.01	0.02
12.5% J.K.Synthetics Ltd.	—	—	—	0.01
14.0% J.M.Share & Stock Brokers Ltd.	—	—	—	**
16.0% JK Corp Ltd.	257	50	0.01	0.02
14.0% JK Corp Ltd.	300	60	0.01	0.03
16.0% Mangalore Refinery & Petrochemicals Co. Ltd.	550	38	0.02	0.02
16.0% Mukand Ltd.	370	65	0.02	0.05
12.5% Nicholas Piramal India Ltd.	500	33	0.01	0.02
15.0% Pal-Peugeot Ltd.	78600	—	3.14	3.14
16.0% Raymond Ltd.	91	34	**	0.01
12.5% Tata Chemicals Ltd.	—	—	—	0.02
12.5% Tata Chemicals Ltd.	—	—	—	0.02
12.0% Textool Company Ltd.	50	100	**	**
12.5% The Arvind Mills Ltd.	—	—	—	**
15.0% The Lakshmi Mills Co. Ltd.	—	—	—	**
15.0% The Supreme Industries Ltd.	—	—	—	0.01
17.0% United Phosphorus Ltd.	224	50	0.01	0.02
14.0% Vardhman Spinning & General Mills Ltd.	33	50	**	**
			3.31	3.52
* Non-Convertible Debentures (Unquoted and fully paid up)				
15.0% Carborundum Universal Ltd.	117	24	**	**
15.0% DCM Shriram Consolidated Ltd.	69	30	**	**
17.0% DCM Shriram Consolidated Ltd.	3	33	**	**
16.5% DCM Shriram Industries Ltd.	4	30	**	**
15.0% DCM Shriram Industries Ltd.	120	25	**	**
16.0% EIH Ltd.	21	67	**	**
15.0% EIH Ltd.	58	34	**	**
15.0% Electrosteel Castings Ltd.	—	—	—	0.01
15.0% Hyderabad Industries Ltd.	96	67	0.01	0.01
17.0% J.K.Synthetics Ltd.	—	—	**	**
14.0% Jain Irrigation System Ltd.	—	—	—	0.09
12.5% Jindal Steel & Power Company Ltd	42	52	**	**
16.0% Kalyani Steels Ltd.	—	—	—	0.01
15.0% Kirloskar Oil Engines Ltd.	—	—	—	**
16.0% Kothari Sugars & Chemicals Ltd.	—	—	—	**
12.5% Rallis India Ltd.	99	80	0.01	0.01
14.0% Reinz-Talbro Ltd.	—	—	—	**
15.0% Reinz-Talbro Ltd.	—	—	—	0.01
15.0% Siel Ltd.	—	—	—	**
17.5% Standard Industries Ltd.	—	—	—	**
16.0% The Indian Seamless Metal Tubes Ltd.	15	190	**	**
13.0% Vardhman Polytext Ltd.	—	—	—	0.01
			0.05@	0.15
			3.36	3.67
			3.14	0.97
			0.22	2.70
Less : Provision against Non-Performing investments				
* Non-Convertible PSU Bonds (Quoted and fully paid up)				
10.5% (Tax free) Housing & Urban Development Corporation Ltd.	—	—	—	2.73
			—	2.73
* Units of Mutual Fund (Quoted)				
Prudential ICICI Gilt Fund -Investment Plan- Growth	1038709.231	10	10.50	10.50
K Gilt Unit Scheme 98 - Investment Plan - Dividend	790991.997	10	8.50	8.50
Templeton India Government Securities Fund - Dividend Plan	1238850.347	10	12.50	12.50
Prudential ICICI Gilt Fund -Treasury Plan- Dividend	295432.612	10	3.00	3.00
			34.50	34.50
			34.73	39.94
Total Investments				

@ The total is calculated after considering the Rupee Value of Investments.

* Percentage indicates Coupon Rate.

**Less than Rs. 5,000

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.
 State Code
 Balance Sheet Date
 Date Month Year

2. Capital raised during the Year

(Amount in Rupees Thousand)

Public Issue

Rights Issue

Bonus 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 & WIP

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

4. Performance of Company

(Amount in Rupees Thousand)

Turnover

Total Expenditure

Profit/Loss before Tax

Profit/Loss after Tax

Earnings per Share in Rupees

Dividend Rate %

5. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Product Description	Item Code No.
Broking Services	Not Applicable
Placement of Securities	Not Applicable
Distribution of Securities	Not Applicable

For and on behalf of the Board
 LALITA D. GUPTA
 Chairperson
 MADHABI PURI BUCH
 Director

R.K. SAXENA
 Company Secretary

JOHN KOSHI
 Group Manager