

ICICI TRUSTEESHIP SERVICES LIMITED

3RD ANNUAL REPORT AND ACCOUNTS 2001-2002

Directors

Sanjiv Kerkar, *Chairman*
V. Umakanth
Girish Mehta
N.D. Shah

Auditors

C. C. Chokshi & Co.
Chartered Accountants

Registered Office

ICICI Bank Towers
Bandra-Kurla Complex
Mumbai - 400 051

directors' report

to the members

Your Directors have pleasure in presenting the Third Annual Report of the Company with the audited Statement of Accounts for the year ended March 31, 2002.

FINANCIAL RESULTS

The summary of the financial results for the year under review is as follows:

	(Rupees)	
	2001-2002	2000-2001
Gross Income	2,51,100	1,50,000
Profit Before Tax	2,15,871	1,29,171
Provision for Tax	80,000	51,087
Profit After Tax	1,35,871	78,084
Transfer to Reserves	1,35,871	78,084

Your Directors do not recommend payment of dividend for the year ended March 31, 2002.

OPERATIONAL REVIEW

The main object of the Company is to act as trustee for mutual funds, off-shore funds, pension funds, provident funds, venture capital funds, insurance funds, collective or private investment schemes, employee welfare or compensation schemes etc., and to devise various schemes for dealing with or in connection with aforesaid purposes including raising funds in any manner in India or abroad and to deploy funds so raised and earn reasonable returns on their investments and to act as trustees generally for any purpose and to acquire, hold, manage, dispose of all or any securities or money market instruments or property or assets and receivables or financial assets or any other assets or property.

The Company has limited its role to serving as trustees only for enterprises, transactions or arrangements of strategic or significant business importance to ICICI Bank group.

During the year under review, your Company has accepted the trusteeship of ICICI Property Trust, formed primarily with the objective to acquire, hold and dispose of assets/investments which may be offered by debtors to ICICI from time to time and serve as a repository of such assets/investments until these can realise maximum value. The Company has accepted trusteeship of ICICI Emerging Sectors Trust, a fund in the process of being registered with SEBI as a venture capital fund and formed with an objective of achieving long term capital appreciation by providing financial and other assistance in the form of equity, quasi-equity, preference shares, equity related instruments, convertible debt instruments, etc. The Company has also accepted trusteeship of two trusts formed by RPG Cables Limited and erstwhile ICICI Limited for securitisation of the receivables from Bharat Sanchar Nigam Limited, the earlier trustees being ICICI Bank Limited. In terms of the Scheme of Amalgamation of ICICI Limited, ICICI Capital Services Limited and ICICI Personal Financial Services Limited (Transferor Companies) with ICICI Bank Limited (Transferee Company), the Company is holding the shares pledged in favour of one or more Transferor Companies on trust as a trustee for the benefit of persons for whose benefit the pledge had been created.

The Company continues to act as the trustee of ICICI Securities Fund, ICICI Venture Capital Fund, ICICI Eco-net Fund, and certain beneficiaries of specified endowment policy "ICICI Pru Save 'n' Protect" issued by ICICI Prudential Life Insurance Company Limited.

Consequent upon the amalgamation of ICICI Limited (ICICI), the holding company of the Company, with ICICI Bank Limited (ICICI Bank) becoming effective May 3, 2002, the Company has become a 100% subsidiary of ICICI Bank.

AUDIT COMMITTEE

In terms of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the Board has constituted an Audit Committee of Directors

comprising of N.D. Shah, Girish Mehta and Sanjiv Kerkar. The main functions of the Committee are to review the internal audit systems, reports of the internal and statutory auditors, half-yearly and annual financial statements, etc.

PUBLIC DEPOSITS

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

DIRECTORS

In terms of the provisions of Articles of Association of the Company, N. D. Shah would retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS

The Auditors, M/s. C.C. Chokshi & Co., Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting. The Board at its Meeting held on May 2, 2002 has proposed their appointment as Auditors to audit the accounts of the Company for the financial year ending March 31, 2003. You are requested to consider their appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

There was no income or expenditure in foreign currency during the period under review.

PERSONNEL AND OTHER MATTERS

Since your Company does not have any employees, provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

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 RESPONSIBILITY STATEMENT

The Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. 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. 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. the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Company is grateful to the Securities and Exchange Board of India for its support and advice during the period under review.

Your Company would also like to express its gratitude for the unstinted support and guidance received from ICICI Bank, the parent organisation and also from other group companies.

For and on behalf of the Board

Place: Mumbai
Date: May 3, 2002

SANJIV KERKAR
Chairman

auditors' report

to the members of ICICI Trusteeship Services Limited

1. We have audited the attached Balance Sheet of ICICI Trusteeship Services Limited as at March 31, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
- iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2002; and
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For C.C. CHOKSHI & CO.
Chartered Accountants

PR. BARPANDE
Partner

Mumbai, dated May 2, 2002

annexure to the auditors' report

(referred to in paragraph 3 of our report of even date)

1. The Company did not have any fixed assets and hence items (i) and (ii) of clause (A) are not applicable to the Company.
2. The nature of Company's activities is such that requirements of items (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv) and (xvi) of Clause (A) of paragraph 4 of the Order are not applicable to the Company.
3. We are informed that there are no companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, and/or Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956. Hence, items (vii) and (viii) of clause (A) are not applicable to the Company.
4. The Company has not given any loans or advances in the nature of loan to any party.
5. The Company has not accepted any deposits from public during the year.
6. As the Company has neither the paid-up capital exceeding Rs. 25 lakhs at the commencement of the financial year nor did the average annual turnover for a period of three consecutive financial years immediately preceding the financial year concerned exceed Rs. 2 crores, and hence the question of adequacy of the internal audit system does not arise.
7. The Company did not have any employee and hence the provisions of item (xvii) of clause (A) of paragraph 4 of the Order do not apply to the Company.
8. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty were outstanding as on March 31, 2002, for a period of more than six months from the date they became payable.
9. According to the information and explanations given to us, no personal expenses have been charged to Revenue Account.
10. The Company is not an Industrial company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.
11. The nature of service activities carried on by the Company does not require a system of recording receipts, issues and consumption of materials and stores and allocation of materials consumed and labour to jobs. Further, the question of having the system of authorisation and internal control on issue of stores and allocation of stores and labour does not arise.

For C.C. CHOKSHI & CO.
Chartered Accountants

P. R. BARPANDE
Partner

Mumbai, dated May 2, 2002

balance sheet profit and loss account

ICICI Trusteeship Services

as at March 31, 2002

for the year ended March 31, 2002

	Schedule	Rupees	March 31, 2001		Schedule	Rupees	March 31, 2001
SOURCES OF FUNDS				INCOME			
Shareholders' Funds :				Trusteeship fees (gross)			
Share Capital	1	8,000	8,000	(TDS Rs.12,750, previous		251,100	150,000
Reserves and Surplus	2	213,955	78,084	year Rs. 8,250) (including Rs. 50,000			
			86,084	in respect of earlier year)			
		221,955	86,084				
Corpus fund (Refer Note No.1)		11,000	1,000			251,100	150,000
Total		232,955	87,084				
APPLICATION OF FUNDS				EXPENDITURE			
Investments				Audit Fees (Including Service			
	3	200	—	Tax Rs. 300)		6,300	6,300
Current Assets, Loans and Advances				Directors Fees			
Cash and Bank Balances	4	399,133	150,750	Profession Tax		9,000	—
Loans and Advances	5	164,000	45,250	ROC Filing Fees		4,900	—
		563,133	196,000	Preliminary expenses written off		500	—
						14,529	14,529
Less : Current Liabilities and Provisions				Profit Before Tax		215,871	129,171
Current Liabilities	6	242,878	115,945	Provision for Taxation		80,000	51,087
Provisions	7	131,087	51,087	Profit After Tax		135,871	78,084
		373,965	167,032	Balance brought forward		78,084	—
				from previous year			
Net Current Assets		189,168	28,968	Balance carried to Balance Sheet		213,955	78,084
Miscellaneous Expenditure	8	43,587	58,116	Profit after tax		135,871	78,084
(to the extent not written off or adjusted)				Weighted Average Number of		800	800
				Equity Shares outstanding			
Total		232,955	87,084	Basic and Diluted Earning Per Share		169.84	97.60
				(Nominal Value Rs. 10 per share)			
Accounting Policies and Notes to Accounts	9			Accounting Policies and Notes to Accounts	9		

As per our attached Report of even date

For and on behalf of the Board

As per our attached Report of even date

For and on behalf of the Board

For C. C. CHOKSHI & CO.
Chartered Accountants

SANJIV KERKAR
Chairman

For C. C. CHOKSHI & CO.
Chartered Accountants

SANJIV KERKAR
Chairman

P. R. BARPANDE
Partner

GIRISH MEHTA
Director

P. R. BARPANDE
Partner

GIRISH MEHTA
Director

Mumbai, May 2, 2002

Mumbai, May 2, 2002

schedules

forming part of the Balance Sheet as at March 31, 2002

Rupees *March 31,
2001*

SCHEDULE 1 SHARE CAPITAL

Authorised:

1,000,000 Equity Shares of Rs.10 each	<u>10,000,000</u>	<u>10,000,000</u>
	<u>10,000,000</u>	<u>10,000,000</u>

Issued, Subscribed and Paid up

800 Equity Shares of Rs.10 each fully paid up	<u>8,000</u>	<u>8,000</u>
	<u>8,000</u>	<u>8,000</u>

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

SCHEDULE 2 RESERVES AND SURPLUS

Surplus in Profit and Loss Account	<u>213,955</u>	<u>78,084</u>
	<u>213,955</u>	<u>78,084</u>

SCHEDULE 3 INVESTMENTS (at cost)

Long Term Investments		
In equity shares (fully paid)		
ICICI Venture Funds Management Company Limited		
20 (Previous year Nil) Equity Shares of Rs. 10 each	<u>200</u>	<u>—</u>
	<u>200</u>	<u>—</u>

SCHEDULE 4 CASH AND BANK BALANCES

Bank Balances with Scheduled Banks (Refer Note No.1)		
– in Current Accounts	<u>389,100</u>	<u>150,750</u>
– in Savings Account	<u>10,033</u>	<u>—</u>
	<u>399,133</u>	<u>150,750</u>

SCHEDULE 5 LOANS AND ADVANCES (Unsecured and considered good)

Advance Payment of Income Tax, etc.	<u>164,000</u>	<u>45,250</u>
	<u>164,000</u>	<u>45,250</u>

SCHEDULE 6 CURRENT LIABILITIES

Sundry Creditors :

(i) Total outstanding dues of Small Scale Industrial Undertakings	<u>—</u>	<u>—</u>
(ii) Total outstanding dues of creditors other than Small Scale Industrial Undertakings	<u>242,878</u>	<u>115,945</u>
	<u>242,878</u>	<u>115,945</u>

SCHEDULE 7 PROVISIONS

Provision for taxation	<u>131,087</u>	<u>51,087</u>
	<u>131,087</u>	<u>51,087</u>

SCHEDULE 8 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

Preliminary Expenses	<u>58,116</u>	<u>72,645</u>
Less: 1/5 written off for the year	<u>14,529</u>	<u>14,529</u>
	<u>43,587</u>	<u>58,116</u>

SCHEDULE 9 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Significant accounting policies :

1. Basis of preparation of financial statements

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialise.

3. Revenue Recognition

Income from Trusteeship Fees in respect of the various schemes of the Fund is accounted / accrued on the basis of the understanding/ agreement with the Fund.

4. Income Taxes

Tax expense represents the aggregate of the current tax and deferred tax. The deferred tax is computed in accordance with the requirements of the Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

5. Preliminary expenses

Preliminary Expenses towards the incorporation of the company are treated as miscellaneous expenditure and will be written off to the Profit and Loss Account over a period of 5 years from the year in which the company commences operations.

6. Investments

Investments classified as long-term investments are stated at cost. Provision is made to recognize a decline, other than temporary in the value of investments.

7. Contingent liabilities

These, if any, are disclosed in the Notes to Accounts. Provision is made in the accounts in respect of those contingencies, which are likely to materialise into liabilities after the year-end till the finalisation of accounts and have material effect on the position stated in the Balance Sheet.

Notes to Accounts :

- In terms of the Indenture of Trust entered into between the Company and ICICI Prudential Life Insurance Company Limited, the Company had received Rs. 1,000 as corpus fund from the said insurance company. In terms of the Indenture of Trust entered into between the Company and ICICI Limited for setting up ICICI Securities Fund, the Company has received Rs. 10,000 as initial corpus fund from ICICI Limited. The said amounts aggregating to Rs. 11,000 are deposited in the bank and shown under Schedule 4.
- The amounts in the Balance Sheet and Profit and Loss Account are rounded off to the nearest Rupee.
- Figures of the previous year have been regrouped/rearranged and reclassified, wherever necessary, to correspond with those of the current year.
- There are no tax implications arising out of Deferred Tax Accounting as stated in the accounting policy.

1. Registration Details

Registration No.
 State Code
 Balance Sheet Date
 Date Month Year

2. Capital raised during the year

(Amount in Rupees)

Public Issue
 Bonus Issue
 Rights Issue
 Private Placement

3. Position of Mobilisation and Deployment of Funds

(Amount in Rupees)

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

4. Performance of the Company

(Amount in Rupees)

Turnover (Gross Income)
 Profit before Tax
 Earnings per Share in Rupees – basic and diluted –
 Nominal value Rs. 10 per Share
 Total Expenditure
 Profit after Tax
 Dividend Rate %

5. Generic Names of three Principal Products/Services of the Company

Trustees for Funds
 Item Code

As per our attached Report of even date For and on behalf of the Board

For C. C. CHOKSHI & CO.
Chartered Accountants
 P. R. BARPANDE
Partner
 Mumbai, May 2, 2002

SANJIV KERKAR
Chairman
 GIRISH MEHTA
Director