



5TH ANNUAL REPORT AND ACCOUNTS 1998-99

Chairman

Directors

S.H. Bhojani
M.J. Subbaiah
Jawahir Mulraj

Chief Executive Officer

O.P. Srivastava

Company Secretary

Executive

R.K. Saxena

Auditors

S.B. Billimoria & Co.
Chartered Accountants

Registered Office

4, Nagarjuna Hills
Punjagutta
Hyderabad - 500 482

Corporate Office

Nirlon House
254-B, Dr. Annie Besant Road
Worli
Mumbai - 400 025

directors' report



To the Members

Your Directors have pleasure in presenting the Fifth Annual Report of the Company together with the audited Statement of Accounts for the year ended March 31, 1999.

FINANCIAL PERFORMANCE

The Profit & Loss Account shows a profit before taxation of Rs. 9.28 million (previous year - Rs. 5.21 million) after provision of Rs. 0.65 million (previous year - Rs. 0.31 million) against non-performing assets and taking into account all expenses including depreciation of Rs. 0.47 million (previous year - Rs. 0.69 million) on fixed assets. The net profit is Rs. 8.26 million (previous year - Rs. 4.31 million).

Taking into account the balance of Rs.1.05 million brought forward from the previous year, the disposable profit is Rs. 9.31 million (previous year - Rs. 5.26 million). The Directors have recommended a dividend at the rate of 7.5% for the year ended March 31, 1999 and have appropriated the disposable profit as under :

| | (Rs. in million) | |
|--|------------------|---------|
| | 1998-99 | 1997-98 |
| To Reserve Fund [in terms of Section 45-IC of the RBI Act, 1934 as amended by the RBI (Amendment) Act, 1997] | 1.67 | 0.86 |
| To General Reserve | 0.30 | 0.60 |
| The Directors recommend a dividend for the year ended March 31, 1999 | | |
| – On equity shares at the rate of 7.5% | 3.75 | 2.50 |
| – Corporate dividend tax | 0.38 | 0.25 |
| Leaving balance to be carried forward to next year | 3.21 | 1.05 |

OPERATIONS

In line with ICICI's strategy of offering a comprehensive range of financial products and services to retail customers, the Company was mandated during the year under review by ICICI to carry out, on its behalf, the retail resource raising activities and to provide front office services related to all retail and semi-wholesale liability products of ICICI. During the year, the Company further strengthened its distribution network. As at the year end, it had over 8,000 agents. This enhanced distribution network enabled the Company to procure over 1,65,000 applications aggregating over Rs.6,200 million, in various ICICI Bonds Issues. The Company also undertook private placement of various ICICI instruments during the year. It is proposed to further strengthen this activity in the coming year.

The Company was a wholly-owned subsidiary of ICICI Personal Financial Services Limited (formerly known as ICICI Credit Corporation Limited). In line with ICICI's strategy, ICICI Personal Financial Services Limited shall serve as a focal point for the marketing and distribution of all retail asset products for ICICI, as also for providing services to retail customers. Since the activities of the Company are related to the retail and semi-wholesale liability products of ICICI, realignment of the Company with ICICI was considered necessary. As a result, the entire shareholding of ICICI Personal Financial Services Limited in the Company, was transferred to ICICI. The Company has now become a wholly-owned subsidiary of ICICI.

RESOURCES

The paid-up equity capital remained at Rs. 50 million, as on March 31, 1999 reflecting no change over the previous year. The Company had an unavailed overdraft facility against fixed deposits with ICICI Banking Corporation Limited during the year. During the year under review, no deposits from the public were accepted or renewed by the Company.

DIVIDEND

The Company proposes to pay equity dividend at the rate of 7.5 per cent.

BUSINESS STRATEGY AND FUTURE PLANS

In its endeavour to achieve the overall corporate objective of offering

a comprehensive range of financial products and services to retail as well as semi-wholesale investors of ICICI, the Company would undertake the setting up of a complete distribution system including creation of an agent network, worksite marketing and investor servicing.

Further, ICICI plans to set up 'ICICI Safety Centres' in about 300 cities and towns, which will be manned and operated by the Company.

YEAR 2000 PREPAREDNESS

The Company has assigned critical importance to all issues related to Year 2000 (Y2K) and top management has devoted substantial attention to it. A structured approach has been taken by a dedicated team to address all issues pertaining to Y2K. A significant portion of the hardware and software used by the Company is now Y2K compliant. We expect to be fully Y2K compliant by the end of June 1999. The Company will continue to keep track of all events and happenings around the Y2K issue. Though we have taken all necessary precautions, a Y2K contingency plan has been prepared to ensure smooth functioning and continuity of the business. The Company is well prepared to face the new millennium.

PERSONNEL AND OTHER MATTERS

There are no employees within the purview of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

There was no expenditure or income in foreign currency during the year.

Since the 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, being not applicable, is not given.

DIRECTORS

In terms of the provisions of the Articles of Association of the Company, Shri S. H. Bhojani, would retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS AND AUDITORS' REPORT

M/s. S. B. Billimoria & Co., Chartered Accountants, the Company's Auditors, will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished the requisite certificate under Section 224(1B) of the Companies Act, 1956.

The observations contained in the Auditors' Report are self explanatory and, therefore, no comments are called for separately.

ACKNOWLEDGEMENTS

The Company is grateful to Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India and OTC Exchange of India for their continuous support through the year. The Company is also grateful to its clients, agents and bankers for the support received during the year.

The Company is grateful for the guidance and advice received from ICICI, the parent organization as also for the support and co-operation from other ICICI Group companies.

The Directors would also like to place on record their appreciation for the commitment, hard work and team effort shown by the employees of the Company.

For and on behalf of the Board

S. H. BHOJANI
Chairman

Mumbai, April 20, 1999

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, 1999 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) in our opinion the Balance Sheet and Profit and Loss Account dealt

with by this report are in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 and are in agreement with the books of account;

- (d) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 1999; 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

S.J. MERCHANT
Partner

Mumbai, April 20, 1999

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 discrepancies were revealed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The investments held as stock-in-trade have been periodically reconciled with the statements. No discrepancies have been noticed on such reconciliation. As at March 31, 1999 there is no stock-in-trade.
4. 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.
5. 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.
6. 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 public falling under the purview of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
7. In our opinion, the Company has an internal audit system, which is broadly commensurate with the size and nature of its business.
8. The Provident Fund dues are deposited with the appropriate authority by the holding company on behalf of the Company. We have been informed that such dues are regularly deposited with the appropriate authority and
9. there are no arrears of such dues as at the Balance Sheet date.
9. There were no undisputed amounts payable in respect of income tax, sales tax and customs duty outstanding as at March 31, 1999 for a period of more than six months from the date they became payable.
10. 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.
11. 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.
12. Having regard to the nature of service activities, a system for allocating manhours to the relative jobs is not considered necessary.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. 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

S.J. MERCHANT
Partner

Mumbai, April 20, 1999.

balance sheet profit and loss account



as at March 31, 1999

for the year ended March 31, 1999

| | Schedule | (Rupees in million) | March 31, 1998 | | Schedule | (Rupees in million) | March 31, 1998 |
|---|----------|---------------------|----------------|---|----------|---------------------|----------------|
| SOURCES OF FUNDS | | | | INCOME | | | |
| Shareholders' Funds | | | | Income from operations | | | |
| Share Capital | A | 50.00 | 50.00 | | G | 86.43 | 46.03 |
| Reserves and Surplus | B | 19.96 | 15.83 | EXPENDITURE | | | |
| | | | | Staff expenses | H | 1.00 | 1.89 |
| | | <u>69.96</u> | <u>65.83</u> | Establishment expenses | I | 4.27 | 2.09 |
| | | <u>69.96</u> | <u>65.83</u> | Financial charges | J | 0.65 | 0.32 |
| APPLICATION OF FUNDS | | | | Other expenses | K | 69.41 | 35.79 |
| Fixed Assets | | | | Depreciation | | 0.47 | 0.69 |
| Gross Block | C | 19.56 | 19.52 | Preliminary expenses and | | | |
| Less: Depreciation | | 3.52 | 3.05 | Market Development | | | |
| Net Block | | <u>16.04</u> | <u>16.47</u> | expenditure written off | | <u>1.35</u> | <u>0.04</u> |
| Investments | | | | | | <u>77.15</u> | <u>40.82</u> |
| Current Assets, Loans and Advances | D | 30.79 | 33.58 | Profit before taxation | | 9.28 | 5.21 |
| Less: Current Liabilities and Provisions | E | 57.44 | 38.67 | Less: Provision for taxation | | 1.02 | 0.90 |
| Net Current Assets, Loans and Advances | F | <u>39.73</u> | <u>23.11</u> | Profit after taxation | | 8.26 | 4.31 |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | | | | Add: Balance brought forward from previous year | | 1.05 | 0.95 |
| Preliminary expenses | | 0.18 | 0.22 | Disposable profit | | <u>9.31</u> | <u>5.26</u> |
| Market Development expenditure | | <u>5.24</u> | <u>0.00</u> | APPROPRIATIONS | | | |
| | | <u>5.42</u> | <u>0.22</u> | Reserve Fund | | 1.67 | 0.86 |
| | | <u>69.96</u> | <u>65.83</u> | General Reserve | | 0.30 | 0.60 |
| Notes forming part of the accounts | L | | | Proposed Dividend | | 3.75 | 2.50 |
| Significant accounting policies | M | | | Tax on Proposed Dividend | | 0.38 | 0.25 |
| Balance sheet abstract and Company Profile | N | | | Balance carried to Balance Sheet | | 3.21 | 1.05 |
| | | | | | | <u>9.31</u> | <u>5.26</u> |
| | | | | Notes forming part of the accounts | L | | |
| | | | | Significant accounting policies | M | | |
| | | | | Balance sheet abstract and Company Profile | N | | |

As per our report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

S.J. MERCHANT
Partner

Mumbai, April 20, 1999

For and on behalf of the Board

S.H. BHOJANI
Chairman

O.P. SRIVASTAVA
Chief Executive Officer

R.K. SAXENA
Company Secretary

schedules

forming part of the Accounts

(Rupees in million)

March 31,
1998

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, 1998 | Additions during the year | Balance as at March 31, 1999 |
|-----------------------------|---------------------------------|------------------------------|---------------------------------|
| Reserve Fund | 2.48 | 1.67 | 4.15 |
| General Reserve | 12.30 | 0.30 | 12.60 |
| Profit & Loss Account | 1.05 | 2.16 | 3.21 |
| | 15.83 | 4.13 | 19.96 |
| <i>As at March 31, 1998</i> | 14.27 | 1.56 | 15.83 |

C. FIXED ASSETS

| | Gross Block - at cost | | | Depreciation | | | | Net Block | | |
|------------------------------------|----------------------------|-----------|-----------|----------------------------|----------------------------|-----------------|-----------------|----------------------------|----------------------------|----------------------------|
| | As at March 31, 1998 | Additions | Deletions | As at March 31, 1999 | As at March 31, 1998 | For the year | On Deletions | As at March 31, 1999 | As at March 31, 1999 | As at March 31, 1998 |
| Stock exchange membership (Note 3) | 15.03 | — | — | 15.03 | — | — | — | — | 15.03 | 15.03 |
| Furniture and fixtures | 0.20 | — | — | 0.20 | 0.10 | 0.02 | — | 0.12 | 0.08 | 0.10 |
| Office equipment | 4.29 | 0.04 | — | 4.33 | 2.95 | 0.45 | — | 3.40 | 0.93 | 1.34 |
| | 19.52 | 0.04 | — | 19.56 | 3.05 | 0.47 | — | 3.52 | 16.04 | 16.47 |
| As at March 31, 1998 | 19.54 | 0.30 | 0.32 | 19.52 | 2.36 | 0.69 | * | 3.05 | 16.47 | |

* Less than Rs. 5,000

D. INVESTMENTS

Long Term - at cost (Note 2)

| | | |
|---|-------|-------|
| Equity Shares (quoted & fully paid-up) | — | 1.93 |
| Equity Shares (unquoted & fully paid-up) | 0.01 | — |
| Non-Convertible Debentures (quoted & fully paid-up) | 4.11 | 4.34 |
| Non-Convertible PSU Bonds (quoted & fully paid-up) | 27.63 | 27.63 |
| | 31.75 | 33.90 |
| Less: Provision | 0.96 | 0.32 |
| | 30.79 | 33.58 |
| Quoted | 31.74 | 33.90 |
| Unquoted | 0.01 | — |
| Market Value * | 32.02 | 32.32 |

* Redemption/break-up values have been substituted where market values are not available

schedules



forming part of the Accounts

Continued

(Rupees in million)

March 31,
1998

E. CURRENT ASSETS, LOANS AND ADVANCES

(A) Current Assets

| | | | |
|---|----------|-------|----------|
| Interest and dividend accrued | 4.89 | | 1.65 |
| Less: Provision | 1.10 | | 0.59 |
| | | 3.79 | 1.06 |
| Investments held as stock-in-trade (Note 1) (At aggregate cost or market value whichever is lower) | | 0.00 | 0.67 |
| Sundry Debtors (Unsecured-considered good) | | | |
| more than six months | * | | 0.00 |
| others | 9.12 | | 16.10 |
| | | 9.12 | 16.10 |
| Cash and bank balances | | | |
| Current accounts | 4.06 | | 1.10 |
| Fixed deposits | 30.50 ** | | 12.00 ** |
| Cash & Cheques on hand | 0.02 | | 0.01 |
| | 34.58 | | 13.11 |
| Sundry deposits | 0.06 | | 0.24 |
| | | 34.64 | 13.35 |
| | | 47.55 | 31.18 |

(B) Advances

| | | | |
|--|------|-------|-------|
| Advances against expenses | 0.40 | | 0.03 |
| Prepaid expenses | 0.02 | | 0.02 |
| | 0.42 | | 0.05 |
| Advance income tax and tax deducted at source | 9.47 | | 7.44 |
| | | 9.89 | 7.49 |
| | | 57.44 | 38.67 |

F. CURRENT LIABILITIES AND PROVISIONS

(A) Liabilities

| | | | |
|------------------|--|-------|-------|
| Sundry creditors | | 27.77 | 13.55 |
|------------------|--|-------|-------|

(B) Provisions

| | | | |
|--|------|-------|-------|
| Provision for taxation | 7.83 | | 6.81 |
| Proposed dividend | 3.75 | | 2.50 |
| Provision for tax on proposed dividend | 0.38 | | 0.25 |
| | | 11.96 | 9.56 |
| | | 39.73 | 23.11 |

G. INCOME FROM OPERATIONS

| | | | |
|--|-------|-------|-------|
| Placement commission | — | | 0.23 |
| Brokerage on primary market | 70.29 | | 37.03 |
| Issue marketing fees | 10.88 | | 4.38 |
| (tax deducted at source Rs. 0.35 million: previous year - Rs. 0.06 million) | | | |
| Increase in investments held as stock-in-trade | — | | 0.01 |
| | | 81.17 | 41.65 |
| Other Income | | | |
| Interest on | | | |
| Bonds and Debentures | 2.91 | | 2.85 |
| (tax deducted at source Rs.0.04 million: previous year Rs.0.05 million) | | | |
| Deposits | 2.22 | | 1.47 |
| (tax deducted at source Rs. 0.13 million: previous year - Rs. 0.26 million) | | | |
| Dividend income | 0.02 | | 0.03 |
| (tax deducted at source Rs. Nil : previous year - Rs. 0.00 million*) | | | |
| Redemption premium on SPN | * | | 0.02 |
| (tax deducted at source Rs. 0.00 million*: previous year - Rs. 0.00 million.*) | | | |
| Miscellaneous income | 0.05 | | 0.01 |
| Profit on redemption | 0.06 | | — |
| | | 5.26 | 4.38 |
| | | 86.43 | 46.03 |

* Less than Rs. 5,000

** ICICI Banking Corporation Ltd. has lien over fixed deposit receipts of Rs. 4.00 million.
(previous year - Rs. 4.00 million) for overdraft facilities and Rs. 2.50 million (previous year - Nil) against bank guarantee.

schedules

forming part of the Accounts

Continued

(Rupees in million)

March 31,
1998

H. STAFF EXPENSES

| | | |
|---|-------------|-------------|
| Salaries and other employee benefits | 0.58 | 1.74 |
| Contribution to provident and other funds | 0.06 | 0.15 |
| Staff welfare expenses | 0.36 | * |
| | <u>1.00</u> | <u>1.89</u> |

I. ESTABLISHMENT EXPENSES

| | | |
|-------------------------|-------------|-------------|
| Rent | 3.41 | 1.64 |
| Repairs and maintenance | 0.56 | 0.38 |
| Electricity expenses | 0.30 | 0.06 |
| Insurance charges | * | 0.01 |
| | <u>4.27</u> | <u>2.09</u> |

J. FINANCIAL CHARGES

| | | |
|-------------------------------|-------------|-------------|
| Interest on secured overdraft | — | 0.01 |
| Provision against investments | 0.65 | 0.31 |
| | <u>0.65</u> | <u>0.32</u> |

K. OTHER EXPENSES

| | | |
|--|--------------|--------------|
| Sub-brokerage | 62.33 | 34.00 |
| Subscription | * | 0.04 |
| Printing and stationery | 0.43 | 0.93 |
| Books and periodicals | 0.10 | * |
| Postage, telephone and telex | 2.86 | 1.09 |
| Conveyance | 0.22 | 0.07 |
| Miscellaneous expenses | 0.04 | 0.02 |
| Bank charges | 0.12 | 0.04 |
| Dealing expenses | — | 0.01 |
| Membership fees | 0.25 | 0.34 |
| Share transfer expenses | — | 0.06 |
| Legal & professional charges | 0.03 | 0.03 |
| Seminar expenses | * | 0.03 |
| Travelling expenses | 0.35 | 0.02 |
| Recruitment expenses | * | — |
| Directors' sitting fees | 0.01 | 0.01 |
| Training expenses | 0.04 | — |
| Advertisement expenses | 0.04 | — |
| Marketing expenses | 0.67 | — |
| Auditors' remuneration | | |
| Audit fees | 0.05 | 0.05 |
| Tax audit | 0.02 | 0.02 |
| Company law and other matters (including Rs. 0.06 million for 1997-98) | 0.10 | 0.02 |
| Out of pocket expenses | * | * |
| | <u>0.17</u> | <u>0.09</u> |
| Loss/(Profit) on sale/redemption of investments & stock-in-trade (net) | 1.75 | (0.99) |
| | <u>69.41</u> | <u>35.79</u> |

* Less than Rs. 5,000

schedules

L. NOTES FORMING PART OF THE ACCOUNTS

- Particulars of companywise investments including investments held as stock-in-trade are disclosed. As per the legal advice obtained, the Company is an investment company in terms of the proviso to Section 372 (10) of the Companies Act, 1956 as well as under Section 372A(8)(a)(ii) of the Companies (Amendment) Ordinance, 1999. Accordingly, particulars of only those investments, which are existing on the date of the Balance Sheet, have been disclosed.

Additional information pertaining to investments held as stock-in-trade:

| Particulars | Opening Stock | | Purchases * | | Sales | | Closing Stock | |
|----------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|-----------------------|
| | Quantity (Nos.) | Value (Rs. in mn.) | Quantity (Nos.) | Value (Rs. in mn.) | Quantity (Nos.) | Value (Rs. in mn.) | Quantity (Nos.) | Value (Rs. in mn.) |
| Equity Shares | 8226 | 0.67 | 0 | 0.00 | 8226 | 0.45 | 0 | 0.00 |
| As at March 31, 1998 | 9929 | 1.11 | 129 | 0.00 | 1832 | 0.44 | 8226 | 0.67 |

* Includes Bonus Shares

- The investments are shown in Balance Sheet at cost. In 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.
- Since the Company was predominantly engaged in the business of broking, the deposits made by it with National Stock Exchange of India Limited (NSE) and Over The Counter Exchange of India (OTCEI) towards acquiring the membership of these exchanges, were 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.
- Contingent liabilities on account of :

| | As at March 31, 1999 (Rs. in mn.) | <i>As at March 31, 1998 (Rs. in mn.)</i> |
|---|--|--|
| Bank guarantee | 2.50 | 2.50 |
| Tax demand in appeals | 0.13 | — |
| 5. Managerial Remuneration: | | |
| a. Salaries and other allowances | Not applicable * | 0.16 |
| b. Company's contribution to Provident and other funds | Not applicable * | 0.03 |
| c. Perquisites evaluated in accordance with Income Tax Rules, 1962 | Not applicable * | 0.02 |
| (* borne by ICICI Ltd., the holding company) | | <u>0.21</u> |
| 6. Expenditure in foreign currency | Nil | Nil |
| 7. Earning in foreign currency | Nil | Nil |
| 8. Staff expenses include expenses reimbursed to ICICI Personal Financial Services Limited for employees deputed to the Company and exclude the remuneration of the Chief Executive Officer, which is borne by ICICI Ltd., the holding company. | | |
| 9. The figures of the previous year have been regrouped, wherever necessary, so as to make them comparable with those of the current year. | | |

M. 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

- Revenue Recognition
 - 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.
 - Interest income is accounted for on accrual basis.
 - Profit or loss on sale of investments and stock-in-trade is recognized on contract dates on weighted average cost basis.
- Expenses

All expenses are provided for on accrual basis.

2. Fixed Assets

Fixed Assets are capitalized at cost inclusive of 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 said Act, except in respect of stock exchange membership on which no depreciation has been charged.

3. Investments

Investments are capitalized at cost. In terms of the Reserve Bank of India guidelines to Non-Banking Financial Companies, all investments in securities are bifurcated into current investments and long term investments. The investments acquired with the intention of short term holding are considered as stock-in-trade and classified as current assets and others are considered as long term investments. Unquoted shares are valued at cost or break-up value, whichever is less. Other unquoted securities are valued at cost. Quoted investments considered as stock-in-trade, are valued at the lower of the aggregate market value or cost. However, quoted investments, other than stock-in-trade, 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. Miscellaneous Expenditure

Preliminary expenses have been amortized in accordance with Section 35D of the Income Tax Act, 1961. Market Development expenses have been amortized over 5 years from the year in which the expenses are incurred.

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Annexure to Schedule D forming part of the Accounts

Continued

(Rupees in million)

Investments as at March 31, 1999

| Name of the Company | Number of Shares/ Deb/Bonds | Face Value Per Share/ Deb/Bond (Rs.) | Cost | | |
|---|--|--|-------------------------|-------------------------|------|
| | | | As at March 31, 1999 | As at March 31, 1998 | |
| Equity Shares (Quoted and fully paid-up) | | | | | |
| Alan Scott Industries Limited (formerly Suketu Fashions Ltd.) | 0 | — | — | 0.20 | |
| Pal-Peugeot Ltd. | 0 | — | — | 0.79 | |
| Teaktex Processing Complex Ltd. | 0 | — | — | 0.94 | |
| | | | — | 1.93 | |
| Equity Shares (Unquoted and fully paid-up) | | | | | |
| ICICI Realty Ltd. | 500 | 10 | 0.01 | — | |
| | | | 0.01 | — | |
| Non-Convertible Debentures (Quoted and fully paid-up)* | | | | | |
| 17.0% | Apollo Tyres Ltd. | 10 | 35 | ** | ** |
| 12.5% | Apollo Tyres Ltd. | 0 | — | — | 0.01 |
| 12.5% | Apollo Tyres Ltd. | 0 | — | — | ** |
| 12.5% | Ashok Leyland Ltd. | 0 | — | — | ** |
| 14.0% | Ashok Leyland Ltd. | 357 | 65 | 0.02 | 0.03 |
| 15.0% | Ballarpur Industries Ltd. | 138 | 120 | 0.01 | 0.02 |
| 14.5% | Bharat Forge Ltd. | 119 | 50 | ** | ** |
| 16.0% | Bharat Forge Ltd. | 89 | 200 | 0.01 | 0.02 |
| 15.0% | Carborundum Universal Ltd. | 117 | 70 | 0.01 | 0.01 |
| 12.5% | Ceat Ltd. | 147 | 25 | ** | 0.01 |
| 17.0% | DCM Shriram Consolidated Ltd. | 3 | 100 | ** | ** |
| 15.0% | DCM Shriram Consolidated Ltd. | 69 | 90 | ** | 0.01 |
| 13.0% | DCM Shriram Consolidated Ltd. | 439 | 100 | 0.03 | 0.03 |
| 16.5% | DCM Shriram Industries Ltd. | 4 | 60 | ** | ** |
| 15.0% | DCM Shriram Industries Ltd. | 120 | 50 | ** | ** |
| 16.5% | DCW Ltd. | 57 | 45 | ** | ** |
| 14.0% | DCW Ltd. | 25 | 100 | ** | ** |
| 15.0% | EID Parry (India) Ltd. | 88 | 80 | 0.01 | 0.01 |
| 16.0% | EIH Ltd. | 21 | 100 | ** | ** |
| 15.0% | EIH Ltd. | 58 | 100 | 0.01 | 0.01 |
| 14.0% | Electrosteel Castings Ltd. | 0 | — | — | ** |
| 15.0% | Electrosteel Castings Ltd. | 195 | 60 | 0.01 | 0.01 |
| 15.0% | Escorts Ltd. | 120 | 120 | 0.01 | 0.01 |
| 12.5% | Escorts Ltd. | 125 | 45 | 0.01 | 0.01 |
| 16.0% | Essar Shipping Ltd. | 855 | 50 | 0.04 | 0.04 |
| 14.0% | Finolex Industries Ltd. | 948 | 90 | 0.06 | 0.06 |
| 14.0% | Finolex Industries Ltd. | 0 | — | — | 0.01 |
| 16.0% | Garware Polyester Ltd. | 5 | 66 | ** | ** |
| 12.5% | Grasim Industries Ltd. | 0 | — | — | ** |
| 12.5% | Gujarat Industries Power Co. Ltd. | 0 | — | — | ** |
| 15.0% | Herbertsons Ltd. | 110 | 100 | 0.01 | 0.01 |
| 12.5% | Herdillia Unimers Ltd. | 20 | 100 | ** | ** |
| 14.0% | Hindusthan Development Corporation Ltd. | 892 | 50 | 0.03 | 0.03 |
| 12.5% | Hindusthan Development Corporation Ltd. | 25 | 60 | ** | ** |
| 14.0% | Hotel Leelaventure Ltd. | 100 | 150 | 0.01 | 0.01 |
| 15.0% | Hyderabad Industries Ltd. | 96 | 100 | 0.01 | 0.01 |
| 15.0% | Indian Rayon & Industries Ltd. | 0 | — | — | 0.01 |
| 17.0% | ITC Hotels Ltd. | 125 | 250 | 0.03 | 0.03 |
| 17.0% | J.K. Synthetics Ltd. | 6 | 40 | ** | ** |
| 12.5% | J.K. Synthetics Ltd. | 74 | 180 | 0.01 | 0.01 |
| 16.0% | J.M. Share & Stock Brokers Ltd. | 100 | 100 | 0.01 | 0.01 |
| 14.0% | J.M. Share & Stock Brokers Ltd. | 280 | 40 | 0.01 | 0.01 |
| 14.0% | Jain Irrigation System Ltd. | 1603 | 70 | 0.09 | 0.09 |
| 12.5% | Jindal Iron and Steel Ltd. | 335 | 20 | 0.01 | 0.01 |
| 12.5% | Jindal Strips Ltd. | 42 | 156 | 0.01 | 0.01 |
| 16.0% | JK Corp Ltd. | 257 | 130 | 0.03 | 0.03 |
| 14.0% | JK Corp Ltd. | 300 | 180 | 0.04 | 0.04 |
| 16.0% | Kalyani Steels Ltd. | 45 | 267 | 0.01 | 0.02 |
| 14.0% | Kalyani Steels Ltd. | 200 | 30 | ** | 0.01 |
| 15.0% | Kirloskar Oil Engines Ltd. | 20 | 65 | ** | ** |
| 12.5% | Kirloskar Pneumatic Co. Ltd. | 325 | 20 | ** | 0.01 |
| 16.0% | Kothari Sugars & Chemicals Ltd. | 34 | 33 | ** | ** |
| 14.5% | Mahindra & Mahindra Ltd. | 31 | 100 | ** | ** |
| 16.0% | Mangalore Refinery & Petrochemicals Co. Ltd. | 550 | 76 | 0.03 | 0.04 |
| 16.0% | Mukand Ltd. | 370 | 195 | 0.07 | 0.09 |
| 12.5% | Nicholas Piramal India Ltd. | 500 | 50 | 0.02 | 0.02 |

schedules



Annexure to Schedule D forming part of the Accounts

Continued

(Rupees in million)

| Name of the Company | | Number of Shares/ Deb/Bonds | Face Value Per Share/ Deb/Bond (Rs.) | Cost | |
|--|--|--------------------------------|--|-------------------------|-------------------------|
| | | | | As at March 31, 1999 | As at March 31, 1998 |
| 15.0% | Pal-Peugeot Ltd. | 78600 | 40 | 3.14 | 3.14 |
| 12.5% | Procter & Gamble India Ltd. | 18 | 45 | ** | ** |
| 12.5% | Rallis India Ltd. | 99 | 80 | 0.01 | 0.01 |
| 15.0% | Ranbaxy Laboratories Ltd. | 0 | — | — | 0.01 |
| 12.5% | Ranbaxy Laboratories Ltd. | 0 | — | — | ** |
| 12.5% | Raymond Ltd. | 0 | — | — | 0.01 |
| 16.0% | Raymond Ltd. | 91 | 100 | 0.01 | 0.01 |
| 14.0% | Reinz-Talbros Ltd. | 45 | 60 | ** | ** |
| 15.0% | Reinz-Talbros Ltd. | 83 | 90 | 0.01 | 0.01 |
| 12.5% | Reliance Industries Ltd. | 655 | 95 | 0.04 | 0.04 |
| 15.0% | Siel Ltd. | 30 | 60 | ** | ** |
| 17.5% | Standard Industries Ltd. | 30 | 25 | ** | ** |
| 13.5% | Sterlite Industries (India) Ltd. | 0 | — | — | 0.01 |
| 12.5% | Tata Chemicals Ltd. | 400 | 75 | 0.02 | 0.02 |
| 12.5% | Tata Chemicals Ltd. | 567 | 50 | 0.02 | 0.02 |
| 12.5% | Tata Elxsi (India) Ltd. | 0 | — | — | 0.01 |
| 12.5% | Tata Timken Ltd. | 80 | 100 | 0.01 | 0.01 |
| 12.0% | Textool Company Ltd. | 50 | 100 | ** | ** |
| 14.0% | The Andhra Valley Power Supply Co. Ltd. | 340 | 100 | 0.03 | 0.03 |
| 12.5% | The Arvind Mills Ltd. | 288 | 23 | 0.01 | 0.01 |
| 15.0% | The Bombay Dyeing & Mfg. Co. Ltd. | 0 | — | — | 0.01 |
| 16.0% | The Indian Seamless Metal Tubes Ltd. | 15 | 190 | ** | ** |
| 15.0% | The Lakshmi Mills Co. Ltd. | 10 | 220 | ** | ** |
| 14.0% | The Supreme Industries Ltd. | 0 | — | — | ** |
| 15.0% | The Supreme Industries Ltd. | 75 | 200 | 0.01 | 0.02 |
| 14.0% | The Tata Engineering & Locomotive Co. Ltd. | 17 | 35 | ** | ** |
| 12.5% | The Tata Engineering & Locomotive Co. Ltd. | 770 | 100 | 0.05 | 0.05 |
| - | The Tata Iron & Steel Co. Ltd. (spn) | 304 | 75 | 0.03 | 0.06 |
| 14.0% | The Tata Power Co. Ltd. | 99 | 200 | 0.01 | 0.01 |
| 17.0% | United Phosphorus Ltd. | 224 | 100 | 0.02 | 0.02 |
| 13.0% | Vardhman Polytex Ltd. | 128 | 200 | 0.02 | 0.02 |
| 14.0% | Vardhman Spinning & General Mills Ltd. | 33 | 150 | ** | ** |
| 16.0% | Voltas Ltd. | 0 | — | — | ** |
| 14.0% | Voltas Ltd. | 181 | 40 | 0.01 | 0.01 |
| | | | | 4.11 | 4.34 |
| | Less: Provision against Non-Performing investments | | | 0.96 | 0.32 |
| | | | | 3.15 | 4.02 |
| Non-Convertible PSU Bonds (Quoted and fully paid-up)* | | | | | |
| 9.0% (Tax free) | Housing & Urban Development Corporation Ltd. | 13000 | 1000 | 12.96 | 12.96 |
| 10.5% (Tax free) | Housing & Urban Development Corporation Ltd. | 3000 | 1000 | 2.73 | 2.73 |
| 10.5% (Tax free) | Konkan Railway Corporation Ltd. | 12000 | 1000 | 11.94 | 11.94 |
| | | | | 27.63 | 27.63 |
| Total Investments | | | | 30.79 | 33.58 |

* Percentage indicates Coupon Rate

** Less than Rs. 5,000

schedules

Annexure to Schedule E forming part of the Accounts

Continued

(Rupees in million)

Investments held as stock-in-trade as at March 31,1999

| Name of the Company | Number of Shares | Face Value Per Share (Rs.) | Cost | |
|---|------------------|----------------------------|---------------------|---------------------|
| | | | As at March 31,1999 | As at March 31,1998 |
| Shares (Quoted and fully paid-up) | | | | |
| Ashok Leyland Ltd. | 0 | — | — | 0.02 |
| Asian Paints (India) Ltd. | 0 | — | — | ** |
| Associated Cement Company Ltd. | 0 | — | — | 0.12 |
| Bharat Forge Ltd. | 0 | — | — | 0.01 |
| Ceat Ltd. | 0 | — | — | 0.01 |
| Century Enka Ltd. | 0 | — | — | 0.01 |
| Century Textiles & Industries Ltd. | 0 | — | — | 0.01 |
| CESC Ltd. | 0 | — | — | 0.01 |
| Chambal Fertilisers & Chemicals Ltd. | 0 | — | — | 0.01 |
| Escorts Ltd. | 0 | — | — | 0.01 |
| Essar Shipping Ltd. | 0 | — | — | 0.01 |
| Essar Steel Ltd. | 0 | — | — | 0.03 |
| Excel Industries Ltd. | 0 | — | — | 0.04 |
| Grasim Industries Ltd. | 0 | — | — | 0.12 |
| Gujarat Alkalies & Chemicals Ltd. | 0 | — | — | 0.01 |
| Gujarat Narmada Valley Fertilizers Co. Ltd. | 0 | — | — | 0.01 |
| Gujarat State Fertilizers Co. Ltd. | 0 | — | — | 0.05 |
| Hindustan Motors Ltd. | 0 | — | — | 0.01 |
| Indian Aluminium Company Ltd. | 0 | — | — | 0.01 |
| Indian Organic Chemicals Ltd. | 0 | — | — | ** |
| Indian Petrochemicals Corporation Ltd. | 0 | — | — | 0.01 |
| Indian Rayon & Industries Ltd. | 0 | — | — | 0.09 |
| Jain Irrigation Systems Ltd. | 0 | — | — | 0.01 |
| Jaiprakash Industries Ltd. | 0 | — | — | 0.02 |
| Jamna Auto Industries Ltd. | 0 | — | — | ** |
| JCT Ltd. | 0 | — | — | ** |
| JK Corp Ltd. | 0 | — | — | 0.05 |
| Larsen & Toubro Ltd. | 0 | — | — | 0.01 |
| Lloyds Steel Industries Ltd. | 0 | — | — | ** |
| Mukand Ltd. | 0 | — | — | 0.04 |
| Nagarjuna Fertilizers and Chemicals Ltd. | 0 | — | — | ** |
| Novartis India Ltd | 0 | — | — | ** |
| Pfizer Ltd. | 0 | — | — | ** |
| Pudumjee Pulp & Paper Mills Ltd. | 0 | — | — | 0.03 |
| Raymond Ltd. | 0 | — | — | 0.05 |
| Reliance Capital Ltd. | 0 | — | — | 0.02 |
| Searle India Ltd. | 0 | — | — | 0.01 |
| Siemens Ltd. | 0 | — | — | 0.01 |
| SKF Bearings India Ltd. | 0 | — | — | 0.01 |
| Smithkline Beecham Consumer Healthcare Ltd. | 0 | — | — | 0.01 |
| Standard Industries Ltd. | 0 | — | — | 0.01 |
| Sterlite Industries (India) Ltd. | 0 | — | — | 0.16 |
| Tata Chemicals Ltd. | 0 | — | — | 0.03 |
| The Bombay Dyeing & Mfg. Co. Ltd. | 0 | — | — | 0.02 |
| The Federal Bank Ltd. | 0 | — | — | 0.01 |
| The Great Eastern Shipping Co. Ltd. | 0 | — | — | ** |
| The India Cements Ltd. | 0 | — | — | 0.02 |
| The Premier Automobiles Ltd. | 0 | — | — | 0.01 |
| The Tata Iron & Steel Co. Ltd. | 0 | — | — | 0.01 |
| Titan Industries Ltd. | 0 | — | — | 0.05 |
| Voltas Ltd. | 0 | — | — | ** |
| Western Paques (India) Ltd. | 0 | — | — | ** |
| | | | — | 1.19 |
| | | | — | 1.19 |

** Less than Rs. 5,000

(Aggregate market value Nil, previous year - Rs. 0.67 million)

