



6TH ANNUAL REPORT AND ACCOUNTS 1998-99

Chairman

Directors
K.V. Kamath
S.H. Bhojani
V. Srinivasan

Company Secretary

Executive
S.R. Shettigar

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

Registered Office
Maratha Mandir Annexe
Dr. A.R. Nair Road
Mumbai Central
Mumbai 400 008

directors' report



To the Members

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

FINANCIAL RESULTS

The Company continued its superior performance and rapid growth during the year ended March 31, 1999 and this was reflected in a 143% increase in total income to Rs. 174.76 million. The increase in income is a result of the increased volume of transaction processing activities coupled with our efforts to diversify into software solutions.

The financial results for the year under review are as follows:

	(Rs. in million)	
	1998-99	1997-98
Profit before Interest, Depreciation and Tax	51.92	11.90
Less: Interest	4.54	1.44
Depreciation	6.37	3.94
Profit before Tax	41.01	6.52
Less: Provision for Tax	10.90	1.90
Profit after Tax	30.11	4.62
Less: Income Tax pertaining to earlier years	0.01	-
Balance of profit and loss account brought forward from previous year	2.60	2.73
Disposable profit	32.70	7.35
Appropriations:		
Transfer to General Reserve	3.01	0.35
Proposed Dividend	5.00	4.00
Corporate Dividend Tax	0.50	0.40
Balance carried to Balance Sheet	24.19	2.60

The use of state-of-the-art technology has substantially enhanced servicing and transaction processing capability per employee leading to margins of 23% in the current year as against 9% in the previous year. Further, the diversification into higher margin software solutions has also increased profitability.

Taking into account the net profit available for distribution, the amount to be transferred to General Reserve and providing for corporate dividend tax, your Directors recommend a dividend of Rs. 2.50 per share for the year ended March 31, 1999.

BUSINESS STRATEGY

In the past, ICICI Infotech worked exclusively for the ICICI Group companies providing excellent service to their investors. Over the past six years, ICICI Infotech has acquired considerable expertise in speedy, reliable and customer friendly *transaction processing* across a wide spectrum of financial instruments. To profitably leverage its knowledge and experience base, ICICI Infotech is now diversifying its client base to include other corporate clients.

The ICICI Group shall however remain an invaluable client for ICICI Infotech and the Company is continuously updating its procedures and systems to meet their requirements. ICICI Infotech is currently refining and streamlining its methodologies and systems to handle all processing requirements arising from ICICI's Personal Finance business.

The Company has actively applied technology in every area to achieve the best operating parameters in the industry while simultaneously increasing the volume of transactions. ICICI Infotech has been able to leverage its technological skills, as demonstrated by the ability to manage a large centralized database, to gain a distinct competitive advantage. Business considerations in the area of transaction processing demand efficient management of processes and consequently the Company has built expertise in the area of software development and maintenance. ICICI Infotech has utilized this understanding of information and process management to offer *Information Technology related services* as well as *software solutions* for transaction processing.

This strategy has resulted in a paradigm shift in the nature and scope of the Company's operations from being a Registrar and Transfer Agency to becoming a specialized transaction processing house; either providing its services to corporates or selling information management and handling solutions to enable them to handle processing tasks. In view of this, your Company has amended its object clause and changed its name from "ICICI Investors' Services Limited" to "ICICI Infotech Services Limited" with effect from March 9, 1999.

ICICI Infotech's mission is "to provide service to the customers with emphasis on continuous improvement, proactive approach, courtesy, timely response and accuracy, with the goal of achieving total customer satisfaction". In line with this mission, the Company has undertaken several customer service measures and technological initiatives, which are discussed in the next section.

REVIEW OF OPERATIONS

ICICI Infotech substantially enhanced its servicing capability during the period under review and now services over 3 million investors. Currently, there are 15 types of public issue financial instruments with 51 different options and 83 series of privately placed instruments being serviced.

The number of investor accounts serviced by your Company has gone up from 2.35 million as in April 1998 to 3.16 million in March 1999, representing an increase of 34%. The Company attended to 0.36 million transfers and 0.21 million investor requests.

The processing time for transfers has been significantly reduced from 13 days in April 1998 to 7 days in March 1999.

The correspondence processing time has been reduced from 5 days in April 1998 to 1.5 days in March 1999.

During the year the Company processed 2.59 million interest/dividend warrants spread over 150 payment dates. ICICI Infotech has been one of the large registrars involved in dematerialization of shares. In the current year 1.25 million share certificates aggregating to 101.53 million shares were dematerialized well within the 15 day time limit stipulated by National Securities Depository Limited.

One of the significant parameters of service quality has been the number of complaints received from the investors. While the number of investor accounts has risen sharply, the relative number of complaints has come down from 0.35 complaints per 100 accounts in April 1998 to 0.17 complaints per 100 accounts in March 1999, representing a reduction of 106%.

The Company is also providing back office support to client companies in servicing Inter-Corporate Deposits, Term Loans, Certificate of Deposits, Public Sector Undertaking Deposits, retail finance portfolio and car bookings.

Customer Service Measures

During the year 1998-99, ICICI Infotech proactively undertook several measures for improved and timely customer service. With a view to provide integrated and enhanced quality of service to the investors while simultaneously reducing costs for clients, Customer Identification Numbers (CIN) have been allotted to each customer having a unique combination of holders and address. The same principle has been used to identify unique households of investors. These features have been effectively utilized to save substantial costs pertaining to printing and despatch of Annual Reports and other mailers to investors. Besides, this will provide a useful tool for investor servicing and marketing of retail asset and liability products of client companies.

In addition to all these, your Company has also made the following facilities operational during the year, for the convenience of the investors being serviced:

- Telephone Call Centre manned by trained staff to handle all investor queries and complaints.
- 24 hours message log-in facility for investors to register their enquiries and complaints during even non-working hours.
- Dedicated e-mail facility (investor@icici.com) for lodging queries and complaints through e-mail. Immediate replies are sent to such investors by e-mail.

Your Company has also implemented several innovative measures to ensure that the corporates whose investors are serviced, also stand to gain from services rendered by your Company. Your Company has improvised an interest/dividend/maturity payment process to reduce the funding cycle thereby saving costs for the corporates. Your Company also provided connectivity to the corporates for on-line information on transaction processing on their behalf.

In line with the objective of providing superior customer service, ICICI Infotech aimed at obtaining the ISO 9001 Certification in respect of transaction processing activities by demonstrating the capability of designing service processes and practising the quality system as per ISO standards. The certification audit was carried out on March 19 and 20, 1999 by Quality Assurance Services (QAS), a certifying body from Australia. Reflecting ICICI Infotech's commitment to the achievement of international standards, not even a single area of "non-conformance" was observed. The Company has thus been conferred with

directors' report

ISO 9001 Certification and IQ Net International Certification. The IQ Net Certification is recognized by the Certification bodies in 23 countries across Europe, North America and Asia-Pacific.

Technological Initiatives

During the year 1998-99, ICICI Infotech made extensive use of technology and in the process has been able to provide superior quality service to the clients and their customers by optimizing available resources. Advanced technology has been used to provide new and innovative delivery systems for customer servicing. The following are some of the new systems which have been introduced during the year:

Document Imaging and Workflow System

The document imaging and workflow system has enabled the Company to convert investor service into a paperless activity as against the traditional paper intensive activity. This has also allowed optimization of high premium office premises at Mumbai Central. The system is used to scan all investor correspondence and the scanned images are used for handling investor queries. The document imaging and workflow system facilitates on-line viewing of customers' correspondence alongside relevant extracts from the database for verification of the customer's signature, and has several other useful features. The system also includes workflow features by which movement and handling of correspondence is effectively managed. The in-built monitoring and tracking systems enabled the Company to process a vast majority of letters from investors within 48 hours.

Central Liability Management System

Your Company has developed a Central Liability Management System (CLMS) for processing of financial instruments. The system facilitates entering, authorizing and settlement of deals across distributed locations. As a result, your Company is able to provide quick service to investors and also cash flow information to its client companies for Asset Liability Management.

Query facility on Web Browser

A web browser based query facility has been developed to enable connectivity with far-flung Investor Service Centres. This facility is already in operation at Investor Service Centres such as New Delhi, Calcutta and Chennai. While currently this facility is being used to connect centres across our Intranet, in future it is proposed to similarly connect a large number of service centres, which are in the process of being set up, through a web browser based query over the internet, thereby avoiding use of expensive leased lines across multiple locations.

Document Storage and Retrieval System

Your Company has two large off-site document storage facilities located in Goregaon and Andheri. Commencing with the one at Goregaon, your Company has implemented a simple but elegant system of identifying items stored across the storage facility. This system is able to identify and keep track of the floor, rack and bay in which a particular document is stored. The system also maintains aging of various documents and highlights the records which may be destroyed after having been retained for the required statutory period.

Task Management System

With the considerable pace at which your Company has been expanding its activities both in terms of volume and forays into new areas, there is more than ever before, a need to keep track of various activities and sub-activities required to be done on time, right through the year. Several activities, such as periodic interest payments of large sections of investors, can be completed on time only if their respective sub-activities are started and completed in a timely manner – the entire set of activities often extending over 2 to 3 months. To facilitate timely commencement and completion of the numerous activities, your Company has designed a Task Management System, which prompts and reminds respective staff members to take-up and complete various activities.

Proposed Technological Innovations

Among the new facilities proposed to be developed and implemented are Interactive Voice Response (IVR) system and Computer Telephony Interface (CTI). ICICI Infotech also has plans for the introduction of Internet connectivity for service centres and select investors to enable timely and efficient servicing.

ISSUE OF CAPITAL

In view of the proposed expansion and diversification of business of the Company, additional capital is required to conduct business effectively using latest technology. To plough back the undistributed profit, it is proposed to capitalize part of the undistributed profit by issue of bonus shares of Rs. 10 each in the ratio of one equity share of Rs. 10 each for each equity share held.

To meet the additional capital requirement, the Company proposes to issue 9,98,600 equity shares of Rs. 10 each at par to its holding Company, ICICI Limited. After this issue and the issue of bonus shares as mentioned above, the paid up capital of the Company will be Rs. 5 crore.

OUTLOOK

At ICICI Infotech, the year 1999-2000 is likely to be a year of substantial changes as the corporate structure is re-organized to reflect more closely the new initiatives undertaken by the Company. These business diversification initiatives are expected to result in significant growth opportunities, thus enabling the Company to stay ahead of competitive challenges.

HUMAN RESOURCES

As in every service industry, human capital is a key element in ICICI Infotech's success story. Servicing complex series of instruments requires a highly qualified professional staff. ICICI Infotech is committed to maintaining the highest quality of people by selective recruitment, extensive training and mentoring. Your Company has a highly motivated and dedicated achievement oriented team that is creative in identifying and pursuing opportunities, that understands and where possible, exceeds client expectations and displays superior business leadership. Your Company provides intensive multifunctional training to the staff aimed at enhancing the professional and personal skills of employees. During the year under review, executives underwent 9 days of training on an average and other employees underwent 5 days of training.

Particulars of Employees pursuant to Section 217(2A)

Statement containing the particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 is not annexed as no employee was drawing a salary beyond the limit specified under the said section.

Statutory Disclosure of Particulars

During 1997-98, the expenditure in foreign currencies amounted to Rs. 0.08 million. The requirement of disclosure, in terms of Section 217(1)(e) of the Companies Act, 1956, of steps taken as regards conservation of energy and technology absorption do not apply to your Company. Since the Company does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998, are not applicable.

Fixed Deposit

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

Directors

Shri Girish Mehta has resigned from the Board with effect from July 15, 1998. The Board while accepting his resignation placed on record its appreciation for the services rendered by him during his association with the Company.

Shri S. H. Bhojani would retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Auditors

M/s. Lodha & Co., Chartered Accountants, the Auditors of the Company would retire on conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

Acknowledgement

The Board acknowledges the support extended by ICICI, the promoter shareholder of the Company and its other group companies. The Directors place on record their appreciation to all the members of the staff for their excellent teamwork.

On behalf of the Board

Mumbai, April 15, 1999

Chairman

auditors' report



To the Members of ICICI Infotech Services Limited

We have audited the attached Balance Sheet of ICICI INFOTECH SERVICES LIMITED (formerly ICICI INVESTOR'S SERVICES LIMITED) as at 31st March, 1999 and the annexed Profit & 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 those books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet and Profit & Loss Account comply with Accounting Standards referred to in Sub-Section (3-C) of Section 211 of the Companies Act, 1956.
5. In our opinion and 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 in Schedule '12' and elsewhere in the accounts give the information required by the Companies Act, 1956 (hereinafter referred to as "the Act") in the manner so required and give true and fair view:
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
 - b) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
6. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4-A) 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 state that :
 - 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 registers maintained under Section 301 and the then Section 370 (1-C) of the Act. However, the Company has taken unsecured loan from its holding company, the rate of interest and other terms & conditions of which are not prejudicial to the interest of the Company.

- iv) The Company has not given any loans, or advances in the nature of loans, to any party.
- v) In our opinion and according to information and explanations given to us, 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 & machinery, equipment and other assets and for sale of services.
- vi) In respect of sale of services in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such services.
- vii) The Company has been regular in depositing the Provident Fund dues. As informed to us, Employees' State Insurance Act is not applicable to the employees of the Company.
- viii) The Company has an internal audit system which is commensurate with the size and nature of its business.
- ix) According to the information and explanations given to us there were no undisputed amounts payable in respect of income tax, wealth tax and sales tax outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
- x) 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.
- xi) Considering the nature of services rendered and basis of billing as explained, it is not considered practicable to have a system of allocating man-hours utilized to the related jobs. However, the company has a reasonable system of recording the receipts, issues and consumption of stationary materials as supplied by the customers, which is commensurate with the size and nature of its business. In our opinion, there is a reasonable system of authorization at proper levels.
- xii) Other provisions of the said Order are not applicable to the Company.

For LODHA & COMPANY
Chartered Accountants

N. KISHORE BAFNA
Partner

Mumbai,
Dated: April 15, 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				Net income from operations:			
Shareholders' Funds:				Income from operations VIII 174.76 71.75			
A. Share Capital	I	20.01	20.01	Less: Operating Expenses	IX	35.20	24.52
B. Reserves & Surplus	II	27.56	2.96	Other Expenditure:	X		
		47.57	22.97	a) Payments to & provisions for employees		21.33	10.33
Loan Funds:				b) Establishment & other expenses		71.03	26.47
Unsecured Loans	III	34.30	25.00	c) Preliminary Expenses Written Off		0.03	0.03
		81.87	47.97	d) Depreciation		6.37	3.94
						133.96	65.29
APPLICATION OF FUNDS				Profit from Operations 40.80 6.46			
Fixed Assets	IV	60.86	54.69	Add: Other Income	XI	0.21	0.06
Current Assets, Loans and Advances:				Profit before taxation		41.01	6.52
A. Current Assets	V			Less: Provision for Taxation		10.90	1.90
a. Sundry Debtors		38.58	0.91	Profit after taxation for the Year		30.11	4.62
b. Cash & Bank balances & deposits		3.11	1.33	Less: Income tax pertaining to earlier years		0.01	—
B. Loans and Advances		17.73	8.20	Add: Balance brought forward from the previous year		2.60	2.73
		59.42	10.44	Disposable profit		32.70	7.35
Less: Current Liabilities & Provisions	VI			Appropriations:			
A. Current Liabilities		20.29	10.80	General Reserve		3.01	0.35
B. Provisions		18.30	6.57	Dividend on Equity shares (Corporate Dividend Tax Rs.0.50; Previous year Rs.0.40)		5.50	4.40
		38.59	17.37	Balance carried to Balance sheet		24.19	2.61
Net Current Assets and Advances (Net Current Liabilities and Provisions)		20.83	(6.93)			32.70	7.36
Miscellaneous Expenditure	VII	0.18	0.21	Significant Accounting Policies	XII		
		81.87	47.97	Notes to Accounts			
Significant Accounting Policies	XII						
Notes to Accounts							

Schedules referred to above form an integral part of the accounts.

As per our attached report of even date

For and on behalf of the Board

For LODHA & COMPANY
Chartered Accountants

N. KISHORE BAFNA
Partner

K.V. KAMATH
Chairman

S.H. BHOJANI
Director

V. SRINIVASAN
Director

Mumbai,
Dated : April 15, 1999

S.R. SHETTIGAR
Company Secretary

schedules



forming part of the Accounts

(Rupees in million)

March 31,
1998

I SHARE CAPITAL

Authorized

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

50.00

50.00

Issued, Subscribed & Paid-up

2,000,700 Equity shares of Rs.10 each

20.01

20.01

All the above Equity Shares are held by the Holding company, ICICI Ltd. and its nominees.

II RESERVES & SURPLUS

	Balance as at March 31, 1998	Additions during the Year	Deductions/ Transfers during the Year	Balance as at March 31, 1999
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)
General Reserve	0.36	3.01	—	3.37
Profit & Loss Account	2.60	27.09	5.50	24.19
Total	2.96	30.10	5.50	27.56
Previous Year	2.73	4.63	4.40	2.96

III UNSECURED LOANS

Loan from Holding company
(Amount repayable within one year
Rs. 0.70 ; Previous year Rs. 0.70)

34.30

25.00

IV FIXED ASSETS

(Rupees in million)

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 1998	Additions for the year	Deductions/ Adjustment for the year	As at March 31, 1999	Upto March 31, 1998	For the year	Deductions/ Adjustment for the year	Upto March 31, 1999	As at March 31, 1999	As at March 31, 1998
Freehold Land	20.88	—	—	20.88	—	—	—	—	20.88	20.88
Building	3.44	—	0.07	3.37	0.16	0.06	*	0.22	3.15	3.28
Plant & machinery	4.17	0.10	0.34	3.93	0.15	0.18	0.01	0.32	3.61	4.03
Data processing equipment	23.70	11.45	0.53	34.62	6.77	5.07	0.34	11.50	23.12	16.93
Furniture & fixtures	3.88	0.87	1.00	3.75	1.33	0.59	0.36	1.56	2.19	2.55
Office equipment	6.48	1.07	—	7.55	0.27	0.40	—	0.67	6.88	6.20
Electrical installation	0.93	0.01	—	0.94	0.11	0.04	—	0.15	0.79	0.82
Motor Car	—	0.27	—	0.27	—	0.03	—	0.03	0.24	—
Total	63.48	13.77	1.94	75.31	8.79	6.37	0.71	14.45	60.86	54.69
Previous Year	43.10	20.44	0.06	63.48	4.86	3.94	0.01	8.79	54.69	

Note: Net of depreciation in respect of earlier years Rs. 0.01

V CURRENT ASSETS, LOANS & ADVANCES

A. Current Assets

Sundry Debtors (Unsecured, considered good)

Debts outstanding for more than 6 months

Other Debts

—
38.58

*
0.91

38.58

0.91

Cash & Bank balances & Deposits

i. Cash on Hand

ii. With Scheduled Banks in Current Accounts

iii. With a Scheduled Bank in Fixed/Call Deposits

0.02

0.01

3.09

0.83

—

0.49

3.11

1.33

41.69

2.24

B. Loans & Advances

(Unsecured, Considered good)

Advances recoverable in cash or in

kind or for value to be received

Advance tax & tax deducted at source

Other Advances & Deposits

5.30

3.45

11.75

3.89

0.68

0.86

17.73

8.20

59.42

10.44

* Amount below Rs.5,000

schedules

forming part of the Accounts

Continued

(Rupees in million)

March 31,
1998

VI	CURRENT LIABILITIES & PROVISIONS		
A.	Current Liabilities		
	Sundry creditors	16.21	6.37
	Service Charges received in Advance	0.32	0.63
	Interest Accrued but not due	0.27	0.31
	Other Liabilities	3.49	3.49
		<u>20.29</u>	<u>10.80</u>
B.	Provisions		
	Provisions for Taxation	12.80	2.17
	Proposed Dividend	5.50	4.40
	(including corporate dividend tax Rs.0.50 ; Previous year of Rs.0.40)	<u>18.30</u>	<u>6.57</u>
		<u>38.59</u>	<u>17.37</u>
VII	MISCELLANEOUS EXPENDITURE		
	(To the extent not written off or adjusted)		
	Preliminary expenses	0.18	0.21
VIII	INCOME FROM OPERATIONS		
	Income from Registrars & Transfer Agents Services (Gross, TDS Rs.7.47; Previous year Rs. 1.95)	147.36	71.75
	Software Development Services	25.00	—
	Rent	2.40	—
		<u>174.76</u>	<u>71.75</u>
IX	OPERATING CHARGES		
	Job Charges	27.52	22.72
	Consultancy Charges	7.68	1.80
		<u>35.20</u>	<u>24.52</u>
X	OTHER EXPENDITURE		
A.	Payments to and Provision for Employees		
	Salaries,Wages and Bonus	16.95	7.84
	Contribution to Provident & Other Funds	2.63	1.08
	Staff Welfare Expenses	1.69	1.41
	Other Allowances	0.06	—
		<u>21.33</u>	<u>10.33</u>
B.	Establishment & Other Expenses		
	Rent	37.67	17.11
	Insurance	0.82	0.27
	Travelling & Conveyance	1.38	1.78
	Electricity & Power Consumption	4.84	2.15
	Rates & Taxes	0.14	0.12
	Communication Expenses	2.98	0.50
	Computer Expenses	3.24	0.52
	Interest	4.54	1.44
	Directors' Fees	0.01	0.01
	Auditors' Remuneration	0.16	0.12
	Miscellaneous Expenses	3.03	0.04
	Office Expenditure	4.57	0.47
	Loss on sale of Fixed Assets	0.78	0.04
	Printing and Stationery	1.83	0.59
	Repairs & Maintenance - Plant & Machinery	5.04	1.31
	Repairs & Maintenance - Building	*	—
		<u>71.03</u>	<u>26.47</u>
C.	Preliminary Expenses Written Off	0.03	0.03
D.	Depreciation	6.37	3.94
XI	OTHER INCOME		
	Interest (Gross, TDS Rs.0.01; Previous year Rs.0.01)	0.02	0.05
	Miscellaneous Income	0.19	0.01
		<u>0.21</u>	<u>0.06</u>

* Amount below Rs.5,000

schedules



forming part of the Accounts

XII SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Significant Accounting Policies

- 1.1 Method of Accounting
- The Company adopts accrual basis in the preparation of the accounts.
 - Income tax under the provisions applicable to minimum alternative tax is charged to revenue in the relevant year and subsequent benefit by way of credit against such tax is accounted in the year of availing the credit.
- 1.2 Fixed Assets
Fixed Assets are stated at actual cost which comprises purchase consideration and other directly attributable cost (excluding finance cost) of bringing the assets to its working condition for the intended use.
- 1.3 Method of Depreciation
Depreciation on fixed assets is provided for at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on straight line basis.
- 1.4 Revenue Recognition
- Revenue is recognized on completion of respective assignments and/or in terms of the specific contracts.
 - Income arising on services rendered/to be rendered for "Safety Deposit Scheme " is spread equally over a period of three years.
 - Expenditure incurred on postage and printing & stationery is shown net of reimbursement from customers.
- 1.5 Amortization of Preliminary Expenses
Preliminary expenses are amortized over a period of 10 years.
- 1.6 Accounting of Retirement Benefits
The Company has for its employees, retirement benefits such as Provident and Gratuity Funds recognised 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 Company's contributions (actuarially determined at year end in case of Gratuity) are charged to revenue. Liability in case of leave encashment has been actuarially determined at year end and provided for.

2. Notes to Accounts

- 2.1 Contingent liabilities not provided for in respect of income tax liability of Rs. 0.28 million (*Previous year : Rs.0.28 million*) against which appeals are being filed.
- 2.2 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.2.35 million (*Previous year: Rs.0.52 million*).
- 2.3 Sundry Debtors
Sundry Debtors includes Rs.37.70 million (*Previous year: Rs. Nil*) due from M/s. ICICI Ltd., the holding company and also includes Rs. Nil (*Previous year: Rs.0.19 million*) and Rs.1.24 million (*Previous year: Rs.0.73 million*) due from M/s. Prudential ICICI Asset Management Company Limited and ICICI Banking Corporation Ltd. respectively, companies under the same management.
- 2.4 Sundry Creditors
Sundry Creditors include Rs.Nil (*Previous year : Rs.0.14 million*) due to M/s. ICICI Ltd., holding company, towards various payments made by them on the Company's behalf.
- 2.5 Loans and Advances
- Deposits include an ad-hoc deposit of Rs. 0.50 million paid to National Stock Exchange of India Ltd., for use of its VSAT networking equipment system, to be adjusted yearly on a cost sharing basis.
 - Advances include Rs. 2.10 million (*Previous year : 0.22 million*) paid for purchase of certain fixed assets.
- 2.6 Auditors' Remuneration:
- | | For the year
ended 31.3.99
(Rs. in million) | <i>For the year
ended 31.3.98
(Rs. in million)</i> |
|--|--|--|
| Audit Fees | 0.07 | 0.04 |
| Tax Audit Fees | 0.01 | 0.01 |
| Certification Fees | 0.07 | 0.06 |
| Reimbursement of out of pocket expenses [including Service Tax]. | 0.01 | 0.01 |
| | 0.16 | 0.12 |
- 2.7 Previous year's figures have been regrouped wherever necessary.

* Amount below Rs.5,000

Signatures to Schedules "1" to "12"

For and on behalf of the Board

K.V. KAMATH
Chairman

S.H. BHOJANI
Director

V. SRINIVASAN
Director

S.R. SHETTIGAR
Company Secretary

Mumbai,
Dated : April 15, 1999

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
 Balance Sheet Date 3 1 0 3 9 9
 Date Month Year State Code 1 1

2. Capital Raised during the Year

(Amount in Rupees millions)

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

N I L

3. Position of Mobilization and Deployment of Funds

(Amount in Rupees millions)

Total Liabilities

1 2 0 . 4 6

Total Assets

1 2 0 . 4 6

Sources of Funds

Paid-up Capital

2 0 . 0 1

Reserves & Surplus

2 7 . 5 6

Secured Loans

N I L

Unsecured Loans

3 4 . 3 0

Application of Funds

Net Fixed Assets

6 0 . 8 6

Investments

N I L

Net Current Assets

2 0 . 8 3

Miscellaneous Expenditure

0 . 1 8

Accumulated Losses

N I L

4. Performance of Company

(Amount in Rupees millions)

Turnover

1 7 4 . 9 8

Total Expenditure

1 3 3 . 9 7

Profit Before Tax

4 1 . 0 1

Profit After Tax

3 0 . 1 1

Earnings per Share in Rupees

1 5 . 0 5

Dividend Rate %

2 5 %

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

Item Code No. : Not Applicable

Service Description : Transaction processing (including shares registry and transfer agency), software development and other information technology related services.

K.V. KAMATH
Chairman

S.H. BHOJANI
Director

V. SRINIVASAN
Director

Mumbai,
Dated : April 15, 1999

S.R. SHETTIGAR
Company Secretary