

ICICI INTERNATIONAL LIMITED**6TH ANNUAL REPORT AND ACCOUNTS 2001-2002****Directors**

Narayanan Vaghul
Renuka Ramnath
Suresh Kumar
Couldip Basanta Lala
Kapil Dev Joory

Administrator

International Financial Services Limited
3rd Floor, Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

Corporate Secretary

International Financial Services Limited
3rd Floor, Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

Registered Office

3rd Floor, Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

Auditors

Horwath Mauritius
Public Accountants
3rd Floor, Amod Building
19, Poudrière Street
Port Louis
Mauritius

commentary of the directors

to the members**INCORPORATION**

The Company was incorporated in the Republic of Mauritius on January 18, 1996.

ACTIVITIES

The Company is an Investment and Fund Management Company.

RESULTS

The results for the year are shown in the statement of operations and related notes. The Directors proposed a payment of a dividend of USD 50,000 for the year under review.

DIRECTORS

The present membership of the Board is set out as above. All Directors served throughout the year, except for Suresh Kumar who was appointed during the year.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flow of the Company. The Directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company;
- would enable them to ensure that the financial statements comply with the Companies Act, 2001.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

AUDITORS

The Auditors, Horwath Mauritius, have indicated their willingness to continue in office.

REPORT FROM THE SECRETARY TO THE MEMBERS OF ICICI INTERNATIONAL LIMITED UNDER SECTION 166 (d) OF THE COMPANIES ACT, 2001

We certify that we have filed with the Registrar all such returns as are required of the Company under the Companies Act, 2001, which came into effect on December 1, 2001.

for **International Financial Services Limited**

Corporate Secretary

Date: April 12, 2002

auditors' report

to the members of ICICI International Limited

We have audited the financial statements of ICICI INTERNATIONAL LIMITED set out below which have been prepared on the basis of the accounting policies set out on next page.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing.

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at March 31, 2002 and of its profit, changes in equity and cash flows for the year ended and have been properly prepared in accordance with International Accounting Standards and comply with the Companies Act 2001. We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of accounts have been kept by the Company. The financial statements are in agreement with the books of accounts.

HORWATH MAURITIUS
Public Accountants

O. SEWRAZ (FCCA)
Signing Partner

Port Louis
Mauritius

Date: April 12, 2002

balance sheet

income statement

as at March 31, 2002

for the year ended March 31, 2002

	Notes	(USD)	31 March 2001		(USD)	31 March 2001
ASSETS				REVENUE		
Non-current Assets				Management fee	944,273	1,116,165
Investments	2	300,100	300,100	Interest Income	7,857	10,534
Less : Provision for investment written-off		(100)	—	Profit on redemption of shares	—	8,538
		<u>300,000</u>	<u>300,100</u>		<u>952,130</u>	<u>1,135,237</u>
Current Assets				EXPENSES		
Receivables	3	3,141	11,705	Advisory fee	815,000	900,000
Cash and cash equivalents		303,298	298,618	Licence fee	1,500	1,500
		<u>306,439</u>	<u>310,323</u>	Director's fee	1,063	1,000
Total Assets		<u>606,439</u>	<u>610,423</u>	Secretarial fee	1,063	1,000
EQUITY AND LIABILITIES				Administration and professional fees	7,922	47,232
Capital and reserves				Bank charges	63	—
Issued capital	4	400,000	400,000	Audit fee	2,240	2,200
Accumulated profits		148,816	43,175	Provision for investment written-off	2(c) 100	—
		<u>548,816</u>	<u>443,175</u>		<u>828,951</u>	<u>952,932</u>
Current Liabilities				PROFIT FROM OPERATIONS	123,179	182,305
Payables	5	7,623	167,248	Previous year expenses written back (net)	3 32,462	—
Dividend proposed		50,000	—	Dividend	(50,000)	(175,000)
		<u>57,623</u>	<u>167,248</u>	NET PROFIT FOR THE YEAR	<u>105,641</u>	<u>7,305</u>
Total Equity and Liabilities		<u>606,439</u>	<u>610,423</u>			

Approved by the Board of Directors on April 12, 2002

COULDIP BASANTA LALA
Director

RENUKA RAMNATH
Director

statement of changes in equity

for the year ended March 31, 2002

	Share Capital	Accumulated Profits	TOTAL
	USD	USD	USD
Balance at April 1, 2000	400,000	35,870	435,870
Net Profit for the year	—	182,305	182,305
Dividends paid	—	(175,000)	(175,000)
Balance at March 31, 2001	400,000	43,175	443,175
Net Profit for the year	—	155,641	155,641
Dividends	—	(50,000)	(50,000)
Balance at March 31, 2002	<u>400,000</u>	<u>148,816</u>	<u>548,816</u>

Notes on pages F132 and F133 form an integral part of these financial statements

cash flow statement



for the year ended March 31, 2002

	(USD)	March 31, 2001		(USD)	March 31, 2001
CASH FLOW FROM OPERATING ACTIVITIES			CASH FLOW FROM INVESTING ACTIVITIES		
Net profit for the year	155,641	182,305	Interest received	7,857	10,534
Adjustments for :			Purchase of investments	—	(100)
Interest income	(7,857)	(10,534)	Net cash from investing activities	7,857	10,434
Operating profit before working capital changes	156,322	171,771	CASH FLOW FROM FINANCING ACTIVITIES		
Decrease / (Increase) in receivables	8,564	(9,077)	Repayment of loan	—	250,000
(Decrease) / Increase in payables	(159,625)	165,078	Dividend paid	—	(217,000)
Adjustment Provision for contingencies	—	(80,000)	Net cash from financing activities	—	33,000
Provision for investments	100	—	NET INCREASE IN CASH AND CASH EQUIVALENTS	4,680	291,206
Net cash (used in)/from operating activities	(3,177)	247,772	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	298,618	7,412
			CASH AND CASH EQUIVALENTS AT END OF YEAR (note 1 d)	303,298	298,618

notes to the financial statements

for the year ended March 31, 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable International Accounting Standards. A summary of the more important accounting policies, which have been applied consistently, is set out below. The preparation of financial statements in accordance with International Accounting Standards requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention.

(b) Investments

Effective January 1, 2001, the Company has adopted International Accounting Standard (IAS) 39 (Financial Instruments: Recognition and Measurement) and accordingly has classified all its investments, other than the interest in the under mentioned joint venture, as available-for-sale.

The investment in the joint venture entity, TCW/ICICI Investment Partners, is viewed as a "strategic investment" and has, as a result, been recorded at cost.

Available-for-sale investments are valued at fair value and the resulting temporary unrealised (gains) / losses (including unrealised foreign exchange (gains) / losses on retranslation at the closing rate, if any) are reported as a separate component of equity as "Investment Revaluation Reserve", till the underlying investment is sold or permanently written off, when the total realised (gains) / losses are included in the Income Statement.

(c) Foreign currency translation

Foreign currency transactions are translated into US Dollar at the exchange rate ruling on the transaction dates. Monetary assets and liabilities at the balance sheet date, which are denominated in foreign currencies, are translated into US Dollar at the rate of exchange ruling at the balance sheet date.

Realised and unrealised gains and losses on exchange are dealt with in the Income Statement.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and investments in market instruments.

(e) Revenue recognition

Revenue is recognised on the following basis :

Interest Income and Management Fees as they accrue unless collectibility is in doubt.

2. INVESTMENTS

Details of the Investments are as follows :

(a) Unquoted Securities

	No. of Shares	% Holding	Cost USD	Directors' Valuation USD
TCW/ICICI Investment Partners	300,000	50	300,000	3,00,000
ICICI Global Opportunities Fund, L.L.C (Management shares)	—	—	—	—
Total	300,000		300,000	300,000

(b) Investments which exceeds 10% of the issued share capital are:

Name of Company	Description	Proportion held
TCW/ICICI Investment Partners	Ordinary shares	50%

(c) At a Special Meeting held on March 7, 2002, the shareholders of ICICI Global Opportunities Fund, L.L.C resolved to wind up the company. In view of the high probability that the amount invested will not be recovered, a provision of USD 100, representing the cost of investment, has been made in the financial statements to write off the investment.

3. Expenses written back

Overprovision of prior year professional fees written back	41,000
Performance fees receivable written off	(8,538)
Previous year expenses written back (net)	<u>32,462</u>

4. Receivables

	March 31, 2002	March 31, 2001
	USD	USD
Prepayment and accrued interest	3,141	11,705
Total	3,141	11,705

notes to the financial statements

Continued

5. Share Capital	March 31, 2002	<i>March 31, 2001</i>
	USD	<i>USD</i>
Authorised		
5,000,000 Ordinary shares of USD 10 each	50,000,000	<i>50,000,000</i>
Issued and fully paid		
40,000 Ordinary shares of USD 10 each	400,000	<i>400,000</i>
6. Payables	March 31, 2002	<i>March 31, 2001</i>
	USD	<i>USD</i>
Accruals	7,623	<i>167,248</i>
	7,623	<i>167,248</i>

7. Taxation

The Company is resident in Mauritius for tax purposes and qualifies for benefits under tax treaties concluded by Mauritius. Under applicable current laws and regulations, the Company may elect either to be taxed irrevocably on its net income at 15% or at a rate not exceeding 35%.

For the financial period under review, the Company does not intend to elect to pay income tax.

With effect from year of assessment beginning July 1, 2003, the Company will be liable to tax at a fixed rate of 15% on its net income.

With a deemed foreign tax credit of 80% on foreign source of income, the tax liability will reduce to an effective rate of 3%.

8. Financial Instruments

The carrying amount of investments, receivables, cash and cash equivalents and payables approximate to their fair values. Financial assets and liabilities which are accounted for at historical cost are carried out at values which differ from their fair values. It is not practicable within the constraints of timeliness and cost to determine the fair values of certain financial assets and liabilities with sufficient reliability.

9. Reporting currency

The financial statements are presented in US Dollar, which is considered to be the Company's principal trading currency.

10. Change in Legislation

The Companies Act, 1984 and the Mauritius Offshore Business Activities Act, 1992 have been repealed as from December 1, 2001. They have been replaced by the Companies Act, 2001 and the Financial Services Development Act 2001.

Under the Companies Act, 2001, ICICI International Limited is known as a company holding a Category 1 Global Business Licence and regulated by the Financial Services Commission.

11. Incorporation

The Company is incorporated in Mauritius as a Private Company with limited liability.