

ICICI INFOTECH PTE LIMITED**1ST ANNUAL REPORT AND ACCOUNTS 2000-2001****Directors**

V. Srinivasan
Debneel Mukherjee
Eddie Kan Mun Leong

Auditors

Moore Rowland
Certified Public Accountants
133 Cecil Street
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Registered Office

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directors' report

to the members

The directors submit their report together with the audited financial statements of the company for the period from 8th November 2000 (date of incorporation) to 31st March 2001.

The company commenced its business operations in January 2001.

OVERVIEW

The Company is wholly owned subsidiary of ICICI Infotech Services Ltd (ICICI Infotech). ICICI Infotech is an Indian Information Technology (IT) Company promoted by the ICICI Group. The formation of the subsidiary resulted out of the desire on the part of ICICI Infotech, to extend its IT initiatives beyond the group into overseas markets in order to broad base its client mix and cater to customers and clients in the Asia Pacific Region (ASPAC).

In order to effectively synergise technology initiatives across the countries in the ASPAC region it was felt necessary to locate the management and control of the company in a place offering sizeable market in respect of IT products and services, operational flexibility and geographical proximity between India and countries in region. Thus Singapore emerged as the natural choice.

REVIEW OF OPERATIONS

The Company commenced its operations in Singapore from January 2001 and has undertaken on site projects in Singapore and Philippines.

During the period under review the company concentrated on the high end product development using EJB, Java, Component architecture, Web logic, J2EE besides providing banking domain knowledge for product enhancement and development of its partner's products. The Company also carried out paid gap analysis and proof of concept for banks in the various application areas and internet banking concept.

OUTLOOK

As part of company's effort to move beyond modest beginning it has already made in the region, the company has initiated a number of steps to put its business development efforts on fast track with primary focus on the financial services sector in Singapore, Japan, China (Hong kong), Malaysia and Australia. Your company's core competence continues to be the domain knowledge of the banking and insurance industry within the financial services sector. In this regard, the company plans to aggressively market its suite of banking products besides entering into partnering arrangement with international banking product vendors based in the region in order to collectively pitch for high end software development, system integration and product implementation activities in the financial services sector around the globe. IT decision making cycles being typically long, a number of proposals submitted by the company were in various stages of consideration at the end of period under review.

The company is making concerted efforts to pursue repeatable & scalable models involving end-to-end project management services that would propel the company up the value chain besides enhancing margins on the whole. The company also intends to build new service businesses around the Internet. Simultaneously the company is taking steps to contain adverse effects of Technology sector slow down by adopting conservative business practices.

The directors are of the opinion that the business model adopted by the company is viable and growth oriented and earnestly hope to leverage on the brand image of its promoter group and partners to develop contacts, build business and further long-standing mutually beneficial relationship with banking and utility majors in the region.

This outlook section contains statements, which are based on current expectations. The company believes that it has the offerings, facilities, manpower and financial resources for continued business success. However actual results may differ materially since these are dependent on a number of assumptions,

estimates, market expectations, risks and uncertainties which are difficult to forecast. Further, the Board would like to convey that because of the global tech sector slowdown, ripple effects are likely to be felt in the region as well which might adversely affect the business prospects and growth projections of the company for 2001- 2002.

PRINCIPAL ACTIVITIES

The principal activities of the company are to carry on the business of IT products and services which include among other things software development and consulting, system integration and maintenance software reengineering services, customized software development, software product implementation, business process reengineering services and Information System consulting, IT infrastructure and networking management and IT enabled back office processing including call centre operations.

RESULTS AND DIVIDENDS

	S\$
Revenues	202,994
Profit after taxation carried forward	83,566

Although the Company has earned a modest surplus in a short period of operation of three months, the directors are of the opinion that it would be prudent to retain the surplus in the business and hence do not recommend any dividend to be paid for the period from the date of incorporation till 31st March, 2001.

No dividend was declared or paid during the period since the date of incorporation.

PROVISIONS AND RESERVES

There were no material transfers to or from provisions and reserves during the period ended 31st March 2001.

ISSUE OF SHARES AND DEBENTURES

During the financial period under review the company issued for cash 1,000,000 ordinary shares of S\$ 1 each fully paid for cash to ICICI Infotech Services Ltd, a company registered in India and its nominees.

The company did not issue any debentures during the period.

SHARE OPTIONS

There are no share options granted during the financial period or unissued shares under option at the end of the financial period in respect of shares in the company.

BAD AND DOUBTFUL DEBTS

Before the financial statements were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad or doubtful debts.

At the date of this report, the directors are not aware of any circumstances, which would require the writing off of bad debts or the setting up of a provision for doubtful debts.

CURRENT ASSETS

Before the financial statements were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business were written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets misleading.

NON-CURRENT ASSETS

Before the accounts were made out, the directors took reasonable steps to

directors' report

ensure that all non-current assets are shown at amounts which, having regard to their values to the company as a going concern, do not exceed the amounts which would be recoverable over their useful lives or on their disposal.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to non-current assets excessive in relation to their values to the company as a going concern.

CONTINGENT LIABILITIES

At the date of this report:-

- (a) there are no charges on the assets which have arisen since the end of the financial period to secure the liabilities of any other person; and
- (b) there are no contingent liabilities which have arisen since period ended March 31, 2001.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may affect the ability of the company to meet its obligations as and when they fall due.

ACCOUNTS

In the opinion of the directors, the results of the operations of the company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which would affect substantially the results of the operations of the company for the current financial period in which this report is made.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render any amount stated in the financial statements misleading.

DIRECTORS

The directors in office at the date of this report are:

Eddie Kan Mun Leong	(Appointed on 08/11/2000)
Debneel Mukherjee	(Appointed on 02/02/2001)
V.Srinivasan	(Appointed on 19/03/2001)

The company was initially incorporated with Mr. Eddie Kan Mun Leong and Mr.

Loke Poh Keun as directors. During the period under review Mr. Debneel Mukherjee and Mr. V. Srinivasan were appointed as directors and Mr. Loke Poh Keun resigned. The directors express sincere appreciation for the contribution made by Mr. Loke Poh Keun during his tenure as director.

Since the date of incorporation, no director has received or become entitled to receive a benefit which is required to be disclosed by Section 201(8) of the Companies Act, Cap. 50 by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither at the end of nor at any time during the financial period was the company a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in or debentures of the company or any other body corporate.

According to the register of directors' shareholdings kept by the company for the purposes of Section 164 of the Companies Act, Cap. 50, none of the directors of the company holding office at the end of the financial period had an interest in shares of the company.

AUDITORS

Messrs Moores Rowland, Certified Public Accountants, auditors of the company will retire at the ensuing annual general meeting and have expressed their willingness to accept re-appointment.

ACKNOWLEDGEMENTS

The directors thank the company's clients, vendors, bankers and local authorities of Singapore for their continued support to the company's growth. The directors place on records their appreciation of the contribution made by the employees.

On behalf of the Board

V.SRINIVASAN
DEBNEEL MUKHERJEE
EDDIE KAN MUN LEONG
Directors

Dated : April 17, 2001

statement by the directors

as at March 31, 2001

In the opinion of the directors of ICICI Infotech Pte Ltd.

- (a) the accompanying balance sheet, profit & loss account and statement of changes in equity together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2001 and of its results of the business and changes in the equity of the Company for the period from November 8, 2000 (date of incorporation) to March 31, 2001; and

- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

V.SRINIVASAN
DEBNEEL MUKHERJEE
EDDIE KAN MUN LEONG
Directors

Dated : April 17, 2001

auditors' report

to the members of ICICI Infotech Services Limited

We have audited the accompanying balance sheet of **ICICI Infotech Pte Ltd** for the period ended March 31, 2001. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the

provisions of the Companies Act, Cap. 50 and Statements of Accounting Standard and so as to give a true and fair view of:-

- (i) the state of affairs of the Company as at March 31, 2001 and of the results and changes in equity of the Company for the period from November 8, 2000 (date of incorporation) to March 31, 2001; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the accounts;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Singapore, April 17, 2001

MOORES ROWLAND
Certified Public Accountants

balance sheet profit and loss account



as at March 31, 2001

for the year ended March 31, 2001

	Note	(S\$)	March 31, 2001	Note	(S\$)	March 31, 2001
CAPITAL						
Share capital	3		1,000,000			
Retained profits			83,566			
			<u>1,083,566</u>			
NON-CURRENT ASSETS						
Property, plant and equipment	4		4,328			
EXPENDITURE CARRIED FORWARD						
	5		5,721			
CURRENT ASSETS						
Trade and other receivables	6		146,816			
Cash and cash equivalents	7		1,020,345			
			<u>1,167,161</u>			
CURRENT LIABILITIES						
Accrued operating expenses			2,000			
Amount due to holding company	8		88,444			
Provision for taxation			2,000			
			<u>92,444</u>			
NET-CURRENT ASSETS						
			1,074,717			
			1,084,766			
LESS: NON-CURRENT LIABILITY						
Deferred Taxation	9		(1,200)			
			<u>1,083,566</u>			
REVENUE						
Income from Operations				10		132,649
Other Income				11		70,345
						<u>202,994</u>
EXPENDITURE						
Software Development						25,243
Staff Costs						67,720
Administrative expenses						23,265
						<u>116,228</u>
Profit before tax						
				12		<u>86,766</u>
Taxation				13		(3,200)
						<u>83,566</u>
Net profit for the period						
						<u>83,566</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

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statement of changes in equity

for the period from November 8, 2000 (Date of Incorporation) to March 31, 2001

	Share Capital S\$	Retained Profits S\$	Total S\$
At the date of incorporation	2	—	2
Issue of Share Capital	999,998	—	999,998
Net Profit for the period	—	83,566	83,566
Balance as at 31st March, 2001	<u>1,000,000</u>	<u>83,566</u>	<u>1,083,566</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

notes to the financial statements

for the period from November 8, 2000 (Date of Incorporation) to March 31, 2001

(\$S) *March 31, 2001*

1. Principal Activities

The principal activities of the Company are to carry on the business of IT products and services, which includes among other things software development and consulting, system integration and maintenance software reengineering services customized software development, software product implementation, business process reengineering services and information services consulting etc., IT infrastructure management and networking and IT enabled back office processing including call centre operations.

2. Summary of Significant Accounting Policies

ICICI Infotech Pte Ltd is a company incorporated in Singapore with its registered office at 8, Cross Street, #11-00 PWC Building, Singapore 048424. As at March 31, 2001, the number of employees in the company is 4.

(a) Statement of Compliance

These financial statements have been prepared in accordance with the Statements of Accounting Standard issued by the Institute of Certified Public Accountants of Singapore and the disclosure requirements of the Singapore Companies Act, Chapter 50.

(b) Basis of Financial Statements Preparation

The financial statements, expressed in Singapore dollars, are prepared on the historical cost basis.

(c) Property, Plant and Equipment

(i) Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation.

(ii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment by the straight line method over their estimated useful lives as follows:

Office equipment	-	5 years
Computers	-	5 years

(d) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallize in the foreseeable future.

Deferred tax benefits are recognized in the financial statements only to the extent of any deferred tax liability or when such benefits are reasonably expected to be realizable in the near future.

(e) Expenditure carried forward

Expenditure carried forward consists of preliminary and pre-incorporation expenses and are stated at cost less amounts amortized. The expenditure under these headings is charged to revenue over a three-year period.

(f) Translation of Foreign Currencies

Foreign currency transactions during the year are translated into recording currencies at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Singapore dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the profit and loss account.

(g) Operating Lease

Rentals payable under operating leases are accounted for in the profit and loss account on a straight-line basis over the periods of the respective leases.

(h) Revenue Recognition

Revenue is recognized when it is probable that the economic benefits of the products sold and services rendered will flow to the Company and the revenue and costs associated with it can be measured reliably. Accordingly, IT enabled transaction processing activities and facilities management income is recognized as per the relevant agreements / contracts, software development and consulting revenue is recognized on the basis of chargeable time or acceptance of prescribed milestones for billing as provided in the relevant agreements/ contracts and license fees on sale of software products are recognized on invoicing as per the license agreement.

3. Share Capital

	2001 \$S
Authorized	
1,000,000 ordinary shares of S\$1 each	1,000,000
Issued and fully paid up	
1,000,000 ordinary shares of S\$1 each	1,000,000

During the financial period, the company issued 2 subscribers shares of

S\$ 1 each at par for cash and an additional 999,998 ordinary shares of S\$ 1 each at par for cash as a part of the initial capitalization of the Company.

4. Fixed Assets

	Computer \$S	Office equipment \$S	Total \$S
Cost			
At incorporation	—	—	—
Additions during the period	3,450	1,104	4,554
At March 31, 2001	3,450	1,104	4,554
Accumulated depreciation			
At incorporation	—	—	—
Charge during the period	173	53	226
At March 31, 2001	173	53	226
Net book Value			
At March 31, 2001	3,277	1,051	4,328

5. Expenditure carried forward

Cost	8,582
Less: Amortization during the period	2,861
	5,721

6. Trade and other receivables

Trade debtors	142,448
Deposits	4,000
Interest receivable	368
	146,816

7. Cash and cash equivalents

Cash at Bank	25,847
Fixed deposits with bank	993,937
Cash on hand	561
	1,020,345

8. Holding companies

Trade	17,471
Non-trade	70,973
	88,444

The non-trade amount owing to holding company is in nature, unsecured, interest free and with no fixed terms of repayment.

The immediate and ultimate holding companies are ICICI Infotech Services Limited and ICICI Limited, both incorporated in India.

9. Deferred Taxation

Provision during the period	1,200
This represents excess of net book values over tax, written down values of property, plant and equipment and unrealised exchange gain.	

10. Revenue

Revenue represents the sales value of services provided to customers during the period.

11. Other income

Gain on exchange	63,859
Interest income	6,480
	70,345

12. Profit from ordinary activities

Profit from operation activities is arrived at after charging:	
Auditors' remuneration	2,000
Amortization of preliminary expenses	2,861
Depreciation	226
Staff Costs	67,720
	72,807

13. Taxation

Current year Income tax	2,000
Deferred taxation	1,200
	3,200

The tax charge is lower than that arrived at by applying the statutory rate of tax to the profit before tax due mainly to inclusion therein of non-taxable profits.

14. Related Party transactions

Services rendered by the holding company	17,471
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15. Operating Lease Commitments

At the balance sheet date, the Company was committed to making the following payments in respect of operating leases:

Leases which expire	
Due within 12 months	54,000
Due after 12 months	—
	54,000

16. Comparative Figures

No comparative figures are available as this is the Company's first set of financial statements.