

ICICI INVESTMENT MANAGEMENT COMPANY LIMITED**1ST ANNUAL REPORT AND ACCOUNTS 2000-2001****Directors**Kalpana Morparia *Chairperson*

A. J. Advani

Jayesh Gandhi

Veena Mankar

Vanita Sawant *Company Secretary***Auditors**

V. P. Thacker & Co.

Chartered Accountants

Registered Office

ICICI Towers

Bandra-Kurla Complex

Mumbai - 400 051

directors' report**to the members**

Your Directors have pleasure in presenting the first Annual Report of the Company with the audited Statement of Accounts for the period ended March 31, 2001.

FINANCIAL RESULTS

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

	(Rupees)
	Year ended March 31,
	2001
Gross Income	10,943,872
Profit before tax	10,674,746
Provision for Tax	4,450,000
Profit after tax	6,224,746

OPERATIONAL REVIEW

Your Company acts as an Asset Management Company for the ICICI Securities Fund (the Fund), a registered Mutual Fund with the Securities and Exchanges Board of India (SEBI). The Fund has initiated the Collateralised Bond Obligation (CBO) Scheme, which is aimed at allowing investors to partake in the rated corporate debt hitherto held by ICICI Limited, through subscription to Mutual Fund units.

CORPORATE GOVERNANCE

Your Company is practising the principles of good Corporate Governance, which has been one of the core values of ICICI Group. Corporate Governance is not just restricted to ensuring compliance with regulatory requirements but also meeting the higher standards of transparency, accountability and integrity in respect of all the transactions. Your Company has constituted an Audit Committee comprising of Shri A.J. Advani, Shri Jayesh Gandhi and Smt. Veena Mankar which discharges the functions under Section 292A of the Companies Act, 1956.

PUBLIC DEPOSITS

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

DIRECTORS

The Board had appointed Shri Jayesh Gandhi, Smt Veena Mankar and Shri Framroz M. Pardiwalla as additional Directors of the Company effective March 12, 2000. The Board had also appointed Shri A.J. Advani as an additional Director of the Company effective March 30, 2000. All of them hold office upto the date of the ensuing Annual General Meeting as provided in the Articles of Association of the Company, but are eligible for appointment.

Smt. Chanda Kochhar and Shri Nachiket Mor, being the first Directors named in the Articles of Association of the Company, tendered their resignations from the Board effective March 13, 2000. The Board accepted with regret the resignations of Smt. Chanda Kochhar and Shri Nachiket Mor and placed on record its appreciation of the valuable services rendered by them during their tenure.

Shri Framroz M. Pardiwalla tendered his resignation from the Board effective March 30, 2000. The Board accepted with regret the resignation of Shri Pardiwalla and placed on record its appreciation of the valuable services rendered by him during his tenure.

In terms of the provisions of the Articles of Association of the Company, Smt. Kalpana Morparia, would retire at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

AUDITORS

The Auditors, M/s V.P. Thacker & Co., Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting. The Board at its Meeting held on May 2, 2001 has proposed their appointment as the Auditors to audit the accounts of the Company for the financial year ending March 31, 2002. You are requested to consider their appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

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

PERSONNEL AND OTHER MATTERS

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.

Since your Company does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable and hence not given.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm :

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
4. that the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Mumbai, May 2, 2001

KALPANA MORPARIA
Chairperson

auditors' report

to the members of ICICI Investment Management Company Limited

We have audited the attached Balance Sheet of ICICI Investment Management Company Ltd. as on March 31, 2001 and the Profit and Loss Account of the Company for the period ended on that date and we report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. 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.
3. 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.
4. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
5. 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 in so far as they are applicable to the Company.

6. On the basis of the written representations received from the directors as on March 31, 2001 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2001 from being appointed as a director in terms of clause (g) sub section (1) of section 274 of the Companies Act, 1956.
7. In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as on March 31, 2001 and
 - (b) in the case of Profit and Loss Account, of the profit for the period ended on that date.

For V.P. THACKER & CO.
Chartered Accountants
VIJAY THACKER
Partner

Mumbai, May 2, 2001.

annexure to the auditors' report

(Referred to in paragraph 1 of our Report of even date)

- (i) The Company has not taken or granted any loans or advances in the nature of loans during the period. As such, comments relating to loans taken or granted do not arise.
- (ii) In our opinion, the Company has an internal audit system, which is broadly commensurate with the size of the company and nature of its business;
- (iii) No personal expenses have been charged to the Profit and Loss Account;
- (iv) Proper records have been maintained relating to investments and timely entries have been made therein. The investments are in the name of the Company;
- (v) Except for the above sub-clauses, the other sub-clauses of clause 4 of the order are not applicable to the Company.

For V.P. THACKER & CO.
Chartered Accountants

VIJAY THACKER
Partner

Mumbai, May 2, 2001.

balance sheet

as at March 31, 2001

	Schedule	Rupees	March 31, 2001
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	100,007,000	
Reserves & Surplus	2	6,224,746	
		<u>106,231,746</u>	
APPLICATION OF FUNDS			
Investments			
	3	97,200,000	
Current Assets:			
Interest Accrued but not due	4	923,336	
Bank Balance and Deposits		7,569,408	
Other Current Assets		3,971,188	12,463,932
Less: Current Liabilities and Provisions	5	4,458,250	
Net Current Assets		8,005,682	
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	6	1,026,064	
		<u>106,231,746</u>	
Accounting Policies and Notes to Accounts	9		

As per our Report attached
For V. P. THACKER & CO.
Chartered Accountants

Vijay Thacker
Partner

Mumbai, May 2, 2001.

profit and loss account

for the period ended March 31, 2001

	Schedule	Rupees	March 31, 2001
INCOME			
Interest Income	7	10,943,872	
(Tax Deducted at Source Rs. 2,104,103)			
EXPENDITURE			
Other Expenses	8	6,310	
Auditor's Remuneration		6,300	
Miscellaneous Expenditure Written Off		256,516	
Profit Before Tax		10,674,746	
Provision for Taxation		4,450,000	
Profit after Tax Carried to Balance Sheet		<u>6,224,746</u>	
Accounting Policies and Notes to Accounts	9		

For and on behalf of the Board

Kalpana Morparia
Chairperson

Jayesh Gandhi
Director

A.J. Advani
Director

Veena Mankar
Director

schedules



forming part of the Accounts

(Rupees) March 31, 2001

(Rupees) March 31, 2001

SCHEDULE - 1

SHARE CAPITAL

Authorized	
25,000,000 Equity Shares of Rs. 10 each	<u>250,000,000</u>
Issued, Subscribed and Paid up	
10,000,700 Equity Shares of Rs. 10 each fully paid up	<u>100,007,000</u>

All the above Equity Shares are held by ICICI Ltd. (the Holding Company) and its nominees.

SCHEDULE - 2

RESERVES & SURPLUS

Surplus in Profit and Loss Account	<u>6,224,746</u>
	<u>6,224,746</u>

SCHEDULE - 3

INVESTMENTS

Non-Trade Unquoted Investments at cost	
(i) 10.85% ICICI Bonds	90,000,000
(ii) 10.65% ICICI Bonds	7,200,000
	<u>97,200,000</u>

SCHEDULE - 4

CURRENT ASSETS

Interest accrued but not due on Investments	923,336
Balances with Scheduled Bank:	
(i) In Current Account	46,389
(ii) In Fixed Deposits	7,523,019
Other Current Assets :	
(i) Advance Tax paid	1,860,000
(ii) Tax Deducted at Source	2,104,103
(iii) Recoverable from ICICI Ltd.	7,085
	<u>12,463,932</u>

SCHEDULE - 5

CURRENT LIABILITIES & PROVISIONS

(a) Provision for Income Tax	4,450,000
(b) Provision for Expenses Account	8,250
	<u>4,458,250</u>

SCHEDULE - 6

MISCELLANEOUS EXPENDITURE

to the extent not written off

Preliminary Expenses	1,282,580
Less : Written off during the period	256,516
	<u>1,026,064</u>

SCHEDULE - 7

INTEREST INCOME

(a) Interest on Fixed Deposits with Bank	710,344
(b) Interest on Bonds	10,233,528
	<u>10,943,872</u>

SCHEDULE - 8

OTHER EXPENSES

(a) Charges for making common seal	1,530
(b) Directors' fees	4,000
(c) Charges for printing Share Certificates	780
	<u>6,310</u>

SCHEDULE - 9

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Method of Accounting

The Accounts are prepared in accordance with accounting principles generally accepted in India. The Company follows the accrual method of accounting.

2. Preliminary Expenses

Preliminary Expenses towards the incorporation of the Company are treated as Miscellaneous Expenditure and will be written off to the Profit and Loss Account over a period of 5 years.

3. Revenue Recognition

Interest income and other dues are accounted on accrual basis.

4. Investment Valuation

Investments are carried at cost.

NOTES TO ACCOUNTS

- The Company was incorporated on March 9, 2000. The accounts are prepared for the period March 9, 2000 to March 31, 2001.
- Auditors' remuneration

	Rupees
(i) Statutory audit fees	5250
(ii) Certification fees	1050
	<u>6,300</u>
- These being the first financial statements of the Company, previous year's figures are not given.

