

ICICI INVESTMENT MANAGEMENT COMPANY LIMITED

4TH ANNUAL REPORT AND ACCOUNTS 2003-2004

Directors

Kalpana Morparia, *Chairperson*
A. J. Advani
Chandrashekhar Lal
Ashish Dalal

Auditors

S. B. Billimoria & Co.
Chartered Accountants

Registered Office

ICICI Bank Towers
Bandra-Kurla Complex
Mumbai - 400 051

directors' report

to the members

Your Directors have pleasure in presenting the Fourth Annual Report of the Company with the audited statement of accounts for the year ended March 31, 2004.

FINANCIAL HIGHLIGHTS

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

	Fiscal 2004	Fiscal 2003 (Rupees)
Gross Income	7,516,798	10,941,697
Profit Before Tax	4,183,087	8,139,060
Provision for tax	1,181,862	2,896,746
Profit After Tax	3,001,225	5,242,314
Transfer to Reserves	3,001,225	5,242,314

Your Directors do not recommend payment of dividend for fiscal 2004.

OPERATIONAL REVIEW

The main object of the Company is to carry on the business of management of mutual funds, unit trusts, offshore funds, pension funds, provident funds, venture capital funds and insurance funds, and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives of or for mutual funds, unit trusts, offshore funds, pension funds, provident funds, venture capital funds or insurance funds formed or established in India or elsewhere by the Company or any other person and to act as financial advisors and investment advisors, and to render such financial management, financial consultancy and advisory services to individuals, companies, corporations, trusts and other entities as supplemental activities of the Company and as do not conflict with the fund management activities. Your Company is the Asset Management Company of ICICI Securities Fund, a Mutual Fund registered with SEBI. During the year under review, the Company did not launch any scheme and also did not undertake any other activity. The Company has applied to SEBI for the grant of certificate for undertaking portfolio management activity.

PUBLIC DEPOSITS

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

DIRECTORS

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

AUDITORS

S. B. Billimoria & Co., Chartered Accountants, Mumbai, will retire as the statutory auditors of the Company at the ensuing Annual General Meeting. The Board at its Meeting held on April 26, 2004 has proposed their appointment as the auditors to audit the accounts of the Company for fiscal 2005. 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

Since your Company does not have any employees, provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

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.

AUDIT COMMITTEE

The Audit Committee comprises three independent Directors viz., Chandrashekhar Lal, A. J. Advani and Ashish Dalal and is chaired by Chandrashekhar Lal.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 of the Company for that period;
- 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
- 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 also like to express its gratitude for the support and guidance received from ICICI Bank, the holding Company and also from other group companies.

For and on behalf of the Board

KALPANA MORPARIA
Chairperson

Mumbai, April 26, 2004

auditors' report

to the Members of ICICI Investment Management Company Limited

1. We have audited the attached Balance Sheet of ICICI Investment Management Company Limited as at March 31, 2004 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we give 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.
4. Further to our comments in the Annexure referred to in paragraph 3 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 those books;
- c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of the written representations from the directors, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- f) 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 in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2004; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

P. R. RAMESH
Partner

Membership No. 70928

Mumbai, April 27, 2004

annexure to the auditors' report

(Referred to in paragraph 3 of our report of even date)

1. In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities during the year is such that clauses (i), (ii), (iv), (vi), (viii), (x), (xi), (xii), (xiii), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
2. The Company has neither taken nor granted secured or unsecured loans from or to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
3. According to the information and explanations given to us, the Company has not entered into any transactions which are required to be recorded in the register maintained under Section 301 of the Companies Act, 1956.
4. The Company has an internal audit system, which is commensurate with the size and nature of its business.
5. There are no employees on the payroll of the Company and, therefore, provisions relating to Employees' Provident Fund and Employees' State Insurance Scheme are not applicable to the Company.
6. According to the information and explanations given to us:
 - (a) The Company has been regular in depositing undisputed statutory dues as applicable to the Company.
 - (b) No undisputed amounts payable in respect of applicable statutory dues were in arrears as at March 31, 2004 for a period of more than six months from the date they became payable.
- (c) There are no dues in respect of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute for a period of more than six months from the date they became payable.
7. In respect of investments made by the Company in shares, securities, etc. proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities and other investments are held in the name of the Company.
8. According to the information and explanations given to us, the Company has not raised any funds on short-term basis. On an overall examination of the balance sheet of the Company, prima facie, long-term funds have not been used to finance short-term assets.
9. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company have been noticed or reported during the year.

For S. B. BILLIMORIA & CO.
Chartered Accountants

P. R. RAMESH
Partner

Membership No. 70928

Mumbai, April 27, 2004

schedules

forming part of the Accounts

	Rupees	March 31, 2003	Rupees	March 31, 2003
SCHEDULE 1				
SHARE CAPITAL				
Authorised				
25,000,000 Equity Shares of Rs.10 each	250,000,000	250,000,000		
Issued, Subscribed and Paid up				
10,000,700 Equity Shares of Rs 10 each fully paid up	100,007,000	100,007,000		
	<u>100,007,000</u>	<u>100,007,000</u>		
All the above Equity Shares are held by ICICI Bank Ltd. (the holding company) and its nominees.				
SCHEDULE 2				
RESERVES AND SURPLUS				
Profit and Loss Account				
Opening Balance	12,865,214	7,622,900		
Addition during the year	3,001,225	5,242,314		
Closing balance	<u>15,866,439</u>	<u>12,865,214</u>		
SCHEDULE 3				
INVESTMENTS (Long term- At cost) (Trade-Unquoted)				
(i) 20 Equity shares of Rs. 10 each fully paid up of ICICI Venture Funds Management Company Limited (under the same management)	200	200		
(ii) 100 Equity shares of Rs. 10 each fully paid up of ICICI OneSource Limited	1,000	1,000		
(Trade-Quoted)				
(i) Nil (Previous Year: 803,899.343) Units of Prudential ICICI Mutual Fund Liquid Plan-Dividend Option	—	9,501,497		
(ii) 1,433,552.56 (Previous Year: NIL) Units of Prudential ICICI Mutual Fund Very Cautious Plan-Dividend Option	14,374,231	—		
	<u>14,375,431</u>	<u>9,502,697</u>		
Quoted	14,374,231	9,501,497		
Unquoted	1,200	1,200		
Market value of quoted investments	<u>14,538,947</u>	<u>9,517,364</u>		
SCHEDULE 4				
CURRENT ASSETS, LOANS AND ADVANCES				
Current Assets				
(A) Balances with Scheduled Bank :				
(i) In Current Account	606,950	546,202		
(ii) In Fixed Deposits	<u>92,500,000</u>	<u>100,548,011</u>		
Loans and Advances				
(a) Interest accrued on Fixed Deposits	5,632,844	651,588		
(b) Advance Taxes Paid	3,075,000	4,775,000		
(c) Tax Deducted at Source	6,182,350	6,972,420		
(d) Income Tax refund receivable	—	64,042		
	<u>107,997,144</u>	<u>113,557,263</u>		
SCHEDULE 5				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors *	55,760	19,897		
Payable to ICICI Bank Ltd.	1,537,955	2,649,074		
Other liabilities	1,937	1,103		
Provisions				
Provision for Income Tax	5,160,000	8,030,704		
	<u>6,755,652</u>	<u>10,700,777</u>		
* Rs. Nil (Previous Year: Rs. Nil) due to small scale industrial undertakings				
SCHEDULE 6				
MISCELLANEOUS EXPENDITURE to the extent not written off or adjusted				
Preliminary Expenses	513,032	769,548		
Less : Written off during the period	<u>256,516</u>	<u>256,516</u>		
	<u>256,516</u>	<u>513,032</u>		
SCHEDULE 7				
INTEREST INCOME				
(a) Interest on Fixed Deposits with Bank (Gross: TDS Rs.1,474,552; Previous year Rs.225,285)	7,192,934	975,848		
(b) Interest on Bonds (Gross: TDS Rs. Nil ; Previous year Rs. 1,971,674)	—	9,363,699		
	<u>7,192,934</u>	<u>10,339,547</u>		
SCHEDULE 8				
OTHER EXPENSES				
(a) Directors' sitting fees	9,000	8,500		
(b) ROC filing Fee	—	1,500		
(c) Profession Tax	<u>2,500</u>	<u>2,500</u>		
	<u>11,500</u>	<u>12,500</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 are 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. Dividend is recognised when declared.				
4. Investments				
Long term investments are carried at cost less diminution other than temporary.				
NOTES TO ACCOUNTS				
1. Other income includes foreign exchange gain (net) Rs. NIL (Previous year Rs.6,550).				
2. Establishment and other expenses represent expenses charged by ICICI Bank Limited to the Company.				
3. Auditors' remuneration				
	March 31,	March 31,		
	2004	2003		
(i) Statutory audit fees	20,000	20,000		
(ii) Tax audit fees	15,000	15,000		
(iii) Service Tax	<u>2,800</u>	<u>1,750</u>		
	<u>37,800</u>	<u>36,750</u>		
4. There is no deferred tax liability in case of the Company.				
5. Names of related parties and description of relationship for the transactions shown below are as follows:				
1. Holding company	ICICI Bank Limited			
2. Fellow subsidiary	ICICI Venture Funds Management Company Limited			
3. Key management personnel (Non Executive Directors)	A. J. Advani, Chandrashekhar Lal and Ashish Dalal			
	(Amounts in Rs.)			
	Holding Company	Fellow Subsidiary	Key Management Personnel	
Sitting fees	—	—	9,000	
Interest income	(7,192,934)	—	—	
Dividend income	—	(480)	—	
Investment	—	200	—	
Current account	606,950	—	—	
Deposit account	92,500,000	—	—	
Other Receivable (Net)	<u>4,094,889</u>	—	—	
Figures in the bracket indicate credit entry				
6. Previous year figures have been regrouped wherever necessary.				

1. Registration details

Registration No.

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 State Code

1	1
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Balance Sheet Date

3	1
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0	3
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2	0	0	4
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Date Month Year

2. Capital raised during the Year (Amount in Rupees)

Public Issue	Bonus Issue																				
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Rights Issue	Private Placement																				
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							N	I	L												
							N	I	L												

3. Position of mobilisation and Deployment of funds (Amount in Rupees)

Total Liabilities	Total Assets																				
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1	2	2	6	2	9	0	9	1													
1	2	2	6	2	9	0	9	1													
Sources of Funds (Amount in Rupees)																					
Paid-up Capital	Reserves and Surplus																				
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1	0	0	0	0	7	0	0	0													
	1	5	8	6	6	4	3	9													
Secured Loans	Unsecured Loans																				
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							N	I	L												
Application of Funds (Amount in Rupees)																					
Net Fixed Assets	Investments																				
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	1	4	3	7	5	4	3	1													
Net Current Assets	Miscellaneous Expenditure																				
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			2	5	6	5	1	6													
Accumulated Losses																					
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							N	I	L												

4. Performance of the Company (Amount in Rupees)

Turnover (Gross Income)	Total Expenditure																			
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		7	5	1	6	7	9	8												
		3	3	3	3	7	1	1												
Profit Before Tax	Profit After Tax																			
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		4	1	8	3	0	8	7												
		3	0	0	1	2	2	5												
Earnings Per Share in Rupees	Dividend Rate %																			
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							N	I	L											

5. Generic names of principal products/ services of the Company

Investments Management Company Item Code

							N	A
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For and on behalf of the Board

KALPANA MORPARIA
Chairperson

CHANDRASHEKHAR LAL
Director

KRUNAL THAKKAR
Company Secretary

Mumbai, April 26, 2004