

5TH ANNUAL REPORT AND ACCOUNTS 2004-2005
Directors

Kalpna 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 Fifth Annual Report of the Company with the audited statement of accounts for the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

The summary of the financial results for the year under review is as the year ended March 31, 2005.

	Fiscal 2004	(Rupees) Fiscal 2005
Gross Income	7,516,798	7,272,539
Profit Before Tax	4,183,087	3,456,340
Provision for tax	1,181,862	1,361,105
Profit After Tax	3,001,225	2,095,235
Transfer to Reserves	3,001,225	2,095,235

Your Directors do not recommend payment of dividend for the year ended March 31, 2005.

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 Securities and Exchange Board of India (SEBI). During the year under review, SEBI has granted certificate of registration to the Company to undertake portfolio management activity. The Company did not launch any scheme and also did not undertake any other activity during the year under review.

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, Ashish Dalal 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 20, 2005 has proposed their appointment as the auditors to audit the accounts of the Company for the financial year ending March 31, 2006. 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:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. 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;
3. 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. the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Company is grateful to SEBI 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 20, 2005

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, 2005, and also the Profit and Loss Account and Cash Flow Statement 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 the 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, we report that:
 - 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 examinations of those books;
 - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement 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, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2005 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, 2005;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company of the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

P. R. RAMESH
Partner
Membership No. 70928

Mumbai, April 20, 2005

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), (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. Statutory and other dues:
 - a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues as applicable to the Company except on two occasions where a delay was observed in depositing the tax deducted at source and the profession tax with the authorities.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of applicable statutory dues were in arrears as at March 31, 2005 for a period of more than six months from the date they became payable.
 - c) According to information and explanations given to us, 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.
7. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
8. Based on our examination of the records and evaluation of related internal controls, proper records of the transactions and contracts in respect of investments made by the Company in shares, securities, etc. have been maintained, and timely entries have been made therein. The shares, securities and other investments are held in the name of the Company.
9. According to the information and explanations given to us and based on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used during the year for long-term investment.
10. 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 20, 2005

balance sheet

profit and loss account

as at March 31, 2005

for the year ended March 31, 2005

	Schedule	Rupees	March 31, 2004		Schedule	Rupees	March 31, 2004
SOURCES OF FUNDS :				INCOME			
Shareholders' Funds				Interest Income	7	7,271,289	7,192,934
Share Capital	1	100,007,000	100,007,000	Dividend Income - Trade investments (Gross: TDS Nil ;			
Reserves and Surplus	2	17,961,674	15,866,439	Previous year Rs.19)		1,250	314,804
		<u>117,968,674</u>	<u>115,873,439</u>	Profit on Sale of Investment		—	9,060
APPLICATION OF FUNDS:				EXPENDITURE			
Investments	3	14,375,431	14,375,431	Establishment and other expenses (Refer note 1)		2,733,923	2,727,778
Current Assets, Loans and Advances	4	108,128,054	107,997,144	SEBI Fees		750,000	250,000
Less : Current Liabilities and Provisions	5	4,534,811	6,755,652	Auditors' Remuneration (Refer note 2)		63,260	37,800
Net Current Assets		<u>103,593,243</u>	<u>101,241,492</u>	Other Expenses	8	12,500	11,500
Miscellaneous Expenditure (To the extent not written off or adjusted)	6	—	256,516	Miscellaneous Expenditure Written Off		256,516	256,516
		<u>117,968,674</u>	<u>115,873,439</u>	Interest on Income Tax		—	50,117
				Profit Before Tax		<u>3,456,340</u>	<u>4,183,087</u>
				Provision for Taxation			
				Current		1,370,000	1,410,000
				Deferred		—	—
				Excess provision for income tax of earlier years written back		(8,895)	(228,138)
						<u>1,361,105</u>	<u>1,181,862</u>
				Profit After Tax Carried to Balance Sheet		<u>2,095,235</u>	<u>3,001,225</u>
				EARNINGS PER SHARE			
				Basic and Diluted Earnings Per Share (Rs.)		0.21	0.30
				(Refer note 5)			
Accounting Policies and Notes to accounts	9			Accounting Policies and Notes to accounts	9		

As per our Report of even date attached

For and on behalf of the Board

For S.B. BILLIMORIA & CO.
Chartered Accountants

KALPANA MORPARIA
Chairperson

P.R. RAMESH
Partner

KRUNAL THAKKAR
Company Secretary

CHANDRASHEKHAR LAL
Director

Mumbai, April 20, 2005

Mumbai, April 20, 2005

schedules

	Rupees	March 31, 2004	Rupees	March 31, 2004
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	15,866,439	12,865,214		
Addition during the year	2,095,235	3,001,225		
Closing Balance	<u>17,961,674</u>	<u>15,866,439</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		
(iii) 1,433,552.56 (Previous year: 1,433,552.56) Units of Prudential ICICI Mutual Fund Very Cautious Plan-Dividend Option	14,374,231	14,374,231		
	<u>14,375,431</u>	<u>14,375,431</u>		
Quoted	—	—		
Unquoted	14,375,431	14,375,431		
SCHEDULE 4				
CURRENT ASSETS, LOANS AND ADVANCES				
Current Assets				
Balances with Scheduled Bank :				
(i) In Current Account	271,450	606,950		
(ii) In Fixed Deposits	90,000,000	92,500,000		
Loans and Advances				
(a) Interest accrued on Fixed Deposits	11,097,668	5,632,844		
(b) Advance Taxes Paid	1,485,000	3,075,000		
(c) Tax Deducted at Source	5,273,936	6,182,350		
	<u>108,128,054</u>	<u>107,997,144</u>		
SCHEDULE 5				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors *	36,554	55,760		
Payable to ICICI Bank Ltd.	966,241	1,537,955		
Other liabilities	2,016	1,937		
Provisions				
Provision for Income Tax	3,530,000	5,160,000		
	<u>4,534,811</u>	<u>6,755,652</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	256,516	513,032		
Less : Written off during the period	256,516	256,516		
	<u>—</u>	<u>256,516</u>		
SCHEDULE 7				
INTEREST INCOME				
(a) Interest on Fixed Deposits with Bank (Gross: TDS Rs.1,504,967; Previous year Rs.1,474,552)	7,197,353	7,192,934		
(b) Interest on Income Tax Refund	73,936	—		
	<u>7,271,289</u>	<u>7,192,934</u>		
SCHEDULE 8				
OTHER EXPENSES				
(a) Directors' sitting fees		8,500	9,000	
(b) ROC filing Fee		1,500	—	
(c) Profession Tax		2,500	2,500	
		<u>12,500</u>	<u>11,500</u>	
SCHEDULE 9				
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS				
Accounting Policies				
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.			
5 Business Segments	The Company is engaged in the business of management of mutual funds, unit trusts, offshore funds, pension funds, provident funds, venture capital funds, insurance funds, and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives of these entities and to act as financial advisors and investment advisors. These in the context of AS 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, are considered to constitute one single primary segment.			
NOTES TO ACCOUNTS				
1 Establishment and other expenses represent expenses charged by ICICI Bank Limited to the Company.			(Amounts in Rs.)	
2 Auditors' remuneration		March 31, 2005	March 31, 2004	
(i) Statutory audit fees		20,000	20,000	
(ii) Tax audit fees (including Rs.15,000 in respect of earlier years)		30,000	15,000	
(iii) Service Tax		6,260	2,800	
(iv) Certification Fees		7,000	—	
		<u>63,260</u>	<u>37,800</u>	
3 There is no deferred tax liability in case of the Company.				
4 Names of related parties and description of relationship for the transactions shown below are as follows:				
(i) Holding company	ICICI Bank Ltd.			
(ii) Fellow subsidiary	ICICI Venture Funds Management Company Ltd.			
		(Amounts in Rs.)		
		Holding Company	Fellow Subsidiary	
Establishment and Other Expenses		2,733,923	—	
Interest income		(7,197,353)	—	
Dividend income		—	(1,250)	
Investment		—	200	
Current account		271,450	—	
Deposit account		90,000,000	—	
Other Receivable (Net)		10,131,427	—	
Figures in the bracket indicate credit entry				
(Amounts in Rs. except share data)				
5 Earnings Per Share		March 31, 2005	March 31, 2004	
(a) Weighted average number of equity shares of Rs.10 each				
(i) Number of shares at the beginning of the year		10,000,700	10,000,700	
(ii) Number of shares at the end of the year		10,000,700	10,000,700	
Weighted average number of equity shares outstanding during the year		10,000,700	10,000,700	
(b) Net Profit after tax available for equity shareholders		2,095,235	3,001,225	
(c) Basic and diluted earnings per share		0.21	0.30	
6 Previous year figures have been regrouped wherever necessary				

cash flow statement

for the year ended March 31, 2005

March 31, 2005
Rupees

A	Cash Flow From Operating Activities	
	Profit before taxation	3,456,340
	Adjustments for:	
	Miscellaneous Expenditure written off	256,516
	Dividend Income	(1,250)
	Interest received	(7,197,353)
		<u>(3,485,747)</u>
	Operating Profit before Working Capital Changes	
	Adjustments for:	
	Trade and Other Receivables	(2,966,410)
	Trade Payables and Other Liabilities	(590,841)
	Cash generated from Operations	<u>(7,042,998)</u>
	Income Taxes paid	<u>(2,991,105)</u>
	Net cash from Operating Activities - A	<u>(10,034,103)</u>
B	Cash Flow from Investing Activities :	
	Fixed Deposits matured	2,500,000
	Dividend received	1,250
	Interest received	7,197,353
	Net cash from Investing Activities - B	<u>9,698,603</u>
C	Cash Flow from Financing Activities :	
	Net Cash from/used in Financing Activities - C	<u>—</u>
	Net Decrease in Cash and Cash Equivalents (A+B+C)	(335,500)
	Cash and Cash Equivalents as at March 31, 2004	606,950
	Cash and Cash Equivalents as at March 31, 2005	271,450

As per our Report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

PR. RAMESH
Partner

Mumbai, April 20, 2005

KRUNAL THAKKAR
Company Secretary

Mumbai, April 20, 2005

For and on behalf of the Board

KALPANA MORPARIA
Chairperson

CHANDRASHEKHAR LAL
Director

**Balance Sheet Abstract and Company's General Business Profile
as per Part IV, Schedule VI of the Companies Act, 1956**

1. Registration details

Registration No.

0 1 2 4 7 7 3

State Code

1 1

Balance Sheet Date

3 1

Date

0 3

Month

2 0 0 5

Year

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

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

N I L

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

Total Liabilities

1 2 2 5 0 3 4 8 5

Total Assets

1 2 2 5 0 3 4 8 5

Sources of Funds (Amount in Rupees)

Paid-up Capital

1 0 0 0 0 7 0 0 0

Reserves and Surplus

1 7 9 6 1 6 7 4

Secured Loans

N I L

Unsecured Loans

N I L

Application of Funds (Amount in Rupees)

Net Fixed Assets

N I L

Investments

1 4 3 7 5 4 3 1

Net Current Assets

1 0 3 5 9 3 2 4 3

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

4. Performance of the Company (Amount in Rupees)

Turnover (Gross Income)

7 2 7 2 5 3 9

Total Expenditure

3 8 1 6 1 9 9

Profit Before Tax

3 4 5 6 3 4 0

Profit After Tax

2 0 9 5 2 3 5

Earnings Per Share in Rupees

0 0 . 2 1

Dividend Rate %

N I L

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

Investment Management Company

Item Code

N A