ICICI Venture

ICICI VENTURE FUNDS MANAGEMENT COMPANY LIMITED

17TH ANNUAL REPORT AND ACCOUNTS 2004-2005

Directors
K. V. Kamath, *Chairman*
Balu Doraisamy
Gopal Srinivasan
Kalpana Morparia
Lalita D. Gupte
Dr. Nachiket Mor
R. Rajamani
Renuka Ramnath, *Managing Director & CEO*

Auditors
S.B. Billimoria & Co.
Chartered Accountants
Bangalore

Registered Office
III Floor, Raheja Plaza
17, Commissariat Road
Bangalore - 560 025

Regional Office
Stanrose House
Ground Floor
Appasaheb Marathe Marg
Prabhadevi
Mumbai - 400 025

directors' report

to the members

Your Directors have pleasure in presenting the Seventeenth Annual Report of ICICI Venture Funds Management Company Limited (Company) with the audited statement of accounts for the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

The Financial Performance for fiscal 2005 is given below:

(Rupees in million)

	Fiscal 2004	Fiscal 2005
Profit before taxation	*313.8*	501.0
Provision for Income Tax	*52.5*	185.0
Provision for Deferred Tax	*1.7*	(7.9)
Profit after taxation	*259.6*	324.0
Balance of Profit & Loss Account brought forward from the previous year	*22.1*	36.3
Disposable Profits	*281.7*	360.3

Appropriations

Profit after tax for the year is Rs. 324.0 million. After taking into account profit of Rs 36.3 million brought forward, the Company's disposable profit stand at Rs. 360.3 million. During the fiscal 2005, the Company has paid four interim dividends aggregating to Rs. 87.50 per share. Details of appropriation are as under:

(Rupees in million)

	Fiscal 2004	Fiscal 2005
To Statutory Reserve	*51.9*	—
To General Reserve	*25.9*	32.5
To Interim Dividend	*148.5*	232.5
To Corporate tax on Dividend	*19.1*	30.3
Balance Carried forward to next year	*36.3*	65.0

Analysis of Financial Performance:

During fiscal 2005, the assets of the Funds under management of your Company increased to Rs. 33.88 billion. As a result, your Company received higher management fee income in fiscal 2005. Your Company utilised the opportunities presented by this buoyancy in the secondary markets and successfully managed the exits of the Funds, resulting in higher performance fees. As a result, fee income from management of the Funds grew by 42% over last year to Rs. 624.1 million. During the year under review, operating expenses, excluding depreciation, increased from Rs. 149.2 million to Rs. 216.6 million. This increase is mainly due to increase in scale of operations and launch of new funds.

Consequent to higher growth in income, the profit before tax increased by 60% to Rs. 501.1 million as against Rs. 313.9 million for the previous year. After providing for tax including deferred tax for the current year, profit after tax increased from Rs. 259.7 million to Rs. 324.0 million during the year. The Earnings per Share was Rs. 113.28 per share.

Capital Reduction:

Given the nature of the business, your Directors believe that the surplus funds available with ICICI Venture are in excess of the requirements of your Company. As these funds are representative of the reserves created by your Company, your Company has, during the year, initiated steps to reduce the capital of your Company and return the surplus funds to the Members.

As per Section 77A of the Companies Act, 1956 ('Act') and pursuant to the approval of the members, the Company bought back 7,81,173 shares at a price of Rs. 136.80 per share, resulting in cancellation of share capital of Rs. 7.8 million and Free Reserves of Rs. 99.1 million.

Pursuant to approval of the members, the Company also proposes to reduce its paid up capital by cancelling 1,343,827 equity shares of Rs. 10 each and cancel the General Reserve of upto Rs. 200.6 million. Your Company has filed a petition in the High Court of Karnataka under Section 100 of the Act for confirmation of the reduction of capital and the aforesaid petition is pending before the said court.

Your Directors have decided not to carry on activities of Non Banking Financial Companies under section 45-IA of the Reserve Bank of India (Amendment) Act, 1997 and had applied to Reserve Bank of India for cancellation of Company's certificate of registration as a Non Banking Financial Company. The Reserve Bank of India vide its order dated September 27, 2004 has cancelled as surrendered, the certificate of registration granted to the Company.

OPERATIONAL REVIEW

Year in Retrospect:

Your Company, in fiscal 2005, successfully continued its dominant position in the private equity market. With a focused approach on managing its investments, a proactive exit strategy followed for all its investments aided by strong market sentiment, your Company performed well on both, the investments and the divestments front. The Company's management team continued to add significant value across its portfolio.

The India Advantage Funds that were originally planned at Rs. 7.50 billion closed for subscriptions with commitments of about Rs. 11.00 billion, making them the largest India dedicated private equity funds. Investors included some of the largest banks and institutions in India, overseas institutional investors and overseas high net-worth individuals.

Your Directors continue to maintain the targets for the Company's past Funds and in certain situations, have increased its expectations on realizations, owing to the Company's focus at ensuring high performance in each portfolio investment. During the year, your Company also exited from 48 investments aggregating Rs. 4.25 billion.

Continuing its "Power of I" series, your Company hosted the 3rd annual conference titled, "The Power of Creativity" in Mumbai. The keynote speaker was Dr. Edward de Bono, guru, noted speaker and leading management consultant recognized for his contribution in the field of creativity. The conference was widely attended by all investee companies and investors.

Portfolio and Fund Strategy

As of March 31, 2005, ICICI Venture was Manager / Advisor to the following Funds.

Fund	(Rs. in billion)
ICICI Equity Fund	6.76
ICICI Econet Internet & Technology Fund	1.00
ICICI Emerging Sectors Fund	5.20
ICICI Strategic Investments Fund	6.20
VECAUS I (R)	1.50
India Advantage Fund I & II	11.00
TCW / ICICI Offshore Funds	2.22
Total	33.88

Your Company continued its efforts in adding value to its portfolio companies and ensuring strategic exits during fiscal 2005. A dedicated team of experienced professionals continues to manage the past portfolio with specific targets for performance for each portfolio company set upfront. A significant achievement, reflective of improved business environment in India and the Company's continuous support, was that most of the portfolio companies saw significant improvement in financial and operating performance. As a result, the Company managed to enhance the value to its entire portfolio significantly. During the year, the cash realization on secondary market exits was Rs. 1.02 billion across 16 investments.

The India Advantage Funds

Your Directors are happy to report that the India Advantage Funds are performing very well. The Funds have concluded investments in 14 companies and have committed close to 59% of its total corpus. They have a diversified portfolio, which includes investments in all key sectors, such as Pharmaceuticals, Research & Development, Construction, Electronics, Printing & publishing, Real estate, Textiles, Aviation, etc., thereby ensuring ample diversification within the portfolio. Each of the Funds investments have been path breaking. The portfolio is performing very well and is significantly up in value, a testimony to the Company's focus on identifying promising sectors and investing in emerging winners in each such sector.

Your Company has created a niche in the private equity space and has emerged as one of the few private equity players capable of executing large and complex transactions, structuring innovating deals and creating new investment landscapes through each of its investments. This, your Directors believe will keep the Company in good stead, given the emerging competitive landscape in India.

Your Directors are also pleased to report that the portfolio is significantly in the money. The pipeline of transactions is equally strong, especially in the buyout space and in sectors like pharmaceuticals, Business Process Outsourcing (BPO), auto ancillaries, engineering and other manufacturing sectors. In the coming months, your Company hopes to execute and announce more landmark transactions. Your Directors believe there will be substantial value creation opportunities in the buyouts space given the change in the mindset of large business houses and promoters, and a conscious effort on their part to focus on core competencies. Further, your Directors are hopeful of significant arbitrage opportunities in restructuring of companies and the management will continue to selectively pick value stocks in minority-interest business as well.

Real Estate

The Company's strategy of investing in real estate was well timed. The investments from the Funds are performing well and the Company has seen substantial deal flow in this sector. Your Directors believe the real estate sector in India today is witness to a wide spectrum of changes making India a preferred destination for real estate activity globally.

Recognizing the immense potential, your Company during the year announced its foray into real estate and property investment management activities through the launch of dedicated real estate Funds, the India Advantage Fund III & IV with a corpus of US$ 250.0 million. The First Closing is expected early in fiscal 2006, will be for US$ 200.0 million from a range of institutional investors and high net worth individuals. The Funds are expected to raise in excess of US$ 300.0 million by the Final Closing.

The focus of the Funds will be to develop, acquire, lease, sell quality office buildings, residential premises and retail spaces that are attractive to quality tenants/users. The Funds will be strongly diversified and will invest in projects in all growing Indian cities. Over the next few years, your Directors expect the real estate market to remain strong due to consistent demand from overseas users for commercial space, and from the growing affluent middle class in India giving rise to demand for residential and retail space. The Company's vision is to create and manage world-class real estate projects pan-India.

During the year, your Company also announced a strategic 50:50 Joint Venture (JV) with Tishman Speyer Properties (TSP), one of the leading owners, developers, and operators of first class real estate in the world, for pursuing development of commercial office, residential and retail properties throughout India. TSP, since its founding in 1978, has acquired or developed a portfolio of over 52 million square feet, valued at over US$ 15.00 billion. TSP's reputation for globally recognized properties includes well-known properties such as New York City's Chrysler Building and Rockefeller Center, London's Milbank Tower and Tower Place, Frankfurt's MesseTurm, Berlin's Sony Center and S“o Paulo's North Tower.

Your Directors believe that this JV will create a unique position for ICICI Venture's real estate activities.

New Funds

As mentioned earlier, the India Advantage Funds have committed close to 59% of its corpus and have a robust pipeline of multiple deals at advanced stages. Your Directors expect the Funds to be fully committed by the end of calendar year 2005, if not earlier. As you are aware, India is now firmly on course in its journey to emerge as one of the largest economies of the world and the country is at an inflexion point of experiencing sustained high growth. The Company is witnessing a plethora of attractive private equity opportunities across sectors, which is reflected in the deal pipeline of India Advantage Funds. In order to capitalize on this opportunity, the Company has announced its next private equity fund, which will have an investment thesis similar to earlier Funds. Keeping in view the strong name recognition that India Advantage Funds have achieved, the new funds will be named as India Advantage Fund V & VI. It will be structured as twin funds in line with the earlier funds and the target corpus is US$ 750.0 million with a green-shoe option of another US$ 250.0 million. The First Closing is expected around the middle of fiscal 2006 with commitments for US$ 250.0 million mainly from existing investors of the earlier Funds and the Final Closing is expected by end of fiscal 2006 with commitments from a range of international institutional investors and high net worth individuals. This will be the largest ever India dedicated private equity fund and based on the initial feedback received from investors, your directors are confident of raising the fund within the target time frame.

The thesis of India Advantage Fund V & VI will be to invest in opportunities driven by the growth of domestic consumer sectors, India's outsourcing capabilities both in services and manufacturing, opportunities driven by the creation of infrastructure and cross-border opportunities emerging out of globalization of Indian businesses. The Funds will invest both in growth capital and majority control deals in late stage companies. The investments will typically be within growing industries and in companies that already have a healthy balance sheet and a robust earnings history. Your Company has pre identified certain focus sectors and will proactively create deals in those sectors. These include domestic retail, BPO, auto & auto components, pharmaceutical and infrastructure growth led sectors. Apart from these, the Funds will also invest in other sectors opportunistically, except for real estate.

Your Directors believe these new funds will now position your Company as a dominant player vis-à-vis global firms investing in India.

Outlook

As the industry 's investment pace is increasing, the un-invested capital is also soaring. Competition for transactions is thus intense, with most transactions now involving auctions or multiple bidders fueled by cheap and readily available investor capital.

In light of this, your Directors believe that value creation through investment structuring, financial leverage and value investing in the public markets will not be a sustainable advantage. The Company 's focus has thus always been and will continue to be on company building to fundamentally improve the cash flow generating power and not financial engineering. Relatively few firms possess this kind of expertise in India and your Directors expect that this would enable the Company to build fundamentally better and more valuable companies, as opposed to relying on financing structures, or rising market multiples, to generate returns.

Further, the Company follows a strategy based on a deep familiarity with particular products (such as turnarounds of under-performing businesses and buyouts) and selected sectors (life sciences, retail, BPO) that will enable it to identify value-added opportunities that are not obvious to others.

Thanks to the strong upswing in industrial production and investment activity, the Company is working on a very exciting pipeline. Your Directors expect that, in keeping with its past trend, your Company will continue to do pioneering transactions, in terms of sector, product and structure.

PUBLIC DEPOSITS

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

DIRECTORS

In terms of the Articles of Association of your Company, Smt. Lalita Gupte and Smt. Kalpana Morparia, Directors of your Company would retire at the forthcoming Annual General Meeting of your Company and, being eligible, offer themselves for re-appointment.

AUDITORS

M/s. S. B. Billimoria & Company, Chartered Accountants, Bangalore, retire at the ensuing Annual General Meeting. The Board at its meeting held on April 21, 2005 has proposed their appointment as Auditors to audit the accounts of your Company for the fiscal year ending March 31, 2006. You are requested to consider their appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

The Foreign Exchange Earnings during the year under review amounted to Rs. 3.8 million. Expenditure in foreign currency amounted to Rs. 58.5 million.

PERSONNEL AND OTHER MATTERS

Information required to be disclosed in accordance with Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forming part of the Directors' Report for the year ended March 31, 2005 is enclosed as an Annexure to this Report.

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 have not been given.

AUDIT COMMITTEE

Your Company has also constituted an Audit Committee though not mandatory under the provisions of the Companies Act, 1956. The Audit Committee comprising R. Rajamani, Kalpana Morparia, Gopal Srinivasan and Lalita D. Gupte (alternate to any of the other members) will discharge the functions under Section 292A of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. that the Directors have selected such accounting policies and applied them consistently and made judgements 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 fiscal year and of the profit or loss of the Company for that period;
3. that the Directors have 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 have prepared the annual accounts on a going concern basis

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the dedication, and hard work put in by the employees of the Company. The relationship with the shareholders, government, regulatory authorities and clients remained excellent. Your Directors are grateful for the support extended by them and look forward to receiving their continued support and commitment. Your Directors also wish to thank the investors in the Funds managed and advised by the Company for their continued support to the Company.

For and on behalf of the Board of Directors

K. V. KAMATH
Chairman

Mumbai, April 23, 2005

auditors' report

to the members of ICICI Venture Funds Management Company Limited

We have audited the attached Balance Sheet of ICICI VENTURE FUNDS MANAGEMENT COMPANY LIMITED as at March 31, 2005, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance 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 statements. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of Section 227 (4A) 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.

Further to our comments in the Annexure referred to 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 it appears from our examination of the books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;

(e) On the basis of the written representations received from the directors, as on March 31, 2005 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 under Section 274 (1)(g) of the Companies Act, 1956;

(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 for 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

V BALAJI
Partner
Membership No. 203685

Mumbai, April 23, 2005

annexure to auditors' report

(Referred to in our report of even date)

1. The provisions of clauses i (c), ii (a) to (c), iii (b) to (d), iii (f), iii (g), viii, ix (b), x, xii, xiii, xv, xviii, xix and xx of paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003 are not applicable for the current year.
2. In respect of its fixed assets:
   (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   (b) The fixed assets of the Company have been physically verified by the Management in accordance with a programme of verification, the frequency whereof is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
3. The Company has not taken/granted any loans, secured or unsecured from/ to companies, firms or other parties in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and the sale of services and we have not observed any continuing failure to correct major weaknesses in such internal controls.
5. To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that were needed to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other material statutory dues with the appropriate authorities during the year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.
10. Based on our examination of records and evaluation of the related internal controls, in respect of its investment in shares, securities and other investments:
   (a) The Company has maintained proper records of transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein.
   (b) The aforesaid securities have been held by the Company in its own name.
11. To the best of our knowledge and belief, and according to the information and explanations given to us, in our opinion, the term loans availed by the Company were prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
12. According to information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds on a short-term basis have, prima facie not been used during the year for long term investment.
13. 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 was noticed or reported during the year.

For S. B. BILLIMORIA & CO.
Chartered Accountants

V BALAJI
Partner
Membership No. 203685

Mumbai, April 23, 2005

balance sheet

as at March 31, 2005

	Schedule	(Rs. in '000s)		March 31, 2004
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	I	23,440		*31,250*
Reserves and Surplus	II	343,130		*380,970*
			366,570	*412,220*
Loan Funds				
Secured Loan	III	8,130		*5,080*
Unsecured Loan	IV	1,000		*2,000*
			9,130	*7,080*
Deferred Tax Liability			11,070	*18,990*
TOTAL			386,770	*438,290*
APPLICATION OF FUNDS				
Fixed Assets	V			
Gross Block		176,500		*178,850*
Less : Depreciation and Lease Adjustment		93,030		*73,800*
Net Block		83,470		*105,050*
Add : Capital Work in Progress		820		*4,660*
Net Block			84,290	*109,710*
Investments	VI		230,990	*326,720*
Current Assets, Loans and Advances	VII	171,480		*94,380*
Less : Current Liabilities and Provisions	VIII	99,990		*92,520*
Net Current Assets			71,490	*1,860*
TOTAL			386,770	*438,290*
Notes Forming Part of Accounts	XIV			
Accounting Policies	XV			

profit and loss account

for the year ended March 31, 2005

	Schedule	(Rs. in '000s)	March 31, 2004
INCOME			
Income From Operations	IX	676,290	*1,040,590*
Profit on Sale of Investments		20,750	*19,580*
Profit on Sale of Assets (Net)		28,980	*—*
Other Income	X	19,760	*6,950*
Closing Stock of Securities		—	*450*
		745,780	*1,067,570*
EXPENDITURE			
Opening Stock of Securities		446	*—*
Purchase of Securities		12,861	*592,451*
Staff Expenses (See Note - 5 & 9)	XI	84,550	*65,460*
Establishment Expenses	XII	27,980	*28,300*
Other Expenses	XIII	104,040	*55,430*
Depreciation		14,830	*12,060*
		244,707	*753,701*
Profit Before Tax		501,073	*313,869*
Profit From Continuing Operations Before Tax		495,013	*324,129*
Less : Provision For Current Tax (See Note - 10)		168,820	*109,490*
Less : Provision For Deferred Tax (See Note - 10)		6,050	*3,950*
Profit After Tax from Continuing Operations — (A) (See Note - 11.b)		320,143	*210,689*
Profit From Discontinuing Operations Before Tax		6,060	*(10,260)*
Less : Provision For Current Tax (See Note - 10)		16,180	*(56,990)*
Less : Provision For Deferred Tax (See Note - 10)		(13,970)	*(2,250)*
Profit After Tax from Discontinuing Operations— (B) (See Note -11.b)		3,850	*48,980*
Profit After Tax— (A + B)		323,993	*259,669*
Add : Balance Brought Forward From Previous Year		36,310	*22,030*
DISPOSABLE PROFIT		360,303	*281,699*
APPROPRIATIONS			
Statutory Reserve (See Note - 11.a)		—	*51,950*
General Reserve		32,400	*25,980*
Interim Dividend		232,430	*148,440*
Corporate Tax on Dividend		30,383	*19,019*
Balance Carried to Balance Sheet		65,090	*36,310*
		360,303	*281,699*
Notes Forming Part of Accounts	XIV		
Accounting Policies	XV		

The above Schedules form an integral part of the accounts.

As per our report attached

For S.B. Billimoria & Co.
Chartered Accountants

V.BALAJI
Partner
Membership No. 203685

Mumbai, April 23, 2005

For and on behalf of the Board

K.V.KAMATH
Chairman

LALITA D. GUPTE
Director

RENUKA RAMNATH
Managing Director & CEO

BEENA M. CHOTAI
Chief Financial Officer

ANSELM PINTO
Company Secretary

Mumbai, April 23, 2005

	(Rs. in '000s)	*March 31, 2004*
SCHEDULE I		
SHARE CAPITAL		
Authorised		
20,000,000 Equity shares of Rs. 10 each	200,000	*200,000*
Issued, Subscribed and Paid-up ;		
2,343,827 Equity shares of Rs.10 each	23,440	*31,250*
(Previous Year - 3,124,890) Equity shares of Rs.10 each)	23,440	*31,250*
Out of 2,343,827 Equity shares issued by the Company, 2,343,717 Equity shares (Previous Year - 3,124,890) are held by ICICI Bank Limited. (the Holding Company) (See Note - 12)		

	Additions/ (deletions) during the Year	As at March 31, 2005	*As at* ***March 31, 2004***
SCHEDULE II			
RESERVES AND SURPLUS			
Statutory Reserve (See Note -11)	(209,970)	-	*209,970*
Capital Redemption Reserve (See Note -12)	7,810	7,810	—
General Reserve (See Note -12)	209,970	270,230	*86,750*
Transfer from Amalgamation Reserve	47,940	—	—
Towards buyback of shares	(99,020)	—	—
Towards creation of Capital Redemption on buyback of shares	(7,810)	—	—
Transfer to Reserve from current year profit	32,400	—	—
Amalgamation Reserve (See Note -12)	(47,940)	—	*47,940*
Surplus in Profit and Loss Account	65,090	65,090	*36,310*
	(36,310)		
	(37,840)	343,130	*380,970*
SCHEDULE III			
SECURED LOAN			
Vehicle Loans from ICICI Bank Limited		8,130	*5,080*
(Secured by Hypothecation of Vehicle)			
(Amount Repayable within one year - Rs. 1,750)			
(Previous Year - Rs. 980)		8,130	*5,080*
SCHEDULE IV			
UNSECURED LOAN			
Interest-free loan from ICICI Bank Limited		1,000	*2,000*
(Amount Repayable within one year - Rs. 1,000)			
(Previous Year - Rs. 1,000)			
		1,000	*2,000*

SCHEDULE V

FIXED ASSETS (Rs. in '000s)

	Gross Block					Depreciation			Lease Adjustment Account upto March 31, 2005	Net Block	
	As at April 1, 2004	Addit-ions	Deduc-tions	As at March 31, 2005	*Upto March 31, 2004*	For the Year	Depre-ciation Adjustment	Upto March 31, 2005		As at March 31, 2005	*As at April, 1 2004*
ASSETS ON LEASE											
Vehicles	*1,200*	—	—	1,200	*1,190*	—	—	1,190	—	10	*10*
Plant & Machinery	*90,030*	—	—	90,030	*23,810*	*4,750*	—	28,560	*41,470*	20,000	*58,160*
Sub Total -A	*91,230*	—	—	91,230	*25,000*	*4,750*	—	29,750	*41,470*	20,010	*58,170*
As at Mar 31, 2004				91,230				*25,000*	*8,060*	58,170	
OTHER ASSETS											
Building *	*22,780*	*23,970*	*22,780*	23,970	*7,750*	*1,050*	*8,370*	430	—	23,540	*15,030*
Equipment	*20,520*	*12,600*	*10,980*	22,140	*9,600*	*2,190*	*5,980*	5,810	—	16,330	*10,920*
Computers	*17,690*	*2,380*	*5,210*	14,860	*13,680*	*1,950*	*4,800*	10,830	—	4,030	*4,010*
Furniture & Fixtures	*17,630*	*11,170*	*16,400*	12,400	*8,520*	*2,430*	*9,280*	1,670	—	10,730	*9,110*
Vehicles	*9,000*	*4,910*	*2,010*	11,900	*1,190*	*2,460*	*580*	3,070	—	8,830	*7,810*
Sub Total -B	*87,620*	*55,030*	*57,380*	85,270	*40,740*	*10,080*	*29,010*	21,810	—	63,460	*46,880*
As at Mar 31, 2004				87,620				40,740		46,880	
GRAND TOTAL - (A) + (B)	*178,850*	*55,030*	*57,380*	176,500	*65,740*	*14,830*	*29,010*	51,560	*41,470*	83,470	*105,050*
As at Mar 31, 2004				178,850				65,740	*8,060*	105,050	

* Additions to building relates to leased premises.

SCHEDULE VI

		March 31, 2004
INVESTMENTS (At Cost)	230,990	*328,320*
Less : Provision for diminution in value of Investments	—	*1,600*
Total	230,990	*326,720*

NOTES TO SCHEDULE VI

	Particulars	As at March 31, 2005			*As at March 31, 2004*		
		Quantity	Face value Rs. (per unit)	At Cost (Rs. in '000s)	*Quantity*	*Face value Rs. (per unit)*	*At Cost (Rs. in '000s)*
I	Long-term (Quoted)						
1	Creative Eye Limited Equity shares of Rs. 5 each fully paid {(Shares purchased/acquired during the Year - Nil) (Previous Year - Nil)} {(Shares sold during the Year - 2,00,000) (Previous Year - Nil)}	— —	—		*200,000*	*5*	*5,500*
	Total - (I)			—			*5,500*
II	Long-term (Unquoted)						
1	Industrial Development Bank of India 11.5% IDBI Bonds 2010 (Fifty Fifth Series)	— —	10		*— —*		*10*
2	ICICI Venture Value Fund Trust Units of Rs. 100/- fully paid {(Shares purchased/acquired during the Year - Nil) (Previous Year - 12,000)} {(Shares sold during the Year - Nil) (Previous Year - Nil)}	12,000	100	1,200	*12,000*	*100*	*1,200*

(Rs. in '000s) *March 31, 2004*

	Particulars	As at March 31, 2005 Quantity	Face value Rs. (per unit)	At Cost (Rs. in '000s)	*As at March 31, 2004 Quantity*	*Face value Rs. (per unit)*	*At Cost (Rs. in '000s)*
3	Prudential ICICI Asset Management Company Limited Equity shares of Rs. 10 each fully paid {(Shares purchased/acquired during the Year - Nil) (Previous Year - Nil)} {(Shares sold during the Year - Nil) (Previous Year - Nil)}	2,796,688	10	33,870	2,796,688	10	33,870
4	Prudential ICICI Trust Limited Equity shares of Rs. 10 each fully paid {(Shares purchased/acquired during the Year - Nil) (Previous Year - Nil)} {(Shares sold during the Year - Nil) (Previous Year - Nil)}	15,206	10	200	15,206	10	200
	Total - (II)			35,280			35,280
III	Share Application Money						
1	Power Trading Corporation Limited Share Application Money	—	—	—	——		20,000
2	Oil & Natural Gas Corporation Limited Share Application Money	—	—	—	——		19,950
	Total - (III)			—			39,950
IV	Current Investments (quoted)						
1	The Arvind Mills Limited Equity shares of Rs. 10 each fully paid {(Shares purchased/acquired during the Year - Nil) (Previous Year - Nil)} {(Shares sold during the Year - 1,31,204) (Previous Year - Nil)}	—	—	—	131,204	10	1,970
	Total - (IV)			—			1,970
V	**Current Investments (unquoted)**						
1	Units of Prudential ICICI Liquid Plan - Growth	3,434,938	10	56,300	——		—-
2	Units of Reliance Fixed Maturity Plan	—	—	—	2,000,000	10	20,000
3	Units of Birla Cash Plus - Growth	4,681,306	10	79,220	5,980,168	10	101,200
4	Units of TATA Income Fund - Bonus Plan	—	—	—	967,614	10	10,000
5	Units of HSBC Floating Rate Fund - Growth	1,000,000	10	10,000	——		—
6	Units of HSBC Cash Fund - Growth	1,629,572	10	18,100	——		—
7	Units of Grindlays Cash Fund - Growth	—	—	—	849,830	10	9,860
8	Units of Chola Liquid Institution Plan - Growth	535,848	10	7,070	——		—
9	Units of Sundaram Money Fund - Growth	—	—	—	5,113,786	10	67,750
10	Units of Kotak Mahindra Liquid Plan - Growth	1,962,092	10	25,020	1,348,717	10	17,000
11	Units of IL&FS Liquid Fund - Growth	—	—	—	472,091	10	5,500
12	Units of Principal Liquid Plan - Growth	—	—	—	1,157,150	10	14,310
	Total - (V)			195,710			245,620
	Total - {(I)+(II)+(III)+(IV)+(V)}			230,990			328,320

SUMMARY	Current Year	*Previous Year*
Aggregate Value of Investments :		
Quoted (Net)	—	*5,870*
Unquoted	230,990	*320,850*

1) Investments have been classified as Long-term and Current Investments in accordance with Accounting Standard 13 (i) issued by the Institute of Chartered Accountants of India.
2) Purchases of units of Mutual Funds held as Investments - 68,149,301 units amounting to Rs. 96,36,760, (Previous Year - 80,209 units amounting to Rs. 11,26,750)
3) Sales of units of Mutual Funds held as Investments - 72,792,474 units amounting to Rs. 10,27,990. (Previous Year - 80,303,792 units amounting to Rs. 1,126,270)
4) Market Value of quoted Investments- Nil (Previous Year - Rs. 8,250)

SCHEDULE VII
CURRENT ASSETS, LOANS AND ADVANCES

		(Rs. in '000s)	March 31, 2004
Current Assets			
Sundry Debtors			
(Unsecured, Considered good)			
- Debts - Outstanding for less than six months	139,620	—	—
- Debts - Outstanding for more than six months	—	139,620	—
Stock-in-trade (See Note -15)		—	450
Cash on hand		20	70
Balance with Scheduled Banks - In Current Accounts		18,400	73,170
Current Assets (A)		158,040	73,690
Loans and Advances			
Loans to Staff		320	320
Advance tax and tax deducted at source (Previous Year - Net of Provision for Tax of - Rs 1,30,940)		—	3,170
Advances recoverable in cash or in kind or for value to be received	13,250		17,330
Less : Provision for doubtful advances	(130)	13,120	(130)
Loans and Advances (B)		13,440	20,690
Of the above Advances			
(a) Fully Secured		320	280
(b) Unsecured, Considered Good		13,120	20,410
(c) Considered Doubtful	130	—	130
Less : Provision for doubtful advances	(130)	—	(130)
		13,440	20,690
Current Assets & Loans and Advances (A+B)		171,480	94,380

SCHEDULE VIII
CURRENT LIABILITIES AND PROVISIONS

		(Rs. in '000s)	March 31, 2004
Current Liabilities			
Sundry Creditors - Other than Small-Scale Industrial Undertakings		71,240	73,580
Income received in advance		—	50
Other Liabilites		780	3,520
		72,020	77,150
Provisions			
Provision for Taxation		10,650	-—
(Net of Advance Tax & TDS of Rs3,05,290)			
Provision for contingencies		10,000	10,000
Provision for Leave Encashment		7,320	5,370
		27,970	15,370
		99,990	92,520

SCHEDULE IX
INCOME FROM OPERATIONS

		(Rs. in '000s)	March 31, 2004
Fee Income [Tax Deducted at Source - Rs. 36,260] (Previous Year - Rs 24,470)		624,090	439,610
Sales of Securities held as Stock in Trade		16,050	387,450
Lease rentals and related income	41,480		12,370
Less : Lease Equalisation Account	(33,410)		(1,500)
		8,070	10,870
Dividend Income		28,080	202,660
		676,290	1,040,590

SCHEDULE X
OTHER INCOME

	(Rs. in '000s)	March 31, 2004
Rent Income	4,640	4,860
Provisions Written Back	14,320	1,060
Miscellaneous Income	800	1,030
	19,760	6,950

SCHEDULE XI
STAFF EXPENSES

	(Rs. in '000s)	March 31, 2004
Salaries, Wages and Bonus	73,900	56,810
Contribution to Provident and Other Funds	7,480	5,090
Staff Welfare Expenses	3,170	3,560
	84,550	65,460

SCHEDULE XII
ESTABLISHMENT EXPENSES

	(Rs. in '000s)	March 31, 2004
Insurance	370	150
Electricity Charges	2,060	1,240
Rates and Taxes	3,780	980
Repairs and Maintenance — Building	4,900	5,620
Repairs and Maintenance — Others	950	770
Communication Expenses	3,430	3,400
Rent - Office	12,490	16,140
	27,980	28,300

SCHEDULE XIII
OTHER EXPENSES

	(Rs. in '000s)	March 31, 2004
Advertisement & Business Promotion	41,660	1,060
Finance Charges	450	130
Books and Periodicals	210	110
Directors Meeting Expenses	270	250
Travel, Conveyance and Motor Car Expenses	17,770	18,540
Legal and Professional Charges	26,760	10,230
Printing and Stationery	2,400	2,770
Memberships and Subscriptions	1,470	4,810
Loss due to Exchange Fluctuation	—	540
Receivables written off	—	4,780
Miscellaneous expenses (See Note-8)	13,050	12,210
	104,040	55,430

SCHEDULE XIV
NOTES FORMING PART OF THE ACCOUNTS

1. Legal & Professional Charges include amounts paid/payable to the Auditors for:

	2004-2005	2003-2004
	(Rs. in '000s)	
Audit Fees	150	100
Tax Audit	20	20
Other Matters	150	100
Out-of pocket Expenses	20	10
Service Tax	40	20
Total	380	250

2. Earnings in Foreign Exchange

Fee Income	3,830	6,430
	3,830	6,430

3. Expenditure in Foreign Currency

Travelling Expenses	2,900	3,470
Advertisement	35,850	—
Legal & Professional Charges	15,890	—
Seminar Expenses	1,760	2,230
Membership & Subscription	350	—
Others	1,700	6,380
Total	58,450	12,080

4. a. Estimated amount of Contracts remaining to be executed on capital account not provided for (net of advances, if any) – Nil. (Previous Year – Rs. 37,840)

   b. The Company has taken certain premises on lease and has incurred expenditure on construction and other civil works. Based on the provisional work completion certificate issued by the architect, the Company has capitalised the assets. Revisions, if any, to the construction cost would be recorded on receipt of final work completion certificate.

5. Staff Expenses include provision towards unutilised leave salary of Rs. 2,350. (Previous Year – Rs. 2,620)

6. Dividend Income comprises of the following:

	2004-2005	(Rs. in '000s) *2003-2004*
Dividend from Non-Trade Investments		
— Current Investments	—	*320*
— Long term Investments	28,080	*14,140*
Dividend from Securities held as Stock-in-trade	—	*1,88,200*
Total	28,080	*2,02,660*

7. The Company has obtained the Central Government's permission under Section 211 to use "Rupees in Million" (up to at least second place of decimal) as the monetary unit in the Annual Accounts.

8. Miscellaneous expenses include Rs. 1,950 (Previous Year – Rs. 5,000), being the Company's share of various common overhead expenses incurred by ICICI Bank Limited, the holding company.

9. Staff Expenses include Managerial Remuneration to Managing Director amounting to Rs. 7,400 (Previous Year – Rs. 7,420). Details are given below:

	2004-2005	(Rs. in '000s) *2003-2004*
Salary & Allowances	6,200	*6,150*
Company's contribution to Provident Fund	320	*260*
Company's contribution to Gratuity	220	*180*
Company's contribution to Superannuation Fund	400	*330*
Perquisites	260	*500*
Total	7,400	*7,420*

10. Provision for tax of Rs. 1, 77,080 during the year (Previous Year – Rs. 54,200) includes provision for deferred tax amounting to Rs. (7,920). (Previous Year – Rs.1,700).

    The net deferred tax liability comprises the tax impact arising from timing differences on account of:

	2004-2005	(Rs. in'000) *2003-2004*
Net Depreciation difference	50,510	*70,360*
Provision for Contingencies	(10,000)	*(10,000)*
Provision for doubtful debts and advances	(130)	*(130)*
Provision for Diminution in Value of Investments	—	*(1,600)*
Accrued expenses	(7,490)	*(5,700)*
Total	32,890	*52,930*
Net deferred tax liability on above	11,070	*18,990*

11. a. Pursuant to resolution passed at the meeting of the Board of Directors of the Company, held on July 21, 2004, the company has decided not to carry on activities of Non Banking Financial Companies under section 45-IA (6)(i) and applied to Reserve Bank of India for cancellation of certificate of registration as a Non Banking Financial Company. The Reserve Bank of India vide its order dated September 27, 2004 has, cancelled as surrendered, the certificate of registration granted to the Company. Consequently the Statutory Reserve, created in pursuance of section 45-IC of the Reserve Bank of India (Amendment) Act, 1997, amounting to Rs. 2,09,970 has been treated as free reserve and transferred to General Reserve.

    As the company is no longer a Non Banking Financial Company, transfer from current year profits to Statutory Reserve has not been made.

    b. The above cessation of business amounts to terminating through abandonment of separate major line of business, as defined under Accounting Standard 24, "Discontinuing Operations".

    The disclosure required by the Accounting Standard 24 "Discontinuing Operations", in respect of initial disclosure event is given below:-

	For the Year ended March 31, 2005	(Rs. in '000s) *For the Year ended March 31, 2004*
Revenue from discontinuing operations	24,120	*5,86,500*
Expenses from discontinuing operations	18,060	*5,96,760*
Pre tax profit / (loss) from ordinary activities attributable to discontinuing operations	6,060	*(10,260)*
Carrying amounts as at Balance Sheet of total assets	20,000	*58,630*
Carrying amounts as at Balance Sheet of total liabilities	10,000	*10,000*
Net Cash flows attributable to discontinuing operations	44,670	*(4,450)*

12. In accordance with section 77A of the Companies Act, 1956, at the Extraordinary General Meeting of the Company held on November 5, 2004, the members approved a buy-back of upto 781,200 shares at a price of Rs. 136.80 per share. Accordingly, 7,81,173 shares were bought back, resulting in cancellation of share capital of Rs. 7,811.730 & Free Reserves of Rs. 99,052.736. Consequently, share capital of the Company is 2,343,827 shares of Rs. 10 each, aggregating to Rs. 23,438.27

    Further, in accordance with provisions of section 77AA, a sum equal to nominal value of shares bought back, amounting to Rs. 7,810 has been transferred to Capital Redemption Reserve, by appropriating from General Reserve.

13. Pursuant to resolution for reduction of capital passed at the Extraordinary General Meeting of the Company, the Company proposed to reduce the paid up capital by cancelling 2,125,000 Equity shares of Rs. 10 each and cancel the General Reserve of Rs. 60,770, Amalgamation Reserve of Rs. 47,940 and surplus in Profit & Loss account of Rs. 22,030. Pursuant to buyback of shares in November 2004, the said resolution was modified to reduce the paid up capital by cancelling 1,343,827 equity shares of Rs. 10 each and cancel the General Reserve of upto Rs. 2,00,550. The aforesaid petition is pending confirmation by the High Court of Karnataka.

14. During the year 1999-00, the Company had given on lease certain Plant & Machinery. However, due to down turn in industry, the lessee defaulted in payment of Lease rentals. Consequently, the lease was restructured during the year 2001-02 and terms of lease were revised. The Company, as a matter of prudence had provided for Rs. 10,000 towards the probable loss arising from non-payment of future minimum lease payments and the same is being carried as provision for contingencies.

15. (a) Opening stock of Securities held as stock-in-trade – 12,800 units amounting to Rs. 446. (Previous Year – Nil)

    (b) Purchase of Securities held as stock-in-trade – 32,219 units amounting to Rs. 12,861. (Previous Year – 34,258,096 units amounting to Rs. 5,92,451)

    (c) Sales of Securities held as stock-in-trade – 45,019 units amounting to Rs. 16,050. (Previous Year – 34,245,296 units amounting to Rs. 3,87,450)

    (d) Closing stock of Securities held as stock-in-trade – Nil. (Previous Year –12,800 units amounting to Rs. 446, comprising of 7000 shares of Vijaya Bank Limited, valued at Rs. 167 and 5800 shares of Indraprastha Gas Limited, valued at Rs. 279).

(Rs. in '000s) *March 31, 2004* (Rs. in '000s) *March 31, 2004*

16. Transactions with related parties are disclosed as per Accounting Standard 18 "Related Party Disclosures", issued by the Institute of Chartered Accountants of India.

(Rs. in '000)

Sl No.	Name of the related party	Nature of relationship	Nature of transaction	2004-2005	2003-2004
1	ICICI Bank Limited	Holding Company	Payment of Rent	11,950	*13,980*
			Common Corporate Expenses	1,950	*5,000*
			Advertisement	37,170	—
			Other Expenses	10,550	*1,640*
			Dividend Paid	2,32,410	*1,48,430*
			Balance in Current Accounts	17,980	*72,670*
			Share Capital	23,430	*31,240*
			Loan Funds	9,130	*7,080*
			Current Liabilities & Provisions	—	*8,760*
			Other Income	150	*150*
2	ICICI International Limited	Fellow Subsidiary	Fee Income	3,800	*6,430*
			Sundry Debtors	1,980	—
			Advances Recoverable	290	*430*
3	Prudential ICICI Trust Limited	Other Related Party	Dividend Received	110	*150*
			Investment outstanding at Balance Sheet date	200	*200*
4	ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary	Insurance of Staff	600	*370*
5	Prudential ICICI Asset Management Company Ltd.	Other Related Party	Purchase of Securities	—	*50,640*
			Sale of Securities	—	*43,530*
			Dividend Received	27,970	*21,320*
			Profit on sale of investments	1,890	*2,610*
			Purchase of Investments	3,08,500	*5,68,630*
			Sale of Investments	2,54,090	*6,27,620*
			Investment outstanding at Balance Sheet date	33,870	*33,870*
6	ICICI Lombard General Insurance Company Ltd.	Fellow Subsidiary	Insurance of Assets	370	*130*
			Insurance of Staff	980	*620*
			Advances Recoverable	760	*580*
7	ICICI Equity Fund VCF	Other Related Party	Fee Income	1,73,190	*1,16,510*
			Sundry Debtors	98,160	—
8	ICICI Eco-net Internet & Technology Fund	Other Related Party	Fee Income	25,000	*25,030*
9	ICICI Emerging Sector Fund	Other Related Party	Fee Income	1,31,740	*1,00,210*
10	ICICI Strategic Investment Fund	Other Related Party	Fee Income	62,000	*60,140*
11	India Advantage Fund	Other Related Party	Fee Income	2,22,080	*1,17,130*
			Sundry Debtors	38,860	—
			Advances Recoverable	1,100	—
12	ICICI Venture Value Fund	Other related Party	Investment in Units of the trust	—	*1,200*
			Investment outstanding at Balance Sheet date	1,200	*1,200*
13	Renuka Ramnath	Key Managerial Personnel	Remuneration to Managing Director	7,400	*7,420*

17. The Company's business is organized into three business segments. These are categorised as Asset Management Services, Trading Activities and Others. Financial information on business segments is provided in the table below. The Company operates in only one geographical segment.

(Rs. in '000s)

	Asset Management Services		Transactions in Securities		Others		For the Year ended	For the Year ended
	Mar-05	Mar-04	Mar-05	Mar-04	Mar-05	Mar-04	March, 2005	March, 2004
Fee Income	6,24,090	4,39,610	—	—	—	—	6,24,090	4,39,610
Sale of Securities	—	—	16,050	5,75,640	—	34,050	16,050	6,09,690
Others	—	—	—	—	1,05,640	17,820	1,05,640	17,820
Total Revenue	6,24,090	4,39,610	16,050	5,75,640	1,05,640	51,870	7,45,780	10,67,120
Results:								
Segment Result	5,39,540	3,74,150	2,740	(16,360)	100,890	47,110	6,43,170	4,04,900
Unallocated Corporate expenses	—	—	—	—	—	—	1,42,097	91,031
Net Profit	—	—	—	—	—	—	5,01,073	3,13,869
Other Information								
Segment Assets	1,39,940	320	—	446	2,49,780	3,81,220	3,89,720	3,81,990
Unallocated Assets	—	—	—	—	—	—	97,040	1,45,650
Advance Tax & TDS (Net)	—	—	—	—	—	—	—	3,170
Total Assets							4,86,760	5,30,810
Segment Liabilities	27,320	25,370	—	—	10,000	10,000	37,320	35,370
Deferred Tax Liability	—	—	—	—	—	—	11,070	18,990
Shareholder's Funds	—	—	—	—	—	—	3,66,580	4,12,220
Unallocated Liabilities	—	—	—	—	—	—	71,790	64,230
Total Liabilities	—	—	—	—	—	—	4,86,760	5,30,810
Depreciation	—	—	—	—	4,750	4,760	4,750	4,760

As the company operates from a single geographical location, secondary disclosures are not applicable.

18. The figures for the previous year have been re-grouped wherever necessary so as to make them comparable with those of the current year.

(Rs. in '000s)	*March 31, 2004*	(Rs. in '000s)	*March 31, 2004*

SCHEDULE XV

OPERATIONS & SIGNIFICANT ACCOUNTING POLICIES

The following paragraphs describe the nature of operations, the basis of presentation and the main accounting policies adopted by the Company.

1. Nature of Operations

   The Company is a public financial institution and provides venture capital assistance to a wide spectrum of industrial sectors. The assistance is extended through the Venture Funds and the Private Equity Funds managed/ advised by the Company. The accounts of these Funds are maintained separately and do not form part of the Company's financial statements.

2. Basis of Presentation

   ICICI Venture Funds Management Company Limited maintains the Books of Account in accordance with Section 209 of the Companies Act, 1956. The accounting and reporting policies of the Company are in conformity with the provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India. The Company's assets and liabilities are principally recorded on the historical cost basis and the accrual method of accounting is followed, except where otherwise noted. The principal accounting policies followed are consistent with those followed in the previous year.

3. Income Recognition

   i. As Fund Manager, the Company is entitled to an annual management fee and a performance fee, which is contingent on the payouts to the Fund investors. In respect of the Private Equity Funds advised by the Company, the Company is entitled to an advisory fee. The annual management fee, performance fee and the advisory fee are recognized as revenue when they contractually accrue except where the management believes that the collectability is in doubt.

   ii. Dividend income from investment in units of Mutual Fund is recognized on cash basis. Dividend from shares of corporate bodies is accrued when such dividend has been declared by the corporate body in its Annual General Meeting and the Company's right to receive the dividend payment is established.

   iii. Income on securities classified as stock-in-trade is recognised on trade date.

   iv. Interest is recognised, except where collectability is in doubt, on time proportionate basis taking into account the amount outstanding and the interest rates implicit in the transaction. Revenue recognition on loans placed in non-accrual status is resumed and the suspended income is recognised when the investment becomes contractually current and incomes are actually realised.

   v. No credit is taken for interest and other dues in respect of (a) decreed debts, (b) where suits have been filed, (c) where loans have been recalled and (d) where accounts are considered bad or doubtful.

4. Foreign Exchange Transactions

   Transactions in foreign currency, to the extent not covered by forward contracts, are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign currency transactions are recognised as income or expense in the period in which they arise.

   Monetary items (other than those relating to fixed assets) are restated at the rates prevailing at the year end. The difference between the year end rate and the exchange rate at the date of the transaction is recognised as income or expense in the profit and loss account.

5. Investments

   Long-term Investments are carried at cost. Provision for diminution, if any, in the value of long-term investments is made to recognise a decline which is not temporary. The said diminution is determined for each investment individually. Current Investments are stated at lower of cost or fair value.

6. Stock-in-Trade

   Units and Securities held for trading purposes are classified as Stock-in-trade. Stock-in-trade is stated at lower of cost or market value.

7. Leasing Business

   Lease income is recognized on accrual basis, except where collectability is in doubt. In respect of assets leased, all of which were leased prior to Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India becoming mandatory, the Company has followed the recommendations contained in the guidance note on Accounting for Leases issued by the Institute of Chartered Accountants of India. The corresponding assets are depreciated at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

8. Fixed Assets and Depreciation

   Fixed Assets are stated at cost less accumulated depreciation. Additions, major renewals and improvements are capitalized, while maintenance and repairs are expensed. Upon disposition, the net book value of assets is relieved and resultant gains and losses are reflected in the Profit and Loss Statement. The basis of depreciation is as follows:

   a) In respect of leased assets (other than vehicles leased to third parties), depreciation is provided on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

   b) In respect of all other assets, depreciation is provided on written-down value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

9. Employee Benefits

   The Company has a superannuation fund and a gratuity fund maintained and administered by Life Insurance Corporation of India to which transfers are made annually based on advises received from the Life Insurance Corporation of India. Additionally, the Company also makes monthly contributions to the Employees Provident Fund Scheme managed by a trust constituted for the purpose and to the Family Pension Scheme administered by the Central Government. Contributions to retirement benefit schemes are booked under staff expenses. Provision for unutilised leave benefits has been made on the basis of management estimates.

10. Income Tax

    Income tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year.

    Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets are recognized subject to the management's judgement that realization is virtually certain.

    Deferred tax assets and liabilities are measured using enacted tax rates applicable on the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of enactment of the change.

Signatures to Schedules "I" to "XV", which from an integral part of the Accounts.

As per our report attached	For and on behalf of the Board		
For S.B. Billimoria & Co. *Chartered Accountants*	K.V. KAMATH *Chairman*	LALITA D. GUPTE *Director*	RENUKA RAMNATH *Managing Director & CEO*
V. BALAJI *Partner* Membership No. 203685	BEENA M. CHOTAI *Chief Financial Officer*	ANSELM PINTO *Company Secretary*	
Mumbai, April 23, 2005	*Mumbai, April 23, 2005*		

cash flow statement

for year ended March 31, 2005

		(Rs. in '000s)		*March 31, 2004*
Cash flows from Operating Activities				
Net Profit Before Taxation		501,073		*313,869*
Adjustments for :				
Depreciation		14830		*12,060*
Profit on sale of Investments		(20,750)		*(19,580)*
Dividend from Long-term Investments		(28,080)		*(14,460)*
Bad Debts written off		—		*4,780*
Provisions written back (Net)		(14,320)		*(1,060)*
Lease equalisation charge		33,410		*1,500*
Profit on sale of Assets		(28,980)		—
Operating profit before working capital changes		457,183		*297,109*
Decrease / (Increase) in Inventories		450		*(450)*
Decrease / (Increase) in Debtors		(139,620)		*25,850*
Decrease / (Increase) in other Current Assets		2,520		*(9,680)*
Increase / (Decrease) in Creditors		11,140		*3,580*
Cash from Operations		331,673		*316,409*
Less : Income taxes paid		(171,180)		*(53,650)*
Net Cash from Operating Activities			160,493	*262,759*
Cash flows from Investing Activities				
Purchase of Fixed Assets		(55,030)		*(15,610)*
Dividend from Long-term Investments		28,080		*14,460*
Sale of Fixed Assets		57,360		—
Purchase of Investments		(963,660)		*(1,216,260)*
Decrease in Capital Advances		5,400		
Sale of Investments		1,080,130		*1,179,040*
Net Cash from Investing Activities			152,280	*(38,370)*
Cash flows from Financing Activities				
Proceeds from Long-term Borrowings		4,290		*5,200*
Payment of Long-term Borrowings		(2,240)		*(6,120)*
Payment to Shareholders - Buyback of Equity shares		(106,830)		—
Payment of Dividend & tax thereon		(262,813)		*(167,459)*
Net Cash from Financing Activities			(367,593)	*(168,379)*
Net increase in Cash & Cash Equivalents			(54,820)	*56,010*
Cash & Cash Equivalents at the beginning of the year			73,240	*17,230*
Cash & Cash Equivalents at the end of the year			18,420	*73,240*
Notes Forming Part of Accounts	XIV			
Accounting Policies	XV			

The above schedules form integral part of the accounts.

As per our report attached	For and on behalf of the Board		
For S.B. Billimoria & Co. Chartered Accountants	K.V.KAMATH *Chairman*	LALITA D. GUPTE *Director*	RENUKA RAMNATH *Managing Director & CEO*
V.BALAJI *Partner* *Membership No. 203685*	BEENA M. CHOTAI *Chief Financial Officer*	ANSELM PINTO *Company Secretary*	
Mumbai, April 23, 2005	*Mumbai, April 23, 2005*		

ICICI Venture

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration Number: 08/10099

State Code: 08

Balance Sheet Date: 31 (Date) 03 (Month) 2005 (Year)

II. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue	NIL
Bonus Issue	NIL
Rights Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	386770.05
Total Assets	386770.05

Sources of Funds

Paid-up Capital	23438.27
Reserves and Surplus	343129.03
Secured Loans	8132.20
Unsecured Loans	1000.00
Deferred Tax Liability	11070.55

Application of Funds

Net Fixed Assets	84293.31
Investments	230985.99
Net Current Assets	71490.75
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL

IV. Performance of Company (Amount in Rs. Thousand)

Turnover/Income	745779.37
Total Expenditure	244710.71
Profit/Loss Before Tax	501068.66
Profit/Loss After Tax	323998.73
Earning Per Share in Rs.	113.28
Dividend Rate %	875.00

V. Generic Names of Principal Products/Services of the Company (as per monetary terms)

Item Code No.: NOT APPLICABLE

Product Description: FINANCIAL SERVICES

For and on behalf of the Board

K.V. KAMATH
Chairman

LALITA D. GUPTE
Director

RENUKA RAMNATH
Managing Director & CEO

BEENA M. CHOTAI
Chief Financial Officer

ANSELM PINTO
Company Secretary

Mumbai, April 23, 2005