ICICI VENTURE FUNDS MANAGEMENT COMPANY LIMITED

18TH ANNUAL REPORT AND ACCOUNTS 2005-2006

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

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

Registered Office
Prestige Obelisk, 10th Floor
No. 3, Kasturba Road
Bangalore - 560 001

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 Eighteenth Annual Report on the business and operations of your Company together with the Statement of Accounts for the year ended March 31, 2006.

1. FINANCIAL HIGHLIGHTS

(Rupees in mllion)

	Fiscal 2005	**Fiscal 2006**
Profit before taxation	*501.1*	**746.1**
Provision for Income Tax	*185.0*	**250.1**
Provision for Deferred Tax	*(7.9)*	**(7.0)**
Profit after taxation	*324.0*	**503.0**
Balance of Profit & Loss Account brought forward from the previous year	*36.3*	**65.0**
Disposable Profits	*360.3*	**568.0**

Appropriations:

Profit after tax for the year is Rs 503.0 million. After taking into account profit of Rs 65.0 million brought forward, the Company's disposable profit stands at Rs. 568.0 million. During the fiscal 2006, your Company has paid four interim dividends aggregating to Rs 286.0 per share. Details of appropriation are as under:

(Rupees in mllion)

	Fiscal 2005	**Fiscal 2006**
General Reserve	*32.5*	**50.3**
Interim Dividend	*232.5*	**394.5**
Corporate tax on Dividend	*30.3*	**55.3**
Balance Carried forward to next year	*65.0*	**67.9**

Analysis of Financial Performance:

During the fiscal 2006, the aggregate corpus of Funds under management of your Company increased to Rs. 63.9 billion. As a result, your Company received higher management fee income in the fiscal 2006. Fee income from management of the Funds grew by 67% over last year to Rs. 1,044.0 million.

During the year under review, your Company increased the scale of its operations on account of growth in Funds under management. Consequently, operating expenses, excluding depreciation, increased to Rs. 380.7 million from Rs. 216.6 million for the previous year.

Consequent to higher growth in income, the profit before tax of your Company for the year under review increased by 49% to Rs. 746.1 million as compared to Rs. 501.1 million for the previous year. After providing for tax including deferred tax for the current year, profit after tax has gone up from Rs. 324.0 million to Rs. 503.0 million during the year. The Earnings per Share of your Company is Rs. 250.4 per share.

Capital Reduction:

Pursuant to approval of the members, at extraordinary general meeting of the Company held on November 5, 2004, the High Court of Karnataka, vide order dated August 29, 2005 has confirmed reduction of the Paid up Capital of Rs. 13.4 million, by cancelling 1,343,827 equity shares of Rs. 10 each and cancellation of General Reserve of Rs. 200.6 million. Accordingly, the Company has reduced its Paid-up Capital of Rs. 13.4 million and cancelled its General Reserve of Rs. 200.6 million and returned the same to the members.

2. OPERATIONAL REVIEW

Year in Retrospect:

Your Company in fiscal 2006 continued its excellent performance in both, investing in note worthy transactions and in profitably exiting from select investments. Having established a very strong foundation in the Indian industry over the last few years, your Company continued to pioneer new ideas and today leads the development of the private equity/real estate assets industry in India.

On the investments side, your Company continued investing from the US$ 245.0 million (Rs. 11.0 billion) India Advantage Fund Series I, in minority and buy-out deals and commenced investments from the US$ 500 million (Rs. 22.5 billion) India Advantage Fund III and, IV in the real estate industry.

Continuing the trend in executing note worthy transactions, your Company concluded innovating deals in typical growth investments and in buy-out style transactions. The results have been encouraging, as your Company has received several proposals from Indian companies, leading to other investment opportunities.

During the year, your Company increased its focus on the capital markets and set up a dedicated team for this. Consequently, your Company successfully exited part stakes in portfolio companies at premium to the acquisition price. This has given a cash-out alternative in the investments and has also helped broaden the investor base in portfolio companies. Your Company also continuously worked towards creating viable exit alternatives in addition to the above described market exits. Some of these alternatives included trade sales, sale to other financial investors, etc. As a result of a focused effort on exits, your Company successfully exited from 68 investments at an aggregate value of Rs. 7.3 billion.

Portfolio and Fund Strategy:

As of March 31, 2006, your Company was Manager/Advisor to the following Funds:

Fund	(Rs. in billion)
ICICI Equity Fund	7.46
ICICI Econet Internet & Technology Fund	1.00
ICICI Emerging Sectors Fund	5.20
ICICI Strategic Investments Fund	7.05
VECAUS (IR)	1.33
Indian Advantage Fund I & II	11.00
Indian Advantage Fund III & IV	21.03
Indian Advantage Fund V & VI	7.58
TCW / ICICI Offshore Funds	2.22
Total	**63.87**

Your Company continued its efforts in adding value to its portfolio companies and ensuring strategic exits during fiscal 2006. A dedicated team of experienced professionals continues to manage the portfolio with specific targets for performance for each portfolio company. Most of the portfolio companies saw significant improvement in financial and operating performance. As a result, your Company managed to enhance the value to its entire portfolio significantly.

The India Advantage Funds Series I:

Your Directors are happy to report that the India Advantage Funds Series I (Funds) are performing very well. The Funds have now concluded investments in 20 companies and have committed close to 95% of its total corpus. The Funds comprise of a diversified portfolio, including investments in key sectors, such as Pharmaceuticals, Engineering and Construction services, Printing & Publishing, Real estate, Textiles, Aviation, Refractories, Retail, etc., ensuring ample diversification within the portfolio. Many of the Funds' investments have been note worthy. The portfolio is performing well and has significantly appreciated in value which is 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 innovative deals and creating new investment landscapes through each of its investments. Your Directors believe that this will keep the Company in good stead, given the emerging competitive landscape in India.

Another pioneering initiative was, your Company's successful facilitation of India's first major private equity secondary transaction, where existing investors desirous of realising early gains on their investment in the Funds, partially exited by selling their holdings to Coller Capital, UK in a transaction of over US$ 35.0 million (Rs. 1575 million) .

Real Estate Funds:

During the year, your Company extended its funds management expertise into real estate investments and development by setting up and raising dedicated real estate Funds, India Advantage Fund III and IV (Real Estate Funds). Majority of the investors from your Company's current funds invested in the Real Estate Funds as well. The Real Estate Funds are substantially raised and are expected to close by April 30, 2006 with commitments of over US$500 million (Rs. 22.5 billion), firmly positioning your Company as India's leading Private Equity assets management company.

Your Directors are pleased with the response of the Real Estate Funds' investors and the continuing confidence in the Company's investment capabilities. Your Company believes that the combination of the long-term investment track record it has acquired in private equity and its professional investment expertise will provide a solid foundation for a strong performance.

The focus of the Real Estate Funds will be to develop, acquire, lease, and sell quality office buildings, residential premises and retail spaces that are attractive to quality tenants / users. The Real Estate Funds will be strongly diversified and will invest in projects in growing Indian cities. Your Company's vision is to create and manage world-class real estate projects pan-India. The initial focus will be on tier-one and tier-two cities and it will focus on all product types including residential, office, retail and mixed-use, and township projects.

Joint Venture with Tishman Speyer:

Amongst the first movers to capitalize on the relaxed norms for Foreign Direct Investment (FDI) investments in India, your Company also announced formation of a 50:50 joint venture real estate development company with Tishman Speyer Properties (TSP) called TSI Ventures (India). TSP is a global real estate company and an owner, developer and manager of first-class real estate around the world. The new company will pursue "ground-up" development of commercial office, residential and retail properties throughout India. The joint venture is the first in India involving a major U.S. real estate development company.

TSP and the Company each own 50 percent of the joint venture company and will invest in the projects it undertakes on a 50/50 equity basis. In addition to its equity investment contribution, TSP brings global real estate development skills and relationships with some of the most active and successful multinational tenants. The joint venture intends to build a geographically diverse portfolio with a national presence that includes the largest urban and suburban markets in tier-one and tier-two cities. The joint venture is currently evaluating sites in a variety of cities including Mumbai, Hyderabad and Bangalore.

With its proven track record and knowledge in the development field, TSP is an ideal partner for your Company as it looks to expand its activity in the real estate field. Your Directors believe this joint venture will be an eminent player in India's real estate industry, identifying and pursuing exciting projects that will complement and advance India's continuing growth and progress.

The India Advantage Funds Series II:

Last year, your Company had announced plans for raising its second late stage private equity fund, the US$ 750 million (Rs. 33.7 billion) India Advantage Fund Series II (structured as twin funds namely India Advantage Fund V and India Advantage Fund VI) (New Funds). Your Directors are delighted to report that the New Funds have received an overwhelming response with over US$ 900 million (Rs. 40.5 billion) of commitments and clear indications of investor appetite aggregating to over US$ 1 billion (Rs. 45.0 billion). This will be the largest-ever Indian private equity fund.

Apart from most institutional investors in the Company's earlier private equity fund reinvesting in the New Funds, your Company has also been able to attract marquee international institutions to this fund. The New Funds will have an extremely well diversified investor base comprising of leading Indian banks and insurance companies, international institutions including pension funds, foundations, funds of funds as well as family offices and high net worth individuals from USA, UK, Switzerland, Japan, South East Asia and the Middle East. The New Funds had a First Closing in October 2005.

The New Funds will focus on addressing growth capital and buy-out opportunities around four driving investment theses – domestic growth, outsourcing of services and manufacturing, infrastructure creation and cross-border acquisitions by Indian businesses.

After this highly successful fund raising, your Company is also looking at new areas like mezzanine and infrastructure financing and your Directors expect to substantially progress in the Company's business plans in these two products in the coming year.

Outlook:

As the Industry's investment pace is increasing, the un-invested capital is also increasing. Competition for transactions is intense, with most transactions involving auctions or multiple bidders with 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 to fundamentally improve portfolio company's cash flow generating power and not financial engineering. Relatively few firms possess these kinds 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 markets 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 obvious to others.

Your Directors over the next three to five years, 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.

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.

3. PUBLIC DEPOSITS

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

4. DIRECTORS

R. Rajamani, who was on the Board of the Company, tendered his resignation effective March 7, 2006. The Board accepted with regret the resignation of R. Rajamani and placed on record its gratitude for the valuable services rendered by R. Rajamani during his tenure as Director of the Company.

In terms of the Articles of Association of your Company, Balu Doraisamy and Nachiket Mor, Directors of your Company would retire at the forthcoming Annual General Meeting of your Company and, being eligible, offer themselves for re-appointment.

5. AUDITORS

M/s. S. B. Billimoria & Company, Chartered Accountants, retire at the ensuing Annual General Meeting. The Board at its meeting held on April 22, 2006 has proposed their appointment as Auditors to audit the accounts of your Company for the fiscal 2007. You are requested to consider their appointment.

6. FOREIGN EXCHANGE EARNING AND EXPENDITURE

The Foreign Exchange Earnings during the year under review amounted to Rs. 0.4 million. Expenditure in foreign currency amounted to Rs. 251.2 million.

7. 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, 2006 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.

8. AUDIT COMMITTEE

Your Company has constituted an Audit Committee though not mandatory under the provisions of the Companies Act, 1956. The Audit Committee Comprising of Kalpana Morparia, Lalita D. Gupte, Nachiket Mor and Gopal Srinivasan will discharge the functions under Section 292A of the Companies Act, 1956.

9. 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 financial 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.

10. ACKNOWLEDGEMENTS

Your Directors wish to place on record their deep sense of appreciation for the outstanding professionalism, commitment and dedication of 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 trust and support.

1 US$=Rs. 45

For and on behalf of the Board

K. V. KAMATH
Chairman

Mumbai, April 22, 2006

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, 2006, 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, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2006, 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, 2006;

   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 22, 2006

annexure to auditors' report

(Referred to in our report of even date)

1. The provisions of clauses ii, iii (b) to (d), (f) and (g), iv (in so far as it relates to purchase of inventory and sale of goods), vi, 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.

   (c) In our opinion and according to the information and explanations given to us, the ability of the Company to continue as a going concern is not affected due to the fixed assets disposed during the year.

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. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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 22, 2006

balance sheet

as at March 31, 2006

	Schedule	(Rs. in '000s)		*March 31, 2005*
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	I	10,000		*23,440*
Reserves and Surplus	II	195,690		*343,130*
			205,690	*366,570*
Loan Funds				
Secured Loan	III	15,610		*8,130*
Unsecured Loan	IV	-		*1,000*
			15,610	*9,130*
Deferred Tax Liability			4,110	*11,070*
TOTAL			225,410	*386,770*
APPLICATION OF FUNDS				
Fixed Assets	V			
Gross Block		101,690		*176,500*
Less : Depreciation and Lease Adjustment		34,890		*93,030*
Net Block		66,800		*83,470*
Add : Capital Work in Progress		33,730		*820*
Net Block			100,530	*84,290*
Investments	VI		62,680	*230,990*
Current Assets, Loans and Advances	VII	554,850		*171,480*
Less : Current Liabilities and Provisions	VIII	492,650		*99,990*
Net Current Assets			62,200	*71,490*
TOTAL			225,410	*386,770*
Notes forming part of Accounts	XIV			
Accounting Policies	XV			

profit and loss account

for the year ended March 31, 2006

	Schedule	(Rs. in '000s)	*March 31, 2005*
INCOME			
Income From Operations	IX	1,094,070	*676,290*
Profit on Sale of Investments		27,800	*20,750*
Profit on Sale of Assets (Net)		-	*28,980*
Other Income	X	24,130	*19,760*
		1,146,000	*745,780*
EXPENDITURE			
Opening Stock of Securities		-	*446*
Purchase of Securities		-	*12,861*
Staff Expenses (See Note - 5 & 8)	XI	133,420	*84,550*
Establishment Expenses	XII	35,610	*27,980*
Other Expenses	XIII	211,720	*104,040*
Depreciation		19,160	*14,830*
		399,910	*244,707*
Profit Before Tax		746,090	*501,073*
Profit From Continuing Operations Before Tax		734,110	*495,013*
Less : Provision For Current Tax (See Note - 10)		237,598	*168,820*
Less : Provision For Deferred Tax (See Note - 10)		(3,591)	*6,050*
Less : Provision For Fringe Benefit Tax		5,100	*-*
Profit After Tax from Continuing Operations — (A) (See Note - 11)		495,003	*320,143*
Profit From Discontinuing Operations Before Tax		11,980	*6,060*
Less : Provision For Current Tax (See Note - 10)		7,402	*16,180*
Less : Provision For Deferred Tax (See Note - 10)		(3,369)	*(13,970)*
Profit After Tax from Discontinuing Operations — (B) (See Note - 11)		7,947	*3,850*
Profit After Tax — (A+B)		502,950	*323,993*
Add : Balance Brought Forward from Previous Year		65,090	*36,310*
DISPOSABLE PROFIT		568,040	*360,303*
APPROPRIATIONS			
General Reserve		50,300	*32,400*
Interim Dividend		394,510	*232,430*
Corporate Tax on Dividend		55,330	*30,383*
Balance Carried to Balance Sheet		67,900	*65,090*
		568,040	*360,303*
Notes forming part of Accounts	XIV		
Accounting Policies	XV		
Earning per share			
Basic (Rs.)		250.39	*113.28*

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 22, 2006

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 22, 2006

		(Rs. in '000s)	*March 31, 2005*
SCHEDULE I			
SHARE CAPITAL			
Authorised			
20,000,000 Equity Shares of Rs. 10 each		**200,000**	*200,000*
Issued, Subscribed and Paid-up ; 1,000,000 Equity Shares of Rs.10 each (Year ended March 31, 2005 - 2,343,827 Equity Shares of Rs.10 each)		**10,000**	*23,440*
		10,000	*23,440*
Out of 1,000,000 equity shares issued by the company, 999,994 Shares are held by ICICI Bank Limited, the Holding Company (Year ended March 31, 2005 - 2,343,717) (See Note - 12)			

	Additions/ (deletions) during the Year	**As at March 31, 2006**	*As at March 31, 2005*
SCHEDULE II			
RESERVES AND SURPLUS			
i) Capital Redemption Reserve		**7,810**	*7,810*
ii) General Reserve (See Note - 12)		**119,980**	*270,230*
Payment towards Capital reduction	**(200,550)**		
Transfer to Reserve from current year Profit	**50,300**		
iii) Surplus in Profit and Loss Account	**67,900**	**67,900**	*65,090*
	(65,090)		
	(147,440)	**195,690**	*343,130*
SCHEDULE III			
SECURED LOAN			
Vehicle Loans from ICICI Bank Limited (Secured by Hypothecation of Vehicles) (Amount repayable within one year - Rs. 3,540) (Year ended March 31, 2005 - Rs. 1,750)		**15,610**	*8,130*
		15,610	*8,130*
SCHEDULE IV			
UNSECURED LOAN			
Interest-free loan from ICICI Bank Limited (Amount repayable within one year - Nil) (Year ended March 31, 2005 - Rs. 1,000)		**-**	*1,000*
		-	*1,000*

(Rs. in '000s) *March 31, 2005*

SCHEDULE V

FIXED ASSETS **(Rs. in '000s)**

	Gross Block				Depreciation				Lease Adjustment Account upto March 31, 2006	Net Block	
	As at April 1, 2005	**Additions**	**Deductions**	**As at March 31, 2006**	*Upto March 31, 2005*	**For the Year**	**Depreciation Adjustment**	**Upto March 31, 2006**		**As at March 31, 2006**	*As at April, 1 2005*
ASSETS ON LEASE											
Vehicles	*1,200*	-	-	**1,200**	*1,190*	-	-	**1,190**	-	**10**	*10*
Plant & Machinery	*90,030*	-	*90,030*	**-**	*28,560*	*4,750*	*33,310*	**-**	-	**-**	*20,000*
Sub Total - A	*91,230*	-	**90,030**	**1,200**	*29,750*	*4,750*	33,310	**1,190**	-	**10**	*20,010*
As at March 31, 2005				**91,230**				**29,750**	*41,470*	**20,010**	
OTHER ASSETS											
Building *	*23,970*	-	-	**23,970**	*430*	*3,660*	-	**4,090**	-	**19,880**	*23,540*
Equipment	*22,140*	*2,520*	*160*	**24,500**	*5,810*	*2,570*	*120*	**8,260**	-	**16,240**	*16,330*
Computers	*14,860*	*3,030*	*2,290*	**15,600**	*10,830*	*2,105*	*2,055*	**10,880**	-	**4,720**	*4,030*
Furniture & Fixtures	*12,400*	*1,670*	*90*	**13,980**	*1,670*	*2,610*	*20*	**4,260**	-	**9,720**	*10,730*
Vehicles	*11,900*	*11,940*	*1,400*	**22,440**	*3,070*	*3,465*	*325*	**6,210**	-	**16,230**	*8,830*
Sub Total - B	*85,270*	*19,160*	*3,940*	**100,490**	*21,810*	*14,410*	*2,520*	**33,700**	-	**66,790**	*63,460*
As at March 31, 2005				**85,270**				**21,810**		**63,460**	
GRAND TOTAL - (A)+(B)	*176,500*	19,160	93,970	**101,690**	*51,560*	*19,160*	*35,830*	**34,890**	-	**66,800**	*83,470*
As at March 31, 2005				**176,500**				**51,560**	*41,470*	**83,470**	

* Building relates to leased premises

		March 31, 2005
SCHEDULE VI		
INVESTMENTS (At Cost)	**62,680**	*230,990*
Less : Provision for diminution in value of Investments	—	—
Total	**62,680**	*230,990*

NOTES TO SCHEDULE VI

	Particulars	**As at March 31, 2006**			*As at March 31, 2005*		
		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 (Unquoted)**						
	Long-term - Trade Investments						
1	ICICI Venture Value Fund Trust Units of Rs. 100 fully paid {(Units Purchased/acquired during the Period - Nil) (Previous Year - Nil)} {(Units sold during the Period - Nil) (Previous Year - Nil)}	**12,000**	**100**	**1,200**	*12,000*	*100*	*1,200*
2	India Advantage Fund I Units of Rs. 100 fully paid {(Units Purchased/acquired during the Period - 5,000) (Previous Year - Nil)} {(Units sold during the Period - Nil) (Previous Year - Nil)}	**5,000**	**100**	**500**	-	-	-
3	India Advantage Fund II Units of Rs. 100 fully paid {(Units Purchased/acquired during the Period - 5,000) (Previous Year - Nil)} {(Units sold during the Period - Nil) (Previous Year - Nil)}	**5,000**	**100**	**500**	-	-	-

	Particulars	As at March 31, 2006 Quantity	Face value Rs. (per unit)	At Cost (Rs. in '000s)	*As at March 31, 2005 Quantity*	*Face value Rs. (per unit)*	*At Cost (Rs. in '000s)*
4	TSI Ventures (India) Private Limited Equity Shares of Rs. 10 each fully paid {(Shares Purchased/acquired during the Period - 436,050) (Previous Year - Nil)} {(Shares sold during the Period - Nil) (Previous Year - Nil)} (See Note - 16)	**436,050**	**10**	**4,360**	-	-	-
5	TSI Ventures (India) Private Limited Preference Shares of Rs. 10 each fully paid {(Shares Purchased/acquired during the Period - 15,79,893) (Previous Year - Nil)} {(Shares sold during the Period - Nil) (Previous Year - Nil)} (See Note - 16)	**1,579,893**	**10**	**15,800**	-	-	-
	Total (A)			**22,360**			*1,200*
	Long Term - Non Trade Investment						
1	Industrial Development Bank of India 11.5 % IDBI Bonds 2010 (Fifty Fifth Series)	**-**	**-**	**10**	-	-	*10*
2	Prudential ICICI Asset Management Company Limited Equity Shares of Rs. 10 each fully paid {(Shares Purchased/acquired during the Period - Nil) (Previous Year - Nil)} {(Shares sold during the Period - 2,796,688) (Previous Year - Nil)}	**-**	**-**	**-**	*2,796,688*	*10*	*33,870*
3	Prudential ICICI Trust Limited Equity Shares of Rs. 10 each fully paid {(Shares Purchased/acquired during the Period - Nil) (Previous Year - Nil)} {(Shares sold during the Period - 15,206) (Previous Year - Nil)}	**-**	**-**	**-**	*15,206*	*10*	*200*
	Total (B)			**10**			*34,080*
	Total - (I)			**22,370**			*35,280*
II	**Current Investments (Unquoted)**						
1	Units of Prudential ICICI Liquid Plan - Growth	-	-	-	*3,434,938*	*10*	*56,300*
2	Units of Birla Cash Plus - Growth	-	-	-	*4,681,306*	*10*	*79,220*
3	Units of HSBC Floating Rate Fund - Growth	-	-	-	*1,000,000*	*10*	*10,000*
4	Units of HSBC Cash Fund - Growth	-	-	-	*1,629,572*	*10*	*18,100*
5	Units of Chola Liquid Institution Plan - Growth	-	-	-	*535,848*	*10*	*7,070*
6	Units of Kotak Mahindra Liquid Plan - Growth	-	-	-	*1,962,092*	*10*	*25,020*
7	Units of JM High Liquidity Fund - Super Institutional Plan - Growth	**3,696,154**	**10**	**40,310**	-	-	-
	Total - (II)			**40,310**			*195,710*
	Total - {(I)+(II)}			**62,680**			*230,990*

SUMMARY	**Current Year**	*Previous Year*
Aggregate Value of Investments :		
Quoted (Net)	**—**	—
Unquoted	**62,680**	*230,990*

1) Investments have been classified as Long-term and Current Investments in accordance with Accounting Standard 13 issued by the Institute of Chartered Accountants of India.
2) Purchases of Units of Mutual Funds held as Investments - 105,955,793 Units amounting to Rs. 14,65,980 (Previous Year - 68,149,437 Units amounting to Rs. 96,36,760)
3) Sales of Units of Mutual Funds held as Investments - 115,503,396 Units amounting to Rs. 16,49,160 (Previous Year - 72,792,474 Units amounting to Rs. 10,27,990)
4) Market Value of quoted Investments - Nil. (Previous Year - Nil)

forming part of the Accounts

Continued

SCHEDULE VII
CURRENT ASSETS, LOANS AND ADVANCES

		(Rs. in '000s)	March 31, 2005
Current Assets			
Sundry Debtors			
(Unsecured, Considered good)			
- Debts - outstanding for less than six months	11,870		139,620
- Debts - outstanding for more than six months	-		-
		11,870	139,620
Cash on hand		70	20
Balance with Scheduled Banks			
- In Current Accounts	38,610		18,400
- In Fixed Deposits	2,250		-
		40,860	18,400
Current Assets (A)		52,800	158,040
Loans and Advances*			
Loans to Staff		20	320
Advances recoverable in cash or in kind or for value to be received	28,190		13,250
Marketing & Distribution expenses prepaid	473,970		
Less : Provision for doubtful advances	(130)	502,030	(130)
**Loans and Advances (B)*		502,050	13,440
Of the above Advances			
(a) Fully Secured		20	320
(b) Unsecured, Considered good		502,030	13,120
(c) Considered doubtful	130		130
Less : Provision for doubtful advances	(130)	-	(130)
		502,050	13,440
Current Assets & Loans and Advances (A+B)		554,850	171,480

SCHEDULE VIII
CURRENT LIABILITIES AND PROVISIONS

	(Rs. in '000s)	March 31, 2005
Current Liabilities		
Sundry Creditors - Other than Small-Scale Industrial Undertakings	458,190	71,240
Income received in advance	16,600	-
Other Liabilities	1,280	780
	476,070	72,020
Provisions		
Provision for Taxation (Net of Advance Tax & TDS of Rs. 4,95,870) (Year ended March 31, 2005 - Rs. 3,05,290)	4,880	10,650
Provision for Contingencies	-	10,000
Provision for Leave Encashment	11,700	7,320
	16,580	27,970
	492,650	99,990

SCHEDULE IX
INCOME FROM OPERATIONS

		(Rs. in '000s)	March 31, 2005
Fee Income [Tax deducted at source - Rs. 58,720] (Year ended March 31, 2005 - Rs 36,260)		1,044,000	624,090
Sales of Securities held as Stock-in-Trade		-	16,050
Lease rentals and related income	21,990		41,480
Add/ (Less) :			
Lease Equalisation Account	(15,260)		(33,410)
		6,730	8,070
Dividend Income		43,340	28,080
Stock-in-trade		1,094,070	676,290

SCHEDULE X
OTHER INCOME

	(Rs. in '000s)	March 31, 2005
Rent Income	-	4,640
Provisions written back	13,240	14,320
Provision for Contingencies - written back	10,000	-
Miscellaneous Income	890	800
	24,130	19,760

SCHEDULE XI
STAFF EXPENSES

	(Rs. in '000s)	March 31, 2005
Salaries, Wages and Bonus	119,300	73,900
Contribution to Provident and Other Funds	8,740	7,480
Staff Welfare Expenses	5,380	3,170
	133,420	84,550

SCHEDULE XII
ESTABLISHMENT EXPENSES

	(Rs. in '000s)	March 31, 2005
Insurance	430	370
Electricity Charges	2,800	2,060
Rates and Taxes	40	3,780
Repairs and Maintenance — Building	5,190	4,900
Repairs and Maintenance — Others	1,480	950
Communication Expenses	6,100	3,430
Rent - Office	19,570	12,490
	35,610	27,980

SCHEDULE XIII
OTHER EXPENSES

	(Rs. in '000s)	March 31, 2005
Advertisement & Business Promotion	5,120	4,490
Finance Charges	840	450
Books and Periodicals	330	210
Directors Meeting Expenses	210	270
Travel, Conveyance and Motor Car Expenses	29,230	17,770
Marketing & Distribution Expenses	122,610	37,170
Legal and Professional Charges	35,550	26,760
Printing and Stationery	2,070	2,400
Memberships and Subscriptions	6,220	1,470
Loss on Sale of Assets	180	-
Miscellaneous expenses (See Note - 7)	9,360	13,050
	211,720	104,040

SCHEDULE XIV
NOTES FORMING PART OF THE ACCOUNTS

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

	(Rs. in '000s) 2005-2006	2004-2005
Audit Fees	150	150
Tax Audit	20	20
Other Matters	150	150
Out-of-pocket Expenses	30	20
Service Tax	30	40
Total	380	380

2. Earnings in Foreign Exchange

Fee Income	400	3,830
	400	3,830

3. Expenditure in Foreign Currency

Travelling Expenses	5,870	2,900
Advertisement	2,050	12,000
Legal & Professional Charges	19,420	15,890
Seminar Expenses	920	1,760
Membership & Subscription	250	350
Marketing & Distribution	221,480	23,850
Others	270	1,700
Value of Import on C.I.F. basis	940	-
Total	2,51,200	58,450

4. a. Estimated amount of Contracts remaining to be executed on capital account not provided for (net of advances, if any) – Rs. 2,94,760 (Previous Year – Nil)

   b. During the previous year the Company had 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. 4,750 (Previous Year – Rs.2,350)

6. Dividend Income comprises the following:

(Rs. in '000s)

	2005-2006	*2004-2005*
Dividend from Non-Trade Investments		
- Current Investments	-	-
- Long-term Investments	43,340	*28,080*
Total	43,340	*28,080*

7. Miscellaneous expenses include Rs. 1,130. (Previous Year – Rs. 1,950), being the Company's share of various common overhead expenses incurred by ICICI Bank Limited, the holding company.

8. Staff Expenses include Managerial Remuneration to Managing Director amounting to Rs. 8,890 (Previous Year – Rs. 7,400). Details are given below:

(Rs. in '000s)

	2005-2006	*2004-2005*
Salary & Allowances	7,110	*6,200*
Company's contribution to Provident Fund	360	*320*
Company's contribution to Gratuity	250	*220*
Company's contribution to Superannuation Fund	450	*400*
Perquisites	720	*260*
Total	8,890	*7,400*

9. The Company has revised method of providing depreciation on premises taken on lease from written down value method to amortising the same on straight line basis over lease period. This change constitutes change in accounting policy. As a result depreciation for the year is higher by Rs. 2,960.

10. Provision for tax of Rs. 2,43,140 during the year (Previous Year – Rs. 1,77,080) includes provision for deferred tax amounting to Rs. (6,960). (Previous Year – Rs. (7,920)).

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

(Rs. in '000)

	2005-2006	*2004-2005*
Net Depreciation difference	24,050	*50,510*
Provision for Contingencies	-	*(10,000)*
Provision for doubtful debts and advances	(130)	*(130)*
Accrued expenses	(11,700)	*(7,490)*
Total	12,220	*32,890*
Net Deferred tax liability on above	4,110	*11,070*

11. 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 an 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.

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", is given below:

(Rs. in '000s)

	For the Year ended March 31, 2006	*For the Year ended March 31, 2005*
Revenue from discontinuing operations	16,730	*24,120*
Expenses from discontinuing operations	4,750	*18,060*
Pre tax profit / (loss) from ordinary activities attributable to discontinuing operations	11,980	*6,060*
Carrying amounts as at Balance Sheet of total assets	-	*20,000*
Carrying amounts as at Balance Sheet of total liabilities	-	*10,000*
Net Cash flows attributable to discontinuing operations	21,990	*44,670*

12. In accordance with the resolution passed by the members at extraordinary general meeting of the Company held on November 5, 2004, the High Court of Karnataka, vide order dated August 29, 2005 has confirmed reduction of the Paid up Capital of Rs. 13,440, by cancelling 1,343,827 equity shares of Rs. 10 each and cancellation of General Reserve of Rs. 2,00,550.

Accordingly, the Company has reduced Paid up Capital of Rs. 13,440 and General Reserve of Rs. 2,00,550 and returned the same to shareholders.

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

   (b) Purchase of Securities held as stock-in-trade – Nil. (Previous Year – 32,219 units amounting to Rs. 12,861)

   (c) Sale of Securities held as stock-in-trade – Nil. (Previous Year – 45,019 units amounting to Rs. 16,050)

   (d) Closing stock of Securities held as stock-in-trade – Nil. (Previous Year –Nil)

14. 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	2005-2006	2004-2005
1	ICICI Bank Limited	Holding Company	Payment of Rent	11,790	*11,950*
			Common Corporate Expenses	1,130	*1,950*
			Marketing & Distribution Expenses	1,21,220	*37,170*
			Other Expenses	3,080	*10,550*
			Dividend Paid	3,94,510	*2,32,410*
			Balance in Current Accounts	38,260	*17,980*
			Share Capital	10,000	*23,430*
			Loan Funds	15,610	*9,130*
			Current Liabilities & Provisions	3,82,200	-
			Other Income	150	*150*
			Advances Recoverable	4,70,360	-
2	ICICI International Limited	Fellow Subsidiary	Fee Income	400	*3,800*
			Sundry Debtors	-	*1,980*
			Advances Recoverable	320	*290*
3	Prudential ICICI Trust Limited	Other Related Party	Dividend Received	760	*110*
			Sale of Investment	200	-
			Investment outstanding at Balance Sheet date	-	*200*

forming part of the Accounts *Continued*

	Name	Relationship	Nature of transaction	(Rs. in '000s)	*March 31, 2005*
4	ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary	Insurance of Staff	**950**	*600*
			Advances Recoverable	**230**	-
5	Prudential ICICI Asset Management Company Limited	Other Related Party	Dividend Received	**27,970**	*27,970*
			Profit on sale of Investments	**-**	*1,890*
			Purchase of Investments	**-**	*3,08,500*
			Sale of Investments	**-**	*2,54,090*
			Sale of Investment	**33,870**	-
			Investment outstanding at Balance Sheet date	**-**	*33,870*
6	ICICI Lombard General Insurance Company Limited	Fellow Subsidiary	Insurance of Assets	**350**	*370*
			Insurance of Staff	**2,030**	*980*
			Advances Recoverable	**1,470**	760
7	ICICI Securities Limited	Fellow Subsidiary	Marketing & Distribution Exps	**1,390**	-
			Advances Recoverable	**3,610**	-
8	ICICI Equity Fund VCF	Other Related Party	Fee Income	**1,37,560**	*1,73,190*
			Sundry Debtors	**-**	*98,160*
9	ICICI Eco-net Internet & Technology Fund	Other Related Party	Fee Income	**25,000**	*25,000*
10	ICICI Emerging Sectors Fund	Other Related Party	Fee Income	**1,25,920**	*1,31,740*
11	ICICI Strategic Investments Fund	Other Related Party	Fee Income	**66,350**	*62,000*
12	India Advantage Fund I & II	Other Related Party	Fee Income	**3,31,590**	*2,22,080*
			Sundry Debtors	**-**	*38,860*
			Advances Recoverable	**-**	*1,100*
			Investment in Units	**1,000**	-
			Investment outstanding at Balance Sheet date	**1,000**	-
13	India Advantage Fund III & IV	Other Related Party	Fee Income	**3,44,570**	-
			Advances Recoverable	**60**	-
			Income received in Advance	**16,600**	-
14	India Advantage Fund V & VI	Other Related Party	Fee Income	**11,870**	-
			Advances Recoverable	**5,620**	-
			Sundry Debtors	**11,870**	-
15	ICICI Venture Value Fund	Other Related Party	Investment outstanding at Balance Sheet date	**1,200**	*1,200*
			Profit from investments	**15,310**	-
16	TSI Venture (India) Private Limited	Other Related Party	Investment in Equity Shares	**4,360**	-
			Investment in Preference Shares	**15,800**	-
			Investment outstanding at Balance Sheet date	**20,160**	-
			Advances Recoverable	**510**	-
17	Renuka Ramnath	Key Managerial Personnel	Remuneration to Managing Director	**8,890**	*7,400*

15. 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
	March-2006	March-2005	March-2006	March-2005	March-2006	March-2005	March, 2006	March, 2005
Fee Income	10,44,000	6,24,090					10,44,000	6,24,090
Sale of Securities			-	16,050			-	16,050
Others					1,02,000	1,05,640	1,02,000	1,05,640
Total Revenue	**10,44,000**	**6,24,090**	**-**	**16,050**	**1,02,000**	**1,05,640**	**1,146,000**	**7,45,780**
Results:								
Segment Result	7,87,970	5,39,540	-	2,740	97,250	1,00,890	8,85,220	6,43,170
Unallocated Corporate expenses							1,39,130	1,42,097
Net Profit							**7,46,090**	**5,01,073**
Other Information								
Segment Assets	4,92,940	1,39,940	-	-	40,310	2,49,780	5,33,250	3,89,720
Unallocated Assets							1,84,800	97,040
Advance Tax & TDS (Net)							-	-
Total Assets							**7,18,050**	**4,86,760**
Segment Liabilities	4,15,150	27,320	-	-	-	10,000	4,15,150	37,320
Deferred Tax Liability							4,110	11,070
Shareholder's Funds							2,05,690	3,66,580
Unallocated Liabilities							93,100	71,790
Total Liabilities							**7,18,050**	**4,86,760**
Depreciation					**4,750**	**4,750**	**4,750**	**4,750**

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

16. During the year, the Company has invested in the following joint venture;

Name	Country of Incorporation	Proportion of Ownership
TSI Ventures (India) Private Limited	India	50%

As this is first year of operation of TSI Ventures (India) Private Limited, first financials of the company would be made upto June 30, 2006. As such, aggregate amounts of assets, liabilities, income & expenses related to the company's interest in the above joint venture as at March 31, 2006 is not available.

17. Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The computation of earnings per share is given below:

	For the Year ended March 31, 2006	For the Year ended March 31, 2005
Basic:		
Weighted average no. of equity shares outstanding	2,008,791	2,859,615
Net Profit (in Rs. thousands)	5,02,950	3,23,993
Basic earnings per share (Rs.)	250.39	113.28
Nominal Value Per Share (Rs.)	10.00	10.00

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.

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. 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.

   iv. 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 assets given on lease (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 assets taken on lease & any improvements thereat, depreciation is provided over the lease period on straight line basis.

   c) 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 judgment 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 form 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 22, 2006	*Mumbai, April 22, 2006*		

cash flow statement

for year ended March 31, 2006

	(Rs. in '000s)		March 31, 2005
Cash flows from Operating Activities			
Net Profit before Taxation	**746,090**		*501,073*
Adjustments for :			
Depreciation	**19,160**		*14,830*
Profit on sale of Investments	**(27,800)**		*(20,750)*
Dividend from Long-term investments	**(43,340)**		*(28,080)*
Provisions written back (net)	**(13,240)**		*(14,320)*
Provision for Contingencies - Written Back	**(10,000)**		—
Lease Equalisation charge	**15,260**		*33,410*
Profit on sale of Assets	**180**		*(28,980)*
Operating Profit before working capital changes	**686,310**		*457,183*
Decrease / (Increase) in Inventories	**—**		*450*
Decrease / (Increase) in Debtors	**127,750**		*(139,620)*
Decrease / (Increase) in other Current Assets	**(488,610)**		*2,520*
Increase / (Decrease) in Creditors	**421,660**		*11,140*
Cash from Operations	**747,110**		*331,673*
Less : Income taxes paid	**(255,850)**		*(171,180)*
Net Cash from Operating Activities		**491,260**	*160,493*
Cash flows from Investing Activities			
Purchase of Fixed Assets	**(19,160)**		*(55,030)*
Dividend from Long-term Investments	**43,340**		*28,080*
Sale of Fixed Assets	**1,240**		*57,360*
Purchase of Investments	**(1,487,140)**		*(963,660)*
Increase in Capital Advances	**(32,910)**		*5,400*
Sale of Investments	**1,683,240**		*1,080,130*
Net Cash from Investing Activities		**188,610**	*152,280*
Cash flows from Financing Activities			
Proceeds from Long-term borrowings	**10,950**		*4,290*
Payment of Long-term borrowings	**(4,480)**		*(2,240)*
Payment to Shareholders - Buyback of Equity Shares	**—**		*(106,830)*
Payment to Shareholders - Reduction of Share Capital	**(213,990)**		—
Payment of Dividend & tax thereon	**(449,840)**		*(262,813)*
Net Cash from Financing Activities		**(657,360)**	*(367,593)*
Net Increase / (Decrease) in Cash & Cash Equivalents		**22,510**	*(54,820)*
Cash & Cash Equivalents at the beginning of the year		**18,420**	*73,240*
Cash & Cash Equivalents at the end of the year		**40,930**	*18,420*
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 22 , 2006

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 22, 2006

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) 2006 (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. Thousands)

Total Liabilities: 225410.00	Total Assets: 225410.00

Sources of Funds

Paid-up Capital: 10000.00	Reserves and Surplus: 195690.00
Secured Loans: 15610.00	Unsecured Loans: NIL
Deferred Tax Liability: 4110.00	

Application of Funds

Net Fixed Assets: 100530.00	Investments: 62680.00
Net Current Assets: 62200.00	Miscellaneous Expenditure: NIL
Accumulated Losses: NIL	

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

Turnover/Income: 1146000.00	Total Expenditure: 399910.00
+ ✓ − Profit/Loss Before Tax: 746090.00	+ ✓ − Profit/Loss After Tax: 502950.00
Earning Per Share in Rs.: 250.39	Dividend Rate %: 2860.00

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 22, 2006