

ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED

14TH ANNUAL REPORT AND ACCOUNTS 2006-2007

Directors

K. V. Kamath, *Chairman*
Kalpana Morparia
Ajay Srinivasan
Barry Stowe
Shikha Sharma
B. R. Gupta
Karna Singh Mehta
Dadi Engineer
Dr. Swati A. Piramal
Vikram Trivedi
Vijay Thacker
Pankaj Razdan, *Managing Director*

Auditors

BSR & Associates
Chartered Accountants

Ranganath Athreya
Company Secretary

Registered Office

12th Floor, Narian Manzil
23, Barakhamba Road
New Delhi - 110 001

Corporate Office

8th Floor, Peninsula Tower
Peninsula Corporate Park
Ganpatrao Kadam Marg
Off Senapati Bapat Marg
Lower Parel
Mumbai 400 013

directors' report

to the members

Your Directors have pleasure in presenting the Fourteenth Annual Report, together with the audited accounts of your Company, for the year ended March 31, 2007.

FINANCIAL RESULTS

The salient features of the Company's financial results for the financial year ended March 31, 2007 are as follows:

	(Rs. in 000's)	
	Financial Year ended March 31, 2007	Financial Year ended March 31, 2006
Gross Income	2,388,988	1,414,928
Expenses	1,653,417	940,617
Profit / (Loss) before Tax	735,571	474,311
Provision for Taxation	251,783	163,053
Profit / (Loss) after Tax	483,788	311,258
Profit / (Loss) brought forward from previous year	5,019	
Less: Effect of first time adoption of AS 15 - Gratuity	2,601	4,366
Profit available for appropriation	486,206	315,624
APPROPRIATIONS		
Transfer to General Reserve	48,379	31,137
Transfer to Contingency Reserve	24,189	15,568
Interim Dividend	241,968	154,960
Dividend (Final)	88,260	72,074
Dividend Tax	48,936	31,841
Transfer to Capital Redemption Reserve	3,665	5,025
Balance Profit Carried Forward	30,809	5,019

DIVIDEND

Your Directors are pleased to recommend payment of dividend at the rate of 50% (Rs. 5 per share) on 17,652,090 equity shares of Rs.10 each amounting to Rs. 88,260,450 thousand for the year ended March 31, 2007.

Interim dividend was declared and paid in the following manner during the year ended March 31, 2007:

Dividend per share	No. of Equity Shares	Record Date
Rs. 5	18,018,552	September 25, 2006
Rs. 5	18,018,552	December 08, 2006
Rs. 3.50	17,652,090	March 26, 2007

OPERATIONS DURING THE YEAR

Mutual Fund Business

- Assets Under Management (AUM):** During the year under review, the assets under management of ICICI Prudential Mutual Fund crossed Rs. 379,062,395 thousand as on March 31, 2007 as compared to Rs. 235,595,956 thousand as on March 31, 2006.
- Awards bagged by ICICI Prudential Mutual Fund (the Fund):** Your Directors are pleased to record that during the period under review, the following awards were won by the Fund -
 - CNBC TV 18 - CRISIL Mutual Fund of the Year Award - 2007** - "ICICI Prudential Infrastructure Fund" (erstwhile Prudential ICICI Infrastructure Fund) won the Emerging Equity Fund of the Year Award for the year 2006.
"ICICI Prudential Monthly Income Plan - Cumulative" (erstwhile Prudential ICICI Monthly Income Plan - Cumulative) won under the Monthly Income Plan - Conservative category for the year 2006.
 - ICRA Mutual Fund Award - 2007**
 - "ICICI Prudential Technology Fund" (erstwhile Prudential ICICI Technology Fund) awarded the Gold Award for Best Performance in the category of Open Ended Sectoral - Technology for one-year period ended December 31, 2006.
 - "ICICI Prudential Gilt Fund"- Investment Plan (erstwhile Prudential ICICI Gilt Fund - Investment Plan) awarded the Gold Award for Best Performance in the category of Open Ended Gilt - Long Term for one year period ended December 31, 2006.
 - "ICICI Prudential Dynamic Plan" (erstwhile Prudential ICICI Dynamic Plan) awarded the Gold Award for Best Performance in the category of Open Ended Diversified Equity - Defensive for one-year period ended December 31, 2006.
 - Lipper Fund Award - 2007**
 - Best Overall Fund Group over 3 years, out of 9 eligible fund houses qualifying for Overall Group (3 years) category.
 - "ICICI Prudential Long Term Plan - Cumulative" (erstwhile Prudential ICICI Long Term Plan - Cumulative) was declared the best fund over 3 years in the Bond INR General category.

- Operations and Consumer Service:** With a view to render timely and efficient customer service, the Investment Manager of the Fund has been making good progress in networking its 41 branches. The service levels at these branches have been consistently maintained to cope with the continuously increasing client base.

directors' report



Continued

- d. **Personnel:** Your Company continues to place emphasis on attracting and recruiting quality manpower and takes a lot of effort in training and retaining them. Your Company believes that one of the ways to achieve the above objectives is to provide long-term incentives to the performing employees.

The total strength of the Company as on March 31, 2007 stood at 403 from 316 as on March 31, 2006.

UPDATE ON NEW PRODUCTS

During the Financial year 2006-2007, your Company has launched the following new schemes under ICICI Prudential Mutual Fund (erstwhile Prudential ICICI Mutual Fund).

Sr. No.	Name of Scheme	Scheme Type	Date of Allotment	Fund Mobilised during NFO (Rs. in 000's)
1	ICICI Prudential Fixed Maturity Plan Series 30 - 13 Months Plan	Close ended debt fund	July 17, 2006	2,225,410,650.56
2	ICICI Prudential Fixed Maturity Plan Series 32 - 3 Months Plan A	Close ended debt fund	June 23, 2006	5,250,941,617.24
3	ICICI Prudential Fixed Maturity Plan Series 32 - 3 Months Plan B	Close ended debt fund	July 28, 2006	1,457,197,565.43
4	ICICI Prudential Hybrid Fixed Maturity Plan - 13 Months Plan	Close ended debt fund	August 30, 2006	7,883,140,095.46
5	ICICI Prudential Fixed Maturity Plan Series 32 - 3 Months Plan C	Close ended debt fund	September 29, 2006	7,324,849,486.21
6	ICICI Prudential Fixed Maturity Plan Series 32 - 3 Months Plan D	Close ended debt fund	October 23, 2006	8,796,093,137.36
7	ICICI Prudential Fixed Maturity Plan Series 32 - One Month Plan A	Close ended debt fund	November 10, 2006	1,915,653,000.76
8	ICICI Prudential Fixed Maturity Plan Series 32 - 3 Months Plan E	Close ended debt fund	November 11, 2006	4,603,484,015.20
9	ICICI Prudential Fixed Maturity Plan Series 34 - One Year Plan A	Close ended debt fund	November 11, 2006	1,561,411,336.63
10	ICICI Prudential Fixed Maturity Plan Series 32 - One Month Plan B	Close ended debt fund	November 21, 2006	382,596,035.84
11	ICICI Prudential Fixed Maturity Plan Series 34 - Eighteen Months Plan	Close ended debt fund	November 25, 2006	2,423,885,927.36
12	ICICI Prudential Fixed Maturity Plan Series 32 - One Month Plan D	Close ended debt fund	December 12, 2006	3,063,598,978.93
13	ICICI Prudential Fixed Maturity Plan Series 34 - Seventeen Months Plan	Close ended debt fund	December 23, 2006	654,906,076.50
14	ICICI Prudential Fixed Maturity Plan Series 34 - Three Months Plus Plan A	Close ended debt fund	December 29, 2006	7,901,264,472.13
15	ICICI Prudential Equity & Derivatives Fund	Open Ended Equity Fund	December 30, 2006	21,656,215,127.44
16	ICICI Prudential Fixed Maturity Plan Series 34 - Sixteen Months Plan	Close ended debt fund	January 22, 2007	2,852,139,791.99
17	ICICI Prudential Fixed Maturity Plan Series 35 - Three Months Plan A	Close ended debt fund	January 24, 2007	8,530,340,105.25
18	ICICI Prudential Fixed Maturity Plan Series 35 - Three Months Plan B	Close ended debt fund	February 13, 2007	6,855,435,889.95
19	ICICI Prudential Fixed Maturity Plan Series 35 - One Month Plan	Close ended debt fund	February 26, 2007	3,005,497,974.93
20	ICICI Prudential Fixed Maturity Plan Series 34 - Fifteen Months Plan	Close ended debt fund	February 26, 2007	4,093,291,338.54
21	ICICI Prudential Fixed Maturity Plan Series 35 - Three Months Plan C	Close ended debt fund	February 28, 2007	6,252,731,661.61
22	ICICI Prudential Fixed Maturity Plan Series 34 - Six Months Plan	Close ended debt fund	March 09, 2007	1,756,327,764.63
23	ICICI Prudential Fixed Maturity Plan Series 35 - Thirteen Months Plan A	Close ended debt fund	March 09, 2007	2,499,981,746.13
24	ICICI Prudential Fixed Maturity Plan Series 35 - Thirteen Months Plan B	Close ended debt fund	March 16, 2007	8,025,084,684.69

Sr. No.	Name of Scheme	Scheme Type	Date of Allotment	Fund Mobilised during NFO (Rs. in 000's)
25	ICICI Prudential Fixed Maturity Plan Series 37 - Three Months Plan A	Close ended debt fund	March 16, 2007	2,201,852,627.70
26	ICICI Prudential Fixed Maturity Plan Series 37 - Three Months Plus Plan A	Close ended debt fund	March 23, 2007	3,499,357,838.70
27	ICICI Prudential Fixed Maturity Plan Series 37 - Fourteen Months Plan	Close ended debt fund	March 23, 2007	2,113,561,610.31
28	ICICI Prudential Fixed Maturity Plan Series 37 - Three Months Plan B	Close ended debt fund	March 29, 2007	4,660,563,682.49
29	ICICI Prudential Fixed Maturity Plan Series 34 - One Year Plan B	Close ended debt fund	March 29, 2007	12,971,314,281.80
30	ICICI Prudential Fixed Maturity Plan Series 37 - One Year Plan A	Close ended debt fund	March 30, 2007	2,706,670,048.00
31	ICICI Prudential Fixed Maturity Plan Series 37 - One Month Plan	Close ended debt fund	March 30, 2007	2,599,089,381.39
32	ICICI Prudential Fusion Fund Series II	Close ended Equity Fund	March 31, 2007	10,236,562,691.38
Total				161,960,450,642.54

PERFORMANCE OF THE SCHEMES OF ICICI PRUDENTIAL MUTUAL FUND

Your Company is acting as the Investment Manager for Eleven close-ended schemes and Twenty-Four open-ended schemes of ICICI Prudential Mutual Fund. The Net Asset Value of the Schemes are given below:

Close-ended Fund

Scheme Name	Date of Allotment	Net Assets as on March 31, 2007 (Rs. in '000')	Net Assets Value per unit as on March 31, 2007 (Rs.) - For Growth option	Compounded Annualized Return (%) from the date of allotment of units till March 31, 2007 - For Growth option
ICICI Prudential Fixed Maturity Plan - Series 28 - 16 Months Plan	January 27, 2006	1,443,818	10.7009	6.01
ICICI Prudential Fusion Fund	March 25, 2006	6,405,089	11.3800	13.60
ICICI Prudential Fixed Maturity Plan - Series 28	March 30, 2006	7,038,775	10.8146	8.1
ICICI Prudential Fixed Maturity Plan Series 30 - 13 Months Plan	July 17, 2006	2,258,927	10.519	5.19*
ICICI Prudential Hybrid Fixed Maturity Plan - 13 Months Plan	August 30, 2006	8,206,174	10.3892	3.89*
ICICI Prudential Fixed Maturity Plan Series 34 - One Year Plan A	November 11, 2006	1,597,607	10.2284	2.28*
ICICI Prudential Fixed Maturity Plan Series 34 - Eighteen Months Plan	November 25, 2006	2,419,971	10.0465	0.47*
ICICI Prudential Fixed Maturity Plan Series 34 - Seventeen Months Plan	December 23, 2006	659,207	10.0563	0.56*
ICICI Prudential Fixed Maturity Plan Series 34 - Three Months Plus Plan A	December 29, 2006	7,971,348	10.0027	2.24*
ICICI Prudential Fixed Maturity Plan Series 34 - Sixteen Months Plan	January 22, 2007	2,872,297	10.0648	0.65*
ICICI Prudential Fixed Maturity Plan Series 35 - Three Months Plan A	January 24, 2007	8,600,564	10.169	1.69*
ICICI Prudential Fixed Maturity Plan Series 35 - Three Months Plan B	February 13, 2007	6,702,500.13	10.1235	1.24*
ICICI Prudential Fixed Maturity Plan Series 34 - Fifteen Months Plan	February 26, 2007	4,124,077.86	10.0704	0.70*
ICICI Prudential Fixed Maturity Plan Series 35 - Three Months Plan C	February 28, 2007	6,160,764.15	10.091	0.91*
ICICI Prudential Fixed Maturity Plan Series 34 - Six Months Plan	March 09, 2007	1,767,473.87	10.0606	0.61*
ICICI Prudential Fixed Maturity Plan Series 35 - Thirteen Months Plan A	March 09, 2007	2,513,376.64	10.051	0.51*
ICICI Prudential Fixed Maturity Plan Series 35 - Thirteen Months Plan B	March 16, 2007	7,361,492.45	10.0414	0.41*
ICICI Prudential Fixed Maturity Plan Series 37 - Three Months Plan A	March 16, 2007	2,212,164.33	10.0439	0.44*
ICICI Prudential Fixed Maturity Plan Series 37 - Three Months Plus Plan A	March 23, 2007	3,508,842.38	10.0240	0.24*

Close-ended Fund

ICICI Prudential Fixed Maturity Plan Series 37 - Fourteen Months Plan	March 23, 2007	2,119,467.78	10.0248	0.25*
ICICI Prudential Fixed Maturity Plan Series 37 - Three Months Plan B	March 29, 2007	4,660,563.68	—**	—**
ICICI Prudential Fixed Maturity Plan Series 34 - One Year Plan B	March 29, 2007	12,971,349.28	—**	—**
ICICI Prudential Fixed Maturity Plan Series 37 - One Year Plan A	March 30, 2007	2,706,670.05	—**	—**
ICICI Prudential Fixed Maturity Plan Series 37 - One Month Plan	March 30, 2007	2,599,089.38	—**	—**
ICICI Prudential Fusion Fund Series II	March 31, 2007	10,267,267.89	—**	—**

** NAV and absolute return is not calculated as the units were allotted on March 31, 2007.

Open-ended Funds

Scheme Name	Date of Allotment	Net Assets as on March 31, 2007 (Rs. in '000')	Net Assets Value per unit as on March 31, 2007 (Rs.) - For Growth option	Compounded Annualized Return (%) from the date of allotment of units till March 31, 2007 - For Growth option
ICICI Prudential Power	October 1, 1994	13,578,136	77.4900	17.80
ICICI Prudential Liquid Plan	June 24, 1998	84,609,625	18.3525	5.81
ICICI Prudential Growth Plan	July 9, 1998	4,306,441	89.1800	28.49
ICICI Prudential Income Plan	July 9, 1998	2,259,942	21.4374	5.69
ICICI Prudential FMCG Fund	March 31, 1999	854,047	39.0700	18.56
ICICI Prudential Tax Plan	August 19, 1999	6,034,770	82.5000	31.92
ICICI Prudential Gilt Fund - Investment Plan	August 19, 1999	1,039,480	22.4096	11.18
ICICI Prudential Gilt Fund - Treasury Plan	August 19, 1999	659,624	17.9335	5.80
ICICI Prudential Balanced Fund	November 3, 1999	4,526,860	33.5600	29.16
ICICI Prudential Technology Fund	March 3, 2000	1,663,769	15.1100	6.01
ICICI Prudential Monthly Income Plan	November 10, 2000	6,110,788	18.8506	9.87
ICICI Prudential Child Care Plan - Gift Plan	August 31, 2001	1,049,547	39.3400	28.39
ICICI Prudential Child Care Plan - Study Plan	August 31, 2001	291,132	19.7516	12.62
ICICI Prudential Short Term Plan	October 25, 2001	2,140,546	14.2255	6.47
ICICI Prudential Index Fund	February 26, 2002	199,424	34.0365	27.20
ICICI Prudential Sweep Plan	March 6, 2002	4,014,803	12.7256	7.38
ICICI Prudential Long Term Plan	March 28, 2002	76,965	15.6284	9.17
ICICI Prudential Flexible Income Plan	September 27, 2002	20,101,032	13.7376	7.30
ICICI Prudential Dynamic Plan	October 31, 2002	20,154,082	63.0180	51.75
Sensex Prudential ICICI Exchange Traded Fund	January 10, 2003	7,219	134.3135	38.89
ICICI Prudential Floating Rate Plan	March 28, 2003	9,060,710	11.6297	5.69
ICICI Prudential Gilt Fund - Investment Plan - PF Option	November 19, 2003	781,537	11.7373	4.88
ICICI Prudential Advisor Series - Aggressive Plan	December 18, 2003	78,807	20.6102	24.63
ICICI Prudential Advisor Series - Cautious Plan	December 18, 2003	48,833	13.5870	9.78
ICICI Prudential Advisor Series - Moderate Plan	December 18, 2003	101,257	17.1522	17.85

Scheme Name	Date of Allotment	Net Assets as on March 31, 2007 (Rs. in '000')	Net Assets Value per unit as on March 31, 2007 (Rs.) - For Growth option	Compounded Annualized Return (%) from the date of allotment of units till March 31, 2007 - For Growth option
ICICI Prudential Advisor Series - Very Aggressive Plan	December 18, 2003	83,388	24.1866	30.85
ICICI Prudential Advisor Series - Very Cautious Plan	December 18, 2003	54,266	11.9501	5.57
ICICI Prudential Gilt Fund - Treasury Plan - PF Option	February 11, 2004	329,201	11.4314	4.37
ICICI Prudential Income Multiplier Fund	March 30, 2004	4,666,306	14.3915	12.89
ICICI Prudential Fixed Maturity Plan - Series 25 - 15 months	August 10, 2004	2,530,088	11.4801	5.68
ICICI Prudential Discovery Fund	August 16, 2004	8,731,324	24.3100	40.38
ICICI Prudential Long Term Floating Rate Plan	September 15, 2004	1,132,613	11.5166	6.17
ICICI Prudential Emerging S.T.A.R. (Stocks Targeted At Returns) Fund	October 28, 2004	10,584,205	26.6100	49.86
ICICI Prudential Fixed Maturity Plan - Yearly- Series 12	December 14, 2004	1,135,323	11.4991	6.64
ICICI Prudential Fixed Maturity Plan - Yearly- Series 5	December 31, 2004	599,863	11.4913	6.80
ICICI Prudential Blended Plan - Plan A	May 31, 2005	4,950,081	11.5395	8.13
ICICI Prudential Blended Plan - Plan B	May 31, 2005	585,351	11.2411	6.60
ICICI Prudential Infrastructure Fund	August 31, 2005	15,834,213	17.6500	43.34
ICICI Prudential Services Industries Fund	November 30, 2005	4,659,787	14.9600	35.41
ICICI Prudential Equity & Derivatives Fund - Income Optimiser Plan	December 30, 2006	9,286,522	10.2400	2.40*
ICICI Prudential Equity & Derivatives Fund - Wealth Optimiser Plan	December 30, 2006	11,001,608	10.1500	1.50*
Total		259,913,516		

* Absolute returns

The name of the Mutual Fund has been changed to ICICI Prudential Mutual Fund w.e.f April 2, 2007. Consequently the names of all the schemes/plans/options of ICICI PRUDENTIAL MUTUAL FUND which are commencing with PRUDENTIAL ICICI stand changed to ICICI PRUDENTIAL followed by postscript of the scheme name. (As approved by SEBI vide their Letter No- IMD/PM/90170/07 dated April 2, 2007.

During the period from April 1, 2006 to March 31, 2007, the Nifty and SENSEX changed as set out below:

INDICES VALUE & PERFORMANCE

Index	March 30, 2007*	April 03, 2006*	% Change
BSE Sensex	13,072.10	11,564.36	13.04%
S & P CNX Nifty	3,821.55	3,583.30	10.03%

* April 1, 2006 and March 31, 2007 being Saturday i.e. a non-business day, the performance is provided for the next business day and previous business day respectively.

PORTFOLIO MANAGEMENT SERVICES

As you are aware, the Company is offering Portfolio Management Services (PMS) since October 2000, for discretionary, non-discretionary and advisory services across both equity and fixed income assets. The Assets under Management under PMS (including debt & equity advisory) as on March 31, 2007 is Rs. 19,694,970 thousand.

BUY-BACK OF EQUITY SHARES OF THE COMPANY

In pursuance of the special resolution passed at the Extra Ordinary General Meeting held on December 13, 2006, ICICI Prudential Asset Management Company has given effect to buy-back of its shares during the year 2006-2007. Accordingly, the number of shares of the Company has been reduced from 18,018,552 to 17,652,090 due to extinguishment of 366,462 shares on account of the said buy-back.

directors' report



Continued

SALES OFFICES

Your Company has established a wide reach to the retail customers through its 41 well-equipped sales offices.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE ETC.

During the financial year under review, the Company earned Rs. 14,046 thousand and the outgo on account of training, travel, electronic subscription etc. was Rs. 28,869 thousand.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Since the Company does not own any manufacturing facility, the disclosure under this head is not applicable. Further, the other requirements in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are also not applicable.

FIXED DEPOSITS

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

DIRECTORS

In terms of the Articles of Association of the Company read with the provisions of the Companies Act, 1956, B.R. Gupta and Dadi Engineer retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

CONSTITUTION OF AUDIT COMMITTEE OF DIRECTORS

As on March 31, 2007, the Audit Committee consists of the following Directors:

1. Ajay Srinivasan
2. Shikha Sharma
3. Vijay Thacker

During the F.Y. 2006-2007, four meetings of the Audit Committee were held.

AUDITORS

The Auditors, BSR and Associates (erstwhile BSR & Company), Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report.

CHANGE OF NAME OF THE COMPANY

The name of the company has been changed to ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED. SEBI has vide its Letter No. IMD/PM/84968/07 dated January 23, 2007 conveyed its no objection to the said change of name of the Company. The said change of name has also

been approved by the Ministry of Company Affairs. SEBI has vide its Letter No.- IMD/MD/90143/2007 dated March 30, 2007 taken on record the said change of name and has also endorsed the same on the Certificate of Registration as Portfolio Manager.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed. No material departures have been made during the year under review;
2. that the Directors had 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 of the Company for that period;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere thanks to the investors for their continued support and patronage to the products of ICICI Prudential Mutual Fund.

Your Directors further wish to place on record their appreciation for the support and cooperation received from the Securities and Exchange Board of India, the Reserve Bank of India, Prudential plc, and ICICI Bank Limited.

Your Directors thank Computer Age Management Services Private Limited - the Registrar and Transfer Agent to the Schemes of the Fund and the Custodians to the Fund, for the support provided by them in carrying out the operations in an efficient manner.

The Directors would also like to express their sincere thanks and appreciation to all the employees, Agent and Distributors of the products of the Company for their contribution during the year. Finally, the Directors wish to express their gratitude to the Members for their continued support.

On behalf of the Board

Mumbai, April 24, 2007

K. V. KAMATH
Chairman

auditors' report

to the Members of ICICI Prudential Asset Management Company Limited (Formerly known as Prudential ICICI Asset Management Company Limited)

We have audited the attached balance sheet of ICICI Prudential Asset Management Company Limited (formerly known as Prudential ICICI Asset Management Company Limited) ('the Company') as at March 31, 2007, and the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 ('Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) 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;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) 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;

- (iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the AS referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the Directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2007 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) 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:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2007;
 - b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For BSR & ASSOCIATES
Chartered Accountants

BHAVESH DHUPELIA
Partner

Mumbai, April 24, 2007

Membership No.: 042070

annexure to the auditors' report

March 31, 2007

With reference to the annexure referred to in paragraph 3 of the Auditors' report to the members of ICICI Prudential Asset Management Company Limited (formerly known as Prudential ICICI Asset Management Company Limited) ('the Company') on the financial statements for the year ended March 31, 2007, we report the following:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. The Company is a service company, primarily rendering asset management services to Prudential ICICI Mutual Fund and Portfolio Management Services to its customers. Thus, paragraph 4 (ii) of the Order is not applicable.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from, any companies, firms or other parties covered 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 is an adequate internal control system commensurate with

- the size of the Company and nature of its business with regards to purchase of fixed assets and with regards to the sale of services. The activities of the Company do not involve the purchase of inventory and sale of goods. We have not observed any major weaknesses in the internal control system during the course of the audit.
5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under 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 its size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been regular in depositing amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Wealth tax, Service tax and other material statutory dues applicable to it with the appropriate authorities. As explained to us the Company did not have any dues on account of Investor Education and Protection Fund. There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.

annexure to the auditors' report



March 31, 2007

Continued

- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service tax, Wealth tax, Cess and other material statutory dues were in arrears as at March 31, 2007 for a period of more than six months from the date they became applicable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Wealth tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authority on account of any dispute.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society.
14. Based on information and explanations provided by the management, in respect of dealing and trading in shares and securities, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and securities have been held by the Company in its own name. As explained to us, the Company is not involved in dealing or trading of debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and based on overall examination of the balance sheet of the Company, the Company has not used any funds raised on short term basis for long term investment.
18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- For BSR & Associates
Chartered Accountants
- BHAVESH DHUPELIA
Partner
Membership No.: 042070
- Mumbai April 24, 2007.

balance sheet

profit and loss account

as at March 31, 2007

for the year ended March 31, 2007

	Schedule	(Rs. in 000's)	March 31, 2006		Schedule	(Rs. in 000's)	March 31, 2006
SOURCES OF FUNDS				INCOME			
Shareholders' funds				Management fees			
Share capital	3	176,521	180,186	Dividend	14	14,580	16,089
Reserves and surplus	4	304,680	391,385	Profit on sale of investment (net)	15	21,737	14,958
		<u>481,201</u>	<u>571,571</u>	Miscellaneous income	16	317	336
						<u>2,388,988</u>	<u>1,414,928</u>
APPLICATION OF FUNDS				EXPENDITURE			
Fixed assets				Employee costs			
Gross block	5	356,501	267,470	Administrative and other expenses	18	1,125,927	555,461
Accumulated depreciation		(260,309)	(192,555)	Depreciation	5	70,793	51,540
Net block		96,192	74,915			<u>1,653,417</u>	<u>940,617</u>
Capital Work in Progress				Profit before taxation			
		16,443	8,277	Provision for current taxation		(292,623)	(167,332)
		<u>112,635</u>	<u>83,192</u>	Deferred tax credit / (expense)		46,445	13,922
				Fringe benefit tax		(5,503)	(9,580)
Investments				Wealth tax		(102)	(63)
	6	404,898	512,732	Profit after taxation		<u>483,788</u>	<u>311,258</u>
Deferred tax asset				Add: Accumulated profit brought forward			
	7	82,032	35,587	Less: Effect of first time adoption of		5,019	4,366
Current assets, loans and advances				AS 15-Gratuity (Refer Schedule 24)	(2,601)	2,418	—
Cash and bank balances	8	77,456	194,755	Amount available for appropriation		<u>486,206</u>	<u>315,624</u>
Sundry debtors	9	247,645	170,428	Appropriations			
Loans and advances	10	362,008	189,011	Final dividend proposed		88,260	72,074
		<u>687,109</u>	<u>554,194</u>	Interim Dividend		241,968	154,960
Current liabilities and provisions				Tax on dividend		48,936	31,841
Current liabilities	11	(516,763)	(372,622)	Transfer to general reserve		48,379	31,137
Provisions	12	(288,710)	(241,512)	Transfer to contingency reserve		24,189	15,568
		<u>(805,473)</u>	<u>(614,134)</u>	Transfer to capital redemption reserve		3,665	5,025
Net current assets/liabilities						<u>455,397</u>	<u>310,605</u>
		<u>(118,364)</u>	<u>(59,940)</u>	Balance profit carried forward			
		<u>481,201</u>	<u>571,571</u>	Earnings per Share of face value of Rs. 10 each –			
Significant accounting policies				Basic and Diluted (in Rs.)	22	26.99	16.82
Notes to the accounts				Significant accounting policies	2		
	19-32			Notes to the accounts	19-32		

The schedules referred to above form an integral part of this balance sheet.
As per our report attached.

For BSR & ASSOCIATES
Chartered Accountants

BHAVESH DHUPELIA
Partner
Membership No.: 042070

Mumbai, April 24, 2007

For and on behalf of the Board of Directors of
ICICI Prudential Asset Management Company Limited

K.V. KAMATH
Chairman

KALPANA MORPARIA
Director

AJAY SRINIVASAN
Director

PANKAJ RAZDAN
Managing Director

RANGANATH ATHREYA
Company Secretary

cash flow statement



for the year ended March 31, 2007

(Rs. in 000's)

	2007	2006
Cash Flows from Operating Activities		
Net profit before taxation	735,571	474,311
Adjustment for:		
Depreciation	70,793	51,540
Interest income	(158)	(160)
Investment income (dividend)	(14,580)	(16,089)
Profit on sale of investments (net)	(21,737)	(14,958)
Profit on sale of fixed assets (net)	(55)	(126)
Operating profit before working capital changes	769,834	494,518
(Increase) in sundry debtors	(77,217)	(49,655)
(Increase) in loans and advances	(163,582)	(44,814)
Increase in current liabilities and provisions	335,626	69,699
Cash generated from working capital changes	94,827	(24,770)
Interest received on loans to employees	158	160
Income tax paid net of income tax refunds (including FBT & Wealth Tax)	(307,643)	(176,002)
Net cash generated from/(used) in operating activities (A)	557,176	293,906
Cash Flow from Investing Activities		
Purchase of fixed assets	(92,486)	(49,385)
Advance for purchase of fixed assets	(8,168)	(1,229)
Proceeds from sale of fixed assets	473	481
Investment income (dividend)	14,580	16,089
Purchase of mutual fund units	(5,230,733)	(3,546,308)
Proceeds from sale of mutual fund units	5,360,311	3,831,488
Net cash generated from investing activities (B)	43,977	251,136
Cash Flow from Financing Activities		
Buyback of shares	(195,630)	(123,675)
Final dividend paid	(72,074)	(185,211)
Interim dividend paid	(317,898)	(79,030)
Tax on dividend paid	(57,113)	(25,976)
Tax on buyback of Shares	(38,147)	—
Net cash generated (used) in financing activities (C)	(680,862)	(413,892)
Net (decrease)/increase in cash and cash equivalents (A) + (B) + (C)	(79,709)	131,150
Cash and cash equivalents at beginning of year		
Cash and bank balances	194,755	2,072
Book Overdraft	(98,369)	(36,836)
Cash and cash equivalents at end of year		
Cash and bank balances	77,456	194,755
Book Overdraft	(60,779)	(98,369)

The schedules referred to above form an integral part of this balance sheet.
As per our report attached.

For BSR & ASSOCIATES
Chartered Accountants

BHAVESH DHUPELIA
Partner
Membership No.: 042070

Mumbai, April 24, 2007

For and on behalf of the Board of Directors of
ICICI Prudential Asset Management Company Limited

K.V. KAMATH KALPANA MORPARIA AJAY SRINIVASAN
Chairman Director Director

PANKAJ RAZDAN RANGANATH ATHREYA
Managing Director Company Secretary

1. BACKGROUND

The name of the company has changed from Prudential ICICI Asset Management Company Limited to ICICI Prudential Asset Management Company Limited with effect from January 17, 2007.

ICICI Prudential Asset Management Company Limited ('the Company') was incorporated on June 22, 1993.

The principal shareholders of the Company as at March 31, 2007 are ICICI Bank Limited (51%) and Prudential Plc (49%) (through its wholly owned subsidiary Prudential Corporation Holdings Limited).

The Company's principal activity is to act as an investment manager to ICICI Prudential Mutual Fund ('the Fund') and to provide Portfolio Management Services ('PMS') to clients under SEBI (Portfolio Managers) Regulations, 1993. The Company is registered with Securities and Exchange Board of India ('SEBI') under SEBI (Mutual Funds) Regulations, 1996. The Company manages the investment portfolios of the Fund and provides various administrative services to the Fund and ICICI Prudential Trust Limited as laid down in the Investment Management Agreement dated December 3, 1993.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The accompanying financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the AS issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest thousand.

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.2 Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses incidental to the acquisition of the fixed assets. Depreciation on fixed assets other than leasehold improvements and software development and licensing costs is provided on written down value method based on the economic lives of the assets as estimated by the management.

The depreciation rates prescribed in Schedule XIV to the Companies Act, 1956 are considered as minimum rates. If the management's estimate of the useful life of the fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid Schedule XIV, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy depreciation is provided based on the economic lives of assets as estimated by management, which are as follows:

Furniture and fixtures	8 years
Office equipment	5 years
Computers	3 years
Vehicles	4 years

Leasehold improvements are amortised over the primary period of the lease on straight-line basis.

Intangible assets comprising of software purchased / developed and licensing costs are depreciated on straight line basis over the useful life of the software up to a maximum of three years commencing from the month in which such software is first utilised.

Assets individually costing Rs. five thousand or less are fully depreciated in the year of purchase/acquisition.

The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

2.3 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.4 Investments

Purchase and sale of investments are recorded on trade date. The gains/ losses on sale of investments are recognised in the profit and loss account on the trade day. Profit or loss on sale of investments is determined on the basis of First In First Out ('FIFO') basis.

Investments are classified as long term or current based on intention of the management at the time of purchase.

Long-term investments are carried at carrying cost less any other than temporary diminution in value, determined separately for each individual investment.

Current investments are valued at the lower of cost or net realisable value. The comparison of cost and net realisable value is done separately in respect of each individual investment.

2.5 Revenue recognition

Management Fees

Investment Management and Portfolio Management fees (inclusive of service tax) are recognised on an accrual basis in accordance with the respective terms of contract between the Company and ICICI Prudential Trust Limited/Portfolio Management Scheme ('PMS') Clients and Regulations of Securities Exchange Board of India ("SEBI").

Income on Asset Shield products under PMS is accrued over the term. The unaccrued portion of income is carried forward as a current liability.

Advisory Fees

Advisory Fees are recognised on an accrual basis in accordance with the respective terms of contract with counter parties.

Other Income

Interest income is accounted on an accrual basis.

Dividend income is recognised when the right to receive dividend is established.

2.6 Transactions in Foreign Currency

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the profit and loss account and related assets and liabilities are accordingly restated in the balance sheet except those related to acquisition of fixed assets which are adjusted in the carrying amount of the related fixed assets.

2.7 Retirement Benefits

The Company expenses its contribution to the Statutory Provident Fund, a defined contribution scheme, made at 12% of the basic salary plus leave encashment of each employee. Benefits in respect of gratuity, a defined benefit

scheme, and superannuation, a defined contribution scheme, as applicable to employees of the Company are annually funded with the Life Insurance Corporation of India ('LIC').

As per the transition provision of AS 15, the effect of adopting AS 15 (Revised 2005) Employee Benefits on the opening balance of retained earnings is disclosed separately on the face of the Profit and Loss account. The Company has changed the method to Projected Unit method with effect from April 1, 2006, in accordance with the provision of AS 15 (Revised) on "Accounting for Retirement Benefit in the financial statement of employer."

2.8 Initial Public Offer Expenses

Expenses relating to initial public offer for no load schemes of the fund are charged to profit and loss account in the year in which these are incurred. Similarly, expenses incurred by the Company for initial public offers for load schemes in excess of the entry load collected are also charged to the profit and loss account in the year in which such expenses are incurred.

2.9 Brokerage and Incentives

Brokerage on Asset Shield products under PMS are amortised over the term. The unamortised portion of the brokerage is carried forward as prepaid expense.

All other brokerage and incentive payments are charged to profit and loss account when incurred.

2.10 Pru Points

The Company has accounted for the Pru points (included under administrative and other expenses) compiled by each agent on sales generated by them during the year on an accrual basis.

2.11 Long-Term Incentive Plan ('LTIP')

The company has initiated a new Long-Term Incentive Plan 2007. This plan is based on bonus points, which are encashable, after it is held for a specified period (holding period), at a determined price. The determined price shall be computed by the Core Team using the P/E method of valuation.

Provision for the bonus units will be made in the books for the value of the points over holding period. The outstanding bonus points will be revalued at the end of each reporting period and the difference will be adjusted over the holding period. Further in respect of bonus points not encashed beyond the holding period, full provision will be made for appreciation/depreciation in value at the end of each reporting period.

2.12 Loyalty Reward Scheme

Loyalty bonus cost is estimated based on the amounts expected to be paid to employees under the scheme. The amount so estimated is apportioned on a pro rata basis over the life of the scheme.

2.13 Fund Expenses

Expenses incurred (inclusive of advertisement/brokerage expenses) on behalf of schemes of ICICI Prudential Mutual Fund are recognised to the profit and loss account unless considered recoverable from the schemes of the Fund in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

2.14 Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as Operating Leases. Operating Lease rentals are recognised as an expense over the lease period.

2.15 Tax

Current Tax

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and fringe benefit tax. Provision for Income Tax is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances

and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

Deferred Tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future: however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

Fringe Benefit Tax (FBT)

The provision for FBT has been recognized on the basis of harmonious and conceptual interpretation of the provisions of Income Tax Act 1961.

2.16 Earnings Per Share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

2.17 Contingencies and Provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

March 31,
(Rs. in 000's) 2006

SCHEDULE - 3

SHARE CAPITAL

Authorised Share Capital

25,000,000 equity shares of Rs 10 each	250,000	250,000
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Issued, Subscribed and Paid-up capital

17,652,090 (Previous year: 18,018,522)	176,521	180,186
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equity shares of Rs 10 each, fully paid up

Note: Of the above, 9,002,573 (Previous Year: 9,189,462) equity shares of Rs. 10 each are held by ICICI Bank Limited, the Holding Company. (During the year, the Company bought back 366,462 equity shares of Rs. 10 each @ Rs. 525 by utilising free reserves).

SCHEDULE - 4

RESERVE AND SURPLUS

Share Premium

Balance at the beginning of the year	222,245	459,719
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Utilised during the year for the purpose of buyback of equity shares	(188,728)	(237,474)
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	33,517	222,245
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General Reserve

Balance at the beginning of the year	121,305	90,168
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Add: Transfer from profit and loss account	48,379	31,137
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Balance at the end of the year	169,684	121,305
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schedules

to financial statements for the year ended March 31, 2007

Continued

	(Rs. in 000's)	March 31, 2006		(Rs. in 000's)	March 31, 2006
Contingency Reserve*			Surplus in Profit and Loss Account		
Balance at the beginning of the year	37,791	22,223	Balance at the end of the year	30,809	5,019
Add: Transfer from profit and loss account	24,189	15,568	Total Reserves & Surplus	304,680	391,385
Balance at the end of the year	61,980	37,791			
Capitla Redemption Reserve					
Balance at the beginning of the year	5,025	—			
Add: Transfer from profit and loss account (created for the purpose of buyback of equity shares)	3,665	5,025			
Balance at the end of the year	8,690	5,025			

Note:- * The Contingency Reserve is a free reserve, created voluntarily by the Company, by transferring up to 5% of the profits at the end of each statutory year .

SCHEDULES - 5

FIXED ASSETS

(Rs. in 000's)

Description	Leasehold Improvements	Furniture and fixtures	Office equipments	Computers	Intangible Assets	Vehicles	Total	Previous Year
Cost								
At April 1, 2006	51,475	9,841	52,630	97,881	40,193	15,450	267,470	224,806
Additions	24,087	8,706	12,117	29,367	11,922	6,287	92,486	49,385
Deletions	—	—	(269)	(270)	—	(2,916)	(3,455)	(6,721)
At March 31, 2007	75,562	18,547	64,478	126,978	52,115	18,821	356,501	267,470
Accumulated Depreciation								
At April 1, 2006	34,030	3,991	39,094	83,790	23,317	8,333	192,555	147,381
Charge for the year	21,968	4,858	10,057	17,875	11,074	4,961	70,793	51,540
Deletions	—	—	(240)	(270)	—	(2,529)	(3,039)	(6,366)
At March 31, 2007	55,998	8,849	48,911	101,395	34,391	10,765	260,309	192,555
Net Book Value								
At March 31, 2007	19,564	9,698	15,567	25,583	17,724	8,056	96,192	74,915
At March 31, 2006	17,445	5,850	13,536	14,091	16,876	7,117	74,915	

SCHEDULE - 6

INVESTMENTS

A. Long-Term Investments

Non trade, Quoted (at cost)

Mutual Fund Units of Face Value of Rs.10 each

Nil Units (Previous Year 1,266.260)

in ICICI Prudential Institutional

Income Plan Growth

— 25

Nil Units (Previous Year 506,612.820)

in ICICI Prudential Floating Rate

Plan B – Growth Option

— 5,219

Nil Units (Previous Year 339,420.590)

in ICICI Prudential Long-Term Plan – Cumulative

— 4,600

36,293,940.760 Units

(Previous year 26,002,500.000 units)

in ICICI Prudential Fixed Maturity Plan

362,954 260,025

Nil Units (Previous Year 10,358,939.140 units)

in ICICI Prudential Blended Plan A-Dividend Option

— 105,282

Nil Units (Previous Year 24,027.140 units)

in ICICI Prudential Index Fund-Nifty Plan

— 500

Total Long-Term Investments

362,954 375,651

B. Current investments (valued at cost or net (realisable value whichever is lower))

Non trade, Quoted

Mutual Fund Units of Face value of Rs.10 each

3,307,581.91 units (Previous Year

6,244,969.670) in ICICI Prudential Sweep Plan

41,944 74,081

41,944 74,081

Trade, Unquoted (at cost)

Equity Shares

Nil equity shares (Previous Year 1,890,756)

of Rs. 33.32 each in Way2Wealth

Securities Limited

— 63,000

Total Current Investments

41,944 137,081

404,898 512,732

Aggregate value of Quoted Investments

- others (net asset value/ market value Rs. 429,387)

(Previous Year Rs. 464,966)

404,898 449,732

Aggregate value of unquoted Investments

— 63,000

404,898 512,732

schedules



to financial statements for the year ended March 31, 2007

Continued

(Numbers in Units)

(Rs. in 000's)

March 31,
2006

Scheme	2007			
	Purchase	Redeemed	Purchase	Redeemed
Long Term Investments				
Prudential ICICI Long Term Plan - Cumulative	1,355,491	1,694,912	145,808	—
Prudential ICICI Income Institutional Plan Dividend Option	—	—	—	—
Prudential ICICI Fixed Maturity Plan	58,414,945	48,123,504	8,500,000	9,000,000.000
Prudential ICICI Gilt Investment Plan Dividend Option	—	—	7,705,028	7,705,028
Prudential ICICI Floating Rate Fund	—	—	—	—
Prudential ICICI Short Term Institutional Plan Dividend Option	—	—	7,382,168	7,684,826
Prudential ICICI Institutional Income Plan - Growth	—	1266	—	—
Prudential ICICI Gilt Fund Treasury Plan PF Option	—	—	—	15,794,613
Prudential ICICI Plan 1Year Plus-Growth (Direct)	—	—	—	—
Prudential ICICI Cautious Plan	—	—	—	9,294,803
Prudential ICICI Floating Rate Fund Plan B	—	506,613	11,185,456	25,852,948
Prudential ICICI Floating Rate Fund Plan B - Dividend Option	—	—	58,913,254	58,913,254
Prudential ICICI Services Industries Fund Growth Option	—	—	4,401,408	4,401,408
Prudential ICICI Blended Plan A Dividend Option	—	10,358,939	18,157,394	7,798,455
Prudential ICICI Index Nifty Plan	—	24,027	24,027	—
Prudential ICICI Flexible Income Plan Dividend	—	—	3,295,482	3,295,482
Current Investments				
Prudential ICICI Sweep Plan	211,676,706	214,614,094	146,907,737	143,021,894
Prudential ICICI Liquid Institutional Plan Dividend Option	—	—	844,395	844,395
Prudential ICICI Liquid Institutional Plus	—	—	14,765,186	14,959,277
Prudential ICICI Liquid Plan Institutional Plus - Daily Dividend	—	—	6,340,108	6,340,108
Prudential ICICI Liquid Plan Super Inst Weekly Dividend	198,651,928	198,651,928	35,136,273	35,136,273.370

* Statement showing purchases and redemption of investments (in units)

* Purchases includes dividend re-invested in units.

(Rs. in 000's) March 31,
2006

SCHEDULE - 7

DEFERRED TAX ASSET

Deferred tax asset arising on account of timing differences in:

Depreciation on fixed asset	22,527	14,830
Employee compensation	59,505	20,757
Deferred tax asset	82,032	35,587

SCHEDULE - 8

CASH AND BANK BALANCES

Cash in hand	—	—
Balance with scheduled banks - in current accounts	77,456	194,755
	77,456	194,755

(Rs. in 000)

SCHEDULE - 9

SUNDRY DEBTORS

Unsecured

Debts outstanding for a period exceeding six months

a) Considered good	4,273	—
b) Considered doubtful	843	843

Other debts

Considered good

Management fees from :

— Schemes of Mutual Fund	102,288	51,104
— PMS Clients *	118,953	119,324
— Advisory Clients	22,131	—
Less: Provision for doubtful debts	(843)	(843)
	247,645	170,428

* Includes an amount of Rs. 57 (Previous Year Rs. Nil) due from a Director. Maximum amount due by the Director at any time during the year Rs. 57 (Previous Year Rs. 36).

SCHEDULE - 10

LOANS AND ADVANCES

(Unless otherwise stated – unsecured and considered good)

Advances recoverable in cash or in kind or for value to be received	242,740	110,881
Staff loans	3,423	3,200
Prepaid expenses	20,943	15,243
Sundry deposits	81,753	55,953
Advance tax (net of provision)	13,149	3,734
Advances considered doubtful or bad	2,865	1,079
Less: Provision for doubtful advances	(2,865)	(1,079)
	362,008	189,011

SCHEDULE - 11

CURRENT LIABILITIES

Sundry creditors*	279,983	129,748
Book overdraft	60,779	98,369
Statutory dues	10,893	22,123
Income received in advance	—	877
Accrued expenses	165,108	121,506
	516,763	372,623

(*Of the above, Rs. 77,448 (Previous Year Rs. 97,506) is payable to Prudential Corporation Holdings Limited towards Buyback of Shares)

SCHEDULE - 12

PROVISIONS

Provision for proposed final dividend	88,260	72,074
Provision for interim dividend	—	75,930
Provision for tax on dividend	23,665	31,841
Provision for gratuity	2,656	—
Provision for leave encashment	3,000	—
Provision for other employee cost	171,129	61,666
	288,710	241,511

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to financial statements for the year ended March 31, 2007

Continued

	(Rs. in 000's)	March 31, 2006		(Rs. in 000's)	March 31, 2006																		
SCHEDULE - 13																							
MANAGEMENT FEES																							
Fees from mutual fund operations (Tax Deducted at Source Rs. 99,376 (Previous Year Rs. 63,008))	1,774,723	1,106,579	Recruitment and consultancy services	9,196	6,468																		
Fees from PMS operations (Tax Deducted at Source Rs. 2,650 (Previous Year Rs.1,101))	555,500	276,966	Entertainment	3,788	5,803																		
Fees from Advisory Services	22,131	—	Motor car expenses	4,237	3,967																		
	<u>2,352,354</u>	<u>1,383,545</u>	Provision for bad and doubtful debts and advances	4,040	1,922																		
SCHEDULE - 14																							
DIVIDEND INCOME																							
Dividend on Long term Investments	4,165	14,327	Rates and taxes	1,966	1,675																		
Dividend on Current Investments	10,415	1,762	Auditors remuneration:																				
	<u>14,580</u>	<u>16,089</u>	- Audit fees (including interim audits)	1,121	1,094																		
SCHEDULE - 15																							
PROFIT ON SALE OF INVESTMENTS																							
Profit on sale of Long term Investments	17,538	13,890	- Tax matters	233	—																		
Profit on sale of on Current Investments	4,199	1,068	- Other matters	243	124																		
	<u>21,737</u>	<u>14,958</u>	- Reimbursement of out of pocket expenses	10	54																		
SCHEDULE - 16																							
MISCELLANEOUS INCOME																							
Interest on loans to employees	158	160	Directors sitting fees	240	500																		
Profit on sale of fixed assets (net)	55	126	Miscellaneous expenses	26,327	20,717																		
Others	104	50		<u>1,125,927</u>	<u>555,461</u>																		
	<u>317</u>	<u>336</u>	SCHEDULE - 19																				
SCHEDULE - 17																							
EMPLOYEE COSTS																							
Salaries, bonus and allowances	428,572	313,552	OPERATING LEASES																				
Contribution to provident and other funds	14,230	13,005	Generally the Company takes premises on lease for a tenure of 36 months. As per the term of the leases all maintenance charges and municipal levies are borne by the lessee. All lease agreements have a clause for renewing the lease for a similar tenure.																				
Staff welfare	13,895	7,059	The total future liability of all operating leases is as given below:																				
	<u>456,697</u>	<u>333,616</u>	<table><tr><th></th><th>In less than a year</th><th>In 1 year to 5 years</th><th>In more than 5 years</th></tr><tr><th></th><th>2007</th><th>2006</th><th>2007</th><th>2006</th><th>2007</th><th>2006</th></tr><tr><td>Total future lease payments</td><td>51,696</td><td>52,573</td><td>53,382</td><td>25,701</td><td>774</td><td>—</td></tr></table>				In less than a year	In 1 year to 5 years	In more than 5 years		2007	2006	2007	2006	2007	2006	Total future lease payments	51,696	52,573	53,382	25,701	774	—
	In less than a year	In 1 year to 5 years	In more than 5 years																				
	2007	2006	2007	2006	2007	2006																	
Total future lease payments	51,696	52,573	53,382	25,701	774	—																	
SCHEDULE - 18																							
ADMINISTRATIVE AND OTHER EXPENSES																							
Brokerage and incentives (Refer Schedule 2.10)	353,050	145,528	The total lease payments recognized in the profit and loss account towards the above referred leases amount to Rs. 92,580 (Previous Year Rs. 44,758)																				
Service tax	256,822	127,796	SCHEDULE - 20																				
Rent	58,188	44,758	SEGMENTAL REPORTING																				
Communication expenses	30,463	36,101	The Company's operations predominantly relate to providing asset management services. It acts as an investment manager to schemes launched by ICICI Prudential Mutual Fund. As part of asset management service, it also provides portfolio management services (PMS) to corporates and high networth individuals. Accordingly, the asset management business can be split into Mutual Funds and Portfolio Management Services as primary reporting segments.																				
Travelling and conveyance	36,201	32,073	Secondary segment reporting does not require separate disclosure as all activities of the Company are within India.																				
Fund Accounting Expenses - PMS	43,950	25,335	The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure of individual segments. These are set out in the Schedule 2 to the financial statements.																				
Legal and professional fees	32,759	15,902	Income and direct expenses in relation to segments are categorized based on items that can be individually identifiable to that segment. Certain expenses such as depreciation, etc. are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to such items, and accordingly they are separately disclosed as "unallocable expenses" and directly charged against total income.																				
Fund Expenses	53,521	4,659	Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Current assets and current liabilities to the extent directly identifiable to a segment have been categorized, others have been shown as "unallocable" in the total column. Other balance sheet items such as investments, secured loan and deferred tax asset are similarly not allocated to segments.																				
SEBI Fees	21,897	1,311																					
Information Technology	14,179	13,751																					
Electricity	14,086	12,772																					
Insurance	6,586	10,457																					
Books, periodicals and subscriptions	8,347	10,055																					
Repairs and maintenance																							
Equipment	7,309	6,148																					
Others	5,949	3,346																					
Marketing advertisement and publicity	111,226	7,941																					
Printing and stationery	11,838	7,761																					
Training	8,155	7,443																					

Primary segment information

(Rs. in 000's)

	Mutual Fund		Portfolio Management		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Segment Revenue								
Management fees	1,774,723	1,106,579	555,500	276,966	22,131	—	2,352,354	1,383,545
Inter Segment revenue	—	—	—	—	—	—	—	—
Total Segment revenue	1,774,723	1,106,579	555,500	276,966	22,131	—	2,352,354	1,383,545
Identifiable operating expenses	(429,101)	(228,863)	(393,342)	(216,936)	(3,510)	—	(825,953)	(445,799)
Segmental operating income	1,345,622	877,716	162,158	60,030	18,621	—	1,526,401	937,746
Unallocable expense							(826,352)	(494,818)
Operating income							700,049	442,928
Other income net of other expenses							35,522	31,383
Net Profit before taxation							735,571	474,311
Provision for income tax							(292,623)	(167,332)
Deferred tax credit / (expense)							46,445	13,922
Fringe benefit tax							(5,503)	(9,580)
Wealth tax							(102)	(63)
Net profit after tax							483,788	311,258
Segment assets and liabilities								
Allocable current assets	310,299	139,538	123,226	119,853			433,525	259,391
Unallocable current assets							253,584	294,803
Total current assets	310,299	139,538	123,226	119,853			687,109	554,194
Current liabilities and provisions	66,915	51,656	67,781	54,400			134,696	106,056
Unallocable current liabilities and provisions							670,777	508,078
Total current liabilities and provisions	66,915	51,656	67,781	54,400			805,473	614,134

SCHEDULE - 21

RELATED PARTY INFORMATION

- Related parties where control exists
ICICI Bank Limited – Holding Company.
- Other related parties with whom transactions have taken place during the year
Prudential Plc, England – Holds significant influence in the Company.
ICICI Prudential Trust Limited - Fellow Subsidiary
ICICI Lombard General Insurance Company Limited – Fellow Subsidiary
ICICI Prudential Life Insurance Company Limited – Fellow Subsidiary
ICICI Ventures Limited - Fellow Subsidiary
Way2wealth Securities Private Limited (Till April 17, 2006)

Notes:

1. The Prudential entities were fellow subsidiaries till August 25, 2005. On account of the change in shareholding (Refer Schedule 1) they are now fellow associates of the Company.
2. ICICI Lombard General Insurance Company Limited was a fellow associate till August 25, 2005. On account of change in shareholding (Refer Schedule 1) it is now a fellow subsidiary of the Company.

Key Management:

- Pankaj Razdan – Managing Director
- Nilesh Shah – Chief Investment Officer
- Manoj Agarwal – Chief Operating Officer
- Vasant Sanzgiri – Sr. Vice President and Head – HR (South East Asia)
- Shahzad Madon – Sr. Vice President – Portfolio Management Services
- Ranganath Athreya – Sr. Vice President – Compliance, Legal and Company Secretary
- B. Ramakrishna – Chief Financial Officer
- Kalyan Prasath – Vice President Information Technology
- Ashok Suvarna – Vice President Operations
- Sumit Sirsikar – Vice President Marketing

Relatives of Key Management Personnel:

- Sonia Razdan, wife of Pankaj Razdan, Managing Director

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RELATED PARTY INFORMATION (CONTD.)

Nature of Transactions	Holding company	Fellow subsidiary companies	Party with Significant influence	Key management personnel	Relatives of Key Management Personnel	Total
Remittance towards Buyback of shares	98,117		97,506			98,117
<i>Previous Year</i>	<i>123,675</i>					<i>123,675</i>
Dividend Paid	160,160		229,812			389,972
<i>Previous Year</i>	<i>79,030</i>		<i>101,866</i>			<i>180,896</i>
Common Cost, Brokerage & Marketing expenses incurred by the Company	157,354					157,354
<i>Previous Year</i>	<i>38,042</i>					<i>38,042</i>
Insurance Premium paid		11,821				11,821
<i>Previous Year</i>		<i>8,635</i>				<i>8,635</i>
Remuneration paid				42,772		42,772
<i>Previous Year</i>				<i>48,023</i>		<i>48,023</i>
Management Fees Earned		7,088			415	7,503
<i>Previous Year</i>		—			<i>418</i>	<i>418</i>
Expenses incurred by company		3,565	2,285			5,850
<i>Previous Year</i>		—	<i>6,196</i>			<i>6,196</i>
Expenses incurred by Related party		3,268				3,268
<i>Previous Year</i>		—				—
Personal Loan				175		350
<i>Previous Year</i>				—		—
Balance O/s : Receivable/(Payable)	(85,562)	3,434	733	165	93	(81,137)
<i>Previous Year</i>	<i>1,432</i>	<i>2,402</i>	<i>75,896</i>	<i>132</i>	<i>90</i>	<i>5,608</i>

- Provision for contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis are excluded above. Bonus for the period up to March 31, 2007 and Long Term Incentive Plan ('LTIP') to the extent actually paid up to March 31, 2007 have been included in the above figures. Bonus for the period April 1, 2006 to March 31, 2007 and Long Term Incentive Plan ('LTIP') not yet paid have been excluded in the above figures as provision for the same has been made at an overall company level.
- The remuneration paid to key Management Personnel referred above includes, 24% (Previous Year 29%) paid to CIO, 13% (Previous Year 11%) paid to Sr. VP Compliance, 14% (Previous Year 12%) paid to the senior VP PMS and 14% (Previous Year 13%) paid to the Sr. VP HR. Key Management Personnel details do not include remuneration paid to Managing Director (MD). (Please refer Schedule 28 for MD's remuneration details)
- An amount of Rs. 157,353 (Previous Year Rs. 38,042) was incurred by ICICI Bank Limited towards usage of their network/facilities, Pru Chairman awards, brokerage and reimbursement of expenses incurred on our behalf. Rs. 86,562 (Previous Year Rs. 1,432) is payable to ICICI Bank Limited.
- An amount of Rs. 36,758 (Previous Year Rs. 79,030) was paid to ICICI Bank Limited, towards final dividend FY 2005-06 and Rs. 123,402.00 towards interim dividend for the FY 2006-2007.
- An amount of Rs. 98,117 (Previous Year Rs. 123,675) has been paid to ICICI Bank Limited towards buyback of shares. An amount of Rs. 77,448 (Previous Year Rs. 97,506) is payable to Prudential Corporation Holdings

Limited towards buyback of shares, which includes an amount of Rs. 16,828 (Previous Year Rs. 21,319) being tax deducted at source.

- An amount of Rs. 75,930 was paid to Prudential Corporation Holding Limited, England towards Interim dividend for FY 2005-06 and Rs. 35,316 towards Final dividend for FY 2005-06. An amount of Rs. 118,566 was paid to Prudential Corporation Holdings Limited, England towards interim dividend for the FY 2006-2007.
- The Company has paid Rs. 10,767 (Previous Year Rs. 8,635) to ICICI Lombard General Insurance Company Limited towards employee medical and asset insurance. An amount of Rs. 472 (Previous Year Nil) is receivable from ICICI Lombard General Insurance Company Limited.
- An amount of Rs. 1,054 (Previous Year Rs. Nil) was paid to ICICI Prudential Life Insurance towards Insurance premium and Rs. 285 (Previous Year Nil) has been paid as advance towards Insurance premium. An amount of Rs. 3,268 (Previous Year Rs. Nil) has been incurred by ICICI Prudential Life Insurance Company Limited on behalf of IPAMC.
- The Company has earned management fees of Rs. 7,088 (Previous Year Rs. Nil) and Rs. 1,013 (Previous Year Rs. Nil) is receivable from ICICI Ventures Limited.
- An amount of Rs. 4,302 (Previous Year Rs. 2,910) has been incurred towards expenses on behalf of ICICI Prudential Trust Limited. An amount of Rs. 1,665 (Previous Year Rs. 2,402) is receivable from ICICI Prudential Trust Limited.

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Continued

	(Rs. in 000's)	March 31, 2006		(Rs. in 000's)	March 31, 2006
SCHEDULE - 22					
EARNINGS PER SHARE ('EPS')					
EPS is computed in accordance with AS 20 issued by the Institute of Chartered Accountants of India ('ICAI').					
Profit after taxation	483,788	311,258			
Weighted Average Number of equity shares outstanding during the year (in units)	17,926,183	18,508,719			
Basic and diluted EPS of face value Rs. 10 each (Rs.)	26.99	16.82			
SCHEDULE - 23					
PROVISION FOR LONG TERM INCENTIVE PLAN ('LTIP') & EMPLOYEE COST					
The details of the provision are as under:					
Opening Balance	61,666	36,495			
Additional provision during the year	153,273	103,201			
Amount used during the year	(38,660)	(78,030)			
Unused amount reversed	(2,150)	—			
Closing Balance	174,129	61,666			
The above provisions are based on current estimates and may vary in future depending upon the number of employees exiting the scheme and profitability of the Company based on which value of the units is determined.					
SCHEDULE - 24					
PROVISION FOR GRATUITY					
As per the transition provision of AS 15, the Company has adopted AS 15 (Revised 2005) Employee Benefits and the effect is disclosed separately on the face of the Profit and Loss account. The Company would have a gratuity expense higher by Rs. 280 thousands if the same was not adopted and the previous accounting policy been followed.					
A) Amount to be recognised in balance sheet					
Present Value of Funded Obligations	9,873	7,918			
Fair Value of Plan Assets	(7,217)	(5,056)			
Net Liability	2,656	2,862			
<u>Amounts in the Balance Sheet</u>					
Liabilities	2,656	2,862			
Net Liability	2,656	2,862			
B) Expense to be recognized in statement of profit					
Current Service Cost	2,244				
Interest on Defined Benefit Obligation	548	Not			
Expected Return on Plan Assets	(442)	Determined			
Net Actuarial Losses/(Gains) Recognized in Year	380				
Total, included in "Employee Benefit Expense"	2,730				
Actual Return on Plan Assets	442				
C) Reconciliation of benefit obligations and plan assets for the period					
Change in Defined Benefit Obligation					
Opening Defined Benefit Obligation	7,918				
Current Service Cost	2,244	Not			
Interest Cost	548	Determined			
Actuarial Losses/(Gain)	380				
Benefits Paid	(1,217)				
Closing Defined Benefit Obligation	9,873	7,918			
Change in the Fair Value of Assets					
Opening Fair Value of Plan Assets		5,056			
Expected Return on Plan Assets		443	Not		
Contributions by Employer		2,935	Determined		
Benefits Paid		(1,217)			
Closing Fair Value of Plan Assets		7,217			5,056
D) Asset information					
Category of Assets	Period Ended March 31, 2007	Period Ended March 31, 2006			
Insurer Managed Funds	100%	100%			
Total	100%	100%			
The break up of the approximate market value of the assets as at March 31, 2007 as advised by the insurer is as follows:					
Category of Assets			(Rs. in 000's)		
Insurer Managed Funds			7,217		
Total			7,217		
E) Summary of actuarial assumptions					
Financial assumptions at the valuation date:					
	March 31, 2007	March 31, 2006			
Discount Rate	8.00% p.a.	7.30% p.a.			
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.			
Salary Escalation Rate	8.00% p.a.	7.00% p.a.			
a) Discount Rate:					
The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.					
b) Expected Rate of Return on Plan Assets:					
This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.					
c) Salary Escalation Rate:					
The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.					
DEMOGRAPHIC ASSUMPTIONS AT THE VALUATION DATE:					
d) Retirement Age:					
The employees are assumed to retire at the age of 58 years.					
e) Mortality:					
Published rates under the LIC (1994-96) mortality tables.					
f) Leaving Service:					
We have assumed 12% per annum withdrawal rate at all ages in this valuation.					
g) Disability:					
Leaving service due to disability is included in the provision made for all causes of leaving service (paragraph (f) above).					
SCHEDULE - 25					
CAPITAL COMMITMENTS					
As at March 31, 2007, the Company had capital commitments amounting to Rs. 42,440 (Previous Year Rs. 15,245) for which no provision is required to be made.					

	(Rs. in 000's)	March 31, 2006		(Rs. in 000's)	March 31, 2006
--	----------------	-------------------	--	----------------	-------------------

SCHEDULE - 26

CONTINGENT LIABILITIES:-

The Company has received order under Section 220(6) of the I.T. ACT, 1961 disallowing exemption u/s 14 A and had raised a demand of Rs. 10,707 .The Company has preferred appeal before the Commissioner of Income Tax (Appeals) against the said order under Section 143(3) for AY 2004-05.The Company is of the view the exemption has been correctly claimed and hence there is no need to provide for the same.

SCHEDULE - 27

EXPENDITURE IN FOREIGN CURRENCY

Training	537	972
Advertisements	—	181
Communication expenses	1,093	1,311
Information technology	13,746	649
Travelling	356	33
Professional and consultancy fees	—	4
Stipend	12	—
Guarantee Fees	13,125	—
	<u>28,869</u>	<u>3,150</u>

1. An amount of Rs. 1,822 (Previous Year Rs. 6,774) was remitted towards capital expenditure.
2. An amount of Rs. 97,506 (Previous Year Rs. Nil) was paid to Prudential Corporation Holdings Limited, England towards buy back of shares.

Note : The above disclosure is made on cash basis.

SCHEDULE - 28

INCOME TAX

The current period tax provision is shown after adjustment of net excess tax provision for the previous years to the extent of Rs. Nil (Previous Year Rs. 96)

SCHEDULE - 29

MANAGERIAL REMUNERATION

Remuneration to managing Director:		
Salary and allowances	14,097	15,805
Company's contribution to provident fund	565	561
Perquisites (Fair value as estimated by the management)	1,384	1,391
	<u>16,046</u>	<u>17,757</u>

Provision for contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis are excluded above. Bonus for the period up to March 31, 2007 and Long Term Incentive Plan ('LTIP') to the extent actually paid up to March 31, 2007 have been included in the above figures. Bonus for the period April 1, 2006 to March 31, 2007 and Long Term Incentive Plan ('LTIP') not yet paid have been excluded in the above figures as provision for the same has been made at an overall company level.

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 has not been given since no commission is payable.

SCHEDULE - 30

REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND TO NON RESIDENT SHAREHOLDERS

Amount Remitted	111,246	101,866
No. of non resident shareholders	1	1
No. of shares held on	8,829,090	10,186,611
Final Dividend for the year	2005-2006	2004-2005
Amount Remitted	118,566	
No. of non resident shareholders	1	
No. of shares held on	8,649,517	
Interim Dividend for the year	2006-2007	

SCHEDULE - 31

DISCLOSURE UNDER PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Disclosure under Part II of Schedule VI to the Companies Act, 1956, has been made to the extent applicable to the Company.

SCHEDULE - 32

PRIOR YEAR COMPARATIVES

Prior year comparatives have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE **AS PER PART IV, SCHEDULE VI OF THE COMPANIES ACT, 1956**

1. Registration details

Registration No.

		5	4	1	3	5
--	--	---	---	---	---	---

 State Code

5	5
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	7
---	---	---	---

Date Month Year

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

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

 Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

 Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

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

Total Liabilities

		1	2	8	6	6	7	4
--	--	---	---	---	---	---	---	---

 Total Assets

		1	2	8	6	6	7	4
--	--	---	---	---	---	---	---	---

Sources of Funds (Amount in Rupees)

Paid-up Capital

			1	7	6	5	2	1
--	--	--	---	---	---	---	---	---

 Reserves and Surplus

			3	0	4	6	8	0
--	--	--	---	---	---	---	---	---

Secured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

 Unsecured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

Application of Funds (Amount in Rupees)

Net Fixed Assets

			1	1	2	6	3	5
--	--	--	---	---	---	---	---	---

 Investments

			4	0	4	8	9	8
--	--	--	---	---	---	---	---	---

Net Current Assets

			(1	1	8	3	6	4)
--	--	--	----	---	---	---	---	----

 Miscellaneous Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Deferred Tax Asset

				8	2	0	3	2
--	--	--	--	---	---	---	---	---

 Accumulated Losses

						N	I	L
--	--	--	--	--	--	---	---	---

4. Performance of the Company (Amount in Rupees)

Turnover Total

		2	3	8	8	9	8	8
--	--	---	---	---	---	---	---	---

 Total Expenditure

		1	6	5	3	4	1	7
--	--	---	---	---	---	---	---	---

Profit Before Tax

			7	3	5	5	7	1
--	--	--	---	---	---	---	---	---

 Profit After Tax

			4	8	3	7	8	8
--	--	--	---	---	---	---	---	---

Earnings Per Share in Rupees

			2	6	.	9	9
--	--	--	---	---	---	---	---

 Dividend Rate %

						1	8	5
--	--	--	--	--	--	---	---	---

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

Item Code No. (ITC Code)

N	O	T		A	P	P	L	I	C	A	C	L	E						
---	---	---	--	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--

Service Description

A	S	S	E	T		M	A	N	G	E	M	E	N	T		S	E	R	V	I	C	E	S
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For and on behalf of the Board of Directors of
 ICICI Prudential Asset Management Company Limited

K. V. KAMATH
 Chairman

KALPANA MORPARIA
 Director

AJAY SRINIVASAN
 Director

PANKAJ RAZDAN
 Managing Director

RANGANATH ATHREYA
 Company Secretary

Mumbai, April 24, 2007