ICICI VENTURE FUNDS MANAGEMENT COMPANY LIMITED

19TH ANNUAL REPORT AND ANNUAL ACCOUNTS 2006-2007

Directors
Lalita D. Gupte, *Chairperson*
Gopal Srinivasan
K. N. Memani
Madhabi Puri Buch
Renuka Ramnath, *Managing Director & CEO*

Auditors
S. B. Billimoria & Co,
Chartered Accountants

Anselm Pinto
Company Secretary

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

Regional Office
Prestige Obelisk, 10th Floor
No. 3, Kasturba Road
Bangalore 560001

directors' report

to the members

Your Directors have pleasure in presenting the Nineteenth Annual Report on the business and operations of your Company together with the audited Statement of Accounts for the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

(Rs. in million)

	Fiscal 2006	**Fiscal 2007**	**% Change**
Profit before taxation	*746.1*	**1,070.3**	**43.45%**
Provision for Income Tax	*250.1*	**381.0**	**52.34%**
Provision for Deferred Tax	*(7.0)*	**(9.3)**	**32.86%**
Profit after taxation	*503.0*	**698.6**	**38.89%**
Balance of Profit & Loss Account brought forward from the previous year	*65.0*	**56.3**	**(13.38%)**
Disposable Profits	*568.0*	**754.9**	**32.90%**

Appropriations:
The Company earned Profit after tax of Rs. 698.6 million for the year. After taking into account profit of Rs. 56.3 million brought forward, the Company's disposable profit stands at Rs. 754.9 million. During fiscal 2007, your Company paid four interim dividends aggregating to Rs. 500.0 per share. Details of appropriations from disposable profits are given below:

(Rs. in million)

	Fiscal 2006	**Fiscal 2007**
General Reserve	*50.3*	**69.9**
Interim Dividend @ 5000% (Previous year 2860%)	*394.5*	**500.0**
Corporate tax on Dividend	*55.3*	**70.1**
Balance Carried forward to next year	*67.9*	**114.9**

Analysis of Financial Performance:
During the fiscal 2007, the aggregate corpus of Funds under management of your Company increased to Rs. 98.4 billion. As a result, your Company received higher revenue from management fee in fiscal 2007. Fee income from management of the Funds grew by 85% over last year to Rs. 1,936.5 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. 875.2 million from Rs. 380.7 million incurred during the previous year.

Consequent to higher growth in fee based revenue, the profit before tax of your Company for the year under review increased by 43% to Rs. 1,070.3 million as compared with Rs. 746.1 million for the previous year. After providing for tax including deferred tax for the current year, profit after tax has gone up to Rs. 698.7 million from Rs. 503.0 million during the previous year. The Earnings per Share of your Company aggregated to Rs. 698.7 per share during fiscal 2007 as compared with Rs. 250.4 per share during the previous year.

2. OPERATIONAL REVIEW

Year in Retrospect:
The fiscal year 2007 witnessed un-paralleled growth in the Indian private equity market and also the emergence of India as a favoured investment destination. Over the year, there was a significant increase in the number of private equity deals and the average size of the deals. Your Company, being the pioneer in this industry, was able to utilise the opportunities available to reinforce its position as the leading player in the market, in spite of increasing competition from domestic and international players.

Despite competitive market conditions, your Company has delivered on its committed investment thesis. The India Advantage Funds Series I has fully committed its funds during the year in retrospect and is now in divestment mode. Your Company has made its foray into the real estate industry in India through its India Advantage Funds III & IV (real estate funds). During the year under review, your Company closed the India Advantage Funds Series II and commenced investments from these Funds.

It may be pertinent to mention that the year threw up many challenges, given the fact that your Company is operating in a very dynamic business environment and is governed by stringent regulations. The most important development during the year was the large fluctuation in the Indian capital markets, which showed a tendency to move in tandem with international cues. During the latter part of the year, the Government of India introduced a proposal in the Finance Bill 2007 to restrict the benefit available to Venture Capital Funds under Section 10(23FB) of the Income Tax Act, 1961 to select sectors. This proposal, if implemented, would take away the benefit of "Pass through status" that SEBI Registered Venture Capital Funds enjoy. Your Company, along with other members of the Indian Venture Capital Association and related industry bodies and stakeholders, has represented to the Government to reconsider the proposal in the interest of promoting the domestic venture capital and private equity industry.

In order to improve operational efficiency, your Company has shifted its Registered Office from Karnataka to Maharashtra where the core operations of your Company are concentrated. All approvals in this regard from relevant authorities were obtained during the year.

Portfolio and Fund Strategy:
As of March 31, 2007, your Company was Manager/Advisor to Funds aggregating to Rs. 98.4 billion.

The India Advantage Funds Series I:
Your Directors are pleased to inform you that India Advantage Funds Series I (the Fund) has performed well. The Fund has been fully committed with 21 investments across diversified sectors in a mix of growth capital, buy-out, real estate and mezzanine transactions. The Fund has already commenced exits from some of its investments, and has so far distributed Rs. 4.01 billion to its investors. The Fund's investments have begun to mature, and the Fund proposes to make significant divestments during fiscal year 2008 as it continues to harvest the portfolio.

India Advantage Funds III and IV (Real Estate Funds):
In the previous year, your Company had raised dedicated real estate funds, India Advantage Fund III and IV (Real Estate Funds) with commitments of around US$ 550 million, firmly positioning your Company as India's leading Private Equity assets management company in the real estate investment space. During the year, your Company established a dominant presence in the real estate space, as the Funds approved investments in several large and landmark properties across the country. The Funds are well diversified and are involved in the development of large integrated residential townships, state-of-the-art IT parks, contemporary shopping mall destinations and hospitality projects.

Joint Venture with Tishman Speyer Properties:
Your Company was amongst the first movers to capitalize on the relaxed norms for Foreign Direct Investment (FDI) in the real estate sector in India, and formed a 50:50 joint venture real estate development company with Tishman Speyer Properties, USA (TSP) called TSI Ventures (India).

The India Advantage Funds Series II:
Your Company successfully closed the India Advantage Fund Series II (structured as twin funds namely India Advantage Fund V and India Advantage Fund VI) (Series II) during fiscal 2007 with commitments of US$ 810 million. The final closing of the Series II was in October 2006. Series II is the largest dedicated Indian private equity fund thus far.

As was indicated in the previous year, apart from most institutional investors in the Company's earlier private equity fund reinvesting in Series II, your Company has also been able to attract marquee international institutions to invest in this Fund. Series II has a well diversified investor base comprising 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 Directors of your Company would like to report that Series II has commenced making investments.

Mezzanine Fund:
Last year, your Company had announced plans for looking at new areas like mezzanine financing. Your Directors are happy to report that considerable progress has been achieved in this regard, with your Company launching a fund during the year that is dedicated to making Mezzanine investments, which is the first of its kind in India.

Outlook:
India continues to be a favoured nation for capital investment. This results in competition for transactions from other private equity firms and hedge funds. It is the Directors' core belief that building enduring and globally competitive businesses, and fueling the aspirations of entrepreneurs, both existing and potential, will stand your Company in good stead in facing competition and consolidating its position.

The Directors are of the view that growth in the assets managed by your Company and being a top quartile performer in returns generated for the Funds' investors are essential to be a relevant player in the Indian market. Your Company seeks to continue to be a leading Private Equity fund manager in India and expects growth in the business to come from domestic and cross border buy-outs, real estate development and re-positioning, and building the Mezzanine investment activities. It proposes to further enhance its leadership position in the above practices.

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

DIRECTORS
K. V. Kamath, who was the Chairman of the Board of Directors of your Company, tendered his resignation effective November 20, 2006. The Board accepted K. V. Kamath's resignation and placed on record its appreciation of the role played by him and his support and contribution to the growth of the Company during his tenure as the Chairman. The Board appointed Lalita D. Gupte as the Chairperson of the Board with effect from November 21, 2006.

Besides, Balu Doraisamy, Kalpana Morparia and Nachiket Mor, Directors of your Company, resigned from the Board effective September 28, 2006, October 27, 2006 and February 7, 2007 respectively. The Board accepted their resignations and placed on record its gratitude for the valuable services rendered by them during their tenure as Directors of the Company.

On January 12, 2007, the Board of Directors of your Company co-opted K. N. Memani as an additional director to hold office until the ensuing Annual General Meeting as per Section 260 of the Companies Act, 1956. K. N. Memani has expressed his interest to continue with the Company as a Director, and for that purpose has given a notice to the Company pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the position of Director of the Company at the forthcoming Annual General Meeting of the Company.

As per Section 262 of the Companies Act, 1956, the Board of Directors of your Company also decided to fill the casual vacancy arising due to the resignation of Nachiket Mor by appointing Madhabi Puri Buch, in his place as a Director.

In terms of the Articles of Association of your Company, Gopal Srinivasan, Director of your Company, would retire at the forthcoming Annual General Meeting of your Company and, being eligible, offers himself for re-appointment.

AUDITORS
M/s. S. B. Billimoria & Company, Chartered Accountants, have expressed their desire not be re-appointed at the ensuing Annual General Meeting for internal administrative reasons. The Board at its meeting held on April 23, 2007, considered a special notice received from a member proposing the appointment of M/s. Deloitte, Haskins and Sells, Chartered Accountants as Auditors to audit the accounts of your Company for the fiscal 2008. Consequently, the resolution for appointment of M/s. Deloitte, Haskins and Sells has been included in the notice convening the ensuing Annual General Meeting. You are requested to consider their appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE
The Company did not have any foreign exchange earnings during the year. Expenditure in foreign currency amounted to Rs. 358.79 million.

PERSONNEL AND OTHER MATTERS
Information required to be disclosed in accordance with Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forming part of the Directors' Report for the year ended March 31, 2007 is enclosed as an Annexure to this Report.

Since your Company does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable and hence have not been given.

AUDIT COMMITTEE
Your Company has constituted an Audit Committee though not mandatory under the provisions of the Companies Act, 1956. The Audit Committee comprising K. N. Memani as Chairman, and Lalita D. Gupte and Gopal Srinivasan as members will discharge the functions under Section 292A of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT
The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. that they 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 they 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 they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS
The Board of Directors of your Company wishes to acknowledge and place on record its sense of appreciation for the commitment, dedication, professionalism and outstanding performance of the employees of the Company. The Board also wishes to thank the shareholders, regulatory authorities and the Government for their excellent co-operation and support. The Board is also grateful to the investors of the Funds managed and advised by the Company for their continued trust and support.

For and on behalf of the Board of Directors

LALITA D. GUPTE
Chairperson

Mumbai, April 23, 2007

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, 2007, 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, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007, 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, 2007;

   (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

Bangalore, April 24, 2007

annexure to the auditors' report

(Referred to 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, Customs 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

Bangalore, April 24, 2007

balance sheet

ICICI Venture as at March 31, 2007

	Schedule		(Rs. in 000's)	March 31, 2006
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	I	10,000.00		10,000.00
Reserves and Surplus	II	312,625.82		195,725.86
			322,625.82	205,725.86
Loan Funds				
Secured Loan	III		1,731,331.56	15,609.18
Deferred Tax Liability			—	4,113.88
TOTAL			2,053,957.38	225,448.92
APPLICATION OF FUNDS				
Fixed Assets	IV			
Gross Block		1,447,345.25		101,679.16
Less : Depreciation and Lease Adjustment		103,244.24		34,904.74
Net Block		1,344,101.01		66,774.42
Add : Capital Work in Progress		22,494.80		33,725.39
Net Block			1,366,595.81	100,499.81
Investments	V		551,839.09	62,676.46
Deferred Tax Asset			11,130.00	—
Current Assets, Loans and Advances	VI	1,315,075.86		1,050,729.42
Less : Current Liabilities and Provisions	VII	1,190,683.38		988,456.77
Net Current Assets			124,392.48	62,272.65
TOTAL			2,053,957.38	225,448.92
Notes forming part of Accounts	XIV			
Accounting Policies	XV			

profit and loss account

for the year ended March 31, 2007

	Schedule	(Rs. in 000's)	March 31, 2006
INCOME			
Income From Operations	VIII	1,937,889.05	1,094,082.84
Profit on Sale of Investments		14,030.00	27,801.14
Other Income	IX	66,731.41	24,128.62
		2,018,650.46	1,146,012.60
EXPENDITURE			
Staff Expenses (See Note 5 & 8 of Schedule XIV)	X	237,217.54	133,416.58
Establishment Expenses	XI	40,142.96	35,601.03
Finance Charges	XII	69,369.21	842.62
Other Expenses	XIII	528,497.19	210,872.82
Depreciation		73,095.33	19,160.98
		948,322.23	399,894.03
Profit Before Tax		1,070,328.23	746,118.57
Notes Forming Part of Accounts	XIV		
Accounting Policies	XV		
Profit From Continuing Operations Before Tax		1,070,328.23	734,136.27
Less : Provision For Current Tax (See Note 10 of Schedule XIV)		375,000.00	237,598.17
Less : Provision For Deferred Tax (See Note 10 of Schedule XIV)		(9,340.00)	(3,587.53)
Less : Provision For Fringe Benefit Tax		6,000.00	5,100.00
Profit After Tax from Continuing Operations – (A) (See Note 10)		698,668.23	495,025.63
Profit From Discontinuing Operations Before Tax		—	11,982.30
Less : Provision For Current Tax (See Note 10 of Schedule XIV)		—	7,401.83
Less : Provision For Deferred Tax (See Note 10 of Schedule XIV)		—	(3,369.15)
Profit After Tax from Discontinuing Operations – (B) (See Note 10)		—	7,949.62
Profit After Tax – (A+B)		698,668.23	502,975.25
Add : Balance Brought Forward From Previous Year		67,936.61	—
Less : Provision for Leave Encashment (Net of Deferred Tax)		11,643.27	—
(See Note 17 of Schedule XIV)		56,293.34	65,103.55
DISPOSABLE PROFIT		754,961.57	568,078.80
APPROPRIATIONS			
General Reserve		69,867.00	50,297.52
Interim Dividend		500,000.00	394,514.03
Corporate Tax on Dividend		70,125.00	55,330.64
Balance Carried to Balance Sheet		114,969.57	67,936.61
		754,961.57	568,078.80
Notes Forming Part of Accounts	XIV		
Accounting Policies	XV		
Earning per share			
Basic (Rs.)		698.67	250.39

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

Bangalore, April 24, 2007

For and on behalf of the Board

LALITA D. GUPTE
Chairperson

RENUKA RAMNATH
Managing Director & CEO

BEENA M. CHOTAI
Chief Financial Officer

ANSELM PINTO
Company Secretary

Mumbai, April 23, 2007

forming part of the Accounts

SCHEDULE I
SHARE CAPITAL

	(Rs. in 000's)	March 31, 2006
Authorised		
20,000,000 Equity Shares of Rs. 10 each	**200,000.00**	*200,000.00*
Issued, Subscribed and Paid-up		
1,000,000 Equity Shares of Rs.10 each	**10,000.00**	*10,000.00*
{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, 2006 - 999,994 Equity Shares of Rs. 10 each)}	**10,000.00**	*10,000.00*

SCHEDULE II
RESERVES AND SURPLUS

	(Rs. in 000's)	March 31, 2006
i) Capital Redemption Reserve		
Opening Balance	**7,811.73**	*7,811.73*
Additions/deletions during the year	**—**	*—*
	7,811.73	*7,811.73*
ii) General Reserve		
Opening Balance	**119,977.52**	*270,230.00*
Add: Transfer from Profit & Loss Appropriation account	**69,867.00**	*50,297.52*
Less: Payment towards Capital reduction	**—**	*(200,550.00)*
	189,844.52	*119,977.52*
iii) Surplus in Profit and Loss Account	**114,969.57**	*67,936.61*
	312,625.82	*195,725.86*

SCHEDULE III
SECURED LOAN

	(Rs. in 000's)	March 31, 2006
Term Loan from ICICI Bank Limited (Amount Repayable within one year - Rs. 77,250) (Year ended March 31, 2006 - Rs. Nil) (See Note 12 of Schedule XIV)	**715,000.00**	—
Working Capital Term Loan from Centurion Bank of Punjab Limited (Amount Repayable within one year - Rs. 50,000) (Year ended March 31, 2006 - Rs. Nil) (See Note 12 of Schedule XIV)	**500,000.00**	—
Term Loan from Housing Development Finance Corporation (Amount Repayable within one year - Rs. Nil) (Year ended March 31, 2006 - Rs. Nil) (See Note 12 of Schedule XIV)	**500,000.00**	—
Vehicle Loans from ICICI Bank Limited (Secured by Hypothecation of Vehicles) (Amount Repayable within one year - Rs. 3,780) (Year ended March 31, 2006 - Rs. 3,540)	**13,923.54**	*15,609.18*
Interest accrued & Due	**2,408.02**	—
	1,731,331.56	*15,609.18*

SCHEDULE IV
FIXED ASSETS

(Rs. in 000's)

	Gross Block				Depreciation				Net Block	
	As at April 1, 2006	Additions	Deductions	As at March 31, 2007	*Upto March 31, 2006*	For the Year	Depreciation Adjustment	Up to March 31, 2007	As at March 31, 2007	*As at March 31, 2006*
ASSETS ON LEASE										
Vehicles	*1,200.00*	—	*1,200.00*	**—**	*1,199.24*	—	*1,199.24*	**—**	**—**	*0.76*
Plant & Machinery	—	—	—	**—**	—	—	—	**—**	**—**	—
Sub Total - A	*1,200.00*	—	*1,200.00*	**—**	*1,199.24*	—	*1,199.24*	**—**	**—**	*0.76*
As at March 31, 2006				**1,200.00**				**1,199.24**	**0.76**	
OTHER ASSETS										
Land	—	*108,269.09*	—	**108,269.09**	—	—	—	**—**	**108,269.09**	—
Building	*23,965.91*	*1,214,203.05*	—	**1,238,168.96**	*4,095.53*	*53,326.62*	—	**57,422.15**	**1,180,746.81**	*19,870.38*
Equipment	*24,490.24*	*12,241.48*	*502.44*	**36,229.28**	*8,262.98*	*6,969.40*	*344.26*	**14,888.12**	**21,341.16**	*16,227.26*
Computers	*15,598.45*	*4,578.12*	*897.94*	**19,278.63**	*10,887.20*	*3,081.55*	*829.12*	**13,139.63**	**6,139.00**	*4,711.25*
Furniture & Fixtures	*13,987.84*	*10,011.35*	*2,045.81*	**21,953.38**	*4,241.58*	*5,109.98*	*509.89*	**8,841.67**	**13,111.71**	*9,746.26*
Vehicles	*22,436.72*	*6,159.33*	*5,150.21*	**23,445.91**	*6,218.21*	*4,607.78*	*1,873.32*	**8,952.67**	**14,493.24**	*16,218.51*
Sub Total - B	*100,479.16*	*1,355,462.49*	*8,596.40*	**1,447,345.25**	*33,705.50*	*73,095.33*	*3,556.59*	**103,244.24**	**1,344,101.01**	*66,773.66*
As at March 31, 2006				**100,479.16**				**33,705.50**	**66,773.66**	
GRAND TOTAL - (A)+(B)	*101,679.16*	*1,355,462.49*	*9,796.40*	**1,447,345.25**	*34,904.74*	*73,095.33*	*4,755.83*	**103,244.24**	**1,344,101.01**	*66,774.42*
As at March 31, 2006				*101,679.16*				*34,904.74*	*66,774.42*	

* Building includes improvements related to leased premises.

	(Rs. in 000's)	March 31, 2006
SCHEDULE V		
INVESTMENTS (At cost)	**551,839.09**	*62,676.46*
Less: Provision for diminution in value of Investments	**—**	*—*
	551,839.09	*62,676.46*

NOTES TO SCHEDULE V

(Rs. in Thousands)

Particulars	As at March 31, 2007 Quantity	Face Value Rs. (per unit)	At Cost	*As at March 31, 2006 Quantity*	*Face Value Rs. (per unit)*	*At Cost*
I. Long-term (Unquoted)						
Long-Term - Trade Investment						
1. ICICI Venture Value Fund Trust Units of Rs. 100 fully paid {(Units purchased/acquired during the Year - 369) (Year ended March 31, 2006 - Nil)} {(Units sold during the Year - 1,715) (Year ended March 31, 2006 - Nil)}	**10,654**	**100**	**1,065.40**	*12,000*	*100*	*1,200.00*
2. India Advantage Fund I Units of Rs. 100 fully paid {(Units purchased/acquired during the Year - Nil) (Year ended March 31, 2006 - 5000)} {(Units sold during the Year - Nil) (Year ended March 31, 2006 - Nil)}	**5,000**	**100**	**500.00**	*5,000*	*100*	*500.00*
3. India Advantage Fund II Units of Rs. 100 fully paid {(Units purchased/acquired during the Year - Nil) (Year ended March 31, 2006 - 5000)} {(Units sold during the Year - Nil) (Year ended March 31, 2006 - Nil)}	**5,000**	**100**	**500.00**	*5,000*	*100*	*500.00*
4. TSI Ventures (India) Private Limited Equity Shares of Rs. 10 each fully paid {(Units purchased/acquired during the Year - Nil) (Year ended March 31, 2006 - 436,050)} {(Units sold during the Year - Nil) (Year ended March 31, 2006 - Nil)}	**436,050**	**10**	**4,360.50**	*436,050*	*10*	*4,360.50*
5. TSI Ventures (India) Private Limited Cumulative Redeemable Preference Shares of Rs. 10 each fully paid {(Shares purchased/acquired during the Year - 5,931,143) (Year ended March 31, 2006 - 15,79,893)} {(Shares sold during the Year - Nil) (Year ended March 31, 2006 - Nil)}	**7,511,036**	**10**	**75,110.36**	*1,579,893*	*10*	*15,798.93*
Total (A)			**81,536.26**			*22,359.43*
Long-Term - Non Trade Investment						
1. Industrial Development Bank of India 11.5% IDBI Bonds 2010 (Fifty-fifth Series)	**—**	**—**	**9.00**	*—*	*—*	*9.00*
Total (B)			**9.00**			*9.00*
Total - (I)			**81,545.26**			*22,368.43*
II. Share Application Money						
1. TSI Venture (India) Private Limited Share Application Money	**—**	**—**	**15,438.50**	*—*	*—*	*—*
Total - (II)			**15,438.50**			*—*
III. Current Investments (unquoted)						
1. Units of HSBC Cash Fund - Institutional Plan - Growth	**8,479,822**	**10**	**100,000.00**	*—*	*—*	*—*
2. Units of Lotus India Liquid Fund - Institutional Plan - Growth	**9,735,013**	**10**	**100,000.00**	*—*	*—*	*—*
3. Units of Templeton India Treasury Mgt. Account - Growth	**12,601**	**1,000**	**23,056.63**	*—*	*—*	*—*
4. Units of Reliance Liquid Institutional Plan - Growth	**17,811,818**	**10**	**200,000.00**	*—*	*—*	*—*
5. Units of Principal Liquid Fund - Institutional Premium Plan - Growth	**1,194,238**	**10**	**13,234.90**	*—*	*—*	*—*
6. Units of JM High Liquidity Fund - Super Institutional Plan - Growth	**1,702,258**	**10**	**18,563.80**	*3,696,154*	*10*	*40,308.03*
Total - (III)			**454,855.33**			*40,308.03*
Total - {(I)+(II)+(III)}			**551,839.09**			*62,676.46*
SUMMARY			**Current Year Rs.**			*Previous Year Rs.*
Aggregate Value of Investments :						
Quoted (Net)			**—**			*—*
Unquoted			**551,839.09**			*62,676.46*

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 - 176,592,405 Units amounting to Rs. 2,463,257.88. (Year ended March 31, 2006 - 105,955,793 Units amounting to Rs. 1,465,975.54).
3) Sales of Units of Mutual Funds held as Investments - 141,352,809 Units amounting to Rs. 2,062,742.39. (Year ended March 31, 2006- 115,503,396 Units amounting to Rs. 1,621,374.94).
4) NAV of Units of Mutual Fund held as at March 31, 2007 - Rs. 458,029.03 (As at March 31, 2006 - Rs. 40,308.04).

forming part of the Accounts

Continued

SCHEDULE VI

CURRENT ASSETS, LOANS AND ADVANCES

		(Rs. in 000's)	March 31, 2006
Current Assets			
Sundry Debtors			
(Unsecured, Considered good)			
- Debts - outstanding for less than six months	—		11,871.67
- Debts - outstanding for more than six months	323.53		—
		323.53	11,871.67
Cash on hand		108.07	72.36
Balance with Scheduled Banks			
- In Current Accounts	46,395.57		38,613.53
- In Fixed Deposits	—		2,250.00
		46,395.57	40,863.53
Current Assets (A)		46,827.17	52,807.56
Loans and Advances *			
Loans to Staff		11.71	18.79
Advance tax and tax deducted at source		897,479.38	495,869.03
Advances recoverable in cash or in kind or for value to be received	27,952.33		28,190.64
Prepaid Marketing & Distribution Expenses	342,936.12		473,974.25
Less : Provision for doubtful advances	(130.85)	370,757.60	(130.85)
** Loans and Advances (B)*		1,268,248.69	997,921.86
Of the above Advances			
(a) Fully Secured		—	18.79
(b) Unsecured, Considered Good		1,268,248.69	997,903.07
(c) Considered Doubtful	130.85		130.85
Less : Provision for doubtful advances	(130.85)	—	(130.85)
		1,268,248.69	997,921.86
Current Assets & Loans and Advances (A+B)		1,315,076.86	1,050,729.42

SCHEDULE VII

CURRENT LIABILITIES AND PROVISIONS

	(Rs. in 000's)	March 31, 2006
Current Liabilities		
Sundry Creditors - Other than Small-Scale Industrial Undertakings	254,012.75	458,124.71
Income received in advance	—	16,597.28
Other Liabilites	19,777.62	1,279.56
Current Liabilities (A)	273,790.37	476,001.55
Provisions		
Provision for Taxation	841,410.00	500,754.61
Provision for Leave Encashment (See Note 17 of Schedule XIV)	50,083.01	11,700.61
Provision for Gratuity	25,400.00	—
Provisions (B)	916,893.01	512,455.22
Current Liabilities & Provisions (A+B)	1,190,683.38	988,456.77

SCHEDULE VIII

INCOME FROM OPERATIONS

	(Rs. in 000's)	March 31, 2006
Fee Income	1,936,503.90	1,044,003.95
[Tax deducted at source - Rs. 1,19,260]		
(Year ended March 31, 2006 - Rs. 58,720)		
Lease rentals and related income	—	21,989.75
Add/(Less) : Lease Equalisation Account	—	(15,255.37)
	—	6,734.38
Dividend Income	1,385.15	43,344.51
	1,937,889.05	1,094,082.84

SCHEDULE IX

OTHER INCOME

	(Rs. in 000's)	March 31, 2006
Rent Income	16,878.21	—
Provisions Written Back	26,761.22	13,236.96
Provision for Contingencies - Written Back	—	10,000.00
Miscellaneous Income	23,091.98	891.66
	66,731.41	24,128.62

SCHEDULE X

STAFF EXPENSES

	(Rs. in 000's)	March 31, 2006
Salaries, Wages and Bonus	193,694.23	119,297.01
Contribution to Provident and Other Funds	36,703.00	8,741.65
Staff Welfare Expenses	6,820.31	5,377.92
	237,217.54	133,416.58

SCHEDULE XI

ESTABLISHMENT EXPENSES

	(Rs. in 000's)	March 31, 2006
Insurance	642.33	430.22
Electricity Charges	3,548.32	2,803.12
Rates and Taxes	39.88	35.31
Repairs and Maintenance – Building	6,380.22	5,185.57
Repairs and Maintenance – Others	2,038.13	1,480.42
Communication Expenses	5,365.21	6,095.45
Rent - Office	22,128.87	19,570.94
	40,142.96	35,601.03

SCHEDULE XII

FINANCE CHARGES

	(Rs. in 000's)	March 31, 2006
Interest on Term Loan	68,128.29	—
Interest on Vehicle Loan	1,073.09	720.39
Bank Charges	167.83	122.23
	69,369.21	842.62

SCHEDULE XIII

OTHER EXPENSES

	(Rs. in 000's)	March 31, 2006
Advertisement & Business Promotion	6,653.34	5,118.28
Seminar Expenses	21,091.13	4,593.78
Travel, Conveyance and Motor Car Expenses	42,023.93	29,231.27
Marketing & Distribution Expenses	327,261.53	122,612.48
Legal and Professional Charges	116,920.68	35,546.65
Printing and Stationery	2,719.23	2,069.07
Memberships and Subscriptions	4,538.84	6,217.68
Loss on sale of Assets	636.64	181.54
Miscellaneous expenses	6,651.87	5,302.07
	528,497.19	210,872.82

SCHEDULE XIV

NOTES FORMING PART OF THE ACCOUNTS

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

	2006-07	2005-06
	(Rs. in million)	
Audit Fees	0.20	0.15
Tax Audit	0.02	0.02
Other Matters	0.20	0.15
Out-of-Pocket Expenses	0.03	0.03
Service Tax	0.05	0.03
Total	0.50	0.38

2. Earnings in Foreign Exchange

Fee Income	—	0.40
Total	—	0.40

(Rs. in million)

		2006-07	*2005-06*
3.	Expenditure in Foreign Currency		
	Travelling Expenses	**4.03**	*5.87*
	Advertisement	**0.13**	*2.05*
	Legal & Professional Charges	**9.90**	*19.42*
	Seminar Expenses	**0.77**	*0.92*
	Membership & Subscription	**0.63**	*0.25*
	Marketing & Distribution	**342.71**	*221.48*
	Others	**0.62**	*0.27*
	Value of Import on C.I.F. basis	**—**	*0.94*
	Total	**358.79**	*251.20*

4. a. Estimated amount of Contracts remaining to be executed on capital account not provided for (net of advances, if any) – Rs. 23.91 million (Previous Year – Rs. 294.76 million)

   b. The Company has incurred expenditure on construction and other civil works for its premises. 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 bill.

5. Staff Expenses include provision towards unutilised leave salary of Rs. 21.46 million (Previous Year – Rs. 4.75 million)

6. Dividend Income comprises of dividend from longterm investments- Rs. 1.39 million (Previous Year – Rs. 43.34 million)

7. Miscellaneous expenses include Rs. 1.43 million (Previous Year – Rs. 1.13 million), 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. 11.48 million (Previous Year – Rs. 8.89 million). Details are given below:

(Rs. in million)

	2006-07	*2005-06*
Salary & Allowances	**9.45**	*7.11*
Company's contribution to Provident Fund	**0.45**	*0.36*
Company's contribution to Gratuity	**0.31**	*0.25*
Company's contribution to Superannuation Fund	**0.56**	*0.45*
Perquisites	**0.71**	*0.72*
Total	**11.48**	*8.89*

9. The Company has entered into operating leases in respect of office premises. The lease rentals charged to the Profit & Loss account in respect of these leases amount to Rs. 22.13 million (Previous Year Rs. 19.57 million).

   Future minimum lease payments in respect of non cancellable leases are as follows:

(Rs. in million)

Particulars	**2006-07**	*2005-06*
Not later than one year	**8.41**	*8.41*
Later than one year but not later than 5 years	**39.01**	*36.91*
Later than 5 years	**26.88**	*37.40*

10. Provision for income tax of Rs. 365.66 million for the year (Previous Year– Rs. 238.04 million) includes provision for deferred tax amounting to Rs. (9.34) million (Previous Year – Rs. (6.96) million).

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

(Rs. in million)

	2006-07	*2005-06*
Provision for doubtful debts and advances	**0.13**	*0.13*
Accrued expenses *	**75.48**	*11.70*
Net Depreciation difference	**(42.85)**	*(24.05)*
Total	**32.76**	*(12.22)*
Net Deferred tax Asset/ (Liability) on above	**11.13**	*(4.11)*

* Refer Note No. 17

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 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 million)

	For the Year ended March 31, 2007	*For the Year ended March 31, 2006*
Revenue from discontinued operations	**—**	*16.73*
Expenses from discontinued operations	**—**	*4.75*
Pre tax profit / (loss) from ordinary activities attributable to discontinued operations	**—**	*11.98*
Net Cash flows attributable to discontinued operations	**—**	*21.99*

12. During the year the Company has borrowed Rs. 1,715 million from banks & financial institutions for the purpose of working capital and purchase of assets. In accordance with the loan agreement entered into with the lenders, the Company is required to create charge on assets of the company. The Company is in the process of creating charge in respect of these borrowings.

    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 million)

Sl. No.	Name of the related party	Nature of relationship	Nature of transaction	2006-07	*2005-06*
1	ICICI Bank Ltd.	Holding Company	Payment of Rent	**12.40**	*11.79*
			Common Corporate Expenses	**1.43**	*1.13*
			Marketing & Distribution Expenses	**227.40**	*121.22*
			Finance charges	**50.55**	—
			Salary for deputed staff	**4.43**	—
			Other Expenses	**2.46**	*3.08*
			Dividend Paid	**500.00**	*394.51*
			Balance in Current Accounts	**44.50**	*38.26*
			Share Capital	**10.00**	*10.00*
			Loan Funds	**728.92**	*15.61*
			Current Liabilities & Provisions	**109.71**	*382.20*
			Other Income	—	*0.15*
			Advances Recoverable	**340.02**	*470.36*
2	ICICI International Ltd.	Fellow Subsidiary	Fee Income	—	*0.40*
			Advances Recoverable	**0.06**	*0.32*
3	Prudential ICICI Trust Ltd.	Other Related Party	Dividend Received	—	*0.76*
			Sale of Investment	—	*0.20*
4	ICICI Prudential Life Insurance Company Ltd.	Fellow Subsidiary	Insurance of Staff	**1.23**	*0.95*
			Advances Recoverable	**0.33**	*0.23*
			Rent Income	**10.26**	—
			Rent Deposit received	**5.50**	—
5	Prudential ICICI Asset Management Company Ltd.	Other Related Party	Dividend Received	—	*27.97*
			Sale of Investment	—	*33.87*
			Advances Recoverable	**2.91**	—
			Marketing & Distribution Expenses	**2.49**	—
6	ICICI Lombard General Insurance Company Ltd.	Fellow Subsidiary	Insurance of Assets	**0.64**	*0.35*
			Insurance of Staff	**2.21**	*2.03*
			Advances Recoverable	**1.77**	*1.47*
7	ICICI Securities Ltd.	Fellow Subsidiary	Marketing & Distribution Expenses	**4.61**	*1.39*
			Advances Recoverable	—	*3.61*
8	ICICI Equity Fund VCF	Other Related Party	Fee Income	**79.89**	*137.56*
			Advances Recoverable	**0.03**	—
9	ICICI Eco-net Internet & Technology Fund	Other Related Party	Fee Income	**25.00**	*25.00*
10	ICICI Emerging Sector Fund	Other Related Party	Fee Income	**183.27**	*125.92*
			Advances Recoverable	**0.07**	—
11	ICICI Strategic Investment Fund	Other Related Party	Fee Income	**70.50**	*66.35*

forming part of the Accounts *Continued*

				(Rs. in million)	*March 31, 2006*
12	India Advantage Fund I & II	Other Related Party	Fee Income	**219.27**	*331.59*
			Advances Recoverable	**0.38**	*—*
			Investment in Units	**—**	*1.00*
			Investment outstanding at Balance Sheet date	**1.00**	*1.00*
13	India Advantage Fund III & IV	Other Related Party	Fee Income	**517.52**	*344.57*
			Advances Recoverable	**—**	*0.06*
			Income received in Advance	**—**	*16.60*
14	India Advantage Fund V & VI	Other Related Party	Fee Income	**809.26**	*11.87*
			Advances Recoverable	**—**	*5.62*
			Sundry Debtors	**—**	*11.87*

				(Rs. in million)	*March 31, 2006*
15	ICICI Venture Value Fund	Other Related Party	Investment outstanding at Balance Sheet date	**1.07**	*1.20*
			Profit from sale of Investments	**1.39**	*15.31*
			Sales Consideration	**1.52**	*—*
16	TSI Venture (India) Private Limited	Other Related Party	Investment outstanding at Balance Sheet date	**94.91**	*20.16*
			Advances Recoverable	**6.14**	*0.51*
17	Ms. Renuka Ramnath	Key Managerial Personnel	Remuneration to Managing Director	**11.48**	*8.89*

13. The Company's business is organized into two business segments. These are categorized as Asset Management Services and Other Activities. Financial information on business segments is provided in the table below. The company operates in only one geographical segment.

(Rs. in million)

	Asset Management Services		**Others**		**For the Year ended**	**For the Year ended**
	March-2007	**March-2006**	**March-2007**	**March-2006**	**March 31, 2007**	**March 31, 2006**
Fee Income	1936.50	1044.00			1936.50	1044.00
Others			82.15	102.00	82.15	102.00
Total Revenue	**1936.50**	**1044.00**	**82.15**	**102.00**	**2018.65**	**1146.00**
Results:						
Segment Result	1372.03	787.97	82.15	97.25	1454.18	885.22
Unallocated						
Corporate expenses					383.85	139.13
Net Profit					**1070.33**	**746.09**
Other Information						
Segment Assets	346.06	492.94	454.85	40.31	800.91	533.25
Deferred Tax Asset					11.13	—
Advance Tax & TDS (Net of provision for tax)					56.07	—
Unallocated Assets					2376.53	680.68
Total Assets					**3244.64**	**1213.93**
Segment Liabilities	275.78	415.15			275.78	415.15
Deferred Tax Liability					—	4.11
Shareholder's Funds					322.59	205.69
Unallocated Liabilities					2646.27	588.98
Total Liabilities					**3244.64**	**1213.93**
Depreciation				**4.75**	**—**	**4.75**

14. Interests in Joint Venture

In terms of the Shareholder's agreement dated March 18, 2005 entered into between the Company and Tishman Speyer Development L.L.C., the final shareholding of the Company in TSI Ventures (India) Pvt. Ltd., the joint venture company, would be 50%.

As at March 31, 2007, the Company has been allotted 436,050 equity shares (50% of the equity capital) and 7,511,036 Cumulative redeemable preference shares (50% of the preference share capital) and has remitted Rs. 15.44 million towards share application money.

Name of the Joint Venture	:	TSI Ventures (India) Pvt. Ltd.
Description	:	Jointly Controlled Entity
Proportion of ownership interest	:	50%
Country of Incorporation	:	India

Financial year of the joint venture company is October to September. The first financials of the joint venture company is made upto September 30, 2006. Aggregate amounts of assets, liabilities, income and expenses related to the interest of the company in the jointly controlled entity based on the audited accounts for the period ended September 30, 2006 is as follows.

Particulars	**(Rs. in millions)**
Assets	39.77
Liabilities	16.55
Income	0.27
Expenses	45.06
Contingent Liabilities	—
Capital Commitments	—

The amount of assets, liabilities, income and expenses disclosed is computed based on shareholding of 50%.

15. 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, 2007	*For the Year ended March 31, 2006*
Basic		
Weighted average no. of equity shares outstanding	**1,000,000**	*2,008,791*
Net Profit (Rs. in million)	**698.67**	*502.95*
Basic earnings per share (Rs.)	**698.67**	*250.39*
Nominal Value Per Share (Rs.)	**10.00**	*10.00*

16. In accordance with revised Accounting Standard 15 "Employee Benefit", issued by the Institute of Chartered Accountants of India, the transitional liability of Rs. 17.54 million in respect of unutilised leave salary existing as on March 31, 2006 is adjusted against opening balance of surplus in Profit & Loss account, net of deferred tax adjustment of Rs. 5.90 million.

17. Derivative Instruments
    i. During the year the Company has not entered into any derivative Contract and therefore no disclosure pertaining to the same is applicable for the current period.
    ii. Foreign Currency exposures as at March 31, 2007, that have not been hedged by a derivative instrument or otherwise:

Particulars	**For the year ended March 31, 2007** Amount (Rs. in million)	Amount (Foreign Currency)	*For the year ended March 31, 2006* Amount (Rs. in million)	*Amount (Foreign Currency)*
Assets:				
Balance in EEFC A/c	**8.18**	**US$ 1,86,606**	*7.88*	*US$ 179,901*
Liabilities:				
Current Liabilities	**126.54**	**US$ 2,842,836**	*284.72*	*US$ 6,218,771*

18. There were no transactions in the year with micro, small and medium enterprises as defined under the Micro Small and Medium Industries Act, 2006.

19. 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. Rental Income is recognized as per contractual terms.

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 recognized 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 recognize 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. **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 taken on lease & any improvements thereat, depreciation is provided over the lease period on straight line basis.

   b) In respect of other assets, depreciation is provided over the estimated useful life on written-down value method in the manner prescribed under Schedule XIV to the Companies Act, 1956. The rates of depreciation and the estimated useful life are as under:

Nature of Asset	Depreciation Rate	Estimated Useful Life
Building	12.50%	22 Years
Equipment	13.91% to 100%	1 to 20 Years
Computers	40%	5 Years
Furniture & Fixtures	18.10% to 45%	5 to 15 Years
Vehicles	28.59%	9 Years

7. **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 based on actuarial valuation. Provision for unutilized leave benefits has been made based on leave credits available to the employees.

8. **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*	LALITA D. GUPTE *Chairperson*	RENUKA RAMNATH *Managing Director & CEO*
V. BALAJI *Partner* Membership No. 203685	BEENA M. CHOTAI *Chief Financial Officer*	ANSELM PINTO *Company Secretary*
Bangalore, April 24, 2007	*Mumbai, April 23, 2007*	

cash flow statement

for the year ended March 31, 2007

		(Rs. in 000's)	March 31, 2006
Cash Flows from Operating Activities			
Net profit before taxation	**1,070,328.23**		*746,118.57*
Adjustments for :			
Depreciation	**73,095.33**		*19,160.98*
Profit on sale of Investments	**(14,030.00)**		*(27,801.14)*
Dividend from Longterm investments	**(1,385.15)**		*(43,344.51)*
Provisions written back (net)	**(26,761.22)**		*(13,236.96)*
Provision for Contingencies - Written Back	**—**		*(10,000.00)*
Lease equalisation charge	**—**		*15,255.37*
Rent Income	**(16,878.21)**		*—*
Payment of Finance charges	**69,201.38**		*720.39*
Interest on Income Tax Refund	**(2,660.00)**		*—*
Loss on sale of Assets	**636.64**		*180.00*
Operating profit before working capital changes	**1,151,547.00**		*687,052.70*
Decrease / (Increase) in debtors	**11,548.14**		*127,750.00*
Decrease / (Increase) in other current assets	**131,276.44**		*(488,662.50)*
Increase / (Decrease) in creditors	**(129,218.48)**		*421,660.00*
Cash from operations	**1,165,153.10**		*747,800.20*
Less : Income taxes paid (Net of Refund)	**(439,294.96)**		*(255,822.55)*
Net Cash from Operating Activities		**725,858.14**	*491,977.65*
Cash Flows from Investing Activities			
Purchase of Fixed Assets	**(1,355,462.49)**		*(19,162.62)*
Dividend from Longterm Investments	**1,385.15**		*43,344.51*
Sale of Fixed Assets	**4,403.18**		*1,236.58*
Rent Income	**16,878.21**		*—*
Purchase of Investments	**(2,538,008.78)**		*(1,487,135.54)*
Decrease / (Increase) in Capital Advances	**11,230.59**		*(32,905.32)*
Sale of Investments	**2,062,913.05**		*1,683,242.85*
Net Cash from Investing Activities		**(1,796,661.09)**	*188,620.46*
Cash Flows from Financing Activities			
Proceeds from longterm borrowings	**1,720,139.09**		*10,953.84*
Payment of longterm borrowings	**(6,850.03)**		*(4,480.00)*
Payment of finance charges	**(66,793.36)**		*(720.39)*
Payment to Shareholders - Reduction of Share Capital	**—**		*(213,991.00)*
Payment of dividend & tax thereon	**(570,125.00)**		*(449,844.67)*
Net Cash from Financing Activities		**1,076,370.70**	*(658,082.22)*
Net Increase / (Decrease) in Cash & Cash Equivalents		**5,567.75**	*22,515.89*
Cash & Cash Equivalents at the beginning of the year		**40,935.89**	*18,420.00*
Cash & Cash Equivalents at the end of the year		**46,503.64**	*40,935.89*
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
Bangalore, April 24, 2007

For and on behalf of the Board

LALITA D. GUPTE
Chairperson

RENUKA RAMNATH
Managing Director & CEO

BEENA M. CHOTAI
Chief Financial Officer

ANSELM PINTO
Company Secretary

Mumbai, April 23, 2007

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: 11-16901   State Code: 11

Balance Sheet Date: 31 (Date) 03 (Month) 2007 (Year)

II. Capital raised during the year (Amount in Rs. Thousand)

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

III. Position of mobilisation and deployment of funds
(Amount in Rs. Thousand)

Total Liabilities: 2053957.38	Total Assets: 2053957.38

Sources of funds

Paid-up Capital: 10000.00	Reserves and Surplus: 312625.82
Secured Loans: 1731331.56	Unsecured Loans: NIL

Application of funds

Net Fixed Assets: 1366595.81	Investments: 551839.09
Net Current Assets: 124392.48	Deferred Tax Asset: 11130.00

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

Turnover/Income: 2018650.46	Total Expenditure: 948322.23
Profit/Loss Before Tax: 1070328.23	Profit/Loss After Tax: 698668.23
Earning Per Share in Rs.: 698.67	Dividend Rate %: 5000.00

V. Generic names of principal products/services of the Company
(as per monetary terms)

Product Description: FINANCIAL SERVICES

Item Code No.: N.A

For and on behalf of the Board

LALITA D. GUPTE *Chairperson*	RENUKA RAMNATH *Managing Director & CEO*
BEENA M. CHOTAI *Chief Financial Officer*	ANSELM PINTO *Company Secretary*

Mumbai, April 23, 2007