ICICI Venture

ICICI VENTURE FUNDS MANAGEMENT COMPANY LIMITED

20TH ANNUAL REPORT AND ANNUAL ACCOUNTS 2007-2008

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

Auditors
Deloitte Haskins & Sells,
Chartered Accountants

Anselm Pinto
Company Secretary

Registered Office
Stanrose House
Ground Floor
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400025

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

directors' report

to the members

Your Directors have pleasure in presenting the Twentieth Annual Report on the business and operations of your Company together with the Statement of Accounts for the year ended March 31, 2008.

1. FINANCIAL HIGHLIGHTS

(Rs. in million)

	Fiscal 2008	*Fiscal 2007*
Profit before taxation	**1,271.1**	*1,070.3*
Provision for Income Tax	**386.0**	*381.0*
Provision for Deferred Tax	**(18.9)**	*(9.3)*
Profit after taxation	**904.0**	*698.6*
Balance of Profit & Loss Account brought forward from the previous year	**114.9**	*56.3*
Disposable Profits	**1,018.9**	*754.9*

Appropriations:
The Company earned Profit after tax of Rs. 904.0 million for the year. After taking into account profit of Rs. 114.9 million brought forward, the Company's disposable profit stands at Rs. 1018.9 million. During fiscal 2008, your Company paid four interim dividends aggregating to Rs. 725.0 per share. Details of appropriations from disposable profits are given below:

(Rs. in million)

	Fiscal 2008	*Fiscal 2007*
General Reserve	**90.5**	*69.9*
Interim Dividend	**725.0**	*500.0*
Corporate tax on Dividend	**123.2**	*70.1*
Balance Carried forward to next year	**80.2**	*114.9*

Analysis of Financial Performance:
During the year, your Company was successful in creating exit paths for several investments in India Advantage Fund - Series 1 (IAF Series 1). As a result, the Company has earned performance fee of Rs. 530.7 million from IAF Series 1 during the year. The total performance fee earned by your Company during the year has increased to Rs. 578.6 million, from Rs. 28.7 million in the previous year. Fee income, comprising management fee and performance fee, for the year has gone up to Rs. 2,530.9 million from Rs. 1,936.5 million in the previous year.

As a result of increase in scale of operations on account of growth in Funds under management, operating expenses, excluding depreciation, have increased to Rs. 1,288.2 million from Rs. 875.2 million incurred during the previous year.

Profit before tax earned by your Company for the year under review increased by 19% to Rs. 1,271.1 million as compared with Rs. 1,070.3 million earned during the previous year. After providing for tax, including deferred tax for the current year, profit after tax has increased by 29% to Rs. 904.0 million from Rs. 698.6 million earned during the previous year. The Earnings per Share of your Company aggregated Rs. 904.0 per share during fiscal 2008 as compared with Rs. 698.6 per share during the previous year.

2. OPERATIONAL REVIEW

Year in Retrospect:
The private equity market in India has dramatically changed over the last few years. The industry is witnessing increased investment activity and growing deal sizes. Your Company continues to be a leader in the Indian private equity market with significant growth in assets under management over the last few years. Your Company has been voted as the Indian Private Equity Firm of the year for 2007 by readers of Private Equity International and subscribers of PrivateEquityOnline.com. This recognition reflects your Company's ability over the years to successfully execute groundbreaking and profitable transactions and establish a reputation as a leading private equity player in India.

The investments made by various funds under management or advised by the Company reflect a distinct approach to value creation with innovative structures and a focus on relationship building. IAF Series 1, a private equity fund raised in 2003-2004, is in divestment mode and has already returned over 145% of its corpus to its investors. India Advantage Funds III & IV (Real Estate Funds) were raised in the year 2005 with the support of some of the most respected financial institutions in India. The capital of the Real Estate Funds stands fully committed as on March 31, 2008 with a diversified portfolio of investments in the sector. India Advantage Fund Series 2 (IAF Series 2), another private equity fund raised by your Company in 2005 – 2006, has so far committed roughly 65% of its corpus. Considering the current pipeline deals, IAF Series 2 is expected to be fully committed by September 2008. Last year, your Company launched a new fund called India Advantage Fund VII (Mezzanine Fund). The Mezzanine Fund is the first of its kind in India, and has made 3 investments to date.

The Directors of your Company have great pleasure in informing you that, during the year under review, Rajeev Bakshi joined the organisation as Joint Managing Director. He will strengthen the senior management of the Company and also offer immense value to the deliberations of the Board.

Portfolio and Fund Strategy:
As of March 31, 2008, your Company was Manager/Advisor to Funds aggregating Rs. 95,517 million.

The India Advantage Fund Series 1:
Your Directors are pleased to inform you that IAF Series 1 is in the divestment mode and has till date distributed Rs. 16.11 billion to its investors against a corpus of Rs. 10.90 billion.

India Advantage Fund III and IV (Real Estate Funds):
The Real Estate Funds raised by your Company have been fully committed with a diverse mix of projects such as Commercial, Retail, Residential, Township and IT Parks, with niche developers as partners. The Real Estate Funds have sourced deals across Tier I, Tier II and Tier III cities. The Company has recruited additional investment and project monitoring professionals in line with its strategy to scale up operations and ensure timely execution of projects through tight project monitoring.

India Advantage Fund Series 2 (IAF Series 2):
IAF Series 2 has built a well diversified portfolio around the Company's articulated investment approach through disciplined investing. Despite an increasingly competitive investment environment that raised overall valuations in the market during calendar

year 2007, IAF Series 2 maintained its disciplined investment approach and managed to clinch investment opportunities at attractive valuations in high growth sectors. Your Company is seeking to identify unique sectors and opportunities for deploying the balance funds of IAF Series 2. Your Company believes that given the continued growth in the private equity industry and the existing deal pipeline, IAF Series 2 will be fully committed in the next fiscal year. One specific segment in India where your Company has identified a large opportunity is the health–care provider segment in India. This sector is at an inflexion point with significant increase in private spend anticipated over the next few years. IAF Series 2 has started an initiative to establish an integrated healthcare company through a diversified network of service providers across India. Your Company has also worked closely with a leading player in the automotive sector in India to enable IAF Series 2 jointly acquire an overseas gear manufacturing company that would leverage Indian manufacturing capability and markets. This transaction would position your Company as a serious player in cross - border transactions.

Mezzanine Fund:
During the fiscal year 2008, India Advantage Fund VII (Mezzanine Fund–I) began its investment operations. To date, three investments have been approved by this Fund. The deal flow for Mezzanine Fund - I is robust and the Fund has been selective in making its investments. The Fund has been witnessing maximum demand from small and mid market growth companies that seek mezzanine finance in order to postpone equity dilution. Your Company is making efforts to popularize the concept of mezzanine financing in India, as it expects this form of financing to grow significantly in future.

Outlook:
Your Company is constantly evaluating investment opportunities in India and overseas, and is taking initiatives to maintain its leadership position and continue to be a first mover in the private equity industry.

According to published statements by the Indian Government, it is estimated that over USD 500 billion of investment is required to address infrastructure requirements such as power, roads, airports, etc. in India. Availability of sufficient and adequate infrastructure is one of the most critical requirements to sustain the growth of the Indian economy. Your Company believes that the investment requirements of the infrastructure sector present an opportunity, and expects more Public Private Participation (PPP) in this sector. Your Company has set up an Infrastructure Fund called India Advantage Fund IX during the fiscal year 2008 and this new Fund is expected to take shape in the next fiscal year.

Your Company is also making efforts to raise funds overseas and for this purpose it is considering setting up of representative offices abroad. A detailed business plan in this direction is being evolved.

The Board expects that the current pipeline of private equity investment proposals would translate into IAF Series 2 being fully committed by September 2008. Your Company maintains a positive view on the outlook for the private equity industry, both for the growth capital and buyout segments of the market. Given your Company's positive outlook and its considerable expertise and knowledge of private equity transactions, your Company proposes to raise a new private equity fund based on similar investment themes as IAF Series 2 in the next fiscal year.

The deployable corpus of the Real Estate Funds is fully committed and, given your Company's positive view regarding the real estate market in India, it is proposing to raise a new real estate fund in the next fiscal year. As the Indian economy continues to grow, your Company feels that opportunities to invest in strategic real estate and infrastructure related real estate assets would emerge. The thesis of this new real estate fund is to identify and invest in such assets.

In order to focus on client relationship building, investment sourcing and project monitoring in the Northern parts of India, your Company proposes to set up a branch office at Delhi. Besides, it also proposes to set up a team focused on Real Estate opportunities at its Bengaluru office.

Over the years, your Company has maintained a vision of being a leading alternative asset manager in India across multiple asset classes and to build an institution that would be among the best in its class globally. The Board is confident that, given the success of past and current funds managed by your Company, the increased depth of the management team, the emerging opportunities, geographical expansion of the investment team's presence into multiple cities, and raising new funds across private equity, infrastructure and real estate in the next fiscal year, your Company will move forward rapidly towards achieving its vision.

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

4. DIRECTORS
Rajeev Bakshi was appointed as an additional Director on the Board of the Company with effect from February 11, 2008. Thereafter, the Board appointed him as Joint Managing Director of the Company. As per Section 260 of the Companies Act, 1956, Rajeev Bakshi's tenure expires at the ensuing Annual General Meeting of the Company. The Company has received notice from a member under Section 257 of the Companies Act, 1956, proposing the appointment of Rajeev as a Director of the Company at the ensuing Annual General Meeting. Rajeev has communicated his consent to act as a Director, if appointed at the general meeting. He will continue as a Joint Managing Director who shall not be liable to retire by rotation. Your Directors recommend the appointment of Rajeev Bakshi as a Director of the Company.

As per Section 255 of the Companies Act, 1956, Lalita D. Gupte and Madhabi Puri Buch retire by rotation at the ensuing Annual General Meeting and being eligible to continue to serve as Directors of the Company, offer themselves for reappointment.

5. AUDITORS
M/s. Deloitte, Haskins & Sells, Chartered Accountants were appointed as statutory auditors of the Company for the financial year 2007-08 to hold office till the conclusion of the ensuing Annual General Meeting of the Company. The Board of Directors recommend your approval for re-appointment of M/s. Deloitte, Haskins & Sells, Chartered Accountants as statutory auditors of the Company for the financial year 2008-09.

6. FOREIGN EXCHANGE EARNING AND EXPENDITURE
The foreign exchange earnings during the year amounted to Rs. 21.57 million. Expenditure in foreign currency amounted to Rs. 423.99 million.

7. PERSONNEL AND OTHER MATTERS
Information required to be disclosed in accordance with Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forming part of the Directors' Report for the year ended March 31, 2008 is enclosed as an Annexure to this Report.

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

8. AUDIT COMMITTEE
Your Company has constituted an Audit Committee though not mandatory under the provisions of the Companies Act, 1956. The Audit Committee comprising K. N. Memani as Chairman, and Lalita D. Gupte and Gopal Srinivasan as members, have been discharging the functions under Section 292A of the Companies Act, 1956. H.N. Sinor has been inducted on a member of the Audit Committee with effect from April 21, 2008.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

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

10. 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
Mumbai, April 21, 2008 *Chairperson*

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, 2008, 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, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008, 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, 2008;

   (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 DELOITTE HASKINS AND SELLS
Chartered Accountants

V. SRIKUMAR
Partner
Membership No. 84494

Bangalore, April 22, 2008

annexure to the auditors' report

(Referred to in our report of even date)

1. The provisions of clauses ii, iii (b) to (d), (f) and (g), iv (in so far as it relates to purchase of inventory and sale of goods), vi, viii, ix (b), x, xii, xiii, xv, xviii, xix and xx of paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003 are not applicable for the current year.

2. In respect of its fixed assets:

   (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The fixed assets of the Company have been physically verified by the Management in accordance with a programme of verification, the frequency whereof is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

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

3. The Company has not taken/granted any loans, secured or unsecured from/to Companies, firms or other parties in the register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and the sale of services and we have not observed any continuing failure to correct major weaknesses in such internal controls.

5. To the best of our knowledge and belief and according to the information and explanation 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, except in the case of repayment of one instalment amounting to Rs. 15,000,000 wherein there was a delay of 4 days.

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 DELOITTE HASKINS AND SELLS
Chartered Accountants

V. SRIKUMAR
Partner
Membership No. 84494

Bangalore, April 22, 2008

balance sheet

ICICI Venture

as at March 31, 2008

(Rs. in 000's)

	Schedule		March 31, 2008		March 31, 2007
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	I	10,000.00		10,000.00	
Reserves and Surplus	II	368,449.69		312,625.82	
			378,449.69		322,625.82
Loan Funds					
Secured Loans	III		1,709,676.02		1,731,331.56
Deferred Tax Liability			—		—
TOTAL			2,088,125.71		2,053,957.38
APPLICATION OF FUNDS					
Fixed Assets	IV				
Gross Block		1,524,052.16		1,447,345.25	
Less : Depreciation		273,084.06		103,244.24	
		1,250,968.10		1,344,101.01	
Add : Capital Work in Progress		41,044.03		22,494.80	
Net Block			1,292,012.13		1,366,595.81
Investments	V		319,676.61		551,839.09
Deferred Tax Asset (Net)			30,018.04		11,130.00
Current Assets, Loans and Advances	VI				
– Sundry Debtors		557,189.16		323.53	
– Cash & Bank Balances		109,836.42		46,503.64	
– Loans & Advances		1,128,767.93		1,268,248.69	
Less : Current Liabilities and Provisions	VII				
– Current Liabilities		467,670.46		273,790.37	
– Provisions		881,704.12		916,893.01	
Net Current Assets			446,418.93		124,392.48
TOTAL			2,088,125.71		2,053,957.38
Notes Forming Part of Accounts	XIV				
Accounting Policies	XV				

profit and loss account

for the year ended March 31, 2008

(Rs. in 000's)

	Schedule	March 31, 2008	March 31, 2007
INCOME			
Income from Operations	VIII	2,557,470.77	1,937,889.05
Profit on Sale of Investments		58,757.72	14,030.00
Other Income	IX	116,757.72	66,731.41
		2,732,986.21	2,018,650.46
EXPENDITURE			
Staff Expenses (See Note 5 of Schedule XIV)	X	323,277.04	237,217.54
Establishment Expenses	XI	41,411.92	40,142.96
Finance Charges	XII	212,330.90	69,369.21
Other Expenses	XIII	711,211.66	528,497.19
Depreciation	IV	173,611.45	73,095.33
		1,461,842.97	948,322.23
Profit Before Tax		1,271,143.25	1,070,328.23
Less : Provision for Current Tax (See Note 10 of Schedule XIV)		380,000.00	375,000.00
Less : Provision for Deferred Tax (See Note 10 of Schedule XIV)		(18,894.00)	(9,340.00)
Less : Provision for Fringe Benefit Tax (See Note 16 of Schedule XIV)		6,000.00	6,000.00
Profit After Tax		904,037.25	698,668.23
Add : Balance Brought Forward from Previous Year		114,969.57	67,936.61
Less: Provision for Leave Encashment (Net of Deferred Tax) See Note 11 of Schedue XV		—	(11,643.27)
DISPOSABLE PROFIT		1,019,006.82	754,961.57
APPROPRIATIONS			
General Reserve		90,500.00	69,867.00
Interim Dividend		725,000.00	500,000.00
Corporate Tax on Dividend		123,213.75	70,125.00
Balance Carried to Balance Sheet		80,293.07	114,969.57
		1,019,006.82	754,961.57
Notes Forming Part of Accounts	XIV		
Accounting Policies	XV		
Earnings per share			
Basic and diluted (Rs.)		904.04	698.67

The above Schedules form an integral part of the accounts.

As per our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

V. SRIKUMAR
Partner
Membership No. 84494
Bangalore, April 22, 2008

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 21, 2008

forming part of the Accounts

SCHEDULE I
SHARE CAPITAL

	March 31, 2008	March 31, 2007
	(Rs. in 000's)	
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*
(Year ended March 31, 2007 - 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, 2007 - 999,994 Equity Shares of Rs. 10 each)}

SCHEDULE II
RESERVES AND SURPLUS

	March 31, 2008	March 31, 2007
Capital Redemption Reserve		
Opening Balance	**7,811.73**	*7,811.73*
Additions/(deletions) during the period/year	**—**	*—*
General Reserve	**189,844.52**	*119,977.52*
Add : Transfer from Profit and Loss Appropriation Account	**90,500.00**	*69,867.00*
Amalgamation Reserve	**—**	*—*
Surplus in Profit and Loss Account	**114,969.57**	
Opening Balance	**—**	*67,936.61*
Less : Provision for Leave Encashment (Net of Deferred Tax)	**—**	*(11,643.28)*
Add/(Less): Additions/(deletions) during the period/year	**(34,676.13)**	*58,676.24*
	368,449.69	*312,625.82*

SCHEDULE III
SECURED LOANS

	March 31, 2008	March 31, 2007
	(Rs. in 000's)	
Vehicle Loans from ICICI Bank Limited (Secured by Hypothecation of Vehicles) (Amount Repayable within one year - Rs.7.82 million) (Year ended March 31, 2007 - Rs. 3.78 million)	**36,926.02**	*13,923.54*
Term Loan from ICICI Bank Limited (Secured by First Mortgage / Charge on all immoveable assets & parri passu charge on moveable & current assets) (Amount Repayable within one year - Rs. 151.50 million) (Year ended March 31, 2007 - Rs.77.25 million)	**722,750.00**	*715,000.00*
Working Capital Term Loan from Centurion Bank of Punjab Limited (Secured by Second Mortgage/Charge on immoveable assets of Company at Stanrose House 1st & 3rd Floor and parri passu charge on moveable & current assets) (Amount Repayable within one year - Rs. 125 million) (Year ended March 31, 2007 - Rs.50 million)	**450,000.00**	*500,000.00*
Term Loan from Housing Development Finance Corporation (Secured by Second Mortage/Charge on immoveable assets of Company at Stanrose House Ground & Second Floor and parri passu charge on moveable & current assets) (Amount Repayable within one year - Rs. 125 million) (Year ended March 31, 2007 - Nil)	**500,000.00**	*500,000.00*
Interest accrued & Due	**—**	*2,408.02*
	1,709,676.02	*1,731,331.56*

SCHEDULE IV
FIXED ASSETS

(Rs. in 000's)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2007	**Additions**	**Deductions**	**As at March 31, 2008**	*Upto April 1, 2007*	**For the year**	**Depreciation Adjustment**	**Up to March 31, 2008**	**As at March 31, 2008**	*As at March 31, 2007*
NATURE OF ASSETS										
Land Freehold	*108,269.09*	—	—	**108,269.09**	—	—	—	**0.00**	**108,269.09**	*108,269.09*
Building	*1,238,168.96*	*13,731.31*	*175.00*	**1,251,725.27**	*57,422.15*	*150,124.86*	—	**207,547.01**	**1,044,178.26**	*1,180,746.81*
Equipment	*36,253.63*	*15,568.78*	*62.76*	**51,759.65**	*14,888.12*	*5,873.20*	*56.18*	**20,705.14**	**31,054.51**	*21,341.16*
Computers	*19,278.63*	*11,673.87*	*103.62*	**30,848.88**	*13,139.63*	*6,560.08*	*56.00*	**19,643.71**	**11,205.17**	*6,139.00*
Furniture & Fixtures	*21,953.38*	*10,910.69*	*1,566.27*	**31,297.81**	*8,841.67*	*4,715.69*	*573.50*	**12,983.86**	**18,313.95**	*13,111.71*
Vehicles	*23,445.82*	*34,490.07*	*7,784.43*	**50,151.46**	*8,952.67*	*6,337.62*	*3,085.95*	**12,204.34**	**37,947.12**	*14,493.24*
Total	*1,447,369.52*	*86,374.72*	*9,692.07*	**1,524,052.16**	*103,244.24*	*173,611.45*	*3,771.63*	**273,084.06**	**1,250,968.10**	*1,344,101.01*
As at March 31, 2007	*101,679.16*	*1,355,462.49*	*9,796.40*	**1,447,345.25**	*34,904.73*	*73,095.33*	*4,755.82*	**103,244.24**	**1,344,101.01**	

SCHEDULE V
INVESTMENTS (Rs. in 000's)

Particulars	As at March 31, 2008 Quantity	Face Value Rs. (per unit)	At Cost	As at March 31, 2007 Quantity	Face Value Rs. (per unit)	At Cost
I. Long-term (Unquoted)						
Trade Investment						
1. ICICI Venture Value Fund Trust Units of Rs. 100 fully paid {(Units Purchased/acquired during the Year - Nil) (Year ended March 31, 2007 - 369)} {(Units sold during the Year - 2,123) (Year ended March 31, 2007 - 1,715)}	8,531	100	853.10	10,654	100	1,065.40
2. India Advantage Fund I Units of Rs. 100 fully paid	5,000	100	500.00	5,000	100	500.00
3. India Advantage Fund II Units of Rs. 100 fully paid	5,000	100	500.00	5,000	100	500.00
4. India Advantage Fund VII (Mezzanine Fund 1) Units of Rs. 100 fully paid {(Units Purchased/acquired during the Year - 1,055,964 units of Rs. 100 eachl) (Year ended March 31, 2007 - Nil)} {(Units redeemed during the Year - 527,709 units of Rs. 100 each) (Year ended March 31, 2007 - Nil)}	528,255	100	52,825.50			
5. TSI Ventures (India) Private Limited Shares of Rs. 10 each fully paid	436,050	10	4,360.50	436,050	10	4,360.50
6. TSI Ventures (India) Private Limited Cumulative Redeemable Preference Shares of Rs. 10 each fully paid {(Shares Purchased/acquired during the Year - 1,543,850) (Year ended March 31, 2007 - 5,931,143)} {(Shares sold during the Year - Nil) (Year ended March 31, 2007 - Nil)}	9,054,886	10	90,548.86	7,511,036	10	75,110.36
Total (A)			149,587.96			81,536.26
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 - (A+B)=(I)			149,596.96			81,545.26
II. Share Application Money						
1. TSI Venture (India) Private Limited Share Application Money	–	–	–	–	–	15,438.50
			–			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	10,000,000	10	100,000.00	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	–	10	–	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
7. Units of Standard Chartered Liquidity Manager Plus Plan - Growth	71	1,000	79.65	–	–	–
8. Units of ICICI Prudential Liquid Plan - Growth	6,034,735	10	70,000.00	–	–	–
Total - (III)			170,079.65			454,855.33
Total - {(I)+(II)+(III)}			319,676.61			551,839.09

SUMMARY	Current year Rs.	Previous Year Rs.
Aggregate Value of Investments :		
Quoted (Net)	–	–
Unquoted	319,676.61	551,839.09

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 - 174,811,644 units amounting to Rs. 2,403.12 million (Year ended March 31, 2007 - 176,592,405 units amounting to Rs. 2,463.26 million)
3) Sales of units of Mutual Funds held as Investments - 197,712,527 units amounting to Rs. 2,720.98 million (Year ended March 31, 2007 - 141,352,809 units amounting to Rs. 2,062.74 million)
4) NAV of units of Mutual Funds held as at March 31, 2008 - Rs. 173.18 million. (As at March 31, 2007 - Rs. 458.53 million)

forming part of the Accounts

Continued

		(Rs. in 000's) March 31, 2008	March 31, 2007
SCHEDULE VI			
CURRENT ASSETS, LOANS AND ADVANCES			
Current Assets			
Sundry Debtors (Unsecured, Considered good)			
– Debts - outstanding for a period exceeding six months			
– Other Debts			
		557,189.16	*323.53*
Total - A		**557,189.16**	*323.53*
Cash on hand		**116.49**	*108.07*
Balance with Scheduled Banks			
– In Current Accounts		**109,719.93**	*46,395.57*
Total - B		**109,836.42**	*46,503.64*
Loans and Advances			
Loans to Staff		**–**	*11.71*
Advance tax and tax deducted at source		**901,569.17**	*897,479.38*
Advances Recoverable in cash or in kind or for value to be received	**39,156.01**		*15,261.19*
Deposits	**41,042.15**		*12,691.15*
Prepaid Marketing & Distribution Expenses	**147,131.45**		*342,936.12*
Less : Provision for doubtful advances	**(130.85)**		*(130.85)*
		227,198.76	*370,757.60*
Total - C		**1,128,767.93**	*1,268,248.69*
Of the above Advances			
(a) Fully Secured		**–**	*11.71*
(b) Unsecured, Considered Good		**1,128,767.93**	*1,268,236.98*
(c) Considered Doubtful	**130.85**		*130.85*
Less : Provision for doubtful advances	**(130.85)**	–	*(130.85)*
		1,128,767.93	*1,268,248.69*
Current Assets & Loans and Advances (A + B + C)		**1,795,793.51**	*1,315,080.86*

	March 31, 2008	March 31, 2007
SCHEDULE VII		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors – Other than dues to Micro, Small & Medium Enterprises	**459,385.35**	*254,012.75*
Income received in advance	**1,467.11**	–
Other Liabilites	**6,818.00**	*19,777.62*
Total - A	**467,670.46**	*273,790.37*
Provisions for Taxation	**787,638.38**	*841,410.00*
Rovis Leave Encashment (See Note 16 of Schedule XIV)	**55,679.11**	*50,083.01*
For Gratuity	**38,386.63**	*25,400.00*
Total - B	**881,704.12**	*916,893.01*
Current Liabilities and Provisions (A+B)	**1,349,374.58**	*1,190,683.38*

	March 31, 2008	March 31, 2007
SCHEDULE VIII		
INCOME FROM OPERATIONS		
Fee Income [Tax Deducted at Source - Rs. 247.50 million] (Year ended March 31, 2007 - Rs.119.26 million)	**2,000,206.20**	*1,936,503.90*
Income from Investment in Venture Capital Funds	**530,704.00**	–
Dividend Income	**26,560.57**	*1,385.15*
	2,557,470.77	*1,937,889.05*

	(Rs. in 000's) March 31, 2008	March 31, 2007
SCHEDULE IX		
OTHER INCOME		
Rent Income	**48,550.77**	*16,878.21*
Provisions Written Back	**17,549.02**	*26,761.22*
Gain on Foreign Exchange Fluctuation	**12,382.35**	–
Miscellaneous Income	**38,275.58**	*23,091.98*
	116,757.72	*66,731.41*
SCHEDULE X		
STAFF EXPENSES		
Salaries, Wages and Bonus	**290,919.60**	*193,694.23*
Contribution to Provident and Other Funds	**24,210.19**	*36,703.00*
Staff Welfare Expenses	**8,147.25**	*6,820.31*
	323,277.04	*237,217.54*
SCHEDULE XI		
ESTABLISHMENT EXPENSES		
Insurance	**900.52**	*642.33*
Electricity Charges	**4,097.74**	*3,548.32*
Rates and Taxes	**10.00**	*39.88*
Repairs and Maintenance – Building	**11,420.67**	*6,380.22*
Repairs and Maintenance – Others	**4,174.82**	*2,038.13*
Communication Expenses	**8,751.40**	*5,365.21*
Rent - Office	**12,056.77**	*22,128.87*
	41,411.92	*40,142.96*
SCHEDULE XII		
FINANCE CHARGES		
Interest on Term Loan	**209,540.00**	*68,128.29*
Interest on Vehicle Loan	**2,392.30**	*1,073.09*
Bank Charges	**398.60**	*167.83*
	212,330.90	*69,369.21*
SCHEDULE XIII		
OTHER EXPENSES		
Advertisement & Business Promotion	**15,610.68**	*6,653.34*
Seminar Expenses	**20,319.43**	*21,091.13*
Travel, Conveyance and Motor Car Expenses	**51,200.35**	*42,023.93*
Marketing & Distribution Expenses	**251,620.03**	*327,261.53*
Legal and Professional Charges	**333,080.52**	*116,920.68*
Printing and Stationery	**4,257.73**	*2,719.23*
Memberships and Subscriptions	**6,482.57**	*4,538.84*
Loss on sale of Assets	**–**	*636.64*
Miscellaneous Expenses	**28,640.35**	*6,651.87*
	711,211.66	*528,497.19*

SCHEDULE XIV

NOTES FORMING PART OF THE ACCOUNTS

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

(Rs. in million)	2007-08	2006-07
Audit Fees	**0.30**	*0.20*
Tax Audit	**0.08**	*0.02*
Other Matters	**0.30**	*0.20*
Out-of-Pocket Expenses	**0.02**	*0.03*
Service Tax	**0.08**	*0.05*
Total	**0.78**	*0.50*

2. Earnings in Foreign Exchange

Fee Income	**21.57**	–
Total	**21.57**	–

		(Rs. in million)	
		2007-08	*2006-07*
3.	Expenditure in Foreign Currency		
	Travelling Expenses	**6.26**	*4.03*
	Advertisement	**6.01**	*0.13*
	Legal & Professional Charges	**326.53**	*9.90*
	Seminar Expenses	**0.41**	*0.77*
	Membership & Subscription	**4.22**	*0.63*
	Marketing & Distribution	**79.01**	*342.71*
	Others	**1.55**	*0.62*
	Total	**423.99**	*334.48*

4. a. Estimated amount of Contracts remaining to be executed on capital account not provided for (net of advances, if any) – Rs. 29.81 million (Previous Year – Rs. 23.91 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. 8.98 million (Previous Year – Rs. 21.46 million).

6. Dividend Income comprises of dividend from long term investments – Rs. 26.56 million (Previous Year – Rs. 1.39 million).

7. Miscellaneous Expenses include Rs. 1.63 million (Previous Year – Rs. 1.43 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. 15.17 million (Previous Year – Rs. 11.48 million) & Joint Managing Director amounting to Rs. 8.40 million aggregating to Rs. 23.57 million. Details are given below:

	(Rs. in million)	
	2007-08	*2006-07*
Salary & Allowances	**21.23**	*9.45*
Company's contribution to Provident Fund	**0.57**	*0.45*
Company's contribution to Gratuity	**0.40**	*0.31*
Company's contribution to Superannuation Fund	**0.62**	*0.56*
Perquisites	**0.75**	*0.71*
Total	**23.57**	*11.48*

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. 12.06 million (Previous Year Rs. 22.13 million).
   Future minimum lease payments in respect of non cancellable leases are as follows:

	(Rs. in million)	
Particulars	**2007-08**	*2006-07*
Not later than one year	**30.75**	*8.41*
Later than one year but not later than 5 years	**164.92**	*39.01*
Later than 5 years	**4.64**	*26.88*

10. Provision for income tax of Rs. 361.11 million for the year (Previous Year – Rs. 365.66 million) includes provision for deferred tax amounting to Rs. 18.89 million (Previous Year – Rs. 9.34 million).
    The net deferred tax asset/(liability) comprises the tax impact arising from timing differences on account of:

	(Rs. in million)	
	2007-08	*2006-07*
Provision for doubtful debts and advances	**0.13**	*0.13*
Accrued expenses*	**94.06**	*75.48*
Net Depreciation difference	**(5.88)**	*(42.85)*
Total	**88.31**	*32.76*
Net Deferred tax Asset/(Liability) on above	**30.02**	*11.13*

* Refer Note 16

11. During the year the company has borrowed Rs. 85 million from ICICI Bank for the purpose of office renovation. In accordance with the loan agreement entered into with the lender, the company is required to create charge on the assets of the company. The company is in the process of creating charge in respect of these borrrowings.

12. 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	2007-08	2006-07
1	ICICI Bank Limited	Holding Company	Payment of Rent	**—**	*12.40*
			Common Corporate Expenses	**1.63**	*1.43*
			Marketing & Distribution Expenses	**247.20**	*227.40*
			Finance charges	**91.69**	50.55
			Salary for deputed staff	**3.09**	4.43
			Other Expenses	**0.62**	*2.46*
			Dividend Paid	**725.00**	*500.00*
			Balance in Current Accounts	**108.88**	*44.50*
			Share Capital	**10.00**	*10.00*
			Loan Funds	**759.68**	*728.92*
			Current Liabilities & Provisions	**37.91**	*109.71*
			Free Income	**11.92**	—
			Advances Recoverable	**146.72**	*340.02*
			Fee Income receivable	**4.91**	—
2	ICICI International Limited	Fellow Subsidiary	Fee Income	**21.57**	—
			Fee Income receivable	**21.57**	—
			Advances Recoverable	**—**	*0.06*
3	ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary	Insurance of Staff	**0.86**	*1.23*
			Advances Recoverable	**3.20**	*0.33*
			Rent Income	**21.42**	*10.26*
			Rent Deposit received	**5.05**	*5.50*
4	ICICI Prudential Asset Management Company Limited	Fellow Subsidiary	Advances Recoverable	**0.42**	*2.91*
			Marketing & Distribution Expenses	**3.40**	*2.49*
5	ICICI Lombard General Insurance Company Limited	Fellow Subsidiary	Insurance of Assets	**0.86**	*0.64*
			Insurance of Staff	**2.37**	*2.21*
			Advances Recoverable	**2.72**	*1.77*
6	ICICI Securities Limited	Fellow Subsidiary	Marketing & Distribution Expenses	**—**	*4.61*
			Rent Income	**27.13**	*12.62*
			Rent Deposit	**0.70**	*0.70*
7	ICICI Equity Fund VCF	Other Related Party	Fee Income	**122.47**	*79.89*
			Advances Recoverable	**—**	*0.03*
8	ICICI Eco-net Internet & Technology Fund	Other Related Party	Fee Income	**25.00**	*25.00*
9	ICICI Emerging Sectors Fund	Other Related Party	Fee Income	**182.50**	*183.27*
			Advances Recoverable	**—**	*0.07*
10	ICICI Strategic Investments Fund	Other Related Party	Fee Income	**70.50**	*70.50*
11	ICICI Venture Value Fund	Other Related Party	Investment outstanding at Balance Sheet date	**0.85**	*1.07*
			Profit from sale of Investments	**26.56**	*1.39*
			Sales Consideration	**26.77**	1.52
12	TSI Ventures (India) Private Limited	Other Related Party	Investment outstanding at Balance Sheet date	**94.91**	*94.91*
			Advances Recoverable	**—**	*6.14*
13	Renuka Ramnath	Key Managerial Personnel	Remuneration to Managing Director	**15.17**	*11.48*
14	Rajeev Bakshi	Key Managerial Personnel	Remuneration to Joint Managing Director	**8.40**	—

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-2008	March-2007	March-2008	March-2007	March 31, 2008	March 31, 2007
Fee Income	2,553.49	1,944.95			2,553.49	1,944.95
Others			179.50	73.70	179.50	73.70
Total Revenue	**2,553.49**	**1,944.95**	**179.50**	**73.70**	**2,732.99**	**2,018.65**
Results:						
Segment Result	1,978.59	1,380.48	130.43	50.90	2,109.02	1,431.38
Unallocated Corporate expenses					837.87	360.95
Net Profit					**1,271.15**	**1,070.33**
Other Information						
Segment Assets	715.56	382.16	549.59	978.64	1,265.15	1,332.98
Deferred Tax Asset					30.02	11.13
Advance Tax & TDS					901.57	897.48
Unallocated Assets					1,240.75	1,003.05
Total Assets					**3,437.49**	**3,244.64**
Segment Liabilities	235.00	275.78	418.00	456.20	653.00	731.98
Provision for Tax					787.64	841.41
Shareholders' Funds					378.42	322.59
Unallocated Liabilities					1,618.43	1,348.66
Total Liabilities					**3,437.49**	**3,244.64**

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, 2008, the Company has been allotted 436,050 equity shares (50% of the equity capital) and 9,054,886 Cumulative Redeemable Preference. Shares (50% of the preference share capital).

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 April to March. The first financials of the joint venture company was drawn from the date of incorporation to September 30, 2006. Aggregate 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 October 1, 2006 to March 31, 2007 is as follows.

Particulars	**(Rs. in million)**
Assets	52.39
Liabilities	44.74
Income	6.10
Expenses	48.42
Contingent Liabilities	—
Capital Commitments	0.58

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, 2008	*For the Year ended March 31, 2007*
Basic		
Weighted average no. of equity shares outstanding	**1,000,000**	*1,000,000*
Net Profit (Rs. in million)	**904.04**	*698.67*
Basic earnings per share (Rs.)	**904.04**	*698.67*
Diluted earnings per share (Rs.)	**904.04**	*698.67*
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, as at April 1, 2006 net of deferred tax adjustment of Rs. 5.90 million.

17. **Employee Benefits**

(a) Defined benefit cost and obligation under defined benefit plans as per actuarial valuations as on March 31, 2008

		March 31, 2008	*March 31, 2007*
I.	**Components of employer expense**		
1.	Current Service cost	**8.72**	*4.40*
2.	Interest cost	**4.11**	*1.30*
3.	Expected return on plan assets	**(1.28)**	*(1.05)*
4.	Curtailment cost/(credit)	**—**	—
5.	Settlement cost/(credit)	**—**	—
6.	Past Service Cost	**—**	—
7.	Actuarial Losses/(Gains)	**(1.12)**	*19.96*
8.	Total expense recognised in the Statement of Profit & Loss	**10.43**	*24.61*
II.	**Actual Contribution and Benefits Payments for year ended March 31, 2008**		
1.	Actual benefit payments	**(1.02)**	—
2.	Actual Contributions	—	*2.60*
III.	**Net asset/(liability) recognised in balance sheet as at March 31, 2008**		
1.	Present value of Defined Benefit Obligation (DBO)	**54.74**	*42.66*
2.	Fair value of plan assets	**16.35**	*17.26*
3.	Funded status [Surplus/(Deficit)]	**(38.39)**	*(25.40)*
4.	Unrecognised Past Service Costs	**—**	
5.	Net asset/(liability) recognised in balance sheet	**38.39**	*25.40*
IV.	**Change in Defined Benefit Obligations during the year ended March 31, 2008**		
1.	Present Value of DBO at beginning of period	**42.66**	*17.03*
2.	Current Service cost	**8.72**	*4.40*
3.	Interest cost	**4.11**	*1.30*
4.	Curtailment cost/(credit)	**—**	—
5.	Settlement cost/(credit)	**—**	—
6.	Plan amendments	**—**	—
7.	Acquisitions	**—**	—
8.	Actuarial (gains)/ losses	**0.27**	*19.93*
9.	Benefits paid	**(1.02)**	—
10.	Present Value of DBO at the end of period	**54.74**	*42.66*

	March 31 2008	*March 31 2007*
V. Change in Fair Value of Assets during the year ended March 31, 2008		
1. Plan assets at beginning of period	**17.26**	*13.64*
2. Acquisition Adjustment	**—**	*—*
3. Expected return on plan assets	**(1.28)**	*1.02*
3. Acturial Gains/(Losses)	**1.39**	*2.60*
3. Actual Company contributions	**—**	*—*
5. Benefits paid	**(1.02)**	*—*
6. Plan assets at the end of period	**16.35**	*17.26*
VI. Actuarial Assumptions for Gratuity		
1. Discount Rate	**8.15%**	*8.25%*
2. Expected Return on plan assets	**7.50%**	*7.50%*

3. Salary escalation : 20% p.a for first 5 years, 15% p.a. for next 5 years, 10% p.a. for next five years and 7.5% p.a thereafter.
4. Mortality : Indian Assured Lives Mortality (1994-96) (Modified) Ultimate
5. Withdrawal Rates : Upto age 44 : 2% and above age 44 :1%

(b) Details of contributions under defined contribution plans:

(Rs. in million)

Provident Fund	**9.04**	*6.92*
Superannuation Fund	**2.16**	*1.83*

18. 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 year.

ii. Foreign Currency exposures, that have not been hedged by a derivative instrument or otherwise:

Particulars	For the year ended March 31, 2008 Amount (Rs. in million)	Amount (Foreign Currency)	*For the year ended March 31, 2007 Amount (Rs. in million)*	*Amount (Foreign Currency)*
Assets:				
Balance in EEFC A/c	**7.65**	**USD 1,86,606**	*8.18*	*USD 186,606*
Current Assets	**21.57**	**USD 526,206**	–	–
Liabilities:				
Current Liabilities	**50.93**	**USD 1,242,138**	*126.54*	*USD 2,842,836*
Current Liabilities	**260.00**	**GBP 3,250,000**	–	–

19. The information disclosure with regard to Micro, Small and Medium Industries is based on information collected by the management based on enquiries made with the creditors which have been relied upon by the auditors.

20. 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. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

5. 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.

6. 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.

7. 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

8. Impairment of Assets

The carrying values of assets of the cash-generating units of each balance sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

9. Provisions & Contingencies

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized.

forming part of the Accounts *Continued*

10. Employee Benefits

Post Employment Benefit Plans

Payments to defined contribution plans, such as provident fund and superannuation, are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur. Past Service Cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Short Term employee benefits

The undiscounted portion of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognised during the period when the employee renders service. These benefits include compensated absences such as paid annual leave.

11. 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 DELOITTE HASKINS & SELLS *Chartered Accountants*	LALITA D. GUPTE *Chairperson*	RENUKA RAMNATH *Managing Director & CEO*
V. SRIKUMAR *Partner* Membership No. 84494	BEENA M. CHOTAI *Chief Financial Officer*	ANSELM PINTO *Company Secretary*
Bangalore, April 22, 2008	*Mumbai, April 21, 2008*	

cash flow statement

ICICI Venture

for the year ended March 31, 2008

		March 31, 2008	(Rs. in 000's) March 31, 2007
Cash Flows from Operating Activities			
Net profit before taxation	**1,271,143.25**		*1,070,328.23*
Adjustments for :			
Depreciation	**173,611.45**		*73,095.33*
Profit on sale of Investments	**(58,757.72)**		*(14,030.00)*
Dividend from Long term investments	**(26,560.57)**		*(1,385.15)*
Provisions written back	**(17,549.02)**		*(26,761.22)*
Interest on Income Tax Refund	**(460.00)**		*(2,660.00)*
Rent Income	**(48,550.77)**		*(16,878.21)*
Finance charges	**212,330.90**		*69,201.38*
(Profit)/Loss on sale of Assets	**(50.00)**		*636.64*
Operating profit before working capital changes	**1,505,157.51**		*1,151,547.00*
Decrease/(Increase) in debtors	**(556,865.63)**		*11,548.14*
Decrease/(Increase) in other current assets	**143,570.00**		*131,276.44*
Increase/(Decrease) in Creditors	**229,993.06**		*(129,218.48)*
Cash from operations	**1,321,854.94**		*1,165,153.10*
Less : Income taxes paid	**(443,399.99)**		*(439,294.96)*
Net Cash from operating activities		**878,454.95**	*725,858.14*
Cash Flows from Investing Activities			
Purchase of Fixed Assets	**(86,364.29)**		*(1,355,462.49)*
Dividend from Long term Investments	**26,560.57**		*1,385.15*
Rent Income	**48,550.77**		*16,878.21*
Sale of Fixed Assets	**5,960.00**		*4,403.18*
Purchase of Investments	**(2,508,700.00)**		*(2,538,008.78)*
Decrease/(Increase) in Capital Advances	**(18,549.23)**		*11,230.59*
Sale of Investments	**2,799,620.20**		*2,062,913.05*
Net Cash from investing activities		**267,078.02**	*(1,796,661.09)*
Cash Flows from Financing Activities			
Proceeds from long term borrowings	**116,920.00**		*1,720,139.09*
Payment of long term borrowings	**(136,170.00)**		*(6,850.03)*
Payment of finance charges	**(214,736.44)**		*(66,793.36)*
Payment of dividend & tax thereon	**(848,213.75)**		*(570,125.00)*
Net Cash from financing activities		**(1,082,200.19)**	*1,076,370.70*
Net Increase/(Decrease) in Cash & Cash Equivalents		**63,332.78**	*5,567.75*
Cash & Cash Equivalents at the beginning of the year/period		**46,503.64**	*40,935.89*
Cash & Cash Equivalents at the end of the period/year		**109,836.42**	*46,503.64*

As per our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

V. SRIKUMAR
Partner
Membership No. 84494

Bangalore, April 22, 2008

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 21, 2008

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration details

Registration No. 80/10099 State Code 08

Balance Sheet Date 31 (Date) 03 (Month) 2008 (Year)

2. Capital raised during the Year (Rs. in thousands)

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

3. Position of mobilisation and deployment of funds (Rs. in thousands)

Total Liabilities: 2088125.71	Total Assets: 2088125.71

Sources of Funds

Paid-up Capital: 10000.00	Reserves and Surplus: 368449.69
Secured Loans: 1709676.02	Unsecured Loans: NIL
Deffered Tax Liability: NIL	

Application of Funds

Net Fixed Assets: 1292012.13	Investments: 319676.61
Net Current Assets: 446418.93	Miscellaneous Expenditure: NIL
Accumulated Losses: NIL	

4. Performance of the Company (Rs. in thousands)

Turnover (Gross Income inclg. other income): 2732986.21	Total Expenditure: 1461842.97
Profit Before Tax: + ✓ 1271143.25	Profit After Tax: + ✓ 904037.25
Earnings Per Share in Rupees: 904.04	Dividend Rate %: 7250%

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

Item Code: NOT APPLICABLE

Product Description: FINANCIAL SERVICES

For and on behalf of the Board of Directors

LALITA D. GUPTE
Chairperson

RENUKA RAMNATH
Managing Director & CEO

BEENA M. CHOTAI
Chief Financial Officer

ANSELM PINTO
Company Secretary

Mumbai, April 21, 2008