ICICI Wealth Management

ICICI Wealth Management Inc.

1ST ANNUAL REPORT AND ACCOUNTS 2007

Directors
Anup Bagchi, *Chairman*
Sriram H. Iyer
Atul Chandra
Hari K. Panday, *President & CEO*

Auditors
KPMG LLP

Atul Chandra
Corporate Secretary

Registered Office
Exchange Tower
130 King Street West
Suite 2100
Toronto, Ontario
Canada M5X 1B1

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management's report

to the members

The Management of ICICI Wealth Management Inc. (the "Subsidiary") is pleased to present their first annual report, together with the financial statements for the year ended December 31, 2007. All information provided in this Management Report is as at December 31, 2007.

Principal Activities

The Subsidiary was incorporated under the Business Corporations Act (Canada) on July 28, 2006. The Subsidiary was granted registration by the Ontario Securities Commission as a Limited Market Dealer under the provisions of the Securities Act (Ontario) on March 3, 2007, giving it the ability to undertake the sale of certain securities to a restricted set of individuals in Ontario. As a wholly-owned subsidiary of ICICI Bank Canada and an indirect subsidiary of ICICI Bank Limited (the "Parent"), it primarily operates in the Greater Toronto Area.

The Subsidiary currently focuses on providing prospectus exempt India-linked and international investment opportunities, such as the sale of private equity funds and corporate debt, to Canadian accredited investors such as pension funds, corporations and eligible individual investors. The Subsidiary provides products that assist Canadian clients in diversifying their portfolio allocations with stable international and emerging market investment opportunities based on the Parent's inventory of Indian and global investment products.

Directors and Corporate Secretary

The names of the Directors and the Corporate Secretary of the Subsidiary as of December 31, 2007 are as follows:

Anup Bagchi, *Chairman*
Sriram H. Iyer
Atul Chandra
Hari K. Panday, *President & CEO*
Atul Chandra, *Corporate Secretary*

Directors' Interests

None of the Directors of the Subsidiary has any interest in its share capital.

Share Capital

The Subsidiary is authorized to issue an unlimited number of common shares without par value. As at December 31, 2007, the Subsidiary has issued 1,000,001 common shares.

ATUL CHANDRA
Corporate Secretary

auditors' report

to the shareholder

We have audited the balance sheet of ICICI Wealth Management Inc. as at December 31, 2007 and the statements of operations and deficit and cash flows for the period from July 28, 2006 (date of incorporation) to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an 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 management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and the results of its operations and its cash flows for the period from July 28, 2006 (date of incorporation) to December 31, 2007 in accordance with Canadian generally accepted accounting principles.

For KPMG LLP
Chartered Accountants,
Licensed Public Accountants

Toronto, Canada, June 24, 2008

balance sheet

as at December 31, 2007

	(Rs. in 000's) December 31, 2007
ASSETS	
Cash and cash equivalents:	
Deposits with regulated financial institutions	**25,483**
Other:	
Fixed assets, net (note 2)	**436**
Other assets (note 3)	**13,158**
	13,594
	39,077
LIABILITIES AND SHAREHOLDER'S EQUITY	
Liabilities:	
Accounts payable and accrued liabilities	**19,770**
Shareholder's equity:	
Share capital (note 4):	
Common shares	**40,235**
Deficit	**(20,928)**
	19,307
	39,077

See accompanying notes to financial statements.

On behalf of the Board:

Director Director

statement of operations and deficit

period from July 28, 2006 (date of incorporation) to December 31, 2007

	(Rs. in 000's) December 31, 2007
Interest income:	
Deposits with regulated financial institutions	**221**
Non-interest income (note 6)	
Upfront fees	**1,690**
Placement fees	**825**
	2,515
Total income	**2,736**
Non-interest expenses	
Salaries and benefits	**16,717**
Marketing and business development	**797**
General and administrative	**3,141**
Professional fees	**9,013**
Occupancy	**1,861**
Communication	**1,559**
Depreciation	**598**
Travel, moving and entertainment	**1,446**
	35,132
Loss before income taxes	**(32,396)**
Future income tax recovery	**(11,468)**
Loss for the period, being deficit, end of period	**(20,928)**

See accompanying notes to financial statements.

(In thousands of Indian Rupees)

period from July 28, 2006 (date of incorporation) to December 31, 2007

	(Rs. in 000's) December 31, 2007
Cash provided by (used in):	
Operating activities:	
Loss for the period	**(20,928)**
Future income taxes which does not involve cash	**(11,468)**
Other items, net	**18,097**
	(14,299)
Financing activities:	
Proceeds from issue of common shares	**40,235**
Investing activities:	
Purchase of fixed assets	**(453)**
Increase in cash and cash equivalents, being cash and cash equivalents, end of period	**25,483**
Represented by:	
Interest bearing deposits with regulated financial institutions	**25,284**
Non-interest bearing deposits with regulated financial institutions	**199**

See accompanying notes to financial statements.

period from July 28, 2006 (date of incorporation) to December 31, 2007

ICICI Wealth Management Inc. (the "Company") is a wholly owned subsidiary of ICICI Bank Canada (the "Parent"). The Company was incorporated under the Canada Business Corporations Act on July 28, 2006. The Company was granted registration by the Ontario Securities Commission as a Limited Market Dealer under the provisions of the Securities Act (Ontario) on March 3, 2007, giving it the ability to undertake the sale of certain securities to a restricted set of individuals in Ontario. As a wholly owned subsidiary of the Parent and an indirect subsidiary of ICICI Bank Limited, it primarily operates in the Greater Toronto Area.

The significant accounting policies used in the preparation of these financial statements are summarized below. These accounting policies conform, in all material respects, to Canadian generally accepted accounting principles ("GAAP"), and have been included below with notes related to their financial statement captions.

Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

The Company is dependent on its Parent to fund operating losses and to maintain sufficient capital. It is expected that additional funding will be required in 2008. The Parent has confirmed that it will provide ongoing financial support to the Company.

1. Significant accounting policies:

(a) Cash and cash equivalents:

The Company considers cash and cash equivalents to represent cash balances on hand, interest-bearing and non-interest bearing deposits with regulated financial institutions with an original maturity of 90 days or less.

(b) Revenue recognition:

The Company signed a distribution agreement with Tara India Fund III, LLC (the "Fund"), incorporated in Mauritius and IL&FS Investment Advisors LLC (the "Investment Manager"), also incorporated in Mauritius, to offer services to the Investment Manager to source, identify and introduce prospective Canadian investors in shares of the Fund. Investors may invest either directly in the Fund or through the Company (the "Omnibus Route").

For providing the above services, the Company earns revenues as follows:

(i) Upfront fee:

A one-time upfront fee from the Investment Manager of 2% of the sum of (a) the capital commitments of all investors soruced by Company and directly investing in the fund; and (b) the capital commitment of Company to the Fund through the Omnibus Route.

(ii) Trailer fee:

A trailer fee of 0.25% per annum of the capital commitment of the Company to the Fund through the Omnibus Route until the earlier of (a) the termination of the commitment period of the Fund; and (b) the date all of the capital commitments of the Fund have been drawn down.

(iii) Placement fee:

(a) For investors investing directly into the Fund and sourced by the Company, the Investment Manager will charge and collect a one-time placement fee of up to 3% of the capital commitment from an investor committing less than US$ 1 million and then pass such fees on to the Company. Such fees will be in addition to the capital commitment of such investors to the Fund.

(b) For investors investing through the Omnibus Route, the Company will have the option to charge and collect a one-time placement fee to up to 3% of the capital commitment from an investor committing less than US$ 1 million. Such fees will be in addition to the capital commitment of such investors to the Fund.

(c) Fixed assets:

Fixed assets are carried at cost less accumulated depreciation, which is provided by using the straight-line method over the estimated useful lives of the assets.

2. Fixed assets:

	2007		
	Cost	Accumulated depreciation	Net book value
	Rs.	Rs.	Rs.
Furniture, fixtures and equipment	122	(4)	118
Leasehold improvements	331	(13)	318
	453	**(17)**	**436**

(In thousands of Indian Rupees)

3. Other assets:

	2007 Rs.
Future income tax asset [note 7]	**11,468**
Prepaid expenses, deposits and accounts receivable	**1,690**
	13,158

4. Share capital:

The Company is authorized to issue an unlimited number of common shares without par value. As at December 31, 2007, the Company has issued 1,000 common shares for Rs. 40,235.

The Company has issued the common shares for cash consideration to the Parent.

5. Related party transactions:

The Parent allocates a portion of its expenses to the Company in respect of infrastructure and manpower shared by the Company. For the period ended December 31 2007, the Company had incurred costs of Rs.11,668 related to these services, all of which remains payable at December 31, 2007. These transactions are in the normal course of operations and are measured at fair value, as agreed to by the related parties.

6. Non-interest income:

	2007 Rs.
Upfront Fees	**1,690**
Placement Fees	**825**
	2,515

The Company currently focuses on providing prospectus exempt India-linked and international investment opportunities, such as the sale of private equity funds and corporate debt, to Canadian accredited investors, such as pension funds, corporations and eligible individual investors. The Company provides products that assist Canadian clients in diversifying their portfolio allocations with stable international and emerging market investment opportunities based on the Parent and third party inventory of Indian and global investment products.

7. Income taxes:

The Company uses the asset and liability method of accounting for income taxes, whereby income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for book purposes compared with their carrying amounts for income tax purposes. Accordingly, a future income tax asset or liability is determined for each temporary difference based on the tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. Net future income taxes accumulated as a result of these temporary differences are included in other assets or other liabilities.

The Company's income taxes for the period ended December 31, 2007 are summarized as follows:

	2007 Rs.
Current Tax	**—**
Future income taxes (recovery)	**(11,468)**

Significant components of the Company's future income tax asset are as follows:

	2007 Rs.
Fixed assets	**161**
Non-capital losses carried forward	**11,307**
Net future income tax asset	**11,468**

The following table reconciles income tax recovery at the combined Canadian federal and provincial statutory rate with the recovery of income taxes in the financial statements:

	2007 Rs.
Income taxes at statutory tax rate	**(11,708)**
Permanent differences	**79**
Other	**161**
Future income taxes (recovery)	**(11,468)**

As at December 31, 2007, the Company had non-capital loss carry forwards of Rs. 31,745 for income tax purposes. If not utilized, these losses will expire in 2027.

The benefits associated with these loss carry forwards have been substantially recognized within the financial statements.

8. Employee future benefits:

The Company implemented a defined contribution group retirement savings plan for its employees. Under the plan, the Company employees are allowed to contribute a portion of their annual salary to the plan and the Company matches such contributions up to 5% of the employee's annual salary. The amount of the benefit expense is included in salaries and benefits in the statement of operations and deficit.