ICICI International

ICICI INTERNATIONAL LIMITED

14TH ANNUAL REPORT AND ACCOUNTS 2008-2009

Directors
Couldip Basanta Lala
Dev Joory
Suresh Kumar
Renuka Ramnath *(upto July 7, 2008)*
Chanda D. Kochhar *(upto July 7, 2008)*
Sunil Talwar *(upto March 22, 2009)*
Ranjit Fernando
Pramod Rao
Vikas Tandon *(upto April 17, 2009)*

Auditors
Horwath (Mauritius)
Public Accountants, 3rd Floor, Amod Building
19, Poudrière Street, Port-Louis, Mauritius

Administrator and Secretary
International Financial Services Limited
IFS Court, TwentyEight
Cybercity, Ebene, Mauritius

Registered Office
IFS Court, TwentyEight
Cybercity, Ebene
Mauritius

commentary of the directors

year ended March 31, 2009

RESULTS

The results for the year are shown in the income statement and related notes.

DIRECTORS

The present membership of the Board is set out on page 2.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flow of the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company; and
- would enable them to ensure that the financial statements comply with the Companies Act, 2001.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

AUDITORS

The auditors, **Horwath (Mauritius)**, have indicated their willingness to continue in office.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE COMPANIES ACT, 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required for ICICI International Limited under the Companies Act 2001 during the financial year ended March 31, 2009.

for International Financial Services Limited
Secretary

Registered office:
IFS Court
TwentyEight
Cybercity
Ebene
Mauritius

April 15, 2009

auditors' report

to the members of ICICI International Limited

We have audited the financial statements of ICICI INTERNATIONAL LIMITED on pages 7 to 21 which have been prepared on the basis of the accounting policies set out on pages 11 to 14.

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act, 2001. This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in the auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing.

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have no relationship with, or any interests in the Company, other than in our capacity as auditors in the ordinary course of business.

Opinion

We have obtained all the information and explanations we considered necessary for the purposes of our audit.

In our opinion,

a. proper accounting records have been kept by the Company as far as it appears from our examination;

b. the financial statements give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of its profit, changes in equity and cash flows for the year then ended and have been properly prepared in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Horwath (Mauritius)
Public Accountants
April 15, 2009

K.S. Sewraz, FCCA
Signing Partner

income statement

for the year ended March 31, 2009

	Notes	2009 US$	2009 Rs.*	2008 US$	2008 Rs.*
Income					
Management fee		**1,241,533**	**57,040,744**	*1,391,853*	*56,046,580*
P-Notes activity fee		**—**	**—**	*84,960*	*3,421,135*
Bank interest income		**10,980**	**504,463**	*33,310*	*1,341,314*
Sub account income		**52,546**	**2,414,163**	*43,061*	*1,733,963*
		1,305,059	**59,959,370**	*1,553,184*	*62,542,992*
Expenses					
Custody fee		**—**	**—**	*5,598*	*225,418*
Licence fee		**4,955**	**227,651**	*1,812*	*72,964*
Directors' fee		**7,000**	**321,607**	*3,750*	*151,004*
Secretarial fee		**1,313**	**60,324**	*1,250*	*50,335*
MLRO fee		**971**	**44,611**	—	—
Administration and professional fees		**96,496**	**4,433,393**	*62,328*	*2,509,799*
Bank charges		**2,761**	**126,851**	*3,443*	*138,641*
Audit fee		**7,843**	**360,337**	*5,576*	*224,532*
Legal fees		**2,309**	**106,084**	*7,851*	*316,141*
Salaries		**219,119**	**10,067,160**	*305,624*	*12,306,745*
Depreciation		**3,582**	**164,571**	*3,582*	*144,239*
General expenses		**127,750**	**5,869,320**	*149,434*	*6,017,349*
Brokerage fees		**—**	**—**	*23,942*	*964,087*
Amortisation of deferred expenses		**215,100**	**9,882,511**	*130,239*	*5,244,412*
Advisory fees		**353,393**	**16,236,217**	*516,626*	*20,803,289*
Trailer fees		**79,562**	**3,655,381**	—	—
Interest on loan		**91,031**	**4,182,310**	*12,320*	*496,097*
Difference on exchange		**22,920**	**1,053,032**	*4,246*	*170,976*
Penalty and interest		**—**	**—**	*158*	*6,362*
Bad debts written off		**—**	**—**	*5,755*	*231,740*
		1,236,105	**56,791,360**	*1,243,534*	*50,074,130*
Profit before taxation		**68,954**	**3,168,010**	*309,650*	*12,468,862*
Taxation		**(3,001)**	**(137,877)**	*(7,437)*	*(299,470)*
Profit for the year		**65,953**	**3,030,133**	*302,213*	*12,169,392*

*The corresponding amounts in Indian rupees ("INR") are shown as additional information for the sole purpose of the holding company.

The notes on pages 68 to 71 form an integral part of these financial statements.

balance sheet

as at March 31, 2009

	Notes	2009 US$	2009 Rs.*	2008 US$	2008 Rs.*
ASSETS					
Non-current assets					
Available-for-sale investments	5	**248,404**	**12,599,051**	*257,050*	*10,312,846*
Equipment	6	**1,422**	**72,124**	*5,004*	*222,990*
Deferred expense	2	**730,161**	**37,033,766**	*945,261*	*37,923,871*
		979,987	**49,704,941**	*1,207,315*	*48,459,707*
Current assets					
Receivables and prepayments	7	**2,236,013**	**113,410,579**	*880,194*	*35,313,383*
Cash and cash equivalents	8	**1,465,915**	**74,351,209**	*702,771*	*28,195,173*
		3,701,928	**187,761,788**	*1,582,965*	*63,508,556*
Total Assets		**4,681,915**	**237,466,729**	*2,790,280*	*111,968,263*
Equity And Liabilities					
Capital and reserves					
Stated capital	9	**900,000**	**36,795,500**	*900,000*	*36,795,500*
Retained earnings		**488,717**	**20,525,163**	*422,764*	*17,495,030*
Translation reserves		**—**	**13,115,064**	—	*(1,198,407)*
Revaluation reserve		**(51,690)**	**(2,621,717)**	*(43,034)*	*(1,726,524)*
		1,337,027	**67,814,010**	*1,279,730*	*51,365,599*
Current liabilities					
Payables	10	**344,888**	**17,492,719**	*503,113*	*20,184,893*
Provision for income tax	3	**—**	**—**	*7,437*	*297,771*
Borrowings	11	**3,000,000**	**152,160,000**	*1,000,000*	*40,120,000*
		3,344,888	**169,652,719**	*1,510,550*	*60,602,664*
Total Equity And Liabilities		**4,681,915**	**237,466,729**	*2,790,280*	*111,968,263*

*The corresponding amounts in Indian rupees ("INR") are shown as additional information for the sole purpose of the holding company.

Approved by the Board on April 15, 2009 and signed on its behalf by:

Director *Director*

The notes on pages 68 to 71 form an integral part of these financial statements.

statement of changes in equity

for the year ended March 31, 2009

	Stated capital		Retained earnings		Revaluation reserve		Translation reserves	Total	
	US$	Rs.*	US$	Rs.*	US$	Rs.*	Rs.*	US$	Rs.*
At April 1, 2007	**900,000**	**36,795,500**	**120,551**	**5,325,638**	**(35,600)**	**(1,547,532)**	**2,161,190**	**984,951**	**42,734,796**
Profit for the year	—	—	302,213	12,169,392	—	—	—	302,213	12,169,392
Movement during the year	—	—	—	—	(7,434)	(178,992)	(3,359,597)	(7,434)	(3,538,589)
At March 31, 2008	**900,000**	**36,795,500**	**422,764**	**17,495,030**	**(43,034)**	**(1,726,524)**	**(1,198,407)**	**1,279,730**	**51,365,599**
Profit for the year	—	—	65,953	3,030,133	—	—	—	65,953	3,030,133
Movement during the year	—	—	—	—	(8,656)	(895,193)	14,313,471	(8,656)	13,418,278
At March 31, 2009	**900,000**	**36,795,500**	**488,717**	**20,525,163**	**(51,690)**	**(2,621,717)**	**13,115,064**	**1,337,027**	**67,814,010**

* The corresponding amounts in Indian rupees ("INR") are shown as additional information for the sole purpose of the holding company.
The notes on pages 68 to 71 form an integral part of these financial statements.

cash flow statement

ICICI International

for the year ended March 31, 2009

	2009 US$	2009 Rs.*	2008 US$	2008 Rs.*
Cash flows from operating activities				
Profit before taxation	**68,954**	**3,168,010**	*309,650*	*12,468,862*
Adjustment for:				
Bank interest income	**(10,980)**	**(504,463)**	*(33,310)*	*(1,341,314)*
Interest expense	**91,031**	**4,182,310**	*12,320*	*496,097*
Depreciation	**3,582**	**164,571**	*3,582*	*144,239*
Amortization of deferred expenses	**215,100**	**9,882,511**	*130,239*	*5,244,412*
Operating gain before working capital changes	**367,687**	**16,892,939**	*422,481*	*17,012,296*
Received from participatory note holders	—	—	*40,973,943*	*1,649,897,763*
Amount refunded to participatory note holders/redemption of P-Notes	—	—	*(41,987,904)*	*(1,690,726,930)*
Increase in receivables and prepayments	**(1,355,819)**	**(62,291,477)**	*(801,898)*	*(32,290,027)*
Decrease in payables	**(167,004)**	**(7,672,798)**	*(623,415)*	*(25,103,052)*
Net cash absorbed by operations	**(1,155,136)**	**(53,071,336)**	*(2,016,793)*	*(81,209,950)*
Tax paid	**(10,438)**	**(479,561)**	—	—
Net cash used in operating activities	**(1,165,574)**	**(53,550,897)**	*(2,016,793)*	*(81,209,950)*
Cash flows from investing activities				
Acquisition of investment	**(10)**	**(459)**	*(6,263,582)*	*(252,215,656)*
Proceeds from sale of investment	—	—	*7,326,941*	*295,033,933*
Purchase of property and equipment	—	—	*(4,263)*	*(171,658)*
Interest received	**10,980**	**504,463**	*33,310*	*1,341,314*
Net cash from investing activities	**10,970**	**504,004**	*1,092,410*	*43,987,933*
Cash flows from financing activities				
Interest paid	**(82,252)**	**(3,778,969)**	*(12,320)*	*(496,097)*
Proceeds from bank borrowings	**2,000,000**	**91,887,600**	*2,000,000*	*80,534,000*
Repayment of borrowings	—	—	*(1,000,000)*	*(40,267,000)*
Net cash from financing activities	**1,917,748**	**88,108,631**	*987,680*	*39,770,903*
Net increase in cash and cash equivalents	**763,144**	**35,061,738**	*63,297*	*2,548,886*
Cash and cash equivalents at beginning of year	**702,771**	**28,195,173**	*639,474*	*27,797,935*
Effect of exchange rate changes	—	**11,094,298**	—	*(2,151,648)*
Cash and cash equivalents at end of year	**1,465,915**	**74,351,209**	*702,771*	*28,195,173*

*The corresponding amounts in Indian rupees ("INR") are shown as additional information for the sole purpose of the holding company.
The notes on pages 68 to 71 form an integral part of these financial statements.

notes to the financial statements

for the year ended March 31, 2009

1. GENERAL

The Company was incorporated in Mauritius under the Companies Act 1984 on 18 January 1996 as a private Company with liability limited by shares. It holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company is licensed to act as CIS Manager pursuant to the Securities Act 2005. The Company has been granted by the Securities and Exchange Board of India on May 9, 2005 a Certificate of Registration as a Foreign Institutional Investor (FII). The Company's registered office is at IFS Court, TwentyEight, Cybercity, Ebene, Mauritius.

The Company holds investment in and provides advisory services to TCW/ICICI Investment Partners L.L.C. Additionally, the Company has subscribed to non-redeemable management shares of India Optima Fund (IOF) (Mauritius), India Opportunities Fund Limited (Jersey) and Emerging India Fund Company Limited (Mauritius). The Company also provides investment management services to IOF, TP Hold Co. (Mauritius) Ltd. and India PE Fund of Funds and has acted as promoter of Emerging India Fund Company Limited and settlor to The Emerging India Fund Trust. All the companies are incorporated in Mauritius. The Company also offers sub-account services as a Foreign Institutional Investor to IOF. The Board of the Company had also approved the setting up of a Branch office in Bahrain.

The financial statements of the Company are expressed in United States dollars ("US$"). The Company's functional currency is the US$, the currency of the primary economic environment in which the Company operates. The corresponding amounts in Indian rupees ("INR") are shown as additional information for the sole purpose of the holding company.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention as modified for the measurement at fair values of financial instruments carried on the balance sheet.

Payables

Payables are stated at their nominal value.

Investments

The investment in the joint venture entity, TCW/ICICI Investment Partners, L.L.C. ("TCW/ICICI") is accounted for in accordance with IAS 39 – 'Financial Instruments – Measurement and Recognition' and recognised on the basis of its Net Asset Value.

Other investments classified as available-for-sale investments are valued at fair value and the resulting temporary unrealised gains / (losses) (including unrealised foreign exchange gains / (losses) on retranslation at the closing rate, if any) are accounted for in revaluation reserve.

Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Monetary gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at the year-end exchange rates unless hedged by forward exchange contracts, in which case the rates specified in such contracts are used.

Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax

Income taxes currently payable are provided for in accordance with the existing legislation of the various countries in which the Company operates.

Receivables

Receivables are stated at original invoice amount less allowance made for doubtful receivables based on a review of all outstanding amounts at the year end. An allowance for doubtful receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Bad debts are written off when identified.

Stated capital

Ordinary shares are classified as equity.

Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Revenue recognition

Revenue is recognised on the following basis:

Interest income, management fee, performance fee, Sub Account income, investment facilitation fee and P-Notes activity fee as they accrue unless collectibility is in doubt.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Financial instruments

Financial instruments carried on the balance sheet include investments, receivables, cash and cash equivalents, payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in note 12.

Equipment and depreciation

Equipment are stated at cost less depreciation. Depreciation is calculated on the written down value method at annual rates estimated to write off the cost of the assets less their estimated residual values over their expected useful lives. The annual rates used are:

Computers – 33.33%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Deferred expenses

Deferred expenses represent commission fee to ICICI Bank, Singapore for referring its clients' services to acquire shares in India Optima Fund to which the Company is acting as investment manager. The expenses shall be charged in the income statement during the next 5 years.

3. TAXATION

Income tax

The Company is liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to 3%. At March 31, 2009, a provision for tax of US$ 3,001 has been made in the financial statements.

The Company has received a certificate from the Mauritian authorities that it is a resident of Mauritius. In the absence of a permanent establishment in India, the Company should not be subject to capital gains tax in India on the sale or redemption of securities.

No Mauritian capital gain tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholder will be exempt in Mauritius from any withholding tax.

A reconciliation of the income tax expense based on accounting profit and the actual income tax expense is as follows:

	2009 US$	**2009 Rs.***	*2008 US$*	*2008 Rs.**
Profit for the year before tax	**68,954**	**3,168,010**	*309,650*	*12,468,862*
Income tax at 15%	**10,343**	**475,202**	*46,448*	*1,870,349*
Tax effect of:				
Non-allowable expenses	**32,802**	**1,507,048**	*(537)*	*(21,624)*
Exempt income/allowable expenses	**(1,967)**	**(90,371)**	*(4,997)*	*(202,916)*
Tax credit	**(30,541)**	**(1,403,202)**	*(33,477)*	*(1,348,038)*
Tax losses not yet utilised	**(7,636)**	**(350,800)**	—	—
Income tax expense	**3,001**	**137,877**	*7,437*	*297,771*
At April 1	**7,437**	**297,771**	—	—
Income tax expense	**3,001**	**137,877**	*7,437*	*297,771*
Paid during the year	**(10,438)**	**(435,648)**	—	—
At March 31	**—**	**—**	*7,437*	*297,771*

4. AGREEMENTS

Administration Agreement

The Company has entered into an agreement with International Financial Services Limited (the "Administrator"), a company incorporated under the laws of Mauritius. In consideration of the services being performed by the Administrator, the Company pays the Administrator a fee based on hours worked in the performance of its duties.

Investment Management Agreements

(i) During the year under review, the Company entered into an Investment Management Agreement (IMA) dated October 17, 2008 with India PE Fund of Funds, a company incorporated in Mauritius. Pursuant to the IMA, the Company provides investment management services to the latter company. The Company would be entitled to receive management fee as follows:

(a) at the initial closing, a sum equal to 1.75% p.a. of the capital commitments subscribed at such closing for the period from the initial closing up to and including March 31, 2009;

(b) from March 31, 2009 until the end of the commitment period, a sum equal to 1.75% p.a. of total capital commitments, paid quarterly in advance; and

(c) after the end of the commitment period, a sum equal to 1.75% p.a. of the total capital contributions, less the amount of the capital contributions returned to all holders of Class A shares, paid quarterly in advance.

No management fee has been accrued for the year under review as India PE Fund of Funds has not yet started operations.

(ii) The Company has entered into an Investment Management Agreement dated June 29, 2007 with TP Hold Co. (Mauritius) Limited, a Mauritian company. Pending the launch of TP Hold Co. (Mauritius) Limited, no management fee has been accrued in the financial statements.

(iii) Pursuant to an Investment Management Agreement dated March 17, 2006 entered with India Optima Fund (IOF), the Company receives management fee equal to 2% per annum of the total commitments of IOF – Rising India Fund Share Class; 0.25% of the net asset value of IOF – Fixed Maturity Plan Share Class, 0.85% of net asset value for IOF – Infrastructure Fund Share Class and 0.1% of net asset value for IOF – Liquid Fund Share Class in consideration for its services.

Advisory Agreements

(i) The Company entered an Investment Advisory Agreement dated August 20, 1997 with TCW/ICICI Investment Partners L.L.C., a company incorporated in Mauritius, to provide advisory services to the latter company. TCW/ICICI Investment Partners L.L.C. in turn acts as investment manager to TCW/ICICI India Private Equity Fund, LLC and TCW/ICICI India Private AMP Equity Fund, LLC, both incorporated in Mauritius and in the process of liquidation. Consequently, no investment advisory fee from TCW/ICICI Investment Partners L.L.C. has been accrued in the financial statements.

(ii) Pursuant to an Advisory Agreement dated November 10, 2006 entered with Prudential ICICI Asset Management Company Ltd, the Company is required to pay the latter company an advisory fee equal to 0.5% of the aggregate capital commitment of IOF – Rising India Fund during the commitment period and after the commitment period, 0.5% of the aggregate capital contribution less the cost of investments that have been redeemed.

Investment Facilitation Agreement

The Company has entered into an Investment Facilitation Agreement dated March 17, 2006 with IOF for providing its sub account services as Foreign Institutional Investor. The Company receives sub account income of US$ 25,000 per annum and transaction fees equal to 0.01% of the investment value of IOF.

Global Distribution Agreements

(i) Pursuant to a Global Distribution Agreement entered into between the Company, IOF and ICICI Bank Limited, Singapore Branch ("Distributor"), as amended from time to time and in respect of IOF – Rising India Fund Share Class (IOF – RIF), the Company paid an upfront fee of US$ 1,075,500 to the Distributor in respect of aggregate capital commitment amount raised by the Distributor from all investors of IOF. The up-front fee (deferred expenses) shall be charged in the income statement during the next 5 years, starting from the launch of IOF – RIF on August, 24 2007.

The Company would also pay the Distributor quarterly trailer fees equal to 0.25% of the commitment amount of IOF-RIF p.a. starting from the second year of the date of closing of IOF – RIF.

(ii) The Company entered into a Global Distribution Agreement dated June 27, 2007 with India Opportunities Fund Limited, a company incorporated in Jersey, and ICICI Bank Limited, Singapore Branch ("Distributor") in respect of India Opportunities Fund – Rising India Opportunities Class pursuant to which it would pay the Distributor quarterly trailer fees equal to 0.25% of the commitment amount of the above share class starting from the second year of the date of closing.

5. AVAILABLE-FOR-SALE INVESTMENTS

Investments consist of:

(a) 50% of the issued share capital of TCW/ICICI Investment Partners LLC, a company incorporated in Mauritius. The investments were acquired for US$ 300, 000.

(b) 49% of management shares in India Optima Fund, a company incorporated in Mauritius for a consideration of US$ 71.

(c) 49% of management shares in India Opportunities Fund Limited, a company incorporated in Jersey for a consideration of US$ 13.

(d) 10% of management shares of Emerging India Fund Company Limited (EIFCL), a company incorporated in Mauritius for a consideration of US$ 1.

(e) Contribution of US$ 9 to The Emerging India Fund Trust for the acquisition of 90% of management shares of EIFCL for the benefit of the Beneficiaries of the Trust.

At directors' valuation	2009 US$	2009 Rs.*	*2008 US$*	*2008 Rs.**
TCW/ICICI Investment Partners LLC	**248,310**	**12,594,283**	*256,966*	*10,309,476*
India Optima Fund	**71**	**3,601**	*71*	*2,849*
India Opportunities Fund Limited	**13**	**659**	*13*	*521*
Emerging India Fund Company Limited	**1**	**51**	—	—
The Emerging India Fund Trust	**9**	**457**	—	—
	248,404	**12,599,051**	*257,050*	*10,312,846*

6. EQUIPMENT

Computer equipment	**US$**	**Rs.***
Cost		
Opening balance	10,747	478,898
Exchange difference	-	66,190
At March 31, 2009	**10,747**	**545,088**
Accumulated depreciation:		
Opening balance	5,743	255,908
Charge for the year	3,582	164,571
Exchange difference	-	52,485
At March 31, 2009	**9,325**	**472,964**
Net book values		
At March 31, 2008	5,004	222,990
At March 31, 2009	**1,422**	**72,124**

7. RECEIVABLES AND PREPAYMENTS

	2009 US$	2009 Rs.*	*2008 US$*	*2008 Rs.**
Sundry debtors	**1,422,687**	**72,158,684**	*16,158*	*648,259*
Management fees receivable	**809,047**	**41,034,864**	*855,591*	*34,326,310*
Prepayments	**4,279**	**217,031**	*8,445*	*338,814*
	2,236,013	**113,410,579**	*880,194*	*35,313,383*

The directors believe receivables and prepayments to approximate to their fair values. Sundry debtors include an amount of US$ 1,223,182 receivable from India PE Fund of Funds on account of fund set up expenses paid by the Company on its behalf and US$ 80,863 receivable from India Optima Fund on account of legal fees paid by the Company on its behalf.

8. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:

	2009 US$	2009 Rs.*	*2008 US$*	*2008 Rs.**
Cash at bank and in hand	**973,146**	**49,357,965**	*219,626*	*8,811,396*
Short term bank deposits	**492,769**	**24,993,244**	*483,145*	*19,383,777*
	1,465,915	**74,351,209**	*702,771*	*28,195,173*

9. STATED CAPITAL

	March 2009 US$	March 2009 Rs.*	*March 2008 US$*	*March 2008 Rs.**
Issued and fully paid				
90,000 Ordinary shares	**900,000**	**36,795,500**	*900,000*	*36,795,500*

10. PAYABLES

	2009 US$	2009 Rs.*	*2008 US$*	*2008 Rs.**
Sundry creditors	**34,806**	**1,765,360**	*46,565*	*1,868,268*
Accruals	**11,635**	**590,127**	*87,705*	*3,518,725*
Trailer fees	**79,562**	**4,035,385**	—	—
Advisory fees	**218,885**	**11,101,847**	*368,843*	*14,797,900*
	344,888	**17,492,719**	*503,113*	*20,184,893*

The directors believe payables to approximate to their fair values.

11. BORROWINGS

The Company has entered into a facility agreement for Working Capital Demand Loan ("Loan") of US$ 4.5 million with ICICI Bank Limited, Bahrain. Only part of the Loan has been drawn down. The Loan carries interest at LIBOR plus 200 basis points. The interest is payable every quarter and secured on the receivables of the Company.

The purpose of the Loan is primarily to finance the expenses incurred in the set up of funds promoted by the Company.

12. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of investments, receivables, cash and cash equivalents, payables and borrowings approximate their fair values.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarized as follows:

	Financial assets 2009 US$	Financial liabilities 2009 US$	*Financial assets 2008 US$*	*Financial liabilities 2008 US$*
Arab Emirates Dirham	—	**26,027**	—	*30,550*
Indian Rupee	**456**	—	*650*	—
Mauritian Rupee	**6,511**	—	*14,977*	—
United States Dollar	**4,670,669**	**3,318,861**	*2,766,208*	*1,480,000*
	4,677,636	**3,344,888**	*2,781,835*	*1,510,550*

Prepayments amounting US$ 4,279 (2008: US$ 8,445) have not been included in financial assets.

Risk management

The Board is ultimately responsible for risk management, which includes the Company's risk governance structure and maintaining an appropriate internal control framework. Management's responsibility is to manage risk on behalf of the Board.

The Company's activities expose it to a variety of risks management policies, including:

(i) Credit risk

(ii) Liquidity risk

(iii) Foreign exchange risk

(iv) Interest rate risk

(v) Foreign currency sensitivity analysis

(i) Credit risk

The Company's credit risk is primarily attributable to its management fees receivable and other receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and the current economic environment.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through the adequate amount of committed credit facilities.

(iii) Foreign exchange risk

The Company's assets and liabilities are mostly denominated in United States Dollar and consequently, the Company is not exposed to the risk that the exchange rate of the US$ changes relative to any other currency.

(iv) Interest rate risk

The Company has an interest bearing loan facility in US$ with interest rate based on LIBOR and is exposed to interest rate risk and the amount of interest may fluctuate depending on the amount of principal drawn. Interest income from cash deposits may fluctuate in amount, in particular due to changes in the interest rates.

(v) Interest rate sensitivity analysis

The impact of a 5% fluctuation in the interest rates would be as follows:

	5% increase 2009	**5% decrease 2009**	*5% increase 2008*	*5% decrease 2008*
US$ denominated	**US$**	**US$**	*US$*	*US$*
Bank interest income	**549**	**(549)**	*1,666*	*(1,666)*
Interest on loan	**(4,552)**	**4,552**	*(616)*	*616*
Effect on profit before tax	**(4,003)**	**4,003**	*1,050*	*(1,050)*

13. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of ICICI Bank Limited. Transactions with the related parties were carried out on commercial terms and conditions and at market prices. During the period, the Company traded with related parties. The nature, volume of transactions and balance with the related parties are as follows:

Name of transacting related parties	**Relationship**	**Nature of transaction**	**Volume of transactions US$**	**Balances US$**	**Payable(P) or receivable(R)**
ICICI Prudential Asset Management Company Ltd. India	Fellow subsidiary	Advisory Fees	267,971	133,563	(P)
		Re-imbursement of expenses	31,709	31,709	(R)
ICICI Venture Funds Management Company Ltd. India	Fellow subsidiary	Advisory Fees	85,322	85,322	(P)
ICICI Bank Ltd. Dubai Rep Office	Parent Company	Reimbursement of expenses	153,284	26,027	(P)
ICICI Bank Ltd. Bahrain	Parent Company	Interest Payment for working capital loan	91,031	8,779	(P)
		Up-front fee and break cost	30,316	—	—
ICICI Bank Ltd. Singapore	Parent Company	Trailer fees	79,562	79,562	(P)

The services below from International Financial Services Limited, the Administrator, are provided on commercial terms and conditions.

	US$
Director fees	7,000
Secretarial fees	1,313
MLRO fee	971
Administration and disbursements	66,180

14. HOLDING AND ULTIMATE HOLDING COMPANY

The directors consider ICICI Bank Limited, incorporated in India as the holding and ultimate holding company.