Prudential ICICI Asset Management Company Limited

Financial Statements
together with Auditors' Report
31 March 2002

Prudential ICICI Asset Management Company Limited

Financial statements together with Auditors' Report

for the year ended 31 March 2002

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Auditors' Report

To the Members of Prudential ICICI Asset Management Company Limited

We have audited the attached Balance Sheet of Prudential ICICI Asset Management Company Limited, as at 31 March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

(iii) The balance sheet and profit and loss Account dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the balance sheet and profit and loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(v) On the basis of written representations received from the directors, as on 31 March 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2002; and

(b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For BSR & Co.
Chartered Accountants

Mumbai
Date :

Russell I Parera
Partner

Prudential ICICI Asset Management Company Limited

Annexure to Auditors' Report - 31 March 2002

With reference to the annexure referred to in paragraph 1 of the auditors' report to the members of Prudential ICICI Asset Management Company Limited on the financial statements for the year ended 31 March, 2002 we report the following:

1. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situation. The Company physically verifies its assets once every year. In our opinion, this periodicity of physical verification is reasonable. In accordance with this policy, the Company has physically verified fixed assets during the year and no material discrepancies were identified on such verification.

2. The fixed assets of the Company have not been revalued during the year.

3. We have been informed by management that there are no companies, firms or other parties required to be listed in the register maintained under section 301 of the Companies Act, 1956. According to the information and explanations given to us, the Company has not taken/ granted any loans, secured or unsecured from/ to any companies under the same management as defined under section 370(1B) of the Companies Act, 1956.

4. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India ('RBI') and the provisions of section 58A of the Companies Act, 1956, and the rules framed thereunder, apply.

5. 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 with regard to purchase of assets and services rendered.

6. In our opinion, the Company has an internal audit system which is commensurate with its size and nature of business.

7. The maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 has not been prescribed by the Central Government.

8. The Company has been regular in depositing Provident Fund dues with the appropriate authorities. We are further informed that the Employees State Insurance scheme is not applicable to the Company.

9. On the basis of our examination of the books of account carried out by us in accordance with generally accepted auditing practices, and according to the information and explanations given to us, no personal expenses of employees or directors have been charged to the profit and loss account other than those payable under contractual obligations or in accordance with generally accepted business practices.

10. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding at 31 March, 2002 for a period of more than six months from the date they became payable.

Prudential ICICI Asset Management Company Limited

Annexure to Auditors' Report - 31 March 2002 *(Continued)*

11. The Company is not an "industrial company" within the meaning of the section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and hence the clause (xx) of the paragraph 4(A) is not applicable to the Company.

12. In view of the nature of the Company's business, we report only in respect of those matters specified in paragraphs 4(A), 4(B) and 4(D) of the Manufacturing and Other Companies (Auditor's report) Order, 1988 to the extent they are applicable.

For BSR & Co.
Chartered Accountants

Mumbai
Date :

Russell I Parera
Partner

Prudential ICICI Asset Management Company Limited

Balance Sheet

at 31 March

(Currency: Indian Rupees Thousand)

	Notes	**2002**	2001
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	*3*	**185,211**	185,211
Reserves and surplus	*4*	**515,652**	462,594
Loan Funds			
Secured Loans	*5*	**2,299**	3,764
		703,162	651,569
APPLICATION OF FUNDS			
Fixed assets	6		
Gross block		**121,619**	**99,585**
Less: Accumulated depreciation		**91,202**	68,486
Net block		**30,417**	31,099
Investments	*7*	**543,612**	506,362
Current assets, loans and advances			
Cash and bank balances	*8*	**61,809**	62,770
Sundry Debtors	*9*	**50,356**	39,775
Other current assets	*10*	**6,552**	9,993
Loans and advances	*11*	**171,528**	127,216
		290,245	239,755
Current liabilities and provisions	*12*	**(163,051)**	(129,031)
Net current assets		**127,194**	110,724
Miscellaneous expenditure (to the extent not written off or adjusted)	*13*	**1,939**	3,384
		703,162	651,569

The accompanying notes form an integral part of this balance sheet.

For BSR & Co.
Chartered Accountants

For Prudential ICICI Asset Management Company Limited

Russell I Parera	**Shailendra Bhandari**	**Mark Tucker**	**KV Kamath**
Partner	*Managing Director*	*Director*	*Chairman*

Mumbai
Date : 23 April 2002

Ranganath Athreya
Company Secretary

Prudential ICICI Asset Management Company Limited

Profit and Loss account

for the year ended 31 March

(Currency: Indian Rupees Thousand)

	Notes	**2002**	2001
Income			
Management fees	*14*	**552,180**	433,278
Interest and discount	*15*	**29,230**	46,824
Dividend		**26,776**	13,032
Miscellaneous income		**7,029**	2,903
		615,215	496,037
Expenditure			
Employee costs	*16*	**118,832**	92,640
Administrative and other expenses	*17*	**307,980**	248,277
Depreciation	*6*	**25,164**	29,590
		451,976	370,507
Profit before taxation		**163,239**	125,530
Less: Provision for taxation		**48,950**	42,000
Profit after taxation		**114,289**	83,530
Accumulated profit/ (loss) brought forward		**787**	(60,245)
Amount available for Appropriation		**115,076**	23,285
Dividend	*18*	**55,563**	18,521
Tax on dividend		**5,668**	1,889
Transfer to general reserve		**11,508**	2,088
Balance profit carried forward		**42,337**	787
Earnings per Share (in Rs)		**6.17**	4.50

The accompanying notes form an integral part of this statement.

For BSR & Co.
Chartered Accountants

For Prudential ICICI Asset Management Company Limited

Russell I Parera
Partner

Shailendra Bhandari
Managing Director

Mark Tucker
Director

KV Kamath
Chairman

Ranganath Athreya
Company Secretary

Mumbai
Date: 23 April 2002

Prudential ICICI Asset Management Company Limited

Notes to financial statements

for the year ended 31 March 2002

(Currency: Indian rupees thousand)

1 Background

Prudential ICICI Asset Management Company Limited ('the Company') was incorporated on 22 June 1993. The Company is owned by Prudential Plc (55%) (through its wholly owned subsidiary Prudential Corporation Holdings Limited) and ICICI Limited (45%). The Company's principal activity is to act as an investment manager to Prudential ICICI Mutual Fund ('the Fund'). The Company is registered with Securities and Exchange Board of India ('SEBI') under SEBI (Mutual Funds) Regulations, 1996. The Company manages the investment portfolios of the Fund and provides various administrative services to the Fund as laid down in the Investment Management Agreement dated 3 September 1993. The Company has also commenced Portfolio Management Services ('PMS') under SEBI (Portfolio Managers) Regulations 1993, since October 2000.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with Indian Generally Accepted Accounting Principles ('IGAAP'), the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

The preparation of the financial statements in conformity with IGAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

2.2 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes all expenses incidental to the acquisition of the asset. Depreciation on fixed assets other than leasehold improvements is provided on written down value method based on the economic lives of the assets as estimated by Management, which is as follows;

Furniture and Fixtures	8 years
Office Equipments	5 years
Computers	3 years
Vehicles	4 years

Leasehold improvements are amortised over the primary period of the lease on straight-line basis. The Company provides pro-rata depreciation from the day the asset is acquired and installed. Assets individually costing less than Rs. five thousand are fully depreciated in the year of purchase/ acquisition.

2.3 Software Expenses

Expenses incurred in respect of developing software applications and purchase of licenses for software are amortised over the useful life of the application subject to a maximum of three years commencing from the year in which such software is utilised. Such expenses were previously written off to the profit and loss account.

The Company has incurred Rs. 5,923K in the current year for development of software applications and purchase of Licenses. The Company expects to derive the benefits from use of such applications and licenses for a period of not less than three years from the date of installation of such software applications. Had the company followed the earlier policy of writing off these expenses in the year in which they are incurred, the profit would have been lower by Rs. 4,721K.

2.4 Revenue recognition

Management fees are recognised on an accrual basis in accordance with the terms of contract between the Company and Prudential ICICI Trust Limited/ PMS Clients and SEBI regulations.

Interest income is accounted on an accrual basis. Dividend income is recorded on a receipts basis.

2.5 Transactions in foreign currency

Transactions in foreign currency are accounted for at the rates prevailing at the date of the transaction. Current assets and liabilities are translated at the ruling rates of exchange at year end and the resultant exchange gains or losses are reflected in the profit and loss account.

2.6 Retirement benefits

The Company makes a contribution to the Statutory Provident Fund at 12% of the basic salary of each employee. Benefits in respect of gratuity and superannuation schemes as applicable to employees of the Company are being funded annually with the Life Insurance Corporation of India, determined by the corporation, based on actuarial valuation.

2.7 Investments

Long Term Investments are stated at cost less diminution other than temporary in value. (Zero Coupon Strips are carried at carrying cost).

Current Investments are valued at lower of cost or fair value. The gains/ losses are included in the profit and loss account.

Premium or discount to the redemption value in case of fixed income securities is amortised on a straight-line basis over the period of acquisition to redemption.

2.8 Miscellaneous expenditure

Advertising: Expenses incurred in respect of corporate advertisement are amortised over a period of three years commencing from the year in which such expenses are incurred.

Registration and Stamp Duty Expenses: Expenses incurred in respect of registration and Stamp Duty for premises taken on leases are amortised over the lease period. Such expenses were previously written off to the profit and loss account.

The Company has incurred Rs. 1,234K in the current year for Stamp Duty and registration for Premises taken on Lease for a period of three years. Had the company followed the earlier policy of writing off these expenses in the year in which they are incurred, the profit would have been lower by Rs. 1,028K.

2.9 Initial Public offer expenses

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

2.10 Brokerage and Incentives

Brokerage and incentive paid on the subscriptions raised during the initial offer period of the first three open ended schemes of the Fund offering benefits under Sections 54EA and 54EB of the Income tax Act, 1961 are charged to profit and loss account over the period of thirty six months and eighty four months respectively. The unamortised portion of the brokerage is carried forward as prepaid expense.

2.11 Pru Points

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

2.12 Long Term Incentive Plan ('LTIP')

The Company allocates LTIP cost to the expenses of each accounting period between the date of grant and the exercise date. For the purposes of allocating, LTIP cost is estimated as of the end of each accounting period by multiplying the number of units awarded in the respective plan, times the difference between the price of the units (based on the results as at 31st December of the immediately preceding calendar year to the current fiscal year) and the grant price of the respective plans.

2.13 Income Tax

Provision for Income Tax is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

Prudential ICICI Asset Management Company Limited

Notes to financial statements

for the year ended 31 March

(Currency: Indian rupees thousand)

3 Share capital

	2002	2001
Authorised share capital		
25,000,000 Equity shares of Rs 10 each	**250,000**	250,000
Issued, subscribed and paid-up capital		
18,521,111 Equity shares of Rs 10 each, fully paid up	**185,211**	185,211

Note: Of the above 10,186,611 equity shares of Rs 10 each are held by Prudential Corporation Holdings Limited – the Holding Company.

4 Reserve and surplus

Share Premium		
Balance at the beginning of the year	**459,719**	459,719
Additions/ (Deletions) during the year	**-**	-
Balance at the end of the year	**459,719**	459,719
General Reserve		
Balance at the beginning of the year	**2,088**	-
Additions/ (Deletions) during the year	**11,508**	2,088
Balance at the end of the year	**13,596**	2,088
Surplus in Profit and Loss Account		
Balance at the beginning of the year	**787**	(60,245)
Additions/ (Deletions) during the year	**41,550**	61,032
Balance at the end of the year	**42,337**	787
	515,652	462,594

5 Secured Loans

Secured loans represent loans taken by the Company for purchase of cars provided to its employees. The loans are secured by hypothecation of cars and are repayable in Equated Monthly Installments over a period of three years.

Prudential ICICI Asset Management Company Limited

Notes to financial statements

for the year ended 31 March 2002

(Currency: Indian rupees thousand)

6 Fixed assets

	Leasehold improvements	Furniture and fixtures	Office equipments	Computers and Software	Vehicles	Total	Previous year
Cost							
At 31 March 2001	25,598	1,051	19,177	46,617	7,142	99,585	72,382
Additions	4,527	247	4,645	14,969	727	25,115	31,758
Deletions	-	(139)	(10)	(955)	(1,977)	(3,081)	(4,555)
At 31 March 2002	**30,125**	**1,159**	**23,812**	**60,631**	**5,892**	**121,619**	**99,585**
Accumulated Depreciation							
At 31 March 2001	21,080	543	11,874	31,292	3,697	68,486	42,616
Charge for the year	5,636	186	4,069	13,453	1,820	25,164	29,592
Write Back	-	(99)	(4)	(931)	(1,414)	(2,448)	(3,722)
At 31 March 2002	**26,716**	**630**	**15,939**	**43,814**	**4,103**	**91,202**	**68,486**
Net Book Value							
At 31 March 2002	**3,409**	**529**	**7,873**	**16,817**	**1,789**	**30,417**	**31,099**
At 31 March 2001	4,518	509	7,303	15,325	3,446	31,099	-

Prudential ICICI Asset Management Company Limited

Notes to financial statements

for the year ended 31 March

(Currency: Indian rupees thousand)

		2002	2001
7	**Investments**		
	Long term investments (at Cost)		
	Non trade		
	Quoted		
	Bonds		
	1200, 14% Bonds of Rs.25,000 each in Industrial Development Bank of India	**Nil**	30,028
	4000, 12.50% (99 Series) Bonds of Rs. 5000 each in ICICI Limited	**20,000**	20,000
	20, 14.35% (95 Series) Bonds of Rs. 1,000,000 each in ICICI Limited	**20,113**	20,339
	1, 13% Omni bonds of Rs. 10,000,000 each in Industrial Development Bank of India	**10,081**	10,170
	2, 11.90% Omni bonds (Series 1) of Rs. 10,000,000 each in Industrial Development Bank of India	**20,000**	20,000
		70,194	100,537
	Non Convertible Debentures ('NCD')		
	200, 13.75% NCD's of Rs. 100,000 each in Citicorp Finance (India) Limited	**Nil**	20,000
	130, 12.60% NCD's of Rs.500,000 each in E I Dupont India Limited	**65,035**	65,124
	200,000, 12.75% NCD's of Rs.100 each in Citicorp Maruti Finance Limited	**20,000**	20,000
		85,035	105,124

Prudential ICICI Asset Management Company Limited

Notes to financial statements

for the year ended 31 March

(Currency: Indian rupees thousand)

	2002	2001
Zero Coupon Strips		
25, Zero Coupon Strips (Part-F) of Rs.662,500 each in GE Capital	**Nil**	16,393
25, Zero Coupon Strips (Part-G) of Rs.662,500 each in GE Capital	**Nil**	15,494
	Nil	31,887
(All the above investments are listed but not traded)		
Mutual Fund Units		
11,078,570.306 units (Previous year 15,362,457.643 units) in Prudential ICICI Income Plan (Purchased 8,157,172.566 units and Redeemed 14,175,226.083 units during the year)	**117,148**	160,805
14,011,489.05 units (Previous year 2,000,000 units) in Prudential ICICI Fixed Maturity Plan (Purchased 11,418,119.992 units and Redeemed Nil during the year)	**140,936**	20,000
6,606,997.646 units (Previous year Nil) in Prudential ICICI Short Term Plan (Purchased 6,477,327.751 units and Redeemed Nil during the year)	**66,299**	Nil
	324,383	180,805
Unquoted		
Trade		
Equity Shares		
1,890,756 Equity Shares of Rs 33.32 each in Way2Wealth Securities Limited	**63,000**	63,000
	63,000	63,000
	542,612	**481,353**

(Currency: Indian rupees thousand)

	2002	2001
Current investments (valued at cost or fair value whichever is less)		
Quoted		
Mutual Fund Units		
100,000 units (Previous year Nil) in Prudential ICICI Sweep Plan (Purchased 100,000.000 units and Redeemed Nil during the year)	**1,000**	Nil
Nil units (Previous year 2,114,152.83 units) in Prudential ICICI Liquid Plan – Dividend Option (Purchased 30,966,006.567 units and Redeemed 33,229,233.386 units during the year)	**Nil**	25,009
	1,000	25,009
	543,612	506,362
Aggregate value of Quoted Investments		
- *Listed but not traded*	**155,229**	237,548
- *Others (Market Value Rs. 326,349 (Previous year Rs. 202,276))*	**325,383**	205,814
Aggregate value of Unquoted Investments	**63,000**	63,000
	543,612	506,362

8 Cash and bank balances

Cash in hand	**124**	203
Balance with scheduled banks		
- in Current Accounts	**1,685**	2,567
- in fixed deposits	**60,000**	60,000
	61,809	62,770

Prudential ICICI Asset Management Company Limited

Notes to financial statements

for the year ended 31 March

(Currency: Indian rupees thousand)

		2002	2001
9	**Sundry Debtors**		
	Management fees receivable from Mutual Funds (unsecured, considered good and less than six months):		
	ICICI Premier	**537**	610
	ICICI Premier Redeemed	**77**	152
	ICICI Power	**321**	396
	Prudential ICICI Growth Plan	**3,285**	3,226
	Prudential ICICI Income Plan	**20,435**	18,761
	Prudential ICICI Liquid Plan	**10,143**	7,428
	Prudential ICICI FMCG Plan	**584**	679
	Prudential ICICI Gilt Fund	**3,383**	1,891
	Prudential ICICI Tax Plan	**776**	614
	Prudential ICICI Balanced Fund	**1,856**	2,348
	Prudential ICICI Technology Fund	**1,610**	1,942
	Prudential ICICI Monthly Income Plan	**1,269**	754
	Prudential ICICI Fixed Maturity Plan	**970**	349
	Prudential ICICI Child Care Plan	**158**	0
	Prudential ICICI Short Term Plan	**3,973**	0
	Prudential ICICI Index Plan	**47**	0
	Prudential ICICI Sweep Plan	**20**	0
	Prudential ICICI Long Term Plan	**29**	0
	Deutsche A/c PMS Clients	**883**	625
		50,356	39,775
10	**Other Current Assets**		
	Accrued Interest:		
	- On deposits with banks	**444**	444
	- On bonds and debentures	**6,108**	9,549
		6,552	9,993
11	**Loans and advances**		
	(Unless otherwise stated – unsecured and considered good)		
	Advances recoverable in cash or in kind or for value to be received	**7,071**	7,819
	Staff loans	**4,888**	5,018
	Prepaid expenses	**3,566**	7,585
	Sundry deposits	**41,178**	43,361
	Advance Tax	**114,825**	63,433
		171,528	127,216

Prudential ICICI Asset Management Company Limited

Notes to financial statements

for the year ended 31 March

(Currency: Indian rupees thousand)

		2002	2001
12	**Current liabilities and provisions**		
	Sundry creditors	**39,783**	40,087
	Provision for expenses	**30,118**	24,334
	Provision for proposed dividend	**0**	18,521
	Provision for tax on proposed dividend	**0**	1,889
	Provision for taxation	**93,150**	44,200
		163051	129,031

None of the sundry creditors are small-scale undertakings.

13	**Miscellaneous expenditure**		
	(to the extent not written off)		
	Opening balance	**3,384**	3,399
	Expenditure during the year	**1,234**	1,545
	Less: Amortised in the current year	**2,679**	1,560
		1,939	3,384
14	**Management fees**		
	Fees from Mutual Fund Operations	**549,439**	432,653
	Fees from PMS Operations	**2,741**	625
		552,180	433,278
15	**Interest and discount**		
	Interest on deposits (gross) (Tax deducted at source – Rs.1,348K; Previous year Rs. 28K)	**7,050**	13,132
	Interest on bonds and debentures (gross) (Tax deducted at source – Rs.9,335K; Previous year Nil)	**21,959**	33,264
	Discount on commercial paper	**Nil**	213
	Others	**221**	215
		29,230	46,824
16	**Employee costs**		
	Salaries and allowances	**107,589**	86,477
	Contribution to Provident and other funds	**5,860**	4,400
	Staff welfare	**5,383**	1,763
		118,832	92,640

		2002	2001
17	**Administrative and other expenses**		
	Rent	**31,014**	28,545
	Rates and taxes	**1,356**	224
	Electricity	**5,506**	4,531
	Repairs and maintenance	**8,086**	3,766
	Insurance	**3,246**	1,221
	Legal and professional fees	**12,480**	12,804
	Software	**485**	10,595
	Traveling and conveyance	**14,597**	22,045
	Brokerage and incentives (Refer note 2.10)	**111,666**	63,707
	Communication Expenses	**29,916**	21,072
	Books, periodicals and subscriptions	**4,465**	4,332
	Training	**6,847**	4,914
	Printing and stationery	**4,872**	2,134
	Marketing advertisement and publicity	**56,370**	54,553
	Motor car	**1,923**	1,869
	Auditors remuneration :		
	- Audit fees	**430**	400
	- Tax matters	**202**	105
	- Other matters	**262**	160
	- Reimbursement of out of pocket expenses	**45**	35
	Loss on sale/ write off of fixed assets	**2**	16
	Loss on sale of investments	**927**	1,446
	Directors sitting fees	**120**	98
	Recruitment and consultancy services	**1,560**	2,609
	Entertainment	**2,017**	1,959
	Miscellaneous expenditure written off	**2,678**	1,560
	Miscellaneous	**6,908**	3,577
		307,980	248,277

18 Dividends and transfer to General Reserve

During the year the Company had paid an interim dividend of 30% (Previous year Nil). During the previous year the Company paid a final dividend of 10%. The amount transferred to general reserve is 10% of the profits for the year.

19 Operating Leases

	Less than a year	1 year to 5 years	More than 5 years
Total future lease payments	389	62,962	

The total lease payments recognized in the Profit and Loss account towards the above-referred leases amounts to Rs. 19,441K.

Generally the company takes premises on leases for tenure of 36 months. As per the term of the leases all maintainance charges and municipal levies are borne by the lessee. All lease agreements have a clause for renewing the lease for a similar tenure.

20 Segmental Reporting

The Company's operations predominantly relate to providing Asset Management Services. It acts as an investment manager to schemes launched by Prudential ICICI Mutual Fund and also as part of Asset Management service provides Portfolio Management services to Corporates and high networth individuals. Accordingly Asset Management Service is the primary business segment of the company. The Asset Management business can be split into Mutual Funds and Portfolio Management Services.

Secondary segment reporting does not require separate disclosure as all activities of the Company are within India.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure of individual segments. These are set out in the note on summary of significant accounting policies.

Income and direct expenses in relation to segments is categorized based on items that can be individually identifiable to that segment. Certain expenses such as Depreciation, Staff costs, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Fixed assets used in the company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Current Assets and Liabilities to the extent directly identifiable to a segment have be categorized, others have been shown as "unallocated" in the total column.

Prudential ICICI Asset Management Company Limited

Notes to financial statements

for the year ended 31 March 2002

(Currency: Indian rupees thousand)

Primary Segment Information

	Mutual Fund		Portfolio Management		Total	
	2002	**2001**	**2002**	**2001**	**2002**	**2001**
Segment Revenue						
Management Fees	**549,439**	432,653	**2,741**	625	**552,180**	433,278
Inter Segment Revenue	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil
Total Segment Revenue	**549,439**	432,653	**2,741**	625	**552,180**	433,278
Identifiable Operating Expenses	**167,970**	118,260	**923**	143	**168,893**	118,403
Segmental Operating income	**381,469**	314,393	**1,818**	482	**383,287**	314,875
Unallocable expense					**282,156**	250,658
Operating Income					**101,131**	64,217
Other Income net of other expenses					**62,108**	61,313
Net Profit before Tax					**163,239**	125530
Provision for Income Tax					**48,950**	42,000
Net Profit after Tax					**114,289**	83,530
Segment Assets & Liabilities						
Allocable Current Assets	**49,473**	39,150	**883**	625	**50,356**	39775
Unallocable Current Assets					**239889**	199,980
Total Current Assets	**49,473**	39,150	**883**	625	**290,245**	239,755
Current Liabilities & Provisions	**69,652**	64,278	**249**	143	**69,901**	64,421
Unallocable Current Liabilities & Provisions					**93,150**	64,610
Total Current Liabilties & Provisions	**69,652**	64,278	**249**	143	**163,051**	129,031
Miscellanous Expenditure	**1,939**	3,384			**1,939**	3,384

21 Related Party information

a) Related parties where control exists but with which there have been no trasactions during the year.
Prudential Plc, England – Ultimate Holding Company.

b) Related parties with whom transactions have taken place during the year
Prudential Corporation Holdings Limited, England – Holding Company
ICICI Limited – Holds significant influence in the Company.
Prudential Corporation Asia Limited, Hong Kong – Fellow Subsidiary
Mr. Shailendra Bhandari – Managing Director
Mr. B R Gupta – Director
Mr. N Ganga Ram – Director
Mr. Karna Singh Mehta – Director
Mr. Dadi Engineer – Director
Mr. Pradip Shah – Director
Mr. Dileep Madgavkar – Chief Investment Officer
Mr. H Shriram – Sr. Vice President - Finance and Operations
Mr. Pankaj Razdan – Sr. Vice President - Sales and Marketing
Mr. Vasant Sanzgiri – Sr. Vice President - HR and Administration
Mr. Shahzad Madon – Vice President - Portfolio Management Services
Mr. Ranganath Athreya – Vice President – Compliance, Legal and Company Secretary
Mr. Kalyan Prasath – Vice President Information Technology

c) An amount of Rs. 120K has been paid to Directors as directors sitting fees.

d) Total remuneration paid to the Managing Director is as given in Note 24. Remuneration paid to other key management was Rs. 24,376K in the year.

e) An amount of Rs. 3,394K was received towards repayment of expenses incurred on behalf of Prudential Corporation Asia.

f) An amount of Rs. 5,912K was paid to ICICI Limited. This includes Rs. 464K paid towards interest on Car loans and the balance towards usage of their network / facilities and reimbursement of expenses incurred on our behalf.

g) The balance outstanding to ICICI Limited towards Car Loans is Rs.2,299K.

h) An amount of Rs. 4,785K was received from ICICI Limited towards interest on ICICI Bonds held by the Company.

i) An amount of Rs. 1,095K is outstanding from Mr. H Shriram towards his housing loan.

j) Of the total amount of personal loans outstanding from employees an amount of Rs. 163K is due from key management mentioned above.

k) An amount of Rs. 18,521K was paid to holding companys as final dividend for the financial year 2000-01.

l) An amount of Rs. 55,563K was paid to holding companys as interim dividend for the period April 2001 to February 2002.

22 Capital commitments

As at 31 March 2002, the Company had capital commitments amounting to Rs 2,200K for which no provision has been made in the books.

23 Expenditure in foreign currency

	2002	2001
Training	**402**	1,170
Advertisements	**576**	0
Travelling	**1,089**	4,886
Software maintenance	**0**	185
	2,067	6,241

24 Directors' remuneration

Remuneration to managing director:		
Salary	**8,900**	2,330
Company's contribution to provident fund	**559**	192
Perquisites (computed where necessary under	**463**	240
Income Tax Rules, 1962)		-
	9,922	2,762

Provision for contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis are excluded above.

Computation of net profit in accordance with Section 309(5) of the Companies Act, 1956 has not been given since no commission is payable.

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

26 Prior year comparatives

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

Prudential ICICI Asset Management Company Limited

Notes to financial statements

for the year ended 31 March 2002

(Currency: Indian rupees thousand)

27 Balance sheet abstract and Company's general business profile

I. Registration Details

Registration No.	54135	State Code	55

Balance Sheet Date	31	03	2002

II. Capital raised during the Year

Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	-

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	703,162	Total Assets	703,162

Source of Funds

Paid-Up Capital	185,211	Reserves and Surplus	515,652
Secured Loans	2,299	Unsecured Loans	-

Application of Funds

Net Fixed Assets	30,417	Investments	543,612
Net Current Assets	127,194	Miscellaneous Expenditure	1,939
Accumulated Losses	-		

27 Balance sheet abstract and Company's general business profile *(Continued)*

IV. Performance of Company

Total turnover	615,215	Total expenditure	451,976
Profit before tax	163,239	Profit after tax	114,289
Earning per share in Rs (actuals)	6.17	Dividend rate (%)	30

V. Generic names of three principal products/services of Company

Item code no (ITC code)	Not Applicable
Produce description	Asset Management Services

For Prudential ICICI Asset Management Company Limited

Shailendra Bhandari
Managing Director

Mark Tucker
Director

KV Kamath
Chairman

Ranganath Athreya
Company Secretary