

**N. M. RAIJI & CO.**  
*Chartered Accountants*  
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Pherozeshah Mehta Road,  
Mumbai-400 001. INDIA  
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**Auditors' Report**

**The Board of Trustees  
ICICI Prudential Mutual Fund**

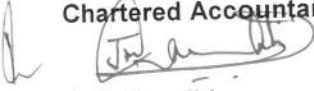
We have audited the attached Balance Sheet as at March 31, 2009 and the Revenue Account for the year ended on that date annexed thereto of ICICI Prudential Banking & Financial Services Fund (the scheme) of the Fund. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with SEBI (Mutual Fund) Regulations, 1996. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. We have obtained all information and explanations, which, to the best of our knowledge and belief were necessary for the purpose of our audit.
2. The Balance Sheet and the Revenue Account are in agreement with the books of account of the Scheme.
3. In our opinion, valuation methods for Non Traded Securities, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustees.
4. The accounts have been prepared in accordance with the accounting policies adopted by the trustees of the Fund and as specified in the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the notes thereon, give a true and fair view in accordance with the generally accepted accounting principles in India:
  - a. in the case of Balance Sheet, of the state of affairs of ICICI Prudential Banking & Financial Services Fund as at March 31, 2009; and
  - b. in the case of Revenue Account of the Deficit of ICICI Prudential Banking & Financial Services Fund for the year ended on March 31, 2009.

For N M Raiji & Co.  
Chartered Accountants

  
J. M. Gandhi  
Partner  
Membership No. 37924

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Mumbai 18 JUN 2009

**ICICI Prudential Mutual Fund**  
**Scheme- ICICI Prudential Banking and Financial Services Fund**  
**Balance Sheet as at March 31, 2009**

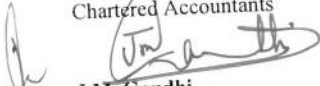
	Schedule No.	March 31, 2009 Amount (Rs.)
<b>LIABILITIES</b>		
Unit Capital	1	989,182,598
Reserves & Surplus	2	(280,162,262)
Unrealised Appreciation in value of Investment		-
Unitholders' Funds		<u>709,020,336</u>
Current Liabilities & Provisions	3	<u>102,368,414</u> <u><b>811,388,750</b></u>
<b>ASSETS</b>		
Investments	4	697,145,445
Deposits	5	65,500,000
Other Current Assets	6	48,743,305
		<u><u><b>811,388,750</b></u></u>

Significant Accounting Policies and Notes forming part of the Accounts

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As per our Report Attached

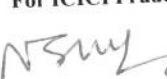
For N.M. Raiji & Co.  
Chartered Accountants


  
**J.M. Gandhi**  
 Partner  
 Membership No.37924


Mumbai.

18 JUN 2009

For ICICI Prudential Asset Management Company Ltd.

  
**Nimesh Shah**  
 Managing Director

  
**Nilesh Shah**  
 Deputy Managing Director

  
**Prashant Poddar**  
 Fund Manager

For ICICI PRUDENTIAL TRUST LTD.

  
 Director

For ICICI PRUDENTIAL TRUST LTD.

  
 Director

For ICICI PRUDENTIAL TRUST LTD.

  
 Director

**ICICI Prudential Mutual Fund**  
**Scheme- ICICI Prudential Banking and Financial Services Fund**  
**Revenue Account For The Year Ended March 31, 2009**

	Schedule No.	Period Ended March 31, 2009 Amount (Rs.)
<b>INCOME</b>		
Dividend		747,032
Interest	7	15,725,479
Profit on sale/redemption of Investments (other than inter-scheme transfer/sale)		27,879,944
Profit on Futures and Options		62,144,546
Profit on inter-scheme transfer/sale of Investments		2,759
Other Income		-
		<u><u>106,499,760</u></u>

**EXPENSES & LOSSES**

Net Change in Marked to Market value of Investments		52,175,814
Loss on sale/redemption of Investments (other than inter-scheme sale/transfer)		193,426,728
Loss on Futures and Options		118,013,828
Loss on Inter-Scheme sale/transfer of Investments		74
Management Fees (Including Service Tax)		6,925,512
Trusteeship Fees		7,675
Publicity Expenses		424,272
Audit Fees		27,575
Commission to Agents		1,723,200
Deferred Revenue Expenses Written Off		-
Custodian Fees		36,755
Registrar & Transfer Agent's Fees & Expenses		2,119,379
Other Operating Expenses	8	373,494
Deficit for the Period		(268,754,546)
		<u><u>106,499,760</u></u>

Deficit for the Period	(268,754,546)
Add: Write back of provision for Unrealised Appreciation on Investments	-
Less: Provision for unrealised appreciation on Investments	-
Add/(Less) : Income Equalisation	98,356
	<u>(268,656,190)</u>
Surplus/(Deficit) brought forward	-
Amount available for Income Distribution	(268,656,190)
Less: Dividend Paid (Including Distribution Tax, if any)	-
<b>Deficit carried forward to Balance Sheet</b>	<u><u>(268,656,190)</u></u>

Significant Accounting Policies and Notes forming  
part of the Accounts

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As per our Report Attached

For N.M. Raiji & Co.  
Chartered Accountants

*J.M. Gandhi*  
Partner  
Membership No.37924

Mumbai.

18 JUN 2009

For ICICI PRUDENTIAL TRUST LTD.

Director

For ICICI Prudential Asset Management Company Ltd.

*Nimesh Shah*  
Nimesh Shah  
Managing Director

*Nitesh Shah*  
Nitesh Shah  
Deputy Managing Director

*Prashant Poddar*  
Prashant Poddar  
Fund Manager

For ICICI PRUDENTIAL TRUST LTD.

Director

003

For ICICI PRUDENTIAL TRUST LTD.

ICICI Prudential Mutual Fund  
Scheme- ICICI Prudential Banking and Financial Services Fund  
Schedules Forming Part of the Accounts

Period Ended  
March 31, 2009  
Amount  
(Rs.)

**1 UNIT CAPITAL**

Unit Capital		989,182,598
		<u>989,182,598</u>
Number of Units of Face Value Rs.10		<u>98918259.8</u>

**2 RESERVES & SURPLUS**

Unit Premium Reserve		
Opening Balance	-	
Additions / (Deductions) during the year	<u>(11,506,072)</u>	(11,506,072)
Closing Balance		
		(268,656,190)
Deficit in Revenue Account		<u>(280,162,262)</u>

**3 CURRENT LIABILITIES & PROVISIONS**

**A Current Liabilities**

Contracts for Purchase of Investments	97,108,389
Management Fees Payable	244,502
Trusteeship Fees Payable	7,675
Redemption Dues Payable	1,117,063
Load Carried Forward	8,074
Other Liabilities	2,249,968
Liability for Expenses Accrued	1,632,743
	<u>102,368,414</u>

**B Provisions**

**4 INVESTMENTS (Marked to Market)**

Equity Shares	539,763,175
Privately Placed Debentures/Bonds	-
Debentures/Bonds Listed / Awaiting listing on recognised Stock Exchange	-
Commercial Paper/Certificate of Deposits & Others	156,802,389
Government of India Securities	-
Collateralised Borrowing & Lending Obligation	579,881
	<u>697,145,445</u>

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**ICICI Prudential Mutual Fund**  
**Scheme- ICICI Prudential Banking and Financial Services Fund**  
**Schedules Forming Part of the Accounts**

**Period Ended**  
**March 31, 2009**  
**Amount**  
**(Rs.)**

**5 DEPOSITS**

Call Deposits with Scheduled Banks	-
Call Deposits with Others	65,500,000
Deposits with Scheduled Banks	-
Other Deposits (Including Repos)	-
	<b>65,500,000</b>

**6 OTHER CURRENT ASSETS**

Balances with Banks in Current Account	93,790
Contracts for Sale of Investments	13,584,979
Receivable from Asset Management Company	857,191
Margin for Equity & Derivatives	29,744,000
Outstanding and Accrued Income	1,856,669
Less: Provision for Outstanding Accrued Income considered doubtful	-
	1,856,669
Receivable against Units Issued	841,964
Other Assets	1,764,712
	<b>48,743,305</b>

**7 INTEREST INCOME**

Collateralised Borrowing & Lending Obligation	7,553,954
Commercial Paper/Certificate of Deposits & Others	3,590,149
Government of India Securities	780,465
Other Deposits	3,800,911
	<b>15,725,479</b>

**8 OTHER OPERATING EXPENSES**

Bank Charges	116,748
Postal and Mailing Charges	74,858
Printing & Stationery	3,263
Clearing Charges	800
Internal Audit Fees	1,319
Investor Service Charges	176,506
	<b>373,494</b>

Scheme -ICICI PRUDENTIAL BANKING & FINANCIAL SERVICES FUND  
 Schedule Forming Part of Accounts

Schedule - 9  
 Holding Statement as on March 31, 2009

Sr.No.	Company	Market Value
<b>Equity Shares</b>		
		67,492,800
1	BANK OF BARODA	9,796,210
2	BANK OF INDIA	29,980,864
3	CORPORATION BANK	73,005,000
4	HDFC BANK LIMITED	34,316,460
5	HOUSING DEVELOPMENT FINANCE	106,496,000
6	ICICI BANK LIMITED	38,941,180
7	INFRASTRUCTURE DEVELOPMENT FINANCE CO. LTD	40,919,000
8	KOTAK MAHINDRA BANK LIMITED	3,620,760
9	PUNJAB NATIONAL BANK	107,614,901
10	STATE BANK OF INDIA	27,580,000
11	THE FEDERAL BANK LIMITED	
		<b>539,763,175</b>
<b>Certificate of Deposits</b>		
		132,575,189
12	ALLAHABAD BANK	24,227,200
13	CANARA BANK	
		<b>156,802,389</b>
		579,881
<b>14 Collateralised Borrowing &amp; Lending Obligation</b>		
		65,500,000
	Deposits with Scheduled Banks	-
	Other Deposits (Including Repos)	93,790
	Balance with Banks	(53,718,899)
	Net Current Assets Value	
		<b>709,020,336</b>
	<b>Total Net Assets Value</b>	

**ICICI Prudential Mutual Fund**  
**Scheme- ICICI Prudential Banking and Financial Services Fund**

**Schedule 10: Significant accounting policies and Notes forming part of the accounts for the period ended March 31, 2009**

**A. Significant accounting policies**

1. The method of accounting is on accrual basis. The accounts are prepared as stipulated under SEBI Mutual Fund Regulations, 1996 wherein Cash Flow Statement and Segment Reporting are not required, accordingly Accounting Standard - 3 and Accounting Standard - 17 have not been considered as applicable to the scheme.

2. Investments

a) Purchase and sale of securities are accounted on trade dates. Cost of investments includes brokerage, stamps fees, transaction charges (Government securities), Securities Transaction Tax (Equity) and any losses on account of immediate sale of non-convertible portion of debentures under "Khokha" buy-back scheme and excludes custodian fees. The cost is net of front-end fees and incentives. In case of devolvement, the cost is net of underwriting commission earned.

b) Bonus entitlements are recognized on ex-bonus dates.

c) Valuation for Performing Investments:

For the purpose of the financial statements, the Fund marks all investments to market and carries investments in the Balance Sheet at the market value. Unrealised gain, if any, arising out of appreciation of the investments, is carried to the Balance Sheet.

- Traded Securities other than Central Government Securities are valued at the closing traded price.
- Non-traded/Thinly traded/Unlisted shares are valued in good faith by the Asset Management Company after considering net worth and discounted average industry P/E ratio in accordance with guidelines issued by the Securities and Exchange Board of India (SEBI).
- Non-traded /Thinly traded Debt Non-Government Securities of upto 182 days of maturity are valued on the basis of amortisation (Cost plus accrued interest basis) as prescribed by SEBI. Discount on short term instruments are amortised over the maturity period.
- Non traded / Thinly traded Non-Government Debt Securities of over 182 days to maturity are valued in good faith in accordance with SEBI guidelines. The valuation of non-traded debt securities is on comparative yield to maturity basis; wherein the benchmark yields as provided by an independent agency, duly approved by AMFI is used.
- Interest rate swaps are valued on the basis of expected future cash inflows and outflows and the difference as compared to its cost is considered as unrealised appreciation/ depreciation.
- Traded / Non-traded / Thinly traded Central Government securities are valued based on prices released by an AMFI approved independent agency
- American Depository Receipts and Global Depository Receipts are valued based on the closing prices at the Overseas Stock Exchange on which the respective securities are listed (applying prevailing Foreign Currency exchange rate).
- Equity Derivatives:

In case of futures and options, the Profit/Loss on outstanding contracts on the balance sheet date are recognised for 'Net Change in Marked to Market value of Investments' on the basis of marked to market. The said profit/ loss is treated as an unrealised amount.

In case of Options, premium received /paid is treated as liability/asset till the time the position is expired/ squared off.

- d) An investment is regarded as non-performing, if interest/principal amount has not been received or has remained outstanding for one quarter from the day such income/installment has fallen due.
- e) Investments include contracts for purchase of securities and exclude contracts for sale of securities, for which deliveries are not received/collected.

### 3. Income Recognition

- a) Dividend income is accrued on ex-dividend date.
- b) Profit or loss on sale of investments is arrived at by applying weighted average cost on trade date.
- c) Interest on debentures and other fixed income investments is recognised on accrual basis.
- d) Income on non-performing assets (NPA) is recognised on cash basis.
- e) Other income of miscellaneous nature is accounted for when there is certainty of collection.

### 4. Income Equalisation

This being an open-ended scheme, when units are purchased / sold by the Scheme, an appropriate part of the purchase / sale price is debited / credited to an Equalisation Account. The net balance on this account is credited or debited to the Revenue Account.

For the purpose of equalisation, the cumulative distributable surplus (without considering unrealised appreciation and Unit Premium Reserve) upto the date of purchase / sale of units is taken into account. In case of deficit, no income equalisation is carried out.

### 5. Sale / Repurchase of Units

When units are sold / repurchased, after considering the income equalisation as above, the difference between the sale price and the face value of the unit, is transferred to unit premium reserve.

### 6. Provisions

Provision is made by charge to the Revenue Account, in respect of:

- a) Non Performing Debt Securities as per the Guidelines prescribed by SEBI.
- b) Interest Outstanding for more than one quarter beyond the due date.
- c) Securities where the certificates are not traceable for a protracted period.

- d) Assets other than investments, which in the opinion of the Trustees have suffered substantial impairment in their value.

7. Entry and Exit Load

Load charged at the time of purchase and sale of units is utilised towards meeting distribution and marketing expenses. Unutilised amount of Load collected is carried forward to subsequent year unless the same is considered excess by the trustee. Such excess amount is credited to other income.



## B. Notes Forming Part of the Accounts

1. This scheme is open ended scheme and the units against Initial Subscription were allotted on August 22, 2008. Hence there are no previous year figures. The Scheme has two plans: Retail and Institutional. A combined balance sheet and revenue account is prepared for the scheme

### 2. Net Asset Value Per Unit (NAV):

	Period ended March 31, 2009		
Face Value (Rs.)	10		
Option	Net Asset Value Per Unit (Rs.)	Units	Dividend Declared during the period
Growth Option	7.17	73,302,777.6	-
Dividend Option	7.17	25,615,480.5	-

### 3. The Cost and Market/Fair Value of investments are as shown below: (Rs. in millions)

Investments	As at March 31, 2009	
	Cost	Market / Fair Value
Equity Shares	592.83	539.76
Commercial Paper/Certificate of Deposit	156.80	156.80
Collateralised Lending (CBLO)	0.58	0.58
<b>TOTAL</b>	<b>750.21</b>	<b>697.14</b>

Unrealised appreciation / (depreciation) in value of investments is Rs (53.07) millions.

### 4. Industry-wise classification of investment: As per Annexure I

## 5. Exposure in Derivate Products:

The Scheme has gross exposure in derivative products as follows:

(Rs in millions)

Particulars	Period Ended
	March 31, 2009
Gross Exposure in Equity Derivatives	257.04

## 6. Aggregate value of purchase and sale of investments during the year as a percentage of average NAV:

(Rs. in millions)

		Period ended
		March 31, 2009
<b>Average Net Assets</b>		698.79
	<b>Aggregate Value</b>	<b>Percentage of Average Net Assets</b>
Purchases	31,669.62	4532.07%
Sales	30,698.05	4393.03%

## 7. Load charges

Commission to agents and publicity expenses paid, amounting to Rs. 22.85 millions are utilised from load collected.

## 8. Management fees

Management fees are paid on the basis of terms of the Offer Document to ICICI Prudential Asset Management Company Limited. The computation for the same is as under:

(Rs in millions)

	Period Ended March 31, 2009
Average Net Assets	698.79
Management Fees Charge on Average Net Assets	
First Rs 100 Crores	1.25%
Over Rs 100 Crores	1.00%
Management Fees	6.18

Management fees are computed after adjusting for units held by AMC, if any.

**9. Income and Expenditure as a % of Average Net Asset Value:**

	Period ended	
	March 31, 2009	
Average Net Assets	698.79	
Option	Aggregate value	Percentage of Average Net Assets*
Total Income (including profit on sale of investments and profit on inter-scheme transfers, excluding net change in unrealised appreciation in value of investments and write back of Provisions)	106.50	25.06%
Total Expenditure (including loss on sale of investments and loss on inter-scheme transfers, excluding net change in unrealised depreciation in value of investments and other Provisions)	323.08	76.02%

\* Annualised

**10. Movement in Unit Capital**

	Period ended	
	March 31, 2009	
	No. of units	Amount (Rs.)
Balance at the beginning of the year/Initial Subscription	90,555,571.97	905,555,720
Issued during the year	17,069,926.01	170,699,260
Repurchased during the year	8,707,239.86	87,072,399
Balance at the close of the year	98,918,258.12	989,182,581

**11. Unclaimed Redemption Amount:**

There is no Unclaimed Redemption amount. Redemption Payable, if any, represents the amount payable against Redemption request received at the end of the year.

12. a. In the following cases, the Schemes of the mutual fund have invested in a company, which holds more than 5% of the Net Asset Value of any Scheme of ICICI Prudential Mutual Fund as on March 31, 2009.

As per Annexure II

- b. Aggregate market value and cost of investments and term deposits made by all schemes in the group of the Sponsor i.e. ICICI Bank Ltd is Rs.16,054.14 millions and Rs. 18,782.27 millions respectively. (Previous year Rs. 54,391.69 millions and Rs. 55,919.44 millions respectively).
- c. Investors holding units in the Scheme over 25% of the NAV as on March 31, 2009 are Nil.

13. a. The AMC has not dealt in any securities through brokers associated with any of the sponsors in excess of the limit of 5% of the aggregate sale and purchase of securities made by the Mutual Fund in any block of three months.
- b. The AMC has paid the following charges to parties associated with one of the sponsors in which AMC or its major shareholders or its subsidiaries are having a substantial interest:

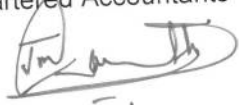
Entity	Nature Of Payment	Period Ended March 31, 2009
ICICI BANK LTD	Bank Charges/ Interest Charges*	0.22
ICICI BANK LTD	Brokerage / Marketing and Distribution Expenses@	2.41
ICICI Securities Ltd*	Brokerage **	0.54
Stock Holding Corporation of India Ltd.*	Brokerage	0.12

\* Holding by a major shareholder of AMC, viz. ICICI Bank Limited whether directly or indirectly  
 \*\* Amount includes brokerage paid for secondary market transactions  
 @ Bank charges paid include transaction charges paid to ICICI Bank Limited (Professional clearing member) for futures & options transactions  
 # Below 0.01 million

14. The audited results for the period ended March 31, 2009 have been placed by the ICICI Prudential Asset Management Company Limited and approved by the Trustees in the meeting of the Board of Directors of ICICI Prudential Trust Limited held on June 18, 2009.
15. A complete list of investments of the Scheme is given in Schedule 9.

As per our report attached

For **N.M. Raiji & Co.**  
 Chartered Accountants

**J.M. Gandhi**  
 Partner  
 Membership No. :37924

Mumbai. 18 JUN 2009

**Schedules 1 to 10 to the Accounts of ICICI Prudential Mutual Fund – ICICI Prudential Banking and Financial Services Fund signed by three Directors of ICICI Prudential Trust Limited.**

**Scheme- ICICI Prudential Banking and Financial Services Fund**

**Annexure I**

Value of investments falling under each major industry group to the total investment in each major classification

**Equity Shares**

(Rs. in millions)

Industry	As at March 31, 2009	
	Market / Fair Value	% of Classifica tion
Banks	466.51	86.43%
Finance	73.25	13.57%
<b>TOTAL</b>	<b>539.76</b>	<b>100.00%</b>

**Privately Placed Debentures / Bonds / Debentures Bonds Listed / Awaiting Listing  
/ Government Securities / Commercial Paper/ Certificate of Deposits**

(Rs. in millions)

Industry	As at March 31, 2009	
	Market / Fair Value	% of Classifica
Banks	156.80	99.63%
Collateralised Lending (Cblo)	0.58	0.37%
<b>TOTAL</b>	<b>157.38</b>	<b>100.00%</b>

Historical Per Unit Statistics (on the basis of closing units)			
Scheme - ICICI Prudential Banking & Financial Services			
			31-Mar-09
A		<b>NET ASSET VALUE</b>	7.17
		Growth Option	7.17
		Dividend Option	
B	i	Income other than profit on sale of Investment	0.17
	ii	Income from profit on interscheme Sales / transfer of investment	0.00
	iii	Income from profit on sale of Investment	0.91
	iv	Transfer to Revenue Account from past year's Reserve	
C		Aggregate of Expenses, Write off, amortisation and charges	3.27
D		Net Income	-2.19
E		Net change in Marked to Market value of Investments	(0.53)
F	(a)	<b>Repurchase Price</b>	
		Highest during the year / Period	
		Growth Option	10.59
		Dividend Option	10.59
		Lowest during the year / Period	
		Growth Option	5.98
		Dividend Option	5.98
	(b)	<b>Resale Price</b>	
		Highest during the year / Period	
		Growth Option	10.83
		Dividend Option	10.83
		Lowest during the year / Period	
		Growth Option	6.11
		Dividend Option	6.11
	(c)	<b>Trading Price</b>	
		<b>Price-earning Ratio (Traded Price / Net Income)</b>	
G		Ratio of Recurring Expenses (excluding loss on sale of Investment, write off and net change in marked to market value of investment) to Average Net Assets by percentage for Regular Option	2.29%
H		Ratio of Gross Income (excluding unrealised appreciation & Income Equalisation) to Average Net Assets by percentage	15.24%
Note: The Highest and the Lowest Repurchase Price have been determined without considering the applicable Exit Load, if any.			