

**N. M. RAJI & CO.**  
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## AUDITORS' REPORT

The Board of Directors,  
ICICI Prudential Trustee Company Private Limited

We have audited the attached Balance Sheet as at March 31, 2011, and the Revenue Account for the year ended on that date, annexed thereto of ICICI Prudential Gilt Fund-Investment Plan (the scheme), of ICICI Prudential Mutual Fund. These financial statements are prepared in accordance with SEBI (Mutual Fund) Regulations, 1996 (the Regulations) and 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 the Standards on Auditing issued by Institute of Chartered Accountants of India. 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 referred to above are in agreement with the books of accounts of the Scheme.
3. 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 Regulations.

4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. Without qualifying our opinion, we draw attention to note no.1 in Schedule 9 of the financial statements whereby the management has not provided the Cash Flow Statement and Segment Reporting for reasons mentioned therein.
6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with the accounting policies and notes to accounts attached thereto, give the information required as per the Regulations and give a true & 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 the scheme as at March 31, 2011; and
  - b. in the case of Revenue Account, of the surplus of the scheme for the year ended on that date.

For N.M.RAIJI & CO.  
Chartered Accountants  
Firm Reg. No:108296W



J. M. GANDHI  
Partner  
Membership No. 37924

Place: Mumbai

Dated: June 21, 2011

ICICI Prudential Mutual Fund  
 Scheme- ICICI Prudential Gilt Fund-Investment Plan  
 Balance Sheet as at March 31, 2011

	Schedule No.	March 31, 2011 Amount (₹)	March 31, 2010 Amount (₹)
<b>LIABILITIES</b>			
Unit Capital	1	1,100,948,352	1,504,568,294
Reserves & Surplus	2	1,489,869,413	1,431,771,540
<b>Unitholders' Funds</b>		<b>2,590,817,765</b>	<b>2,936,339,834</b>
Current Liabilities & Provisions	3	68,038,116	141,996,068
		<b>2,658,855,881</b>	<b>3,078,335,902</b>
<b>ASSETS</b>			
Investments	4	2,357,135,642	2,937,663,411
Other Current Assets	5	301,720,239	140,672,491
		<b>2,658,855,881</b>	<b>3,078,335,902</b>


Significant Accounting Policies and Notes forming part of the Accounts 9


As per our Report Attached


For N.M. Raiji & Co.  
 Chartered Accountants  
 Firm Reg.No: 108296W

For ICICI Prudential Asset Management Company Ltd.

  
 J.M. Gandhi  
 Partner  
 Membership No.37924

  
 Nimesh Shah  
 Managing Director


  
 Dileep Choksi  
 Director


  
 Avnish Jain  
 Fund Manager

For and on behalf of ICICI Prudential Trust Ltd.

Place: Mumbai  
 Date: June 21, 2011

  
 M. N. Gopinath  
 Director

  
 M S Parthasarathy  
 Director

  
 Vinod Dhall  
 Director

ICICI Prudential Mutual Fund  
Scheme- ICICI Prudential Gilt Fund-Investment Plan  
Revenue Account For The Year Ended March 31, 2011

INCOME	Schedule No.	Year Ended	Year Ended
		March 31, 2011	March 31, 2010
		Amount	Amount
		(₹)	(₹)
Interest	6	192,934,185	382,298,543
Amortisation of Premium/Discount		64,097	280,856
Profit on sale/redemption of Investments (other than inter-scheme transfer/sale)		164,987,647	412,247,812
Profit on Interest Rate SWAPs		-	2,022,097
Profit on inter-scheme transfer/sale of Investments		3,235,242	8,841,869
Net Change in Marked to Market value of Investments		13,566	247,165,221
		<u>361,234,737</u>	<u>1,052,856,398</u>

EXPENSES & LOSSES

Loss on sale/redemption of Investments (other than inter-scheme sale/transfer)		125,178,488	469,755,115
Loss on Inter-Scheme sale/transfer of Investments		6,205,488	14,373,581
Management Fees (Including Service Tax)		23,047,609	64,180,651
Trusteeship Fees		-	40,555
Marketing and Distribution Expenses		3,835,163	804,425
Audit Fees		53,241	153,026
Commission to Agents		9,946,203	36,697,025
Registrar & Transfer Agent's Fees & Expenses		632,201	1,942,923
Other Operating Expenses	7	155,140	130,198
Surplus for the Year		192,181,204	464,778,899
		<u>361,234,737</u>	<u>1,052,856,398</u>

Surplus for the Year		192,181,204	464,778,899
Add: Write back of provision for Unrealised Appreciation on Investments		-	-
Less: Provision for unrealised appreciation on Investments		-	-
Add/(Less) : Income Equalisation		(81,217,781)	(1,636,919,966)
		110,963,423	(1,172,141,067)
Surplus brought forward		1,431,903,644	2,785,876,639
Amount available for Income Distribution		1,542,867,067	1,613,735,572
Less: Dividend Paid (Including Distribution Tax, if any)		51,812,539	181,831,928
<b>Surplus carried forward to Balance Sheet</b>		<u>1,491,054,528</u>	<u>1,431,903,644</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  
Firm Reg. No. 108296W

J. M. Gandhi  
Partner  
Membership No. 37924

For ICICI Prudential Asset Management Company Ltd.

Nimesh Shah Managing Director  
Dileep Choksi Director  
Avnish Jain Fund Manager

For and on behalf of ICICI Prudential Trust Ltd.

M. N. Gopinath Director  
M S Parthasarathy Director  
Vinod Dhall Director

Place: Mumbai  
Date: June 21, 2011

ICICI Prudential Mutual Fund  
Scheme- ICICI Prudential Gilt Fund-Investment Plan  
Schedules Forming Part of the Accounts

	March 31, 2011 Amount (₹)	March 31, 2010 Amount (₹)
<b>UNIT CAPITAL</b>		
<b>1 Unit Capital</b>	1,100,948,352	1,504,568,294
	<u>1,100,948,352</u>	<u>1,504,568,294</u>
Number of Units of Face Value Rs.10	110,094,835.20	150,456,829.40
<b>2 RESERVES &amp; SURPLUS</b>		
Unit Premium Reserve		
Opening Balance	(132,104)	554,425,922
Deductions during the year	<u>(1,053,011)</u>	<u>(554,558,026)</u>
Closing Balance	(1,185,115)	(132,104)
Surplus in Revenue Account	1,491,054,528	1,431,903,644
	<u>1,489,869,413</u>	<u>1,431,771,540</u>
<b>3 CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A Current Liabilities</b>		
Contracts for Purchase of Investments	50,343,083	101,012,361
Management Fees Payable	218,841	2,690,582
Trusteeship Fees Payable	18,307	40,555
Dividend Payable	-	2,822
Redemption Dues Payable	770,703	393,981
Load Carried Forward	9,162,859	19,744,483
Other Liabilities	29,365	99,215
Liability for Expenses Accrued	7,494,958	18,012,069
	<u>68,038,116</u>	<u>141,996,068</u>
<b>B Provisions</b>		
	-	-
<b>4 INVESTMENTS (Marked to Market)</b>		
Government Securities	1,039,029,095	2,933,316,321
Collateralised Borrowing & Lending Obligation	1,318,106,547	4,347,090
	<u>2,357,135,642</u>	<u>2,937,663,411</u>

ICICI Prudential Mutual Fund  
Scheme- ICICI Prudential Gilt Fund-Investment Plan  
Schedules Forming Part of the Accounts

	March 31, 2011 Amount (₹)	March 31, 2010 Amount (₹)
<b>5 OTHER CURRENT ASSETS</b>		
Balances with Banks in Current Account	12,173,503	150,753
Contracts for Sale of Investments	202,228,917	101,014,861
Receivable from Asset Management Company	2,055,544	15,520
Margin with CCIL	30,000,000	30,000,000
Outstanding and Accrued Income	18,065,504	7,104,535
Less: Provision for Outstanding Accrued Income considered doubtful	<u>-</u>	<u>-</u>
	18,065,504	7,104,535
Receivable against Units Issued	37,196,771	2,386,822
	<u>301,720,239</u>	<u>140,672,491</u>
<b>6 INTEREST INCOME</b>		
Collateralised Borrowing & Lending Obligation	32,633,657	11,978,370
Government Securities	160,300,528	370,319,249
Commercial Paper/Certificate of Deposits & Others	-	924
	<u>192,934,185</u>	<u>382,298,543</u>
<b>7 OTHER OPERATING EXPENSES</b>		
Bank Charges	10,724	22,980
Postal and Mailing Charges	12,504	41,217
Printing & Stationery	10,487	8,806
Internal Audit Fees	37	302
Clearing Charges	-	281
Investor Service Charges	121,388	56,612
	<u>155,140</u>	<u>130,198</u>

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Scheme - ICICI Prudential Gilt Fund - Investment Plan  
Schedule Forming Part of Accounts

Schedule - 8  
Holding Statement as on March 31, 2011

Sr.No.	Particulars	Market Value (₹)
	<b>Government Securities</b>	
1	Government Of India Securities	1,039,029,095
		<b>1,039,029,095</b>
2	<b>Collateralised Borrowing &amp; Lending Obligation</b>	<b>1,318,106,547</b>
	Balance with Banks	12,173,503
	Net Current Assets Value	221,508,620
	<b>Total Net Assets Value</b>	<b>2,590,817,765</b>





**ICICI Prudential Mutual Fund**  
**Scheme- ICICI Prudential Gilt Fund – Investment Plan**

**Schedule 9: Significant accounting policies and Notes forming part of the accounts for the year ended March 31, 2011**

**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) 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) 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 debt and money market securities (other than Government Securities of over 91 days to maturity) are valued at the weighted average price at which they are traded on the particular valuation day. For this purpose securities traded on recognised stock exchanges are only considered.
- Non-traded /Thinly traded Debt and money market securities of upto 91 days of maturity are valued on the basis of amortisation (Cost plus accrued interest basis) as prescribed by SEBI.
- Non traded / Thinly traded debt and money market securities other than Government Securities of over 91 days to maturity are valued in good faith in accordance with SEBI guidelines. The valuation of non-traded debt securities is on yield to maturity basis. For this purpose the average of benchmark yields as provided by independent agencies, 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 Government securities over 91 days to maturity are valued based on average of prices released by AMFI approved independent agencies.

c) 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/instalment has fallen due.

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

### 4. Income Equalisation Reserve and Unit Premium Reserve

In case of open-ended scheme, when units are purchased / sold by the Scheme at NAV based price, amount representing unrealised appreciation per unit is transferred to Unit Premium Reserve.

The balance amount of the purchase/sale price after reducing the face value of unit is transferred to Income Equalisation account and the net balance in this account is credited or debited to the Revenue Account at the year end.

Distributable surplus per unit is arrived after excluding both unit premium reserve and unrealised appreciation from NAV.

### 5. 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.

### 6. Entry and Exit Load

- i) No entry load is charged on fresh purchase applications received after August 1, 2009.
- ii) Exit load charged above 1% is recognised as income of the scheme immediately.
- iii) Exit load charged upto 1% is utilised for meeting distribution & marketing expenses. Unutilised amount of load collected is carried forward to subsequent years unless the same is considered excess by the Trustees. In the event the load is considered excess by the Trustees, the same would be recognised as income.



## B. Notes Forming Part of the Accounts

- The Scheme has two options: Growth and Dividend. A Combined balance sheet and revenue account is prepared for the Scheme.
- In accordance with SEBI circulars, SEBI/IMD/CIR No.16/ 193388/2010 dated February 2, 2010 and Cir / IMD / DF / 4 / 2010 dated June 21, 2010 valuation of debt and money market instruments were changed with effect from August 1, 2010 and accordingly:
  - Traded debt and money market securities (other than Government Securities of over 91 days to maturity) are valued at the weighted average price at which they are traded on particular valuation day. Upto July 31, 2010 these were valued based on closing traded price.
  - Non Traded debt and money market securities, including floating rate securities, with residual maturity of upto 91 days are valued on amortization basis. Upto July 31, 2010, non traded debt securities with residual maturity of upto 182 days and money market/ floating rate securities were valued on amortization basis.
  - All non traded money market and debt securities, including floating rate securities, with residual maturity of over 91 days are valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from agencies entrusted for the said purpose by AMFI. Upto July 31, 2010, non traded debt securities with residual maturity of over 182 days were valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from agencies entrusted for the said purpose by AMFI.

The impact of the change in the basis of valuation of debt and money market instruments on the financial statements is not material.

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

	Year ended March 31, 2011			Year ended March 31, 2010		
	Face Value (₹)	10		10		
Option	Net Asset Value Per Unit (₹)	Units	Dividend Declared during the year*	Net Asset Value Per Unit (₹)	Units	Dividend Declared during the year*
Regular Growth Option	33.4484	58,020,901.75	-	31.3915	56,888,511.94	-
Regular Dividend Option	12.4844	52,073,933.48	0.6000	12.2961	93,568,317.49	1.0200

\*Includes Distribution Tax

### 4. The Cost and Market /Fair Value of investments are as shown below:

(₹ in millions)

Investments	As at March 31, 2011		As at March 31, 2010	
	Cost	Market / Fair Value	Cost	Market / Fair Value
Government Securities	1,039.20	1,039.03	2,933.50	2,933.32
Collateralised Lending (CBLO)	1,318.11	1,318.11	4.35	4.35
<b>TOTAL</b>	<b>2,357.31</b>	<b>2,357.14</b>	<b>2,937.85</b>	<b>2,937.67</b>

Unrealised appreciation/(depreciation) in value of investments is ₹ (0.17) millions. (Previous year ₹ (0.18) million).

### 5. Industry- wise classification of Investments:

As per Annexure I

6. Aggregate value of purchases and sales of investments during the year as a percentage of average NAV:

(₹ in millions)

	Year ended		Year ended	
	March 31, 2011		March 31, 2010	
Average Net Assets	2,861.43		5,565.25	
	Aggregate Value	Percentage of Average Net Assets	Aggregate Value	Percentage of Average Net Assets
Purchases	343,247.80	11995.69%	178,235.96	3202.66%
Sales	343,950.02	12020.23%	182,428.56	3277.99%

7. Load charges

Commission to agents and publicity expenses paid, amounting to ₹ 10.69 millions (Previous year Nil) 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:

(₹ In millions)

	Year Ended	Year Ended
	March 31, 2011	March 31, 2010
Average Net Assets	2,861.43	5,565.25
Management Fees charge on Average Net Assets (%)		
Retail	0.73%	1.05%
Management Fees	20.90	58.19

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

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

(₹ in millions)

	Year ended		Year ended	
	March 31, 2011		March 31, 2010	
Average Net Assets	2,861.43		5565.25	
	Aggregate value	Percentage of Average Net Assets*	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)	361.22	12.62%	805.69	14.48%
Total Expenditure (including loss on sale of investments and loss on inter-scheme transfers, excluding net change in unrealised depreciation in value of investments)	169.05	5.91%	588.08	10.57%

\* Annualised

*B*

**10. Movement in Unit Capital**

	Year ended March 31, 2011		Year ended March 31, 2010	
	No. of units	Amount (₹)	No. of units	Amount (₹)
Balance at the beginning of the year/Initial Subscription	150,456,829.44	1,504,568,294	465,653,684.93	4,656,536,849
Issued during the year	201,620,586.44	2,016,205,864	581,521,069.52	5,815,210,695
Repurchased during the year	241,982,580.64	2,419,825,806	896,717,925.01	8,967,179,250
Balance at the close of the year	110,094,835.24	1,100,948,352	150,456,829.44	1,504,568,294

**11. Unclaimed Redemption Amount:**

Unclaimed Redemption amount is ₹ 0.05 millions (Previous year ₹ 0.05 millions).

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 during the financial year ended March 31, 2011.

As per Annexure II

- b. Investments made by schemes in Sponsor/Associates/Group Companies.

As per Annexure III

- c. Investors holding units in the Scheme over 25% of the NAV as on March 31, 2011 are Nil. (Previous year Nil).

13. a. Subscription by the Schemes (excluding Secondary Market Purchases) in the issues lead managed by the associate company:

As per Annexure IV

- b. Charges paid to associates/related parties/group companies of Sponsor/AMC

As per Annexure V

**14. Non-Traded securities in the portfolio:**

Particulars	(₹ In millions)	
	As at March 31, 2011	As at March 31, 2010
Aggregate value of non traded Money Market Instruments	-	2,603.28

15. The audited results for the year ended March 31, 2011 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 21, 2011.

16. A complete list of investments of the Scheme is given in Schedule 8.

17. Previous year figures are regrouped wherever necessary.

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## Scheme- ICICI Prudential Gilt Fund - Investment Plan

## Annexure I

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

Privately Placed Debentures / Bonds / Debentures Bonds Listed / Awaiting Listing  
/Government Securities / Money Market Instruments

(₹ in millions)

Industry	As at March 31, 2011		As at March 31, 2010	
	Market / Fair Value	% of Classification	Market / Fair Value	% of Classification
Government Securities	1,039.03	44.08%	2,933.32	99.85%
Collateralised Lending (CBLO)	1,318.11	55.92%	4.35	0.15%
<b>TOTAL</b>	<b>2,357.14</b>	<b>100.00%</b>	<b>2,937.67</b>	<b>100.00%</b>

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**Historical Per Unit Statistics (on the basis of closing units)**
**Scheme - ICICI Prudential Gilt Fund-Investment Plan**

		31-Mar-11	31-Mar-10	31-Mar-09
		Rs.	Rs.	Rs.
A	<b>NET ASSET VALUE</b>			
	Growth -Option	33.4484	31.3915	29.9311
	Dividend -Option	12.4844	12.2961	12.6882
B	i Income other than profit on sale of Investment	1.7530	2.5428	0.5513
	ii Income from profit on interscheme Sales / transfer of investment	0.0294	0.0588	0.1613
	iii Income from profit on sale of Investment	1.4986	2.7400	1.8814
	iv Transfer to Revenue Account from past year's Reserve	-	-	-
C	Aggregate of Expenses, Write off, amortisation and charges	1.5355	3.9086	1.9177
D	Net Income	1.7455	1.4329	0.6764
E	i Net change in Marked to Market value of Investments	0.0001	1.6428	(0.3979)
	ii Unrealised Appreciation/(Depreciation) per unit	(0.0016)	(0.0012)	(0.5404)
F	<b>(a) Repurchase Price</b>			
	Highest during the year / Period			
	Growth Option	33.4769	32.441	34.1373
	Dividend Option	12.4950	13.7521	14.4712
	Lowest during the year / Period			
	Growth Option	31.4126	29.9859	24.0258
	Dividend Option	12.0911	12.2066	10.7851
	<b>(b) Resale Price</b>			
	Highest during the year / Period			
	Growth Option	33.4769	32.441	34.1373
	Dividend Option	12.4950	13.7521	14.4712
	Lowest during the year / Period			
	Growth Option	31.4126	29.9859	24.0258
	Dividend Option	12.0911	12.2066	10.7851
	<b>(c) Trading Price</b>	N. A.	N. A.	N. A.
	<b>Price-earning Ratio (Traded Price / Net Income)</b>	N. A.	N. A.	N. A.
G	Ratio of Recurring Expenses (excluding loss on sale of Investment, write off, amortisation and net change in marked to market value of investment) to Average Net Assets by percentage- for Regular Option	1.32%	1.87%	1.68%
H	Ratio of Gross Income (including unrealised appreciation) to Average Net Assets by percentage	12.62%	18.92%	34.81%

Note: The Highest and the Lowest Repurchase Price have been determined without considering the applicable Exit Load, if any.

