

**23rd Annual report and
Accounts 2015-16**



ICICI Prudential Asset Management Company Limited

ICICI Prudential Asset Management Company Limited
Corporate Identity Number: U99999DL1993PLC054135
Corporate Office: ONE BKC, A-Wing, 13th Floor, Bandra-Kurla Complex, Mumbai - 400051. Tel:
022 2652 5000 Fax: 022 2652 8100, website: www.icicipruamc.com, email id:
enquiry@icicipruamc.com
Registered Office: 12th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi – 110 001

BOARD OF DIRECTORS

Chanda Kochhar (bearing DIN: 00043617), *Chairperson and Nominee Director*
N.S. Kannan (bearing DIN: 00066009), *Nominee Director*
Guy Strapp (bearing DIN: 07245108), *Nominee Director*
Vijay Thacker (bearing DIN: 00761544), *Independent Director*
Suresh Kumar (bearing DIN: 00494479), *Independent Director*
C.R. Muralidharan (bearing DIN: 02443277), *Independent Director*
Lakshmi Venkatachalam (bearing DIN: 00758451), *Independent Director*
Ved Prakash Chaturvedi (bearing DIN: 00030839), *Independent Director*
Nimesh Shah (bearing DIN: 01709631), *Managing Director and CEO*
Sankaran Naren (bearing DIN: 07498176), *Executive Director*

AUDIT AND RISK COMMITTEE

Vijay Thacker, *Chairman*
Suresh Kumar, *Member*
Lakshmi Venkatachalam, *Member*

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

N.S. Kannan, *Chairman*
Lakshmi Venkatachalam, *Member*
Nimesh Shah, *Member*

INVESTMENT COMMITTEE

C.R. Muralidharan, *Chairman*
N.S. Kannan, *Member*
Nimesh Shah, *Member*

NOMINATION AND REMUNERATION COMMITTEE

Suresh Kumar, *Chairman*
Vijay Thacker, *Member*
Chanda Kochhar, *Member*
Guy Strapp, *Member*

COMMITTEE OF DIRECTORS

N.S. Kannan, *Chairman*
Nimesh Shah, *Member*

REGISTERED OFFICE

12th Floor, Narain Manzil,
23, Barakhamba Road,
New Delhi – 110 001.
CIN: U99999DL1993PLC054135

CORPORATE OFFICE

One BKC 13th Floor,
Bandra Kurla Complex,
Mumbai – 400051.
Tel: +91 22 2652 5000,
Fax: +91 22 26528100,
website: www.icicipruamc.com

REGISTRAR AND TRANSFER AGENT

3i Infotech Limited
International Infotech Park,
Tower 5, 3rd Floor,
Vashi Railway Station Complex,
Vashi, Navi Mumbai 400 703.

STATUTORY AUDITORS

M/s. BSR & Co. LLP
Chartered Accountants
(Registration no. 101248W/W-100022)

SECRETARIAL AUDITORS

P.K. Pandya & Co.
(Registration no. 2311)



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Twenty Third Annual Report of ICICI Prudential Asset Management Company Limited ("the AMC" or "the Company" or "Your Company") together with the audited financial statements of accounts for the year ended March 31, 2016 (fiscal 2016).

FINANCIAL RESULTS

A summary of the Company's financial results for fiscal 2016 are set out in the following table:

Particulars	₹ in million)	
	Fiscal 2015	Fiscal 2016
Gross Income	8,399.8	10,123.6
Profit before tax	3,761.9	4,999.4
Provision for taxation	1,264.7	1,742.5
Profit after tax	2,478.9	3,256.9
Profit brought forward from previous year	1,708.6	3,045.2
Profit available for appropriation	4,176.7	6,302.1
Appropriations		
Transfer to General Reserve	190.1	-
Interim Dividend	794.3	1,059.1
Dividend Distribution Tax	147.2	215.6
Leaving balance to be carried forward to the new year	3,045.1	5,027.4

DIVIDEND

The Company has declared interim dividends during the year as set out in the following table:

Record date for dividend	Rate of dividend	Total dividend amount (₹ in million)
June 25, 2015	₹ 8 per share (80% of the face value)	141.2
September 23, 2015	₹ 17 per share (170% of the face value)	300.1
December 28, 2015	₹ 17 per share (170% of the face value)	300.1
March 26, 2016	₹ 18 per share (180% of the face value)	317.7

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Central Service Office: 2nd Floor, Block B-2, Nirlon Knowledge Park, Western Express Highway, Goregaon (East), Mumbai – 400 063 , Tel No.: 022 26852000, Fax No.: 022-2686 8313

Registered Office: 12th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi – 110 001

OPERATIONS DURING THE YEAR

- a. Average Assets Under Management (AUM):** The average AUM of the Fund for fiscal 2016 was ₹ 1672.24 billion.
- b. Awards received by ICICI Prudential Mutual Fund (the Fund):** In fiscal 2016, the Company won the Best Fund House (Equity Category) in the Morningstar Fund Awards 2016. Morningstar Investment Adviser India Pvt. Ltd., a subsidiary of Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research, has announced the winning funds and fund houses for its 2016 India Fund Awards. The annual Morningstar India Fund Awards are designed to help investors identify the retail funds and fund houses that added the most value for investors within the context of their relevant peer group in 2015 and over longer time periods.

The Company also won the Best Debt Fund House Award in Business Today-Money Today Financial Awards 2016. The Business Today- Money Today Financial Awards are held with a view to recognize and honor the best organizations in the finance space who have demonstrated leadership in ensuring Financial Well-Being for Consumers. They have been jointly instituted by Business Today, India's largest circulated business fortnightly and Money Today, the personal finance magazine of the India Today Group.

Besides this, the Company received numerous other prestigious accolades during the year like Best Fund House - India 2016 at the APAC Investment Awards 2016 and Best Indian Fund House 2016 and Best Dynamic Asset Allocation/Volatility Fund (Since Inception): ICICI Prudential Balanced Advantage Fund (IPBAF) from Acquisition International Magazine."

- c. Sales, Operations and Consumer Service:** Your Company has established a wide network of 147 well-equipped offices for selling its products and rendering timely and efficient services to its customers at various locations across the country.
- d. Personnel:** Your Company continues to place emphasis on attracting and recruiting quality manpower and invests in training and retaining them. The total number of employees of the Company at March 31, 2016 was 1,184 against 1,006 at March 31, 2015.

UPDATE ON NEW PRODUCTS

During fiscal 2016, ICICI Prudential Mutual Fund launched 29 fixed maturity plans, 15 capital protection oriented schemes, 3 multiple yield funds and 8 close ended equity funds. These funds collected ₹ 66.53 billion in fiscal 2016.

PORTFOLIO MANAGEMENT AND OTHER SERVICES

As you are aware, the Company offers Portfolio Management and Advisory Services across equity, fixed income and real estate assets. At March 31, 2016, the AMC was rendering Portfolio Management services to 4,011 clients. The Company provides investment management services to the scheme under ICICI Prudential

Venture Capital Fund under its Portfolio Management Services License. The Company also provides investment management services to the Alternative Investment Funds (AIFs) registered under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 and is currently acting as an investment manager to ICICI Prudential Debt Fund and ICICI Prudential Real Estate AIF.

PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES

The Company undertakes various transactions with related parties in the ordinary course of business. The Company has a Board-approved policy dealing with related party transactions. All related party transactions that were entered into during fiscal 2016, were in the ordinary course of business and at arm's length.

The details of the material related party transactions at an aggregate level for the year ended March 31, 2016 are annexed as Annexure A.

DEPOSITS

During fiscal 2016, the Company has not accepted any Deposits as covered under Chapter V of the Act.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments during fiscal 2016 covered under provisions of Section 186 of the Act are given in the notes to the financial statements.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Company has a Board of Directors constituted in accordance with the provisions of the Act. The Board of Directors of the Company at March 31, 2016 were as under:

1	Ms. Chanda Kochhar	Chairperson and Nominee Director
2	Mr. N. S. Kannan	Nominee Director
3	Mr. Guy Strapp	Nominee Director
4	Mr. Vijay Thacker	Independent Director
5	Mr. Suresh Kumar	Independent Director
6	Mr. C. R. Muralidharan	Independent Director
7	Ms. Lakshmi Venkatachalam	Independent Director
8	Mr. Nimesh Shah	Managing Director

During fiscal 2016, Mr. Barry Stowe and Mr. M. K. Sharma resigned from the Board of Directors of the Company with effect from July 28, 2015 and July 31, 2015 respectively. Your Directors place on record their appreciation and gratitude for the guidance offered by Mr. Stowe and Mr. Sharma during their tenure as Directors of the Company.

On recommendations of Nomination and Remuneration Committee, the Board at its meeting held on July 28, 2015 appointed Mr. Guy Strapp as the Nominee Director of Prudential Corporation Holdings Limited on the Board of the Company with effect from July 29, 2015.

Further, on recommendations of Nomination and Remuneration Committee, the Board of Directors appointed Ms. Lakshmi Venkatachalam as an Independent Director on the Board of the Company with effect from September 22, 2015 and Mr. Sankaran Naren as an Executive Director with effect from April 22, 2016. The above said appointments are subject to confirmation of shareholders at the ensuing Annual General meeting.

Independent Directors

The Board of the Company consists of nine Directors, out of which four are independent Directors, two are ICICI Bank Nominee Directors, one is Prudential Corporation Holdings Limited Nominee Director and two are wholetime Directors.

All independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Act which has been relied on by the Company and placed at the Board Meeting of the Company held on April 22, 2016. Further in accordance with Schedule IV to the Act, one meeting of Independent Directors was held during fiscal 2016.

None of the Directors of the Company are disqualified for being appointed as Directors under the provisions of Section 164 of the Act.

RETIREMENT BY ROTATION

Pursuant to Section 152 of the Act, Independent Directors are not liable to retire by rotation. Other Directors who have been longest in office since their last appointment retire by rotation at the Annual General Meeting ("AGM").

In terms of the aforesaid provisions, Mr. N. S. Kannan retires by rotation at the ensuing AGM and is eligible for re-appointment. The proposal for re-appointment of Mr. N. S. Kannan forms part of the Notice of the AGM.

In accordance with the provisions of Section 203 of the Act the following employees continue to be the Key Managerial Personnel of the Company:

1. Mr. Nimesh Shah, Managing Director
2. Mr. B. Ramakrishna, Chief Financial Officer
3. Mr. Rakesh Shetty, Company Secretary

MEETINGS OF THE BOARD AND ITS COMMITTEES AND DETAILS OF ATTENDANCE

During fiscal 2016, five meetings of the Board of Directors were held. The attendance record of Directors is set out in the following table:

Name of Director	Number of meetings attended
Ms. Chanda Kochhar	5
Mr. N. S. Kannan	3
Mr. Guy Strapp (appointed w.e.f July 29, 2015)	3
Mr. Vijay Thacker	4
Mr. C. R. Muralidharan	5
Mr. Suresh Kumar	5
Ms. Lakshmi Venkatachalam (appointed w.e.f September 22, 2015)	3
Mr. Nimesh Shah	5
Mr. M. K. Sharma (resigned w.e.f July 31, 2015)	1
Mr. Barry Stowe (resigned w.e.f July 28, 2015)	0

AUDIT AND RISK COMMITTEE

In accordance with Section 177 of the Act, the Board has constituted the Audit and Risk Committee ("the ARC").

During fiscal 2016, five meetings of the ARC were held. The details of the composition of the ARC as on March 31, 2016 and attendance of the members at its meetings is as under:

Name of the Member	Designation	Number of Committee Meetings attended
Mr. Vijay Thacker	Chairman	4
Mr. Suresh Kumar	Member	5
Mr. M. K. Sharma (resigned w.e.f July 31, 2015)	Member	2
Ms. Lakshmi Venkatachalam (appointed w.e.f October 1, 2015)	Member	3

Mr. M.K. Sharma resigned from the Board with effect from July 31, 2015. The ARC was reconstituted in October 2015 and Ms. Lakshmi Venkatachalam was appointed as a member of the ARC with effect from October 1, 2015.

NOMINATION AND REMUNERATION COMMITTEE

In accordance with Section 178 of the Act, the Board has constituted the Nomination and Remuneration Committee ("the NRC").

During fiscal 2016, two meetings of the NRC were held. The details of the composition of the NRC as on March 31, 2016 and attendance of the members at its meetings are as under:

Name of the Member	Designation	Number of Committee Meetings attended
Mr. Suresh Kumar	Chairman	2
Ms. Chanda Kochhar	Member	2
Mr. Vijay Thacker	Member	2
Mr. Guy Strapp (appointed w.e.f July 29, 2015)	Member	0

Mr. Barry Stowe resigned from the Board with effect from July 28, 2015. The NRC was reconstituted in July 2015 and Mr. Guy Strapp was appointed as a member of the Committee with effect from July 29, 2015.

INVESTMENT COMMITTEE

During fiscal 2016, five meetings of the Investment Committee were held. The composition of the Investment Committee as on March 31, 2016 and attendance of the members at its meetings are as under:

Name of the Member	Designation	Number of Committee Meetings attended
Mr. C. R. Muralidharan	Chairman	4
Mr. N. S. Kannan	Member	3
Mr. Nimesh Shah	Member	5

COMMITTEE OF DIRECTORS

During fiscal 2016, four meetings of the Committee of Directors were held. The composition of the Committee of Directors as on March 31, 2016 and attendance of the members at its meetings are as under:

Name of the Member	Designation	Number of Committee Meetings attended
Mr. N. S. Kannan	Member	4
Mr. Nimesh Shah	Member	4

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with the provisions of Section 135 of Act, the Board has constituted the Corporate Social Responsibility Committee ("the CSR Committee").

During fiscal 2016, two meetings of the CSR Committee were held. The composition of the CSR Committee as on March 31, 2016 and attendance of the members at its meetings are as under:

Name of the Member	Designation	Number of Committee Meetings attended
Mr. M.K. Sharma (resigned w.e.f July 31, 2015)	Chairman	1
Mr. N. S. Kannan	Chairman	1
Mr. Nimesh Shah	Member	2
Ms. Lakshmi Venkatachalam (appointed w.e.f October 1, 2015)	Member	1

Mr. M. K. Sharma resigned from the Board with effect from July 31, 2015. The Committee was reconstituted in October 2015 and Ms. Lakshmi Venkatachalam was appointed as member of the Committee with effect from October 1, 2015.

CSR ACTIVITIES

In accordance with the provisions of Section 135 of the Act and the Rules made thereunder and relevant circulars issued from time to time by the Ministry of Corporate Affairs (MCA), the Company has adopted a Corporate Social Responsibility Policy ("CSR Policy") which is also available on the Website of the Company.

The Company, in line with the approved CSR policy undertakes the CSR Activities either directly or through ICICI Foundation for Inclusive Growth or through any other entity. The annual report on CSR activities is enclosed herewith as Annexure B.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The Company has in accordance with the provisions of Section 178 of the Act devised a framework for identifying persons who are qualified to become Directors, including the criteria such as qualifications, positive attributes and independence of a Director. The Company has also framed a Compensation Policy which specifies that the Company's approach to compensation is intended to drive meritocracy within the framework of prudent risk management. The Managing Director of the Company is granted stock options of the holding company i.e. ICICI Bank Limited (Bank) under the Employee Stock Option Scheme of the Bank.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy which provides a mechanism to ensure that concerns are properly raised, appropriately investigated and addressed. The Whistle Blower Policy encourages employees to report matters without the risk of subsequent victimisation, discrimination or disadvantage. The Company recognises this mechanism as an important enabling factor in administering good

governance practices. The Whistle Blower Policy of the Company is available on the website of the Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. During the year, the Company has not received any sexual harassment complaints.

RISK MANAGEMENT

The Company has an independent risk management and control framework. The Company on an ongoing basis performs risk identification, measurement and control evaluation with an objective to administer risk and control effectiveness.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

There were no significant/material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its operations in future.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE ETC.

In fiscal 2016, your Company has earned ₹ 292.3 million (fiscal 2015 - ₹ 283.2 million) as foreign exchange income and has incurred ₹ 73.8 million (fiscal 2015 - ₹ 46.5 million) towards foreign exchange expenditure.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of business activities of the Company, the provisions of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy and Technology Absorption do not apply to the Company. The Company, however, uses information technology extensively in its operations.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has adequate internal controls and processes in place with respect to its financial statements which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. These controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically.

AUDITORS

i. Statutory Auditors

The Members at the 21st AGM had approved the appointment of M/s. B S R and Co. LLP as Statutory Auditors of your Company for a period of three years to hold office from the conclusion of the 21st AGM until the conclusion of the 24th AGM subject to ratification by the members at every AGM in terms of Section 139 of the Act. M/s. B S R and Co. LLP have confirmed their eligibility to act as the Auditors of your Company.

ii. Secretarial Auditor

Pursuant to provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, the Company appointed M/s. P. K. Pandya & Co., a firm of Company Secretaries in Practice to undertake Secretarial Audit of the Company for fiscal 2016. The Report of the Secretarial Auditor is annexed herewith as Annexure C.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT - 9 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, are enclosed as Annexure D to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and information and based on the information and explanations provided to them by the Company, your Directors make the following statement in terms of Section 134(3)(c) of the Act:

1. that in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards had been followed and there are no material departures for the same;
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit and loss of the Company for that period;

3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts of the Company have been prepared on a 'going concern basis';
5. that proper systems to ensure compliance with the provisions of all applicable laws were devised and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all the employees for their dedicated service and firm commitment to the goals of the Company. Your Directors also wishes to place on record its sincere appreciation for the wholehearted support received from registrars, custodians, bankers, agents, distributor and all other business associates.

Your Directors further wish to place on record their appreciation for the support and cooperation received from the Securities and Exchange Board of India, the Reserve Bank of India, Stock Exchanges, Depositories, ICICI Bank Limited and Prudential Corporation Holdings Limited.

Your Directors wish to place on record their sincere thanks to the investors and clients for their continued support and patronage.

We look forward to the continued support of all these partners in the progress of the Company.

For and on behalf of the Board

**Sd/-
Chanda Kochhar
Chairperson**

Place : Mumbai
Date : April 22, 2016

Form No. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Details of material related party transactions at an aggregate level for year ended March 31, 2016

Sr. No.	Nature of contracts/ transactions	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts/ transactions	₹ in million
NIL						

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2016

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

In terms of the provisions of section 135 of the Companies Act, 2013 (the Act), read with applicable Rules under the Companies (Corporate Social Responsibility) Rules, 2014, the Company has framed its Corporate Social Responsibility Policy ("CSR Policy").

The CSR Policy of the Company broadly describes overall framework for implementing, functioning and monitoring of CSR activities. The CSR Policy defines the broad framework of areas where CSR activities may be undertaken by the Company directly or through any not-for-profit entities including ICICI Foundation for Inclusive Growth (IFIG), with primary focus on the following areas:

- 1) Skill development and sustainable livelihoods;
- 2) Education;
- 3) Rural development;
- 4) Health care;
- 5) Sanitation;
- 6) Support employee engagement in CSR activities;
- 7) Capacity building for corporate social responsibility;
- 8) Other areas viz. continue to provide support to specific needs such as during natural disasters, through financial as well as logistical support.

The CSR Policy of the Company is available on the website of the Company. Following is the link of the Company's website:<https://www.icicipruamc.com>.

2. The Composition of the CSR Committee:

The CSR Committee comprises three members as detailed herein below:

- 1) Mr. N. S. Kannan, Chairman
- 2) Ms. Lakshmi Venkatachalam, Member
(Appointed with effect from October 1, 2015)
- 3) Mr. Nimesh Shah, Member

During the fiscal 2016, Mr. M.K. Sharma resigned as the member of the Committee with effect from July 31, 2016. The Committee was reconstituted in October 2015 and Ms. Lakshmi Venkatachalam was appointed as member of the Committee with effect from October 1, 2015.

The functions of the Committee include: formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Company and recommendation of the amount of the expenditure to be incurred on such activities; reviewing and recommending the annual CSR plan to the Board and monitoring the CSR activities, implementation of and compliance with the CSR Policy.

3. Average net profit of the company for the last three financial years.

Average net profit of the company for the last three financial years calculated as specified by the Companies Act 2013: ₹ 2.72 billion

4. Prescribed CSR Expenditure for the FY2015 (two per cent of the amount as in item 3 above).

Prescribed CSR Expenditure for the FY2015 (two per cent of the amount as in item 3 above): ₹ 54.5 million.

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year:

Total amount spent towards CSR during FY2015 was ₹ 54.5 million.

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in million)

Sr. No.	CSR project or activity identified	Sector in which the Project covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount in outlay (budget) project or programs wise	Amount in spent on the projects or programs Sub heads:	Cumulative expenditure upto the reporting Period in	Amount spent in: Direct or through implementing agency
1	Projects of ICICI Foundation for Inclusive Growth (IFIG).	1. Promoting education, employment enhancing vocational skills, livelihood enhancement projects, 2. Eradication of hunger, poverty and malnutrition; promoting preventive healthcare	1. 22 skill training centres located in Bangaluru, Bhubaneswar, Chennai, Coimbatore, Delhi, Durg, Guwahati, Hyderabad, Indore, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Mysore, Nagpur, Narsobawadi, Patna, Pune, Trichy, Vijaywada and Zirakpur. 2. Elementary education projects in Rajasthan	50.88	Expenditure on Projects and Administration : 50.88	87.36 *	Amount spent through ICICI Foundation for Inclusive Growth.

(₹ in million)

Sr. No.	CSR project or activity identified	Sector in which Project covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount in outlay (budget) project or programs wise	Amount in spent on the projects or programs Sub heads:	Cumulative expenditure upto the reporting Period in	Amount spent in: Direct or through implementing agency
			and Chhattisgarh. 3. Health care programmes including in Baran (Rajasthan).				
2	Contribution towards relief and welfare in calamity affected areas.	Contribution to Prime Minister's/Chief Minister's Relief Fund.	Chennai	1.52	1.52	3.08**	Direct.
3	Contribution towards rehabilitation of Chennai flood affected people.	Relief and Welfare Specific Project During Natural Disaster.	Chennai	1.50	1.50	1.50	Through United Way of Chennai.
4.	Creation of financial service entrepreneurs.	Skill development and sustainable livelihoods.	Ahmedabad, Goa, Kolkata	0.60	0.60	0.60	Through Tiksna Mission Trust.

*Includes previous year contribution of ₹ 36.46 million.

** Includes previous year contribution of ₹ 1.56 million.

- 6. In case the company has failed to spend the 2% of the average net profits of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Not Applicable as the entire amount was spent.

- 7. The CSR Committee of the Company hereby certifies that the implementation and monitoring of CSR activities are in compliance with the CSR objectives and Policy of the Company.**

The CSR Committee of the Company hereby certifies that the implementation and monitoring of CSR activities are in compliance with the CSR objectives and Policy of the Company.

Sd/-

Managing Director

Sd/-

Chairman CSR Committee

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
ICICI Prudential Asset Management Company Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ICICI Prudential Asset Management Company Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Secretarial Standards 1 and 2 relating to Board meetings and general meetings as issued by the Institute of Company Secretaries of India;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and

(v) Other laws as specifically applicable to the Company:

(a) The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996;

(b) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;

(c) The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;

(d) The Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996; and

(e) The Prevention of Money Laundering Act, 2002.

Note: Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same are not applicable to the Company.

(a) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(b) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(h) The Listing Agreements as none of the securities of the Company are listed on any recognised stock exchanges of India or abroad

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there was no instance of any of the Directors expressing dissent.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company had no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For P. K. Pandya & Co.
Practising Company Secretary

Place: Mumbai

Date: April 21, 2016

Sd/-
Prakash K. Pandya
FCS No.: 3901
C P No.: 2311

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,

The Members,

ICICI Prudential Asset Management Company Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to ICICI Prudential Asset Management Company Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For P. K. Pandya & Co.
Practising Company Secretary

Place: Mumbai

Date: April 21, 2016

Sd/-
Prakash K. Pandya
FCS No.: 3901
C P No.: 2311

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- U99999DL1993PLC054135
- ii) Registration Date: June 22, 1993
- iii) Name of the Company: ICICI Prudential Asset Management Company Limited
- iv) Category / Sub-Category of the Company: Company Limited by Shares
- v) Address of the registered office and contact details: 12th Floor, Narain Manzil 23, Barakhamba Road, New Delhi-110001.Tel no.022-26852000
- vi) Whether listed company: No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
3i Infotech Limited Tower #5, 3rd to 6th floor, International Infotech Park, Vashi Railway Station Complex, Vashi, Navi Mumbai - 400703, India Tel. : (+91 - 22) 6792 8000 Fax : (+91 - 22) 6792 8098.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company are as under:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Management Fees from the Schemes of ICICI Prudential Mutual fund	66301	89.94

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ associate	% of shares held	Applicable Section
1	ICICI Bank Ltd. Landmark Race Course Circle, Alkapuri, Baroda - 390015	L65190GJ1994PLC021012	Holding	51%	2(46)
2	Prudential Corporation Holdings Limited Laurence Pountney Hill, London, EC4R 0HH, United Kingdom.	Foreign Company	Associate	49%	2(6)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	17,651,390	700	17,652,090	100	17,651,390	700	17,652,090	100	Nil

ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	ICICI Bank Limited*	9,002,573	51	Nil	9,002,573	51	Nil	Nil
2	Prudential Corporation Holdings Limited	8,649,517	49	Nil	8,649,517	49	Nil	Nil

*Out of the above 9,002,573 shares held by ICICI Bank Limited, 700 shares are beneficially held by ICICI Bank Limited and registered in the name of various nominees.

iii) Change in Promoters' Shareholding

SI No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	No changes			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil, for shares held by top ten shareholders other than directors, promoters and holders of GDR and ADRs.			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)				

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in million)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,311.9	-	-	1,311.9
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,311.9	-	-	1,311.9
Change in Indebtedness during the financial year				
• Addition	276.1	-	-	276.1
• Reduction	-1,588.0	-	-	-1,588.0
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in million)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Nimesh Shah	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	52.21	52.21
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.29	0.29
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify...		
5.	Others, please specify		
	Total (A)	52.50	52.50
	Ceiling as per the Act	249.97	249.97

B. Remuneration to other directors:

(₹ in million)

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		C.R. Muralidharan	Mahendra Kumar Sharma	Suresh Kumar	Vijay Thacker	Lakshmi Venkatachalam	
1.	Independent Directors						
	• Fee for attending board / committee meetings	0.58	0.16	0.64	0.52	0.38	2.28
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	Total (1)	0.58	0.16	0.64	0.52	0.38	2.28

2.	Other Non-Executive Directors	-	-	-	-	-	-
	<ul style="list-style-type: none"> • Fee for attending board /committee meetings • Commission • Others, please specify 						
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	0.58	0.16	0.64	0.52	0.38	2.28
	Total Managerial Remuneration						
	Overall Ceiling as per the Act (applicable for all the directors taken together)	50	50	50	50	50	50

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in million)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	52.21	2.85	21.06	76.12
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.29	0.03	0.05	0.37
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2.	Stock Option*				
3.	Sweat Equity				
4.	Commission				
	- as % of profit				
	- others, specify...				
5.	Others, please specify				
	Total	52.50	2.88	21.11	76.49

Note: The CEO (Managing Director) receives stock options from ICICI Bank Limited, in line with ICICI Bank Group Policy.

vi) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	NIL				
Punishment					
Compounding					
B. Directors					
Penalty	NIL				
Punishment					
Compounding					
C. Other officers in default					
Penalty	NIL				
Punishment					
Compounding					

Independent Auditors' Report

To the Members of ICICI Prudential Asset Management Company Limited

Report on the financial statements

We have audited the accompanying financial statements of ICICI Prudential Asset Management Company Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

Report on Other Legal and Regulatory Requirements (Continued)

- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-
100022

Place: Mumbai
Date: April 22, 2016

Sd/-
Milind Ranade
Partner
Membership No: 100564

ICICI Prudential Asset Management Company Limited

Annexure A to the Independent Auditors' Report

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) According to the information and explanation given to us, the Company is not having any immovable properties.
2. The Company is a service company, primarily rendering asset management and advisory services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable to the Company.
3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.
4. According to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of Companies Act, 2013 with respect to the loans and investments made.
5. According to the information and explanations given to us, the Company has not accepted any deposits to which the provisions of Section 73 to Section 76 or other relevant provisions of the Act and the rules framed there under apply.
6. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act, for any of the services rendered by the Company.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth tax, service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, duty of customs, duty of excise, value added tax, cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth tax, service tax and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

According to information and explanations given to us, the following dues of income tax and service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount (Rs. Millions)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax demand	1.1	AY 2006-07	CIT (A)
Income Tax Act, 1961	Income tax demand	94.2	AY 2008-09	ITAT
Service Tax	Service Tax	1.3	April 2008 to March 2011	Service Tax Commissioner
Service Tax	Service Tax	2.8	April 2011 to March 2013	Service Tax Commissioner

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to bank. During the year, the Company did not have any outstanding loans or borrowings from financial institutions, government or dues to debenture-holders.
9. According to the information and explanations given to us, during the year, the Company has not raised money by way of initial public offer or further public offer (including debt instrument) and term loans. Thus, paragraph 3 (ix) of the Order is not applicable to the Company.
10. According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3 (xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanation given to us and based on our examination of the records of the Company, the Company not entered into any non-cash transactions with directors or persons connected with him. Thus, paragraph 3 (xv) of the Order is not applicable to the Company.

16. The Company is a service company primarily rendering asset management services and advisory services, thus the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-
100022

Place: Mumbai
Date: April 22, 2016

Sd/-
Milind Ranade
Partner
Membership No: 100564

ICICI Prudential Asset Management Company Limited

Annexure B to the Independent Auditors' Report

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of ICICI Prudential Asset Management Company Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-
100022

Sd/-

Milind Ranade

Partner

Membership No: 100564

Place: Mumbai

Date: April 22, 2016

ICICI Prudential Asset Management Company Limited

Balance sheet

as at 31 March 2016

(Currency: Indian rupees million)

	Notes	2016	2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	176.5	176.5
Reserves and surplus	4	6,196.0	4,213.8
		<u>6,372.5</u>	<u>4,390.3</u>
Non-current liabilities			
Long term provisions	5	281.3	256.9
Other long term liabilities	5A	63.7	89.4
		<u>345.0</u>	<u>346.3</u>
Current liabilities			
Short term borrowings	6	-	1,311.9
Trade Payables	7	803.8	745.2
Other current liabilities	8	184.6	148.6
Short-term provisions	9	474.6	341.0
		<u>1,463.0</u>	<u>2,546.7</u>
TOTAL		<u>8,180.5</u>	<u>7,283.3</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	178.7	156.3
Intangible assets	11	33.6	36.3
Capital work-in-progress		22.2	6.7
Intangible assets under development		4.9	3.7
Non-current investments	12	2,142.4	854.0
Deferred tax assets (net)	13	132.3	96.0
Long term loans and advances	14	1,707.7	2,828.5
		<u>4,221.8</u>	<u>3,981.5</u>
Current assets			
Current investments	15	1,521.4	188.4
Trade receivables	16	607.7	319.4
Cash and bank balances	17	85.5	98.5
Short-term loans and advances	18	1,691.1	2,637.8
Other current assets	19	53.0	57.7
		<u>3,958.7</u>	<u>3,301.8</u>
TOTAL		<u>8,180.5</u>	<u>7,283.3</u>

Significant accounting policies and notes to the financial statements 2 – 37

The Notes referred to above form an integral part of this balance sheet.
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sd/-
Milind Ranade
Partner
Membership No: 100564

Mumbai
22 April 2016

For and on behalf of the Board of Directors of
ICICI Prudential Asset Management Company Limited

Sd/-
Chanda Kochhar
Chairperson
DIN No:00043617

Sd/-
Vijay Thacker
Director
DIN No:00761544

Sd/-
Nimesh Shah
Managing Director
DIN No:01709631

Sd/-
B. Ramakrishna
Chief Financial Officer

Sd/-
Rakesh Shetty
Company Secretary
Mumbai
22 April 2016

ICICI Prudential Asset Management Company Limited

Statement of profit and loss

for the year ended 31 March 2016

(Currency: Indian rupees million)

	<i>Notes</i>	2016	2015
Income			
Revenue from operations	20	9,894.5	8,260.0
Other income	21	229.1	139.8
Total revenue		10,123.6	8,399.8
Expenses			
Employee benefit expenses	22	1,482.2	1,248.9
Finance cost	23	65.9	24.5
Depreciation and amortization expenses		100.1	101.8
Operating and administrative expenses	24	3,476.0	3,262.7
Total expenses		5,124.2	4,637.9
Profit before tax		4,999.4	3,761.9
Tax expenses:			
- Current tax		1,769.4	1,264.7
- Short/(Excess) provision of earlier years		9.3	(1.7)
- Deferred tax (credit) /expense		(36.2)	30.7
Total tax expense		1,742.5	1,293.7
Net Profit after tax		3,256.9	2,468.2
Earnings per share of face value Rs. 10 each – Basic and Diluted (in Rs.)	28	184.51	139.83
Significant accounting policies and notes to the financial statements	2-37		

The Notes referred to above form an integral part of the statement of profit and loss
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
ICICI Prudential Asset Management Company Limited

Sd/-
Milind Ranade
Partner
Membership No: 100564

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B. Ramakrishna
Chief Financial Officer

Sd/-
Rakesh Shetty
Company Secretary
Mumbai
22 April 2016

Mumbai
22 April 2016

ICICI Prudential Asset Management Company Limited

Cash flow statement

for the year ended 31 March 2016

(Currency: Indian rupees million)

	2016	2015
Cash flows from operating activities		
Net profit before tax for the year	4,999.4	3,761.9
<i>Adjustment for:</i>		
Depreciation and amortization expenses	100.1	101.8
(Profit)/Loss on sale of fixed assets	0.3	0.6
Interest expense	65.9	24.5
Interest on IT refund adjusted outstanding tax liability	(0.5)	-
Dividend income from investments	(7.9)	(17.4)
Interest income from PMS investments	(99.4)	(84.3)
(Profit)/Loss on sale of investments (net)	(90.0)	(31.8)
Amortised income/expenses from prepaid	51.1	38.8
Working capital changes		
(Decrease)/Increase in long term provisions	24.5	(18.5)
(Decrease)/Increase in short term provisions	104.9	29.7
(Decrease)/Increase in trade payables	58.6	201.8
(Decrease)/Increase in other current liabilities	13.6	42.9
(Decrease)/Increase in Other Long term liabilities	(25.8)	-
Decrease/(Increase) in other long-term loans and advances	1,077.9	(1,629.6)
Decrease/(Increase) in trade receivables	(288.3)	67.4
Decrease/(Increase) in short-term loans and advances	946.7	(1,732.4)
Direct taxes paid (net of refunds)	(1,756.6)	(1,262.9)
Cash generated from / (used in) working capital changes	175.1	(4,269.4)
Net cash provided / (used) by operating activities	5,174.5	(507.5)
Cash flows from investing activities		
Purchase of tangible assets/capital work-in-progress	(141.5)	(106.0)
Purchase of investments	(12,911.4)	(9,803.6)
Proceeds from sale of fixed assets	3.6	1.8
Proceeds from sale of investments	10,380.1	9,676.8
Dividend received	7.0	17.4
Investment income on PMS investment	104.9	66
Net Cash generated / (used) in Investing activities	(2557.3)	(147.6)
Cash flows from financing activities		
Proceeds from short term borrowings	210.3	1,741.5
Repayment of short term borrowings	(1,522.2)	(429.6)
Interest paid	(65.9)	(24.5)
Dividends paid (including dividend distribution tax)	(1,252.4)	(1,312.2)
Net cash generated / (used) in financing activities	(2,630.2)	(24.8)
Net (decrease)/increase in cash and cash equivalents (A)	(13.0)	(679.9)
Add: Cash and cash equivalents at the beginning of the year (B)	98.5	778.4
Cash and cash equivalents at the end of the year (A+B)	85.5	98.5

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors of
ICICI Prudential Asset Management Company Limited

Sd/-

Milind Ranade

Partner

Membership No: 100564

Mumbai

22 April 2016

Sd/-

Chanda Kochhar

Chairperson

DIN No:00043617

Sd/-

Vijay Thacker

Director

DIN No:00761544

Sd/-

B. Ramakrishna

Chief Financial Officer

Sd/-

Nimesh Shah

Managing Director

DIN No:01709631

Sd/-

Rakesh Shetty

Company Secretary

Mumbai

22 April 2016

ICICI Prudential Asset Management Company Limited

Notes to the financial statements

for the year ended 31 March 2016

(Currency: Indian rupees million)

1 Background

ICICI Prudential Asset Management Company Limited ('the Company') was incorporated on June 22, 1993.

The principal shareholders of the Company are ICICI Bank Limited (51%) ('the Holding Company') and Prudential Corporation Holdings Limited (49%).

The Company is registered with Securities and Exchange Board of India ('SEBI') under SEBI (Mutual Funds) Regulations, 1996, SEBI (Portfolio Managers) Regulations, 1993, SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Alternative Investment Funds) Regulations, 2012.

The Company's principal activity is to act as an investment manager to ICICI Prudential Mutual Fund ('the Fund'), to provide services to the clients under SEBI (Portfolio Managers) Regulations, 1993, SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Alternative Investment Funds) Regulations, 2012. The Company manages the investment portfolios of the Fund and provides various administrative services to the Fund and ICICI Prudential Trust Limited as laid down in the Investment Management Agreement dated September 3, 1993. The Company also provides advisory services to clients.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements

2.1 Basis of preparation

These financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 and other accounting principles generally accepted in India, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

2 Significant accounting policies (*Continued*)

2.3 Current – non current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

2 Significant accounting policies (*Continued*)

2.4 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation. Cost includes all expenses incidental to the acquisition of the fixed assets and any attributable cost of bringing the asset to its working condition for its intended use. Depreciation is charged over the estimated useful life of a fixed asset on a straight line basis.

Further, as disclosed in table below, the estimated useful life of fixed assets of the Company is different from useful life prescribed in Schedule II of the Companies Act, 2013. Based on the nature of fixed assets used by the Company and past experience of its usage, the Company considers that the useful life for respective assets to be appropriate.

Nature of Fixed Assets	Management Estimate of Useful Life in years	Useful life as per the limits prescribed in Schedule II of the Companies Act, 2013 in Years
Furniture & fixture	6	10
Computer – Servers & Networks	3	6
Office Equipment	3 -10	5
Vehicles	5	8

Leasehold improvements are amortised over the period of the lease on straight-line basis or useful life of the asset whichever is lower.

Intangible assets comprising software purchased or developed and licensing costs are depreciated on straight line basis over the useful life of the software up to a maximum of three years commencing from the month in which such software is first utilised.

Assets individually costing Rupees Five Thousand or less are fully depreciated in the year of purchase or acquisition.

The Company provides pro-rata depreciation from the day the asset is ready to use and for any asset sold, till the date of sale.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

2 Significant accounting policies (*Continued*)

2.5 *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or of the cash generating unit to which the asset belongs to or the cash generating unit. If such estimated recoverable amount of the asset or of the cash generating unit is less than the carrying amount, the carrying amount is reduced to its estimated recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.6 *Investments*

Investments are classified as long term or current based on intention of the management at the time of purchase.

Long term investments are carried at carrying cost less diminution in value other than temporary in nature, determined separately for each individual investment.

Current investments are valued at the lower of cost or net realisable value. The comparison of cost and net realisable value is done separately in respect of each individual investment.

Purchase and sale of investments are recorded on trade date. The gains or losses on sale of investments are recognised in the statement of profit and loss on the trade date. Profit or loss on sale of investments is determined on the basis of First In First Out ('FIFO') basis.

2.7 *Revenue recognition*

Management fees

Management fees from mutual fund schemes are recognised on an accrual basis in accordance with the investment management agreement and SEBI (Mutual Fund) Regulations, 1996.

Other Management fees

Fund management and portfolio management fees (net of service tax) are recognised on an accrual basis in accordance with the respective terms of contract with counter parties.

Advisory fees

Advisory fees are recognised on an accrual basis in accordance with the respective terms of contract with counter parties.

Other income

Interest income is accounted on an accrual basis.

Dividend income is recognised when the right to receive dividend is established.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

2 Significant accounting policies (*Continued*)

2.8 Transactions in foreign currency

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Exchange differences, if any, arising out of foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at the closing exchange rates on that date and the resultant exchange differences, if any, are recognised in the statement of profit and loss.

2.9 Retirement benefits

Provident fund

The Company's contribution to the Statutory Provident Fund, a defined contribution scheme, made at 12% of the basic salary of each employee is charged to the statement of profit and loss as incurred.

Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine its present value and the fair value of plan assets, if any, is deducted from such determined present value.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

Superannuation

The Company contributes to an approved superannuation fund which is a defined contribution plan for all its eligible employees who have opted for the scheme. The Company's contribution to the Superannuation fund with the Life Insurance Corporation of India (LIC) is charged to the statement of profit and loss as incurred.

Leave encashment

The Company provides for leave encashment liability based on actuarial valuation as at the balance sheet date, carried out by an independent actuary.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

2 Significant accounting policies (*Continued*)

2.10 New Fund Offer ('NFO') expenses

Expenses relating to NFO for no load schemes of the Fund are charged to statement of profit and loss of the Company in the year in which these expenses are incurred.

2.11 Borrowing cost

All borrowing cost are expensed in the period when they occur. Borrowing cost consists of interest and other cost that an entity incurs in connection with the borrowing of the funds.

2.12 Fund expenses

Expenses incurred (inclusive of advertisement and brokerage expenses) on behalf of schemes of the Fund are recognised in the statement of profit and loss of the Company unless considered recoverable from the schemes of the Fund in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

2.13 Brokerage and incentives

Brokerage and incentive payments are charged to statement of profit and loss as and when incurred.

2.14 Long term incentive plan ('LTIP')

For LTIP 2013, LTIP 2014 and LTIP 2015 launched in the year ended 31 March 2013, 31 March 2014 and 31 March 2015 respectively, the grant value will be paid in three annual tranches. The provision is assessed on a yearly basis based on actuarial valuation.

The Company has launched LTIP 2016 for which the grant value will be paid in three annual tranches. The year end provision is measured at the present value of estimated future cash flows and the same will be assessed on a yearly basis based on actuarial valuation.

2.15 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

2.16 Tax

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

2 Significant accounting policies (*Continued*)

Current tax

Current tax expense 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.

Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable / virtually certain (as the case may be) to be realised.

2.17 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

2.18 Provisions, contingent liabilities and contingent assets

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognised when the Company recognises that it has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reasonable estimate can be made.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

3 Share capital

2016

2015

	2016	2015
Authorised share capital		
25,000,000 (Previous year: 25,000,000) equity shares of Rs. 10 each	250.0	250.0
	=====	=====
Issued, subscribed and paid-up capital		
17,652,090 (Previous year: 17,652,090) equity shares of Rs. 10 each, fully paid up	176.5	176.5
	=====	=====
There is no change in equity shares in the current year.		
No shares are issued as bonus or for consideration other than cash, in the preceding five years.		
Rights attached to the equity shares		
The Company has a single class of equity shares having a par value of Rs. 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.		
Failure to pay any amount called up on shares may lead to forfeiture of the shares.		
On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of preferential amounts, if any, in proportion to the number of equity shares held.		
Shares held by Holding Company:		
9,002,573 (Previous year: 9,002,573) equity shares of Rs. 10 each are held by ICICI Bank Limited, the Holding Company and its nominees.		
Shareholders holding more than 5%:		
9,002,573 (Previous year: 9,002,573) equity shares of Rs. 10 each are held by ICICI Bank Limited and its nominees.		
8,649,517 (Previous year: 8,649,517) equity shares of Rs. 10 each are held by Prudential Corporation Holdings Limited.		

The Board of Directors had declared interim dividends aggregating to Rs. 60.0 per equity share (Previous year: Rs. 45.0). The total dividend appropriation for the year ended 31 March 2016 amounted to Rs.1,274.7 (Previous year: Rs. 941.5) including dividend distribution tax of Rs. 215.6 (Previous year: Rs. 147.2).

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

4 Reserves and surplus

2016

2015

<i>Capital redemption reserve</i>	8.7	8.7
<i>Securities premium</i>	33.5	33.5
<i>General reserve</i>		
Balance at the beginning of the year	1,023.4	833.3
Add: Transfer from surplus in the statement of profit and loss	-	190.1
Balance at the end of the year	1,023.4	1,023.4
<i>Contingency reserve</i> ¹	103.0	103.0
<i>Surplus in the statement of profit and loss</i>		
Profit brought forward	3,045.2	1,708.6
Net profit after tax	3,256.9	2,468.2
Transfer to general reserve	-	(190.1)
Interim Dividend	(1,059.1)	(794.3)
Dividend distribution tax	(215.6)	(147.2)
Net surplus in the statement of profit and loss	5,027.4	3,045.2
Total reserves and surplus	6,196.0	4,213.8

¹ The contingency reserve is a free reserve, created voluntarily by the Company in earlier years, by transferring up to 5% of the profits.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

5 Long term provision	2016	2015
Non-current portion of employee benefits		
- for Bonus	13.3	5.1
- for LTIP ¹	188.1	179.0
- for leave encashment	5.2	3.6
- for gratuity	-	30.8
Other non-current provision		
- Lease equalization	74.7	38.4
	<u>281.3</u>	<u>256.9</u>

¹ Refer Foot Note to Note 12

5A Other long term liabilities

Other non-current provision		
- Income received in advance	63.7	89.4
	<u>63.7</u>	<u>89.4</u>

6 Short term borrowing

Cash credit from banks (secured)	-	1,311.9
	<u>-</u>	<u>1,311.9</u>

Cash credit from bank was secured against the receivables of the company which included receivables on management fees from mutual fund operations and advances recoverable in cash or kind from the schemes of mutual fund. The cash credit was repayable on demand and carried interest of 10.35%.

7 Trade Payables

Trade Payables ⁴	775.4	729.5
Trade Payables to related parties	28.4	15.7
	<u>803.8</u>	<u>745.2</u>

⁴Refer note 32 for MSMED Disclosure.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

8 Other current liabilities

2016

2015

Income received in advance	62.4	77.6
Others payables advance received for sale of investment	5.6	-
Dividend distribution tax payable	64.7	42.4
Statutory dues	45.8	26.9
Accrued expenses	6.1	1.7
	<u>184.6</u>	<u>148.6</u>
	<u><u>184.6</u></u>	<u><u>148.6</u></u>

9 Short term provision

Current portion of employee benefits towards		
- Bonus	290.0	251.4
- LTIP ¹	79.8	78.5
- Leave encashment	2.3	1.8
- Gratuity	60.3	-
Other current provision		
- Lease Equalization	7.2	3.1
- Provision for tax (net of advance tax)	35.0	6.2
	<u>474.6</u>	<u>341.0</u>
	<u><u>474.6</u></u>	<u><u>341.0</u></u>

¹ Refer Foot Note to Note 15.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

11 Intangible assets 2016 2015

	2016	2015
Software		
Gross block		
As at 1 April,	155.2	135.0
Additions during the year	28.1	20.2
Deletions during the year	-	-
As at 31 March,	183.3	155.2
Accumulated amortisation		
As at 1 April,	118.9	95.2
Charge for the year	30.8	23.7
On deletions during the year	-	-
As at 31 March,	149.7	118.9
Net block		
As at 31 March,	33.6	36.3

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

12 Non-current investments 2016 2015

<i>Trade Investment</i>		
<i>Unquoted (at cost)</i>		
50,000,000 Units (Previous year 50,000,000 Units) Contribution made to ICICI Prudential Venture Capital Fund	500.0	500.0
Investment in schemes of Portfolio Management Services	39.3	54.1
3,773,628 Units (Previous year 500,000 Units) Investment in Alternative Investment Fund	258.5	15.0
50,000 Units (Previous year 50,000 Units) Share Capital in MF Utility India Pvt Ltd	0.5	0.5
<i>Non – Trade Investment</i>		
<i>Quoted (at cost)</i>		
<i>Mutual fund units of face value of Rs.10 each:</i>		
Nil Units (Previous year 60,000 Units) of ICICI Prudential Fixed Maturity Plan Series 67 - 3 Year Plan F Direct Plan Cumulative	-	0.6
2,50,000 Units (Previous year 250,000 Units) of ICICI Prudential Fixed Maturity Plan Series 72-785 Days Plan O Direct Plan Cumulative	2.5	2.5
1,39,584 Units (Previous year 1,39,584 Units) of ICICI Prudential Interval Fund Plan I- Direct Monthly Growth	1.6	1.6
4,18,851 Units (Previous year 4,18,851 Units) of ICICI Prudential Interval Fund Series VI Annual Plan D Direct Cumulative	5.0	5.0
4,16,951 Units (Previous year 4,16,951 Units) of ICICI Prudential Interval Fund Series VI Annual Plan C Direct Plan Cumulative	5.0	5.0
2,25,334 Units (Previous year 2,25,334 Units) of ICICI Prudential Interval Fund Series V Monthly Plan A Direct Plan Growth	2.6	2.6
3,34,414 Units (Previous year 3,34,414 Units) of ICICI Prudential Interval Fund Series I Quarterly Plan I Direct Plan Growth	5.0	5.0
4,36,353 Units (Previous year 4,36,353 Units) of ICICI Prudential Interval Fund II Quarterly Plan C Direct Plan Growth	5.0	5.0
2,58,113 Units (Previous year 2,58,113 Units) of ICICI Prudential Interval Fund Series VI Annual Plan A- Direct Plan Growth	3.1	3.1
4,15,686 Units (Previous year 4,15,686 Units) of ICICI Prudential Interval Fund Series II Quarterly Plan B Direct Plan Growth	5.0	5.0
4,55,377 Units (Previous year 4,55,377 Units) of ICICI Prudential Interval Fund Series VII Annual Interval C Direct Plan Growth	5.0	5.0

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

12 Non-current investments (*Continued*)

	2016	2015
<i>Non – Trade Investment</i>		
2,00,404 Units (Previous year 2,00,404 Units) of ICICI Prudential Interval Fund Series II Quarterly Plan F Direct Plan Growth	3.0	3.0
4,34,511 Units (Previous year 4,34,510 Units) of ICICI Prudential Interval Fund Series II Quarterly Plan A Direct Plan Growth	5.0	5.0
3,37,617 Units (Previous year 3,37,616 Units) of ICICI Prudential Interval Fund Series III Quarterly Direct Plan Growth	5.0	5.0
3,00,000 Units (Previous year 3,00,000 Units) of ICICI Prudential Fixed Maturity Plan Series 74 -9 Years Plan U Direct Plan Cumulative	3.0	3.0
3,50,586 Units (Previous year 3,50,522 Units) of ICICI Prudential Interval Annual Plan -I Direct Plan Growth	5.0	5.0
55,523 Units (Previous year 55,523 Units) of ICICI Prudential Interval Annual Plan -II Direct Plan Growth	1.0	1.0
1,77,082 Units (Previous year 1,77,082 Units) of ICICI Prudential Interval Annual Plan -III Direct Plan Growth	2.5	2.5
3,03,418 Units (Previous year 3,03,363 Units) of ICICI Prudential Interval Annual Plan -IV Direct Plan Growth	5.0	5.0
30,137 Units (Previous year 30,137 Units) of ICICI Prudential Interval Half Yearly Plan -II Direct Plan Growth	0.4	0.4
3,39,466 Units (Previous year 3,39,466 Units) of ICICI Prudential Interval Fund II Quarterly Plan D Direct Plan Growth	5.0	5.0
60,501 Units (Previous year 60,501 Units) of ICICI Prudential Interval Fund II Quarterly Direct Plan Growth	1.0	1.0
101,517 Units (Previous year 1,01,517 Units) of ICICI Prudential Interval Fund IV Quarterly Plan B Direct Plan Growth	1.5	1.5
35,00,000 Units (Previous year Nil Units) of ICICI Prudential FMP Series 77 - 1473 Days Plan C Direct Plan Cumulative	35.0	-
Aggregate amount of non - current quoted investments Rs. 112.2 (Previous year Rs. 77.9) market value (net asset value) thereof Rs.123.2 (Previous year Rs. 79.4)		
<i>Unquoted (at cost)</i>		
<i>Mutual fund units of face value of Rs.10 each:</i>		
Nil Units (Previous Year 75,947 Units) ICICI Prudential Dynamic Bond Fund Direct Plan Growth ¹	-	1.0
736,677 Units (Previous Year Nil Units) of ICICI Prudential Balanced Advantage Fund Direct Plan Growth ¹	15.7	-
Nil Units (Previous Year 1,356,146 Units) of ICICI Prudential Dividend Yield Equity Fund Direct Plan Growth ¹	-	13.6

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

12 Non-current investments (Continued)	2016	2015
5,00,000 Units (Previous Year 5,00,000 Units) of ICICI Prudential Equity Income Fund Direct Plan Growth Cumulative	5.0	5.0
2,45,885 Units (Previous Year 2,45,885 Units) of ICICI Prudential Blended Plan B Direct Plan Growth Option I	5.0	5.0
7,50,000 Units (Previous Year 7,50,000 Units) of ICICI Prudential Constant Maturity Gilt Fund –Direct –Growth	7.5	7.5
1,163,862 Units (Previous Year 1,411,699 Units) of ICICI Prudential Value Discovery Fund Direct Plan Growth ¹	103.4	90.4
33,241 Units (Previous Year 472,435 Units) of ICICI Prudential Long Term Gilt Fund Direct Plan Growth ¹	1.4	19.3
20,487 Units (Previous Year 40,838 Units) of ICICI Prudential Dynamic Direct Plan Growth ¹	3.8	6.3
13,674 Units (Previous Year Nil Units) of ICICI Prudential Advisor Series - Long Term Savings - Direct Plan - Growth	0.7	-
4,018 Units (Previous Year Nil Units) of ICICI Prudential Advisor Series -Dynamic Accrual Plan - Direct Plan - Growth	0.1	-
195,168 Units (Previous Year Nil Units) of ICICI Prudential Balanced Advantage Fund - Direct Plan - Growth	5.0	-
54,599 Units (Previous Year Nil Units) of ICICI Prudential Balanced Fund - Direct Plan - Growth	5.0	-
136,208 Units (Previous Year Nil Units) of ICICI Prudential Banking and Financial Services Fund - Direct Plan - Growth	5.0	-
318,860 Units (Previous Year Nil Units) of ICICI Prudential Banking and PSU Debt Fund - Direct Plan - Growth	5.0	-
231,131 Units (Previous Year Nil Units) of ICICI Prudential Blended Plan A - Direct Plan - Growth	5.0	-
9,701 Units (Previous Year Nil Units) of ICICI Prudential Cautious - Direct Plan - Growth	0.3	-
49,482 Units (Previous Year Nil Units) of ICICI Prudential Child Care Plan Gift - Direct Plan	5.0	-
73,162 Units (Previous Year Nil Units) of ICICI Prudential Child Care Plan Study - Direct Plan	4.0	-
50,000 Units (Previous Year Nil Units) of ICICI Prudential CNX 100 ETF	4.3	-
227,818 Units (Previous Year Nil Units) of ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	5.0	-
500,000 Units (Previous Year Nil Units) of ICICI Prudential Dividend Yield Equity Fund Direct Plan Growth	5.0	-
26,490 Units (Previous Year Nil Units) of ICICI Prudential Dynamic - Direct Plan - Growth	5.0	-
314,626 Units (Previous Year Nil Units) of ICICI Prudential Dynamic Bond Fund - Direct Plan - Growth	5.0	-
256,867 Units (Previous Year Nil Units) of ICICI Prudential Equity Arbitrage Fund - Direct Plan - Growth	5.0	-
115,212 Units (Previous Year Nil Units) of ICICI Prudential Exports and Other Services Fund - Direct Plan – Growth	5.0	-

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

12 Non-current investments (Continued) 2016 2015

31,836 Units (Previous Year Nil Units) of ICICI Prudential FMCG Fund - Direct Plan - Growth	5.0	-
171,123 Units (Previous Year Nil Units) of ICICI Prudential Focused Bluechip Equity Fund - Direct Plan - Growth	5.0	-
180,487 Units (Previous Year Nil Units) of ICICI Prudential Gilt Fund Investment Plan PF Option Growth - Direct Plan	5.0	-
258,902 Units (Previous Year Nil Units) of ICICI Prudential Gilt Fund Treasury Plan PF Option Growth- Direct Plan	5.0	-
411,201 Units (Previous Year Nil Units) of ICICI Prudential Global Stable Equity Fund Direct Plan Growth	5.0	-
111,388 Units (Previous Year Nil Units) of ICICI Prudential Income - Direct Plan - Growth	5.0	-
254,804 Units (Previous Year Nil Units) of ICICI Prudential Income Opportunities Fund - Direct Plan - Growth	5.0	-
234,201 Units (Previous Year Nil Units) of ICICI Prudential Indo Asia Equity Fund - Direct Plan - Growth	5.0	-
119,422 Units (Previous Year Nil Units) of ICICI Prudential Infrastructure Fund - Direct Plan - Growth	5.0	-
295,698 Units (Previous Year Nil Units) of ICICI Prudential Long Term - Direct Plan - Growth	5.0	-
18,601 Units (Previous Year Nil Units) of ICICI Prudential Long Term Equity Fund (Tax Saving) - Direct Plan - Growth	5.0	-
17,167,275 Units (Previous Year Nil Units) of ICICI Prudential Long Term Gilt Fund - Direct Plan - Growth	854.8	-
71,987 Units (Previous Year Nil Units) of ICICI Prudential Midcap Fund - Direct Plan - Growth	5.0	-
161,727 Units (Previous Year Nil Units) of ICICI Prudential MIP - 25 - Direct Plan - Growth	5.0	-
128,207 Units (Previous Year Nil Units) of ICICI Prudential MIP - Direct Plan - Growth	5.0	-
12,988 Units (Previous Year Nil Units) of ICICI Prudential Moderate - Direct Plan - Growth	0.5	-
50,000 Units (Previous Year Nil Units) of ICICI Prudential Nifty ETF	4.2	-
63,226 Units (Previous Year Nil Units) of ICICI Prudential Nifty Index Plan - Direct Plan Growth	5.0	-
59,035 Units (Previous Year Nil Units) of ICICI Prudential Nifty Next 50 Index Fund - Direct Plan - Growth	1.0	-
517,860 Units (Previous Year Nil Units) of ICICI Prudential Regular Gold Savings Fund - Direct Plan - Growth	5.0	-
133,865 Units (Previous Year Nil Units) of ICICI Prudential Regular Income Fund - Direct Plan - Growth	1.9	-
332,065 Units (Previous Year Nil Units) of ICICI Prudential Regular Savings Fund - Direct Plan - Growth	5.0	-
215,526 Units (Previous Year Nil Units) of ICICI Prudential Select Large Cap fund - Direct Plan - Growth	5.0	-

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

12 Non-current investments (*Continued*)

	2016	2015
171,624 Units (Previous Year Nil Units) of ICICI Prudential Short Term - Direct Plan - Growth Option	5.0	-
141,776 Units (Previous Year Nil Units) of ICICI Prudential Short Term Gilt Fund - Direct Plan - Growth	5.0	-
129,137 Units (Previous Year Nil Units) of ICICI Prudential Technology Fund - Direct Plan - Growth	5.0	-
20,890 Units (Previous Year Nil Units) of ICICI Prudential Top 100 Fund - Direct Plan - Growth	5.0	-
347,289 Units (Previous Year Nil Units) of ICICI Prudential Ultra Short Term - Direct Plan - Growth	5.0	-
271,455 Units (Previous Year Nil Units) of ICICI Prudential US Bluechip Equity Fund - Direct Plan - Growth	5.0	-
43,746 Units (Previous Year Nil Units) of ICICI Prudential Value Discovery Fund - Direct Plan - Growth	5.0	-
9,004 Units (Previous Year Nil Units) of ICICI Prudential Very Aggressive - Direct Plan - Growth	0.5	-
10,000 Units (Previous Year Nil Units) of Sensex ICICI Prudential Exchange Traded Fund	2.7	-
25,026 Units (Previous Year Nil Units) of ICICI Prudential Multicap Fund - Direct Plan - Growth	5.0	-
<i>Mutual fund units of face value of Rs.100 each:</i>		
25,664 Units (Previous Year 3,03,494 Units) of ICICI Prudential Money Market Fund-Direct Growth	5.0	58.5
18,847 Units (Previous Year Nil Units) of ICICI Prudential Flexible Income - Direct Plan - Growth	5.0	-
2,000 Units (Previous Year Nil Units) of ICICI Prudential Gold Exchange Traded Fund	5.2	-
23,977 Units (Previous Year Nil Units) of ICICI Prudential Liquid - Direct Plan - Growth	5.0	-
23,641 Units (Previous Year Nil Units) of ICICI Prudential Savings Fund - Direct Plan - Growth	5.0	-
Aggregate provision for diminution in value of non – current investments	-	-
	<hr/>	<hr/>
Total non-current investments	2,142.4	854.0
	<hr/>	<hr/>
Aggregate amount of non - current unquoted investments Rs. 2030.3 (Previous year Rs. 776.1)		

¹In accordance with Long Term Incentive Plan ('LTIP') 2013, 2014 and 2015, investments are identified and separated to meet LTIP liabilities in future. As any gain or loss on these investments belongs to employees, it is valued at cost.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

13 Deferred tax

2016

2015

The Company has net deferred tax asset of Rs. **132.3** (Previous year Rs.96.0).
The composition of deferred tax asset is as follows:

<i>Deferred tax asset</i>		
Tangible assets	42.4	44.7
Employee benefit expenses	97.3	91.1
Lease equalization	28.3	14.3
Prepaid expenses - VCF & AIF	(35.7)	(54.0)
Unrealised gain on foreign exchange	-	(0.1)
	<u>132.3</u>	<u>96.0</u>

14 Long term loans and advances

Non Current loans & advances		
Security Deposits	158.3	113.0
Advance tax (net of provision for tax)	177.4	167.4
Staff loan	1.1	0.9
Statutory dues recoverable	3.2	-
Prepaid expenses	442.3	224.8
Advances recoverable in cash or in kind or for value to be received	923.9	2,319.0
Capital Advance	1.5	3.4
	<u>1,707.7</u>	<u>2,828.5</u>

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

15 Current investments 2016 2015

Trade Investment		
Unquoted (at cost)		
Investment in schemes of Portfolio Management Services	19.7	97.3
Non – Trade Investment		
Quoted (at cost)		
<i>Mutual fund units of face value of Rs.10 each:</i>		
4,10,000 Units (Previous year 4,10,000 Units) of ICICI Prudential Fixed Maturity Plan Series 70 – 745 Days Plan P Direct Plan Cumulative	4.1	4.1
Nil Units (Previous year 2,50,000 Units) of ICICI Prudential Fixed Maturity Plan Series 72 - 483 Days Plan J Direct Plan Cumulative	-	2.5
Nil Units (Previous year 6,00,000 Units) of ICICI Prudential Fixed Maturity Plan Series 74 - 370 Days Plan V Direct Plan Cumulative	-	6.0
60,000 Units (Previous year Nil Units) of ICICI Prudential FMP Series 67 - 3 Years Plan F Direct Plan Cumulative	0.6	-
52,00,000 Units (Previous year Nil Units) of ICICI Prudential FMP Series 78 - 188 Days Plan L Direct Plan Cumulative	52.0	-
Aggregate amount of current quoted investments Rs. 56.7		
(Previous year 12.6) market value (net asset value) thereof Rs. 58.3		
(Previous year 13.9)		
Unquoted (at cost)		
<i>Mutual fund units of face value of Rs. 10/- each</i>		
Nil Units (Previous year 1,878,779 Units) of ICICI Prudential Balanced Advantage fund Direct plan ¹	-	34.8
1,519,500 Units (Previous year 747,354 Units) of ICICI Prudential Dividend Yield Equity Fund Direct Plan Growth ¹	15.2	7.5
88,133 Units (Previous year 402,395 Units) of ICICI Prudential Dynamic Bond Fund Direct Plan Growth ¹	1.2	5.4
Nil Units (Previous year 500,513 Units) of ICICI Prudential Short Term Plan–Direct –Growth Option ¹	-	11.8
97,208 Units (Previous year Nil Units) of ICICI Prudential Long Term Gilt Fund Direct Plan –Growth Option ¹	4.0	-
152,596 Units (Previous year Nil Units) of ICICI Prudential Equity Arbitrage Fund - Direct Plan - Growth Option ¹	3.0	-
122,208 Units (Previous year Nil Units) of ICICI Prudential Dynamic - Direct Plan – Growth Option ¹	22.9	-
599,643 Units (Previous year 343,582 Units) of ICICI Prudential Value Discovery Fund Direct Plan Growth ¹	33.5	19.0

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

15 Current investments (*Continued*)

	2016	2015
<i>Mutual fund units of face value of Rs. 100/- each</i>		
57,96,574 Units (Previous Year Nil Units) of ICICI Prudential Liquid - Direct Plan – Growth	1,298.0	-
3,36,165 Units (Previous Year Nil Units) of ICICI Prudential Money Market Fund Option - Direct Plan - Growth	67.2	-
	<hr/>	<hr/>
Total current investments	1,521.4	188.4
	<hr/> <hr/>	<hr/> <hr/>
Aggregate amount of current unquoted investments Rs. 1464.7 (Previous year Rs. 175.8)		

¹In accordance with Long Term Incentive Plan ('LTIP') 2013, 2014 and 2015, investments are identified and separated to meet LTIP liabilities in future. As any gain or loss on these investments belongs to employees, it is valued at cost.

16 Trade receivables

Unsecured and considered good		
- Less than six months	603.0	317.7
- More than six months	4.7	1.7
	<hr/>	<hr/>
	607.7	319.4
	<hr/> <hr/>	<hr/> <hr/>

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

17 Cash & bank balances

2016

2015

Cash and cash equivalents		
Balance with banks		
- in Current Accounts	83.1	98.3
- in PMS Accounts	2.4	0.2
	<u>85.5</u>	<u>98.5</u>

18 Short term loans and advances

Current portion of long term loans and advances		
- Advances recoverable in cash or in kind or for value to be received	1,248.3	2,155.0
- Advance to related parties	1.1	20.8
- Staff loan	1.8	1.8
- Prepaid expenses	439.9	460.2
	<u>1,691.1</u>	<u>2,637.8</u>

19 Other current assets

Unsecured and considered good		
- Interest accrued on investments	47.4	52.9
- Dividend on investments	5.6	4.8
	<u>53.0</u>	<u>57.7</u>

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

20 Revenue from operations

	2016	2015
Management fees from:		
- Mutual fund operations	8,899.6	7,346.4
- PMS operations	722.3	693.5
- Advisory Services and others	272.6	220.1
	<u>9,894.5</u>	<u>8,260.0</u>

21 Other Income

Interest		
- Non-current investments	95.0	77.7
- Current Investment	4.4	6.7
Dividend from:		
- Non-current investments	7.9	5.7
- Current investments	0.0	11.7
Profit on Sale of:		
- Non-current investments (net)	31.9	15.9
- Current investments (net)	58.1	15.8
Net gain on account of foreign exchange fluctuation	6.6	1.9
Others	25.2	4.4
	<u>229.1</u>	<u>139.8</u>

22 Employee benefit expenses

Salaries, bonus and allowances	1,339.3	1,133.9
Contribution to provident and other funds	74.5	70.2
Staff welfare expenses	68.4	44.8
	<u>1,482.2</u>	<u>1,248.9</u>

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

23 Finance Cost

	2016	2015
Interest expenses	65.9	24.5
	<u>65.9</u>	<u>24.5</u>
	<u><u>65.9</u></u>	<u><u>24.5</u></u>

24 Operating and administrative expenses

Fund expenses	1,815.5	1,943.0
Brokerage and incentives	640.2	496.6
Rent	204.1	141.7
Communication expenses	74.4	62.2
Travelling and conveyance	87.0	80.2
Fund accounting expenses (PMS)	17.8	20.9
Fund expenses (PMS)	0.5	1.5
Legal and professional fees	88.2	51.6
SEBI fees	10.0	0.8
Information technology	62.6	60.0
Electricity	40.7	38.2
Insurance	30.1	29.0
Books, periodicals and subscriptions	37.5	28.0
Repairs and maintenance		
- Equipment	10.0	10.4
- Others	30.2	22.3
Marketing, advertisement and publicity	89.2	113.2
Printing and stationery	12.3	9.6
Training and consultancy	22.8	13.1
Loss on sale of fixed assets (net)	0.3	0.6
Rates and taxes	20.9	4.8
Directors sitting fees	2.4	2.0
Housekeeping expenses	47.3	34.1
NFO filing fees	21.7	31.5
Corporate Social Responsibility expenditure ²	54.5	38.0
Miscellaneous expenses	52.1	26.8
	<u>3,472.3</u>	<u>3,260.1</u>
Auditors remuneration:		
- Statutory audit	2.8	1.9
- Tax audit	0.5	0.4
- Other matters	0.2	0.2
- Reimbursement of out of pocket expenses	0.2	0.1
	<u>3.7</u>	<u>2.6</u>
Total	<u><u>3,476.0</u></u>	<u><u>3,262.7</u></u>

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

24 Operating and administrative expenses (Continued)

²For CSR activities contribution has been made to Prime Minister's/Chief Minister's Relief Fund for contribution towards relief and welfare in calamity affected areas, United Way of Chennai for contribution towards rehabilitation of Chennai flood affected people, Tikсна Mission Trust for creation of financial service entrepreneurs and to ICICI Foundation for Inclusive Growth with primary focus in areas of promoting education, employment enhancing vocational skills, livelihood enhancement projects and eradication of hunger, poverty and malnutrition; promoting preventive healthcare.

25 Operating leases

The Company has entered into non-cancellable leasing arrangement for certain office premises for a period ranging from 3 to 5 years. As per the term of the lease all maintenance charges and municipal levies are borne by the lessee.

The total future minimum lease payments under non-cancellable operating lease for each of the periods is given below:

	2016	2015
Total future minimum lease payments:		
not later than one year	97.7	6.7
later than one year and not later five years	400.0	18.1
later than five years	28.9	-

The total lease payments recognised in the statement of profit and loss amount to Rs. 204.1 (Previous year Rs. 141.7) which include Rs. 40.5 (previous year reversal of Rs. 4.4) provision towards straight lining of lease rentals.

The terms of renewal or purchase option and escalation clauses are those normally prevalent in similar agreements and there are no undue restrictions or onerous clauses in the agreements.

26 Segmental reporting

The Company's operations predominantly relate to providing asset management services. It acts as an investment manager to schemes launched by the Mutual Fund and provides advisory services to other funds. It also provides Portfolio Management Services to corporate, high net worth individuals and ICICI Prudential Venture Capital Fund & acts as a investment manager to Alternative Investment Funds. Accordingly, the asset management business is split into Fund management & advisory and Portfolio Management Services as primary reporting segments.

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.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

26. Segmental reporting (Continued)

Income and direct expenses in relation to segments are categorized based on items that can be individually identifiable to that segment. Certain expenses such as depreciation, etc. are not specifically allocable to specific segments as the underlying assets or services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to such items, and accordingly they are separately disclosed as “unallocable expenses” and directly charged against total income.

Current assets, non current assets, current liabilities and non current liabilities to the extent directly identifiable to a segment have been categorized separately; others have been shown as “unallocable” in the total column. Other balance sheet items such as fixed assets and deferred tax asset are similarly not allocated to segments.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

26. Segmental reporting (Continued)

Primary segment information

	Fund Management and Advisory		Portfolio Management and others		Total	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Segment revenue						
Management fees	9,172.2	7,566.5	722.3	693.5	9,894.5	8,260.0
Inter segment revenue	-	-	-	-	-	-
Total segment revenue	9,172.2	7,566.5	722.3	693.5	9,894.5	8,260.0
Identifiable operating expenses	(3,638.4)	(3,533.5)	(709.7)	(463.6)	(4,348.1)	(3,997.1)
Segmental operating income	5,533.8	4,033.0	12.6	229.9	5,546.4	4,262.9
Unallocable expense					(776.1)	(640.8)
Operating income					4,770.3	3,622.1
Other income					229.1	139.8
Net Profit before taxation and prior period items					4,999.4	3,761.9
Provision for income tax					(1,769.4)	(1,264.7)
Excess provision of earlier years					(9.3)	1.7
Deferred tax credit \ (expense)					36.2	(30.7)
Net profit after tax					3,256.9	2,468.2
As at						
Segment assets and liabilities	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Segment assets	3,698.3	5,175.7	575.5	544.7	4,273.8	5,720.4
Unallocable assets	-	-	-	-	3,906.7	1,562.9
Total assets					8,180.5	7,283.3
Segment liabilities	1,142.6	2,343.3	402.2	374.4	1,544.8	2,717.7
Unallocable liabilities					263.2	175.3
Total liabilities					1,808.0	2,893.0

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

27 Related party disclosures

- Related parties where control exists
ICICI Bank Limited – Holding Company.
- Other related parties with whom transactions have taken place in ordinary course of business during the year
Prudential Corporation Holdings Limited – Holds significant influence in the Company.
ICICI Prudential Trust Limited – Fellow subsidiary
ICICI Lombard General Insurance Company Limited – Fellow subsidiary
ICICI Prudential Life Insurance Company Limited – Fellow subsidiary
ICICI Securities Limited – Fellow subsidiary
ICICI Foundation for Inclusive Growth –Fellow entity

Key management personnel:

Nimesh Shah – Managing Director

ICICI Prudential Asset Management Company Limited

Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees million)

27. Related party disclosures (Continued)

	ICICI Bank Limited	Prudential Corporation Holdings Limited	ICICI Securities Limited	ICICI Lombard General Insurance Company Limited	ICICI Prudential Life Insurance Company Limited	ICICI Prudential Trust Limited	ICICI Foundation for Inclusive Growth	KMP
Nature of Transaction	Holding Company	Significant Influence	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow entity	
Dividend paid / provided	540.2	519.0	-	-	-	-	-	-
<i>Previous year</i>	405.1	389.2	-	-	-	-	-	-
Common Cost, Brokerage & Marketing expenses	51.7³	-	6.2³	-	-	-	-	-
<i>Previous year</i>	34.1 ³	-	25.0 ³	-	-	-	-	-
Insurance premium	-	-	-	25.4	4.0	-	-	-
<i>Previous year</i>	-	-	-	24.1	4.2	-	-	-
Corporate social responsibility	-	-	-	-	-	-	50.9	-
<i>Previous year</i>	-	-	-	-	-	-	36.5	-
Finance cost	65.9	-	-	-	-	-	-	-
<i>Previous year</i>	24.5	-	-	-	-	-	-	-
Remuneration Paid	-	-	-	-	-	-	-	55.5
<i>Previous year</i>	-	-	-	-	-	-	-	49.7
Management Fees Earned	-	-	-	-	-	-	-	-
<i>Previous year</i>	-	-	-	-	-	-	-	-
Other expenses incurred & reimbursed by Company (including custody fees)	13.1	-	-	-	-	0.0	-	-
<i>Previous year</i>	8.5	-	-	-	-	0.0	-	-
Purchase of fixed asset	0.1	-	-	-	-	-	-	-
<i>Previous year</i>	-	-	-	-	-	-	-	-
Balance Outstanding: Receivable / Advance (Payable)*	(23.7)	-	(4.7)	0.3	0.8	-	-	-
<i>Previous year</i>	(1,324.3)	-	(3.3)	19.7	1.1	-	-	-
Cash and bank balance	84.5	-	-	-	-	-	-	-
<i>Previous year</i>	98.3	-	-	-	-	-	-	-

Note:³ The amounts disclosed are net of service tax.

*The payable includes short term borrowings from ICICI bank Limited of Rs. Nil (31 March 2015: Rs.1311.9).

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

28 Earnings per share ('EPS')

Basic and diluted EPS is computed in accordance with Accounting Standard 20 on 'Earnings Per Share'. The computation of earnings per share is given below:

	2016	2015
Net profit after tax	3,256.9	2,468.2
Weighted average number of equity shares outstanding during the year (in units)	17,652,090	17,652,090
Basic and diluted EPS of face value Rs. 10 each (in Rs.)	184.51	139.83

29 Provision for gratuity

The following disclosures have been set out in accordance with the requirement of Accounting Standard 15 on 'Employee Benefits'.

A) Amount recognised in balance sheet

	2016	2015
Present value of funded obligations	140.0	109.7
Fair value of plan assets	(79.7)	(78.9)
Net liability	60.3	30.8
<u>Amounts in the Balance Sheet</u>		
Net liability	60.3	30.8

B) Expense recognised in the profit and loss account

	2016	2015
Current service cost	14.8	11.8
Interest on defined benefit obligation	8.9	6.9
Expected return on plan assets	(6.5)	(0.1)
Net actuarial losses / (gains) recognised in year	14.4	16.5
Total, included in "Employee Benefit Expenses"	31.8	35.1
Actual return on plan assets	7.7	3.9

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

29 Provision for gratuity (*Continued*)

C) Reconciliation of opening and closing balances of PV of defined benefit obligation and fair value of plan assets for the year ended 31 March

	2016	2015
<u>Change in defined benefit obligation</u>		
Opening defined benefit obligation as at 1 April	109.7	76.7
current service cost	14.9	11.8
Interest cost	8.9	6.9
Actuarial losses / (gains)	15.7	20.3
Liabilities Assumed on Acquisition / (Settled on Divestiture)	0.2	-
Benefits paid	(9.4)	(6.0)
Closing defined benefit obligation as at 31 March	140.0	109.7
<u>Change in the fair value of plan assets</u>		
Opening fair value of plan assets as at 1 April	79.0	5.3
Expected return on plan assets	6.5	0.1
Actuarial gain/(losses)	1.2	3.8
Contributions by employer	2.3	75.8
Assets Acquired on Acquisition / (Distributed on Divestiture)	0.2	-
Benefits paid	(9.4)	(6.0)
Closing fair value of plan assets as at 31 March	79.7	79.0

D) Asset information

Category of assets	2016	2015
Insurer managed funds	100%	100%

The approximate full value of the assets as at 31 March 2016 as advised by the insurer is as follows:

Category of assets	2016	2015
Insurer managed funds	79.7	79.0

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

29 Provision for gratuity (*Continued*)

E) Summary of actuarial assumptions

Financial assumptions at the valuation date:

	2016	2015
Discount rate (per annum)	7.50%	8.00%
Expected rate of return on assets (per annum)	8.50%	8.50%
Salary escalation rate (per annum)	8.98%	8.45%

a) Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at valuation date for the estimated term of the obligations.

b) Expected rate of return on plan assets:

This is based on our expectation of the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

c) Salary escalation rate:

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions at the valuation date:

d) Retirement age:

The employees of the company are assumed to retire at the age of 58 years.

e) Mortality:

Published rates under the Indian Assured Lives Mortality (2006-08).

f) Leaving service:

We have assumed 21% per annum withdrawal rate at all ages in this valuation.

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

29 Provision for gratuity (*Continued*)

g) Disability:

Leaving service due to disability is included in the provision made for all causes of leaving service (paragraph (f) above).

F) Experience adjustments

	2016	2015	2014	2013	2012
Defined benefit obligation	140.0	109.8	76.7	60.4	58.2
Plan assets	79.7	79.0	5.3	6.5	17.6
Surplus / (Deficit)	(60.3)	(30.8)	(71.4)	(53.9)	(40.6)
Exp. Adj. on plan liabilities	8.0	10.9	11.4	3.6	(1.0)
Exp. Adj. on plan assets	1.2	3.8	0.1	0.0	(3.9)

30 Capital commitments

As at 31 March 2016, the Company had capital commitments (net of advances) amounting to Rs. 53.4 {Previous year Rs. 266.6 of which investment commitment of Rs. 231.6 pursuant to Regulation 28(3) of SEBI (Mutual Funds) Regulations, 1996} and investment commitment of Rs. 131.5 (Previous year Rs. 35.0) pursuant to contribution agreement entered into with ICICI Prudential Real estate AIF for which no provision is required to be made.

31 Contingent liabilities

Disputed income tax demand Rs. 95.3 (Previous year Rs. 96.0) and service tax demand Rs. 4.1 (Previous year Rs. Nil).

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

32 Trade Payables

Trade payables do not include any amount payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises. Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, who have registered with the competent authorities.

Principal amount remaining unpaid to any supplier as at the year end	Nil
Interest due thereon	Nil
Amount of interest paid by the company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil

33 Earnings in foreign currency (*on accrual basis*)

	2016	2015
Fee from advisory services	272.6	220.1
Management Fees – PMS	19.7	63.0
Total	292.3	283.1

34 Expenditure in foreign currency (*on accrual basis*)

	2016	2015
Information technology	21.8	28.6
Travelling	1.8	0.7
Distribution support expenses	35.0	0.6
Consultancy fees	4.2	6.4
Employee cost	9.8	8.9
Membership & subscription fees	1.2	1.3
Total	73.8	46.5

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

35 Unhedged foreign currency exposure

The unhedged foreign currency exposure as on 31 March 2015 is given below:

	2016		2015	
	Foreign currency (in millions)	INR	Foreign currency (in millions)	INR
<i>Recharges payables</i>				
SGD	0.1	6.7	0.3	13.7
		6.7		13.7
<i>Advisory fees receivables</i>				
USD	1.2	82.8	1.6	98.1
SGD	0.0	0.6		
		83.4		98.1
		83.4		98.1

36 Remittances in foreign currency on account of dividend to non resident Shareholders (on cash basis)

	2016	2015
Amount remitted	519.0	562.2
No. of non resident shareholders	1	1
No. of shares held	8,649,517	8,649,517
Interim dividend paid in the year	2015-16	2014-15

ICICI Prudential Asset Management Company Limited

Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees million)

37 Transfer pricing

The Company has developed a system of maintaining of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income-tax Act, 1961. Management is of the opinion that its international and domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Milind Ranade
Partner
Membership No: 100564

Mumbai
22 April 2016

For and on behalf of the Board of Directors of
ICICI Prudential Asset Management Company Limited

Sd/-
Chanda Kochhar
Chairperson
DIN No:00043617

Sd/-
Vijay Thacker
Director
DIN No:00761544

Sd/-
Nimesh Shah
Managing Director
DIN No:01709631

Sd/-
B. Ramakrishna
Chief Financial Officer

Sd/-
Rakesh Shetty
Company Secretary

Mumbai
22 April 2016