

ICICI SECURITIES LIMITED

21ST ANNUAL REPORT AND ANNUAL ACCOUNTS 2015-2016

Directors

Chanda Kochhar, *Chairperson (DIN: 00043617)*

Uday Chitale (*DIN: 00043268*)

Vinod Kumar Dhall (*DIN: 02591373*)

Shilpa Kumar (*DIN: 02404667*)

Vishakha Mulye (*DIN: 00203578*)

Anup Bagchi, *Managing Director & CEO (DIN: 00105962)*

Ajay Saraf, *Executive Director (DIN: 00074885)*

Auditors

S. R. Batliboi & Co. LLP
*Chartered Accountants
(Registration No. 301003E)*

Executives

Subir Saha
Vaijayanti Naik
Raju Nanwani,
Company Secretary
Prashant Mohta,
Chief Financial Officer

Registered Office

ICICI Centre,
H.T. Parekh Marg
Churchgate,
Mumbai 400 020

Corporate Office

ICICI Securities Limited
Shree Sawan Knowledge Park
Plot No. D-507,
T.T.C. Industrial Area MIDC, Turbhe
Navi Mumbai 400 705

directors' report

to the members

The Directors are pleased to present the 21st Annual Report of ICICI Securities Limited (the Company) with the audited statements of accounts for the year ended March 31, 2016.

INDUSTRY OVERVIEW

Equities

India started fiscal 2016 on a positive note as the expectations of revival in earnings growth, capex revival and big bang reforms – GST and Land Acquisition Bill fuelled the rally. In reality, there was a delay in realisation of the above expectations along with global volatility leading to a fall of 9% in the Indian stock market during fiscal 2016. Towards the end of the last quarter of fiscal 2016, the optimism about Indian equities started rising around (a) pick-up in urban consumption with an expectation that rural consumption could revive due to forecast of normal monsoon in fiscal 2017; (b) Government's focus on infrastructure spending; (c) steady pace of reforms; (d) improvement in corporate performance; (e) continued channeling of domestic savings towards financial assets; and (f) improvement in FII flows towards Indian equities. During fiscal 2016, macroeconomic indicators were broadly stable. CPI measured inflation, which was on a downward trend in the first two quarters of the fiscal and hit its multi-month low of 3.7% in July 2015, started rising in the third quarter. It has again started dipping in the last quarter of fiscal 2016 and reached 4.7% in March 2016, allowing the central bank to further cut the repo rate by 25 bps in its April 2016 monetary policy. Industrial production growth, which hovered between 3-5% earlier in the year, turned into the negative territory in the last few months as floods in the key industrial state of Tamil Nadu hit manufacturing.

Globally, fiscal 2016 marked a few important developments. The US hiked interest rates by 25 basis points in December 2015 on improving health of US economy. However, lower-than-expected inflation and growth projections after the first hike induced prospects of much slower tightening cycle than was previously thought.

The rupee depreciated against the dollar on expectations of divergent monetary policies in the two countries. However, slower-than-expected growth in the US checked its downside. Due to sustained FPI selling since August 2015, Indian equity market is down 9% in fiscal 2016.

The institutional daily cash turnover in the equity market (NSE and BSE) decreased marginally by 0.27% (approx.) to ₹ 124.73 billion in fiscal 2016.

There has been no change in brokerage rates for trades done by mutual funds, however, direct trading has seen a marginal increase via the Direct Market Access route.

Corporate Finance

During fiscal 2016, the primary markets saw robust activity. There was a surge in the number of Initial Public Offerings (IPOs) for primary fund raising. Riding on the positive market sentiment, during fiscal 2016, the total fundraise through 24 IPOs amounted to over ₹ 145.00 billion and 18 Offers for Sale (OFS), amounting to ₹ 198.22 billion were executed, of which 7 were from public sector undertakings. There were no Institutional Private Placements (IPPs) in fiscal 2016.

On the consolidation front, 9 companies achieved successful delisting amounting to ₹ 54.79 billion. Further, 73 open offer deals of ₹ 117.95 billion and 16 buyback deals of ₹ 18.34 billion were also executed.

During fiscal 2016, activity in debt markets was driven by tax free issues and public issues by private sector non-banking finance companies. (*Source: Prime Database*)

During fiscal 2016, US\$ 16.72 billion was raised in private equity deals as compared to US\$ 12.85 billion raised in fiscal 2015. Information technology & information technology enabled services, banking, financial services & insurance, healthcare &

life sciences, FMCG, logistics, manufacturing and energy were the dominant sectors by deal value in fiscal 2016. (*Source: Venture Intelligence*)

Distribution of Retail Financial Products

The mutual fund industry's equity assets under management (AUM) continued to rise during the year. During fiscal 2016, the industry recorded a higher retention of Equity assets thereby resulting in a surge in assets by around 15%. This despite the markets correcting by around 22% from their peak levels in March 2015.

Effective April 1, 2015, in order to promote long term investments and limit frequent churning, the upfront commissions in Mutual Funds were capped to a maximum of 1% while total commission including trail commission had to be within the Total Expense Ratio of a particular fund. In addition to this, service tax on the commission to distributors was re-introduced. These changes had an impact on the current year's income from distribution of Mutual Funds.

Private Wealth Management

In the recent years, India has seen growth in wealth creation and a rise in High Net-worth Individual (HNI) families. The overall HNI wealth in India has grown by 28% as against a global HNI wealth growth of only 12% last year. The incremental allocation of wealth has moved significantly from physical assets to financial assets. In terms of allocation of assets, there is a trend of improved allocation towards equities (seeing renewed interest and participation) and alternate investment opportunities such as high yield debt, real estate funds, etc. The industry saw clients focus on performance management and risk management.

FINANCIAL HIGHLIGHTS

The financial performance for fiscal 2016 is summarised in the following table:

	<i>Fiscal 2015</i>	<i>Fiscal 2016</i>
	(₹ in million)	
Gross income	12,094.6	11,235.6
Profit before tax	3,996.4	3,710.4
Provision for tax	1,556.8	1,353.0
Profit after tax	2,439.6	2,357.4

APPROPRIATIONS

Profit after tax for the year ended March 31, 2016 stood at ₹ 2,357.4 million from ₹ 2,439.6 million in the previous year.

After taking into account the balance of ₹ 983.2 million (previous year: ₹ 640.3 million) brought forward from the previous year, the profit available for appropriation is ₹ 3,340.6 million (previous year: ₹ 3,079.9 million), of which Nil (previous year: ₹ 182.0 million) has been transferred to General Reserve.

DIVIDEND

During the year, the Company declared four interim dividends on the equity share capital, aggregating to 100% (approximately) and amounting to ₹ 1,610.7 million (previous year ₹ 1,610.7 million). The Directors are pleased to recommend the aggregate of interim dividends at ₹ 1,610.7 million as the final dividend for the year.

OPERATIONAL REVIEW

The Company continued to expand its client base across various business segments, assisting its customers in meeting their financial goals by providing them with research, advisory and execution services.

On the retail front, the Company introduced newer products which were well received. The counter-cyclical businesses like Wealth Management and Distribution have helped in maintaining the business performance despite the volatility in the equity markets for most part of the year. The Corporate Finance business continued to build a deal pipeline of diverse products whereas the Institutional Broking segment enhanced corporate access through various conferences and events.

During the year, the Company announced the launch of 'Insta Account', a completely online and paperless investment account. A Resident Indian, who is KYC compliant as stipulated by SEBI, can open an Insta Account on www.icicidirect.com to invest in Indian Mutual Funds.

Fiscal 2016 also saw the launch of StockMIND- Season 4, India's biggest virtual stock market competition for college students by ICICIdirect Centre for Financial Learning (ICFL). The competition also featured in the Limca Book of Records as the 'Largest Competition on Stock Investments' under Business section of 2016 edition.

Investment Technology Group, Inc. (ITG), a leading independent broker and financial technology provider partnered with the Company to offer ITG's POSIT Alert which would provide superior services in the Algorithmic Trading/DMA sphere to the Company clients.

ICICIdirect, the Company's retail division designed and launched several initiatives to help retail customers to plan their investments in a disciplined manner. Based on the popularity of 'I-Gain' which was launched in fiscal 2015, "Bullet Trade" was launched during the year with an aim to help customers a brokerage plan where customers will pay zero brokerage for trades squared-off in 5 minutes.

The Company also announced the launch of "Track & Act", a first-of-its-kind Robo advisory platform on ICICIdirect aimed at effortless tracking and investing for its customers.

Equities

The institutional research team increased its coverage to 167 companies, spread across 17 diversified sectors and large and mid-cap stocks. The research team is dedicated to servicing clients around the world through its differentiated approach and commitment to address client queries well within deadlines. The research team has published a variety of sector thematic reports which have been highly appreciated by clients for insight, value and differentiation.

During fiscal 2016, the Company hosted several conferences and delegations to provide its clients an opportunity for interaction with policy makers and corporate leaders. The 14th India Unlimited conference held during fiscal 2016 attracted over 26 corporates and 8 speakers/sector experts with participation of about 113 funds. Overall, the conference saw more than 850 investor meetings.

The Company has a retail research team covering 236 companies spread across sectors in detail. A strong mutual fund, technical and derivatives desk delivers quality research to over 3.8 million customers of ICICIdirect.com. In addition to the quarterly earnings reports and regular event updates, the team published various sector reports, thematic reports, Model portfolio, IPO recommendations, mutual fund advice and technical and derivative picks. The Company continued to strengthen its customer base and market share across the retail segment by introducing several new features in a challenging market scenario.

The Company introduced new website with customer friendly innovative tools for better decision making such as F&O at finger tips, alerts on corporate actions, portfolio x-ray, portfolio drill down, what's hot on ICICIdirect.com, news on stocks, capital gain status on stocks, cloud order, re-order facility, etc. The Company continued its rigorous focus on client acquisition and has the largest retail customer account base of 3.8 million with one of the largest pan-India distribution networks of over 201 ICICIdirect offices, over 782 sub-brokers, a team of over 3300 Investment Associates/ Independent Financial Associates across 573 cities & towns in India.

Corporate Finance

During fiscal 2016, we saw a mix of fund raising exercises through IPOs, debt public issues & OFS and consolidation exercises through open offers.

The amount raised through equity public issuances managed by the Company during fiscal 2016 was ₹ 27.23 billion, which included the IPOs by VRL Logistics Limited, PNC Infratech Limited, Manpasand Beverages Limited, Sadbhav Infrastructure Project Limited, Teamlease Services Limited and Quick Heal Technologies Limited. These IPOs received positive response from the market.

The Company successfully managed the OFS issues for Engineers India Limited, NTPC Limited and Container Corporation of India Limited. The Company handled 6 open offers in fiscal 2016 – GMM Pfadler Limited, Mangalore Chemicals and Fertilizers Limited, DISA India Limited, Tasty Bite Eatables Limited, IIFL Holdings Limited and ADI Finechem Limited. During the year, the company also managed the Rights Issue of ₹ 74.98 billion of Tata Motors Limited.

The Company managed 10 debt public issuances with aggregate fund raising to the tune of ₹ 283.84 billion in fiscal 2016. The debt issuances during the year included NCDs for private sector NBFCs (Muthoot Finance Limited and SREI Infrastructure Finance Limited), as well as Tax Free Issues (National Highway Authority of India, Indian Railway Finance Corporation, Housing and Urban Development Corporation

Limited and NABARD. (Source: Prime Database)

The Company was ranked seventh among all financial advisors for M&A deals for the calendar year 2015 (Source: Mergermarket). The Company rendered advisory services in several transactions during the year in sectors ranging across Pharmaceuticals, Energy, Cement, Healthcare, Consumer, Logistics, Financial Services, etc.

In the advisory space, some of the transactions by the Company include the following:

- Advisor to Emami Limited for its acquisition of 'Kesh King' brand from SBS Biotech Limited;
- Advisor to Jaiparakash Associates Limited for sale of cement units to Ultra Tech Cement Limited;
- Exclusive advisor to Texmaco Rail and Engineering Limited for its acquisition of a majority stake in Bright Power Projects (India) Private Limited;
- Advisor to ReNew Power Ventures Private Limited for fund raise from Abu Dhabi Investment Authority (ADIA);
- Advisor to IHH Healthcare Bhd. on acquisition of controlling stake in India's Ravindranath GE Medical Services Private Limited ("Global Hospitals");
- Advisor to Holisol Logistics Private Limited on private equity fund raise from CLSA Capital Partners;
- Exclusive advisor to Mahindra and Mahindra Limited for sale of its majority stake in Swaraj Automotives Limited to b4S Solutions Private Limited;
- Advisor to ONGC Tripura Power Corporation for Private Equity placement with IDFC PE & Apollo Global;
- Advisor to Satin Creditcare Network Limited (SCNL) for its equity fund raise from SBI FMO Emerging Asia Financial Sector Fund;
- Advisor to National Payments Corporation of India for the private placement of its equity shares;
- Advisor to Zuari Agro Chemical Limited on proposed amalgamation of Zuari Fertilisers and Chemical Limited, Zuari Rotem Speciality Fertilisers Limited and Zuari Agri Sciences Limited;
- Advisor to Blue Star Infotech Limited for Fairness Opinion on its proposed merger with Blue Star Limited; and
- Sole Advisor to L Capital for the stake monetization in PVR Limited.

Distribution of Retail Financial Products

In fiscal 2016, the Company continued its focus on mutual funds and further consolidated its position among the leading mutual fund distributors. The Company was amongst the top mobilisers for Sovereign Gold and Tax Free bonds. In the life insurance space, the Company continued its focus on improving persistency.

Financial Learning

The Company continued its activities towards investment education through its initiative ICICIdirect Centre for Financial Learning (ICFL) through classroom workshops and online training. The classroom workshops are conducted in all major cities of the country by capital market practitioners. ICFLs online portfolio includes programs on equities, derivatives, currency, charting, mutual funds, personal finance and finance for non-finance people. During the year, ICFL introduced new classroom programs for investors and categorized its programs under Beginner, Advance and Pro-series based on the existing skill of investors. ICFL also introduced two new programs with National Institute of Securities Markets (NISM) and also associated with Indian Institute of Management (IIM), Indore, Xavier School of Management (XLR), Jamshedpur, Frankfurt School and All India Management Association (AIMA) for promoting financial training and certificate courses.

StockMIND

The Company continued its initiatives of educating college students about the importance of stock markets and investments through StockMIND Season 4, a national contest on stock markets. StockMIND Season 4 created further excitement by addition of a learning section on money management basics, an opportunity to trade in derivatives through the optional derivative accelerator and separate rewards for female participants to encourage their engagement. StockMIND Season 4 reached out to over 181,000 students from 599 colleges.

Private Wealth Management

In fiscal 2016, the Company maintained its focus on strengthening its Private Wealth Management business. The Company continued to focus on core competence in financial services and ensured de-risked business through multiple products and diverse revenue streams. The Company built on strong relationship driven people along with a robust product and advisory platform which aimed to offer best in class financial solutions to its clients and maintained the organisation's competitive positioning.

Risk Management

The Company has in place a robust risk management framework that ensures identification, measurement of risks and risk mitigation controls within the Company.

The Risk Management Committee (constituted by the Board of Directors of the Company) analyses and monitors various products/processes/policies of the Company and recommends risk controls to ensure that the residual risk of various business activities is always kept within the defined limits. Towards this, the Committee is assisted by the Corporate Risk Management Group of the Company for framing and monitoring the various risk management policies, defining the prudential limits such as VaR limits, exposure limits and concentration limits for the Company's own investments as well as for the various products and services offered by the Company.

The Operational Risk Management function identifies operational risks in various products as well as processes and monitors the operational losses incurred by the Company. In addition, the risk based compliance monitoring helps in ensuring that various products and processes within the Company meet the regulatory requirements on an on-going basis.

The Corporate Risk Management Group of the Company also analyses the results of various stress testing scenarios from the perspective of ensuring Company's capital adequacy under any unfavourable/unforeseen market circumstances and ensuring timely actions, wherever required, towards ensuring avoidance of situation that could threaten the existence of the Company.

On the basis of the robust risk management framework and regular monitoring of all major risk areas within the Company, the Board is satisfied that there are no factors that could threaten the existence of the Company.

OUTLOOK

Equities

The Government presented a prudent and credible budget for fiscal 2017 which is expected to bode very well for the market in the coming months. However, unlike fiscal 2016 India may not benefit from the oil bounty in fiscal 2017 as oil prices are expected to inch up marginally in the current fiscal. Growth in the US and the Fed's response to it, hard-landing in China and the geo-politics concerning oil prices are likely to be key global triggers for Indian markets going ahead. Earnings growth of Indian corporates is expected to revive in fiscal 2017 and as volatility in global markets dip, FPI interest in Indian equities should revive. DII inflows have been robust in fiscal 2016 and we expect this trend to continue in fiscal 2017 as retail investor interest in Indian equities appear structural in nature.

We continue to invest in technology and focus on higher yielding business segments, while continuing to explore new segments of clients and enhancing products and services to maintain our leadership position.

Corporate Finance

There is an expectation of many companies looking to raise funds through the capital markets route. The Company is also liaising with stakeholders and regulators to develop new and innovative products like Infrastructure Investment Trusts (INVTs) and Real Estate Investment Trusts (REITs).

Distribution of Retail Financial Products

During fiscal 2016, the mutual fund equity inflows remained net positive due to retail participation mainly through Systematic Investment Plans, despite the negative undercurrent in the equity market. Going forward, we expect more simplification of the process by use of electronic Know-Your-Customer (e-KYC) using Aadhaar for on-boarding process for prospective investors and the Unified Payment Interface from NPCI to facilitate ease of payments. Inflows and asset under management (AUM) would depend upon the market conditions.

Private Wealth Management

Despite recent volatility, the Indian market offers a good scope for growth, given its long-term economic prospects, positive demographics and current low penetration. The long term fundamentals of the Indian economy, based on a positive demographic divide, are intact which will lead to increase in consumption and savings. We expect the growth trajectory to pick up in the future which is likely to lead to increase in the overall HNI population in India which in turn is likely to increase the addressable market for savings and investments needs.

The Company expects to continue to build its competitive advantage through innovative products and strong advisory services. The Company is continuously expanding and improving its client base through a wider geographical reach and by acquiring large family office relationships.

SUBSIDIARY COMPANIES

The Company has two subsidiaries in the United States of America (USA), namely, ICICI Securities Holdings, Inc. (ISHI) and ICICI Securities, Inc. (I-Sec. Inc.). A report on the performance and financial position of the subsidiaries is given in Annexure A.

During fiscal 2016, ISHI did not have any business operations. It will continue to grow its wholly owned subsidiary, namely ICICI Securities, Inc., in its efforts to increase business from the institutional segment in US, Canada and Singapore. I-Sec. Inc. is registered with the Securities and Exchange Commission ("SEC") and is a Member of the Financial Industry Regulatory Authority ("FINRA"). I-Sec. Inc. holds an International Dealer registration with the Canadian Securities Regulatory Authority

("CSRA") which enables the Company to expand its reach to institutional investors in three provinces of Canada. I-Sec. Inc. has its main office in New York, USA and branch office in Singapore where it holds a Capital Market Services ("CMS") license granted by the Monetary Authority of Singapore ("MAS") for the purpose of Dealing in Securities in Singapore.

During fiscal 2016, I-Sec. Inc. has strengthened its positioning among its US, Canada and Singapore based institutional investors. I-Sec. Inc. conducted several investors' conferences in the US and its flagship annual event in Singapore along with numerous road shows in both geographies during fiscal 2016. These activities, coupled with the increased demand for Indian securities, I-Sec. Inc. has experienced an upward trend of client participation in terms of the quantity and quality of clients. I-Sec. Inc.'s corporate access activities add value to the decision-making process of its clients by providing differentiated research, access to corporate managements and experts from various fields which helps I-Sec. Inc. to penetrate new clients as well as strengthen its positioning among existing clients.

During the year under review, there were no new subsidiaries formed by the Company and none of the current subsidiaries ceased to exist.

VIGIL MECHANISM

The Company has in place a Whistleblower Policy ('the Policy') which aims to set up a mechanism that enables employees to report about potentially illegal and/or unacceptable practices. It seeks to enable employees to report such practices without fear of victimisation and reprisal. The Policy aims to administer good governance practices in the Company and to ensure that serious concerns are properly raised and addressed.

The purpose of the Policy is to enable a person who observes an unethical practice (whether or not a violation of law) to approach Head – Human Resources / Head – Internal Controls / Audit Committee without necessarily informing his supervisors and without revealing his identity, if he chooses to do so. The Policy governs reporting and investigation of allegations of suspected improper activities.

The employees of the Company are encouraged to use guidance provided in the Policy for reporting all allegations of suspected improper activities. In all instances, the Company retains the prerogative to determine when circumstances warrant an investigation and in conformity with the Policy and applicable laws and regulations, the appropriate investigative process is employed. The Policy complies with the requirements of Vigil mechanism as stipulated under Section 177 of the Companies Act, 2013. The details of establishment of the Whistle Blower Policy/Vigil mechanism have been disclosed on the website of the Company.

INTERNAL CONTROL AND ITS ADEQUACY

The Company has established and maintained internal financial controls based on the criteria of 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. These 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. The Company has a mechanism of testing the controls at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

AUDITOR'S REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their report.

EXTRACT OF ANNUAL RETURN

An extract of the annual return as required under Section 92 (3) of the Companies Act, 2013 in Form No. MGT-9 is attached as Annexure B.

PUBLIC DEPOSITS

Your Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in Annexure C.

RELATED PARTY TRANSACTIONS

The Company undertakes various transactions with related parties in the ordinary course of business. The Company has a Board approved framework on Related Party Transactions. The Company also has a Board approved Group Arms' Length Policy which requires transactions with the group companies to be at arm's length. The transactions between the Company and its related parties, during the year ended March 31, 2016, were in the ordinary course of business and based on the principles of arm's length. The details of material related party transactions at an aggregate level for year ended March 31, 2016 are given as Annexure D.

ACHIEVEMENTS

During the year, the Company received several accolades for its initiatives.

The Company won the prestigious 2015 Finance Asia Achievement Awards for Best India Deal. The Company won this award for the deal that involved Sun Pharmaceutical Industries Limited's \$ 4 billion acquisition of Ranbaxy Laboratories Limited.

During the year, The Company launched 'I Network' & 'Mobile App' to encourage engagement, communication & learning of best of practices among employees. For both the initiatives, the Company won the 'Best Knowledge Management Sharing Initiatives'.

The award was conferred by World HRD Congress in association with Times Ascent.

ICICI direct.com was selected one of India's most outstanding Consumer Superbrands and has been conferred the prestigious 'Superbrand India' award for the year 2015.

The Company won the World Franchise Congress 2015 for Excellence in Relationship Management.

I-Pledge, a cause based initiative aimed at creating awareness about systematic investments launched by the Company won The Responsible Business Awards. The awards are supported by the World CSR Day & World Federation of CSR Professionals.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, Zarin Daruwala (DIN: 00034655) ceased to be Director of the Company and Vishakha Mulye (DIN: 00203578) was appointed as a Director on the Board of the Company. As per the regulatory requirements, any change in the Directors of the Company requires prior approval of stock exchanges. The stock exchanges approved cessation of Zarin Daruwala (DIN: 00034655) from the Board of the Company and the appointment of Vishakha Mulye (DIN: 00203578) as a Director on the Board of the Company w.e.f. February 24, 2016. The Board places on record its appreciation of the valuable contribution and guidance provided by Zarin Daruwala (DIN: 00034655).

In terms of Section 152 of the Companies Act, 2013, Anup Bagchi (DIN: 00105962), Managing Director & CEO would retire by rotation at the forthcoming AGM and is eligible for re-appointment. Anup Bagchi (DIN: 00105962) has offered himself for re-appointment.

There was no other appointment or cessation of key managerial personnel during the financial year.

PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS

The Company has in place an evaluation framework for evaluation of the Board, Directors and Chairperson. The Board also carries out an evaluation of the working of its Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee. The evaluation of the Committees is based on the assessment of the compliance with the terms of reference of the Committees.

The evaluations for the Directors and the Board were done through circulation of two questionnaires, one for the Directors and the other for the Board which assessed the performance of the Board on selected parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The evaluation criteria for the Directors was based on their participation, contribution and offering guidance to and understanding of the areas which are relevant to them in their capacity as members of the Board.

With respect to the Whole-time Directors, the Nomination & Remuneration Committee has oversight over compensation. The Nomination & Remuneration Committee defines Key Performance Indicators (KPIs) for Whole-time Directors and the organisational performance norms based on the financial and strategic plan approved by the Board. The KPIs include both quantitative and qualitative aspects. The Nomination & Remuneration Committee assesses organisational performance as well as the individual performance for Whole-time Directors.

Policy/Criteria for Directors' Appointment & Compensation Policy

The Company with the approval of its Nomination and Remuneration Committee ('the NRC') has put in place a policy on Directors' appointment and remuneration including the criteria for determining qualifications, positive attributes and independence of a Director. The policy has been framed based on the broad principles as outlined hereinafter. The NRC would evaluate the composition of the Board and vacancies arising in the Board from time to time. The NRC as and when required while recommending candidature of a Director would consider the requisite special knowledge or expertise possessed by candidate. The NRC would assess the fit and proper credentials of the candidate. The NRC would also evaluate the prospective candidate for the position of Director from the perspective of the criteria for independence prescribed under the Companies Act, 2013.

The NRC based on the above assessment will make suitable recommendations on the appointment of Directors to the Board. The NRC evaluates the performance of the Executive Directors of the Company on annual basis.

The remuneration payable to all the Directors is governed by the provisions of the Companies Act, 2013 and the Rules thereunder. The permitted modes of remuneration for the Independent Directors would be sitting fee for attending each Meeting of the Committee/Board as approved by the Board from time to time within the limits as provided under the Companies Act, 2013 and rules thereunder.

Meetings

The Board of Directors of the Company meet at regular intervals to discuss and decide on business policy and strategy apart from other board business. The Board met five times in the fiscal 2016 viz., on April 17, 2015, July 27, 2015, September 30, 2015, October 26, 2015 and January 14, 2016.

Name of the Director	Number of Board Meetings Held	Number of Board Meetings Attended
Chanda Kochhar (DIN: 00043617)	5	4
Anup Bagchi (DIN: 00105962)	5	5
Ajay Saraf (DIN: 00074885)	5	5
Uday Chitale (DIN: 00043268)	5	5
Vinod Kumar Dhall (DIN: 02591373)	5	5
Zarin Daruwala (DIN: 00034655)	4*	4
Shilpa Kumar (DIN: 02404667)	5	4
Vishakha Mulye (DIN: 00203578)	0*	0

* Zarin Daruwala (DIN: 00034655) ceased to be Director of the Company and Vishakha Mulye (DIN: 00203578) was appointed in her place w.e.f. February 24, 2016.

As per the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation and the terms of appointment of Independent Directors will be governed by the provisions of Companies Act, 2013. The Independent Directors have submitted a declaration pursuant to Section 149 (6) of the Companies Act, 2013.

COMMITTEES OF BOARD

- (i) Audit Committee
Four meetings were held on April 17, 2015, July 27, 2015, October 26, 2015 and January 14, 2016.
- (ii) Nomination and Remuneration Committee
One meeting was held on April 17, 2015.
- (iii) Corporate Social Responsibility Committee (constituted on April 16, 2014)
Three meetings were held on April 16, 2015, July 15, 2015 and October 26, 2015.

Audit Committee

The Audit Committee comprises of Uday Chitale (DIN: 00043268), Vinod Kumar Dhall (DIN: 02591373) and Shilpa Kumar (DIN: 02404667) as its members. Uday Chitale (DIN: 00043268), an Independent Director, is Chairman of the Audit Committee. The Committee meets, *inter alia*, to review the accounts of the Company and to discuss the audit findings and recommendations of the internal and statutory auditors.

Nomination & Remuneration Committee (NRC)

The Nomination and Remuneration Committee of the Company ("the NRC") consists of three Directors viz., Uday Chitale (DIN: 00043268), Chanda Kochhar (DIN: 00043617) and Vinod Kumar Dhall (DIN: 02591373), Uday Chitale (DIN: 00043268), an Independent Director, is Chairman of the NRC.

The NRC meets, *inter alia*, to fill up of vacancies in the Board, evaluate the performance of the Whole-time Directors of the Company, the Board and its individual Members. The NRC recommends to the Board from time to time the amount of remuneration payable to the Whole-time Directors of the Company and the framework relating to the remuneration for the Directors, Key Managerial Personnel, Senior Manager and other employees.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Committee of the Company consists of three directors viz., Uday Chitale (DIN: 00043268), Anup Bagchi (DIN: 00105962) and Ajay Saraf (DIN: 00074885). The Company's primary focus areas for CSR activities are Education, Health Care, Skill development and sustainable livelihoods, Rural Development, Support employee engagement in CSR activities, Capacity building for corporate social responsibility and other areas.

The Company continued to partner with ICICI Foundation for Inclusive Growth to support the cause of sustainable livelihood and skill development, elementary education, primary health to achieve the CSR objectives. The Company also contributed to DilasaSanstha, an NGO engaged in drought relief work in the districts of Marathwada and Vidharbha. The contribution will be utilised for providing emergency financial help to distressed farmers to set up or start small businesses to earn their livelihood, e.g. dairy farm, juice centre, small flour mill, provision shop, etc. The Company has contributed towards the research project of India Venture Capital and Private Equity Study advisory board. The Company has also conducted various Investor Awareness Programmes viz. Pragati Ki Neev, I – Pledge and Vision for Wealth. These workshops/activities were to create awareness and educate various strata of the society about goal based financial planning and investments.

directors' report



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The Corporate Social Responsibility Policy as approved by the Board is uploaded on the Company's website.

The Annual Report on Corporate Social Responsibility is given in Annexure E.

GENERAL MEETINGS

The particulars of all general meetings held during the last three years are as follows:

Particulars	Date
Annual General Meeting	July 31, 2013
Annual General Meeting	June 27, 2014
Extra Ordinary General Meeting	September 4, 2014
Extra Ordinary General Meeting	March 12, 2015
Annual General Meeting	June 26, 2015

STATUTORY AUDITORS

The Statutory Auditors, S. R. Batliboi & Co. LLP, ICAI Firm Registration Number: 301003E (formerly known as S. R. Batliboi & Co.), Chartered Accountants, Mumbai, were appointed for a period of three years in June 2014 subject to ratification by the shareholders at every Annual General Meeting. The Board has proposed their ratification as Statutory Auditors to audit the accounts of the Company for fiscal 2017. The Auditors have indicated their willingness to get their appointment ratified by the members. You are requested to ratify their appointment.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company re-appointed M/s. Jaiprakash R. Singh & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for fiscal 2016. The report of the Secretarial Audit Report is annexed herewith as Annexure F. There are no qualifications, reservation or adverse remark or disclaimer made by the auditor in the report.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

During fiscal 2016, expenditure in foreign currencies amounted to ₹ 271.9 million (previous year: ₹ 277.3 million) and earnings in foreign currencies amounted to ₹ 112.7 million (previous year: ₹ 113.5 million).

PERSONNEL

As required pursuant to the provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. The Directors' Report is being sent to the shareholders excluding the Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

ADDITIONAL INFORMATION

The Managing/Whole-time Directors of the Company are granted stock options of the holding company i.e. ICICI Bank Limited ("the Bank") which are issued pursuant to the Employee Stock Option Scheme of the Bank. The details of stock options granted by the Bank for fiscal 2016 are as given below:

Name of Director	Number of Stock options
Anup Bagchi (DIN: 00105962), Managing Director & CEO	1,195,000
Ajay Saraf (DIN: 00074885), Executive Director	446,500

In view of the nature of business activities of the Company, the information relating to conservation of energy and technology absorption, as required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is not required to be given. The Company has, however, used information technology extensively in its operations.

MATERIAL CHANGES AND COMMITMENTS 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 financial year of the Company to which the Balance Sheet relates and the date of this Report.

SIGNIFICANT AND MATERIAL ORDERS

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company confirm:

- that the applicable accounting standards have been followed in the preparation of the annual accounts and that there are no material departures;
- that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at March 31, 2016 and of the profit of the Company for the year ended on that date;
- 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 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- that the annual accounts have been prepared on a 'going concern' basis; and
- that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE PHILOSOPHY AND COMPLIANCE

The Company firmly believes that strong corporate governance and compliance practices are of paramount importance to maintain the trust and confidence of its stakeholders and the reputation of the Company. To ensure transparency, fairness and objectivity in the organisation's functioning and unquestioned integrity of all personnel involved, the Company has proactively adopted best practices with regard to corporate governance and compliance. The Company's policy on compliance with external regulatory requirements is backed by stringent internal policies and principles to ensure, *inter alia*, priority to clients' interests over proprietary interest, maintenance of confidentiality of client information and prevention of insider trading.

INFORMATION REQUIRED UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

There were no complaints reported during the year under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENTS

The Directors thank Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Limited, National Securities Depository Limited, Central Depository Services (India) Limited and other statutory authorities and its bankers and lenders for their continued support to the Company.

The Directors express their gratitude for the support and guidance received from the Company's shareholder, ICICI Bank Limited and other group companies and also express their warm appreciation to all the employees of the Company for their commendable teamwork, professionalism and contribution during the year.

The Directors extend their sincere thanks to the clients of the Company for their support.

For and on behalf of the Board

CHANDA KOCHHAR
DIN: 00043617
Chairperson

Mumbai, April 28, 2016

annexure a

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ 000's)

Sl. No	Particulars	Subsidiary	Step Down Subsidiary
1	Name of the subsidiary	ICICI Securities Holding, Inc.	ICICI Securities, Inc.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-2016	31-03-2016
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹ US\$ 1 = ₹ 66.2550	₹ US\$ 1 = ₹ 66.2550
4	Share capital	728,206	571,667
5	Reserves & surplus	(600,542)	(442,826)
6	Total assets	127,985	201,644
7	Total Liabilities (excluding capital and reserves)	321	72,803
8	Investments	94,498	-
9	Turnover	141	170,405
10	Profit before taxation	(477,175)	28,807
11	Provision for taxation	317	492
12	Profit after taxation	(477,492)	28,315
13	Proposed Dividend	-	-
14	% of shareholding	100% held by ICICI Securities Limited	100% held by ICICI Securities Holding, Inc.

Notes:

- Names of subsidiaries which are yet to commence operations.: **NA**
- Names of subsidiaries which have been liquidated or sold during the year.: **NA**

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: **NA**

Name of Associates/Joint Ventures	Name 1	Name 2
1. Latest audited Balance Sheet Date		
2. Shares of Associate/Joint Ventures held by the company on the year end		
No.		
Amount of Investment in Associates/Joint Venture		
Extend of Holding %		
3. Description of how there is significant influence		
4. Reason why the associate/joint venture is not consolidated		
5. Networth attributable to Shareholding as per latest audited Balance Sheet		
6. Profit / Loss for the year		
i. Considered in Consolidation		
i. Not Considered in Consolidation		

- Names of associates or joint ventures which are yet to commence operations.: **NA**
- Names of associates or joint ventures which have been liquidated or sold during the year.: **NA**

For and on behalf of the Board of Directors

CHANDA KOCHHAR
DIN: 00043617
Chairperson

ANUP BAGCHI
DIN: 00105962
Managing Director & CEO

RAJU NANWANI
Company Secretary

UDAY CHITALE
DIN: 00043268
Director

AJAY SARAF
DIN: 00074885
Executive Director

PRASHANT MOHTA
Chief Financial Officer

directors' report

annexure b

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	U67120MH1995PLC086241
ii) Registration Date	March 19, 1995
iii) Name of the Company	ICICI Securities Limited
iv) Category / Sub-Category of the Company	Public Unlisted Company
v) Address of the Registered office and contact details	ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai - 400020
vi) Whether listed company (Yes / No)	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, Navi Mumbai 400 703

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Broking	66120	58.8
Merchant Banking and distribution of financial products	66190	31.1

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
ICICI Bank Limited, ICICI Bank Towers, Bandra Kurla Complex, Mumbai - 400 051	L65190GJ1994PLC021012	Holding Company	100%	Section 2(46)
ICICI Securities Holdings, Inc., 2711 Centerville Road Suite 400 Wilmington, DE 19808 United States of America	NA	Wholly owned Subsidiary	100%	Section 2 (87)
ICICI Securities, Inc., 2711 Centerville Road Suite 400 Wilmington, DE 19808 United States of America	NA	Step down Subsidiary	100%	Section 2 (87)

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Sl. NO	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	
A.	Promoters									
(1)	Indian									
a)	Individual/HUF									
b)	Central Govt									
c)	State Govt(s)									
d)	Bodies Corp.	805350000	3500	805353500	100	805350000	3500	805353500	100	NIL
e)	Banks / FI									
f)	Any Other....									
	Sub-total (A) (1)	805350000	3500	805353500	100	805350000	3500	805353500	100	Nil
(2)	Foreign									
a)	NRIs -Individuals									
b)	Other -Individuals									
c)	Bodies Corp.									
d)	Banks / FI									

directors' report

Continued

Sl. NO	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	
e)	Any Other									
	Sub-total (A) (2)									
	Total shareholding of Promoter (A) = (A) (1)+(A)(2)	805350000	3500	805353500	100	805350000	3500	805353500	100	Nil
B.	Public Shareholding									
(1)	Institutions									
a)	Mutual Funds									
b)	Banks /FI									
c)	Central Govt									
d)	State Govt(s)									
e)	Venture Capital Funds									
f)	Insurance Companies									
g)	FIs									
h)	Foreign Venture Capital Funds									
i)	Others (specify)									
	Sub-total (B)(1)									
(2)	Non-Institutions									
a	Bodies Corp.									
i	Indian									
ii	Overseas									
b	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ lakh									
ii	Individual shareholders holding nominal share capital excess of ₹1 lakh									
c	Others (specify)									
	Sub-total (B) (2)									
	Total Public Shareholding (B) = (B)(1)+(B)(2)									
C.	Shares held by Custodian for GDRs & ADRs									
	Grand Total (A+B+C)	805350000	3500	805353500	100	805350000	3500	805353500	100	Nil

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
	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	
ICICI Bank Limited (along with others holding jointly with and as a nominee of ICICI Bank)	805353500	100%	NA	805353500	100%	NA	Nil
Total	805353500	100%	NA	805353500	100%	NA	Nil

iii) Change in Promoters' Shareholding (please specify, if there is no change)- NA

	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				
Date wise Increase / Decrease in Share holding 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)				

directors' report



I-5ec

iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): - Same as given in point no. (ii)**

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				
Date wise Increase / Decrease in Share holding 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:**

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				
Anup Bagchi (DIN: 00105962)*	500	0	500	0
Ajay Saraf (DIN: 00074885)*	500	0	500	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
At the End of the year				
Anup Bagchi (DIN: 00105962)*	500		500	
Ajay Saraf (DIN: 00074885)*	500		500	
* Jointly with ICICI Bank Limited and its nominee				

(V) **INDEBTEDNESS**

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

(₹ millions)

	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount		2,241.8		2,241.8
ii) Interest due but not paid				
iii) Interest accrued but not due		23.5		23.5
Total (i + ii + iii)		2,265.3		2,265.3
Change in Indebtedness during the financial year				
· Addition		17,358.5		17,358.5
· Reduction		17,883.9		17,883.9
Net Change		(525.4)		(525.4)
Indebtedness at the end of the financial year				
i) Principal Amount		1,716.4		1,716.4
ii) Interest due but not paid				
iii) Interest accrued but not due		12.2		12.2
Total (i + ii + iii)		1,728.6		1,728.6

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(₹ millions)

Sl. no	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Anup Bagchi (DIN: 00105962)	Ajay Saraf (DIN: 00074885)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	39.1 2.5	26.4 0.1	65.5 2.6
2.	Stock Option*	17.6	-	17.6
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify Others (Medical Allowance)	0.0	0.0	0.0
	Total (1a + 1b + 1c)			
	Total remuneration paid in fiscal 2016 (excludes perquisites on stock options reported in point 2)	41.6	26.5	68.1
	Ceiling as per the Act	186.1	186.1	372.2

Note: *The holding company (ICICI Bank Limited) has granted stock options to the Managing Director and Executive Director. The stock options exercised by the Managing Director, Anup Bagchi (DIN: 00105962), during FY2016 are 75,000. The perquisite value of the same is mentioned in point 2 above.

₹0 million indicates values are lower than ₹1million

B Remuneration to other directors

₹ millions

Sl. no	Particulars of Remuneration	Name of Directors		Total Amount
		Uday Chitale (DIN: 00043268)	Vinod Kumar Dhall (DIN: 02591373)	
1.	Independent Directors - Fee for attending board /committee meetings - Commission - Others, please specify	0.7 - -	0.6 - -	1.3 - -
	Total (1)	0.7	0.6	1.3
2.	Other Non-Executive Directors - Fee for attending board /committee meetings - Commission - Others, please specify	- - -	- - -	- - -
	Total (2)			
	Total (B)=(1+2)	0.7	0.6	1.3
	Total Managerial Remuneration			69.4
	Overall Ceiling as per the Act			372.2

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

₹ millions

Sl. no	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary Raju Nanwani	CFO Prashant Mohta	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	7.7 0.1	8.4 0.3	16.1 0.4
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others (Medical Allowance)	0.0	0.0	0.0
	Total	7.8	8.7	16.5

₹0 million indicates values are lower than ₹1million

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

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					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

CHANDA KOCHHAR
DIN: 00043617
Chairperson

directors' report

annexure c

LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or investment under Section 186 of the Companies Act, 2013 are as under:

Sr. No	Particulars of the loans given, investments made or guarantees given or security provided	Purpose for which the loans or guarantees or security is proposed to be utilised by the recipient of the loans or guarantees or security	Amount ₹millions
A	Investments made		
1	Subsidiary – ICICI Securities Holding, Inc.	Strategic Investment	122.7*
2	Parabolic Drugs Limited	Strategic Investment	2.8*
3	Bombay Stock Exchange	Strategic Investment	0.0#
4	Universal Trustees Private Limited	Strategic Investment	9.4
B	Guarantees		
	Corporate Guarantee and Standby Letter of Credit in favour of US Bank National Association	To secure ICICI Securities, Inc.'s performance on its lease obligations	165.6

Note:

- 1) *Amount net of provisions
- 2) Securities held as stock in trade are not included in the above.
- 3) # ₹ 0 million indicates value lower than ₹1million.

For and on behalf of the Board

CHANDA KOCHHAR
DIN: 00043617
Chairperson

annexure d

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

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

1. Details of contracts or arrangements or transactions not at arm's length basis -- **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis:

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

Sr. No.	Nature of contracts/ transactions	Name of the related party	Nature of relationship	Duration of contract	Salient term of contract/ transaction	₹ in million
1	Bank Balance lying in ICICI bank accounts	ICICI Bank Limited	Holding Company	-	Outstanding balance at March 31, 2016 in current accounts maintained for normal banking transactions	104.5 (Net of Current liabilities of ₹ 4.5 million)
2	Income from services and brokerage (commission and fees) Commission and marketing fees received during the year for normal business transactions	ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary	Ongoing	Commission and marketing fees received during the year for normal business transactions	595.7

For and on behalf of the Board

CHANDA KOCHHAR
DIN: 00043617
Chairperson

annexure e

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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.

Corporate Social Responsibility (CSR) has been a long-standing commitment at ICICI Group long before it was statutorily mandated under the Companies Act, 2013. Our CSR initiatives are to a large extent, driven through ICICI Foundation for Inclusive Growth (ICICI Foundation), founded in 2008 to make India's growth more inclusive and sustainable by empowering the lower income sections of our society to participate in India's growth process. Whereas a significant part of the Company's CSR spend is by way of regular contribution to the ICICI Foundation, the company also supports deserving social / public initiatives on case to case basis.

The CSR Policy of the Company sets out the framework guiding its CSR activities. It outlines the governance structure, operating framework, monitoring mechanism and nature of CSR activities that would be undertaken by the company. The CSR committee of the Board is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR policy. The Company's CSR activities are largely focused in the areas of education, health care, skill development and rural development and other activities as the Company may choose to select in fulfilling its CSR objectives.

The CSR policy was approved by the Committee on August 26, 2014 and subsequently hosted on the Company's website. Web-link to the CSR policy:

http://www.icicisecurities.com/ResearchAttachments/CSR_Policy.pdf

2. **Composition of the CSR Committee.**

The CSR Committee of the Company comprises of three Directors including one Independent Director who chairs the Committee. The composition of the Committee is set out below:

- Uday Chitale (DIN: 00043268), Chairman
- Anup Bagchi (DIN: 00105962), Managing Director & CEO
- Ajay Saraf (DIN: 00074885), Executive Director

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

Particulars of CSR spending by the company during the year ended March 31, 2016:

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

The average net profit of the Company for the last three financial years calculated as specified by the Companies Act, 2013 was ₹ 2,349.7 million.

4. **Prescribed CSR Expenditure: 2% of average net profit of last 3 years, i.e. 2% of ₹. 2,349.7 million = ₹ 47 million**

5. **Details of CSR spending during the financial year 2015-16:**

(a) Total amount to be spent for the financial year	₹. 47.0 million
(b) Amount actually spent	₹. 47.0 million
(c) Amount unspent, if any	NIL

- (d) **Manner in which the amount was spent during the financial year is detailed below:**

directors' report

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program- wise (₹ in million)	Amount spent on the projects or programs Sub-heads 1. Direct expenditure on projects or programs 2. Overheads (₹ in million)	Cumulative expenditure upto the reporting period (₹ in million)	Amount spent direct or through implementing agency
1.	Projects of ICICI Foundation for Inclusive Growth	1. Promoting education, employment enhancing vocational skills and livelihood enhancement projects, 2. Eradication of hunger, poverty and malnutrition as well as promoting preventive healthcare	<ul style="list-style-type: none"> 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. Elementary education projects in Rajasthan and Chhattisgarh. Healthcare programmes in Baran (Rajasthan). 	36.0	36.0	47.5	Amount spent through ICICI Foundation for Inclusive Growth
2.	Investor Education Programs	Promoting Education	All India	10.7	10.7	10.7	Direct
3.	Projects of DilasaSanstha	Preventive Healthcare and Rural Development	Marathwada and Vidharbha	0.2	0.2	0.2	DilasaSanstha
4.	Research projects undertaken by the India Venture Capital and Private Equity Study Advisory Board (IIT Madras)	Promoting Education	All India	0.1	0.1	0.1	IIT Madras

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

Anup Bagchi
DIN: 00105962
Managing Director & CEO

Uday Chitale
DIN: 00043268
Chairman, CSR Committee

annexure f

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 of Managerial Personnel) Rules, 2014

To,
The Members
ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg.
MUMBAI- 400 020.

Dear Sirs,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ICICI SECURITIES 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 March 31, 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:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by ICICI SECURITIES LIMITED ("the Company") for the financial year ended on March 31, 2016, according to the provisions of:
 - (i) The Companies Act, 2013 ("the Act") and the Rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
 - (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') as amended till date to the extent applicable to the Company :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;
 - e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - g) The Securities and Exchange Board of India (Underwriters) Regulations, 1993;
 - h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013;
 - j) The Securities and Exchange Board of India (Stockbrokers and Sub-brokers) Regulations, 1992;
 - k) The Securities and Exchange Board of India {KYC (Know Your Client)

Registration Agency} Regulations, 2011;

- l) The Securities and Exchange Board of India (Investment Advisers) Regulations, 2013;
 - m) The Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007;
 - n) The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996;
 - o) The Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012;
 - p) The IRDA (Licensing of Corporate Agents) Regulations, 2002; and
 - q) SEBI (Research Analyst) Regulations, 2014.
- Note: The Company has been granted the license for Research Analyst by SEBI bearing Registration Number: 1NH000000990.

- (v) Other applicable laws :-
 - a) The Payment of Gratuity Act, 1972;
 - b) The Employees Provident Funds and Miscellaneous Provisions Act, 1952;
 - c) The Bombay Shops and Establishments Act, 1948;
 - d) The Contract Labour (Regulation and Abolition) Act, 1970;
 - e) The Payment of Bonus Act, 1965;
 - f) Negotiable Instrument Act, 1881 (to the extent applicable); and
 - g) Regulations issued by the Capital Markets Authority of Oman.
2. I have also examined compliance with the applicable clauses of the following:
 - i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited. (Not applicable – not a listed Company)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

3. 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 while the dissenting members' views are captured and recorded as part of the minutes.

4. 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.

Place : Mumbai
Date : April 5, 2016

JAIPRAKASH SINGH
Jaiprakash R. Singh & Associates
FCS No.: 7391
C P No.: 4412

independent auditors' report



to the Members of ICICI Securities Limited

I-Sec

REPORT ON THE FINANCIAL STATEMENTS

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

MANAGEMENT'S RESPONSIBILITY FOR THE 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 the design, implementation and maintenance of adequate internal financial control 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 standalone 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, issued by the Institute of Chartered Accountants of India, as 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 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 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 standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 March 31, 2016, its profit, and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone 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 written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act;
 - (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 2" to this report;
 - (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:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements, refer Note 33 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

Place of Signature: Mumbai
Date: April 28, 2016

Per SHRAWAN JALAN
Partner
Membership No.: 102102

annexure to the independent auditors' report

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date RE: ICICI Securities Limited (the Company)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) As informed, the Company does not have any immovable properties. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable to the Company and hence not commented upon.
- (ii) The Company does not hold any securities in physical form. The securities held as stock in trade by the custodian are verified with the confirmation statement received by the management from the custodian at regular intervals.
- The Company is maintaining proper records of securities held as stock in trade and no discrepancies were noticed on comparing the statement from custodian with book records/books of account.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to or from companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 the Act and hence clause (iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act for the services provided by the Company.

- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, value added tax and other material statutory dues applicable to it.
- The provisions of customs duty and excise duty are not applicable to the Company in the current year.

- (b) 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, sales-tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- The provisions of customs duty and excise duty are not applicable to the Company in the current year.

- (c) According to the records of the Company, the dues outstanding of income-tax and Service Tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of client introduction fees, Client Assistance Charges, Transaction and VSAT charges etc.	1,471.9	FY 1998-1999 to FY 2012-2013	CIT (Appeals) and ITAT
Service Tax Act, 1994	Disallowance of Input credit	154.4	FY 2005-2006 to 2014-2015	Commissioner of Service Tax and CESTAT
Maharashtra Value Added Tax, 2002	Disallowance of VAT Refund	1.7	FY 2008-2009	Commission of VAT Appeals

According to the information and explanation given to us, there are no dues of sales-tax, wealth tax and cess which have not been deposited on account of any dispute.

The provisions of customs duty and excise duty are not applicable to the Company in the current year.

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.

- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way of debt instruments in the nature of commercial paper were applied for the purposes for which those were raised.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

Place of Signature: Mumbai
Date: April 28, 2016

Per SHRAWAN JALAN
Partner
Membership No.: 102102

annexure to the independent auditors' report



Annexure 2 to the Independent Auditors' Report of even date on the Standalone Financial Statements of ICICI Securities Limited

I-SEC

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 Securities Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone 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. 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 the 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 ("the Act").

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 as specified under section 143(10) of the Act, 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 judgement, 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 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.

EXPLANATORY PARAGRAPH

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of ICICI Securities Limited which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 28, 2016 expressed an unqualified opinion.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

Place of Signature: Mumbai
Date: April 28, 2016

Per SHRAWAN JALAN
Partner
Membership No.: 102102

balance sheet

profit and loss account

at March 31, 2016

for the year ended March 31, 2016

	Notes	As at March 31, 2016	(₹ in million) As at March 31, 2015	Notes	For the year ended March 31, 2016	(₹ in million) For the year ended March 31, 2015
I EQUITY AND LIABILITIES						
(1) Shareholder's funds						
(a) Share capital	3	1,610.7	1,610.7			
(b) Reserves and surplus	4	2,331.6	1,910.6			
		<u>3,942.3</u>	<u>3,521.3</u>			
(2) Non-current liabilities						
(a) Other long term liabilities	5	618.2	506.4			
(b) Long-term provisions	6	267.6	160.7			
		<u>885.8</u>	<u>667.1</u>			
(3) Current liabilities						
(a) Short-term borrowings	7	1,728.6	2,265.3			
(b) Trade payables	8	5,947.3	5,601.0			
(c) Other current liabilities	9	1,374.3	1,515.7			
(d) Short-term provisions	10	41.9	41.0			
		<u>9,092.1</u>	<u>9,423.0</u>			
		<u><u>13,920.2</u></u>	<u><u>13,611.4</u></u>			
II ASSETS						
(1) Non-current assets						
(a) Fixed assets	11					
(i) Tangible assets		250.6	252.4			
(ii) Intangible assets		103.2	95.7			
(iii) Capital work-in-progress		3.8	6.9			
(iv) Intangible assets under development		20.3	30.1			
		<u>377.9</u>	<u>385.1</u>			
(b) Non-current investments	12	134.9	134.9			
(c) Deferred tax assets (Net)	13	508.6	387.1			
(d) Long-term loans and advances	14	1,255.6	1,109.7			
(e) Other non-current assets	15	270.1	161.6			
		<u>2,547.1</u>	<u>2,178.4</u>			
(2) Current assets						
(a) Stock-in-trade	16	1,412.7	338.1			
(b) Trade receivables	17	2,920.4	1,731.3			
(c) Cash and bank balances	18	6,271.6	8,432.7			
(d) Short-term loans and advances	19	249.1	305.7			
(e) Other current assets	20	519.3	625.2			
		<u>11,373.1</u>	<u>11,433.0</u>			
		<u><u>13,920.2</u></u>	<u><u>13,611.4</u></u>			
Summary of significant accounting policies	2					
I Revenue from operations						
(a) Brokerage income					6,604.4	7,554.1
(b) Income from services					3,492.0	3,363.1
(c) Interest and other operating income	21				956.9	909.6
(d) Profit/(loss) on securities (net)	22				182.3	267.8
Total revenue					<u>11,235.6</u>	<u>12,094.6</u>
II Expenses:						
(a) Employee benefits expense	23				3,923.4	3,848.5
(b) Operating expenses	24				1,171.7	1,191.6
(c) Finance costs	25				253.7	306.1
(d) Depreciation and amortization expense	11				159.4	162.7
(e) Other expenses	26				2,017.0	2,589.3
Total expenses					<u>7,525.2</u>	<u>8,098.2</u>
III Profit before tax					<u>3,710.4</u>	<u>3,996.4</u>
IV Tax expense:						
(a) Current tax					1,474.5	1,629.4
(b) Deferred tax					(121.5)	(72.6)
Total tax expense					<u>1,353.0</u>	<u>1,556.8</u>
V Profit after tax					<u>2,357.4</u>	<u>2,439.6</u>
VI Earnings per equity share:						
Basic & Diluted	27				2.93	3.03
(Face value ₹ 2/- per share)						
Summary of significant accounting policies	2					

III. The accompanying notes are an integral part of the financial statements.

VII. The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

Per SHRAWAN JALAN
Partner
Membership No.: 102102

Mumbai, April 28, 2016

For and on behalf of the Board of Directors

CHANDA KOCHHAR
Chairperson

ANUP BAGCHI
Managing Director & CEO

RAJU NANWANI
Company Secretary

UDAY CHITALE
Director

AJAY SARAF
Executive Director

PRASHANT MOHTA
Chief Financial Officer

1 CORPORATE INFORMATION

ICICI Securities Limited ("the Company"), incorporated in 1995, is a public Company engaged in the business of broking (institutional and retail), merchant banking and advisory services.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and except where otherwise stated are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income, expenses and results during the reporting period. The estimates used in the preparation of the financial statements are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Revenue recognition

- i) Brokerage income in relation to stock broking activity is recognised on a trade date basis.
- ii) Revenue from issue management, debt syndication, financial advisory services etc., is recognised based on the stage of completion of assignments and terms of agreement with the client.
- iii) Fee income in relation to public issues/ other securities is recognised based on mobilization and intimation received from clients/ intermediaries.
- iv) Gains/ losses on dealing in securities are recognised on a trade date basis.
- v) Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vi) Revenue from dividends is recognised when the shareholder's right to receive the payment is established.
- vii) Training fee income from financial educational programs is recognized on accrual basis.

d) Investments and stock in trade

Investments that are acquired with the intention of holding for not more than one year from the date on which such investments are made, are classified as current investments and are reported as stock-in-trade. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost inclusive of direct acquisition costs, if any. The securities held as stock-in-trade are carried at cost arrived at on first in first out (FIFO) basis or market value, determined on an individual investment basis, whichever is lower.

Long term investments are carried at acquisition cost. Any decline in the value of investments, which is other than temporary is reduced from its acquisition cost and provided for in the statement of profit and loss. A decline is considered as other than temporary after considering the investee Company's market value, assets, results and the expected cash flows from the investment and restrictions, if any, on distribution or sale of the investee Company.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

e) Fixed Assets

(i) Tangible assets

Tangible assets are carried at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the statement of Profit and Loss.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

Asset	Useful Life
Tangible	
Leasehold improvements	Over the lease period
Office equipments comprising air conditioners, photo-copying machines, etc.	5 years
Computers	3 years
Servers & Network	6 years
Furniture and fixtures	6.67 years
Motor vehicles	5 years

The management has estimated the useful lives of the following classes of assets, which is lower than that indicated in Schedule II of the Companies Act, 2013.

- I) The motor vehicles are depreciated over the estimated useful lives of 5 years.
- II) The Furniture and fixture are depreciated over the estimated useful lives of 6.67 years.

(ii) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

The amortization rates used are:

Intangible asset	Useful life
Computer software	25%
CMA Membership rights	20%

f) Foreign exchange transactions

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Foreign currency income and expenditure items of integral foreign operations are translated at monthly average rates. Exchange differences arising on the settlement or restatement of monetary items are recognised as exchange gain/loss in the statement of profit and loss.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing rate. Non-monetary foreign currency assets and liabilities of domestic and integral foreign operations are reported at historical cost determined on transaction date.

Income and expenditure of non-integral foreign operations are translated at monthly average rates. The assets and liabilities of non-integral foreign operations other than share capital and fixed assets are translated at closing exchange rates at the balance sheet date and the resultant profits/ losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations.

g) Accounting for derivative transactions

The Company enters into derivative contracts such as equity index/ stock futures, equity index / stock options.

Derivative contracts entered into for trading purposes are marked to market and the resulting loss is accounted for in the profit and loss account. Gains are recognised only on settlement/expiry of the derivative contract.

Receivables/payables on the open positions are reported as current assets/ current liabilities.

h) Staff retirement and other benefits

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company is statutorily required to contribute a specified portion of the basic salary of an employee to a provident fund as a part of retirement benefits to its employees. The contributions during the year are charged to the statement of profit and loss.

Gratuity

The Company pays gratuity, a defined benefit plan to its employees who retire or resign after a minimum period of five years of continuous service and in the case of employees at overseas locations as per rules in force in the respective countries. The Company makes contributions to the ICICI Securities Employees Gratuity Fund which is managed by ICICI Prudential Life Insurance Company Limited for the settlement of gratuity liability.

The Company accounts for the gratuity liability as per an actuarial valuation by an actuary appointed by the Company. In accordance with the gratuity fund's rules, actuarial valuation of gratuity liability is calculated based on certain assumptions regarding rate of interest, staff mortality and staff attrition as per the projected unit credit method made at the end of each financial year.

With respect to Oman Branch, the Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its national employees, the Company makes contributions to the Omani Public Authority for Social Insurance Scheme calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Compensated absence

Accumulated compensated absences, which are exceeding the allowable limit of carry forward beyond 12 months from the end of the year are treated as short term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of such unused entitlement that has accumulated at the reporting date.

Accumulated compensated absences, which are within the allowable limit for carry forward beyond 12 months from the end of the year are valued on actuarial basis. The Company's liability is actuarially determined (using the projected unit credit method) at the end of each year in respect of such leave. Actuarial losses/gains are recognized in the statement of profit and loss in the year which they arise.

Long Term Incentive

The Company has a long term incentive plan which is paid in three annual tranches. The Company accounts for the liability as per an actuarial valuation. The actuarial valuation of the long term incentives liability is calculated based on certain assumptions regarding rate of interest and staff attrition as per the projected unit credit method made at the end of each financial year. The actuarial losses / gains are recognized in the statement of profit and loss in the year in which they arise.

i) Income taxes

Income tax expense is the aggregate amount of current tax and deferred tax borne by the Company. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognised in the statement of profit and loss.

Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably certain. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax assets are recognised on carry forward of unabsorbed depreciation, tax losses and carry forward capital losses, only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

3. SHARE CAPITAL

Authorised:

1,000,000,000 (March 31, 2015: 1,000,000,000 of ₹ 2/- each) equity shares of ₹ 2/- each
5,000,000 (March 31, 2015 : 5,000,000 of ₹ 100/- each) 13.75% Cumulative non-convertible redeemable preference shares of ₹ 100/- each

Issued, subscribed and fully paid-up shares:

805,353,500 (March 31, 2015 : 805,353,500 of ₹ 2 each) equity shares of ₹ 2/- each fully paid
Total issued, subscribed and fully paid-up share capital

In accordance with the recommendations contained in Guidance note on accounting for credit available in respect of Minimum Alternative Tax ("MAT") issued by the Institute of Chartered Accountants of India, MAT credit is recognised as an asset to the extent there is convincing evidence that the Company will pay normal income tax during the specified period in future. MAT credit is recognised as an asset by way of a credit to the statement of profit and loss and shown as MAT credit entitlement in the year in which MAT credit becomes eligible to be recognized as an asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

j) Impairment of fixed assets

Fixed assets are reviewed at each reporting date for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by debiting the statement of profit and loss and is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

k) Provisions

Provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet dates and adjusted to reflect the current management estimates.

l) Contingent Liabilities:

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability. The existence of a contingent liability is disclosed in the notes to the financial statements.

m) Earnings per share ("EPS")

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

n) Lease

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

o) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement include cash in hand, balances with the banks and short term investments with an original maturity of three months or less.

	As at March 31, 2016	(₹ in million) As at March 31, 2015
Authorised:		
1,000,000,000 (March 31, 2015: 1,000,000,000 of ₹ 2/- each) equity shares of ₹ 2/- each	2,000.0	2,000.0
5,000,000 (March 31, 2015 : 5,000,000 of ₹ 100/- each) 13.75% Cumulative non-convertible redeemable preference shares of ₹ 100/- each	500.0	500.0
	<u>2,500.0</u>	<u>2,500.0</u>
Issued, subscribed and fully paid-up shares:		
805,353,500 (March 31, 2015 : 805,353,500 of ₹ 2 each) equity shares of ₹ 2/- each fully paid	1,610.7	1,610.7
Total issued, subscribed and fully paid-up share capital	<u>1,610.7</u>	<u>1,610.7</u>

a. Reconciliation of the shares at the beginning and at the end of the reporting period
Equity shares

(₹ in million)

	As at March 31, 2016		As at March 31, 2015	
	Nos.		Nos.	
At the beginning of the year	805,353,500	1,610.7	805,353,500	1,610.7
Issued during the period - Bonus issue	-	-	-	-
Issued during the period - ESOP	-	-	-	-
Outstanding at the end of the year	805,353,500	1,610.7	805,353,500	1,610.7

All the above, 805,353,500 (March 31, 2015: 805,353,500) Equity Shares of ₹ 2/- each are held by ICICI Bank Limited (Holding Company) and its nominees.

b Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the period ended March 31, 2016, the amount of per share dividend recognized as distribution to equity shareholders was ₹2/- (March 31, 2015: ₹2/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4. RESERVES AND SURPLUS

	(₹ in million)			(₹ in million)	
	As at March 31, 2016	As at March 31, 2015		As at March 31, 2016	As at March 31, 2015
Reserves and surplus consist of the following:					
(a) Securities premium account	244.0	244.0	8. TRADE PAYABLES		
(b) Translation reserve			Trade payables consist of the following:		
Opening balance	16.6	15.9	Trade payables		
Add: Additions during the year (net)	2.2	0.7	(a) Micro, small and medium enterprises		
Closing balance	18.8	16.6	(Refer note 34 for details of dues to micro and small enterprises)		
(c) General reserve			(b) Others		
Opening balance	666.8	484.8	5,947.3		
Add: Additions during the year (net)	0.0	182.0	5,947.3		
Closing balance	666.8	666.8	TOTAL		
(d) Surplus/deficit in profit & loss			5,947.3		
Opening balance	983.2	640.3	5,601.0		
Add: profit for the year	2,357.4	2,439.6	5,601.0		
Closing balance	3,340.6	3,079.9			
Less: Appropriations			9. OTHER CURRENT LIABILITIES		
Interim dividend on equity shares	1,610.7	1,610.7	Other current liabilities consist of the following:		
Tax on equity dividend	327.9	304.0	Income received in advance		
Transfer to general reserve	0.0	182.0	69.6		
Closing balance	1,402.0	983.2	257.8		
TOTAL	2,331.6	1,910.6	Other payables to (a) Micro, small and medium enterprises		
			(Refer note 34 for details of dues to micro and small enterprises)		
			(b) Others		
			-		
			1) Statutory liabilities		
			271.0		
			2) Employee related liabilities		
			974.7		
			3) Other liabilities		
			59.0		
			TOTAL		
			1,374.3		
			1,515.7		
5. OTHER LONG TERM LIABILITIES			10. SHORT TERM PROVISION		
Other long term liabilities consist of the following:			Short-term provision consist of the following:		
Other liabilities	618.2	506.4	Provision for employees benefits		
TOTAL	618.2	506.4	i) Provision for gratuity		
			28.8		
			ii) Provision for compensated absence		
			13.1		
			TOTAL		
			41.9		
			41.0		
6. LONG TERM PROVISION					
Long-term provisions consist of the following:					
Provision for employee benefits					
(a) Provision for gratuity	247.8	151.7			
(b) Provision for compensated absence	19.8	9.0			
TOTAL	267.6	160.7			
7. SHORT TERM BORROWINGS					
Short-term borrowings consist of the following:					
(a) Unsecured loans					
Commercial paper	1,728.6	2,265.3			
(repayable within one year)					
TOTAL	1,728.6	2,265.3			

11. FIXED ASSETS

Fixed assets consist of the following:

	TANGIBLE							INTANGIBLE			TOTAL (A+B)
	Computers	Furniture and fixtures	Office equipment	Vehicles	Lease hold improvements	Total (A)	Software	CMA membership right	Total (B)		
Gross Block (At Cost)											
At April 1, 2014	154.6	17.1	28.1	94.4	207.2	501.4	518.7	23.2	541.9	1,043.3	
Additions	68.8	9.2	22.0	24.6	29.4	154.0	26.4	0.0	26.4	180.4	
Sale / Adjustment *	17.9	4.2	(0.1)	11.6	15.3	48.9	144.2	(0.9)	143.3	192.2	
At March 31, 2015	205.5	22.1	50.2	107.4	221.3	606.5	400.9	24.1	425.0	1,031.5	
Additions	42.7	9.1	18.2	28.2	15.9	114.1	71.8	-	71.8	185.9	
Sale / Adjustment *	(0.1)	(0.1)	0.6	18.9	27.5	46.8	243.7	(1.7)	242.0	288.8	
At March 31, 2016	248.3	31.3	67.8	116.7	209.7	673.8	229.0	25.8	254.8	928.6	
Depreciation											
At April 1, 2014	94.6	10.2	8.2	40.2	154.7	307.9	364.6	23.2	387.8	695.7	
Additions	39.7	6.6	11.0	19.7	15.3	92.3	70.4	0.0	70.4	162.7	
Sale / Adjustment *	17.5	4.3	(0.1)	9.5	14.9	46.1	129.8	(0.9)	128.9	175.0	
At March 31, 2015	116.8	12.5	19.3	50.4	155.1	354.1	305.2	24.1	329.3	683.4	
Additions	49.6	4.4	13.4	22.0	15.3	104.7	54.7	-	54.7	159.4	
Sale / Adjustment *	0.0	(0.2)	0.2	11.7	23.9	35.6	234.1	(1.7)	232.4	268.0	
At March 31, 2016	166.4	17.1	32.5	60.7	146.5	423.2	125.8	25.8	151.6	574.8	
Net Block											
At March 31, 2015	88.7	9.6	30.9	57.0	66.2	252.4	95.7	0.0	95.7	348.1	
At March 31, 2016	81.9	14.2	35.3	56.0	63.2	250.6	103.2	0.0	103.2	353.8	

* Fixed assets sale / adjustments includes effect of foreign currency translation amounting to ₹ 0.3 million (Previous year ₹ 0.2 million).

		(₹ in million)		(₹ in million)	
		As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
12. NON-CURRENT INVESTMENTS					
Non-current investments consist of the following					
		(₹ in million)			
Name of the Company	Quantity Nos.	Face value per unit	As at March 31, 2016	As at March 31, 2015	
Trade Investments					
In equity shares (valued at cost)					
Subsidiary Company:					
(a) ICICI Securities Holding Inc. (unquoted)	1,664 (1,664)	-	728.2	728.2	
Less : Provision for investment			(605.5)	(605.5)	
			<u>122.7</u>	<u>122.7</u>	
Others:					
(a) Bombay Stock Exchange Limited (unquoted)	22,828 (22,828)	₹ 1	0.0	0.0	
(b) Universal Trustees Private Limited (unquoted)	180,000 (180,000)	₹ 10	9.4	9.4	
(c) Parabolic Drugs Limited (quoted)	794,000 (794,000)	₹ 10	45.5	45.5	
Less : Provision for investment			(42.7)	(42.7)	
			<u>12.2</u>	<u>12.2</u>	
			<u>134.9</u>	<u>134.9</u>	
Non Trade Investments					
In equity shares (valued at cost)					
Others:					
(a) First Source Solutions Limited (quoted)	Nil (100)	₹ 10	-	0.0	
			-	0.0	
			<u>134.9</u>	<u>134.9</u>	
TOTAL					
1) Aggregate amount of quoted investments			2.8	2.8	
(market value ₹ 4.3 million, previous year ₹ 7.0 million)					
2) Aggregate amount of unquoted investments			132.1	132.1	
(₹ 0 million indicates values are lower than ₹ 1 million)					
3) Previous year's quantities are given in parenthesis.					
13. DEFERRED TAX ASSETS (NET)					
The break-up of deferred tax assets and liabilities is given below:					
Deferred tax asset					
(a) Provision for doubtful debtors		32.5	39.7		
(b) Provision for gratuity		95.7	63.4		
(c) Provision for compensated absence		11.4	6.4		
(d) Provision for lease rent escalation		52.4	27.7		
(e) Depreciation		38.2	36.5		
(f) Provision for investments		4.9	4.9		
(g) Provision for FCTR		0.8	-		
(h) Provision for Employee Benefits		258.9	208.5		
(i) Revenue recognition		13.6	-		
(j) MTM loss		0.2	-		
Total Deferred tax assets		<u>508.6</u>	<u>387.1</u>		
Total deferred tax liability		-	-		
TOTAL		<u>508.6</u>	<u>387.1</u>		
14 LONG TERM LOANS AND ADVANCES					
Long-term loans and advances consist of the following:					
Unsecured, considered good					
i) Security deposit for leased premises and assets			317.1	255.3	
ii) Security deposit with stock exchanges			25.8	25.8	
iii) Advance tax (net of provision for tax)			889.7	811.7	
iv) Loans and advances to related parties			0.1	0.1	
v) Other loans and advances			-	-	
a) Prepaid expenses			2.3	1.2	
b) Other security deposit			7.8	10.3	
c) Others			12.8	5.3	
vi) Capital advances			-	0.0	
TOTAL			<u>1,255.6</u>	<u>1,109.7</u>	
Loans and advances to related parties pertains to:					
ICICI Lombard General Insurance Co. Limited ₹ 0.1 million (Previous year : ₹ 0.1 million)					
15. OTHER NON-CURRENT ASSETS					
Other non-current assets consist of the following:					
(a) Interest receivable			0.6	3.0	
(b) Fixed deposits with banks *					
i) In India			260.9	150.5	
ii) Outside India			8.6	8.1	
			<u>269.5</u>	<u>158.6</u>	
TOTAL			<u>270.1</u>	<u>161.6</u>	
* 1) Fixed deposits under lien with stock exchanges amounted to ₹ 208.0 million (Previous year: ₹ 99.8 million) and kept as collateral security towards bank guarantees issued amounted to ₹ 9.1 million (Previous year: ₹ 8.2 million) and others ₹ 52.4 million (Previous year: ₹ 50.6 million)					
2) Fixed deposits having maturity more than 3 months ₹ Nil (Previous year: ₹ Nil)					
16. STOCK-IN-TRADE					
Stock-in-trade consist of the following:					
		(₹ in million)			
		As at March 31, 2016	As at March 31, 2015		
Name of the Company					
(a) Equity shares (quoted)					
HDFC Bank Limited		-	235.2		
		-	235.2		
(b) Non-convertible debentures					
1.43 % HDFC NCD 28 Mar 2017		1,412.7	-		
		<u>1,412.7</u>	-		
(c) Bond					
8.82% REC LIMITED		-	102.9		
		-	102.9		
TOTAL		<u>1,412.7</u>	<u>338.1</u>		
1) Stock in trade are valued at cost or market value whichever is lower.					
2) The aggregate carrying value and market value of quoted securities as at March 31, 2016 is ₹ 1,412.7 million (previous year: ₹ 338.1 million) and ₹ 1,412.8 million (previous year ₹ 33 8.3 million) respectively.					
3) The above include securities on the Company's account due to trading errors on behalf of the customers.					
4) ₹ 0 million indicates values are lower than ₹ 1 million.					

	As at March 31, 2016	(₹ in million) As at March 31, 2015		As at March 31, 2016	(₹ in million) As at March 31, 2015
17. TRADE RECEIVABLES			19. SHORT-TERM LOANS AND ADVANCES:		
Trade receivables consist of the following:			Short term loans and advances consist of the following:		
Secured			Unsecured, considered good		
(a) Receivables outstanding for a period exceeding six months:			i) Security deposit for leased premises and assets	37.7	80.3
i) Considered good	-	-	ii) Other loans and advances		
ii) Considered doubtful	-	-	a) Prepaid expenses	33.7	24.0
(b) exceeding six months: Others			b) Advance to creditors	33.7	59.3
i) Considered good	2,362.5	1,375.0	c) Other advances	144.0	142.1
ii) Considered doubtful	-	-	TOTAL	<u>249.1</u>	<u>305.7</u>
Less: Provision for doubtful debt	-	-			
TOTAL (A)	<u>2,362.5</u>	<u>1,375.0</u>	20. OTHER CURRENT ASSETS		
Unsecured			Other current assets consist of the following:		
(a) Receivables outstanding for a period exceeding six months:			(a) Accrued income	306.7	332.9
i) Considered good	9.3	11.2	(b) Interest receivable	212.6	292.3
ii) Considered doubtful	77.6	87.6	TOTAL	<u>519.3</u>	<u>625.2</u>
(b) Others			21. INTEREST AND OTHER OPERATING INCOME		
i) Considered good	548.6	345.1	Interest and other operating income consist of the following:		
ii) Considered doubtful	7.1	15.8			
Less: Provision for doubtful debt	(84.7)	(103.4)		For the year ended March 31, 2016	For the year ended March 31, 2015
TOTAL (B)	<u>557.9</u>	<u>356.3</u>	(a) Interest		
TOTAL (A) + (B)	<u>2,920.4</u>	<u>1,731.3</u>	i) Fixed deposits and application money	724.6	712.9
Dues from directors & officers ₹ Nil (Previous year ₹ Nil)			ii) Securities held as stock-in-trade	64.7	12.2
			iii) Other advances and deposits	0.3	0.2
			iv) Interest on late payment	156.3	179.6
			(b) Dividend Income	0.2	1.0
			(d) Other income	10.8	3.7
			TOTAL	<u>956.9</u>	<u>909.6</u>
18. CASH AND BANK BALANCE:			22. PROFIT / (LOSS) ON SECURITIES (NET)		
Cash and bank balances consist of the following:			Profit/ (Loss) on securities consist of the following:		
Cash and cash equivalents				For the year ended March 31, 2016	For the year ended March 31, 2015
Cash and cheques on hand	19.3	0.5	(a) Profit/(loss) on securities (net)	182.3	267.8
Balances with Banks			(b) Profit / (loss) on sale of investments	0.0	-
(a) In current accounts with banks			TOTAL	<u>182.3</u>	<u>267.8</u>
i) In India with scheduled banks	114.8	691.7			
ii) Outside India	7.4	31.3	₹ 0 million indicates values are lower than ₹ 1 million.		
(b) Fixed Deposit with maturity less than 3 months	-	-	23. EMPLOYEE BENEFITS EXPENSE		
	<u>141.5</u>	<u>723.5</u>	Employee benefits expense consist of the following:		
Other bank balances				For the year ended March 31, 2016	For the year ended March 31, 2015
Fixed deposits in India*	6,130.1	7,709.2	(a) Salaries , wages and bonus	3,487.4	3,477.0
TOTAL	<u>6,271.6</u>	<u>8,432.7</u>	(b) Contribution to provident and other funds	233.3	181.5
			(c) Staff welfare expenses	202.7	190.0
			TOTAL	<u>3,923.4</u>	<u>3,848.5</u>
* Fixed deposits under lien with stock exchanges amounted to ₹ 6,100.5 million (Previous year : ₹ 7,679.9 million) and kept as collateral security towards bank guarantees issued amounted to ₹ 0.5 million (Previous year : ₹ 0.8 million) and others ₹ 29.1 million (Previous year ₹ 28.5 million)					
* Fixed deposits having maturity more than 3 months ₹ Nil (Previous year ₹ Nil million)					

24. OPERATING EXPENSES

Operating expenses consist of the following:

	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Brokerage and Commission (Net of recoveries ₹ 1.0 million, previous year ₹ Nil)	551.3	559.2
(b) Transaction charges	69.5	38.5
(c) Turnover fees and stamp duty	3.0	2.5
(d) Custodial and depository charges	300.7	383.0
(e) Call centre charges	98.6	105.5
(f) Franking charges (Net of recoveries ₹ 43.0 million, previous year ₹ 49.9 million)	70.0	14.8
(g) Rating agency fees	2.0	2.0
(h) Scanning Expenses	36.3	36.5
(i) Other operating expenses	40.3	49.6
TOTAL	1,171.7	1,191.6

25. FINANCE COST

Finance cost consist of the following:

(a) Interest expense	251.2	303.5
(b) Bank charges	2.5	2.6
TOTAL	253.7	306.1

26. OTHER EXPENSES

Other expenses consist of the following:

(a) Rent and amenities	737.2	849.4
(b) Insurance	3.8	3.4
(c) Business promotion, traveling and conveyance expenses	276.0	275.2
(d) Repairs, maintenance, upkeep and others	328.1	354.7
(e) Rates and taxes	109.8	88.1
(f) Electricity expenses	85.4	84.1
(g) Communication expenses	123.6	128.9
(h) (Profit) / Loss on sale of fixed assets (net)	12.6	15.2
(i) Advertisement and publicity	69.9	73.6
(j) Printing and stationery	28.8	31.9
(k) Subscription and periodicals	67.3	62.7
(l) Professional fees	92.0	75.9
(m) Auditors' remuneration	7.0	6.9
(n) Corporate Social Responsibility (CSR) Expenses	47.0	14.7
(o) Recruitment expenses	20.3	40.1
(p) Foreign exchange (gain) / loss (net)	3.4	1.9
(q) Donation	2.9	0.6
(r) Miscellaneous expenses	1.9	2.0
(s) Provision for diminution in value of subsidiary (Other than temporary)	-	480.0
TOTAL	2,017.0	2,589.3

27. EARNINGS PER SHARE

The computation of basic and diluted earnings per share is given below:-

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Basic & Diluted earnings per share		
Net profit after tax, before preference dividend (₹ in million) (A)	2,357.4	2,439.6
Net profit after tax, and preference dividend (₹ in million) (A)	2,357.4	2,439.6
Weighted average no. of equity shares outstanding (in millions) (B)	805.4	805.4
Basic & diluted earnings per share (₹) (A) / (B)	2.93	3.03
Nominal value per share (₹)	2.00	2.00

28. RELATED PARTY DISCLOSURES

As per Accounting Standard on related party disclosures (AS18) as notified by the Companies Accounts Rules 2014, the names of the related parties of the company are as follows:

A. Related party where control exists irrespective whether transactions have occurred or not

Holding Company: ICICI Bank Limited

Subsidiary Companies: ICICI Securities Holding Inc.; ICICI Securities Inc.

B. Other related parties where transactions have occurred during the year
Fellow Subsidiaries:

ICICI Securities Primary Dealership Limited; ICICI Prudential Life Insurance Company Limited; ICICI Lombard General Insurance Company Limited; ICICI Prudential Asset Management Company Limited; ICICI Home Finance Company Limited; ICICI Bank UK PLC; ICICI Venture Funds Management Company Limited; ICICI Prudential Trust Limited; ICICI Investment Management Company Limited.

C. Associate of Holding Company : ICICI Foundation for Inclusive Growth.

D. Key Management Personnel

a) Anup Bagchi	Managing Director & CEO
b) Ajay Saraf	Executive Director

The following transactions were carried out with the related parties in the ordinary course of business.

(₹ in million)

Nature of Transaction	Holding Company		Subsidiary Company		Fellow Subsidiary Company	
	March 31,		March 31,		March 31,	
	2016	2015	2016	2015	2016	2015
Income from services and brokerage (commission and fees)	108.7	115.1				
ICICI Home Finance Company Limited					30.6	36.9
ICICI Prudential Life Insurance Company Limited					595.7	475.8
ICICI Securities Primary Dealership Limited					3.0	5.2
ICICI Lombard General Insurance Company Limited					8.7	12.0
ICICI Prudential Asset Management Company Limited					5.3	24.9
ICICI Prudential Trust Limited					-	0.4
ICICI Securities Inc			2.5	-		
ICICI Venture Funds Management Company Limited					0.0	0.5
ICICI Investment Management Company Limited					-	0.2
ICICI Bank UK PLC					1.0	0.1
Interest income	353.4	371.3				
Staff expenses	13.1	13.9				
ICICI Securities Primary Dealership Limited					(1.0)	(1.8)
ICICI Prudential Life Insurance Company Limited					2.4	2.2
ICICI Lombard General Insurance Company Limited					84.2	70.0
Operating expenses	431.1	545.4				
ICICI Securities Primary Dealership Limited					5.3	8.6
ICICI Securities Inc			157.9	147.1		
Other expenses	134.0	155.3				
ICICI Lombard General Insurance Company Limited					3.4	2.9
ICICI Securities Primary Dealership Limited					4.3	12.4
ICICI Prudential Life Insurance Company Limited					(0.1)	0.1
ICICI Securities Inc			7.3	8.7		
Finance cost	3.9	5.4				
Proposed dividend		-				
Dividend paid	1,610.7	1,610.7				

Nature of Transaction	Holding Company		Subsidiary Company		Fellow Subsidiary Company	
	March 31,		March 31,		March 31,	
	2016	2015	2016	2015	2016	2015
Share capital	1,610.7	1,610.7				
Payables	102.0	94.6				
ICICI Lombard General Insurance Company Limited					0.4	0.3
ICICI Securities Primary Dealership Limited					0.4	3.1
ICICI Securities Inc			26.5	33.2		
Investment						
ICICI Securities Holding Inc			122.7	122.7		
Fixed deposits	3,779.1	3,969.0				
Accrued interest Income	138.6	170.3				
Bank balance	104.5	685.7				
(Net of current liabilities of ₹ 4.5 million (Previous year ₹ 3.2million))						
Deposit						
ICICI Lombard General Insurance Company Limited					0.1	0.1
Loans & advances (including prepaid expenses)	0.1	0.2				
ICICI Lombard General Insurance Company Limited					3.4	4.7
ICICI Prudential Life Insurance Company Limited					1.8	1.9
ICICI Securities Primary Dealership Limited					0.1	0.0
Receivables						
ICICI Prudential Life Insurance Company Limited					114.7	1.1
ICICI Lombard General Insurance Company Limited					0.0	-
ICICI Prudential Asset Management Company Limited					1.2	1.6
ICICI Home Finance Company Limited					4.7	9.5
ICICI Securities Primary Dealership Limited					0.5	28.4
Accrued income	17.8	11.4				
ICICI Lombard General Insurance Company Limited					0.6	0.7
ICICI Prudential Life Insurance Company Limited					19.1	12.3
ICICI Prudential Asset Management Company Limited					-	2.4
ICICI Home Finance Company Limited					4.3	14.6

(₹ in million)

Nature of Transaction	Holding Company		Subsidiary Company		Fellow Subsidiary Company	
	March 31,		March 31,		March 31,	
	2016	2015	2016	2015	2016	2015
ICICI Securities Primary Dealership Limited					332.6	111.0
Sale value of Bond						
ICICI Securities Primary Dealership Limited					-	200.2
Corporate guarantee						
ICICI Securities Inc			99.4	93.8		

(₹ in million)

The Company has contributed ₹ 36.0 million (Previous year ₹ 11.5 million) to the corpus of ICICI Foundation for Inclusive Growth as part of the CSR expenditure.

Key Management Personnel

The compensation for the year ended March 31, 2016 to (1) Anup Bagchi, Managing Director & CEO and (2) Ajay Saraf, Executive Director is (1) ₹ 44.6 million (Previous year ₹ 45.1 million) and (2) ₹ 29.1 million (Previous year ₹ 23.2 million) respectively.

The compensation paid includes bonus, long term incentives and contribution to provident fund.

The company has received brokerage amounting to ₹ 0.3 million (Previous year ₹ 0.3 million) from the key management personnel. There are no transactions with relatives of the key management personnel (Previous year ₹ Nil).

During the year ended March, 2009, the Company had incurred managerial remuneration which was in excess of the limits specified by the relevant provisions of the Companies Act, 1956. The Company has made an application to the appropriate regulatory authorities in this regard, for payment of such excess remuneration paid to managerial personnel. The limits specified by the Companies Act, 1956 would be ₹ 4.4 million.

The Company has received correspondence in respect of Mr. A Murugappan from the Ministry of Corporate Affairs on April 21, 2011 and has sought clarifications on the same vide letter dated May 24, 2011 and letter dated February 8, 2012.

29. EMPLOYEE BENEFITS

a) Gratuity

The following table summarizes the components of net expenses for retirement benefits recognised in the statement of profit and loss and the amounts recognised in the balance sheet.

Particulars	(₹ in million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Change in Defined Benefit Obligation		
Opening obligations	240.8	182.5
Service cost	29.7	23.4
Interest cost	18.2	15.0
Actuarial (gain) / loss	42.7	28.6
Past service cost	-	-
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Benefits paid	(18.9)	(8.7)
Total Obligation	312.5	240.8
Defined benefit obligation liability	312.5	240.8
Change in Fair Value of Assets		
Opening plan assets, at fair value	60.3	55.7
Expected return on plan assets	2.1	2.6
Actuarial gain / (loss)	(4.9)	10.6
Contributions by employer	-	-
Assets acquired on acquisition / (settled on divestiture)	-	-
Benefits paid	(18.9)	(8.7)
Plan assets		
Fair value of plan assets at the end of the year	(38.5)	(60.3)
Present value of the defined benefit obligations at the end of the period	312.5	240.8
Unrecognised Past Service Cost	-	-
Asset / (liability)	(274.0)	(180.5)
Cost for the period		
Service cost	29.7	23.4
Interest cost	18.2	15.0
Expected return on plan assets	(2.1)	(2.6)
Actuarial (gain) / loss	47.6	17.9
Past Service Cost	-	-
Net cost	93.4	53.7
Investment details of plan assets		
Insurer Managed Funds	96.00%	99.00%
Others	4.00%	1.00%
Assumptions		
Interest rate (p.a.)	7.65%	8.05%
Salary escalation rate (p.a.)	7.00%	7.00%
Estimated rate of return on plan assets (p.a.)	8.00%	8.00%

The Company expects to contribute ₹ 20.0 million (Previous year ₹ 20.0 million) to Gratuity in 2016 - 2017.

The expected rate of return on plan assets is based on our expectation of the average long term of return expected on investments of the fund during the

estimated term of the obligation.

The following table summarizes the experience adjustments

(₹ in million)

Particulars	Year ended				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	312.5	240.8	182.5	146.1	107.8
Plan assets	38.5	60.3	55.7	41.4	45.0
Surplus/(deficit)	(274.0)	(180.5)	(126.8)	(104.7)	(62.8)
Experience adjustments on plan liabilities	24.8	24.1	21.0	13.3	(16.9)
Experience adjustments on plan assets	(4.9)	10.6	1.0	(1.3)	(0.5)

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

b) Long Term Incentive Plan

Liability for the scheme is determined based on actuarial valuation which has been carried out using the projected accrued benefit method.

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Discount rate	7.45%	7.85%
Increase in Incentive amount	0.00%	0.00%

30. AUDITORS REMUNERATION

The details regarding the remuneration (excluding service tax) paid to the auditors are given in the table below

(₹ in million)

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Audit fees	5.3	5.3
Tax audit	0.7	0.7
Certification fees	3.0	1.5
Out of pocket expenses	0.2	0.1
Total	9.2	7.6

The certification fees of ₹ 3.0 million (Previous year ₹ 1.5 million) is recorded under the head professional fees (refer note 26 (l))

31. EARNINGS AND EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

The details regarding earnings and expenditure in foreign currency (on accrual basis) is given in the table below

(₹ in million)

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Earnings:		
Income from services	112.7	113.5
Expenditure:		
Procurement & other expenses	271.9	277.3

32. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 4.6 million (Previous year ₹ 27.7 million).

33. CONTINGENT LIABILITIES

The following are details of contingent liabilities.

- Direct tax matters disputed by the Company are ₹ 1,471.9 million (Previous year - ₹ 1,247.4 million).
- Indirect tax matters disputed by the Company are ₹ 156.1 million (Previous year - ₹ 157.7 million).
- ICICI Securities, Inc., the step down subsidiary of the Company, has sub-leased its premises. As per the prevailing practice in the New York City sub-lease market, the Company has provided guarantee in favour of sub lessee, amounting to US\$ 1.5 million (Previous year - US\$ 1.5 million) to secure ICICI Securities Inc's performance of its lease obligations.
- The Company has also issued a Standby Letter of Credit (SBLC) of US\$ 1 million (Previous year - US\$ 1 million) to US Bank National Association, the sub lessee of ICICI Securities Inc., through ICICI Bank Limited. The said SBLC is issued in favour of the sub lessee to secure ICICI Securities Inc.'s performance on its lease obligations.

34. MICRO, SMALL AND MEDIUM INDUSTRIES

There are no micro, small and medium enterprises, to which the Company owes dues, which are outstanding for more than 45 days as at March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

35. DERIVATIVE INSTRUMENTS

The following are the details of derivative position, for the periods indicated.

(₹ in million)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Quantity	Market Value	Quantity	Market Value
Type				
Futures (net)	49,650	386.5	(215,000)	(230.2)
Options (net)	(150,600)	7.1	(102,250)	6.4
Interest rate futures	-	-	-	-

36. UN-HEDGED FOREIGN CURRENCY EXPOSURE

The following is the details of un-hedged foreign currency exposure.

Particulars	Amount
Receivables	US \$ 0.1 million @ closing of 1 US\$ = ₹ 66.26 (Previous year US \$ 0.2 million @ closing rate of 1 US\$ = ₹ 62.50), JPY Nil (Previous year JPY 25 million @ closing of 1 JPY = ₹ 0.52)

37. LEASE

Office premises and office equipment are obtained on operating lease. There are no restrictions imposed by lease arrangements.

The following are the details of operating leases for the periods indicated.

(₹ in million)

forming part of the accounts

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Lease payments recognized in the Statement of Profit and Loss during the year		
- Minimum lease payments	631.2	808.7
- Contingent Rent		
Sub-lease payments received/receivable recognized in the Statement of Profit and Loss during the year	25.9	27.8
Minimum Lease Payments :		
- Not later than one year	204.6	218.9
- Later than one year but not later than five years	462.2	288.6
- Later than five years	389.3	-
- Total of future minimum sublease payments expected to be received as at balance sheet date	-	-

determining the cost of investments and securities held as stock in trade from weighted average basis to FIFO (First in First Out) basis. The change does not have a material impact on the financial results for the year ended March 31, 2016.

39. SEGMENT REPORTING

The Company is presenting consolidated financial statements and hence in accordance with Accounting Standard 17 – Segment Reporting, segment information is disclosed in the consolidated financial statements.

The Company has regrouped / reclassified previous year figures wherever necessary.

38. CHANGE IN ACCOUNTING POLICY

With effect from April 1, 2015, the Company has changed the method of As per our report attached

For and on behalf of the Board

For S. R. BATLIBOI & CO. LLP
Firm Registration No.: 301003E
Chartered Accountants

CHANDA KOCHHAR
Chairperson

UDAY CHITALE
Director

Per SHRAWAN JALAN
Partner
Membership No.: 102102

ANUP BAGCHI
Managing Director & CEO

AJAY SARAF
Executive Director

Mumbai, April 28, 2016

RAJU NANWANI
Company Secretary

PRASHANT MOHTA
Chief Financial Officer

cash flow statement



for the year ended March 31, 2016

I-5ec

	For the year ended March 31, 2016	(₹ in million) For the year ended March 31, 2015
A Cash flow from operating activities		
Profit before tax	3,710.4	3,996.4
Add / (less adjustments):		
- (Profit)/loss on sale of fixed assets	12.6	15.2
- Depreciation	159.4	162.7
- (Profit)/loss on sale of Investment	(0.0)	(97.5)
- Interest expense	251.2	303.5
- Provision for diminution in value of investment	-	480.0
- Foreign exchange (gain) / loss (net)	3.4	1.9
- Exchange adjustments	2.2	0.7
Operating profit before changes in operating assets and liabilities	4,139.2	4,862.9
Adjustments for net change in operating assets and liabilities		
- Current assets excluding cash and cash equivalents	(698.5)	929.8
- Current liabilities relating to operations	409.0	(2,023.0)
Cash generated from operations	3,849.7	3,769.7
Payment of taxes (net)	(1,552.5)	(1,576.7)
Net cash from operating activities	2,297.2	2,193.0
B Cash flow from investment activities		
- (Purchase) / sale of investments (net)	0.0	1,088.1
- (Purchase) / sale of fixed assets (net)	(164.8)	(199.2)
Net cash used in investment activities	(164.8)	888.9
C Cash flow from financing activities		
- Increase/ (decrease) in borrowings (net)	(536.7)	(906.0)
- Interest paid	(251.2)	(303.5)
- Dividends and dividend tax paid	(1,926.5)	(2,105.4)
Net cash used in financing activities	(2,714.4)	(3,314.9)
Net change in cash & cash equivalents (A + B + C)	(582.0)	(233.0)
Cash and cash equivalents at the beginning of the year	723.5	956.5
Cash and cash equivalents at the end of the year	141.5	723.5
Components of cash and cash equivalents		
Cash and cheques on hand	19.3	0.5
In Current account with banks		
- In India with scheduled banks	114.8	691.7
- Outside India	7.4	31.3
- Fixed deposit with maturity less than 3 months	-	-
Total cash & cash equivalents (Note 18)	141.5	723.5

Cash and cash equivalents at the end of the period excludes:

- Fixed deposits under lien ₹ 6,399.6 millions (March 31, 2015 ₹ 7,867.8 millions) and
- Fixed deposits having maturity more than 3 months ₹ Nil (March 31, 2015 ₹ Nil).

This is the Cash Flow Statement referred to in our report of even date.

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

Per SHRAWAN JALAN
Partner
Membership No.: 102102

Mumbai, April 28, 2016

For and on behalf of the Board of Directors

CHANDA KOCHHAR
Chairperson

ANUP BAGCHI
Managing Director & CEO

RAJU NANWANI
Company Secretary

UDAY CHITALE
Director

AJAY SARAF
Executive Director

PRASHANT MOHTA
Chief Financial Officer

ICICI SECURITIES LIMITED - CONSOLIDATED FINANCIALS

independent auditors' report

To the Members of ICICI Securities Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of ICICI Securities Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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, issued by the Institute of Chartered Accountants of India, as 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 disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 consolidated state of affairs of the Group, as at March 31, 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 143(3) of the Act, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements; and
- (b) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (c) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary company, since the subsidiary company is not incorporated in India, no separate report on internal financial controls over financial reporting of the Holding Company is being issued.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

per SHRAWAN JALAN
Partner
Membership No.: 102102

Mumbai, April 28, 2016

consolidated balance sheet

consolidated profit and loss account

at March 31, 2016

for the year ended March 31, 2016

	Notes	₹ in million		Notes	₹ in million	
		As at March 31, 2016	As at March 31, 2015		For the year ended March 31, 2016	For the year ended March 31, 2015
I EQUITY AND LIABILITIES				I Revenue from operations		
1 Shareholders' funds				(a) Brokerage income	6,607.3	7,554.1
(a) Share capital	3	1,610.7	1,610.7	(b) Income from services	3,499.3	3,363.1
(b) Reserves and surplus	4	2,370.9	1,912.4	(c) Interest and Other operating income	21	956.9
		3,981.6	3,523.1	(d) Profit/(loss) on securities (net)	22	182.3
2 Non-current liabilities				II Total revenue	11,245.8	12,095.1
(a) Other long term liabilities	5	627.5	525.0	III Expenses:		
(b) Long-term provisions	6	267.6	160.7	(a) Employee benefits expense	23	4,012.7
		895.1	685.7	(b) Operating expenses	24	1,015.0
3 Current liabilities				(c) Finance costs	25	258.4
(a) Short-term borrowings	7	1,728.6	2,265.3	(d) Depreciation and amortization expense		159.6
(b) Trade payables	8	5,920.8	5,567.8	(e) Other expenses	26	2,059.1
(c) Other current liabilities	9	1,406.9	1,545.8	Total expenses		7,504.8
(d) Short-term provisions	10	41.9	40.9	IV Profit before tax		3,741.0
		9,098.2	9,419.8	V Tax expense:		
		13,974.9	13,628.6	(a) Current tax		1,475.3
II ASSETS				(b) Deferred tax		(121.5)
1 Non-current assets				Total tax expense		1,353.8
(a) Fixed assets	11			VI Profit after tax		2,387.2
(i) Tangible assets		250.9	252.7	VII Earnings per equity share:		
(ii) Intangible assets		103.2	95.7	Basic & Diluted	27	2.96
(iii) Capital work-in-progress		3.8	6.9	(Face value ₹ 2/- per share)		3.65
(iv) Intangible assets under development		20.3	30.1	Summary of significant accounting policies	2	
		378.2	385.4	III. The accompanying notes are an integral part of the consolidated financial statements.		
(b) Non-current investments	12	12.2	12.2	VIII The accompanying notes are an integral part of the consolidated financial statements.		
(c) Deferred tax assets (Net)	13	508.6	387.1			
(d) Long-term loans and advances	14	1,292.7	1,147.0			
(e) Other non-current assets	15	270.1	161.6			
		2,461.8	2,093.3			
2 Current assets						
(a) Stock-in-trade	16	1,412.7	338.1			
(b) Trade receivables	17	2,933.3	1,731.3			
(c) Cash and bank balances	18	6,394.2	8,530.6			
(d) Short-term loans and advances	19	253.6	310.1			
(e) Other current assets	20	519.3	625.2			
		11,513.1	11,535.3			
		13,974.9	13,628.6			

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

Per SHRAWAN JALAN
Partner
Membership No.: 102102

Mumbai, April 28, 2016

For and on behalf of the Board of Directors

CHANDA KOCHHAR
Chairperson
ANUP BAGCHI
Managing Director & CEO
RAJU NANWANI
Company Secretary

UDAY CHITALE
Director
AJAY SARAF
Executive Director
PRASHANT MOHTA
Chief Financial Officer

1 OVERVIEW

Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and except where otherwise stated are consistent with those used in the previous year.

The Company consolidates entities in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The Company does not consolidate entities where the control is intended to be temporary. All significant intercompany accounts and transactions are eliminated on consolidation.

The consolidated financial results include results of ICICI Securities Limited and its subsidiaries ICICI Securities Holdings Inc. and ICICI Securities Inc. The financial results of the subsidiaries have been consolidated considering the operations as non integral foreign operations.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India, requires the management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income, expenses and results during the reporting period. The estimates used in the preparation of the financial statements are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Revenue recognition

- i) Brokerage income in relation to stock broking activity is recognised on a trade date basis.
- ii) Revenue from issue management, debt syndication, financial advisory services etc., is recognised based on the stage of completion of assignments and terms of agreement with the client.
- iii) Fee income in relation to public issues/ other securities is recognised based on mobilization and intimation received from clients / intermediaries.
- iv) Gains/ losses on dealing in securities are recognised on a trade date basis.
- v) Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vi) Revenue from dividend is recognised when the shareholder's right to receive the dividend is established.
- vii) Training fee income from financial educational programs is recognized on accrual basis.

c) Investments and stock-in-trade

Investments that are acquired with the intention of holding for not more than one year from the date on which such investments are made, are classified as current investments and are reported as stock-in-trade. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost inclusive of direct acquisition costs, if any. The securities held as stock-in-trade are carried at cost arrived at on first in first out (FIFO) basis or market value, determined on an individual investment basis, whichever is lower.

Long term investments are carried at acquisition cost. Any decline in the value of investments, which is other than temporary is reduced from its acquisition costs and is provided for in the statement profit and loss. A decline is considered as other than temporary after considering the investee Company's market value, assets, results and the expected cash flows from the investment and restrictions, if any, on distribution or sale of the investee Company.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

d) Fixed assets and depreciation

(i) Tangible assets

Tangible assets are carried at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the statement of Profit and Loss.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Group has used the following rates to provide depreciation on its fixed assets.

Asset	Holding Company Useful Life	Subsidiaries Useful Life
Tangible		
Leasehold improvements	Over the lease period	10 years
Office equipment's comprising air conditioners, photo-copying machines, etc.	5 years	3 years
Computers	3 years	3 years
Servers & Network	6 years	-
Furniture and fixtures	6.67 years	7 years
Motor vehicles	5 years	-

The management has estimated, the useful lives of the following classes of assets, which is lower than that indicated in schedule II of the Companies Act, 2013.

- i) The motor vehicles are depreciated over the estimated useful lives of 5 years.
- ii) The Furniture and fixture are depreciated over the estimated useful lives of 6.67 years.

(ii) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

The amortization rates used are:

Intangible asset	Holding Company Depreciation rate	Subsidiaries Depreciation rate
Computer software	25%	33.33%
CMA Membership rights	20%	-

e) Foreign exchange transactions

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Foreign currency income and expenditure items of integral foreign operations are translated at monthly average rates. Exchange differences arising on the settlement or restatement of monetary items of integral foreign operations are recognised as exchange gain / loss in the Statement of profit and loss.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing rate. Non-monetary foreign currency assets and liabilities of domestic and integral foreign operations are reported at historical cost determined on transaction date.

Income and expenditure of non-integral foreign operations are translated at monthly average rates. The assets and liabilities of non-integral foreign operations other than the share capital and fixed assets are translated at closing exchange rates at the balance sheet date and the resultant profits / losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations.

f) Accounting for derivative transactions

The Group enters into derivative contracts such as equity index / stock futures, equity index / stock options.

Derivative contracts entered into for trading purposes are marked to market and the resulting loss is accounted for in the statement of profit and loss. Gains are recognised only on settlement / expiry of the derivative contract.

Receivables / payables on the open positions are reported as current assets/ current liabilities.

g) Staff retirement and other benefits

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company is statutorily required to contribute a specified portion of the basic salary of an employee to a provident fund as a part of retirement benefits to its employees. The contributions during the year are charged to the statement of profit and loss.

Gratuity

The Company pays defined benefit plan to its employees who retire or resign after a minimum period of five years of continuous service and in the case of employees at overseas locations as per rules in force in the respective countries. The Company makes contributions to the ICICI Securities Employees Gratuity Fund which is managed by ICICI Prudential Life Insurance Company Limited for the settlement of gratuity liability.

The Company accounts for the gratuity liability as per an actuarial valuation by an actuary appointed by the Company. In accordance with the gratuity fund's rules, actuarial valuation of gratuity liability is calculated based on certain assumptions regarding rate of interest, staff mortality and staff attrition as per the projected unit credit method made at the end of each financial year.

With respect to Oman Branch, the Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its national employees, the Company makes contributions to the Omani Public Authority for Social Insurance Scheme calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Compensated absence

Accumulated compensated absences, which are exceeding the allowable limit of carry forward beyond 12 months from the end of the year are treated as short term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of such unused entitlement that has accumulated at the reporting date.

Accumulated uncompensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Long term incentives

The Group has a long term incentive plan which is paid in three annual tranches. The Group accounts for the liability as per an actuarial valuation. The actuarial valuation of the long term incentives liability is calculated based on certain assumptions regarding rate of interest and staff attrition as per the projected unit credit method made at the end of each financial year. The actuarial losses / gains are recognised in the statement of profit and loss in the year in which they arise.

h) Income taxes

Income tax expense is the aggregate amount of current tax and deferred tax borne by the Group. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis and carry forward losses. The impact of changes in the deferred tax assets and liabilities is recognised in the statement of profit and loss.

Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably certain. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax assets are recognised on carry forward of unabsorbed depreciation, tax losses and carry forward capital losses, only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

3. SHARE CAPITAL

Authorized:

1,000,000,000 (March 31, 2015: 1,000,000,000 of ₹ 2/- each) equity shares of ₹ 2/- each
 5,000,000 (March 31, 2015 :5,000,000 of ₹ 100/- each) 13.75% Cumulative non-convertible redeemable preference shares of ₹ 100/- each

Issued, subscribed and fully paid-up shares:

805,353,500 (March 31, 2015 : 805,353,500 of ₹ 2 each) equity shares of ₹ 2/- each fully paid

TOTAL

In accordance with the recommendations contained in Guidance note on accounting for credit available in respect of Minimum Alternative Tax ("MAT") issued by the Institute of Chartered Accountants of India, MAT credit is recognised as an asset to the extent there is convincing evidence that the Group will pay normal income tax during the specified period in future. MAT credit is recognised as an asset by way of a credit to the statement of profit and loss and shown as MAT credit entitlement in the year in which MAT credit becomes eligible to be recognized as an asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

i) Impairment of fixed assets

Fixed assets are reviewed at each reporting date, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by debiting to the statement of profit and loss and is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

j) Provisions

Provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

k) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability. The existence of a contingent liability is disclosed in the notes to the financial statements.

l) Earnings per share ("EPS")

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

m) Lease

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

n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with the banks and short term investments with an original maturity of three months or less.

o) Segment reporting

The group has prepared its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. The segments are identified based on the nature of services provided by the Group.

	As at March 31,2016	(₹ in million) As at March 31,2015
Authorized:		
1,000,000,000 (March 31, 2015: 1,000,000,000 of ₹ 2/- each) equity shares of ₹ 2/- each	2,000.0	2,000.0
5,000,000 (March 31, 2015 :5,000,000 of ₹ 100/- each) 13.75% Cumulative non-convertible redeemable preference shares of ₹ 100/- each	500.0	500.0
	<u>2,500.0</u>	<u>2,500.0</u>
Issued, subscribed and fully paid-up shares:		
805,353,500 (March 31, 2015 : 805,353,500 of ₹ 2 each) equity shares of ₹ 2/- each fully paid	1,610.7	1,610.7
TOTAL	<u>1,610.7</u>	<u>1,610.7</u>

Reconciliation of the shares at the beginning and at the end of the reporting period

a. Equity shares

	Nos.	(₹ in million)	Nos.	(₹ in million)
At the beginning of the year	805,353,500	1,610.7	805,353,500	1,610.7
Issued during the year - Bonus issue	-	-	-	-
Issued during the year - ESOP	-	-	-	-
Redeemed during the year	-	-	-	-
Outstanding at the end of the year	805,353,500	1,610.7	805,353,500	1,610.7

All the above, 805,353,500 (March 31, 2015: 805,353,500) Equity Shares of ₹ 2/- each are held by ICICI Bank Limited (Holding Company) and its nominees.

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2/-(March 31, 2015: ₹ 2/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4. RESERVES AND SURPLUS

Reserves and surplus consist of the following:

	As at March 31, 2016	(₹ in million) As at March 31, 2015		As at March 31, 2016	(₹ in million) As at March 31, 2015
(a) Securities premium account	244.0	244.0	7. SHORT TERM BORROWINGS		
(b) Translation reserve			Short-term borrowings consist of the following:		
Opening balance	60.2	54.7	(a) Unsecured loans		
Add : Additions during the year (net)	9.9	5.5	Commercial paper	1,728.6	2,265.3
Closing balance	70.1	60.2	(All commercial papers are payable within one year)		
(c) General reserve			TOTAL	1,728.6	2,265.3
Opening balance	666.8	484.7	8. TRADE PAYABLES		
Add : Additions during the year (net)	-	182.1	Trade payables consist of the following:		
Closing balance	666.8	666.8	a) Trade Payables		
(d) Surplus/(Deficit) in statement of profit & loss			i) Micro, small and medium enterprises	-	-
Opening balance	941.4	99.5	ii) Others	5,920.8	5,567.8
Add: profit for the year	2,387.2	2,938.7	TOTAL	5,920.8	5,567.8
Less: Appropriations			9. OTHER CURRENT LIABILITIES		
Interim dividend on equity shares	1,610.7	1,610.7	Other current liabilities consist of the following:		
Tax on equity dividend	327.9	304.0	(a) Income received in advance	69.6	257.8
Transfer to general reserve	-	182.1	(b) Other payables		
Closing balance	1,390.0	941.4	i) Micro, small and medium enterprises	-	-
TOTAL	2,370.9	1,912.4	ii) Others		
5. OTHER LONG TERM LIABILITIES			1) Statutory liabilities	271.0	243.5
Other long-term liabilities consist of the following:			2) Employee related liabilities	974.7	941.0
Other liabilities	627.5	525.0	3) Other liabilities	91.6	103.5
TOTAL	627.5	525.0	TOTAL	1,337.3	1,288.0
6. LONG TERM PROVISION			TOTAL	1,406.9	1,545.8
Long-term provisions consist of the following:			10. SHORT TERM PROVISION		
a) Provision for employee benefits			Short-term provision consist of the following:		
i) Provision for gratuity	247.8	151.7	(a) Provision for employees benefits		
ii) Provision for compensated absence	19.8	9.0	i) Provision for gratuity	28.8	31.4
TOTAL	267.6	160.7	ii) Provision for compensated absence	13.1	9.5
			TOTAL	41.9	40.9

11. FIXED ASSETS

Fixed assets consist of the following:

	TANGIBLE						INTANGIBLE			TOTAL (A+B)
	Computers	Furniture & fixtures	Office equipment	Vehicles	Lease hold improvements	Total (A)	Software	CMA membership right	Total (B)	
Gross Block (At Cost)										
At April 1, 2014	161.0	20.6	37.7	94.4	210.8	524.5	519.3	23.4	542.7	1,067.2
Additions	69.0	9.2	22.0	24.6	29.4	154.2	26.4	-	26.4	180.6
Sale / Adjustment *	17.7	(0.4)	3.8	11.7	15.2	48.0	144.0	(0.9)	143.1	191.1
At March 31, 2015	212.3	30.2	55.9	107.3	225.0	630.7	401.7	24.3	426.0	1,056.7
Additions	42.9	9.1	18.2	28.2	15.9	114.3	71.8	-	71.8	186.1
Sale / Adjustment *	(0.2)	(0.6)	0.2	18.8	27.2	45.4	243.5	(1.7)	241.8	287.2
At March 31, 2016	255.4	39.9	73.9	116.7	213.7	699.6	230.0	26.0	256.0	955.6
Depreciation										
At April 1, 2014	93.4	19.1	9.8	40.1	168.1	330.5	365.2	23.4	388.6	719.1
Additions	31.5	3.1	10.4	19.6	28.3	92.9	70.1	-	70.1	163.0
Sale / Adjustment *	1.4	(1.9)	(1.2)	9.5	37.6	45.4	129.3	(0.9)	128.4	173.8
At March 31, 2015	123.5	24.1	21.4	50.2	158.8	378.0	306.0	24.3	330.3	708.3
Additions	49.8	4.4	13.4	22.0	15.3	104.9	54.7	-	54.7	159.6
Sale / Adjustment *	(0.1)	(0.9)	0.1	11.5	23.6	34.2	233.9	(1.7)	232.2	266.4
At March 31, 2016	173.4	29.4	34.7	60.7	150.5	448.7	126.8	26.0	152.8	601.5
Net Block										
At March 31, 2015	88.8	6.1	34.5	57.1	66.2	252.7	95.7	(0.0)	95.7	348.4
At March 31, 2016	82.0	10.5	39.2	56.0	63.2	250.9	103.2	(0.0)	103.2	354.1

* Fixed assets sale/ adjustments includes effect of foreign currency translation amounting to ₹ 0.3 million (Previous year ₹ 0.2 million).

			(₹ in million)				(₹ in million)	
	As at March 31, 2016		As at March 31, 2015		As at March 31, 2016		As at March 31, 2015	
12. NON-CURRENT INVESTMENTS								
Non-current investments consist of the following:	(₹ in million)							
Name of the Company	Quantity Nos.	Face value per unit	As at March 31, 2016	As at March 31, 2015				
a) Trade Investments								
In equity shares (valued at cost)								
Others:								
i) Bombay Stock Exchange Limited (unquoted)	22,828 (22,828)	₹ 1	0.0	0.0				
ii) Universal Trustees Private Limited (unquoted)	180,000(180000)	₹ 10	9.4	9.4				
iii) Parabolic Drugs Limited (quoted)	794,000(794,000)	₹ 10	45.5	45.5				
			54.9	54.9				
Less : Provision for investment			42.7	42.7				
			12.2	12.2				
b) Non Trade Investments								
In equity shares (valued at cost)								
Others:								
i) First Source Solutions Limited (quoted)	NIL (100)	₹ 10	-	0.0				
TOTAL			12.2	12.2				
1) Aggregate amount of quoted investments (market value ₹ 4.3 million, Previous year ₹ 7.0 million)			2.8	2.8				
2) Aggregate amount of unquoted investments			9.4	9.4				
3) (₹ 0 million indicates values are lower than ₹ 1 million)								
4) Previous year's quantities are given in parenthesis.								
13. DEFERRED TAX ASSETS (NET)								
Deferred tax asset (net) consist of the following								
a) Deferred tax asset								
i) Provision for doubtful debts			32.5	39.7				
ii) Provision for gratuity			95.7	63.4				
iii) Provision for compensated absence			11.4	6.4				
iv) Provision for lease rent escalation			52.4	27.7				
v) Depreciation			38.2	36.5				
vi) Provision for investments			4.9	4.9				
vii) Provision for FCTR			0.8	-				
viii) Provision for Employee Benefits			258.9	208.5				
ix) Revenue Recognition			13.6	-				
x) MTM Loss			0.2	-				
Total Deferred tax assets			508.6	387.1				
b) Deferred tax liability			-	-				
Total			508.6	387.1				
14 LONG TERM LOANS AND ADVANCES								
Long-term loans and advances consist of the following:								
Unsecured, considered good								
i) Security deposit for leased premises and assets			350.5	286.8				
ii) Security deposit with stock exchanges			30.6	30.3				
iii) Advance tax (net provision for tax)			888.6	810.6				
iv) Loans and advances to related parties			0.1	0.1				
v) Other loans & advances								
a) Prepaid expenses			2.3	3.6				
b) Other security deposit			7.8	10.4				
c) Others			12.8	5.2				
vi) Capital advances			-	0.0				
TOTAL			1,292.7	1,147.0				
Loans and advances to related parties pertains to:								
ICICI Lombard General Insurance Co. Limited ₹ 0.1 million (Previous year: ₹ 0.1 million)								
15. OTHER NON-CURRENT ASSETS								
Other non-current assets consist of the following:								
(a) Interest receivable			0.6	3.0				
(b) Fixed Deposits with banks (under lien)*								
i) In India			260.9	150.5				
ii) Outside India			8.6	8.1				
			269.5	158.6				
TOTAL			270.1	161.6				
* Fixed deposits under lien with stock exchanges amounted to ₹ 208.0 million (Previous year : ₹ 99.8 million) and kept as collateral security towards bank guarantees issued amounted to ₹ 9.1 million (Previous year : ₹ 8.2 million) and others ₹ 52.4 million (Previous year ₹ 50.6 million)								
16. STOCK-IN-TRADE								
Stock-in-trade consist of the following:	(₹ in million)							
(a) Equity shares (quoted)								
a) HDFC Bank Ltd			-	235.2				
(b) Non Convertible Debentures (quoted)								
i) 1.43 % HDFC NCD 28 MAR 2017			1,412.7	-				
(c) Bond								
i) 8.82% REC LIMITED (quoted)			-	102.9				
TOTAL			1,412.7	338.1				
1. Stock in trade are valued at cost or market value whichever is lower.								
2. The aggregate carrying value and market value of quoted securities as at March 31, 2016 is ₹ 1,412.7 million (Previous year: ₹ 338.1 million) and ₹ 1,412.8 million (Previous year ₹ 338.3 million) respectively.								
3. The above include securities on the Company's account due to trading errors on behalf of the customers.								

	As at March 31, 2016	(₹ in million) As at March 31, 2015		As at March 31, 2016	(₹ in million) As at March 31, 2015
17. TRADE RECEIVABLES			20. OTHER CURRENT ASSETS		
Trade receivables consist of the following:			Other current assets consist of the following:		
Secured			(a) Accrued income	306.7	332.9
(a) Receivables outstanding for a period exceeding six months:			(b) Interest receivable	212.6	292.3
i) Considered good	-	-	TOTAL	519.3	625.2
ii) Considered doubtful	-	-			
(b) Others			21. INTEREST AND OTHER OPERATING INCOME		
(1) Considered good	2,362.4	1,375.0	Interest and other operating income consist of the following:		
(2) Considered doubtful	-	0.3		For the year ended March 31, 2016	<i>For the year ended March 31, 2015</i>
Less: Provision for doubtful debt	-	(0.3)	(a) Interest Income on		
TOTAL (A)	2,362.4	1,375.0	i) Fixed deposits and application money	724.6	712.9
Unsecured			ii) Securities held as stock-in-trade	64.7	12.3
(a) Receivables outstanding for a period exceeding six months:			iii) Other advances and deposits	0.3	0.2
(1) Considered good	9.3	11.2	iv) Interest on late payments	156.3	179.6
(2) Considered doubtful	77.8	87.6	(b) Dividend income	0.2	1.0
(b) Others			(c) Other income	10.8	4.1
(1) Considered good	561.6	345.1	TOTAL	956.9	910.1
(2) Considered doubtful	7.1	15.8			
Less: Provision for doubtful debt	(84.9)	(103.4)	22. PROFIT / (LOSS) ON SECURITIES (NET)		
TOTAL (B)	570.9	356.3	Profit / (Loss) on securities (net) consist of the following:		
TOTAL (A) + (B)	2,933.3	1,731.3		For the year ended March 31, 2016	<i>For the year ended March 31, 2015</i>
Dues from directors and officers ₹ NIL (Previous year ₹ NIL)			(a) Profit/(loss) on securities (net)	182.3	267.8
			(b) Profit / (loss) on sale of investments	0.0	-
18. CASH AND BANK BALANCE:			TOTAL	182.3	267.8
Cash and bank balances consist of the following:			(₹ 0 million indicates values are lower than ₹ 1 million)		
Cash and cash equivalents			23. EMPLOYEE BENEFITS EXPENSE		
Cash and cheques on hand	19.3	0.5	Employee benefits expense consist of the following:		
Balances with Banks			(a) Salaries, wages and bonus	3,571.4	3,544.9
(a) In Current accounts with banks			(b) Contribution to provident and other funds	233.3	181.5
i) In India	114.8	691.7	(c) Staff welfare expenses	208.0	194.3
ii) Outside India	130.0	129.2	TOTAL	4,012.7	3,920.7
(b) Fixed Deposit with maturity less than 3 months	-	-			
	264.1	821.4	24. OPERATING EXPENSES		
Other bank balances			Operating expenses consist of the following:		
Fixed deposits in India*	6,130.1	7,709.2	(a) Brokerage and Commission (Net of recoveries ₹ 1.0 million, Previous year ₹ NIL million)	393.4	412.0
TOTAL	6,394.2	8,530.6	(b) Transaction charges	69.5	38.5
* Fixed deposits under lien with stock exchanges amounted to ₹ 6,100.5 million (Previous year : ₹ 7,679.9 million) and kept as collateral security towards bank guarantees issued amounted to ₹ 0.5 million (Previous year : ₹ 0.8 million) and others ₹ 29.1 million (Previous year ₹ 28.5 million)			(c) Turnover fees and stamp duty	3.0	2.5
* Fixed deposits having maturity more than 3 months ₹ Nil (Previous year ₹ Nil million)			(d) Custodial and depository charges	300.7	383.0
			(e) Call centre charges	98.6	105.5
			(f) Franking charges (Net of recoveries ₹ 43.0 million, Previous year ₹ 49.9 million)	70.0	14.8
19. SHORT-TERM LOANS AND ADVANCES:			(g) Rating agency fees	2.0	2.0
Short term loans and advances consist of the following:			(h) Scanning expenses	36.3	36.5
(a) Unsecured, considered good			(i) Other operating expenses	41.5	50.6
i) Security deposit for leased premises and assets	37.7	80.3	TOTAL	1,015.0	1,045.4
ii) Other loans & advances					
a) Prepaid expenses	37.5	27.9	25. FINANCE COST		
b) Advance to creditors	34.2	59.5	Finance cost consist of the following:		
c) Other advances	144.2	142.4	(a) Interest expense	251.2	303.5
TOTAL	253.6	310.1	(b) Bank charges	7.2	7.5
			TOTAL	258.4	311.0

26. OTHER EXPENSES

Other expenses consist of the following:

	(₹ in million)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Rent and amenities	744.1	855.4
(b) Insurance	4.1	4.0
(c) Business promotion, traveling and conveyance expenses	290.0	287.4
(d) Repairs, maintenance, upkeep and others	330.7	357.3
(e) Rates and taxes	110.1	88.3
(f) Electricity expenses	85.4	84.1
(g) Communication expenses	125.7	131.2
(h) (Profit) / loss on sale of fixed asset (net)	12.6	15.2
(i) Advertisement and publicity	69.9	73.7
(j) Printing and stationery	29.3	32.3
(k) Subscription and periodicals	73.4	68.1
(l) Professional fees	98.4	83.2
(m) Auditors' remuneration	11.8	10.6
(n) Corporate social responsibility expenses	47.0	14.7
(o) Recruitment expense	20.3	40.1
(p) Foreign exchange (gain) / loss (net)	1.7	10.0
(q) Donation	2.9	0.6
(r) Miscellaneous expenses	1.7	2.0
TOTAL	2,059.1	2,158.2

27. EARNINGS PER SHARE

The computation of basic and diluted earnings per share is given below:-

Particulars	Year ended	
	March 31, 2016	March 31, 2015
Basic & diluted earning per share		
Net profit after tax, before preference dividend (₹ million)	2,387.2	2,938.7
Net profit after tax and preference dividend (₹ million)	2,387.2	2,938.7
Weighted average no. of equity shares outstanding (in million)	805.4	805.4
Basic & diluted earnings per share (₹)	2.96	3.65
Nominal value per share (₹)	2.00	2.00

28. RELATED PARTY DISCLOSURES

As per Accounting Standard on related party disclosures (AS18) as notified by the Companies Accounts Rules 2014, the names of the related parties of the company are as follows:

A. Related party where control exists irrespective whether transactions have occurred or not

Holding Company: ICICI Bank Limited

Subsidiary Companies: ICICI Securities Holding Inc.; ICICI Securities Inc.

B. Other related parties where transactions have occurred during the year

Fellow Subsidiaries:

ICICI Home Finance Company Limited, ICICI Investment Management Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Securities Primary Dealership Limited, ICICI Venture Funds Management Company Limited, ICICI Bank UK PLC, ICICI Prudential Trust Limited

C. Associate of Holding Company : ICICI Foundation for Inclusive Growth.

D. Key Management Personnel

- Anup Bagchi Managing Director & CEO
- Ajay Saraf Executive Director

The following transactions were carried out with the related parties in the ordinary course of business.

(₹ in million)

Nature of Transaction	Holding Company		Fellow Subsidiary Company	
	March 31,		March 31,	
	2016	2015	2016	2015
Income from services and brokerage (commission and fees)	108.7	115.1		
ICICI Home Finance Company Limited			30.6	36.9
ICICI Prudential Life Insurance Company Limited			595.7	475.8
ICICI Securities Primary Dealership Limited			5.9	5.2
ICICI Lombard General Insurance Company Limited			8.7	12.0
ICICI Prudential Asset Management Company Limited			5.3	24.9
ICICI Prudential Trust Limited			-	0.4
ICICI Venture Funds Management Company Limited			0.0	0.5
ICICI Investment Management Company Limited			-	0.2
ICICI Bank UK PLC			1.0	0.1
Interest income	353.4	371.3		
Staff expenses	13.1	13.9		
ICICI Securities Primary Dealership Limited			(1.0)	(1.8)
ICICI Prudential Life Insurance Company Limited			2.4	2.2
ICICI Lombard General Insurance Company Limited			84.2	70.0
Operating expenses	431.1	545.4		
ICICI Securities Primary Dealership Limited			5.3	8.6
Other expenses	134.0	155.3		
ICICI Lombard General Insurance Company Limited			3.4	2.9
ICICI Securities Primary Dealership Limited			4.3	12.4
ICICI Prudential Life Insurance Company Limited			(0.1)	0.1
Finance cost	7.8	9.7		
Dividend paid	1,610.7	1,610.7		

(₹ in million)

Nature of Transaction	Holding Company		Fellow Subsidiary Company	
	March 31,		March 31,	
	2016	2015	2016	2015
Share capital	1,610.7	1,610.7		
Payables	102.0	94.6		
ICICI Lombard General Insurance Company Limited			0.4	0.3
ICICI Securities Primary Dealership Limited			0.4	3.1
Fixed deposits	3,779.1	3,969.0		
Accrued interest income	138.6	170.3		
Bank balance	104.5	685.7		
(Net of Current liabilities of ₹ 4.5 million (Previous year ₹ 3.2 million))				
Deposit				
ICICI Lombard General Insurance Company Limited			0.1	0.1
Loans & advances (including prepaid expenses)	0.7	1.3		
ICICI Lombard General Insurance Company Limited			3.4	4.7
ICICI Prudential Life Insurance Company Limited			1.8	1.9
ICICI Securities Primary Dealership Limited			0.1	0.0
Receivables	0.0	-		
ICICI Prudential Life Insurance Company Limited			114.7	1.1
ICICI Lombard General Insurance Company Limited			0.0	-
ICICI Prudential Asset Management Company Limited			1.2	1.6
ICICI Home Finance Company Limited			4.7	9.5
ICICI Securities Primary Dealership Limited			3.4	28.4
Accrued income	17.8	11.4		
ICICI Lombard General Insurance Company Limited			0.6	0.7
ICICI Prudential Life Insurance Company Limited			19.1	12.3
ICICI Prudential Asset Management Company Limited			-	2.4
ICICI Home Finance Company Limited			4.3	14.6

(₹ in million)

Nature of Transaction	Holding Company		Fellow Subsidiary Company	
	March 31,		March 31,	
	2016	2015	2016	2015
Purchase value of bond	1,358.0	72.8		
ICICI Securities Primary Dealership Limited			332.6	111.0
Sale value of bond	-	-		
ICICI Securities Primary Dealership Limited			-	200.2

The Company has contributed ₹ 36.0 million (Previous Year ₹ 11.5 million) to the corpus of ICICI Foundation for Inclusive Growth as part of the CSR expenditure.

Key Management Personnel

The compensation for the year ended March 31, 2016 to (1) Anup Bagchi, Managing Director & CEO and (2) Ajay Saraf, Executive Director is (1) ₹ 44.6 million (Previous year ₹ 45.1 million) and (2) ₹ 29.1 million (Previous year ₹ 23.2 million) respectively.

The compensation paid includes bonus, long term incentives and contribution to provident fund.

The company has received brokerage amounting to ₹ 0.3 million (Previous year ₹ 0.3 million) from the key management personnel. There are no transactions with relatives of the key management personnel (Previous year ₹ Nil).

During the year ended March, 2009, the Company had incurred managerial remuneration which was in excess of the limits specified by the relevant provisions of the Companies Act, 1956. The Company has made an application to the appropriate regulatory authorities in this regard, for payment of such excess remuneration paid to managerial personnel. The limits specified by the Companies Act, 1956 would be ₹ 4.4 million.

The Company has received correspondence in respect of Mr. A Murugappan from the Ministry of Corporate Affairs on April 21, 2011 and has sought clarifications on the same vide letter dated May 24, 2011 and letter dated February 8, 2012.

29. EMPLOYEE BENEFITS (AS 15 REVISED)

The following table summarizes the components of net expenses for retirement benefits recognised in the Statement of profit and loss and the amounts recognised in the balance sheet.

Particulars	Year ended	
	March 31, 2016	Year ended March 31, 2015
(₹ in million)		
Change in Defined Benefit Obligation		
Opening obligations	240.8	182.5
Service cost	29.7	23.4
Interest cost	18.2	15.0
Actuarial (gain) / loss	42.7	28.6
Past service cost	-	-
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Benefits paid	(18.9)	(8.7)
Total Obligation	312.5	240.8
Defined benefit obligation liability	312.5	240.8
Change in Fair Value of Assets		
Opening plans assets, at fair value	60.3	55.7
Expected return on plan assets	2.1	2.6
Actuarial gain / (loss)	(4.9)	10.6
Contributions by employer	-	-
Assets acquired on acquisition / (settled on divestiture)	-	-
Benefits paid	(18.9)	(8.7)
Plan assets		
Fair value of plan assets at the end of the year	(38.5)	(60.3)
Present value of the defined benefit obligations at the end of the period	312.5	240.8
	-	-
Asset / (liability)	(274.0)	(180.5)
Cost for the period		
Service cost	29.7	23.4
Interest cost	18.2	15.0
Expected return on plan assets	(2.1)	(2.6)
Actuarial (gain) / loss	47.6	17.9
Past Service Cost	-	-
Net cost	93.4	53.7
Investment details of plan assets		
Insurer Managed Funds	96.00%	99.00%
Others	4.00%	1.00%
Assumptions		
Interest rate (p.a.)	7.65%	8.05%
Salary escalation rate (p.a.)	7.00%	7.00%
Estimated rate of return on plan assets (p.a.)	8.00%	8.00%

The Company expects to contribute ₹ 20.0 million (Previous year - ₹ 20.0 million) to Gratuity in 2016 - 2017

The expected rate of return on plan assets is based on our expectation of the average long term return expected on investments of the fund during the estimated term of the obligation.

The following table summarizes the experience adjustments

(₹ in million)

Particulars	Year ended				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	312.5	240.8	182.5	146.1	107.8
Plan assets	38.5	60.3	55.7	41.4	45.0
Surplus/(deficit)	(274.0)	(180.5)	(126.8)	(104.7)	(62.8)
Experience adjustments on plan liabilities	24.8	24.1	21.0	13.3	(16.9)
Experience adjustments on plan assets	(4.9)	10.6	1.0	(1.3)	(0.5)

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

b) Long Term Incentive Plan

Liability for the scheme is determined based on actuarial valuation which has been carried out using the projected accrued benefit method.

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Discount rate	7.45%	7.85%
Increase in Incentive amount	0.00%	0.00%

30. DERIVATIVE INSTRUMENTS

The following are the details of derivative position, for the periods indicated.

(₹ in million)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Quantity	Market Value (₹)	Quantity	Market Value (₹)
Type				
Futures (net)	49,650	386.5	(215,000)	(230.2)
Options (net)	(150,600)	7.1	(102,250)	6.4

31. LEASE

Office premises and office equipment are obtained on operating lease. There are no restrictions imposed by lease arrangements.

The following are the details of operating leases for the periods indicated.

(₹ in million)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
	Lease payments recognized in the Statement of Profit and Loss during the year	
- Minimum lease payments	663.4	841.0
- Contingent Rent	-	-
Sub-lease payments received/receivable recognized in the Statement of Profit and Loss during the year	50.1	52.0
Minimum Lease Payments :		
- Not later than one year	236.3	251.2
- Later than one year but not later than five years	462.2	318.3
- Later than five years	389.3	-
- Total of future minimum sublease payments expected to be received as at balance sheet date	-	-

32. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 4.6 million (Previous year ₹ 27.7 million).

33. CONTINGENT LIABILITIES

The following are details of contingent liabilities.

- Direct tax matters disputed by the Company are ₹ 1,471.9 million (Previous year - ₹ 1,247.4 million).
- Indirect tax matters disputed by the Company are ₹ 156.1 million (Previous year - ₹ 157.7 million).
- ICICI Securities, Inc., the step down subsidiary of the Company, has sub-leased its premises. As per the prevailing practice in the New York City sub-lease market, the Company has provided guarantee in favour of sub lessee, amounting to US\$ 1.5 million (Previous year - US\$ 1.5 million) to secure ICICI Securities Inc's performance of its lease obligations.

- d. The Company has also issued a Standby Letter of Credit (SBLC) of US\$ 1 million (Previous year - US\$ 1 million) to US Bank National Association, the sub lessee of ICICI Securities Inc., through ICICI Bank Limited. The said SBLC is issued in favour of the sub lessee to secure ICICI Securities Inc.'s performance on its lease obligations.

34. CHANGE IN ACCOUNTING POLICY

With effect from April 1, 2015, the Company has changed the method of determining the cost of investments and securities held as stock in trade from weighted average basis to FIFO (First in First Out) basis. The change does not have a material impact on the financial results for the year ended March 31, 2016.

35. SEGMENT REPORTING

The Company is presenting consolidated financial statements and hence in accordance with Accounting Standard 17 – Segment Reporting, segment information is disclosed in the consolidated financial statements.

The Company's business is organised into three segments as mentioned below. Segments have been identified and reported taking into account the nature

Following are the disclosures for the three identified segments

of services, the differing risks and returns and internal financials reporting. Segment revenues, results, assets and liabilities have been accounted for on the basis of their relationship to the operating activities of the segment and amounts allocated on a reasonable basis. The Company generally accounts for Inter-segment transfers based on the revenue sharing arrangement agreed between the segments.

Business Segment	Principle activities
Investment & trading	Income from treasury, investment income
Broking & commission	Broking and other related activities including distribution of third party products like Mutual Fund, Life Insurance, etc. and sales credit for referred business
Advisory services	Financial advisory services such as equity-debt issue management services, merger and acquisition advice and other related activities

(₹ in million)

Particulars	Investment & trading		Broking & commission		Advisory services		Unallocated		Total	
	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
1 Segment Revenue	371.6	385.5	10,040.6	11,071.2	833.6	638.4	-	-	11,245.8	12,095.1
2 Segment Results	137.0	169.7	3,463.0	4,211.2	141.0	115.9	-	-	3,741.0	4,496.8
3 Income Tax expenses (net of deferred tax credit)	-	-	-	-	-	-	1,353.8	1,558.1	1,353.8	1,558.1
4 Net profit (2) - (3)									2,387.2	2,938.7
5 Segment Assets	2,172.8	2,412.6	10,048.7	9,811.1	356.2	207.2	1,397.2	1,197.7	13,974.9	13,628.6
6 Segment Liabilities	1,029.6	1,111.0	8,389.8	8,579.4	459.8	313.0	114.1	102.1	9,993.3	10,105.5
7 Cost of Acquisition of segment assets	0.4	0.6	178.9	171.4	6.8	8.6	-	-	186.1	180.6
8 Depreciation	0.4	0.5	151.8	155.3	7.4	7.2	-	-	159.6	163.0

36. SUBSIDIARY PROPORTION IN ASSETS AND STATEMENT OF PROFIT AND LOSS

The Company is presenting consolidated financial statements and hence in accordance with Schedule III of Companies Act 2013 – subsidiaries proportion information is disclosed in the consolidated financial statements.

(₹ in million)

Name of the Entity	Type	Residential Status	Net Assets (Value)		As (%) of consolidated Net Assets		Share in Statement of Profit and Loss		As (%) of consolidated Statement of Profit and Loss	
			As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015
1 ICICI Securities Ltd.	Parent	Indian	3,816.9	3,397.0	96%	96%	2,517.1	3,065.6	105%	104%
2 ICICI Securities Holding Inc.	Subsidiary	Foreign	38.7	31.6	1%	1%	0.9	(0.7)	0%	0%
3 ICICI Securities Inc.	Step-down Subsidiary	Foreign	126.0	94.5	3%	3%	(130.8)	(126.2)	-5%	-4%
Total			3,981.6	3,523.1	100%	100%	2,387.2	2,938.7	100%	100%

37. ADDITIONAL DISCLOSURE

Additional statutory information disclosed in separate financial statements of the parent and subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

The Company has regrouped / reclassified previous year figures wherever necessary.

As per our report attached

For S. R. BATLIBOI & CO. LLP
Firm Registration No.: 301003E
Chartered Accountants

Per SHRAWAN JALAN
Partner
Membership No.: 102102

Mumbai, April 28, 2016

For and on behalf of the Board

CHANDA KOCHHAR
Chairperson

ANUP BAGCHI
Managing Director & CEO

RAJU NANWANI
Company Secretary

UDAY CHITALE
Director

AJAY SARAF
Executive Director

PRASHANT MOHTA
Chief Financial Officer

consolidated cash flow statement



for the year ended March 31, 2016

I-5ec

	For the year ended March 31, 2016	For the year ended March 31, 2015
A Cash flow from operating activities		
Profit before tax	3,741.0	4,496.8
- (Profit)/loss on sale of fixed assets	12.6	15.2
- (Profit)/loss on sale of Investment	(0.0)	(97.5)
- Depreciation	159.6	163.0
- Interest expense	251.2	303.5
- Foreign currency translation reserve	9.9	5.5
- Foreign exchange (gain) / loss (net)	1.7	10.0
- Bad and doubtful debts (net)	-	-
Operating profit before changes in operating assets and liabilities	<u>4,176.0</u>	<u>4,896.5</u>
Adjustments for net change in operating assets and liabilities		
- Current assets excluding cash and cash equivalents	(711.4)	937.2
- Current Liabilities relating to operations	<u>410.9</u>	<u>(2,042.6)</u>
	<u>(300.5)</u>	<u>(1,105.4)</u>
Cash generated from operations	<u>3,875.5</u>	<u>3,791.1</u>
Payment of taxes (net)	<u>(1,553.3)</u>	<u>(1,578.6)</u>
Net cash from operating activities	<u>2,322.2</u>	<u>2,212.5</u>
B Cash flow from investment activities		
- (Purchase) / sale of investments (net)	0.0	1,088.1
- (Purchase) / sale of fixed assets (net)	<u>(165.0)</u>	<u>(199.3)</u>
Net cash used in investment activities	<u>(165.0)</u>	<u>888.8</u>
C Cash flow from financing activities		
- Increase/ (decrease) in borrowings (net)	(536.7)	(906.0)
- Interest paid	<u>(251.2)</u>	<u>(303.5)</u>
- Dividends and dividend tax paid	<u>(1,926.6)</u>	<u>(2,105.4)</u>
Net cash used in financing activities	<u>(2,714.5)</u>	<u>(3,314.9)</u>
Net change in cash & cash equivalents	<u>(557.3)</u>	<u>(213.6)</u>
Cash and cash equivalents at the beginning of the year	<u>821.4</u>	<u>1,035.0</u>
Cash and cash equivalents at the end of the year	<u>264.1</u>	<u>821.4</u>
Components of cash and cash equivalents (Note 18)		
Cash and cheques on hand	19.3	0.5
In current account with banks		
- In India with scheduled banks	114.8	691.7
- Outside India	130.0	129.2
Fixed deposit with maturity less than 3 months	-	-
Total Cash and cash equivalents	<u>264.1</u>	<u>821.4</u>

Cash and cash equivalents at the end of the period excludes:

- Fixed deposits under lien ₹ 6,399.6 millions (March 31, 2015 ₹ 7,867.8 millions) and
- Fixed deposits having maturity more than 3 months ₹ Nil (March 31, 2015 ₹ Nil million).

This is the Consolidated Cash Flow Statement referred to in our report of even date.

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

Per SHRAWAN JALAN
Partner
Membership No.: 102102

Mumbai, April 28, 2016

For and on behalf of the Board of Directors

CHANDA KOCHHAR
Chairperson

ANUP BAGCHI
Managing Director & CEO

RAJU NANWANI
Company Secretary

UDAY CHITALE
Director

AJAY SARAF
Executive Director

PRASHANT MOHTA
Chief Financial Officer