

# ICICI SECURITIES LIMITED

## 22ND ANNUAL REPORT AND ANNUAL ACCOUNTS 2016-2017

**Directors**

Chanda Kochhar, Chairperson (DIN: 00043617)

Vinod Kumar Dhall (DIN: 02591373)

Ashvin Parekh (DIN: 06559989)

Anup Bagchi (DIN: 00105962)

Vishakha Mulye (DIN: 00203578)

Shilpa Kumar, Managing Director & CEO (DIN: 02404667)

Ajay Saraf, Executive Director (DIN: 00074885)

**Auditors**

S. R. Batliboi & Co. LLP  
Chartered Accountants  
(Registration No. 301003E/E300005)

**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 22<sup>nd</sup> Annual Report of ICICI Securities Limited (the Company) with the audited statements of accounts for the year ended March 31, 2017.

**FINANCIAL MARKETS SCENARIO**

Fiscal 2017 was an eventful year for equities marked by political and economic volatility globally. On the one hand, the year was witness to significant global political events such as Brexit and US Presidential elections, while, on the other, there were economic events such as a shift in the US Fed stance to hawkish along with a stabilisation of commodity prices. These events ensured a volatile ride for EM equities during the financial year. However, Indian equities remained resilient vis-à-vis other emerging markets, led by a stable domestic macroeconomic scenario.

Against the backdrop of global volatility, India witnessed a stable year with normal monsoons (after two years of below normal situation), a prudent Union Budget for fiscal 2018 (which focused on growth and fiscal consolidation) and transmission of rate cuts, which led to a benign interest rate regime. Domestically, a bold step in the form of immediate demonetisation of higher denomination notes in November, proved to be a major news maker for the year. Although the move was applauded by the world as a step in eradicating black money issue in India, concerns over liquidity crunch and a possible economic slowdown for a couple of quarters, weighed on market sentiments initially. The concerns, however, abated as the negative impact of demonetisation was much below expectations and remonetisation was faster than anticipated.

A few of the key trends of fiscal 2017 have been digitisation and increasing channelisation of domestic household savings into financial instruments. The focus on financial instruments is driven by a shift from physical savings such as real estate and gold owing to a softer outlook on such asset classes as well as demonetisation. Financial savings, on the other hand, have also resulted in strong domestic flows into equities, which allowed Indian equities to withstand the outflow from FPIs during the demonetisation period.

The structural shift towards digitisation of the economy bodes well for the financial services sector and is supportive of the Indian financial market with increased channelisation of financial savings into this area.

**INDUSTRY OVERVIEW**
**Corporate Finance**

During fiscal 2017, the capital markets saw robust activity. There was a surge in the number of initial public offerings (IPOs) for primary fund raising, QIPs, open offers and buy-back by corporates and divestment of PSU shares through OFS. Riding on the positive market sentiment, the total fund raise through –

- 25 IPOs aggregated to ₹ 282.25 billion in fiscal 2017 as compared to 24 IPOs aggregating to ₹ 145.00 billion in fiscal 2016, representing a stellar growth of 94.66%; and
- 22 QIPs aggregated to ₹ 136.71 billion in fiscal 2017 as compared to 20 QIPs aggregating to ₹ 193.58 billion in fiscal 2016, representing a de-growth of 29.38%.

During fiscal 2017, 10 companies through 16 issuances raised funds through debt public issues amounting to ₹ 294.53 billion as compared to 20 debt public issues aggregating to ₹ 338.12 billion (source: Prime Database).

During fiscal 2017, US\$ 15.3 billion was raised in private equity deals as compared to US\$ 18.3 billion raised in fiscal 2016. Information technology & information technology enabled services, consumer and retail, banking, financial services &

insurance and manufacturing were the dominant sectors by deal value in fiscal 2017 (Source: Venture Intelligence).

**Institutional Broking**

Equities started the year on a promising note after the aggressive sell-off in emerging markets (EMs) during February 2016 with Foreign Portfolio Investors (FPI) flows largely remaining positive till September 2016 (pre-demonetisation period). US election outcome, BREXIT, US dollar rally and US Fed rate hike weighed down on EMs in general resulting in amongst the highest amount of FPI outflows from India and underperformance amongst EMs during the November – December 2016 period. During the last quarter of fiscal 2017, FPIs made fresh allocations to emerging markets space that helped record FPI inflows into India.

One of the hallmarks of fiscal 2017 has been the increasing domestic household savings into financial instruments which has resulted in : (a) larger proportion of the fiscal deficit financing from small savings thereby lowering the net borrowing program of the government; and (b) domestic flows into equities which allowed Indian equities to withstand the severe outflow from FPIs during the demonetisation period.

Despite the above, Indian pharma and technology sectors saw caution on the newly elected US President's announcements relating to : (a) proposed changes in the extant visa norms encouraging local jobs in the US; and (b) new bidding procedures for the drug industry towards reducing drug prices.

The institutional daily cash turnover in the equity market (NSE and BSE) increased marginally by 12 % (approx.) to ₹ 69 billion in FY2017 as compared to FY2016.

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

**Retail Broking**

Amidst the volatility in the Indian stock markets, the average daily volumes in exchanges have increased by 45% in this year. This was primarily led by the low yielding derivatives segment where volumes increased by 47% as compared to last financial year. Cash volumes increased by 22%.

The overall volumes in NSE continued to be dominated by index options which contributed to 79% of total NSE's volumes. This was propelled further in fiscal 2017 with introduction of Bank Nifty weekly expiry contracts. Bank Nifty options volume contribution to the overall derivatives volume has increased from 9% to 39% after the introduction of weekly contracts.

Fiscal 2017 also witnessed healthy activity in the primary markets with 25 companies accessing capital markets. This witnessed robust response from retail investors.

Overall, new acquisition of retail investors in the market grew by 22% over last year.

**Distribution of Retail Financial Products**

Mutual Funds (Equity) witnessed an increase in their Assets under Management (AUM) mainly on account of increase in inflows through Systematic Investment Plans (SIP) and Direct Plan. AUM through the SIP route grew by 54% over last year and by 68% in case of Direct plans. Ex-Direct plans the AUM growth was around 43% for the industry. The AUM growth was also partly due to mark-to-market gains during fiscal 2017 as Nifty 50 levels grew by 19% as of end of March 2017 to 9,174 from 7,738 a year back.

In the Life Insurance space, new business premium in fiscal 2017 grew by 19% at an overall level led by an increase in individual premium. In case of private sector, the

# directors' report

growth in premium was at 22% whereas LIC (that contributes to around 50% of the premium) registered a growth of 16% in FY2017.

Effective February 1, 2017, all new investors in mutual funds are required to be Central KYC (CKYC) compliant before investing. Once the process is settled and all financial entities start to get their clients CKYC compliant, we expect the move to help investors across all financial products.

## Private Wealth Management

India in recent years has seen growth in wealth creation and a rise in High Net-worth Individual (HNI) families. Moreover, India continues to outpace the global HNI wealth growth, mirroring the economic growth in the country. Importantly, the incremental allocation of wealth has been significantly higher in financial assets as compared to physical assets. Fiscal 2017 has seen a much higher interest in most asset classes as evident by higher flows to equities, fixed income and alternative investment opportunities such as real estate funds, long-short funds, etc. The clients have become more cognizant of the need for diversification and aligning investments with their goals.

## FINANCIAL HIGHLIGHTS

The Company's financial performance for fiscal 2017 is summarised in the following table:

	Fiscal 2016	Fiscal 2017
		(₹ million)
Gross income	11,235.6	14,039.0
Profit before tax	3,710.4	5,209.8
Provision for tax	1,353.0	1,833.7
Profit after tax	2,357.4	3,376.1

## APPROPRIATIONS

Profit after tax for the year ended March 31, 2017 stood at ₹ 3,376.1 million from ₹ 2,357.4 million in the previous year.

After taking into account the balance of ₹ 1,402.0 million (previous year: ₹ 983.2 million) brought forward from the previous year, the profit available for appropriation is ₹ 4,778.1 million (previous year: ₹ 3,340.6 million), of which Nil (previous year: nil) has been transferred to General Reserve.

## DIVIDEND

During the year, the Company declared four interim dividends on the equity share capital, aggregating to 127.29% and amounting to ₹ 2,050.27 million (previous year ₹ 1,610.7 million). The Directors are pleased to recommend the aggregate of interim dividends at ₹ 2,050.27 million as the final dividend for the year.

## BUSINESS PERFORMANCE

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.

Broadly, 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. On the retail front, the Broking business has continued strengthening its customer franchise, innovating its offering for deeper customer engagement and increased transactions. 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.

### Corporate Finance

During fiscal 2017, we saw robust fund raising exercises through IPOs and debt public issues.

The Company maintained its dominant position in managing mainboard IPOs and ranked 1st by managing 12 IPOs in fiscal 2017 with highest market share of 57.00% (in terms of issue size) during fiscal 2017 as compared to 9<sup>th</sup> rank with market share of 18.80% (in terms of issue size) in fiscal 2016. (Source: Prime Database)

The Company ranked 9<sup>th</sup> with market share of 14.9% (in terms of issue size) for QIPs managed in fiscal 2017 as compared to 5<sup>th</sup> rank with market share of 31.90% (in terms of issue size) in fiscal 2016. (Source: Prime Database)

The amount raised through equity public issuances managed by the Company during fiscal 2017 was ₹ 160.86 billion, which included the IPOs by ICICI Prudential Life Insurance Company Limited, Avenue Supermarkets Limited, Equitas Holdings Limited, Ujjivan Financial Services Limited, Thyrocare Technologies Limited, Quesq Corp Limited, Larsen & Toubro Infotech Limited, Music Broadcast Limited, Advanced Enzyme Technologies Limited, RBL Bank Limited, Sheela Foam Limited and HPL Electric & Power Limited. These IPOs received positive response from the market.

The amount raised through two qualified institutional placements (QIPs) issuances managed by the Company during fiscal 2017 was ₹ 20.43 billion which included the QIPs by Motherson Sumi Systems Limited and Greenply Industries Limited.

The Company successfully managed the two Offer For Sale ("OFS") issues for Hindustan Copper Limited and Bharat Electronics Limited. The Company handled four open offers in fiscal 2017, *Inter alia*, ADC India Communications Limited, DFM Foods Limited, Excel Crop Care Limited and Sharp India Limited.

During fiscal 2017, the Company successfully managed to place equity shares held by the entities through block deals aggregating to ₹ 126.82 billion.

The Company managed four debt public issuances with aggregate fund raising to the tune of ₹ 21.29 billion in fiscal 2017. The debt issuances during the year included NCDs for private sector NBFCs, *viz.*, Muthoot Finance Limited, Mahindra & Mahindra Financial Services Limited and SREI Infrastructure Finance Limited (Source: Prime Database).

The Company was ranked fifth among all financial advisors for M&A deals for the calendar year 2016 (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.

## Institutional Broking

During the year, the institutional sales team successfully marketed and placed IPOs and other equity offerings (QIPs, Rights & FPOs). The increase in traction with clients across geographies got recognized which has resulted in higher broking income.

The institutional research team increased its coverage to 204 companies, spread across 23 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 2017, the Company hosted several conferences and delegations to provide its clients an opportunity for interaction with policy makers and corporate leaders. The 15<sup>th</sup> India Unlimited conference held during fiscal 2017 attracted over 32 corporates as well as the speakers / sector experts with participation of several funds. Overall, the conference saw numerous investor meetings. Besides, we hosted seven distinct sector conferences in Mumbai during the year.

## Retail Broking

The Company witnessed robust growth in its overall volumes and market share. In fiscal 2017, Company's volume increased by 89%. This was fuelled by introduction of bullet brokerage plan for intra-day derivative traders.

The Company continued to expand its client base across various customer segments and touched a milestone of 4 million customers in fiscal 2017 which is distinctively the highest amongst retail brokers.

The Company in fiscal 2017 introduced a new approach of educating and reaching out to retail investors on financial products, investment suitability and creating awareness by conducting investor conference calls directly with product experts and analysts. This witnessed overwhelming response from retail investors who participated in the Investor conference calls.

The Company has a retail research team covering 241 companies spread across various sectors. A strong mutual fund, technical and derivatives desk delivers quality research to over four 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.

## Distribution of Retail Financial Products

The Company has one of the largest pan-India distribution networks of over 178 ICICIdirect offices, over 701 sub-brokers and a team of over 4,034 Investment Associates/Independent Financial Associates across 446 cities & towns in India.

In fiscal 2017 the Company continued its growth with a focus on increasing the number of clients and their AUM with us. We further strengthened our Mutual Fund proposition by introducing many new client centric features on ICICIdirect.com. This has helped the Company grow its SIP book at an aggressive pace. The Company further consolidated its position among the leading mutual fund distributors.

Apart from mutual funds, the Company also continued to be among the leading players in other distribution products.

The Company was amongst the top mobilisers for Sovereign Gold bonds and CPSE ETF FFO (Further Fund Offer).

The Company has been one of the largest players in the National Pension System (NPS) and also services a large number of corporate clients who contribute into NPS for their employees.

The Company was amongst the largest mobilisers of corporate fixed deposits and bonds.

In the life insurance space, the Company continued its focus on improving persistency.

## Financial Learning and Investor awareness :

The Company continued its effort to expand the financial market by focusing on creating informed investors and better finance professionals through its learning division ICFL (ICICIDirect Centre for Financial Learning).

In addition to classroom workshops and online programs, ICFL also introduced live virtual programs on basics of investments to reach out to learners across the country. To engage learners and continue post program learning, ICFL added online videos and e-Learning programs to its offering of classroom workshops. ICFL started new programs in association with academic institutions including a Post Graduate Certificate Program in Finance with IIM-Indore, an Executive course on Financial Modeling with XLRI-Jamshedpur, a programme on Financial Research with Frankfurt School, an Advanced Certification in Financial Markets with NISM and a program on Wealth Management with AIMA to promote financial training and certification. All these programmes are delivered through live virtual classrooms and the student has the flexibility to attend the programme from home or an ICFL Learning Centre. With an objective to provide access to college students to contemporary courses in Finance, the Company also associated with select colleges/universities in the form of Centre for Excellence in Finance.

The Company continued its initiatives of educating college students on stock markets and investments through StockMIND – Season 5, a national contest on stock markets. For the past four years, this nationwide initiative has successfully created stock investing awareness in over 400,000 students from varied disciplines including engineering, science, commerce, management, medical, etc., in an exciting and risk-free manner. This year StockMIND – Season 5 received enthusiastic response from colleges in over 80 cities spread across Tier I, II and III. StockMIND continued its focus on female students' participation and had special rewards for the female winners in the college as well as national round. StockMIND – Season 5 reached out to 244,422 students from 576 colleges.

The Company furthered its initiative to create more awareness for financial planning through 'I Pledge' prompting people to pledge to invest for the secure financial future of their loved ones. It also launched 'Vision for Wealth' campaign offering free financial planning.

## Private Wealth Management

In fiscal 2017, the Company continued to strengthen its Private Wealth Management business. The Company maintained its focus on core competence in financial services and strived to ensure diversification in business through multiple products and diverse revenue streams. The Company capitalised on its unique proposition of 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.

## OUTLOOK

The macro-economic indicators remained largely stable in terms of CPI, current account deficit, forex reserves and Indian currency barring the short-term impact of demonetisation on H2-fiscal 2017 GDP growth and the liquidity deluge in the banking system. The outlook for fiscal 2018 remains sanguine coupled with the Union Budget 2018 which has been a fine balancing act. Staying the course of fiscal consolidation amidst moderating revenue growth, the budget : (a) laid emphasis on rural and social sectors; (b) made significant allocation for productive capital expenditure; and (c) granted tax exemptions to spur private consumption. On the other hand, the budget dispelled fears by : (a) not imposing long-term capital gains tax for equity investors; and (b) refraining from populist moves involving fiscal largesse.

Despite the marginally expansionary fiscal deficit target of 3.2% for FY2018, the expected net borrowing programme of the government in fiscal 2018 is likely to be lower than the previous year and can have a positive impact on borrowing rates. Globally, the narrative on growth is improving led by the US economy which could be beneficial for Indian exports, which is showing signs of turning the corner.

One of the benefits of recent demonetisation over the medium term could be encouraging tilt towards financial assets like equity and bonds.

A structural shift towards digitization of the economy coupled with increased focus on channelisation of financial savings is likely to keep the Indian financial market buoyant, amid a bout of global volatility.

## Corporate Finance

There is visibility of strong IPO pipeline on the back of interest by corporates to raise capital through the capital markets route. We have also seen an active interest of insurance sector and Small Finance Banks (SFBs) to list the securities through public issue in next few years in order to meet the capital requirements.

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). Many of these are awaiting regulatory clearances and are expected to hit the market in the next financial year. The Company will continue its pursuits with the Government divestments through OFS and through newer products like ETFs.

After achieving a leadership position in the IPO market, the Company continues to strengthen the advisory business by building a robust deal pipeline which includes

deals in the M&A, Private Equity (PE), Structured Finance. Many of these deals will see the closures in the next fiscal year. The focus also continues to be on PE exits through secondary sales in both public as well as private markets. The Company will work towards continuing the trend of delivering high quality IPOs and Advisory deals and engaging with clients with our expertise across a wide range of products.

## Institutional Broking

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.

With focussed action plan and servicing to our clients across geographies, we will continue to add value to their investment decisions.

## Retail Broking

While the new government has launched several initiatives to drive growth, investments and competitiveness which has improved the macro situation, global risks are likely to prevail and be a significant trigger of volatility in financial markets. On the earnings side, FY14-17E has been largely flat and this is also key trigger to watch out.

The Company will continue to strive towards its objective of expanding the financial markets, bringing financial literacy, innovating its offering by leveraging technology for long term wealth creation for its customers.

## Distribution of Retail Financial Products

During fiscal 2017, the mutual fund equity inflows remained net positive largely assisted by inflows through Systematic Investment Plans (SIPs) that witnessed record high inflows. Demonetisation also resulted in higher inflows and investor participation across financial assets. This trend is likely to continue as physical assets like real estate and gold might no longer be the preferred investment option. SEBI has proposed that mutual fund distributors will not be permitted to provide incidental or basic investment advice in respect of mutual fund products. The Company is registered with SEBI as a Registered Investment Adviser and is well positioned to undertake both distribution and advisory functions. The proposed change on offering incidental or basic investment advice could have an impact on the mutual fund industry. Inflows and assets under management (AUM) would depend upon the market conditions.

## Private Wealth Management

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. This 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 investment needs.

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

The Distribution and Wealth Management business is witnessing a phase of change and competition from new-age firms as the easing of the KYC requirement and digitization of financial services provide a positive impetus for new players. However, the disparity in wealth, rising income levels and different customer investment expectations across various segments of the population continues to provide an opportunity for your Company to offer investment guidance that can be made available to all segments of investors through its Distribution and Wealth Management Business.

The short-term outlook of the Distribution and Wealth Management business is subject to impact of the market conditions and any potential regulatory changes. The Company remains well positioned for sustained growth in the medium to long-term due to its diversified customer profile and a broad product-mix that provides opportunities to deliver an integrated solution across market conditions and supported by a comprehensive and continually developing digital platform.

## AWARDS & RECOGNITION

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

During the year, the Company has been awarded the "India Equity House of the Year" at 2016 IFR Asia Awards by IFR Asia for outstanding achievement and success. The Company also won the 2016 Finance Asia Achievement Awards for the BEST INDIA DEAL – ICICI Prudential Life Insurance's US\$912.0 million IPO. Further, the Company not only led the IPO league table, but also managed the largest QIP of Motherson Sumi and handled seven overnight block trades including ₹ 39 billion sell down of Castrol India Limited. The key achievements highlighted among others are listed below:

- Most active banker in the Indian IPO market handling 12 IPOs;
- Deals across sectors including first IPO in the Insurance Sector raising ₹ 60.57 billion for ICICI Prudential Life Insurance Company Limited; and
- Worked closely with Department of Investment and Public Asset Management ("DIPAM") and instrumental in completing OFS deals and two block deals for Specified Undertaking of Unit Trust of India ("SUUTI").

The retail division of the Company, ICICIdirect, continued to win accolades for its leading position as well as innovative products. The Company won the Outlook Money Award in the Best Retail Broker category for the 12<sup>th</sup> consecutive time.

The Company also won the maiden Outlook Money Best Institutional Financial Distributor award.

The Company announced a strategic partnership with Saxo Bank, the online multi-asset trading and investment specialist, to offer Saxo's trading and investment capabilities *via* a digital platform to Indian investors. The partnership will enable the Company's four million clients on ICICIdirect.com, India's leading investment portal, to diversify their investments outside of the Indian domestic market and access multi-asset investment opportunities on 36 stock exchanges across 24 countries, through SaxoTraderGO. The clients opting for these services to invest outside of India will gain access to third party research with TradingFloor.com.

## 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 several relevant risk limits in relation to 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 the Company's capital adequacy under any unfavourable/unforeseen market circumstances and ensuring timely actions, wherever required. The Corporate Risk Management Group of the Company aims at anticipating risks, proactively planning for managing such risks and being better equipped for handling/managing any uncertainties.

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.

## SUBSIDIARY COMPANIES

The Company has two subsidiaries in the United States of America (USA), namely, ICICI Securities Holdings, Inc. (ISH) 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 2017, ISH 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 2017, I-Sec. Inc. has strengthened its positioning among its US, Canada and Singapore based institutional investors by, *inter alia*, conducting several investor conferences and numerous road shows in during fiscal 2017.

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 so chooses. 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, 2017, 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, 2017 are given in Annexure D.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, Anup Bagchi (DIN: 00105962) and Ajay Saraf (DIN:00074885) were re-appointed as the Managing Director & CEO and the Executive Director of the Company respectively for further period of five years with effect from May 1, 2016 and May 25, 2016 respectively.

Uday Chitale (DIN: 00043268) ceased to be Director of the Company on completion of his term on June 26, 2016 and Ashvin Parekh (DIN: 06559989) was appointed as an Independent Director on the Board of Directors of the Company for a period of five years with effect from August 25, 2016. The Board places on record its appreciation of the valuable contribution and guidance provided by Uday Chitale (DIN: 00043268).

Subsequently, Shilpa Kumar (DIN: 02404667), a Director of the Company nominated by ICICI Bank Limited, was appointed as the Managing Director & CEO of the Company in place of Anup Bagchi (DIN: 00105962) a period of five years with effect from the date of receipt of regulatory approvals *i.e.* November 3, 2016. Accordingly, she was included in the list of Key Managerial Personnel in place of Anup Bagchi (DIN: 00105962). The Board places on record its appreciation for the contribution made by Anup Bagchi (DIN: 00105962) during his tenure as the Managing Director & CEO of the Company.

Anup Bagchi (DIN: 00105962) was appointed as the Director nominated by ICICI Bank Limited with effect from the date of receipt of regulatory approvals *i.e.* November 3, 2016.

In terms of Section 152 of the Companies Act, 2013, Ajay Saraf (DIN: 00074885), Executive Director, would retire by rotation at the forthcoming AGM and is eligible for re-appointment. Ajay Saraf (DIN: 00074885) has offered himself for re-appointment.

## 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 ('the NRC') 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 questionnaires for evaluation of the performance of the Board and the individual Members of 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

# directors' report



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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 that are relevant to them in their capacity as members of the Board.

With respect to the Whole-time Directors, the NRC has oversight over compensation. The NRC defines Key Performance Indicators (KPIs) for Whole-time Directors and the organisational performance norms. The KPIs include both quantitative and qualitative aspects. The NRC assesses organisational performance as well as the individual performance of 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 an 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 and profit-related commission as approved by the Board and the shareholders from time to time within the limits as provided under the Companies Act, 2013 and the 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 fiscal 2017, viz., on April 28, 2016, July 18, 2016, October 14, 2016, October 18, 2016 and January 20, 2017.

Name of the Director	Number of Board Meetings Held	Number of Board Meetings Attended
Chanda Kochhar (DIN: 00043617)	5	5
Anup Bagchi (DIN: 00105962)	5	5
Ajay Saraf (DIN: 00074885)	5	4
Uday Chitale (DIN: 00043268)	1*	1
Vinod Kumar Dhall (DIN: 02591373)	5	5
Shilpa Kumar (DIN: 02404667)	5	5
Vishakha Mulye (DIN: 00203578)	5	5
Ashvin Parekh (DIN: 06559989)	3#	3

\* Uday Chitale (DIN: 00043268) ceased to be Director of the Company on completion of his term on June 26, 2016.

# Ashvin Parekh (DIN: 06559989) was appointed as an Independent Director of the Company on the Board of Directors of the Company w.e.f. August 25, 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 the 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

During the year, the Audit Committee was re-constituted by inducting Ashvin Parekh (DIN: 06559989) and Anup Bagchi (DIN: 00105962) in place of Uday Chitale (DIN: 00043268) and Shilpa Kumar (DIN: 02404667) respectively. During the year, Vinod Kumar Dhall (DIN: 02591373) was appointed as Chairman of the Audit Committee.

As at the end of fiscal 2017, the Audit Committee comprises of Vinod Kumar Dhall (DIN: 02591373), Ashvin Parekh (DIN: 06559989) and Anup Bagchi (DIN: 00105962) as its members. Vinod Kumar Dhall (DIN: 02591373), 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.

During the year four meetings were held on April 28, 2016, July 18, 2016, October 18, 2016 and January 20, 2017.

Name of the Director	Number of Committee Meetings Held	Number of Committee Meetings Attended
Uday Chitale (DIN: 00043268)	1	1
Vinod Kumar Dhall (DIN: 02591373)	4	4
Ashvin Parekh (DIN: 06559989)	2	2
Shilpa Kumar (DIN: 02404667)	3	3
Anup Bagchi (DIN: 00105962)	1	1

##### (ii) Nomination and Remuneration Committee

During the year, the Nomination and Remuneration Committee of the Company ('the NRC') was re-constituted by inducting Ashvin Parekh (DIN: 06559989) in place of Uday Chitale (DIN: 00043268). During the year, Vinod Kumar Dhall (DIN: 02591373) was appointed as Chairman of the NRC.

As at the end of fiscal 2017, the NRC comprises of Vinod Kumar Dhall (DIN: 02591373), Chanda Kochhar (DIN: 00043617) and Ashvin Parekh (DIN: 06559989). Vinod Kumar Dhall (DIN: 02591373), an independent Director, is Chairman of the NRC.

The NRC meets, *Inter alia*, to fill up 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, payment of profit-related commission to Non-Executive Directors of the Company, the framework relating to the remuneration for the Non-Executive Directors and the compensation policy for the Whole-time Directors and Key Managerial Personnel, Senior Management as well as other employees, etc.

During the year, four meetings were held on April 28, 2016, July 18, 2016, October 14, 2016 and October 18, 2016.

Name of the Director	Number of Committee Meetings Held	Number of Committee Meetings Attended
Uday Chitale (DIN: 00043268)	1	1
Chanda Kochhar (DIN: 00043617)	4	4
Vinod Kumar Dhall (DIN: 02591373)	4	4
Ashvin Parekh (DIN: 06559989)	2	2

##### (iii) Corporate Social Responsibility Committee

During the year, the Corporate Social Responsibility Committee of the Company (CSR) was re-constituted by inducting Vinod Kumar Dhall (DIN: 02591373) and Shilpa Kumar (DIN: 02404667) in place of Uday Chitale (DIN: 00043268) and Anup Bagchi (DIN: 00105962) respectively. During the year, Vinod Kumar Dhall (DIN: 02591373) was appointed as Chairman of the CSR Committee.

As at the end of fiscal 2017, the CSR Committee of the Company comprises of Vinod Kumar Dhall (DIN: 02591373), Shilpa Kumar (DIN: 02404667) and Ajay Saraf (DIN: 00074885). Vinod Kumar Dhall (DIN: 02591373), an independent director, is Chairman of the CSR Committee.

Three meetings were held on April 14, 2016, October 18, 2016 and January 11, 2017.

Name of the Director	Number of Committee Meetings Held	Number of Committee Meetings Attended
Uday Chitale (DIN: 00043268)	1	1
Vinod Kumar Dhall (DIN: 02591373)	2	2
Anup Bagchi (DIN: 00105962)	2	2
Ajay Saraf (DIN: 00074885)	3	2
Shilpa Kumar (DIN: 02404667)	1	1

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 The Delhi Association of the Deaf for their proposed designing and animation training courses. 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. 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.

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 past three years are as follows:

Particulars	Date
Annual General Meeting	June 27, 2014
Extraordinary General Meeting	September 4, 2014
Extraordinary General Meeting	March 12, 2015
Annual General Meeting	June 26, 2015
Annual General Meeting	August 25, 2016
Extraordinary General Meeting	January 11, 2017

## 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, shall retire at the conclusion of the ensuing Annual General Meeting (AGM). In accordance with provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the current auditors are not eligible for re-appointment as the Statutory Auditors of the Company. Accordingly, as recommended by the Audit Committee, the Board has proposed the appointment of B S R & Co. LLP, ICAI Firm Registration Number: 101248W/W-100022, as the Statutory Auditors of the Company for a period of five years commencing from the conclusion of the 22<sup>nd</sup> AGM till the conclusion of the 27<sup>th</sup> AGM subject to approval of the Members of the Company and ratification by the Members every year. A letter of consent has been received from them to act as auditor, if appointed and stating that their appointment would be within the prescribed limits of Section 141 of the Companies Act, 2013.

## 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 2017. The report of the Secretarial Audit Report is in 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 2017, expenditure in foreign currencies amounted to ₹ 363.1 million (previous year: ₹ 271.9 million) and earnings in foreign currencies amounted to ₹ 193.7 million (previous year: ₹ 112.7 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.

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 the 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, 2017 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 three complaints reported during the year under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('the Act'). These were duly redressed as per the Act.

## ACKNOWLEDGEMENTS

The Directors thank Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE 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 20, 2017

# directors' report



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## 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	The date since when subsidiary was acquired	May 2007	May 2007
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR US\$ 1 = ₹ 64.85	INR US\$ 1 = ₹ 64.85
5	Share capital	728,206	571,667
6	Reserves & surplus	(601,254)	(435,753)
7	Total assets	127,266	208,066
8	Total Liabilities (excluding capital and reserves)	314	72,152
9	Investments	94,498	-
10	Turnover	403	164,360
11	Profit before taxation	273	10,673
12	Provision for taxation	281	504
13	Profit after taxation	(8)	10,169
14	Proposed Dividend	-	-
15	Extent of shareholding (in percentage)	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: NA**

Name of Associates or Joint Ventures	Name 1	Name 2
1. Latest audited Balance Sheet Date		
2. Date on which the Associate or Joint Venture was associated or acquired		
3. Shares of Associate or Joint Ventures held by the company on the year end		
4. Reason why the associate/joint venture is not consolidated		
<b>No.</b>		
Amount of Investment in Associates/Joint Venture		
Extent of Holding (in percentage)		
4. Description of how there is significant influence		
5. Reason why the associate/joint venture is not consolidated		
6. Networth attributable to Shareholding as per latest audited Balance Sheet		
6. Profit or Loss for the year		
i. Considered in Consolidation		
ii. 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

SHILPA KUMAR  
DIN: 02404667  
Managing Director & CEO

RAJU NANWANI  
Company Secretary

VINOD KUMAR DHALL  
DIN: 02591373  
Director

AJAY SARAF  
DIN: 00074885  
Executive Director

PRASHANT MOHTA  
Chief Financial Officer

## annexure b

### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[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 9, 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 Ltd. Tower # 5, 3 <sup>rd</sup> to 6 <sup>th</sup> 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	55
Merchant Banking and distribution of financial products	66190	35

#### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	ICICI Bank Limited, ICICI Bank Towers, Bandra Kurla Complex, Mumbai - 400 051	L65190GJ1994PLC021012	Holding Company	100%	2(46)
2.	ICICI Securities Holdings, Inc., 2711 Centerville Road Suite 400 Wilmington, DE 19808 United States of America	NA	Wholly owned Subsidiary	100%	2 (87)
3.	ICICI Securities, Inc., 2711 Centerville Road Suite 400 Wilmington, DE 19808 United States of America	NA	Step down Subsidiary	100%	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	
<b>A.</b>	<b>Promoters</b>									
(1)	<b>Indian</b>									
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									
	<b>Sub-total (A) (1)</b>	805350000	3500	805353500	100	805350000	3500	805353500	100	Nil
(2)	<b>Foreign</b>									
a)	NRIs -Individuals									
b)	Other -Individuals									
c)	Bodies Corp.									
d)	Banks / FI									
e)	Any Other									
	<b>Sub-total (A) (2)</b>									
	<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	805350000	3500	805353500	100	805350000	3500	805353500	100	Nil

# directors' report

## annexure b

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	
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)									
	<b>Sub-total (B)(1)</b>									
(2)	Non-Institutions									
a	Bodies Corp.									
i	Indian									
ii	Overseas									
b	Individuals									
i	Individual shareholders holding nominal share capital upto ₹1 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									
	<b>Grand Total (A+B+C)</b>	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
<b>Total</b>	<b>805353500</b>	<b>100%</b>	<b>NA</b>	<b>805353500</b>	<b>100</b>	<b>NA</b>	<b>Nil</b>

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

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	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)				

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

	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
<b>For Each of the Top 10 Shareholders</b>				
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:**

	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
<b>For Each of the Directors and KMP</b>				
At the beginning of the year				
Mr. Anup Bagchi (DIN: 00105962)*	500	0	500	0
Ms. Shilpa Kumar (DIN: 02404667)*	0		500	
Mr. 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):				
Equity Shares transferred from Mr. Anup Bagchi (DIN: 00105962)* to Ms. Shilpa Kumar (DIN: 02404667)* on October 27, 2016	500	0	500	0
At the End of the year				
Mr. Anup Bagchi (DIN: 00105962)*	0	0	0	0
Ms. Shilpa Kumar (DIN: 02404667)*	500	0	500	0
Mr. Ajay Saraf (DIN: 00074885)*	500	0	500	0

\* 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
<b>Indebtedness at the beginning of the financial year</b>				
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
<b>Total (i+ii+iii)</b>		<b>1,728.6</b>		<b>1,728.6</b>
<b>Change in Indebtedness during the financial year</b>				
· Addition		19,356.5		19,356.5
· Reduction		17,128.4		17,128.4
<b>Net Change</b>		<b>2,228.1</b>		<b>2,228.1</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount		3,944.6		3,944.6
ii) Interest due but not paid				
iii) Interest accrued but not due		9.5		9.5
<b>Total (i+ii+iii)</b>		<b>3,954.1</b>		<b>3,954.1</b>

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
		Shilpa Kumar (DIN: 02404667)	#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	8.6	36.7	25.2	70.5
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.4	1.7	0.5	2.6
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			-	
2.	Stock Option*				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify Others (Medical Allowance)		0.0	0.0	0.0
	<b>Total (1a + 1b + 1c) Total remuneration paid in fiscal 2017 (excludes perquisites on stock options reported in point 2)</b>	<b>9.0</b>	<b>38.4</b>	<b>25.7</b>	<b>73.1</b>
	Ceiling as per the Act	<b>267.9</b>	<b>267.9</b>	<b>267.9</b>	<b>535.7</b>

Note: \*The ICICI Bank Limited (holding company) has granted stock options to the Managing Director and Executive Director. The stock options exercised by the directors during FY2017 is Nil.

# Erstwhile Managing Director & CEO

₹ 0 million indicates values are lower than ₹ 1million

# directors' report



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## B Remuneration to other directors

₹ millions

Sl. no	Particulars of Remuneration	Name of Directors			Total Amount
		*Ashvin Parekh (DIN: 6559989)	#Uday Chitale (DIN: 00043268)	Vinod Kumar Dhall (DIN: 02591373)	
1.	Independent Directors - Fee for attending board /committee meetings - Commission - Others, please specify	0.42	0.18 0.75 -	0.56 0.75 -	1.16 1.50 -
	<b>Total (1)</b>	0.42	0.93	1.31	2.66
2.	Other Non-Executive Directors - Fee for attending board /committee meetings - Commission - Others, please specify		- - -	- - -	- - -
	<b>Total (2)</b>		-	-	-
	<b>Total (B)=(1+2)</b>	0.42	0.93	1.31	2.66
	<b>Total Managerial Remuneration</b>				<b>75.76</b>
	Overall Ceiling as per the Act				<b>535.7</b>

Note: \* Appointed w.e.f. August 25, 2016  
#Ceased w.e.f. June 26, 2016

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

₹ millions

Sl. no	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	CFO	
		Raju Nanwani	Prashant Mohta	<b>Total</b>
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 0.2 -	8.7 0.0 -	16.4 0.2 -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others (Medical Allowance)	0.0	0.0	0.0
	<b>Total</b>	<b>7.9</b>	<b>8.7</b>	<b>16.6</b>

₹ 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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

CHANDA KOCHHAR  
DIN: 00043617  
Chairperson

## 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	<b>Investments made</b>		
1	Subsidiary – ICICI Securities Holdings, 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	2.7*
5	Receivable Exchange India Limited	Strategic Investment	15.0
B	<b>Loans</b>		
1	Given to customers	To invest in ESOPs	49.6

**Note:**

- \*Amount net of provisions
- Securities held as stock in trade are not included in the above.
- # ₹ 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

- Details of contracts or arrangements or transactions not at arm's length basis -- **NIL**
- 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, 2017

Nature of contracts /transactions	Name of the related party	Nature of relationship	Duration of contract/ transactions	Salient terms of contract / transactions	₹ in million
Bank Balance lying in ICICI bank accounts	ICICI Bank Limited	Holding Company	-	Outstanding balance at March 31, 2017 in current accounts and fixed deposits maintained for normal banking transactions	1,736.9
Income from services and brokerage (commission and fees)	ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary	Ongoing	Commission and marketing fees received during the year for normal business transactions	733.7
Operating expenses	ICICI Bank Limited	Holding Company	Ongoing	Operating expenses paid during the year for normal business transactions	526.2

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](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:

- Mr. Vinod Kumar Dhall (DIN:-02591373), Chairman
- Ms. Shilpa Kumar (DIN-02494667), Managing Director & CEO
- Mr. Ajay Saraf (DIN: 00074885), Executive Director

The functions of the Committee include review of CSR initiatives undertaken by the Company, 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, 2017:

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 ₹ 3,267.3 million.

4. **Prescribed CSR Expenditure: 2% of average net profit of last 3 years, i.e. 2% of ₹ 3,267.3 million = ₹ 65.3 million**

5. **Details of CSR spending during the financial year 2016-17:**

- |   |                |
|---|----------------|
| (a) Total amount to be spent for the financial year | ₹ 65.3 million |
| (b) Amount actually spent                           | ₹ 65.3 million |
| (c) Amount unspent, if any                          | NIL            |

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

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	Promoting education, employment enhancing vocational skills and livelihood enhancement projects.	<ul style="list-style-type: none"> <li>24 skill training centres located in Bangaluru, Bhubaneswar, Chennai, Coimbatore, Delhi, Durg, Guwahati, Hyderabad, Indore, Jaipur, Kochi, Kolkata, Lucknow, Mohali, Mumbai, Mysore, Nagpur, Narsobawadi, Patna, Pune, Trichy, Vadodara, Vijaywada and Zirakpur.</li> <li>Vocational training in locally relevant skills at more than 150 villages across the country.</li> <li>Elementary education projects in Rajasthan and Chhattisgarh.</li> </ul>	49.0	49.0	96.5	Amount spent through ICICI Foundation for Inclusive Growth
2.	Investor Education Programs	Promoting education	All India	16.1	16.1	26.8	Direct
3.	Projects of The Delhi Association of the Deaf	Promoting education	Delhi	0.2	0.2	0.2	The Delhi Association of the Deaf
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	0.2	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.

Shilpa Kumar  
(DIN: 02404667)  
Managing Director & CEO

Vinod Kumar Dhall  
(DIN: 02591373)  
Chairman, CSR Committee

# directors' report



I-5ec

## annexure f

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017.

[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, 2017, 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, 2017, 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) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable.
- (v) 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.

(vi) 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.
- h) Prevention of Money Laundering Act, 2002.

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.

During the audit I have checked various documents sought by us and relied on the same to the extent confirming the compliances to the Board.

3. I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and the provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

- a) maintenance of various statutory registers and documents and making necessary entries therein;
- b) closure of the Register of Members;
- c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) notice of Board meetings and Committee meetings of Directors;
- f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) the 21<sup>st</sup> Annual General Meeting was held on 25<sup>th</sup> August 2016;
- h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
- k) payment of remuneration to Directors including the Managing Director and Whole-time Directors;
- l) declaration and payment of dividends;
- m) investment of the Company's funds including investments and loans to others;

4. 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.

5. 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.

JAIPRAKASH SINGH

Jaiprakash R Singh & Associates

Place: Mumbai

Date: April 07, 2017

FCS No.:7391

C P No.:4412

Note: This report is to be read with Annexure-A.

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

Our report of even date is to read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai  
Date : April 07, 2017

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

# independent auditors' report



to the Members of ICICI Securities Limited

I-5ec

## 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 31 March 2017, 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 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 31 March 2017, 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 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, 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, as amended 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 34 to standalone 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.
  - iv. The Company has provided requisite disclosure in Note 39 to these standalone financial statements as to the holding of Specified Bank Notes on 08 November 2016, and 30 December 2016, as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016. Based on our enquires, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transaction, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

for S.R. Batliboi & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/300005

per SHRAWAN JALAN  
Partner  
Membership Number: 102102

Place: Mumbai  
Date: 20 April 2017

# 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 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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (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.	1,420.3	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 FY 2014-2015	Commissioner of Service Tax

According to the information and explanation given to us, there are no dues of sales-tax, wealth tax, value added 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.

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.

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.

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 no material fraud on the Company, by the officers and employees of the Company has been noticed or reported during the year.

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.

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.

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.

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 reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

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.

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/E300005

per SHRAWAN JALAN  
Partner  
Membership Number: 102102

Place: Mumbai  
Date: 20 April 2017

# annexure to the independent auditors' report



## 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 31 March 2017 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.

### 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 Companies Act, 2013, to the extent 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 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for S.R. Batliboi & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per SHRAWAN JALAN  
Partner  
Membership Number: 102102

Place: Mumbai  
Date: 20 April 2017

# balance sheet

# profit and loss accounts

as at March 31, 2017

for the year ended March 31, 2017

	Notes	₹ in million		Notes	₹ in million	
		As at March 31, 2017	As at March 31, 2016		For the year ended March 31, 2017	For the year ended March 31, 2016
<b>I EQUITY AND LIABILITIES</b>						
<b>(1) Shareholder's funds</b>						
(a) Share capital	3	1,610.7	1,610.7			
(b) Reserves and surplus	4	3,239.8	2,331.6			
		4,850.5	3,942.3			
<b>(2) Non-current liabilities</b>						
(a) Other long term liabilities	5	826.3	618.2			
(b) Long-term provisions	6	338.1	267.6			
		1,164.4	885.8			
<b>(3) Current liabilities</b>						
(a) Short-term borrowings	7	3,954.1	1,728.6			
(b) Trade payables	8	8,713.6	5,952.0			
(c) Other current liabilities	9	1,668.0	1,369.6			
(d) Short-term provisions	10	51.0	41.9			
		14,386.7	9,092.1			
		20,401.6	13,920.2			
<b>II ASSETS</b>						
<b>(1) Non-current assets</b>						
(a) Fixed assets	11					
(i) Tangible assets		241.9	250.6			
(ii) Intangible assets		104.4	103.2			
(iii) Capital work-in-progress		0.4	3.8			
(iv) Intangible assets under development		27.9	20.3			
		374.6	377.9			
(b) Non-current investments	12	143.2	134.9			
(c) Deferred tax assets (Net)	13	577.8	508.6			
(d) Long-term loans and advances	14	1,357.9	1,255.6			
(e) Other non-current assets	15	811.5	270.1			
		3,265.0	2,547.1			
<b>(2) Current assets</b>						
(a) Current Investments	16	0.7	-			
(b) Stock-in- trade	17	310.9	1,412.7			
(c) Trade receivables	18	7,097.5	2,920.4			
(d) Cash and bank balances	19	8,669.9	6,271.6			
(e) Short-term loans and advances	20	323.8	249.1			
(f) Other current assets	21	733.8	519.3			
		17,136.6	11,373.1			
		20,401.6	13,920.2			
Summary of significant accounting policies	2					
<b>I Revenue from operations</b>						
(a) Brokerage income				7,755.9	6,604.4	
(b) Income from services				4,982.9	3,492.0	
(c) Interest and other operating income	22			1,086.3	956.9	
(d) Profit/(loss) on securities (net)	23			213.9	182.3	
<b>Total revenue</b>				14,039.0	11,235.6	
<b>II Expenses:</b>						
(a) Employee benefits expense	24			4,735.5	3,924.4	
(b) Operating expenses	25			1,449.9	1,171.7	
(c) Finance costs	26			283.0	253.7	
(d) Depreciation and amortization expense	11			154.6	159.4	
(e) Other expenses	27			2,206.2	2,016.0	
<b>Total expenses</b>				8,829.2	7,525.2	
<b>III Profit before tax</b>						
				5,209.8	3,710.4	
<b>IV Tax expense:</b>						
(a) Current tax				1,902.9	1,474.5	
(b) Deferred tax				(69.2)	(121.5)	
<b>Total tax expense</b>				1,833.7	1,353.0	
<b>V Profit after tax</b>						
				3,376.1	2,357.4	
<b>VI Earnings per equity share:</b>						
Basic & Diluted	28			4.19	2.93	
(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/E300005  
Chartered Accountants

PER SHRAWAN JALAN  
Partner  
Membership No.: 102102

Mumbai, April 20, 2017

For and on behalf of the Board of Directors

CHANDA KOCHHAR  
Chairperson  
DIN - 00043617

SHILPA KUMAR  
Managing Director & CEO  
DIN - 02404667

RAJU NANWANI  
Company Secretary

VINOD KUMAR DHALL  
Director  
DIN - 02591373

AJAY SARAF  
Executive Director  
DIN - 00074885

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 and Companies (Accounting Standards) Amendment Rules, 2016. 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.

**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) Commission 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 income 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 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 the fixed assets.

Asset	Useful life
<b>Tangible</b>	
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, 2016: 1,000,000,000 of ₹ 2/- each) equity shares of ₹ 2/- each  
5,000,000 (March 31, 2016 : 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, 2016 : 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, 2017	(₹ in million) As at March 31, 2016
<b>Authorised:</b>		
1,000,000,000 (March 31, 2016: 1,000,000,000 of ₹ 2/- each) equity shares of ₹ 2/- each	2,000.0	2,000.0
5,000,000 (March 31, 2016 : 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>
<b>Issued, subscribed and fully paid-up shares:</b>		
805,353,500 (March 31, 2016 : 805,353,500 of ₹ 2 each) equity shares of ₹ 2/- each fully paid	1,610.7	1,610.7
<b>Total issued, subscribed and fully paid-up share capital</b>	<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**

	As at March 31, 2017		As at March 31, 2016	
	Nos.	(₹ million)	Nos.	(₹ million)
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	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>805,353,500</b>	<b>1,610.7</b>	<b>805,353,500</b>	<b>1,610.7</b>

All the above, 805,353,500 (March 31, 2016: 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, 2017, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.55/- (March 31, 2016: ₹ 2.00/-).

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:

	(₹ in million)			(₹ in million)	
	As at March 31, 2017	As at March 31, 2016		As at March 31, 2017	As at March 31, 2016
(a) Securities premium account	244.0	244.0	<b>8. TRADE PAYABLES</b>		
(b) Translation reserve			Trade payables consist of the following:		
Opening balance	18.8	16.6	Trade payables		
Add: Additions during the year (net)	(0.2)	2.2	(a) Micro, small and medium enterprises	—	—
Closing balance	18.6	18.8	(Refer note 35 for details of dues to micro and small enterprises)		
(c) General reserve			(b) Others	8,713.6	5,952.0
Opening balance	666.8	666.8	<b>TOTAL</b>	<b>8,713.6</b>	<b>5,952.0</b>
Add: Additions during the year (net)	-	-			
Closing balance	666.8	666.8	<b>9. OTHER CURRENT LIABILITIES</b>		
(d) Surplus/deficit in profit & loss			Other current liabilities consist of the following:		
Opening balance	1,402.0	983.2	Income received in advance	37.6	69.6
Add: profit for the year	3,376.1	2,357.4	Other payables to (a) Micro, small and medium enterprises	-	-
	4,778.1	3,340.6	(Refer note 35 for details of dues to micro and small enterprises)		
Less: Appropriations			(b) Others	-	-
Interim dividend on equity shares	2,050.3	1,610.7	1) Statutory liabilities	312.9	271.0
Tax on equity dividend	417.4	327.9	2) Employee related liabilities	1,276.7	974.7
Transfer to general reserve	-	-	3) Other liabilities	40.8	54.3
Closing balance	2,310.4	1,402.0	<b>TOTAL</b>	<b>1,668.0</b>	<b>1,369.6</b>
<b>TOTAL</b>	<b>3,239.8</b>	<b>2,331.6</b>			
<b>5. OTHER LONG TERM LIABILITIES</b>			<b>10. SHORT TERM PROVISION</b>		
Other long term liabilities consist of the following:			Short-term provision consist of the following:		
Other liabilities	826.3	618.2	Provision for employees benefits		
<b>TOTAL</b>	<b>826.3</b>	<b>618.2</b>	i) Provision for gratuity	41.1	28.8
			ii) Provision for compensated absence	9.9	13.1
<b>6. LONG TERM PROVISION</b>			<b>TOTAL</b>	<b>51.0</b>	<b>41.9</b>
Long-term provisions consist of the following:					
Provision for employee benefits					
(a) Provision for gratuity	320.3	247.8			
(b) Provision for compensated absence	17.8	19.8			
<b>TOTAL</b>	<b>338.1</b>	<b>267.6</b>			
<b>7. SHORT TERM BORROWINGS</b>					
Short-term borrowings consist of the following:					
(a) Unsecured loans					
Commercial paper	3,954.1	1,728.6			
(repayable within one year)					
<b>TOTAL</b>	<b>3,954.1</b>	<b>1,728.6</b>			

**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)		
<b>Gross Block (At Cost)</b>											
<b>At April 1, 2015</b>	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	
<b>At March 31, 2016</b>	248.3	31.3	67.8	116.7	209.7	673.8	229.0	25.8	254.8	928.6	
Additions	24.4	3.7	4.5	28.8	42.9	104.3	50.7	-	50.7	155.0	
Sale / Adjustment *	39.0	2.9	2.6	17.1	12.7	74.3	45.8	0.5	46.3	120.6	
<b>At March 31, 2017</b>	233.7	32.1	69.7	128.4	239.9	703.8	233.9	25.3	259.2	963.0	
<b>Depreciation</b>											
<b>At April 1, 2015</b>	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	
<b>At March 31, 2016</b>	166.4	17.1	32.5	60.7	146.5	423.2	125.8	25.8	151.6	574.8	
Additions	47.5	6.6	13.0	23.4	15.9	106.4	48.2	-	48.2	154.6	
Sale / Adjustment *	38.8	0.7	1.8	14.3	12.1	67.7	44.5	0.5	45.0	112.7	
<b>At March 31, 2017</b>	175.1	23.0	43.7	69.8	150.3	461.9	129.5	25.3	154.8	616.7	
<b>Net Block</b>											
At March 31, 2016	81.9	14.2	35.3	56.0	63.2	250.6	103.2	0.0	103.2	353.8	
<b>At March 31, 2017</b>	58.6	9.1	26.0	58.6	89.6	241.9	104.4	0.0	104.4	346.3	

\* Fixed assets sale / adjustments includes effect of foreign currency translation amounting to ₹ 0.0 million (Previous year ₹ 0.3 million).

	As at March 31, 2017	(₹ in million) As at March 31, 2016	As at March 31, 2017	(₹ in million) As at March 31, 2016
--	-------------------------	---	----------------------------	--

## 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, 2017	As at March 31, 2016
<b>Trade Investments</b>				
<b>In equity shares (valued at cost)</b>				
<b>Subsidiary Company:</b>				
(a) ICICI Securities Holding Inc.(unquoted)	1,664(1,664)	-	728.2	728.2
Less :Provision for investment			(605.5)	(605.5)
			122.7	122.7
<b>Others:</b>				
(a) Bombay Stock Exchange Limited (quoted)	11,414 (22,828)	₹ 2 (₹ 1)	0.0	0.0
(b) Receivable Exchange India Limited (unquoted)	1,500,000 (Nil)	₹ 10 (Nil)	15.0	-
(c) Universal Trustees Private Limited (unquoted)	180,000 (180,000)	₹ 10 (₹ 10)	9.4	9.4
(d) Parabolic Drugs Limited (quoted)	794,000 (794,000)	₹ 10 (₹ 10)	45.5	45.5
Less :Provision for investment			(49.4)	(42.7)
			20.5	12.2
<b>TOTAL</b>			143.2	134.9

- Aggregate amount of quoted investments (market value ₹ 17.4 million , previous year ₹ 4.3 million) **2.8** **2.8**
- Aggregate amount of unquoted investments (₹ 0 million indicates values are lower than ₹ 1 million) **140.4** **132.1**
- 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	22.1	32.5
(b) Provision for gratuity	125.1	95.7
(c) Provision for compensated absence	9.6	11.4
(d) Provision for lease rent escalation	65.3	52.4
(e) Depreciation	44.1	38.2
(f) Provision for investments	5.7	4.9
(g) Provision for FCTR	-	0.8
(h) Provision for long term incentive and statutory bonus	305.7	258.9
(i) Revenue recognition	-	13.6
(j) MTM loss	0.2	0.2
<b>TOTAL</b>	<b>577.8</b>	<b>508.6</b>

## 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	334.9	317.1
ii) Security deposit with stock exchanges	25.8	25.8
iii) Advance tax (net of provision for tax)	971.8	889.7
iv) Loans and advances to related parties		
a) ICICI Lombard General Insurance Co. Limited	0.1	0.1
v) Security deposit with related parties		
a) ICICI Bank Limited	2.6	-
vi) Other loans and advances		
a) Prepaid expenses	1.9	2.3
b) Other security deposit	6.8	7.8
c) Others	14.0	12.8
<b>TOTAL</b>	<b>1,357.9</b>	<b>1,255.6</b>

Loans and advances to related parties pertains to:

ICICI Bank Limited ₹ 2.6 million (Previous year : ₹ Nil million)

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	9.0	0.6
(b) Fixed deposits with banks *		
i) In India	794.1	260.9
ii) Outside India	8.4	8.6
	802.5	269.5
<b>TOTAL</b>	<b>811.5</b>	<b>270.1</b>

\* 1)Fixed deposits under lien with stock exchanges amounted to ₹ 731.3 million (Previous year: ₹ 208.0 million) and kept as collateral security towards bank guarantees issued amounted to ₹ 8.6 million (Previous year: ₹ 9.1 million) and kept as collateral security against bank overdraft facility amounted to ₹ 59.9 million (Previous year: ₹ Nil) and others ₹ 2.6 million (Previous year: ₹ 52.4 million)

2) Fixed deposits having maturity more than 3 months ₹ Nil (Previous year: ₹ Nil)

## 16. CURRENT INVESTMENTS

Current investments consist of the following

Name of the Company	Quantity Nos	NAV per unit	As at March 31, 2017	(₹ in million) As at March 31, 2016
In quoted mutual funds (valued at cost)				
(a) ICICI Mutual Fund FMP SR 68745D PLJ	50,000 (Nil)	₹ 13.6	0.7	-
			0.7	-

## 17. STOCK-IN-TRADE

Stock-in-trade consist of the following:

### Secured

#### (a) Equity shares (quoted):

Mahindra Lifespace Dev Ltd. **0.0** **-**

#### (b) Non-convertible debentures

1.43 % HDFC NCD 28 MAR 2017 **-** **1,412.7**

8.90 % INDIABULLS HOUSING FIN LTD 26 09 2021 **1.8** **-**

9.10 % DEWAN HOUSING FINANCE CORP LIMITED **150.1** **-**

9.25 % DEWAN HOUSING FINANCE 09/09/2023 **33.5** **-**

10.75 %DEWAN HOUSING FINANCE 23/08/2099 **50.3** **-**

RCL Market Linked Debentures Series B-190 **53.7** **-**

RCL Market Linked Debentures Series B-198 **21.5** **-**

**310.9** **1,412.7**

### TOTAL

**310.9** **1,412.7**

- Stock in trade are valued at cost or market value whichever is lower.
- The aggregate carrying value and market value of quoted securities as at March 31, 2017 is ₹ 310.9 million (Previous year: ₹ 1,412.7 million) and ₹ 314.4 million (previous year ₹ 1,412.8 million) respectively.
- The above include securities on the Company's account due to trading errors on behalf of the customers.
- ₹ 0 million indicates values are lower than ₹ 1 million.



**26. FINANCE COST**

Finance cost consist of the following:

(a) Interest expense	276.7	251.2
(b) Bank charges	6.3	2.5
<b>TOTAL</b>	<b>283.0</b>	<b>253.7</b>

**27. OTHER EXPENSES**

Other expenses consist of the following:

(a) Rent and amenities	720.3	736.2
(b) Insurance	3.3	3.8
(c) Traveling and conveyance expenses	214.3	205.0
(d) Business promotion expenses	180.5	71.0
(e) Repairs, maintenance, upkeep and others	384.1	328.1
(f) Rates and taxes	54.5	109.8
(g) Electricity expenses	98.6	85.4
(h) Communication expenses	145.9	123.6
(i) (Profit) / Loss on sale of fixed assets (net)	2.5	12.6
(j) Advertisement and publicity	85.1	69.9
(k) Printing and stationery	32.3	28.8
(l) Subscription and periodicals	73.7	67.3
(m) Professional fees	106.9	89.8
(m) Auditors' remuneration	8.6	9.2
(n) Corporate Social Responsibility (CSR) Expenses	65.4	47.0
(o) Recruitment expenses	23.1	20.3
(p) Foreign exchange (gain) / loss (net)	0.4	3.4
(q) Donation	0.6	2.9
(r) Miscellaneous expenses	6.1	1.9
<b>TOTAL</b>	<b>2,206.2</b>	<b>2,016.0</b>

**28. EARNINGS PER SHARE**

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

Particulars	Year ended	Year ended
	March 31, 2017	March 31, 2016
<b>Basic &amp; Diluted earnings per share</b>		
Net profit after tax, before preference dividend (₹ in million)	3,376.1	2,357.5
Net profit after tax and preference dividend (₹ in million) (A)	3,376.1	2,357.5
Weighted average no. of equity shares outstanding (in millions) (B)	805.4	805.4
Basic & diluted earnings per share (₹) (A) / (B)	4.19	2.93
Nominal value per share (₹)	2.00	2.00

**29 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.

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

**D. Key Management Personnel**

a) Shilpa Kumar	Managing Director & CEO (from November 1, 2016)
b) Anup Bagchi	Managing Director & CEO (till October 31, 2016)
c) 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,	
	2017	2016	2017	2016	2017	2016
<b>Income from services and brokerage (commission and fees)</b>	<b>399.6</b>	<b>108.7</b>			<b>28.7</b>	<b>30.6</b>
ICICI Home Finance Company Limited					733.7	595.7
ICICI Prudential Life Insurance Company Limited					1.2	3.0
ICICI Securities Primary Dealership Limited					9.3	8.7
ICICI Lombard General Insurance Company Limited					76.7	5.3
ICICI Prudential Asset Management Company Limited						
ICICI Securities Inc			-	2.5		
ICICI Venture Funds Management Company Limited					13.5	0.0
ICICI Investment Management Company Limited					-	-
ICICI Bank UK PLC					-	1.0
<b>Interest income</b>	<b>216.7</b>	<b>353.4</b>				
<b>Staff expenses</b>	<b>13.0</b>	<b>13.1</b>				
ICICI Securities Primary Dealership Limited					(0.0)	(1.0)
ICICI Prudential Life Insurance Company Limited					2.4	2.4
ICICI Lombard General Insurance Company Limited					83.0	84.2
<b>Operating expenses</b>	<b>526.2</b>	<b>431.1</b>				
ICICI Securities Primary Dealership Limited					-	5.3
ICICI Securities Inc			161.7	157.9		
<b>Other expenses</b>	<b>154.9</b>	<b>134.0</b>				
ICICI Lombard General Insurance Company Limited					3.2	3.4
ICICI Securities Primary Dealership Limited					1.2	4.3
ICICI Prudential Life Insurance Company Limited					2.9	(0.1)
ICICI Securities Inc			7.6	7.3		
<b>Finance cost</b>	<b>7.7</b>	<b>3.9</b>				
<b>Dividend paid</b>	<b>2,050.3</b>	<b>1,610.7</b>				

(₹ in million)

Nature of Transaction	Holding Company		Subsidiary Company		Fellow Subsidiary Company	
	March 31,		March 31,		March 31,	
	2017	2016	2017	2016	2017	2016
<b>Share capital</b>	<b>1,610.7</b>	<b>1,610.7</b>				
<b>Payables</b>	<b>110.8</b>	<b>102.0</b>				
ICICI Lombard General Insurance Company Limited					0.5	0.4
ICICI Securities Primary Dealership Limited					0.5	0.4
ICICI Prudential Life Insurance Company Limited					0.6	-

Nature of Transaction	(₹ in million)					
	Holding Company		Subsidiary Company		Fellow Subsidiary Company	
	March 31, 2017	2016	March 31, 2017	2016	March 31, 2017	2016
ICICI Securities Inc			14.6	26.5		
Fixed assets purchases	1.2	-				
<b>Fixed assets sold</b>	<b>3.8</b>	<b>-</b>				
<b>Investment</b>						
ICICI Securities Holding Inc			122.7	122.7		
[Net of Provision of ₹ 605.5 million (Previous year ₹ 605.5 million)]						
<b>Cash Credit</b>						
Fixed deposits	735.4	3,779.1				
<b>Accrued interest Income</b>	<b>42.9</b>	<b>138.6</b>				
<b>Bank balance</b>	<b>1,001.5</b>	<b>104.5</b>				
(Net of current liabilities of ₹ Nil million (Previous year ₹ 4.5 million))						
<b>Deposit</b>	<b>2.6</b>	<b>-</b>				
ICICI Lombard General Insurance Company Limited					0.1	0.1
Loans & advances (including prepaid expenses)	0.0	0.1				
ICICI Lombard General Insurance Company Limited					4.8	3.4
ICICI Prudential Life Insurance Company Limited					2.1	1.8
ICICI Securities Primary Dealership Limited					0.1	0.1
<b>Receivables</b>	<b>0.0</b>	<b>-</b>				
ICICI Prudential Life Insurance Company Limited					0.3	114.7
ICICI Lombard General Insurance Company Limited					0.0	0.0
ICICI Prudential Asset Management Company Limited					2.1	1.2
ICICI Home Finance Company Limited					3.9	4.7
ICICI Venture Funds Management Company Limited					9.5	-
ICICI Securities Primary Dealership Limited					-	0.5
<b>Accrued income</b>	<b>10.7</b>	<b>17.8</b>				
ICICI Lombard General Insurance Company Limited					0.7	0.6
ICICI Prudential Life Insurance Company Limited					118.2	19.1
ICICI Prudential Asset Management Company Limited					8.8	-
ICICI Home Finance Company Limited					3.2	4.3
ICICI Venture Funds Management Company Limited					0.3	-

Nature of Transaction	(₹ in million)					
	Holding Company		Subsidiary Company		Fellow Subsidiary Company	
	March 31, 2017	2016	March 31, 2017	2016	March 31, 2017	2016
Purchase value of bond	-	1,358.0				
ICICI Securities Primary Dealership Limited					66.4	332.6
<b>Corporate guarantee</b>						
ICICI Securities Inc			-	99.4		

The Company has contributed ₹ 49.0 million (Previous year ₹ 36.0 million) to the corpus of ICICI Foundation for Inclusive Growth as part of the CSR expenditure.

Key Management Personnel

The details of compensation paid for the year ended March 31, 2017 as below -

Key Management Personnel	(₹ in million)	
	March 31, 2017	March 31, 2016
Shilpa Kumar, MD & CEO (from November 1, 2016)	9.8	Nil
Anup Bagchi, MD & CEO (till October 31, 2016)	40.5	44.6
Ajay Saraf, Executive Director	28.4	29.1

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

The company has received brokerage amounting to ₹ 0.0 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.

### 30 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	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Change in Defined Benefit Obligation</b>		
Opening obligations	312.5	240.8
Service cost	39.8	29.7
Interest cost	24.5	18.2
Actuarial (gain) / loss	55.5	42.7
Liabilities assumed on acquisition / (settled on divestiture)	(15.7)	-
Benefits paid	(18.0)	(18.9)
<b>Total Obligation</b>	<b>398.6</b>	<b>312.5</b>
<b>Defined benefit obligation liability</b>	<b>398.6</b>	<b>312.5</b>
<b>Change in Fair Value of Assets</b>		
Opening plans assets, at fair value	38.5	60.3
Expected return on plan assets	1.3	2.1
Actuarial gain / (loss)	4.3	(4.9)
Contributions by employer	30.0	-
Assets acquired on acquisition / (settled on divestiture)	(15.6)	-
Benefits paid	(18.0)	(18.9)
<b>Plan assets</b>		
Fair value of plan assets at the end of the year	40.5	38.5
Present value of the defined benefit obligations at the end of the period	(398.6)	(312.5)
<b>Asset / (liability)</b>	<b>(358.1)</b>	<b>(274.0)</b>
<b>Cost for the period</b>		
Service cost	39.8	29.7
Interest cost	24.5	18.2
Expected return on plan assets	(1.3)	(2.1)
Actuarial (gain) / loss	51.2	47.6
<b>Net cost</b>	<b>114.2</b>	<b>93.4</b>
<b>Investment details of plan assets</b>		
Insurer Managed Funds	97.00%	96.00%
Others	3.00%	4.00%
<b>Assumptions</b>		
Interest rate (p.a.)	6.75%	7.65%
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 2017 - 2018.

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, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined benefit obligation	398.7	312.5	240.8	182.5	146.1
Plan assets	40.5	38.5	60.3	55.7	41.4
Surplus/(deficit)	(358.1)	(274.0)	(180.5)	(126.8)	(104.7)
Experience adjustments on plan liabilities	34.9	24.8	24.1	21.0	13.3
Experience adjustments on plan assets	4.4	(4.9)	10.6	1.0	(1.3)

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, 2017	March 31, 2016
Discount rate	6.50%	7.45%
Increase in Incentive amount	0.00%	0.00%

### 31. 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, 2017	March 31, 2016
Audit fees	5.3	5.3
Tax audit	0.7	0.7
Certification fees	2.5	3.0
Out of pocket expenses	0.1	0.2
<b>Total</b>	<b>8.6</b>	<b>9.2</b>

### 32. 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, 2017	March 31, 2016
Earnings:		
Income from services	193.7	112.7
Expenditure:		
Procurement & other expenses	363.1	271.9

### 33. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 22.5 million (Previous year ₹ 4.6 million).

### 34. CONTINGENT LIABILITIES

The following are details of contingent liabilities.

- Direct tax matters disputed by the Company are ₹ 1,420.3 million (Previous year - ₹ 1,471.9 million).
- Indirect tax matters disputed by the Company are ₹ 156.1 million (Previous year - ₹ 156.1 million).
- The Company has underwritten the Rights issue of equity shares of Mahindra Lifespace Developers Limited to the tune of ₹ 1,475.1 million as on March 31, 2017 (Previous year - ₹ Nil).
- Customer complaints not acknowledged as debts is ₹ 32.5 million (Previous year - ₹ Nil).

### 35. 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, 2017. 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.

### 36. DERIVATIVE INSTRUMENTS

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

(₹ in million)

Particulars	For the year ended		For the year ended	
	March 31, 2017		March 31, 2016	
Type	Quantity	Market Value	Quantity	Market Value
Type				
Futures (net)	51,000	469.1	49,650	386.5
Options (net)	(168,150)	(5.1)	(150,600)	7.1
Interest rate futures	300,000	31.2	-	-

### 37. 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 USD = ₹ 64.85 (Previous year US \$ 0.1 million @ closing rate of 1 USD = ₹ 66.26)
Payable	US \$ 0.0 million @ closing of 1 USD = ₹ 64.85 (Previous year Nil), HK \$ 0.0 million @ closing of 1 HKD = ₹ 8.35 (Previous year Nil).

### 38. 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, 2017	Year ended March 31, 2016
Lease payments recognized in the Statement of Profit and Loss during the year		
- Minimum lease payments	623.0	631.2
- Contingent Rent		
Sub-lease payments received/receivable recognized in the Statement of Profit and Loss during the year	25.0	25.9
Minimum Lease Payments :		
- Not later than one year	125.2	204.6
- Later than one year but not later than five years	511.6	462.2
- Later than five years	263.0	389.30

### 39 SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED

The details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 are as provided in the table below -

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	-	-	-
Add : Permitted receipts	-	0.0	0.0
Less : Permitted payments	-	-	-
Less : Amount deposited in Banks	-	(0.0)	(0.0)
<b>Closing cash in hand as on December 30, 2016</b>	-	-	-

(₹ 0.0 million indicates values are lower than ₹ 1 million.)

### 40 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.

As per our report attached

For and on behalf of the Board of Directors

For S.R. BATLIBOI & CO. LLP  
ICAI Firm Registration No.: 301003E/E300005  
Chartered Accountants

Per SHRAWAN JALAN  
Partner  
Membership No.:102102

Mumbai, April 20, 2017

CHANDA KOCHHAR  
Chairperson  
DIN - 00043617

SHILPA KUMAR  
Managing Director & CEO  
DIN - 02404667

RAJU NANWANI  
Company Secretary

VINOD KUMAR DHALL  
Director  
DIN - 02591373

AJAY SARAF  
Executive Director  
DIN - 00074885

PRASHANT MOHTA  
Chief Financial Officer

# cash flow statement



for the year ended March 31, 2017

I-5ec

	(₹ million)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,209.8	3,710.5
Add (less adjustments):		
- (Profit)/loss on sale of fixed assets	2.5	12.6
- Depreciation	154.6	159.4
- (Profit)/loss on sale of Investment	-	(0.0)
- Interest expense	276.7	251.2
- Provision for diminution in value of investment	6.7	-
- Foreign exchange (gain) / loss (net)	0.4	3.4
- Exchange adjustments	(0.2)	2.2
Operating profit before changes in operating assets and liabilities	<u>5,650.5</u>	<u>4,139.2</u>
Adjustments for net change in operating assets and liabilities		
- Current assets excluding cash and cash equivalents	-	-
a) (Increase) / decrease in current assets	(4,852.4)	(522.0)
b) (Increase) / decrease in long term loans & advances	(102.3)	(146.0)
c) (Increase) / decrease in other non-current assets	(541.3)	(108.6)
d) (Increase) / decrease in advance tax (net of provision)	82.1	78.0
e) (Increase) / decrease in current investments	0.7	-
f) (Increase) / decrease in capital advance	-	0.0
- Current liabilities relating to operations	-	-
a) Increase / (decrease) in non current liabilities	278.5	218.7
b) Increase / (decrease) in trade payable	2,761.6	346.2
c) Increase / (decrease) in other current liabilities	320.9	(153.5)
d) Increase / (decrease) in short-term provision	9.1	0.8
e) Increase / (decrease) in foreign exchange (gain) / loss (net)	(0.4)	(3.4)
Cash generated from operations	<u>(2,043.5)</u>	<u>(289.5)</u>
Payment of taxes (net)	<u>3,607.0</u>	<u>3,849.7</u>
- Prior period item	-	-
Net cash from operating activities	<u>1,622.0</u>	<u>2,297.2</u>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
- Purchase of investments	(15.7)	0.0
- Purchase of fixed assets	(159.3)	(172.2)
- Sale of fixed assets	5.5	7.4
Net cash used in investment activities	<u>(169.5)</u>	<u>(164.8)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Increase/ (decrease) in borrowings (net)	2,225.5	(536.7)
- Interest paid	(276.7)	(251.2)
- Dividends and dividend tax paid	(2,490.2)	(1,926.5)
Net cash used in financing activities	<u>(541.4)</u>	<u>(2,714.4)</u>
Net change in cash & cash equivalents	911.1	(582.0)
Cash and cash equivalents at the beginning of the year	141.5	723.5
Cash and cash equivalents at the end of the year	<u>1,052.6</u>	<u>141.5</u>
Cash and cheques on hand	10.2	10.2
In Current account with banks		
- In India with scheduled banks	1,010.1	1,010.1
- Outside India	32.3	32.3
- Fixed deposit with maturity less than 3 months	-	-
	<u>1,052.6</u>	<u>1,052.6</u>
Cash and cash equivalents at the end of the period excludes:		
- Fixed deposits under lien ₹ 8,324.2 millions (March 31, 2016 ₹ 6,399.6 millions) and		
- Fixed deposits having maturity more than 3 months ₹ 95.5 millions (March 31, 2016 ₹ Nil).		

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

As per our report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & CO. LLP  
ICAI Firm Registration No.: 301003E/E300005  
Chartered Accountants

CHANDA KOCHHAR  
Chairperson  
DIN - 00043617

VINOD KUMAR DHALL  
Director  
DIN - 02591373

Per SHRAWAN JALAN  
Partner  
Membership No.: 102102

SHILPA KUMAR  
Managing Director & CEO  
DIN - 02404667

AJAY SARAF  
Executive Director  
DIN - 00074885

Mumbai, April 20, 2017

RAJU NANWANI  
Company Secretary

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 31 March 2017, 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 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 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 31 March 2017, 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;

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements
- (d) 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 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company none of the directors are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act. Since the subsidiaries are not incorporated in India, the provisions of Section 164(2) of the Act are not applicable and hence not commented upon.
- (f) 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 subsidiaries are not incorporated in India, no separate report on internal financial controls over financial reporting of the Holding Company is being issued.
- (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 as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 33 to the consolidated financial statements;
- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2017
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2017. Since the subsidiaries are incorporated outside India the provisions of the Act relating to Investor Education and Protection Fund are not applicable and hence not commented upon.
- iv. The Holding Company has provided requisite disclosures in Note 36 to these consolidated financial statements as to the holding of Specified Bank Notes on 8 November 2016 and 30 December 2016 as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Holding Company and as produced to us by the Management of the Holding Company. Since the subsidiaries are incorporated outside India the provisions of the Act relating to Specified Bank Notes is not applicable and hence not commented upon.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/300005

per SHRAWAN JALAN  
Partner  
Membership No.: 102102

Mumbai, April 20, 2017

# consolidated balance sheet

# consolidated profit and loss account

at March 31, 2017

for the year ended March 31, 2017

	Notes	₹ in million		Notes	₹ in million	
		As at March 31, 2017	As at March 31, 2016		For the year ended March 31, 2017	For the year ended March 31, 2016
<b>I EQUITY AND LIABILITIES</b>						
<b>1 Shareholders' funds</b>						
(a) Share capital	3	1,610.7	1,610.7			
(b) Reserves and surplus	4	3,285.1	2,370.9			
		<u>4,895.8</u>	<u>3,981.6</u>			
<b>2 Non-current liabilities</b>						
(a) Other long term liabilities	5	826.5	627.5			
(b) Long-term provisions	6	338.1	267.6			
		<u>1,164.6</u>	<u>895.1</u>			
<b>3 Current liabilities</b>						
(a) Short-term borrowings	7	3,954.1	1,728.6			
(b) Trade payables	8	8,699.3	5,925.4			
(c) Other current liabilities	9	1,709.6	1,402.3			
(d) Short-term provisions	10	51.0	41.9			
		<u>14,414.0</u>	<u>9,098.2</u>			
		<u>20,474.4</u>	<u>13,974.9</u>			
<b>II ASSETS</b>						
<b>1 Non-current assets</b>						
(a) Fixed assets	11					
(i) Tangible assets		241.9	250.9			
(ii) Intangible assets		104.4	103.2			
(iii) Capital work-in-progress		0.5	3.8			
(iv) Intangible assets under development		27.9	20.3			
		<u>374.7</u>	<u>378.2</u>			
(b) Non-current investments	12	20.5	12.2			
(c) Deferred tax assets (Net)	13	577.8	508.6			
(d) Long-term loans and advances	14	1,361.8	1,292.7			
(e) Other non-current assets	15	811.5	270.1			
		<u>3,146.3</u>	<u>2,461.8</u>			
<b>2 Current assets</b>						
(a) Current investments		0.7	-			
(b) Stock-in-trade	16	310.9	1,412.7			
(c) Trade receivables	17	7,100.5	2,933.3			
(d) Cash and bank balances	18	8,823.6	6,394.2			
(e) Short-term loans and advances	19	358.7	253.6			
(f) Other current assets	20	733.7	519.3			
		<u>17,328.1</u>	<u>11,513.1</u>			
		<u>20,474.4</u>	<u>13,974.9</u>			
<b>Summary of significant accounting policies</b>	2					
<b>III. The accompanying notes are an integral part of the consolidated financial statements.</b>						
				<b>I Revenue from operations</b>		
				(a) Brokerage income	7,758.9	6,607.3
				(b) Income from services	4,982.9	3,499.3
				(c) Interest and Other operating income	21	1,086.6
				(d) Profit/(loss) on securities (net)	22	213.9
					<u>14,042.3</u>	<u>11,245.8</u>
				<b>II Total revenue</b>		
				<b>III Expenses:</b>		
				(a) Employee benefits expense	23	4,846.1
				(b) Operating expenses	24	1,289.5
				(c) Finance costs	25	287.4
				(d) Depreciation and amortization expense		154.8
				(e) Other expenses	26	2,244.1
					<u>8,821.9</u>	<u>7,504.8</u>
				<b>IV Profit before tax</b>		<u>5,220.4</u>
				<b>V Tax expense:</b>		
				(a) Current tax		1,903.7
				(b) Deferred tax		(69.2)
					<u>1,834.5</u>	<u>1,353.8</u>
				<b>Total tax expense</b>		
				<b>VI Profit after tax</b>		<u>3,385.9</u>
				<b>VII Earnings per equity share:</b>		
				Basic & Diluted	27	4.20
				(Face value ₹ 2/- per share)		2.96
				<b>Summary of significant accounting policies</b>	2	
				<b>VIII The accompanying notes are an integral part of the consolidated financial statements.</b>		

As per our report of even date

For S. R. BATLIBOI & CO. LLP  
ICAI Firm Registration No.: 301003E/E300005  
Chartered Accountants

Per SHRAWAN JALAN  
Partner  
Membership No.: 102102

Mumbai, April 20, 2017

For and on behalf of the Board of Directors

CHANDA KOCHHAR  
Chairperson  
DIN - 00043617

SHILPA KUMAR  
Managing Director & CEO  
DIN - 02404667

RAJU NANWANI  
Company Secretary

VINOD KUMAR DHALL  
Director  
DIN - 02591373

AJAY SARAF  
Executive Director  
DIN - 00074885

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 and Companies (Accounting Standards) Amendment Rules, 2016. 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.

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) Commission 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 income 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 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 the fixed assets.

Asset	Holding Company Useful Life	Subsidiaries Useful Life
<b>Tangible</b>		
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 Useful life	Subsidiaries Useful life
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 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 compensated 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.

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.

### 3. SHARE CAPITAL

#### Authorized:

1,000,000,000 (March 31, 2016: 1,000,000,000 of ₹ 2/- each) equity shares of ₹ 2/- each  
5,000,000 (March 31, 2016 : 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, 2016 : 805,353,500 of ₹ 2 each) equity shares of ₹ 2/- each fully paid  
**TOTAL**

	As at March 31, 2017	(₹ in million) As at March 31, 2016
	<b>2,000.0</b>	2,000.0
	<b>500.0</b>	500.0
	<b>2,500.0</b>	2,500.0
	<b>1,610.7</b>	1,610.7
	<b>1,610.7</b>	1,610.7

### 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, 2016: 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, 2017, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.55 (March 31, 2016: ₹ 2.00).

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. 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, 2017	(₹ in million) As at March 31, 2016		As at March 31, 2017	(₹ in million) As at March 31, 2016
(a) Securities premium account	244.0	244.0	<b>7. SHORT TERM BORROWINGS</b>		
(b) Translation reserve			Short-term borrowings consist of the following:		
Opening balance	70.1	60.2	(a) Unsecured loans		
Add : Additions during the year (net)	(4.0)	9.9	Commercial paper	3,954.1	1,728.6
Closing balance	66.1	70.1	(All commercial papers are payable within one year)		
(c) General reserve			<b>TOTAL</b>	<b>3,954.1</b>	<b>1,728.6</b>
Opening balance	666.8	666.8	<b>8. TRADE PAYABLES</b>		
Add : Additions during the year (net)	-	-	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	1,390.0	941.4	ii) Others	8,699.3	5,925.4
Add: profit for the year	3,385.9	2,387.2	<b>TOTAL</b>	<b>8,699.3</b>	<b>5,925.4</b>
Less: Appropriations	4,775.9	3,328.6	<b>9. OTHER CURRENT LIABILITIES</b>		
Interim dividend on equity shares	2,050.3	1,610.7	Other current liabilities consist of the following:		
Tax on equity dividend	417.4	327.9	(a) Income received in advance	37.6	69.6
Transfer to general reserve	-	-	(b) Other payables		
Closing balance	2,308.2	1,390.0	i) Micro, small and medium enterprises	-	-
<b>TOTAL</b>	<b>3,285.1</b>	<b>2,370.9</b>	ii) Others		
<b>5. OTHER LONG TERM LIABILITIES</b>			1) Statutory liabilities	312.9	271.0
Other long-term liabilities consist of the following:			2) Employee related liabilities	1,276.7	974.7
Other liabilities	826.5	627.5	3) Other liabilities	82.4	87.0
<b>TOTAL</b>	<b>826.5</b>	<b>627.5</b>	<b>TOTAL</b>	<b>1,672.0</b>	<b>1,332.7</b>
<b>6. LONG TERM PROVISION</b>			<b>TOTAL</b>	<b>1,709.6</b>	<b>1,402.3</b>
Long-term provisions consist of the following:			<b>10. SHORT TERM PROVISION</b>		
a) Provision for employee benefits			Short-term provision consist of the following:		
i) Provision for gratuity	320.3	247.8	(a) Provision for employees benefits		
ii) Provision for compensated absence	17.8	19.8	i) Provision for gratuity	41.1	28.8
<b>TOTAL</b>	<b>338.1</b>	<b>267.6</b>	ii) Provision for compensated absence	9.9	13.1
			<b>TOTAL</b>	<b>51.0</b>	<b>41.9</b>

**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)	
<b>Gross Block (At Cost)</b>										
At April 1, 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
Additions	24.4	3.7	4.5	28.8	42.9	104.3	50.7	-	50.7	155.0
Sale / Adjustment *	46.2	15.1	4.6	17.0	12.6	95.5	46.8	0.5	47.3	142.8
<b>At March 31, 2017</b>	<b>233.6</b>	<b>28.5</b>	<b>73.8</b>	<b>128.5</b>	<b>244.0</b>	<b>708.4</b>	<b>233.9</b>	<b>25.5</b>	<b>259.4</b>	<b>967.8</b>
Depreciation										
At April 1, 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
Additions	47.6	6.6	13.0	23.4	15.9	106.5	48.3	-	48.3	154.8
Sale / Adjustment *	46.0	13.0	3.5	14.2	12.0	88.7	45.6	0.5	46.1	134.8
<b>At March 31, 2017</b>	<b>175.0</b>	<b>23.0</b>	<b>44.2</b>	<b>69.9</b>	<b>154.4</b>	<b>466.5</b>	<b>129.5</b>	<b>25.5</b>	<b>155.0</b>	<b>621.5</b>
Net Block										
At March 31, 2016	82.0	10.5	39.2	56.0	63.2	250.9	103.2	(0.0)	103.2	354.1
<b>At March 31, 2017</b>	<b>58.6</b>	<b>5.5</b>	<b>29.6</b>	<b>58.6</b>	<b>89.6</b>	<b>241.9</b>	<b>104.4</b>	<b>(0.0)</b>	<b>104.4</b>	<b>346.3</b>

\* Fixed assets sale/ adjustments includes effect of foreign currency translation amounting to ₹ 0.0 million (Previous year ₹ 0.3 million).

	As at March 31, 2017	(₹ in million) As at March 31, 2016	As at March 31, 2017	(₹ in million) As at March 31, 2016
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## 12. NON-CURRENT INVESTMENTS

Non-current investments consist of the following:

Name of the Company	Quantity Nos.	Face value per unit	As at March 31, 2017	As at March 31, 2016
(₹ in million)				
a) Trade Investments				
In equity shares (valued at cost)				
Others:				
i) Bombay Stock Exchange Limited (quoted)	11,414 (22,828)	₹ 2/ (₹ 1)	0.0	0.0
ii) Universal Trustees Private Limited (unquoted)	180,000(1,80000)	₹ 10(₹ 10)	9.4	9.4
iii) Parabolic Drugs Limited (quoted)	7,94,000(794,000)	₹ 10(₹ 10)	45.5	45.5
iv) Receivable Exchange of Iindia Ltd.(Unquoted)	15,00,000(NIL)	₹ 10(₹ NIL)	15.0	-
			<b>69.9</b>	<b>54.9</b>
Less : Provision for investment			<b>49.4</b>	<b>42.7</b>
<b>TOTAL</b>			<b>20.5</b>	<b>12.2</b>
1) Aggregate amount of quoted investments (market value ₹ 17.9 million, Previous year ₹ 4.3 million)			<b>2.8</b>	<b>2.8</b>
2) Aggregate amount of unquoted investments (₹ 0 million indicates values are lower than ₹ 1 million)			<b>17.7</b>	<b>9.4</b>
3) 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	22.1	32.5
ii) Provision for gratuity	125.1	95.7
iii) Provision for compensated absence	9.6	11.4
iv) Provision for lease rent escalation	65.3	52.4
v) Depreciation	44.1	38.2
vi) Provision for investments	5.7	4.9
vii) Provision for FCTR	-	0.8
viii) Provision for long term incentive and statutory bonus	305.6	258.9
ix) Revenue Recognition	-	13.6
x) MTM Loss	0.3	0.2
<b>Total Deferred tax assets</b>	<b>577.8</b>	<b>508.6</b>
<b>Total</b>	<b>577.8</b>	<b>508.6</b>

## 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	334.9	350.5
ii) Security deposit with stock exchanges	30.4	30.6
iii) Advance tax (net of provision for tax)	971.0	888.6
iv) Loans and advances to related parties		
a) ICICI Lombard General Insurance Co. Limited	0.1	0.1
v) Security deposit with related parties		
a) ICICI Bank Limited	2.6	
vi) Other loans & advances		
a) Prepaid expenses	1.9	2.3
b) Other security deposit	6.8	7.8
c) Others	14.1	12.8
vi) Capital advances	-	-
<b>TOTAL</b>	<b>1,361.8</b>	<b>1,292.7</b>

Loans and advances to related parties pertains to:

ICICI Lombard General Insurance Co. Limited ₹ 0.1 million (Previous year: ₹ 0.1 million)

ICICI Bank Ltd ₹ 2.6 million (Previous year: ₹ Nil million)

## 15. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

(a) Interest receivable	9.0	0.6
(b) Fixed Deposits with banks (under lien)*		
i) In India	794.1	260.9
ii) Outside India	8.4	8.6
<b>TOTAL</b>	<b>802.5</b>	<b>269.5</b>
	<b>811.5</b>	<b>270.1</b>

\* Fixed deposits under lien with stock exchanges amounted to ₹ 731.3 million (Previous year : ₹ 208.0 million) and kept as collateral security towards bank guarantees issued amounted to ₹ 8.6 million (Previous year : ₹ 9.1 million) and kept as collateral security against bank overdraft facility amounted to ₹ 60.0 million (Previous year: ₹ Nil) others ₹ 2.6 million (Previous year ₹ 52.4 million)

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)

(a) Equity shares (quoted)		
i) Mahindra Lifespace Dev Ltd.	0.0	-
(b) Non Convertible Debentures (quoted)		
i) 1.43 % HDFC NCD 28 MAR 2017	-	1,412.7
ii) 8.90 % INDIABULLS HOUSING FIN LTD 26 09 2021	1.8	
iii) 9.10 % DEWAN HOUSING FINANCE CORP LIMITED	150.1	-
iv) 9.25 % DEWAN HOUSING FINANCE 09/09/2023	33.5	-
v) 10.75 % DEWAN HOUSING FINANCE 23/08/2099	50.3	-
vi) RCL Market Linked Debentures Series B-190	53.7	-
vii) RCL Market Linked Debentures Series B-198	21.5	-
<b>TOTAL</b>	<b>310.9</b>	<b>1,412.7</b>

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, 2017 is ₹ 310.9 million

(Previous year: ₹ 1,412.7 million) and ₹ 314.4 million (Previous year ₹ 1,412.8 million) respectively.

	As at March 31, 2017	(₹ in million) As at March 31, 2016		As at March 31, 2017	(₹ in million) As at March 31, 2016
<b>17. TRADE RECEIVABLES</b>					
Trade receivables consist of the following:					
<b>Secured</b>					
<b>(a) Receivables outstanding for a period exceeding six months:</b>					
1) Considered good	-	-			
2) Considered doubtful	-	-			
<b>(b) Others</b>					
(1) Considered good	6,519.3	2,362.4			
(2) Considered doubtful	-	-			
Less: Provision for doubtful debt	-	-			
<b>TOTAL (A)</b>	<u>6,519.3</u>	<u>2,362.4</u>			
<b>Unsecured</b>					
<b>(a) Receivables outstanding for a period exceeding six months:</b>					
(1) Considered good	7.8	9.3			
(2) Considered doubtful	46.8	77.8			
<b>(b) Others</b>					
(1) Considered good	573.4	561.6			
(2) Considered doubtful	7.8	7.1			
Less: Provision for doubtful debt	(54.6)	(84.9)			
<b>TOTAL (B)</b>	<u>581.2</u>	<u>570.9</u>			
<b>TOTAL (A) + (B)</b>	<u><u>7,100.5</u></u>	<u><u>2,933.3</u></u>			
<b>18. CASH AND BANK BALANCE:</b>					
Cash and bank balances consist of the following:					
<b>Cash and cash equivalents</b>					
Cash and cheques on hand	10.2	19.3			
<b>Balances with Banks</b>					
<b>(a) In Current accounts with banks</b>					
i) In India	1,010.1	114.8			
ii) Outside India	186.0	130.0			
<b>(b) Fixed Deposit with maturity less than 3 months</b>	-	-			
	<u>1,206.3</u>	<u>264.1</u>			
<b>Other bank balances</b>					
Fixed deposits in India*	7,617.3	6,130.1			
<b>TOTAL</b>	<u><u>8,823.6</u></u>	<u><u>6,394.2</u></u>			
* Fixed deposits under lien with stock exchanges amounted to ₹ 6,936.5 million (Previous year : ₹ 6,100.5 million) and kept as collateral security towards bank guarantees issued amounted to ₹ 0.4 million (Previous year : ₹ 0.5 million) and kept as collateral security against bank overdraft facility amounted ₹ 504.2 million (Previous year ₹ 29.1 million) others ₹ 80.7 million (Previous year ₹ 29.1 million)					
* Fixed deposits having maturity more than 3 months ₹ 95.5 million (Previous year ₹ Nil million)					
<b>19. SHORT-TERM LOANS AND ADVANCES:</b>					
Short term loans and advances consist of the following:					
<b>(a) Unsecured, considered good</b>					
i) Margin deposits with stock exchange	-	-			
ii) Security deposit for leased premises and assets	55.7	37.7			
<b>(b) Other loans &amp; advances</b>					
a) Prepaid expenses	35.5	37.5			
b) Advance to creditors	28.7	34.2			
c) Other advances	238.8	144.2			
<b>TOTAL</b>	<u><u>358.7</u></u>	<u><u>253.6</u></u>			
<b>20. OTHER CURRENT ASSETS</b>					
Other current assets consist of the following:					
(a) Accrued income	447.7	306.7			
(b) Interest receivable	286.0	212.6			
<b>TOTAL</b>	<u><u>733.7</u></u>	<u><u>519.3</u></u>			
<b>21. INTEREST AND OTHER OPERATING INCOME</b>					
Interest and other operating income consist of the following:					
			<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>	
(a) Interest Income on					
i) Fixed deposits and application money			602.8	724.6	
ii) Securities held as stock-in-trade			3.8	64.7	
iii) Other advances and deposits			0.2	0.3	
iv) Interest on late payments			470.3	156.3	
(b) Dividend income			0.1	0.2	
(c) Other income			9.4	10.8	
<b>TOTAL</b>			<u><u>1,086.6</u></u>	<u><u>956.9</u></u>	
<b>22. PROFIT / (LOSS) ON SECURITIES (NET)</b>					
Profit / (Loss) on securities (net) consist of the following:					
			<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>	
(a) Profit/(loss) on securities (net)			213.9	182.3	
(b) Profit / (loss) on sale of investments			-	0.0	
<b>TOTAL</b>			<u><u>213.9</u></u>	<u><u>182.3</u></u>	
(₹ 0 million indicates values are lower than ₹ 1 million)					
<b>23. EMPLOYEE BENEFITS EXPENSE</b>					
Employee benefits expense consist of the following:					
(a) Salaries, wages and bonus			4,344.1	3,572.4	
(b) Contribution to provident and other funds			268.2	233.3	
(c) Staff welfare expenses			233.8	208.0	
<b>TOTAL</b>			<u><u>4,846.1</u></u>	<u><u>4,013.7</u></u>	
<b>24. OPERATING EXPENSES</b>					
Operating expenses consist of the following:					
(a) Brokerage and Commission			455.2	393.4	
(b) Transaction charges			89.0	69.5	
(c) Turnover fees and stamp duty			6.4	8.2	
(d) Custodial and depository charges			378.2	300.7	
(e) Call centre charges			125.6	98.6	
(f) Franking charges			91.0	70.0	
(Net of recoveries ₹ 39.4 million, Previous year ₹ 43.0 million)					
(g) Rating agency fees			2.0	2.0	
(h) Scanning expenses			36.9	36.3	
(i) Customer loss compensation			42.2	4.4	
(j) Bad and doubtful debts			34.6	9.0	
(k) Other operating expenses			28.4	22.9	
<b>TOTAL</b>			<u><u>1,289.5</u></u>	<u><u>1,015.0</u></u>	
<b>25. FINANCE COST</b>					
Finance cost consist of the following:					
(a) Interest expense			276.7	251.2	
(b) Bank charges			10.7	7.2	
<b>TOTAL</b>			<u><u>287.4</u></u>	<u><u>258.4</u></u>	

### 26. OTHER EXPENSES

Other expenses consist of the following:

	(₹ in million)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Rent and amenities	723.6	743.2
(b) Insurance	3.5	4.1
(c) Traveling and conveyance expenses	223.2	214.2
(d) Business promotion	179.7	75.8
(e) Repairs, maintenance, upkeep and others	387.3	330.7
(f) Rates and taxes	54.8	110.1
(g) Electricity expenses	98.6	85.4
(h) Communication expenses	147.7	125.7
(i) (Profit) / loss on sale of fixed asset (net)	2.5	12.6
(j) Advertisement and publicity	85.2	69.9
(k) Printing and stationery	32.7	29.3
(l) Subscription and periodicals	79.3	73.4
(m) Professional fees	114.3	98.4
(n) Auditors' remuneration	12.6	11.8
(o) Corporate social responsibility expenses	65.4	47.0
(p) Recruitment expense	23.1	20.3
(q) Foreign exchange (gain) / loss (net)	3.9	1.7
(r) Donation	0.6	2.9
(s) Miscellaneous expenses	6.1	1.6
<b>TOTAL</b>	<b>2,244.1</b>	<b>2,058.1</b>

### 27. EARNINGS PER SHARE

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Basic &amp; diluted earning per share</b>		
Net profit after tax, before preference dividend (₹ million)	3,385.9	2,387.2
Net profit after tax and preference dividend (₹ million)	3,385.9	2,387.2
Weighted average no. of equity shares outstanding (in million)	805.4	805.4
Basic & diluted earnings per share (₹)	4.20	2.96
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

- Shilpa Kumar Managing Director & CEO (from November 1, 2016)
- Anup Bagchi Managing Director & CEO (till October 31, 2016)
- Ajay Saraf Executive Director

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

Nature of Transaction	(₹ in million)			
	Holding Company March 31,		Fellow Subsidiary Company March 31,	
	2017	2016	2017	2016
<b>Income from services and brokerage (commission and fees)</b>	399.6	108.7		
ICICI Home Finance Company Limited			28.7	30.6
ICICI Prudential Life Insurance Company Limited			733.7	595.7
ICICI Securities Primary Dealership Limited			1.2	5.9
ICICI Lombard General Insurance Company Limited			9.3	8.7
ICICI Prudential Asset Management Company Limited			76.7	5.3
ICICI Prudential Trust Limited			-	-
ICICI Venture Funds Management Company Limited			13.5	0.0
ICICI Investment Management Company Limited			-	-
ICICI Bank UK PLC			-	1.0
<b>Interest income</b>	216.7	353.4		
<b>Staff expenses</b>	13.0	13.1		
ICICI Securities Primary Dealership Limited			(0.0)	(1.0)
ICICI Prudential Life Insurance Company Limited			2.4	2.4
ICICI Lombard General Insurance Company Limited			83.0	84.2
<b>Operating expenses</b>	526.2	431.1		
ICICI Securities Primary Dealership Limited			-	5.3
<b>Other expenses</b>	154.9	134.0		
ICICI Lombard General Insurance Company Limited			3.2	3.4
ICICI Securities Primary Dealership Limited			1.2	4.3
ICICI Prudential Life Insurance Company Limited			2.9	(0.1)
<b>Finance cost</b>	11.4	7.8		
<b>Dividend paid</b>	2,050.3	1,610.7		

Nature of Transaction	(₹ in million)			
	Holding Company March 31,		Fellow Subsidiary Company March 31,	
	2017	2016	2017	2016
<b>Share capital</b>	1610.7	1,610.7		
Payables	110.8	102.0		
ICICI Lombard General Insurance Company Limited			0.5	0.4
ICICI Prudential Life Insurance Company Limited			0.6	-
ICICI Securities Primary Dealership Limited			0.5	0.4
<b>Fixed assets purchases</b>	1.2			
<b>Fixed assets sold</b>	3.8			
<b>Fixed deposits</b>	735.4	3,779.1		
<b>Accrued interest Income</b>	42.9	138.6		
<b>Bank balance</b>	1,001.5	104.5		
(Net of Current liabilities of ₹ NIL million (Previous year ₹ 4.5 million))				
<b>Deposit</b>	2.6			
ICICI Lombard General Insurance Company Limited			0.1	0.1
<b>Loans &amp; advances (including prepaid expenses)</b>	0.0	0.7		
ICICI Lombard General Insurance Company Limited			4.8	3.4
ICICI Prudential Life Insurance Company Limited			2.1	1.8
ICICI Securities Primary Dealership Limited			0.1	0.1
<b>Receivables</b>	0.0	0.0		
ICICI Prudential Life Insurance Company Limited			0.3	114.7
ICICI Lombard General Insurance Company Limited			0.0	0.0
ICICI Prudential Asset Management Company Limited			2.1	1.2
ICICI Home Finance Company Limited			3.9	4.7
ICICI Securities Primary Dealership Limited			-	3.4
ICICI Venture Funds Management Company Limited			9.5	-
<b>Accrued income</b>	10.7	17.8		
ICICI Lombard General Insurance Company Limited			0.7	0.6
ICICI Prudential Life Insurance Company Limited			118.2	19.1
ICICI Prudential Asset Management Company Limited			8.8	-
ICICI Home Finance Company Limited			3.2	4.3
ICICI Venture Funds Management Company Limited			0.3	-

Nature of Transaction	(₹ in million)			
	Holding Company March 31,		Fellow Subsidiary Company March 31,	
	2017	2016	2017	2016
<b>Purchase value of bond</b>	-	1,358.0		
ICICI Securities Primary Dealership Limited			66.4	332.6
<b>Sale value of bond</b>	-	-	-	-

The Company has contributed ₹ 49.0 million (Previous Year ₹ 36.0 million) to the corpus of ICICI Foundation for Inclusive Growth as part of the CSR expenditure.

**Key Management Personnel**

Key Management Personnel	Year ended March 31, 2017	Year ended March 31, 2016
1) Shilpa Kumar, MD & CEO (From November 1, 2016)	9.8	-
2) Anup Bagchi, MD & CEO (Till October 31, 2016)	40.5	44.6
3) Ajay Saraf, Executive Director	28.4	29.1

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

The company has received brokerage amounting to ₹ 0.0 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)**
**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	Year ended	
	March 31, 2017	March 31, 2016
<b>Change in Defined Benefit Obligation</b>		
Opening obligations	312.5	240.8
Service cost	39.8	29.7
Interest cost	24.5	18.2
Actuarial (gain) / loss	55.5	42.7
Past service cost	-	-
Liabilities assumed on acquisition / (settled on divestiture)	(15.7)	-
Benefits paid	(18.0)	(18.9)
<b>Total Obligation</b>	<b>398.6</b>	<b>312.5</b>
<b>Defined benefit obligation liability</b>	<b>398.6</b>	<b>312.5</b>
<b>Change in Fair Value of Assets</b>		
Opening plan assets, at fair value	38.5	60.3
Expected return on plan assets	1.3	2.1
Actuarial gain / (loss)	4.3	(4.9)
Contributions by employer	30	-
Assets acquired on acquisition / (settled on divestiture)	(15.6)	-
Benefits paid	(18.0)	(18.9)
<b>Plan assets</b>		
Fair value of plan assets at the end of the year	(40.5)	(38.5)
Present value of the defined benefit obligations at the end of the period	398.6	312.5
	-	-
<b>Asset / (liability)</b>	<b>358.1</b>	<b>(274.0)</b>
<b>Cost for the period</b>		
Service cost	39.8	29.7
Interest cost	24.5	18.2
Expected return on plan assets	(1.3)	(2.1)
Actuarial (gain) / loss	51.2	47.8
Past Service Cost	-	-
<b>Net cost</b>	<b>114.2</b>	<b>93.4</b>
<b>Investment details of plan assets</b>		
Insurer Managed Funds	97.00%	96.00%
Others	3.00%	4.00%
<b>Assumptions</b>		
Interest rate (p.a.)	6.75%	7.65%
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 2017 - 2018

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, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined benefit obligation	398.6	312.5	240.8	182.5	146.1
Plan assets	40.5	38.5	60.3	55.7	41.4
Surplus/(deficit)	(358.1)	(274.0)	(180.5)	(126.8)	(104.7)
Experience adjustments on plan liabilities	34.9	24.8	24.1	21.0	13.3
Experience adjustments on plan assets	4.4	(4.9)	10.6	1.0	(1.3)

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, 2017	March 31, 2016
Discount rate	6.50%	7.45%
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, 2017		For the year ended March 31, 2016	
	Quantity	Market Value (₹)	Quantity	Market Value (₹)
Type				
Futures (net)	51,000	469.1	(49,650)	386.5
Options (net)	(168,150)	(5.1)	(150,600)	7.1
Interest Rate Futures	(300,000)	31.2	-	-

**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 31,2017	Year ended March 31,2016
	Lease payments recognized in the Statement of Profit and Loss during the year	
- Minimum lease payments	626.3	663.4
- Contingent Rent	-	-
Sub-lease payments received/receivable recognized in the Statement of Profit and Loss during the year	25.0	50.1
Minimum Lease Payments :		
- Not later than one year	125.2	236.3
- Later than one year but not later than five years	511.6	462.2
- Later than five years	263.0	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 ₹ 22.5 million (Previous year ₹ 4.6 million).

**33. CONTINGENT LIABILITIES**

The following are details of contingent liabilities.

- Direct tax matters disputed by the Company are ₹ 1,420.3million (Previous year - ₹ 1,471.9 million).
- Indirect tax matters disputed by the Company are ₹ 156.1 million (Previous year - ₹ 156.1 million).
- The Company has underwritten the right issue of equity shares of Mahindra Lifespace Developers Limited to the tune of ₹ 1,475.1 million as on March 31, 2017 (Previous year - ₹ Nil)
- Customer complaints not acknowledged as debts is ₹ 32.5 million (Previous year - ₹ Nil).

### 34. 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 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

Following are the disclosures for the three identified segments

(₹ 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, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
1 Segment Revenue	277.2	371.6	12,570.3	10,040.6	1,194.8	833.6	-	-	14,042.3	11,245.8
2 Segment Results	135.4	137.0	4,723.6	3,463.0	361.4	141.0	-	-	5,220.4	3,741.0
3 Income Tax expenses (net of deferred tax credit)	-	0	-	-	-	-	1,834.5	1,353.8	1,834.5	1,353.8
4 Net profit (2) - (3)									3,385.9	2,387.2
5 Segment Assets	1,272.0	2,172.8	17,576.7	10,048.7	77.1	356.2	1,548.6	1,397.2	20,474.4	13,974.9
6 Segment Liabilities	385.9	1,029.6	14,593.3	8,389.8	508.0	459.8	91.4	114.1	15,578.6	9,993.3
7 Cost of Acquisition of segment assets	0.4	0.4	148.3	178.9	6.3	6.8	-	-	155.0	186.1
8 Depreciation	0.4	0.4	148.1	151.8	6.3	7.4	-	-	154.8	159.6

### 35. 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, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016
1 ICICI Securities Ltd.	Parent	Indian	4,727.9	3,816.9	96%	96%	3,537.2	2,571.1	104%	105%
2 ICICI Securities Holding Inc.	Subsidiary	Foreign	32.5	38.7	1%	1%	(0.1)	0.9	0%	0%
3 ICICI Securities Inc.	Step-down Subsidiary	Foreign	135.4	126.0	3%	3%	(151.2)	(130.8)	-4%	-5%
<b>Total</b>			<b>4,895.8</b>	<b>3,981.6</b>	<b>100%</b>	<b>100%</b>	<b>3,385.9</b>	<b>2,387.2</b>	<b>100%</b>	<b>100%</b>

### 36. SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED

The details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 are as provided in the table below

(₹ in million)

Particulars	Specified Bank	Other Denomination	Total
<b>Change in Defined Benefit Obligation</b>			
Closing cash in hand as on November 8, 2016	-	-	-
Add : Permitted receipts	-	0.0	0.0
Less : Permitted payments	-	-	-
Less : Amount deposited in Banks	-	(0.0)	(0.0)
Closing cash in hand as on December 30, 2016	-	-	-

(₹ 0.0 million indicates values are lower than ₹ 1 million.)

### 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 of even date

For S. R. BATLIBOI & CO. LLP  
ICAI Firm Registration No.: 301003E/E300005  
Chartered Accountants

Per SHRAWAN JALAN  
Partner  
Membership No.: 102102

Mumbai, April 20, 2017

For and on behalf of the Board of Directors

CHANDA KOCHHAR  
Chairperson  
DIN - 00043617

SHILPA KUMAR  
Managing Director & CEO  
DIN - 02404667

RAJU NANWANI  
Company Secretary

VINOD KUMAR DHALL  
Director  
DIN - 02591373

AJAY SARAF  
Executive Director  
DIN - 00074885

PRASHANT MOHTA  
Chief Financial Officer

# consolidated cash flow statement



for the year ended March 31, 2017

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	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A Cash flow from operating activities</b>		
Profit before tax	5,220.4	3,741.0
- (Profit)/loss on sale of fixed assets	2.5	12.6
- (Profit)/loss on sale of Investment	-	(0.0)
- Depreciation	154.8	159.6
- Interest expense	276.7	251.2
- Foreign currency translation reserve	(4.0)	9.9
- Provision for diminution in value of investment	6.7	-
- Foreign exchange (gain) / loss (net)	3.9	1.7
Operating profit before changes in operating assets and liabilities	5,661.0	4,176.0
Adjustments for net change in operating assets and liabilities		
- Current assets excluding cash and cash equivalents		
a) (Increase)/ decrease in current assets	(4,872.9)	(535.0)
b) (Increase)/ decrease in other non-current assets	(541.4)	(145.9)
c) (Increase)/ decrease in long-term loans and advances	(68.9)	(108.5)
d) (Increase)/ decrease in advance tax net of provision	82.4	78.0
e) (Increase)/ decrease in current investments	0.7	-
f) (Increase)/ decrease in capital advances	-	(0.0)
- Current Liabilities relating to operations		
a) Increase/ (decrease) in non-current liabilities	269.5	209.4
b) Increase/ (decrease) in trade payables	2,773.9	352.9
c) Increase/ (decrease) in other current liabilities	329.8	(150.7)
d) Increase/ (decrease) in short term provisions	9.1	1.0
e) Increase/ (decrease) in foreign exchange (gain) / loss (net)	(3.9)	(1.7)
Cash generated from operations	3,639.3	3,875.5
Payment of taxes (net)	(1,986.1)	(1,553.3)
<b>Net cash from operating activities</b>	<b>1,653.2</b>	<b>2,322.2</b>
<b>B Cash flow from investment activities</b>		
- (Purchase) of investments	(15.7)	0.0
- (Purchase) of fixed assets	(159.4)	(172.4)
- Sale of fixed assets	5.5	7.4
<b>Net cash used in investment activities</b>	<b>(169.6)</b>	<b>(165.0)</b>
<b>C Cash flow from financing activities</b>		
- Increase/ (decrease) in borrowings (net)	2,225.5	(536.7)
- Interest paid	(276.7)	(251.2)
- Dividends and dividend tax paid	(2,490.2)	(1,926.6)
<b>Net cash used in financing activities</b>	<b>(541.4)</b>	<b>(2,714.5)</b>
Net change in cash & cash equivalents	942.2	(557.3)
Cash and cash equivalents at the beginning of the year	264.1	821.4
Cash and cash equivalents at the end of the year	1,206.3	264.1
<b>Components of cash and cash equivalents (Note 18)</b>		
Cash and cheques on hand	10.2	19.3
In current account with banks		
- In India with scheduled banks	1,010.1	114.8
- Outside India	186.0	130.0
Fixed deposit with maturity less than 3 months	-	-
<b>Total Cash and cash equivalents</b>	<b>1,206.3</b>	<b>264.1</b>

"Cash and cash equivalents at the end of the period excludes:  
- Fixed deposits under lien ₹ 8,324.3 millions (March 31, 2016 ₹ 6,399.6 millions) and  
- Fixed deposits having maturity more than 3 months ₹ 95.5 (March 31, 2016 ₹ Nil millions)."

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/E300005  
Chartered Accountants

Per SHRAWAN JALAN  
Partner  
Membership No.: 102102

Mumbai, April 20, 2017

For and on behalf of the Board of Directors

CHANDA KOCHHAR  
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DIN - 00043617

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