ICICI Securities Holdings Inc

ICICI SECURITIES HOLDINGS, INC.

21ST ANNUAL REPORT AND ACCOUNTS 2020-2021

Directors
Sandeep Goel *(Chairman)*
Anthony Coulthard
Bishen Pertab

Auditors
KNAV P.A.
Certified Public Accountants

Registered Office
251 Little Falls Drive
Wilmington, DE 19808
United States of America

directors' report

to the members,

The Directors are pleased to present the Twenty First Annual Report of ICICI Securities Holdings, Inc. along with the audited statement of accounts for the financial year ended March 31, 2021.

OPERATIONAL REVIEW

During fiscal 2021, the Company maintained its registration with the Division of Corporations, Secretary of State, State of Delaware in accordance with the provisions of the General Corporation Law of the State of Delaware. The Company is not currently registered with any regulatory authority, has no full–time employees and does not carry out any business activities in the United States ('US'). The Company will continue to grow its wholly-owned subsidiary, viz. ICICI Securities, Inc., in its efforts to increase business from the institutional segment in US, Canada and Singapore.

FINANCIAL HIGHLIGHTS

(US$)

	Fiscal 2021	
	Standalone	Consolidated
Gross income	-	2,497,196
Profit /(Loss) before tax	(16,877)	234,364
Provision for tax	(16,404)	(22,429)
Profit /(Loss) after tax	(473)	256,793

SUBSIDIARY COMPANY

The Company's wholly–owned subsidiary, ICICI Securities, Inc., is registered with the Securities and Exchange Commission ('SEC') and is a member of the Financial Industry Regulatory Authority ('FINRA'). ICICI Securities, Inc. has its main office in New York, USA and branch office in Singapore, which holds a Capital Market Services license granted by the Monetary Authority of Singapore ('MAS') for the purpose of dealing in capital markets products. ICICI Securities Inc. also operates under the International Dealer registration exemption from the Canadian Securities Administrators ('CSA') that enables it to expand its reach to institutional investors in the provinces of British Columbia, Ontario and Quebec. ICICI Securities, Inc. refers major institutional investors in the US, Canada and Singapore, who propose to deal in securities listed on the Indian Stock Exchanges, to its foreign affiliates viz., ICICI Securities Limited and ICICI Securities Primary Dealership Limited.

During fiscal 2021, the subsidiary strengthened its positioning during the pandemic among its US, Canada and Singapore institutional investors by conducting virtual meetings with clients and Indian corporates, analysts and industry experts. These activities added value to the decision making process of its clients by providing differentiated research, access to corporate management and experts from various fields. It also helps to penetrate new clients, as well as strengthen its foothold among existing clients, resulting in higher broking income.

SHARE CAPITAL

During the year, there was no change in the paid-up equity share capital of the Company.

DIRECTORS

As at March 31, 2021, following are the Directors of the Company:

Sandeep Goel (Chairman)
Anthony Coulthard
Bishen Pertab

During fiscal 2021, the Board accepted the resignation of Warren Law as Director of the Company and approved the appointment of Anthony Coulthard as a Director on the Board of Directors of the Company w.e.f October 21, 2020. The Board places on its record, its appreciation for the valuable contribution, leadership and guidance rendered by Warren Law during his tenure as a Director of the Company.

AUDITORS

There were no qualifications, reservations, adverse remarks or disclaimers of the Auditors of the Company in the Auditors' Report for the year ended March 31, 2021. The Directors will appoint and set the compensation of financial auditor of the Company for FY2022.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company confirm:

i. that the applicable accounting standards have been followed in the preparation of the annual accounts and that there are no material departures;

ii. 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, 2021 and of the loss of the Company for the year ended on that date;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

iv. that the annual accounts have been prepared on a 'going concern' basis; and

v. 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.

ACKNOWLEDGEMENTS

The Directors would like to thank the statutory authorities and the Company's bankers for their continued support.

The Directors express their gratitude for the unstinted support and guidance received from the Company's shareholders, ICICI Securities Limited and other group companies.

For and on behalf of the Board

Date: April 16, 2021
Place: Canada

Sandeep Goel
Chairman

independent auditors' report

to the Management and Member, ICICI Securities Holding Inc.

We have audited the accompanying consolidated financial statements of ICICI Securities Holdings Inc. ('the Company), which comprise the consolidated balance sheet as of March 31, 2021, and the related consolidated statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 auditors' 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 control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ICICI Securities Holdings Inc. as of March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

KNAV P.A.
Atlanta, Georgia

April 17, 2021

ICICI Securities Holdings Inc

consolidated balance sheet

as at March 31, 2021

	$	₹ 000*
Assets		
Cash	**26,01,864**	*1,90,222*
Certificates of deposit	**21,17,367**	*1,54,801*
Due from affiliated companies	**3,81,666**	*27,904*
Fixed assets, net of accumulated depreciation of $17,289 (₹ 1,264 thousand*)	**6,479**	*474*
Deposits	**87,785**	*6,418*
Prepaid expenses	**22,977**	*1,680*
Deferred tax asset	**2,48,238**	*18,149*
Other assets	**5,455**	*399*
Total assets	**54,71,831**	*4,00,047*
Liabilities and Stockholder's Equity		
Accounts payable and other accrued liabilities	**6,62,665**	*48,447*
Income taxes payable	**9,496**	*697*
Total liabilities	**6,72,161**	*49,144*
Stockholder's equity:		
Common stock, no par value. Authorized 3,000 shares; issued and outstanding 1,664 shares	**1,66,40,000**	*12,16,550*
Additional paid in capital	**11,737**	*858*
Accumulated deficit	**(1,18,52,067)**	*(8,66,505)*
Total stockholder's equity	**47,99,670**	*3,50,903*
Total liabilities and stockholder's equity	**54,71,831**	*4,00,047*

** ₹ figures are reported post conversion at closing rate for convenience and are unaudited*

The accompanying notes are an integral part of this consolidated financial statement.

consolidated statement of operations

for the year ended March 31, 2021

	$	₹ 000*
Revenues		
Transfer pricing revenue	24,08,598	1,76,093
Interest income	53,709	3,927
Foreign exchange gain	34,889	2,551
	24,97,196	**1,82,571**
Expenses		
Compensation and benefits	16,70,801	1,22,152
Professional fees	2,26,510	16,560
Occupancy	1,22,989	8,992
Communications	1,11,553	8,156
Bank charges	70,335	5,142
Regulatory fees and expenses	28,732	2,101
Travel, entertainment and promotional	10,225	748
Depreciation	2,800	205
Other	18,887	1,381
	22,62,832	**1,65,437**
Net income before income taxes	2,34,364	17,134
Income tax benefit	(22,429)	(1,640)
Net income	**2,56,793**	**18,774**

** ₹ figures are reported post conversion at closing rate for convenience and are unaudited*

The accompanying notes are an integral part of this consolidated financial statement.

for the year ended March 31, 2021

$	Common Stock	Share Based Compensation	Accumulated Deficit	Total
Balance at March 31, 2020	1,66,40,000	-	(1,21,08,860)	45,31,140
Share based compensation		11,737		11,737
Net income	-	-	2,56,793	2,56,793
Balance at March 31, 2021	1,66,40,000	11,737	(1,18,52,067)	47,99,670

₹ 000*	Common Stock	Share Based Compensation	Accumulated Deficit	Total
Balance at March 31, 2020	12,16,550	-	(8,85,279)	3,31,271
Share based compensation	-	858	-	858
Net income	-	-	18,774	18,774
Balance at March 31, 2021	12,16,550	858	(8,66,505)	3,50,903

** ₹ figures are reported post conversion at closing rate for convenience and are unaudited*

The accompanying notes are an integral part of this consolidated financial statement.

ICICI Securities Holdings Inc

for the year ended March 31, 2021

	$	₹ 000*
Cash flows from operating activities:		
Net income	**2,56,793**	*18,774*
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**2,800**	*205*
Interest on certificates of deposit	**(53,664)**	*(3,923)*
Foreign exchange gain	**(34,889)**	*(2,551)*
Share based compensation	**11,737**	*858*
Deferred tax asset	**(6,025)**	*(440)*
Decrease (increase) in operating assets		-
Deposits	**3,947**	*289*
Prepaid expenses	**(967)**	*(71)*
Due from affiliated companies	**(84,886)**	*(6,206)*
Other assets	**14,789**	*1,081*
Increase (decrease) in operating liabilities:		-
Accounts payable and other accrued liabilities	**82,979**	*6,067*
Income taxes payable	**3,068**	*224*
Net cash provided by operating activities	**1,95,682**	*14,307*
Cash used in investing activities:		
Purchase of fixed assets	**(5,603)**	*(411)*
Net increase in cash	**1,90,079**	*13,896*
Effect of exchange rate changes on cash	**34,889**	*2,551*
Cash at beginning of year	**23,76,896**	*1,73,775*
Cash at end of year	**26,01,864**	*1,90,222*
Supplemental disclosures of cash flow information:		
Cash paid during the year for taxes	**-**	-

** ₹ figures are reported post conversion at closing rate for convenience and are unaudited*

The accompanying notes are an integral part of this consolidated financial statement.

1. **Organization**

The consolidated financial statements include the accounts of ICICI Securities Holdings, Inc. ("Holdings") and ICICI Securities Inc. (the "BD") (collectively the "Company").

Holdings was organized as a corporation in the State of Delaware on June 12, 2000, is a wholly owned subsidiary of ICICI Securities Limited ("Parent"), which in turn is a subsidiary of ICICI Bank Limited, an Indian financial services company listed on the major Indian stock exchanges. The Company provides brokerage and corporate finance services to institutional investors in the United States, Canada and Singapore, investing in securities of companies principally headquartered in India. In addition, it may provide brokerage services to Indian corporations wishing to invest in the United States and underwriting services for issuers wishing to offer securities to the marketplace. ICICI Securities Inc. is registered with the Securities and Exchange Commission (SEC) as a broker-dealer and is regulated by the Financial Industry Regulatory Authority (FINRA) and the Monetary Authority of Singapore (MAS). The Company is also approved to operate in Canada under the International Dealer Exemption in the provinces of British Columbia, Ontario and Quebec.

The broker-dealer's ("BD") customers transact their business on a delivery versus payment basis. The settlement of the customer securities transactions is facilitated by its Parent in India for securities traded in the Indian stock markets. Accordingly, the BD operates under the exemptive provisions of Rule 15c3-3(k)(2)(i) of the Securities Exchange Act of 1934, and it is also subject to Rule 15c3-1, the Uniform Net Capital Rule.

2. **Significant Accounting Policies**

Principles of Consolidation

The consolidated financial statements include the accounts of ICICI Securities Holdings Inc. and its subsidiary ICICI Securities Inc. All material intercompany transactions and balances have been eliminated in consolidation.

Cash

The Company maintains cash at banking institutions in various countries. Cash on deposit in U.S. financial institutions may at times exceed federal insurance limits. The Company also maintains cash deposits in a Singapore financial institution that is subject to the limits of the deposit insurance scheme administered by the Monetary Authority of Singapore.

Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Company files income taxes on a consolidated basis. Deferred tax assets and liabilities are recognized subject to management's judgment that realization is more likely than not.

2. **Significant Accounting Policies**

Foreign Currency

The U.S. dollar is considered the functional currency for the Company's foreign branch. The assets and liabilities of the foreign branch are remeasured from the local currency to U.S. dollar at current or historic exchange rates, as appropriate. Revenues and expenses are remeasured from the local currency to U.S. dollar using average monthly exchange rates for the month in which the transaction occurred. Remeasurement gains and losses are recorded in the statement of operations.

Estimates

These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Significant Judgements

Significant judgement is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

Transfer Pricing Revenue

The Company provides execution and brokerage services for transactions between its U.S. institutional investors and an Parent, in accordance with SEC Rule 15a-6a (3). Pursuant to a Master Services Agreement between the Company and the Parent, the Company provides execution, marketing and client relationship services to institutional customers in the purchase and sales of foreign securities. This represents the only performance obligation which is satisfied over time as the services are provided. The Company recorded revenue based on a cost plus 8% arrangement that was agreed to by the Company and the Parent and is in agreement with a transfer pricing study obtained by both the Company and its Parent. The Company has determined that its Parent would be deemed the customer.

Disaggregation of Revenue

Disaggregation can be found on the statement of operations for the year ended March 31, 2021 by type of revenue stream.

Contract Assets and Liabilities

There were no contract assets or liabilities at April 1, 2020 and March 31, 2021.

The Company had receivables due from its Parent of $506,804 (₹ 37,052 thousand*) and an affiliated company of $45,000 (₹ 3,290 thousand*) on April 1, 2020 and $359,166 (₹ 26,259 thousand*) from its Parent and $22,500 (₹ 1,645 thousand*) from the affiliate on March 31, 2021.

Accounts Receivable

Accounts receivable, if any, represents amounts due from customers for research services. The Company periodically reviews the receivables for collectability and the necessity to establish an allowance for uncollectable accounts. As of March 31, 2021, there were no accounts receivable balances; therefore, the Company determined that no allowance was required.

In June 2016, the FASB issued ASU 2016-13, Accounting for Financial Instruments - Credit Losses (Topic 326). ASU 2016-13 requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Under the new standard, the allowance for credit losses must be deducted from the amortized cost of the financial asset to present the net amount expected to be collected. The income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This provision of the guidance requires a modified retrospective transition method with a cumulative-effect adjustment in retained earnings upon adoption. This guidance became effective for the Company on April 1, 2020, and the Company adopted this guidance on that date which resulted in no adjustment to retained earnings.

3. **Fair Value Measurements**

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

* figures are reported post conversion at closing rate for convenience and are unaudited

Level 3 - Unobservable inputs for the asset or liability that rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Company's own data.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the Company's fair value hierarchy for the investments measured at fair value as of March 31, 2021:

				$
Securities owned, at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
CD - maturity date 12/18/21	-	1,062,414	-	1,062,414
CD - maturity date 06/05/21	-	1,054,953	-	1,054,953
Total	**-**	**2,117,367**	**-**	**2,117,367**

				₹ 000*
Securities owned, at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
CD - maturity date 12/18/21	-	77,673	-	77,673
Municipal bonds	-	-	-	
Corporate bonds	-	-	-	
CD - maturity date 06/05/21	-	77,128	-	77,128
Total	**-**	**1,54,801**	**-**	**1,54,801**

4. **Related Party Transactions**
The Company's customer securities transactions are facilitated by an affiliate in India. Commissions earned are collected and retained by the affiliate. The affiliate compensates the Company by paying its expenses plus a markup of 8%. The Company earned $2,408,598 (₹ 1,76,093 thousand*) in transfer pricing revenue. The Company also receives a fixed annual fee in the amount of $45,000 (₹ 3,290 thousand*) for providing certain administrative services to another affiliated Company and is included in transfer pricing revenue on the statement of operations. The total amount due from affiliated companies was $381,666 (₹ 27,904 thousand*) as of March 31, 2021.

5. **Net Capital Requirement**
The BD is subject to the Securities and Exchange Commission Uniform Net Capital (SEC Rule 15c3-1) ("the Rule") under the Securities Exchange Act of 1934. The BD has elected to use the alternative method permitted by the Rule, which requires that the BD maintains minimum net capital, as defined, shall not be less than $250,000 (₹ 18,278 thousand*). At March 31, 2021, the BD had net capital of approximately $1,275,000 (₹ 93,215 thousand*) which exceeded requirements by approximately $1,025,000 (₹ 74,938 thousand*).

6. **Off-Balance-Sheet Risk, Concentration Risk and Credit Risk**
The Company's policy is to continuously monitor its exposure to market and counterparty risk using a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the credit standing of each customer and/or other counterparty with which it conducts business.

A majority of the Company's operations are conducted through its Parent company located in India. The Company's performance can be significantly influenced by economic factors and risks inherent in conducting business in foreign countries, including government regulations, currency restrictions and other factors that may significantly affect management's estimates and the Company's performance.

Substantially all of the Company's cash is held in accounts at major financial institutions. Management does not expect any losses to result with respect to any of these concentrations.

A significant portion of the Company's assets are represented by receivables from its Parents and a foreign bank account. The Company is dependent on its Parent for 100% of its revenue.

7. **Income Taxes**
Current tax benefit of $22,429 (₹ 1,640 thousand*) represents state and local taxes. The deferred tax asset of $248,238 (₹ 18,149 thousand*) was computed using the effective tax rate of 21%.

The components of the net deferred tax assets are as follows:

Deferred tax assets:	$	₹ 000*
Net operating loss federal carry forward	15,79,459	1,15,474
Net operating loss state carry forward	32,448	2,372
Accrued liabilities	2,564	187
Foreign tax credit	12,083	883
Gross deferred tax assets	16,26,554	1,18,916
Less: valuation allowance	(13,78,316)	(1,00,767)
Deferred tax assets, net	2,48,238	18,149

At March 31, 2021, the Company's deferred tax assets were primarily related to federal net operating loss carryovers that primarily will start to expire in 2028. The value of the deferred tax asset was calculated based on estimated future earnings of the Company over the next five years.

The Company does not have any liabilities for uncertain tax position or any known unrecognized tax benefits at March 31, 2021. The Company recognizes accrued interest and penalties related to uncertain tax positions in income tax expense within the statement of operations; however, there are none for the year ended March 31, 2021. At this time, the Company does not expect any material change in the unrecognized tax benefits amount over the next twelve months.

8. **Certificate of Deposit**
At March 31, 2021, the Company held certificates of deposit that have two-year terms and are valued at cost plus accrued interest. The CD's are non-negotiable, not convertible into cash and non-redeemable prior to maturity.

9. **401(k) Plan**
The Company sponsors a qualified defined contribution salary reduction 401(k) plan covering all eligible employees. The maximum contribution payable under the plan is equal to a defined percentage of the eligible employee's salary subject to Internal Revenue Service ("IRS") limits.

Employee contributions may be matched at the discretion of the Company subject to IRS limits. The expense related to the 401(k) plan for the year-ended March 31, 2021 was $3,530 (₹ 258 thousand*).

10. **Commitments and Contingencies**
The Company rents office space under operating leases that expire January 31, 2021 and August 31, 2021, respectively. Future minimum payments through the end of the leases will be $70,108 (₹ 5,126 thousand*). Rent expense for the year was $103,996 (₹ 7,603 thousand*) and is reflected on the statement of operations.

The Company has a long-term incentive bonus plan in place that is partly dependent on the overall economic performance of the Company. To be eligible to receive payment, an employee must be employed by the Company past the payment date. The Company has accrued $325,991 (₹ 23,833 thousand*). representing the next payment due April 30, 2021. The amount is reflected in compensation and benefits on the statement of operations.

Future payments are as follows:

Due Date	**$**	**₹ 000***
April 30, 2021	325,991	23,833
April 30, 2022	250,037	18,280
April 30, 2023	115,914	8,474
	691,942	**50,587**

11. **Share Based Compensation**
ICICI Securities Limited, the parent, has formulated the ICICI Securities Limited - Employees Stock Option Scheme, 2017 (ESOS- 2017). This scheme envisaged grant of share options to eligible employees to enhance employee motivation, to enable employees to participate in the long term growth and financial success of the Company and to act as a retention mechanism, by enabling employee participation in the business as an active stakeholder to usher in an 'owner-manager' culture.

* figures are reported post conversion at closing rate for convenience and are unaudited

The employees of the Company have participated in the above scheme, based on which the employees of the Company have been granted stock options of the Ultimate Parent Company.

The Company accounts for stock compensation in accordance with ASC 718, "Compensation- Stock Compensation". ASC 718 requires share-based payments to employees, including grants of employee stock options and purchases under employee stock purchase plans, to be recognized in statements of operations based on their fair values. The Company elected to use the Black- Scholes pricing model to determine the fair value of the stock options on the date of grant. In accordance with ASC 718, stock compensation for all options granted that the Company expects to vest is recognized on a straight-line basis over the vesting period. In respect of options that have a graded vesting schedule and with only service conditions, compensation cost is recognized on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was-in-substance, multiple awards. In determining whether an award is expected to vest, the Company uses an estimated forfeiture rate based on historical rates. The estimated forfeiture rate is updated for actual forfeitures annually. An amount equal to such compensation expense for the year is credited to additional paid in capital of the company.

Details in respect of options granted to the Company's employees is as follows:

Scheme - ESOS - 2017

	Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
04/01/20			
Granted	12,400	4.92 (₹ 359.7)	3.51 to 5.51 years
Exercised	-		
Cancelled	-		
03/31/21	12,400		

Additional information on vesting
30% of the options would vest on May 7, 2021, 30% of the options would vest on May 7, 2022 and the balance of 40% of the options would vest on May 7, 2023.

The following assumptions were used in the calculation of the fair value of the grants in accordance with the Black-Scholes options pricing model:

Variables	Year Ended March 31, 2021
Risk free interest rate	5.08% to 5.70%
Expected life of options	3.51 to 5.51 years
Expected volatility	46.15% to 48.34%-
Expected dividend yield	2.76%-

During the year ended March 31, 2021, $11,737 (₹ 858 thousand*) was expensed and is reflected on the statement of operations in compensation and benefits.

12. COVID–19
During the 2020 calendar year, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern". This pandemic has disrupted economic markets and the economic impact, duration and spread of the COVID-19 virus is uncertain at this time. The financial performance of the Company is subject to future developments related to the COVID-19 outbreak and possible government advisories and restrictions placed on the financial markets and business activities. The impact on financial markets and the overall economy, all of which are highly uncertain, cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company's results may be materially affected. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

During the calendar year 2020 the Inland Revenue Authority of Singapore distributed cash grants to qualifying companies to support local businesses keeping employees fully employed. The grants bear no requirement to be repaid. The Company received $35,776 (₹ 2,616 thousand*) in such grants that are reflected on the statement of operations as a reduction to compensation and benefits.

13. Subsequent Events
The Company has evaluated subsequent events up to the date on which the consolidated financial statements are issued. The Company's evaluation noted no subsequent events that require adjustment to, or disclosure in, these consolidated financial statements.

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