ICICI Securities Holdings Inc

ICICI SECURITIES HOLDINGS, INC.

24th Annual report and Accounts 2023-24

Directors
Vikash Sharma (Chairman)
Anthony Coulthard
Bishen Pertab

Auditors
KNAV CPA LLP
Certified Public Accountants

Registered Office
4th Floor, 1120 Avenue of the Americas
New York, NY 10036,
United States of America

directors' report

to the members

The Directors are pleased to present the Twenty Fourth Annual Report of ICICI Securities Holdings, Inc. along with the audited statement of accounts for the financial year ended March 31, 2024.

OPERATIONAL REVIEW

During fiscal 2024, 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 Laws 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 of America ('USA'). 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 USA, Canada and Singapore.

FINANCIAL HIGHLIGHTS

(US$)

	Fiscal 2024	
	Standalone	**Consolidated**
Gross income	-	2,716,616
Profit /(Loss) before tax	(17,420)	245,976
Provision for tax	-	10,637
Profit /(Loss) after tax	(17,420)	235,339

SUBSIDIARY COMPANY

The Company's wholly–owned subsidiary, ICICI Securities, Inc. ('I-Sec 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. I-Sec Inc also operates under the International Dealer registration exemption from the Canadian Securities Administrators ('CSA') that enables its to expand its reach to institutional investors in the Canadian provinces of British Columbia, Ontario and Quebec. I-Sec Inc refers major institutional investors in USA, 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 2024, the subsidiary strengthened its positioning among USA, Canada and Singapore institutional investors by conducting virtual and in-person 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 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, 2024, following are the Directors of the Company:

Vikash Sharma (Chairman)
Anthony Coulthard
Bishen Pertab

There were no change in Directors during the fiscal 2024.

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, 2024. The Directors will appoint and set the compensation of financial auditor of the Company for FY2025.

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, 2024 and of the loss of the Company (standalone basis) 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, 2024

Place:______________ ____________________

Vikash Sharma

Chairman

Independent auditor's report

To the Member and the Management,
ICICI Securities Holdings Inc.

Opinion

We have audited the accompanying consolidated financial statements of ICICI Securities Holdings Inc. and Subsidiary (the "Company"), which comprise of the consolidated balance sheet as of March 31, 2024, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of March 31, 2024, 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.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KNAV P.A.

New York, NY
April 18, 2024

ICICI Securities Holdings Inc. and Subsidiary
(a Wholly owned subsidiary of ICICI Securities Limited)

As at March 31, 2024

	$	**₹ 000***
ASSETS		
Cash	3,137,199	261,658
Certificates of deposit	2,262,805	188,729
Due from affiliated companies	329,834	27,510
Fixed assets, net of accumulated depreciation of $15,183 (₹ 1,266 thousand*)	3,125	261
Deposits	87,585	7,305
Deferred tax asset	275,857	23,008
Other assets	37,167	3,100
Total assets	**6,133,572**	**511,571**
Liabilities and Stockholder's Equity		
Accounts payable and other accrued liabilities	559,015	46,625
Income taxes payable	9,472	790
Total liabilities	**568,487**	**47,415**
Stockholder's equity:		
Common stock, no par value. Authorized 1,500 shares; issued and outstanding 1,298 shares	16,640,000	1,387,859
Additional paid in capital	141,569	11,808
Accumulated deficit	(11,216,484)	(935,511)
Total stockholder's equity	**5,565,085**	**464,156**
Total liabilities and stockholder's equity	**6,133,572**	**511,571**

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

ICICI Securities Holdings Inc. and Subsidiary
(a Wholly owned subsidiary of ICICI Securities Limited)

Consolidated Statement of Operations
For the Year Ended March 31, 2024

	$	₹ 000*
Revenues		
Transfer pricing revenue	2,640,076	220,196
Interest Income	101,467	8,463
Foriegn exchange loss	(24,927)	(2,079)
	2,716,616	**226,580**
Expenses		
Compensation and benefits	1,751,185	146,058
Professional fees	198,391	16,547
Occupancy	130,225	10,861
Communications	112,653	9,396
Bank charges	71,174	5,936
Regulatory fees and expenses	28,842	2,406
Travel, entertainment and promotional	159,633	13,314
Depreciation	2,797	233
Other	16,024	1,337
	2,470,924	**206,088**
Net income before income taxes	245,692	20,492
Income tax	10,534	879
Net Income	**235,158**	**19,613**

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

ICICI Securities Holdings Inc. and Subsidiary
(a Wholly owned subsidiary of ICICI Securities Limited)

Consolidated Statement of Changes in Stockholder's Equity
For the Year Ended March 31, 2024

$

	Common Stock	Additional Paid in Capital	Accumulated Deficit	Total
Balance at March 31, 2023	16,640,000	69,284	(11,451,642)	5,257,642
Share based compensation	-	72,285	-	72,285
Net income	-	-	235,158	235,158
Balance at March 31, 2024	16,640,000	141,569	(11,216,484)	5,565,085

₹ 000*

	Common Stock	Additional Paid in Capital	Accumulated Deficit	Total
Balance at March 31, 2023	1,387,859	5,779	(955,124)	438,514
Share based compensation	-	6,029	-	6,029
Net income	-	-	19,613	19,613
Balance at March 31, 2024	1,387,859	11,808	(935,511)	464,156

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

ICICI Securities Holdings Inc. and Subsidiary
(a Wholly owned subsidiary of ICICI Securities Limited)

Consolidated Statement of Cash Flows
Year Ended March 31, 2024

	$	**₹ 000***
Cash Flow from operating activities :		
Net income	235,158	19,613
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	2,797	233
Accrued interest on certificates of deposit	(101,467)	(8,463)
Share based compensation	72,285	6,029
Deferred tax benefit	10,423	869
(Increase) in operating assets		
Deposits	1,343	112
Due from affiliated companies	(44,153)	(3,683)
Other assets	2,286	191
Increase (decrease) in operating liabilities		
Accounts payable and other accrued liabilities	53,570	4,468
Income taxes payable	(162)	(14)
Net cash provided by operating activities	232,080	19,355
Cash at beginning of year	2,905,119	242,303
Cash at end of year	3,137,199	261,658
Supplemental disclosures of non-cash flow information		
Cash paid during the year for taxes	4,022	336

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

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 2, 2000, and 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 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. The BD 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 BD’s customers transact their business on a delivery versus payment basis. The settlement of the customer securities transactions is facilitated by an affiliate in India for securities traded in the Indian stock markets. Accordingly, the Company 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**

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 tax returns on a consolidated basis. Deferred tax assets and liabilities are recognized subject to management’s judgement that realization is more likely than not.

2. **Significant Accounting Policies (continued)**

Foreign Currency

The U.S. dollar is considered the functional currency for the Company’s foreign branch located in Singapore. 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.

Basis of Presentation and Use of Estimates

These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) and are stated in US dollars 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 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.

<u>Significant Judgements</u>

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.

2. Significant Accounting Policies (continued)

Transfer Pricing Revenue

The Company provides execution and brokerage services for transactions between its U.S. institutional investors and an affiliate, in accordance with SEC Rule 15a-6(a)(3). Pursuant to a Master Services Agreement between the Company and the affiliate, 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 its affiliate. The Company has determined that its affiliate would be deemed to be the customer.

Disaggregation of Revenue

Disaggregation can be found on the statement of operations for the year ended March 31, 2024 by type of revenue stream.

Accounts Receivable and Contract Assets and Liabilities

Accounts receivable arise when the Company has an unconditional right to receive payment under a contract with a customer and are derecognized when the cash is received. There were no accounts receivable from third parties on April 1, 2023, and no contract assets or liabilities.

As of March 31, 2024, there were no accounts receivable from third parties, and no contract assets or liabilities.

Allowance for Credit Losses

The Company follows ASC Topic 326, Financial Instruments – Credit Losses (“ASC 326”). ASC 326 impacts the impairment model for certain financial assets by requiring a current expected credit loss ("CECL") methodology to estimate expected credit losses over the entire life of the financial asset.

The Company did not have any accounts receivable impacted by the guidance.

An allowance for credit losses may be based on the Company's expectation of the collectability of its receivables utilizing the CECL framework. The Company considers factors such as historical experience, credit quality, age of balances and current and future economic conditions that may affect the Company’s expectation of collectability in determining the allowance for credit losses. Since the Company had no accounts receivable from third parties, there is no credit risk; therefore, the Company has not provided an allowance for credit losses at March 31, 2024.

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.

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 judgement. Accordingly, the degree of judgement 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.

3. Fair Value Measurements (continued)

The fair value of the Company's financial instruments approximates their carrying value because of their short-term maturity.

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 also receives a fixed annual fee in the amount of $45,000 (₹ 3,753 thousand*) for providing certain administrative services to another affiliated Company and is included in transfer pricing revenue on the statement of operations. The Company earned $2,640,076 (₹ 220,196 thousand*) in transfer pricing revenue. The total amount due from affiliated companies was $285,683 (₹ 23,827 thousand*) and $329,834 (₹ 27,510 thousand*) as of March 31, 2023 and March 31, 2024 respectively.

ICICI Bank Limited (the "Bank") acts as a guarantor on behalf of the ICICI Securities Inc's Singapore Branch for the letter of undertaking (LOU) issued to Monetary Authority of Singapore. The LOU charges incurred and paid by the Company to the Bank during the current year amounted to approximately US$ 70,300 (₹ 5,863 thousand*). All dues related to this transaction were settled during the year and as at March 31, 2024, there was no outstanding balance payable by the Company to the Bank.

5. Net Capital Requirement

The Company 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 Company has elected to use the alternative method permitted by the Rule, which requires that the Company maintain minimum net capital, as defined, shall not be less than $250,000 (₹ 20,851 thousand*). As of March 31, 2024, the Company had net capital of $1,962,752 (₹ 163,703 thousand*) which exceeded requirements by $1,712,752 (₹ 142,852 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.

6. Off-Balance-Sheet Risk, Concentration Risk and Credit Risk (continued)

The Company's operations are mainly conducted through an affiliated 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.

Certificates of deposit are held by one financial institution. Management does not expect any losses to result with respect to this concentration.

A significant portion of the Company's assets are represented by receivables from its affiliates and a foreign bank account.

The Company is dependent on its affiliates for 100% of its revenue.

7. Income Taxes

The Company is part of a group that files a consolidated tax return.

The income tax expense of $10,534 (₹ 879 thousand*) represents deferred tax expense of $10,419 (₹ 869 thousand*) and current tax expense of $115 (₹ 10 thousand*). The deferred tax asset of $275,857 (₹ 23,008 thousand*) was computed using the effective tax rate of 21%.

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

Deferred tax assets:

Deferred tax assets:	**$**	**₹ 000***
Net operating loss federal carryforward	1,465,498	122,230
Depreciation	(647)	(54)
Gross deferred tax assets	1,464,851	122,176
Less: valuation allowance	(1,188,994)	(99,168)
Deferred tax assets, net	275,857	23,008

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

Continued

At March 31, 2024, 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 tax years ending March 2021 through March 2023 remain open and subject to examination by the taxing authorities in the US. The statute of limitations for various other jurisdictions is based on the various local laws but generally, it is in the range of 2-3 years. 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, 2024. 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, 2024, the Company held certificates of deposit ("CD's') that have various maturity dates during 2024 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. Commitments and Contingencies

The Company rents office space under operating leases that expire on August 31, 2024, and January 31, 2025, respectively. Future minimum payments through the end of the leases will be approximately $71,196 (₹ 5,938 thousand*). Rent expenses for the year were $103,955 (₹ 8,670 thousand*) and is reflected in occupancy 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 $197,418 (₹ 16,466 thousand*) representing the next payment due on April 30, 2024. The amount is reflected in compensation and benefits on the statement of operations.

Future payments are projected to be as follows:

	Amount	
Due Date	**$**	**₹ 000***
April 30, 2024	197,418	16,466
April 30, 2025	131,424	10,961
April 30, 2026	63,871	5,327
	392,713	32,754

10. 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, 2024, was $20,753 (₹ 1,731 thousand*) and is included in compensation and benefits on the statement of operations.

11. Share Based Compensation

ICICI Securities Limited, an affiliate, 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. Each option converts into one equity share of ICICI Securities Limited, on exercise at the respective exercise prices, subject to requirement of vesting conditions. The options granted under the Scheme generally are subject to a combination of service conditions and performance conditions.

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 affiliate 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. For awards with both service and performance conditions the Company recognizes compensation cost for when the Company concludes that it is

11. Share Based Compensation (continued)

probable that the performance conditions will be achieved. The Company accounts for forfeitures as they occur. 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
01-04-2023	41,330	$ 7.32 ₹ 610.52*	4.34 years
Granted	-		
Exercised	-		
Cancelled	-		
31-03-2024	41,330		
Expected to vest at 31/03/2024	41,330	$ 7.32 ₹ 610.52*	4.34 years

Additional information on vesting

The Company recognizes compensation costs on a ratably over the requisite service period of the award, which is generally the option vesting period of 3 years.

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, 2024
Risk free interest rate	6.18% to 7.21%
Expected life of options	3.51 to 5.51 years
Expected volatility	45.80% to 48.86%
Expected dividend yield	3.96% to 4.39%

The Company has recognized stock compensation expense of $37,925 (₹ 3,163 thousand*) for the year ended March 31, 2024.

The aggregate fair value of all options granted during the year was Nil and aggregate fair value of all the options lapsed during the year was Nil.

11. Share Based Compensation (continued)

Scheme - ESOS - 2022

	Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
01-04-2023	-		
Granted	15,410	$ 4.40 ₹ 366.98*	6.23 years
Exercised	-		
Cancelled	-		
31-03-2024	15,410		
Expected to vest at 31/03/2024	15,410	$ 4.40 ₹ 366.98*	6.23 years

Variables	Year Ended March 31, 2024
Risk free interest rate	6.96% to 7.06%
Expected life of options	3.59 to 5.59 years
Expected volatility	41.12% to 42.67%
Expected dividend yield	4.84%

The Company has recognized stock compensation expense of $35,919 (₹ 2,996 thousand*) for the year ended March 31, 2024. Unrecognized compensation expense associated under the fair value method for options expected to vest as of March 31, 2024, was approximately $41,262 (₹ 3,441 thousand*) and is expected to be recognized over the period of 2-3 years.

The aggregate fair value of all options granted during the year was $68,364 (₹ 5,702 thousand*) and aggregate fair value of all the options lapsed during the year was Nil.

12. Subsequent Events

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