

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 4/1/2009 AND ENDING 3/31/2010
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ICICI Securities Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

415 Madison Avenue Suite 1427
(No. and Street)
New York NY 10017
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Mr. Fredric Obsbaum 212-509-7800
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP.
(Name - if individual, state last, first, middle name)

345 Park Avenue New York NY 10022
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Rahul Ajmera, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ICICI Securities Inc., as of 3/31, 2010, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

ROSE M. SMALL
Notary Public, State of New York
No. 01SM6108336
Qualified in New York County
My Commission Expires April 12, 2012

Rose M. Small 5/27/10
Notary Public

Rahul Ajmera 5/27/10
Signature

General Securities Principal
Title

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

ICICI SECURITIES INC.

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KPMG LLP
335 First Avenue
New York, New York

Report of Independent Registered Public Accounting Firm

The Board of Directors
ICICI Securities Inc.:

We have audited the accompanying statement of financial condition of ICICI Securities Inc. (the Company) as of March 31, 2010, and the related statements of operations, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ICICI Securities Inc. as of March 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in computation of net capital pursuant to Rule 15c3-1 of the Securities and Exchange Commission is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

May 18, 2010

ICICI SECURITIES, INC.
Statement of Financial Condition
March 31, 2010

Assets		
Cash and cash equivalents		\$ 957,604
Receivable from clearing broker		684,959
Fixed assets, net of accumulated depreciation of \$202,483		128,261
Other assets		<u>824,887</u>
Total assets		\$ <u><u>2,595,711</u></u>
Liabilities and Stockholder's Equity		
Accounts payable and other accrued liabilities		\$ 186,288
Taxes payable		6,983
Lease related liability		1,009,487
Due to parent		16,849
Due to affiliates		<u>515,985</u>
Total liabilities		<u>1,735,592</u>
Stockholder's equity:		
Common stock, \$1 par value. Authorized 15,000,000 shares; issued and outstanding 11,650,000 shares		11,650,000
Additional paid-in capital		454,126
Retained deficit		<u>(11,244,007)</u>
Total stockholder's equity		<u>860,119</u>
Total liabilities and stockholder's equity		\$ <u><u>2,595,711</u></u>

See accompanying notes to financial statements.

ICICI SECURITIES INC.
Notes to Financial Statements
March 31, 2010

(e) Foreign Currency

Asset and liability accounts are translated at the exchange rate in effect at year-end, and income accounts are translated at the average rates of exchange prevailing during the year. The U.S. dollar is considered the functional currency for the Company's two foreign branches and foreign currency translation gains and losses are recorded in the statement of operations.

(f) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Receivables from Clearing Broker

The Company has an arrangement with a clearing broker under which it introduces certain customer transactions on a fully disclosed basis. Receivable from clearing broker represents primarily a cash deposit at the clearing broker. The clearing broker is a member of the New York Stock Exchange and various other stock exchanges and is subject to the rules and regulations of such organizations as well as those of the SEC.

(4) Related Party Transactions

As of March 31, 2010, due to Parent of \$16,849 represents the Company's proportionate share of income taxes (see note 7) paid by the Parent.

The Company issued \$600,000 of its common stock during the fiscal year at its par value

Some of the Company's customer securities transactions are facilitated by an affiliate in India. Commissions earned are collected by this affiliate and remitted to the Company net of the affiliate's facilitation fees. For the year ended March 31, 2010, total facilitation fees charged by this affiliate were \$310,631. Similarly, the Company earns trading gains from FCCB trades based on the referral provided by this affiliate. These trading gains are shared between the Company and the affiliate. As of March 31, 2010, payable to affiliate in the amount of \$515,985 represents affiliates share of net commissions earned from customer securities transactions collected by the affiliate.

(5) Net Capital Requirement

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule 15c3-1 of the SEC, which requires that the Company maintain minimum net capital, as defined, of \$100,000 or 6-2/3% of aggregate indebtedness, as defined, whichever is greater. At March 31, 2010, the Company had net capital of \$771,910 which exceeded requirements by \$656,204.

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

In the normal course of business, the Company executes, as agent, transactions on behalf of its customers where the risk of potential loss due to market fluctuations (market risk) or failure of the other party to the

ICICI SECURITIES INC.

Notes to Financial Statements

March 31, 2010

transaction to perform (credit risk) exceeds the amounts recorded for the transactions. Should a counterparty not fulfill its obligations in any of these transactions, the Company may be required to buy or sell the securities at prevailing market prices in the future.

One customer represents approximately 22% of the Company's revenue.

The Company's policy is to continuously monitor its exposure to market and counterparty risk through the use of 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.

(7) Income Taxes

The results of the Company are included in the consolidated U.S. federal and state income tax return of its Parent. Federal, state and local income taxes are computed on a separate company basis. The provision (benefit) for income taxes for the year ended March 31, 2010 consist of the following:

Current tax:	
Federal tax	\$ —
State and local tax	6,983
Total current tax	<u>\$ 6,983</u>

As of March 31, 2010, net deferred tax assets, are comprised of the following:

Deferred tax assets	\$ 4,895,936
Valuation allowance	<u>(4,895,936)</u>
Deferred tax assets net of valuation	<u>\$ —</u>

At March 31, 2010, the Company's deferred tax assets were primarily related to federal, state and local net operating loss carryovers that primarily will start to expire in 2029. Due to a history of net operating losses, management does not believe that the DTA is more likely than not to be realized and has established a full valuation allowance

The effective tax rate is different from the Company's statutory rate of 45% primarily due to state and local taxes and valuation allowances on deferred tax assets.

ICICI SECURITIES INC.

Notes to Financial Statements

March 31, 2010

The Company had net unrecognized tax benefits of approximately \$136,300 as of March 31, 2010 related to New York State and New York City tax liabilities, all of which, if recognized, would affect the rate. The amount is likely to be paid within the next 12 months. The gross unrecognized tax benefits consist of the following components.

Balance as of March 31, 2009	\$	136,300
Additions based on current year tax positions		—
Reduction for prior year tax positions		—
Balance as of March 31, 2010	\$	<u>136,300</u>

(8) Commitments

The Company has obligations for its office space in New York City under the terms of an operating lease expiring February 29, 2017. Rent expense from this lease for the year ended March 31, 2010 was approximately \$371,631. The approximate future minimum annual lease payments are:

	<u>Payments</u>	
Year ended March 31:		
2011	\$	493,024
2012		510,384
2013		527,744
2014		527,744
2015 and there after		<u>1,539,253</u>
Total	\$	<u>3,598,149</u>

(9) Restructuring of operations

During the year the Company's operations were restructured which involved in reduction of headcount and change in senior management. There were no termination costs associated with the reduction of headcount. As part of the restructuring the Board of Directors approved sub-lease of the office space. The transaction to sub-lease was closed in January 2010. The sublease arrangement expires concurrently with the original lease with the landlord. The sublease rental payments from the subtenant are substantially less than lease payments to the landlord. The Company recorded a loss on sublease of \$738,096. At March 31, 2010, the Company has lease related liabilities of \$1,009,487 which includes the accrual for the loss on sublease and deferred rent liabilities of \$364,667 under the original lease. The Company also incurred brokerage costs of approximately \$137,000 and fees of approximately \$86,000 related to the sublease arrangement, which have been recorded as a prepaid asset and will amortize over the life of the sublease.

Under the terms of the sublease the Company was required to provide a letter of credit to subtenant to cover the lease short fall. The Parent, on behalf of the Company, has provided a Letter of Credit issued by State Bank of India, New York Branch to subtenant for an amount of \$1,000,000. The cost of the letter of credit of \$120,050 will amortize over the life of the sublease.

ICICI SECURITIES INC.
Notes to Financial Statements
March 31, 2010

(10) Indemnifications

In the normal course of its business, the Company indemnifies its clearing broker against specified potential losses in connection with their acting as an agent of, or providing services to, the Company. The maximum potential amount of future payments that the Company could be required to make under this indemnification cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for this indemnification.

(11) Fixed Assets

Computers, software, furniture and leasehold improvements consist of the following at March 31, 2010:

	Useful life (in years)		2010
Computer equipment and software	3	\$	117,098
Telecom	5		28,896
Furniture	7		184,750
			330,744
Less accumulated depreciation and amortization			(202,483)
		\$	128,261

(12) Subsequent Events

The Company has evaluated all subsequent transactions and events after the balance sheet date through May 18, 2010, the date on which these financial statements were issued and, except as already included in the notes to these financial statements, has determined that no additional items require disclosure.

ICICI SECURITIES INC.

Notes to Financial Statements

March 31, 2010

(1) Organization

ICICI Securities Inc. (the Company) is a wholly owned subsidiary of ICICI Securities Holdings, Inc. (Parent), which is an indirect wholly owned subsidiary of ICICI Bank Limited, an Indian financial services company whose American Depository Receipts are listed on the New York Stock Exchange. The Company provides brokerage, research and corporate finance services to institutional investors in the United States investing in securities of companies principally headquartered in India. In addition, it may provide brokerage services to Indian clients wishing to invest in the United States and underwriting services for issuers wishing to offer securities to the marketplace. The Company is registered with the Securities and Exchange Commission (the SEC) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA).

The Company's customers transact their business on 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 and by a member organization of the New York Stock Exchange for securities traded on the United States markets. Accordingly, the Company operates under the exemptive provisions of Rule 15c3-3(k)(2)(i) and (k)(2)(ii) 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

(a) *Cash and Cash Equivalents*

Cash and cash equivalents include cash and money market funds or other instruments purchased with a maturity of three months or less when acquired. All cash deposits are held by one financial institution and therefore are subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

(b) *Revenues*

The Company facilitates securities transactions. Related commission revenues and expenses from these transactions are recorded on a trade-date basis. Revenues and fees from investment banking assignments are recorded when the services related to the underlying transactions are completed under the terms of the assignment or engagement.

(c) *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.

(d) *Income Taxes*

The Company is a wholly owned subsidiary of its Parent and therefore all of its income and losses are included in the consolidated tax return filed by its Parent. Tax liabilities are calculated on a separate return basis. Deferred tax assets and liabilities are recognized subject to management's judgment that realization is more likely than not.