



# Business Presentation

August 2019

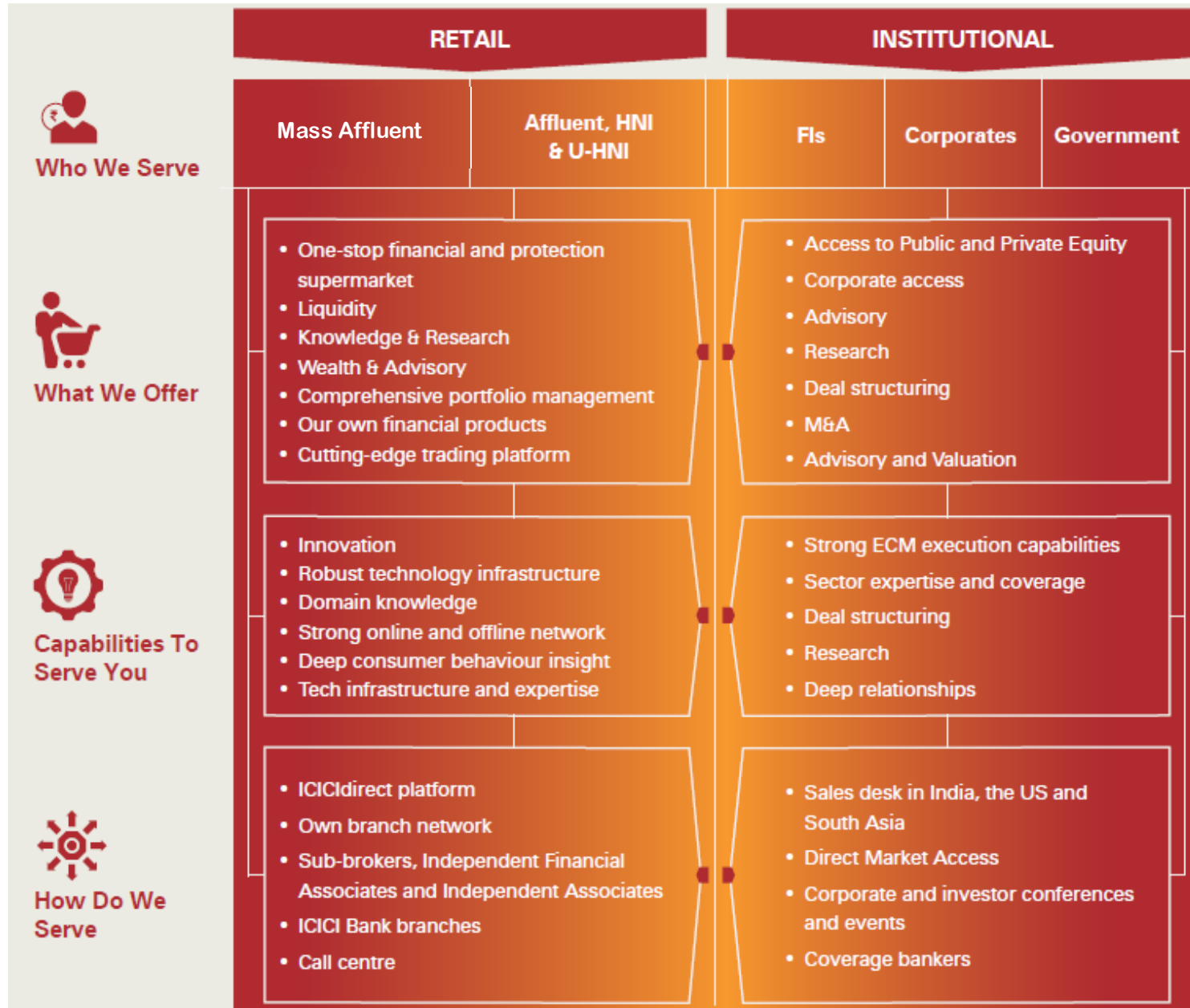
# Agenda

- **ICICI Securities at a glance**
- Strategy
- Business Performance
- Financial Results
- Industry Overview



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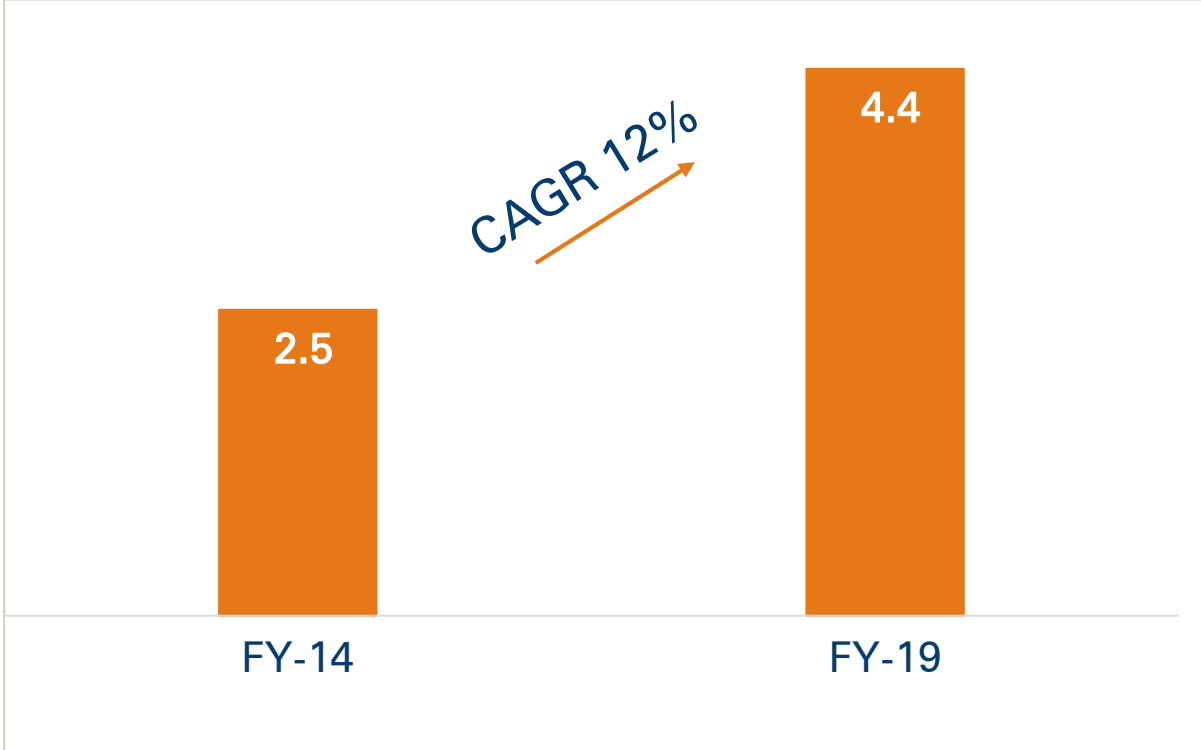
# ICICI Securities at a glance



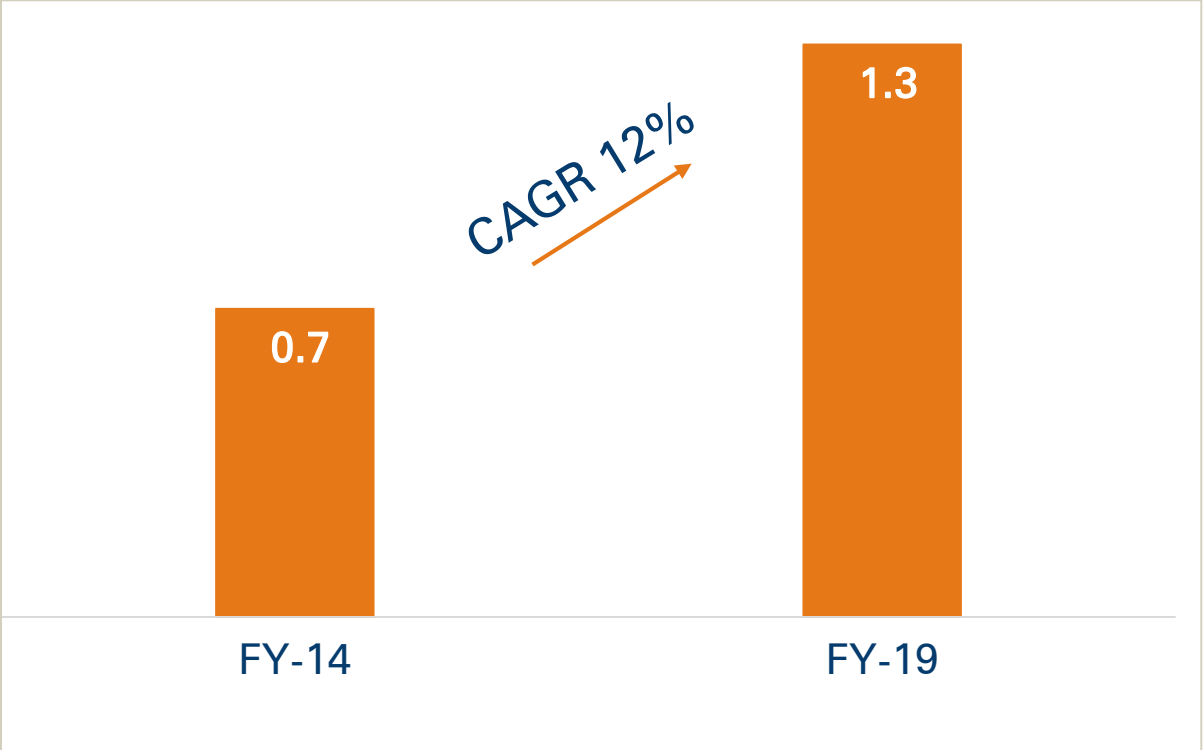
# Large growing franchise

Operational accounts and active clients growth of 12% CAGR

Operational accounts (mn)

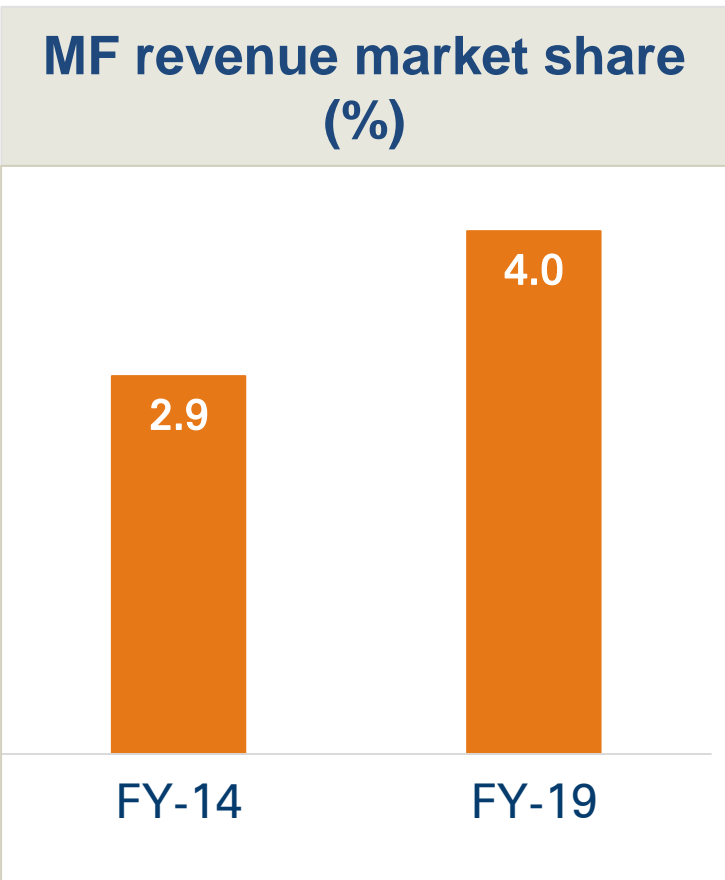
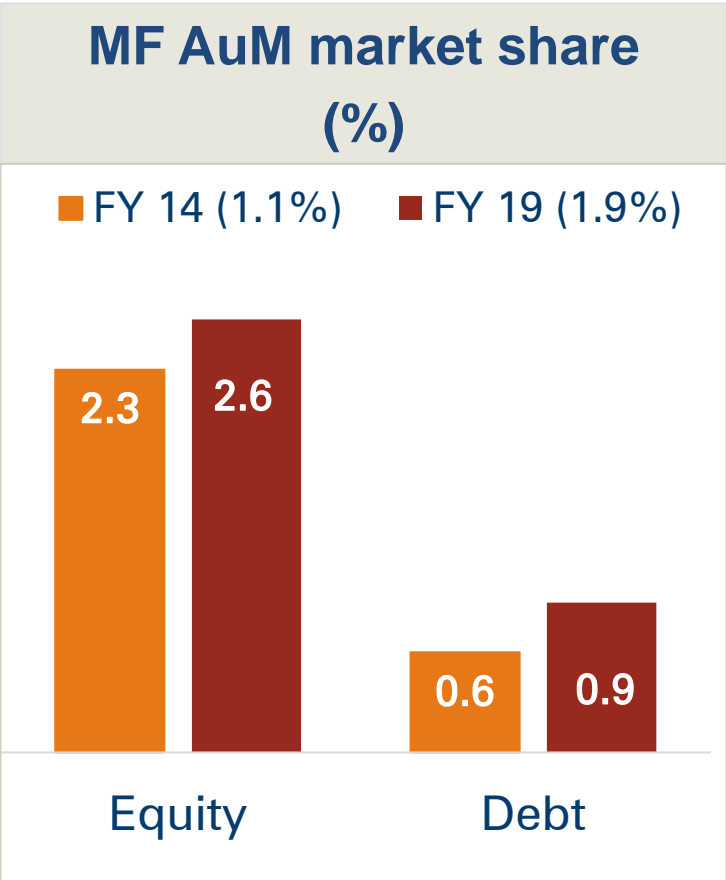
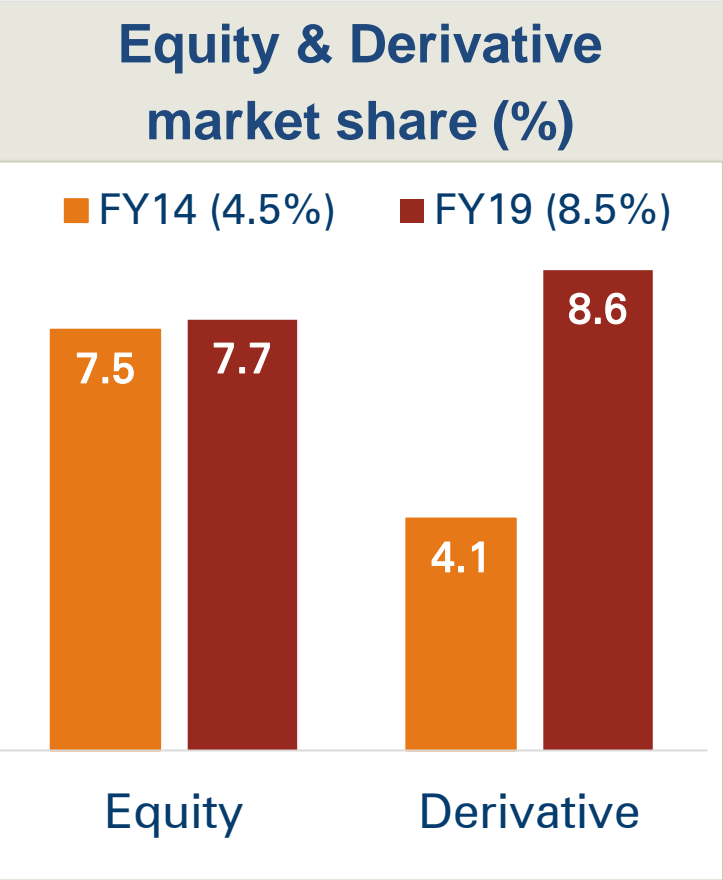


Active clients (mn)



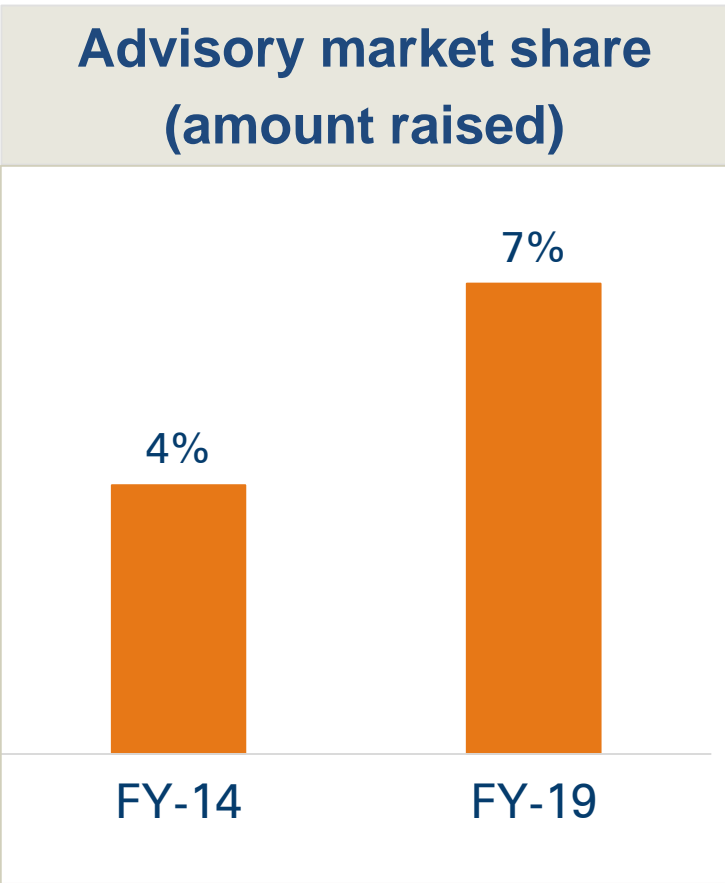
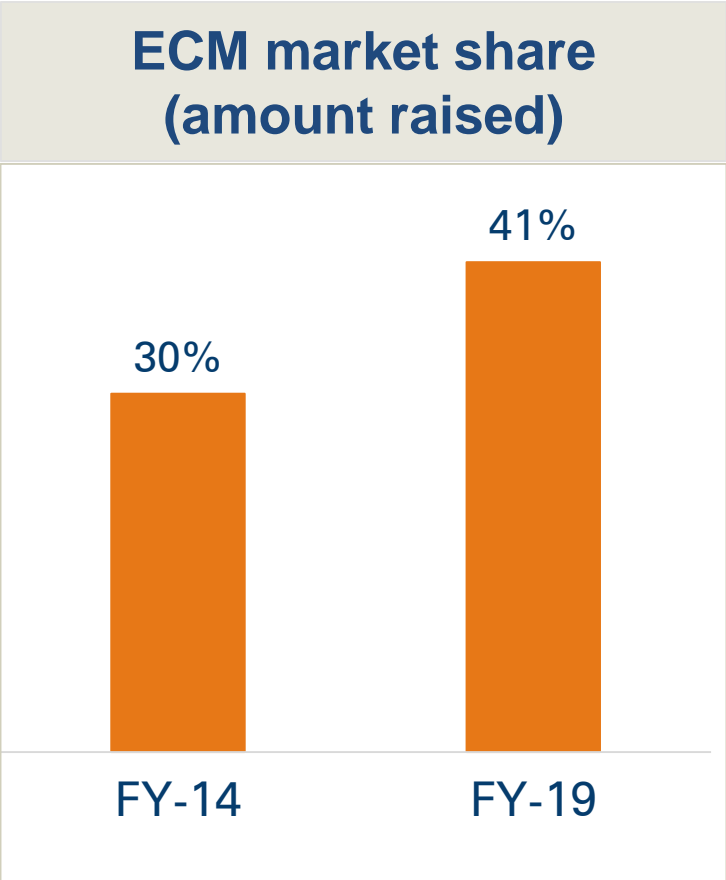
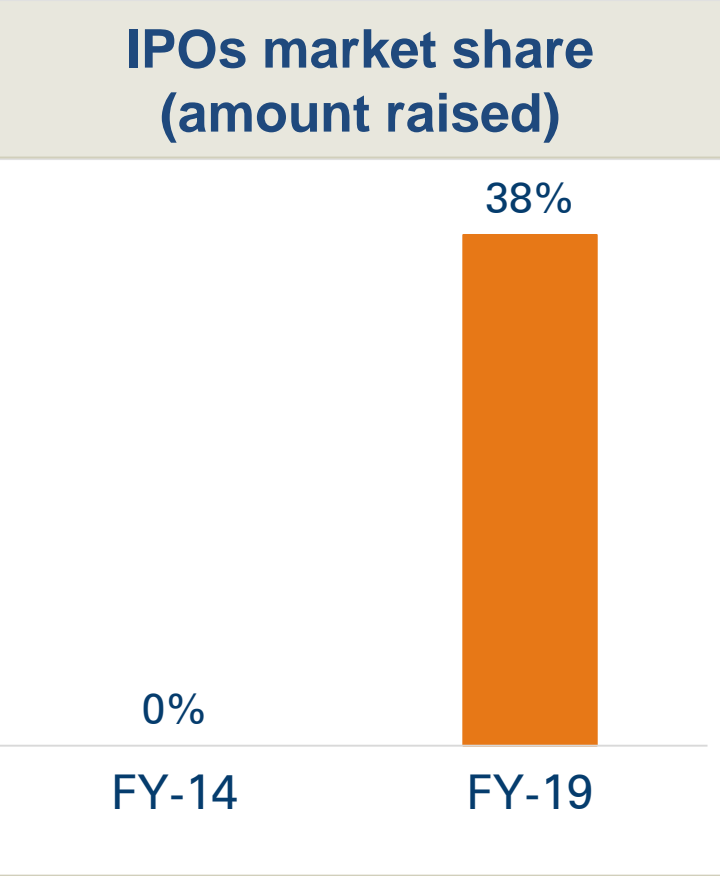
# Market share

## Growing market share across categories



# Equity Capital Markets

## Strong position in equity capital market (ECM)



# ICICI Securities has built an enviable franchise...

4.5 <sup>1</sup> mn	Growing customer base
Largest	Equity broker in terms of revenue
2 <sup>nd</sup>	Largest non-bank mutual fund distributor by revenue <sup>2</sup>
1 <sup>st</sup>	Rank in the IPO/ InvIT (Investment trusts) by value <sup>3</sup>
2 <sup>nd</sup>	ECM league table by value <sup>4</sup>



# ...and a sticky customer base over the years

## High Customer Stickiness

Revenue contribution by customers who have been with us for more than 5 years

> 65%

This trend is consistent and is reflected continuously for the five prior years including the recently ended FY19





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# Our Strategy

## Ramping Scale and Value

- ICICI Bank partnership shifting focus on
  - Affluent & wealth segments
  - NRI
- Open architecture digital acquisition
- Scale up business partners with digital integration

## Monetize Client Value

- Insta Digital loans distribution
  - Home loan top up
  - Personal loans
  - Credit cards
  - Loan against shares
  - Auto loans
  - Two wheeler loans
  - Home loans
- Online Health Insurance
- Proprietary PMS

## Active Client Engagement

- Basic advice based on profiling through digital RM
- Augmenting tools in partnership with fintechs for traders to build and test trading strategies
- Using advanced analytics for micro segmenting

## Digital Agility

- Build digital agility using API architecture
- Infuse specific skills in data and decision science; Big data and cloud experts & UI/UX experts
- Build big data stack
- Improve web user interface and revamp mobile platform

## Cost Efficiency

- Closing of low productivity branches
- Eliminating redundancies of overlapping roles
- Inculcating cost culture



Making business model more broad based and diversified

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# Broking

## Retail franchise intact and growing

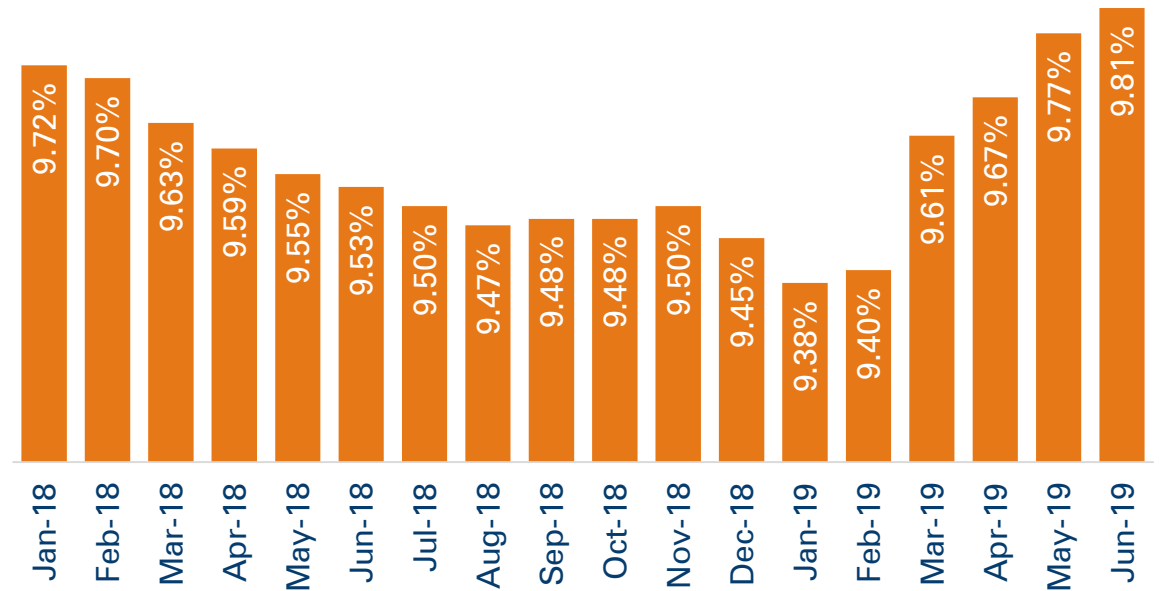
### Strong traction in new initiatives

- Prime launched, well received, ~1 lac subscriptions as at end Q1-FY20
- New bank arrangement, initial results encouraging, activation rates up by 40%
- Launched e-ATM facility on NSE to further strengthen liquidity proposition of ICICIdirect Prime

### Growing client base and engagement

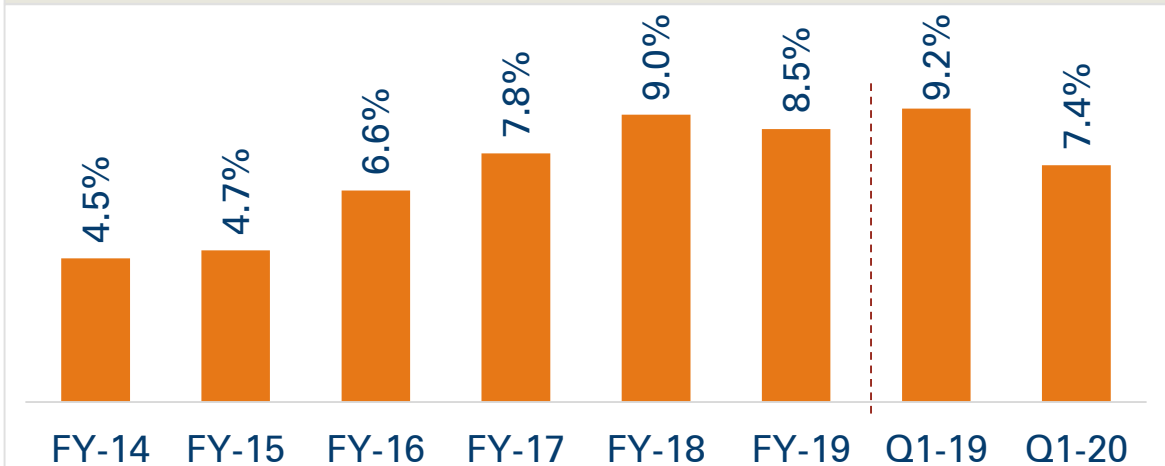
- 4.5<sup>2</sup> million strong base of operational accounts
- 9.4<sup>2</sup> lac overall active clients
- 8.8<sup>2</sup> lac NSE active clients, market share at 18 month high
- Online account opening; paperless onboarding of existing ICICI Bank clients

### ICICI Securities market share<sup>1</sup> in active client base (NSE) at 18 month high

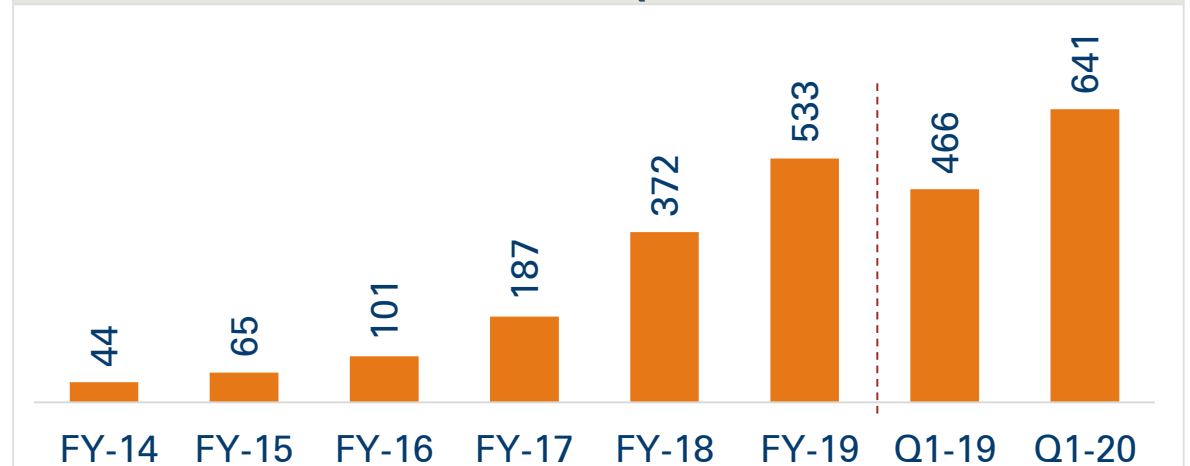


# Broking

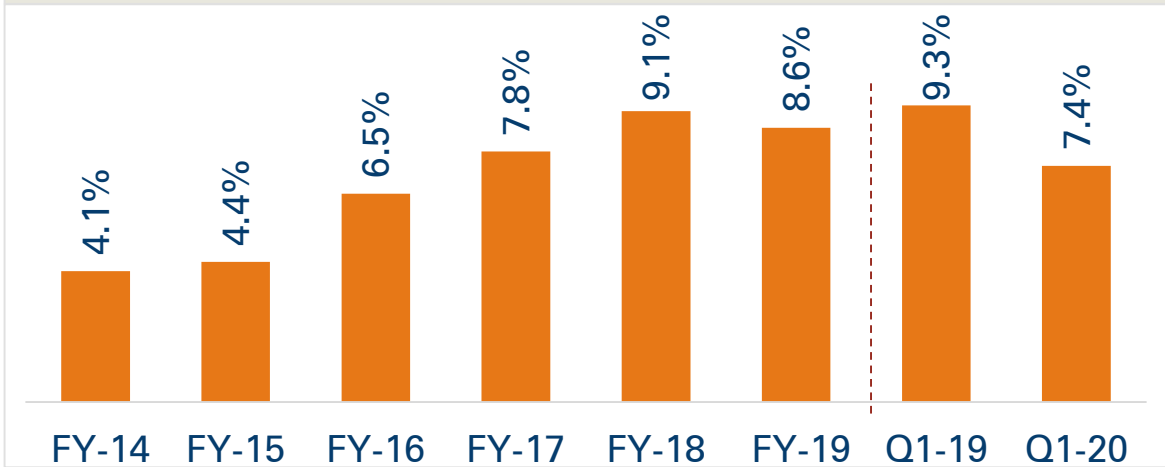
## Blended market share



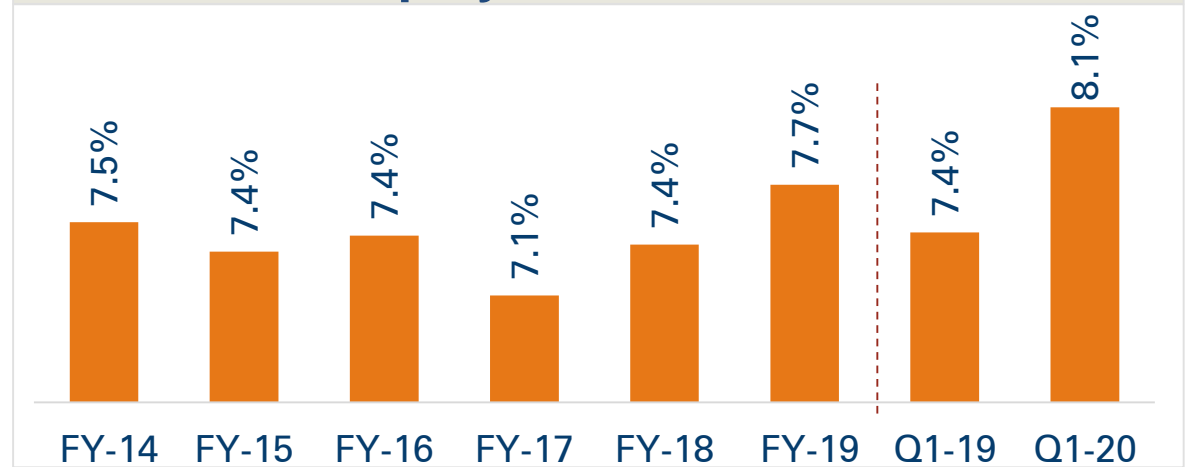
## I-sec ADTO (₹ billion)



## Derivative market share



## Equity market share



# Broking

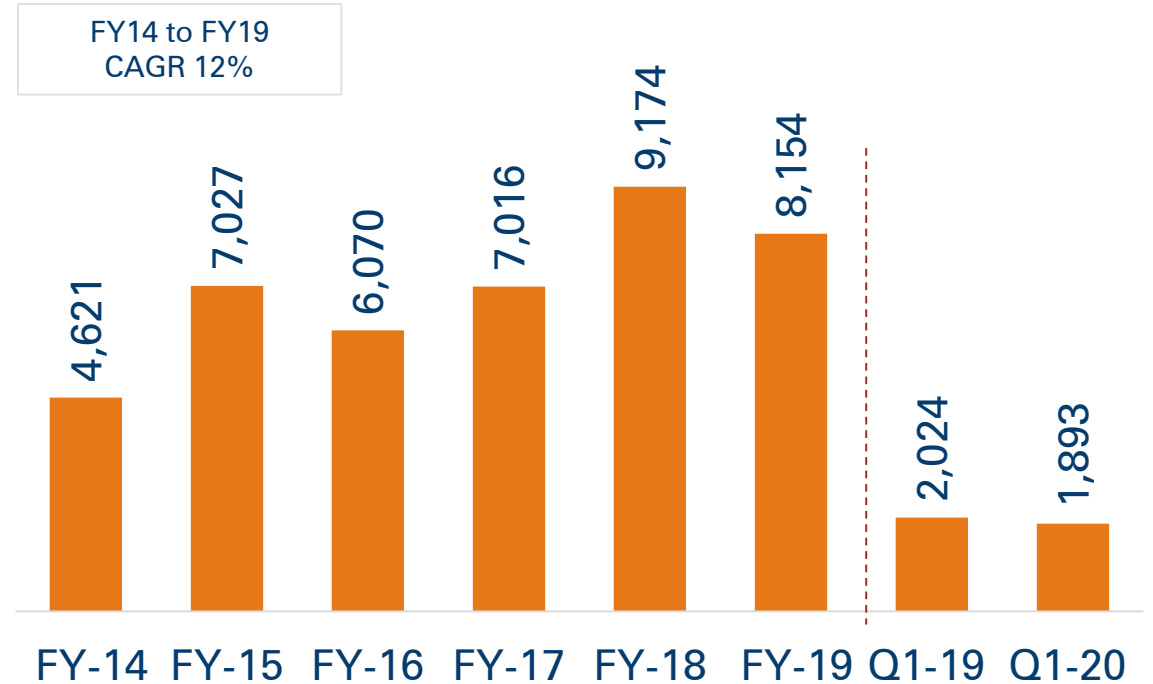
## Leading equity broker in India

### 3-in-1 Platform

- Providing seamless experience
- Mutual beneficial relationship with ICICI Bank
- Presence in 3,750<sup>1</sup>+ ICICI Bank branches
- 3-tier disaster recovery system
- Fully integrated risk system
- Real-time tracking of trigger prices
- Over 95% broking transactions performed online



### Retail Brokerage (₹ million)

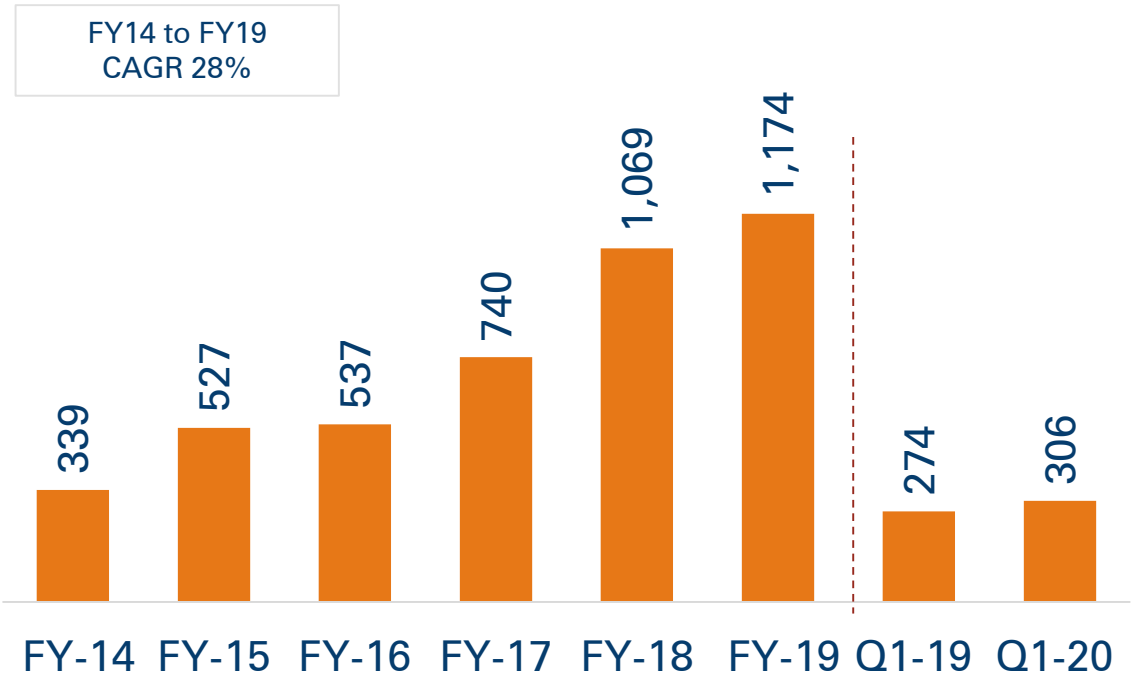


# Broking

## Institutional broking – Growing scale

- Significant India coverage supplemented by Asia Pacific and USA
- Growing Direct market access business
- Research
  - coverage of 249 Indian stocks
  - 37 member research team
- Leading procurement in IPOs, QIPs, OFSs and Block deals

### Institutional Brokerage (₹ million)



# Distribution

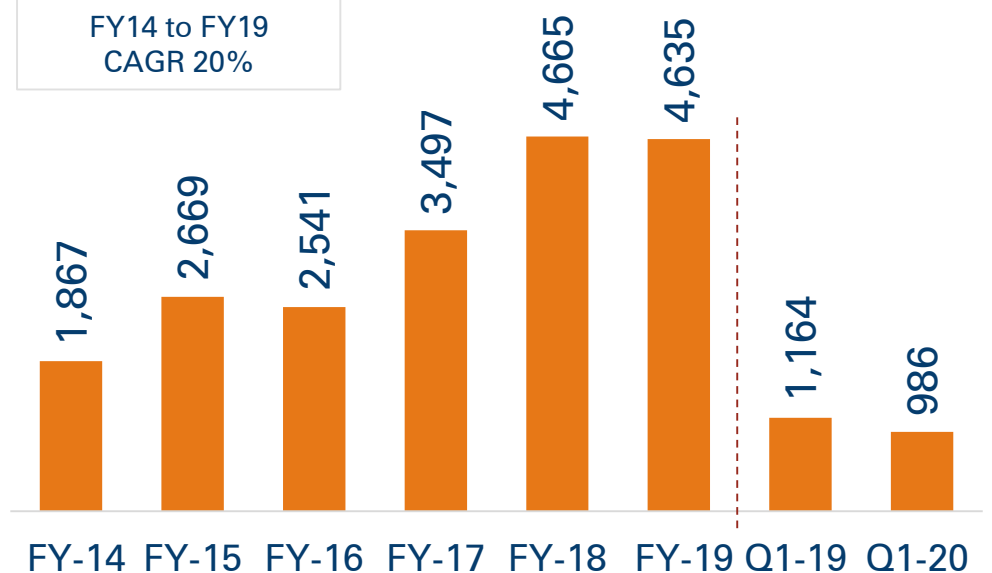
## Strong online presence aided by pan India distribution

- Presence in over 75+ cities with ~193 branches

- 1,300+ relationship managers and product specialists
- Wealth management solutions for HNIs/Family offices, 315+ member team

- Over 700+ cities/towns with 7,500+ sub-brokers, authorized persons, IFAs and IAs
- Significant presence in the Tier-II and Tier-III cities

### Distribution revenues (₹ million)



Distribution as % of total revenues increased from 23% in FY14 to 27% in FY19

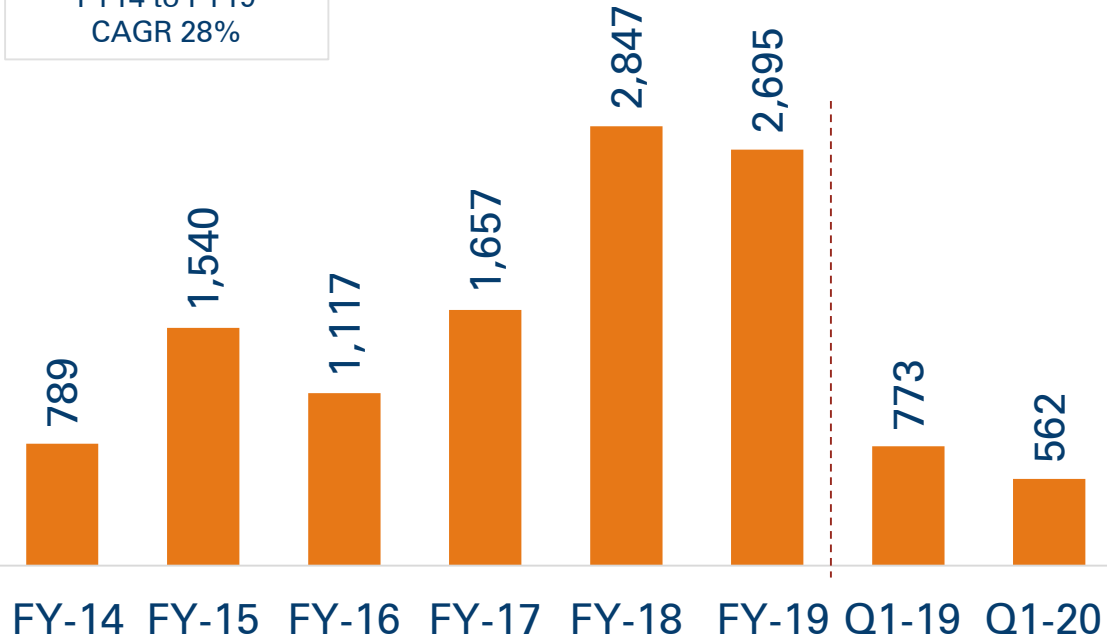


# Distribution

2<sup>nd</sup> Largest non bank Mutual Fund distributor

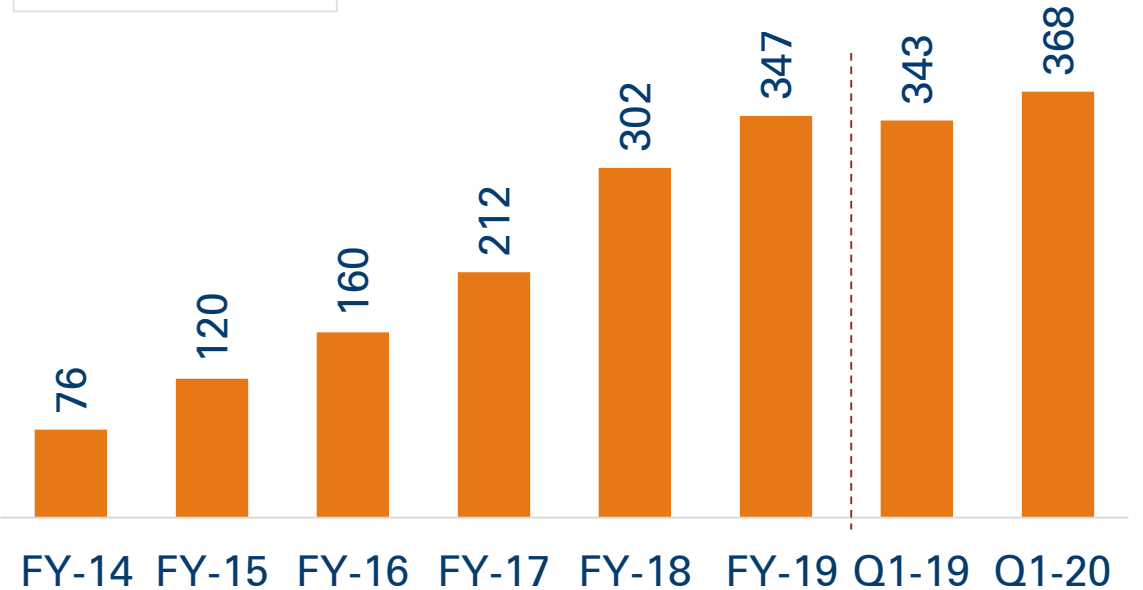
### Mutual Funds revenue (₹ million)

FY14 to FY19  
CAGR 28%



### MF AUM (₹ billion)

FY14 to FY19  
CAGR 36%



# Distribution

Enhanced focus on non Mutual Fund distribution; up 9% in Q1-FY20

## Investments

- IPOs, OFS, public bond offerings
- 3rd party corporate fixed deposits
- National Pension System

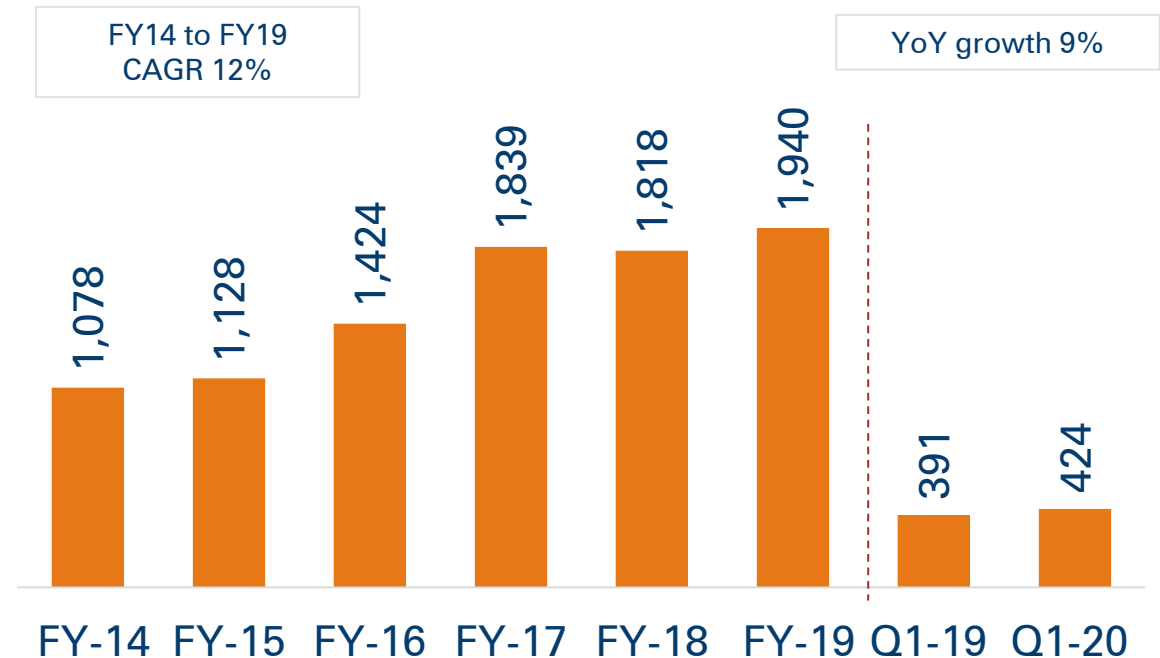
## Protection

- Life /General Insurance

## Assets/Wealth creation

- Loan products referrals
- Portfolio management services
- Alternate investment funds

## Non MF distribution revenue (₹ million)



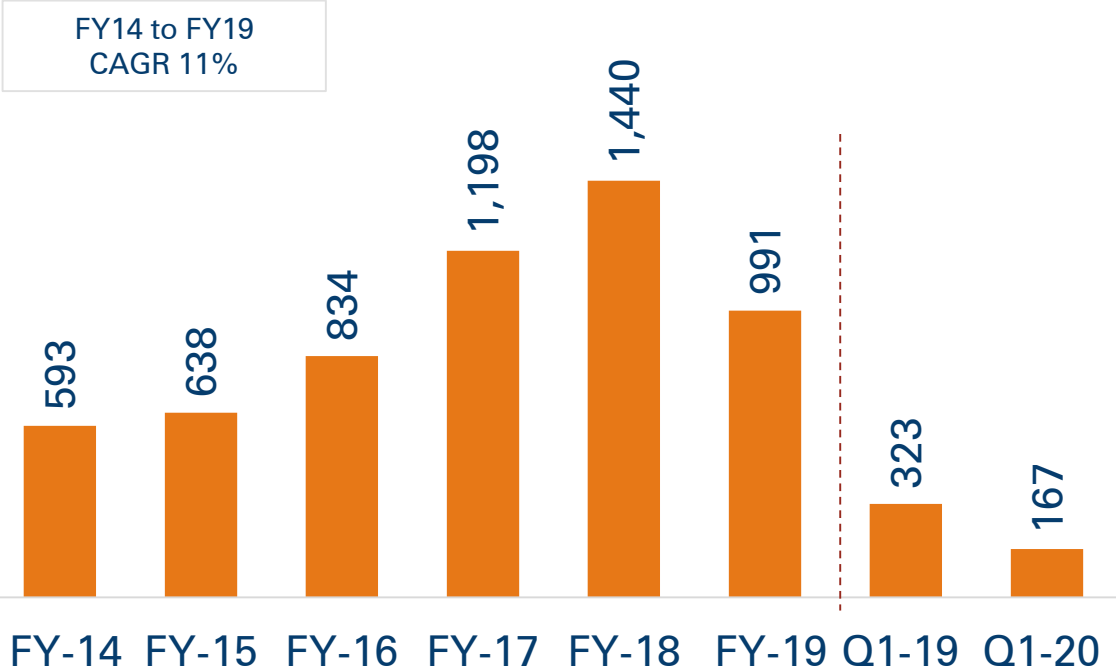
Launched Digital loans; ~ 0.5 million customers pre-approved for instant loan

# Corporate Finance

## Leading Investment Bank in India

- Strengths
  - Sector expertise
  - Corporate relationships
  - Strong distribution franchise
- Expected to benefit from the robust deal pipeline

### Corporate Finance Revenue (₹ million)



# Corporate Finance: Q1-FY20 snapshot

## IPO

- Ranked 1<sup>st</sup> in IPOs<sup>1</sup> league table
- Robust IPO pipeline of over ₹ 180<sup>2</sup> bn
  - Left lead banker in 13 deals

## Consolidation

- Buyback: SQS India BFSI Ltd.
- Rights: Bharti Airtel Ltd.
- Block deal: Shriram Transport Finance Co.

## Advisory

- Ranked 3<sup>rd</sup> among domestic financial advisors by value and ranked 2<sup>nd</sup> by number of deals in merger market league table
- 3 M&A deals in Q1-FY2020 vs 2 deal in Q1-FY2019

## Major deals

- IPOs/InvIT: Indiamart InterMesh Ltd, Oriental Infratrust
- OFS: L&T Technology Services
- Advisory: Dvara Kshetriya Gramin, Fuji Electric, Music broadcast Ltd



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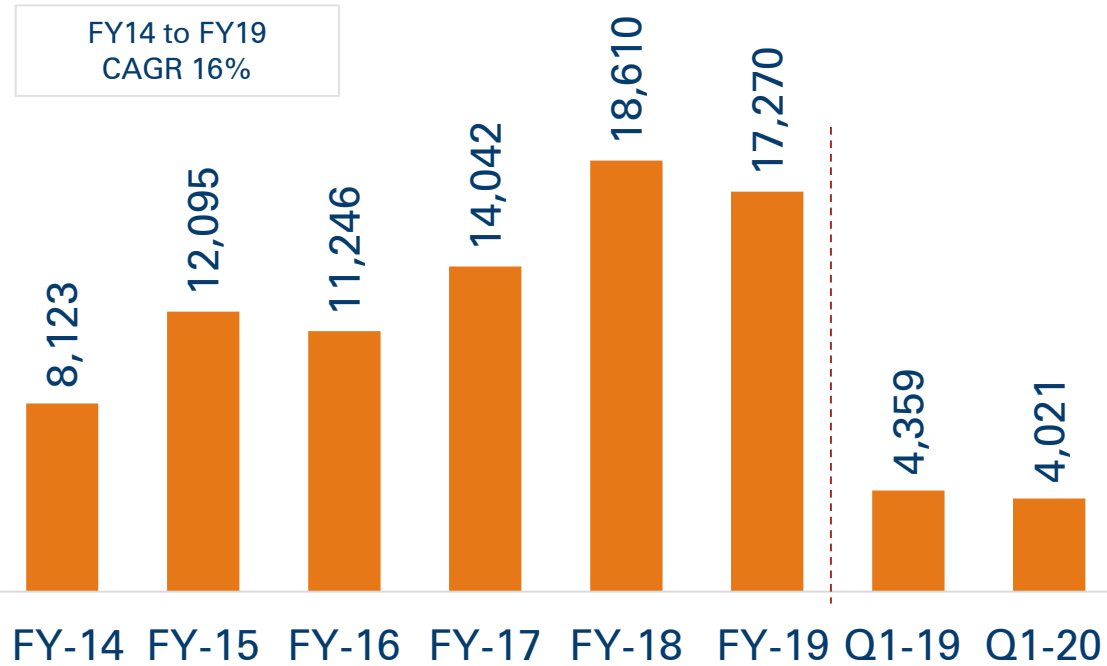


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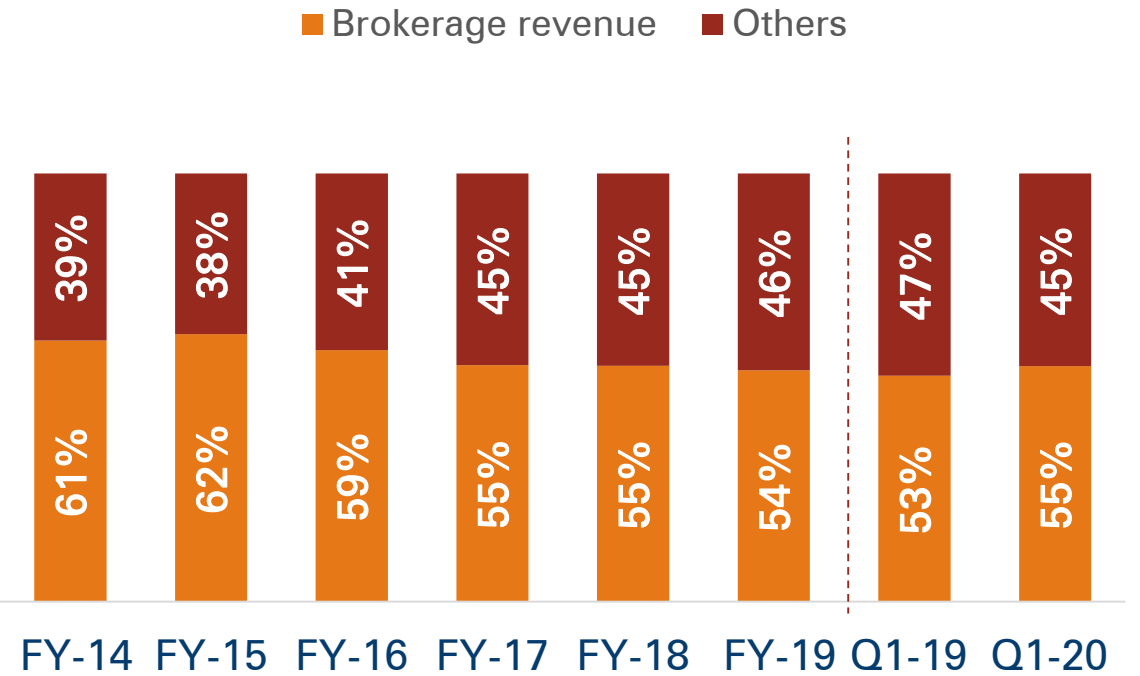
# Financials

## Strong financial performance

### Revenue (₹ million)



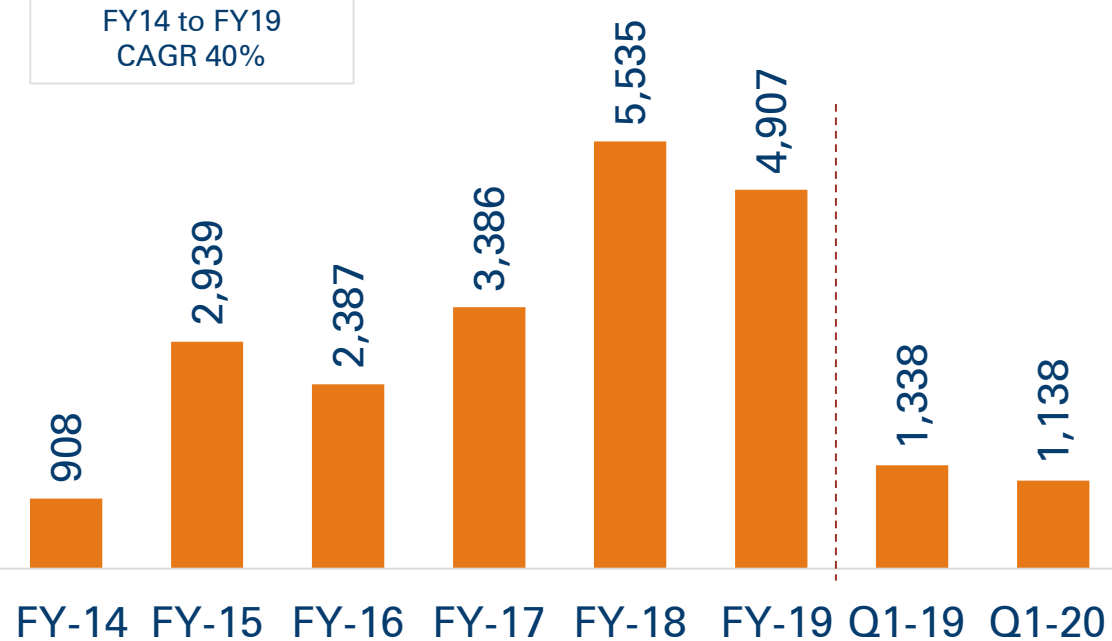
### Revenue diversification<sup>1</sup> (%)



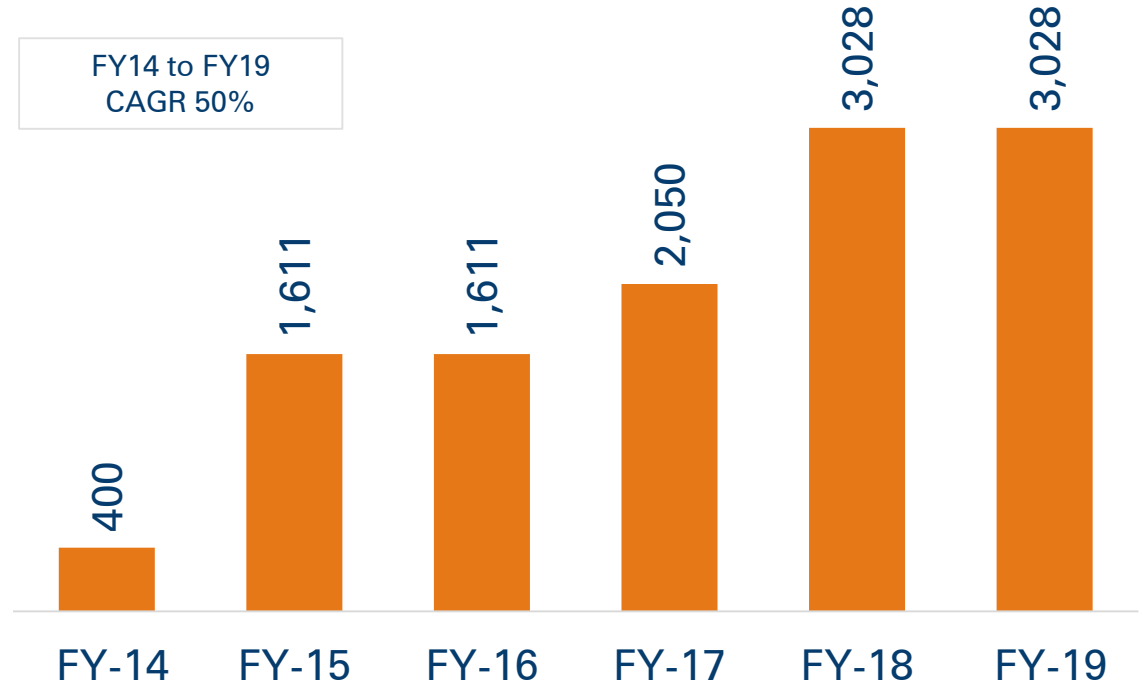
# Asset light agency business with high returns

Consistent dividend payout, Consistently high ROE due to asset light model

### PAT (₹ million)



### Dividend payout (₹ million)



Dividend payout ratio increased from 44% in FY14 to 62% in FY19

# Consolidated P&L

(₹ million)

Particulars	FY-2019	Q1-FY19	Q4-FY19	Q1-FY20	Y-o-Y%
<b>Revenue<sup>1</sup></b>	<b>17,270</b>	<b>4,359</b>	<b>4,283</b>	<b>4,021</b>	<b>(8) %</b>
Employee benefits expenses	5,545	1,366	1,328	1,274	(7) %
Operating expenses	1253	252	306	245	(3) %
Finance costs <sup>2</sup>	423	131	100	178	36%
Other expenses <sup>2</sup>	2477	584	660	564	(5) %
<b>Total Expenses</b>	<b>9,698</b>	<b>2,333</b>	<b>2,394</b>	<b>2,261</b>	<b>(3) %</b>
<b>Profit before tax</b>	<b>7,572</b>	<b>2,026</b>	<b>1,889</b>	<b>1,760</b>	<b>(13) %</b>
Tax expense	2665	688	674	622	(10) %
<b>Profit after tax</b>	<b>4,907</b>	<b>1,338</b>	<b>1,215</b>	<b>1,138</b>	<b>(15) %</b>
Other comprehensive income (OCI)	-26	-16	-4	-35	-
<b>Total comprehensive income (TCI)</b>	<b>4,881</b>	<b>1,322</b>	<b>1,211</b>	<b>1,103</b>	<b>(17) %</b>





# Segment performance

(₹ million)

Particulars	FY-2019	Q1-FY19	Q4-FY19	Q1-FY20	Y-o-Y%
<b>Segment Revenue</b>					
Broking & commission	15,807	3,967	3,835	3,637	(8)%
Advisory services	991	323	129	167	(48)%
Investment & trading	265	69	112	69	-
<b>Income from operations</b>	<b>17,270</b>	<b>4,359</b>	<b>4,283</b>	<b>4,021</b>	<b>(8)%</b>
<b>Segment Profit before tax</b>					
Broking & commission	6,976	1,801	1,757	1,647	-9%
Advisory services	253	170	-122	16	-91%
Investment & trading	137	55	47	-51	-192%
<b>Total Result</b>	<b>7,572</b>	<b>2,026</b>	<b>1,889</b>	<b>1,760</b>	<b>-13%</b>

*Note –Advisory services includes Financial advisory services such as equity-debt issue management services, merger and acquisition advice and other related activities*

Period: Y-o-Y: Q1-FY20 vs Q1-FY19



# Balance Sheet : Assets

(₹ million)

ASSETS	At Mar 31, 2019	At Jun 30, 2019
<b>Financial assets (A)</b>	<b>43,697</b>	<b>26,645</b>
Cash/Bank and cash equivalents <sup>1</sup>	31,486	16,634
Securities for trade	2,563	2,679
Receivables	4,770	1,243
Loans	4,033	4,860
Investments	28	28
Other financial assets	817	1,201
<b>Non-financial assets (B)</b>	<b>2,949</b>	<b>5,064</b>
Deferred tax assets (net)	737	680
Right-of-use assets <sup>2</sup>	-	1,945
Fixed assets, CWIP & Intangible assets	476	508
Current tax assets & other non financial assets	1,736	1,931
<b>Assets (A+B)</b>	<b>46,646</b>	<b>31,709</b>



1. As on 31<sup>st</sup> March 2019, settlement obligation pertaining to an offer for sale amounting to ₹ 17,362 mn were pending for payment 2. Lease assets capitalised as per Ind AS 116 are being reported as Right of use assets under non-financial assets

# Balance Sheet : Equity and Liabilities

(₹ million)

<b>EQUITY AND LIABILITIES</b>	<b>At March 31, 2019</b>	<b>At June 30, 2019</b>
<b>Financial liabilities (A)</b>	<b>30,182</b>	<b>14,856</b>
Derivative financial instruments	17	2
Payables <sup>1</sup>	23,362	3,172
Debt securities	4,473	7,453
Lease liabilities <sup>2</sup>	-	1,909
Deposits & Other financial liabilities	2,330	2,320
<b>Non-financial liabilities (B)</b>	<b>5,991</b>	<b>5,250</b>
<b>Equity (C)</b>	<b>10,473</b>	<b>11,603</b>
Equity share capital	1,611	1,611
Other equity	8,862	9,992
<b>Equity and Liabilities (A+B+C)</b>	<b>46,646</b>	<b>31,709</b>



1. As on 31<sup>st</sup> March 2019, settlement obligation pertaining to an offer for sale amounting to ₹ 17,362 mn is pending for payment. 2. Lease liabilities are being capitalised in financial liabilities as per Ind AS116 applicable from April 1, 2019

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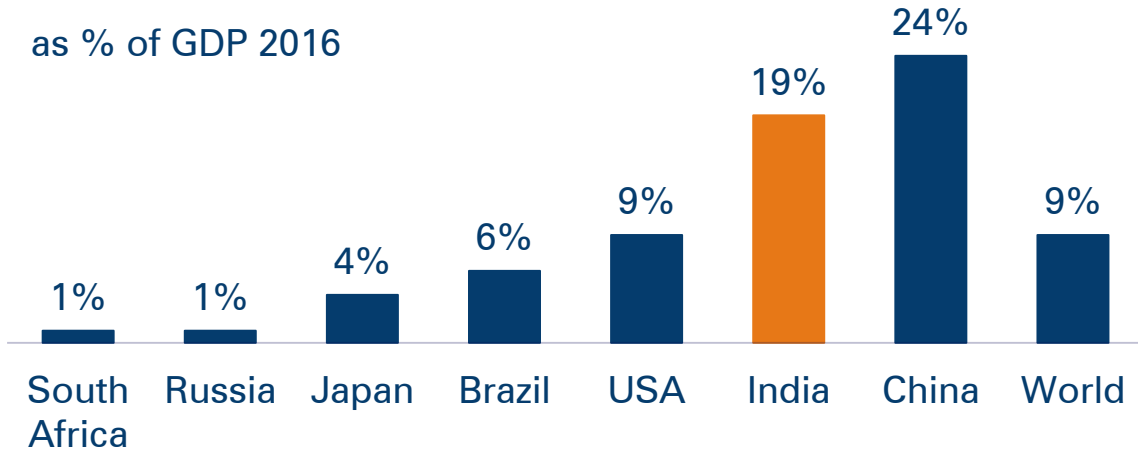
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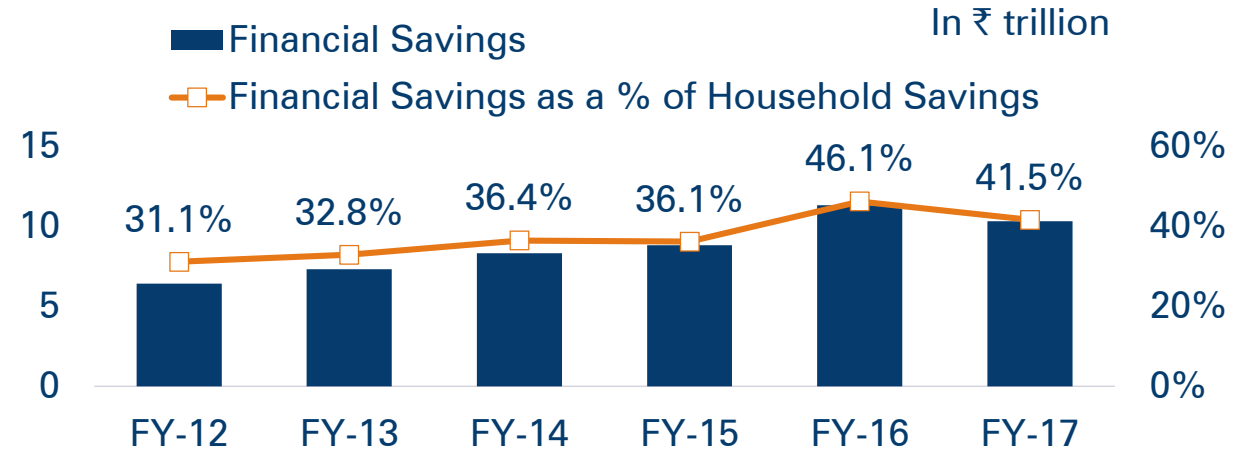
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# India: Financialisation and equitisation of savings

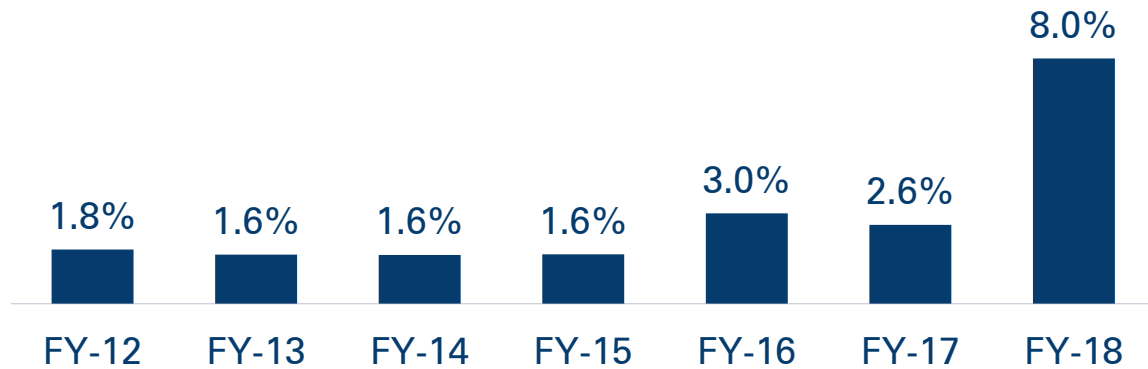
## India household saving highest among growing economies



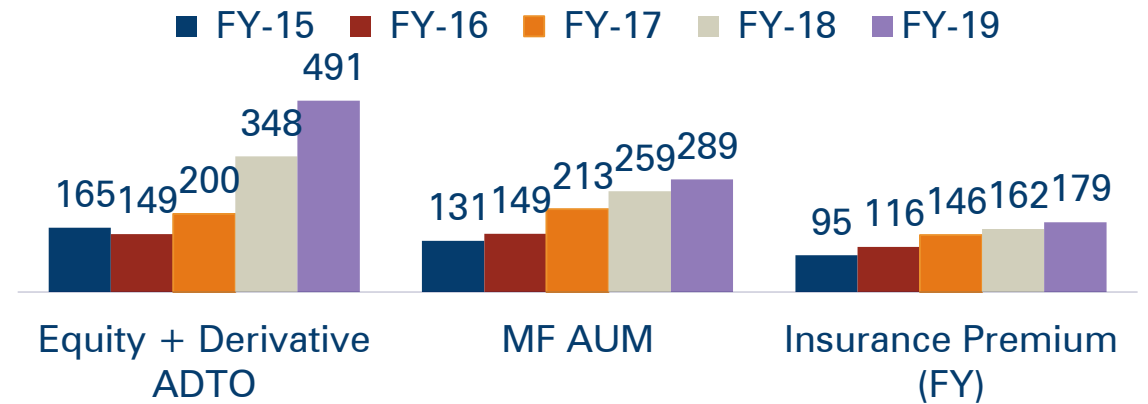
## Rising financial savings



## Growing incremental investments in shares & debentures

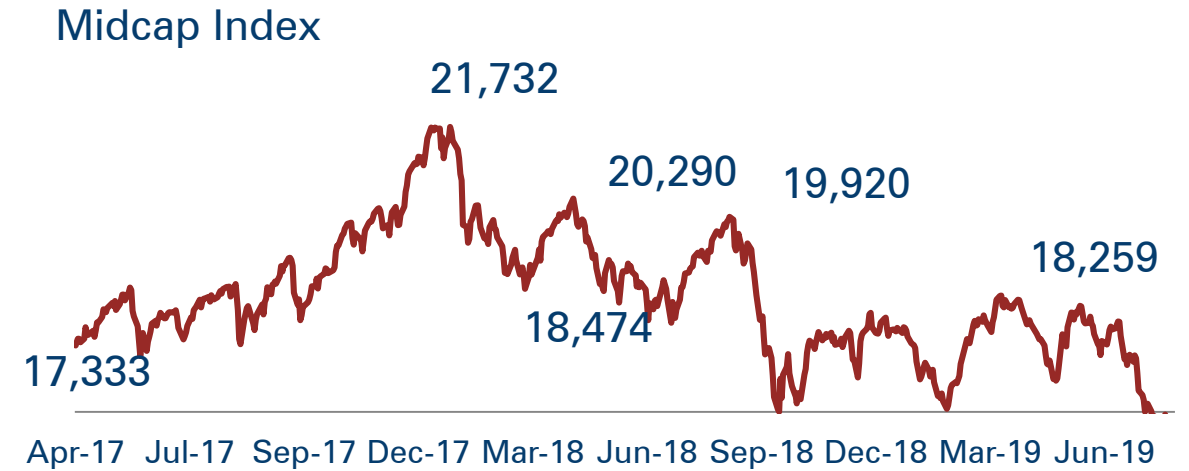
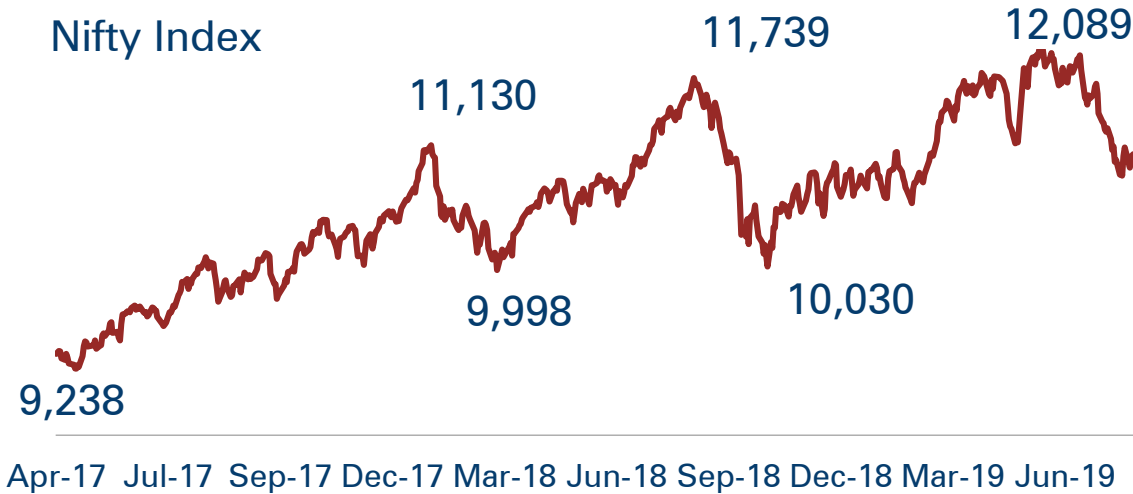


## High growth across financial asset classes#



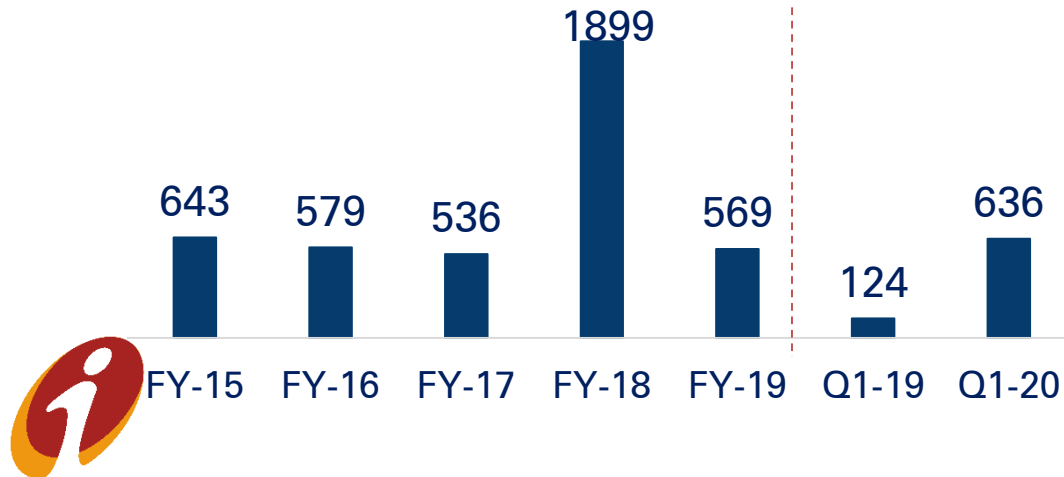
# Market witnessing headwinds

## Secondary market witness higher volatility

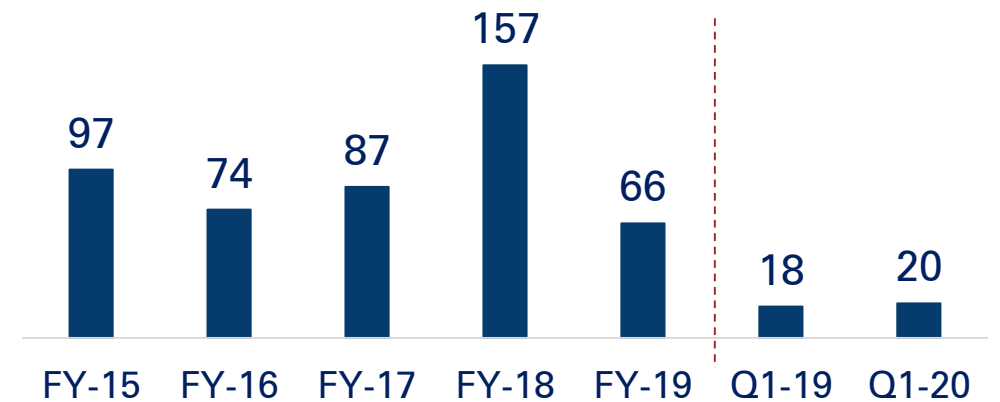


## Subdued primary market, fund raising through equity slowed down

ECM Issuance mobilized (₹ billion)

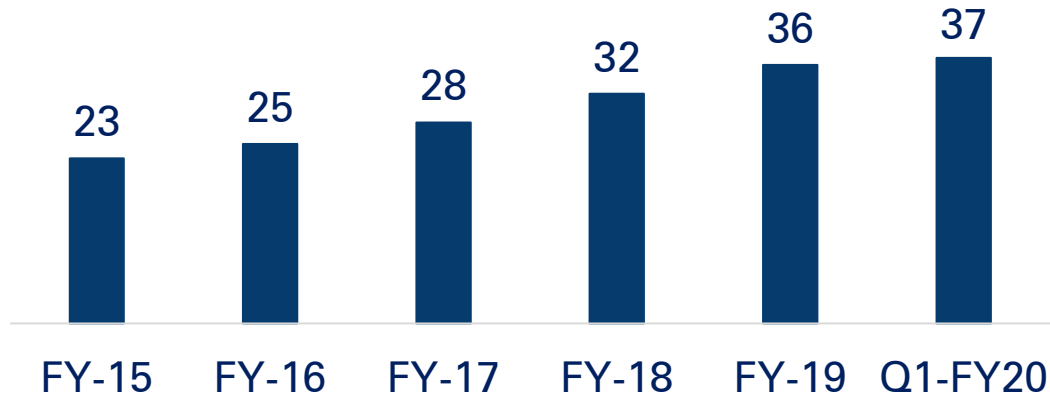


ECM Issuance count

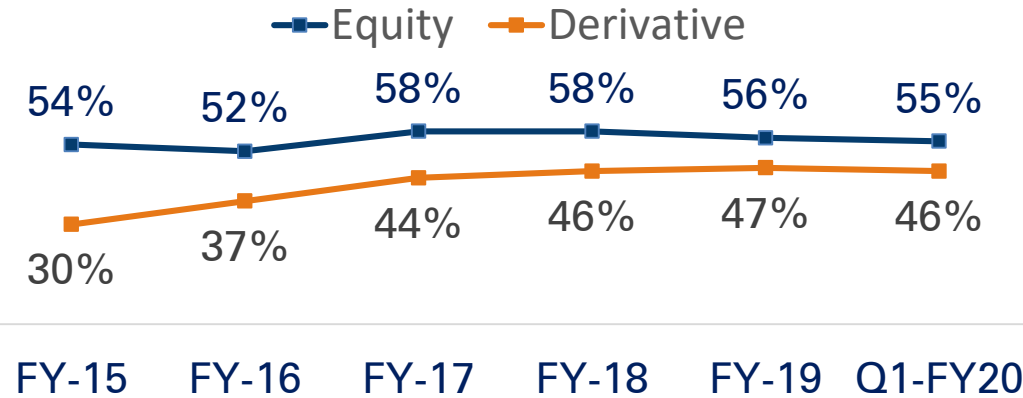


# Broking: Retail participation

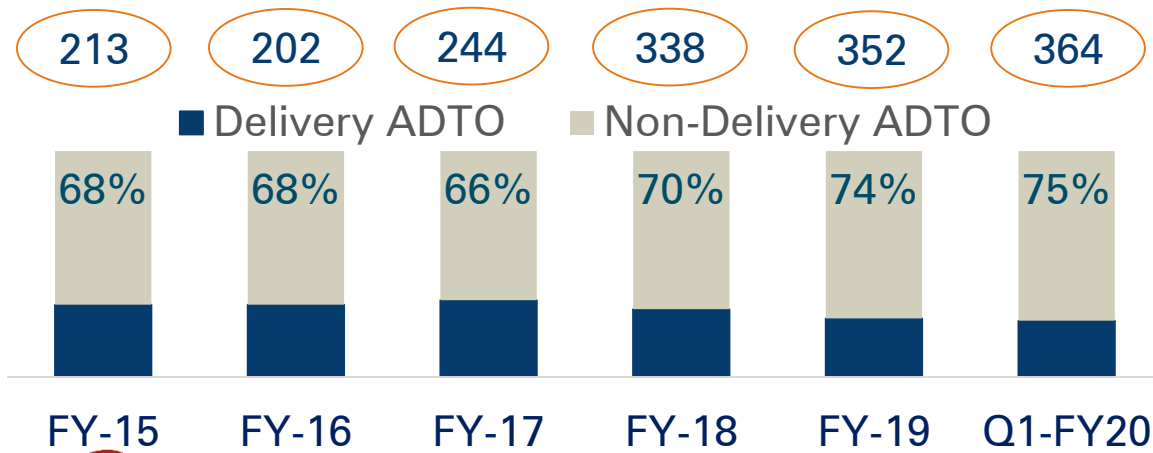
## Rise in demat accounts (In million)



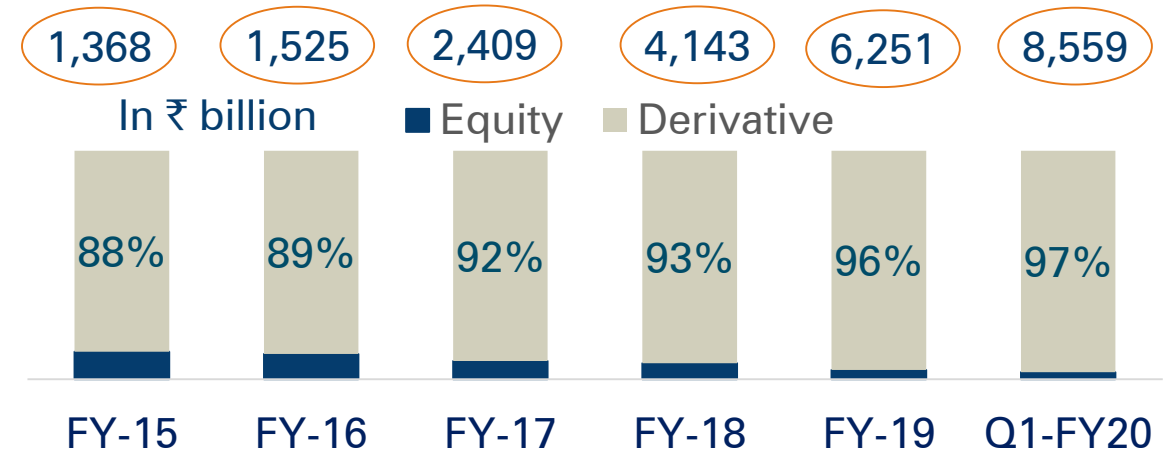
## Retail participation



## Growing share of trading volume (₹ billion)

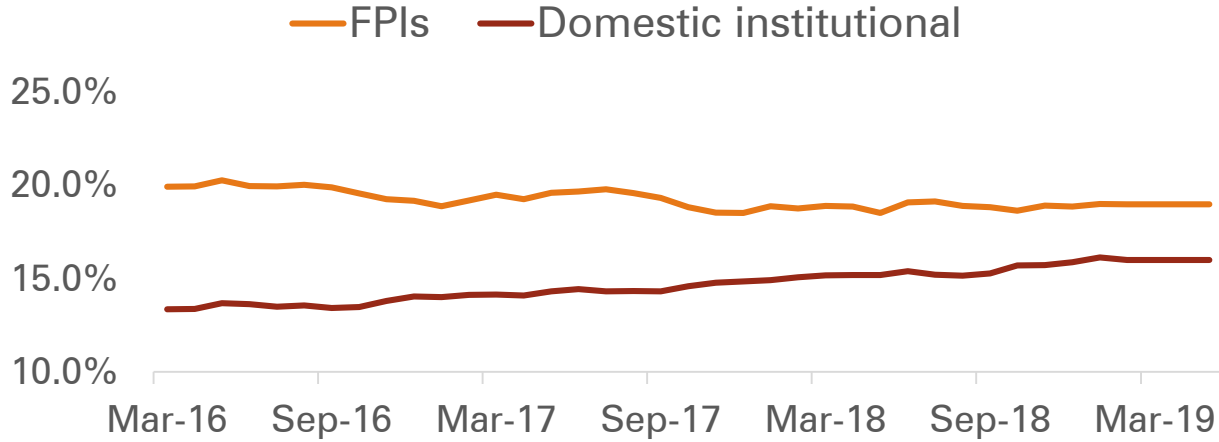


## Secondary market volume growth led by derivative volume#

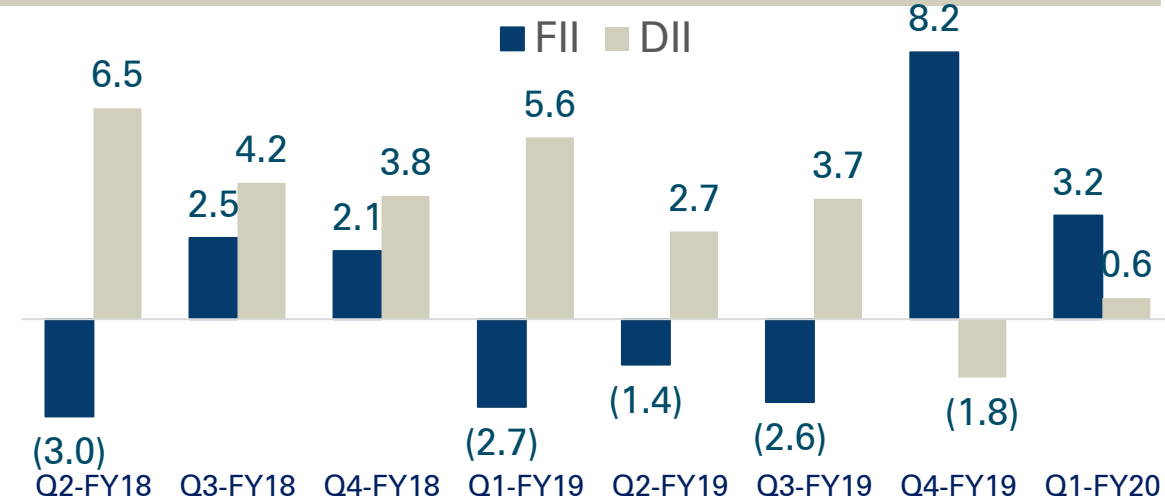


# Institutional broking: Increased FII flow in Q1-FY2020

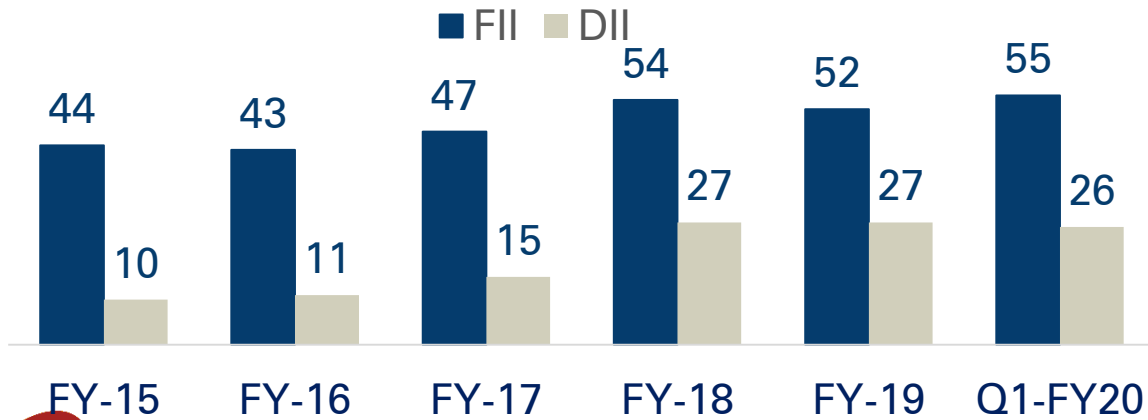
## Holding % of market capitalisation



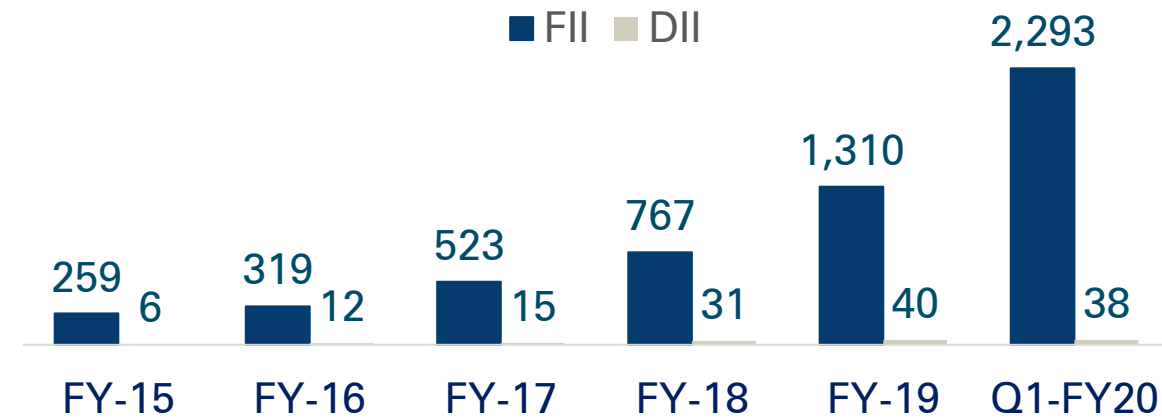
## Equity Flow in USD billion



## Equity ADTO in (₹ billion)



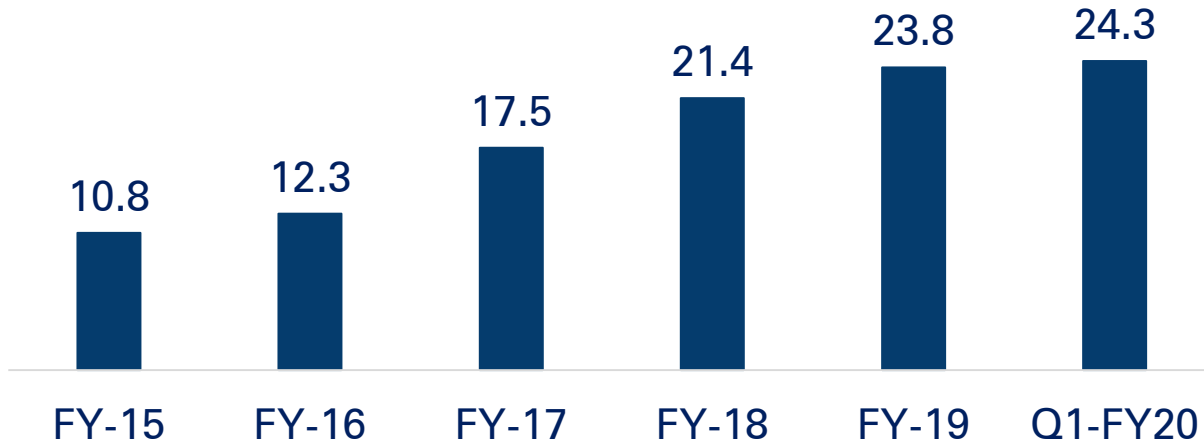
## Derivative ADTO in (₹ billion)



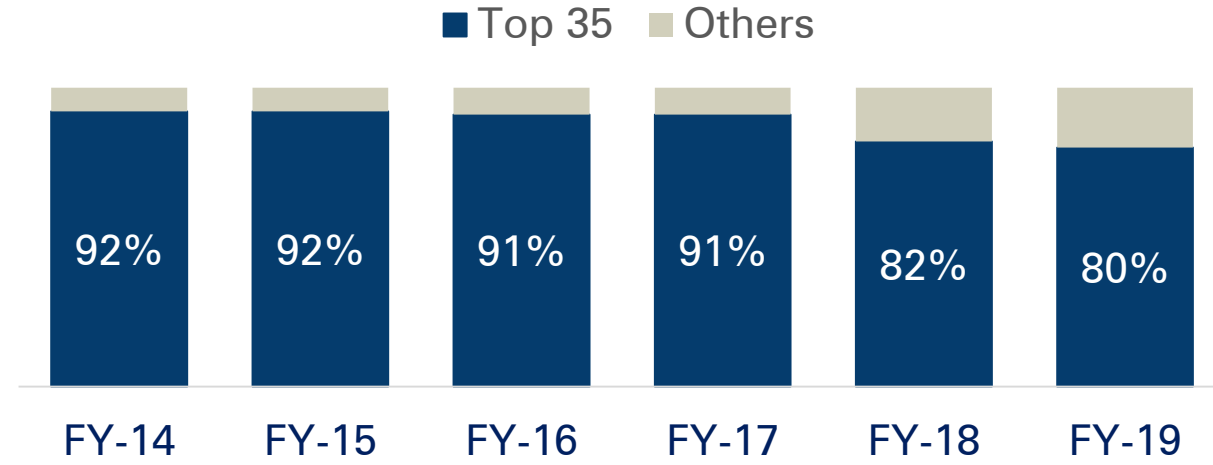


# Saving landscape: Increasing managed equity

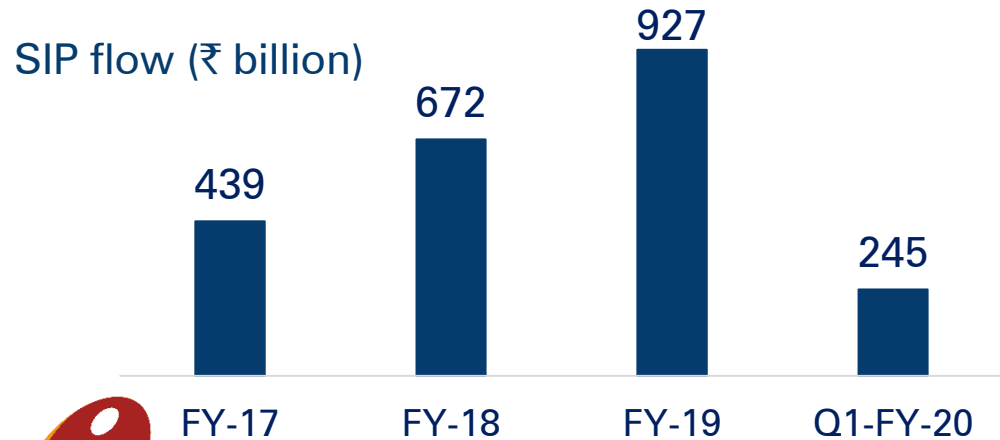
Mutual Fund (Exit) AUM (₹ trillion)



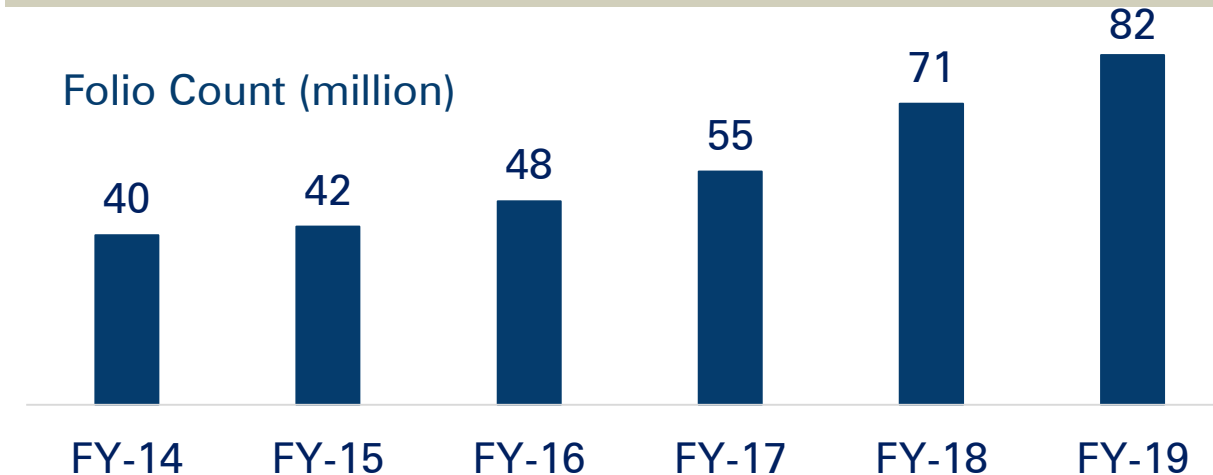
Growing share of beyond top 35 cities in MF AUM



More systematic retail participation through SIP



Mutual Fund folio



# Safe harbor

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to', etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for broking and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology, our growth and expansion in domestic and overseas markets, technological changes, our ability to market new products, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in broking regulations and other regulatory changes in India and other jurisdictions as well as other risk detailed in the reports filed by ICICI Bank Limited, our holding company with United States Securities and Exchange Commission . ICICI Bank and ICICI Securities Limited undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

This release does not constitute an offer of securities.





**Thank you**