Dear Sir/Madam,

Sub: Outcome of earnings call held for results for the quarter and nine months ended December 31, 2019

Ref: NSE Symbol - ISEC and BSE Scrip Code - 541179

This is further to our letter dated January 17, 2020 regarding the earnings call which was scheduled to be held on January 20, 2020.

Please find enclosed herewith the investor presentation and the opening remarks for the earnings call held on January 20, 2020 to discuss the financial results for the quarter and nine months ended December 31, 2019.

The same has also been uploaded on the website of the Company i.e. www.icicisecurities.com.

Thanking you,

Yours faithfully,

For ICICI Securities Limited

Rupesh Jadhav
Senior Manager

Encl.: As above
Performance Review

Q3-FY2020

January 20, 2020
Agenda

• Our Business
• Strategy & Updates
• Business Performance
• Financial Results
ICICI Securities has built an enviable franchise

**Franchise**
- #1 Equity franchise\(^1\)
- Total assets\(^*\) of ₹ 2 tn+, Wealth clients’ assets\(^*\) > ₹1 tn
- Ranked 1st amongst domestic financial advisors\(^2\)

**Clients**
- Operational account at 4.7m\(^3\) from 2.5m in FY14
- Overall active clients at 1.4m\(^3\) from 0.7m in FY14
- NSE active clients at 9.6 lac\(^4\) from 5 lac in FY14

**Market share**
- Blended market share at 8.7%\(^3\) from 4.5% in FY14
- MF Revenue market share at 4%\(^5\) from 2.9% in FY14
- ECM market share at 41%\(^5\) from 30% in FY14

**Financials**
- Revenue CAGR 16%\(^6\)
- PAT CAGR 40%\(^6\)
- ROE consistently over 50%\(^7\)

> *65%\(^8\) revenue contribution by customers who have been with us for more than 5 years*

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1. Based on revenues for FY19; 2. By number of deals, merger market league table, As at 9M-FY20; 3. As at Q3-FY20, Active clients are for trailing 12 months; 4. Trailing 12 month, as at end Q3-FY20; 5. As at FY19, MF revenue market source AMFI, ECM market share source Prime Database; 6. From FY14 to FY19; 7. FY15 to FY19; 8. Based on retail equities revenue

\(^*\) Assets of our clients including equity demat assets maintained with ICICI Bank and excluding promoter holding
Agenda

- ICICI Securities at a glance
- **Strategy & Updates**
- Business Performance
- Financial Results
Key Highlights

Retail equities & allied income driving revenue growth

- 4% increase in consolidated revenues
  - Equities & allied: 4%, Distribution: (4)%, Corporate Finance: (31)%
  - 36% increase in profit after tax

Gaining market share by improving quality of sourcing

- Bank arrangement: Activation rates up from 27% to 58%, active NCA up by 80%
- Equity market share at 8.9% up by 80 bps, over 2.3 lac prime subscriptions as at end Q3-FY20
- Derivative market share at 8.7% up by 70 bps, aided by new pricing plan (Option 20) for Options

New Initiatives during the quarter

- SIP Protect
- ETF Intelligent portfolios (EIP)
- Automated portfolio evaluation

Period: 3Q-FY2020 vs 3Q-FY2019
Working towards broadening the positioning

Imperatives:
• Broad basing business model
• Diverse and granular revenue streams
Strategy: Strengthening the core and building the future

A. Ramping up **scale** and **value** by augmenting and aligning growth engines

B. Monetize client value

C. Improving customer experience

D. Robust technology and digital agility

E. Operating leverage through cost efficiency
Approach: Ramping-up scale & value by augmenting & aligning growth engines

Bank win-win partnership
- **Natural alignment:** New arrangement with bank
- **Sourcing focus:** Targeting affluent client segments
- **Enlarge focus:** NRI

Digital on-boarding
- Re-engineer entire on-boarding process

Business partners
- Digitally offer B2B2C proposition to scale business partners:
  - On-boarding of partner
  - On-boarding of clients by the partner
  - Client management and platform support

Better customer quality and higher activation

Modernise and scale-up

Broad base growth
Progress: Ramping scale & value

**Initiatives**

**Quality of Sourcing**
- Activation rate\(^1\) up from 27% to 58%\(^3\)
- Number of active clients (NCA) up by 80%\(^3\)
- Prime: Over 2.3 lac subscriptions as at end Q3-FY2020
- NRI: Working on integrating NRI Idirect in the bank Tab sourcing

**Digital Sourcing**
- Improvement in run rate of accounts opened completely online
- Tab based instant account opening (T20);
  - Monthly run rate of \(\sim 11,500\) up from \(\sim 9,500\) in Q2-FY20
  - \(\sim 39\%\) contribution of T20 accounts in total 3 in 1 accounts

**Business partners**
- Network at 8,600+ in Q3-FY2020, up by 33%, NCA up by 45%
- Partnership with ecosystem players for client acquisition

**Impact**

**Gaining share of NSE active clients\(^2\)**

<table>
<thead>
<tr>
<th>Period</th>
<th>Q1-FY19</th>
<th>Q2-FY19</th>
<th>Q3-FY19</th>
<th>Q4-FY19</th>
<th>Q1-FY20</th>
<th>Q2-FY20</th>
<th>Q3-FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>9.53%</td>
<td>9.48%</td>
<td>9.45%</td>
<td>9.61%</td>
<td>9.81%</td>
<td>10.07%</td>
<td>10.01%</td>
</tr>
</tbody>
</table>

**Increasing Blended Equity Market share**

<table>
<thead>
<tr>
<th>Period</th>
<th>Q1-FY19</th>
<th>Q2-FY19</th>
<th>Q3-FY19</th>
<th>Q4-FY19</th>
<th>Q1-FY20</th>
<th>Q2-FY20</th>
<th>Q3-FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>7.4%</td>
<td>7.8%</td>
<td>8.1%</td>
<td>7.4%</td>
<td>8.1%</td>
<td>8.7%</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

1. % of New client acquisition (NCA) who have traded during the quarter
2. Trailing 12 month as at quarter end; Source: NSE
3. Bank sourced clients
Period: Q3-FY2020 vs Q3-FY2019, Sequential: Q3-FY2020 vs Q2-FY2020
Approach: Monetize client value

1. Strengthening wealth management franchise
   Comprehensive proposition for wealth clients including curated offering

2. Insta digital loans as a new asset class
   Digital lending to eligible customers for personal, auto loan, home loan top-up, credit card, LAS and deposits

3. Digital Insurance
   Ramping up distribution of insurance digitally
   - Health, Travel, Auto, Two wheeler and Term
   Enhancing product choice and product options

4. Margin trading facility
   MTF extended on NSE

5. ESOP funding
   Leveraging ESOP funding to build high quality client sourcing and enhancing revenue stream
Progress: Enhancing product suite

Monetising client value

• Distribution of loans
  Digital distribution of loans…
  • 0.94 million unique clients for pre approved loans based on bank’s credit criteria
  • Digital personal loans and credit cards and auto loan top up launched
  ...supplemented with physical distribution of
  • Home loans &
  • Loan against shares

• Margin trading facility and ESOP funding
  • Witnessing strong growth and gaining market share
  • MTF & ESOP book size as at December 31, 2019 was ₹ 11.53 bn up from 6.80 bn as at September 30, 2019 and 4.03 bn as at March 31, 2019

• Curated solutions for HNIs
  • Proprietary PMS, AUM as at December 31, 2019 crosses ₹ 1 bn
  • Customized AIF & PMS solutions with 3rd party
## Approach: Enhancing engagement for client retention & penetration

<table>
<thead>
<tr>
<th>Traditional approach</th>
<th>Client engagement</th>
<th>New approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self directed</td>
<td>Relationship mgmt.</td>
<td>Digital based advisory supplemented by voice RM</td>
</tr>
<tr>
<td>Pay per use</td>
<td>Onboarding clients</td>
<td>Subscription based</td>
</tr>
<tr>
<td>Individual stock based recommendation</td>
<td>Research connect</td>
<td>One click investment in recommended bundle of stocks</td>
</tr>
<tr>
<td>Self developed limited tools</td>
<td>Trading strategies</td>
<td>Augmenting using fintech tools</td>
</tr>
<tr>
<td>Investment only</td>
<td>Scope</td>
<td>Investment, protection, loans &amp; deposits</td>
</tr>
</tbody>
</table>
Progress: Curated engagement solutions

Enhancing engagement for client retention & penetration

• **One Click Investments**
  • 20+ curated baskets of research recommended Mutual Funds
  • Easy, convenient and automated portfolio allocation into basket of Mutual Funds

• **New pricing plan (Option 20) being piloted for Options**
  • Good traction in client additions, improvement in derivative market share to 8.7% from 8.0%

• **Launched SIP Protect**
  • Amongst the first online distributors to offer this product
  • Investor gets free life insurance cover up to 120x of SIP investments with 70 MF schemes

• **Launched ETF Intelligent portfolios (EIP)**
  • A unique investment product that invests in multi asset basket of low cost ETFs
  • Investments monitored daily & allocations adjusted based on market conditions

• **Increased penetration of our subscription and prepaid plans**
  • ~35% of our total NSE active base, lead indicator of client activity

• **iCommunity**
  • Engagement platform for investment community
Approach: Robust technology and digital agility

Secure, stable and fast system
- Reliable
- Avg. response time of 24 ms
- Peak concurrent users ~ 48k

Established framework for managing customer privacy & information security

3-tier recovery system and strong business continuity processes

Open architecture & partnership
- Use API architecture to onboard fintech partners
- Partner with fintech to offer customer centric solutions

Increasing use of data analytics
- Infuse new talent
- Infuse new technologies

Improved user experience
- New interface website
- New mobile app
Progress: Fintech partnership based digital capabilities

Digital agility

• API architecture launched in September 2019

• Fintech partnership based digital capabilities
  • Digital Team evaluated 76 projects
  • Launched
    • Automated portfolio evaluation with Held-away assets for clients to view complete portfolio
  • Under Implementation
    • Trading strategy formulation tool for derivatives
    • Comparison tool for insurance

• Upgrading client engagement platform
  • Reengineering our mobile app including new UI/UX

• Chatbot and WhatsApp
  • Provide 24/7 active customer assistance using artificial intelligence (AI)
Approach: Operating leverage through cost efficiency

- Re-evaluate branch infrastructure cost based on productivity, area efficiency and rentals
- Centralization of certain vertical to optimise infrastructure and manpower cost
- Process re-engineering to optimize acquisition related cost
- Harnessing synergies within teams and business groups to optimize manpower
- Migrating to digital/low touch coverage models

Strong focus on inculcating cost culture to enable identification and enhance cost efficiency on an on-going basis
Progress: Operating leverage through cost efficiency

- **Overall cost down by 4%**
  - Employee cost down by 6%
  - Non finance cost down by 8%

- **Head count down by 7%**
  - 3% decline sequentially to 3,955 in Dec-2019

- **Branch count down from 198 to 178**

Period: Q3-FY2020 vs Q3-FY2019, Sequential: Q3-FY2020 vs Q2-FY2020
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Business Performance

Growing client base and engagement

• **4.7 million strong base of operational accounts; up by 8% YoY**
  • ~94,000 new clients added in Q3-FY20

• **1.4 million overall active clients, increased by 9% YoY**

• **0.96 million NSE active clients, increased by 13% YoY**

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1. Operational accounts is the total client base with the company
2. Ever traded are the clients who have transacted at least once on our platform
3. Overall active clients are the clients who have transacted at least once during trailing 12 months across all product categories
4. NSE active client base are the clients who have traded at least once during trailing 12 months
Business Performance

Strong traction in market shares

- **Blended market share** at 8.7% from 8.0%
- **Derivative market share** at 8.7% from 8.0%
  - Led by traction in new Options plan
- **Equity market share** up at 8.9% from 8.1%
  - Impact of product propositions like Prime and Prepaid

\[
\begin{array}{c|c|c|c}
 & Q3-19 & Q2-20 & Q3-20 2 \\
\hline
Equity & 8.1\% & 8.7\% & 8.9\% \\
Derivative & 8.0\% & 7.3\% & 8.7\% \\
Blended & 8.0\% & 7.3\% & 8.7\%
\end{array}
\]

1. Combined market share for retail and institutional clients
Period: Q3-FY2020 vs Q3-FY2019, Source: NSE, BSE
Business Performance

Equities business

Retail equities and allied\(^1\) revenues up by 5%

- ESOP & MTF interest income grew by ~43%
- Prime Income grew by ~37% sequentially

Institutional equities\(^2\) revenue down by 2%

- Primarily due to reduced traction in block deals

Total equities and allied revenues up by 4%

1. Retail equities includes broking income from Cash & derivatives & allied revenue includes ESOP & MTF interest income and Prime fees
2. Institutional equities includes broking income from Cash & derivatives

Period: Q3-FY2020 vs Q3-FY2019, Sequential: Q3-FY2020 vs Q2-FY2020
Business Performance

Distribution business

Mutual Fund business down by 4%
• Due to regulatory changes, up 4% sequentially
• Mutual Fund average AUM up by 9%
  • Equity average AUM up by 10%
• SIP count\(^2\) for Q3 FY2020 is 0.65 million

Non MF distribution\(^1\) revenue up by \(\sim6\%\)
• Primarily due to Fixed income and Life insurance
• Life Insurance revenues increased by 16% driven by increased focus towards protection (term)

Overall distribution revenue was at ₹1,029 million down by 4%

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1. Group of products which are being focused on to grow overall distribution revenue and include Insurance, PMS, AIF, Bonds, NPS, Deposits etc. and exclude income such as IPO, marketing fees and paid educational programs
2: SIP Count: Triggered as on last month of period; Source: AMFI
Period: Q3-FY2020 vs Q3-FY2019, Sequential: Q3-FY2020 vs Q2-FY2019
Business Performance

Corporate Finance

- Ranked 1st in IPO\(^1\) league table by value
- Rank 1st amongst domestic financial advisors by number of deals in merger market table
- Executed 7 Investment Banking deals
- IPO pipeline, \(~7\) deals amounting over ₹86 bn
- Corporate finance revenue decreased by 31%  
  - Primarily due to lower number of high value deals

1. IPO: IPO/FPO/InvIT/REIT  
   Source: Prime Database, Merger market, SEBI  
   Period: Q3-FY2020 vs Q3-FY2019; Sequential: Q3-FY2020 vs Q2-FY2020
Agenda

- ICICI Securities at a glance
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Financial Results

Revenue and Profit after Tax

- 4% increase in consolidated revenue due to
  - Increase in retail equities & allied income by 5%
- Overall cost down by 4%
  - Employee cost down by 6%
  - Non finance cost down by 8%
- PBT increased by 17%
- Consolidated PAT increased by 36%

Revenue and PAT (₹ million)

<table>
<thead>
<tr>
<th></th>
<th>Q3 FY19</th>
<th>Q2 FY20</th>
<th>Q3 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,047</td>
<td>4,182</td>
<td>4,227</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,581</td>
<td>1,841</td>
<td>1,852</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>1,012</td>
<td>1,351</td>
<td>1,372</td>
</tr>
</tbody>
</table>

Period: Q3-FY2020 vs Q3-FY2019; Sequential: Q3-FY2020 vs Q1-FY2020
## Consolidated P&L

(₹ million)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q3-FY19</th>
<th>9M-FY19</th>
<th>Q2-FY20</th>
<th>Q3-FY20</th>
<th>9M-FY20</th>
<th>Y-o-Y%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,047</td>
<td>12,987</td>
<td>4,182</td>
<td>4,227</td>
<td>12,430</td>
<td>4%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>354</td>
<td>946</td>
<td>244</td>
<td>270</td>
<td>759</td>
<td>(24)%</td>
</tr>
<tr>
<td>Employee benefits expenses</td>
<td>1,416</td>
<td>4,217</td>
<td>1,339</td>
<td>1,328</td>
<td>3,941</td>
<td>(6)%</td>
</tr>
<tr>
<td>Finance Cost¹</td>
<td>85</td>
<td>323</td>
<td>179</td>
<td>219</td>
<td>576</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Other expenses¹</td>
<td>611</td>
<td>1815</td>
<td>579</td>
<td>558</td>
<td>1702</td>
<td>(9)%</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>2,466</td>
<td>7,303</td>
<td>2,341</td>
<td>2,376</td>
<td>6,978</td>
<td>(4)%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,581</td>
<td>5,683</td>
<td>1,841</td>
<td>1,851</td>
<td>5,452</td>
<td>17%</td>
</tr>
<tr>
<td>Tax²</td>
<td>569</td>
<td>1991</td>
<td>490</td>
<td>479</td>
<td>1591</td>
<td>(16)%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>1,012</td>
<td>3,692</td>
<td>1,351</td>
<td>1,372</td>
<td>3,861</td>
<td>36%</td>
</tr>
<tr>
<td>Other Comprehensive Income (OCI)</td>
<td>-6</td>
<td>-22</td>
<td>-16</td>
<td>12</td>
<td>-40</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income (TCI)</strong></td>
<td>1,006</td>
<td>3,670</td>
<td>1,335</td>
<td>1,384</td>
<td>3,821</td>
<td>38%</td>
</tr>
</tbody>
</table>

1. Impact of Ind AS116 in Q2-FY2020 & Q3-FY2020: finance cost & depreciation increased by ₹ 141 mn in each quarter; lease expense reduced by ₹ 119 mn and ₹ 121 mn; having a net impact of ₹ 22 mn and ₹ 20 mn
2. Impact of change in income tax rate including impact on account of revaluation of deferred tax asset given in Q2-FY2020

MTM of ₹ 36 mn taken in Q2-FY2020 on DHFL

Y-o-Y: Q3-FY2020 vs Q3-FY2019
## Segment performance

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q3-FY19</th>
<th>9M-FY19</th>
<th>Q2-FY20</th>
<th>Q3-FY20</th>
<th>9M-FY20</th>
<th>Y-o-Y%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broking &amp; commission</td>
<td>3,764</td>
<td>11,972</td>
<td>3,810</td>
<td>3,875</td>
<td>11,323</td>
<td>3%</td>
</tr>
<tr>
<td>Advisory services¹</td>
<td>256</td>
<td>862</td>
<td>323</td>
<td>176</td>
<td>665</td>
<td>(31)%</td>
</tr>
<tr>
<td>Investment &amp; trading</td>
<td>27</td>
<td>153</td>
<td>49</td>
<td>176</td>
<td>294</td>
<td>&gt;100%</td>
</tr>
<tr>
<td><strong>Income from operations²</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,047</td>
<td>12,987</td>
<td>4,182</td>
<td>4,227</td>
<td>12,430</td>
<td>4%</td>
</tr>
</tbody>
</table>

| **Segment Profit before tax** | | | | | | |
| Broking & commission | 1,516 | 5,219 | 1,672 | 1,752 | 5,071 | 16% |
| Advisory services | 60 | 374 | 175 | 27 | 217 | (55)% |
| Investment & trading | 5 | 90 | -6 | 72 | 16 | >100% |
| **Total Result** | 1,581 | 5,683 | 1,841 | 1,851 | 5,452 | 17% |

1. Advisory services includes Financial advisory services such as equity-debt issue management services, merger and acquisition advice and other related activities
2. Amount of ₹ 207 mn and ₹ 148 mn pertaining to interest on income tax refund is not allocated to any segment and is included in total revenues and results of FY2019 and 9M-FY2020 respectively

Y-o-Y: Q3-FY2020 vs Q3-FY2019
## Balance sheet: Assets

### (₹ million)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>At Dec 31, 2018</th>
<th>At March 31, 2019</th>
<th>At Dec 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets (A)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash/Bank and cash equivalents</td>
<td>13,359</td>
<td>31,486¹</td>
<td>15,715</td>
</tr>
<tr>
<td>Derivative financial instruments and Securities for trade</td>
<td>331</td>
<td>2,563</td>
<td>5,547</td>
</tr>
<tr>
<td>Receivables</td>
<td>2,292</td>
<td>4,770</td>
<td>1,218</td>
</tr>
<tr>
<td>Loans</td>
<td>4,977</td>
<td>4,033</td>
<td>11,530</td>
</tr>
<tr>
<td>Investments</td>
<td>36</td>
<td>28</td>
<td>27</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>748</td>
<td>817</td>
<td>661</td>
</tr>
<tr>
<td><strong>Non-financial assets (B)</strong></td>
<td>2,609</td>
<td>2,949</td>
<td>4,652</td>
</tr>
<tr>
<td>Deferred tax assets (net)</td>
<td>691</td>
<td>737</td>
<td>574²</td>
</tr>
<tr>
<td>Right-of-use assets³</td>
<td>-</td>
<td>-</td>
<td>1,573</td>
</tr>
<tr>
<td>Fixed assets, CWIP &amp; Intangible assets</td>
<td>433</td>
<td>476</td>
<td>502</td>
</tr>
<tr>
<td>Current tax assets &amp; other non financial assets</td>
<td>1,485</td>
<td>1,736</td>
<td>2,003</td>
</tr>
<tr>
<td><strong>Assets (A+B)</strong></td>
<td>24,352</td>
<td>46,646</td>
<td>39,350</td>
</tr>
</tbody>
</table>

1. Settlement obligation pertaining to an offer for sale of ₹ 17,362 mn was pending for payment as on March 31, 2019
2. Re-measured deferred tax assets at new income tax rate
3. Lease assets capitalised as per Ind AS 116, which came into effect on April 1, 2019, are being reported as Right of use assets
## Balance sheet: Equity and Liabilities

<table>
<thead>
<tr>
<th>EQUITY AND LIABILITIES</th>
<th>At Dec 31, 2018</th>
<th>At March 31, 2019</th>
<th>At Dec 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities (A)</td>
<td>9,343</td>
<td>30,182</td>
<td>23,164</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>6</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>Payables</td>
<td>5,564</td>
<td>23,362(^1)</td>
<td>3,707</td>
</tr>
<tr>
<td>Debt securities</td>
<td>3,718</td>
<td>4,473</td>
<td>14,924</td>
</tr>
<tr>
<td>Lease liabilities(^2)</td>
<td>-</td>
<td>-</td>
<td>1,593</td>
</tr>
<tr>
<td>Deposits &amp; Other financial liabilities</td>
<td>55</td>
<td>2,330</td>
<td>2,938</td>
</tr>
<tr>
<td>Non-financial liabilities (B)</td>
<td>5,764</td>
<td>5,991</td>
<td>5,661</td>
</tr>
<tr>
<td>Equity (C)</td>
<td>9,245</td>
<td>10,473</td>
<td>10,525</td>
</tr>
<tr>
<td>Equity share capital</td>
<td>1,611</td>
<td>1,611</td>
<td>1,611</td>
</tr>
<tr>
<td>Other equity</td>
<td>7,634</td>
<td>8,862</td>
<td>8,914</td>
</tr>
<tr>
<td><strong>Equity and Liabilities (A+B+C)</strong></td>
<td><strong>24,352</strong></td>
<td><strong>46,646</strong></td>
<td><strong>39,350</strong></td>
</tr>
</tbody>
</table>

1. Settlement obligation pertaining to an offer for sale of ₹ 17,362 mn was pending for payment as at March 31, 2019
2. Lease liabilities are being capitalised in financial liabilities as per Ind AS116 applicable from April 1, 2019
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
Appendix
Appendix

Mutual fund average AUM (₹ billion) and Revenue (₹ million)

<table>
<thead>
<tr>
<th></th>
<th>Overall AUM</th>
<th>Equity AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3-19</td>
<td>343</td>
<td>254</td>
</tr>
<tr>
<td>Q2-20</td>
<td>358</td>
<td>263</td>
</tr>
<tr>
<td>Q3-20</td>
<td>375</td>
<td>279</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Mutual Fund Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3-19</td>
<td>599</td>
</tr>
<tr>
<td>Q2-20</td>
<td>556</td>
</tr>
<tr>
<td>Q3-20</td>
<td>576</td>
</tr>
</tbody>
</table>
Appendix

Life Insurance Premium and Revenue (₹ million)

<table>
<thead>
<tr>
<th></th>
<th>Q3-19</th>
<th>Q2-20</th>
<th>Q3-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance Premium</td>
<td>1,994</td>
<td>1,982</td>
<td>1,865</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q3-19</th>
<th>Q2-20</th>
<th>Q3-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance Revenue</td>
<td>104</td>
<td>123</td>
<td>120</td>
</tr>
</tbody>
</table>
### Details of clients and volumes

<table>
<thead>
<tr>
<th>Particulars (mn)</th>
<th>Q1-FY19</th>
<th>Q2-FY19</th>
<th>Q3-FY19</th>
<th>Q4-FY19</th>
<th>Q1-FY20</th>
<th>Q2-FY20</th>
<th>Q3-FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational accounts¹</td>
<td>4.12</td>
<td>4.22</td>
<td>4.32</td>
<td>4.43</td>
<td>4.52</td>
<td>4.60</td>
<td>4.68</td>
</tr>
<tr>
<td>Overall active clients (in trailing 12 months)²</td>
<td>1.22</td>
<td>1.27</td>
<td>1.28</td>
<td>1.28</td>
<td>1.31</td>
<td>1.33</td>
<td>1.39</td>
</tr>
<tr>
<td>NSE active clients³</td>
<td>0.81</td>
<td>0.84</td>
<td>0.84</td>
<td>0.84</td>
<td>0.88</td>
<td>0.91</td>
<td>0.96</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars (bn)</th>
<th>Q1-FY19</th>
<th>Q2-FY19</th>
<th>Q3-FY19</th>
<th>Q4-FY19</th>
<th>Q1-FY20</th>
<th>Q2-FY20</th>
<th>Q3-FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity market ADTO ¹</td>
<td>269</td>
<td>287</td>
<td>271</td>
<td>277</td>
<td>279</td>
<td>273</td>
<td>308</td>
</tr>
<tr>
<td>Derivative market ADTO ¹</td>
<td>4,806</td>
<td>6,184</td>
<td>6,388</td>
<td>6,569</td>
<td>8,389</td>
<td>9,403</td>
<td>9,362</td>
</tr>
<tr>
<td>Total market ADTO</td>
<td>5,075</td>
<td>6,471</td>
<td>6,659</td>
<td>6,846</td>
<td>8,669</td>
<td>9,676</td>
<td>9,669</td>
</tr>
<tr>
<td>ISEC total ADTO</td>
<td>466</td>
<td>556</td>
<td>530</td>
<td>584</td>
<td>641</td>
<td>711</td>
<td>846</td>
</tr>
<tr>
<td>ISEC Blended market share (%)</td>
<td>9.20%</td>
<td>8.60%</td>
<td>8.00%</td>
<td>8.50%</td>
<td>7.40%</td>
<td>7.30%</td>
<td>8.70%</td>
</tr>
<tr>
<td>ISEC Blended Equity market share (%)</td>
<td>7.40%</td>
<td>7.80%</td>
<td>8.10%</td>
<td>7.40%</td>
<td>8.10%</td>
<td>8.70%</td>
<td>8.90%</td>
</tr>
<tr>
<td>ISEC Blended Derivative market share (%)</td>
<td>9.30%</td>
<td>8.60%</td>
<td>8.00%</td>
<td>8.60%</td>
<td>7.40%</td>
<td>7.30%</td>
<td>8.70%</td>
</tr>
</tbody>
</table>

1. Operational accounts is the total client base with the company
2. Overall active clients are the clients who have transacted at least once during trailing 12 months across all product categories
3. NSE active client base are the clients who have traded at least once during trailing 12 months, Source: NSE
4. Excludes proprietary volumes, source: SEBI, NSE, BSE
Operator remarks

Good day ladies and gentlemen and welcome to the Earnings Conference Call of ICICI Securities Limited for the quarter ended December 31, 2019.

We have with us today on the call Mr. Vijay Chandok – Managing Director and Chief Executive Officer, Mr. Ajay Saraf – Executive Director, Mr. Harvinder Jaspal – Chief Financial Officer, Mr. Yagnesh Parikh – Chief Digital and Technology Officer, Mr. Vishal Gulechha – Head Retail Equities, Mr. Kedar Deshpande – Head Retail Distribution, Product & Services Group and Mr. Anupam Guha – Head Private Wealth and Equity advisory group.

For the duration of this presentation, all participant lines will be in the listen-only mode. I will be standing-by for the Q&A session. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.
The business presentation can be found on the company's corporate website, icicisecurities.com under Investor Relations.

I would now like to call over Mr. Chandok for his opening remarks.

Mr. Vijay Chandok’s opening remarks

Good evening to all of you and welcome to the ICICI Securities Earnings Call to discuss updates on our strategy and the Q3-FY20 financial results.

Let me start by saying that it has been an eventful quarter from the perspective of macro-economic environment, industry and from our perspective as well.

Let us start with the markets overview. The theme of polarised buoyancy in the markets despite weakening macros continued. While NIFTY50 ended the calendar year on a high note, the broader indices were down for most part of the year, recovering only partly in the current quarter, offering the much needed respite to retail investors. If the momentum in the broader market sustains, it will be beneficial for a franchise like ours.

This quarter also witnessed a few important developments on the industry front. SEBI has been consistently working towards creating a framework for protection of interests of the investors. On October 1, 2019, SEBI regulation prescribing norms and time limits for transferring clients’ securities into their demat accounts by brokers, came into effect.
As a result of which, practices pertaining to use of clients’ funds and securities came under focus, resulting in actions taken by the Regulator. It appears imminent that the regulatory direction would continue to be one of protection of investor interest, which we believe is conducive to an orderly growth of the industry. In our view, these market events have reiterated the importance of factors such as trust, safety and brand in the mind of the investors, which is positive for the company and for the industry in general.

Further, SEBI recently introduced a regulation regarding margin norms, which, the industry, through a committee, of which we are also a part, is seeking clarifications and engaging with the Regulator.

To sum it up, a slight upturn in the broader market indices as well as a clear flight to brands which invoke trust are some of the key positives and we would continue to watch developments in the competitive and regulatory space. We believe that our five pronged strategy positions us well to exploit the opportunity coming our way.

Against this backdrop, our Company registered a growth in consolidated revenue, after a gap of four quarters, of ₹ 4,227 million for Q3-FY2020 as compared to ₹ 4,047 million for Q3-FY2019, a growth of 4% aided by growth in our retail equities business including brokerage and other allied incomes.
Our Profit before tax (PBT) increased by 17% from ₹ 1,581 million for Q3-FY2019 to ₹ 1,851 million for Q3-FY2020 resulting from growth in revenue and reduction in overall cost by 4% which in turn was led by 6% reduction in employee expenses as well as 8% reduction in non-interest expenses. Our efficiency measures are helping us in gradually rightsizing and the quarter end employee count was at 3,955 as compared to 4,077 in Q2-FY20, a sequential decline of 3%.

Our Profit after tax (PAT) for Q3-FY2020 increased by 36% to ₹ 1,372 million compared to ₹ 1,012 million for Q3-FY2019, partly helped by lower statutory tax rate.

Our Return on Equity (RoE) continued to remain robust at ~ 51% for Q3-FY20.

Let us now look at our business performance for the quarter.

Client acquisition
Our strategy of ramping up scale with quality through our new arrangement with bank along with product propositions like Prime is showing promising trends. We added ~94,000 new clients during the quarter, growing our operational client base to 4.7 million. Our activation rates for bank sourced clients reached 58%, driving our absolute number of active NCA through bank up by 80%.
Another lever that we continue to focus on to ramp up scale is to decongest, simplify and digitize the client onboarding process itself. As a part of this initiative, we developed and launched tab based account opening for our ground staff in Q4-19 which has now started contributing 39% to our sourcing and extended the same to the relationship managers of ICICI Bank who source clients, including NRI clients, for us in the month of December. In Q2-20, we had rolled out an end to end online process for existing ICICI Bank customers where clients can now open an account in 20 minutes without any physical intervention. Although still a minor contributor to the overall sourcing, we saw improvement in the run rates in the current quarter.

We are continuously working towards designing solutions that help us identify and target distinct client segments using our domain expertise and technology edge.

The next lever that we are focusing on is growing through business partners and alliances. Our network reached 8,600+ in the quarter, up 33% year on year and the clients sourced through the network were also up by 45%. We entered into an arrangement for sourcing clients with a couple of ecosystem players, who are SEBI registered investment advisors (IA). We are in the process of integrating digitally with them using our open API architecture, which will enable them to bring new customers to our platform and to act as an IA for that customer.
Equities Business

Moving on to our Equities business. Our prime proposition, launched in April this year, continued to generate encouraging demand; it has not only helped in attracting new customers but also in activating dormant ones. We opened up this proposition to all our existing customers from October 1, 2019 and the total number of subscribers as on December 31, 2019, were more than 2.3 lac, adding ~70,000 net subscribers in this quarter up from around 60,000 in the last quarter. Towards the end of Q2-2020, we rolled out a pilot of a new derivative pricing plan, “Option 20”, aimed at attracting Options traders which form the majority of the F&O market. We are encouraged by the response that we have seen by way of increase in volume.

As a result of Prime, better quality sourcing and launch of new Option pricing plan, our market shares across equity and derivative segments year on year increased by 80bps and 70bps respectively and was at 8.9% and 8.7% respectively. Our NSE active client base increased by 13% year on year to 9.6 lakh clients with a market share of around 10%.

This increase in active clients and volumes coupled with our focus on growing allied equity product revenues like ESOP funding, MTF and Prime subscription fees have helped us in offsetting the impact of lower yield. We were able to grow our MTF & ESOP books to ₹ 11.53 billion as at December 31, 2019 up from ₹ 6.80 billion as at September 30, 2019. Our interest income from ESOP and MTF grew by 43% year on year to ₹
261 million while our Prime subscription income grew 37% sequentially to ₹ 55 million. Consequently, our retail equities and allied business revenues increased by 5% year on year to ₹ 2,277 million despite opening up Prime for all our clients.

On the Institutional equities front, the revenue declined by 2%, primarily due to reduced traction in block deals.

**In our distribution business**, our aim is to deepen the relationships with clients and maximize the wallet share thereby growing the overall number of active clients. Our mutual fund revenues continued to be under pressure from regulatory changes and declined by 4% as the base got partially reset to the new regulatory regime. Here the focus area is to grow the net flows and AUM where we faced challenges of redemptions and lower growth in gross flows as well. We believe we can do much better and will continue to focus on improving the net flows. To offset the impact due to regulatory changes in mutual funds, we have been focusing on certain non-MF products which have grown 6% this quarter, driven by growth in revenues from life insurance and fixed income products, thereby partially offsetting the decline. In our Life insurance business, we were able to increase our revenues by 16% year on year to ₹ 120 million because of increased focus towards protection (term) and traditional products amidst higher volatility.

Our approach to deepen relationships with the customers and enhance
wallet share is by providing them more and more simple products which an investor can quickly engage in. During the quarter, we introduced new products like ETF Intelligent Portfolios, Automatic Portfolio Evaluation and SIP Protect.

ETF Intelligent portfolios (EIP) is a product designed with a view to provide advisory based capabilities to customers, at scale, for investing in multi asset basket of low cost ETFs based on clients’ risk profile wherein the investments are monitored daily & allocations adjusted based on market conditions. It provides customers an opportunity to invest across different asset classes (Equity-Large cap, Equity-Mid cap, Govt. securities & Gold) through ETFs in a single click. The portfolio consists of ETFs, which has a significantly lower expense ratio.

SIP protect is a product that along with SIPs, provides investors free life insurance cover up to 120x of SIP investments with 70 mutual fund schemes. We are amongst the first online distributors to offer SIP protect.

Automatic Portfolio Evaluation is a tool whereby customers can upload all their holding statements across different asset classes and also across different distributors onto this tool which provides clients one view for all their investments even though all the assets may not be with us.

As we continue to build more and more engagement and simpler
digitally enabled tools for our clients, we expect to increase the overall level of active clients. In Q3-FY20, we were able to increase our overall active clients by 9% to 13.9 lakh.

**Moving to our corporate finance business,** this was a slow quarter with revenues declining by 31% year on year to ₹176 million due to the market activity being subdued. We executed 7 Investment banking deals in Q3-FY20 and have IPO pipeline (as per SEBI filling) of 7 deals amounting to over ₹86 bn. We are ranked 1 by value of deals in IPO (including Invit/ Reit and FPOs) as well as among domestic financial advisors by number of deals in merger market league table.

**Our treasury income was** ₹176 million up from ₹27 million a year ago, aided by higher interest income earned arising from debt positions that we have built given the interest rate environment.

To sum it up, we continue to scan the market environment with a sharp focus on execution of our strategy. We believe that the next few quarters would be crucial and will help us prepare the company for the future.

Thank you and we are now open for questions and answer.