July 22, 2019

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

BSE Limited
Listing Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Dear Sir/Madam,

Sub: Outcome of earnings call held for results for the quarter ended June 30, 2019

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

This is further to our letter dated July 17, 2019 regarding the earnings call which was scheduled to be held on July 22, 2019.

Please find enclosed herewith the investor presentation and the opening remarks for the earnings call held on July 22, 2019 to discuss the financial results for the quarter ended June 30, 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

Raju Nanwani
Senior Vice President & Company Secretary

Encl.: As above
Performance Review

Q1 FY 2020

July 22, 2019
Agenda

• Key Highlights

• Strategy

• Business Performance

• Financial Results
ICICI Securities has built an enviable franchise...

<table>
<thead>
<tr>
<th>4.5 mn</th>
<th>Growing customer base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Largest</td>
<td>Equity broker in terms of revenue</td>
</tr>
<tr>
<td>2nd</td>
<td>Largest non-bank mutual fund distributor by revenue¹</td>
</tr>
<tr>
<td>1st</td>
<td>Rank in the IPO/ InvIT (Investment trusts) by value²</td>
</tr>
<tr>
<td>2nd</td>
<td>ECM league table by value³</td>
</tr>
</tbody>
</table>

1. Source: AMFI (MF commission) period FY19  2. Source: Prime database for Q1FY20,  3. Prime database, ECM: IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale period FY19,
...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

Note: Only retail broking revenue considered
Agenda

• Key Highlights

• **Strategy**

• Business Performance

• Financial Results
## Our Winning 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
Agenda

• Key Highlights

• Strategy

• Business Performance

• Financial Results
Business Performance

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%

Growing client base and engagement

• 4.5 million strong base of operational accounts
• 9.4 lac overall active clients, increased by 62 thousand YoY
• 8.8 lac NSE active clients, market share at 18 month high

ICICI Securities market share\(^1\) in active client base (NSE) at 18 month high

1. Source: NSE, trailing 12 months, Period: Q1-FY2020 vs Q1-FY2019
Business Performance

Equity market share growth encouraging

- Equity market share up at 8.1% from 7.4%
- Blended broking market share at 7.4%
  - Driven by decline in derivative market share
- Derivative share at 7.4%
  - Decline mainly due to
    - Planned increase in options margins to mitigate risk in anticipation of high volatility around elections results
    - Diverting focus of resources to Prime launch in April & May
  - Strong recovery in June derivatives market share

Source: SEBI, NSE, BSE. Period: Q1-FY2020 vs Q1-FY2019
Business Performance

Broking revenue by segments

- Retail broking revenues adjusted for trading days is flat
  - However for the quarter retail broking revenues down by 6%
- Institutional broking revenue increased by 12%
- Overall broking revenue down by 4%

<table>
<thead>
<tr>
<th>Period: Q1-FY2020 vs Q1-FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Brokerage</td>
</tr>
<tr>
<td>Q4 FY19</td>
</tr>
<tr>
<td>1,957</td>
</tr>
<tr>
<td>331</td>
</tr>
<tr>
<td>2,288</td>
</tr>
</tbody>
</table>
Business Performance

Initial traction in focus areas to offset developments in MF business

• Focus on
  • Fixed income and deposits
  • Life Insurance distribution
  • Others¹

• Aggregate non MF distribution revenue up by ~9%

‘Enhanced focus on non Mutual Fund distribution expected to provide revenue growth momentum in the coming quarters’

• Mutual Fund average AUM up by 7%

• SIP count² for Q1 FY2020 is 0.66 million

• MF revenue down 27% in line with anticipated TER impact

‘Endeavour to protect and grow Mutual Fund revenues’

• Overall distribution revenue down by 15%

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1: Includes PMS, NPS, General insurance, etc. 2: SIP Count: Triggered as on last month of period
Business Performance

Strong IPO pipeline, about 17 deals amounting over ₹ 180 bn

- 8 Investment Banking deals vs 6 deals in Q1 FY2019
- 3 advisory deals compared to 2 deals in Q1 FY2019
- Weak ECM activity on account of election uncertainties impacting revenues
  - 48% decline in revenue

Period: Q1 FY2020 vs Q1 FY2019; Source: Prime Database, Merger market, SEBI
ECM: IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale
Agenda

• Key Highlights
• Strategy
• Business Performance
• Financial Results
Financial Results

Revenue and Profit after Tax

- 8% decline in consolidated revenue impacted by
  - Decline in Corporate Finance revenues
  - Anticipated reduction due to TER in Mutual Funds
- Overall cost down by 3%
  - Employee cost down by 7%
- 15% decline in consolidated PAT

### Revenue and PAT (₹ million)

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY19</th>
<th>Q1 FY19</th>
<th>Q1 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,283</td>
<td>4,359</td>
<td>4,021</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>1,215</td>
<td>1,338</td>
<td>1,138</td>
</tr>
</tbody>
</table>

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

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

Revenue for Q4-FY19 and Q1-FY20 includes interest on income tax refunds amounting to ₹ 207mn and ₹ 148mn respectively.

Ind AS116 applicable April 1,2019 led to an increase of ₹ 156 mn in finance cost and depreciation & reduction of ₹ 128 mn in other expenses. MTM loss of ₹ 108 mn on Dewan Housing Finance Corp. Ltd. Period: Y-o-Y: Q1-FY20 vs Q1-FY19
## Segment performance

(₹ million)

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

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

1. Unallocated Amount of ₹ 207 mn and ₹ 148 mn is included in total revenues and results of Q4-19 and Q1-20 respectively. MTM loss of ₹ 108 mn on Dewan Housing Finance Corp. Ltd. Period: Y-o-Y: Q1-FY20 vs Q1-FY19
### Balance Sheet: Assets

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

1. As on 31\(^{st}\) 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

1. As on 31st 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.

<table>
<thead>
<tr>
<th>EQUITY AND LIABILITIES</th>
<th>At March 31, 2019</th>
<th>At June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities (A)</td>
<td>30,182</td>
<td>14,856</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>Payables¹</td>
<td>23,362</td>
<td>3,172</td>
</tr>
<tr>
<td>Debt securities</td>
<td>4,473</td>
<td>7,453</td>
</tr>
<tr>
<td>Lease liabilities²</td>
<td>-</td>
<td>1,909</td>
</tr>
<tr>
<td>Deposits &amp; Other financial liabilities</td>
<td>2,330</td>
<td>2,320</td>
</tr>
<tr>
<td>Non-financial liabilities (B)</td>
<td>5,991</td>
<td>5,250</td>
</tr>
<tr>
<td>Equity (C)</td>
<td>10,473</td>
<td>11,603</td>
</tr>
<tr>
<td>Equity share capital</td>
<td>1,611</td>
<td>1,611</td>
</tr>
<tr>
<td>Other equity</td>
<td>8,862</td>
<td>9,992</td>
</tr>
<tr>
<td><strong>Equity and Liabilities (A+B+C)</strong></td>
<td><strong>46,646</strong></td>
<td><strong>31,709</strong></td>
</tr>
</tbody>
</table>
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.

For investor queries please email at IR@icicisecurities.com

1 billion/million = 100 crore / 10 Lacs
Thank you
Mutual Fund AUM & Revenue

**MF Average AUM (₹ billion)**

<table>
<thead>
<tr>
<th></th>
<th>Overall AUM</th>
<th>Equity AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4-FY19</td>
<td>352</td>
<td>260</td>
</tr>
<tr>
<td>Q1-FY19</td>
<td>343</td>
<td>255</td>
</tr>
<tr>
<td>Q1-FY20</td>
<td>368</td>
<td>274</td>
</tr>
</tbody>
</table>

**MF Revenue (₹ million)**

<table>
<thead>
<tr>
<th></th>
<th>Q4-FY19</th>
<th>Q1-FY19</th>
<th>Q1-FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall AUM</td>
<td>592</td>
<td>773</td>
<td>562</td>
</tr>
</tbody>
</table>
Life Insurance Premium & Revenue

<table>
<thead>
<tr>
<th></th>
<th>Premium (₹ million)</th>
<th>Revenue (₹ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4-FY19</td>
<td>3,054</td>
<td>160</td>
</tr>
<tr>
<td>Q1-FY19</td>
<td>1,619</td>
<td>87</td>
</tr>
<tr>
<td>Q1-FY20</td>
<td>1,483</td>
<td>76</td>
</tr>
</tbody>
</table>
New Lease Accounting Standard (Ind AS 116)

**Background**
- Ind AS 116 comes into effect from April 1, 2019.
- Eliminates the classification of leases between operating and finance lease.
- Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the underlying asset for the lease term.
- Interest expense and depreciation to be charged to P&L instead of lease rental expense

**Impact**
- The company has recognized a lease liability and an equal asset on the date of application (April 1, 2019). Rent expense will be replaced with interest on lease liability and depreciation as provided below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q1 without Ind AS 116 adjustment</th>
<th>Changes due to Ind AS 116</th>
<th>Q1 as per Ind AS 116</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Expenses</td>
<td>535.2</td>
<td>(127.6)</td>
<td>407.6</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>138.6</td>
<td>39.6</td>
<td>178.2</td>
</tr>
<tr>
<td>Depreciation</td>
<td>39.8</td>
<td>116.5</td>
<td>156.3</td>
</tr>
<tr>
<td>Net impact</td>
<td>713.6</td>
<td>28.5</td>
<td>742.1</td>
</tr>
</tbody>
</table>
Operator remarks

Good day ladies and gentlemen and welcome to the Earnings Conference Call of ICICI Securities Limited for the quarter ended June 30, 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. Hariharan M – Head Investor Relations and Strategy, Mr. Yagnesh Parikh – Chief Digital and Technology Officer, Mr. Vishal Gulechha – Head Retail Equities 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 followed by the CFO who will talk about the first quarter results.

Mr. Vijay Chandok’s opening remarks

Good evening and thank you everyone for joining us. As this is my first interaction with you all, allow me to introduce myself.

I have been associated with ICICI Group for over 25 years. Prior to joining ICICI securities, I was Executive Director at ICICI Bank responsible for the International Banking Group, SME business and Commercial Banking & Global Markets Group.

It has been about 2 months since I have taken over this new responsibility. During this time, I have met with the internal teams, our business partners, some of our investors, leaders of our competition and few other leaders in the digital and financial services space.

I have come to recognize that ICICI Securities has enormous breadth, depth and experience amongst the entire team working here, I find that these professionals have the hunger to keep excelling in what they do and the courage to change where required.

As a company, ICICI Securities has built an enviable franchise over the years and it is my honor and privilege to lead it. ICICI Securities pioneered
online retail broking through its platform icicidirect.com and has remained a market leader in this space for close to 2 decades, a no mean achievement by any stretch of imagination.

ICICI Securities continues to be the largest equity broker and the second largest non-bank distributor of mutual funds in India in terms of revenue. The company is also ranked 1st in the IPO/InvIT (Investment trusts) space by value in Q1FY20 as per Prime database. We have a very sticky customer franchise; this is reflected in our business where more than 65% of our retail broking revenue still comes from customers who have been with us for over five years. This trend is consistent and is reflected continuously for the five prior years including the recently ended FY19.

During these two months and my meetings with various industry leaders and experts we have observed, that competition is continuously changing and giving rise to more and different forms of competitors. Our competitors range from traditional brokers, bank affiliated brokers, discount brokers to a set of emerging players who are effectively technology companies who have created vibrant ecosystems and are now looking to offer broking /financial products distribution services to their customers.

Changing regulations are driving down distribution margins and as a strong incumbent player, we at ICICI Securities believe that we need to
factor these developments and changes as we think about our future ahead.

Further, when we look at the environment, we see that there is a material growth in the digital infrastructure of the country. Today, more and more people are adopting digital modes of financial transaction and a better understanding of customers is possible using advanced analytical tools supplemented with artificial intelligence and machine learning.

In this backdrop, these clearly are the opportunities for us to leverage. We want to take this opportunity to share with you our preliminary thoughts on key areas of strategic focus of our company.

There are five levers of growth which we will focus on, namely (i) ramping up scale with a sharp focus on quality, (ii) monetizing client value, (iii) improving engagement across spectrum of customer segments including wealth segment we cater to quite actively (iv) bringing in digital agility and (v) focusing on cost efficiencies.

We now want to briefly talk about how we will implement each of these levers.

With respect to ramping up scale with quality, we would like to draw your attention to the fact that, we had announced a bank led customer acquisition arrangement last quarter. As we had envisaged, this new arrangement has helped us target affluent and investment oriented client
segments. This focus is showing some initial encouraging signs. We are seeing an increase of over 40% in the activation rate of bank acquired customers. We are now intensifying our focus on acquiring the Non-resident Indians or NRIs who already have an ICICI Bank account, we believe there is a huge under penetrated opportunity and limited competition in that segment. We also see a natural penchant of NRIs to invest in India particularly in the context of current stable government regime and keeping in view the growth prospect of the economy. Our teams are currently working on making process improvements and necessary consents to ramp up this segment.

We are happy to remind you about the launch of ‘ICICI direct Prime’ an annual subscription plan, earlier this quarter. This launch was in three variants that provides a package of competitive pricing, exclusive research and higher eATM limits. You would recollect eATM, our instant liquidity solution that has limits of Rs 10 lakhs per customer per day at the lower variant and going up to Rs one crore per customer per day. We are now also happy to inform you that we have close to one lakh subscribers as on date.

We also see large number of visitors to our ICICI direct platform expressing their intent to open broking account with our company. The current process of account opening for such customers is time consuming and has physical interfaces. We have modernized and launched the online account opening process for an existing ICICI Bank customers which enables a digital account opening experience
comparable with the best in class in the industry. The provision for non-ICICI Bank customers is currently being worked out. We believe this can emerge as an important low cost sourcing channel for our business.

India today has over 1 lakh sub-brokers/IFAs/APs who provide investment services to the network of their clients. Many of these agents span the length and breadth of the country including tier II and tier III cities. With a view to increase our penetration in this market in a cost efficient manner, we are working towards providing a digital, downloadable platform for these partners to enable them to distribute equity, mutual funds and protection products to the customers.

We believe each of these initiatives are material and would enable us to scale up our business with the right set of customers.

Moving to the second lever of growth i.e. to monetise client value by expanding revenue streams and reduce cyclicality.

The first component in monetizing client value is that we plan to open a pool account with ICICI Bank that will warehouse allocated funds that are pending deployment. We are working on enabling new payment options wherein customers can use other bank accounts to fund their trading and investments on ICICI direct. This would help in generating float income and also provides greater flexibility to deal with market developments.

The second component of monetizing client value is to provide Digital Loans. This would help us build a new non-cyclical revenue stream and
also mark our presence in the entire financial planning journey of our customer’s lifecycle - from investment to protection to assets. In this regards, we are glad to inform you that this service has been made live on July 9 where we offer Personal Loans, Auto Loans, Credit Cards and Home Loan Top ups offered by ICICI Bank. In the next phase, we plan to launch Home Loan and Loans on credit cards. Over 0.5 million of our customers are already pre-approved and credit cleared who can avail personal loan through the ICICI direct platform and the amount can be swiftly credited into their accounts. For other loan categories like auto and home loan top-ups, there is a pre-approved offer available to the customer which would be followed by physical closure by Bank. ICICI Securities will earn a distribution commission for selling these products through its ICICI Direct platform.

The third component in the strategy of monetizing client value is to expand product choice and offering. We are constantly evaluating and utilizing our open architecture platform to on-board a number of partners. We are focusing on ramping up digital distribution of health insurance to begin with. We are currently developing the online proposition for our recently added partners Religare and Star Health.

The fourth component in monetizing client value is the launch of our own proprietary passive PMS aimed at the HNI clientele. This allow us to structure products based on client preferences and attitude towards investment and also build a new revenue stream. Going forward we plan to curate active investment strategies under our PMS banner.
We will now talk on the third and critical lever, ‘Enhancing customer engagement’.

We broadly classify our customer set as 1) retail or emerging affluent, 2) mass affluent and affluent and 3) Wealth and Private customers. We recognise that each of these categories of customers would have different requirements on knowledge, research and tools that help them take a trading or investment decision. Also, as customer wealth and sophistication increases, there is a need to intensify the focus on wealth management solutions and that requires assistance of varying degrees.

We currently have a pool of about 1,600 investment relationship managers who service amongst them about one lakh fifty thousand affluent and mass affluent customers and about 30,000 wealth and private customers having together an aggregate AUA of about Rs 1 trillion. Our investment relationship management team is supported by 380 equity advisory and an active trader team to support this relationship pool. For the retail or the emerging affluent customers, we currently offer various do-it-yourself options. We are now planning to build a digital model that will be capable of offering basic advice and a portfolio basket based on profiling of the customers using advanced analytics to micro-segment and offer these personalised solutions through a digital RM and call center.

For our trading customers we provide them with tools for derivatives and equity trading. We are working on augmenting these tools by providing capabilities to build and test derivatives trading strategies and also
providing them with charting tools for the same. For this, we are evaluating various solutions developed by fintechs.

This now brings us to the fourth lever of growth which is bringing out Digital Agility to our technology platform.

We as a company have always believed that technology is at the forefront of delivering customer value and have invested in our technology to deliver a stable, secure, robust and reliable system. We will continue to invest in strengthening the robustness of our technology systems and simultaneously build digital agility to come out with solutions using an API architecture.

Our digital team is actively working with various fintechs to identify winning solutions which can be offered to our customers through our platform.

We have also set out our technology transformational priorities that include building a Big Data stack, use advance analytics platforms and tools to get meaningful customer insights for an effective and personalised engagement with our customers. To do this, we also plan to infuse new skills in the field of data sciences, AI and big data.

Keeping in line with change in customer behavior, we have built the new web interface which is in beta version since June 2019. We are also working on a new mobile interface.
Lastly, to be able to run a profitable franchise with strong growth prospect, it is important to keep constant check on the cost as we grow to embrace new technology and new ways of doing business. We have already commenced a review of our various cost components along with the teams and are building a strong focus on inculcating a cost conscious culture. We believe this will enable us to identify areas to cut cost and enhance efficiencies on an on-going basis.

Some of the thoughts in this direction are to migrate to a digital/low touch coverage models, harness synergies within teams and business groups to optimize manpower and re-evaluate effectiveness of the branch network.

Now, we will briefly focus on our Institutional Broking and Corporate Finance business strategies.

In Institutional broking business we will continue to leverage our strong domestic partnerships, enhance overseas market penetration & capitalise and further build on Direct Market Access capabilities.

In Corporate Finance, we plan to increase our focus on block activities, we see good IPO pipeline and want to capitalise on these areas. We will also endeavour to strengthen our global partner network for cross border deals.

We believe that our strategy of ramping up scale with quality, monetizing client value, enhancing customer engagement, bring out digital agility to our technology platform and working on cost efficiencies will help us
deliver the objectives that we have committed to our investors. Further, as a team, we remain committed to harnessing all the opportunities that our businesses present on an ongoing basis.

We would also like to take this opportunity to thank all our investors for having reposed their faith in the long term story of the company.

With this I would like our CFO, Harvinder Jaspal to take you through the financial review of the first quarter of FY2020.

Mr. Harvinder Jaspal’s comment on Q1 FY20 results
Thank you Vijay. Good evening everyone and thank you for joining us. Let me start with a brief of the market environment in the quarter and then the detailed performance for this quarter.

*Market environment in Q1 - FY20*

General elections were the most significant event during the quarter. High volatility in the run up to election and the initial euphoria surrounding a strong electoral mandate was dampened by emergence of weakness on macro-economic factors as evidenced by several high frequency data points. This coupled with emerging stress amidst NBFCs adversely impacted the flows into financial markets and performance of the equity markets in particular, despite a strong electoral mandate. Broader capital markets registered weak performance resulting in narrow participation in delivery based investments. Risk aversion theme played out in mid and small cap stocks, with the respective indices declining 13% and 26% from their peak a year ago, thereby impacting retail franchise, such as ours.
On distribution business, the regulation pertaining to capping of Total Expense Ratio (TER) based on asset size of the scheme became applicable from April 1, 2019. This, in addition to regulatory changes introduced last year with respect to adopting a full trail commission model from October 22, 2018 and few others, will lead to compression in margins of distributors. This quarter saw the full impact of all the changes with respect to impact on MF commission which registered anticipated decline and we believe all the current regulatory changes are accounted for in our performance this quarter.

The investment banking activities in the country continue to be tepid as corporate actions/ public offers were put on hold due to uncertainties surrounding the election period.

Against this background, let us now turn to our performance for the quarter.

*Company performance*

**Financial Highlights**

Our Company registered consolidated revenue of ₹ 4,021 million for Q1-FY2020 as compared to 4,359 million for Q1-FY2019, a decline of 8%.

Our broking revenues declined by 4%, however when adjusted for lower number of trading days in the quarter, our revenues were flat.
Our distribution business got impacted by the regulatory changes in mutual fund industry, resulted in anticipated decline in revenue by 15%. We focused on growing our non MF revenue within the third party financial product suite, which resulted in our aggregate Non MF distribution revenue growing by 9%. Our Corporate finance revenue declined by 48% mainly on account of high revenue base and muted primary market condition due to uncertainty around the elections.

Our consolidated Profit after tax (PAT) for Q1-FY2020 was ₹ 1,138 million compared to ₹ 1,338 million for Q1-FY2019, a decline of 15%. During the quarter, there were three items which impacted our PAT on a comparative basis apart from the business. One, we got a positive impact on interest income of ₹ 147.5 million on income tax refund pertaining to earlier assessment years. Two, a mark to market loss on account of DHFL bonds in our proprietary book which we marked down by 75% based on our valuation methodology along with providing the entire interest accrued on the books, leading to an impact of ₹ 107.6 million. Third, INd AS 116, the new accounting standard on Leases came into effect on April 1, 2019. This led to an expense impact of ₹ 28 million.

We were able to contain our costs. Our cost declined by 3% from ₹ 2,333 million to ₹ 2,261 million in Q1-FY2020. We continue to focus on cost efficiency and some of the steps initiated, like rationalizing our expensive offices and branch network, reduction of average head count from 4,342
to 4,210 etc. will start yielding results in the coming quarters. Most of our fixed expenses have remained largely flat and the variable expenses including variable employee costs have come down on account of lower variable pay provisions commensurate with our assessment of our performance during the quarter.

**Business Highlights**

As discussed earlier and in line with our strategy to focus on ramping up scale of quality clients, we added about 1 lakh new clients in Q1-FY2020 taking our total operational accounts to 4.5 million. The focus on quality, new tie up with Bank and our strong customer proposition of ICICI Direct Prime has helped us in delivering a much higher growth of about 40% in active new clients (bank acquired customers) despite almost flat new client acquisition in Q1-FY2020 compared to Q1-FY2019. ICICIdirect Prime, which is a package of exclusive research, reasonable pricing and best in class liquidity is built on the deep customer insight that we possess with respect to Indian retail investor. We believe that liquidity is a very important need of our investors and our initiatives eATM, Prime are finding resonance with our customers. We are witnessing strong traction and have now close to 1 lakh subscribers in Prime. This has helped us in enhancing our active client base and as a result both on the basis of NSE active clients and overall active clients, we have witnessed growth. Count of overall active clients increased by 7% to 9.4 lakh in Q1-FY2020 over Q1-FY2019 and NSE active clients increased by 8% from 8.1 lakh clients in Q1-FY2019 to 8.8 lakh clients in Q1-FY2020. Our active client share in
NSE active client base has been rising for the last 6 months and is now at 9.8% up from 9.4% in January 2019 and is the highest share of market in the last 18 months. We believe that our strong overall value proposition will continue to hold us in good stead when it comes to client acquisition and engagement.

**Broking business**

Our equity market share gained 70 basis points to be at 8.1% in Q1-FY2020 compared to 7.4% in Q1-FY2019 however our blended market share for Q1-FY2020 declined and was at 7.4% in Q1-FY2020. This decline was on account of derivatives market share loss in April and May where during election period, in the wake of high volatility, we had taken a conservative risk position and hence the market share on those specific days having high concentration of derivative trading activity came down.

Secondly, this period coincided with the launch of Prime where we used our servicing teams’, who otherwise engage on derivatives advisory, to engage clients on Prime and as a result there was some loss in market share.

We believe that these factors are very specific and our June market share was normalized.

Total brokerage revenue excluding interest income, which contributed to 55% of our revenues in Q1-FY2020, decreased by 4% against same period last year from ₹ 2,298 million to ₹ 2,199 million mainly due to
lower number of trading days in this quarter compared to last year same quarter. However on daily run rate our brokerage largely remained flat.

Retail brokerage revenue declined by 6% from ₹ 2,024 million to ₹ 1,893 million and Institutional broking revenue increased by 12% from ₹ 274 million to ₹ 306 million.

**Distribution business**

The revenue decreased to ₹ 986 million in Q1-FY20 compared to ₹ 1,164 million in Q1-FY19.

Our Mutual Fund average AUM grew at 7% to ₹ 368 billion in Q1-FY20 from ₹ 343 billion in Q1-FY19.

Our Mutual Fund revenue declined by 27% to ₹ 562 million in Q1-FY20 from ₹ 773 million in Q1-FY19. Decline was on account of various regulatory changes relating to upfront commission and cut in TER.

SIPs triggered in the period Q1-FY20 is 0.66 million.

Our Life Insurance revenue stood at ₹ 76 million in Q1-FY20 which was ₹ 87 million in Q1-FY19.

In a scenario where there have been headwinds in mutual fund or equity oriented financial products we were able to grow counter cyclical
products linked to debt etc. which resulted in offsetting the impact in
distribution revenue due to the regulatory changes.

Our Non MF distribution revenue grew by 9% at ₹ 424 million in Q1-FY20
which was ₹ 391 million in Q1-FY19

*Investment banking*

Given the muted market conditions the company handled 8 Investment
banking deals in Q1-FY20 vs 6 deals in Q1-FY2019. We have strong IPO
pipeline (as per SEBI filling) of over ₹ 180 bn.

Our Investment Banking revenue was ₹ 167 million in Q1-FY20, a decline
of 48% from ₹ 323 million in Q1-FY19.

We continued to focus on building up advisory capabilities and as a result
were chosen advisers in various capacities in 3 deals in Q1-FY20
compared to 2 deals in Q1-FY19 (as reported by Merger Market). We are
ranked 3rd among domestic financial advisors by value and ranked 2nd
by number of deals in merger market league table.

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