May 8, 2020

Dear Sir/Madam,

Sub: Outcome of earnings call held for results for the quarter and financial year ended March 31, 2020

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

This is further to our letter dated May 6, 2020 regarding the earnings call which was scheduled to be held on May 7, 2020.

Please find enclosed herewith the investor presentation and the opening remarks for the earnings call held on May 7, 2020 to discuss the financial results for the quarter and financial year ended March 31, 2020.

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
Agenda

• Market Environment
• Business model strengths & Franchise
• Strategy & Updates
• Business Performance
• Financial Results
• Response to COVID-19 Impact & way forward
Economic environment: A tale of 3 periods

Fragile phase – H1 FY2020

Global economy
- Slowdown fears in major economies during Q2-FY2020
  - Global growth lost the momentum it had gathered earlier in the year
  - Global trade sunk into contraction, impacting investments
  - Commodity prices slumped on global economic and geopolitical uncertainties
  - Gold prices surged on safe-haven rush
  - Financial markets were very volatile throughout H1-FY2020

Domestic economy
- Q2-FY20 GDP growth slumped to 26 quarters low
  - The consumption slowdown persisted in Q2-FY2020
- Food inflation spiked to 6.9 per cent in October, a 39-month high
- Equity markets in Q2-FY2020 gave up all the gains from immediate aftermath of the 2019 general elections
Economic environment: A tale of 3 periods

Uptick phase – Q3 FY2020 onwards

Global economy
- Fear of slowdown or recession in US had faded
- Interest rate regime turning expansionary, aiding liquidity
- US China trade tensions had started easing
- Possibility of a Brexit deal
- Global financial markets were buoyed by risk-on sentiment

Domestic economy
- Government in August-September had announced measures to boost growth
  - Policy reforms on foreign direct investment
  - Release of funds for recapitalization of public sector banks
  - Real estate relief package
  - Reduction in the corporate income tax rate
- Positive intent demonstrated by policy measures coupled with benign global liquidity attracted flows into capital market despite weak macros
Economic environment: A tale of 3 periods

Pandemic phase – March 2020 onwards

• Nifty hit an all-time high in January 2020
• March got impacted by events like Yes Bank, Crude shock followed by COVID-19

• COVID-19: unique unprecedented impact of supply, demand and market shock concurrently
  • Total number of cases continue to grow
  • Lockdown in major economies around the world
  • Flight to safety marked sell off in all major global markets
  • Developing countries hit with capital outflows, growing bond spreads, currency depreciations
  • Coordinated response by central banks and global economies to overcome weakening sentiment and macros

• Sentiment continued to be negative despite major interventions
  • Fear of slow down and beginning of recession
  • Risk aversion and uncertainty despite easing liquidity position
Economic environment: A tale of 3 periods

Pandemic phase - Interventions by India

- Indian Government announced a relief package of ₹ 1.7 trillion to combat pandemic
- RBI cuts repo rate by 75 bps, reverse repo rate cut by 90 bps and
  - another 25 bps cut in repo rate subsequently
- Permitted 3 months moratorium on repayment of loans
- TLTROs of up to ₹ 1 trillion to ease liquidity concerns
  - TLTRO 2.0 of ₹ 500 billion for NBFCs and MFIs
- RBI asked banks to not make any dividend payout for FY20 and conserve capital
- Special liquidity facility of ₹ 500 billion for Mutual funds

Length of disruption and shape of recovery will depend on timing, magnitude of government assistance and ability of companies to cope with lower demand
Dealing with business disruption caused by Covid

• **Focus on Risk Management**
  • Management of loan books (MTF and ESOP books scaled down without significant out of pocket losses)
  • Proactive and real time risk management focus in wake of high level activity & volatility

• **Business continuity**
  • Employee safety measures (sanitized and segregated offices & work from home)
  • Continuity of quality customer servicing digitally

• **Intensifying digital engagement with customers and institutional investors**

• **Going forwards rapidly increasing digitization at all level within the organization**

• **Digital capability tested**
  • Concurrent users; uptime; response time tested under extremely volatile and high volume scenarios
    • Peak concurrent users ~ 65k; up from average of 23K & earlier peak of 48 K
    • 3.2 million orders plus trades processed in a day
    • 98 orders plus trades per second

• **Participated in ICICI group contribution of ₹ 1 billion towards Covid relief as part of CSR initiative**
  • ₹ 0.8 billion for PM cares Fund & ₹ 0.20 billion towards state and local authorities
  • lSec contribution of ₹ 100 million

Risk management framework and digital capabilities responded well to the situation
Agenda

• Market Environment

• Business model strengths & Franchise

• Strategy & Updates

• Business Performance

• Financial Results

• Response to COVID-19 Impact & way forward
Business model strengths and focus areas

Our strengths that are helping us tide over volatile markets

• **Wide range of products under one digital platform**
  • Investments, debt, deposits and protection
  • Product offering of 45+ products and services

• **Scalable digital capabilities and infrastructure**
  • 97% equity transactions performed online
  • 94% mutual fund transactions performed online

• **Prudent risk management practices with real time monitoring**

• **All-weather Business model**
  • Low credit and receivables risk
  • Virtually no inventory and supply chain risk
  • Strong liquidity position
  • High Return on Equity
Business model strengths and focus areas

Inherent strengths working to our advantage

• Strong brand attracting customers
• Multi-faceted platform to deliver services digitally without the hassle of managing inventory and physical delivery
• Rapidly increasing digitization at all level within the organization
  • Focus on converting more products online to tide over disruption in contact based businesses
  • Insta Idirect account opening launched in Feb, digital POA went live from April 9, 2020

Core franchise remains robust, sharp focus on digitization and cost efficiency
ICICI Securities has built an enviable franchise...

**Affluent franchise**
- #1 Equity franchise\(^1\)
- Total assets* of ₹ 2 tn+
- Private wealth clients’ assets of ₹0.83 tn**

**Scale**
- Operational account at 4.8m\(^2\) from 2.5m in FY14
- Overall active clients at 1.5m\(^2\) from 0.7m in FY14
- NSE active clients at 10.8 lac\(^2\) from 5 lac in FY14

**Strong position across businesses**
- Equities business blended market share at 8.0%\(^2\) from 4.5% in FY14
- MF Revenue market share at 4%\(^3\) from 2.9% in FY14
- Consistently ranked amongst top ECM players\(^4\)

**Free cashflow generating high operating leverage model**
- 6 year Revenue CAGR 13% (FY14 to FY20)
- 6 year PAT CAGR 35% (FY14 to FY20)
- 6 year Dividend CAGR 44% (FY14 to FY20)
- ROE consistently around 50% (FY14 to FY20)

---

1. Based on revenues for FY19; 2. As at Q4-FY20, Active clients are for trailing 12 months 3. As at FY19, MF revenue market source AMFI 4. ECM market share source Prime Database;

* Assets of our clients including equity demat assets maintained with ICICI Bank and excluding promoter holding

** Assets of our clients with more than 1 cr AUM at individual level including equity demat assets maintained with ICICI Bank and excluding promoter holding
...and a sticky, diverse & multifaceted client base

37% of clients active more than 14 years ago are still active with us

>65% revenues in each of financial years (FY14 to FY20) was contributed by customers who have been with us for more than 5 years

In last 3 years millennials form 70% of active customers

Not only are we able to attract millennials but also able to retain our vintage clients

1. Based on retail broking revenues
Agenda

• Market Environment

• Business model strengths & Franchise

• **Strategy & Updates**

• Business Performance

• Financial Results

• Response to COVID-19 Impact & way forward
Working towards broadening the positioning

Imperatives:
• Broad basing business model
• Diverse and granular revenue streams

To be seen as comprehensive financial solutions provider for the affluent Indian - Powered digitally
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

Multi channel open architecture customer acquisition channels …

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
- Open architecture

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

… augmented by our distinct product & service propositions

Product Propositions

- Prime
- Prepaid
- MTF & ESOP
- Options 20

Liquidity support

- eATM
- LAS, Insta loans
- Leverage through “Plus” products

Platform offerings

- New Website & App
- Trade Racer
- Held-away assets
- Cloud orders
Progress: Ramping scale & value

**Quality of Sourcing**
- Activation rate\(^1\) up from 26% to 71%\(^3\)
- Number of active clients (NCA) up by 100%\(^3\)
- Prime: Over 3.1 lac subscriptions as at end Q4-FY2020
- NRI: Turnover and unique traded customers up by 15% & 14% in FY2020

**Digital Sourcing**
- Insta Idirect account launched on Feb 25, 2020; over 6,000 accounts opened since launch
- Improvement in run rate of accounts opened completely online
- Tab based instant account opening (T20):
  - Monthly run rate of \(~15,500\) up from \(~11,500\) in Q3-FY2020
  - \(~46\%\) contribution of T20 accounts in total 3 in 1 accounts

**Business partners**
- Network at 9,400+ in Q4-FY2020, up by 32%, NCA up by 73%
- Partnership with ecosystem players for client acquisition

---

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: Q4-FY2020 vs Q4-FY2019; Sequential: Q4-FY2020 vs Q3-FY2020

---

**Impact**

<table>
<thead>
<tr>
<th>Gaining share of NSE active clients(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-FY19</td>
</tr>
<tr>
<td>Q2-FY19</td>
</tr>
<tr>
<td>Q3-FY19</td>
</tr>
<tr>
<td>Q4-FY19</td>
</tr>
<tr>
<td>Q1-FY20</td>
</tr>
<tr>
<td>Q2-FY20</td>
</tr>
<tr>
<td>Q3-FY20</td>
</tr>
<tr>
<td>Q4-FY20</td>
</tr>
</tbody>
</table>

**Increasing Blended Equity Market share**

| Q1-FY19 | 7.4% |
| Q2-FY19 | 7.8% |
| Q3-FY19 | 8.1% |
| Q4-FY19 | 7.4% |
| Q1-FY20 | 8.1% |
| Q2-FY20 | 8.7% |
| Q3-FY20 | 8.9% |
| Q4-FY20 | 9.1% |
Approach: Monetize client value

**Strengthening wealth management franchise**
Comprehensive proposition for wealth clients including curated offering

**Margin trading facility & ESOP**
MTF extended on NSE, Leveraging ESOP funding to build high quality client sourcing and enhancing revenue stream

**Expanding Insurance portfolio**
Ramping up distribution of insurance digitally
Enhancing product choice and product options

**Loans as a new asset class**
Expanded our portfolio to 12 Loans product, Open architecture in home loans
Digital lending to eligible customers
Physical distribution of Home Loans and LAS
Introduction to Wealth Management Franchise

People
300+ RMsWith 13+ years of average overall experience

Presence
21 cities
Coverage of Tier 2 & 3 Cities

Revenue
₹ 2.59 billion
58:42 - Recurring to Transactional

Assets*
₹ 0.83 trillion
21:79 - Recurring to Transactional

Clients
32,000+
With more than 1 cr AUM, at individual client level

* Does not include promoter & concentrated holdings, includes assets of NCA and clients upgraded in Q4
Wealth Management Franchise: Our Genesis

Home Grown Private Wealth Outfit

ICICIdirect
- Wide range of equity broking products
- Pioneers in digital broking
- Equity research
- Access to CXO/affluent families

As India’s economic progress continued, many of our customers rode up the ladder of wealth. We saw an emerging opportunity in fulfilling the evolving needs of these affluent clients

Investment Banking Team
- Market leaders in IPO, M&A, ECM fundraising, debt syndication
- Access to promoters & SME owners, catering to their business needs
Wealth Management Franchise: Our Journey

Building A Robust Wealth Franchise

**Built a Stable & Experienced Team**
- 16 member senior leadership
- 300+ members, including relationship, product, advisory, service and Family Office
- Consistent focus on people development to move up the curve

**Strengthened the Proposition**
- Open Architecture – bringing diversification across Asset Classes & Managers
- Robust Product Selection Framework

**Enhanced Digital Capabilities**
- Developed the platform’s product & value added features as per evolving HNI needs
Wealth Management Franchise: Our Clientele

Sharp Focus On Target Client Segment

Source: Credit Suisse Global Wealth Report, 2019

($) = No of people

- **$1mn – $50mn (754,540)**
  - HNI
- **$50mn to $100mn (2,670)**
  - UHNI
- **>$ 100mn (1,790)**
  - UHNI+

**Educated, Sophisticated, Service oriented**
- Inheritors

**Values information & professionalism**
- Entrepreneurs

**Prefers process oriented approach**
- Professionals

**Tech-savvy client – Invests & track on the go**
- CXOs

**Brand conscious, values trust**
Wealth Management Franchise: Client Vintage Snapshot

**Vintage Split of AUM & Revenue (FY20)**

- **AUM**
  - 2000-2005: 30%
  - 2005-2010: 25%
  - 2010-2015: 18%
  - >2015: 27%

- **Revenue**
  - 2000-2005: 29%
  - 2005-2010: 26%
  - 2010-2015: 17%
  - >2015: 29%

**Acquiring Profitable Clients**

- **ARPU**
  - 2015 Onwards: 26.91

- **AUM/Client (Rs. mn)**
  - 2000-2015: 69,437
  - 2015 Onwards: 85,098

- **Stickiness**: 54% of revenue comes from clients acquired 10 years ago

- **New Acquisition**: 27% of the AUM & 29% of revenue has been added in last 5 years

- **Acquiring better clients**: Clients acquired during last 5 years have higher average AUM and better ARPU than the ones on boarded during 2000-2015
Wealth Management Franchise: Business Metrics

Assets (Rs. billion)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients with 1Cr+ total AUM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue & Yield (Rs. billion)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Yields are on average assets for the current & preceding period
Quarterly yields are annualized

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY19</th>
<th>Q4 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring</td>
<td>0.57</td>
<td>0.87</td>
</tr>
<tr>
<td>Transactional</td>
<td>0.21</td>
<td>0.41</td>
</tr>
</tbody>
</table>

Clients with 1Cr+ total AUM
Progress: Monetize client value

Enhancing product suite

• Proprietary PMS AUM as at March 31, 2020 of over ₹ 1.1 bn

• Margin trading facility and ESOP funding
  • MTF & ESOP book size as at March 31, 2020 was ₹ 5.8 bn vs ₹ 11.5 bn as at December 31, 2019 and ₹ 4.6 bn as at March 31, 2019
  • Added 39 new corporates for ESOP funding in FY20

• Digital Distribution of Insurance
  • Broad base offering by adding multiple partners
  • Exploring opportunities of online Lead generation & fulfillment process
  • API based integration for fulfilment
  • Comparison tool for insurance

• Distribution of loans
  • Strengthened leadership team
  • Expanded portfolio to 12 Loans product, went open went open architecture in home loans
  • Digital distribution of pre approved loans based on ICICI bank’s credit criteria
  • Physical distribution of Home loans & Loan against shares
  • Total loans disbursed in the quarter of over ₹ 2 bn
Deepening relationships to enhance life time value

Increase cross sell ratio

Win back clients who have stopped trading

Activate clients who have never traded

Priorities

Approach

- Identify transaction behavior
  - Over 400 product combinations formed, top 23 clusters identified for personalization
  - Use inputs to target clients for better quality acquisition and to enhance engagement

- Make product experience for the customer unique to the cluster of usage
  - eATM, Option pricing plan (Option 20)

- Personalize information within the clusters

- Offer smart execution tools for research and trading strategies
  - One click Investments
  - ETF Intelligent Portfolios
  - Seamless execution for our clients who buy advisory services from advisory partners
  - Trading strategy formulation tool for derivatives

- Increase penetration of our Prime and Prepaid
  - Ring-fenced 4.26 lac customers, 40% of NSE Active base
Approach: Robust technology and digital agility

Robust technology platform

- Secure, stable and fast system
  - Reliable
  - Avg. response time of 32 ms
  - Peak concurrent users ~ 65k

- Established framework for managing customer privacy & information security

- 3-tier recovery system and strong business continuity processes

Digital Agility

- 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: Robust technology and digital agility

Fintech partnerships & digital capabilities

- Automated Integrated Portfolio Evaluation
  - Consolidated view of clients portfolio with risk behavior and advisory

- One Click Portfolio
  - Simplified research based portfolio investing in stocks, ETF and Mutual fund

- Insta Idirect account launched
  - Digitisation of POA; No in person meeting required

- Trading strategy formulation tool for derivatives

- Comparison tool for insurance

- ESOP Funding Online
  - Online ESOP funding and repayment. Customers can sell ESOP stocks online and real-time tracking of their stocks

- Upgrading client engagement platform
  - Revamping our mobile app to provide better UI/UX and enable onboarding of customers

- 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

- Non finance cost\(^1\) down by 3%
  - Employee cost down by 4%

- Head count down by 6%
  - 4% decline sequentially to 3,790 in Mar-20

- Branch count down from 199 to 172

1. Including impact of IndAS 116
   Period: FY2020 vs FY2019, Sequential: Q4-FY2020 vs Q3-FY2020
Agenda

• Market Environment
• Business model strengths & Franchise
• Strategy & Updates
• **Business Performance**
• Financial Results
• Response to COVID-19 Impact & way forward
Business Performance

Growing client base and engagement

- 4.8 million strong base of operational accounts; up by 8% YoY
  - ~ 1.1 lac new clients added in Q4-FY20
- 1.5 million overall active clients, increased by 16% YoY
- 1.1 million NSE active clients, increased by 27% YoY

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

Period: Q4-FY2020 vs Q4-FY2019
Business Performance

Market share

• NSE active market share at 10% up from 9.6%
• Equity market share\(^1\) up at 9.1% from 7.4%
  • Impact of product propositions like Prime and Prepaid
• Derivative market share\(^1\) at 8.0% from 8.6%
  • Primarily due to conservative risk position on account of high volatility in March

<table>
<thead>
<tr>
<th>Period</th>
<th>Q4 FY19</th>
<th>Q3 FY20</th>
<th>Q4 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>7.4%</td>
<td>8.9%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Derivative</td>
<td>8.6%</td>
<td>8.7%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

1. Combined market share for retail and institutional clients
   Period: Q4-FY2020 vs Q4-FY2019, Source: NSE, BSE
Business Performance

Equities business

Retail equities and allied\(^1\) revenues up by 35%
- ESOP & MTF interest income grew by \(~78\%\)
- Prime Income grew by \(~44\%\) sequentially

Institutional equities\(^2\) revenue up by 13%
- Due to increased traction in block deals

Total equities and allied revenues up by 32%

\[\begin{array}{|c|c|c|c|c|}
\hline
\text{Revenue (₹ million)} & Q4 FY19 & Q3 FY20 & Q4 FY20 \\
\hline
\text{Retail Equities and allied} & 2,153 & 2,277 & 2,915 \\
\text{ESOP + MTF} & 188 & 261 & 335 \\
\text{Prime} & 7 & 55 & 79 \\
\text{Institutional Equities} & 331 & 285 & 372 \\
\hline
\end{array}\]

\[\begin{array}{|c|c|c|}
\hline
\text{Revenue (₹ million)} & FY19 & FY20 \\
\hline
\text{Retail Equities and allied} & 8,933 & 9,354 \\
\text{ESOP + MTF} & 770 & 970 \\
\text{Prime} & 9 & 196 \\
\text{Institutional Equities} & 1,174 & 1,289 \\
\hline
\end{array}\]

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: Q4-FY2020 vs Q4-FY2019; Sequential: Q4-FY2020 vs Q3-FY2020
Business Performance

Distribution business

Mutual Fund business down by 4%
- Down by 1% sequentially
- Mutual Fund average AUM down by 2%
  - Gross flows market share up at 0.15% vs 0.07%
  - Equity gross flows market share at 2.29% vs 2.22%
  - Net flows down due to higher redemptions
  - Concerted efforts on to increase market share
    - Dedicated MF App to be launched in H1-FY21
- SIP count for Q4 FY2020 is 0.66 million

Non MF distribution¹ revenue up by 13%
- Primarily due to Fixed income and Life insurance
- Life Insurance revenues increased by 7% driven by increased focus towards protection (term)

Overall distribution revenue was at ₹1,155 million, up by 3%

---

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
Business Performance

Corporate Finance

- Strong IPO\(^1\) pipeline, 12 deals amounting over ₹378 bn
- Rank 2\(^{nd}\) amongst domestic financial advisors by number of deals in merger market table\(^2\)
- Diversification of revenues
  - Revenue contribution of non IPO deals increased
- Corporate finance revenue decreased by 23%
  - Primarily due to lower number of high value deals

<table>
<thead>
<tr>
<th>Revenue (₹ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 FY19</td>
</tr>
<tr>
<td>129</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Period</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>991</td>
<td></td>
</tr>
<tr>
<td>FY20</td>
<td></td>
<td>764</td>
</tr>
</tbody>
</table>

1. IPO:IPO/FPO/InvIT/REIT
2. FY2020

Source: Prime Database, Merger market , SEBI
Period: Q4-FY2020 vs Q4-FY2019; Sequential: Q4-FY2020 vs Q3-FY2020
Agenda

- Market Environment
- Business model strengths & Franchise
- Strategy & Updates
- Business Performance
- Financial Results
- Response to COVID-19 Impact & way forward
Financial Results

Revenue and Profit after Tax

- 13% increase in consolidated revenue due to
  - Increase in equities & allied income by 32%
- Non finance cost down by 3% (FY20 vs FY19)
  - Employee cost down by 4% (FY20 vs FY19)
- PBT increased by 10%
- Consolidated PAT increased by 28%
- Final dividend of ₹ 6.75 per share, up from ₹ 5.7 last year
- 55% ROE in Q4-FY20

| Period: Q4-FY2020 vs Q4-FY2019; Sequential: Q4-FY2020 vs Q3-FY2020 | 38 |
## Consolidated P&L

(₹ million)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q4-FY19</th>
<th>Q3-FY20</th>
<th>Q4-FY20</th>
<th>Y-o-Y%</th>
<th>FY19</th>
<th>FY20</th>
<th>Y-o-Y%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,283</td>
<td>4,227</td>
<td>4,819</td>
<td>13%</td>
<td>17,270</td>
<td>17,249</td>
<td>(1)%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>306</td>
<td>270</td>
<td>408</td>
<td>33%</td>
<td>1,253</td>
<td>1,167</td>
<td>(7)%</td>
</tr>
<tr>
<td>Employee benefits expenses</td>
<td>1,328</td>
<td>1,328</td>
<td>1,397</td>
<td>5%</td>
<td>5,545</td>
<td>5,338</td>
<td>(4)%</td>
</tr>
<tr>
<td>Other expenses¹</td>
<td>660</td>
<td>559</td>
<td>649</td>
<td>(2)%</td>
<td>2,477</td>
<td>2,351</td>
<td>(5)%</td>
</tr>
<tr>
<td>Total operational expenses</td>
<td>2,294</td>
<td>2,157</td>
<td>2,454</td>
<td>7%</td>
<td>9,275</td>
<td>8,856</td>
<td>(5)%</td>
</tr>
<tr>
<td>Finance Cost¹</td>
<td>100</td>
<td>219</td>
<td>288</td>
<td>&gt;100%</td>
<td>423</td>
<td>864</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Total expenses</td>
<td>2,394</td>
<td>2,376</td>
<td>2,742</td>
<td>15%</td>
<td>9,698</td>
<td>9,720</td>
<td>1%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,889</td>
<td>1,851</td>
<td>2,077</td>
<td>10%</td>
<td>7,572</td>
<td>7,529</td>
<td>(1)%</td>
</tr>
<tr>
<td>Tax²</td>
<td>674</td>
<td>479</td>
<td>518</td>
<td>(23)%</td>
<td>2,665</td>
<td>2,109</td>
<td>(21)%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>1,215</td>
<td>1,372</td>
<td>1,559</td>
<td>28%</td>
<td>4,907</td>
<td>5,420</td>
<td>10%</td>
</tr>
<tr>
<td>Other Comprehensive Income (OCI)</td>
<td>(4)</td>
<td>12</td>
<td>(19)</td>
<td>-</td>
<td>(26)</td>
<td>(59)</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Total Comprehensive Income (TCI)</td>
<td>1,211</td>
<td>1,384</td>
<td>1,540</td>
<td>27%</td>
<td>4,881</td>
<td>5,361</td>
<td>10%</td>
</tr>
</tbody>
</table>

1. Impact of Ind AS116 in Q3-FY2020 & Q4-FY2020 respectively: finance cost & depreciation increase by ₹ 141 mn, ₹ 153 mn; lease expense reduce by ₹ 121 mn and ₹ 134 mn; having a net impact of ₹ 20 mn and 19 mn. Also interest expense increased in Q3-FY2020 & Q4-FY2020 driven by increase in loan book. Impact of Ind AS116 in FY2020: finance cost & depreciation increase by ₹ 591 mn; lease expense reduce by ₹ 501 mn; having a net impact of ₹ 90 mn.

2. Impact of change in income tax rate including impact on account of revaluation of deferred tax asset given in Q2-FY2020
   - Operating expenses includes Rs. 90.8 mn contingency provision which is a one-off provision pertaining to the unprecedented developments relating to the COVID pandemic
# Segment performance

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q4-FY19</th>
<th>Q3-FY20</th>
<th>Q4-FY20</th>
<th>Y-o-Y%</th>
<th>FY2019</th>
<th>FY2020</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>
<td></td>
</tr>
<tr>
<td>Broking &amp; commission</td>
<td>3,835</td>
<td>3,875</td>
<td>4,615</td>
<td>20%</td>
<td>15,807</td>
<td>15,939</td>
<td>1%</td>
</tr>
<tr>
<td>Advisory services (^1)</td>
<td>129</td>
<td>176</td>
<td>99</td>
<td>(23)%</td>
<td>991</td>
<td>764</td>
<td>(23)%</td>
</tr>
<tr>
<td>Investment &amp; trading</td>
<td>112</td>
<td>176</td>
<td>105</td>
<td>(6)%</td>
<td>265</td>
<td>398</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Income from operations (^2)</strong></td>
<td>4,283</td>
<td>4,227</td>
<td>4,819</td>
<td>13%</td>
<td>17,270</td>
<td>17,249</td>
<td>(1)%</td>
</tr>
<tr>
<td><strong>Segment Profit before tax</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broking &amp; commission</td>
<td>1,757</td>
<td>1,752</td>
<td>2,283</td>
<td>30%</td>
<td>6,975</td>
<td>7,354</td>
<td>5%</td>
</tr>
<tr>
<td>Advisory services</td>
<td>-122</td>
<td>27</td>
<td>-41</td>
<td>(66)%</td>
<td>253</td>
<td>177</td>
<td>(30)%</td>
</tr>
<tr>
<td>Investment &amp; trading</td>
<td>47</td>
<td>72</td>
<td>-165</td>
<td>(451)%</td>
<td>137</td>
<td>-150</td>
<td>(209)%</td>
</tr>
<tr>
<td><strong>Total Result</strong></td>
<td>1,889</td>
<td>1,851</td>
<td>2,077</td>
<td>10%</td>
<td>7,572</td>
<td>7,529</td>
<td>(1)%</td>
</tr>
</tbody>
</table>

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 FY2020 respectively
## Balance sheet: Assets

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>At March 31, 2019</th>
<th>At Dec 31, 2019</th>
<th>At March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets (A)</strong></td>
<td>43,697</td>
<td>34,698</td>
<td>39,861</td>
</tr>
<tr>
<td>Cash/Bank and cash equivalents</td>
<td>31,486(^1)</td>
<td>15,715</td>
<td>24,114</td>
</tr>
<tr>
<td>Securities for trade</td>
<td>2,563</td>
<td>5,547</td>
<td>8,351</td>
</tr>
<tr>
<td>Receivables</td>
<td>4,770</td>
<td>1,218</td>
<td>887</td>
</tr>
<tr>
<td>Loans</td>
<td>4,033</td>
<td>11,530</td>
<td>5,709</td>
</tr>
<tr>
<td>Investments</td>
<td>28</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>817</td>
<td>661</td>
<td>775</td>
</tr>
<tr>
<td><strong>Non-financial assets (B)</strong></td>
<td>2,949</td>
<td>4,652</td>
<td>4,567</td>
</tr>
<tr>
<td>Deferred tax assets (net)</td>
<td>737</td>
<td>574(^2)</td>
<td>596(^2)</td>
</tr>
<tr>
<td>Right-of-use assets(^3)</td>
<td>-</td>
<td>1,573</td>
<td>1,529</td>
</tr>
<tr>
<td>Fixed assets, CWIP &amp; Intangible assets</td>
<td>476</td>
<td>502</td>
<td>532</td>
</tr>
<tr>
<td>Current tax assets &amp; other non financial assets</td>
<td>1,736</td>
<td>2,003</td>
<td>1,910</td>
</tr>
<tr>
<td><strong>Assets (A+B)</strong></td>
<td>46,646</td>
<td>39,350</td>
<td>44,428</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 March 31, 2019</th>
<th>At Dec 31, 2019</th>
<th>At March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities (A)</td>
<td>30,182</td>
<td>23,164</td>
<td>26,193</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>17</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Payables</td>
<td>23,362(^1)</td>
<td>3,707</td>
<td>6,926</td>
</tr>
<tr>
<td>Debt securities</td>
<td>4,473</td>
<td>14,924</td>
<td>14,975</td>
</tr>
<tr>
<td>Lease liabilities(^2)</td>
<td>-</td>
<td>1,593</td>
<td>1,574</td>
</tr>
<tr>
<td>Deposits &amp; Other financial liabilities</td>
<td>2,330</td>
<td>2,938</td>
<td>2,718</td>
</tr>
<tr>
<td>Non-financial liabilities (B)</td>
<td>5,991</td>
<td>5,661</td>
<td>6,140</td>
</tr>
<tr>
<td>Equity (C)</td>
<td>10,473</td>
<td>10,525</td>
<td>12,095</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>8,862</td>
<td>8,914</td>
<td>10,484</td>
</tr>
<tr>
<td><strong>Equity and Liabilities (A+B+C)</strong></td>
<td><strong>46,646</strong></td>
<td><strong>39,350</strong></td>
<td><strong>44,428</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
Agenda

• Market Environment
• Business model strengths & Franchise
• Strategy & Updates
• Business Performance
• Financial Results
• **Response to COVID-19 Impact & way forward**
Navigating in current times

**Retail Equity**
- Customers being serviced primarily through work from home
- Advisors operating from home and office by rotation
- Sub-broker nodes created for advisors to access client accounts
- Call center closed last week of March; now functional with reduced staff
- New product development activities being undertaken through work from home and office
- Working with ICICI bank’s branch team for digital onboarding

**Distribution**
- Sales & RM teams working from home
- Focusing on sale of broking accounts, MFs and bonds
- AIFs and certain PMSs have moved processes online

**Institutional business**
- Institutional cash equity desk operating from three locations
- Direct Market Access (DMA) operating from corporate office
- Derivatives desk operating at lower capacity
- Equity Capital Markets team progressing with pipeline deals
Way forward

Core components of strategy remain intact

• The recent market disruption has reaffirmed our strategy of providing comprehensive financial services for an affluent Indian powered digitally.

• We continue to focus on all five stated areas of our strategy:
  • There are four areas that require special attention

  • **Increase Digitization**
    - Create more products and increase delivery capabilities in digital businesses
      - Digital POA for online accounts went live from April 9, 2020
    - Breakaway from traditional thinking and reimagine the areas which are not completely digital
      - AIFs and certain PMSs have moved processes online
    - Reevaluate ways of doing business and spot newer opportunities in contact centric businesses like Corporate finance and Institutional equities

  • **Increase focus on cost**
    - Exploring moving certain teams to completely work from home
    - Need for branch infrastructure may further reduce
Way forward

• **Enhanced investments on technology**
  - Upgrading our data warehouse capabilities to perform big data analytics using Robotics, Artificial intelligence and Machine learning
  - Implementing best in class CRM tools for Retail and Institutional clients
  - Fortifying surveillance tools to reduce cyber security risks resulting from work from home functioning
  - Ensuring business continuity, maintain salience and speed by capacity enhancements
  - Investments to improve UI/UX tools

• **Fortifying our talent pool**
  - Talent acquisition in all areas of focus
  - Broad basing ESOPs
  - Leverage stability and brand of the company to attract right talent
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
### Mutual fund average AUM (₹ billion) and Revenue (₹ million)

<table>
<thead>
<tr>
<th></th>
<th>Q4-19</th>
<th>Q3-20</th>
<th>Q4-20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall AUM</strong></td>
<td>352</td>
<td>375</td>
<td>345</td>
</tr>
<tr>
<td><strong>Equity AUM</strong></td>
<td>260</td>
<td>279</td>
<td>254</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall AUM</strong></td>
<td>347</td>
<td>362</td>
</tr>
<tr>
<td><strong>Equity AUM</strong></td>
<td>258</td>
<td>268</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q4-19</th>
<th>Q3-20</th>
<th>Q4-20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mutual Fund Revenue</strong></td>
<td>592</td>
<td>576</td>
<td>570</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mutual Fund Revenue</strong></td>
<td>2,695</td>
<td>2,263</td>
</tr>
</tbody>
</table>
### Life Insurance Premium and Revenue (₹ million)

<table>
<thead>
<tr>
<th></th>
<th>Q4-19</th>
<th>Q3-20</th>
<th>Q4-20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life Insurance Premium</strong></td>
<td>3,054</td>
<td>1,865</td>
<td>2,653</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life Insurance Premium</strong></td>
<td>8,868</td>
<td>7,983</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q4-19</th>
<th>Q3-20</th>
<th>Q4-20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life Insurance Revenue</strong></td>
<td>160</td>
<td>120</td>
<td>171</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life Insurance Revenue</strong></td>
<td>474</td>
<td>490</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>FY-2019</th>
<th>Q1-FY20</th>
<th>Q2-FY20</th>
<th>Q3-FY20</th>
<th>Q4-FY20</th>
<th>FY-2020</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>4.43</td>
<td>4.52</td>
<td>4.60</td>
<td>4.68</td>
<td>4.77</td>
<td>4.77</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>1.27</td>
<td>1.27</td>
<td>1.31</td>
<td>1.33</td>
<td>1.39</td>
<td>1.48</td>
<td>1.48</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>0.84</td>
<td>0.88</td>
<td>0.91</td>
<td>0.96</td>
<td>1.08</td>
<td>1.08</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>FY-2019</th>
<th>Q1-FY20</th>
<th>Q2-FY20</th>
<th>Q3-FY20</th>
<th>Q4-FY20</th>
<th>FY-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity market ADTO⁴</td>
<td>269</td>
<td>287</td>
<td>271</td>
<td>277</td>
<td>276</td>
<td>279</td>
<td>273</td>
<td>308</td>
<td>338</td>
<td>300</td>
</tr>
<tr>
<td>Derivative market ADTO⁴</td>
<td>4,806</td>
<td>6,184</td>
<td>6,388</td>
<td>6,569</td>
<td>5,975</td>
<td>8,389</td>
<td>9,403</td>
<td>9,362</td>
<td>10,265</td>
<td>9,370</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>6,251</td>
<td>8,668</td>
<td>9,676</td>
<td>9,670</td>
<td>10,603</td>
<td>9,670</td>
</tr>
<tr>
<td>ISEC total ADTO</td>
<td>466</td>
<td>556</td>
<td>530</td>
<td>584</td>
<td>533</td>
<td>641</td>
<td>711</td>
<td>846</td>
<td>851</td>
<td>764</td>
</tr>
<tr>
<td>ISEC Blended market share (%)</td>
<td>9.2%</td>
<td>8.6%</td>
<td>8.0%</td>
<td>8.5%</td>
<td>8.5%</td>
<td>7.4%</td>
<td>7.3%</td>
<td>8.7%</td>
<td>8.0%</td>
<td>7.9%</td>
</tr>
<tr>
<td>ISEC Blended Equity market share (%)</td>
<td>7.4%</td>
<td>7.8%</td>
<td>8.1%</td>
<td>7.4%</td>
<td>7.7%</td>
<td>8.1%</td>
<td>8.7%</td>
<td>8.9%</td>
<td>9.1%</td>
<td>8.7%</td>
</tr>
<tr>
<td>ISEC Blended Derivative market share (%)</td>
<td>9.3%</td>
<td>8.6%</td>
<td>8.0%</td>
<td>8.6%</td>
<td>8.6%</td>
<td>7.4%</td>
<td>7.3%</td>
<td>8.7%</td>
<td>8.0%</td>
<td>7.9%</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
ICICI SECURITIES LIMITED

Earning Conference Call
Quarter ended March 31, 2020 (Q4-FY20/FY20)

May 7, 2020

Operator remarks
Good evening ladies and gentlemen and welcome to the Earnings Conference Call of ICICI Securities Limited for the quarter ended March 31, 2020.

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 '1*' 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 Mr. Chandok to take over the proceedings.

Mr. Vijay Chandok

Good evening to all of you and welcome to the ICICI Securities Earnings Call to discuss updates on our strategy and the Q4-FY20 financial results.

Before I get into results, I trust all of you and your families are staying safe and healthy & I do hope it remains that way.

It is on this very day a year ago that I embarked on my journey with this great institution and as I complete my first year today, I can’t help but reflect on the year that has gone by before we get into a discussion on the results for the quarter.

It has been an eventful year from many perspectives be it the macro environment, our own industry or our company specifically. It has been an exciting journey and I believe that we have been able to transform into a stronger, more robust, open and agile version of ourselves, ready to capitalise the opportunities that lie ahead.

Let us first take a look at the macros and the markets …

To my mind, FY2020 can best be described as tale of three phases. In
the **first phase** which lasted till about Sept-2020, we saw global economies facing slowdown fears, we also saw India’s GDP growth slowing down to 5.1% in Q2-FY20, a 26 quarters low. As a result, financial markets remained volatile throughout the first half of FY20.

**The second phase** spanning Q3-FY2020 and early part of Q4-FY2020 had some green shoots as the fear of slowdown/recession in US had faded and the trade tensions between US and China had started easing. Interest rate regime was turning expansionary, aiding liquidity and driving global financial markets. At the same time, the Indian Government had announced policy reforms for FDI, started releasing funds for recapitalisation of public sector banks, cut corporate tax rate, besides several other measures including for the real estate sector to boost growth. Positive intent demonstrated by the policy measures coupled with benign global liquidity started attracting flows into our capital market despite weak macros. We also started seeing a broader market participation with mid and small cap companies also joining the party. Indices started hitting lifetime highs with Nifty touching levels of 12,430 and Sensex hitting a 42,274 on January 20, 2020.

**The third phase** of this year commenced in early March with the tide rapidly turning, starting with the crude shock and local events like Yes Bank which was followed by the rapid proliferation of Covid-19 pandemic. The total number of COVID-19 cases have topped 3 million globally and in order to flatten the curve, major economies around the
world have enforced lockdowns. The disruption caused by COVID-19 is unique as it has an unprecedented impact of supply, demand and markets shocks concurrently. In view of this, we also witnessed a co-ordinated response by central banks and global economies to overcome weakening sentiment and macros due to Covid-19.

Flight to safety triggered major sell offs in all major global markets and emerging economies also saw huge capital outflows, growing bond spreads and currency depreciations. FPI outflows from emerging economies were close to $59 billion, more than double the outflows in the immediate aftermath of Global financial crisis that we saw in the year 2008. NIFTY recorded one of its biggest quarterly fall, declining by 29% during the quarter, falling 23% alone in the month of march, as FPIs pulled out a record amount of 6.6 billion dollars from Indian equity markets during the quarter. This resulted in large-caps giving up all their gains and ending fiscal 2020 with a decline of 26% (Nifty 50) while the Nifty midcap 100 and Nifty small-cap 100 Indices fell by 36% and 46% respectively.

Now let me now turn to provide our perspective on the impact of the volatility caused by COVID-19 and lockdown on our business

First a brief update on context to the people who are joining from outside India. The Indian authorities have followed an approach of complete lockdown with both state governments and Centre working in
coordination. The government announced a three-week complete lockdown on March 24 during which only defined essential services were operating with limited capacity and thereafter the government has continued extending the lockdown albeit with modest and gradual relaxations.

Our Company, linked to capital markets, comes under Essential services and has been in operation consistently with minimal permitted staff during the period of lock down. Our key priorities in this period have been, first, health and safety of all our employees, second ensuring continuity of service to and engagement with our customers, third safeguarding any unfavourable impact on our financials by following our prudent risk management approach, and finally identifying avenues to continue with our longer term agenda of strengthening our business model in the current context. As we have been in the above pursuit, apart from business, in our view, we also felt it is also our duty and a key priority as a responsible Indian corporate citizen to contribute to the fight against COVID-19, in our own modest way we have played our role.

**Employee safety**

We enabled our teams with work from home tools to ensure their safety and took steps like roostering and periodic sanitization /fumigation of our work places for those teams who needed to operate from premises. I take this opportunity to acknowledge the contribution of our employees, partners and associates who have helped maintain continuity during this
Continuity of service and engagement with customers

During these uncertain times, we observe that customers have a compelling need to reach out to their RM for advise and/or would want to take actions on their portfolio by taking/altering positions in line with the environment and their risk appetite. I am happy to report that our technology team and infrastructure ensured that during the entire duration we were able to provide unrestricted services even though the volumes touched unprecedented peaks of processing 3.2 million orders plus trades per day up from earlier peak of 2 million with around 65k customers transacting concurrently compared to our earlier peak of 48k users.

Risk management

Risk management becomes extremely critical in times of high volatility and high volumes. As you are aware, in our businesses, risk may arise due to out of pocket losses when margins assessed earlier may not be sufficient to cover rapid price movements. During this period, proactive and real time risk management backed by robust technology and prudent risk management framework becomes critical and in our case, it is these capabilities and policies that helped us tide over the market volatility without any material impact. Infact, we entered a mitigated risk mode in the month of March and systematically reduced our exposure to products like MTF and ESOP. Our combined book for these two...
products came down to ₹ 5.8 bn as at March 31, 2020 down from ₹ 11.5 bn as at December 31, 2019.

Similarly, we adopted a cautious approach in participating in derivatives market in second half of March, in wake of extreme volatility resulting in a decline in derivative trading activity and hence derivative market share, a prudent tactical trade off in our view.

**Business model**

Our predominantly digital business model has held us in good stead in dealing with this scenario. We have a very wide array of products and services available on our platform and our clients consume these electronically. 97% of equity transactions and 94% of MF transactions are conducted online by clients themselves. This coupled with prudent risk management approach and real time risk monitoring capabilities compliment the digital capabilities. At an overall level, we believe our business construct has inherent strengths like having low balance sheet risk from credit risk perspective, we don’t carry any physical inventory, low receivables risk, high RoE and a strong liquidity position. Infact, during the quarter we were able to use this liquidity to buy-back some of the outstanding commercial papers issued by us as we scaled down many products.

Going forward our focus would be rapidly digitise more products to make them available online without need for a physical presence. One
such example is in the area of client sourcing where definitely there is a physical involvement of meeting clients to open their account. We launched Idirect insta investment account which is our end to end digital account opening by client themselves without any need for physical meeting. This process had one last leg of picking up the Power of Attorney. We have recently implemented a digital PoA version with the help of which the client can start transacting on the platform immediately after opening the account. This has helped us in maintaining our new client sourcing run-rates despite the on ground team unable to meet the clients in person. Similar approach is being worked on for converting more and more products to fully online variants.

**Corporate citizen**

Last but not the least, our prayers and wishes are with those who are facing effects of the COVID-19 pandemic wanted to update you that ICICI Group has committed a sum of ₹ 1.00 billion comprising of contribution of ₹ 0.80 billion towards PM cares Fund and ₹ 0.20 billion towards state and local authorities. Towards this, our humble contribution to this sum is ₹ 100 million, part of our CSR initiatives. We have also played a role in local community by Personal Protective Equipment to people who really need it.

**Moving on to the performance for the quarter and an update on the strategic elements that we had articulated in Q1-FY2020**
Our Company registered a consolidated revenue of ₹ 4,819 million for Q4-FY20 as compared to ₹ 4,283 million for Q4-FY19, a growth of 13% aided by growth in our equities business including brokerage and other allied incomes that grew by 32% during the same period. Our Profit before tax (PBT) for Q4-FY20 increased by 10% to ₹ 2,077 million up from ₹ 1,889 million.

Our total operational expenses (i.e. expenses excluding interest expenses) for Q4-FY20 increased by 7% over Q4-FY19. This increase however need to be viewed in the context of the fact that it includes a one-time contingency provision of ₹ 91 million created for our MTF & ESOP portfolio and also due to increase in variable pay to employees. Our interest expenses increased by over 100% in line with the ramp up of our MTF & ESOP books. Our cost efficiency measures are helping us in rightsizing the organization. Our employee count at March end was 3,790, down 4% sequentially and 6% year on year. We have also reduced our branch count to 172 from 199 a year ago.

Our Profit after tax (PAT) for Q4-FY20 increased by 28% to ₹ 1,559 million compared to ₹ 1,215 million for Q4-FY19, partly helped by lower statutory tax rate.

We are happy to share that the Board has approved a final dividend of ₹6.75 per share, up from ₹5.7 last year, taking our total FY2020 dividend to ₹11 per share up from ₹9.4 per share last year, dividend payout ratio
Our Return on Equity (RoE) continued to remain robust at 48% for FY20.

In Q1-FY2020, we had articulated our direction of transforming our business into a comprehensive financial solutions provider catering to investment, protection and asset creation needs of an affluent Indian powered digitally. In order to achieve these, we have embarked on an approach with twin objectives of strengthening the core business model and building for the future as we lay the foundation of new business model by focusing our attention on five focus areas. A detailed progress on all these focus areas form an integral part of our presentation uploaded on our website, let me take you through outcomes arising out of implementing those strategies.

**Client acquisition**

One of the most important thrust area of our strategy is to ramp up scale and value of clients sourced. Our client acquisition and retention strategy has a three pronged approach, **First**, design product propositions which are relevant to each micro segment of target clients. Our deep understanding of client behavior, their preferences ranging from his risk appetite, frequency, pricing preference, importance of liquidity which we have gathered over two decades has helped us design unique propositions like Prepaid plans, Margin products, liquidity oriented products like eAtm, Prime plans and more recently Options 20 targeted
at derivative customers.

**Second**, we have built a multi-modal customer service architecture comprising of online (do-it-yourself) and for the very affluent clients supported by relationship manager mode.

**Third** and definitely one of the most important prong is scaling up distribution capacity. Towards this end, we have worked towards increasing both the depth and quality of distribution through multi-channel open architecture customer acquisition channels.

We have worked towards enhancing quality of clients sourced through ICICI bank. A lead indicator of quality of clients is activation ratio i.e. proportion of clients who start giving revenue in the same quarter in which they are acquired. Over the year as a result of this initiative, the activation ratio of ICICI bank sourced clients has consistently kept on improving from 26% in Q4-FY2019 last year to 71% in Q4-FY2020. The impact of improvement of this lead indicator will be visible in the coming quarters as the life time value of customers improves drastically if we are able to attract the right segment of clients coupled with a high retention franchise that we have.

Then, we have also focused on digital acquisition of clients. Earlier this quarter on February 25, we launched our **Insta Idirect** accounts, wherein we went open architecture with respect to bank accounts and have very
recently also digitized the process of acquiring the POA from customers to do away with in person meetings. The customers can now link their existing bank accounts and other payment modes seamlessly to deal with ICICI Securities without any human intervention. The initial signs are promising and we have opened over 6,000 accounts till the end of the quarter since launch on February, 25 2020. Since the quarter, the recent run-rates have started improving much beyond this and we have started clocking about 1,000 accounts per day. This also includes our sales personnel making use of digital account opening processes to open accounts amidst lockdown.

Another lever of focus is growing through business partners and alliances. Our network increased by 32% in Q4-FY20 over Q4-FY19 to reach 9,400+. The new clients acquired through this network grew by 73% year on year in Q4-FY20, albeit on a lower base.

As a result of all these initiatives we added around 1.1 lakh new clients during the quarter, growing our operational client base to 4.8 million. We were able to grow our bank sourced revenue giving clients (activated new clients) to ~56,000 in this quarter up from ~26,000 in Q4-FY2019.

**In our Equities business,** we have been successful in increasing penetration of our subscription and prepaid plans to 40% of our total NSE active base as compared to 35% in the previous quarter. Prime proposition which was opened up for all our existing customers from
October 1, 2019 continued to generate very decent interest. The total number of subscribers as on March 31, 2020, were over 3.1 lacs, adding ~80,000 net subscribers in this quarter.

Prime has helped us in improving our quality of sourcing and level of activity, as a result of which, despite relatively lower yield, the revenues have increased on account of improvement in volumes. Our blended equity market share increased by 170bps year on year from 7.4% in Q4-FY19 to 9.1% in Q4-FY20. Our NSE active client base has grown to 10.8 lakh clients, a growth of 27% year on year compared to 23% for the industry resulting in a market share gain from 9.6% in Q4 last year to 10.0% in Q4-FY20.

As discussed earlier, due to increased volatility we had proactively taken a conservative risk position in March resulting in a decline in derivative trading activity as compared to January and February, bringing down our derivative market share by 60bps year on year to 8.0%. While, we have been able to recoup some of this market share in early days of April as compared to last 15 days of March as we have started seeing gradual change in level of volatility and we have started gradual opening up of our products on our platform.

Further, we are in the process of launching our trading strategy formulation tool for derivatives in association with a fintech partner to help customers convert their views on stocks or indices into actionable
back tested derivative strategies.

Our interest income from ESOP and MTF grew by 78% year on year to ₹335 million while our Prime subscription income grew 44% sequentially to ₹79 million. Consequently, our retail equities and allied business revenues increased by 35% year on year to ₹2,915 million driven by strong growth in equity brokerage revenues of 28% as well as doubling of allied revenues of interest income and subscription fees. As a result of these, our equity business has become more broad based with allied revenues contributing more revenues than in the past.

On the Institutional equities front, the revenue increased by 13%, aided by increased traction in block deals.

**Moving to our distribution business,** our engagement initiatives are focused on reaching out to the clients with a hyper personalization approach, digitally and at scale. Towards this end, we have segmented our client base using 400 product combinations and identified 23 clusters for personalization. These have been identified by dipping into their transactions and analyzing their online behavior and preferences. These clusters are being used and would form the basis of forming personalized approach of identifying such clients, reaching out to them, designing propositions customized for them and for engaging them to come on the platform and transact on more line items. This is supplemented by our efforts to expand the product suite to meet various
needs.

Our mutual fund revenues were under pressure in Q4-FY20, declining by 4% year on year on account of lower yields and decline in AUM. Our focus is to grow net flows and AUM and our gross flows grew faster than market thereby increasing gross flows market share marginally, however we faced redemption pressures in March due to the volatility in the markets. A number of steps are proposed in the ensuing fiscal for strengthening the MF business.

In order to offset the impact of regulatory changes in mutual funds, we increased our focus on select non-MF distribution products. Non-MF revenues increased by 13% year on year, mainly driven by growth in fixed income products and Life insurance.

Our Life insurance business revenues increased by 7% year on year to ₹ 171 million because of increased focus towards protection (term) and traditional products amidst higher volatility and in spite of very less business in last 15 days of March due to lockdown constraints, which is usually the busiest period for the insurance business.

We have also expanded our loan portfolio to distribute 12 Loans product up from 6 products in the last quarter. Total loans disbursed in the quarter of over ₹ 2 billion.

Overall distribution revenues were at ₹ 1,155 million up 3% compared to
last year. Further as a result of our initiatives on both equity business and engagement initiatives on distribution business, we were able to increase our overall active clients by 16% to 14.8 lakh in Q4-FY20.

During the I-Sec Day that we had in February, we got a chance to meet some of you, where we discussed about our wealth management business. As stated there, I-Sec’s Wealth management business model is a unique Brand-Platform-RM led business model. What that means is that we have a large set of clients, who have grown to become wealth clients over a long period of association with us. They value the brand and the platform followed by relationship with RM which is quite different from a traditional wealth management model.

This model has deep strategic advantages for us as it gives us more stickiness as evidenced by more than 54% of the revenue coming from clients acquired 10 years ago. It builds deeper brand association and relationships and is a scalable and digital wealth management model.

Our wealth management team today comprises 300+ RM’s catering to over 32,000 individual wealth clients each having a minimum of ₹ 10 million in assets with us and in aggregate assets of ₹ 832 billion as at March 31, 2020 down from ₹ 990 billion as at March 31, 2019 primarily on account of correction in market values in March.

Of the total assets, transaction assets, i.e. assets on which we earn fee
based on a transaction happening e.g. demat assets of our clients, are ₹654 billion (₹ 798 billion in FY19) and recurring assets, i.e. assets on which we earn fee by way of AUM linked commissions e.g. mutual fund assets of our clients, are ₹ 178 billion (192 billion in FY19).

Our total revenue from these clients increased by 53% year on year to ₹866 million in Q4-FY20 vs ₹566 million in Q4-FY19 resulting in income for the full year being ₹ 2,590 million in FY20 vs ₹ 2,175 million in FY19 on account of various initiatives taken by us during the course of the year.

Moving on to our corporate finance business, CF business faced downward pressure on revenues due to subdued market conditions. Revenues declined by 23% year on year to ₹ 99 million. We executed 4 Investment banking deals in Q4-FY20 and have SEBI approved IPO/FPO/InvIT/REIT pipeline of 12 deals amounting to over ₹ 378 bn. We are ranked 2nd among domestic financial advisors by number of deals in merger market league table. Our aim is to diversify the CF revenues by increasing contribution of non IPO deals.

Our treasury income was ₹ 105 million, down from income of ₹ 112 million a year ago, negatively impacted by the prevailing market conditions.

To sum up and to put the year in perspective...
Many parts of the strategy are playing out in the intended manner, we are fortunate to have an all-weather business model that has low balance sheet risk from credit risk perspective, no physical inventory, low receivables risk, high RoE and a strong liquidity position which will help us stay steadfast in the current phase.

However, as we move into the current year, the strategy remains relevant and intact in the current context, but there are four areas will get special attention. **First**, our attention will be to rapidly increase digitization at all level within the organization, in order to make all feasible products available online. **Secondly**, even higher focus on increasing cost efficiency e.g., due to the current environment, we may explore moving certain teams to completely work from home thereby further reducing need for branch infrastructure. **Third** would be to invest in technology for upgrading our infrastructure and capabilities like data warehouse capabilities to perform big data analytics through Robotics, Machine learning & Artificial intelligence, implementing best in class CRM tools for Retail and Institutional clients, fortify surveillance tools to reduce cyber security risks resulting from work from home functioning, ensuring business continuity by maintaining salience and speed by capacity enhancements and improve our UI/UX tools to improve customer experience. **Fourth** area of increased attention would be to selectively fortify our talent pool to position us well for future.

We are aware that the situation is very dynamic, we as a management
team recognize that we have to remain agile and keep evolving to manage risks and we believe we are well positioned to take advantages of any opportunities that may arise.

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