

July 23, 2020

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, 2020

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

This is further to our letter dated July 18, 2020 regarding the earnings call which  
was scheduled to be held on July 22, 2020.

Please find enclosed herewith the investor presentation and the opening remarks  
for the earnings call held on July 22, 2020 to discuss the financial results for the  
quarter ended June 30, 2020.

The same has also been uploaded on the website of the Company  
*i.e.* [www.icicisecurities.com](http://www.icicisecurities.com).

Thanking you,

Yours faithfully,  
**For ICICI Securities Limited**

  
**Rupesh Jadhav**  
**Senior Manager**

Encl.: As above

Member of National Stock Exchange of India Ltd, BSE Ltd and Metropolitan Stock Exchange of India Ltd.

SEBI Registration : INZ000183631  
CIN No.: L67120MH1995PLC086241

**ICICI Securities Limited**  
**Registered Office (Institutional):**  
ICICI Centre, H. T. Parekh Marg,  
Churchgate, Mumbai 400 020, India.  
Tel (91 22) 2288 2460/70  
Fax (91 22) 2282 6580

**Corporate Office (Retail):**  
Shree Sawan Knowledge Park, Plot No. D-507,  
T.T.C. Ind. Area, M.I.D.C., Turbhe, Navi Mumbai - 400 705  
Tel (91 22) 4070 1000  
Fax (91 22) 4070 1022

**Name of Compliance Officer (Broking Operations) :** Mr. Anoop Goyal  
**Email Address:** [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com) / Tel (91 22) 4070 1000  
**Website Address:** [www.icicisecurities.com](http://www.icicisecurities.com) / [www.icicidirect.com](http://www.icicidirect.com)





# Performance Review

**Q1-FY2021**

July 22, 2020

# Agenda

- **ISEC Franchise**
- Strategy
- Financial Results
- Business Performance



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# ICICI Securities has built an enviable franchise...



## Affluent franchise

- ❖ One of the largest Equity franchise
- ❖ Total assets\* of ₹ 2.4 tn+
- ❖ Private wealth clients' assets of ~₹1 tn\*\*



## Scale

- ❖ Client base at 4.9mn<sup>1</sup> from 2.5mn in FY14
- ❖ Overall active clients at 1.5mn<sup>1</sup> from 0.7mn in FY14
- ❖ NSE active clients at 1.1mn<sup>1</sup> from 0.5mn in FY14



## Strong position across businesses

- ❖ Equities business blended market share at 9.0%<sup>1</sup> from 4.5% in FY14
- ❖ MF Revenue market share at 4.5%<sup>2</sup> from 2.9% in FY14
- ❖ Consistently ranked amongst top ECM players<sup>3</sup>



## 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. As at Q1-FY21, Active clients are for trailing 12 months 2. FY20 data, Source AMFI 3. 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

# ...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<sup>1</sup>



In last 3 years millennials form 70% of active customers



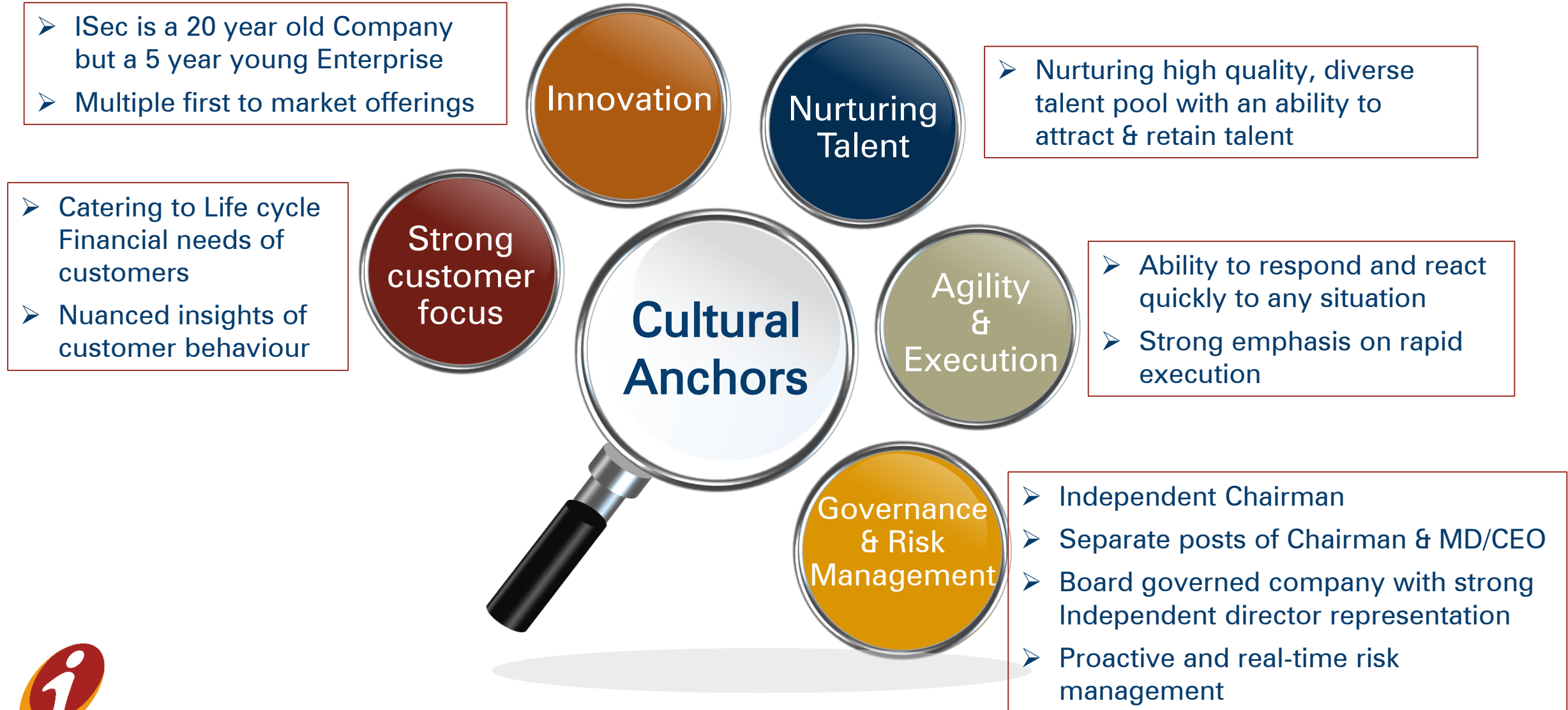
0.95 mn clients<sup>2</sup> with 2 or more products, up from 0.58 mn in FY16

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



1. Based on retail broking revenues
2. As at Q1-FY21

# ...on back of strong Cultural Anchors, ...



# ...a robust business model enjoying strong brand equity

## Resilient Business model

- Low credit and receivables risk
- Virtually no inventory and supply chain risk
- Strong liquidity position
- High Return on Equity
- Asset light model

## Strong Digital Platform

### 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 with real time monitoring

4\* rating for our Mobile App on Google Playstore



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- **Strategy**
- Financial Results
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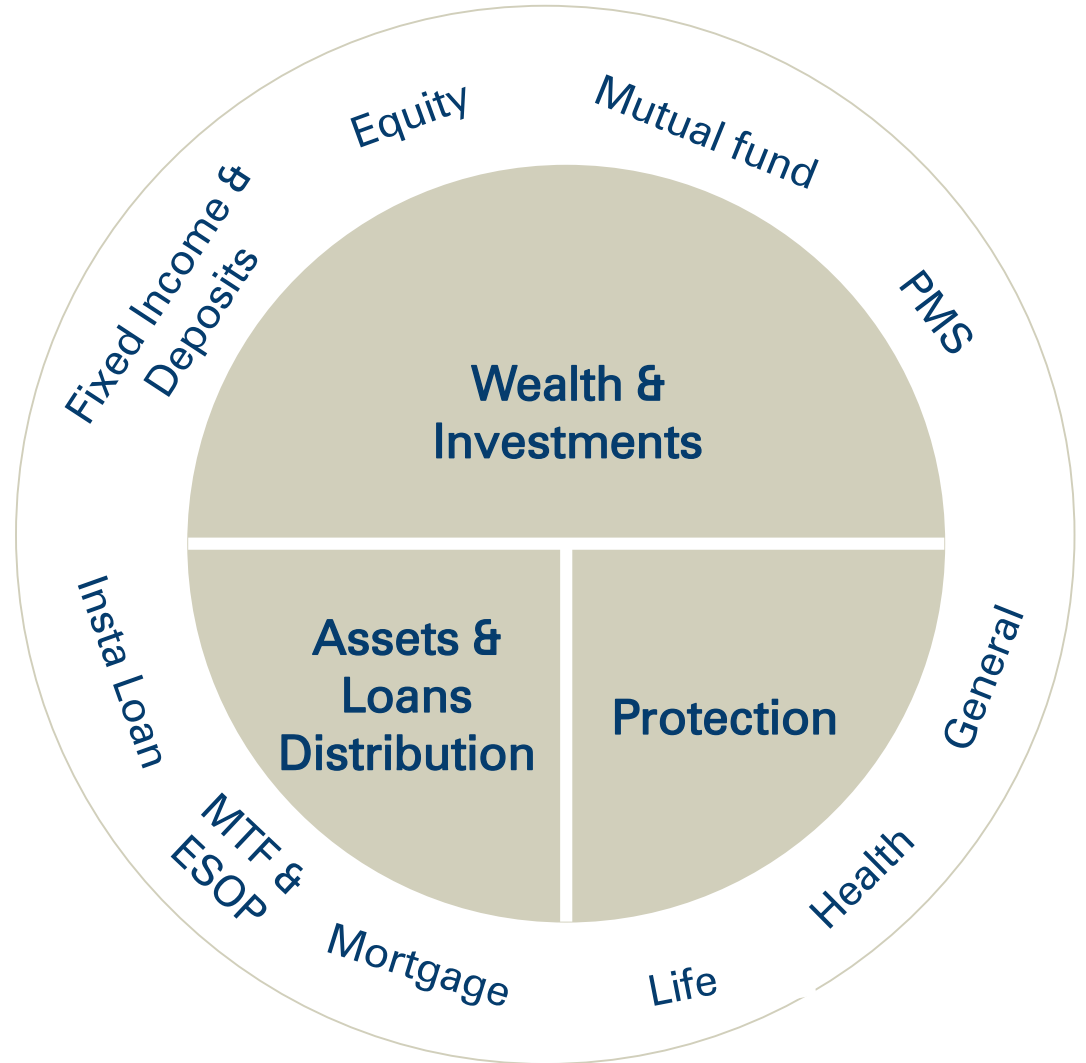
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# Broadening the positioning by focusing on strategic anchors

## Imperatives:

- Broad basing business model
- Diverse and granular revenue streams



To emerge as a provider of life stage financial services requirements of Retail Indian -  
Powered digitally

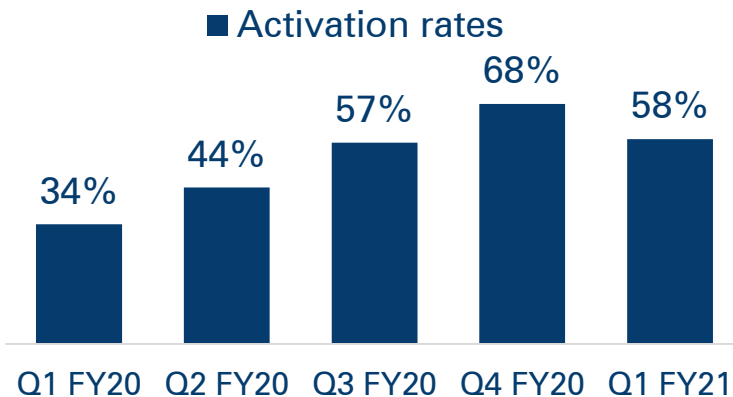
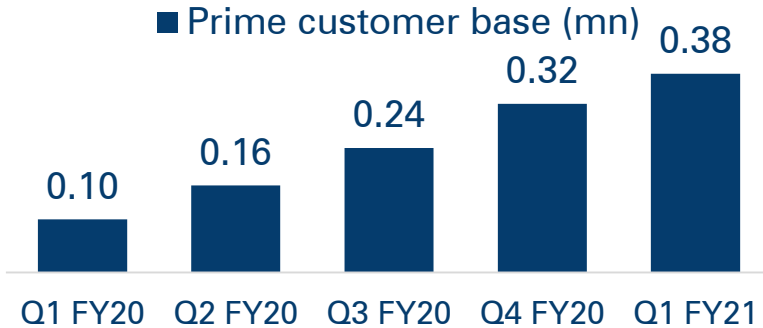
# Focus on our strategic anchors have enabled us to outperform in uncertain environment

- **Ramping up scale and value** have improved our quality and speed of sourcing through digital channels and growth in partnerships with ecosystem players
- Offering an enhanced product suite for our retail and HNI clients and strengthening our wealth management franchise has helped us **monetize client value**
- **Active customer engagement** has enabled us to offer customized products thereby deepening relationships and increasing cross sell ratio
- **Digital agility and Robust technology** has helped us grow speed of client engagement across platforms
- Our focus on **cost efficiency** has helped us improve operating leverage



# Multichannel open architecture has led to improvement in quality of sourcing...

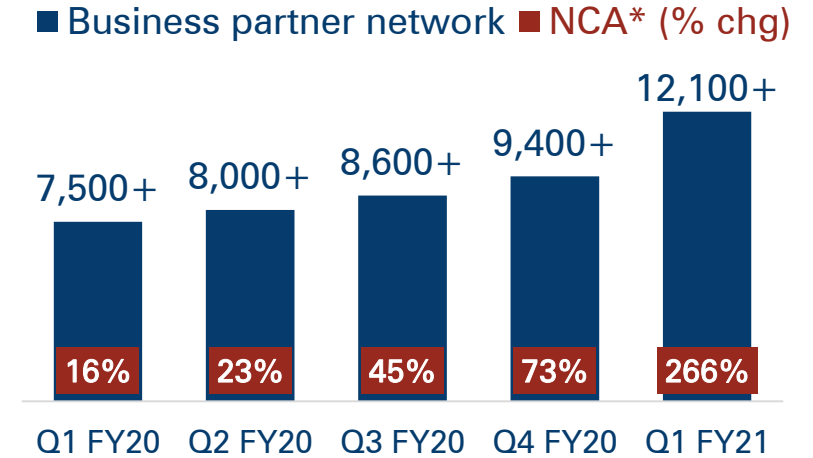
## Quality of Sourcing



## Digital Sourcing

- Diversified our client sourcing channel mix, largest sourcing channel now contributing about 65% vs 80% in FY20
- 20,000+ accounts sourced digitally
- Non digital sourced accounts also opened digitally amidst lockdown

## Business Partners



- Partnership with ecosystem players for client acquisition

**Client Base<sup>1</sup>: 4.9m, +7%**

**Overall Active<sup>2</sup>: 1.5m, +15%**

**NSE Active<sup>3</sup>: 1.1m, +27%**



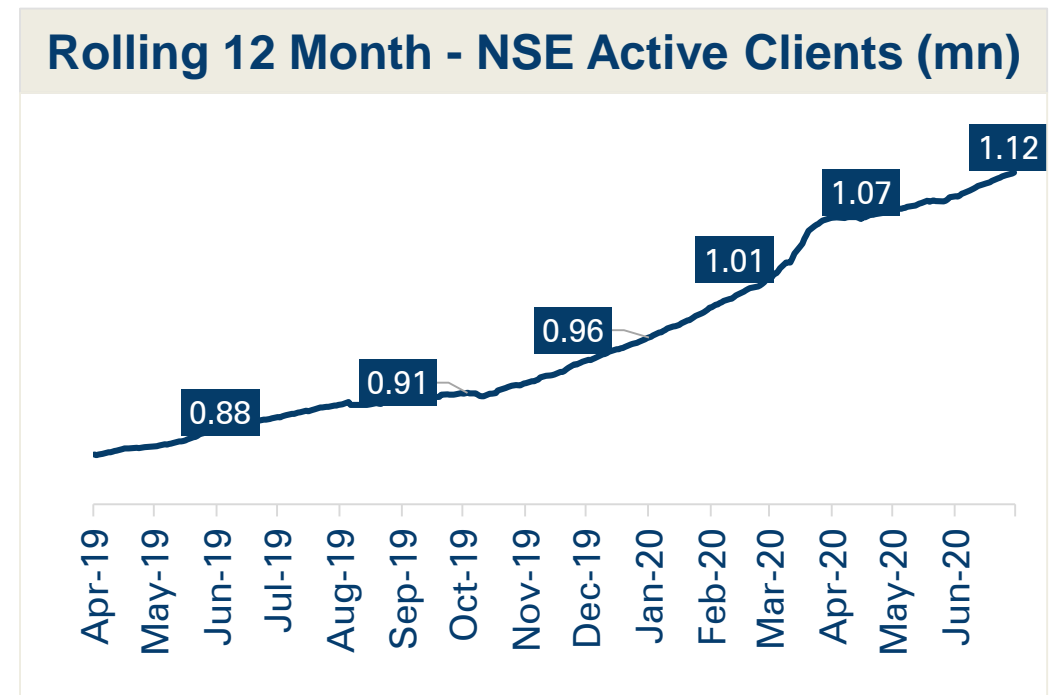
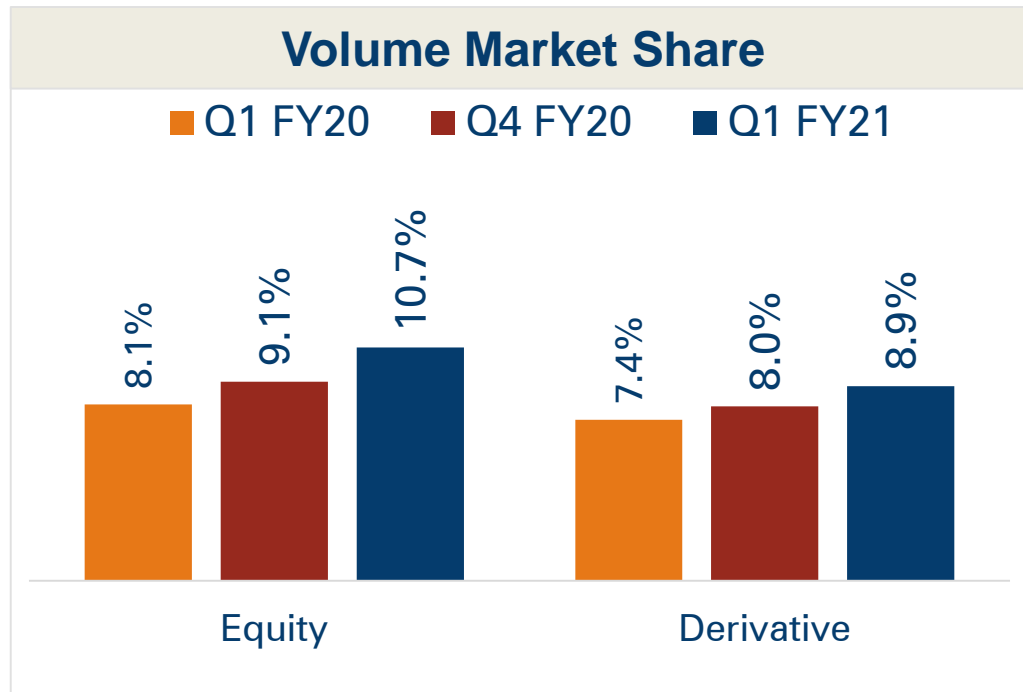
Activation rates = % of New client acquisition (NCA) who have traded during the quarter

1. 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

# ...which has resulted in increase in market share

- Equity market share<sup>1</sup> up 260 bps
- Derivative market share<sup>1</sup> up 150 bps

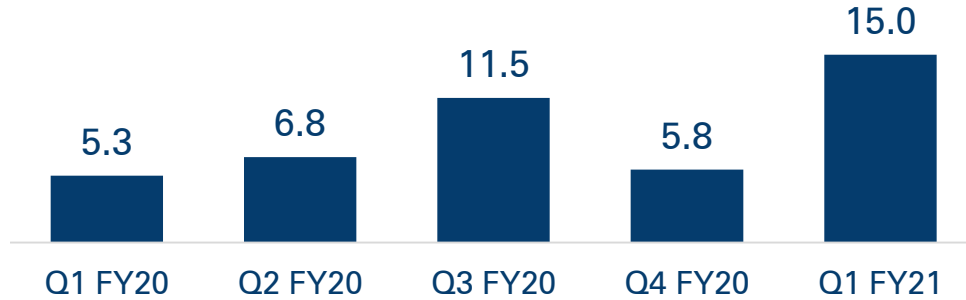
- NSE Active market share at 9.2%



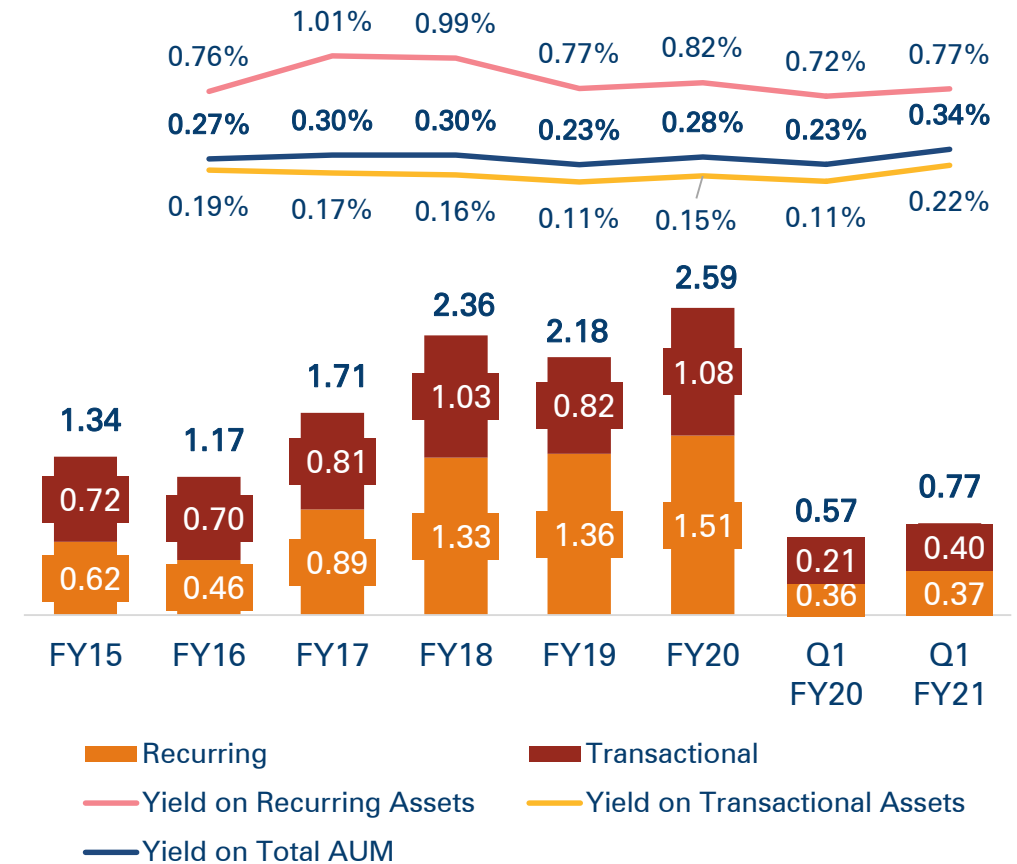
1. Combined market share for retail and institutional clients  
Period: Q1-FY2021 vs Q1-FY2020, Source: NSE, BSE

# Enhanced product suite strengthening our offer to clients and increasing long term revenue

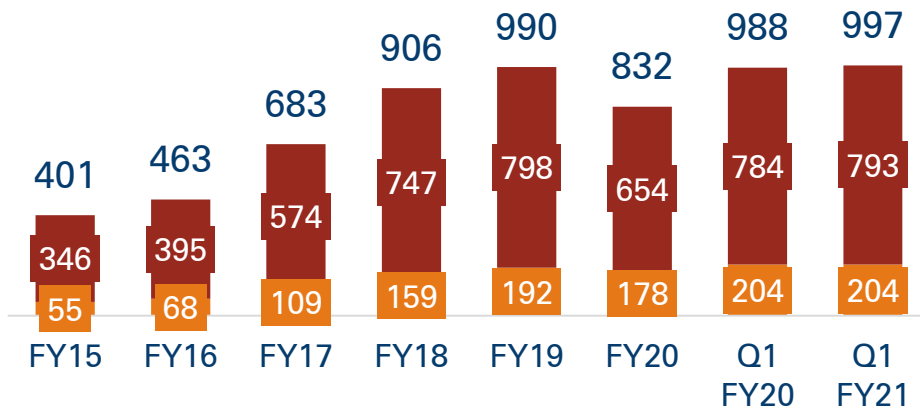
## MTF & ESOP book\* (₹ bn)



## Wealth Management Revenue (₹ bn)



## Wealth Management Assets (₹ bn)



■ Recurring ■ Transactional

\*Funded value at the end of the period

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

# Our key initiatives and diverse array of solutions is helping deepen client relationships...

Deepening relationships to enhance life time value

Increase cross sell ratio

Win back clients who have stopped trading

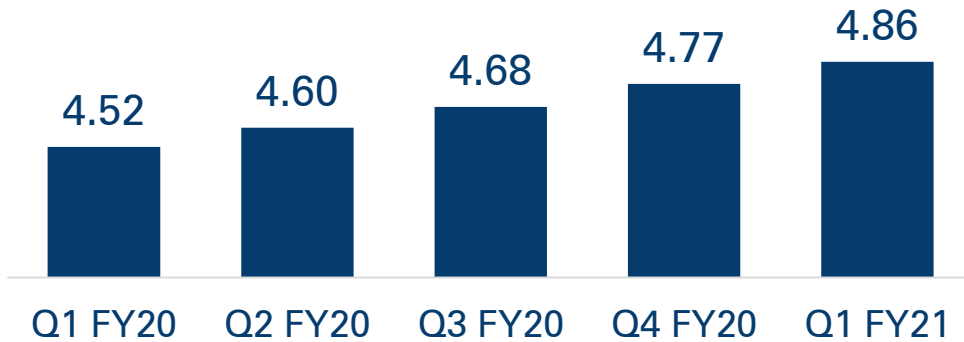
Activate clients who have never traded

- **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 usage**
  - ❖ eATM, Option pricing plan (Option 20)
  - ❖ 66% growth in option unique traded customers Y-o-Y
  - ❖ Partner ecosystem, Consolidated portfolio analysis, One click Investments, ETF Intelligent Portfolios
  - ❖ ~ 4.7 lac customers, 42% of NSE Active base
- **Personalize information within the clusters**
  - ❖ Seamless execution for our clients who buy advisory services from advisory partners
  - ❖ Increasing wallet share in mutual funds from existing as well as newly acquired customers

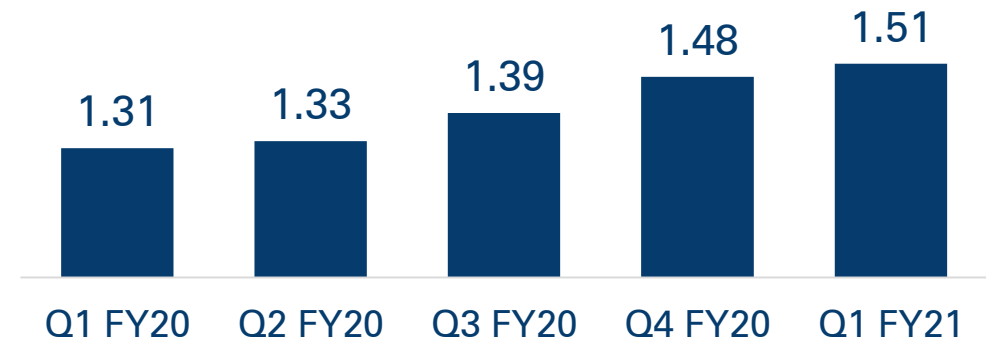


# ...resulting in increase in client activity and engagement

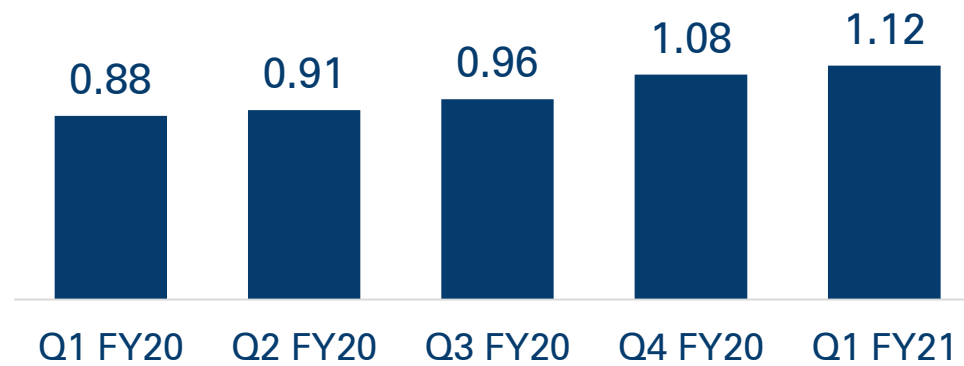
### Client Base (mn)



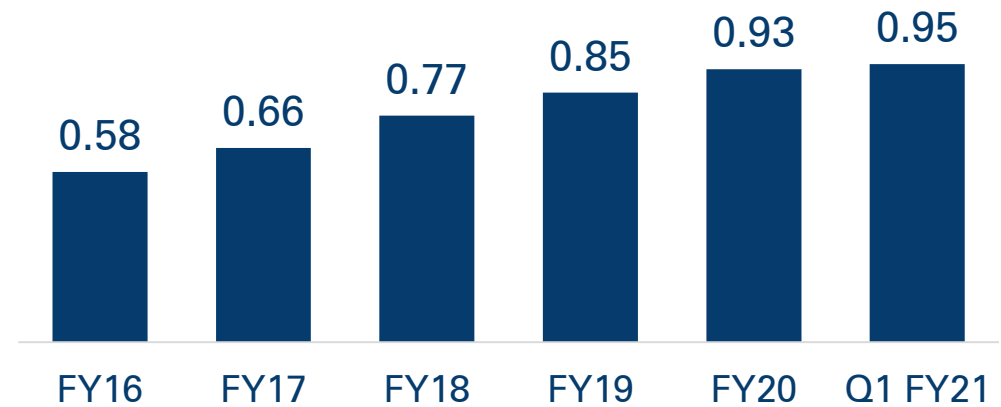
### Overall Active clients (mn)



### NSE Active clients (mn)

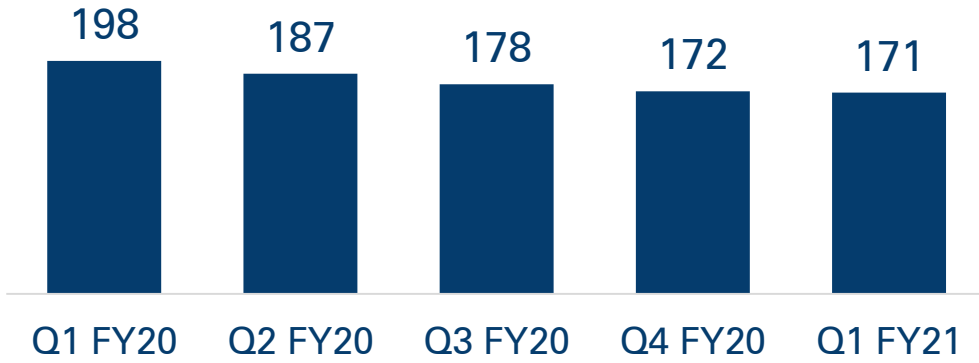


### Clients with 2 or more products (mn)

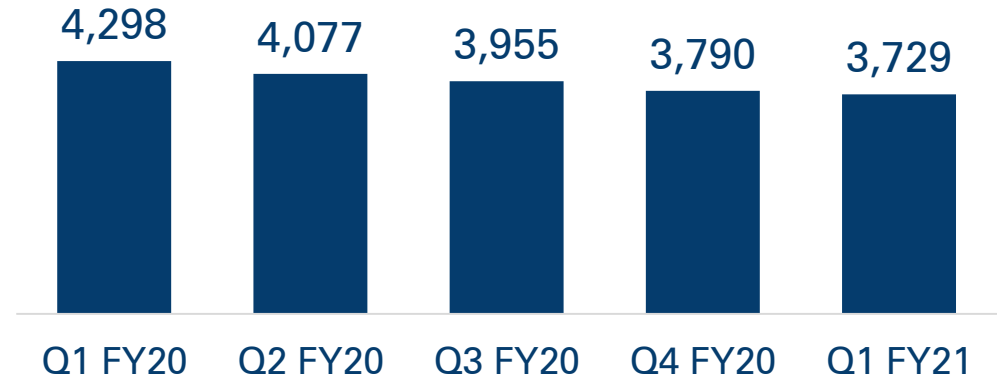


# Our focus on cost efficiency has helped us improve operating leverage

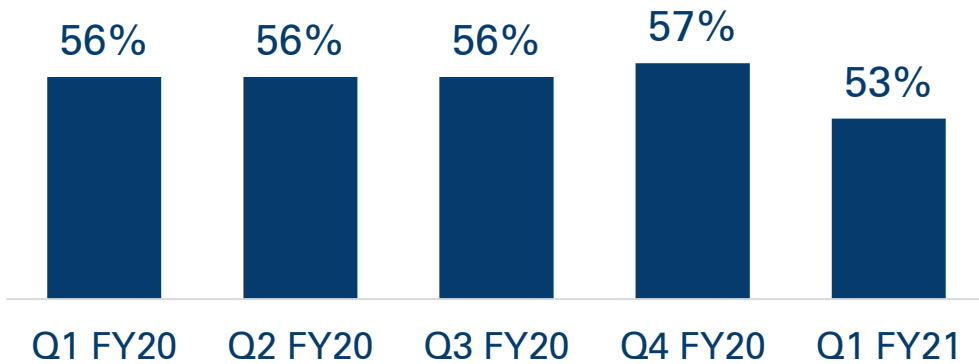
## Number of Branches



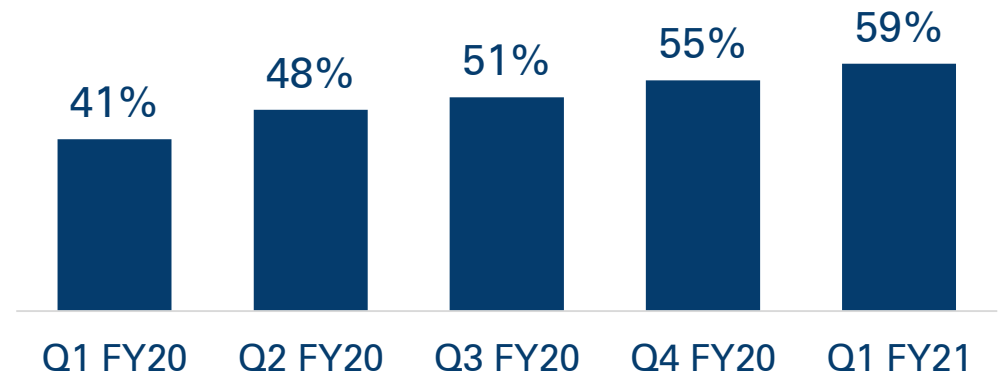
## Head count



## Cost to Income ratio



## Return on Equity





# Agenda

- ISEC Franchise
- Strategy
- **Financial Results**
- Business Performance

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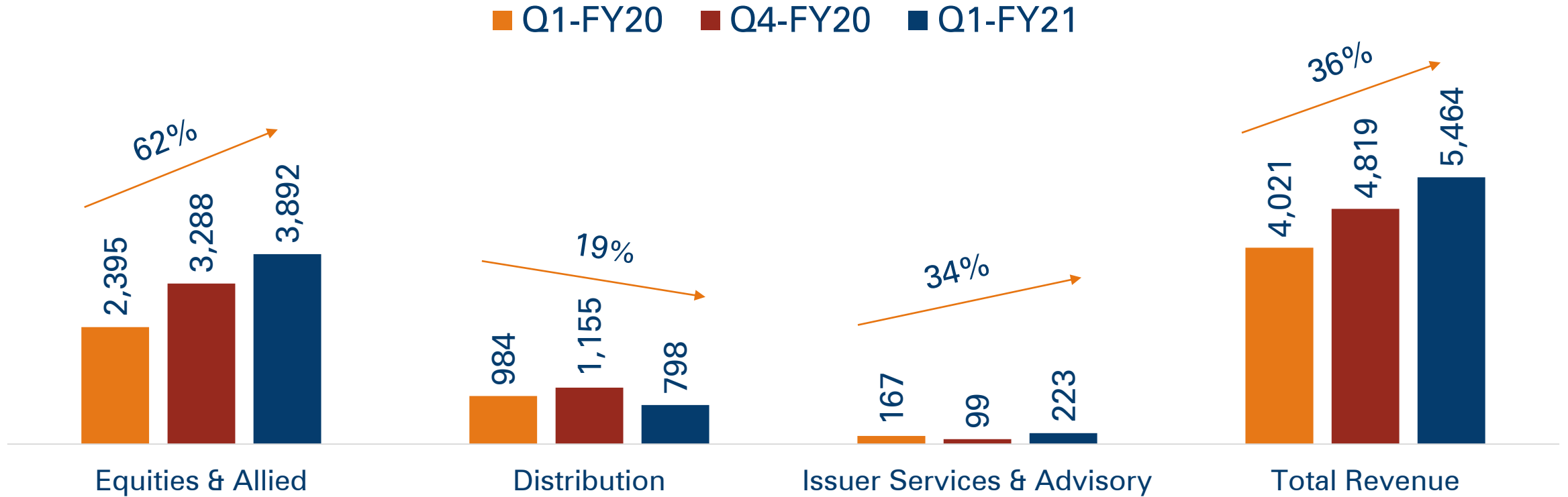
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# Key Highlights

## Revenue by business



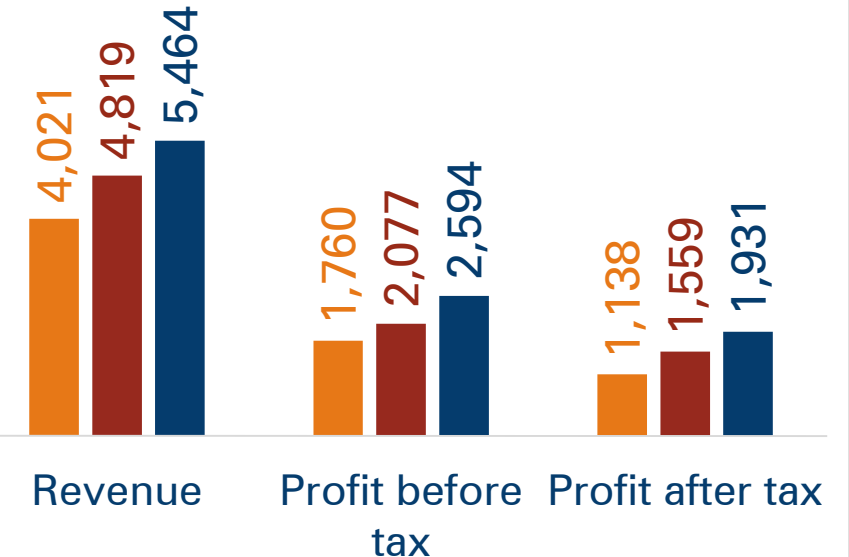
# Financial Results

## Revenue and Profit after Tax

- **36% increase in consolidated revenue**
  - Equities & allied revenue at ₹3,892m, up 62%
- **Total non finance cost up by 27%**
  - Led by frontloading of CSR in light of Covid-19 and increase in variable employee cost in line with company performance
  - Employee cost ex Bonus & LTI and ESOP down by 3%
  - Other expenses excluding CSR down by 13%
- **Cost to Income ratio of 53% vs 56%**
- **PBT increased by 47%, Consolidated PAT up 70%**
- **Endeavour to maintain a dividend pay-out of at least 50% of PAT**

### Revenue and PAT (₹ million)

■ Q1 FY20 ■ Q4 FY20 ■ Q1 FY21



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# Business Performance

## Equities business

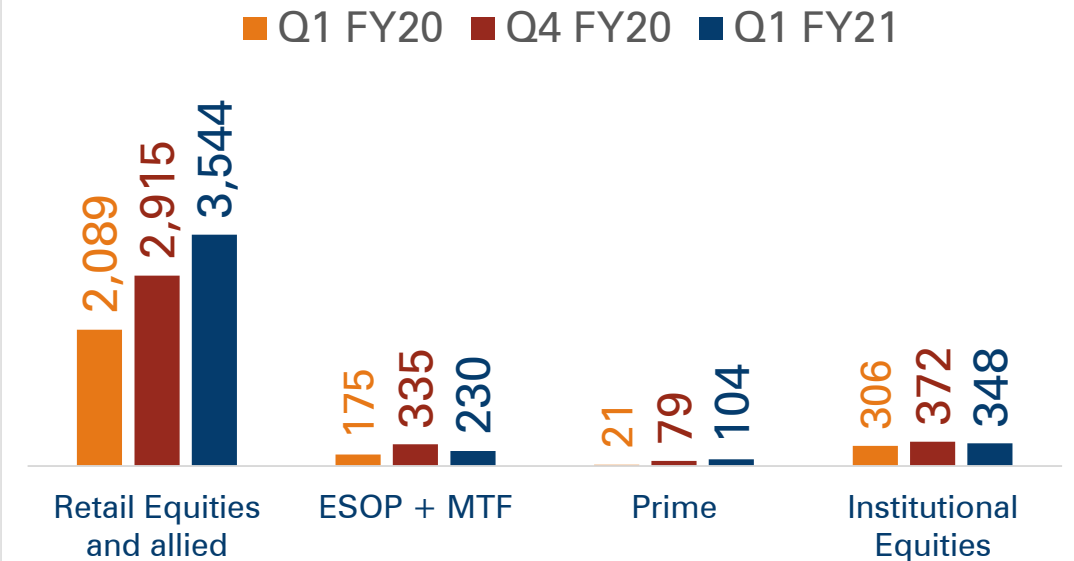
### Retail equities and allied<sup>1</sup> revenues up by 70%

- 4.7 lac customers in Prime and Prepaid
  - 42% of our NSE active base
  - Prime fees income grew by 31% sequentially
- ESOP & MTF interest income grew by 32%
  - Book as at June 30, 2020 was ₹ 15 bn up vs ₹ 5.8 bn as at March 31, 2020
- ARPU<sup>2</sup> increased by 36%

### Institutional equities<sup>3</sup> revenue up by 14%

- Increased traction in block deals

### Revenue (₹ million)



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

2. ARPU = Retail equities and allied revenue / Quarterly active clients across equity, derivatives and currency

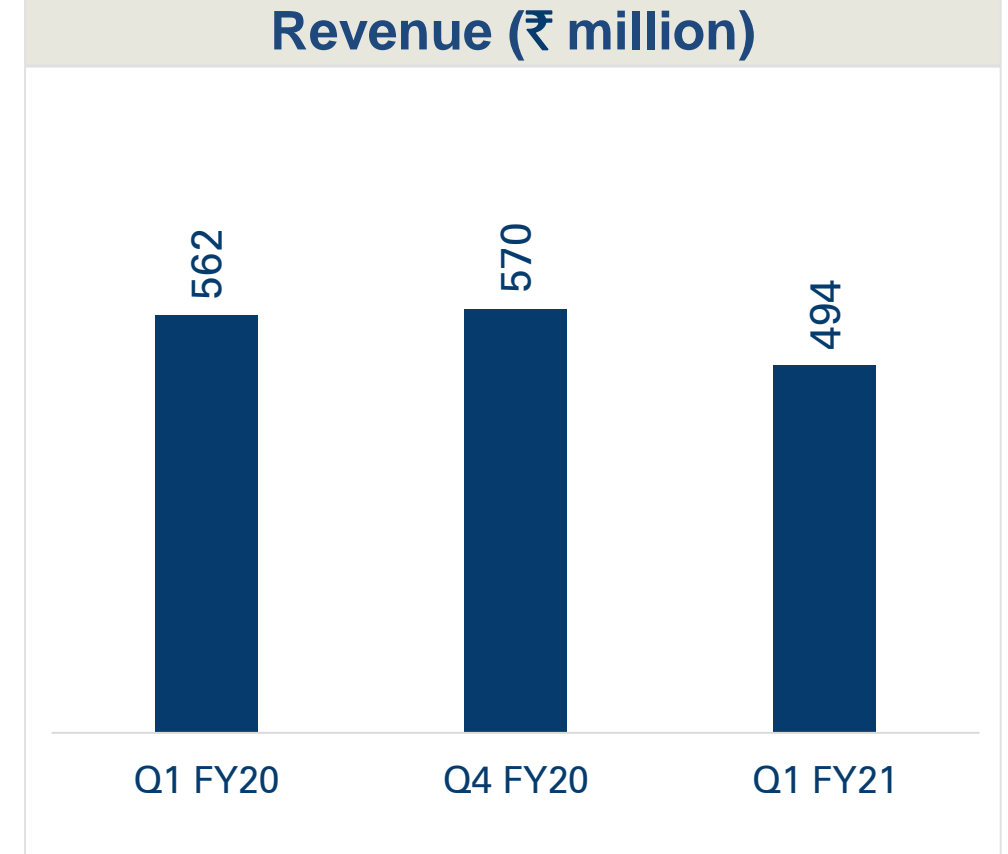
3. Institutional equities includes broking income from Cash & derivatives

Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020

# Business Performance

## Distribution business – Mutual Funds

- Mutual Fund revenues down by 12%
- Mutual Fund average AUM<sup>1</sup> down by 13%
  - Gross flows market share at 0.21% vs 0.09%
  - Redemption pressures persist in debt funds
  - However, our net flows and market share in equity increased
- Concerted efforts on to increase market share
- SIP count<sup>2</sup> for Q1 FY21 is 0.63 million



Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020  
1. AUM excluding Direct  
2. SIP Count: Triggered as on last month of period  
Source: AMFI

# Business Performance

## Distribution business – Focused Non Mutual Fund

### Non MF distribution<sup>1</sup> revenue down by 25%

- Contact based products impacted due to lockdown

### Proprietary PMS

- AUM as at June 30, 2020 over ₹ 1.3 bn

### Insurance

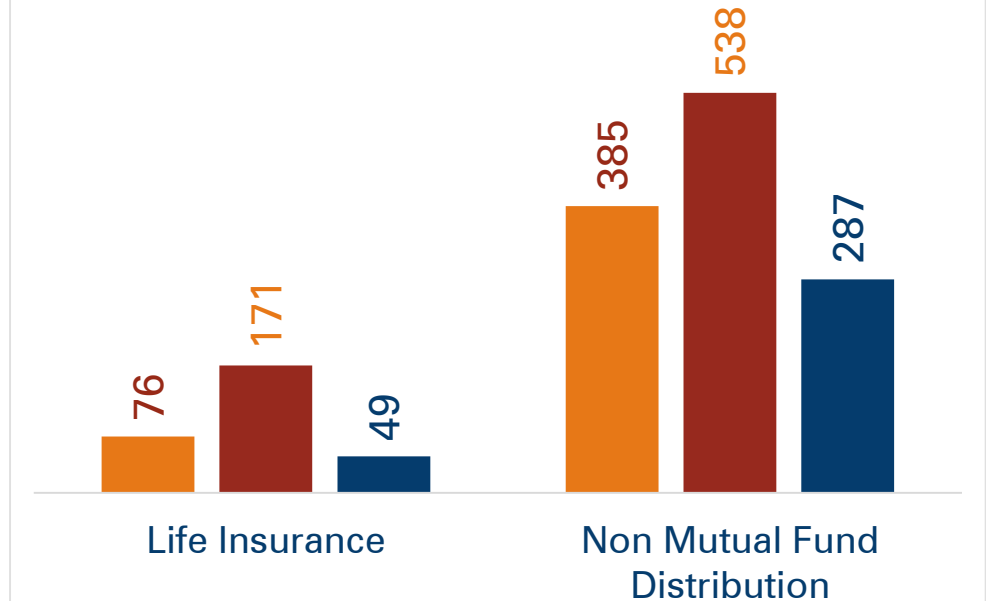
- Life Insurance revenues down by 35%
- Ramping up distribution of insurance through Point of Sales (POS) of Business Partner

### Loans

- Total loans disbursed in the quarter of over ₹ 0.85 bn
- Tied up with ICICI PRU AMC, ICICI Lombard and ICICI PRU Life for loans distribution through their partners

### Revenue (₹ million)

■ Q1 FY20 ■ Q4 FY20 ■ Q1 FY21



Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020

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

# Business Performance

## Private Wealth Management

### AUM

- Total AUM at ~₹ 1 tn, from ₹ 0.99 tn
- Up 20% sequentially from ₹ 0.83 tn

### Revenue

- Total Revenue at ₹ 775mn, up 36% from ₹ 570mn
- Recurring income (48% of total revenues) up 4% to ₹ 370 mn from ₹ 356 mn
- Transactional income (52% of total revenues) up 89% to ₹ 405 mn from ₹ 215 mn

### Yield

- Overall yield\* stood at 0.34% compared to 0.23% Q1FY20

### Clients

- Clients: ~34,000 ; ~1,600 clients added during the quarter



Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020

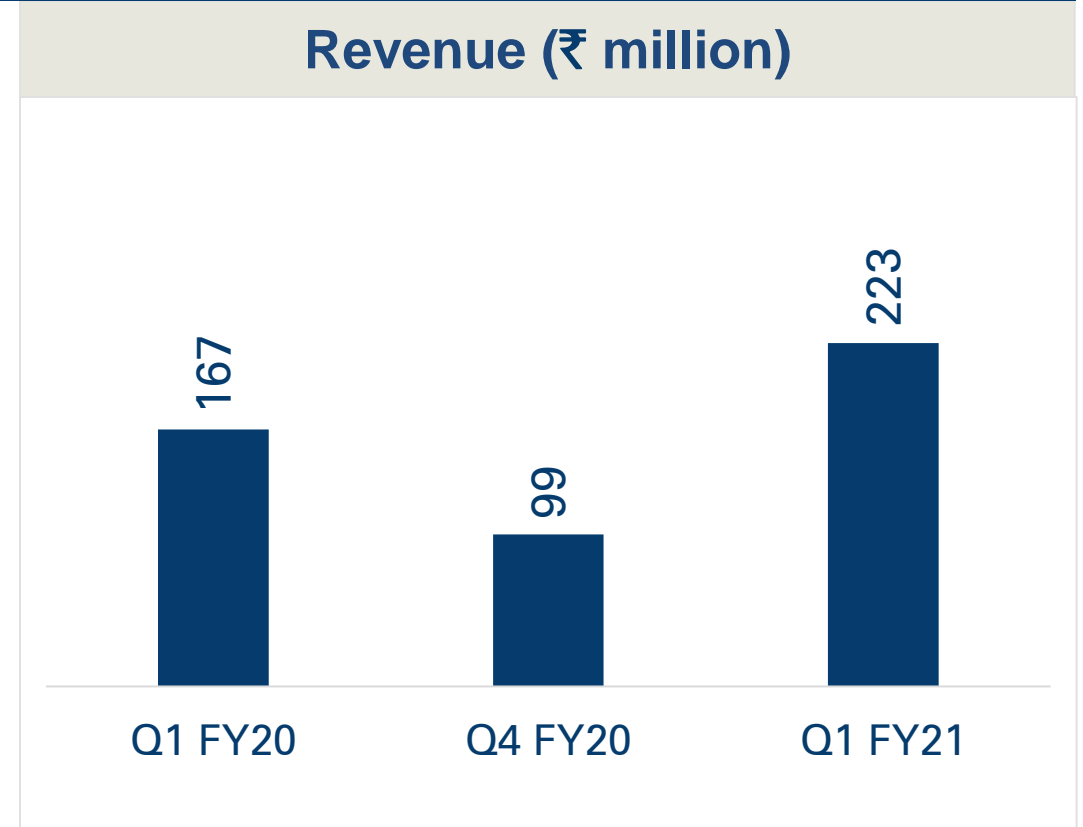
\*Yields are on average assets for the current & preceding period, Quarterly yields are annualized



# Business Performance

## Issuer Services and Advisory\*

- Issuer Services & Advisory revenues up by 34%
- Strong IPO<sup>1</sup> pipeline, 13 deals amounting over ₹382 bn
- Diversification of revenues
  - Revenue contribution of non IPO deals increased



1. IPO: IPO/FPO/InvIT/REIT, Source: SEBI

\* Referred to as Corporate Finance earlier

Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020

# Way forward

## Core components of strategy remain intact

We continue to focus on all five stated areas of our strategy, there are four areas that require special attention

### Digitise & decongestion of processes

- Create more products and increase delivery capabilities in digital businesses

### Increased focus on cost

- Exploring moving certain teams to completely work from home
- Need for branch infrastructure may further reduce

### Invest in next gen technology capabilities to remain cutting edge

- Advanced analytics, CRM capabilities, cyber security, capacity enhancement, use of AI/ML tools as well as UI/UX interfaces to improve user experience

### 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



The recent market disruption has reaffirmed our strategy of providing comprehensive financial services to a retail Indian powered digitally

# Safe harbor

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

This release does not constitute an offer of securities.





**Thank you**

# Appendix

# Consolidated P&L

(₹ million)

Particulars	Q1-FY20	Q4-FY20	Q1-FY21	% Q-o-Q	Y-o-Y%
<b>Revenue</b>	<b>4,021</b>	<b>4,819</b>	<b>5,464</b>	<b>13%</b>	<b>36%</b>
Operating Expenses	245	408	305	(25)%	24%
Employee benefits expenses	1,274	1,397	1,728	24%	36%
Other expenses <sup>1</sup>	564	649	608	(6)%	8%
<b>Total operational expenses</b>	<b>2,083</b>	<b>2,454</b>	<b>2,641</b>	<b>8%</b>	<b>27%</b>
Finance Cost	178	288	229	(20)%	29%
<b>Total expenses</b>	<b>2,261</b>	<b>2,742</b>	<b>2,870</b>	<b>5%</b>	<b>27%</b>
<b>Profit before tax</b>	<b>1,760</b>	<b>2,077</b>	<b>2,594</b>	<b>25%</b>	<b>47%</b>
Tax	622	518	663	28%	7%
<b>Profit after tax</b>	<b>1,138</b>	<b>1,559</b>	<b>1,931</b>	<b>24%</b>	<b>70%</b>
Other Comprehensive Income (OCI)	(35)	(19)	2	-	-
<b>Total Comprehensive Income (TCI)</b>	<b>1,103</b>	<b>1,540</b>	<b>1,933</b>	<b>26%</b>	<b>75%</b>



1. Other expenses in Q1-FY2021 includes front loading of CSR in light of covid-19 of ₹ 140 mn as against ₹ 27 mn in Q1-FY2020  
Operating expenses in Q4-FY20 include ₹ 90.8 mn contingency provision which is a one-off provision pertaining to the unprecedented developments relating to the COVID pandemic

Period: Q-o-Q: Q1-FY2021 vs Q4-FY2020; Y-o-Y: Q1-FY2021 vs Q1-FY2020

# Segment performance

(₹ million)

Particulars	Q1-FY20	Q4-FY20	Q1-FY21	% Q-o-Q	Y-o-Y%
<b>Segment Revenue</b>					
Broking & Distribution <sup>1</sup>	3,637	4,615	5,031	9%	38%
Issuer Services and Advisory <sup>2</sup>	167	99	223	125%	34%
Treasury <sup>3</sup>	69	105	210	100%	204%
<b>Income from operations</b>	<b>4,021</b>	<b>4,819</b>	<b>5,464</b>	<b>13%</b>	<b>36%</b>
<b>Segment Profit before tax</b>					
Broking & Distribution <sup>1</sup>	1,647	2,283	2,463	8%	50%
Issuer Services and Advisory <sup>2</sup>	16	(41)	8	NA	(50)%
Treasury <sup>3</sup>	(51)	(165)	123	NA	NA
<b>Total Result</b>	<b>1,760</b>	<b>2,077</b>	<b>2,594</b>	<b>25%</b>	<b>47%</b>

The group operating segment's nomenclature has been changed for better representation to the stakeholders, the classification of segment allocation has remain unchanged.

1. Broking & Distribution from erstwhile Broking & commission
2. Issuer services & advisory from erstwhile Advisory services. Includes Financial advisory services such as equity-debt issue management services, merger and acquisition advice and other related activities
3. Treasury from erstwhile Investment & trading

Amount of ₹ 148 mn pertaining to interest on income tax refund is not allocated to any segment and is included in total revenues and results of Q1-FY2020 & FY2020

Period: Q-o-Q: Q1-FY2021 vs Q4-FY2020; Y-o-Y: Q1-FY2021 vs Q1-FY2020



# Balance sheet : Assets

(₹ million)

ASSETS	At June 30, 2019	At March 31, 2020	At June 30, 2020
<b>Financial assets (A)</b>	<b>26,645</b>	<b>39,861</b>	<b>51,554</b>
Cash/Bank and cash equivalents	16,634	24,114	27,881
Securities for trade & Derivatives financial instrument	2,679	8,351	6,522
Receivables	1,243	887	1,540
Loans	4,860	5,709	14,872
Investments	28	25	26
Other financial assets	1,201	775	713
<b>Non-financial assets (B)</b>	<b>5,064</b>	<b>4,567</b>	<b>4,440</b>
Deferred tax assets (net)	680	596 <sup>1</sup>	625
Right-of-use assets <sup>2</sup>	1,945	1,529	1,312
Fixed assets, CWIP & Intangible assets	508	532	533
Current tax assets & other non financial assets	1,931	1,910	1,970
<b>Assets (A+B)</b>	<b>31,709</b>	<b>44,428</b>	<b>55,994</b>



1. Re-measured deferred tax assets at new income tax rate
2. 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

(₹ million)

<b>EQUITY AND LIABILITIES</b>	<b>At June 30, 2019</b>	<b>At March 31, 2020</b>	<b>At June 30, 2020</b>
<b>Financial liabilities (A)</b>	<b>14,856</b>	<b>26,193</b>	<b>35,389</b>
Derivative financial instruments	2	-	-
Payables	3,172	6,926	8,747
Debt securities	7,453	14,975	20,346
Lease liabilities <sup>1</sup>	1,909	1,574	1,378
Deposits & Other financial liabilities	2,320	2,718	4,918
<b>Non-financial liabilities (B)</b>	<b>5,250</b>	<b>6,140</b>	<b>6,538</b>
<b>Equity (C)</b>	<b>11,603</b>	<b>12,095</b>	<b>14,067</b>
Equity share capital	1,611	1,611	1,611
Other equity	9,992	10,484	12,456
<b>Equity and Liabilities (A+B+C)</b>	<b>31,709</b>	<b>44,428</b>	<b>55,994</b>



1. Lease liabilities are being capitalised in financial liabilities as per Ind AS116 applicable from April 1, 2019

# Additional data points

Particulars	Q1-FY20	Q2-FY20	Q3-FY20	Q4-FY20	Q1-FY21
Equity market ADTO <sup>1</sup> (bn)	279	273	308	338	454
Derivative market ADTO <sup>4</sup> (bn)	8,389	9,403	9,362	10,265	9,183
Total market ADTO (bn)	8,668	9,676	9,670	10,603	9,637
ISEC total ADTO (bn)	641	711	846	851	867
ISEC Blended market share (%)	7.4%	7.3%	8.7%	8.0%	9.0%
ISEC Blended Equity market share (%)	8.1%	8.7%	8.9%	9.1%	10.7%
ISEC Blended Derivative market share (%)	7.4%	7.3%	8.7%	8.0%	8.9%
Mutual fund average AUM (bn)	368	358	375	345	318
Mutual fund average Equity AUM (bn)	274	263	279	254	236
Life Insurance Premium (mn)	1,483	1,982	1,865	2,653	1,231



1. Excludes proprietary volumes, source: NSE, BSE, AMFI

**ICICI SECURITIES LIMITED**

Earning Conference Call  
Quarter ended June 30, 2020 (Q1-FY21)

July 22, 2020

**Operator remarks**

Good evening ladies and gentlemen and welcome to the Earnings Conference Call of ICICI Securities Limited for the quarter ended June 30, 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 '\*' 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](http://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 first quarter earnings Call for fiscal 2021.

I trust that you, your family and your near and dear ones are safe and healthy & I do hope it remains that way.

As the world deals with one of the most unprecedented event in the modern history with wide and far reaching ramifications globally to people, economies, business environment and even business models, we strongly feel there is a need to stay agile, nimble and vigilant on many fronts. India has seen one of the strictest lockdown regime which has perhaps helped the medical infrastructure in the country to catch up with the scale, however not without wide economic repercussions.

**In this context it is imperative to take a look at the emerging market environment and key developments during the quarter ...**

***The Markets rebounded from March lows but are still below pre COVID levels.***

We saw the global indices rebounding sharply in the quarter, after the massive fall in the month of March last quarter, despite economic concerns and rising Covid-19 cases. All global central bank's response to the crisis has been coordinated and swift in terms of rate cuts and providing liquidity, which has partly fuelled the global rally in the equity markets.

Closer home, the quarter witnessed gradual reopening of the nationwide lockdown starting from June 8 after four phases of lockdown that we experienced for most part of the quarter. Despite weaknesses getting reported on the macro-economic front, the Indian headline indices posted their best quarterly returns since 2009 gaining almost 20% in the quarter and recouping 35% from the March 2020 lows. The rise in Indian equity markets was broader and across market caps, with small caps rising ~30% in the quarter.

***What is also unique is rising retail participation in the market***

Globally, retail participation in the equity markets increased dramatically during the quarter and in line with this trend, In India also, we saw the level of retail participation hitting record highs. What we saw was strong growth in active clients with many inactive active clients entering the market as well as sharp rise by number of new comers in the market. We believe that this trend is getting fuelled by availability of completely digital and no touch format of engagement offered by the larger technology based players, work from home environment providing

additional time to the investors as well as increase in disposable income caused by reduction in discretionary spending being diverted for investments and savings. We also believe that the relative attractiveness of the equities, particularly earlier in the quarter, trading at multi-year low valuations also accentuated this trend.

We believe that although some part of the trend of higher retail participation seen in current quarter may moderate in the coming quarters, there is a clearly a structural shift by customers preferring a to deal in an online and remote format offered by digitally led intermediaries. This trend is visible not just amongst the younger investors but also spreading to mature investors.

The quarter also witnessed certain regulatory changes aimed at providing operational convenience to retail investors as well as slew of reforms to protect the long term interest of these investors.

In this context, SEBI issued simplified guidelines for digital on boarding & KYC of customers, which helped them open accounts without any physical intervention or paper work. Regulators have also given certain timeline extensions to the market participants in light of Covid-19.

Recently, certain regulatory changes have been issued with respect to collection of margin upfront in the cash and F&O segments. There have also been certain changes in the margin requirements for these

segments. Further, SEBI has also issued certain guidelines regarding the method of margin finance with regards to pledging/ re-pledging of securities.

In the distribution business, norms of segregation of distribution and advisory customers have also been issued by SEBI.

All these regulatory changes auger well for the orderly growth of the industry in the longer run, however there are likely to be some short term transition challenges and impact for the industry.

**Given this context, let me now take your through some of the key aspects of the quarter with respect to the company...**

Being classified as essential services company, we ensured that we remained accessible to our customers and open for business at all times during the lockdown phase. During this period, we focused on health and safety of all our employees and followed a prudent risk management approach for our customers as well as our company particularly in context of the massive volatility that we saw during the period. We have also have been focusing on identifying avenues to digitize the non-digital parts of our businesses during this period.

Our resilient business model along with our digital platform has kept us in good stead in the evolving business environment.

We continued to focus on input parameters by working on our stated strategic priorities and with an intent to diversify and granulise our business model and I am happy to report that we are making good progress on all fronts.

In this context, we launched **Icicidirect insta accounts**, our open architecture end to end digital account acquisition using e-DIS (Electronic Delivery Instruction Slip) process. Through this channel we have already opened over 20,000 accounts. This channel after facing initial teething hiccups continues to stabilise well and is also being used to fulfil the account opening process for customers acquired through ICICI Bank, Business partner network and our own RM/Branch channel.

As a consequence of completely digitizing account opening process and becoming open architecture, and also ramping up our business partner network,

- i) we have been able to surpass our last year average monthly run-rate of account opening in the month of June despite constraints of lockdown and having a digital process which is still nascent and in the process of being spruced up.
- ii) we have also been able to diversify our client sourcing channel mix with our largest sourcing channel viz. ICICI Bank now contributing about 65% of the total clients compared to about 80% in FY20.



In the equities business, we witnessed an increase of about 90% year on year in terms of the average number of customers trading with us on a daily basis.

Our ADTO across equity and derivatives grew faster than the market aided by our product propositions like Prime/Prepaid and our options pricing plan (Option 20) gaining traction. This helped us grow our market share by 260bps and 150bps in equities and derivatives respectively.

We also scaled back our ESOP & MTF books to ~₹ 15 bn as at June 30, 2020 up from ₹ 5.8 bn on March 31, 2020, you may recollect that we proactively scaled it down owing to the heightened market volatility and our risk assessment during that period.

As a result of our initiatives on improving value of client sourcing as well as engaging existing clients with better experiences and superior propositions, our NSE active client base grew 27% year on year and stood at 1.1m as on June 30, and our total active client base stood at ~1.5m, a growth of 15%.

In the distribution business, we faced some headwinds due to lower asset values as well as due to the fact that our contact based products getting impacted due to lockdown.

In this area, while our gross flows in Mutual Funds grew slightly ahead of market, we witnessed redemptions in the debt funds bringing down our total net flows in mutual funds. On the other hand, our equity mutual fund net flows and our market share increased year on year. We also saw good traction in fixed income business.

Our wealth management business also got impacted by constraints arising from COVID. However, it registered growth of 36% on back of equity franchise and digitally available products, primarily fixed income products which registered growth. During this quarter we added about 1,600 new customers to this segment. The assets of our clients in the wealth management business increased by 1% to ~1tn along with improvement in yields, detailed in the presentation.

As a result of all these developments, Our Q1-FY20 revenue stood at ₹5,464m, a growth of 36% and Profit After Tax (PAT) stood at ₹1,931m, a growth of 70%.

We recognise that a sustainable business is the one which is sensitive to the needs of its wider universe of stakeholders including shareholders, customers, partners, community and also its impact on environment. With this thought in mind, we have adopted an ESG policy to formalise our commitment towards conducting our business responsibly to make a difference to the communities and the planet as well as making a positive impact within our markets.

**We are also in the process of releasing our maiden ESG report shortly.**

Further being an asset light company that generates high operating cash flow, the Board was pleased to revise our dividend distribution policy with an endeavour to have a dividend pay-out of at least 50 per cent of profits after tax every financial year subject to parameters and criteria as laid out in the policy.

We also worked towards contributing to the ongoing efforts of various agencies in fighting the COVID pandemic including working with IIT Kanpur for development of ventilators, providing PPE to police force and contributing to PM cares fund for COVID. This is apart from our usual CSR work that we do through our foundation.

**Going forward, we recognise that the future is fraught with uncertainties.**

The recent market disruption has reaffirmed our strategy of providing comprehensive life stage based financial services to a retail Indian investor powered digitally and we believe this strategy becomes even more relevant than before in the current context. So while we continue to focus on this strategy, we want to reiterate four areas which will get special attention. **First**, rapidly increase digitization at all level within the organization. **Secondly**, higher focus on increasing cost efficiency. **Third**, invest in technology for upgrading our infrastructure and capabilities. **Fourth**, fortify our talent pool to position us well for future.

Our detailed performance has been circulated through our presentation and uploaded on our website. I would like to end our opening comments and throw open the call to any questions that you may have.

Thank you for your patience hearing.