

October 29, 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 and half year ended September 30, 2020

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

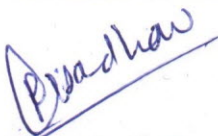
This is further to our letter dated October 26, 2020 regarding the earnings call which was scheduled to be held on October 28, 2020.

Please find enclosed herewith the investor presentation and the opening remarks for the earnings call held on October 28, 2020 to discuss the financial results for the quarter and half year ended September 30, 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

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):
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Churchgate, Mumbai 400 020, India.
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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 / Tel (91 22) 4070 1000
Website Address: www.icicisecurities.com / www.icicidirect.com





Performance Review

Q2-FY2021

October 28, 2020

Agenda

- **ISEC Franchise**
- Strategy
- Operating environment & Financial highlights
- Business Performance

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INNOVATION



TECHNOLOGY

ICICI Securities has built an enviable franchise...



Affluent franchise

- ❖ One of the largest Equity franchise
- ❖ Total assets* of ₹ 2.9 tn+
- ❖ Private wealth clients' assets of ₹ 1.15 tn+**



Scale

- ❖ Client base at 4.96mn¹ from 2.48mn in FY14
- ❖ Overall active clients at 1.56mn¹ from 0.73mn in FY14
- ❖ NSE active clients at 1.20mn¹ from 0.50mn in FY14



Strong position across businesses

- ❖ Equities business blended market share at 8.9%¹ from 4.5% in FY14
- ❖ MF Revenue market share at 4.5%² from 2.9% in FY14
- ❖ Consistently ranked amongst top ECM players³



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 Q2-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 us¹



>65% revenues in each of financial years (FY14 to FY20) was contributed by customers who have been with us for more than 5 years²



In last 3 years millennials form 70% of active customers¹



0.97 mn clients³ 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. As at FY20
2. Based on retail broking revenues
3. As at Q2-FY21

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

- ISec is a 20 year old Company but a 5 year young Enterprise
- Multiple first to market offerings



- Nurturing high quality, diverse talent pool with an ability to attract & retain talent

- Catering to Life cycle Financial needs of customers
- Nuanced insights of customer behaviour



- Ability to respond rapidly quickly to any situation
- Strong emphasis on rapid execution



- Independent Chairman
- Separate posts of Chairman & MD/CEO
- Board governed company with strong Independent Director representation
- Proactive and real-time risk management



...a robust business model enjoying strong brand equity

Resilient Business model

- Diversified Business
- Open Architecture
- 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

- 99% equity transactions performed online
- 95% mutual fund transactions performed online
- 80% of our client sourcing is Digital



Low capital consuming and high ROE business model

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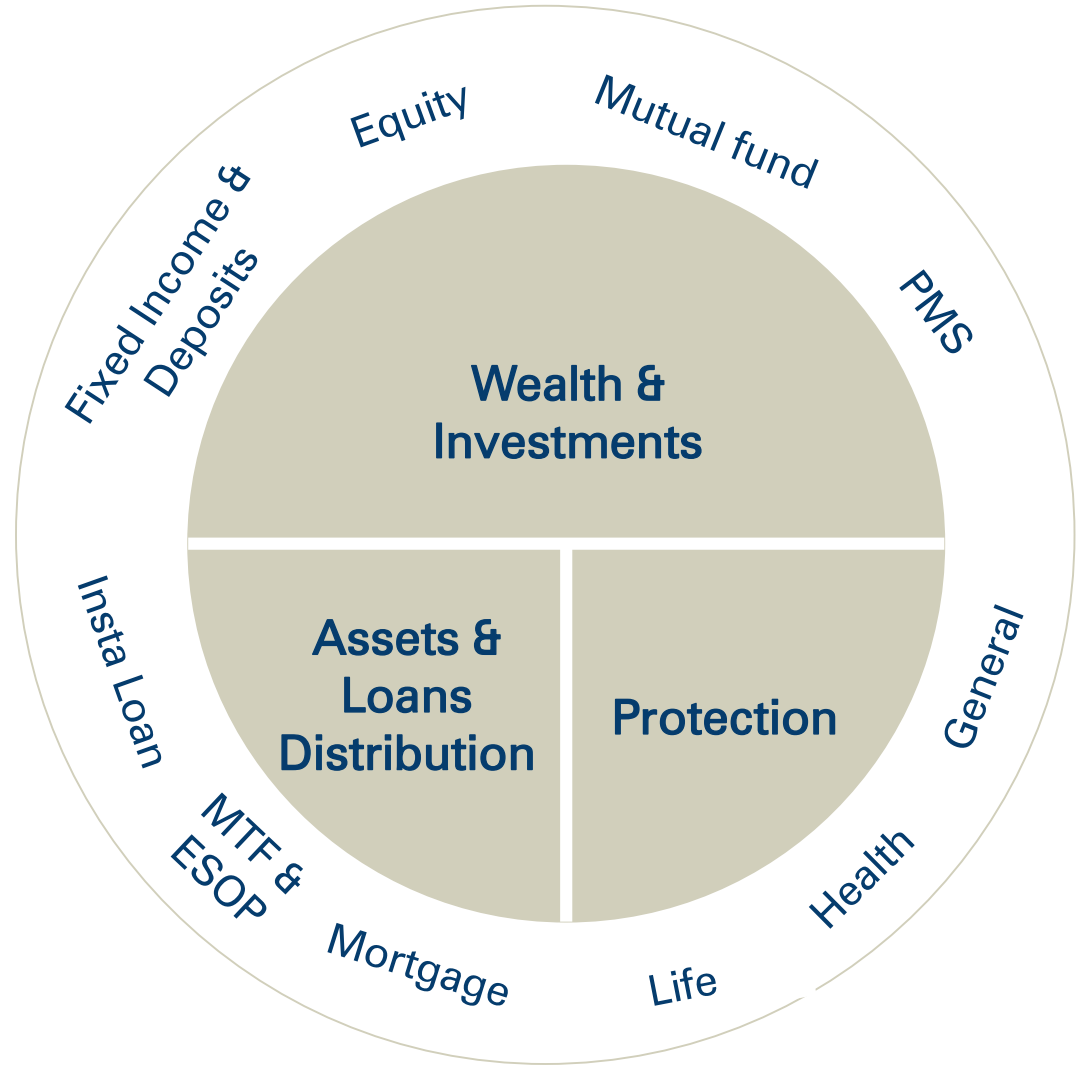


TECHNOLOGY

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

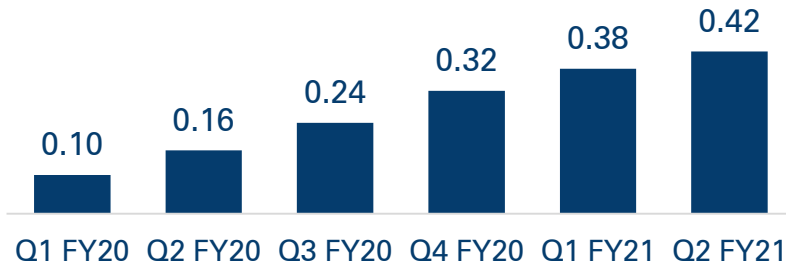
- **Ramping up scale and value** have improved our quality and speed of sourcing through digital channels and growth in partnerships with ecosystem players
- Offering an enhanced product suite for our retail and HNI clients and strengthening our wealth management franchise has helped us **monetize client 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 engage clients effectively across platforms
- Our focus on **cost efficiency** has helped us improve operating leverage



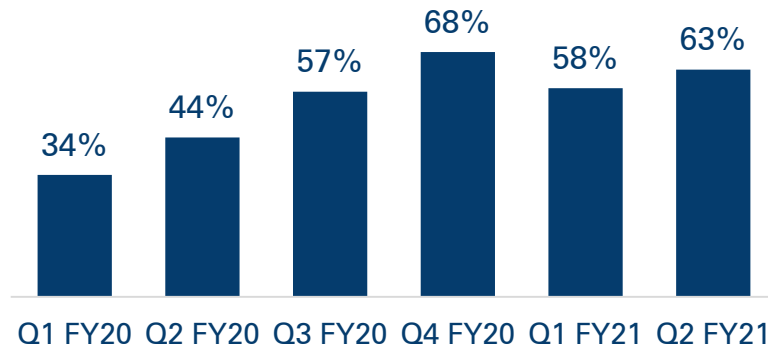
Multichannel open architecture has led to improvement in quality of sourcing...

Quality of Sourcing

■ Prime customer base (mn)



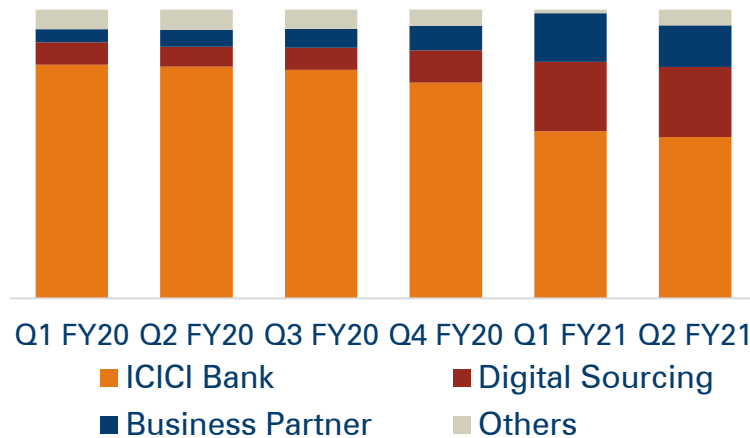
■ Activation rates



Digital Sourcing

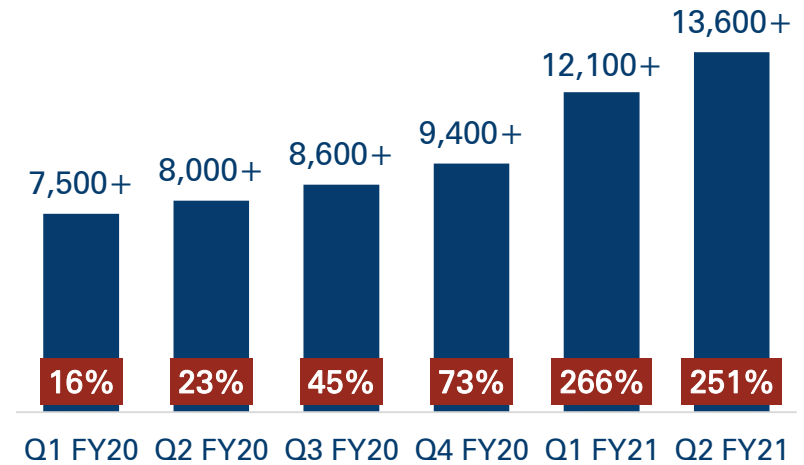
➤ Diversified our client sourcing channel mix, largest sourcing channel now contributing about 55% in Q2FY21 vs 80% in FY20

Sourcing mix



Business Partners

■ Business partner network ■ NCA* (% chg)



➤ Partnership with ecosystem players for client acquisition



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

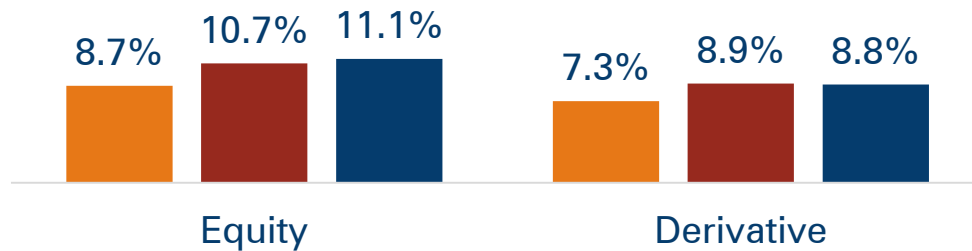
1. Total client base with the company

* NCA is percentage change in new clients acquired year on year

...resulting in increase in market share and AUM growth

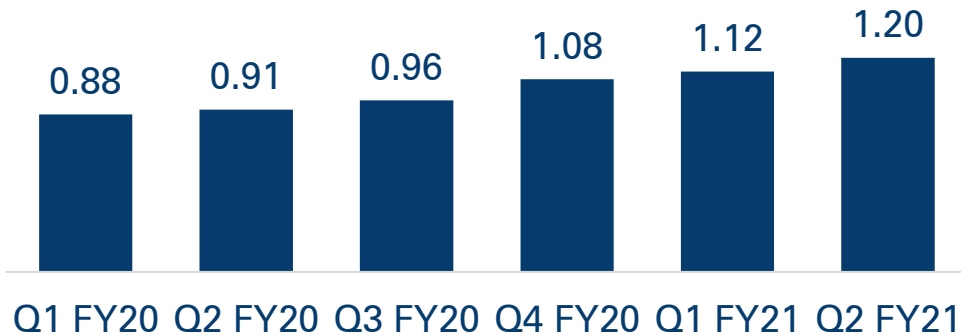
Volume Market Share

Q2 FY20 Q1 FY21 Q2 FY21

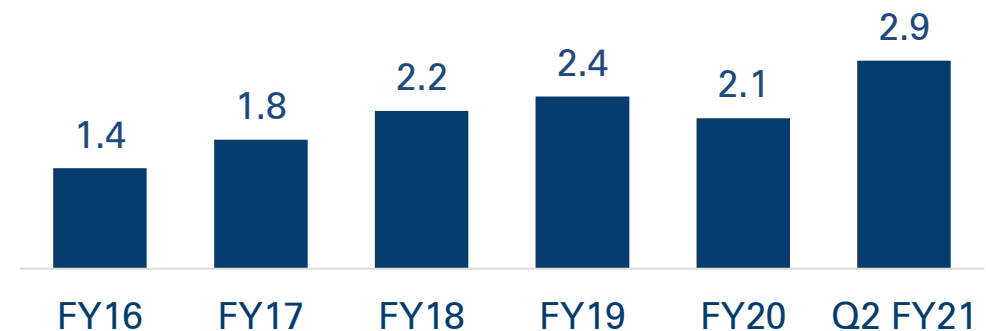


- Equity market share¹ up 240 bps
- Derivative market share¹ up 150 bps

NSE Active Clients (mn)



Total Assets* (tn)



1. Combined market share for retail and institutional clients

- Assets of our clients including equity demat assets maintained with ICICI Bank and excluding promoter holding
- NSE active client base are the clients who have traded at least once during trailing 12 months

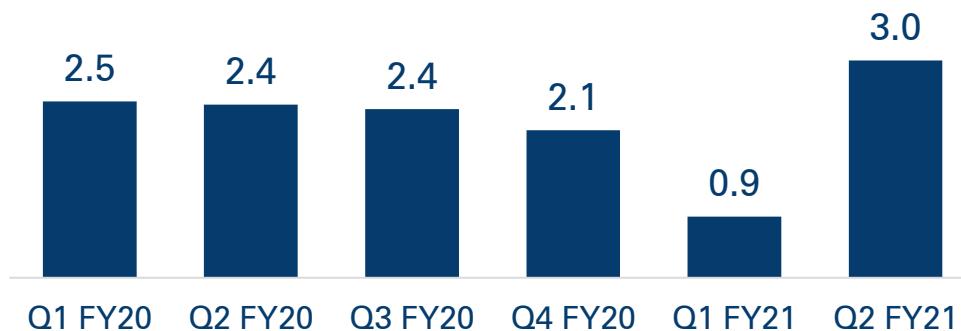
Period: Q1-FY2021 vs Q1-FY2020, Source: NSE, BSE

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

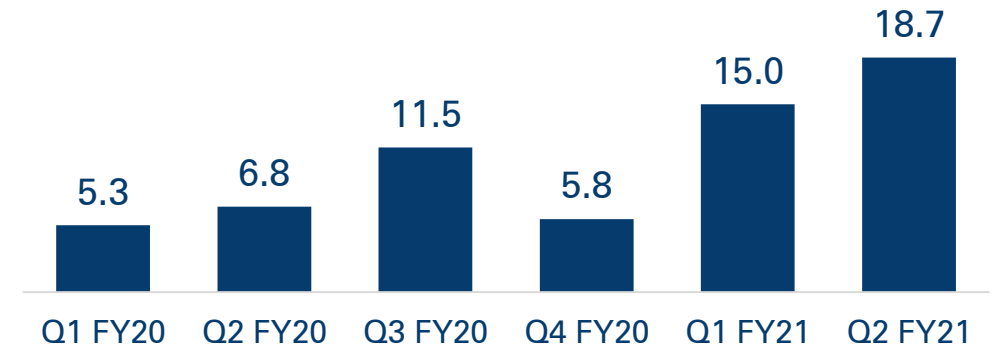
New Initiatives

- Commodity products launched
- Global Investment platform launched
- Online offering of group insurance & family health insurance

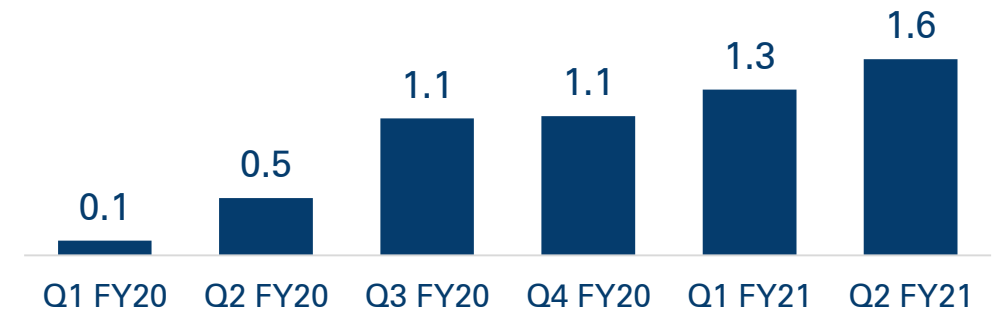
Home Loans disbursed (₹ bn)



MTF & ESOP book* (₹ bn)



Own PMS AUM (₹ bn)



*Funded value at the end of the 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

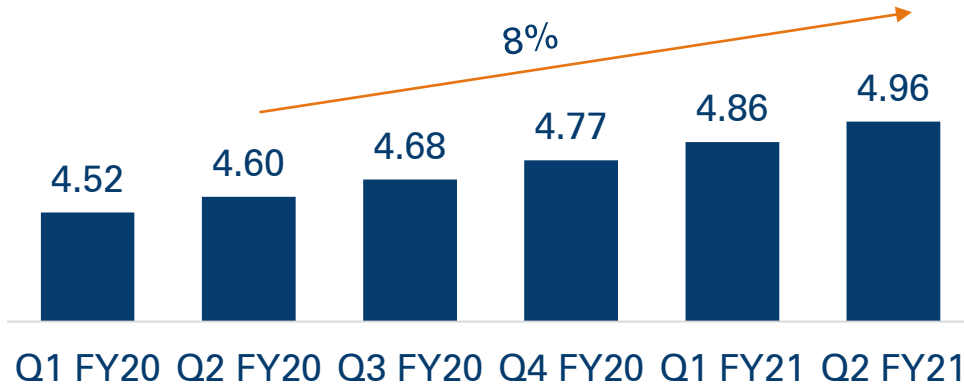
Activate clients who have never traded

- **Identify transaction behavior**
 - ❖ Over 400 product combinations formed,
 - ❖ top 23 clusters identified for personalization
 - ❖ For better quality acquisition and engagement
- **Make product experience for the customer unique to usage**
 - ❖ E-mandate for multi payment gateway system for SIP
 - ❖ Tax services tie ups for online tax filing
 - ❖ eATM
 - ❖ Option pricing plan (Option 20)
 - ❖ Partner ecosystem
 - ❖ Consolidated portfolio analysis
 - ❖ One click Investments
 - ❖ ETF Intelligent Portfolios
- **Personalize information within the clusters**
 - ❖ Seamless execution
 - ❖ Increasing wallet share in mutual funds

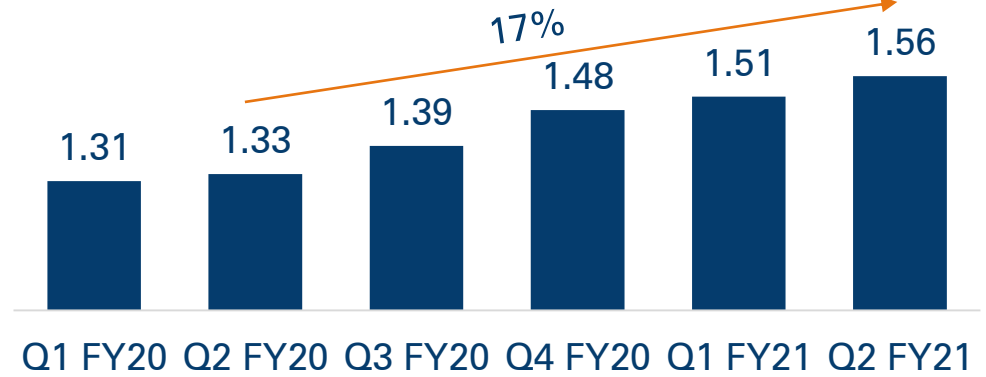


...resulting in increase in client activity and engagement

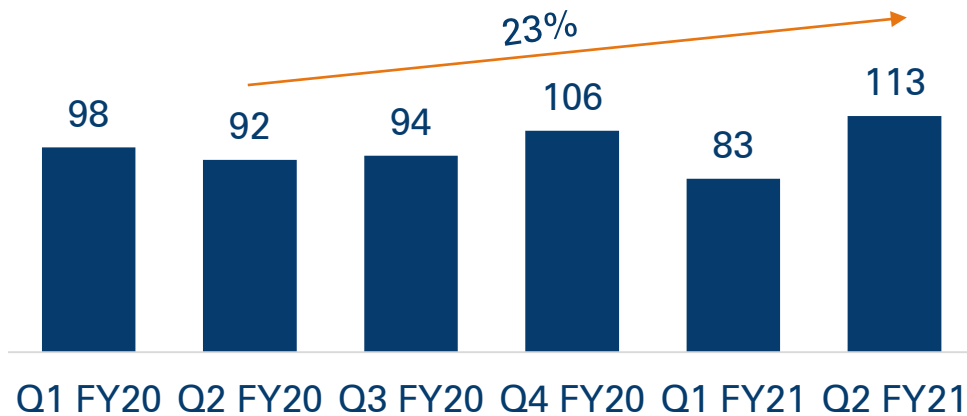
Client Base (mn)



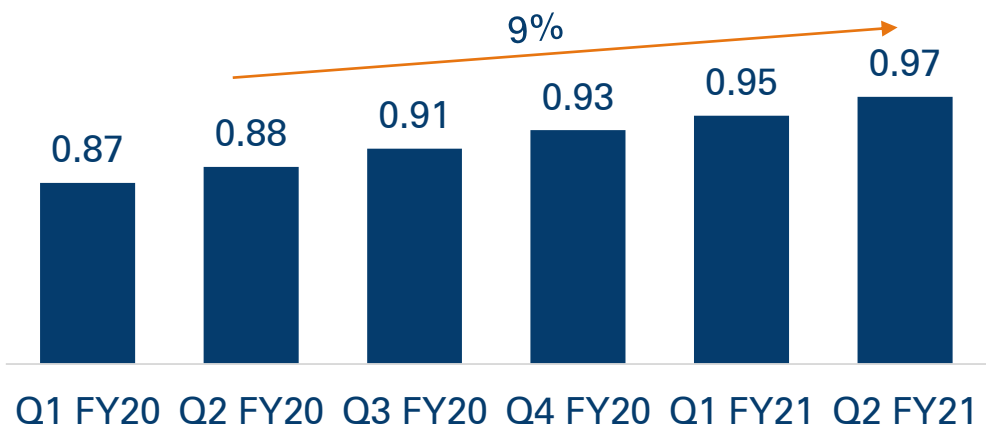
Overall Active clients (mn)



New Client Acquisition ('000)



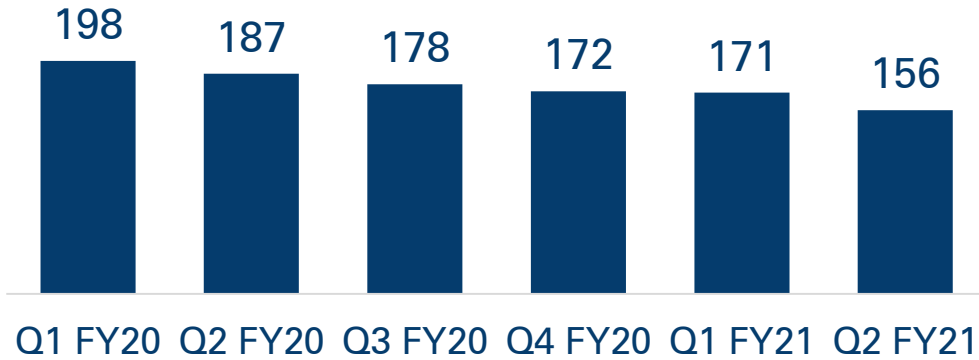
Clients with 2 or more products (mn)



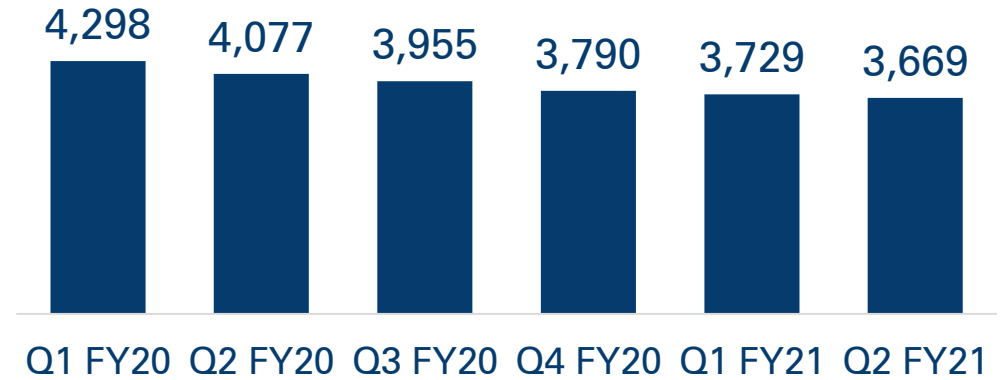
At Peak: 4.0 mn Order + trades processed, 95,000+ Concurrent users

Our focus on cost efficiency has helped us improve operating leverage

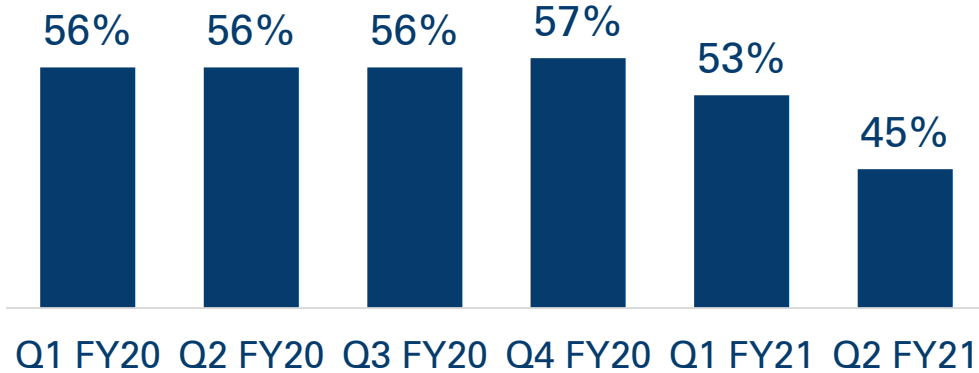
Number of Branches



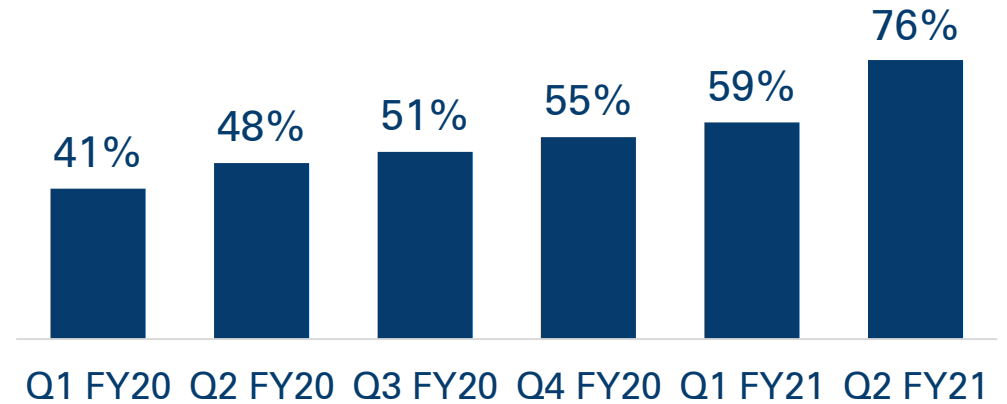
Head count



Cost to Income ratio



Return on Equity



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- ISEC Franchise
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- **Operating environment & Financial highlights**
- Business Performance

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Operating environment

Operating Environment

Secondary market - Increased activity amidst volatility

- 3.4m demat accounts opened in the quarter
- Equity market ADTO ex Prop increased 72% YoY
- Derivative market ADTO ex Prop increased 29% YoY

Mutual Funds – Flows remained subdued

- Gross equity flows for Industry in Q2-21 down 29% YoY
- Net equity outflow for the industry in Q2-21
- SIP flows for the market declined by 6% YoY

Primary Market – Resurgence in activity

- 42 ECM transactions vs 6 in Q1-FY21

Regulatory Developments

- Change in minimum margin collection requirement for cash delivery transactions
- Implementation of margin obligation to be given by way of Pledge/ Re-pledge in the depository
- No upfront fees to be charged by Portfolio Manager nor to be paid to Distributors
- Segregation of distribution and advisory clients



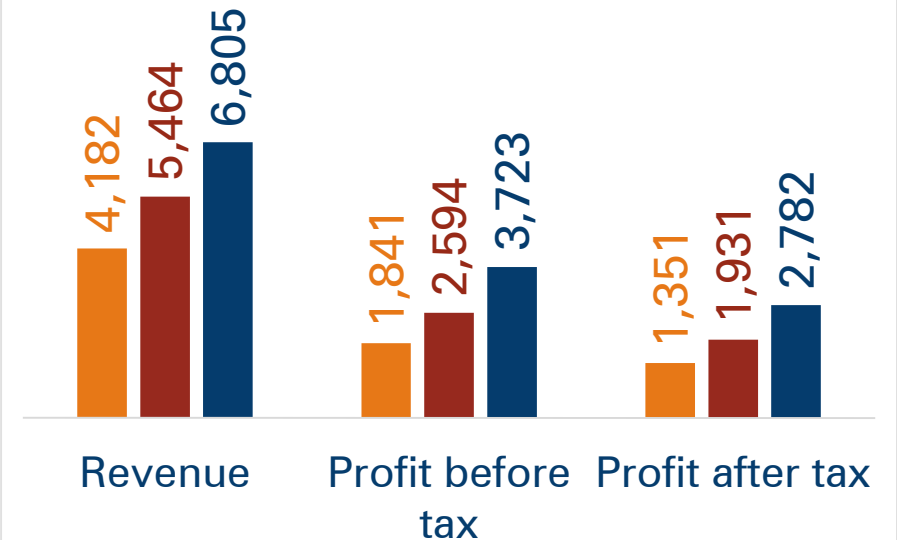
Financial Results

Revenue and Profit after Tax

- **63% increase in consolidated revenue**
 - Equities & allied revenue at ₹4,496m, up 88%
 - Private Wealth Management revenues up by 86%
- **Total non finance cost up by 29%**
 - Headcount down by 10%
- **Cost to Income ratio of 45% vs 56%**
- **PBT increased by 102%**
- **Consolidated PAT up 106%**

Revenue and PAT (₹ million)

■ Q2 FY20 ■ Q1 FY21 ■ Q2 FY21



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Business Performance

Equities business

Equities and allied revenues up by 88%

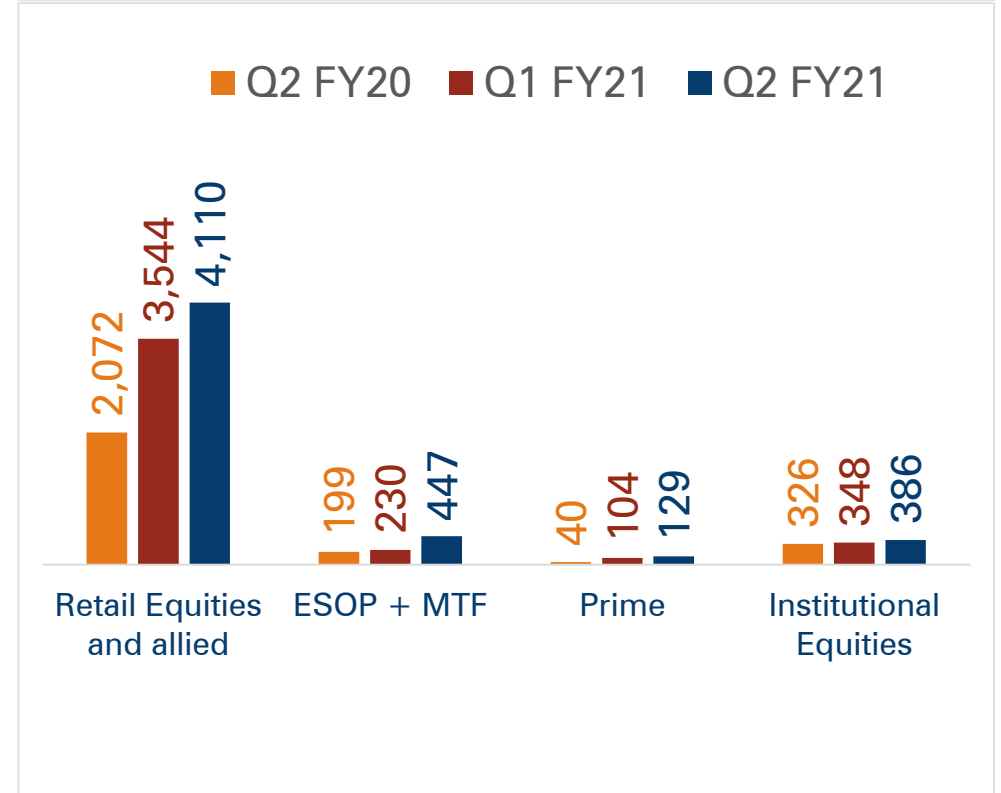
Retail equities and allied¹ revenues up by 98%

- Highest ever quarterly retail equity revenue
- 5.2 lac customers in Prime and Prepaid
 - 44% of our NSE active base
 - Prime: ~50% of retail equities revenue
 - Prime fees income grew by 221%
- ESOP & MTF interest income grew by 124%
 - Book as at September 30, 2020 was ₹ 18.7 bn vs ₹ 6.8 bn last year

Institutional equities³ revenue up by 18%

- Increased focus on flow business as well as blocks

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

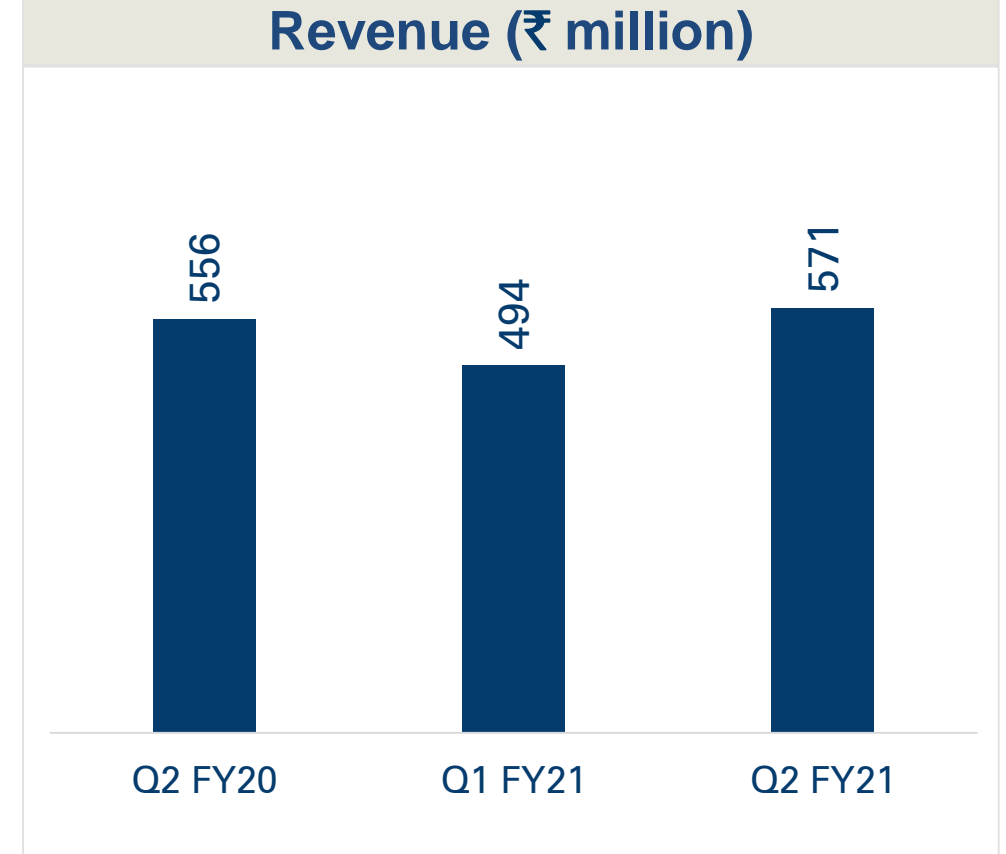
3. Institutional equities includes broking income from Cash & derivatives

Period: Q2-FY2021 vs Q2-FY2020; Sequential: Q2-FY2021 vs Q1-FY2021

Business Performance

Distribution business – Mutual Funds

- Distribution revenue at ₹ 990 mn, down by 7%
- However, sequentially up by 24%
- Mutual Fund revenue up by 3%
 - YoY growth after 7 quarters
- Mutual Fund average AUM¹ down by 2%
 - Our gross flows have grown faster than the industry
 - While we witnessed net outflows, our net flows market share in equity increased
- Concerted efforts on to increase market share
- SIP count² for Q2 FY21 is 0.65 million
 - Market share in SIP flow increased from 3.23% to 3.44%



Period: Q2-FY2021 vs Q2-FY2020; Sequential: Q2-FY2021 vs Q1-FY2021
1. AUM excluding Direct
2. SIP Count: Triggered as on last month of period
Source: AMFI

Business Performance

Distribution business – Focused Non Mutual Fund

Focused Non MF distribution¹ revenue down by 13%...

- Contact based products impacted due to lockdown
- Partially offset by increase in fixed income products

...however, strong recovery sequentially

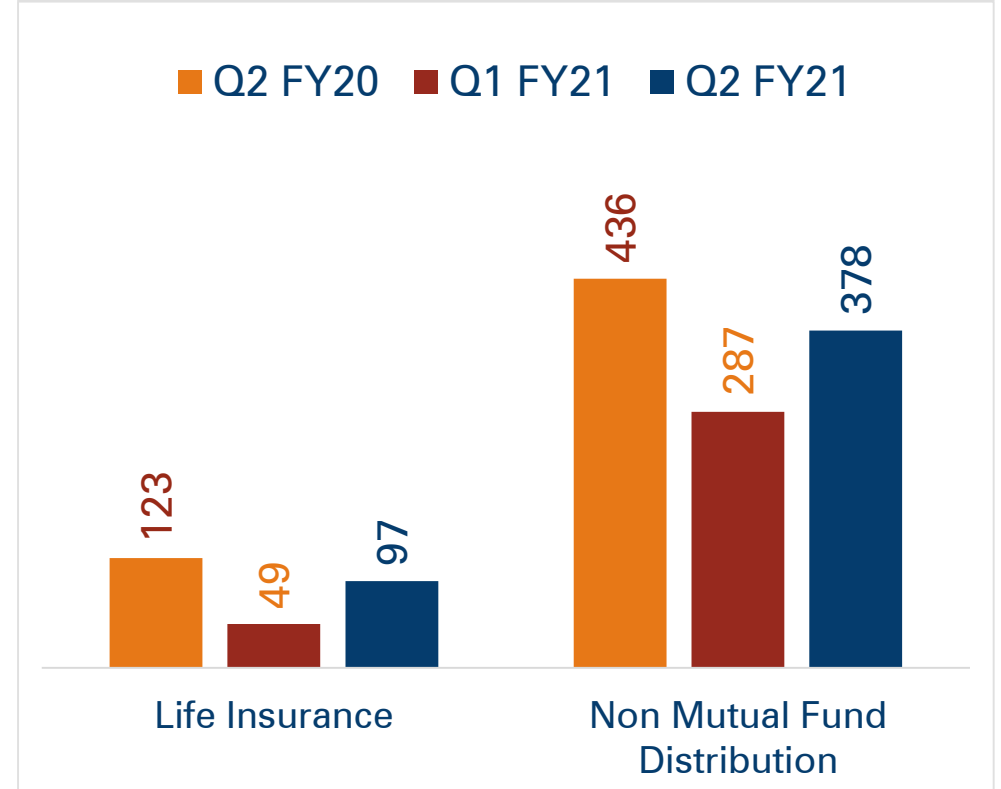
- Focused Non MF distribution¹ revenue up by 32%
- Life Insurance revenue up by 99%
- Proprietary PMS at ₹ 1.6 bn from ₹ 1.3 bn in Q1-FY21
- Total loans disbursed of over ₹ 3 bn vs 0.85 bn in Q1-FY21

Key initiatives

- Online offering of group insurance & family health insurance
- Digital partners for lead generation for loans
- API Integration on with I Bank for seamless fulfilment

Revenue (₹ million)

■ Q2 FY20 ■ Q1 FY21 ■ Q2 FY21



Period: Q2-FY2021 vs Q2-FY2020; Sequential: Q2-FY2021 vs Q1-FY2021

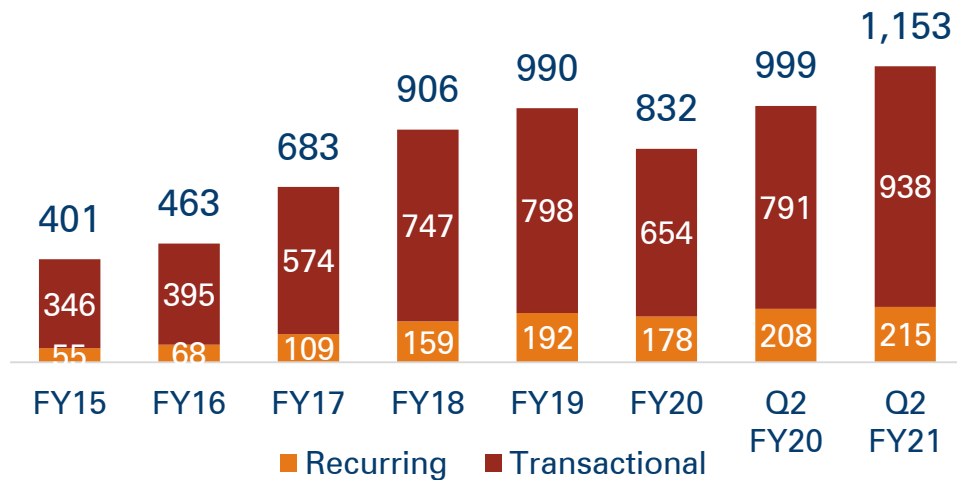
1. Group of products which are being focused on to grow overall distribution revenue and include Insurance, PMS, AIF, Bonds, NPS, Deposits etc. and exclude income such as IPO, marketing fees and paid educational programs

Business Performance

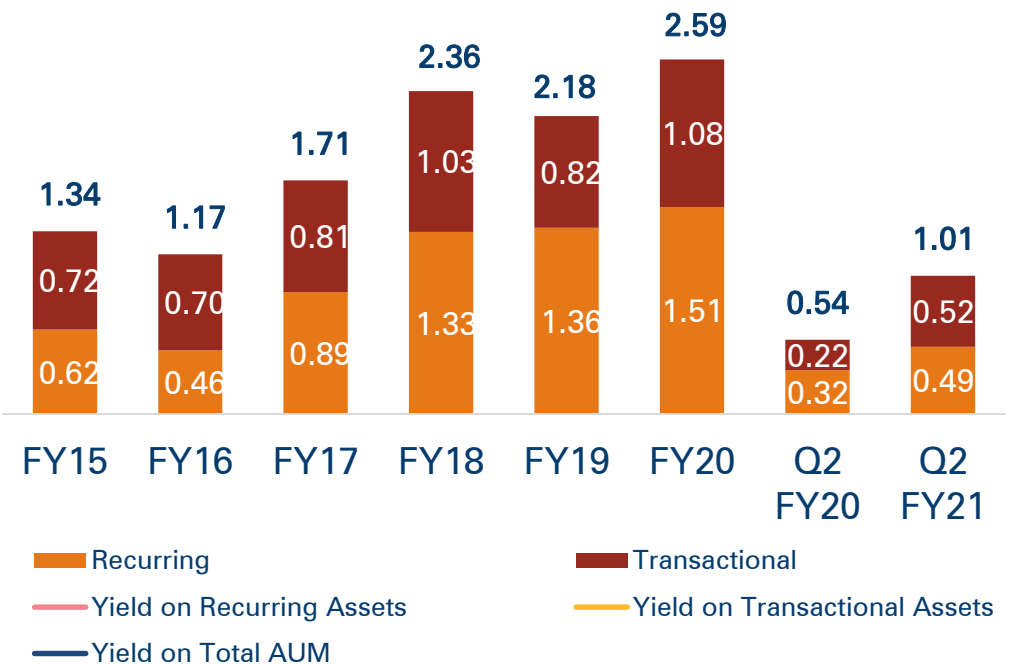
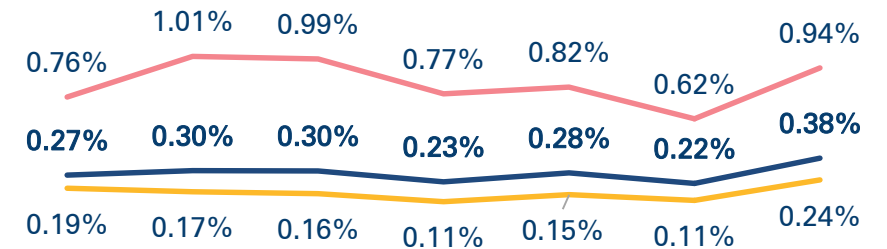
Private Wealth Management

- Total AUM at ~₹ 1.15 tn, up 15%
- Total Revenue at ₹ 1.01bn, up 86%
- Overall yield* at 0.38% compared to 0.22% in Q2FY20
- Clients: ~36,000

Wealth Management Assets (₹ bn)



Wealth Management Revenue (₹ bn)

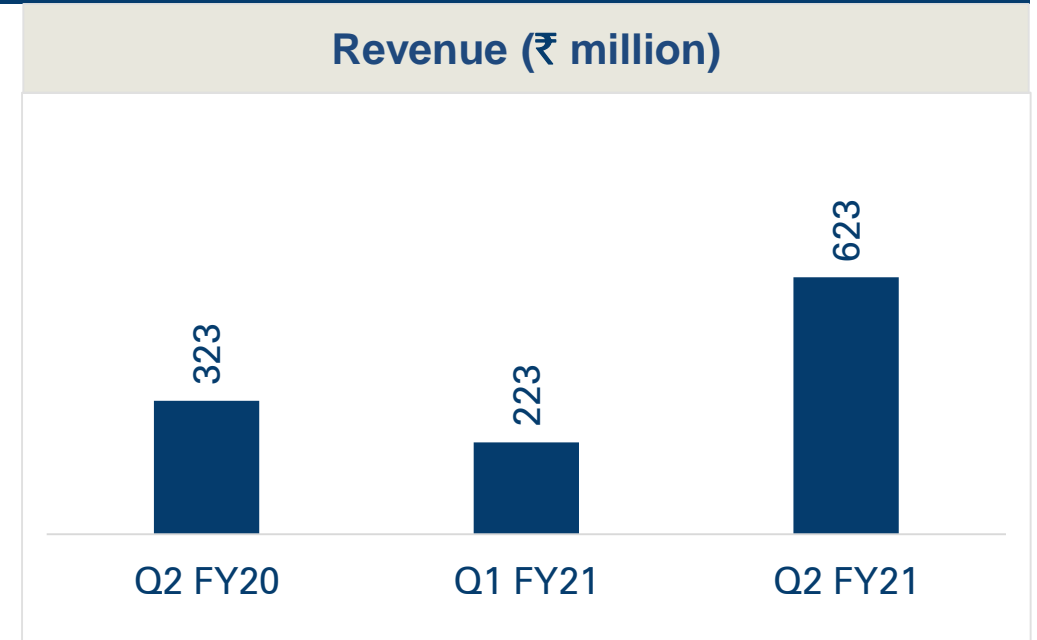


Period: Q2-FY2021 vs Q2-FY2020; Sequential: Q2-FY2021 vs Q1-FY2021
 *Yields are on average assets for the current & preceding period, Quarterly yields are annualized

Business Performance

Issuer Services and Advisory

- Issuer Services & Advisory revenue up by 93%
- Executed 24 Investment banking deals in Q2-FY21 vs 11 in Q2-FY20
- #1 in IPO/FPO/ InvIT/ ReIT issuance¹ (98% market share)
- #2 in Merger market league table²
- Strong IPO³ pipeline, 7 deals amounting over ₹85 bn
- Continued focus on building non-IPO revenue



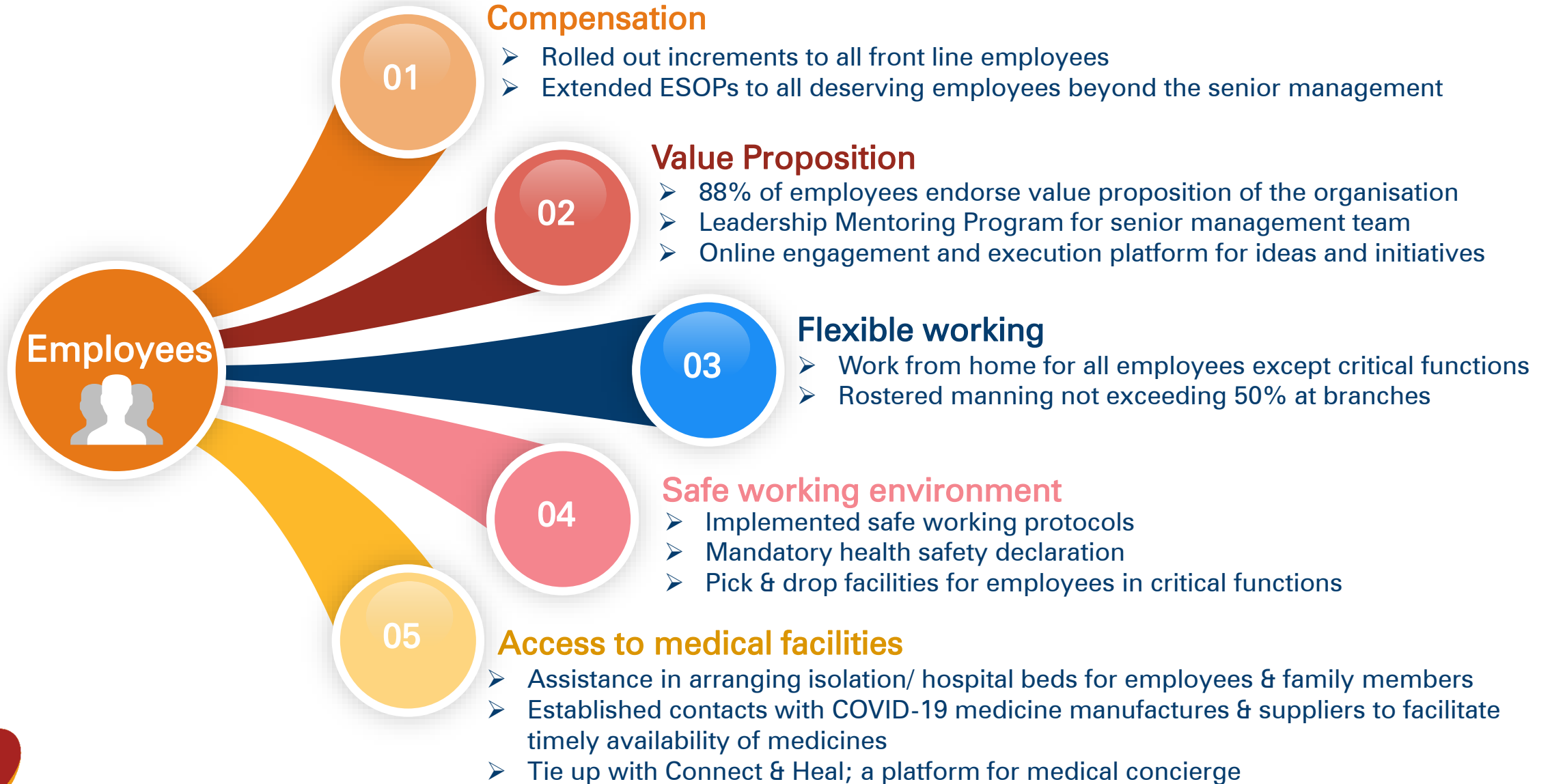
1. Source: Prime database,
2. Source Merger market,
Amongst domestic financial advisors in terms of number of deals
3. IPO:IPO/FPO/InvIT/REIT, Source: SEBI
* Referred to as Corporate Finance earlier
Period: Q2-FY2021 vs Q2-FY2020; Sequential: Q2-FY2021 vs Q1-FY2021

Capital Market/ Advisory Transactions

<p>IPO/ FPOs/ InvIT/ REITs</p>	<p>Sep 2020 Route Mobile</p>  <p>INR 6,000 mn</p>	<p>Sep 2020 Happiest Minds</p>  <p>INR 7,000 mn</p>	<p>Jul 2020 Yes Bank</p>  <p>INR 143,000 mn</p>	<p>Jul 2020 Rossari Biotech</p>  <p>INR 5,000 mn</p>	<p>Jul 2020 MindSpace REIT</p>  <p>INR 45,000 mn</p>	<p>Sep 2020 CAMS</p>  <p>INR 22,400 mn</p>	<p>Aug 2020 Tower Infrastructure Trust</p>  <p>INR 252,000 mn</p>	<p>Sep 2020 UTI Asset Management</p>  <p>INR 21,600 mn</p>
<p>QIPs</p>	<p>Aug 2020 ICICI Bank</p>  <p>QIP INR 150,000 mn</p>	<p>Aug 2020 HDFC</p>  <p>QIP of NCD+Warrants INR ~176,500 mn</p>	<p>Aug 2020 Axis Bank</p>  <p>QIP INR 100,000mn</p>	<p>Block/ Bulk</p>	<p>Sep 2020 Aavas</p>  <p>INR ~3,600 mn open market trade Sole Selling Broker</p>	<p>Aug 2020 Au SFB</p>  <p>INR ~5,150 mn block trade Sole Selling Broker</p>		
<p>Rights Issue</p>	<p>Aug 2020 Mahindra Finance</p>  <p>Rights Issue INR 30,888 mn</p>	<p>Aug 2020 Gateway Distriparks Ltd,</p>  <p>Rights Issue INR 1,160 mn</p>	<p>Jul 2020 Shriram Transport Finance</p>  <p>Rights Issue INR 14,,921 mn</p>	<p>Aug 2020 Spencer's Retail Ltd,</p>  <p>Rights Issue INR 800 mn</p>	<p>Jul 2020 Aditya Birla Fashion Retail</p>  <p>Rights Issue INR 9,950 mn</p>			
<p>Advisory</p>	<p>Aug 2020 Future Group</p>  <p>Reliance Industries Limited M&A INR 250,000 mn</p>	<p>Aug 2020 Shriji Polymers (India) Limited</p>  <p>PE Fund Raise INR 2,500 mn</p>	<p>Aug 2020 Inventia</p>  <p>PE Fund Raise INR 1,000 mn</p>	<p>Sep 2020 SeedWorks International</p>  <p>SEEDWORKS INR 1,250 mn</p>				



Initiatives for employees during Covid times



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

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

Digitize & decongest processes and products

Increased focus on cost

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

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	Q2-FY20	Q1-FY21	Q2-FY21	% Q-o-Q	Y-o-Y%
Revenue	4,182	5,464	6,805	25%	63%
Operating Expenses	244	305	425	39%	74%
Employee benefits expenses	1,339	1,728	1,796	4%	34%
Other expenses ¹	579	608	576	(5)%	(1)%
Total operational expenses	2,162	2,641	2,797	6%	29%
Finance Cost	179	229	285	24%	59%
Total expenses	2,341	2,870	3,082	7%	32%
Profit before tax	1,841	2,594	3,723	44%	102%
Tax	490	663	941	42%	92%
Profit after tax	1,351	1,931	2,782	44%	106%
Other Comprehensive Income (OCI)	(16)	2	(6)	-	-
Total Comprehensive Income (TCI)	1,335	1,933	2,776	44%	108%



Period: Q-o-Q: Q2-FY2021 vs Q1-FY2021; Y-o-Y: Q2-FY2021 vs Q2-FY2020

Segment performance

(₹ million)

Particulars	Q2-FY20	Q1-FY21	Q2-FY21	% Q-o-Q	Y-o-Y%
Segment Revenue					
Broking & Distribution ¹	3,810	5,031	6,033	20%	58%
Issuer Services and Advisory ²	323	223	623	179%	93%
Treasury ³	49	210	149	(29)%	204%
Income from operations	4,182	5,464	6,805	25%	63%
Segment Profit before tax					
Broking & Distribution ¹	1,672	2,463	3,243	32%	94%
Issuer Services and Advisory ²	175	8	393	4813%	125%
Treasury ³	(6)	123	87	(29)%	NA
Total Result	1,841	2,594	3,723	44%	102%

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

Period: Q-o-Q: Q2-FY2021 vs Q1-FY2021; Y-o-Y: Q2-FY2021 vs Q2-FY2020

Balance sheet : Assets

(₹ million)

ASSETS	At Sep 30, 2019	At March 31, 2020	At Sep 30, 2020
Financial assets (A)	31,030	39,861	55,288
Cash/Bank and cash equivalents	15,322	24,114	30,188
Securities for trade & Derivatives financial instrument	5,642	8,351	4,439
Receivables	2,457	887	1,213
Loans	6,797	5,709	18,627
Investments	27	25	27
Other financial assets	785	775	794
Non-financial assets (B)	4,986	4,567	4,022
Deferred tax assets (net)	571	596	683
Right-of-use assets	1,662	1,529	1,124
Fixed assets, CWIP & Intangible assets	517	532	562
Current tax assets & other non financial assets	2,236	1,910	1,653
Assets (A+B)	36,016	44,428	59,310



Balance sheet : Equity and Liabilities

(₹ million)

EQUITY AND LIABILITIES	At Sep 30, 2019	At March 31, 2020	At Sep 30, 2020
Financial liabilities (A)	19,892	26,193	37,258
Payables	5,650	6,926	5,668
Derivative financial instruments	-	-	3
Debt securities	10,143	14,975	23,724
Borrowings (Other than debt securities)	-	-	270
Lease liabilities	1,654	1,574	1,199
Deposits & Other financial liabilities	2,445	2,718	6,394
Non-financial liabilities (B)	5,366	6,140	7,331
Equity (C)	10,758	12,095	14,721
Equity share capital	1,611	1,611	1,611
Other equity	9,147	10,484	13,110
Equity and Liabilities (A+B+C)	36,016	44,428	59,310



Additional data points

Particulars	Q1-FY20	Q2-FY20	Q3-FY20	Q4-FY20	Q1-FY21	Q2-FY21
Equity market ADTO ¹ (bn)	279	273	308	338	454	470
Derivative market ADTO ⁴ (bn)	8,389	9,403	9,362	10,265	9,183	12,145
Total market ADTO (bn)	8,668	9,676	9,670	10,603	9,637	12,615
ISEC total ADTO (bn)	641	711	846	851	867	1,118
ISEC Blended market share (%)	7.4%	7.3%	8.7%	8.0%	9.0%	8.9%
ISEC Blended Equity market share (%)	8.1%	8.7%	8.9%	9.1%	10.7%	11.1%
ISEC Blended Derivative market share (%)	7.4%	7.3%	8.7%	8.0%	8.9%	8.8%
Mutual fund average AUM (bn)	368	358	375	345	318	352
Mutual fund average Equity AUM (bn)	274	263	279	254	236	262
Life Insurance Premium (mn)	1,483	1,982	1,865	2,653	1,231	1,729



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

ICICI SECURITIES LIMITED

Earning Conference Call
Quarter ended September 30, 2020 (Q2-FY21)

October 28, 2020

Operator remarks

Good evening ladies and gentlemen and welcome to the Earnings Conference Call of ICICI Securities Limited for the quarter ended September 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. Vishal Gulechha – Head Retail Equities, Mr. Anupam Guha – Head Private Wealth Management, Mr. Subash Kelkar – Chief Technology & Digital Officer and Mr. Ketan Karkhanis – Head Retail Distribution business.

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

The business presentation can be found on the company's corporate website, icicisecurities.com under Investor Relations.

I would now like to call Mr. Chandok to take over the proceedings.

Mr. Vijay Chandok

Good evening to all of you and welcome to the ICICI Securities second 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.

I am sure by now you would have already perused through our quarter 2 financials. In this context, we are very happy to report that our company's Q2-FY21 revenue stood at ₹6,805m, a growth of 63% and Profit After Tax (PAT) stood at ₹ 2,782m, a growth of 106%. During this quarter, we continued our journey of furthering digitization and strengthening the franchise. Our overall franchise grew strongly with total assets of our clients growing by 20% YoY to ₹ 2.9 tn and a lot of this growth was led by our equities business. We continued to focus on enhancing operating leverage of the company which resulted in our manpower and branch count coming down by 10% and 17% YoY respectively. We consequently brought down our cost to income ratio to 45% and increased our ROE to 76%.

We are happy to report that following these results, our board of directors have approved an interim dividend of ₹8 per share vs ₹4.25 per share last year.

Anchoring our performance for the quarter has been the equities business, which continued its strong run from the previous quarter. However, we did see some moderation in cash segment turnover for the industry in the month of September by around 13% compared to previous two months of the quarter. This was due to a combination of factors playing out in the economic and regulatory environment. Our efforts of focusing on the five strategic pillars of our company that we have been talking to you about in the past, have indeed stood us in good stead and helped us capitalise on the market opportunity.

As a result, our market share in equities and derivatives improved by 240bps and 150bps respectively YoY. We added around 113,000 new customers in the quarter aided by our open architecture end to end digital account acquisition process. Here, I would like to mention that in the current year we have been able to make a transition from a 100% physical/phygital model of sourcing, requiring face to face interface either using tab or a paper based process, that we had till last year to over 80% sourcing now coming through our website/app. All our channels are now increasingly using website/app for acquiring customers, which we expect would help all our channels scale up faster and efficiently going forward.

During this quarter, we expanded our business partner network to ~13,600 partners who sourced around 16,000 clients, a growth of 2.5x YoY. We have a dedicated mobile app for our Business Partners to help them serve the customers efficiently and on the go. The app features a powerful dashboard and also allows partners to keep their clients updated on market trends and upcoming investment opportunities. Additionally, through the digital sourcing channel, we acquired around 28,000 customers. Considering the fact that we have just embarked on this journey, coupled with the market opportunity and our own experience of generating leads, we strongly believe that we have a significant headroom for growth through this mode. At present we are in process of implementing a number of initiatives that will help us in this direction. Some of these include building our data analytics capabilities for sharper targeting through digital media, augmenting call center capabilities, improving and easing customer journeys besides others.

The growth in both these channels, viz. Business partner network and digital, has helped us to diversify our client sourcing mix. Our largest sourcing channel viz. ICICI Bank, is now contributing about 55% of the total clients compared to about 80% in FY20. In addition, non ICICI bank linked accounts contributed to ~35% of total accounts opened in the current quarter. So, it would be important to note that we are adding higher number of customers with an increasingly diversified channel and bank mix.

Growth in sourcing coupled with healthy adoption of our prime proposition, taking the total prime subscribers to 4.25 lac, has helped us grow our NSE active client base by 32% YoY and it stood at 1.2mn as on Sept 30.

Against this backdrop, we recorded highest ever quarterly retail equities revenue in Q2-FY21 and ~50% of it was contributed by Prime customers. Our efforts to granularise and diversify also played out, with allied revenue now contributing ~14% to retail equities and allied revenue. Overall, our equities and allied revenue grew by 88% YoY.

Coming to our distribution business, as you are aware, the flows in the mutual fund industry remained subdued and the industry saw a decline of 29% YoY in gross equity flows along with net outflows in equity segment.

In such a context, our efforts of focusing on input parameters helped us increase our market share on gross flows from 0.08% to 0.27% and SIP flows from 3.23% to 3.44%. On the back of these and improving mix and yield, our MF revenue for the quarter grew by 3% YoY, an increase after a gap of 7 quarters.

As the markets emerged from a lockdown mode in quarter two, our non-MF revenue grew on a sequential basis by 32%. However, this was lower

on a YoY basis by 13%. Specifically, during this quarter, we saw encouraging traction in our fixed income business and distribution of loans. The total loans disbursed during the quarter increased to ₹ 3 bn compared to ₹ 2.4bn YoY.

Our wealth management business registered revenue growth of 86% on the back of strong equity performance. The total assets of our clients in this segment increased to ₹ 1.15 trillion, a growth of 15% YoY. We also scaled up our proprietary PMS where our AUM stood at ₹ 1.6 bn up from ~0.5 bn in Q2-FY20.

During this quarter, we augmented the overall equity franchise by launching a 'Global Investment Platform' for our customers in alliance with Interactive Brokers Inc. USA. This offering is unique, as it is a completely digital solution, including the outward remittance component which is done in partnership with ICICI bank. The global investment platform facilitates investments in US equities, fixed income, MF products and ETFs for our customers. With no minimum ticket size and fractional ownership of shares permitted, even small retail investors can build a portfolio effectively.

During this quarter, we further expanded our suite of products by introducing Commodity products, where our rates are highly competitive. As these are recent launches, we expect growth to start coming in the course of next few quarters. All these efforts would help

us diversify and granularise our revenue mix and business model.

As a result of all our initiatives, our total active client base as at September 30, 2020 stood at 1.56m, a growth of 17% YoY.

Coming to our Institutional and Issuer services business, the Equity Capital Markets witnessed resurgence in activity. The deals that were put on hold in Q1-FY21 owing to the market conditions saw revival in Q2-FY21 and there were 42 ECM transactions with a total deal size of about ₹ 1,085 bn.

Our Issuer Services and Advisory business revenue increased by 93% YoY. We executed 24 Investment banking deals in the quarter and have SEBI approved IPO/FPO/InvIT/REIT pipeline of 7 deals amounting to over ₹ 85 bn. In H1-FY21, we are ranked #1 in IPO/FPO/ InvIT/ ReIT issuances with a market share of 98% and are ranked 2nd amongst domestic financial advisors by number of deals in merger market league table. Our strategy in this business is to broad base and diversify revenue by increasing contribution of non IPO deals.

We at ICICI Securities firmly believe that a sustainable business is one which is sensitive to the needs of all its stakeholders. Our employees are one of our most important assets, and in times of Covid-19 pandemic, we have rolled out a number of initiatives including tie-ups with leading hospitals and quarantine facilities across different cities for our

employees & their family members for prompt medical attention. In current times of economic uncertainties, we have rolled out increments to all front line employees and extended ESOPs to all deserving employees beyond the senior management, so that we are able to attract and retain the right talent.

Going forward, we recognise that the future is fraught with uncertainties. New upfront margin collection regulations for intraday products will be implemented in a phased manner from December 2020. These regulations would require standardised margin to be collected for all products from the customer upfront before entering a trade. As we know, intraday in terms of volumes is dominant part of the industry, these regulations are likely to have impact on market volume and revenue in the short-term and could have an impact on all players including us. However, we believe these changes auger well for the orderly growth of the industry in the longer run.

We at ICICI Securities are strengthening our franchise to take advantage of these trends and working on various strategies to mitigate impact of these changes. Some of these include

- (i) launching new competitive propositions to help us increase client base and volume from existing inactive client base as well as new customers from the market
- (ii) continue to scale up our various client sourcing channels
- (iii) increasing traction in our non-impacted portion of revenue

streams like cash delivery, MTF, etc. which contribute significantly to our retail equities revenue

- (iv) continuing to scale up our non-equity business through product categories added in the last few quarters, and
- (v) continued emphasis on cost efficiencies.

We would like to reiterate that the recent market disruption has reaffirmed our strategy of providing comprehensive life stage based financial services to a retail Indian investor in an open architecture format delivered digitally and we believe this strategy becomes more relevant than before in the current context.

As already mentioned our detailed performance has been circulated through our presentation and uploaded on our website. I would like to end our commentary and open the call for questions that you may have.

Thank you.