

April 22, 2021

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 financial year ended March 31, 2021

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

This is further to our letter dated April 17, 2021 regarding the earnings call which was scheduled to be held on April 21, 2021.

Please find enclosed herewith the investor presentation and the opening remarks for the earnings call held on April 21, 2021 to discuss the financial results for the quarter and financial year ended March 31, 2021.

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):**  
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T.T.C. Ind. Area, M.I.D.C., Turbhe, Navi Mumbai - 400 705  
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**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 update

**Q4-FY2021**

April 21, 2021

# Agenda

- **ISEC Franchise**
- Strategy and key outcomes
- Business Performance

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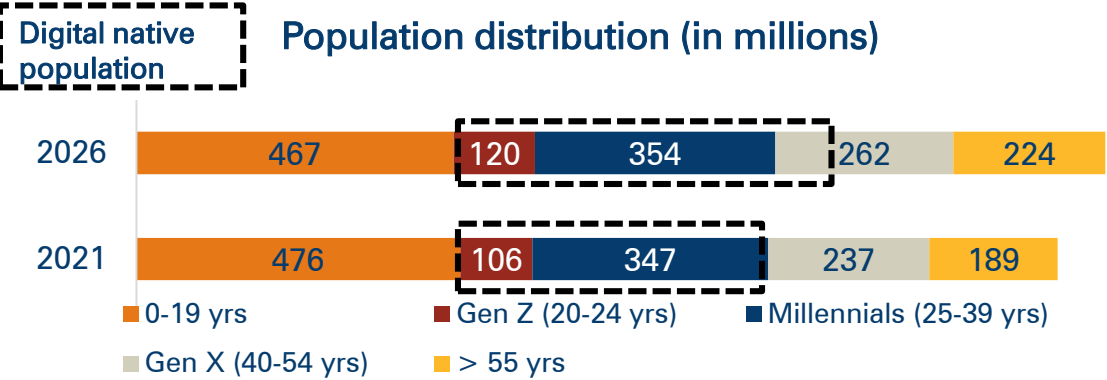
INNOVATION



TECHNOLOGY

# India growth opportunity

## Growing digital natives cohort ...



Digital natives comprising GenZ and Millennials are expected to increase by 15 mn - 20 mn annually for next 10 years<sup>1</sup>

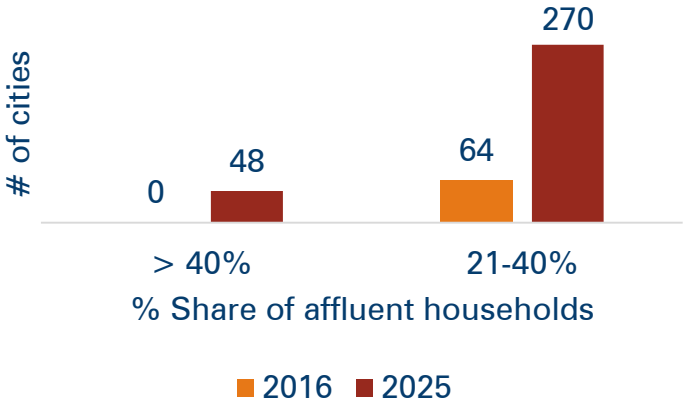
## ...supported by digital infrastructure...

- ❖ Digital India led by "Aadharisation"
- ❖ Internet users 624 mn<sup>3</sup>, 45% of population
- ❖ Mobile connection: 1.2 billion<sup>4</sup>; 79% of the total population
- ❖ Data cost down by >95% since 2013<sup>4</sup>
- ❖ Capital flowing into fintech driving innovation



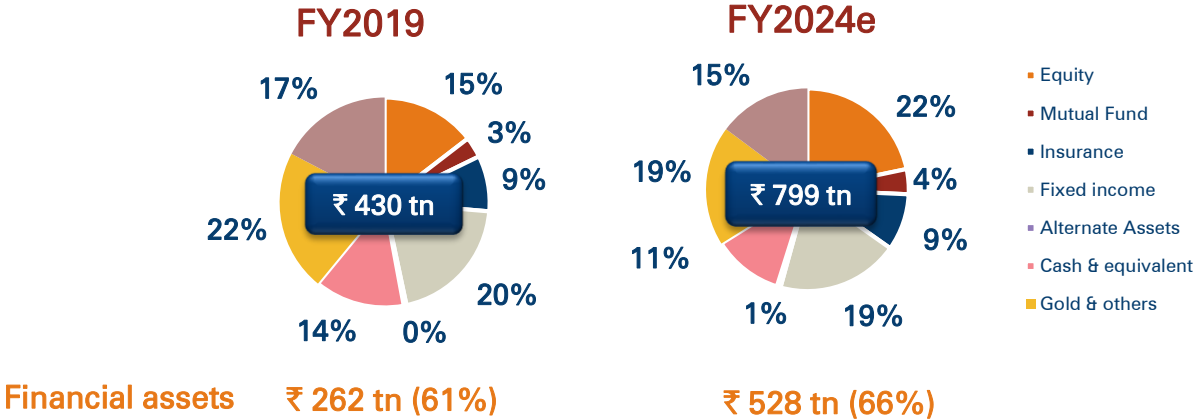
**Core opportunity remains intact, pandemic has frontloaded the digital aspects**

## ...widely spread wealth & affluence across cities...



Cities/ towns with over 20% of population having annual household income greater than 1 mn will increase to 318 from 64<sup>2</sup>

## ...is expected to drive increase in financial Assets<sup>5</sup>



1. Source: Census of India, 2. Source: BCG, 3. Source: Kantar, 4. Source: Mckinsey. 5. Source: Karvy wealth report

# ICICI Securities franchise continues to gain momentum...



## Affluent franchise

- ❖ One of the largest equity franchise
- ❖ Total assets<sup>1</sup> of ₹ 3.8 tn
- ❖ Private wealth clients' assets<sup>2</sup> of ₹ 1.7 tn



## Scale

- ❖ Client base at 5.4mn<sup>3</sup> from 3.2mn in FY16
- ❖ Overall active clients at 1.91mn<sup>3</sup> from 0.83mn in FY16
- ❖ NSE active clients at 1.58mn<sup>3</sup> from 0.56mn in FY16



## Strong position across businesses

- ❖ One of the largest wealth management franchise
- ❖ MF Revenue market share at 4.5%<sup>4</sup> from 3% in FY16
- ❖ Over 10% market share in ETF and SGB distribution<sup>5</sup>
- ❖ Consistently ranked amongst top ECM players<sup>6</sup>



## Free cashflow generating high operating leverage model

- ❖ Revenue CAGR 18% (FY16 to FY21)
- ❖ PAT CAGR 35% (FY16 to FY21)
- ❖ Dividend CAGR 34% (FY16 to FY21)
- ❖ ROE consistently around 50% (FY16 to FY21)



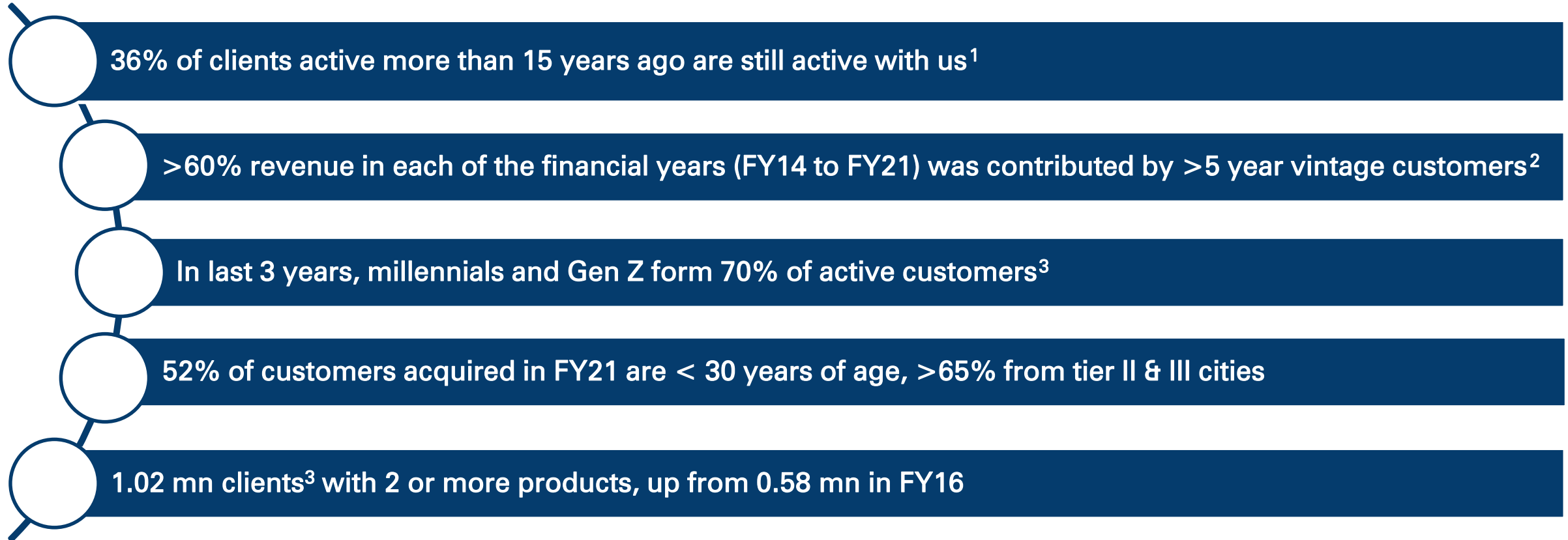
1.Assets of our clients including equity demat assets maintained with ICICI Bank and excluding promoter holding

2.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

3. As at FY21, active clients are for trailing 12 months 4. FY20, Source AMFI 5. ETF – Exchange traded funds, SGB – Sovereign gold bonds

6. ECM market share source Prime Database

# ...aided by a sticky, diverse & multifaceted client base...

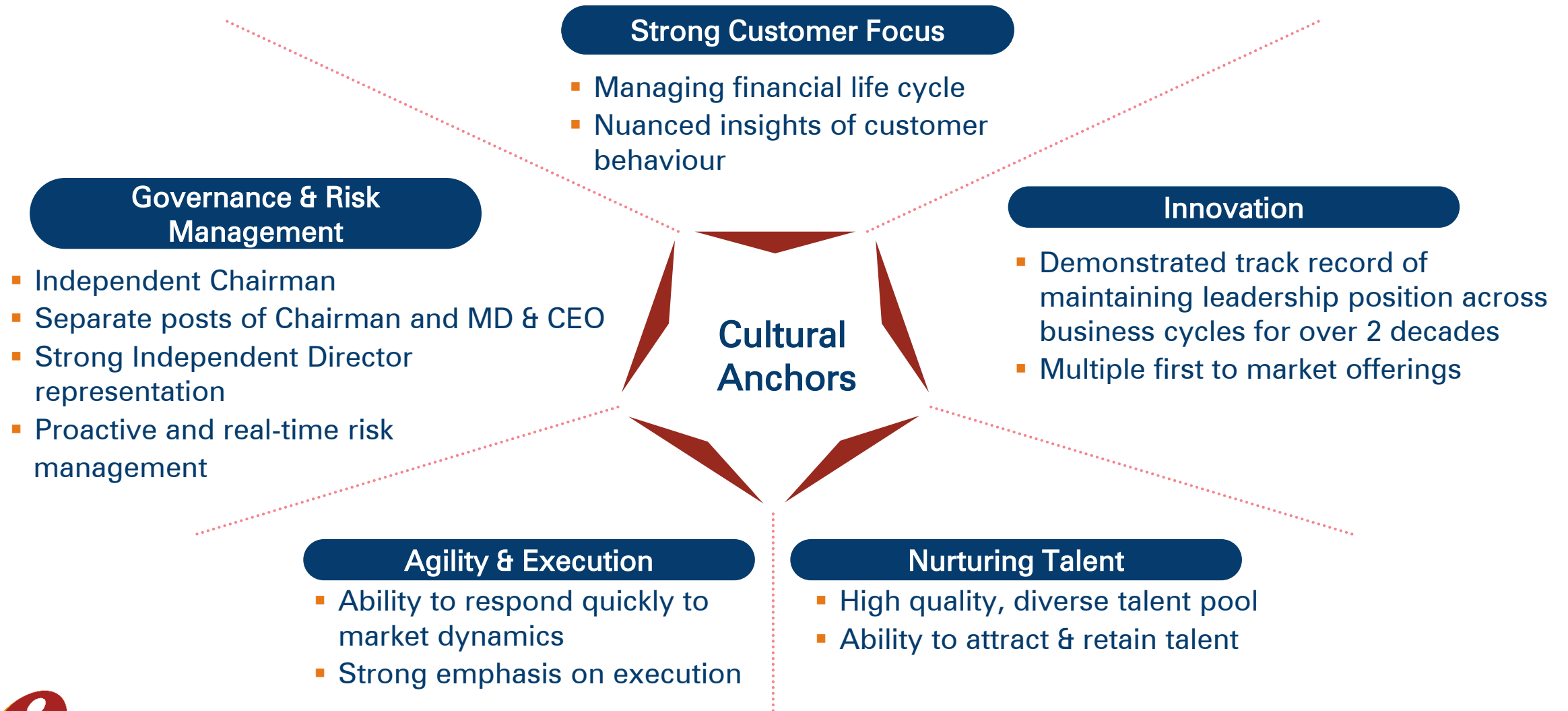


Ability to attract millennials & Gen Z and retain vintage customers



1. As at FY21  
2. Based on retail broking revenues  
3. Customers below 40 years of age  
4. As at Q4-FY21

# ...on back of our Cultural Anchors & focus on earning trust....



# ...with the help of a robust, digital and secular business model

## Unique business model

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

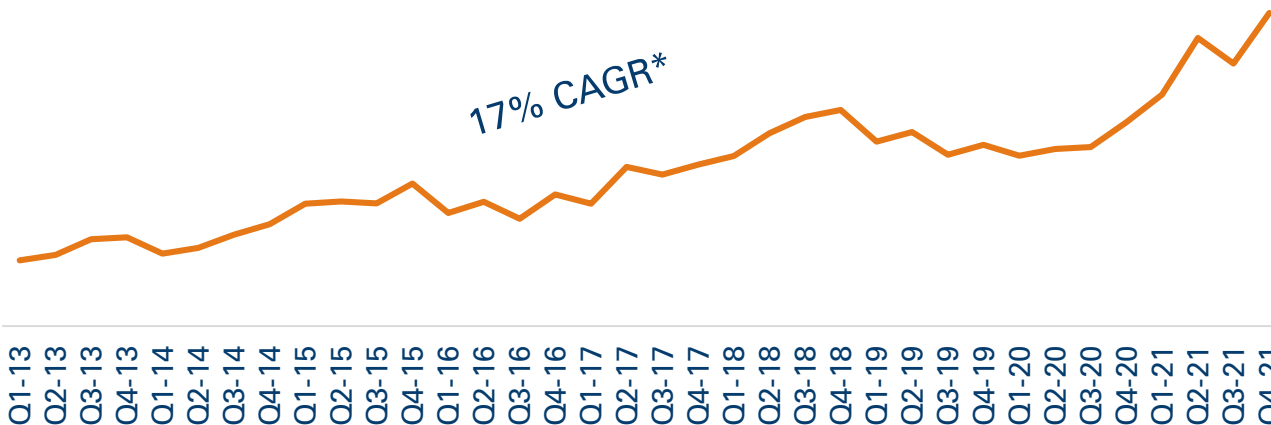
## Wide range of products under one digital platform

- Open architecture business model
- Investments, loans, deposits and protection
- 50+ products and services

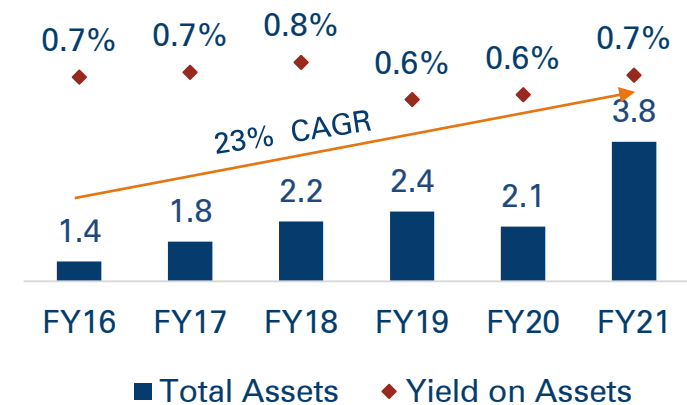
## Scalable digital capabilities and infrastructure

- 99% equity transactions performed online
- 96% mutual fund transactions performed online
- 91% of our account opening is digital, balance is phygital

## Secular trend of quarterly overall revenues<sup>1</sup>



## Consistent yield on client assets<sup>2</sup>



1. Annual growth rate from FY13 to FY21  
 2. Yield of total retail revenues divided by total retail client assets with us



# Agenda

- ISEC Franchise
- **Strategy and key outcomes**
- Business Performance

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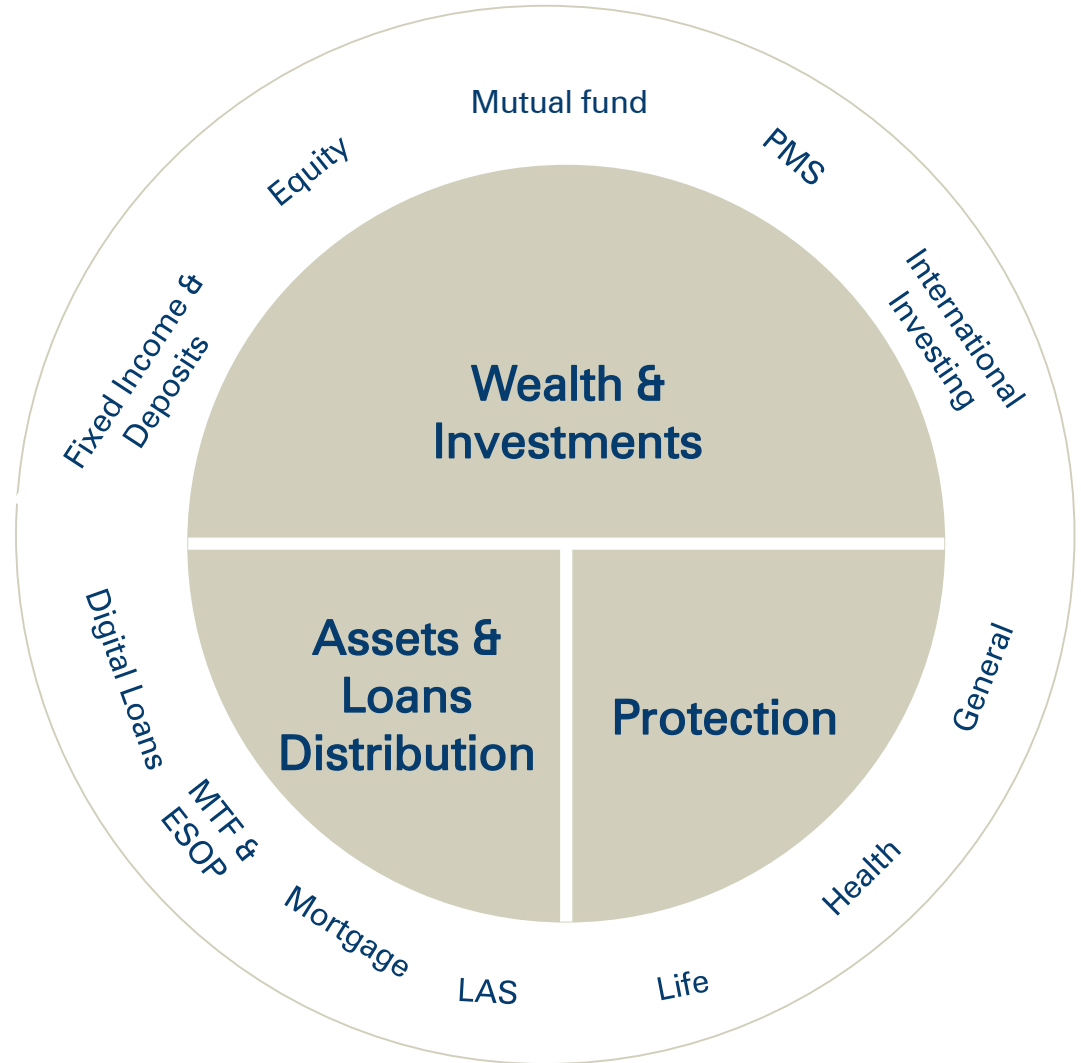


TECHNOLOGY

# Broadening the positioning by focusing on strategic anchors

## Imperatives:

- Broad basing business model
- Diverse and granular revenue streams



To emerge as a provider of financial services requirements across life stages of Retail Indian -  
Powered digitally in an open architecture format

# Our strategic anchors are helping us transform

<p>Strategic anchors</p>	 <p>Ramping up scale and volume</p>	 <p>Monetize client value</p>	 <p>Enhancing customer experience</p>	 <p>Digital agility &amp; robust technology</p>	 <p>Cost efficiency</p>
<p>Intended outcome</p>	<p>Increase our competitiveness</p>	<p>Profitability</p>	<p>Loyalty &amp; penetration</p>	<p>Attract millennials</p>	<p>Operating leverage</p>



Progress against strategic anchors discussed in the following slides

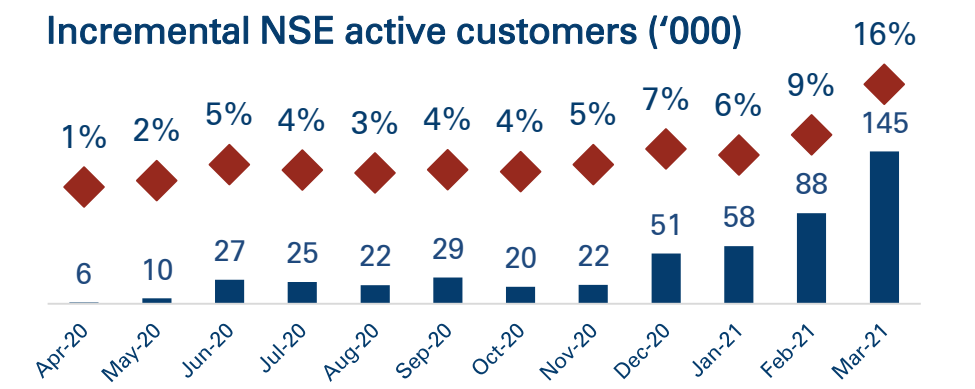
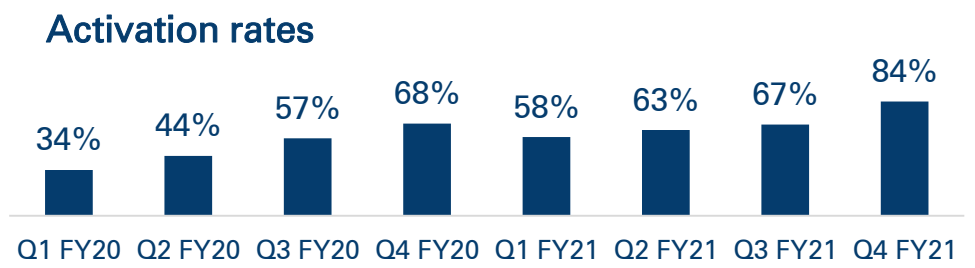
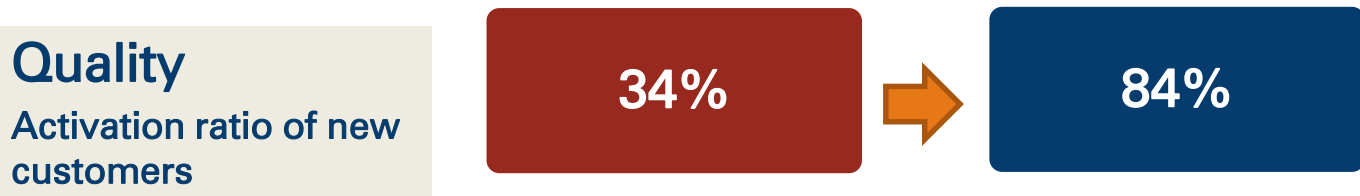
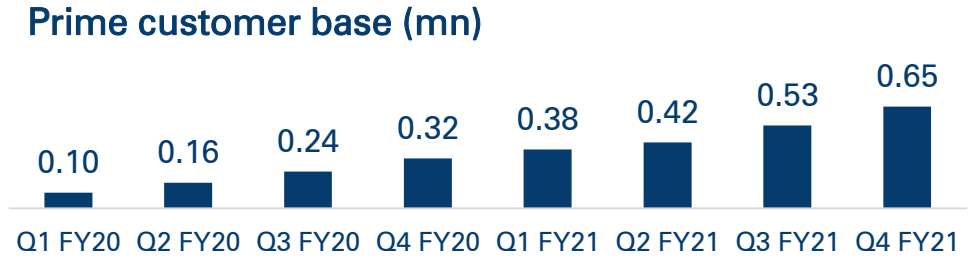
# #1 Our digital sourcing has helped us scale up, diversify and deepen the reach of sourcing

	Q1-FY2020	Q4-FY2021
<b>Scale up</b> Quarterly sourcing of new clients	98,000	354,000
<b>Diversify</b> Contribution from largest channel	81%	<45%
<b>Digital Natives</b> Clients acquired below 30 yrs age	43%	>55%
<b>Deepen</b> Contribution from tier II & III cities	58%	>65%



Federal Bank partnership & ICICIdirect Money app to add momentum to diversification of new account sourcing going forward

# #2 Our product propositions have helped us attract high intent customers thereby improving/retaining quality

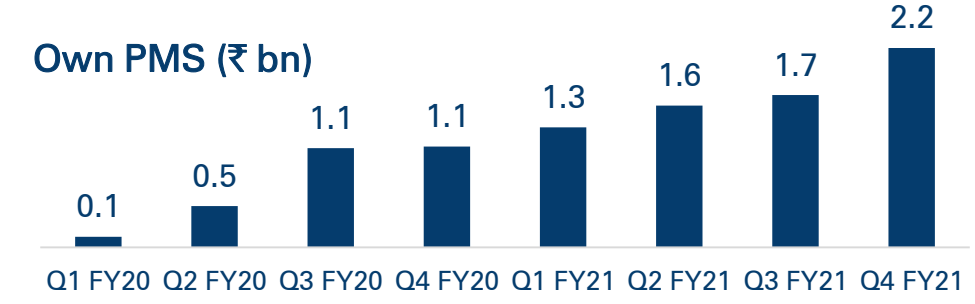
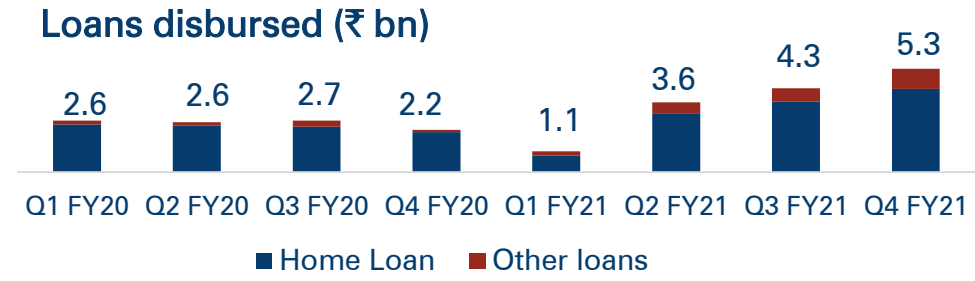
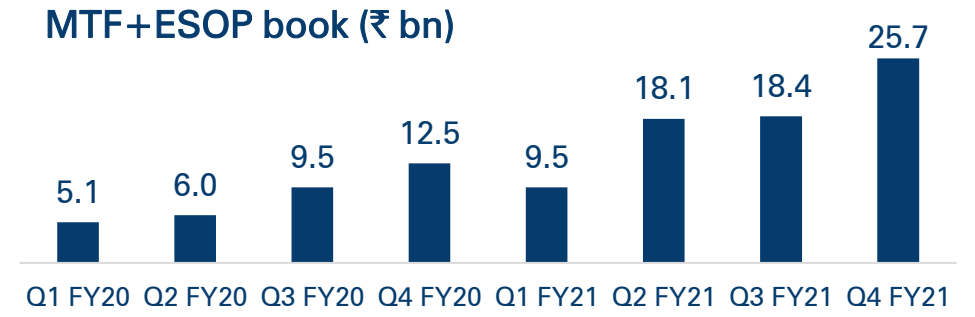


## Latest initiatives to further propel acquisition of high intent clients

- Launched ICICIdirect NEO in December gaining traction, over 60 k subscribers added

# #3 Expanding product suite to monetize full value of clients..

<p><b>MTF + ESOP</b> Enhanced focus on loan books</p>	<p>Q1-FY2020 ₹ 5.1 bn</p>	<p>Q4-FY2021 ₹ 25.7 bn</p>
<p><b>Loan products</b> Expanded the suite to 12 loan products</p>	<p>₹ 2.6 bn</p>	<p>₹ 5.3 bn</p>
<p><b>Proprietary PMS</b> Growing traction in our in-house PMS</p>	<p>₹ 0.1 bn</p>	<p>₹ 2.2 bn</p>



# #3 Expanding product suite to monetize full value of clients..

## Other initiatives launched to expand product suite

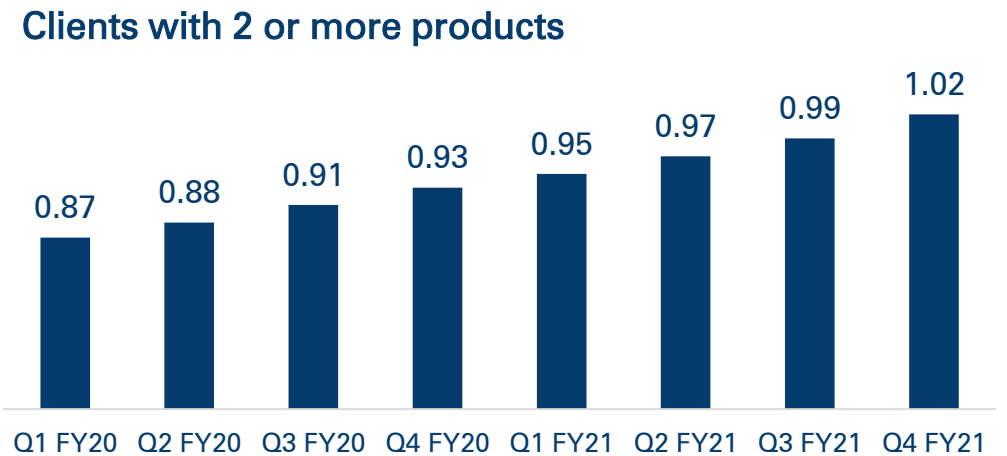
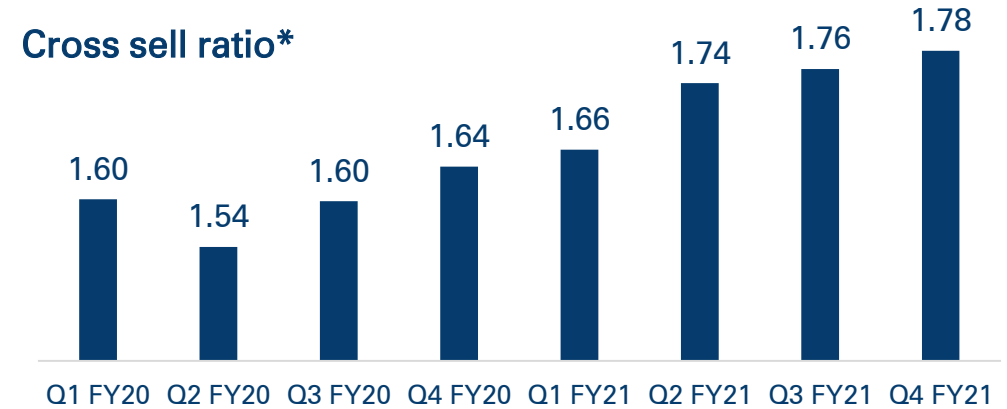
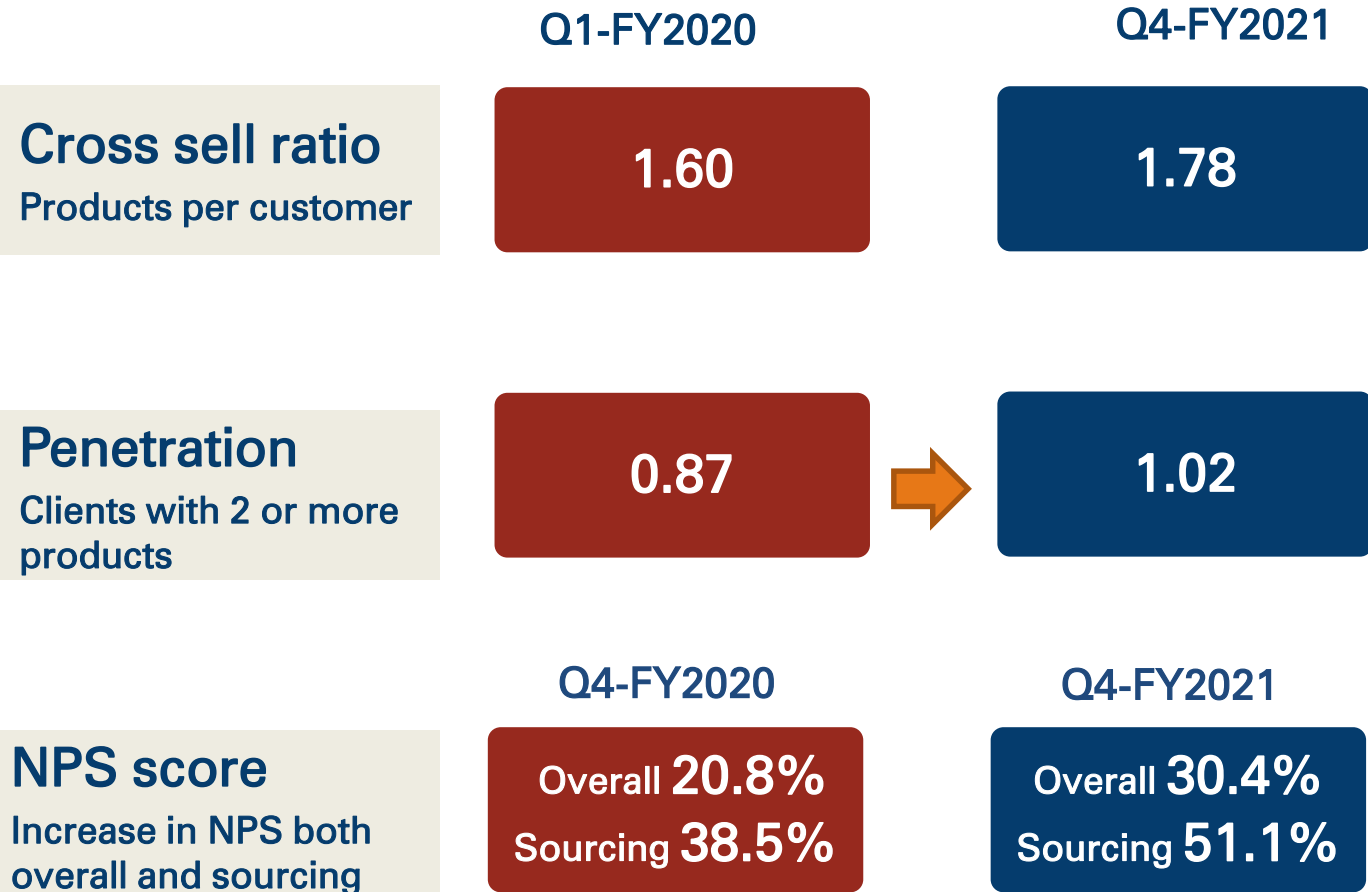
Idirect Global	Global investing – 3900 customers, ~\$14Mn AUM
Commodity & Currency	50K customers added in commodities since launch
One click MF	16% share in new MF SIP
One click Equity	~85K Equity portfolios subscribed
Health Insurance	~4x increase in number of policies sold YoY

## New Initiatives during the quarter

Premium Portfolios	Curated equity portfolios, 500+ HNI subscribers on boarded
iLENS	Screeners to help identify stocks based on pre defined conditions
Commodity	Index future in commodity derivatives



# #4 We have used analytics and digital agility to provide better experience to customers...

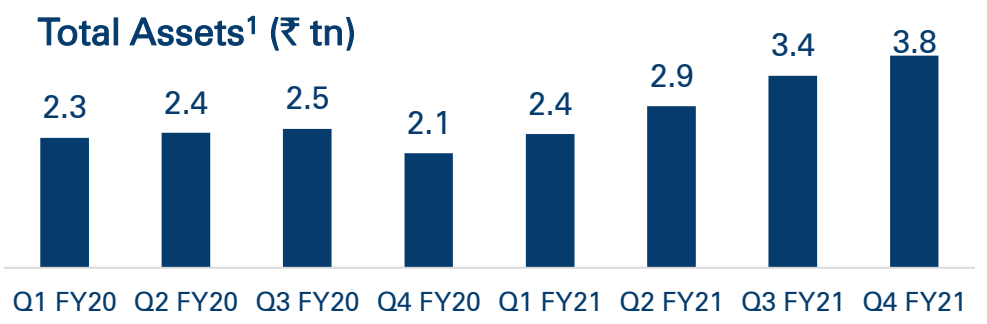
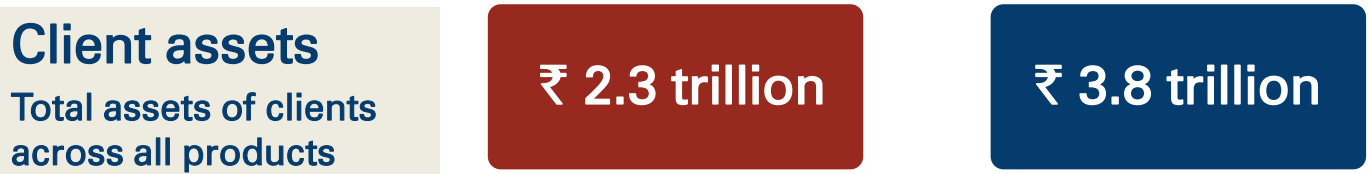
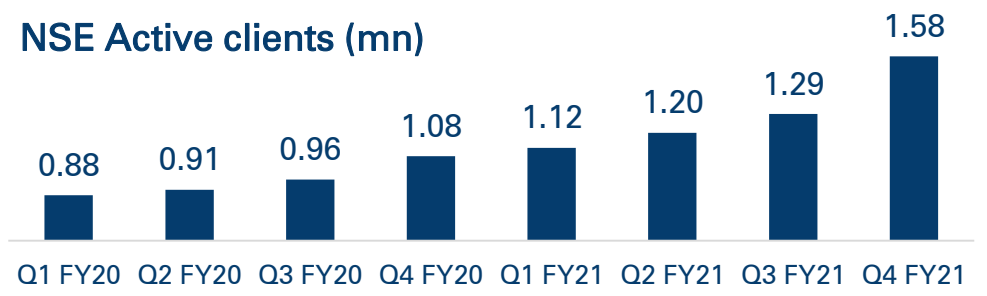
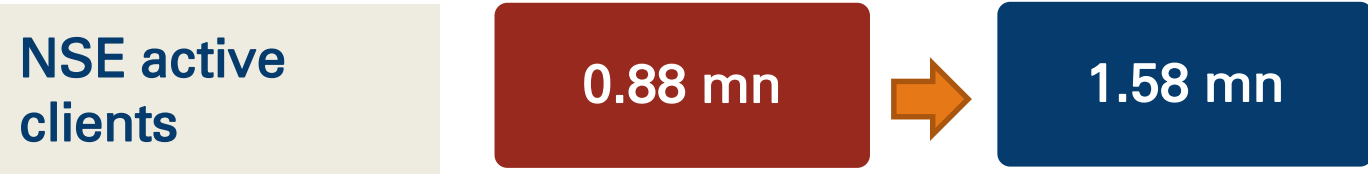
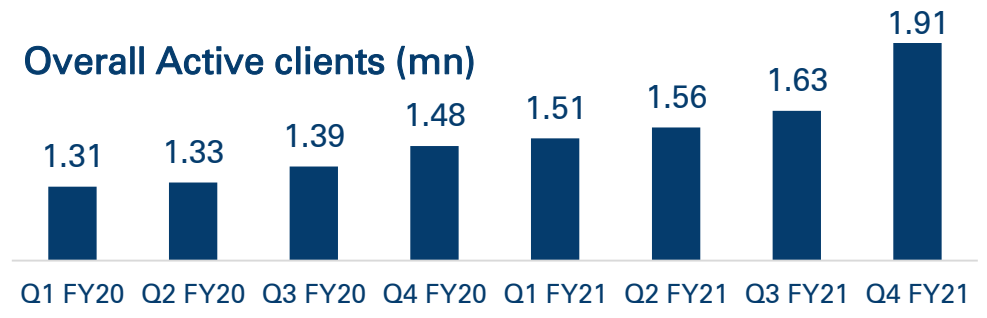


**Launched 5 new smart execution tools for research, trading strategies**

\* Active clients and transaction considered for rolling 12 months (excluding customers acquired in last 90 days)



# .. and the scale of our business in terms of assets & clients

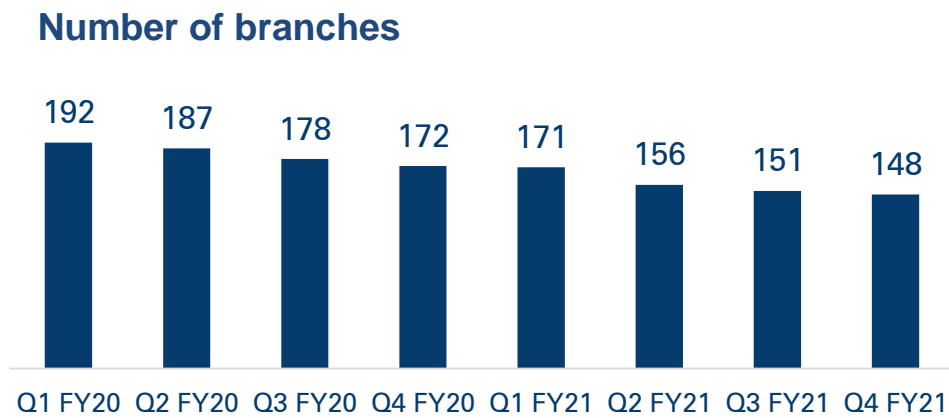
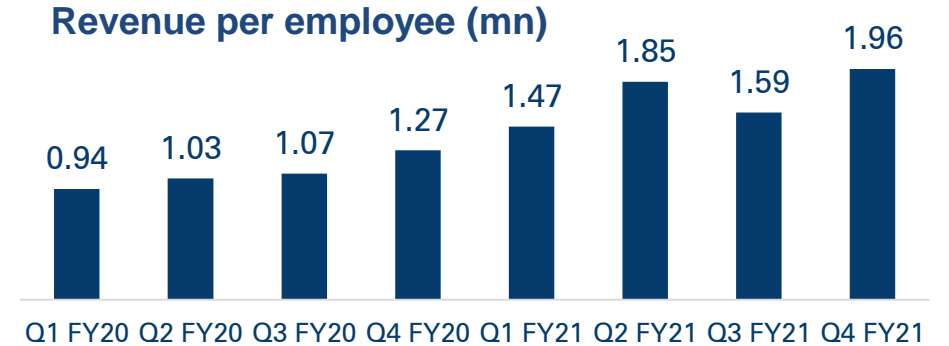


**Capability to monetize gaining momentum**

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

# #5 Enhancing operating leverage to improve margins

	Q1-FY2020	Q4-FY2021
Cost to income ratio	56%	40%
Revenue per employee	0.94 mn	1.96 mn
Number of branches	192	148



Efforts in variabilizing cost has resulted in it increasing to >40% in Q4-FY21 from <30% in Q1-FY20

# Agenda

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# FY21: Year in perspective



## Total Assets

₹ 3.8 tn (+85% YoY)  
23% 5Y CAGR



## Wealth Assets

₹ 1.7 tn (+102% YoY)  
29% 5Y CAGR



## Client Added

6.9 lac (+77% YoY)  
14% 5Y CAGR



## Revenue

₹ 25.9 bn (+50% YoY)  
18% 5Y CAGR



## Profit After Tax

₹ 10.7 bn (+97% YoY)  
35% 5Y CAGR



## Dividend

₹ 21.5 per share (+95% YoY)  
34% 5Y CAGR



# Financial Highlights

FY 2021	Q4 FY21
Revenue: ₹25,862 mn (+50% YoY)	Revenue: ₹7,393 mn (+53% YoY)
PAT: ₹10,677 mn (+97% YoY)	PAT: ₹3,295 mn (+111% YoY)

Retail Equities and allied revenue	Distribution revenue	Private wealth management revenue	Institutional equities revenue	Issuer services and advisory revenue
FY 2021				
₹15,983 mn + 70% YoY	₹4,279 mn +1% YoY	₹4,503 mn +74% YoY	₹1,599 mn +24% YoY	₹1,613 mn +111% YoY
Q4 FY21				
₹4,334 mn + 48% YoY	₹1,412 mn +22% YoY	₹1,580 mn +82% YoY	₹485 mn +30% YoY	₹533 mn +441% YoY



Period:  
FY2021 YoY = FY21 vs FY20  
Q4FY21 YoY = Q4FY21 vs Q4FY20

# Business Performance

## Equities business

### Equity segment volumes and market share

- Equity ADTO increased by 78% YoY
- Equity market share up YoY, however declined sequentially on implementation of base 2 margin norms in view of historical differential leverage provided by us relative to other market participants
- Market share: Jan'21 & Feb'21 (9.8%) ; Mar'21 (9.1%)

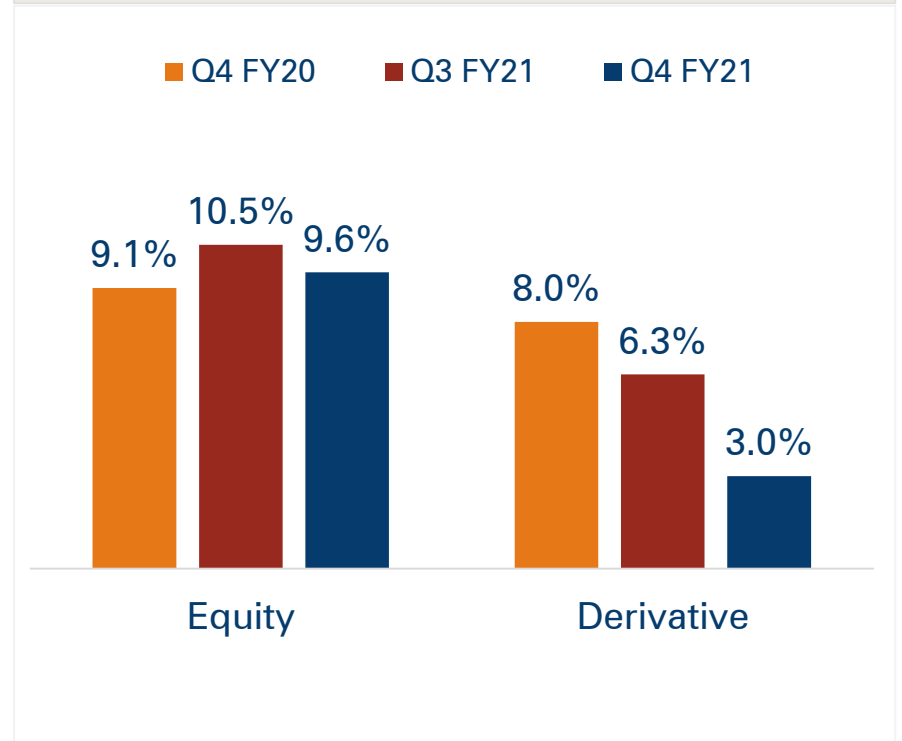
### Derivatives segment volumes & market share

- ISEC derivative ADTO decreased by 17% YoY
- Decline in lower yielding intraday derivatives volume
- Market Share: Dec'20 (3.4%), Jan'21 & Feb'21 (3.05%); Mar'21 (2.9%)
- Revenue decline in Mar'21 vs Feb'21 is 1% of retail brokerage revenue for March

### Approach to regain market share

- We are launching relevant tools (iTrack, iAlert, iLens, Payoff analyser) and competitive market plans (NEO)
- We have begun to show traction in customer share, which we believe is a lead indicator of volume market share
- It may take a few quarters to witness the impact of measures to gain volume market share

### Volume Market Share<sup>1</sup>



The market mix plus our efforts to improve experiences and growing customer base has enabled us to grow revenue despite losing market share on a sequential basis

1. Combined market share for retail and institutional clients  
Period: Q4-FY2021 vs Q4-FY2020; Sequential: Q4-FY2021 vs Q3-FY2021

# Business Performance

## Equities business

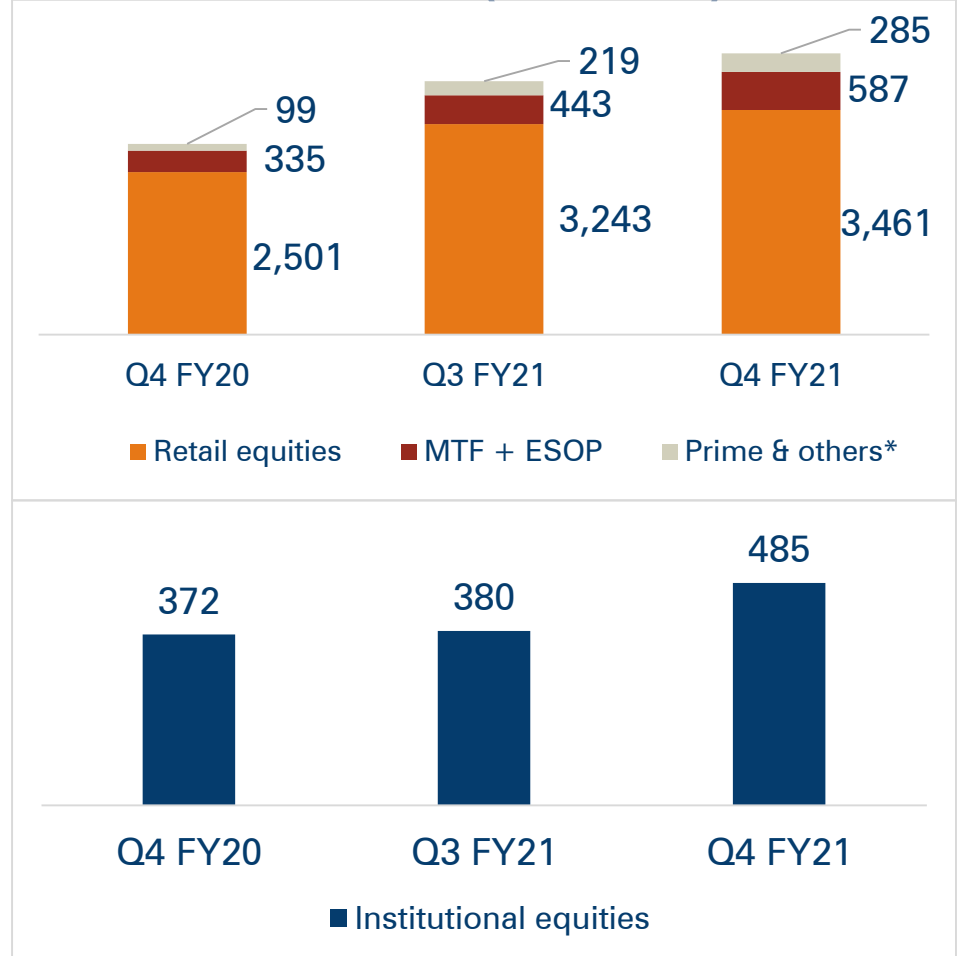
### Retail equities and allied<sup>1</sup> revenue up by 48%

- Retail brokerage grew by 38% YoY, 7% sequentially
  - Despite lesser number of trading less (2 days less or ~3%) compared to last quarter
- Allied income now 20% of total Retail equities revenue up from 15% YoY
  - Primarily on account of average MTF and ESOP book growth from ₹ 12.5 bn to ₹ 25.7 bn YoY

### Institutional equities<sup>3</sup> revenue up by 30%

- Franchise consolidated its position among the top domestic institutions
- Strengthening FII franchise by entering into partnerships
- Distributed 4 IPOs & 3 QIPs
- Institutional Research: 9 analysts ranked in top 5 of Asiamoney poll

### Revenue (₹ million)



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

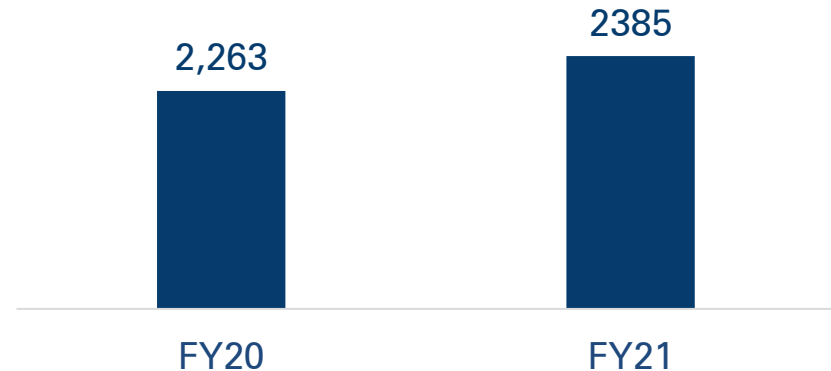
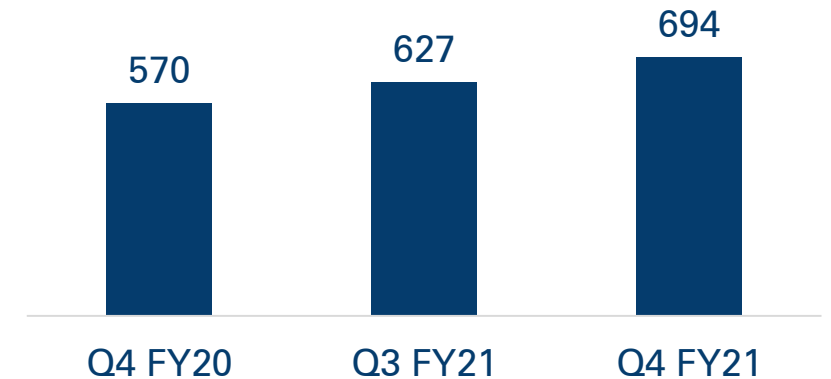
\* Others include NEO fees, Depository charges which were previously netted off in expenses and now reclassified as gross revenue  
 Period: Q4-FY2021 vs Q4-FY2020; Sequential: Q4-FY2021 vs Q3-FY2021

# Business Performance

## Distribution business – Mutual Funds

- Distribution revenue at ₹ 1,412 mn, up 22% YoY
  - Sequential growth of 31%
- Mutual Fund revenue up by 22%
  - ISEC Mutual Fund average AUM<sup>1</sup> up 19%, at all time high
  - Our gross flows grew faster than the industry
    - Market share increased from 0.18% to 0.31%
- Concerted efforts on to increase market share
  - Launched exclusive mobile app for mutual fund investments
    - Over 70k downloads
  - MF D2U: subscription based direct MF for wealth customers
- SIP count<sup>2</sup> for Q4 FY21 is 0.74 mn, up from 0.66 mn YoY
  - Market share in SIP flow increased to 4.05% from 3.29%
  - SIP flows increased by 19% YoY to ₹ 10 mn

### Revenue (₹ million)



Period: Q4-FY2021 vs Q4-FY2020; Sequential: Q4-FY2021 vs Q3-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

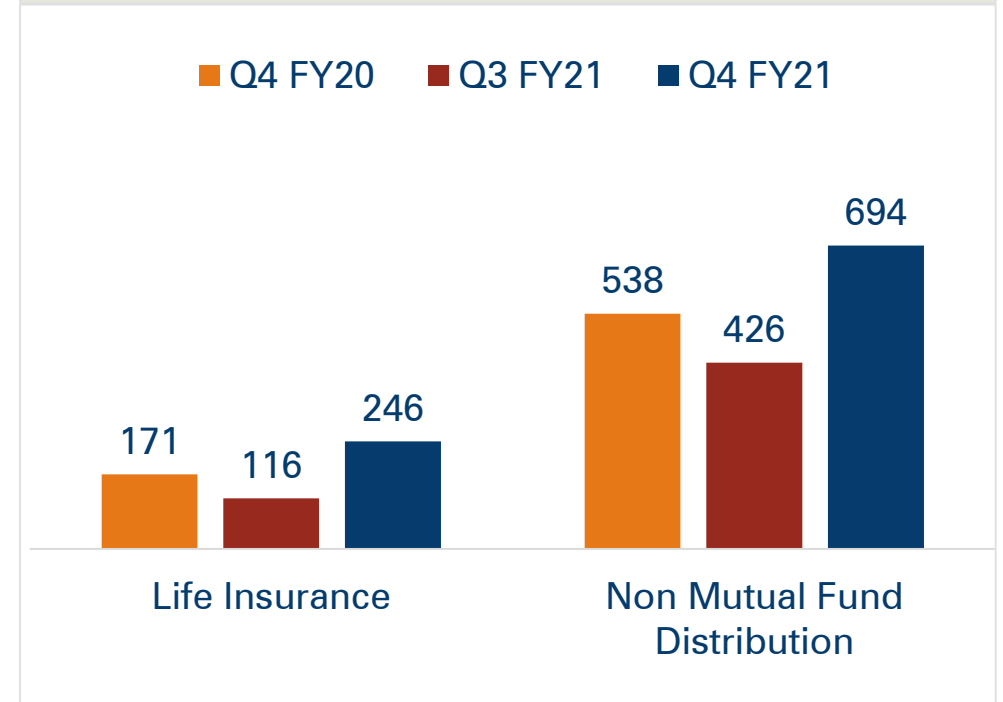
### Focused Non MF distribution<sup>1</sup> revenue up 29% YoY

- Aided by increase in wealth products
  - Proprietary PMS at ₹ 2.2 bn; up from ₹ 1.1 bn in Q4-FY20
- Loan disbursement at ₹ 5.3 bn, up 144% YoY
- SGB distribution market share at 10%<sup>2</sup>, 1.5 tonnes of digital gold sold in FY21
- ETF distribution market share at 13%<sup>3</sup>

### Strong momentum continued sequentially

- Focused Non MF distribution<sup>1</sup> revenue up by 63%
- Life Insurance revenue up 111% sequentially
- Strong growth in AIF & PMS, up 52% sequentially

### Revenue (₹ million)



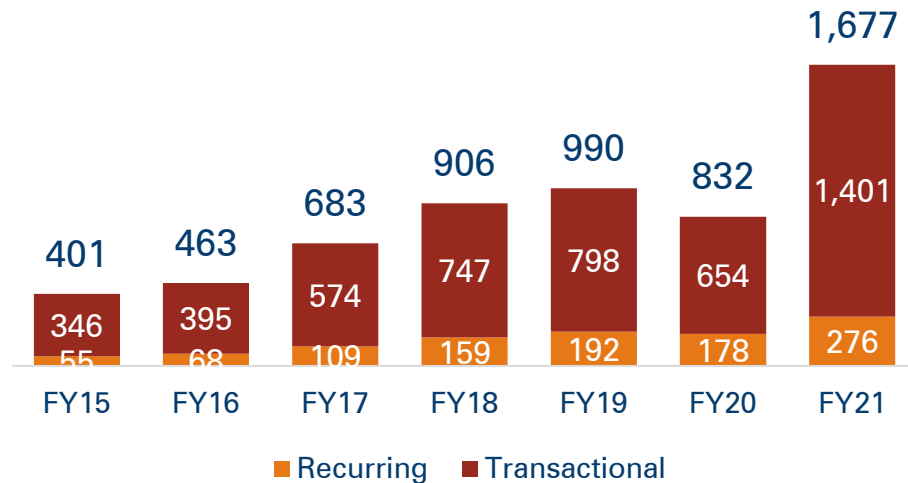
1. Group of products which are being focused on to grow overall distribution revenue and include insurance, PMS, AIF, bonds, NPS, deposits etc. and exclude income such as IPO, marketing fees and paid educational programs  
2. As at FY21, Sovereign gold bonds  
3. As at Dec 2020, Exchange traded funds  
Period: Q4-FY2021 vs Q4-FY2020; Sequential: Q4-FY2021 vs Q3-FY2021

# Business Performance

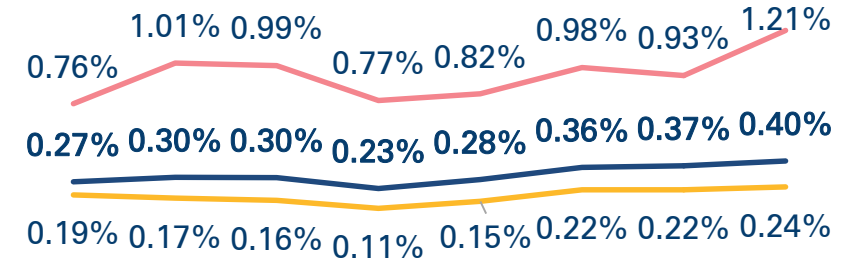
## Private Wealth Management

- Total AUM at ~₹ 1.68 tn, up 102%
- Total Revenue at ₹ 1.58bn, up 82%
- Overall yield\* at 0.40% compared to 0.37% in Q4FY20
- Clients: ~47,400; 4,700+ clients added during the quarter

### Wealth Management Assets (₹ bn)



### Wealth Management Revenue (₹ bn)



Period: Q4-FY2021 vs Q4-FY2020; Sequential: Q4-FY2021 vs Q3-FY2021  
 \*Yields are on average assets for the current & preceding period, quarterly yields are annualized

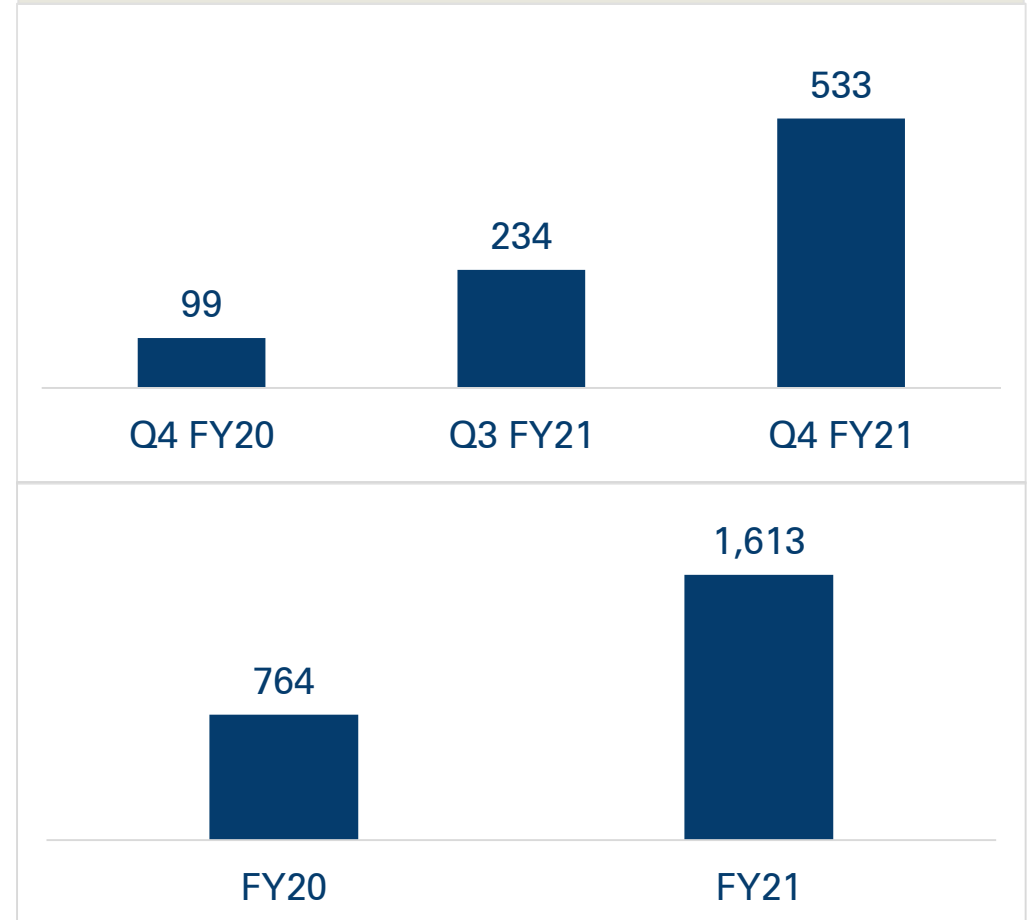


# Business Performance

## Issuer Services and Advisory

- Issuer Services & Advisory revenue up by 441%
- Executed 15 Investment banking deals in Q4-FY21 vs 2 in Q4-FY20
- #1 in IPO/FPO/ InvIT/ REIT<sup>1</sup> issuance, 78% market share
- #2 in merger market league table<sup>2</sup>
- Strong IPO<sup>3</sup> pipeline, 10 deals amounting over ₹178 bn
- Continued focus on building non-IPO revenue

### Revenue (₹ million)



1. Source: Prime database, FY21
2. Source Merger market, Amongst domestic financial advisors in terms of number of deals, FY21
3. IPO:IPO/FPO/InvIT/REIT, Source: SEBI

\*Period: Q4-FY2021 vs Q4-FY2020; Sequential: Q4-FY2021 vs Q3-FY2021

# Way forward

## Core components of strategy remain intact

We continue to focus on all five anchors of our strategy, following areas require immediate 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 & enhance customer experience

### Continued focus on operating leverage

- Contain fixed costs and variabilisation of expenses
- 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 frontloaded the opportunity and reaffirmed our strategy of providing comprehensive financial services to a retail Indian—powered digitally—in an open architecture format

# 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	Q4-FY20	Q3-FY21	Q4-FY21	Y-o-Y%	FY20	FY21	Y-o-Y%
<b>Revenue</b>	<b>4,819</b>	<b>6,200</b>	<b>7,393</b>	<b>53%</b>	<b>17,249</b>	<b>25,862</b>	<b>50%</b>
Operating Expenses	408	413	807	98%	1,167	1,950	67%
Employee benefits expenses	1,397	1,297	1,059	-24%	5,338	5,880	10%
Other expenses	649	659	808	24%	2,351	2,651	13%
<b>Total operational expenses</b>	<b>2,454</b>	<b>2,369</b>	<b>2,674</b>	<b>9%</b>	<b>8,856</b>	<b>10,481</b>	<b>18%</b>
Finance Cost	288	253	306	6%	864	1073	24%
<b>Total expenses</b>	<b>2,742</b>	<b>2,622</b>	<b>2,980</b>	<b>9%</b>	<b>9,720</b>	<b>11,554</b>	<b>19%</b>
<b>Profit before tax</b>	<b>2,077</b>	<b>3,578</b>	<b>4,413</b>	<b>112%</b>	<b>7,529</b>	<b>14,308</b>	<b>90%</b>
Tax	518	908	1,118	116%	2,109	3,631	72%
<b>Profit after tax</b>	<b>1,559</b>	<b>2,670</b>	<b>3,295</b>	<b>111%</b>	<b>5,420</b>	<b>10,677</b>	<b>97%</b>
Other Comprehensive Income (OCI)	(19)	1	27		(59)	25	
<b>Total Comprehensive Income (TCI)</b>	<b>1,540</b>	<b>2,671</b>	<b>3,322</b>	<b>116%</b>	<b>5,361</b>	<b>10,702</b>	<b>100%</b>





# Segment performance

(₹ million)

Particulars	Q4-FY20	Q3-FY21	Q4-FY21	Y-o-Y%	FY20	FY21	Y-o-Y%
<b>Segment Revenue</b>							
Broking & Distribution <sup>1</sup>	4,615	5,792	6,729	46%	15,939	23,585	48%
Issuer Services and Advisory <sup>2</sup>	99	234	533	441%	764	1,613	111%
Treasury <sup>3</sup>	105	174	131	25%	398	664	67%
<b>Income from operations</b>	<b>4,819</b>	<b>6,200</b>	<b>7,393</b>	<b>53%</b>	<b>17,249*</b>	<b>25,862</b>	<b>50%</b>
<b>Segment Profit before tax</b>							
Broking & Distribution <sup>1</sup>	2,283	3,396	4,022	76%	7,354	13,124	78%
Issuer Services and Advisory <sup>2</sup>	(41)	74	338	NA	177	812	360%
Treasury <sup>3</sup>	(165)	108	53	NA	(150)	372	NA
<b>Total Result</b>	<b>2,077</b>	<b>3,578</b>	<b>4,413</b>	<b>112%</b>	<b>7,529*</b>	<b>14,308</b>	<b>90%</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 ₹148mn pertaining to interest on income tax refund is not allocated to any segment and is included in total revenues and results of FY2020

Period: Q-o-Q: Q4-FY2021 vs Q3-FY2021; Y-o-Y: Q4-FY2021 vs Q4-FY2020



# Balance sheet : Assets

(₹ million)

<b>ASSETS</b>	<b>At March 31, 2020</b>	<b>At Dec 31, 2020</b>	<b>At March 31, 2021</b>
<b>Financial assets (A)</b>	<b>39,861</b>	<b>58,638</b>	<b>77,851</b>
Cash/Bank and cash equivalents	24,114	31,803	38,792
Securities for trade & Derivatives financial instrument	8,351	3,266	4,662
Receivables	887	4,458	4,586
Loans	5,709	18,352	29,015
Investments	25	28	29
Other financial assets	775	731	767
<b>Non-financial assets (B)</b>	<b>4,567</b>	<b>4,103</b>	<b>3,958</b>
Deferred tax assets (net)	596	666	560
Right-of-use assets	1,529	1,047	962
Fixed assets, CWIP & Intangible assets	532	702	726
Current tax assets & other non financial assets	1,910	1,688	1,710
<b>Assets (A+B)</b>	<b>44,428</b>	<b>62,741</b>	<b>81,809</b>



# Balance sheet : Equity and Liabilities

(₹ million)

<b>EQUITY AND LIABILITIES</b>	<b>At March 31, 2020</b>	<b>At Dec 31, 2020</b>	<b>At March 31, 2021</b>
<b>Financial liabilities (A)</b>	<b>26,193</b>	<b>40,630</b>	<b>57,009</b>
Payables	6,926	10,423	10,265
Derivative financial instruments	-	1	5
Debt securities	14,975	22,336	35,210
Borrowings (Other than debt securities)	-	600	-
Lease liabilities	1,574	1,134	1,061
Deposits & Other financial liabilities	2,718	6,136	10,468
<b>Non-financial liabilities (B)</b>	<b>6,140</b>	<b>7,253</b>	<b>6,579</b>
<b>Equity (C)</b>	<b>12,095</b>	<b>14,858</b>	<b>18,221</b>
Equity share capital	1,611	1,611	1,611
Other equity	10,484	13,247	16,610
<b>Equity and Liabilities (A+B+C)</b>	<b>44,428</b>	<b>62,741</b>	<b>81,809</b>



# Additional data points

Particulars	Q1- FY20	Q2- FY20	Q3- FY20	Q4- FY20	FY- 2020	Q1- FY21	Q2- FY21	Q3- FY21	Q4- FY21	FY- 2021
Equity market ADTO <sup>1</sup> (bn)	279	273	308	338	300	454	470	471	573	492
Derivative market ADTO <sup>1</sup> (bn)	8,389	9,403	9,362	10,265	9,370	9,183	12,145	16,477	22,572	15,094
Total market ADTO <sup>1</sup> (bn)	8,668	9,676	9,670	10,603	9,670	9,637	12,615	16,948	23,145	15,585
ISEC total ADTO (bn)	641	711	846	851	764	867	1118	1,093	732	958
ISEC Blended market share (%)	7.4%	7.3%	8.7%	8.0%	7.9%	9.0%	8.9%	6.5%	3.2%	6.1%
ISEC Blended Equity market share (%)	8.1%	8.7%	8.9%	9.1%	8.7%	10.7%	11.1%	10.5%	9.6%	10.4%
ISEC Blended Derivative market share (%)	7.4%	7.3%	8.7%	8.0%	7.9%	8.9%	8.8%	6.3%	3.0%	6.0%
Mutual fund average AUM (bn)	368	358	375	345	362	318	352	383	413	367
Mutual fund average Equity AUM (bn)	274	263	279	254	268	236	262	287	314	275
Life Insurance Premium (mn)	1,483	1,982	1,865	2,653	7,983	1,231	1,729	1,783	2,909	7,653



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

**ICICI SECURITIES LIMITED**

Earning Conference Call  
Quarter ended March 31, 2021 (Q4-FY21)

April 21, 2021

**Operator remarks**

Good evening ladies and gentlemen and welcome to the Earnings Conference Call of ICICI Securities Limited for the quarter ended March 31, 2021.

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. Kedar Deshpande – Head Retail Distribution, Product & Services Group, Mr. Anupam Guha – Head Private Wealth Management, Mr. Subhash Kelkar – Chief Technology & Digital Officer, Mr. Ketan Karkhanis – Head Retail Distribution business and Mr. Prasannan Keshavan – Head Operations.

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 fourth quarter earnings Call for fiscal 2021.

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

As we have all experienced, FY21 was an unusual year and at a time like this, I feel it is imperative for us to reassess the opportunity that ISEC has been pursuing. As we do this, we find that the medium term drivers of the opportunity which include increase in financialisation, preference towards equities, increasing formalisation and growing affluence, remain intact. In fact, pandemic seems to have frontloaded the digital aspects of the opportunity as is reflected in growing participation from new comers in the financial markets and increasing penetration of financial products in tier II & III cities.

Having said that let us now shift the attention to our quarterly performance, I am sure by now you would have already perused through our quarter four results. Our company has continued progressing on its strategy and we are very pleased to report that for the current quarter, our company's Q4-FY21 revenue stood at ₹7.4bn, a growth of 53% and Profit After Tax (PAT) stood at ₹3.3bn, a growth of 111%. We continued to focus on enhancing operating leverage, resulting in reduction in branch and employee count, consequently bringing down our cost to income ratio to 40% and increasing our ROE further to 81%.

We are happy to report that following these results, our Board of Directors have approved a final dividend of ₹13.5 per share vs ₹6.75 per share last year, taking our total FY2021 dividend to ₹21.5 per share up from ₹11 per share last year, resulting in dividend payout ratio of 65%.

As we look back at FY21, it will be important to point out that we have further strengthened our franchise and our client base has increased to 5.4mn. Assets of our clients with us grew by 85% to over ₹3.8 trillion, driven by all-round growth across businesses.

Our asset light business model has held us in good stead and has inherent strengths like virtually no inventory and supply chain risk, low credit and receivables risk, strong liquidity position; all of which are very desirable aspects particularly in the current environment.

Further, our business model is highly digital and scalable, with more than 96% of mutual fund transactions and virtually all equity transactions are done online. In addition to this in the current year, our business has become more open architecture with the introduction of digital sourcing, addition of new health insurance partners, new distribution partners like Federal bank. We now distribute more than 50 products and services through our platform. These aspects of our business model has helped us generate a high ROE and also helped a diversified retail revenue stream from our clients.

Our digital sourcing engines have started adding customers at a faster pace and have helped us more than triple our monthly sourcing run rates as we are exiting the fiscal year. It is also interesting to note that ~52% of the customers acquired in FY21 were below 30 years of age and more than 65% came in from tier II & III cities. All in all in FY2021 our franchise strengthened, our business become more open architecture and we added more products, helping us diversify our revenues across various retail product revenue streams.

**Let us now have a brief look at the market environment along with some important updates and performance of our business segments for the quarter:**

Equity markets continued their strong run, benchmark index NIFTY increasing by 5% in the quarter. Over 5.3mn new demat accounts were opened in this quarter and equity and derivative ADTO increased by 70% and 120% YoY respectively. Buoyancy in equity capital markets continued and we saw 45 deals in the current quarter as compared to 13 in Q4-FY20. On the regulatory front, the second phase of new uniform margin norms was implemented across industry from March 2021. Over the years we have witnessed that the regulatory changes have led to an orderly growth of the market. What we have also experienced is in instances where volumes get impacted upon implementation of new norms of regulations; typically they resume growth after a transitory phase.

In line with this trend, we find that the equity ADTO for the industry declined in March 2021 vs Feb 2021, whereas the ADTO for derivative segment was largely unaffected. It is interesting to note that, equity ADTO for March was at levels similar to that of Nov 2020 and the derivative ADTO was higher than Nov 2020, just before the first phase of these norms were implemented, reflecting the resilience of the market and also the trend that I spoke about.

In the backdrop of these developments in the industry during the quarter, our efforts to invest resources and scale up digital sourcing has started to show results. We added ~3.5 lac customers in the current quarter, our highest ever in a quarter, driven by the digital channel adding ~ 2.25 lac customers in the quarter, up from ~38,000 in Q3-FY21. We have diversified our sourcing mix with our non-ICICI Bank sourcing channels, i.e. digital sourcing, business partners channel and our own RM network together are now contributing more than 55% of accounts sourced. Our persistent focus on quality has helped us achieve an activation ratio of 84% for the quarter ended Mar 31, 2021.



The scale up in our sourcing coupled with healthy adoption of our product propositions has resulted in our NSE active client base growing by 47% YoY to 1.58 million as at Mar 31, 2021. We added approximately 145k NSE active customers in March, achieving an incremental market share of ~16% in March 2021, up from ~1.5% in April 2020.

**In our equities business**, as a result of implementation of phase 2 of margin regulations we did see some de growth in equity and derivative turnover for March as compared to February. Our market share in equity increased by 50bps YoY; however, it was down sequentially by 90bps. Our market share in derivatives for the quarter fell by 40 bps from the December 2020 levels.

The reduction in market share is primarily on account of the new margin norms which has impacted one of the key differentiators for us i.e. being able to provide better leverage to our clients on back of our robust technology and risk management systems and also higher contribution of intraday in our product mix as compared to the market.

We are focused on driving market share and have adopted a multi-pronged approach / twin strategy for this important business segment. First we have launched Neo, an extremely competitive plan, targeted at attracting this price sensitive trading segment. Second, we have launched a plethora of tools and solutions like iTrack, iAlert, iLens and Payoff analyser which are important enablers for this segment. Last but not the least, growth in number of active clients by acquiring new clients and activating existing clients. We believe that these initiatives will position us strongly in this segment. Although, it may take a few quarters to witness the impact of measures to gain volume market share, initial signs are encouraging as we are witnessing traction in customer share.

Our revenue in this business increased by 38% year on year driven by higher equity

ADTO which grew by 78% YoY. On a sequential basis, the retail brokerage revenue increased by 7% despite the lesser number of trading days in the current quarter.

The growth in revenue, despite a decline in market share, was primarily driven by

- i. growth in number of customers trading
- ii. better volume mix of segments not impacted by margin norms like delivery volumes
- iii. low revenue salience of the volumes impacted by margin norms e.g. decline in derivative revenue in March as compared to February represents just 1% of total equity revenue for March and lastly
- iv. Our focus on non-brokerage streams of income, like interest income from ESOP & MTF books which doubled YOY, NEO subscription fees, Prime fees and other fees and charges has helped us diversify our equities business. These allied sources combined are now contributing 20% to our retail equities and allied revenue vs 15% in Q4-FY20.

In order to augment our monetising capability and to enhance customer experience, we launched a slew of initiatives recently. We launched global investing platform which has attracted ~3,900 customers and remittances of ~\$ 14Mn. Our one click investments are being appreciated by the customers and ~85k equity portfolios have been subscribed till date. We also expanded our portfolio by launching commodities, where we have added 50k customers since its launch. Our partnership with Federal Bank for offering 3-in-1 accounts will add momentum to diversification of new account sourcing going forward.

Our institutional equities revenue grew by 30% YoY aided by consolidating our position among the top domestic institutions and strengthening FII franchise.

**Our Issuer Services and Advisory business** revenue increased by 441% YoY as we executed 15 investment banking deals in the current quarter as compared to 2 deals a year ago. For FY2021, we were ranked number 1 in IPO/FPO/ InvIT/ REIT issuance

with a market share of 78% and were ranked number 2 amongst domestic financial advisors by number of deals in merger market league table.

**Moving to the distribution business,** gross flows for the industry into mutual funds remained subdued and were down by 37% YoY. While there were net outflows in the industry; equity mutual funds witnessed net inflows after a gap of 7 months in the month of February and the flows increased further in March. Also, monthly SIP inflows reached record highs of ₹92 billion in March 2021.

Our Mutual fund revenue grew by 22% aided by our sustained focus on the input parameters. Our market share on overall gross flows increased from 0.18% to 0.31% and on SIP flows from 3.29% to 4.05%.

We are pleased to report that we disbursed total loans worth ₹ 5.3 bn, our highest ever quantum of loans for the quarter, as compared to ₹ 2.2 bn during the fourth quarter last year.

Our non-MF revenue grew 29% YoY, aided by strong growth across investment products like PMS, Sovereign Gold Bonds, AIF, life insurance and loan products. As a result of growth in our mutual fund and non-MF distribution income, our overall distribution income registered a growth of 22% YoY.

We are continuously working on improving customer experience and launched various initiatives in this direction. Our one click solution, aimed at simplifying the experience of mutual funds for our customers, now contributes to 16% of new SIPs and has been a key contributor to strong growth in our SIP market share. We launched our ICICIdirect Money app targeted at mutual fund investors to simplify and decongest their investing journey. We went open architecture on health insurance which helped us scale the number of policies sold by 4x year on year. Our focus on micro-segmenting our client base and providing a personalized experience using analytics,

new age tools etc. has helped us improve our NPS scores and cross sell ratio. Our cross sell ratio increased to 1.78 versus 1.64 in Q4 last year. During this quarter, our customers with two or more products increased to more than 1 million, up 10% YoY. The increased engagement was reflected by our overall active customers that increased to 1.91 million, a growth of 29% YoY.

**Our wealth management business**, registered revenue growth of 82% driven by increase in total assets of our clients to ₹ 1.7 trillion, a growth of 102% YoY and increase in yields to 0.40% from 0.37% a year ago. We added 4,700+ clients to our wealth business segment taking total clients to ~47,400. We also scaled up our proprietary PMS AUM to ₹ 2.2 bn, a growth of ~100% YoY. We introduced Premium portfolio, a curated research backed solution for HNI clients, on boarded over 500 HNI customers.

To sum up, we believe pandemic has frontloaded the digital narrative and accelerated the market opportunity. Digital infrastructure, analytics and behaviour shifts are coming together imaginatively and we at ISEC are very well positioned to take advantage of this opportunity with help of our articulated strategy in a digital and open architecture format.

I would like to end our commentary and open the call for questions that you may have.

Thank you.