

April 24, 2019

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

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

Dear Sir/Madam,

**Sub:** Outcome of earnings call held for results for the quarter & financial year ended March 31, 2019

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

This is further to our letter dated April 19, 2019 regarding the earnings call which was scheduled to be held on April 23, 2019.

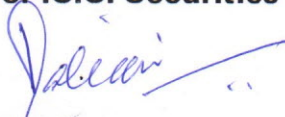
Please find enclosed herewith the investor presentation and the opening remarks for the earnings call held on April 23, 2019 to discuss the financial results for the quarter and financial year ended March 31, 2019.

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**



**Raju Nanwani**  
**Senior Vice President &**  
**Company Secretary**

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) 2288 2455

**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

**FY2019**

April 23, 2019

# Natural beneficiary of transforming savings environment

- **Leading equity broker in India<sup>1</sup> powered by ICICIdirect**
- **Strong online presence aided by pan India distribution**
- **2<sup>nd</sup> largest non - bank mutual fund distributor<sup>2</sup>**
- **Garnering scale in wealth management business**
- **Leading investment bank in equity capital market<sup>3</sup>**



1. By brokerage revenue; 2. Source: AMFI (in terms of revenue), period: FY2018

3. Equity Capital Market (ECM): IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale

# Agenda

- FY2019 in perspective
- Business performance
- Industry



# Agenda

- **FY2019 in perspective**
- Business performance
- Industry



# Strong FY2018 base year followed by challenging FY2019

## Secondary market

- Risk aversion in midcap and small cap
- Decline in delivery turnover<sup>1</sup> by 11%

## Primary market

- ECM<sup>2</sup> market dried up; mobilisation down by 70%
- IPOs (including InvITs and REITs) down to 17 as compared to 47 in FY2018

## Distribution

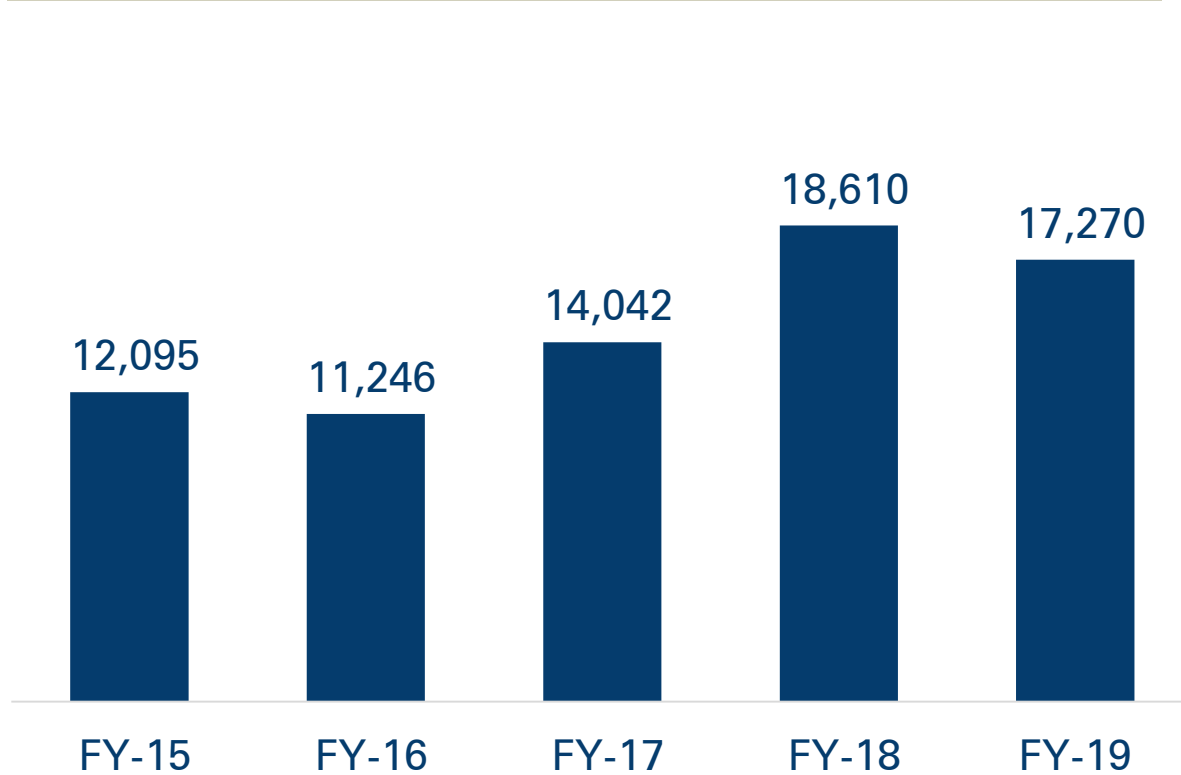
- MF revenue impacted due to regulatory change
- Retail flows in equity MFs down by 22%



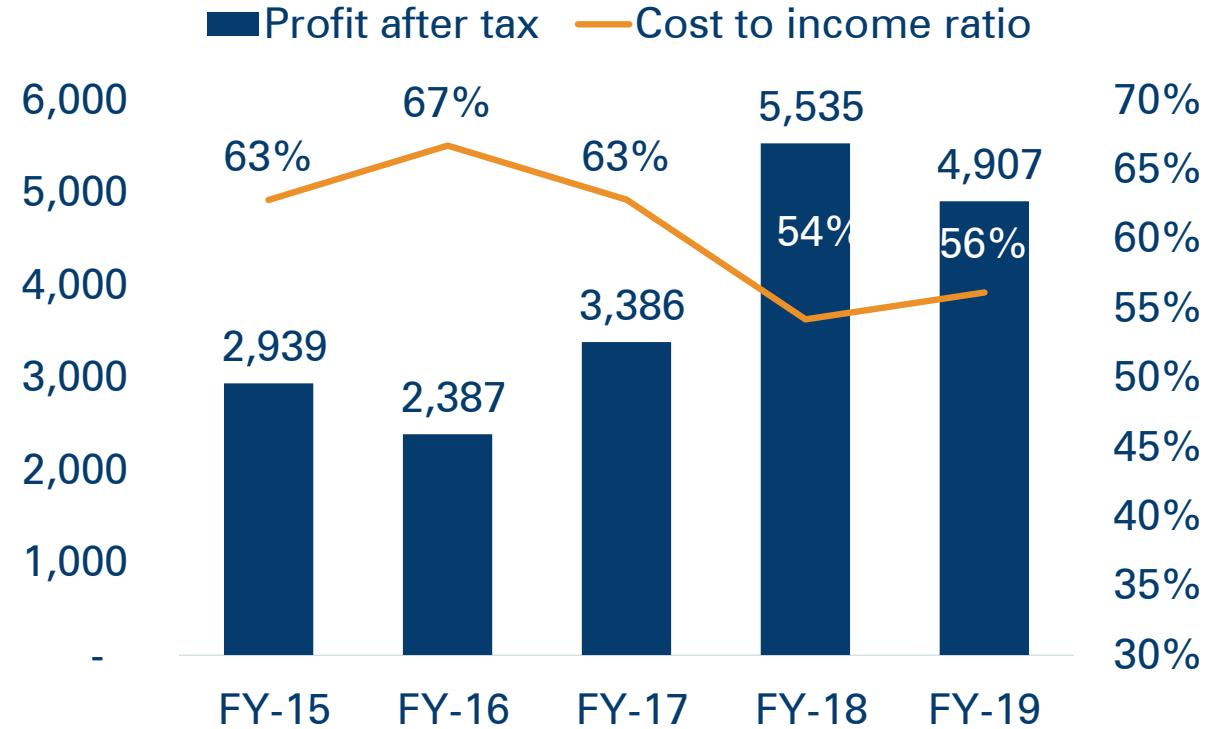
Period: FY2019 vs FY2018; 1. Daily average turnover 2. ECM: IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale, Source: Prime Database, SEBI, NSE, BSE, AMFI

# Second highest year in terms of revenue and profits

Revenue (₹ million)



Profit after tax (₹ million)



Equity dividend including proposed final dividend for FY2019: ₹ 9.4 per share; Payout ratio ~62%



# Focus on lead indicators

- Growth in active client base; strong customer acquisition
- Broking market share at 8.5%, sequentially up by 50 bps
- Overall average MF AUM growth higher than market
- Strong IPO pipeline; continue to grow advisory deals

FY2019: Used challenging year to move in strategic direction



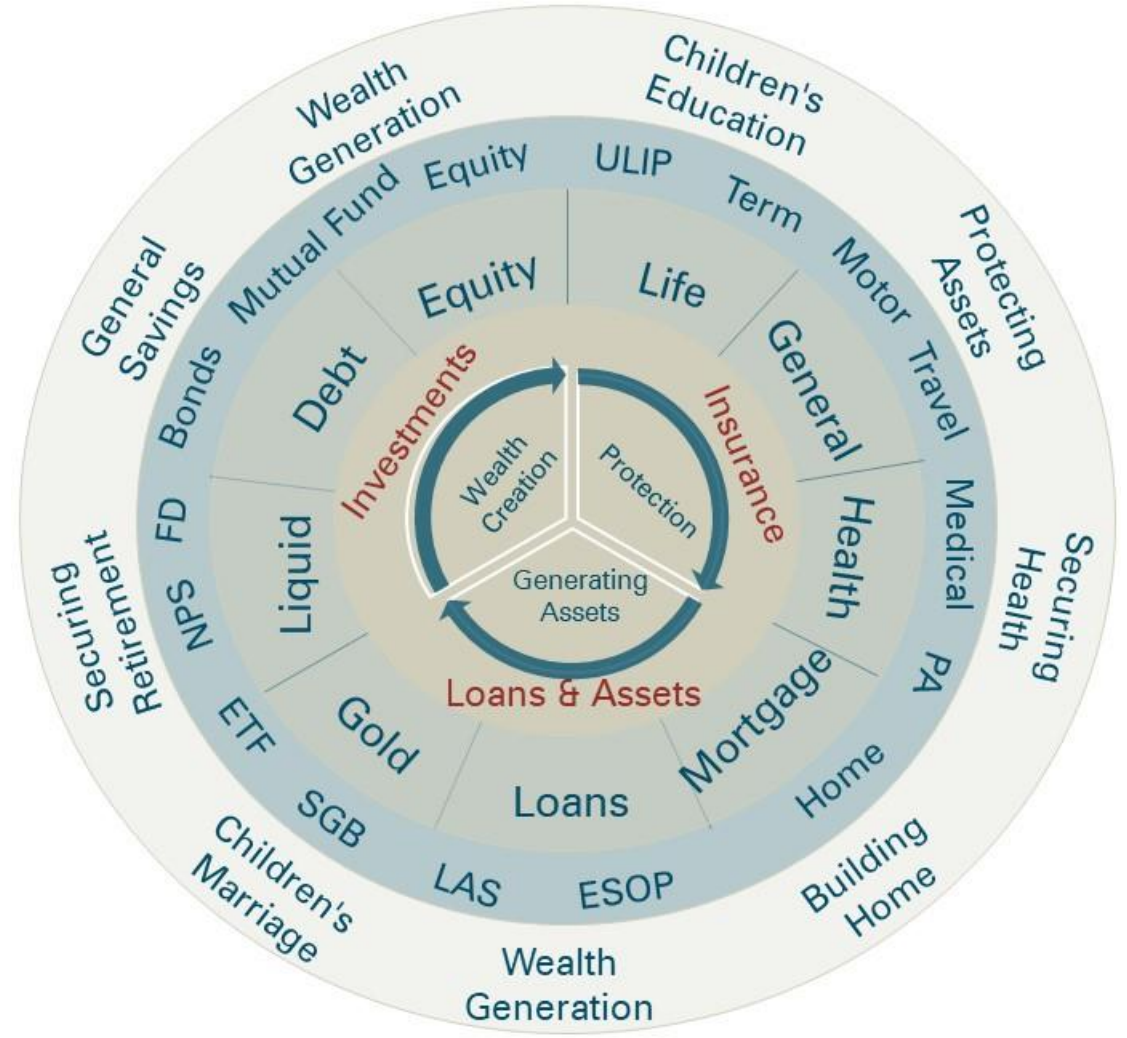


# Our strategy

**Guiding Principle**  
Customer Lifecycle and Trust

**Customer Acquisition** + **Customer Engagement**

**Enabler**  
Digital Openness



# Strategy: Client acquisition

## Reach

- **Increase reach by strengthening on successful partnership with Bank:**
  - Increasing bank branch coverage
  - Integrating with bank for tab based account opening
  - Digital integration

## Brand and digital pull

- **New age customer:**
  - Invest in brand
  - Create digital pull and delivery using e-infrastructure

## Bharat focused

- **Focused on self employed across the country:**
  - Delivery through select branch network
  - Greater focus on business partner channel

## Affluence

- **Improving reach:**
  - Targeted geographical presence of wealth & premier location
  - Reaching NRI customers online and offline



# Strategy update: Client acquisition

## Reach

- **Revenue sharing arrangement with bank**
  - Arrangement similar to business partner channel
- **T20: Tab based account opening**
  - Good initial response

## Brand and digital pull

- **New website interface**
  - New information architecture
  - Tools to assist in decision making

## Bharat focused

- **Mobile application for business partners launched in Q3-FY2019**
  - Better service delivery by partners to client; improved scalability

## Affluence

- **D2U: Launched MF direct plan**
  - Better traction with HNI

To result in significant improvement in client acquisition



# Strategy: Client engagement

## Product choice

- **Complete suite across market verticals**
  - Enhance current range
  - Enhance choice: adding partners on different products
- **Advisory based solution for UHNI**

## Price

- **eATM: Balance pricing with value proposition**
- **Make tangible liquidity/brokerage benefit by offering alternate product and features**

## Personalization

- **Personalized user experience**
- **Personalized offerings**
- **Managing wealth holistically including tax and portfolio management**

## Loyalty

- **Reward programme to strengthen relationship with loyal customer base**



# Strategy update: Client engagement

## Product choice

- **Move in to manufacturing of PMS**
  - Innovative product offering, better client engagement
- **Completed the insurance portfolio**
  - Added Religare & Star health

## Price

- **eATM: BSE launched in Q3-FY2019**
- **New Prepaid plans: Change in pricing in retail broking business**

## Personalization

- **Analytics based product push**

## Loyalty

- **Launched Prime: Loyalty programme for broking clients**

**Benefit from cross sell and upsell opportunities**



# Digital openness

## Technology readiness

- **Fintech strategy: Building partnership for future development**
  - A deep-dive research on fintech strategies and collaboration programs of brokerage and wealth management firms across the globe
- **Seamless API based integration with partner system: Religare, ICICI Lombard`**

## Automation through the ecosystem

- **Multiple payment methods (UPI): Mutual fund investment and IPO ASBA**
  - Available also for non ICICIdirect clients
- **Automation of process across client acquisition & engagement, mid/front office and employees outlook**



# Key take away

Improved client acquisition and onboarding experience



Increase in productivity

Client engagement initiative



Cross sell and upsell opportunity/increase in revenue

Fintech and automation



Technology readiness for faster adoption



# Agenda

- FY2019 in perspective
- **Business performance**
- Industry

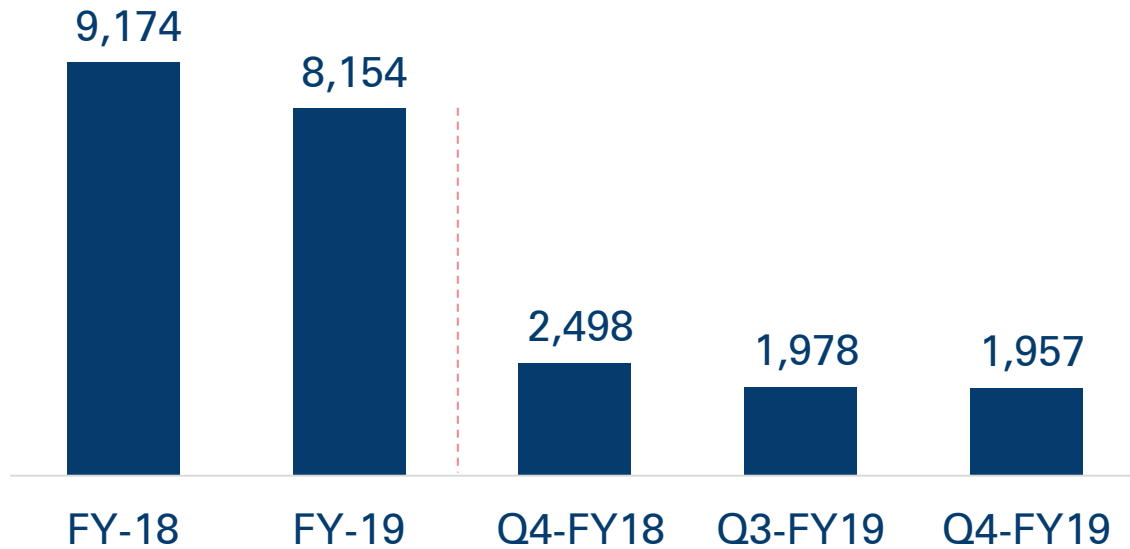




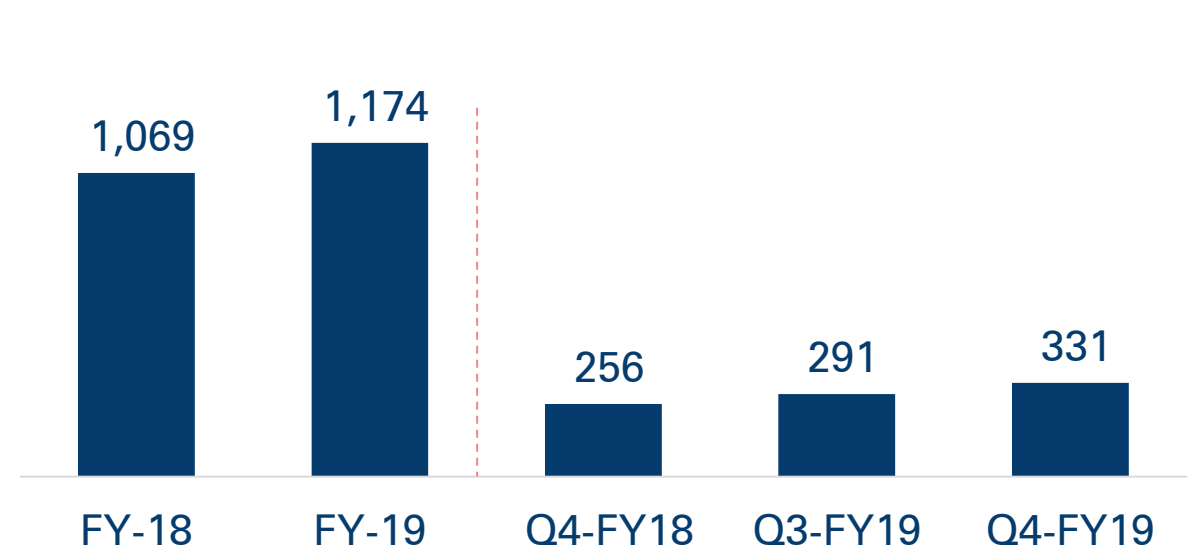
# Retail led equity broking franchise

- Revenue declined due to subdued market conditions
- Institutional broking revenue increased by 10%; traction in block deals

Retail Brokerage (₹ million)



Institutional Brokerage (₹ million)

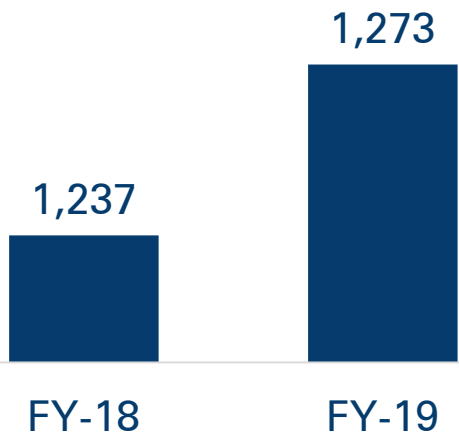


# Growing client base and engagement

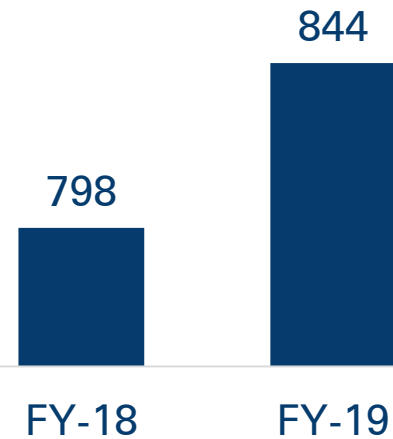
- 3% increase in overall active client; 6% increase in NSE active clients<sup>#</sup>
- 0.45 million new client acquired; 4.4 million strong base of operational accounts
- 8.5% market share, sequentially up from 8.0% to 8.5%

## Growth in active client base; overall and equity (in '000)

Overall active client

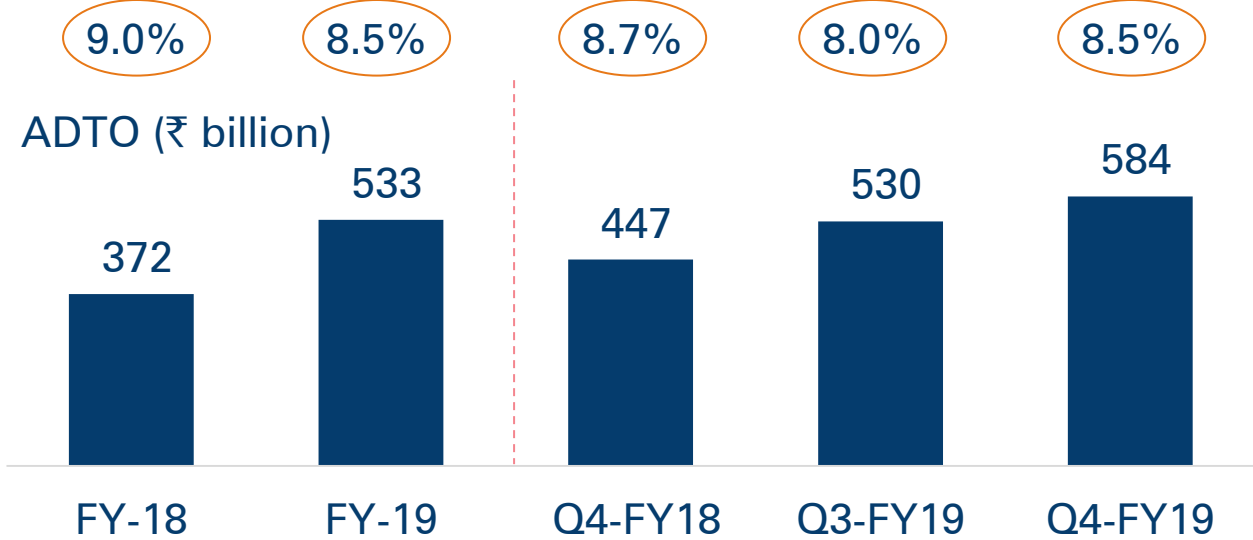


NSE active client<sup>#</sup>



## Lower participation in derivative segment resulting in lower market share

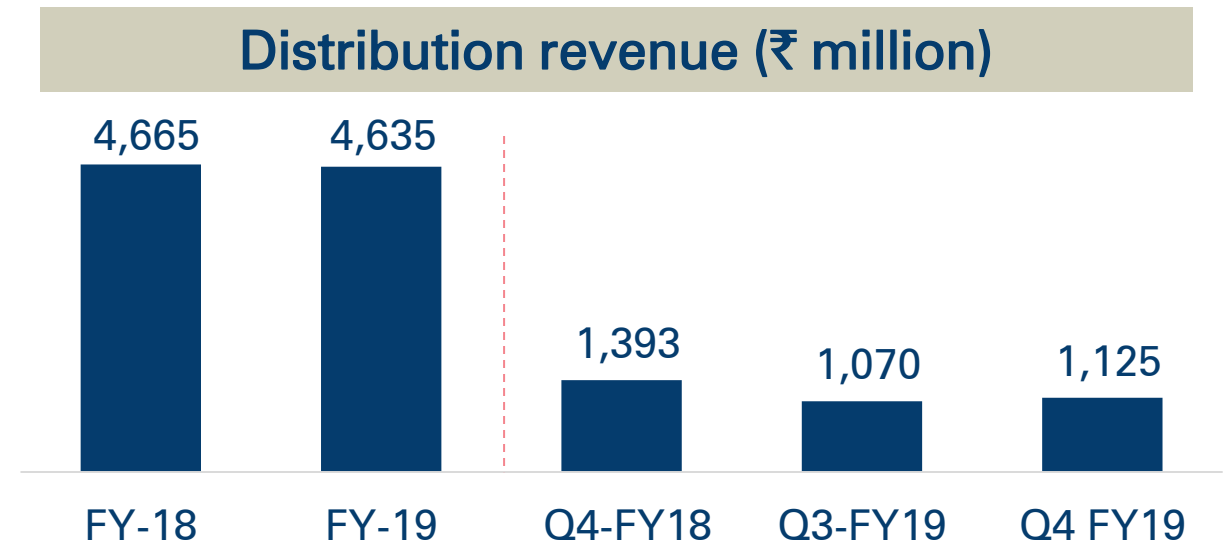
ADTO (₹ billion)



<sup>#</sup>Source: NSE, Trailing 12 month; Period: FY2019 vs FY2018; SEBI, BSE

# Distribution business helping diversify revenues

- Revenue largely flat
  - 5% decline in MF
  - 7% growth in non MF revenue
- Revenue contribution at 27% from 25%



## Strong online presence aided by pan India distribution

- Presence over 75+ cities with ~200 branches
- Presence in 3,750+ ICICI Bank branches

- 1,200+ relationship managers and product specialists
- Wealth management solutions for HNIs/Family offices, 330+ member team

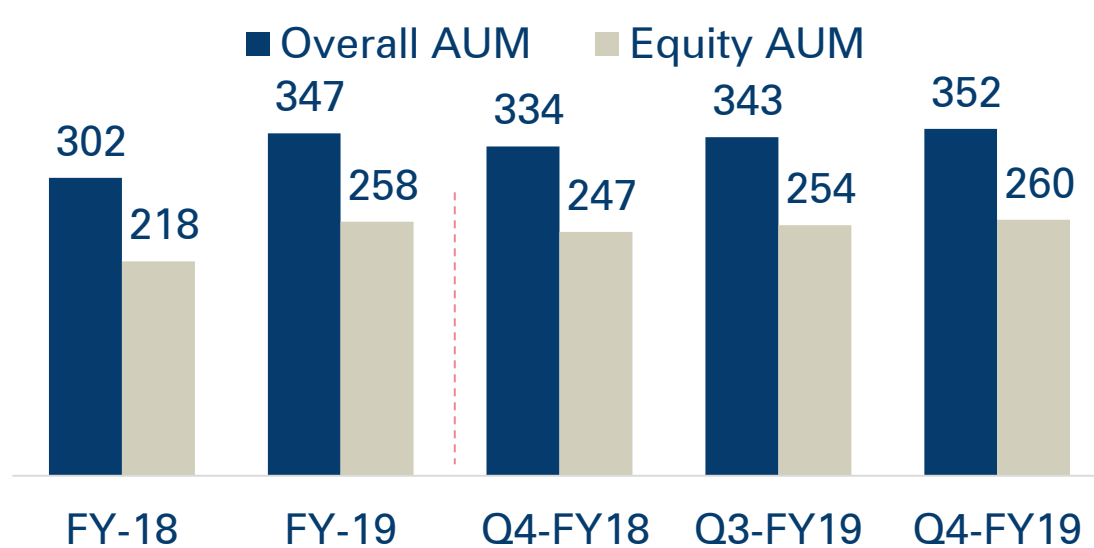
- Over 700+ cities with 7,100+ sub-brokers, authorized persons, IFAs and IAs
- Significant presence in the Tier-II and Tier-III cities



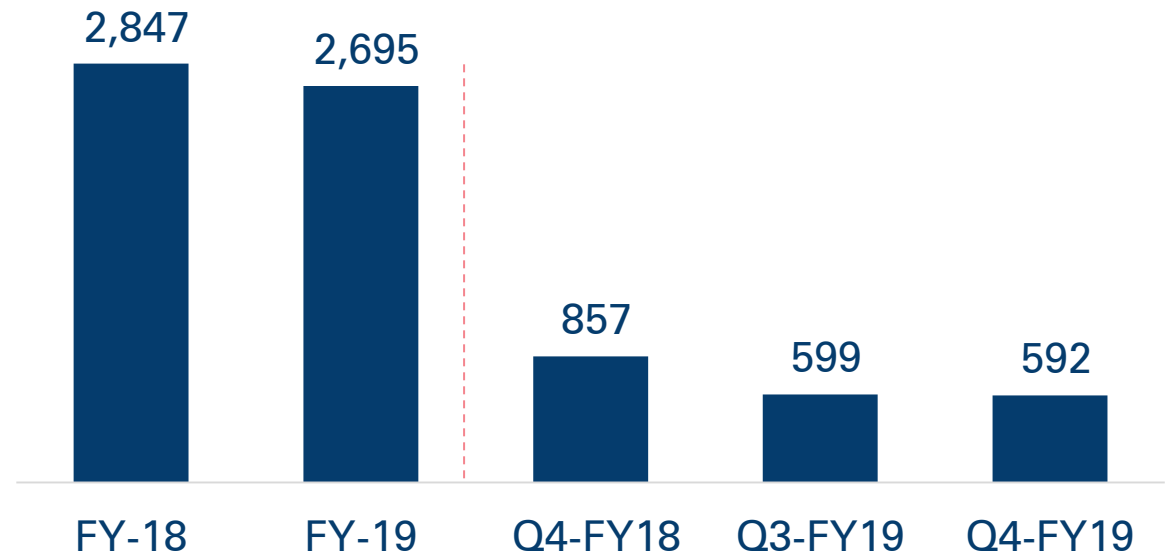
# Leading non-bank MF distributor

- Significant regulatory changes impacting MF commission
- 15% growth in MF average AUM vs. 12% in Market
- SIP count<sup>1</sup> for FY2019 is 0.67 mn increased by 5% from 0.63 mn in FY2018

MF Average AUM (₹ billion)

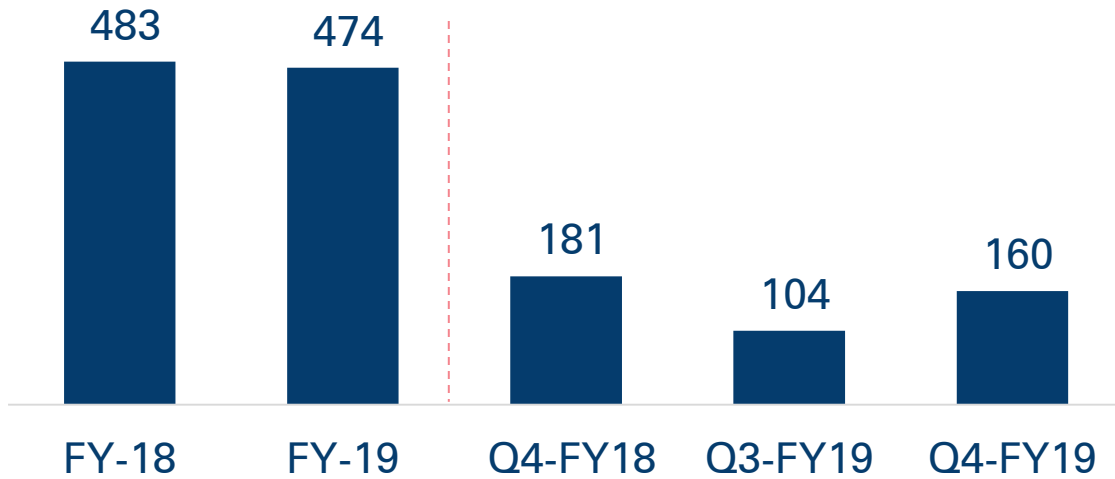


MF Revenue (₹ million)

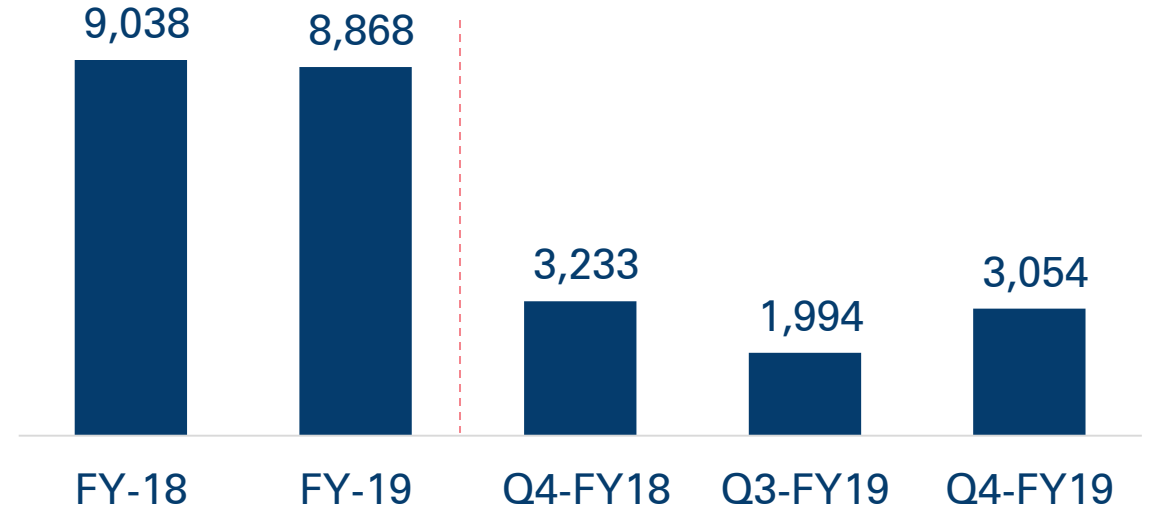


# Life Insurance

Revenue (₹ million)



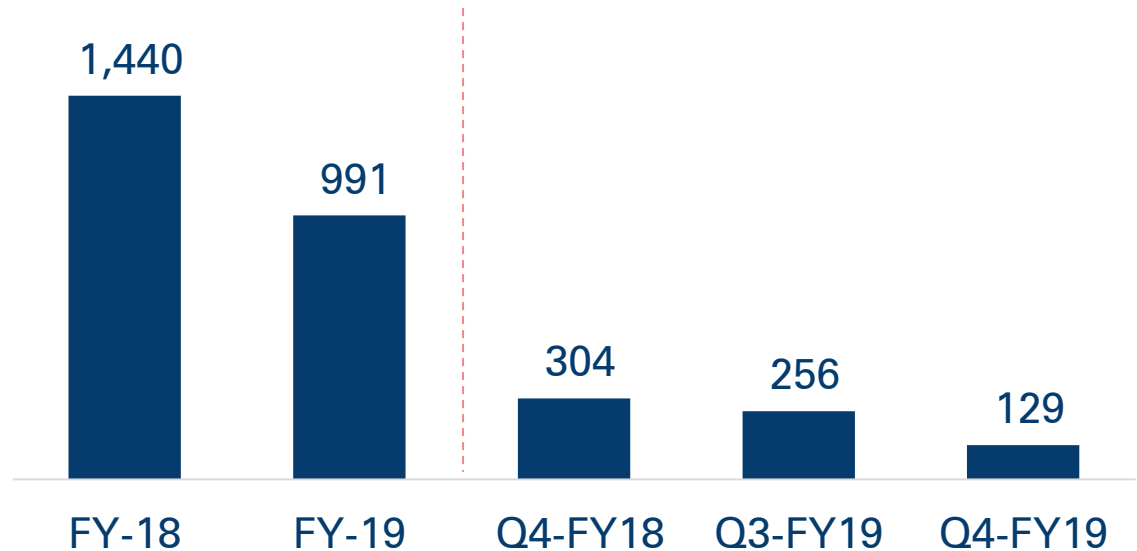
Premium (₹ million)



# Leading Investment Bank in India

- 34 Investment Banking deals vs 36 deals in FY2018
- 12 advisory deals compared to 5 deals in FY2018
- 70% decline in Market ECM mobilization amounting to ₹ 569 bn vs ₹ 1,899 bn in FY2018
- 31% decline in revenue
- Strong IPO pipeline, over 20 deals amounting over ₹ 250 bn

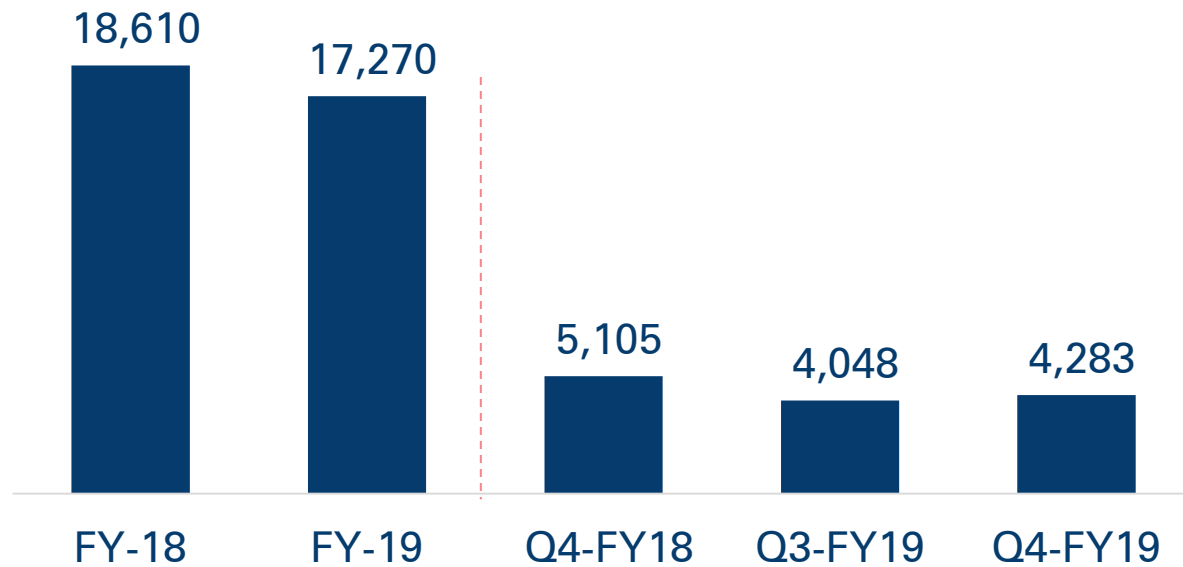
Corporate Finance revenue (₹ million)



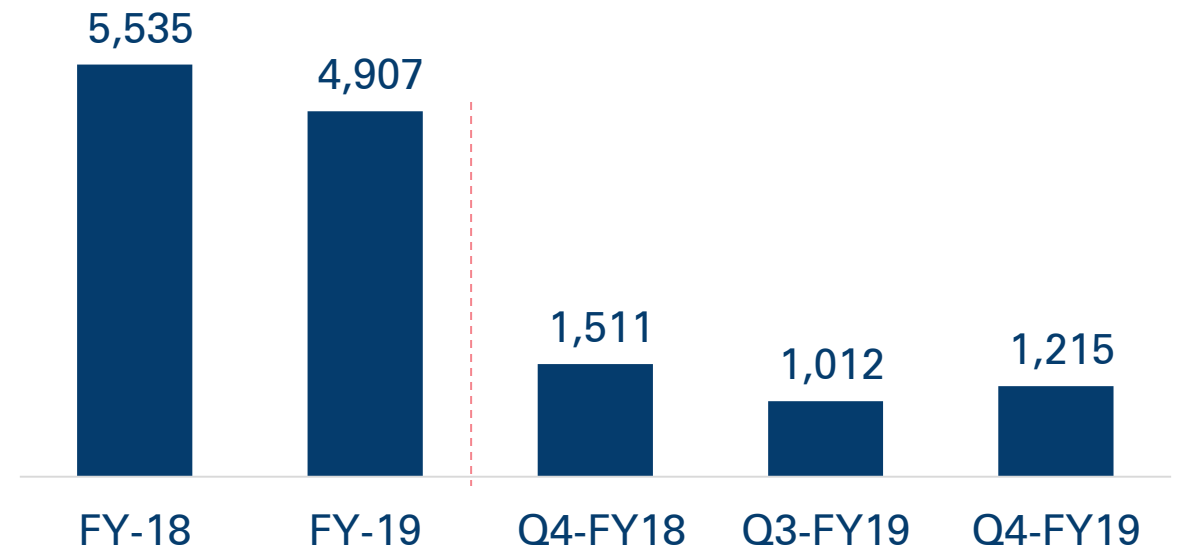
# Financial performance

- 7% decline in consolidated revenue, sequentially up by 6%
- 11% decline in consolidated PAT, sequentially up by 20%
- Cost to income ratio: 56%, absolute cost down by 4%

Revenue (₹ million)



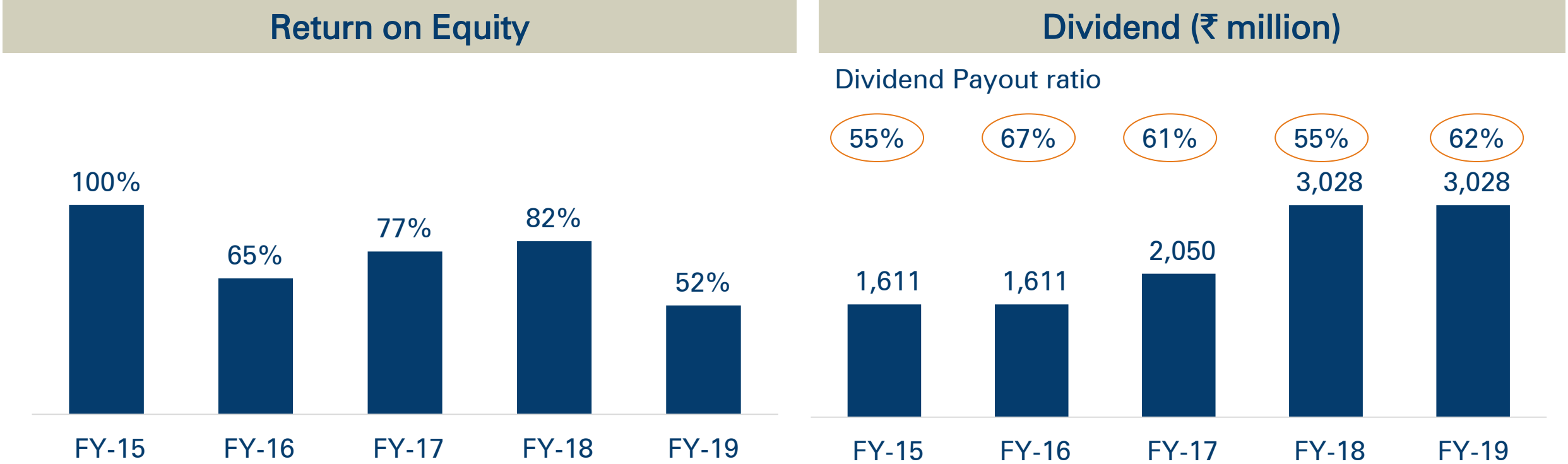
Profit after tax (₹ million)



Period: FY2019 vs FY2018

# Consistent dividend payout

- Return on equity: 52%
- Dividend of ₹ 9.4 per share for FY2019, payout ratio over 50% since FY15



Return on equity = PAT : Average networth excluding other comprehensive income and translation reserve

Equity dividend : FY 19 includes interim dividend and proposed final dividend

Dividend payout (%) = Dividend on equity shares / profit after tax



# Consolidated P&L: Y-o-Y

(₹ million)

Particulars	FY2018	FY2019	Y-o-Y%
<b>Revenue</b>	<b>18,610</b>	<b>17,270</b>	<b>(7)%</b>
Employee benefits expenses	5,504	5,545	1%
Operating expenses <sup>1</sup>	1677	1,253	(25)%
Finance costs	495	423	(15)%
Other expenses	2,410	2,477	3%
<b>Total Expenses</b>	<b>10,086</b>	<b>9,698</b>	<b>(4)%</b>
<b>Profit before tax</b>	<b>8,524</b>	<b>7,572</b>	<b>(11)%</b>
Tax expense	2,989	2,665	(11)%
<b>Profit after tax</b>	<b>5,535</b>	<b>4,907</b>	<b>(11)%</b>
<b>Other comprehensive income (OCI)</b>	<b>(16)</b>	<b>(26)</b>	<b>63%</b>
<b>Total comprehensive income (TCI)</b>	<b>5,519</b>	<b>4,881</b>	<b>(12)%</b>



Period: FY2019 vs FY2018, Revenue for FY2019 includes interest on income tax refunds amounting to ₹ 207 millions

1. Operating expenses include fees & commission expense and impairment on financial instruments

# Consolidated P&L: Quarter

(₹ million)

Particulars	Q4-FY18	Q3-FY19	Q-o-Q%	Q4-FY19	Y-o-Y%
<b>Revenue</b>	<b>5,105</b>	<b>4,048</b>	<b>6%</b>	<b>4,283</b>	<b>(16)%</b>
Employee benefits expenses	1,325	1,416	(6)%	1,328	0%
Operating expenses <sup>1</sup>	574	354	(14)%	306	(47)%
Finance costs	141	85	18%	100	(29)%
Other expenses	694	612	8%	660	(5)%
<b>Total Expenses</b>	<b>2,734</b>	<b>2,467</b>	<b>(3)%</b>	<b>2,394</b>	<b>(12)%</b>
<b>Profit before tax</b>	<b>2,371</b>	<b>1,581</b>	<b>19%</b>	<b>1,889</b>	<b>(20)%</b>
Tax expense	860	569	18%	674	(22)%
<b>Profit after tax</b>	<b>1,511</b>	<b>1,012</b>	<b>20%</b>	<b>1,215</b>	<b>(20)%</b>
<b>Other comprehensive income (OCI)</b>	<b>0</b>	<b>(6)</b>	<b>(33)%</b>	<b>(4)</b>	<b>-</b>
<b>Total comprehensive income (TCI)</b>	<b>1,511</b>	<b>1,006</b>	<b>20%</b>	<b>1,211</b>	<b>(20)%</b>



Revenue for Q4-FY19 includes interest on income tax refunds amounting to ₹ 207 millions

1. Operating expenses includes fees and commission expense and impairment on financial instruments

Period: Y-o-Y: Q4-FY19 vs Q4-FY18, Q-o-Q: Q4-FY19 vs Q3-FY19

# Segment performance: Y-o-Y

(₹ million)

Particulars	FY2018	FY2019	Y-o-Y%
<b>Segment Revenue</b>			
Broking & commission	16,882	15,807	(6)%
Advisory services	1,440	991	(31)%
Investment & trading	288	265	(8)%
<b>Income from operations</b>	<b>18,610</b>	<b>17,270<sup>1</sup></b>	<b>(7)%</b>
<b>Segment Result</b>			
Broking & commission	7,747	6,975	(10)%
Advisory services	657	253	(61)%
Investment & trading	120	137	14%
<b>Total Result</b>	<b>8,524</b>	<b>7,572<sup>1</sup></b>	<b>(11)%</b>

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

1.Unallocated Amount of ₹ 207 mn is included in total revenues and results of FY2019

Period: FY2019 vs FY2018



# Segment performance : Quarter

(₹ million)

Particulars	Q4-FY18	Q3-FY19	Q-o-Q%	Q4-FY19	YoY%
<b>Segment Revenue</b>					
Broking & commission	4,717	3,765	2%	3,835	(19)%
Advisory services	304	256	(50)%	129	(58)%
Investment & trading	84	27	-	112	33%
<b>Income from operations</b>	<b>5,105</b>	<b>4,048</b>	<b>6%</b>	<b>4,283<sup>1</sup></b>	<b>(16)%</b>
<b>Segment Result</b>					
Broking & commission	2,187	1,516	16%	1,757	(20)%
Advisory services	131	60	-	(122)	-
Investment & trading	53	5	-	47	(11)%
<b>Total Result</b>	<b>2,371</b>	<b>1,581</b>	<b>19%</b>	<b>1,889<sup>1</sup></b>	<b>(20)%</b>

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

1.Unallocated Amount of ₹ 207 mn is included in total revenues and results of Q4-19

Period: Y-o-Y: Q4-FY19 vs Q4-FY18, Q-o-Q: Q4-FY19 vs Q3-FY19



# Balance Sheet : Assets

(₹ million)

<b>ASSETS</b>	<b>At March 31, 2018</b>	<b>At Mar 31, 2019</b>
<b>Financial assets (A)</b>	<b>25,976</b>	<b>43,697</b>
Cash/Bank and cash equivalents	15,460	31,486 <sup>1</sup>
Securities for trade	380	2,563
Receivables	3,101	4,770
Loans	5,782	4,033
Investments	39	28
Other financial assets	1,214	817
<b>Non-financial assets (B)</b>	<b>2,763</b>	<b>2,949</b>
Deferred tax assets (net)	666	737
Fixed assets, CWIP and Intangible assets	421	476
Current tax assets & other non financial assets	1,676	1,736
<b>Assets (A+B)</b>	<b>28,739</b>	<b>46,646</b>



1. As on 31<sup>st</sup> March 2019, settlement obligation pertaining to an offer for sale amounting to ₹ 17,362 mn is pending for payment

# Balance Sheet : Equity and Liabilities

(₹ million)

<b>EQUITY AND LIABILITIES</b>	<b>At March 31, 2018</b>	<b>At Mar 31, 2019</b>
<b>Financial liabilities (A)</b>	<b>14,518</b>	<b>30,182</b>
Derivative financial instruments	2	17
Payables	6,117	23,362 <sup>1</sup>
Debt securities	6,724	4,473
Deposits & Other financial liabilities	1,675	2,330
<b>Non-financial liabilities (B)</b>	<b>5,744</b>	<b>5,991</b>
<b>Equity (C)</b>	<b>8,477</b>	<b>10,473</b>
Equity share capital	1,611	1,611
Other equity	6,866	8,862
<b>Equity and Liabilities (A+B+C)</b>	<b>28,739</b>	<b>46,646</b>



1. As on 31<sup>st</sup> March 2019, settlement obligation pertaining to an offer for sale amounting to ₹ 17,362 mn is pending for payment

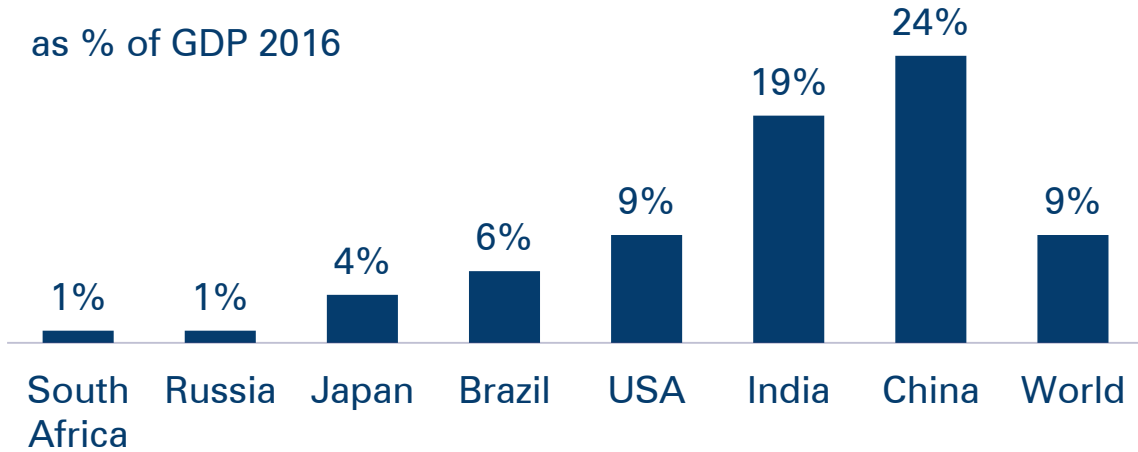
# Agenda

- FY2019 in perspective
- Business performance
- **Industry**

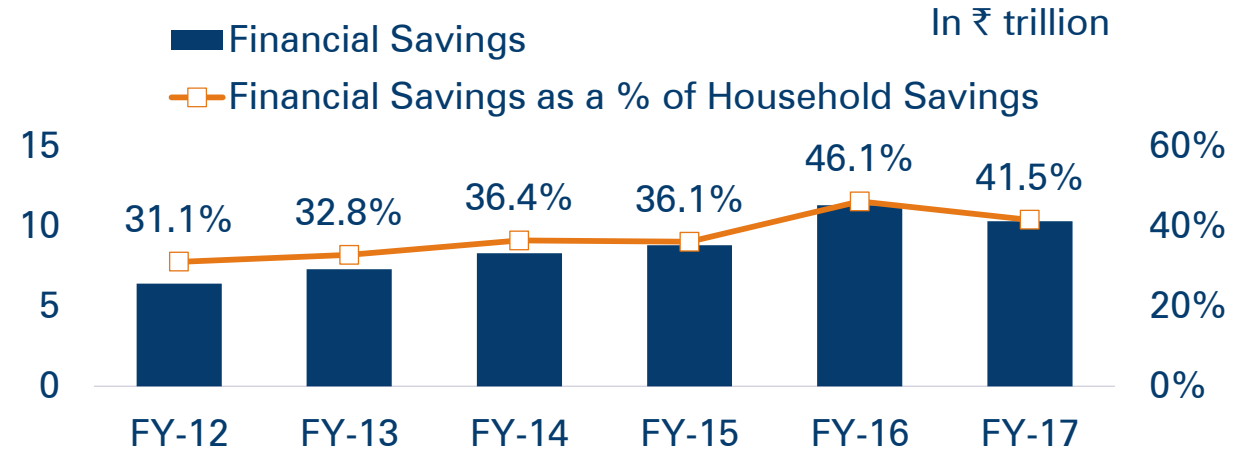


# India: Financialisation and equitisation of savings

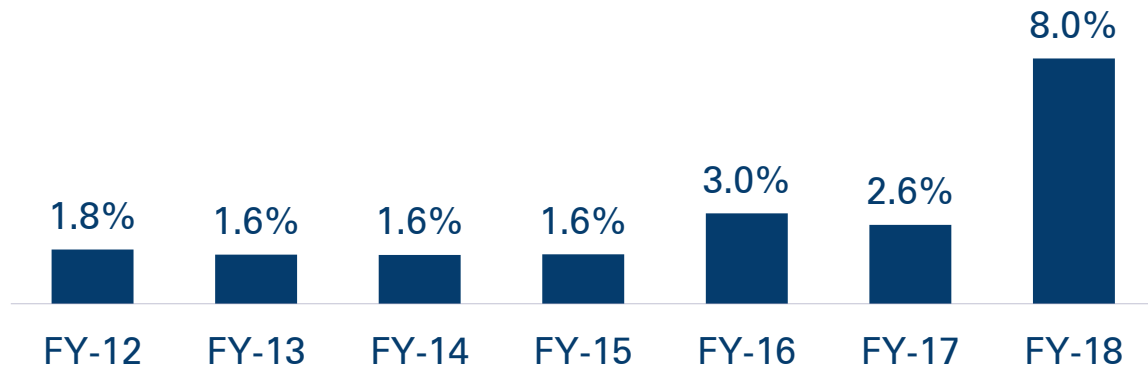
## India household saving highest among growing economies



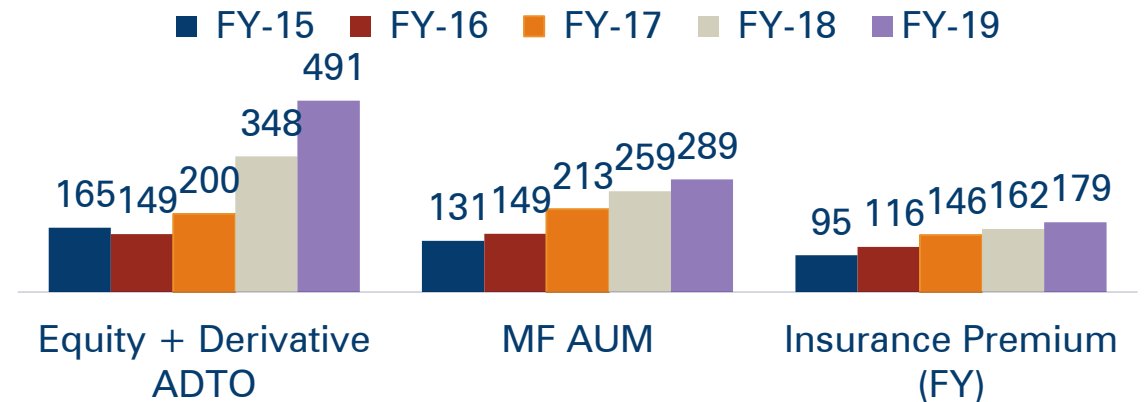
## Rising financial savings



## Growing incremental investments in shares & debentures



## High growth across financial asset classes#



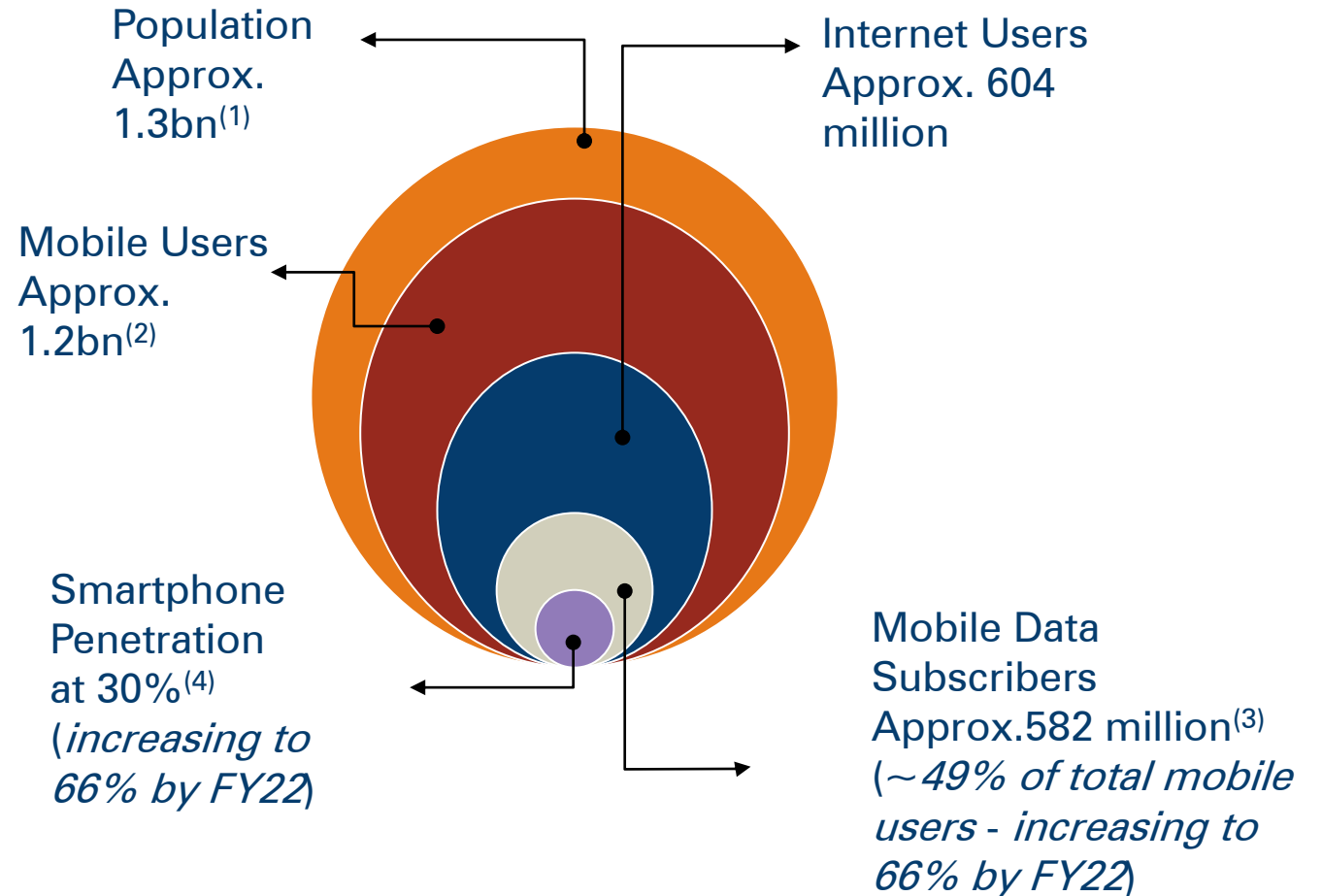
Include investment in shares and debentures of credit / non-credit societies and investment in mutual funds (other than Specified Undertaking of the UTI) (Source: RBI, MOSPI)

Source: RBI, IRDA, AMFI, NSE, BSE, EIU; ADTO: Average daily turnover; # Indexed to 100 in FY 14



# Digital infrastructure set to expand exponentially

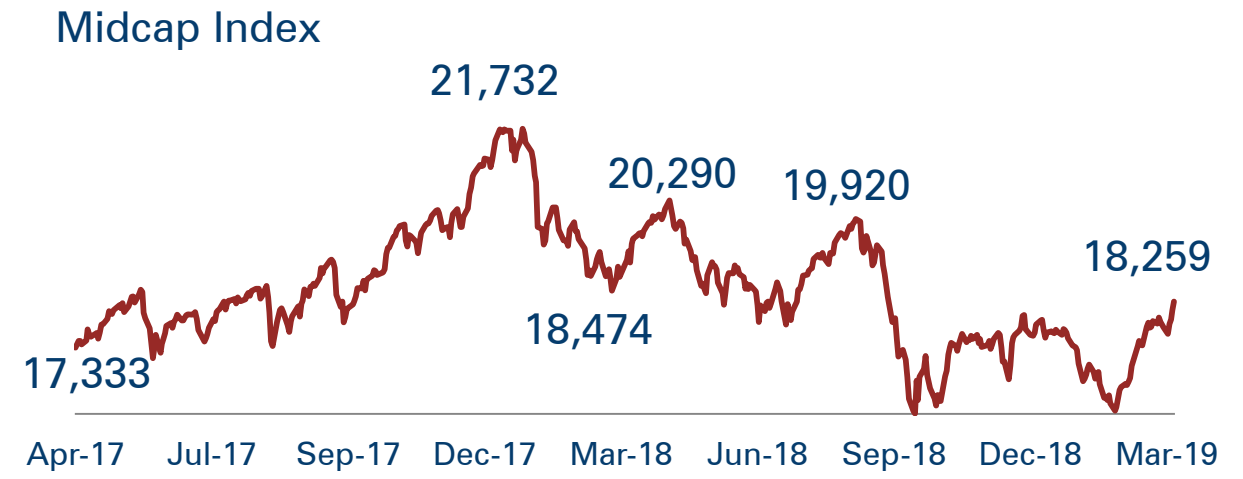
- Supportive structural reforms leading to positive change in consumer behavior
- Demonetization
- Aadhaar
- Financial inclusion
- Goods & Services Tax
- Direct benefit transfer



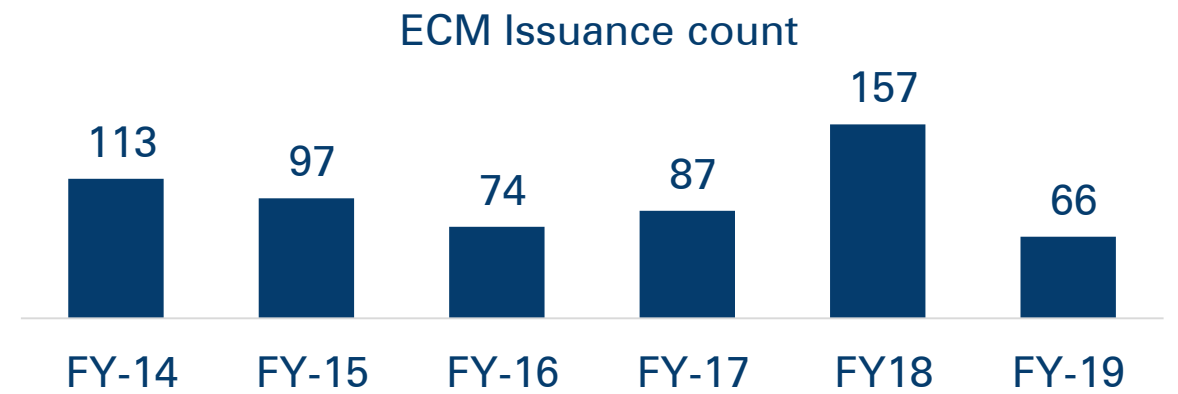
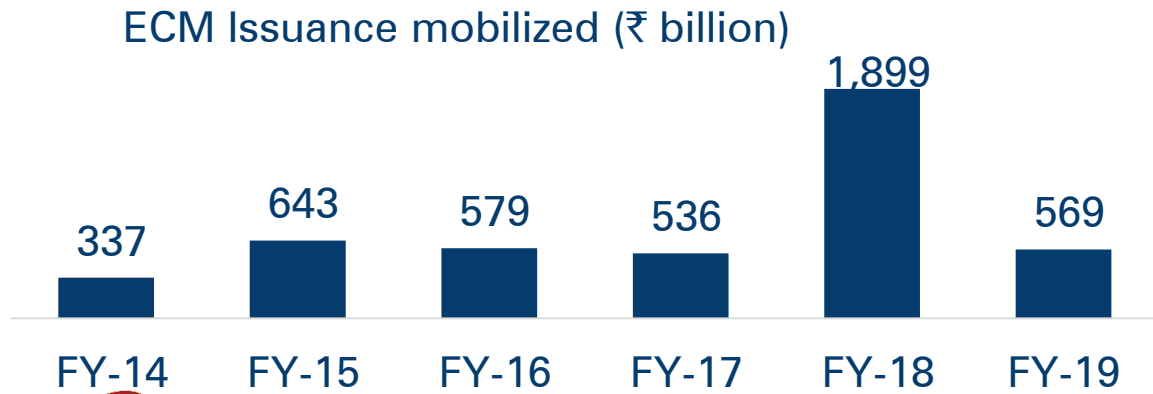
(1) Population in 2016 (Source: EIU); (2) Source: CRISIL Report; (3) Calculated as total mobile users (Approx. 1.2bn) \* Share of mobile data subscribers as a proportion of overall mobile users (Source: TRAI and CRISIL Report); (4) In FY17 (Source: CRISIL Report)

# Market witnessing short term headwinds

## Secondary market witness higher volatility

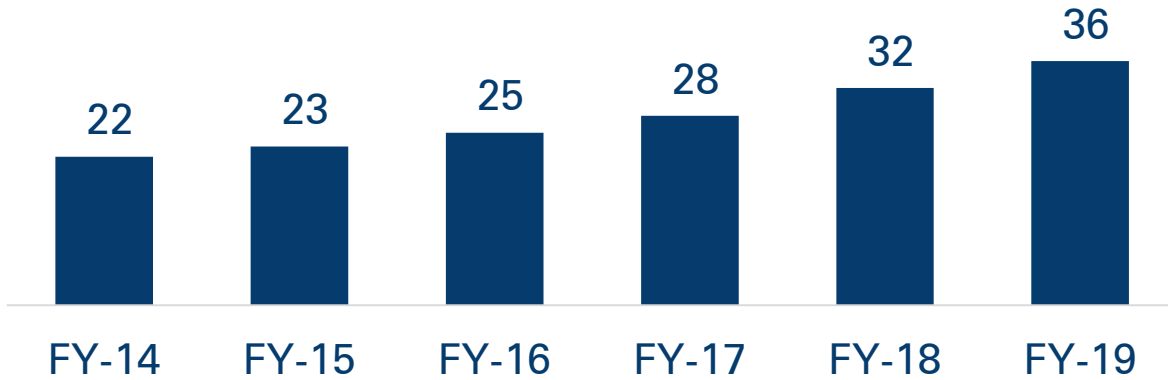


## Subdued primary market, fund raising through equity slowed down

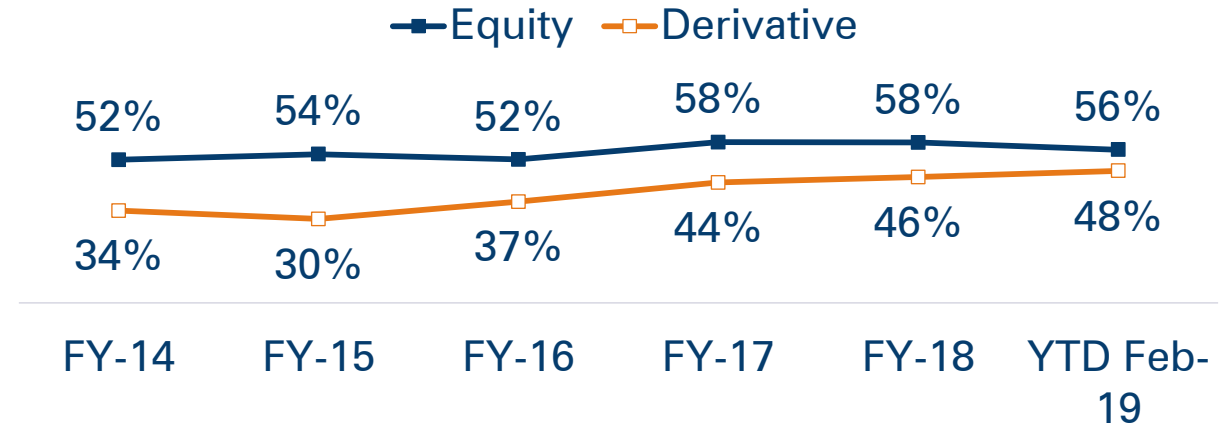


# Broking: Retail participation

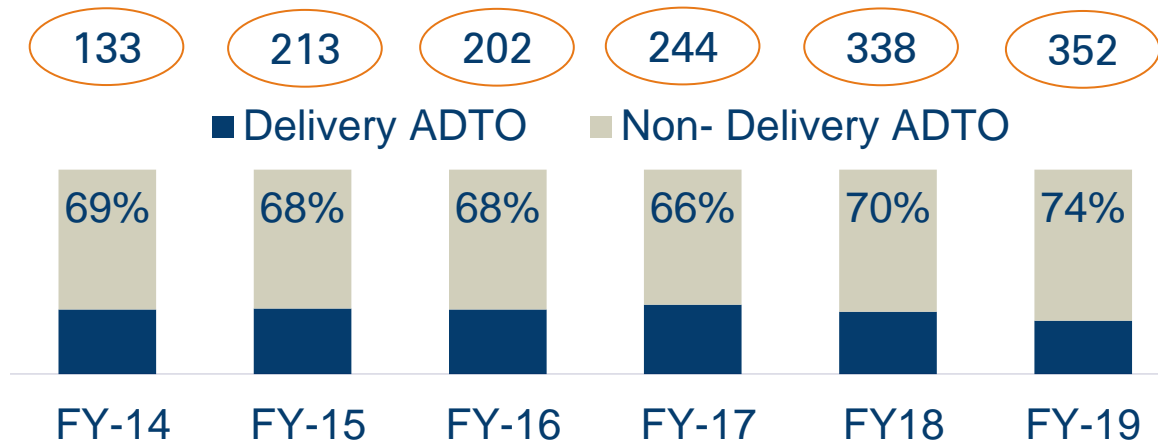
## Rise in demat accounts (In million)



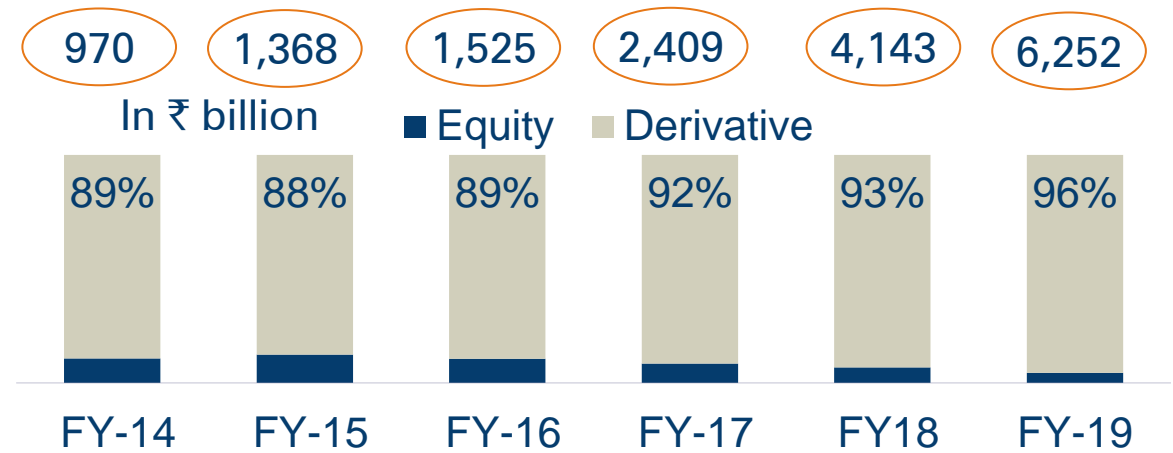
## Retail participation



## Growing share of trading volume (₹ billion)



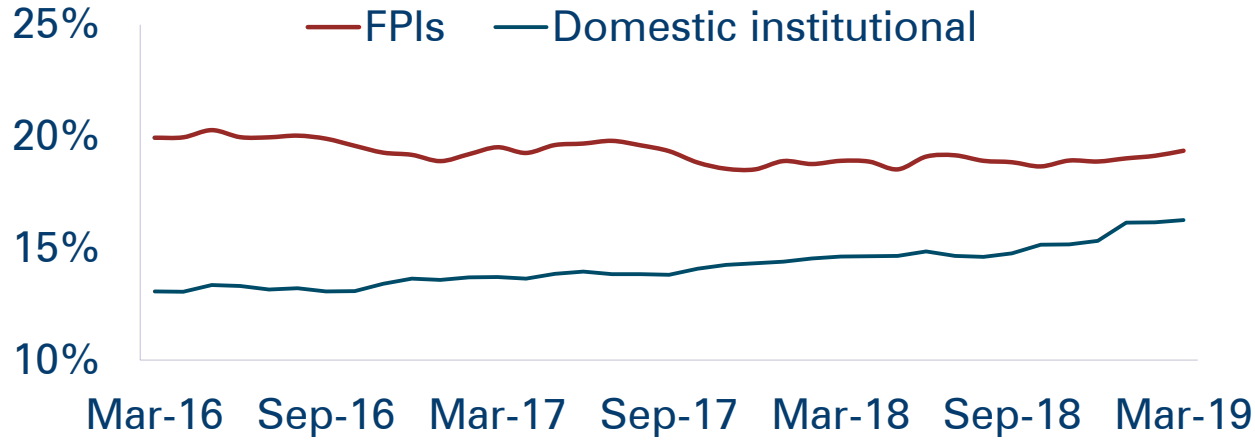
## Secondary market volume growth led by derivative volume#



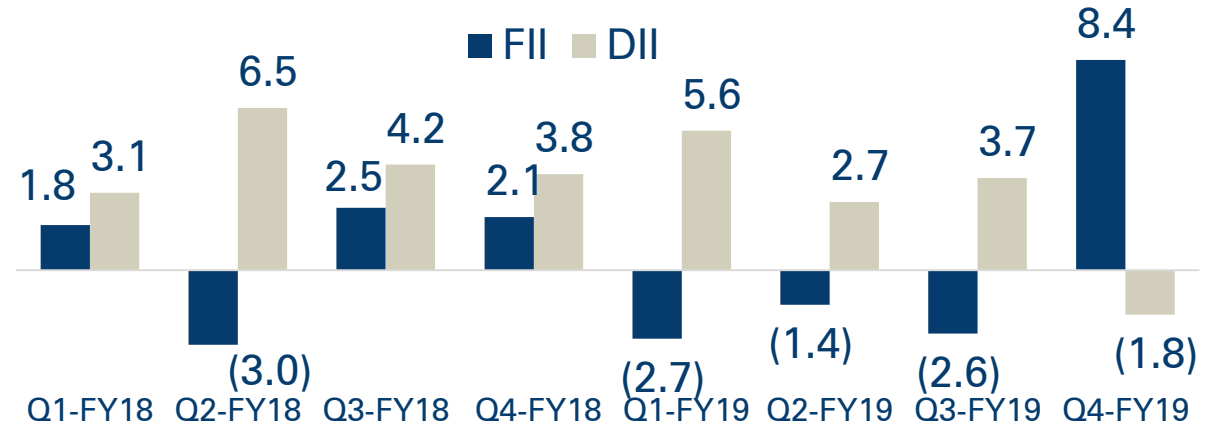
Source: NSE, BSE, SEBI, NSDL, CDSL; ADTO – Average daily turnover, YTD Feb-19: Apr 18 to Feb 19; #Excluding proprietary volume

# Institutional broking: Increased FII flow in Q4-FY2019

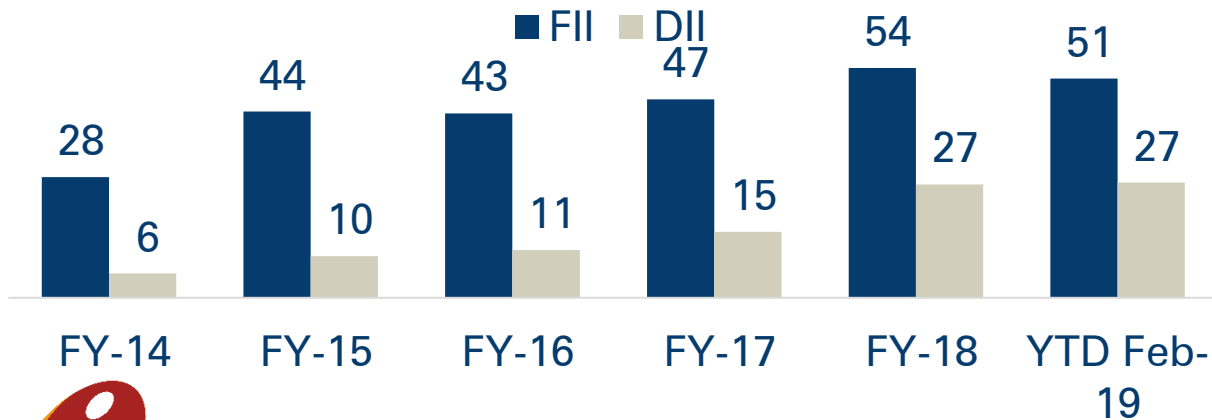
## Holding % of market capitalisation



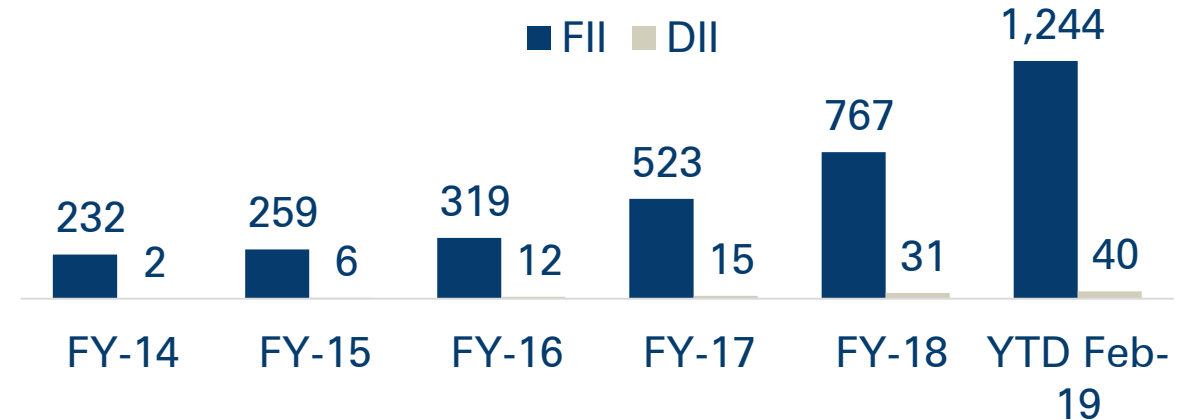
## Equity Flow in USD billion



## Equity ADTO in (₹ billion)

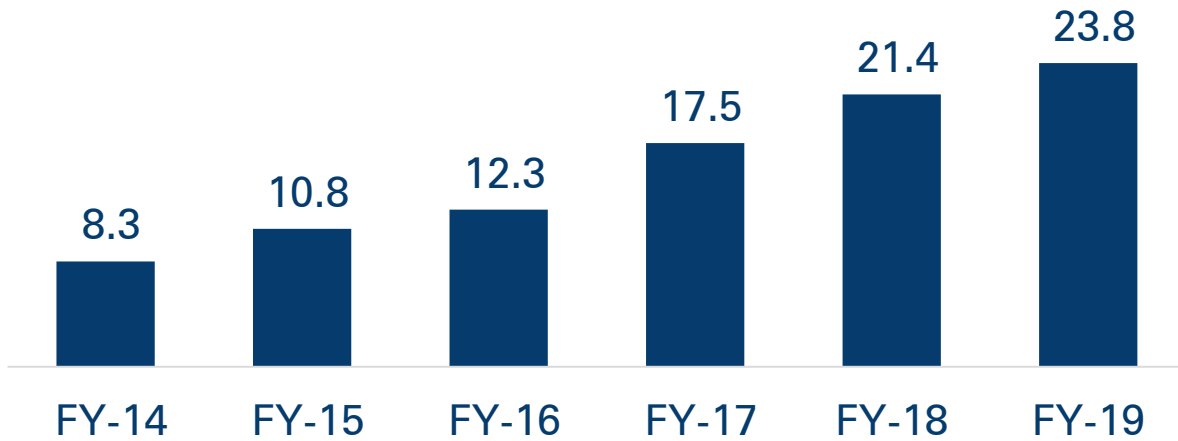


## Derivative ADTO in (₹ billion)

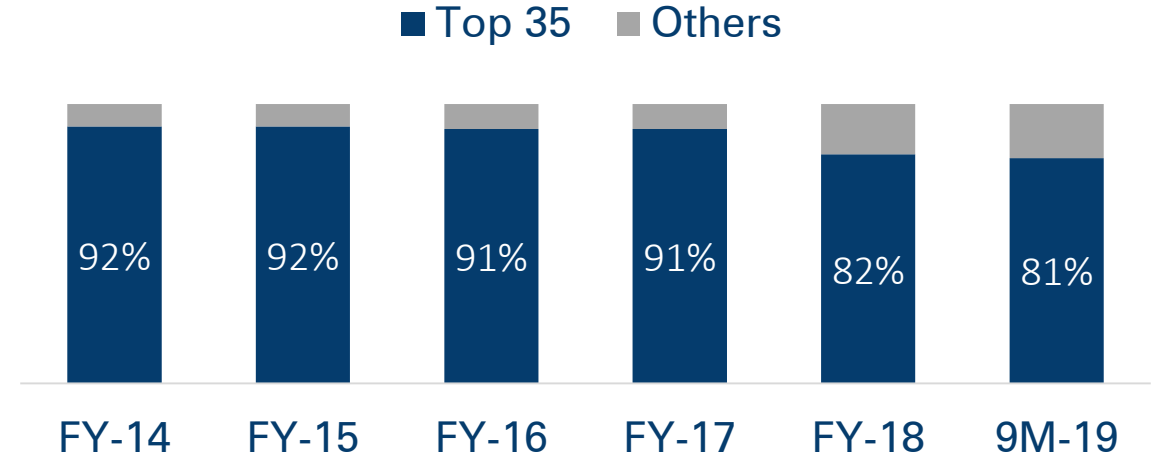


# Saving landscape: Increasing managed equity

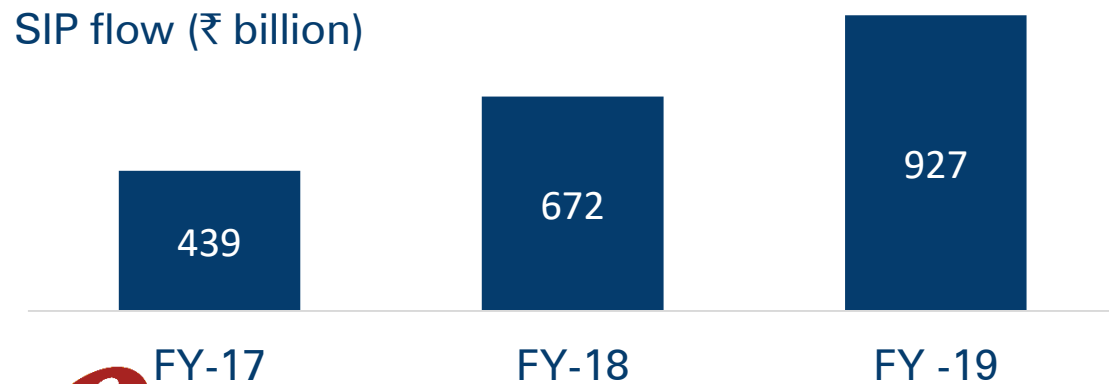
Mutual Fund (Exit) AUM (₹ trillion)



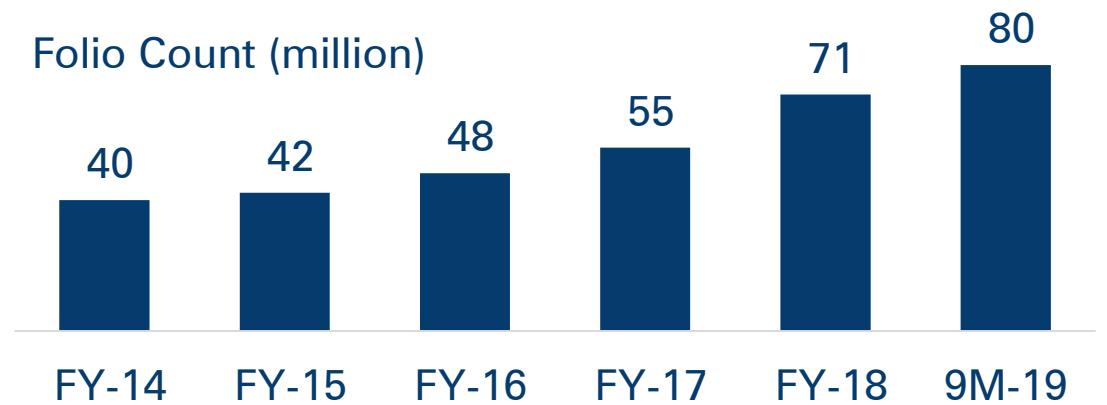
Growing share of beyond top 35 cities in MF AUM



More systematic retail participation through SIP



Mutual Fund folio



# Safe harbor

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

This release does not constitute an offer of securities.



For investor queries please email at [IR@icicisecurities.com](mailto:IR@icicisecurities.com)

1 billion/million = 100 crore / 10 Lacs



**Thank you**

**ICICI SECURITIES LIMITED**

Earning Conference Call  
Quarter and Year ended March 31, 2019 (Q4-FY2019/FY2019)

**Ms. Shilpa Kumar's opening remarks**

Good evening. It is my pleasure to welcome all of you to a discussion on the performance of the ICICI Securities Limited for the quarter and year ended March 31, 2019. Our business presentation is available on our website for an easy reference.

***Let us first talk about the market environment in FY2019***

FY2019 presented a sharp contrast to FY2018 which was a year of strong growth for all our business segments be it equity broking, corporate finance or distribution. Against this backdrop, FY2019 saw muted market conditions due to global and political developments for most part of the year. Local factors also adversely impacted the flows into financial markets and performance of the equity markets in particular. As a result, broader capital markets registered weak performance resulting in narrow participation in delivery based investments being made and a risk aversion to mid and small cap stocks which is very relevant for a retail franchise such as ours.

Towards the second half of the year, our investment banking and distribution businesses got impacted by significant events affecting primary markets and by regulatory changes with respect to mutual fund business.

The primary market activity witnessed a sharp drop in both in number of transactions and capital raised with the volumes in the second half drying up triggered by liquidity issues arising out of NBFC related developments. On the mutual fund front, various regulatory changes, focused on improving customer returns, got implemented during the year. Significant changes were to do with shifting of upfront commission to trail based commission and reduction of TER (Total Expense Ratio).

***These resulted in significant headwinds in FY2019. Against this backdrop, let me take you through the headline numbers:***

1. Our Company registered consolidated revenue of ₹ 17,270 million for FY2019 as compared to ₹ 18,610 million for FY2018
2. Consolidated Profit after tax (PAT) for FY2019 was ₹ 4,907 million compared to ₹ 5,535 million for FY2018 Against a tough backdrop, it is the second highest profit year in the history of the company.
3. Our cost declined by 4% from ₹ 10,086 million to ₹ 9,698 million in FY2019.
4. Our Return on Equity (RoE) continued to remain robust at ~ 52%.
5. We have declared equity dividend including proposed final dividend for FY2019 of ₹ 9.40 per equity share of ₹ 5 each for FY2019; dividend payout ratio of ~62% for FY2019.



**Let me now turn to our long term outlook and strategy:**

The broader trend is more financialisation and formalization which has led to more number of customers transacting on every product category be it equity, IPO, MF, SIP etc. We believe this broader trend will continue to play out.

We believe that the important pillars of our long term strategy which we have put in place will be a good platform for the company for more customer acquisition and customer engagement; revenue growth and better cost management.

We have used this challenging year to move in a strategic direction and taken several initiative towards customer acquisition and engagement.

Let me now share an update on initiatives we have undertaken during current fiscal.

**On the client acquisition front:**

Our four pillars of client acquisition strategy have been (1) Increase reach by strengthening on successful partnership with Bank (2) Create digital pull and delivery using e-infrastructure, (3) Focus on self-employed across the country i.e. "Bharat focus" (4) Improving affluent clients reach.

I am happy to share that substantial roll out of new initiative has happened and is expected to result in increased productivity and cost efficiency.

**#1 Revenue sharing arrangement with Bank:** Based on the strategy for client acquisition, we are further strengthening our partnership with the Bank by way of a revenue sharing arrangement whereby both the Company and the Bank are able to scale up the customer acquisition and engagement. It is expected that the new arrangement will be beneficial to the company in terms of ability to increase penetration through higher number and quality customers and it will benefit the Bank by adding to their revenue.

**#2 T20 - Digital acquisition:** With the objective of faster client on boarding post Aadhaar development, we have deployed redesigned digital process of client acquisition resulting in customers able to trade within 20 minutes in Equity and MF as compared to 2 days through the physical mode.

**#3 Direct2U:** We launched this unique offering for our Private Wealth clients under our Investment Advisory Services. It leverages the power of technology, advisory and transparent pricing to enable clients to invest digitally in direct schemes of mutual funds, through the ICICIdirect platform for a fee. Direct2U brings to clients process-based risk assessment, defined asset allocation strategies and active investment advisory. It also provides integrated portfolio reporting, in-depth analytics on investments and capital gains statements on the digital platform, through a tiered AUM-linked fee structure, with zero compensation from manufacturers –thus ensuring complete alignment of interest.

**#4 New website:** Keeping in line with change in customer behavior, you will be able to experience a new web interface in Q1-FY2020. New website contains salient features like new Information architecture and tools to assist in decision making.

**#5 Mobile application for business partner:** We launched a mobile app for our Business Partners which assists them to initiate mutual fund transactions on behalf of their customer, provides information on customer transactions, analytics and track their receivables. It helps in better service delivery by partners to clients and improves scalability.

#### **Client engagement:**

Our four pillars of client engagement strategy have been providing (1) Product choice (2) Better pricing proposition (3) Personalized offering (4) Rewarding loyal clients.

Rollout of these key initiative is expected to result in increase in revenue and revenue mix. We believe that client engagement initiatives undertaken during the year is expected to provide cross sell and upsell opportunities:

**#1 Proprietary PMS:** The Company has also launched its own proprietary PMS product aimed at its HNI clientele. This marks a move into manufacturing of products and will add a new revenue stream for the company.

**#2 Health insurance:** We have completed our insurance suite of products by adding health insurance to the existing portfolio of life and general insurance by tying up with Religare Health Insurance and Star Health Insurance.

**#3 eATM:** This revolutionary new product offering allows customers to get pay out into their linked bank account within 30 mins of their trade, which otherwise takes over two days. This facility comes at no additional cost and has a daily limit of ₹ 50,000. Over 650 stocks on the BSE, accounting for over 95% of the market cap, are covered under this facility.

**#4 Pricing proposition - New Prepaid and Prime brokerage plan:** In continuation with our pricing strategy with respect to increasing customer engagement and rewarding loyal customers, we continuously evaluate and re-price our prepaid cards based on customer feedback and competitive pricing opportunities. We have now introduced new prepaid plans for customers who are highly active and 'Prime' an annual subscription based plans for customers who wish to avail low brokerage along with additional services.

**#5 Analytics based product push:** We are focusing on enhancing engagement by using advanced analytics for understanding client journey which will help us in cross and upsell going forward.

**Let me now turn to our detailed financial performance for the year ended March 2019*****Company performance*****Financial Highlights**

Our Company registered consolidated revenue of ₹ 17,270 million for FY2019 as compared to ₹ 18,610 million for FY2018, a decline of 7%. Sequentially, we registered consolidated revenue of ₹ 4,283 million for Q4-FY2019 as compared to ₹ 4,048 million for Q3-FY2019, an increase of 6%.

We continue to focus on our diversification strategy with overall non broking revenues including interest income contributing 46% of overall revenues. Our broking revenues declined by 9% mainly on account of decline in delivery based volumes. While our distribution business remained flat despite disruption in distribution business and significant regulatory changes related to mutual fund commission. Our Corporate finance revenue declined by 31% mainly on account of high revenue base in the last fiscal and muted market conditions where primary market dried for most part of the year with a decline of 70% in terms of funds mobilised.

Our consolidated Profit after tax (PAT) for FY2019 was ₹ 4,907 million compared to ₹ 5,535 million for FY2018, a decline of 11%. Against a tough backdrop, it is the second highest profit year in the history of the company. Sequentially, our consolidated Profit after tax (PAT) for Q4-FY2019 was ₹ 1,215 million compared to ₹ 1,012 million for Q3-FY2019, an increase of 20%.

Our cost declined by 4% from ₹ 10,086 million to ₹ 9,698 million in FY2019

Our Return on Equity (RoE) continued to remain robust at ~ 52%.

We had declared and paid an interim dividend of ₹ 3.7 per equity share and have proposed a final dividend of ₹ 5.7 aggregating to total dividend of ₹ 9.40 per equity share of ₹ 5 each for FY2019. This, if approved by the shareholders would translate to a dividend payout of ₹ 3,028 million excluding dividend distribution tax and a payout ratio of ~62% for FY2019.

**Business Highlights**

We added 4.5 lakh new clients in FY2019 taking our total operational accounts to 4.4 million. The overall active clients increased by 3% to 12.7 lakh in FY2019 over FY2018, NSE active clients increased by 6% from 8.0 lakh clients in FY2018 to 8.4 lakh clients in FY2019

***Broking business***

Market share for Q4-FY2019 increase to 8.5% from 8.0% in Q3-FY2019. We ended the year with market share at 8.5% as compared to 9.0% in FY2018.

Total brokerage revenue excluding interest income, which contributed to 54% of our

revenues in FY2019, decreased by 9% against same period last year from ₹ 10,243 million to ₹ 9,328 million mainly on account of decline in delivery based volumes.

Retail brokerage revenue declined by 11% from ₹ 9,174 million to ₹ 8,154 million and Institutional broking revenue increased by 10% from ₹ 1,069 million to ₹ 1,174 million.

Interest income from our brokerage business has grown by 13% from ₹ 1,531 million in FY2018 to ₹ 1,736 million in FY2019 primarily on account of margin funds deployed with exchanges.

### ***Distribution business***

The contribution of our distribution business in the total revenues increased from 25% in FY2018 to 27% in FY2019. The revenue was largely flat Y-o-Y at ₹ 4,635 million in FY2019 compared to ₹ 4,665 million in FY2018.

While the market AUM (average) grew at 12% on a Y-o-Y basis, our Mutual Fund average AUM grew at 15% to ₹ 347 billion in FY2019 from ₹ 302 billion in FY2018.

Our Mutual Fund revenue declined by 5% to ₹ 2,695 million in FY2019 from ₹ 2,847 million in FY2018. Decline was on account of various regulatory changes relating to upfront commission and cut in TER.

SIPs triggered in the last month of the period FY2019 is 0.67 million.

Our Life Insurance revenue stood at ₹ 474 million in FY2019 which was ₹ 483 million in FY2018

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

Our Non MF distribution revenue grew by 7% at ₹ 1,940 million in FY2019 which was ₹ 1,818 million in FY2018

### ***Investment banking***

Given the muted market conditions where the primary market dried for most part of the year with a decline of 70% in terms of funds mobilised or raised, the company handled 34 Investment banking deals in FY2019 vs 36 deals in FY2018. We have strong IPO pipeline (as per SEBI filling) of over ₹ 250 bn.

Our Investment Banking revenue was ₹ 991 million in FY2019, a decline of 31% from ₹ 1,440 million in FY2018.

We continued to focus on building up advisory capabilities and as a result were chosen advisers in various capacities in 12 deals in FY2019 compared to 5 deals in FY2018 (as

reported by Merger Market). In terms of number of deals and by value we ranked 3<sup>rd</sup> among domestic financial advisors in merger market league table.

The major transaction handled by the company during FY2019 includes Indinfravit Trust (InvIT), HDFC AMC (IPO), Credit Access Grameen (IPO), Aavas Financiers (IPO), ICICI Prudential Life Insurance (OFS), Sheela Foam (OFS), Coal India (OFS), Axis Bank (OFS), IDBI Bank (Open offer), Merck (Open offer), SQS India (Open offer) and LKP Finance (Open offer), Akzo Nobel (Buyback) & Jagran Prakashan (Buyback), LIC-IDBI Bank (Advisory), REC-PFC (Advisory), Bayer Corp (Advisory), Apollo Hospital (Advisory), KIMS (Advisory)

### ***Summary***

I would like to take this opportunity to thank all our investors for having reposed their faith in the long term story of the company as we mark the completion of one year of listing. We continue to remain focused on our life cycle approach and our two pronged strategy of more customer acquisition and engagement. For institutional business, we continue to cater to needs of corporate clients by helping them with appropriate solutions.

We believe that the strategic initiative undertaken during FY2019 will help the company in more customer acquisition and customer engagement; revenue growth and better cost management

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