

July 24, 2018

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

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

Dear Sir/Madam,

**Sub:** Outcome of earnings call held for results for the quarter ended  
June 30, 2018

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

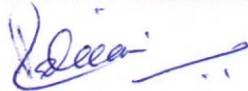
This is further to our letter dated July 22, 2018 regarding the earnings call which  
was scheduled to be held on July 23, 2018.

Please find enclosed herewith the investor presentation and the opening remarks  
for the earnings call held on July 23, 2018 to discuss the financial results for  
quarter ended June 30, 2018.

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. & Bombay Stock Exchange Ltd.  
Capital Market : NSE Regn. No. INB 230773037, BSE Regn. No. INB 011286854  
Futures & Options : NSE Regn. No. INF 230773037, BSE Regn. No. INF 010773035  
Currency Derivatives : NSE Regn. No. INE 230773037  
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 2445

**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) : Ms. Mamta Jayaram Shetty  
Email Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com) / Tel (91 22) 4070 1000  
Website Address: [www.icicisecurities.com](http://www.icicisecurities.com) / [www.icicidirect.com](http://www.icicidirect.com)





# **Performance review Q1-FY2019**

**July 23, 2018**

# ICICI Securities: Natural beneficiary of transforming savings environment

**Largest equity broker in India<sup>1</sup> powered by ICICIdirect**

**Strong online presence aided by pan India distribution**

**2nd largest non - bank mutual fund distributor<sup>2</sup>**

**Garnering scale in wealth management business**

**Leading investment bank in equity capital market**

1. By brokerage revenue and active customers in equities on the NSE since FY14 to FY 17 (Source: CRISIL Report)

2. Source: AMFI (in terms of revenue), period: FY18  
Equity Capital Market (ECM): IPO/FPO/InvIT, QIP/IPP, Rights issue, Offer for sale)



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# Agenda

**Key highlights**

**Business performance and strategy**

**Industry**

# Agenda

## Key highlights

Business performance and strategy

Industry

# Key highlights : Q1-FY2019

## Leveraged diversified revenue stream and operating leverage

- **9% increase in consolidated revenues<sup>1</sup>**
  - **Broking : 1%, Distribution : 17%, Corporate Finance : 19%**
  - **Brokerage revenues contribution 53% compared to 57%**
- **13% increase in profit after tax<sup>1</sup>**
  - **Sustained cost to income ratio**

## Continued traction in retail clients amidst risk averse environment

- **1.1 lac new clients acquired**
- **24% increase in active clients on NSE**
- **55% unique triggered SIPs up from 0.7 million 1.1 million<sup>2</sup>**

## Growth ahead of market in retail businesses; robust IB deal pipeline

- **9.2% blended broking market share (8.8%: Q1-FY2018)**
- **31% increase in Mutual Fund average AUM vs. Market 20%**
- **6 completed Investment Banking deals; robust pipeline**

1. Adopted Ind AS effective April 1, 2018

Refer Appendix for details

2. Trailing 12 months

Period: Q1-FY2019 vs Q1-FY2018

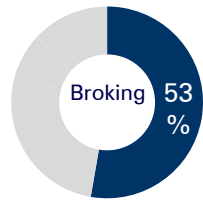


# Agenda

Key highlights

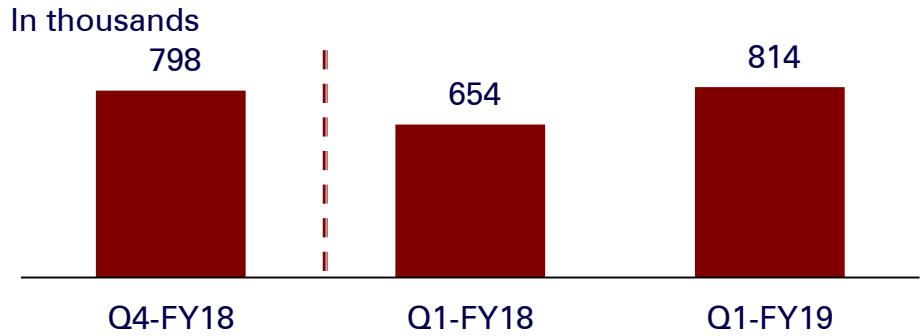
**Business performance and strategy**

Industry

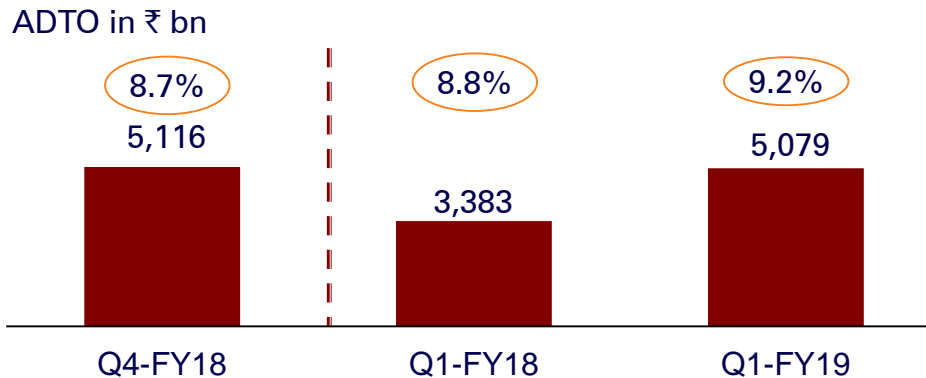


# Consistently gaining broking market share

## Active clients on NSE



## Volume and market share (%)



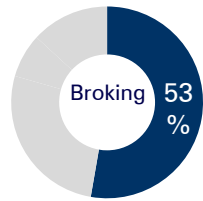
- Maintained leadership in terms of active clients
- 24% Y-o-Y growth in active clients on NSE
- 4.1 million strong base of operational accounts
- 1.1 Lacs new client acquisition in Q1-FY19
- 9.2% market share
  - ADTO grew at 57% compared to market 50% Y-o-Y

ADTO : Turnover on NSE and BSE excluding proprietary

Market share : The ratio of our ADTO to the sum of the ADTO on NSE and BSE excluding proprietary turnover



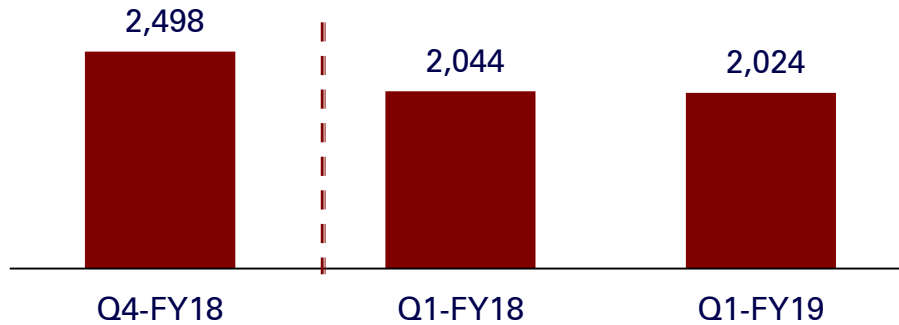




# Retail focused technology platform

## Retail Brokerage

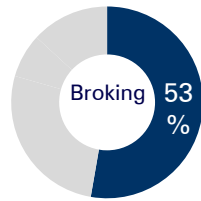
In ₹ million



## CNBC TV18 & UTI Financial Advisor Awards 2017-18



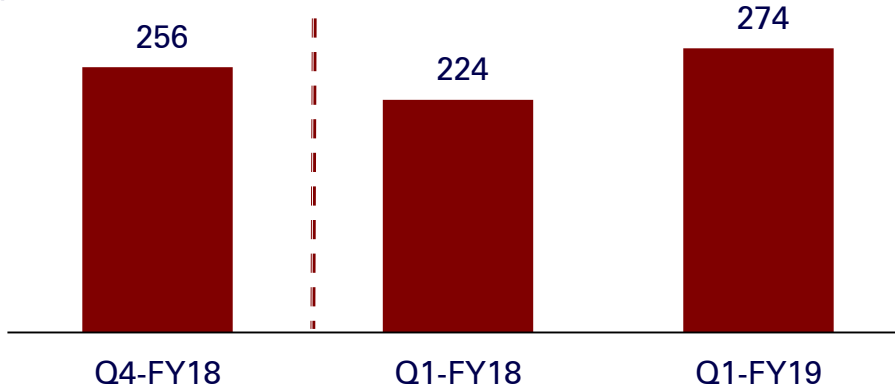
- Retail investors muted participation resulting in decline in retail delivery based volumes
- Market delivery turnover contribution to equity turnover decreased from 32% to 28% Y-o-Y
- 15% Q-o-Q decline in market equity ADTO (ex. Prop)
  - 17% decline in gross delivery volumes
- Market derivative (ex. prop) volume up by 53% Y-o-Y



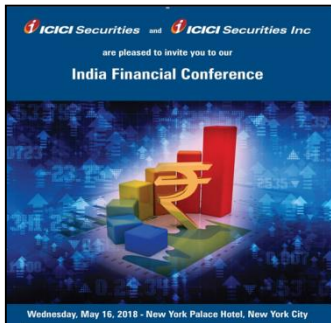
# Growing scale of institutional broking

## Institutional Brokerage

In ₹ million



## India focused conferences

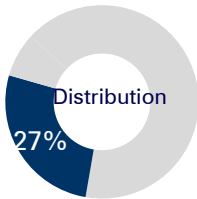


- 22% Y-o-Y revenue growth
  - 7% Q-o-Q growth
- Dedicated sales teams across India, Asia Pacific and USA
- Strong block deals execution capabilities

### Research:

- Coverage of 240+ Indian stocks across sectors
- Macro and thematic coverage
- ~40 member team

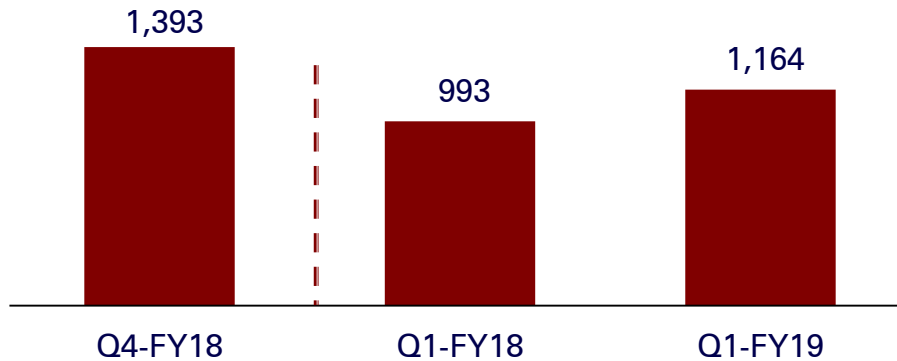




# Diversified revenues reducing volatility

## Distribution Revenue

In ₹ million

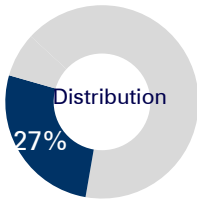


### Franchise India: Retail Awards 2018



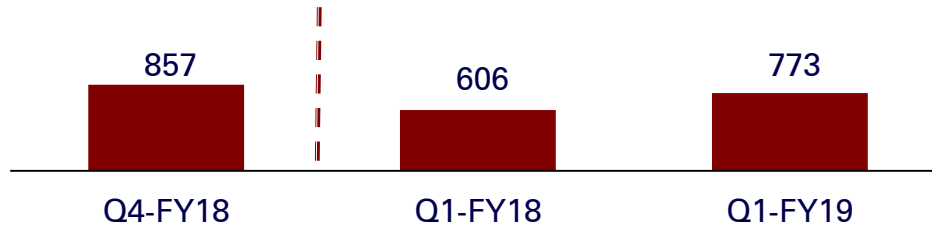
- 17% Y-o-Y distribution revenue growth
- Revenue contribution increased to 27% from 25% Y-o-Y
- ~200 branches, 75+ cities
- Presence in 2,700+ ICICI Bank branches
- 1,400+ relationship managers & product specialists
- Wealth management solutions for HNIs/Family offices
- ~ 5,700+ sub-brokers, authorized persons, IFAs & IAs



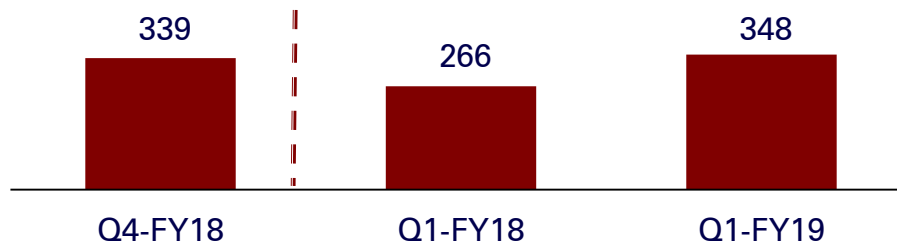


# Leading non-bank MF distributor

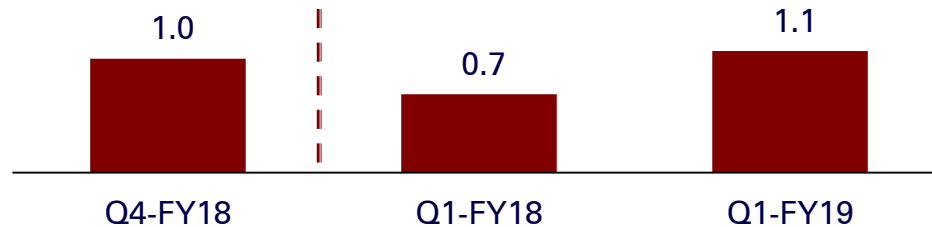
## Mutual Fund revenue (In ₹ million)



## Mutual Fund Average AUM (In ₹ billion)



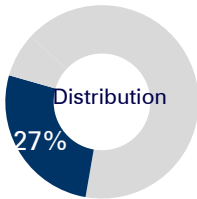
## Mutual Fund SIP count# (In million)



- 28% Y-o-Y growth in MF revenues
  - MF revenue contribution increased to 18% from 15% Y-o-Y
- 31% Y-o-Y growth in MF average AUM
  - 20% Y-o-Y growth in Market MF average AUM
- 55% Y-o-Y growth in SIP count
- “Open-source” distribution model
  - Distributes 2,300+ mutual funds

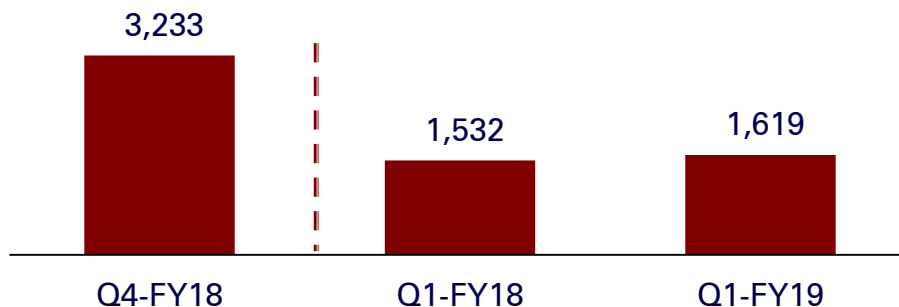
# Trailing 12 months triggered SIP





# Diverse third party product bouquet

## Life Insurance Premium (in ₹ million)



- 6% Y-o-Y growth in Premium
- 30% Y-o-Y growth in revenues to ₹ 87 million from ₹ 67 million

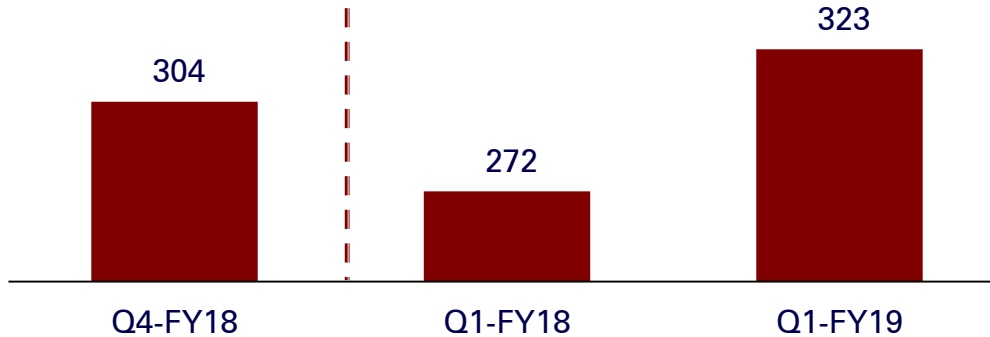
## Multiple 3<sup>rd</sup> party products supporting “one-stop shop” proposition

- Life and general insurance products
- Participation in IPOs, OFS, public bond offerings
- 3<sup>rd</sup> party corporate fixed deposits
- Portfolio management services / Alternate investment funds
- Loan products from ICICI Bank
- Amongst the first to distribute National Pension System policies online









# Leading Investment Bank in India

Corporate Finance revenue (in ₹ million)



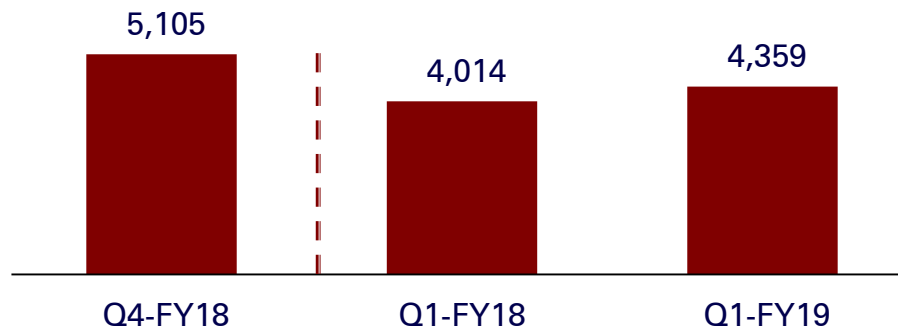
- 19% Y-o-Y growth in Corporate Finance revenues
- Robust deal pipeline

IPO/ FPO/ InvIT		NCD's		Advisory	
 INDINFRAVIT TRUST ₹ 31.5 bn	INDINFRAVIT Trust	 Deewan Housing Finance ₹ 109.4 bn	Deewan Housing Finance	 FEDERAL BANK ₹ 4.0 bn	Federal Bank
Offer For Sale		Open Offer		 KIMS Hospitals	
 ICICI Prudential Life Insurance ₹ 11.4 bn	ICICI Prudential Life Insurance	 SQS India BFSI Ltd. ₹ 1.3 bn	SQS India BFSI Ltd.		

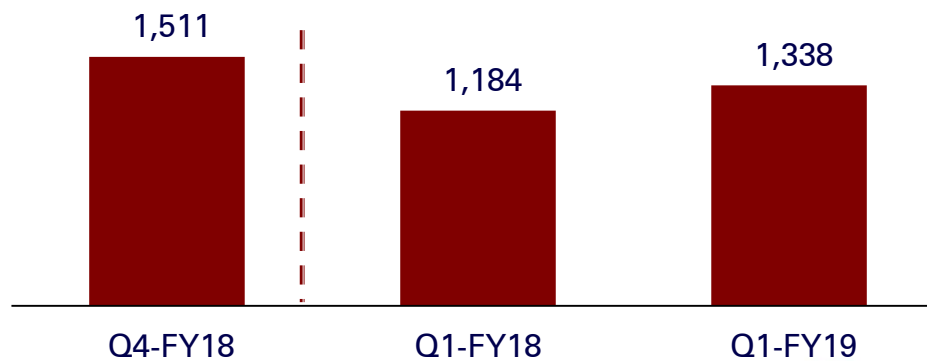


# Financial performance

## Consolidated Revenue ₹ million



## Profit after tax (PAT) ₹ million



- 9% Y-o-Y growth in consolidated revenue
- 14% Y-o-Y growth in Non broking business
- 13% Y-o-Y growth in PAT
- Return on equity (annualized) :
  - Q1-FY19 : ~ 59%
- Cost to income ratio :
  - Q1-FY19 : 54%
  - Q1-FY18 : 55%,
  - Q4-FY18 : 54%

Return on equity = PAT : Average networth excluding Other Comprehensive Income and Translation reserve



# Consolidated P&L: Y-o-Y

(₹ million)

Particulars	Q1-FY19	Q1-FY18	Y-o-Y%	FY18
<b>Revenue</b>	<b>4,359</b>	<b>4,014</b>	<b>9%</b>	<b>18,610</b>
<b>Expenses</b>				
Employee benefits expenses	1,366	1,310	4%	5,504
Operating expenses	252	327	(23)%	1,677
Finance costs	131	101	30%	495
Other expenses	584	477	22%	2,410
<b>Total Expenses</b>	<b>2,333</b>	<b>2,215</b>	<b>5%</b>	<b>10,086</b>
<b>Profit before tax</b>	<b>2,026</b>	<b>1,799</b>	<b>13%</b>	<b>8,524</b>
Tax expense	688	615	12%	2,989
<b>Profit after tax</b>	<b>1,338</b>	<b>1,184</b>	<b>13%</b>	<b>5,535</b>
<b>Other comprehensive income (OCI)</b>	<b>(16)</b>	<b>(27)</b>	<b>(41)%</b>	<b>(16)</b>
<b>Total comprehensive income (TCI)</b>	<b>1,322</b>	<b>1,157</b>	<b>14%</b>	<b>5,519</b>





# Consolidated P&L: Q-o-Q

(₹ million)

Particulars	Q1-FY19	Q4-FY18	Q-o-Q%	FY18
<b>Revenue</b>	<b>4,359</b>	<b>5,105</b>	<b>(15)%</b>	<b>18,610</b>
<b>Expenses</b>				
Employee benefits expenses	1,366	1,325	3%	5,504
Operating expenses	252	574	(56)%	1,677
Finance costs	131	141	(7)%	495
Other expenses	584	694	(16)%	2,410
<b>Total Expenses</b>	<b>2,333</b>	<b>2,734</b>	<b>(15)%</b>	<b>10,086</b>
<b>Profit before tax</b>	<b>2,026</b>	<b>2,371</b>	<b>(15)%</b>	<b>8,524</b>
Tax expense	688	860	(20)%	2,989
<b>Profit after tax</b>	<b>1,338</b>	<b>1,511</b>	<b>(11)%</b>	<b>5,535</b>
<b>Other comprehensive income (OCI)</b>	<b>(16)</b>	<b>#</b>	<b>-</b>	<b>(16)</b>
<b>Total comprehensive income (TCI)</b>	<b>1,322</b>	<b>1,511</b>	<b>(13)%</b>	<b>5,519</b>

# amount less than ₹ 1 million



# Segment performance: Y-o-Y

(₹ million)

Particulars	Q1-FY19	Q1-FY18	Y-o-Y%	FY18
<b>Segment Revenue</b>				
Broking & commission	3,967	3,659	8%	16,882
Advisory services	323	272	19%	1,440
Investment & trading	69	83	(17)%	288
<b>Total Revenue</b>	<b>4,359</b>	<b>4,014</b>	<b>9%</b>	<b>18,610</b>
<b>Segment Result</b>				
Broking & commission	1,801	1,671	8%	7,747
Advisory services	170	88	93%	657
Investment & trading	55	40	38%	120
<b>Total Result</b>	<b>2,026</b>	<b>1,799</b>	<b>13%</b>	<b>8,524</b>



# Segment performance : Q-o-Q

Particulars	Q1-FY19	Q4-FY18	Q-o-Q%	(₹ million)
				FY18
<b>Segment Revenue</b>				
Broking & commission	3,967	4,717	(16)%	16,882
Advisory services	323	304	6%	1,440
Investment & trading	69	84	(18)%	288
<b>Total Revenue</b>	<b>4,359</b>	<b>5,105</b>	<b>(15)%</b>	<b>18,610</b>
<b>Segment Result</b>				
Broking & commission	1,801	2,187	(18)%	7,747
Advisory services	170	131	30%	657
Investment & trading	55	53	4%	120
<b>Total Result</b>	<b>2,026</b>	<b>2,371</b>	<b>(15)%</b>	<b>8,524</b>

# Consolidated balance sheet

(₹ million)

ASSETS	At March 31, 2018	At June 30, 2018
<b>A. Non-Current Assets</b>	<b>2,592</b>	<b>2,447</b>
1. Fixed assets	421	432
2. Financial Assets	329	296
3. Deferred tax assets (net)	666	591
4. Other non-current assets	1,176	1,128
<b>B. Current Assets</b>	<b>26,154</b>	<b>24,904</b>
a) Cash/Bank and cash equivalents	15,426	15,000
b) Short-term loans & advances and other current assets	10,728	9,904
<b>Total</b>	<b>28,746</b>	<b>27,351</b>
<b>Equity &amp; Liabilities</b>		
	<b>At March 31, 2018</b>	<b>At June 30, 2018</b>
<b>A. Equity</b>	<b>8,477</b>	<b>9,816</b>
<b>B. Non-Current Liabilities</b>	<b>1,223</b>	<b>897</b>
<b>C. Current Liabilities</b>	<b>19,046</b>	<b>16,638</b>
a) Short-term borrowings	6,724	6,784
b) Trade Payables	7,744	5,978
c) Other current liabilities and short-term provisions	4,578	3,876
<b>Total</b>	<b>28,746</b>	<b>27,351</b>



# Key strategy

**Strengthen our leadership position in the brokerage business**

**Continue investing in technology and innovation**

**Strategically expand our financial product distribution business through cross-selling**

**Leverage our leadership in equity capital markets to strengthen our financial advisory businesses**

**Diversify our revenue streams and continue reducing revenue volatility**



# Agenda

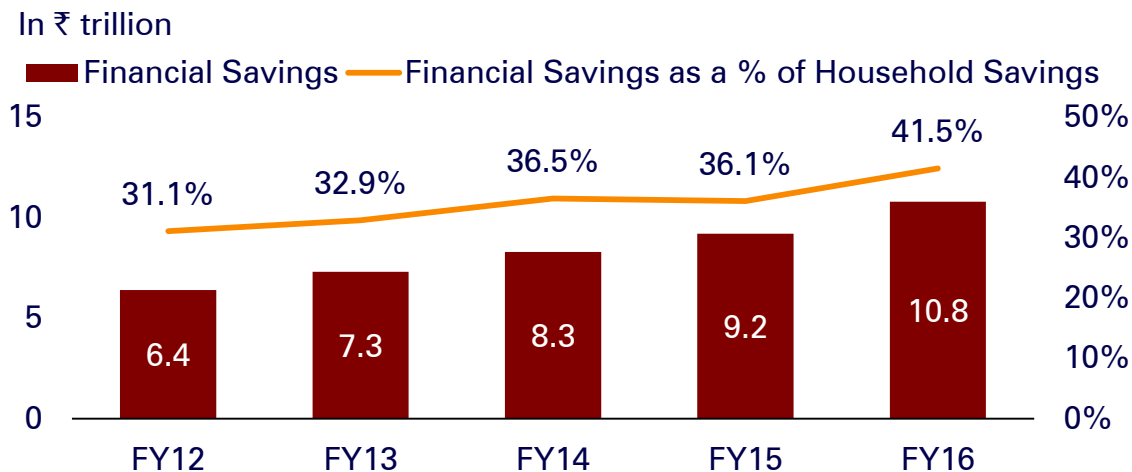
Key highlights

Business performance and strategy

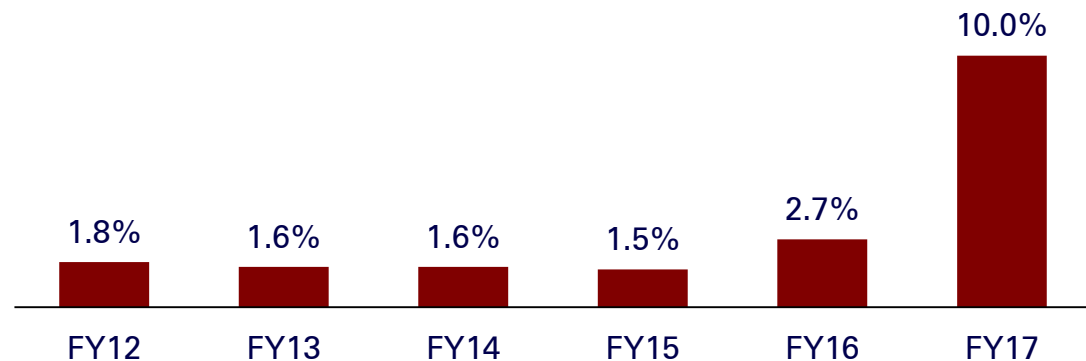
**Industry**

# Increasing share of Financial Savings

## Financial Savings as a proportion of household saving



## Incremental investments in shares & debentures

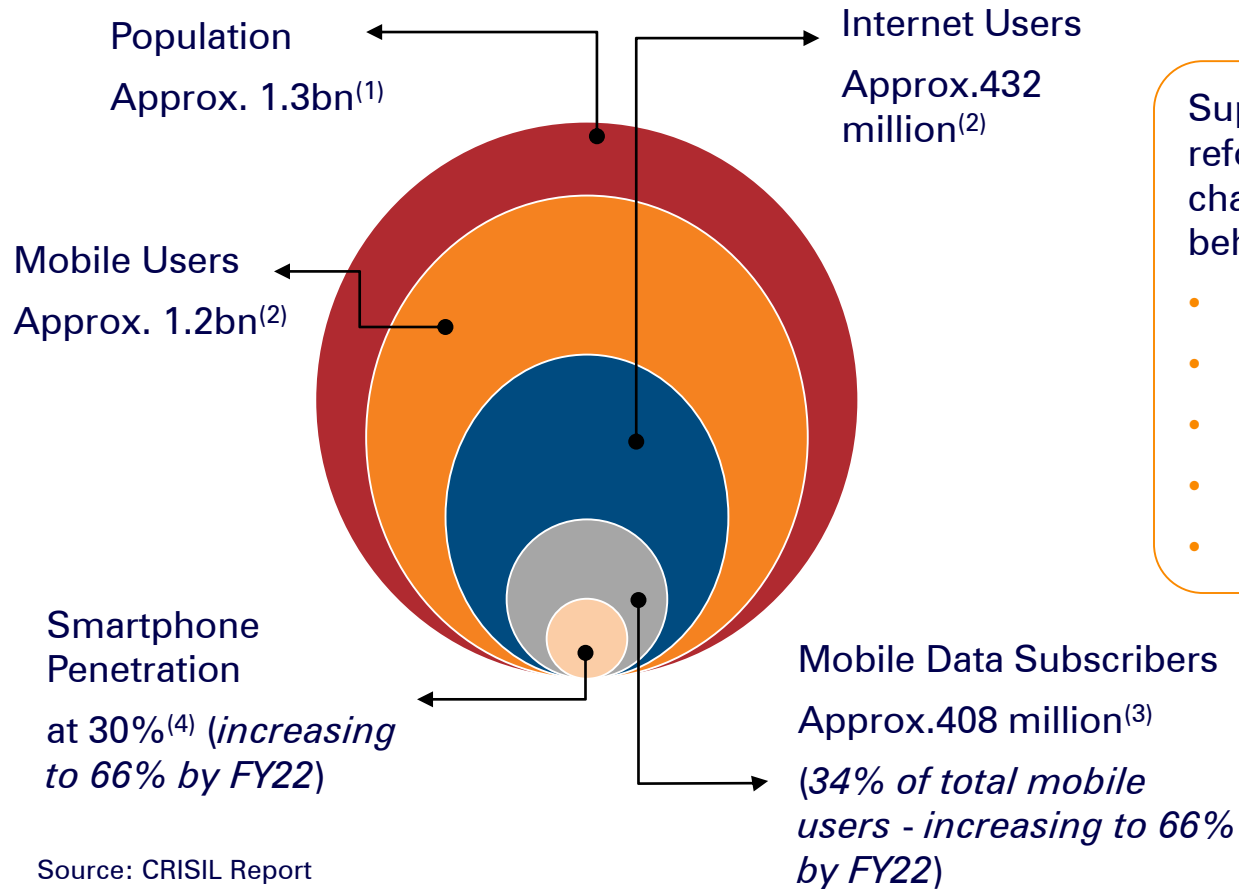


- Steadily increased from 31.1% in FY 12 to 41.5% in FY 16
- Household savings are increasingly shifting from physical assets to financial assets – a fundamental change in behavior
- In FY17, investment in shares & debentures increased to 10.0%

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)



# Digital infrastructure set to expand exponentially



- Supportive structural reforms leading to positive change in consumer behaviour
- Demonetization
  - Aadhar
  - Financial inclusion
  - Goods & Services Tax
  - Direct Benefit Transfer

Source: CRISIL Report

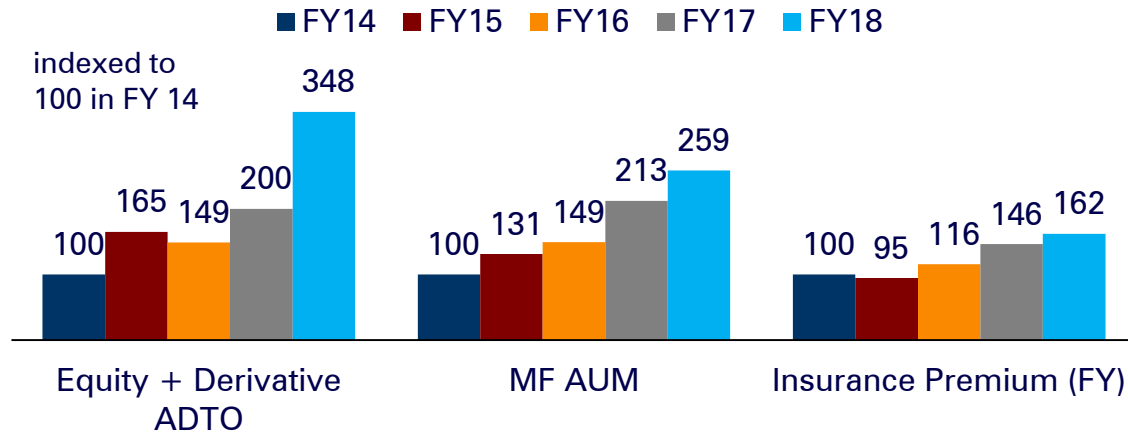
(1) Population in 2016 (Source: EIU); (2) Source: CRISIL Report; (3) Calculated as total mobile users (Approx. 1.2bn) \* Share of mobile data subscribers as a proportion of overall mobile users in FY17 (34%) (Source: TRAI and CRISIL Report); (4) In FY17 (Source: CRISIL Report)





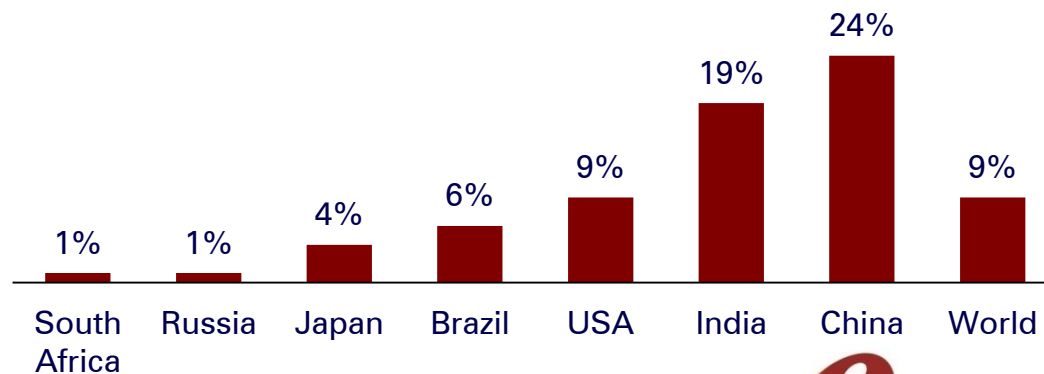
# Financial sector being the key beneficiary

## Growth Across Financial Asset Classes



- Improved economic conditions and changing savings pattern resulting in to growth across various asset classes

## Household saving as % of GDP 2016



- India has high-savings economy, with household savings as a proportion of GDP at 19%

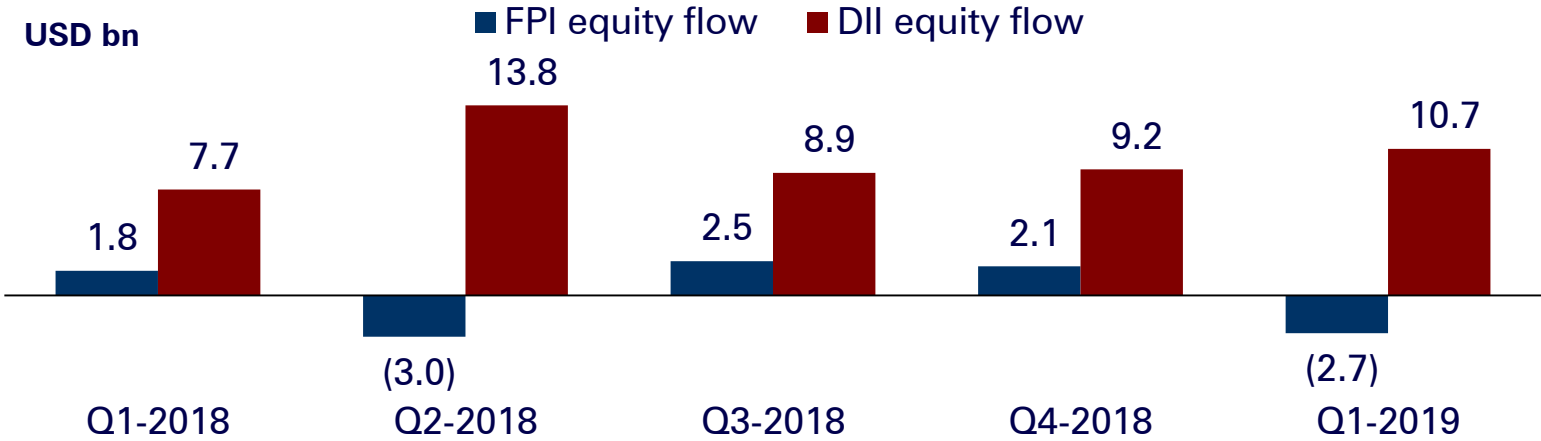
ADTO: Average daily turnover

Source: RBI, IRDA, AMFI, NSE, BSE, EIU

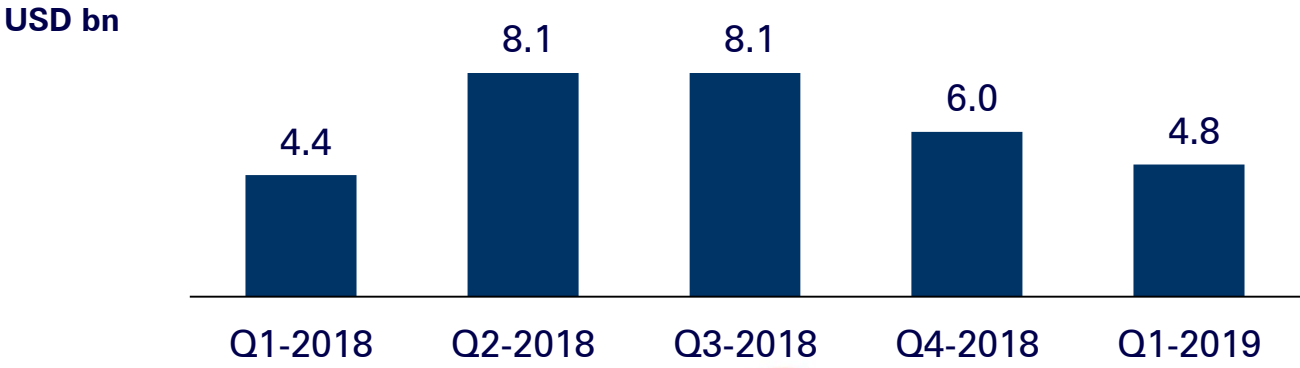


# DIIs buoyed by MF flows

## Domestic flows remain robust



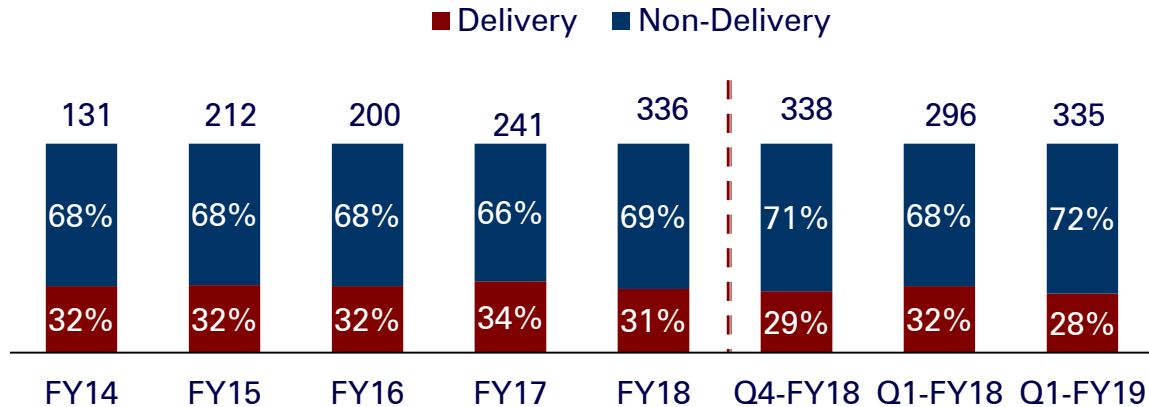
## Retail flows in equity MFs



Source: Bloomberg, I-Sec research

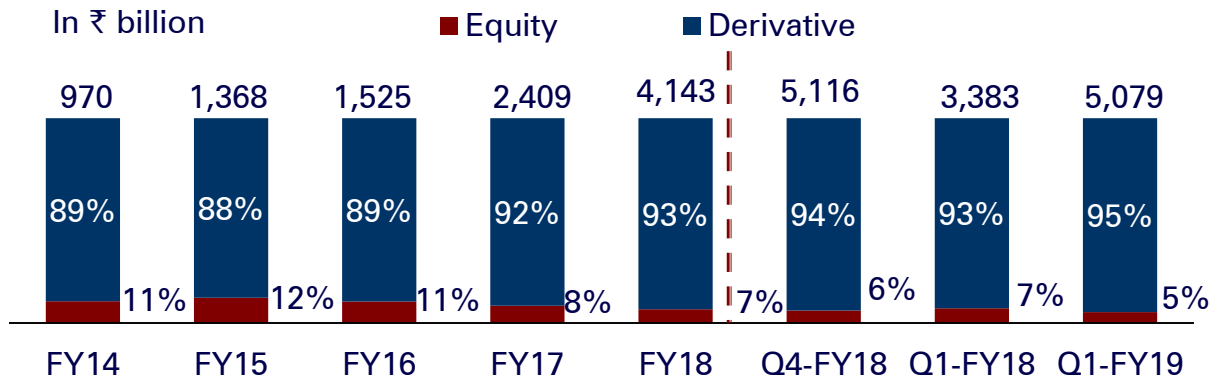
# Derivative & Non-delivery volume on rise

## Market equity ADTO (In ₹ billion)



- Delivery turnover contribution down from 32% to 28% Y-o-Y

## Market ADTO excluding prop (In ₹ billion)



- Derivative contribution in overall volume increased from 93% to 95% Y-o-Y

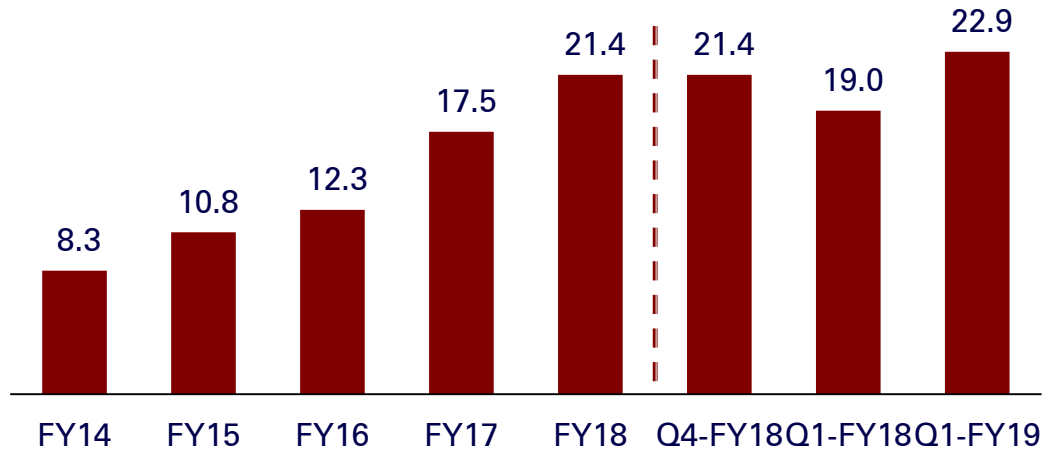
Source: NSE, BSE, SEBI

ADTO – Average daily turnover

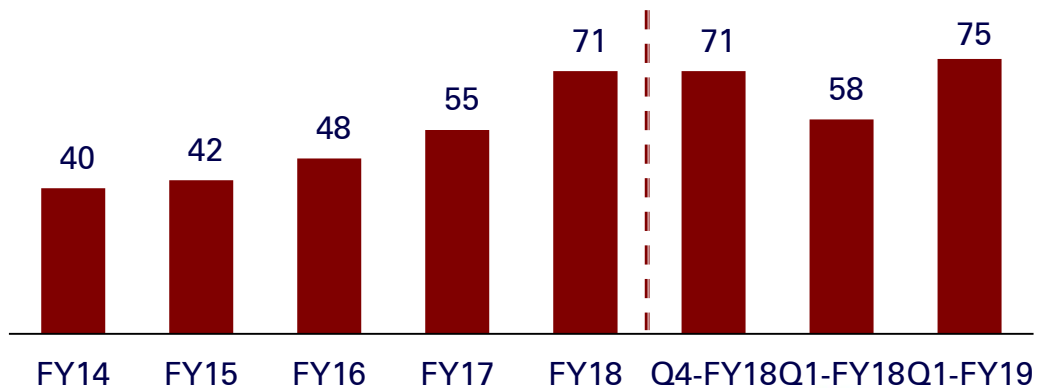


# Growing mutual fund Industry AUM

Mutual Fund (Exit AUM) In ₹ trillion



Mutual Fund Folios (Exit) In million

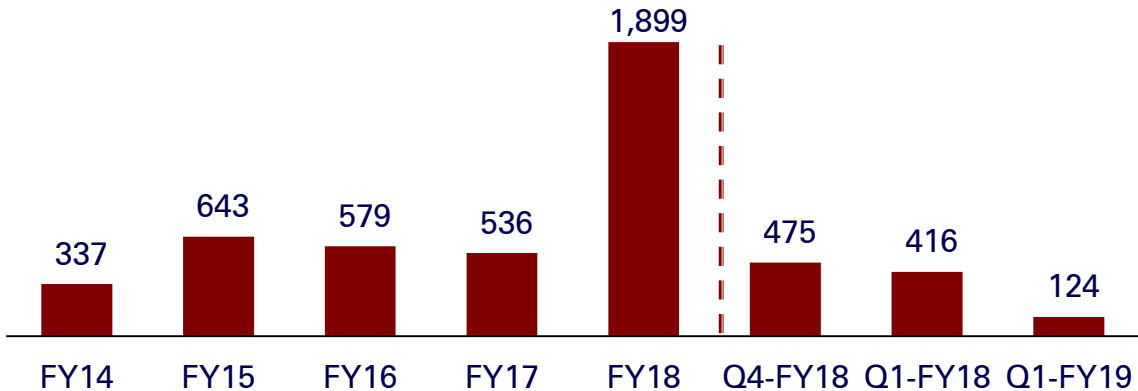


- Mutual Fund industry witnessed significantly higher growth of increased financial savings and improving investor awareness about mutual funds as an asset
- MF AUM (Exit) increased by 21% Y-o-Y
- MF folios count has increased by 28% Y-o-Y

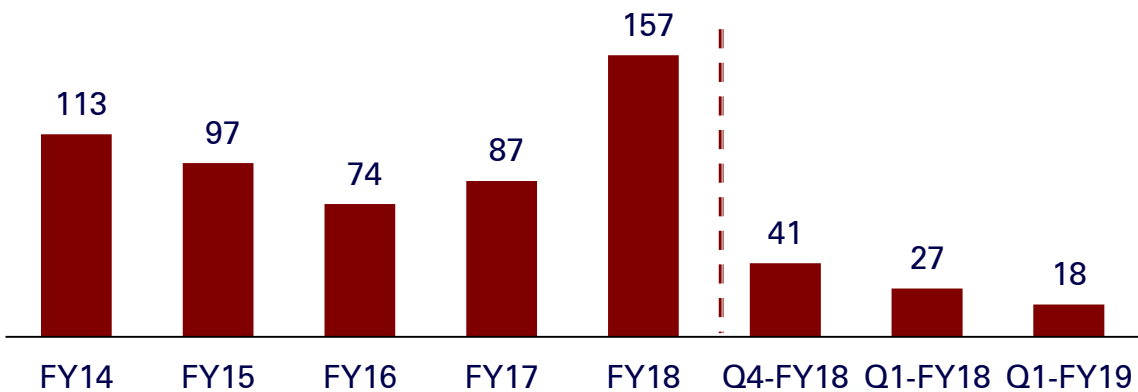
Source: AMFI

# Subdued primary market issuances

## ECM Issuance mobilized (₹ in billion)



## ECM Issuance



- ECM issuance mobilisation decreased by 70% Y-o-Y
- No. of ECM issuance decreased by 33% Y-o-Y

ECM : Includes IPO/FPO/InvIT, QIP/IPP, Rights Issue, Offer for Sale, Source: Primedatabase

# 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



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# Safe harbor

This appendix is intended to provide information on the key impacts of transition to Ind AS on the Company's reported equity and reported profit. The information presented in this communication includes key accounting differences between Indian GAAP and Ind AS that are relevant for the Company in qualitative and quantitative terms. Ind AS financial statements incorporated in the presentation as well as explained in the Appendix are based on the principles/interpretations and regulations known to date and may be affected by changes to Ind AS or the interpretation thereof published/notified hereafter. The Appendix is for use of readers of the financial information of the Company and is not intended to serve as a guide on Ind AS and/or an exhaustive statement of Ind AS transition aspects.

# Applicability of Ind AS to our Company

• Phase I: April 1, 2016

- Listed and unlisted entities having net-worth more than ₹ 5.00 billion.

• Phase II: April 1, 2017

- All Listed/to be listed companies
- Unlisted entities with net-worth more than ₹ 2.50 billion.

• Phase III: April 1, 2018

- All banks, insurance companies and NBFCs

**IRDAI and RBI subsequently deferred the implementation of Ind AS;  
However Ind AS has become applicable to our Company being NBFC**

- The Company has applied Ind AS with transition date as April 1, 2017
- Applicable to our Company and our subsidiaries ICICI Securities Holdings Inc and ICICI Securities Inc
- Q1-FY19 is first quarter of Ind AS financials. Comparative periods have been restated from audited Indian GAAP financial statements to conform to Ind AS



# Key GAAP differences

	Impact area	B/S	P&L
A	Ind AS 115: Revenue recognition	Low	Low
B	Ind AS 109: Financial Instruments	Low	Low
C	Ind AS 19 and 102: Employee benefits	Low	Low
D	Ind AS 112 : Income taxes	Low	Low
E	Ind AS 17 : Leases	Med	Low
F	Various : Re-classifications		
Low	Impact less than 1% of respective Indian GAAP numbers for FY2018		
Med	Impact less than 5% of respective Indian GAAP numbers for FY2018		

# A Ind AS 115: Revenue recognition

Revenue streams	Impact
Brokerage	No
Distribution of third party products	No
Training fees (component of Distribution income)	Yes
Investment banking income & out of pocket expenses	Yes

- GAAP adjustments
  - Out of pocket expenses to be grossed up shown as revenue
  - Training fees for long tenure programs on completion of performance obligation.

## **B** Ind AS 109: Financial instruments

Type of financial assets	Measurement	Application of ECL
Investments - Non current and SIT	FVTPL	No
Loans - MTF and ESOP funding	Amortized cost	Yes
Trade Receivables	Amortised cost	Yes – simplified approach
Security deposit for lease and with Exchange	Amortised cost	Yes – simplified approach
Accrued income	Amortised cost	Yes – simplified approach
Security deposit with Exchanges	Amortised cost	No – based on past history
Fixed deposit with banks	Amortised cost	No – based on past history

- GAAP requirements/adjustments
  - Business model to be ascertained
  - Unlisted securities to be accounted at fair value
  - MTM gain to be accounted in profit and loss statement
  - ECL framework for financial assets



## C

# Ind AS 102 & Ind AS 19: Share based payments and employee benefits

- GAAP requirements/adjustments
  - Actuarial gains / losses and return on plan assets will be taken to OCI prospectively. No impact on TCI but profit in P&L will increase and OCI will correspondingly go down.
  - ESOPs granted to employees by ICICI Bank to be accounted as expense. No net-worth impact.

## D

# Ind AS 12 : Income taxes

- GAAP adjustments
  - Tax to be computed following balance sheet approach
  - Current tax remains unchanged
  - GAAP adjustments reflected under deferred tax
  - DTA/DTL created on GAAP adjustments.

TCI : Total comprehensive income



# E

## Ind AS 17 : Leases

- GAAP adjustments
  - Indian GAAP requires escalations expected during tenure of lease to be smoothed by creating lease rent escalation provision
  - The provision is not required under Ind AS and is reversed in Ind AS
  - Since it will get applied on carrying value, it would increase net worth but will not have significant impact in P&L
  - Rent free period of a lease is required to be taken as expense to profit and loss account under Ind AS; it unwinds over the term of lease

# Impact on Profit and Loss account

(₹ million)

Impact on profit and loss account	Period ending June, 2017	Year ending March, 2018
<b>Net profit as per Indian GAAP</b>	<b>1,147</b>	<b>5,577</b>
Adjustments under Ind AS		
A. Deferment of revenue	1	(10)
B. Allowances for expected credit losses	(7)	6
B. CP borrowing cost adjustment	1	-
B. Fair valuation of securities	27	2
B. Valuation of Security Deposits	(1)	(4)
C. Accounting for compensation costs	26	(50)
D. Deferred tax on adjustments	(22)	(18)
E. Lease rent adjustment	12	32
<b>Net profit as per Ind AS</b>	<b>1,184</b>	<b>5,535</b>





# Impact on Networth

(₹ million)

Impact on Net worth	As at April 1, 2017	As at March 31, 2018
<b>Networth as per Indian GAAP</b>	<b>4,896</b>	<b>8,342</b>
Adjustments under Ind AS		
B. CP borrowing cost adjustment	1	1
B. Deferment of revenue	(5)	(16)
B. ECL on Trade receivables	(10)	(5)
B. Fair valuation of securities	28	30
B. Lease rent adjustment	173	206
B. Valuation of Security Deposits	(7)	(11)
E. Deferred tax on adjustments	(61)	(70)
<b>Net worth as per Ind AS</b>	<b>5,015</b>	<b>8,477</b>



**ICICI SECURITIES LIMITED**

Earning Conference Call- Quarter ended June 30, 2018 (Q1-FY2019)

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

Good evening. It is my pleasure to welcome all of you to a discussion on the performance the ICICI Securities Limited for the quarter ended June 30, 2018. Our business presentation is available on our website for an easy reference. You can access it as we take you through the performance for the quarter.

***Economy and industry in Q1-FY2019***

Before we talk about the performance of the Company, let's take a brief look at the environment in Q1-FY2019 which has changed significantly when compared to FY2018 which was arguably one of the best years for the financial markets facing businesses.

As we entered Q1-FY2019, the macro-economic environment turned cautious with concerns arising from rising crude oil prices, falling rupee, global geo-political uncertainty, strengthening of the US economy, Fed rate hikes and fears of trade wars. These factors impacted the flows into financial markets and performance of the equity markets in general and the Midcap/Smallcap space in particular.

FII's were net sellers in Q1-FY2019 with a net outflow of over ₹ 180 billion compensated by strong inflow from DIIs of over ₹ 700 billion. In Q1-FY2019, the average daily market turnover (ex-prop) was up by 50% compared to Q1-FY2018. Within this, the mix of ADTO shifted towards derivatives and within equity also towards non delivery trades as active traders continued to participate in the market much more than the retail investors. The contribution of derivative volumes in overall volumes was 92.8% and 94.7% respectively in Q1-FY2018 and Q1-FY2019.

Mutual funds had assets under management of ₹ 22.9 trillion as on June 30, 2018, up by 21% on a Y-o-Y basis from ₹ 19.0 trillion as on June 30, 2017. In last 6 month, the monthly SIP inflows have however remained stable in the range of ₹ 65 billion - ₹ 70 billion even in volatile markets.

Equity Capital Market deal activity also slowed down considerably in Q1-FY2019 in terms of volume and value of deals. Indian companies raised equity of ₹ 124 billion in Q1-FY2019 through IPOs/InvIT, QIPs/IPPs, offer for sale and rights issues compared to ₹ 416 billion in Q1-FY2019 - a decrease of 70% Y-o-Y.

***Company performance***

We continued our focus on market leadership leveraging our technology edge and retail customer franchise, despite muted market conditions.

**Financial Highlights**

Our Company registered growth in Revenues for Q1-FY2019 with our consolidated revenue growing by 9% Y-o-Y from ₹ 4,014 million to ₹ 4,359 million and with Profit after tax (PAT) growing by 13% from ₹ 1,184 million to ₹ 1,338 million.

We were able to contain our costs. Our total cost was ₹ 2,333 million in Q1-FY2019, a growth of 5% from ₹ 2,215 million in Q1-FY2018. Our cost to income ratio was 54% in Q1-FY2019 as compared to 55% same quarter last year.

Our Return on Net Worth (RoNW) was ~ 59% (annualized).

**Business Highlights**

For Q1-FY2019, our company registered revenue growth led primarily by non-brokerage revenues growing by 14% Y-o-Y and brokerage and related revenues growing by 6% Y-o-Y in context of a strong base and volatile markets. Within non-brokerage revenues distribution and corporate finance revenues grew by 17% and 19% Y-o-Y respectively. We were able to add ~ 1.1 lakh clients which was a 6% growth over same quarter last year. Within the overall number of customers acquired, the quality of sourcing has improved in terms of number of customers bringing in an initial margin deposit.

***Broking business***

In our broking business, we continue to gain market share which improved from 8.8% in Q1-FY2018 to 9.2% in Q1-FY2019. The ADTO (ex-prop) was up by 57 % compared to market growth of 50 % Y-o-Y. This was led by growth in the average daily derivative volumes were up by 60% Y-o-Y compared to market growth of 53% on a Y-o-Y basis. The average daily equity volumes up by 14% Y-o-Y compared to market growth of 10%. The company outperformed the market in terms of volumes in both the equity and derivative segments.

In line with our strategy to focus on activation, we were able to grow our active clients on NSE by 24% from 6.5 lakh clients in Q1-FY2018 to 8.1 lakh clients in Q1-FY2019. We have been consistently able to maintain the leadership in number of NSE active clients.

Total brokerage revenue excluding interest income, which contributed to 53% of our revenues in Q1-FY2019, increased marginally against same quarter last year from ₹ 2,268 million to ₹ 2,298 million with retail forming 88% of total revenue. Brokerage revenue from retail clients stayed almost flat at ₹ 2,024 million in Q1-FY2019, compared to ₹ 2,044 million in Q1-FY2018. This was mainly on account of decrease in equity delivery volumes and gradual shift of mix towards derivatives in line with the market. Retail investors muted participation resulted in decline in retail delivery volumes during the quarter. Our experience is that in a volatile market environment, especially in the current scenario where small cap and mid cap scrips have under-performed and the Nifty returns have also been concentrated in few scrips, cash equity transactions and within that delivery transactions reduce whereas derivatives and intra-day transactions go up. The yields within the three distinct segments of cash equity delivery, cash equity intra-day and derivatives

have remained largely stable.

Interest income from our brokerage business has grown by 34% from ₹ 338 million in Q1-FY2018 to ₹ 453 million in Q1-FY2019 primarily on account of growth in MTF book and margin funds deployed with exchanges. MTF book is stable despite current market environment and is expected to scale up with improved market conditions.

Brokerage revenue from institutional clients was ₹ 274 million in Q1-FY2019, a growth of 22% from ₹ 224 million in Q1-FY2018. Our institutional broking business has dedicated sales teams across India, Asia Pacific and the United States. We have executed several block deals during the quarter which demonstrates our strong execution capabilities. We also have a 40 member strong institutional research team covering 240 plus Indian stocks across sectors supplementing growth of our institutional broking business.

### ***Distribution business***

Revenue of our distribution business grew by 17% Y-o-Y from ₹ 993 million in Q1-FY2018 to ₹ 1,164 million in Q1-FY2019 and contribution in total revenues have increased to 27% from 25% Y-o-Y.

We were the second largest non-bank mutual fund distributor by revenues in the country for fiscal 2018. Structurally our AUM comprises majority contribution from equity which have higher yields. Our Mutual Fund average AUM was ₹ 348 billion in Q1-FY2019, a growth of 31% from ₹ 266 billion in Q1-FY2018 compared to the market AUM (average) growth of 20% on a Y-o-Y basis. Our Mutual Fund revenue was ₹ 773 million in Q1-FY2019, a growth of 28% from ₹ 606 million in Q1-FY2018. Our Mutual Fund revenue contribution in total revenue increased to 18% from 15% Y-o-Y.

Further our strategy of focusing on SIPs as a means to have a sticky annuity income stream has resulted in growing count of MF SIP and stable inflows into SIPs compared to last year. The total number of unique SIPs triggered in the trailing 12 month increased by 55% Y-o-Y from 0.7 million as of Q1-FY2018 to 1.1 million as of Q1-FY2019.

In our life insurance business, the total premium garnered grew by 6% Y-o-Y. Our Life Insurance revenue was ₹ 87 million in Q1-FY2019, a growth of 30% from ₹ 67 million in Q1-FY2018.

### ***Investment banking***

Our Investment Banking revenue was ₹ 323 million in Q1-FY2019, a growth of 19% from ₹ 272 million in Q1-FY2018. The major transactions handled by the company in Q1-FY2019 includes IndInfravit private placement, ICICI Prudential Life Insurance offer for sale, advised Federal Bank and KIMS Hospitals.

Our diversification efforts towards scaling up of our non-brokerage businesses have helped reducing the volatility. Our contribution from non-brokerage business increased from 35% in Q1-FY2018 to 37% in Q1-FY2019.

***Summary***

In summary, we are well positioned to gain from transformational changes unfolding in financial savings and digitization landscape of the economy. We believe there is significant headroom available to grow all our businesses and we remain focused on our key strategic priorities leveraging our strengths in tapping the significant opportunities facing our businesses.

Thank you and we are now open for questions and answers!