

October 19, 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 & half year ended September 30, 2018

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

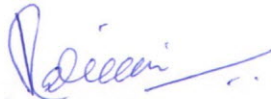
This is further to our letter dated October 15, 2018 regarding the earnings call which was scheduled to be held on October 19, 2018.

Please find enclosed herewith the investor presentation and the opening remarks for the earnings call held on October 19, 2018 to discuss the financial results for quarter and half year ended September 30, 2018.

The same has also been uploaded on the website of the Company *i.e.* www.icicisecurities.com.

Thanking you,

Yours faithfully,
For ICICI Securities Limited



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):
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Churchgate, Mumbai 400 020, India.
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Corporate Office (Retail):
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T.T.C. Ind. Area, M.I.D.C., Turbhe, Navi Mumbai - 400 705
Tel (91 22) 4070 1000
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Name of Compliance Officer (Broking Operations) : Mr. Anoop Goyal
Email Address: complianceofficer@icicisecurities.com / Tel (91 22) 4070 1000
Website Address: www.icicisecurities.com / www.icicidirect.com





Performance review H1-FY2019

October 19, 2018

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ICICI Securities: Natural beneficiary of transforming savings environment

Largest equity broker in India¹ powered by ICICIdirect

Strong online presence aided by pan India distribution

2nd largest non - bank mutual fund distributor²

Garnering scale in wealth management business

Leading investment bank in equity capital market³

1. By brokerage revenue and active customers on the NSE

2. Source: AMFI (in terms of revenue), period: FY18

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



Agenda

Key highlights

Business performance and strategy

Industry



Agenda

Key highlights

Business performance and strategy

Industry



Key highlights : H1-FY2019

Sustained revenue and profit given muted market and high base

- 4% increase in consolidated revenues
 - Broking : ~1%, Distribution : 18%, Corporate Finance : (17)%
 - Brokerage revenues contribution 53% compared to 55%
- 8% increase in profit after tax
 - Sustained cost to income ratio

Continued traction in retail clients acquisition and engagement

- 2.2 lac new clients acquired
- 22% increase in active clients on NSE
- 35% Triggered SIPs count up from 5.2 lac to 7.0 lac

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

- 8.9% blended broking market share (8.8%: H1-FY2018)
- 25% increase in Mutual Fund average AUM vs. Market 18%
- 13 completed Investment Banking deals, increased traction in advisory

Period: H1-FY2019 vs H1-FY2018



Agenda

Key highlights

Business performance and strategy

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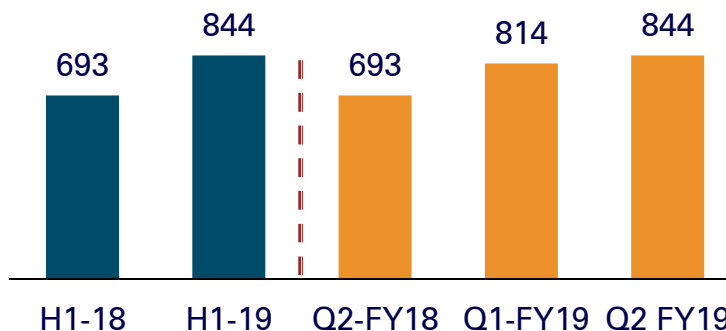


Sustained broking market share

- Maintained leadership in terms of active clients with 22% growth in active clients on NSE
- 4.2 million strong base of operational accounts with 2.2 Lacs new client acquisition in H1-FY19
- 8.9% market share, ADTO grew at 58% compared to market 57%

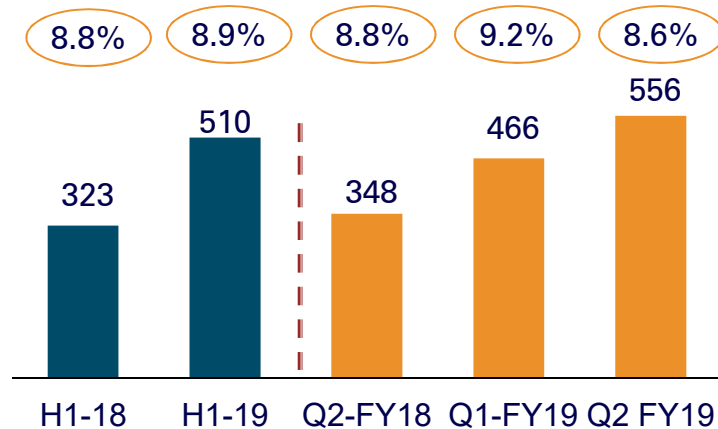
Active clients on NSE

In thousands



Volume and market share (%)

ADTO in ₹ bn



ADTO : Turnover on NSE and BSE excluding proprietary

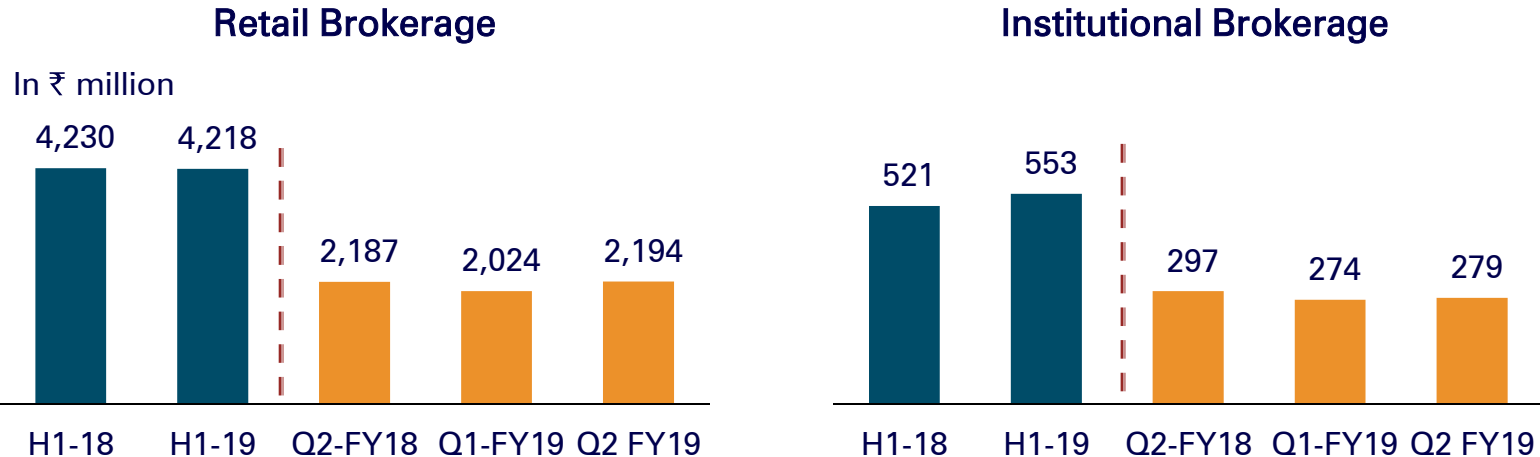
Market share : The ratio of our ADTO to the sum of the ADTO on NSE and BSE excluding proprietary turnover

Period: H1-FY18 vs. H1-FY19



Maintained revenue despite volatility

- Revenues flat despite retail investors' muted participation
- Market delivery turnover contribution to equity turnover decreased from 31% to 27%
- 6% institutional broking revenue growth despite of decline in institutional flows particularly in Q2-FY2019

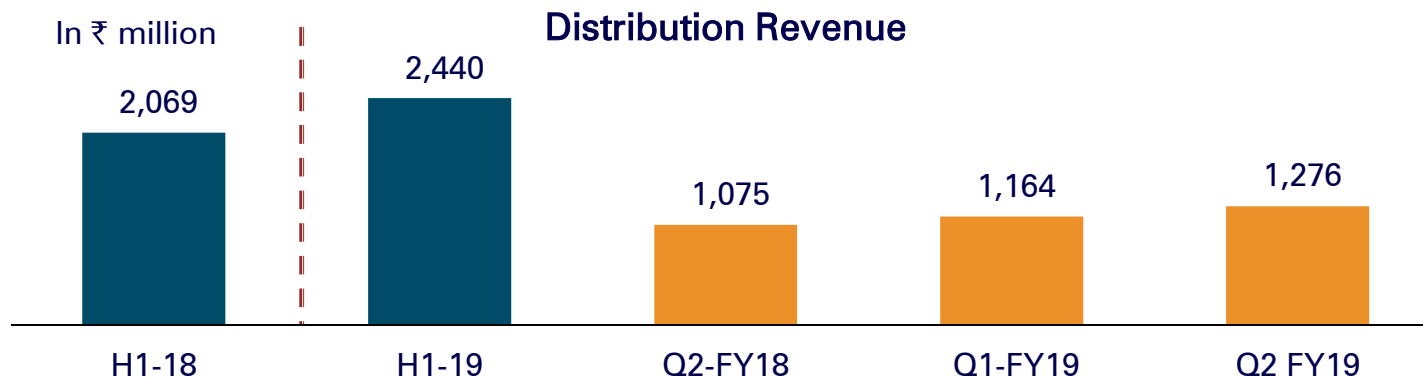


Period: H1-FY18 vs. H1-FY19



Diversified revenues reducing volatility

- 18% distribution revenue growth
 - 23% growth in MF revenue
 - 18% growth in Life Insurance revenue
- Revenue contribution increased to 27% from 24%



Strong online presence aided by pan India distribution

- Presence over 75+ cities with ~200 branches,
- 1,450+ relationship managers & product specialists
- Wealth management solutions for HNIs/Family offices
 - 350+ member team
- ~ 6,200+ sub-brokers, authorized persons, IFAs & IA's
- Presence in 3,000+ ICICI Bank branches

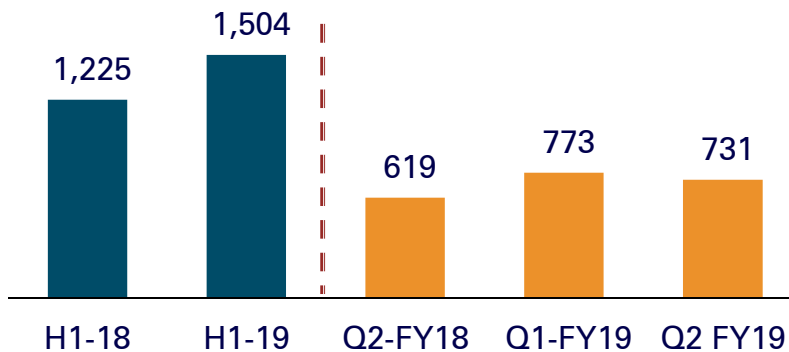


Period: H1-FY18 vs. H1-FY19

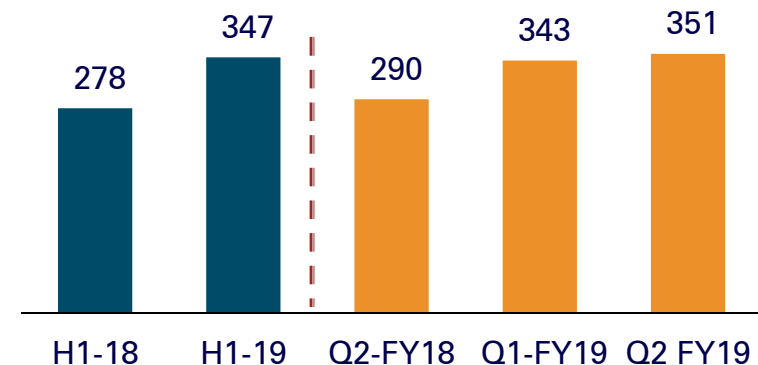
Leading non-bank MF distributor

- 23% growth in MF revenues
 - MF revenue contribution increased to 17% from 14%
- 25% growth in MF average AUM vs. 18% in Market
- 35% growth in SIP count¹ from 0.52 mn to 0.70 mn
 - Trailing 12 months SIP count increased from 0.82 mn to 1.15 mn

Mutual Fund revenue (In ₹ million)



Mutual Fund Average AUM (In ₹ billion)

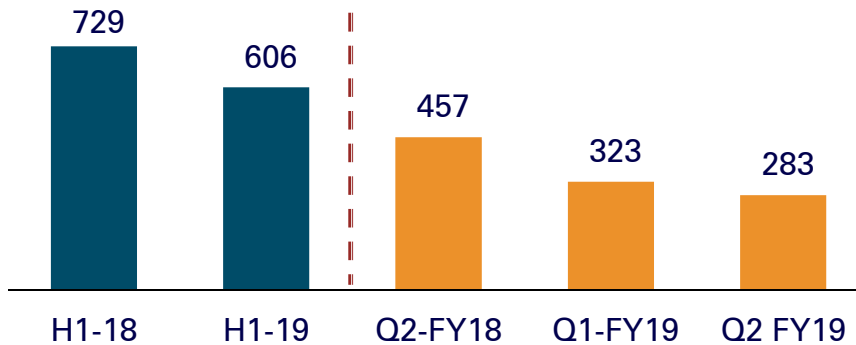


1. Triggered as on last month of period
Period: H1-FY18 vs. H1-FY19














Leading Investment Bank in India

Corporate Finance revenue (in ₹ million)



- 17% decline in revenues
 - Market ECM issuance mobilization down by 68% from ₹ 817 bn to ₹ 259 bn
- Increased traction in advisory business
- Robust deal pipeline

IPO/ FPO/ InvIT		Advisory		Buy Back		
 ₹ 31.5 bn	INDINFRAVIT Trust	 ₹ 4.0 bn	Federal Bank	 ₹ 2.4 bn	Akzo Nobel India Ltd	
 ₹ 28.0 bn	HDFC AMC Co. Ltd.	 ₹ 8.5 bn	KIMS Hospitals	 ₹ 2.9 bn	Jagran Prakashan Ltd.	
 ₹ 11.3 bn	Credit access Grameen Ltd.	<th>Open Offer</th> <td> ₹ 0.6 bn</td> <td>Music Broadcast Ltd.</td>		Open Offer	 ₹ 0.6 bn	Music Broadcast Ltd.
 ₹ 16.4 bn	Aavas Financiers Ltd.			 ₹ 1.3 bn	SQS India BFSI Ltd.	

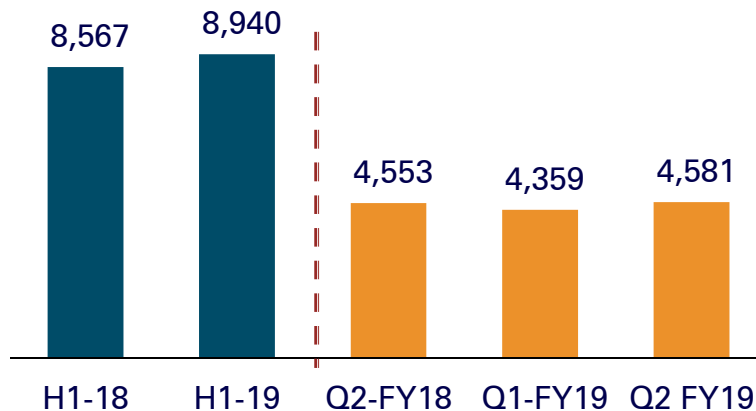
ECM : Includes IPO/FPO/InvIT, QIP/IPP, Rights Issue, Offer for Sale, Source: Primedatabase
Period: H1-FY18 vs. H1-FY19



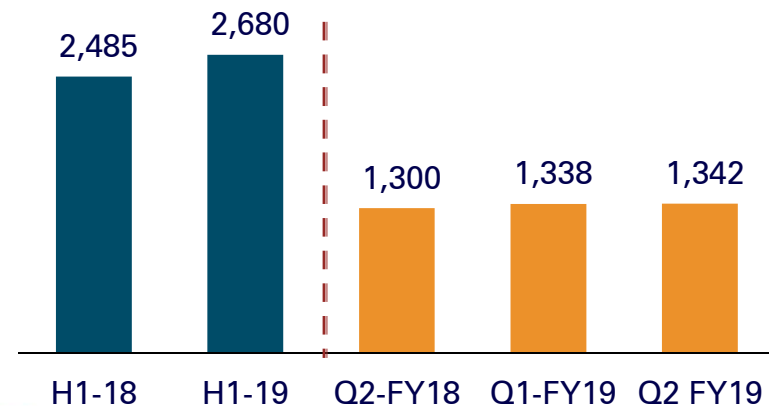
Financial performance

- 4% growth in consolidated revenue
- 8% growth in consolidated PAT
- Return on equity (annualized): H1-FY19 : ~ 59%
- Sustained cost to income ratio : H1-FY19 : ~54%,

Consolidated Revenue ₹ million



Profit after tax (PAT) ₹ million



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



Consolidated P&L: Y-o-Y

(₹ million)

Particulars	H1-FY19	H1-FY18	Y-o-Y%	FY18
Revenue	8,940	8,567	4%	18,610
Expenses				
Employee benefits expenses	2,801	2,850	(2)%	5,504
Operating expenses	592	639	(7)%	1,677
Finance costs	239	224	7%	495
Other expenses	1,205	1,045	15%	2,410
Total Expenses	4,837	4,758	2%	10,086
Profit before tax	4,103	3,809	8%	8,524
Tax expense	1,423	1,324	7%	2,989
Profit after tax	2,680	2,485	8%	5,535
Other comprehensive income (OCI)	(16)	(23)	(30)%	(16)
Total comprehensive income (TCI)	2,664	2,462	8%	5,519



Period: H1-FY18 vs. H1-FY19

Consolidated P&L: Quarterly

(₹ million)

Particulars	Q2-FY19	Q1-FY19	QoQ%	Q2-FY18	YoY%
Revenue	4,581	4,359	5%	4,553	1%
Expenses					
Employee benefits expenses	1,435	1,367	5%	1,540	(7)%
Operating expenses	341	252	35%	313	9%
Finance costs	108	131	(18)%	123	(12)%
Other expenses	620	583	6%	567	9%
Total Expenses	2,504	2,333	7%	2,543	(2)%
Profit before tax	2,077	2,026	3%	2,010	3%
Tax expense	735	688	7%	710	4%
Profit after tax	1,342	1,338	-	1,300	3%
Other comprehensive income (OCI)	#	(16)	-	5	-
Total comprehensive income	1,342	1,322	2%	1,305	3%

amount less than ₹ 1 million

Period: Q2-FY18 vs. Q2-FY19



Segment performance: Y-o-Y

(₹ million)

Particulars	H1-FY19	H1-FY18	Y-o-Y%	FY18
Segment Revenue				
Broking & commission	8,208	7,677	7%	16,882
Advisory services	606	729	(17)%	1,440
Investment & trading	126	161	(22)%	288
Total Revenue	8,940	8,567	4%	18,610
Segment Result				
Broking & commission	3,704	3,391	9%	7,747
Advisory services	315	352	(11)%	657
Investment & trading	84	66	27%	120
Total Result	4,103	3,809	8%	8,524

Period: H1-FY18 vs. H1-FY19



Segment performance : Quarterly

(₹ million)

Particulars	Q2-FY19	Q1-FY19	Q-o-Q%	Q2-FY18	Y-o-Y%
Segment Revenue					
Broking & commission	4,241	3,967	7%	4,018	6%
Advisory services	283	323	(12)%	457	(38)%
Investment & trading	57	69	(17)%	78	(27)%
Total Revenue	4,581	4,359	5%	4,553	1%
Segment Result					
Broking & commission	1,904	1,801	6%	1,720	11%
Advisory services	144	170	(15)%	264	(45)%
Investment & trading	29	55	(47)%	26	12%
Total Result	2,077	2,026	3%	2,010	3%



Period: Q2-FY18 vs. Q2-FY19

Consolidated balance sheet

(₹ million)

ASSETS	At March 31, 2018	At Sept 30, 2018
A. Non-Current Assets	2,585	2,720
1. Fixed assets	421	454
2. Financial Assets	322	460
3. Deferred tax assets (net)	666	647
4. Other non-current assets	1,176	1,159
B. Current Assets	26,154	25,512
a) Cash/Bank and cash equivalents	15,426	16,648
b) Short-term loans & advances and other current assets	10,728	8,864
Total	28,739	28,232
Equity & Liabilities		
	At March 31, 2018	At Sept 30, 2018
A. Equity	8,477	9,659
B. Non-Current Liabilities	1,222	1,099
C. Current Liabilities	19,040	17,474
a) Short-term borrowings	6,724	5,204
b) Trade Payables	7,737	8,023
c) Other current liabilities and short-term provisions	4,579	4,247
Total	28,739	28,232



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

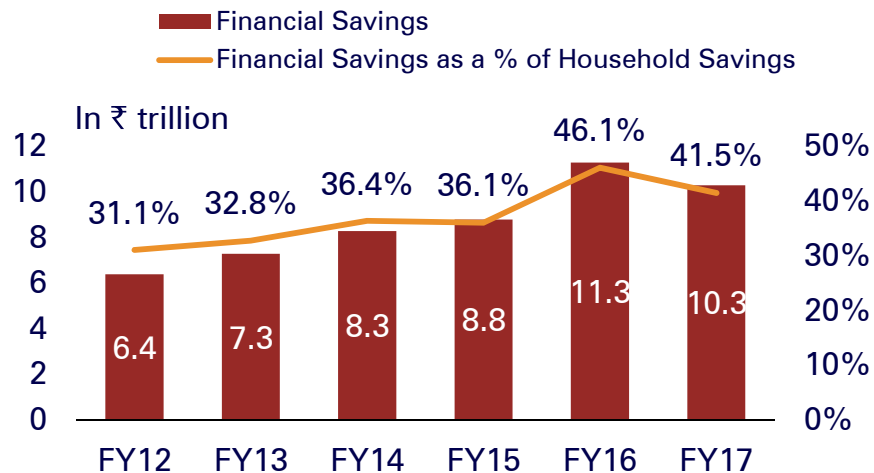
Industry



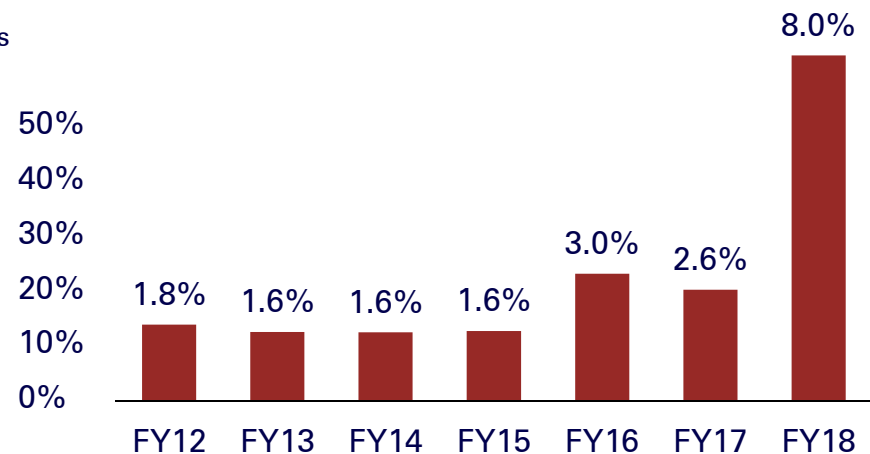
Increasing share of Financial Savings

- Increased from 31.1% in FY 12 to 41.5% in FY 17
- Household savings are increasingly shifting from physical assets to financial assets – a fundamental change in behavior
 - In FY18, investment in shares & debentures increased to 8.0%

Financial Savings as a proportion of household saving



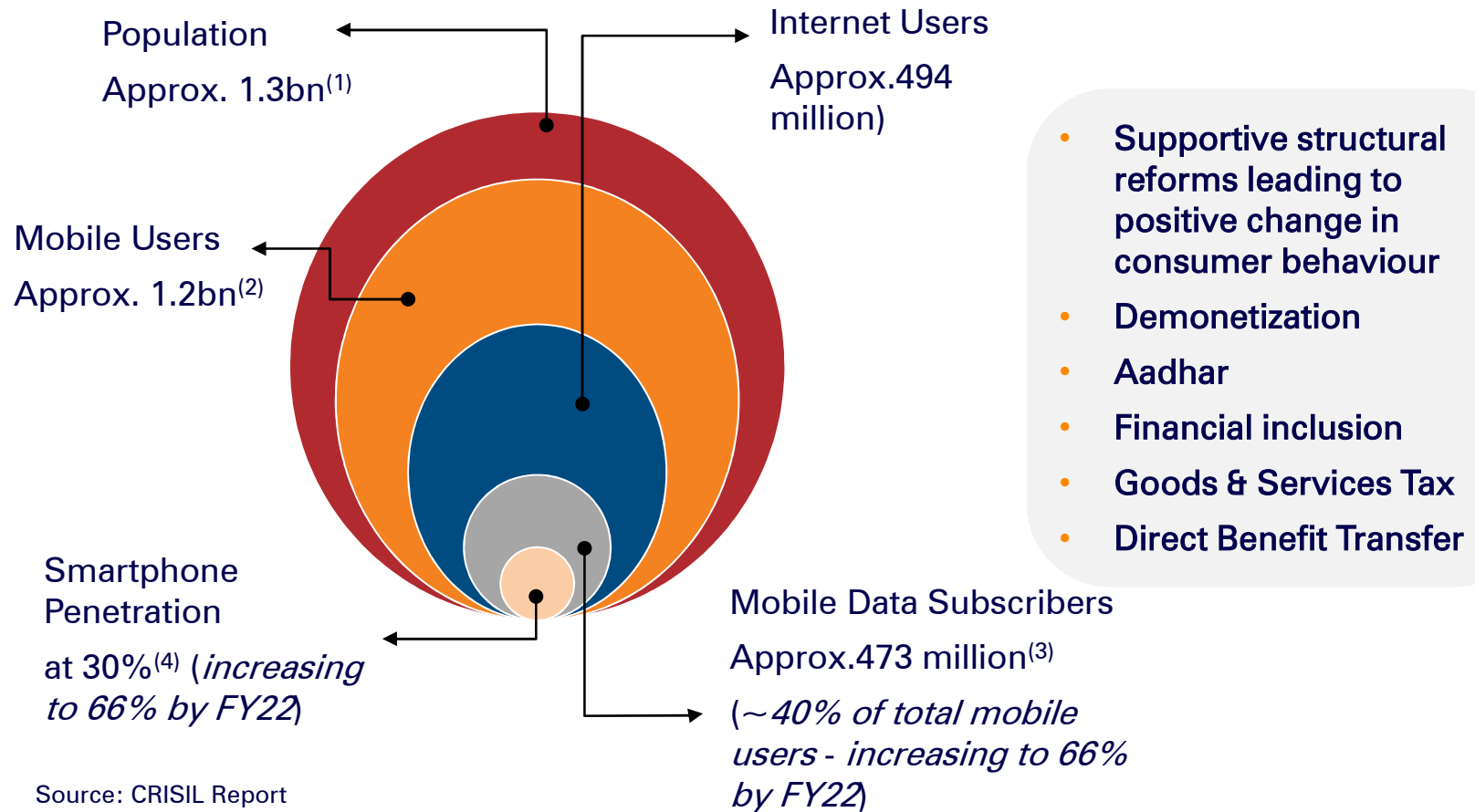
Incremental investments in shares & debentures



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



Source: CRISIL Report

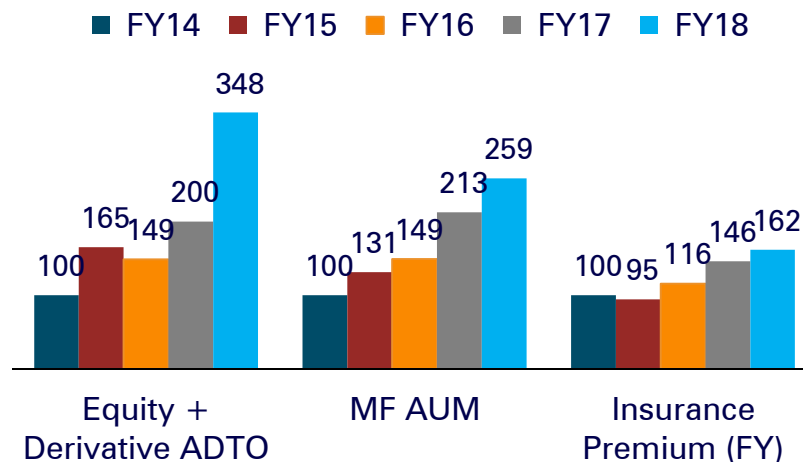
(1) Population in 2016 (Source: EIU); (2) Source: CRISIL Report; (3) Calculated as total mobile users (Approx. 1.2bn) * Share of mobile data subscribers as a proportion of overall mobile users in FY18 (~40%) (Source: TRAI and CRISIL Report); (4) In FY17 (Source: CRISIL Report)



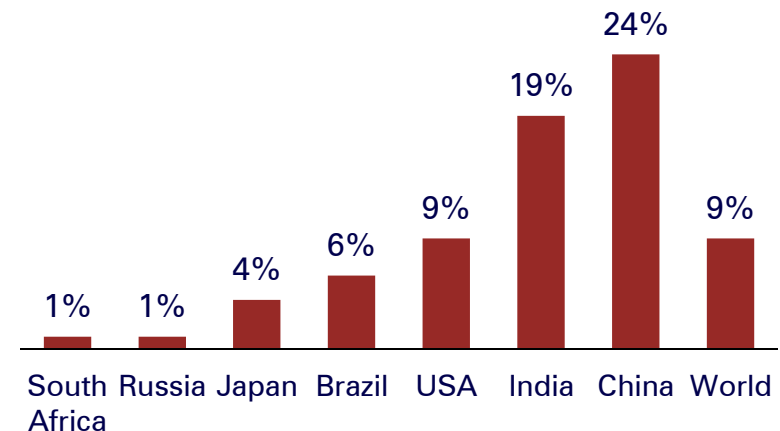
Financial sector being the key beneficiary

- Improved economic conditions and changing savings pattern resulting in to growth across various asset classes
- India has high-savings economy, with household savings as a proportion of GDP at 19%

Growth Across Financial Asset Classes#



Household saving as % of GDP 2016



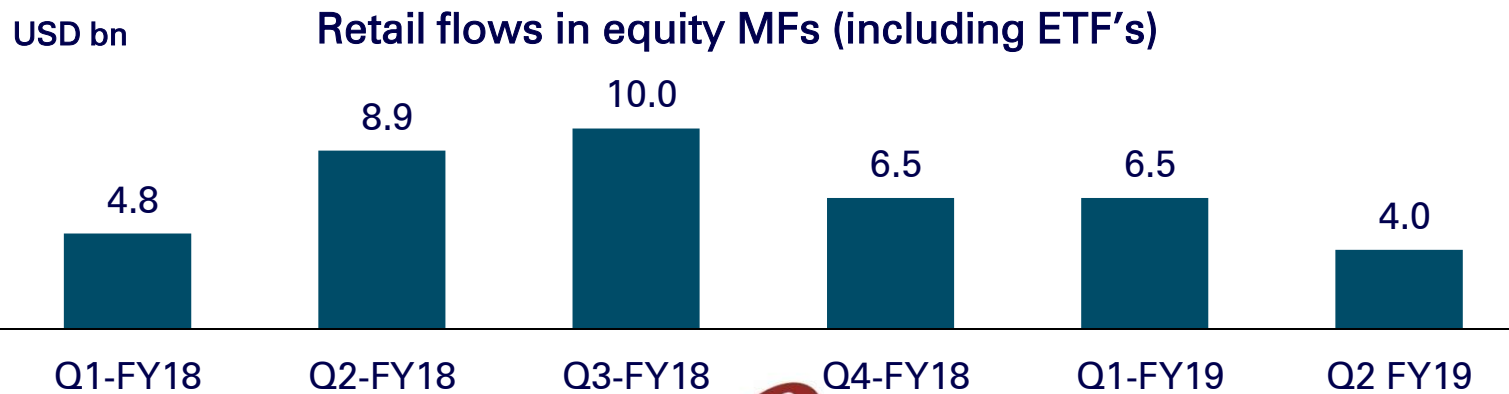
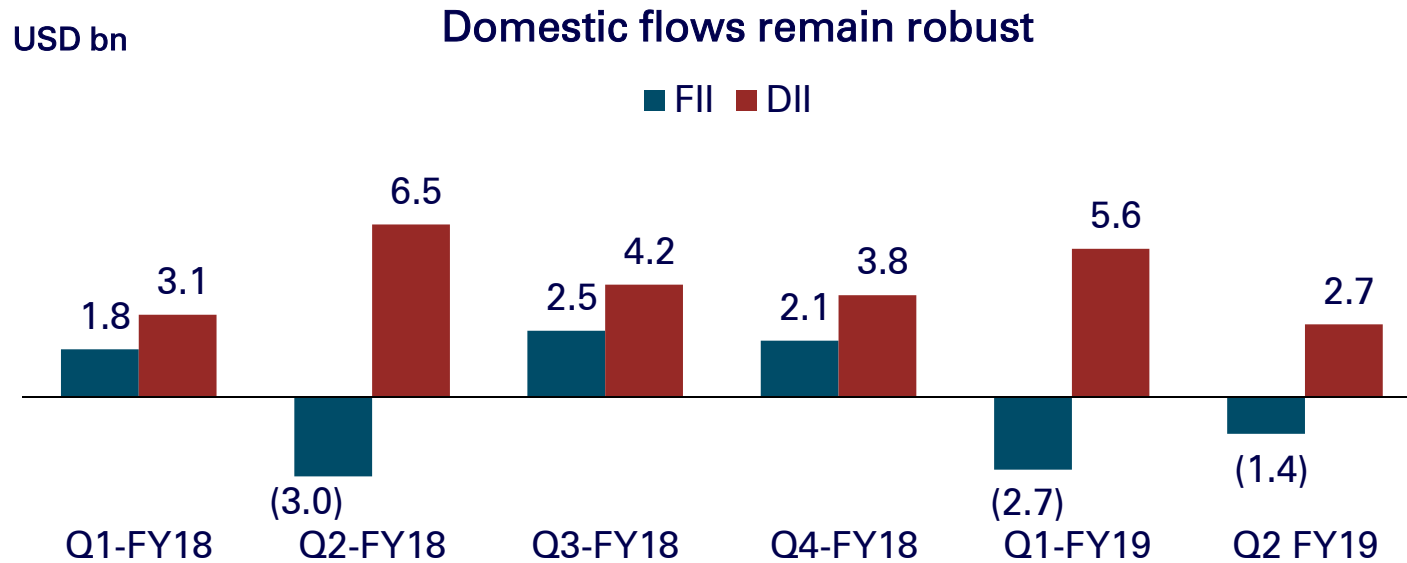
Indexed to 100 in FY 14

ADTO: Average daily turnover

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



DIs continue to be net buyers

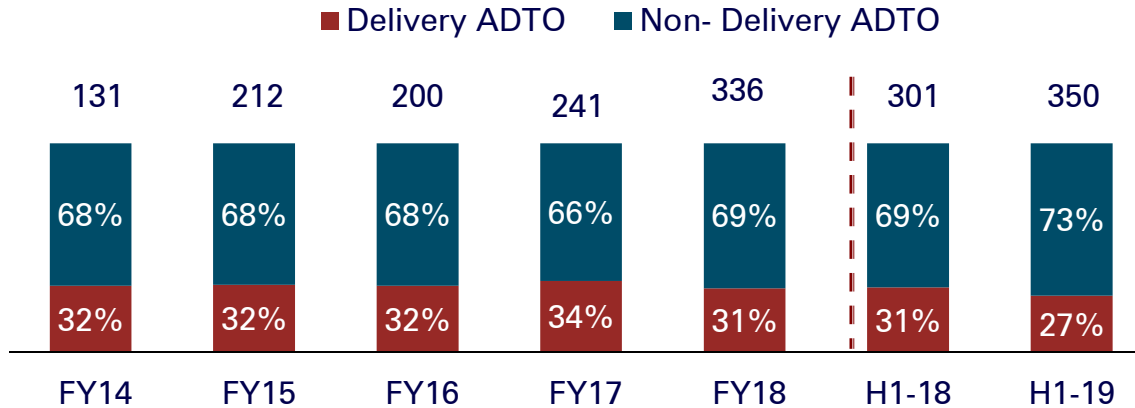


Source: Bloomberg, I-Sec research

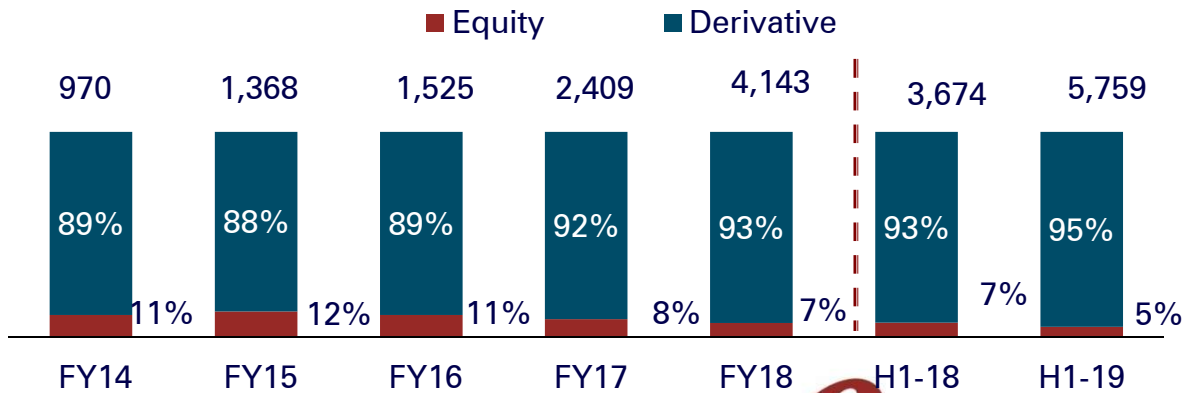


Derivative & Non-delivery volume on rise

Market equity ADTO (In ₹ billion)



Market ADTO excluding prop (In ₹ billion)



- Delivery turnover contribution down from 31% to 27% in H1-FY18 vs H1-FY19
- Derivative contribution in overall volume increased from 93% to 95% in H1-FY18 vs H1-FY19

Source: NSE, BSE, SEBI

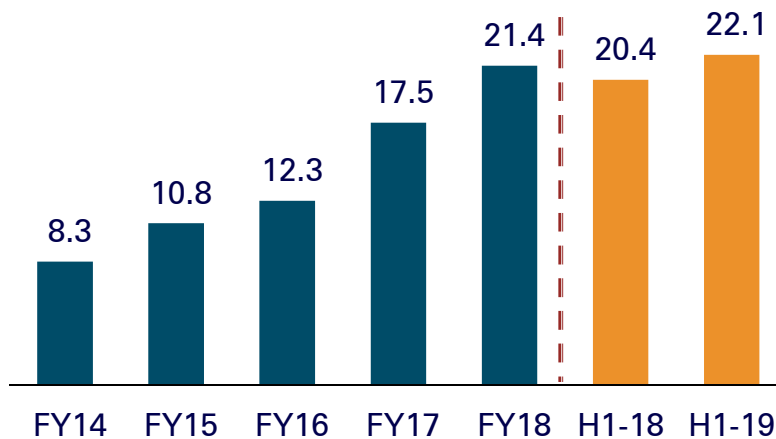
ADTO – Average daily turnover



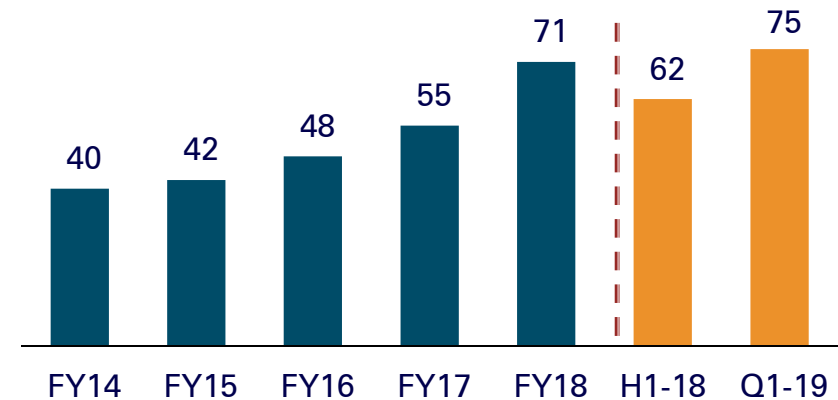
Growing mutual fund Industry AUM

- 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 8% Y-o-Y
- MF folios count increased by 5% from March 18 to June 18

Mutual Fund (Exit AUM) In ₹ trillion



Mutual Fund Folios (Exit) In million



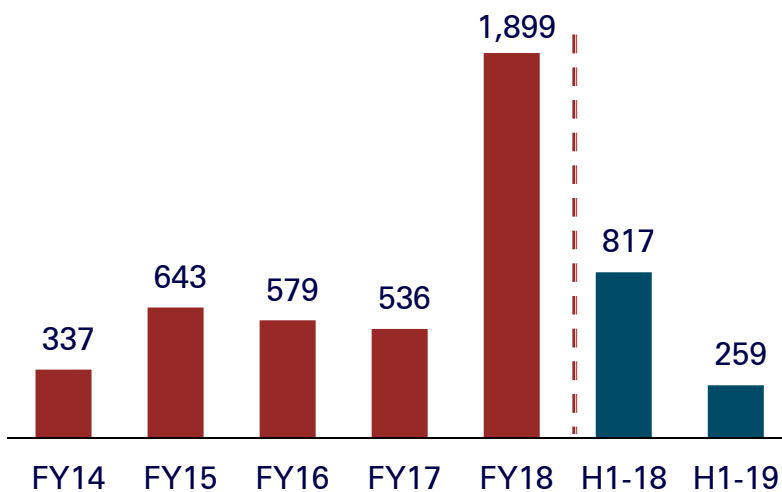
Source: AMFI



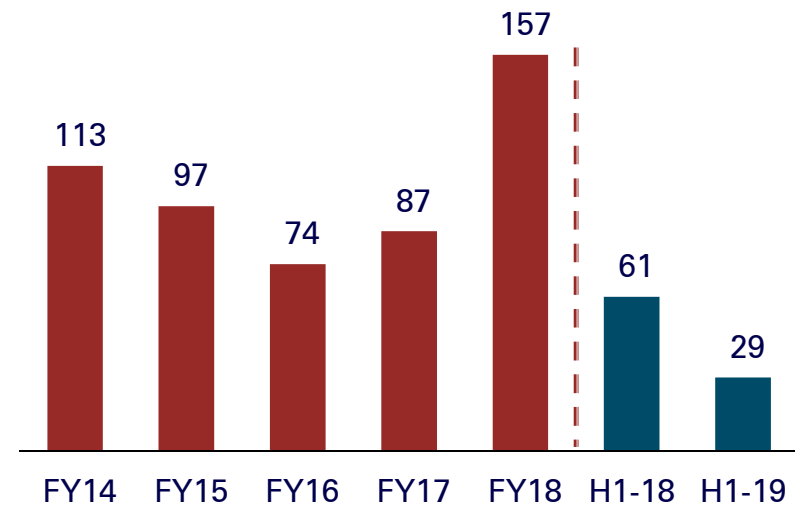
Subdued primary market

- ECM issuance mobilisation decreased by 68% Y-o-Y
- No. of ECM issuance decreased by 52% Y-o-Y

ECM Issuance mobilized (₹ in billion)



ECM Issuance



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



ICICI SECURITIES LIMITED

Earning Conference Call
Quarter and half year ended September 30, 2018 (Q2-FY2019/H1-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 half year ended September 30, 2018. Our business presentation is available on our website for an easy reference.

Economy and industry in H1-FY2019

Before we talk about the performance of the Company, let's take a brief look at the environment in H1-FY2019 which has changed significantly when compared to last fiscal.

As we entered in Q2-FY2019, the macro-economic environment turned adverse with concerns arising from global trade wars, Fed rate hikes and rising crude oil prices. These accompanied by falling rupee, rising inflation and liquidity issue in certain sectors like NBFC adversely impacted the flows into financial markets and performance of the equity markets in particular, leading to stock markets tumbling at the end of Q2-FY2019.

FIs were net sellers in H1-FY2019 with a net outflow of over ₹ 280 billion compensated by inflow from DIs of over ₹ 570 billion.

Mutual funds had assets under management of ₹ 22.1 trillion as on September 30, 2018, up by 8% on a Y-o-Y basis from ₹ 20.4 trillion as on September 30, 2017.

Primary market remained subdued in H1-FY2018. There was a 68% Y-o-Y decline in equity raising by Indian companies through IPOs/InvIT, QIPs/IPPs, offer for sale and rights issues from ₹ 817 billion in H1-FY2018 to ₹ 259 billion in H1-FY2019.

Company performance

We continued to stay focused on our philosophy of leveraging our technology edge, client acquisition and activation and diversifying our revenue streams despite the muted market conditions.

Financial Highlights

Our Company registered growth in Revenues for H1-FY2019 with our consolidated revenue growing by 4% Y-o-Y from ₹ 8,567 million to ₹ 8,940 million and with Profit after tax (PAT) growing by 8% Y-o-Y from ₹ 2,485 million to ₹ 2,680 million despite muted market conditions.

For H1-FY2019, our company registered revenue growth led primarily by distribution revenues growing by 18% and brokerage and related revenues growing by 5% while

corporate finance revenues declined by 17%. Decline in corporate finance business was mainly on account of high revenue base last fiscal, during which three large deals were managed by the company.

We were able to contain our costs. Our total cost was ₹ 4,837 million in H1-FY2019, a growth of 2% from ₹ 4,758 million in H1-FY2018. Our cost to income ratio was 54% in H1-FY2019 as compared to 56% in H1-2018.

Our Return on Equity (RoE) was ~ 59% (annualized).

Business Highlights

Broking business

In our broking business, our blended market share improved from 8.8% in H1-FY2018 to 8.9% in H1-FY2019. The ADTO (ex-prop) was up by 58% compared to market growth of 57% Y-o-Y. This was led by growth in the average daily derivative volumes which were up by 60% Y-o-Y which was in line to market growth of 60% on a Y-o-Y basis. The average daily equity volumes up by 16% Y-o-Y compared to market growth of 11%. The company outperformed the market in terms of volumes in the equity segment.

In line with our strategy to focus on client acquisition and activation, we were able to add ~ 2.2 lakh new clients in H1-FY2019 and our active clients on NSE grew by 22% from 6.9 lakh clients in H1-FY2018 to 8.4 lakh clients in H1-FY2019.

Total brokerage revenue excluding interest income, which contributed to 53% of our revenues in H1-FY2019, increased marginally against same period last year from ₹ 4,751 million to ₹ 4,771 million with retail forming 88% of total revenue. Brokerage revenue from retail clients stayed almost flat at ₹ 4,218 million in H1-FY2019, compared to ₹ 4,230 million in H1-FY2018.

Interest income from our brokerage business has grown by 34% from ₹ 674 million in H1-FY2018 to ₹ 904 million in H1-FY2019 primarily on account of growth in MTF book and margin funds deployed with exchanges.

Brokerage revenue from institutional clients was ₹ 553 million in H1-FY2019, a growth of 6% from ₹ 521 million in H1-FY2018.

Distribution business

Revenue of our distribution business grew by 18% Y-o-Y from ₹ 2,069 million in H1-FY2018 to ₹ 2,440 million in H1-FY2019 and contribution in total revenues have increased to 27% in H1-FY2019 from 24% in H1-FY2018.

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 has higher yields. Our Mutual Fund average AUM was ₹ 347 billion in H1-FY2019, a growth

of 25% from ₹ 278 billion in H1-FY2018 compared to the market AUM (average) growth of 18% on a Y-o-Y basis. Our Mutual Fund revenue was ₹ 1,504 million in H1-FY2019, a growth of 23% from ₹ 1,225 million in H1-FY2018.

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. There is a 35% Y-o-Y growth in SIPs triggered in the last month of the period from 0.5 million in H1-FY2018 to 0.7 million in H1-FY2019.

On the regulatory front, SEBI has asked fund houses to follow all-trail model to compensate their distributors and announced a significant reduction in total expense ratio charged by the mutual funds. This would result in adverse impact on the mutual fund revenues of the Company. The implementation of the proposed changes is subject to gazette notification.

Our Life Insurance revenue was ₹ 210 million in H1-FY2019, a growth of 18% from ₹ 178 million in H1-FY2018.

Investment banking

Our Investment Banking revenue was ₹ 606 million in H1-FY2019, a decline of 17% from ₹ 729 million in H1-FY2018 as the equity capital market activities declined significantly. Further, there was a base effect of handling three large equity & InvIT deals in H1-FY2018. The company handled a number of Investment banking transactions in H1-FY2019 which included IPOs, InvIT, OFS and advisory deals. Our focus on scaling up advisory business helped us in reducing the impact of decline in the equity capital market activities.

Summary

In summary, we have been able to perform well in spite of the muted market conditions. We are focused on scaling up nascent parts of our businesses and taking them to their full potential. We remain focused on our key strategic priorities leveraging our strengths in identifying and tapping the significant opportunities facing our businesses.

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