



## Press Release

### Q3FY22 Performance Highlights

- Revenue at ₹942 crore, up 52% YoY; **strong growth across all businesses**
  - Equities and allied revenue at ₹596 crore, up 36% YoY
  - Distribution income at ₹164 crore, up 55% YoY
  - Private Wealth Management revenue at ₹259 crore up 128% YoY
  - Issuer Services & Advisory\* revenue at ₹111 crore up 372% YoY
- PAT at ₹380 crore, up 42% YoY
- Cost to income ratio 46%; Return on Equity (annualized) at robust 73%
- Over 6.8 lakh clients added; up by over 386% YOY; **highest ever quarterly addition**
- Total client assets at ~₹ 5.6 Lakh crore, up 64% YoY
- Wealth AUM at ₹2.8 Lakh crore, up 92% YoY
- 3.07 million overall active clients, up 89% YoY

\* Our investment banking business

**Mumbai, Tuesday, January 18, 2022** – ICICI Securities, a part of the ICICI Group and India's leading retail-led equity franchise, distributor of financial products, and investment bank, today declared all round improvement in financial and operational performance for the quarter ending 31<sup>st</sup> December 2021 (Q3FY22) as compared to the corresponding quarter last year (Q3FY21).

### Q3FY22 Performance

The company reported consolidated revenue of ₹942 crore in Q3FY22, against ₹620 crore in Q3FY21, up 52%, aided by **strong all round performance across business segments**.

Consolidated Profit After Tax (PAT) for Q3FY22 stood at ₹380 crore, Vs ₹ 267 crore in Q3FY21, up 42%.



Cost to income ratio stood at 46% in Q3FY22, while Return on Equity (annualized) was at robust 73%.

### **Business Highlights**

ICICI Securities has a client base of ~70 lakh, of which over 6.8 lakh were added during the quarter, which is **highest ever addition in a quarter**, for the sixth quarter in a row. Digital sourcing and open architecture approach continue to demonstrate strength with 81% of new customers coming from non ICICI Bank channels.

The company has over 3 million active clients (those who have transacted across any product categories in the last 12 months) and over 2.7 million NSE active clients (those having traded on the NSE in the last 12 months), up 89% and 114% YoY respectively.

**Total client assets stood at ₹5.6 Lakh crore** on 31<sup>st</sup> December, 2021, vs ₹3.4 Lakh crore a year ago, up 64%.

In Q3FY22, **Equities and Allied Business**, which comprises retail equity, institutional equity, lending towards ESOP (Employee Stock Option Plans) & MTF (Margin Trade Funding), Prime & NEO subscription fees and other charges, rose 36% year-on-year to ₹596 crore. The Retail Equities and Allied Business reported revenues at ₹527 crore, up 35%, vs ₹391 crore in Q3FY21.

ESOP & MTF interest income rose 229% year-on-year to ₹146 crore in Q3FY22 and the daily average funded book for the quarter for these businesses stood at ₹6,623 crore against ₹1,840 crore in Q3FY2021. Prime + Neo subscription, and other fees and charges income grew 50% YoY to ₹33 crore. The company continued to receive encouraging response to Prime, its annual subscription based plan that provides a package of privilege pricing, exclusive research, and higher eATM limits per day. Almost a million customers have taken Prime membership, vs about half a million a year ago. Prime and Prepaid customers together contribute 62% of retail equities revenue.

During the quarter, ICICI Securities partnered with smallcase to offer curated baskets of stocks or ETFs to ICICIdirect customers. The company further reduced the payout time under its eATM facility to 5 mins from 30 mins, an industry first. For the trading community, Isec launched One Click Derivative in F&O and Breeze API, a next gen trading API with several innovative and unique features.



Institutional equities revenue during the quarter increased by 50% year-on-year to ₹69 crore, further consolidating its position among the top domestic institutions and also strengthened its FII franchise by entering into partnerships. I-Sec's institutional research team secured #1 position in 4 sectors in Asiamoney poll.

**Distribution** revenue stood at ₹164 crore in Q3FY22 up 55% against Q3FY21.

ICICI Securities is India's second largest non-bank MF distributor by revenue and assets. (based on FY21 AMFI data). ICICI Securities' MF revenues grew by 54% YoY to ₹97 crore in Q3FY22. On the back of SIP count rising 44% YoY to ~1 million in December 2021, the company's market share in SIP flows has expanded to 3.9% in Q3FY22 from 3.7% in Q3FY21. ICICI Securities' MF AUM is up 31% YoY and is at an all-time high.

ICICI Securities is also a leading distributor of other financial products like loans, fixed income products, corporate bonds and deposits, insurance, bank Fixed Deposits (FD), Alternate Investment Funds (AIF), Portfolio Management Services (PMS), Sovereign Gold Bonds (SGB), and National Pension Scheme (NPS). This business grew by 55% YoY in Q3FY22 to ₹67 crore. ICICIdirect disbursed ₹590 crore worth of loans during the quarter, against ₹430 crore in the same period last year. During the quarter, the company had a 9.1% market share in SGB distribution and 12% for ETF distribution (as of Sep '21).

During the quarter, the eATM facility was extended to MF customers, wherein customers received 50-70% of their redemption value instantly. The company has on-boarded CoverFox for auto and health insurance to further offer more choice to customers.

I-Sec's **Private Wealth Management** (PWM) business reported ₹259 crore of revenue in Q3FY22 up 128% on-year. The PWM business is a home-grown franchise serving ~ 65,140 High Networth and Ultra High Networth (HNI/U-HNI) clients (~3,290 added during the quarter), with an asset base of ₹2.83 Lakh crore up 92% year-on-year.

Our **Issuer Services and Advisory business** (Investment Banking) revenue stood at ₹111 crore in Q3FY22, up 372% on-year. ICICI Securities is ranked #1 in IPO/ FPO/ InvIT/ ReIT issuance (by amount issued) with a 68% mobilization marketshare (9MFY22). The company has strong IPO pipeline of 63 deals amounting to over ₹ 850 billion.



## **Management Commentary**

**Mr. Vijay Chandok, Managing Director and Chief Executive Officer**, said, “We are happy to report an encouraging operational and financial performance. Our broad-based and digital-led customer acquisition engine continues to break previous quarterly records. During the quarter, 68% of customers acquired are under 30 years of age (vs 44% YoY) and 87% are from tier II and below towns (vs 69% YoY).

We have identified several underserved pockets where we see a lot of potential. These include young professionals and new entrants to the job market, retirees, NRIs etc. and each’s investment objectives is very different from the other. To win them over, we are sharpening our delivery and overall value proposition.

As we continue our journey of transitioning to a digitally integrated financial marketplace, we are adopting ‘mass personalisation’ approach. Towards this we are investing in next gen skillsets, tools, platforms and capabilities, through which we are able to offer highly customized solutions matching an investor’s risk appetite and goals. Although we have a long way to go, early success is already visible through metrics like improvement in cross sell ratios (1.75 in Q3FY22 vs 1.6 in Q3FY20) and clients with two or more products (1.12 million in Q3FY22 vs 0.91 million in Q3FY20).“

## **About ICICI Securities**

ICICI Securities Limited (I-Sec) is a subsidiary of ICICI Bank Ltd. The company began its operation in May 1995 and continues to grow its operation through expanding its client base and providing different type of services.

I-Sec operates [www.icicidirect.com](http://www.icicidirect.com), India’s leading virtual financial supermarket, meeting the three need sets of its clients- investments, protection, and borrowing. Through its four lines of businesses -- broking, distribution of financial products, wealth management and investment banking-- I-Sec serves customers ranging from the retail and institutional investors to corporates to high net-worth individuals to government.

I-Sec is listed on National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). For details, visit: [www.icicisecurities.com](http://www.icicisecurities.com)

## **Disclaimer**

*Except for the historical information contained herein, statements in this release which contain words or phrases such as ‘will’, ‘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 broking business and other financial 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 exploration of merger and acquisition opportunities, our ability to integrate mergers or acquisitions*



*into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, 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 insurance regulations and other regulatory changes in India and other jurisdictions on us. ICICI Securities Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.*

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## ANALYSIS OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED DECEMBER 31, 2021 (Q3-FY2022)

Consolidated revenue increased by 51.9% from ₹ 6,199.7 million in Q3-FY2021 to ₹ 9,419.2 million in Q3-FY2022.

Consolidated profit after tax increased by 42.4% from ₹ 2,670.2 million in Q3-FY2021 to ₹ 3,803.5 million in Q3-FY2022.

(₹ in million)

Consolidated Profit & Loss Account	Q3-FY 2021	Q3-FY 2022	% Change
<b>Revenue From operations:</b>			
(i) Interest income	892.7	2,046.6	> 100.0
(ii) Fees and commission income			
Brokerage income	3,623.0	3,920.4	8.2
Income from services	1,588.3	3,305.7	> 100.0
(iii) Net gain on fair value changes	90.0	140.0	55.6
(iv) Others	7.1	3.7	(47.9)
<b>(I) Total revenue from operations</b>	<b>6,201.1</b>	<b>9,416.4</b>	<b>51.9</b>
<b>(II) Other Income</b>	<b>(1.4)</b>	<b>2.8</b>	<b>-</b>
<b>(III) Total Income (I+II)</b>	<b>6,199.7</b>	<b>9,419.2</b>	<b>51.9</b>
<b>Expenses:</b>			
(i) Finance costs	253.2	827.2	> 100.0
(ii) Fees and commission expense	302.0	534.7	77.1
(iii) Impairment on financial instruments	(14.7)	3.4	> (100.0)
(iv) Operating expenses	125.8	256.3	> 100.0
(v) Employee benefits expenses	1,297.4	1,729.1	33.3
(vi) Depreciation, amortization and impairment	137.6	159.7	16.1
(vii) Other expenses	520.6	810.5	55.7
<b>(IV) Total expenses</b>	<b>2,621.9</b>	<b>4,320.9</b>	<b>64.8</b>
<b>(V) Profit before tax (III-IV)</b>	<b>3,577.8</b>	<b>5,098.3</b>	<b>42.5</b>
(VI) Tax expense	907.6	1,294.8	42.7
<b>(VII) Profit after tax (V-VI)</b>	<b>2,670.2</b>	<b>3,803.5</b>	<b>42.4</b>
(VIII) Other comprehensive income/(Losses), net of taxes	0.5	22.4	> 100.0
<b>(IX) Total comprehensive income for the period (VII+ VIII)</b>	<b>2,670.7</b>	<b>3,825.9</b>	<b>43.3</b>

(₹ in million)

Balance Sheet	As at March 31, 2021	As at December 31, 2021	% Change
Financial assets	77,851.1	1,33,036.3	70.9
Non-financial assets	3,958.0	4,239.1	7.1
<b>Total assets</b>	<b>81,809.1</b>	<b>1,37,275.4</b>	<b>67.8</b>
Financial liabilities	57,008.7	1,10,200.0	93.3
Non-financial liabilities	6,579.3	6,224.2	(5.4)
Equity	18,221.1	20,851.2	14.4
<b>Total liabilities and equity</b>	<b>81,809.1</b>	<b>1,37,275.4</b>	<b>67.8</b>

#### Explanatory notes for Q3-FY2022:

- Interest income increased from ₹ 892.7 million for Q3-FY2021 to ₹ 2,046.6 million in Q3-FY2022, an increase of 129.3%. This was primarily due to increase in average MTF & ESOP funding book and fixed deposits.
- Brokerage income increased from ₹ 3,623.0 million for Q3-FY2021 to ₹ 3,920.4 million in Q3-FY2022, an increase of 8.2%. This was primarily due to increase in volume.
- 108.1% increase in Income from services from ₹ 1,588.3 million for Q3-FY2021 to ₹ 3,305.7 million in Q3-FY2022. Income from services comprising income earned from distribution of financial products as well as issuer services & advisory business, increased on account of:
  - Increase in issuer services & advisory fee income by 372.3% from ₹ 234.0 million for Q3-FY2021 to ₹ 1,105.2 million in Q3-FY2022 mainly on account of heightened level of fund raising activities during the quarter.
  - Increase in income from distribution business from ₹ 1,064.6 million in Q3-FY2021 to ₹ 1,635.4 million in Q3-FY2022 due to growth in revenue across major products.
- 55.6% increase in net gain on fair value from 90.0 million in Q3-FY2021 to ₹ 140.0 million in Q3-FY2022 due to gain on fair value changes in our treasury segment and other investment portfolio held as our stock in trade.
- Finance costs increased from ₹ 253.2 million for Q3-FY2021 to ₹ 827.2 million in Q3-FY2022. This increase was primarily due to increased borrowing to fund MTF and ESOP book.
- Fees and commission expenses increased from ₹ 302.0 million for Q3-FY2021 to ₹ 534.7 million for Q3-FY2022, primarily due to increases in revenue linked payout to business partners including ICICI Bank and variable fees related to issuer and advisory services business.

- Impairment on financial instruments was a debit of ₹ 3.4 million in Q3-FY2022 compared to a credit of ₹ 14.7 million in Q3-FY2021. Company creates a provision on receivables from clients and principals based on ageing criteria. The debit in Q3-FY2022 was on account of an incremental provision based on ageing criteria whereas credit in Q3-FY2021 was on account of partial reversal of one time contingency provision created towards COVID pandemic due to no adverse experience.
- Operating expenses increased from ₹ 125.8 million for Q3-FY2021 to ₹ 256.3 million in Q3-FY2022, mainly due to increase in operating expenses linked to volumes and acquisition.
- Employee benefits expenses increased from ₹ 1,297.4 million for Q3-FY2021 to ₹ 1,729.1 million in Q3-FY2022 primarily on account of a level variable pay provision in the current quarter compared to frontloaded variable pay provision till H1-FY2021.
- Depreciation and amortisation expense increased from ₹ 137.6 million for Q3-FY2021 to ₹ 159.7 million for the Q3-FY2022, primarily on account of depreciation on additions of technology related assets.
- Other expenses increased from ₹ 520.6 million in Q3-FY2021 to ₹ 810.5 million in Q3-FY2022, an increase of 55.7%, primarily due to increase in digital marketing initiatives, technology related expenses and expenses towards Corporate Social Responsibility in current quarter whereas it was frontloaded in Q1-FY2021 for last year.
- Total assets increased from ₹ 81,809.1 million as at March 31, 2021 to ₹ 1,37,275.4 million as at December 31, 2021, an increase of 67.8%. This increase was primarily due to increases in loan book from ₹ 29,014.5 million as at March 31, 2021 to ₹ 71,032.3 million as at December 31, 2021, as well as increase in fixed deposits placed with exchanges, on account of increase in trading volumes.
- Total liabilities and equity increased from ₹ 81,809.1 million as at March 31, 2021 to ₹ 1,37,275.4 million as at December 31, 2021, an increase of 67.8%. This increase was primarily due to increase in borrowings from ₹ 35,209.6 million as at March 31, 2021 to ₹ 83,544.3 million as at December 31, 2021 and increase in other financial liabilities from ₹ 10,440.5 million to ₹ 16,209.2 million on account of margin and deposits money received from clients as at December 31, 2021.



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This release does not constitute an offer of securities.

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1 billion/million = 100 crore / 10 Lakhs