



Press Release - July 21, 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 announced its un-audited consolidated financial results for the quarter ended June 30th, 2022.

Q1FY23 Performance Highlights

- Revenue at ₹795 crore, up 6% YoY on back of healthy growth in retail allied and distribution income.
- PAT for the quarter stood at ₹274 crore
- The company saw improvement in market share across various segments:
 - Retail derivative market share registered growth for first time in 4 quarters as our market share improved from 3.3% in Q4FY22 to 3.5%
 - Recently launched commodity trading segment is performing well and continues to gain market share. It was 4.4% for Q1FY23.
 - Stable NSE Active market share of 8.4%
 - MF AUM market share increased to 1.7%, up from 1.6% YoY.
- The company witnessed continued traction in product proposition:
 - Average MTF book grew 97% YoY; maintained leadership position with 22.4% market share.
 - More than a million customers have taken Prime membership. Prime and Prepaid customers together contribute 71 % of retail equities revenue.
 - ISEC Mutual Fund average AUM (exc. Direct) up 11% YoY; Equity AUM up 20%
 - SIP Equity AUM increased by 9% YoY to ~₹ 126 bn v/s industry growth of 8%
 - PMS book grew 10% QoQ; crossed INR 8 bn
 - Markets and Money app combined downloads have crossed 2 million mark and are rated ~4 on play store.
- The company made several launches to further improve its product proposition:
 - LIFEY and Masters of the Street which resonates well with wealth customers.
 - On Experience and Analytical tools side for trading segment, the company rolled out new products like Smart Order Platform, Easy Options and Trading View
- The company entered into exclusive partnership with HSBC Bank which is the first of its kind for them globally, to offer 3-in-1 broking services to their customers in India. This will provide us access to their HNI customer base.

Commenting on the results and financial performance, Mr. Vijay Chandok, Managing Director and CEO of ICICI Securities said: In this “quarter of moderation” for the industry, we focused on gaining Market share, diversifying our revenue mix, containing costs and building product pipeline as we continued to make strategic investment in technology to be “Future Ready”. Our recently launched product proposition and digital properties continued to witness healthy traction which is a testimony to our execution capabilities. Our digital innovation helps us differentiate our product proposition and embrace a broader client universe as momentum continued in our broad-based and digital-led customer acquisition engine.

As we continue our journey towards becoming a “digitally integrated financial marketplace”, our emphasis continues to be on diversification, operating leverage and strengthening product positioning by making strategic investments in technology to build a “future ready architecture” as well as on building a diversified talent pool. Through these strategic levers we will offer highly customized solutions to partner our customers through their financial journey.

Business Highlights

ICICI Securities has a client base of ~80 lakhs and over 4.4 lakh customer were added during the quarter. Digital sourcing and open architecture approach continue to demonstrate strength with ~72% of new customers in the quarter coming from channels other than ICICI Bank. During the quarter, 62% of customers acquired are under 30 years of age (vs 60% YoY) and 85% are from tier II and below geographies (vs 78% YoY).

The company has over ~35 lakhs active clients (those who have transacted across any product categories in the last 12 months) and over 31 lakhs NSE active clients (those having traded on the NSE in the last 12 months), up 62% and 73% YoY respectively.

Total client assets stood at ₹5.3 Lakh crore on 30th June, 2022, vs ₹4.4 Lakh crore a year ago, up 20%.

In Q1FY23, **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 stood at ₹524.6 crore. The Retail Equities and Allied Business reported revenues at ₹475.9 crore, up 2% y-o-y, vs ₹466.2 crore in Q1FY22.



ESOP & MTF interest income rose 83% year-on-year to ₹151.2 crore in Q1FY23 and the daily average funded book for the quarter for these businesses stood at ~ ₹71 billion against ₹36.3 billion in Q1FY23, we continued to be market leader in MTF with 22.4% market share. The company continued to receive encouraging response to Prime plan that provides a package of privilege pricing, exclusive research, and higher eATM limits per day.

Our NPS score continued to increase this quarter as well as a result of improvements made in our customer journeys

Institutional equities revenue during the quarter decreased by 17% y-o-y to ₹ 48.6 crore primarily due to slowdown in market volumes and decline in capital market deals.

Distribution business continues to scale well as revenue stood at ₹152 crore in Q1FY23 up 28% y-o-y on the back of strong performance from Mutual Fund, Insurance and Other Products.

ICICI Securities is India's leading MF distributor by revenue and assets. ICICI Securities' MF revenues grew by 21% YoY to ₹89.2 crore in Q1FY23. On the back of SIP count rising to ~ 10 lakhs in June 2022 from 8.5 lakhs in June 2021, the company's market share in SIP flows stands at 3.4%. ICICI Securities' MF AUM (excl direct) is up 11% YoY.

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). Revenue from Life Insurance business grew 61% YoY to ₹12.6 crore while revenue from other distribution products grew 34% on YoY basis. The company disbursed ₹619 crore worth of loans during the quarter, against ~ ₹318 crore in the same period last year.

I-Sec's **Private Wealth Management (PWM)** business reported ₹ 2.3 billion of revenue in Q1FY23 up 26% y-o-y. The PWM business is a home-grown franchise serving ~ 70,000 High Networth and Ultra High Networth (HNI/U-HNI) clients (~1,600 clients added during the quarter), with an asset base of ₹2.8 Lakh crore up 38% year-on-year.

Our **Issuer Services and Advisory business** (Investment Banking) revenue stood at ₹ 35 crore in Q1FY23. This business was impacted as this quarter was not deal conducive due to postponement of public market issues. ICICI Securities is ranked #1 in IPO/ FPO/ InvIT/ ReIT issuance with a 66% mobilization market-share. The company has a strong pipeline of 42 deals amounting over 825 bn and 23 deals where amount is yet to be decided.



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, 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

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.

For further details, contact:

ICICI Securities Ltd. Rabin Ghosh rabin.ghosh@icicisecurities.com	Adfactors PR Ltd. Rakesh Kumar Jha rakesh.jh@adfactorspr.com +91 98 739 04595
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**ANALYSIS OF FINANCIAL PERFORMANCE FOR THE
QUARTER ENDED JUNE 30, 2022 (Q1-FY2023)**

Consolidated revenue increased by 6.3% from ₹ 7,477.0 million in Q1-FY2022 to ₹7,947.6 million in Q1-FY2023.

Consolidated profit after tax decreased by 11.9% from ₹ 3,107.2 million in Q1-FY2022 to ₹2,735.9 million in Q1-FY2023.

(₹ in million)

Consolidated Profit & Loss Account	Q1-FY 2022	Q1-FY 2023	% Change
Revenue From operations:			
(i) Interest income	1,317.4	2,180.6	65.5
(ii) Fees and commission income			
Brokerage income	3,949.4	3,033.8	(23.2)
Income from services	2,107.8	2,554.0	21.2
(iii) Net gain on fair value changes	74.6	164.1	>100
(iv) Others	3.8	3.0	(21.1)
(I) Total revenue from operations	7,453.0	7,935.5	6.5
(II) Other Income	24.0	12.1	(49.6)
(III) Total Income (I+II)	7,477.0	7,947.6	6.3
Expenses:			
(i) Finance costs	417.9	1,003.7	>100
(ii) Fees and commission expense	358.6	375.3	4.7
(iii) Impairment on financial instruments	(29.5)	19.6	-
(iv) Operating expenses	263.2	245.5	(6.7)
(v) Employee benefits expenses	1,509.1	1,750.1	16.0
(vi) Depreciation, amortization and impairment	144.2	164.3	13.9
(vii) Other expenses	646.6	718.8	11.2
(IV) Total expenses	3,310.1	4,277.3	29.2
(V) Profit before tax (III-IV)	4,166.9	3,670.3	(11.9)
(VI) Tax expense	1,059.7	934.4	(11.8)
(VII) Profit after tax (V-VI)	3,107.2	2,735.9	(11.9)
(VIII) Other comprehensive income/(Losses), net of taxes	(59.1)	(58.7)	-
(IX) Total comprehensive income for the period (VII+ VIII)	3,048.1	2,677.2	(12.2)

(₹ in million)

Balance Sheet	As at March 31, 2022	As at June 30, 2022	% Change
Financial assets	1,32,254.9	1,29,560.8	(2.0)
Non-financial assets	4,207.3	4,495.7	6.9
Total assets	1,36,462.2	1,34,056.5	(1.8)
Financial liabilities	1,05,753.0	1,01,979.6	(3.6)
Non-financial liabilities	6,403.9	5,002.9	(21.9)
Equity	24,305.3	27,074.0	11.4
Total liabilities	1,36,462.2	1,34,056.5	(1.8)

Explanatory notes for Q1-FY2023:

- Interest income increased from ₹ 1,317.4 million for Q1-FY2022 to ₹ 2,180.6 million in Q1-FY2023, an increase of 65.5%. This was primarily due to increase in average MTF funding book and fixed deposits.
- Brokerage income decreased from ₹ 3,949.4 million for Q1-FY2022 to ₹ 3,033.8 million in Q1-FY2023, a decrease of 23.2%. This was primarily due to decrease in retail equity volumes.
- Income from services increased from ₹ 2,107.8 million for Q1-FY2022 to ₹ 2,554.0 million in Q1-FY2023, an increase of 21.2%. This was primarily on account of:
 - Increase in income from distribution business from ₹ 1,187.9 million in Q1-FY2022 to ₹ 1,519.7 million in Q1-FY2023 due to growth in revenue across major products.
 - Increase in prime subscription fees from ₹ 164.4 million to ₹ 305.2 million.
- Net gain on fair value increased from ₹ 74.6 million in Q1-FY2022 to ₹ 164.1 million in Q1-FY2023, an increase of 120.0%. This was primarily due to gain on fair value changes in our treasury segment.
- Finance costs increased from ₹ 417.9 million for Q1-FY2022 to ₹ 1,003.7 million in Q1-FY2023. This increase was primarily due to increased borrowing to fund MTF and increase in borrowing cost on account of increased interest rate.
- Fees and commission expenses increased from ₹ 358.6 million for Q1-FY2022 to ₹ 375.3 million for Q1-FY2023, primarily due to increase in revenue linked payout to partners.
- Impairment on financial instruments was a charge of ₹ 19.6 million in Q1-FY2023 compared to a credit of ₹ 29.5 million in Q1-FY2022 which was primarily on account of partial reversal of onetime contingency provision to the tune of ₹ 40.1 million created in Q4-FY2020 due to conditions arising from Covid-19 which was reversed in Q1-FY2022 having no adverse experience.
- Operating expenses decreased from ₹ 263.2 million for Q1-FY2022 to ₹ 245.5 million in Q1-FY2023, mainly due to decrease in operating expenses linked to volumes.

- Employee benefits expenses increased from ₹ 1,509.1 million for Q1-FY2022 to ₹ 1,750.1 million in Q1-FY2023 primarily on account of annual increments in salaries and increase in headcount.
- Depreciation and amortization expense increased from ₹ 144.2 million for Q1-FY2022 to ₹ 164.3 million for the Q1-FY2023, primarily on account of depreciation on technology related assets.
- Other expenses increased from ₹ 646.6 million in Q1-FY2022 to ₹ 718.8 million in Q1-FY2023, an increase of 11.2%, primarily due to increase in digital marketing initiatives and technology related expenses in current quarter.
- Total assets decreased from ₹ 1,36,462.2 million as at March 31, 2022 to ₹ 1,34,056.5 million as at June 30, 2022, a decrease of 1.8%. This decrease was primarily due to decrease in loan book from ₹ 68,566.7 million as at March 31, 2022 to ₹ 66,877.8 million as at June 30, 2022 and decrease in trade receivables.
- Total liabilities and Equity decreased from ₹ 1,36,462.2 million as at March 31, 2022 to ₹ 1,34,056.5 million as at June 30, 2022, a decrease of 1.8%. This decrease was primarily due to decrease in borrowings from ₹ 77,392.3 million as at March 31, 2022 to ₹ 76,194.8 million as at June 30, 2022 and decrease in other non-financial liabilities and trade payables.

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.

This release does not constitute an offer of securities.

For investor queries please email at IR@icicisecurities.com

1 billion/million = 100 crore / 10 Lakhs