

ICICI Securities Ltd : Good Issue

IPO Note : Largest equity broker in India, Good Growth & Return, FULLY-PRICED : Ranking***



Issue details

Price band (Rs)	Rs.519-Rs.520
IPO Opening Date	22/03/18
IPO Closing Date	26/03/18
Issue Size	Rs.4017Cr.

Recommendation

Total revenue grew at a **CAGR of 18.76%** from Rs.705.84 Cr for the FY 2013 to Rs.1404.23 Cr for FY 2017 and Net Profit grew at a **CAGR of 47.39%** in the same period. Net profit grew from Rs.71.75 crore to Rs.338.59 crore in this period. For the nine months ended on 31.12.17, it has earned net profit of Rs.399.09 cr. on a turnover of Rs.1344.69 cr. For last three fiscals it has posted an average EPS of Rs. 9.25. If we annualize latest earnings and attribute it on fully diluted equity post issue, then asking price is at a **P/E of 31**. If we take FY17 earnings and attribute it on fully diluted equity capital of Rs.161.07 crore, the EPS works out to Rs.10.51 then **asking price Rs.520 is at a P/E of 49**. Its peer Edelweiss Financial Services Limited, IIFL Holdings Limited, JM Financial Limited, Motilal Oswal Financial Services Limited and Geojit Financial Services Ltd are currently trading at a P/E of around 30, 29, 19, 34, and 35 respectively. **Its current debt is Rs.860.71 (Dec.2017) crore. Listing gain may or may not possible but looking to its management and fundamentals the issue will reap fruits in long run.**

Highlights

- ICICI Securities Ltd. (I-sec) is a leading technology-based securities firm in India that offers a wide range of financial services including brokerage, financial product distribution and investment banking and focuses on both retail and institutional clients.
- It has been the largest equity broker in India since fiscal 2014 by brokerage revenue and active customers in equities on the National Stock Exchange
- I-sec also distribute various third-party products including mutual funds, insurance products, fixed deposits, loans, tax services and pension products.
- All its businesses verticals are supported by its nationwide network, consisting of over 200 own branches, over 2,600 branches of ICICI Bank through which its electronic brokerage platform is marketed and over 4,600 sub-brokers, authorized persons, independent financial associates and independent associates as at December 31,2017

Company Introduction

Incorporated in 1995, ICICI Securities Ltd is a leading technology-based securities firm in India that offers a wide range of financial services including brokerage, financial product distribution and investment banking and focuses on both retail and institutional clients.

They provide equity capital market products including initial public offerings (IPO), further public offerings, rights offerings, convertible offerings, qualified institutional placements, non-convertible debentures, buyback, delisting, and open offers and international offerings for unlisted and listed entities. They offers their services to corporates, financial institutions, high net-worth individuals, and retail investors.

The company operates ICICIdirect.com, an online broking platform for investors to invest in equity, derivatives, currency futures, mutual funds, and other financial products, as well as to access research information, stock picks, and mutual fund



www.icicisecurities.com

Financial Summary (Rs. In Crore)

Particulars	Nine month ended Dec. 2017	FY2017	FY2016	FY2015
Total Income	1344.69	1404.23	1124.58	1209.51
Net Profit	399.09	338.59	238.72	293.87
EPS (Rs)	12.38*	10.51	7.41	9.12

*EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

recommendations. As of September 30, 2017, ICICIdirect had approximately 3.8 million operational accounts of whom 0.7 million had traded on NSE in the preceding 12 months. Since inception, the company had acquired a total of 4.4 million customers through this platform as of September 30, 2017.

Company Promoters:

ICICI Bank Ltd is the promoter of the company. ICICI Bank currently holds 322,141,400 Equity Shares, equivalent to 100% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

The object of the issue

The objects of the Offer for the Company are to:

1. Achieve the benefit of listing the Equity Shares on the Stock Exchanges and for the sale of Equity Shares by the Promoter Selling Shareholder;
2. Listing of Equity Shares will enhance its visibility and brand image and provide liquidity to its existing shareholders.

IPO Issue Proceed

To unlock value for stakeholders and listing purpose, I-sec is coming out with a maiden IPO of 7.72 crore equity shares of Rs. 5 each as Offer for Sale (OFS) via book building issue with a price band of Rs. 519 – Rs. 520 to mobilize Rs. 4009.25 cr. to Rs. 4016.97 cr. (based on lower and upper price bands). Issue opens for subscription on 22.03.18 and will close on 26.03.18. Minimum application is to be made for 28 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. I-Sec has reserved 3862475 (5%) shares for purchase by the ICICI Bank retail and HUF stakeholders who were on the books of bank as on 13.03.2018. On the net issue size, excluding ICICI Bank stakeholder reserved quota, I-sec has reserved 75% issue for QIBs, 15% for HNIs and 10% for retail investors. Post issue, I-sec paid up capital remains same at Rs. 161.07 crore.

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