



May 21, 2024

To,
BSE Limited (“BSE”)
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001
BSE Script Code: **543712**

To
National Stock Exchange of India Limited (“NSE”)
The Listing Department,
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051
NSE Symbol: **AHL**

Dear Sir/Madam,

Subject: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’)

Pursuant to Regulation 30 of the Listing Regulations, we enclose herewith a copy of the transcript of the Company’s Q4FY24 earnings conference call held on Wednesday, May 15, 2024. The transcript is also being uploaded on the Company’s website i.e. <https://abansholdings.com/Regulation-30.html>.

Kindly take the above information on your records.

Thanking you,

For Abans Holdings Limited

Sheela Gupta
Company Secretary

Abans Holdings Ltd.

(Formerly known as Abans Holdings Pvt. Ltd.)

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Abans Holding Limited

Q4-FY24 Earnings Conference Call

May 15, 2024

Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY24 Earnings Conference Call of Abans Holding Limited hosted by Valorem Advisors.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need an assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mrs. Purvangi Jain from Valorem Advisors.

Thank you, and over to you, ma'am.

Purvangi Jain: Good evening, everyone and a warm welcome to you all.

My name is Purvangi Jain from Valorem advisors. We represent the Investor Relations of Abans Holdings Limited. On behalf of the Company, I would like to thank you all for participating in the Earnings Call for the 4th Quarter of the Financial Year 2024.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's Earnings Call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management belief as well as assumptions made by and information currently available to the management.

Audiences are cautioned not to place any undue reliance on these forward-looking statements or make any investment decisions. The purpose of today's call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now let me introduce you to the management participating with us in today's earnings call.

We have with us Mr. Abhishek Bansal - Chairman and Managing Director, Mr. Chintan Mehta - Chief Executive Officer, Mr. Nirbhay Vassa - Chief Financial Officer and Mr. Ketur Shah - Assistant Vice President.

I will now hand it over to Mr. Abhishek Bansal for his opening remarks.

Thank you, and over to you, Sir.

Abhishek Bansal:

Thank you so much Purvangi for your kind introduction.

Good evening everyone and thank you all for joining us for our Earnings Call.

Before, we get into the Financial Year'24, Financial and Operational performance for the sake of some of you out here who might be joining us for the first time today, and might be relatively new to the company, let me start-off by giving you a brief overview of the company.

We, Abans Holdings Limited, are a diversified financial services company that caters to the whole gamut of financial businesses, such as Asset Management, Financial Lending, Treasury Operations, Remittance services to name a few.

Today, we are having a global presence with established operations in India, United Kingdom, Dubai and Mauritius. We have grown from being a commodity trading company into a diversified multi-asset and a multi-national financial services companies which are mainly segmented under Agency business, Finance business and Capital business.

Through our Agency Business, we offer opportunities in multi-asset global institutional trading in equities, commodities and currencies. We also offer Asset Management, Investment Advisory Services and Wealth Management Services to corporate institutions and high net worth individuals.

Our Finance Business offers lending services, primarily focused on providing secured and unsecured term financing to individuals and SME's across India.

I would like to extend a warm welcome to all of you as we gather here today to discuss and reflect on our company's FY24 performance and results.

I will now hand over the call to Mr. Nirbhay Vassa, who is the CFO of the group, to take you to a deep dive of the financial.

Over to you Nirbhay.

Nirbhay Vassa:

Good evening everyone. I'm going to give you a brief overview of the Financial Results of the Year Ended March'24.

Our consolidated revenues are at about Rs. 1,378 crores, indicating 18.5% year-on-year growth. EBITDA has moved up by 74% on a year-on-year basis to Rs. 150 crores. EBITDA margins are at approximately 11% with the growth 3.5% increase year-on-year. Our net profits amounted to Rs. 89 crores, marking an approximate increase of 27% on a year-on-year basis. The PAT margins were closed at 6.5% approximately.

The highlight of the results is the assets under management, which have increased from Rs. 1,665 crores in March'23 to approximately Rs. 2,500 crores in March'24 primarily due to our remarkable performance in our global arbitrage fund housed in Mauritius, our alternative investment funds and the acquisition of a renowned PMS called SATCO Growth & Momentum portfolio during this year.

Consequently, due to the strategic focus on the asset management business, the EBIT from this vertical has witnessed a year-on-year increase from Rs. 21 crores to Rs. 59 crores.

We have received approval from SEBI to operate as an Investment Manager for our alternative investment funds in India. This approval enables us to transform from a holding entity at Abans Holdings Limited level into an Operational Entity.

Additionally, Abans Holdings Limited through its subsidiaries is taking a strategic step to expand its flagship global arbitrage fund to U.S. markets by initiating the regulatory process. The aim is to give potential investors in the U.S., access to the funds excellent at track record of delivering consistent returns after securing the requisite regulatory approvals.

We can now open the floor to questions. Thank you Valorem, Thank you Abhishek and Thank you Purvangi.

Moderator:

Thank you very much. We will now begin the question & answer session. Anyone who wishes to ask a question may press '*' and '1' on your touchtone telephone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies & Gentlemen, we will wait for a moment while the question queue assembles. We have our first question from the line of Dalpat Mehta from Suncity Advisors.

Dalpat Mehta:

Company has grown 18% and the profit after tax has grown by 27%. I would like to know what growth is management expecting for the down the line for two years FY25-26? And particularly which revenue segment, we feel that there is more potential.

Nirbhay Vassa:

The growth in profits at 27% is correct and the consolidated revenue has grown at 18%. So just to give you some understanding as to why the profits have grown is because in the last half a decade or so, we were actually putting together the infrastructure to be a successful Global Asset Manager and all those infrastructure pipelines have now been in place.

For example, the Alternative Investment Funds, both domestically and in GAF, the Global Arbitrage Fund has now shown a trajectory of 10 years, so people are more comfortable investing money in it now. Additionally, the acquisition of the PMS gives us one more asset class where we can ask investors to put money because of our trajectory and performance. So a consistent growth can be seen going forward. Obviously in terms of where our focus lies is in being targeting the fee based business which is our subscription income, performance fees as

well as advisory fees is what we would be looking at focusing on in the coming three years. If you see the numbers closely, even from a segment result, you would see that the agency business, which is our fee income based business, has performed the best in amongst all the segments.

Dalpat Mehta: Do we expect the same growth in coming years, at least 30% to 50%?

Nirbhay Vassa: I would not base it on a percentages basis, however, the growth shall be better if our assets under management keep growing the way they are growing, yes, the fee income will grow accordingly. It is based on our agility also, and the way we can raise assets in the future.

Dalpat Mehta: I can understand that this will not increase the revenue substantially, but the profit will be definitely better, because when we are going for more on fee based income, so that may not look into the revenues part, but in the profit part it may be visualizing. Second thing, our employees cost has gone from Rs. 14 crore to Rs. 40 crores and finance cost from Rs. 10 crore to Rs. 50 crores, so can I presume that now all the operations are stabilized and this will not increase substantially in coming years?

Nirbhay Vassa: Absolutely, so the employee costs have gone up because of new hiring in different parts of the world, one, and two is due to the ESOPs and the performance incentives that have been given to the people who have been working in this company for a longer duration, so that's why the employee cost looks on the higher side and it shall, if not increase in this way and this will increase on an inflation perspective going forward, and the finance cost yes, because the full-fledged operations are on and because of our certain trading strategies that we apply across the group, the borrowing can be against instruments like a government security and hence the finance costs look higher compared to the last year.

Dalpat Mehta: So our borrowings at present are Rs. 929 crores, so are we comfortable at this level? And second thing that comes with this, do we plan or do we think for any equity dilution in the next 12 months?

Nirbhay Vassa: So, the Gearing ratio of the company is still low and also out of the borrowings, at least 70% of them are asset backed borrowing, so 30% are non-asset backed borrowing, so yes, we are in a comfortable place both in terms of interest coverage ratio as well as debt equity ratio, but no, there are no plans to dilute equity in the next 12 months because the group is in a comfortable place for growth.

Moderator: We have our next question from the line of Stuti Shah, an Individual Investor. Please go ahead.

Stuti Shah: So my question is on the side of the interest shown earlier in the commodity ETF side. So basically, in earlier quarter, the management has shown on the ETF side, so have you taken any initiatives on this?

Nirbhay Vassa: So we are closely connected to the commodities in the last couple of decades or so, so we understand this phase very well. So, how we are connected to ETF is because ETF also requires the underlying commodity to be in place. So we are suppliers of the gold and silver that the ETF requires as the underlying, so yes, that is been asked for a long time, but the volumes have increased in the current year, hence the interest has picked and also have applied for a mutual fund license, so eventually we would wish to run our own ETF.

Stuti Shah: So approximately till when we can get into this business?

Nirbhay Vassa: As soon as the approvals are in place, we will initiate that business. We've already made the applications to the relevant authorities both for sponsorship as well as the license, but they're still awaited and there is no, a deal given by them as to when they will accord us the approval.

Stuti Shah: And my another question was on the lending operation sign, so is there any plan for the company to venture into the sector other than Agri-commodities for lending operation?

Nirbhay Vassa: Not as of now. Our understanding of Agri-commodities lending has grown over the years. For gold lending, we need certain approvals -- in place for RBI, so we are not looking at it in the current year, but if we do eventually we can look at gold lending in the future but not for the current year only. Agri-commodities is, where the interest lies in the current year.

Moderator: We have our next question from the line of Dhaval Abasia from Arihant Transport Company. Please go ahead.

Dhaval Abasia: On a standalone basis, companies reported loss of Rs. 6.72 crores for full year. Kindly provide the reason and sources of income to recover the loss.

Nirbhay Vassa: Abans Holdings as a standalone entity has always been a holding company, right? And because of the Employee Stock Options that have been given to about 16 employees and the group who have been part of the group for since the beginning; that is the primary reason for the P&L of the Abans Holdings at standalone level to be on a negative basis or on a loss basis.

However, in the current year Abans Holding has received the license both from SEBI and from IFSC to act as an investment manager for both AIFs, which has assets under management of approximately Rs. 300 crores. So, during the current year, you will see incomes booked from the performance of AIF and their redemptions, so they will, the P&L will turn positive and also it will pass on – it has already done in the last quarter of 2024, they will pass on the cost that for the employees to, the subsidiary company's employees as well and hence they will have reimbursement incomes coming in. So in the coming year this P&L should look positive.

Moderator: We have our next question from the line of Pranav Nagarkar, an Individual Investor. Please go ahead.

Pranav Nagarkar: I have a question from the revenue composition front. So can we anticipate any notable transitions of revenue from capital business to finance or agency business or what will be the revenue composition in coming years?

Nirbhay Vassa: I'll take a couple of minutes to make you understand, what the composition is first. So if you've seen the segment note in our results, we primarily divide the business into three categories, which is Agency business, Internal Treasury Operations and Lending.

Agency business is our key income business which is our performance fees, our subscription fees, advisory fees, brokerage income etc., where you earn fees, and lending fees where our NBFC lends money out and earns interest income. So the Internal Treasury Operations is always the remainder, when I say remainder is to run agency business and lending business, I will require capital, right. However, because my net book value is high, I will always have capital left out so that I can deploy to earn money myself. So the Internal Treasury Operations will always be our third priority, but I will never let that money be kept idle. I will always deploy that to earn money and that's why the Internal Treasury Operations top line is not something, as an investor, I would suggest to look at because that's something based on how much capital I have available in the bank during the year is when I would deploy that money actually to earn treasury income. I would focus on my fee income and my interest income and if anything's left and I don't have opportunities in those place, is when I will apply my strategies and earn money in internal treasury, so yes, to answer your question. Finally, the focus is always going to be on fee based income, either through inorganic growth, through strategic alliances, keep focusing on fee based income and keep building the lending book. So if you see this year about 55% of the EBITDA come from fee income and about 20% has come from lending income and the balance has come from treasury. I see that to continue or even grow slightly every year to become a 75% fee based earning business.

Moderator: We have our next question from the line of Vidisha Shetty, a Shareholder. Please go ahead.

Vidisha Shetty: My question is what would be the expected asset under management for the global arbitrage fund in this financial year '25?

Nirbhay Vassa: So from a trajectory point of view, we have grown from 455 to approximately 800 this year. That in terms of percentages, I think we've grown almost 80%, and the way the inflows are coming in this year, I think the same trajectory should continue as long as there are no new geopolitical issues happening and we should look at this, but however, because it's an arbitrage fund and it's a safe heaven, I think people will keep looking at this in such volatile times to invest money in the global arbitrage fund. So I look at 8% dollar term returns is something that we've been delivering consistently since 8 years or so. So I think a similar trajectory of growth can be considered.

Vidisha Shetty: Are there any updates on the registration process of the fund in the USA market?

Nirbhay Vassa: So we are basically trying to get the commodity pool operator's license in the USA so that we can get access to funds of U.S. investors for this global arbitrage fund, and if that goes through and we get the regulatory approvals then, in terms of growth, I think we'll see far better numbers in the future.

Moderator: We have our next question from the line of Benson, an Individual Investor. Please go ahead.

Benson: How is the company's remittance business performing and how the company is planning to utilize it as a value chain. Can you share some insight or data regarding this?

Nirbhay Vassa: Absolutely. So the remittance business is housed in our United Kingdom subsidiary. And this is FCA regulated, which allows us to operate a bank account in which we can house third-party balances through an Electronic Ledger. And this is the problem that we're trying to solve is because of the time lag between the money transfers from country A to country B. If the entire supply chain of even the commodities business is on-boarded with us as clients, the money movement becomes far easier and we have competitive fees that we can charge compared to a bank. So in terms of the growth trajectory, sky is the limit. However, because there are regulatory approvals in place and because KYC of different countries is in different formats, we as a company are looking at it from a bird's eye view right now and trying to make sure that we cover industry by industry and hence if you've seen that about 5 crores of income this year has come from that entity and that is new income that we found in the group, and I think that can continue if we keep looking at different industries across the globe and try to understand the regulatory requirements of different regions, so that we can replicate this license in different countries.

Moderator: A reminder to all participants, you may press '*' and '1' to ask questions. We have our next question from the line of Mohammad Danish, a Shareholder. Please go ahead.

Mohammad Danish: I just wanted to know; can you give some insight about the tie up that you have done with SMC Global Taurus Wealth for distribution of financial products?

Nirbhay Vassa: I'll just briefly tell you how the business works. So we are actually ideators and manufacturers of financial products, we do not have a sales team where we go and sell the product to individual investors and high net worth individuals. So we have such strategic tie-up in nature whereby we understand the product and they become our sales team and they approach the audience that they already have available or new audience who is looking for wealth options and that's what this tie-up actually means. I don't want to get into details of fine print, but this is how the business operates.

Moderator: The next question is from the line of Harsh Agarwal from Choice Equity Broking Limited. Please go ahead.

Harsh Agarwal: I have three questions, all regarding to your global arbitrage opportunities fund. My first question is can you please share, what is your information ratio since 2020? My second question is, what is your net exposure in global arbitrage fund and third what is its VAR?

Abhishek Bansal: I don't understand this terminology, the information ratio, so if you could explain me?

Harsh Agarwal: Basically, when you talk to your clients you tell them what is the sharpe ratio of the company, correct?

Abhishek Bansal: Correct.

Harsh Agarwal: So can you tell me what is the sharpe ratio, I'll calculate the information ratio from that. Is there any benchmark?

Nirbhay Vassa: It is 3.12

Harsh Agarwal: 3.1 is the sharpe ratio?

Nirbhay Vassa: 3.12

Harsha Agarwal: In 2024?

Nirbhay Vassa: Yes. 30th April.

Harsh Agarwal: Okay. And what is the net exposure?

Abhishek Bansal: In the global arbitrage fund, the net exposure will be almost 0 or close to 0 because it is relying on the fact of arbitraging, buying one commodity or currency and selling in the other -- of the same value and of the same type, so the net exposure of the arbitrage fund has to be close to 0.

Harsh Agarwal: Can you comment on value at risk, because it's quite possible that even the spreads would increase? Suppose you have entered in a position where your spreads are hardly supposed 10 basis points, those spreads could increase at any point? So what is your value at risk?

Abhishek Bansal: No. So the spreads can increase, but for example, these spreads are fungible and they settle at the same price with the same reference rate at the end of the month. So although they might increase in the interim for a week or so, but they will expire at the same price.

Harsh Agarwal: What's your status on your license that you have applied to SEC?

Nirbhay Vassa: We are in the process of getting the regulatory approval both from a commodity pool operator perspective and from a regulation perspective. So once we have those, I mean regulatory approvals in place, we shall be able to access U.S. investor funds.

Moderator: A reminder to all participants, you may press '*' and '1' to ask questions. We have our next question from the line of Smit Mehta from MA. Please go ahead.

Smit Mehta: My question was regarding the revenue, the revenue has gone down by 50% as compared to the last quarter, so what was the reason for that?

Nirbhay Vassa: I think in the last investor call also I tried to explain this, but it's good that you brought it up again. So I just explain the breakup of our income streams, right, our agency income, lending income and then capital business income which is our treasury income.

The Treasury income is based on the availability of surplus cash that are available in the bank during the Quarter, and those are deployed either in derivative strategies or in physical commodity strategies. So the top line that you see quarter-on-quarter, 80% of it represents a buy and sell commodity transaction in the books which can or cannot happen quarter-on-quarter, and hence as an Asset Manager, if you look at my top lines from a segment point of view, it would give you far more clarity than looking at it from a failed point of view. So if you look into segment result, it will show you that the top lines from agency business are more or less climbing quarter-on-quarter. So it has delivered Rs. 100 crore top line compared to a Rs. 43 crore top line last year which is our fee based agency income. And you're lending, top line has gone up from Rs. 21 crore close to above approximately Rs. 36 crores. Now the Rs. 1,098 crores and the Rs. 1,243 crores is a function of the amount of commodity that you bought and sold during the year, but if there is no spread available, I will not buy and sell such commodities. So I think from a top line perspective, the growth or the decline in the top line does not affect the profitability of Abans holdings.

Smit Mehta: And also I wanted to know the current order book of the company which sales is yet to be recorded, if you could please share that.

Nirbhay Vassa: Order book in what context my friend?

Smit Mehta: Of the company for which sales, is yet to be recorded.

Nirbhay Vassa: We are a financial services enterprise, so we don't have any order book as such. If you are saying that if someone has intended any commodity sale from us and we have to sell it, there are no such things otherwise they would have been disclosed in the financials as advanced from customers.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. And as I now hand the conference over to the management for closing comments.

Abhishek Bansal: Thank you Nirbhay for answering all those questions and thank you audiences and guests who has come up there to ask those questions, and thank you all of you for showcasing your trust and taking your time out for asking these questions. Thank you all. Thank you Valorem Advisors for arranging this concall.

Moderator:

Thank you. On behalf of Abans Holding Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.