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Listing Operations BSE Limited, P J Towers, Dalal Street, Mumbai-400001, India	Listing Department National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400051
Scrip Code: 543263	Symbol: SMCGLOBAL

Sub: Submission of the Transcript of Q1 FY24 Earnings Conference Call.

Dear Sir/Ma'am,

In compliance with regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part A (15) of Schedule III, please find attached herewith the transcript of Q1 FY24 Earnings Conference Call held on 10th August, 2023.

This will also be hosted on the Company's website at www.smcindiaonline.com

This is for your information and record.

For SMC Global Securities Limited

Suman Kumar
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SMC Global Securities Limited
Q1 FY24 Earnings Conference Call
August 10, 2023

Moderator: Ladies and gentlemen, good day and welcome to the SMC Global Securities Limited Q1 FY24 Earnings Conference Call. As a reminder, all participants 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 assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phones. I now like to hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, Ms. Jain.

Purvangi Jain: Good afternoon, everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of SMC Global Securities Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the 1st 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 con-call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements and making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, I would like to introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. Subhash C. Aggarwal, Chairman and Managing Director of SMC Group; Mr. Mahesh Gupta, Vice Chairman and Managing Director of SMC Group; Mr. Ajay Garg, Director and CEO of SMC Global Securities Limited; Mr. Himanshu Gupta, Director, Chairman and CEO of Moneywise Financial Services; Dr. D. K. Aggarwal, CMD of SMC Capital Limited; Mr. Anurag Bansal, Director of SMC Global Securities; Mr. Pranay Aggarwal, Chairman and CEO of Stoxkart; and Mr. Vinod Kumar Jamar, President and Group CFO. Without any further delay, I request Mr. Subhash C. Aggarwal to start with his opening remarks, thank you.

Subhash C. Aggarwal: You. Good afternoon, everyone, and welcome to our earning calls for the first quarter of financial year 23-24 for the benefit of those joining this call for the first time, let me begin by providing some background information on our company to get everyone on the same page. SMC Global Securities Limited over the years has grown into a diversified financial services

company, offering a wide spectrum of services like brokerage, investment banking, wealth management, distribution of financial products, financing, insurance broking, clearing and depository services, fixed income securities, financial advisory services to corporate institutions, high net worth individuals, & other retail clients. We have a strong network of more than 2558 sub-brokers and authorized persons spread across 456 cities in India. Over the years, we have also launched various innovative digital technology enabled capabilities to offer best-in-class products and services. Our discount booking arm in under the brand name of Stoxkart which is a first of its kind platform in the broking industry has noticed a very positive response. The company is being governed by a strong board including 8 independent directors of high standing and is run by a highly qualified and experienced management team. With our established presence and by embracing the latest technology, we are pioneered for continued growth these upcoming years. I now hand over to Mr. Vinod Jamar, our Group CFO to take you through the financial and operational accomplishment for the first quarter of financial year 2024.

Vinod Jamar:

Thank you, Subhash Sir. Good afternoon everyone. Talking about financial performance for Q1 FY24 of our company on a consolidated basis, the operating income for the quarter was Rs. 313 crores, which grew by 8% year on year basis. Operating EBITDA was reported at approximately 79 crores, an increase of approximately 10.9% year on year, and the EBITDA margin stood at around 25.10%. Net profit after tax reported was Rs 30 crores while the PAT margin stood at 9.61 %.

Let me now take you through quarterly segmental performance on a consolidated basis. In the broking distribution and trading segment, the Q1 revenue stood at about Rs. 218 crores, which grew by 9% on a year-on-year basis and 20% on Q on Q basis. Number of branches increase from 118 to 129 as on 30th June 2023. Coming to the insurance broking division, revenue for Q1 stood at about Rs. 78 crores, which grew by 5% on a year-on-year basis, but decreased by 18% on quarter-on-quarter basis. EBIT increase in Q1 by 50% on a year-on-year basis and decrease by 56% on quarter on quarter basis. Lastly, in the financing division segment, revenue for Q1 was around Rs. 45 crores, which grew by 37% on a year-on-year basis and net income increased by 20% on year on basis. Loan AUM increased to Rs 963 crores, an increase of 34% on year-on-year basis. EBIT in Q1 grew by 50% on year-on-year basis. GNPA and NNPA decreased to 2.52% and 1.48% respectively from 2.58 and 1.49% in June 2022. With that, I open the floor for a question-and-answer session. Thank you.

Moderator:

Thank you very much. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Raj Kumar from Investor, please go ahead.

Raj Kumar:

Yes, Sir. Congratulations for such wonderful results.

Subhash C. Agarwal:

Hello, thank you very much.

Raj Kumar: Your results are very good the only problem is shareholder are not feeling rewarded as there are 19000 -20000 index of Nifty. We are still on the same rate as one or two years back. I want to request to please increase dividend payout or bring buyback. Please do something for the benefit of the shareholders. The working is fine the rate should be double.

Subhash C. Agarwal: It all depends on you. Rates we cannot set. We can give you excellent working and dividend you know we gave 60% interim dividend. What else we can do. We can just do better working rest is in your hands. We do conference calls, we have lot of transparency, publishing results on website, cooperate governance all has been done. What we can do we have done it. Rest is in your hands Rajkumar ji.

Raj Kumar: Okay. Thank you so much. Thank you.

Moderator: Thank you. Next question is from the line of Pranav Nagarkar an investor. Please go ahead.

Pranav Nagarkar: Thanks for providing the opportunity. Sir my first question is, so there was a good revival in broking revenues and the margins were good too. So, could you explain what drove this?

Subhash C. Agarwal: Just hold on, Mr. Ajay Garg will reply.

Ajay Garg: In Q1 there is year on year growth of around 9% like it grew from 199 crores to 218 crores and on quarter-on-quarter basis, there is a growth of around 20%.

Pranav Nagarkar: Okay and the next question I have is how was the performance of your online platform StoxKart?

Pranav Aggarwal Hi, this is Pranav Aggarwal, CEO of StoxKart. So, Pranav over the past six months we were focusing on technological revamp. So, we have managed to launch a new application in soft launch. We have soft launched a new application by the name of Super Evo and we are aiming to garner good market share from it and while doing that we are maintaining healthy ARPU of Rs. 4000 during the quarter. So, you can say that we are under our transition phase and over the next years, we are hoping for good growth by the new app.

Pranav Nagarkar: Okay. Thank you very much.

Moderator: Thank you. Next question is from the line of Sahil Jain, an individual investor. Please go ahead.

Sahil Jain: Thank you for the opportunity. I just wanted to ask that on the NBFC business, your NII have increased well during quarter one. So, what drag this?

Himanshu Gupta: Hi Sahil, this is Himanshu Gupta, the CEO of NBFC business. So, basically our AUM grew during the quarter to Rs. 963 crores as compared to Rs. 900 crores at the end of March 23,

which is a growth of 7% during the period and if you look at year on year then it also grew by 35%. So, that actually added to our net interest income that is the main reason and we have been expanding by adding more geographies. So, that is also adding to the business.

Sahil Jain: Okay, understood. And my next question is what's resulted in an increase in your NPA during the quarter.

Himanshu Gupta: So, there is a slight increase, if you see there is a very marginal increase, during March it was 2.27% the GNPA figure and at the end of June it is 2.53 and the net NPA that is increased by 5 basis point from 1.44% to 1.49%. That is a very marginal increase. There is no major reason as such.

Sahil Jain: Okay. Got it and can you explain to like what kind of business or sector are we lending to in NBFC.

Himanshu Gupta: Okay, so basically we have multiple products, most of our products are focused for the SME customers wherein we provide loan against property for the business needs and then we provide business loans, which is an unsecured product and we also provide equipment loans which include medical equipment and industrial equipment. So, we provide loan for purchase of the asset. These are our major product for the SME. Apart from that we are also lending to other NBFC's for onward lending, the onward lending product would include MFIs or two wheelers or other retail focused NBFCs and apart from that, we are into capital market lending and recently started gold loan. So, that is in brief about our customer segment.

Sahil Jain: Got it, got it and also I wanted to know about the gold loan part. So, the gold loan has not grown much, so what is your strategy here?

Himanshu Gupta: So, if you look at the gold loan, we launched the gold loan sometime in January 2023 only. So, as of now, our book stands at about 15 crores, which we believe is a decent growth over 6-month period of time and we are adding more branches and the AUM per branch is also going to go up. We are adding on the AUM. We believe this is the satisfactory growth as per our business plan.

Sahil Jain: Okay got it. Thank you for the opportunity.

Moderator: Thank you. Next question is from the line of Gulshan Singh, an individual investor. Please go ahead.

Gulshan Singh: Good afternoon, Sir. So, my first question is there, so how do we plan to compete with the well-established lenders sir, because they have a lower cost of borrowing compared to us.

Himanshu Gupta: If you will see our borrowing cost stands at about 9.6%, which is very competitive cost of borrowing. If you compare to the largest of the lenders in the NBFC space, we believe our

cost is very competitive. So, we are not facing challenges on the cost part and you know the market is very huge and there are opportunities in every segment. There are customers who borrow at different price bands. So, we believe the cake size is so big and there is an opportunity for everyone to grow.

Gulshan Singh: Okay. So, next question is there any changes to our credit rating sir, any borrowing cost during the quarter?

Himanshu Gupta: So, credit rating remains same. Recently our rating agency ICRA has reaffirmed the same rating of A- and also the borrowing cost is within the same range. We believe as there is expectation of softening of interest rate in the market. So, with that our interest cost should go down.

Gulshan Singh: Okay sir and my last question is sir, for like income and profit increase on a year-on-year basis. and also please guide us for the future target as this segment looks very attractive and any issue about the credit quality for SME loan?

Himanshu Gupta: So, as I said year-on-year basis we grew at about 35%. We want continue to grow at that kind of pace and profits would also grow accordingly and as far as the credit quality is concerned, our major customer segment is SME and we have a very strong underwriting mechanism in place that is even improved over a period of time and there is no issue as such with the credit quality.

Gulshan Singh: Thank you, Sir. Thanks for the opportunity.

Moderator: Thank you. As there are no further question, I now hand the conference over to Mr. Mahesh Gupta from SMC Global Securities Limited for the closing comments.

Mahesh Gupta: Good afternoon. Myself Mahesh Gupta. Thank you all for participating in this call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations Manager at Valorem Advisors. Thank you. Stay safe and healthy. Thank you very much.

Moderator: Thank you very much. On behalf of SMC Global Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.