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Scrip Code: 543263	Symbol: SMCGLOBAL

Subject: Submission of the transcript of Q3 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 Q3 FY24 Earnings Conference Call held on 6th February, 2024.

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

E.V.P. (Corporate Affairs & Legal), Company Secretary & General Counsel

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SMC Global Securities Limited
Q3 FY24 Earnings Conference Call
Feb 06, 2024

Moderator: Ladies and gentlemen, good day and welcome to Q3 FY24 Conference Call for SMC Global Securities. 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 assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. I now hand the conference over to Ms. Rasika Sawant from X-B4 Advisory. Thank you and over to you, Ms. Sawant.

Rasika Sawant: Thank you and welcome to the Q3 and 9 Month FY24 Earning Conference Call. Today on this call, we have Mr. Subhash Chand Aggarwal - Chairman and Managing Director of SMC Group, Mr. Mahesh C Gupta - Vice Chairman and Managing Director of SMC Group, Mr. Ajay Garg - Director and CEO of SMC Global Securities Limited, Mr. Himanshu Gupta - Chairman and CEO of Moneywise Financial Service Private Limited, DR. DK Aggarwal - CMD of SMC Capitals Limited, Mr. Anurag Bansal – Whole-Time Director of SMC Global Securities Limited, Mr. Pranay Aggarwal - Chairman and CEO of Stoxkart, Mr. Vinod Kumar Jamar - President and Group CFO. This conference call may contain forward-looking statements about the Company which are based on beliefs, opinions and expectations as of today. Actual results may differ. The statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. A detailed Safe-harbor statement is given on the last page of Earnings presentation of the Company, which has been uploaded on the Stock Exchange and Company’s website as well. With this, I now hand over the call to Mr. Subhash Aggarwal for his opening remarks. Over to you, sir.

Subhash Chand Aggarwal: Good evening and a warm welcome to all the participants. I hope all of you got an opportunity to go through our financial results and earnings presentations which have been uploaded in the Stock Exchanges as well as on the Company’s website. Now I will take you through some Industry and Operational highlights and then Mr. Vinod Jamar will give you all a brief overview of financial performance of the quarter gone by followed by a question-and-answer session. Despite political conflicts and a sluggish global economy, the Indian Stock Market demonstrated remarkable strength for 2023. The NIFTY 50 and BSE SENSEX, India's primary stock indices, experienced substantial growth marking 2023 as the second most successful year since 2017. In December 2023, both the NIFTY 50 and SENSEX reached extraordinary highs. The NIFTY attained a record peak of 21,801 points on December 28, registering a 20.03% increase for the year. Simultaneously, the SENSEX reached an all-time high of 72119.85 on December 27, emphasizing the broader market’s strength.

The NBFC sector witnessed transformative changes with proactive regulatory measures. A strong demand, huge robust growth in disbursements and NBFC played a crucial role in the economy by channelizing funds across various sectors.

Collaborative co-lending partnerships with major banks expanded lending options and the MSME sector saw a significant growth in commercial loan demand.

Insurance companies experienced the dynamic 2023, marked by regulatory changes and a focus on technology driven customer experiences. From adopting modern technology to improving claim settlements, the sectors are successfully resettling the insurance landscape.

The IRDAI objective of a fully insured India by 2047, backed by protections focused strategies and the technology driven customer centric approach, **promises** improved penetration.

Now let me take you through SMC Global Securities highlights:

The company's extensive network, comprising 2,458 sub-brokers and authorized persons covering 445 cities, demonstrates our widespread reach. In financial distribution, our network of 7,030 associates continues to expand. Our mutual fund AUM stands at a INR Rs. 3,632 crores. In this quarter, SMC has added a new banking tie-up with Nainital Bank, expanding its existing list.

In our Financing segment, our loan AUM stands at Rs. 1,064 crores, an increase of 35% Y-o-Y. In this quarter, the Company had expanded its operation by opening 3 new branches including one Gold Loan branch. In this Insurance Broking Segment, SMC Insurance operates through several branches nationwide. We utilize a network of 15,072 points of sale. We engage with 307 Motor Insurance service providers. In this quarter, we sold 298,323 policies, solidifying our market presence. Throughout this period, the Company had maintained its focus on enhancing technological capabilities.

We are pleased to share that the board has proposed and recommended interim dividend for Financial Year 2023 - 2024, at the rate of 60% that is Rs. 1.20 paisa per equity share of the face value of Rs. 2 each amounting to Rs. 125,640,000 to its equity shareholders.

Now I hand over to Mr. Vinod Jamar – our President and Group CFO, to take you through the financial accomplishment for the third quarter of Financial Year 2024. Over to Mr. Vinod Jamar.

Vinod Kumar Jamar:

Thank you, Subhash sir and good evening everyone.

Talking about the Financial Performance for Quarter 3 FY24 of our Company:

On a consolidated basis, the operating income for the quarter was Rs. 428 crores, which grew by 35% on a Y-o-Y basis. Operating EBITDA was reported at approximately Rs. 113 crores increased approximately by 58% year-on-year. EBITDA margin stood at around 27%. Net profit after tax reported at Rs. 52 crores while PAT margin stood at 12%. Revenue growth was observed across all segments of the business.

EBIT contributions from our broking, distribution and trading business constituted 62%, reflecting a Y-o-Y growth of 75% Financing business contributed 33% of EBIT, while insurance broking contributed 5% of EBIT. EBITDA margin experienced an uptick of 397 basis points and PAT margins

also saw an increase of 210 basis points. The margin improvement is due to the volume increase and stable fixed cost.

For the 9 months FY24, the operating income stood at Rs. 1,129 crores which grew by 24% on year-on-year basis. Operating EBITDA reported approximately Rs. 286 crores, increased approximately by 38% year-on-year basis and the EBITDA margin stood at 25%. Net profit after tax was reported at approximately Rs. 122 crores, while the PAT margin percentage stood at about 11%. We achieved revenue close to the Full Year '23 figures in the first 9 months of FY24 and surpassed the PAT of full year FY23 in the same period.

Let me now take you through quarterly segmental performance on a consolidated basis:

In the broking, distribution and trading segment, Q3 revenue stood at about Rs. 239 crores, which is increased by 25% on a year-on-year basis and for 9 months FY24 revenue increased by 17% on a year-on-year basis.

Coming to Financial Division segment:

Revenue for Quarter 3 was around Rs. 53 crores, which grew by 39% on a year-on-year basis and in 9 months of FY24 increased by 45% on year-on-year basis. Loan AUM stood at Rs. 1,064 crores and increased by 35% on a year-on-year basis. EBIT in Quarter 3 grew by 35% on year-on-year basis and the 9 month of FY24 by 46% on Y-o-Y basis. The GNPA and NNPA stands at 2.63% and 1.36% in December 23 that is the case.

Lastly, in the insurance broking division, revenue for Q3 stood at around Rs. 150 crores, which grew by 57% on year-on-year basis and in 9 months FY24 revenue increased by 39% on Y-o-Y basis. The EBIT increased in Q3 by 128% and in 9 months of FY24 it grew by 93%.

With this, the floor is now open for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Yogesh Bhatia from Sequent Investments. Please go ahead.

Yogesh Bhatia: Congratulations on a very good set of numbers. So, I am new to the Company, so I have a few questions. One, I would like to know what is the breakup between broking and trading business. So, how much is the trading revenue within this quarter and 9 months FY24?

Vinod Kumar Jamar: It is around 60% from broking and 40% from trading.

Yogesh Bhatia: So, trading is basically the trading that we have prop trading or what is trading? How do you explain that sir?

Vinod Kumar Jamar: DK sir will answer your question.

Dr. DK Aggarwal: Like in our Broking business, we have to keep margin as a buffer for the client, so whatever liquidity Company has, we depute that liquidity into arbitrage business. It is like treasury operations of the Company. So, this trading is technically the arbitrage business, which we do. We use algo trading, we use high frequency trading, so the trading is on account of arbitrage.

Yogesh Bhatia: Okay, and sir arbitrage, does it have any risk involved or it is pure arbitrage like Spot-Futures Arbitrage?

Dr. DK Aggarwal: We do risk neutral strategy and most of our positions are hedged positions. You can say 90% of our arbitrages are completely hedged positions.

Yogesh Bhatia: So, have we ever experienced any sort of.....

Dr. DK Aggarwal: There has never been a negative month in the history of SMC.

Yogesh Bhatia: That is very good to know, sir and so, sir, if I understand the numbers correctly, this quarter we did around Rs. 238 crores from broking and trading of which you are saying 60% is broking, so if I assume Rs. 140 crores is broking, so how much would be the EBIT from the broking business?

Dr. DK Aggarwal: Just let me give you a brief idea. From trading business, we make the return of around 15% plus kind of return on the capital employed. So, that will give you the idea that how much contribution is coming from trading.

Yogesh Bhatia: So, what is the total capital employed in the trading business?

Dr. DK Aggarwal: See it depends as I said we look at the liquidity available at the Company. It is say around Rs. 200 crores, sometimes it is Rs. 300 crores also, so depending on the liquidity available, as I said, these are the treasury operation of the Company. So, basis whatever is the liquidity available, we use that liquidity and deploy it into profitable strategies like arbitrage.

Yogesh Bhatia: So, assuming because as the number of clients increase, maybe margin will increase or things like that, but 15% is what the return that we have generated on our prop book?

Dr. DK Aggarwal: That is right.

Yogesh Bhatia: Sir, my second question is our current NBFC, the AUM is around Rs. 1,060 crores and our net worth is Rs. 424 crores, so the debt-to-equity ratio currently looks comfortable. How much can we go to 3X, 4X? What I am trying to understand is do we have to go for fund raise to continue this kind of growth in NBFC?

Himanshu Gupta: This is Himanshu Gupta. I will take up this question. So, right now our AUM stands at Rs. 1,065 crores, as you rightly said, the leverage is very low on an equity base of around Rs. 430 crores. With the current equity, we can easily leverage by 3.5x, so with this current equity levels, we can bring up the AUM to about Rs. 2,000 crores and that is where we would be looking for the equity raise in the NBFC. So, as per our plans like maybe in next 1 to 2 years, we would be looking out for equity raise on NBFC because we would have reached that level of AUM by that point of time.

Yogesh Bhatia: And sir, the NBFC slide that you have mentioned, it says that we do some working capital loan to SME's and some secured loans to SME's, so if you can explain me are these working capital loans secured or they are against the cash flow? How does that work or they are bill discounted? What is the working capital loan?

Himanshu Gupta: So, basically we underwrite totally on the basis of cash flow, cash flows of the SME customer. So, primarily what we look for is the customer should have adequate cash flow generated from the business on a regular basis to service all his EMIs including the existing loans and our new proposal, that is primarily like the main method of underwriting as we believe in. Apart from that, we take this personal guarantee and the repayment instruments, cheque and NACH from the business entity and

the personal guarantees are taken from the proprietors or the owners of the Company or partners of the firm, so that is how we underwrite. In this particular product, like WCTL, we are not taking any hard collateral, but it is primarily the cash flows. Obviously there are some like sub segment under this product wherein we are also doing bill discounting, but that is a smaller portion of overall book.

Moderator: Thank you. We have our next question from the line of Pratik Tandel from Swan Capital. Please go ahead.

Pratik Tandel: Hello sir, I would like to ask 2 questions. My first question is regarding your clients, so we have broking clients around 7,94,000 and from our top card clients we have 233,000 total we have around 10 lakh clients. So, my question was how many of these clients are actually our active clients? And how are these clients on-boarded? Can you tell us the split between various channels of how this current acquisition strategy is? My second question is regarding the margin funding book, I would like to know the size of our margin funding book? Also, the cash on balance sheet, I would like to know the split between our own funds and client funds?

Ajay Garg: This is Ajay Garg. So, like we do have combined around 10 lakh clients and out of that around 2 lakh clients are active clients. And like we do have around 2,500 franchisees, all across India more than 100 branches and in discount brokerage it is completely digital like lot of BDR participants are there, around 2,000 partners are there in our discount brokerage who provides us the account and we source accounts through digital marketing as well. And we are working hard, like recently we have revamped our onboarding platform which has been launched just a few months back. So, we are focusing on getting a lot of traction on DIY e-KYC accounts and this would improve our onboarding. What was your next question?

Pratik Tandel: My second question was on the size of the margin funding book and the cash that we have on the balance sheet? I wanted to know the split between our own funds and the client funds if you could explain that?

Ajay Garg: MTF book size is around, it is ranging between around Rs. 235 crores. And own fund I have to see, like, how much a borrowed one because it is a matter of compliance, so I have to see exactly how much is deployed out of own fund and how much is from the borrowed fund.

Vinod Kumar Jamar: We have deployed around Rs. 550 crores in broking and trading, so if we take out trading part say Rs. 150 crores or Rs. 200 crores remaining part is in broking.

Pratik Tandel: And do we have any bank guarantees on our balance sheet?

Vinod Kumar Jamar: Yes, we do have.

Pratik Tandel: What is the size of that could you?

Subhash Chand Aggarwal: Bank guarantees are more than Rs. 1,000 crores, around Rs. 1,500 crores.

Moderator: Thank you, sir. We have our next question from the line of Harsh Shah from Dimensional Securities. Please go ahead.

Harsh Shah: My first question is on the NBFC side of the business. Just wanted to understand at what rate which you will be willing to grow this book given that many of the bank and NBFCs are clearing away from SMEs citing that there is lot of stress in this pace of lending, so just wanted to get your perspectives?

Himanshu Gupta: On the quality of the SME lending basis, is it? So, just to give you a perspective, Indian economy is one of the fastest growing economies worldwide of this size and scale, and the SME business is one of the like biggest beneficiaries of this growth and everybody is speaking about like next 10 years to 20 years for the Indian economy to grow like anything. So, lending to SME is a sector where we feel there would be very strong credit quality that we will build and there is a strong credit demand also because the SMEs are growing their businesses, and they need capital for fulfilling their order book or maybe their business expansion etc. And recently taking cues from the RBI's commentary also, the RBI has shown concerns, particularly on the consumer credit wherein they have to increase the rates for lending unsecured loans to the consumer credit space. So, which again reiterates that the RBI is also have not given any discomfort on the commercial lending space. So, we firmly believe that it is a good sector to be wherein there is a lot of potential and most of the SMEs they don't get proper access to the capital or they get the access at a very higher rate. So, there is a huge unmet demand wherein NBFC can have a big role to play in that sector. So, we would continue to focus on SME space.

Harsh Shah: And, sir what would be our cost of fund in the NBFC's book? And do you expect our cost of fund to decline from this?

Himanshu Gupta: The cost of fund at present is about 9.8% to 9.9% and that is already very competitive if you compare other NBFCs which are similar rated and of similar size in terms of AUM. Having said that, like over the last 1.5 years, there has been an increasing trend in the interest rate in the market, so that obviously has affected our cost of borrowings and in addition to that, this latest RBI circular wherein they have increased the risk rate for the banks who are lending to triple A, double A and single A rated NBFCs. So, those couple of things have impacted our cost of funds, but I think what we believe is this is the peak interest rate that we have seen, in the coming years the expected interest rates will go down from here.

Harsh Shah: And in our insurance broking business just wanted to get a sense on the size of the opportunity here because we have been doing pretty well, especially this quarter we saw a growth, so just wanted to get the sense on runway of growth say over next 5 years - 7 years what is the kind of opportunity in this sector? What is the kind of competition that is there? And how are we placed? And what kind of growth can we expect in this sector?

Himanshu Gupta: So, you are asking about NBFC particularly or overall from this level?

Harsh Shah: This is mainly for insurance broking business. What kind of competition is there? What kind of growth runway is there for next 5 years to 7 years? And what kind of growth can we expect from our Company in this insurance business?

Subhash Chand Aggarwal: Insurance business has not expanded, and has not penetrated so far in India, now penetrating beyond 3% market share is there. So, a lot of scope is there. Government is targeting that by 2047, everyone should be insured. And both life as well as general insurance business there is a great scope and we are into retail insurance business and so we are very much equipped to do a great business and this year also insurance will be a good business. Our revenue growth in Quarter 3, which is Rs. 150 crores which is year-to-year 57% is better. So, in the same way the EBIT increase by 128% in Quarter 3 and 93% in 9 months and we are serving retail customers around 950,000 yearly.

Harsh Shah: What is the kind of competition in this sector, especially from online players? Just a follow up on previous question on insurance, just last follow up on this one, just wanted to get a sense on the competition especially on this digital side?

Subhash Chand Aggarwal: Digital side, we are having insurance business which has 40 IT professional employees and we have a very good platform. We are having on board KYC system and we have on board point of sale in one minute, so that kind of IT we have, we are the leader. and we have around 15,000 POS out of this 15,000 mostly through online. So, we have that capability in digital technology, so we are competing with everyone. There is no problem in that.

Moderator: Thank you, sir. We have our next question from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Sir my first question is, I was going through the presentation, in your quarter 2 presentation you have given Stoxkart and your SMC Global clients together and now you have shown it separately in Quarter 3 presentation. So, just to get an idea, your clients over around 100 to 1,000 and which has increased to now 1,027 if I combine together, so just to get an idea from where the increase has come of 25,000 which has come for SMC Global or has it come for Stoxkart?

Ajay Garg: This 25,000 around 20,000 is from SMC and around 5,000 from Stoxkart.

Vignesh Iyer: So, but how is the competitiveness in the industry overall just to get an idea? Because I went through the last presentation and Stoxkart is offering really good saving on brokerage by offering Rs. 15 flat on Intraday trade and free delivery trade. Still, we are not able to add that much of a client base from a near base of 228,000, so how is the competitiveness in the industry overall?

Pranay Aggarwal: I am Pranay Aggarwal, CEO of Stoxkart. So, basically in the past one year, our focus was to revamp our technology for all software **in the** company and we in the current financial year, we have launched a new mobile app and which was received very well with the investors and we have seen a daily uptick in the volume. Regarding your question about the client addition, so our focus during the current financial year is to revamp our technology and not actually go on in client acquisition in such a big way, instead we are trying to add quality clients, so this will be seen in our ARPU, so our ARPU per active client is around Rs. 6,500, which is higher than the industry and given that we will be at a certain better condition in regarding to acquire more clients in the next financial year because we will be having many more tech products out there. So, we have already launched a new website with a new logo, totally new brand revamp. We have launched a new mobile app, new e-

KYC and in the coming years we are going to launch many more products which are going to be first in the industry which you can say will be a USP and when we think that these products need to be out there and we need to acquire more clients and more and more clients should be on the platform, we will definitely increase our digital marketing spend and you can see an uptick in client acquisition then.

Vignesh Iyer: Sir, my another question would be, the number I am seeing right now here is 791,233 this is the active client that the Company has, right?

Ajay Garg: No, these are the total number of clients. We do have around 10 lakh clients combined together.

Vignesh Iyer: Sir on the NBFC part of the business, just to get an idea I am new to the Company, right, who is heading the NBFC business out and the past experience of the Member who is heading the NBFC business?

Himanshu Gupta: I am Himanshu Gupta, so I am heading this business, I am the CEO and Director here and I am a Chartered Accountant qualified in 2010 and I have been from the very beginning when we started NBFC operations, so I have been looking at this business, so total about 15 years of experience.

Moderator: Thank you, sir. We have our next question from the line of Sanjeev Damani from SKD Consulting. Please go ahead.

Sanjeev Damani: Congratulations, sir, and my respect for all the promoters and management of the Company. Very fine performance this time also and we are progressing as per the good market conditions and I wish that we continue to grow like this with some innovative ideas. My first question is regarding mutual fund that we were thinking that we thought of starting a mutual fund. So, is there anything happening there, sir?

Subhash Chand Aggarwal: Thank you, Sanjeev Damani. You see around 15 years back in 2009 we were planning to launch mutual fund along with M/S Sanlam of South Africa, and also got the principal approval, their tie up was became with Shriram and they were more interested in insurance business rather than in mutual fund, so their interest was towards Insurance Business because they were very good in insurance business in South Africa. So, they were not interested to carry it out, so then we dropped the idea. But in time to come, we can think of it also.

Sanjeev Damani: I mean, is it in somewhat thinking stage or is it what you can look forward to?

Subhash Chand Aggarwal: Right now we cannot comment as per as regulatory concern, we cannot comment over this and still we are in you can say initial stage.

Moderator: Thank you. We have our next question from the line of Mr. Subhash from Value Investments. Please go ahead.

Subhash: Sir I just wanted to know more about the Stoxkart app since the total revenue from operations that is fees and commission income is Rs. 279 crores, right, so out of the Rs. 279 crores, how much is coming from Stoxkart?

Pranay Aggarwal: If we talk about the revenue top line of the Stoxkart during the quarter, we did about Rs. 5 crores of revenue from Stoxkart and we were able to achieve a profit before tax of around Rs. 36 lakhs. So, as

I mentioned before, our focus is on quality clients and our focus instead of client acquisition during the year was towards having a sustainable business and investing in a technology and then we will go on and acquire more and more clients.

Subhash: And my second and last question is about the finance cost that is reported on the consolidated report, so for the 9 months I see it was Rs. 107 crores is the finance cost, right compared to Rs. 89 crores in the previous year, so can you give more light on the debt-to-equity ratio? And also are you looking to raise funds or are you looking to bring down the finance costs by bringing down the debt?

Vinod Kumar Jamar: Are you talking about consolidated finance cost or you are referring to which number?

Subhash: Consolidated finance cost.

Vinod Kumar Jamar: The consolidated finance cost is Rs. 40 crores as compared to Rs. 25 crores in the corresponding quarter last year. With the increase as you see the breakup of income from operation, interest income has also increased in the same proportion or alike at a faster pace. So, alike in our NBFC arm, we borrow money and then lend at a higher rate of interest, so interest cost is going to go up and as well as interest income will also go up.

Subhash: Just last question, sorry, sir. Do you have any plans to make Stoxkart or the SMC Global App? Like a Super App with the mutual fund investing options, ETF trading options if we compare between three recently Angel has started this Super app so do you have plans to grow this business hierarchy in the future?

Ajay Garg: Yes, now we are developing in-house app like which is like single app you will be able to trade online, you will be able to buy and sell mutual funds, you will be able to see complete holding of your mutual fund whether it has been bought through SMC or not, you will be able to buy and sell insurance, you will be able to apply to the IPO. So complete and a lot of research tools and services would be available on that app. So, we are working on it and in a few months we will be able to launch the beta version.

Subhash: Thank you so much for the answers and all the very best for the future and congratulations on the super numbers and I see that your stock price also broke the IPO highs, so congratulations on that aspect.

Moderator: Thank you, sir. We have our next question from the line of Pratik Tandel from Swan Capital. Please go ahead.

Pratik Tandel: I have two questions, so we have 4,184 employees. I wanted to know how many of those are in our trading business. So, like our prop side, how many employees are there? And also, what is the strategy for us to grow this side of the business in the future? Another question I had was does our NBFC side of the business also do gold loans? And are we also in gold lending and could you like give more clarification on that?

Dr. DK Aggarwal: So, far trading business is concerned, we have close to 250 employees and as I mentioned earlier also that our trading business is kind of our treasury operations where we deploy the liquidity of the Company into profitable strategy. So, here like everything is automated, we do Algo Trading, we do

high-frequency trading. We use a lot of quant strategies, so we are able to generate reasonably good return and we continue to evolve good strategies and improve our software and write better strategies, so that is a continuous process.

Himanshu Gupta: So, coming to your second question regarding gold loan, we entered into gold loan business about a year back in month of January '23. It has almost been a year for us to be in this segment and currently, our AUM for the gold loan stands at about 2% of the AUM, which is about 20 crores and with six branches, all of them in Delhi as of now. So, we have initially started with the Delhi region and once we have stabilized there then we can look for expanding to other locations also.

Pratik Tandel: What is the LTV on our Gold business?

Himanshu Gupta: LTV, see RBI has capped at 75% and we are also lending at 75% as per the market norms.

Pratik Tandel: And what is the average tenure of these gold loans?

Himanshu Gupta: So, tenure is typically up to 12 months like depends on the scheme which the customer opts for, like it can be 6 months or 9 months or maximum 12 months. So, usually what we have seen is either customer would come and repay before the loan maturity or maybe makes a part payment before the maturity or some of the customers would want to renew the loan on the maturity.

Pratik Tandel: And what are the rates at which we are lending in this space?

Himanshu Gupta: If you know how the pricing works in gold loan that there is a jumping ROE concept. So, initially the customer would pay less rate of interest if he is a regular paying customer, but if he wants to like have a gap between interest payments he ends up paying at a higher rate, so as of now we are making around 14%, but it will grow with the time and we expect after we have a like stable kind of book or a vintage of the book then we would make about 18% on the AUM and even in the industry, the competitors are making like some 17% to 20% that kind of IRR.

Moderator: Thank you, sir. We have a follow up question from the line of Vignesh Iyer from Sequent Investments. Please go ahead, sir.

Vignesh Iyer: Just to get an idea the cash in our as per September balance sheet, it is around Rs. 1,730 crores. I just want to know what is the total cash that belongs to us? And what is the total cash that belongs to our clients just to understand the bifurcation?

Vinod Kumar Jamar: As I explained earlier in broking and trading, we have deployed around 550 or 600 crores of funds and in trading it ranges between Rs. 150 crores to Rs. 200 crores and the remaining is in broking. As far as a client's funds are concerned, those funds are kept separately and they keep on fluctuating, so those funds could be Rs. 1,000 crores, Rs. 800 crores, Rs. 1200 crores depends upon the market volume.

Vignesh Iyer: Yes, I understand that, but the 1,700 liquid investment that shows in your September 23 balance sheet, so as on that date, what was the client money in that?

Subhash Chand Aggarwal: It is over 1400 crore client's money. And it is always fluctuating on daily basis.

Vignesh Iyer: Sir, can you tell me what is ROE that we are doing in our NBFC business as of now? What would be that numbers for Quarter 3? And the NIM level also if you could share the data part?

Himanshu Gupta: NIM levels would be about 11% to 12% in the NBFC leverage basis, but if you look at the difference between our lending rate and borrowing rate, that would be about 5% that we make. And as far as ROE is concerned, probably full year we would be having ROE for about 10% in the NBFC because right now we are in an expansion mode and there are new branches that are being opened in last 1 to 2 years. And once the AUM gets built up, then the ROE will go up over the period of time.

Moderator: Thank you, sir. As there are no further questions, I would now like to hand the conference over to Mr. Mahesh C Gupta for closing comments. Thank you and over to you, sir.

Mahesh C Gupta: Thank you all for participating in this Earnings Concall. I hope we have been able to answer your question satisfactorily. If you have any further questions, or would like to know more about the Company, please reach out to our Investors Relation Managers at X-B4 Advisory. Thank you, stay safe and healthy. Thank you very much to all.

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