



Moneywise. Be wise.

## SMC GLOBAL SECURITIES LIMITED

Member: NSE • BSE • MSE • NCDEX • MCX

Clearing & Trading Member : Cash, F&O, Currency, Debt & Commodity

SEBI Regn. No. : INZ 000199438 • Research Analyst No. : INH100001849

Regd. Office : 11/6B, Shanti Chamber, Pusa Road, New Delhi-110005

Ph : +91-11-30111000, 40753333 Fax : +91-11-25754365 • CIN No. : L74899DL1994PLC063609

E-mail : smc@smcindiaonline.com Website : www.smcindiaonline.com

Date: 09<sup>th</sup> February, 2023

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

### **Sub: Submission of the Transcript of Earnings Con-call – Q3- FY 2022-23.**

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 Earning Con-call held on 02<sup>nd</sup> February, 2023.

This will also be hosted on the Company's website at [www.smcindiaonline.com](http://www.smcindiaonline.com)

This is for your information and record.

**For SMC Global Securities Limited**

**Suman Kumar**  
**E.V.P. (Corporate Affairs) & Company Secretary**  
**Membership No. F5824**

**MUMBAI OFFICE** : A Wing, 401/402, Lotus Corporate Park, Graham Firth Steel Compound, Off Western Express Highway, Jay Coach Signal, Goregaon East  
Mumbai-400063 Ph : +91-22-67341600, 66481818 Fax : +91-22-67341697 E-mail : smcmumbai@smcindiaonline.com

**KOLKATA OFFICE** : 18, Rabindra Sarani, Poddar Court, Gate No. 4, 5th Floor, Kolkata - 700001 Ph : +91-33-66127000 Fax : +91-33-66127004  
E-mail : smckolkata@smcindiaonline.com



**SMC Global Securities Limited**  
**FY23 Earnings Conference Call**  
**February 02, 2023**

---

**Moderator:** Ladies and gentlemen good day and welcome to the SMC Global Securities Limited earnings conference call hosted by Valorem Advisors. As a reminder, all participants lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing "\*" then "0" on your touchtone phones. Please note that this conference is being recorded. I would now like to hand the conference over to Mrs. Chaiti Gujarati from Valorem Advisors. Thank you and over to you, mam.

**Chaiti Gujarati:** Good afternoon, everyone and a very warm welcome to you all. My name is Chaiti Gujarati 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 conference call for the third quarter and nine months ended of the financial year 2023. Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's conference 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 belief as well as assumptions made by and information currently available to management. Audiences are cautioned not to place undue reliance on these forward-looking statements in 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 in today's earnings conference call and give it over to them for their 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 – Chairman and CEO of Moneywise Financial Services Private Limited; Dr. D. K. Aggarwal - CMD of SMC Capitals Limited; Mr. Anurag Bansal - Director of SMC Global Securities Limited, Mr. Pranay Aggarwal – Chairman and CEO of Stoxkart, (Moneywise Finvest Limited) and Mr. Vinod Kumar Jamar - President and Group CFO. I will now handover to Mr. Subhash C. Aggarwal for his opening remarks.

**Subhash Aggarwal:** Good afternoon, everyone. It is a pleasure to welcome you to the earnings conference call of our company for the third quarter and nine months ended of financial year 2023. 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 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 corporates, institutions, high network individuals and other retail clients. We have a strong network of more than 2,530 of sub brokers and authorized persons spreading across 453 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 broking arm under the brand name of Stoxkart which is the first of its kind platform in the broking industry has noticed a very positive response. SMC Group is governed by strong board including six 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 technologies we are pioneered for continued growth these upcoming years. I now hand over to Mr. Vinod Kumar Jamar, our Group CFO to take you through the financial and operational accomplishments for the third quarter and nine months ended of financial year 2023. Over to Mr. Vinod Jamar.

**Vinod Kumar Jamar:**

Thank you, Subhash sir. Good afternoon, everyone. Talking about the financial performance of the Q3 FY 2023 of our company on a consolidated basis. The operating income for the quarter was Rs.319 crores which grew by 12% on year-on-year basis. The operating EBITDA was reported at approximately Rs.72 crores an increase of approximately 12% year-on-year. EBITDA margin stood at around 22.41% % net profit after tax reported was Rs.32 crores while PAT margin stood at 10.03%. For the nine months FY 2023, the operating income stood at Rs.911 crores, growth of 10% year-on-year. Operating EBITDA reported was approximately Rs.207 crores, a decrease of approximately 7% year-on-year. EBITDA margin stood at about 22.76% net profit after tax was reported at approximately Rs.99 crores, a decrease of 26% year-on-year. While the PAT margin percentage stood at about 10.81%.

Let me now take you through the quarterly segmental performance on a consolidated basis for the third quarter. In the broking distribution and trading segments Q3 revenue stood at around Rs.191 crores which is increased by 3.7% on a year-on-year basis and for nine months revenue grew by 0.5% year-on-year. Number of branches increased from 60 to 93 as on December 2022, on a year-on-year basis. Coming to insurance broking division, revenue for Q3 stood at about Rs.96 crores which grew by 16% on a year-on-year basis and in nine months by 28% year-on-year. EBIT decrease in Q3 by 39.7% and in nine months by 4.1% due to change in product mix and increase in personnel cost due to increased tech hiring. Additionally, pursuant to the NCLT order, the paid-up share capital of SMC Insurance Brokers Private Limited, has been reduced from Rs. 41.40 crores to Rs.15 crores. Since this unit had surplus funds available with them.

Lastly, in the financing division segment, revenue for Q3 was around Rs.40 crores which grew by 69% on a year-on-year basis and in nine months by 45% year-on-year. Loan AUM increased to Rs.787 crores from Rs.541 crores an increase of 45% on a year-on-year basis. EBIT in Q3 grew

by 124% on a year-on-year basis and in nine months 94% on year-on-year basis. GNPA and NNPA decreased to 2.37% and 1.34% respectively from 2.8% and 1.9% in March 2022. With this, we can now open the floor for question-and-answer sessions.

**Moderator:** Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "\*" and "1" on their 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 and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Forum Gosar an individual investor. Please go ahead.

**Forum Gosar:** My very first question is that the NBFC business had a very good financial performances this quarter. So, can you give some more insights on what drove AUM growth and this performance, and also what is the outlook for FY 2024?

**Himanshu Gupta:** Thank you very much and good evening everybody. Basically, our AUM during the quarter has gone up to Rs.787 crores as against Rs.541 crores year before, which is a year-on-year growth of about 45%. There are multiple factors that contributed for AUM growth. One over the years, we have been increasing our distribution reach, we had added a few branches, over a couple of years and increased the headcount particularly the sales team. So, after the COVID period, now we are getting the desired business out of the expanded distribution reach that we built over the period. Moreover, there have been better collection efficiency and recoveries that we have witnessed during the period and even the credit demand, particularly from the SME sector has also been good. So, these factors have contributed to higher AUM and also better financial performance of the company. Regarding the future outlook, so, we continued to strengthen our business by further expanding the distribution and also adding certain products like, recently we opened up our first branch for the gold loan, which did a business also in like last month only and we also trying to do certain co-lending tie-ups that will further expand our AUM.

**Forum Gosar:** Sir, a follow-up question regarding this. So how have the collection efficiencies been for this quarter?

**Himanshu Gupta:** Collection efficiencies are close to 99% and even you will see the GNPA and NNPA numbers have gone down. GNPA are 2.37% as of December end and NNPA is 1.34% as of December end which is lower than the corresponding quarter-on-quarter and year-on-year numbers.

**Forum Gosar:** Sir just one more question, so how is the gold loan portfolio performing. So what is our strategy over here as it is a very crowded segment and it seems like many NBFCs are now entering it?

**Himanshu Gupta:** Correct. The gold loan as a product is a secured product and there are very low, very negligible delinquencies which are there in the industry and this being a retail product, we are very bullish

on the expanding further on this product. Our strategy would be, to add more number of branches over the period and to achieve the operational efficiencies at all the branches. As far as competition is concerned, I think we would be operating in the similar price matrix where the industry is operating, which is quite lucrative, that is not our challenge. In fact, the customer is educated about the gold loan product and features, so, it is easier to sell.

**Moderator:** Thank you. The next question is from the line of Vinesh, an individual investor. Please go ahead.

**Vinesh:** I have two-three questions, so can you please tell me, how is Stoxkart performing for the past few quarters and with that what is the kind of a quarterly run rate which we are looking on this performance and even the profitability of this segment as well.

**Pranay Aggarwal:** Good evening, I am Pranay Aggarwal, CEO of Stoxkart and I am very happy to point out that during the quarter our revenue was Rs.4.8 crores in Stoxkart which is around 46% increase on year-on-year for the quarter and during the nine months period our revenue was Rs.15.9 crores which is again 52% year-on year increase. So we see that we are hopeful of ending the year on a high note and we are soon to launch, a new mobile app that will be there with a whole new logo, a whole new website and we are aiming to have whole new Stoxkart by April 1<sup>st</sup>, 2023, that will be our target to launch a totally new tech app and with that being there we can hope for increasing the growth percentage even further in the coming year.

**Vinesh:** Okay and sir, my second question will be coming to the insurance segment. So, your revenue has grown but your EBITDA margin has come down. So can you please explain the reason behind that and with that even your NCLT order which has reduced the share capital. So, what will be the reason about that?

**Pravin Aggarwal:** Good afternoon. Thank you, for this question and this is Pravin Agarwal, from Insurance. Actually, revenue grew in Q3 due to higher sales volume of auto vehicle insurance premium and EBITDA decreased due to increase in personnel cost, tech hiring and change of product mix. We focused more on motor vehicle, we did 96% of total portfolio from motor premiums, which is a low margin business and the second reason is due to reduction of capital. The third reason is due to sales of market linked debentures, that is why EBIT is decreased by 39%.

**Vinesh:** And another question which I have is that all through your topline has grown for this nine months but your bottom line has come down. So, is this purely because of the poor performance in the stock market this year or if so then what will be our growth strategy going forward from here and from next year as well?

**Vinod Jamar:** Hi Vinesh, I am Vinod Jamar, CFO of the Group. Our EBITDA margin is otherwise maintained but last year we had some extraordinary profit on investment income which was about Rs.44 crores and this year it was only Rs.20 crores. So that is why there is reduction in EBITDA and

profit figure but otherwise we are maintaining our EBITDA margins between 23%-26% and this is quite sustainable.

**Vinesh:** And lastly, I have one more follow-up question on the Stoxkart as well. So earlier mentioned that we will have new app for this, I just want to understand what will be our strategy behind competing with peers like Zerodha and all of this. So, to purely to increase the market share in this segment. So, what will be our strategy for that?

**Pranay Aggarwal:** Hi Vinesh, what we realized over the years is we have to be really customer centric. We have to be really user friendly and that is basically our motto for the new app. The new app, we are aiming for it to be really customer friendly and to serve both the communities, the investors and the traders. So, we will have some unique features which will appeal to both the communities and we are also launching some Algo based products which will be connected through APIs, so that is a revenue driver for us. Because Algo is really in demand in the industry and many fintech tie-ups, we are already doing for Algo based strategy.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Himanshu Gupta from SMC Global for the closing comments. Over to you sir.

**Himanshu Gupta:** Thank you very much all of you for participating in this conference call. I hope, we have been able to answer your questions satisfactorily. If you have any further questions, or would you like to know more about the company, you may reach out to the Investor Relation manager at Valorem Advisors. Thank you. Stay safe and healthy.

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