

05.05.2023

**To,  
The Manager,  
Listing Department,  
National Stock Exchange of India Limited,  
'Exchange Plaza', C-1, Block – G,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai – 400 051  
Ph. No. 022-26598100  
Scrip Code : GEOJITFSL - EQ**

**To,  
The Manager,  
Listing Department,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001.  
Ph. No.022 22721233  
Scrip Code : 532285**

Dear Sir/Madam,

**Sub : Transcript of Analyst/ Institutional Investor Meetings**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing herewith the transcript of the Analyst/Institutional Investors conference call held on Tuesday, May 02, 2023 at 04.00 P.M.

Please also note the weblink and path for audio recording of the Analyst/Institutional Investors conference call at <https://www.geojit.com/investor-relations> - Investor Presentation - Analyst Call.

**Thanking you,  
For Geojit Financial Services Limited**

**Liju K Johnson  
Company Secretary**



“Geojit Financial Services Limited  
Q4 FY’23 Earnings Conference Call”  
May 02, 2023



**MANAGEMENT: MR. C J GEORGE – MANAGING DIRECTOR – GEOJIT  
FINANCIAL SERVICES LIMITED  
MR. SATISH MENON – EXECUTIVE DIRECTOR –  
GEOJIT FINANCIAL SERVICES LIMITED  
MR. JONES GEORGE – EXECUTIVE DIRECTOR –  
GEOJIT FINANCIAL SERVICES LIMITED  
MR. A. BALAKRISHNAN – EXECUTIVE DIRECTOR –  
GEOJIT FINANCIAL SERVICES LIMITED  
MS. MINI NAIR – CHIEF FINANCIAL OFFICER – GEOJIT  
FINANCIAL SERVICES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY'23 Earnings Conference Call of Geojit Financial Services. 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 star then zero on a touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Satish Menon, Executive Director. Thank you and over to you, sir.

**Satish Menon:** Thank you very much and welcome and a warm good evening to everyone who is attending this Q4 Earnings as well as the Full Financial year '23 Earnings Call. With me on this call, I have my Managing Director, Mr. C J George, my colleagues on the board, Mr. A. Balakrishnan and Mr. Jones George and our CFO, Ms. Mini Nair.

I would just like to take you through the synopsis of the fourth quarter earnings as well as the full year, some broad numbers and then maybe we can open for Q&A. In terms of total income for the fourth quarter, we have done INR116.83 crores, which is similar to what we did in the third quarter and a 5% drop from the previous year. In terms of the full year, the total income stands at INR447.62 crores, 11% drop from the previous year.

When you split the income, equity and equity related that is primarily the brokerage services, we have done in quarter four INR62.42 crores which is 16% down from the third quarter and 25% down from the fourth quarter last year and for the full year it is INR282 crores which is 21% down from the last year. In terms of financial products income, we have done INR32.97 crores in the fourth quarter which is 39% up from the December quarter and 31% up from the similar period last year and for the full year INR98.78 crores which is up 21% from FY'22 and financial product distribution is split into primarily two items, mutual fund, full year income of INR71 crores which is up 16% compared to the last year and insurance income of INR23.95 crores which is 33% up from last year. Software income is INR2.13 crores for the quarter and INR10.48 crores for the year which is down by 13% compared to FY'22. Total income, INR447 crores, 11% degrowth.

In terms of expenses, total expenses are INR87.89 crores for quarter four which is 2% up from the December quarter and 14% up from the same quarter last year. For the full year it is INR328 crores which is 10% up from FY'22. PBT is 5% down for the quarter compared to December and for the full year it is INR118.93 crores, 41% down from FY'22 PBT. In terms of PAT, INR30.15 crores which is up 20% from the December quarter and for the full year it is INR100.96 crores, 35% degrowth from FY'22.

In terms of stock market volumes, Geojit ADTO cash market volumes were down by 36% y-on-y and in terms of F&O, 70% up. The cash market yields remained more or less the same at 0.163 percent. 83% of volumes and 57% of brokerage comes through online, that is internet as well as mobile. Geojit Mutual Fund AUM, more or less the same as last year in spite of INR643 crores of net inflow compared to INR490 crores for the previous year, up by 31%. So, these are the broad numbers.

Now we can open up for Q&A, operator, up to you.

**Moderator:** Thank you very much. Our first question is from the line of Mr. Varun Bang from Bryanston Investments. Please go ahead.

**Varun Bang:** Yes, thank you for the opportunity. I have a couple of questions. First thing, what we are seeing off-late the larger brokers are gaining market share at the expense of smaller brokers. And smaller brokers, you know, they have higher cost of capital and thus they are unable to offer funding at competitive rates and they are also unable to keep pace with the rising compliance. So, what I'm hearing is some of them are shutting down and while others are becoming sub brokers of the larger brokers. So how are we looking at capitalizing this opportunity? You know, given our strengths in the current environment, what is our strategy and how are we executing? That's your first question.

**C J George:** Okay. Satish, can I take this question? I'm C J George here, Managing Director of the company. I agree with the observation that a significant number of brokers are in a mood to quit the stock exchanges through active membership due to the reasons that you have explained. We are in touch with many small brokers. We are also planning to offer attractive terms to these colleagues who have been in this business for the last many decades in a few cases.

So, we are also going aggressively and contacting them, and we'll be very happy to work with all these potential partners. This is my observation with regard to this. I have to make one more point in addition to what Satish said, which is also relevant to the question that you have asked. Last year, we had declared and paid INR3 per share dividend. This time, this dividend is now changed to INR1.50 per share of INR1 face value. So, this is the information I wanted to share with you. I hope this is fine. If you have any more questions, I can take it up later.

**Satish Menon:** Varun, what was your next question?

**Varun Bang:** So, the second question is in the context of the previous question. So how easy or difficult it is to consolidate acquisitions in this industry? Is it very difficult? I'm just trying to understand.

**C J George:** Varun, thank you for this question. It was very difficult in the past. But in terms of at least relatively speaking, the process is eased a little bit. It's also because due to a lot of regulatory changes, customer stickiness is probably something which is very, very important in this kind of a transition. But what we have started noticing is that this is probably the right environment at the moment, unlike the past, because many of these smaller brokers were offering personalized service, personalized credit, etc. So, none of these will, personalized service will work, but personalized credit, that may not work in the new environment.

So, because of that, it is relatively easy compared to the past to transfer customers. So, this is something that we have observed in the recent past.

**Varun Bang:** Okay, that is helpful. And what I've seen is in the previous down cycles, we have always, you know, proactively brought strong control on operating expenses. But what I'm seeing differently

in this down cycle is that Geojit is expanding branches and also adding employees. And there is a steep rise in employee costs as well as operating expenses. So just to get a sense of what is happening and what are we doing differently in this down cycle versus the previous ones?

**C J George:**

Satish, I will take this question also. So let me be very frank with you. If you look at 2022-23, this is the first post-COVID year. So, all those customer relationship activities that were postponed in 2021 and 2021-22 were taken up in 2022-23. So, we have active customer relationship kind of engagement through 350 plus branches. So, it's slightly different from probably the parallels that you have in mind.

So, because of that, travel costs have gone up. And then if you ask me, the major increase in the cost is basically in connection with some investments that we are making. For example, advertising costs have gone up. Investment in technology, the capex as well as the opex has gone up. So, these are, apart from the employee costs, even in a bad market, we thought of, increasing the number of branches. We went ahead and added 25 more branches in the last 18 months or so.

These branches are, many of these cases, these are in rural areas. So, we go ahead and start developing relationships in the deeper interiors of the country. This is also part of our policy. This is definitely for the short-term increase in the cost, but we are very confident that we can manage over a mid-term period. Thank you.

**Varun Bang:**

Okay. Just one last question, sir. I was looking at the business model of Charles Schwab. You know, they too started as a broking entity, but eventually they diversified into wealth lending, asset management, and so on. So, one thing, whatever they did, they thought of doing it on a scale, and they offered everything at a lower cost. And they always focused on, you know, acquiring a larger number of clients, and they also acquired a lot of companies. So, and this ensured that, you know, irrespective of the market scenario, they grew.

So, I'm sure, you would have looked at their journey. So, my question is, in Indian context, how do you think the situation is different? Can something similar be worked out in India? And like Charles, I think Geojit also has been pioneering, doing a lot of things for the first time. So, from our perspective, is it possible to do something similar in size and scale to what Charles Schwab did? If you can just share your thoughts, that would be helpful.

**C J George:**

I will only make one remark, because it is largely general. The regulatory environment is certainly different in India. Most of those leading brokers in the United States are also banks. That means brokers can get membership, brokers can get the bank license on top, unlike in India. So, their ability to hold the customer cash and then basically to offer various products to customers is very high, and it is scalable. Whereas we have, you know, significant limitations.

In India, a broker is not fit and proper, even to be on the board of a bank, whereas their approach is slightly different in the US market. So, it is not comparable in my view. Probably I am very sure over a period of time, when there is consolidation, when there is institutionalized business development, etcetera, maybe regulatory changes will also happen. So, at the moment, in my

view, these are not comparable. But we will be very happy, and we are very keen to offer all the investment products that we can offer to customers. Thank you.

**Varun Bang:** Okay, thank you. I will join back with you for more questions.

**Moderator:** Thank you. Our next question is from the line of Mr. Ratish Nair, Individual Investor. Please go ahead.

**Ratish Nair:** Thank you, sir, for giving me the opportunity. I have two questions. The first question is on the insurance premium collection. So, what would that be for the quarter and for the full year? And my second question is on the net inflow of mutual funds for this year compared to the last year, sir? Thank you.

**Satish Menon:** I will take this. So, insurance premium collection for the January, February quarter was INR48 crores. And for the full year, it was INR78 crores compared to INR57 odd crores for FY'22. So, of course, thanks to the tax announcement made by the FM also helped us in the January, February, March quarter.

Net inflow, because I already covered in my beginning, in my first talk, we did INR643 crores of equity mutual fund net inflow compared to INR490 crores for FY'22, so which is a growth of around 31 percent.

**Ratish Nair:** Okay, sir. Thanks, sir. That's great, sir. That's all from my side.

**Moderator:** Thank you. Next question is from the line of Sumit Jankar from Vardhaman. Please go ahead.

**Sumit Jankar:** Thank you for providing me the opportunity. My question is regarding the cash market ADTO. I see in the PPT that the cash yield has dropped and also the ADTO has dropped. But if ADTO drops, the yield should slightly increase. We are looking for derivatives. ADTO is increasing. The yield is dropping. When ADTO drops, it usually should increase yield. Can you put some light into this?

**Satish Menon:** I did not understand the question clearly. But the cash ADTO is INR304 crores, which is compared to INR477 crores, so there is a drop there. But the yield at 0.163 percentage is more or less similar to 0.167, 0.168. So, you should understand this is the blended yield of cash. It is not the delivery business only. It is a blended yield of cash, which includes day trading as well as delivery. As the percentage mix changes, the yield can also change.

**Sumit Jankar:** Okay, sir. Got it. My second question is regarding the client acquisition. Are you looking to increase the client acquisition in the coming quarters? What would be the reason for the drop in client acquisition in the previous quarters?

**Satish Menon:** This is primarily coming from the market sentiments. If you look at the sentiments and if you look across the industry, even if you look at the growth in the DP account, because the market was subdued in the January, February, March quarter, the entrance of new clients in the quarter was subdued. So that is what we have seen more or less across the industry.

But I can only show you a small change which has happened in the active clients. This is an active client with NSE publishes every month. There, what we see is Geojit has a positive growth compared to most of the other competitors which have seen negative growth. But to answer your question, it is primarily because of market sentiments.

**Sumit Jankar:** Okay. Thank you, sir. Best wishes to you.

**Satish Menon:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Varun Bang from Bryanston Investments. Please go ahead.

**Varun Bang:** Sir, my question is with respect to implementation of ASBA in the secondary markets. How do you think industry is prepared for this and how do you think this implementation will pan out?

**Satish Menon:** So ASBA, as of now, it is optional. It is the preference of the client whether to do ASBA or to keep the money with the broker. There are still some challenges in terms of operations if it is made compulsory. Our feeling is we still need to see how it evolves out.

As of now, there are a lot of transactional advantages a client has when he keeps the money with the broker. So, till that time, all of them are sufficed in the new ASBA rule. I don't think as of now a large chunk of people, that is my personal feeling, a large chunk of clients will move to ASBA.

**Varun Bang:** Okay. And would this implementation, I mean, make our balance sheet a bit lighter in terms of the overall working capital requirement? Because the settlement will happen between the client and the peering corporation. So, I am just trying to understand.

**Satish Menon:** I don't think so because it is only a channel. So, what today happens is the client keeps the money with the broker and the broker next day pays the exchange. If compulsory, if an ASBA comes through, the direct client will pay the exchange. So, I don't think it will have much impact on the balance sheet of the broker. It is only a pass-through vehicle.

**C J George:** Now, let me come in. Maybe, yes, if the clients are paying in advance, etcetera, then the demand for working capital might go down. But we have products like margin trading, etc. where we need to basically provide the facilities to clients. In my view, the clients, as Satish rightly said, the clients may not opt for ASBA at the moment because we are already getting complaints at the time of quarterly payout.

Because clients often view that it is creating some amount of inconvenience to them. Although SEBI has done this in the best interest of customers. You know, the retail customers, in our experience, consider it more of an inconvenience to them. Thank you.

**Varun Bang:** Okay, that is helpful information. Thank you.

- Moderator:** Thank you. Our next question is from the line of Mr. Anil R., Individual Investor. Please go ahead.
- Anil R.:** Thank you for the opportunity. Can you share the PMS income for this year?
- Satish Menon:** Thank you. PMS income for FY'23 was INR8.23 crores. Also, I would like to inform you that the last year, we have collected close to net INR100 crores of new PMS subscription amount for Geojit PMS. And the book right now stands at INR450 odd crores. It is compared to INR8.23 crores compared to INR17 crores for the FY'22.
- Anil R.:** Okay, thank you. Can you share the cash in the books also?
- Satish Menon:** Cash in the books.
- Mini Nair:** Yes, this is Mini Nair, CFO. The cash is INR665 crores in the books. But more than one third of this cash is being used for MTF funding and also for clients' funding. And also, we require working capital. So even if we have INR655 crores of cash, we are using it for the regular business requirement.
- Anil R.:** Okay, thank you.
- Moderator:** Thank you.
- Satish Menon:** Operator, if there are no further questions, we can conclude.
- Moderator:** Noted, sir. As there are no further questions, I would now like to hand the conference over to Mr. Satish Menon for closing comments.
- Satish Menon:** Thank you everyone for joining this call. Our offices are always here if you have any specific queries. Have a nice day. Thank you very much.
- Moderator:** On behalf of Geojit Financial Services, that concludes this conference. Thank you for joining us and you may now disconnect your lines.