August 01, 2024

To,
Department of Corporate Services
BSE Limited
P J Towers, Dalal Street,
Fort, Mumbai- 400001
Scrip Code: 540725

To,
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai- 400051
SYMBOL: SHAREINDIA

Sub: Transcript of Conference Call with Analyst/Investors held on July 30, 2024 to discuss Unaudited Financial Results of the Company for the quarter ended on June 30, 2024

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Conference Call with Analyst/Investors held on July 30, 2024 to discuss Unaudited Financial Results of the Company for quarter ended on June 30, 2024.

Please take the same on your records.

Thanking you,

Yours faithfully,
For Share India Securities Limited

Vikas Aggarwal
Digitally signed by Vikas Aggarwal
Date: 2024.08.01 16:54:18 +05'30'

Vikas Aggarwal
Company Secretary & Compliance Officer
M. No.: F5512

"Share India Securities Limited

Q1 FY'25 Earnings Conference Call"

July 30, 2024

MANAGEMENT:	**MR. KAMLESH SHAH – MANAGING DIRECTOR – SHARE INDIA SECURITIES LIMITED** **MR. RAJESH GUPTA – DIRECTOR – SHARE INDIA SECURITIES LIMITED** **MR. SACHIN GUPTA – CHIEF EXECUTIVE OFFICER – SHARE INDIA SECURITIES LIMITED** **MR. ABHINAV GUPTA – PRESIDENT, CAPITAL MARKETS – SHARE INDIA SECURITIES LIMITED**
MODERATOR:	**MR. SARVESH MUTHA – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Share India Securities Q1 FY'25 Earnings Conference Call hosted by Antique Stock Broking. 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 your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sarvesh Mutha. Thank you, and over to you, sir.

Sarvesh Mutha: Yes. Thank you. Good evening, everyone. On behalf of Antique Stock Broking, I welcome you all to Q1 FY'25 Earnings Conference Call of Share India Securities. We have with us the entire senior management team of Share India Securities represented by Mr. Kamlesh Shah, Managing Director; Mr. Sachin Gupta, CEO; Mr. Rajesh Gupta, Director; and Mr. Abhinav Gupta, President, Capital Markets.

Now without any further delay, I hand over the call to Kamlesh sir for his opening remarks. Thank you, and over to you, sir.

Kamlesh Shah: Yes. Thank you, Sarvesh. Good evening to all of you, and welcome to quarter 1 financial year '25 investors call. We saw Lok Sabha elections and formation of coalition government at the center during the quarter. The stability at center will provide great push to the economy and the industry.

The quarter was eventful for the company as well. During the quarter, the Board approved stock split of shares of the company into 5 shares for each shares held, the face value of the company share is now INR2. Approximately 80% of the warrant issued under the right issue are converted into the shares in line with our expansion plans.

As a result of this, we are now standing on a strengthened network base of approximately INR2,000 crores. And by next quarter, all the remaining warrants would be converted into equity shares, along with the internal accruals, providing further strengthening to our network base. Here, I would like to request all the investors to get their warrants converted as the last date to convert is approaching fast. And I would not like that any investors miss out this deadline.

Coming to the quarterly financial performance of the company. Quarter 1 financial year '25, despite being a challenging quarter for the industry, our company continues to deliver a healthy operational and financial performance on back of our sustainable business model. During the quarter 1 FY'25, our total consolidated revenue from the operation was INR414 crores in comparison to INR277 crores in quarter 1 FY'24, giving an increase of 50% on year-on-year basis.

The consolidated profit after tax grew by 26% on year-on-year basis from INR82 crores to INR103 crores. Net profit margin for the quarter is 24.86%. Debt-to-equity ratio is 0.015x. The EBITDA was INR153.57 crores and EPS works out to INR5.18 for INR2 paid up share.

During the quarter 1 FY'25, stand-alone revenue from the operation was INR325 crores in comparison to INR208 crores in quarter 1 financial year '24, giving an increase of 56% on year-on-year basis. Also, stand-alone profit after tax grew by 30% on a year-on-year basis from INR51 crores to INR73 crores. Net profit margin for the quarter remains at 22.42%. The debt-to-equity ratio for the stand-alone company remains at 0.10. EBITDA stands at INR112 crores. Earnings per share comes to INR3.67 for INR2 paid up share.

Here, I would like to talk about performance of our subsidiaries. We have created 10 subsidiaries to cater specific requirement of different business verticals. Out of 10, we would say that we have created five Navratnas as we feel they are the force behind the future growth drivers. These are Share India Capital Services, Share India Insurance Brokers, Share India Fincap Private Limited, Share India Securities, IFSC, which is overseas trading company, and human face of Share India Group, Share India Smile Foundation.

The consolidated results show all around development in all business verticals. Contribution to the consolidated profit by subsidiaries is a step towards diversification and business sustainability. All the subsidiaries are performing well and aligned with the vision map of the company.

From increased AUM in NBFC to capturing SME IPO market in merchant banking, from exploring opportunities beyond Indian markets in GIFT, IFSC and Singapore to strengthen market share in overseas strategy-based trading, from meeting surging needs of the technological pioneering to spreading smile and changing lives, the group is intact with its value and vision, being relevant and stay focused.

Capital market has seen a slew of reforms in past 2 years. Going forward also, there are several regulatory reforms that are pipelined and that your company is well prepared for those regulatory changes and all geared up to convert challenges into opportunities. Also, the regulatory reforms bring investors' confidence in the market, which is beneficial for the industry as a whole. This is evident from the number of demat accounts in India.

The total number of demat accounts have increased from -- increased to 16.2 crores as of June '24, with 42 lakhs new accounts added in this month. The union budget poses short-term challenges for the market, due to rise in STT on future and options trade and increasing capital gain tax rates, which was not anticipated by the market.

But considering the growth of the investor base, and their confidence in the market, the market are expected to realign with the fundamentals and macroeconomic trends. Overall, the budget lays out a comprehensive and robust blueprint for achieving sustained growth and development. We have seen stability in the market post budget. The market is at a kissing distance to 25,000 mark in the NIFTY.

To conclude, I would say that we will continue our pursuit of operational and financial performance and sustainable growth in coming quarters. Lastly, I thank all the shareholders for -- all the stakeholders for their valuable contribution. With these words, I would like to hand over proceeding to our young and dynamic CEO and Promoter Director, Shri Sachin-ji. Thank you.

Sachin Gupta: Thank you, Kamlesh sir. Thank you for the detailed presentation about the Q1 FY'25 and overall discussion about the budget and the thing. And sir, I would like to give a brief about what we are doing now and the status of the initiatives we took in previous years and what are the initiatives we are planning to take in the coming years.

So investors, as in the previous calls, we were -- last year, we were explaining about the launch of our dream project that is uTrade Algo for retail. So we launched this product last year around 8 months back, and it took some time to get aligned with the market, with the customer requirement.

So now the product is well accepted, and it is giving -- showing us encouraging participation from all over India, like clients from every state and every part. But yes, number is very small, but the way people -- the kind of feedback we are getting, so we are very sure that in coming years, this product will be a game changer product for the entire market.

And believe me, why this product is a dream project, because the kind of IP Share India is providing in terms of providing strategies and kind of IP uTrade, which is our subsidiary, is providing is a very rare combination. And it's very tough -- it will be very tough for the industry to catch up to that level. And this is the USP we are going to take it forward with us and for the very, very long period. And this product will be widely accepted in coming years like the next 3 years, we are very bullish on this product and it can change the entire course of the company in the coming years.

So the basic problem investor face is as the report suggest, everybody like 90% of people lose money in derivative market. So we are kind of providing strategies -- internally based strategies, which are low return and low risk strategies, totally internally based strategies, well back tested, where people can trade and where success rate is much higher than the numbers we are learning from the market, from the certain report.

So we have success rate is much, much higher. You can say that 80% people are making money, 20% are losing money. That kind of success ratio we have. And we have to see that as the participation grows, then products will also evolve from the current scenario, right? So the basic requirement of the investor was to how to use their invested assets like mutual fund, gold bonds, t-bills and maybe stocks.

So when we go into derivative trading and that too on quant-based, strategy-based trading, there you can use your existing mutual funds as a collateral. You can use FDs, you can use t-bills, you can use gold bonds, you can use stocks or whatever you have invested. So what you are getting, you're trying to earn extra alpha on your existing investment asset, right?

So you have already invested in mutual fund to -- with some expectation of returns over the longer period of time, maybe NAV based or maybe anything. So uTrade is helping you to generate extra bit of income over the existing portfolio, you don't need to bring in special new capital for derivative trading.

And the best part is these all are internal strategies properly back tested. If there is any bad day, you will end up with a certain loss, which is during that day only. So losses are protected, and we are not promising anything. Traders have to trade on their own. But if they use the strategies wisely, people are able to generate decent returns.

Maybe profit or loss depends on their involvement into a trading, but we are kind of able to provide a platform to the trader, which is a low latency platform, easily accessible, easily usable to the customers, which they are actually now really happy to use that product.

So as far the numbers are there, so 35,000 total logins we have got in last 8 year. As this is a push product, we need to explain the product in detail to the customer. So still we got 35,000 logins till date. And out of that, 1,500 plus are active customers who are using this product at least once a month. So as the word goes, people -- the popularity is spreading by word of mouth, so as I said, it's a push product, so we have to explain the customer about the benefits and how to use the product.

So it's not like simple buy-sell platform. So right now, we are extremely bullish like our marketing strategies are -- we are -- everything is focused on uTrade. So next 3 years, our targets are super aggressive. And we believe this particular product will change the course of entire retail participation in trading derivatives, especially for Share India.

As I said, Share India will carry this USP for the very, very long period, it will be very tough for the industry to catch up. And this can change the way people look at Share India. Share India will be very well established in terms of retail participation, especially the ultra low retail.

Yes, there are challenges that we may come up with different, different new policies. But as Kamlesh sir has already explained, all these policies are useful for the industry. They ensure confidence in the investors and the participants, but yes, SEBI's role is to protect the investors from the bad day. So that's what SEBI is doing. So we are with SEBI whatever they are doing. We have to follow their guidelines.

So -- but keeping that in mind, uTrade is one product we are very hopeful and very pushy and we believe this will really be the product which our investors will feel proud of that their company has done this product for the retailers.

So as I'm progressing in this call, so some initiatives we took last 2 years, out of which merchant banking, as Kamlesh sir explained, Share India Capital Services, our subsidiary. Merchant banking started 2 years back. Last year, we came up with the nine IPOs, nine SME IPOs. It was a great, great push for us, great learning. It was not a big cash cow, but yes, it was a great learning pushing nine companies for the NSE, BSE platform, especially SME. So that gave us a good learning, good experience.

So this year, we have already helped two companies to get listed on BSE SME and target is 15 more companies should be coming in the rest of the 9 years. And when I'm saying 15, that means we are already working on the DRHP, and some has been filed and some are to be filed in the next 2 months. So 15 plus 2, 17 -- 15 to 18 companies we are targeting this year.

So that's double the number, but it's not about a number of companies we'll list this year. Profit will be at least 5x bigger than the last year. So that's a big push. That's a big support from the merchandising division. Our team is doing really, really good and well experienced team now we have. And we believe coming years, this particular division is going to be big supportive division for the entire group.

Second initiative we took last year was the establishment of institutional desk. Even that initiative paid us well. Again, we are very lucky to have a very good team with us led by Mr. Kamlesh -- Mr. Kalpesh, and so in insti-desk, as we are talking today, at least we have more than 40 to 45-odd institution clients empanelled with us -- we got empanelled from them and minimum 8 to 15 institutions daily trade with us.

So our cash volume has gone up. Derivative volume have gone up. And even brokerage numbers are decent and a lot of deal making is happening. We're helping people for good blocks and we're helping investors with good companies, so both ways.

So institutional desk is doing really good, good research, there's good execution team. Overall, this division will also be very fruitful and will be a good diversification, again, when we are saying in coming years, this division and merchandising, both put together, will be a super good diversification for us.

And as far as retail, again, retail is 2, 3 years initiative, and we are progressing well in retail, led by a very good team, Mr. Gajendra, he leading our retail team. And we started MTF -- for the retail, we started MTF last year, and I proudly say when we are talking, we have MTF book of INR150 crores right now, and we are targeting INR250 crores of MTF book by end of this financial year. And this is a product which every retailer is looking for. And with the help of MTF, we are able to penetrate well to the different parts of India for the retail.

Our team is really pushing very good from here. And next two to three years, investors will see that with the help of MTFs, institution desk, merchant banking, uTrade, all these products put together -- divisions put together, retail numbers will be really, really big and you guys will have proud of your company that we have diversified into the non-core areas and we are delivering well, as Kamlesh sir explained, NBFC is also a key area. So they are also doing decently good and aggressive plan for three years.

So when we are talking diversification is into retail, uTrade is our USP, MTF, merchant banking, NBFC. So all divisions put together, we are extremely hopeful that in coming two to three years, we'll have a diversified income from the different verticals. That will give us a really big push in coming three years.

And I also want to inform all our investors that this new initiative, what we are planning, it will take off really next year. Share India is not into wealth, like we don't have any AIF, we don't have any PMS right now. So this year, we are planning to form an AIF and PMS. So again, focus is on fee-based businesses. So this year we'll establish this business. Like as I said, every year, we are starting a new initiative with different divisions like uTrade, insti-desk, merchant banking, MTF.

This year, our aggressive and a good plan is about wealth division. Wealth is one. We were actually very keen, but we had a lot of things on our plate. So we waited for the right time. So I think time is right as the entire Board decided to start the wealth division. So we are planning to apply for AIF very soon and PMS license with the SEBI. Once we get the license, we hope next financial we start the operations also. And with the course of time, wealth will also be very big as India is growing. Wealth is one, all our clients look for.

And with the wealth coming into our basket, I think we'll have most of the products, which is desired by the retail client from their companies -- from the financial companies. So wealth is one we are announcing that we'll start next year. We are applying for the licenses this year.

So overall, if we see like next 3 years, we'll have good diversified revenues from all the verticals, keeping control on the core growth, core business, keeping strong grip there and divesting into new verticals. I hope that will give us a good base and sustainability in coming years. Thank you very much. This was all from my side.

Thank you very much. This was all from my side. Sarvesh, you can please take over from here.

Kamlesh Shah: Sarvesh?

Sachin Gupta: Yes. Can we have the questions?

Sarvesh Mutha: Yes. So before we take the first question, I'd like to -- I have a question with me. So there are a lot of regulations that are coming in on -- from SEBI as well as from the financial industry regarding the kind of transactions and all. So I would firstly like to have your views on that.

Sachin Gupta: Kamlesh sir, you can answer this.

Kamlesh Shah: Sachin sir, you want to take it?

Sachin Gupta: I will just start, then Kamlesh sir can take over because after all he's an expert into this because he is working very closely with the core groups. So my general point is this, as sir has already explained, in the union budget, they increased STT. And that is, of course, a remainder for investors and that what will happen to the core business once the STT increase.

Yes, it is a challenge. It will definitely take some time to get absorbed. But I think in next -- once it is applicable, then in 2 to 3 months, things will change as per the new cost structure. And -- but as far as retail investor is there, as far as flows are there, people are coming up with the money and a lot of foreign institutions are coming in, in India, so this is -- this cost is one which will be absorbed and the business will not be much impacted by change in STT.

And as far as SEBI is concerned, I just want to tell one thing, and Kamlesh sir can definitely elaborate, what all SEBI is doing, SEBI is doing in favor of retailers. They just want to protect the small retailers to -- if something went wrong in the market, people should not get trapped badly, and they should be protected, that's their whole goal, but they are not stopping any trading activity at all.

So in a way, whatever the changes SEBI will bring, yes, citizens will have to adjust according to that. And we are well diversified, well capitalized, good talented company. We'll be able to digest all these changes, and I don't think they will make big change or there is a big challenge for us to manage and I don't think there's going to be a big hit on our bottom line. I don't think that much. But we believe that these changes will bring more sustainability for the retailers.

Kamlesh sir, you can elaborate on it.

Kamlesh Shah: Yes. The reforms are in line with the growth in investor base. Reforms though pose short-term problems or short-term adjustments. But it is like -- it is a challenge for everyone in the industry that those who convert these challenges into opportunity are the biggest beneficiary. We have seen that all the reforms that has been played out like pledge/re-pledge system, multiple pledge system, upfront margining system and the margining system plus upstreaming of funds. All this has played a good role in organic growth of the market. This has increased the investors confidence to a great extent.

Today, we can say that we have the best regulatory market in all of the world. In addition to that, we have outperformed the world market. And today, we are sitting at a kissing distance of 25,000 mark on the NIFTY. So the market is growing, investor base is growing. Reforms are part of the life and it is in the interest of the industry. Only thing you need is to convert them into right opportunity and then this will definitely help you to grow your business on a sustainable level. Thank you.

Moderator: The first question is from the line of Rushil Dedhia from Antique Stock Broking.

Rushil Dedhia: Sir, I had one question. Now that the taxes for the long-term and the short-term have gone up, how does that affect us and our volumes?

Abhinav Gupta: So I'll just start with it and then Sachin sir and Kamlesh sir can elaborate on it. Honestly speaking, as a detailed discussion has been done by Sachin sir and Kamlesh sir both regarding regulatory reforms, so in line with that, we believe that such event doesn't impact the market sentiment that much.

Of course, there can be a short term event -- they can be considered a short-term event which can have an impact on the volumes. But from a business perspective, we don't see it to be a very big challenge or impacting any of the top line or bottom line significantly. Sachin sir and Kamlesh sir, you can add on to it.

Sachin Gupta: Yes, I want to add something. So as you said, in this union budget, they have increased the long-term, short-term STT. SEBI regulator comes with new changes, like we should also talk about the RBI. They closed the currency market immediately -- in few days, right? So that's why whenever we discuss, we discuss about the new verticals, we discuss about the diversity of the business, correct?

So when you look at the Share India, you will not find high concentration in one product like algo trading, like we do -- like we are in to retail now, we have started insti-desk. We are into merchant banking, we are into NBFC, and now we are starting the wealth business. So why we are focusing on different, different verticals because if there are some challenges in one vertical, other vertical picks up.

Like these days merchant banking is generating good money. Retail is doing good, and insti is doing good. So overall, we avoid to have a concentration on one part so that any regulatory change can disturb your overall planning. So one is this. As a strategy of business, we are well diversified and that give us better sustainability.

And as far as the core thing about your question is, see, like government says, our respected Prime Minister talk and entire industry or World Bank says that India is growing at more than 6.7% per annum, right? And in next -- by 2030 is a very aggressive -- government has set aggressive targets for 2030. So if India is going to grow, people are going to invest, no matter what are the taxes.

So foreign investors are going to come, local investors are pushing their money into equities and other related products. So that is not going to make much difference. Only thing is country should grow. And with the country, definitely at the lower base, all the companies have that ruboff effect and people are coming with the money in the equity market, that is going to give us good business in coming years. So I don't believe that taxes will make much of the difference in decision-making of the investors in the coming years.

Kamlesh sir, over to you. Kamlesh sir, if you want to add any point?

Kamlesh Shah: Here, I would like to highlight that more and more youth are participating, which is a good sign and investor base of less than 30 years is growing very fast. We believe that in three years' time, the DP account would be double. The point here is that the people invest in equity for a long-term period. An increase of 2.5% long-term capital gains that too on the profit of the investor will not make much of a difference.

And this is in line -- though there is a temporary concern about it but in long-term, it will even out. And there will be more and more investments going into the market. Last month, we have seen more than INR40,000 crores in the mutual fund industry coming through SIP and the direct investment. So there are more and more people participating.

Today, the market is standing strong. Though the FIs are selling, the retail participation has kept the market growing and on a sustainable basis. So we don't believe that the small change will have a long effect on the market.

Abhinav Gupta: Can we have the next question, operator, please?

Moderator: Next question is from the line of Rajat Sinha, an individual investor.

Rajat Sinha: I would like to know about the pledged shares standing like the promoters, which have pledged the shares, considering the huge amount of cash which the company is having. So is there any insight like why paying interest on such amount? Is it necessary to have it?

Abhinav Gupta: Kamlesh bhai, you want to take it? Or should I answer?

Kamlesh Shah: Yes. Here, we would like to clarify that the shares have not been pledged to raise money. So we are not paying any interest on this. This pledge is only for margin purpose so that we are adequately margined and we can provide better facility to our client. So neither company nor promoters have borrowed a single rupee against the pledge of the shares, just to clarify. And this is, see, our company is a part of MSCI index. Our company is an approved security for the exchange. So this gives us an additional advantage in terms of getting margin benefit for the investors, and they can participate. This will help us to grow our business and add more clients.

Abhinav Gupta: Yes. So just to elaborate on the first point again, the entire limit that has been placed has been shown as pledged is used to fund the working capital requirements of the company and nothing else. Hope that answers your question.

Moderator: Next question is from the line of Tarang, an individual investor.

Tarang: Sir, I have a few questions. The first one is regarding the operating profit margin. I see a decline in the operating profit margin in the last few quarters. I see this is an industry trend. So do we expect -- so right now, the profit margin is around 35%, 37%. So do we -- when do we expect to push it to the early 50s or late 40s or where do we see that this margin again goes to the margins that we enjoyed in the last financial year or a few years back?

Abhinav Gupta: Yes. So I'll start with it, and then Sachin sir and Kamlesh sir, you can add on to it. So what you're referring to is a quarter-on-quarter trend from an operating margin profit that the maximum that we have reached is around 50%, and that was in around Q3 fiscal year '23. But having said that, even during those con calls, we have consistently maintained that those were margins that we -- that was sort of the peak, we were not expecting those kind of margins to stabilize.

As Sachin sir explained that now we are working in multiple divisions, we are trying to expand multiple divisions, which include institutional broking, merchant banking, uTrade Algos and other service-oriented businesses. There is a certain amount of talent and HR hiring that we need to do, which eats into the operating expense, plus there's a lot of marketing budgets that are allocated adequately to all these divisions.

So as of right now, what we look at is the net profit margin. We currently work at around 25 -- 28% as the margin for the last full year. And this quarter, we have done around 25%. And I think this is around the lowest that we would see. It would only by the year-end that you would start seeing again an uptrend in this kind of a margin number.

Sachin Gupta: I want to add one point. So as Abhinav said, so it also depends on the base of the company. So right now, the company is at a growth trajectory. At this trajectory, we are adding a lot of divisions like when we'll start, especially we have to add good talent. We have started -- we have to have good talent. We are spending a lot of money on marketing. Still we are able to maintain our PAT grow 20%, 25% year-on-year basis.

So idea is to not to cross-hire in the company, but also to add new talent, add new verticals. They have their own gestation period overall. So that's why you are seeing a decline in the profit but I believe 28% is a very decent profit margin we are maintaining. And we should be able to, like Abhinav said, 25% was the profit margin in quarter 1.

But I think as the year will progress, we'll see that we're able to manage this 28% margin overall in the year. So that's kind of margin we're expected. We're not expecting anything in 40s or 45 because in that case, you have to stop new verticals, you have to stop incurring big costs. So that -- so we believe that at this stage, this trajectory, we are about to take off, and we are pushing hard for -- by 2030, we have a lot of plans for different vertical, and we believe that we're able to maintain this margin and parallelly diversifying into new verticals.

Kamlesh sir, if you want to add.

Kamlesh Shah: I just wanted to add one more point here is that because of the right issue and the internal accruals and the profit that we retained, so this has given a boost to our network. And this increased network, which is currently standing at around INR2,000 crores roughly as of today will further grow.

And this will provide us new opportunities -- to create new opportunity to create new verticals and to focus on new avenues. The growth we will target on the volume also so that we can reap the benefits and continue with the net profit margin of around 25%, which is very good and decent return comparing the industry standard. Thanks.

Abhinav Gupta: Yes. So even in our previous con calls, we had always maintained that 30% plus, minus 3% is approximately the long-term range that we are looking at for the profit margin percentage.

Tarang: Yes. I have a follow-up question. So -- not related to that. But I see that -- this is my observation that the government is looking to reduce the participation of retail and direct that money to the banks. When the government and the regulator and all those players are looking to do such things, then do you see -- what kind of an impact do you see in your top line?

And in the near term, I get it that in the long term, these things won't make a lot of difference. But in the next one year, let's say, what kind of difference do you see in the top line? And how do you -- you told that you are looking to diversify. Anything that you would like to throw light on that as well?

Sachin Gupta: So I will start, and Abhinav, you add your point, and Kamlesh sir can add. So I just want to say government is not trying to diversify equity money to the bank. They're not doing this. What they are doing, they are trying to protect from overexposure in the derivative market where the risk of potential losses is very high. Government does not want, if suddenly market fall, then retailers should not get trapped or end up losing huge capital of their savings into the market. That's the core goal of the overall policies of SEBI and the government, correct?

So the point is, so they are focusing only on the retail part, ultra low retail, where people have capital of like INR2 lakhs, INR3 lakhs, INR1 lakh, smaller guys. But when we look at Share India, so we have a bouquet of products for -- start from the retailer, start from the company, for the institutions, for large guys, mid guys, every people. So yes, government do want to protect, which is overall in market interest because only then people will have to know for the longer period. This is how Indians are.

So that is not going to impact us hugely on the top line side because as I said, we have not concentrated on one part of the business. So that's one area, definitely that's a part of our business, but that's only one part of business. So that is not going to impact us very badly, even the industry very badly because government is ensuring longevity of the investors rather than concentration by the investors into only derivatives. So they are not discouraging equity investments at all.

So Kamlesh sir and Abhinav, you can add.

Kamlesh Shah: Yes, Abhinav, you want to add something?

Abhinav Gupta: No, no, sir, please go ahead, please go ahead.

Kamlesh Shah: See, even today, the equity market is the most attractive market. Yes, you're right when you said that there are challenges for the bank. Because for bank to get deposit at 7% plus rate, and on that investors will pay 30% tax. So the post-tax return becomes very challenging, so that the growth will be for equity market.

Just to give you a simple example, in 2002, the Sensex was 3,000. And today, we have 80,000 plus Sensex. So in 21 years, the returns are 27x. So this kind of return can only be generated through equity market. So we don't see this as a challenge. In fact, it is a challenge for the banks.

Second thing, more and more companies are coming to the market for raising funds. And this will also give a lot of opportunity for us as a merchant banker and for the investors also to create their wealth. And the -- people have become aware. There are more data available and people today are taking informed decision.

So we feel that the market is set to grow, and with the kind of economic growth that we are seeing, the kind of tax collection, you name any parameters like GDP, IIP, whatever, the growth is there. And with the stable government, we see the next 5 years to be the best period for the equity market. Thank you.

Tarang: Yes, that's all from my side. Operator, please go to the next question.

Moderator: Thank you very much.

Unknown Analyst: Yes. Sir, I had a question. So in your opening remarks, you had mentioned that you will be starting with the wealth management business, especially with PMS as well as AIF. So what sort of tailwinds are you looking -- are you seeing in the next coming 2, 3 and 5 years so that your wealth management business can pick up substantially from here?

Sachin Gupta: Sorry, I missed one point. What sort of...

Unknown Analyst: What sort of tailwinds in the sector are you seeing, what sort of like scenarios are you looking at so that you think that the PMS as well as the AIF business of yours can take off?

Abhinav Gupta: Sachin sir, you want to start or should I start and then you add on?

Sachin Gupta: You can start, I will catch.

Abhinav Gupta: Yes. So as Sachin sir said in the opening remarks, and we have elaborately discussed that we as an organization want to diversify into multiple avenues. And wealth management is just one part of it. We believe that going forward, if we have to become an all-weather company, we have to have a wealth management division in our entity.

And we have been planning for a very long time. And as of right now, it's currently on the drawing board that we are planning to do it. This would be done this year and you would start seeing an impact on the -- in terms of marketing and in terms of what kind of product portfolio would be there and what kind of customer acquisition strategy that we'll be using over there by the end of this year.

In terms of market scenario, as Sachin sir -- as Kamlesh sir closed his last answer is that equity market is the way to go. We believe that in the economic trajectory that India is, equity market as a space would really do well, and we are at the right pace in that scenario. And when we build a business, we don't look at from a quarter or a 3-quarter perspective, we'd look at from a long-term perspective. And we believe, going forward, there will be enough space for each and every company like us, which have a very significant trust amongst customers, and which has a significant portfolio of other avenues, which have access, corporate access to be able to deliver to the AIF and PMS in that trend. So that was from my side. Sachin sir, please.

Sachin Gupta: Yes. So the idea is we see Share India as a big financial company, providing all the services under one umbrella. So when a customer comes, say they need insurance, they need this mutual fund, they need PMS, they need retail broking, they need algo-trading, they need loans, they need everything, right? So Share India slowly and gradually are gravitating in a way to cater all the core requirements of a customer once a customer lands to the company.

So if you see, our insurance group is in touch with different class of clients, merchant banking is in touch with different, NBFC have different set of clients. So once we come together, so we have different portfolios, which we can offer to our customers. So for example, I give you a very classical example, like when we do merchant banking, we offer insurance services to all the merchant banking clients to the companies to whom we are helping for the -- when we go for retail, we offer them diversified products for distribution like insurance, like mutual fund and all, correct?

So what happens? And insurance, for insurance, when we go for corporate pitch for insurance, we tell them that we do merchandising also. If they want to -- if they are listed, they want to raise funds or if they are unlisted, they want to get listed, we help them. So it's like offering cross products from one company to same set of customer. So fee based services is one thing where we are eying in next 3 years, as Kamlesh sir explained, India is growing. We are very bullish on the growth of India in the next 7 years by 2030, as government is pushing.

So why not to have products which we can offer to our existing customer and new set of customers we are approaching. So customers do want investments through AIF, which are just kid on the block, and it has a lot of acceptance in the market, PMS and all these services. And we are assured we have a good team, we have good experience. We just did not started this division as, believe it or not, our core expertise but as the company is growing, so the demand of these products from within the Share India is coming. And our goal is to provide maximum cross-services, providing maximum products under one roof to the existing set of customers and the new customers.

So this cross-selling ensures more stability, so as I explained. So that's the whole reason and we are, again, very bullish on wealth. Next 3 to 4 years, you will see by '27, wealth will be the one reason where fee-based business, which will give us another -- as you all know, SEBI and government, they are always trying to come up with stringent policies. So when you have diversified verticals, so it helps you to overcome all these challenges.

Kamlesh sir can add. This is all from my side.

Kamlesh Shah: See, according to me, the advisory business is going to be booming. So that is the main area which will grow and with the support of the institutional desk that Sachin has already mentioned and the research capability that we have developed, we are sure that with the kind of product portfolio that we have, there are lot of cross-selling opportunities available. And here, the advantage for Share India, it can combine algo with the cash market.

So this will put us into a unique position, servicing our wealth clients. And with the kind of product portfolio that we have, we have comprehensive products. So there will be a lot of cross-selling opportunity that will be available. And we are best placed to serve our clients with all the products that we have under our belt. Thank you.

Moderator: Ladies and gentlemen, we will now take our last question from the line of Raju Barnawal from Antique Stock Broking Limited.

Raju Barnawal: I just have one question on your NBFC subsidiary, that Share India Fincap. So what is the total loan book size currently? And what kind of AUM you're looking to achieve in the next 2 to 3 years?

Abhinav Gupta: Yes. So as of right now -- Mr. Rajesh Gupta couldn't be on the call due to some personal reasons. So the total loan book is around INR200 crores currently. It has reduced from last quarter, which was around INR250-odd crores due to a certain impact in Punjab and Haryana territory.

From a three-year perspective, we are very aggressive on this division. We are trying to add new portfolios, which include secured portfolio apart from just personal loans. It would be very difficult for me to give a three-year target, but we should at least -- we would be looking at around INR500 crores in this division.

Sachin sir, please add on to it.

Sachin Gupta: So the thing is, earlier, we were focusing on non-collateralized unsecured loans of ticket size of around 40,000, 45,000 and to the villages and the deep areas where we went with our core groups. But as things are progressing, we have also started -- 3 months back, we started providing secured loans to the SMEs. So this is the vertical where a lot of demand is coming, but ticket size is around INR20 lakhs, INR25 lakhs. So right now, once we will build like secured book, definitely we will get support from the banks and organically and inorganically, we are targeting at least INR500 crores book by 2027.

So I just want to tell that 2027 we have set as a landmark year for the company. This will mean, in next 3 years, we are setting aggressive targets for uTrade, which is going to be like the product we all are pushing very, very hard. Again, you can see good numbers. I will -- next time, I will also give the projections about the insti business, merchant banking, MTF should not be less than INR500 crores, it's a concern again, by 2027, I guess should be around 700 crores. This should be doing good.

Overall by '27, we believe that if we keep on growing by 20%, 25% as we are doing now despite all the challenges, so we believe that there we'll achieve good numbers and well diversified, plus it will provide good sustainability to us. And as far as NBFC is concerned, should be secured and unsecured, and it should be around INR500 crores.

Raju Barnawal: And just a follow-up on this question, what is the GNPA on this? Last quarter, it was 1.8% in the NBFC subsidiary? What is the GNPA percentage currently?

Abhinav Gupta: For the quarter it is a little higher than that because as I said, there were challenges in Punjab territory. The GNPA for this quarter should be around 3% approximately, give or take, yes, around 3%, give or take, yes.

Moderator: Ladies and gentlemen, I would now like to hand the conference over to the management for closing comments.

Abhinav Gupta: Yes. Kamlesh bhai, you want to take?

Kamlesh Shah: Sorry, you can continue please.

Abhinav Gupta: Yes. So on behalf of Share India, thanks a lot to all the investors. Your company, as widely explained by Sachin sir and Kamlesh sir, is really trying and setting aggressive targets for fiscal year '27 and on a day-to-day basis. We are trying to diversify into multiple divisions as has been explained on the call. And we continue to seek your support in all our endeavours. So thanks a lot for attending the call. Thank you.

Moderator: On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Abhinav Gupta: Thank you.