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Listing Operations BSE Limited, P J Towers, Dalal Street, Mumbai -400001, India Scrip Code: 543263	Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400051 Symbol: SMCGLOBAL	Listing Department, Calcutta Stock Exchange Limited 7, Lyons Range, Dalhousie Kolkata – 700001, West Bengal Scrip Code: 029186

Sub: Transcript of earnings con-call Q1 –FY-22

Dear Sir(s),

In compliance with sub-regulation (1) & (2) of regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule III Part A (15), enclosed is a copy of the transcript of earning con-call held on 13th August, 2021.

You are requested to kindly take note of the same.

Thanking you,

For SMC Global Securities Limited

SMC Global Securities Limited
New Delhi

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

Subhash Aggarwal: Good morning everyone. It is a pleasure to welcome you all to the earnings conference call of SMC Global Securities Limited for the first quarter of the financial year 2022. Firstly, I hope you are all keeping safe and well. Before we get into the earning highlights, since this is our first earnings conference call after listing, let me start by giving some background about our company to bring everybody on the same page.

SMC Global Securities Limited was commenced in 1994 by myself and Mr. Mahesh Chand Gupta who is the current Vice-Chairman and Managing Director. Over the years, the company had gone 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, trading and depository services; in fixed income securities, financial advisory services to corporates, institutions, high network individuals and other retail clients. We have a strong network of more than 2,500 of brokers and authorized persons spreading across 550 cities in India thereby servicing approximately 19 lakh unique clients.

Over the years, we have also launched various innovative digital technology enabled capabilities to offer best-in-class products and services. We launched our discount broking arm in 2019 under the brand name of Stoxkart which is the first of its kind placed on in the broking industry where customers are charged for the profitable transaction and I am happy to say that this platform has been seeing a very encouraging response. The company is governed by strong board including 6 Independent Directors of high standings and is run by a highly qualified and experienced management team. We have had a consistent growth track record and are well positioned for continued growth in the coming years with our esteemed present track record and by embracing the latest technologies. I now hand over to Mr. Vinod Kumar, our Group CFO to take you through the financial and operational performance for the first quarter. Mr. Vinod Jamar!

Vinod Kumar Jamar: Thank you Subhash sir. Good morning everyone. Let me take you through financial performance of the first quarter of FY22 of our company on a consolidated basis. The operating income for the quarter was Rs. 231 crores which increased by approximately 25% on year-on-year basis and decreased by 11% on quarter-on-quarter basis. The operating EBITDA reported was Rs. 51 crores which increased by approximately 90% year-on-year and decreased by approximately 8% quarter-on-quarter. The EBITDA margin for the quarter was reported at 22.2% and net profit after tax reported was Rs. 26 crores which increased by 7% year-on-year and decreased by 19% quarter-on-quarter. The PAT margin for the quarter was 11.4%.

Moving onto our key business segments, the broking distribution and trading business reported revenue of Rs. 164 crores in Q1 FY22 which grew by 22% year-on-year while there was a Q-on-Q decline of 8% which are due to a certain amount of seasonality where there is generally higher revenue in the fourth quarter. The EBIT for the segment declined on Q-o-Q basis due to lower proprietary trading gains in current quarter as compared to the previous one. Further, we entered into a new banking tie-up with Dhanlaxmi Bank as an execution partner of our broking services. The insurance broking arm reported revenue of Rs. 50 crores in Q1 FY22 which grew by 30% year-on-year and de-grew 31% quarter-on-quarter which was primarily on account of the impact of lockdown restrictions imposed on second wave of COVID-19 pandemic and some degree of seasonality effect. Furthermore, the division had an EBIT loss due to onetime exceptional loss of Rs. 3.7 crores booked on investment.

Lastly, the financing business had a strong growth of 24% year-on-year and a marginal decline of 5% quarter-on-quarter due to lesser disbursals during lockdown period in Q1 FY22. Resulting in a lower loan book, however, there was a significant improvement in EBIT for the segment on Q-o-Q and Y-o-Y basis due to our focused effort in improving the asset quality of the book resulting in higher recovery and lower GNPA. We also added two new branches in Jaipur and Ludhiana during this quarter for our NBFC business.

With that we can now open the floor for the question and answer session. Thank you.

Moderator: Thank you very much. Sir, we will now begin the question and answer session. The first question is from the line of Aditya Shah, an Individual Investor. Please go ahead.

Aditya Shah: Sir, I would like to ask, what are your active client base for the month of July, if I can get a number or something?

Ajay Garg: This is a call regarding the Q1, so we cannot comment on the July numbers.

Moderator: Thank you. The next question is from the line of Rahul Jain, an individual Investor. Please go ahead.

Rahul Jain: Some questions on the NBFC business, so I wanted to understand what is the lending mix in terms of sectors and how much of our exposure is to SME companies and what is our strategy going forward on the lending mix? Will it change or will be the same going forward?

Himanshu Gupta: This is Himanshu Gupta, I will answer this question. So basically, as of now our current lending mix is more particularly focused on SME customers, so we have various product offerings for SMEs like loan against property, medical equipment loans and unsecured loans, so as of now these three would constitute around 70% of our loan book and another about 18% of the loan book is lending to other NBFCs and rest is capital market and consumer durable loan book. Going forward also, we would like to focus on SME lending and we are also open to add new product offerings as and when it comes, so the strategy would be to focus more on the retail client base acquiring the retail customer bases seeking strategy. Yes, we would be expanding our distribution reach also to achieve that. As Mr. Jamar told that this quarter we made operational two additional branches in NBFC, so our focus is on retail acquisition.

Rahul Jain: And also, we saw good recovery in the NBFC segment, but however, the total asset and the management has come down, so what is driving the performance and what is the strategy for

Rahul Jain: Just a follow-up on that, so is there a change in strategy to ensure that GNPAs don't rise further from these levels?

Himanshu Gupta: We have strengthened our collection mechanism and also we are cautious on new lending, so we have customized or reframed our credit policy to take care of the recent pandemic, so we have filtered out certain sectors which we are not lending to.

Rahul Jain: So is it right to assume like due to the current strategy, the disbursements were so low in the current quarter or is there some other reason for the low disbursement?

Himanshu Gupta: No, it was not due to this strategy, I think it was primarily due to the lockdown situation during the first two months of the quarter.

Moderator: Thank you. The next question is from the line of Meera Nair, an Individual Investor. Please go ahead.

Meera Nair: Sir, my first question is, could you talk a little bit about your discount broking platform, Stoxkart and how is this different from other platforms like Zerodha?

Pranay Aggarwal: Hello, everybody, I am Pranay Aggarwal, CEO of Stoxkart, so I will take up this question. I think basically what we observed in the market last year when we started this discount broking was that many new investors were coming up in the market, new investor participation was there, but they was basically no one to actually take them, to guide them in their journey and most of them were waiting a lot. So we have started this discount broking platform with the customer centric approach and we have integrated our research which our parent company provides in our platform and we have started this pricing model also which charges you only when you are on profit. So I think on majority our USP is research based platform and also we have launched many first-in-class features like we have provided this robo advisory features where you can invest based on your risk appetite and it will recommend you a stock basket, so I think many new things are also coming up and we have created our new niche in the market and that is something we aim to carry on.

Meera Nair: And if I may ask, how much have we invested in this Stoxkart so far and is the business

Moderator: Thank you. The next question is from the line of Aditya Shah, an Individual Investor. Please go ahead.

Aditya Shah: I would like to know what about the dividend policy, what is the kind of payout you would expect give every year?

Subhash Aggarwal: You are asking about dividend payout?

Aditya Shah: Yes sir, what can we expect every year, sir?

Subhash Aggarwal: Yes, we have a dividend policy. As per policy, our 30% we distribute as a dividend, minimum, so we can give more, but minimum we have to give at 30% of our profits, so we are proceeding as per that policy. Last year, we declared 60% interim & 40% final dividend, so it means total 100%.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Mahesh Gupta from SMC Global Securities Limited for closing comments.

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

Subhash Aggarwal: Thank you everyone.

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