Share India
You generate, we multiply

Share India Securities Limited

(CIN: L67120GJ1994PLC115132)
Member: NSE, BSE, MCX & NCDEX
Depository Participant with 'CDSL'
SEBI Registered Research Analyst & Portfolio Manager

February 02, 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 January 29, 2024 to discuss Unaudited Financial Results of the Company for the quarter and nine-months ended on December 31, 2023

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Transcript of Conference Call with Analyst/Investors held on January 29, 2024 to discuss Unaudited Financial Results of the Company for quarter and nine-months ended on December 31, 2023.

Please take the same on your records.

Thanking You.

Yours Faithfully,

For Share India Securities Limited

Vikas Aggarwal

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

"Share India Securities Limited
Q3 FY '24 Results Conference Call"
January 29, 2024

MANAGEMENT: **MR. KAMLESH SHAH – MANAGING DIRECTOR – SHARE INDIA SECURITIES LIMITED**
MR. SACHIN GUPTA – CHIEF EXECUTIVE OFFICER -- SHARE INDIA SECURITIES LIMITED
MR. RAJESH GUPTA – DIRECTOR – SHARE INDIA SECURITIES LIMITED
MR. ABHINAV GUPTA – PRESIDENT – CAPITAL MARKET – SHARE INDIA SECURITIES LIMITED

MODERATOR: **MR. RAJU BARNAWAL – ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY '24 Earnings Conference Call of Share India Securities 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. Raju Barnawal from Antique Stock Broking. Thank you, and over to you.

Raju Barnawal: Thank you, Manav. Good evening, everyone. On behalf of Antique Stock Broking, I welcome you all to Q3 FY '24 Earnings Conference Call of Share India Securities. We have with us the entire management -- 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 Market.

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

Kamlesh Shah: Yes. Thank you very much. Good evening, everyone, and wish you all a very prosperous new year. I welcome you all to Share India Q3 Earning Call for Financial Year 2024. I am happy to share with you that, once again, we have delivered best quarterly results. Once again, we have proved our legacy of performance, growth, progress and success. Though the quarter was difficult for trading activity, yet we recorded best quarter in the history of the company. This consistency in the growth is defined by our new initiatives launched over the period of time and the kind of diversified portfolio we have in financial service sector.

I am feeling proud to say that 9 months of financial year '24, the stand-alone revenue grew by about 37% from INR559 crores to INR768 crores, and 9-month stand-alone profit after tax grew by 49.47% from INR143 crores to INR213 crores. Also, if we see the consolidated performance for 9 month of this financial year, the revenue grew by about 36% from INR748 crores to INR1,017 crores; and 9 months stand-alone profit after tax grew by 39% from INR223 crores to INR310 crores.

And on top of it, if we compare the revenue and PAT of 9 months for financial year '24 with full year of 2022-'23, it is almost equal to the revenue and profit after tax for the year 2022-'23. To be accurate, we are at more than 93% in terms of both the performance indicator.

Now let us go through the best historical quarterly performance of the company for Q3 ended 31st December 2024 on consolidated basis. We recorded total revenue for Q3 as INR374 crores, showing an increase of 35% year-on-year basis from INR277 crores to INR374 crores; and profit after tax for Q3 as INR115 crores, showing an increase of about 25% year-on-year basis from INR93 crores to INR115 crores.

The earnings per share works out to INR35.27 for the quarter. And the networth also has increased to INR1,405 crores at the end of 31st December. The consolidated results show all around development in all business verticals. Contribution to the consolidated profit by subsidiary is a step towards the diversification and business sustainability.

All these subsidiaries are performing well and aligned with the vision and the road map of the group. From increased AUM in NBFC to capturing SME IPO market in the merchant banking, from exploring new opportunities beyond Indian market in GIFT City IFSC and Singapore to strengthen market share in strategy-based trading overseas; from meeting surging require -- surging need of the technological pioneering to the trading smile and changing lives, the group is intact with its value and vision.

Now let us go through the stand-alone results for Q3 ended 31st December 2024. We recorded total revenue of INR284 crores, showing an increase of 46% year-on-year basis from INR194 crores to INR284 crores; and profit after tax for Q3 as INR83 crores, showing an increase of 49% on a year-on-year basis from INR56 crores to INR83 crores.

The earnings per share for stand-alone entity works out to INR25.45. And the networth of the stand-alone company is now INR1,140 crores. The results are a reflection of the efforts we have made during the past few years in enhancing corporate governance, strengthening risk management, diversified product portfolio, best management team, adopting new technology at every level and composition of Board of Directors.

Today, we have imminent personalities who are best in the area of work are on our Board of Directors. It is our combining vision which company is moving towards. Going ahead in the next quarter, we are poised to meet with our expansion plan with strengthened network base, building on the successful conversion of warrants into equity shares.

And in next 9 months, all the warrants will be converted into equity shares, along with internal accrual, it will further strengthen our network base. I thank all the stakeholders for their valuable contribution. May God bless us all. Thank you.

Moderator: I will now hand the conference over to Mr. Sachin Gupta: for opening remarks.

Sachin Gupta: Yes. Thank you, Kamlesh, sir. Good afternoon, everyone. I would like to thank everyone for attending this call today. This is a Q3 call for Share India. So, friends, I just want to tell you one thing that as the management of Share India is having a clear opinion that we should have a diversified revenue streams in the company and we should have a more sustainable model in this industry.

Like we all know this particular industry is very vulnerable to the market performance. But we are trying to make Share India such a diversified company where market movement and all these things should not make any impact on the growth and the revenue of the company.

So, with this opinion, as in the earlier calls, we -- our focus was on using tech and innovative products for retail. We have recently launched our uTrade Algo. And it's a recent launch. So, we are seeing good participation from the clients. We are seeing more enthusiasts in the client. But this is a product where we need to put lot of energy with the client in terms of educating them how this product is actually working for them.

And we believe in next 2 to 3 years, we'll see a lot of participation in this particular product from the industry side. And again, going further, our focus will be on the retail side, like we are setting ambitious targets internally where we believe that in next 2 to 3 years, we should be having around 2.5 lakh to 3 lakh customers organically and inorganically.

So, we are also looking for good tie-ups if possible with the companies who are having a good retail base. So, after acquiring tech companies 2 years back, then Silverleaf a quarter back, so now our focus is on retail. And you guys will see that company is coming up with the aggressive retail acquisition plans and new innovative products. Especially, we have recently launched MTS for our customers, and we believe that MTS is one product, which was retailers are looking for it. And Share India is having a good risk management system and bandwidth to spread these products into the retail.

And we believe in next 3 years, MTS book should be around INR500 crores. So, this is our goal. So, with the diversified revenues, as I said, so retail business is one, Algo business is one and NBFC is doing good, HFT trading is there, financial products like MTS is there, distribution products like mutual fund, insurance.

So, there are different verticals, again, based on the financial markets only. So, we believe that in coming years, we should be able to see the good growth in the company. As you all know, India is looking to travel this journey from INR3.5 trillion to INR7.5-odd trillion in the next 5 to 7 years. So, if this actually happens that then it will reflect into the performance of financial markets, more participation will grow.

People -- style of investment will grow. So, we believe that next 5 years should be extremely good for all the participants and Share India is ready to encash on this opportunity with -- all the verticals are technologically supported, good team we have, good networth we have in balance sheet.

And next 5 years, we are going to fire from all the cylinders. So, we believe that we'll achieve our good growth in the next 5 years also. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Mr. Darshit from RoboCapital. Please go ahead.

Darshit: Congratulations on good set of numbers. I just – want , an overview or you can call it guidance or an internal target about growth in revenue and margins for the next 2 to 3 years. How do you see -- what are the parameters that you think will lead to growth?

Sachin Gupta: Kamlesh, sir, will you answer this question?

Kamlesh Shah: You answer.

Sachin Gupta: Yes. Okay. So, the thing is that last 7 years, we are growing like more than 30% CAGR. Base was small and opportunity was good. But as I said, we spent last 2 years in creating new verticals, getting good tech support behind our back. So, like all the verticals are ready, like recently -- we focus more on merchant making side.

I believe next year, we all will see good growth in that particular area also, especially, we are focusing on SME segment. So NBFC will see good growth. Retail broking will see good growth. As I said, organically, inorganically, both we are going to focus on the retail side.

And so, we believe that next 5 years, as I said, India is looking good, well settled and politically, there should not be a big challenge. So, if all things went well, so next 5 years, we are targeting at least 20% CAGR growth should be there for the company.

Abhinav Gupta: Yes. So, I'd just like to add what Sachin, sir, has already mentioned in this. We have always maintained that we believe that we would be able to maintain a CAGR of 20%-plus, as he mentioned, for the next 5 years. In fact, in the last 2 years, we have surpassed those expectations as well. All the activities that we have done in developing our tech stack, strengthening of our employee strength, setting up the corporate governance practices will help us shoot from here and deliver a good set of numbers going forward as well.

Internally, we are very optimistic, the current businesses that are there will continue to grow at least 20%-plus CAGR growth. And any additional client acquisition that we might do or any additional growth that might come because of uTrade Algos or for any other product that we launch will directly add on to our top line and bottom line.

And from a PAT margin perspective, as mentioned historically, we intend or we believe that we would be able to maintain a PAT margin of around 30%, which has been there for the last 9 months-or-so. So, this is the kind of PAT margin that we would continue to maintain going forward.

Sachin Gupta: One more point I want to add here about the Insti broking. So, as I said, we are trying to develop different verticals. So NCDEX one vertical, we just started and a good set of team is there. Team is -- recently we started. So, we believe that next, again -- new vertical. So next 2 to 3 years, we'll see good set of numbers coming from the retail. So, all focus is on serving clients.

So, you guys will see in coming years more of -- we'll be talking about more of retail, more of wealth products, more of Institutional Desk. So, Share India is keeping control on the current revenues and current verticals. So, we'll be focusing on more on the retail side in coming next 2 to 3 years. So, we believe that putting all things together, we should be able to achieve 20% CAGR for next 5 years.

Moderator: We have our next question from the line of Simar from Negen Capital. Please go ahead.

Simar: Congratulations on a great set of numbers. So, I know that you had given a guidance of 25% to 30% CAGR for the next 5 years on your top line. Can you give me -- and you were very bullish on the previous con-call regarding the commodity segment as well, in the MCX and NCDEX. So, can you talk more about the commodity segment? How much is it contributing right now to your overall revenue?

Sachin Gupta: So unfortunately, what happened in last quarter, and NCDEX business has gone down drastically at the exchange level. There was some interference on the government side about the inflation in the certain commodities. So, they shut down the some fancy commodities. So, exchange level volumes have dropped like drastically. So that business has gone down.

And on the MCX side, again, unfortunately, they were transferring their current test stacks from FT to TCS. So that took a major hit. And TCS is not yet stable in the market, TCS is yet not stable in the market. So, it took lot of time to transfer from FT to TCS. We all have to take big hit in MCX also.

So, we believe that MCX should pick in 1 month or 2. So for the next financial year, MCX business will grow. But NCDEX, we are not seeing any growth at all. But infrastructure-wise, everything Share India is there. Numbers are -- we were able to match the numbers, but growth was not there because of all these challenges which are beyond our control. So, we believe that if MCX will be able to stabilize with the TCS product, then next financial year, MCX should grow big. Right now, the volumes are down drastically.

Abhinav Gupta: Yes, I would just like to add a couple of points that Sachin, sir, has already mentioned in this. So, if I could talk about commodity specifically, the bullishness in the last con-call was more to do from a strategic point of view and long-term scenario. And even in the last con call, we had mentioned that this being an election year, we might have to maintain a certain sense of prosperity when it comes to the results, especially in the commodity because given the election scenario that might plan out.

So that's number 1 to point that. Number two, all the scenario that Sachin, sir, has already mentioned, has more to do with the quarter impact. We believe mostly in Q3, all of those elements have been taken care of. And if anything, else, Q4 might see another impact of it. But post elections this year, we continue to maintain a very strong bullish stand from the commodity segment.

And we are very hopeful that it would continue to cut traction in coming years. On a 9-month basis, we have to see beyond the quarter-on-quarter impact. On a 9-month business, we have seen a certain amount of growth. On a year-on-year basis, in terms of ADT, the ADT would have been similar of around INR1,500 crores for this quarter as well in the commodity segment. But in terms of top line, the impact has been better. So, if you see -- so on a 9-month basis, we've performed better in the commodity segment.

And till up to elections, we might see a certain sense of conservative when it comes to commodity business. But post that, we are really hopeful that it will continue to grow big.

Kamlesh Shah: Abhinav, I would like to add 1 point here. We are taking this opportunity to see that the commodity business which we consider one of the most strategic business and which has a lot of growth potential, we are getting all our offices ready. Currently, majority of the business is being done from Delhi office. But now we're getting Bombay office, prepared and Jaipur and Ahmedabad office so that in next phase, we should be able to capitalize on the growth targets based on the multi-locational working. Thank you.

Sachin Gupta: Sir, I would like to add 1 more point for the -- just for the FYI for the -- all the friends, that recently, Share India also got an award from the MCX. Kamlesh, sir, can elaborate. Sir, can you please tell about the award.

Kamlesh Shah: Yes. We got, I mean, Member of the Year Award from the MCX. So that is -- see, when Sachinji was talking, he was talking in general and exchange performance because of various limitations. But from our end, we have made constant efforts to see that we upgrade our products, we maintain our market share as well as try to see that all the technology that we have assets to, could be best utilized. And all this is making an impact. And we are constantly getting awards for last 3 years from MCX being the member of the year award. So that is also one of the great -- we have a very good team led by Mr. Suresh Arora.

And I think, as Abhinav has already told maybe in next quarter or so, the volume will pick up. And we will the direct beneficiary of the same. Thank you.

Moderator: We have a next question from the line of Anmol Das from Arihant Capital.

Anmol Das: Am I audible?

Sachin Gupta: No ma'am, there is some noise. So, we're not able to hear you ma'am.

Anmol Das: Hello? Am I audible now?

Abhinav Gupta: Better but very faintly. Yes, please go ahead.

Anmol Das: So, my first question is with respect to retail mix. So, could you please share what is the retail mix in your revenue and what is the strategy you are following for the retail business expansion?

Sachin Gupta: Abhinav, can you please take up this?

Abhinav Gupta: Yes, yes. Yes, sir. So, I'll take that. So, in terms of retail business within the scope of entire thing as we have mentioned, we have around 20%-25% from the -- coming from the retail which includes retail from both NBFC and -- ma'am, I think there's some noise, can you...

Sachin Gupta: Ma'am, there is some noise...

Abhinav Gupta: Can you mute your call?

Sachin Gupta: It is getting echoed.

Abhinav Gupta: Yes, yes. Yes, yes. So yes, just to elaborate what the -- to answer to the respect of the retail section. So, as we have already mentioned that we have around 10% to 15% of revenue share coming from retail specifically, which excludes AD revenue from NBFC or institutional segment that we have created over the last 1, 1.5, 2 years.

And as far as the expansion retail is concerned, as you guys are aware that the flagship products of uTrade Algos was launched in June this year. We are seeing quite a good traction of both online and off-line in that segment.

Online continues to remain the main stay as of right now. Since its launch, more than 20,000 customers have joined our platforms on a trial basis. We have been able to do a good conversion rate of around 7% to 8% on an activation basis for that product platform, which for any online product is a very heartening number.

Going forward, we are very confident about the offline business picking up in terms of uTrade Algos. And not only the uTrade Algos in order to cater to those off-line clients, we will continue to cater products like MTS, mutual fund advisory and maybe to some extent, help them with merchant banking activity we are very hopeful that, that business would get a good revenue traction also customer acquisition as well.

And alongside, we are -- as we said, we are committed to our task of around 3 lakh customers in 3 years, for which we are hopeful for both organic/inorganic opportunities in the market.

Anmol Das: Okay, sir. And one more question. So how is the Algo trading market fairing among retailers? And how much of the market share do we see in our company?

Abhinav Gupta: I'm sorry, I could only hear my voice from your line.

Sachin Gupta: We could not hear you.

Moderator: There is a background noise at your end.

Anmol Das: Hello?

Abhinav Gupta: Yes, please, please.

Anmol Das: I just wanted to ask about the Algo trading markets fairing among retailers. So how much of the market share do we see in our company?

Abhinav Gupta: Okay. So, ma'am good question. I think I would like to answer that mostly from a top-down approach. If you analyse the data, currently, there are around 3.5 crores active traders in the market as per the exchange data. And if we go at a deeper level than that, there would be almost around maybe 70, 80 lakh customers who would have ticket size of more than 10 lakh kind of a ticket size for -- in the market.

But Algo trading in India has been a very unorganized sector. We, at Share India, very hopeful that we being the Share India and being regulated player with the tech stack in-house developed from uTrade, Silverleaf and Algowire, are at a uniquely positioned to consolidate this market and convert it from an unorganized to organized market.

As far as the market share is concerned, there is no specific case study has been done in order for the Algo for retail. But Algo for retail is a product which has designed more for a future perspective and not from a current perspective. So currently, though the number of customers might be very less who are using Algo at retail level. We believe going forward, Algo as a product at a much broader level would be used by Indian market investors to enhance their return from the market.

Moderator: We have a next question from the line of Rahul Sinha from Ameriprise Financial.

Rahul Sinha: I have a question that could you please elaborate on the channels through which client acquisitions are taking place? And additionally, if possible, could you please provide some numerical insights into the acquisitions made in the first half, and shed light on the distribution on these new customers?

Abhinav Gupta: Sorry, can you please come again? Distribution of new customers is what you are asking currently? If I understand it correctly.

Rahul Sinha: Could you please elaborate on the channels through which the client acquisitions are taking place? And additionally, if possible, could you please provide some numerical insights into the acquisitions made in the first half and shed light on the distributions of these new customers?

Abhinav Gupta: Okay. So, though we don't track this kind of a distribution, what you are referring internally, but off the top of my head, I would try to put some numbers so that you can understand it better.

Internally, those are not the MIF criteria that we follow. So, we launched the uTrade retail product in September last year -- between September '22, not '23. We launched our initial campaigns for the IBT. So, the total number of retail customers that we have acquired has been around 13,000 to 14,000 in the last 1.5-odd years, right. Of -- Most of which -- and I'm talking about -- when I talk about customers, I'm talking about KYC-registered customer.

So, they are not trial or any other metric. A lot of them came because of the uTrade IBT that we've launched in -- that we had launched in September last year. We launched a uTrade Algos in around June this year, post which the marketing campaign started in September, September '23.

And since then, we are seeing around on an average, around 1,000 customers a month, approximately. And most of them are coming through online mode currently. In fact, when I say most of them, around 70%, 75% of them would be coming through online. We have just started with our offline customer acquisition mandates now.

Q3 was the first quarter, in fact, when the offline team was given mandates in terms of customer acquisition going forward in terms of uTrade Algos going forward. And going forward, we believe that the growth customer acquisition in offline would far exceed the online customer acquisition at a much lower cost in that matter, for sure.

So going forward, from offline mix of both uTrade Algos and retail customers would tilt towards the offline. But as of right now, most of the customers are through online.

Moderator: The next question from the line of Harsh Shah from HSBC Asset Management.

Harsh Shah: One of the things that you mentioned that you have received a Leading Member of the Exchange Award from MCX, can you just please elaborate what does that mean? Means, are you the top 5 top brokers or top 10? What is the reason that you received this award?

Sachin Gupta: So MCX, every year, they give recognition awards to the brokers in different categories. So, Share India got -- this is a very prestigious award. This happens once in a year. So, Share India was chosen the Member of the Year. So that was because of the -- primarily because of the turnover from the broker.

So, as I explained earlier, exchange has taken a big hit in -- when they were transferring their tech from FT to TCS. But Share India at their level like we were pushing a lot and we were able to somehow match our turnovers and overall participation. So, our market share is more than 10% in MCX, and we maintained our leadership in that sense. So primarily, that is for the highest turnover. So, we don't know in terms of top 5 or top 10. But yes, we have more than 10% market share.

Abhinav Gupta: Yes. And the most importantly, that the award for was for the Member of the Year or not any subcategory that the exchange might have for that.

Harsh Shah: That's true. That's true. Yes, that is the reason I was intrigued. And second question is you mentioned that right now, there is a temporary hiccup because of the transition, though it is transitionary in nature, but MCX volume has been going up month after month. So, in this temporary phase, are you still maintaining that market share or are you losing market share? You said your volumes are going down.

Sachin Gupta: Yes, yes. No, no, no. We are not losing. No, no, we are not losing. So, we are still maintaining the market share. And as Kamlesh, sir, has explained earlier that, earlier we were only focusing on a certain region. But strategically, Mr. Suresh Arora, who is leading this particular vertical, he has focused on now Ahmedabad, Jaipur, Mumbai side also. So, we believe that our turnover will go up -- even exchange turnover will go up, we'll be able to maintain the market share in next financial year also.

We are very aggressive on commoditized, putting more capital in terms of bank guarantees with the exchange and training more traders and also growing in different geographies like Bombay, Ahmedabad, Jaipur also. So, I believe that we'll be able to maintain this market share.

Abhinav Gupta: Yes, I'd just like to give 2 technical points to that answer so that it might help you better. So, number one, what we are very clear that commodity remains to be a very strategic point for us, and we will continue to cater to that segment. But there are 2 types of transactions or the turnover that they do, number one, as you see, MCX is an evolving thing, and we believe that it will continue to evolve. And once the exchange matures, we believe a lot of turnover will shift from futures to options. So, though we will continue to maintain turnover our future turnover will more or less stabilize to current numbers.

When you look at the exchange data, there would be an element of futures and options as well, but we believe that we would have an edge in both futures and options in that segment as well. And we will gain market share when it comes to the option turnover in that segment, number one.

Number two, when you refer to MCX turnover, sometimes people look at the notional numbers, how we analyse it essentially in terms of premium turnover and not in terms of notional turnover.

And thirdly, if you look at our ADTO numbers, we continue to maintain ADTO of around INR1,500-odd crores consistently for the last 4 or 6 quarters at MCX.

Harsh Shah: Understood. Sorry, just 1, you mentioned that your market share with MCX is more than 10%. Can I know that same number from premium options ADTO, market share?

Abhinav Gupta: Yes. So, it's -- so from an MCX perspective, it's a very difficult number to be able to segregate in that matter. But what we understand that we have more than 10% market share in that sense. Giving a particular number we would need certain data from MCX, which I think is currently not available in public.

Harsh Shah: Understood. Just another question is, last week, there was a circular uploaded on MCX website giving them permission to have DMA of FPIs, will Share India have any beneficiary gain out of this?

Sachin Gupta: 100%. Sir, we have a relationship with more than 40 FPIs from Dubai, Singapore and other parts of the world. So, some of them are eagerly waiting for the DMA. So once the DMA will start, definitely, it is going to benefit us.

So as Abhinav explained that once this tech transition will stabilize, MCX is a very innovative exchange. They like options. They made a huge success from crude options and NG and we believe they will come up with the -- they will continue with the innovation of -- with the new products, new option products will come out like DMA is also there on the cards. So, all these things will help us growing our revenue from this particular exchange.

Moderator: We have our next question from the line of Mr. Karan from Get Well Soon Hospitality.

Karan: Sir, my question is regarding Share India's strategy as -- like Share India is catering to 2, 3 diverse business verticals. What currently tops our priority list? Could you outline the key segments we're emphasizing for the medium term?

Sachin Gupta: So, as we explained earlier, last 2 years, our focus was more on getting the tech -- good tech behind us. So, we acquired 2 tech companies in October 2021. So recently, we acquired an HFT company -- so last quarter, so idea was to grow in international markets.

So, you will see in next 1 year, Share India will start having presence in different world markets. So, like next 3 years, strategically, our focus will be more on all retail products like acquiring direct retail organically/inorganically, offline/online, pushing uTrade Algo products for the retail, heavy marketing budgets we have, a good team we have on the ground for the off-line sales and MTS, we are launching. NCDEX, we started. With NCDEX, we are not only focusing on institutions, we are focusing on PMS, AIF. And a good team is there on NCDEX.

We believe next 3 years, our focus will be more on the client servicing side, let it be institutions, let it be retail. And you will see after 3 years, the dream is very simple. On the broking side, Share India should be there for the retail, HNIs, Algo.

On Insti side, we could have good institutions with us serving them for derivative trading for long-only funds also and NBFC is doing superly good. Again, NBFC team is very bullish on the business for the next 3 years. So, we are also trying to diversify portfolios to a more collateralized portfolio. Next year, you will see NBFC will be gaining too much ground on side of collateralized loans.

So NBFC, merchant banking, retail, all these products will be customer servicing sides, not much on trading side. On trading side, what we are doing? We are keeping a strong control over it and trading we might expand in India organically what we are doing also in the international market. So, our focus will be on servicing clients. That will be our focus in next 3 years.

Kamlesh Shah: Sachin, can I add 1 thing?

Sachin Gupta: Yes, sure, sir.

Kamlesh Shah: See, in short, our focus is on building organization. We have 1 of the best management team. We have about 30 people from the promoters group participating into day-to-day activities. In addition to that, in recent 2, 3 years, we have brought many professional management people joining the company. On top of it, we have now a very highly dignified Board of Directors and tech acquisition and other related activities. The other point, which I would like to clarify here is that our focus is only on financial services.

So whatever development or whatever growth has happened or whatever diversification in the portfolio has happened is concentrated on the financial services, which is our strength area. So, we are consolidating. We are getting ready for the next phase of development, and we are geared up to take the maximum benefit of the growing market size and retail participation.

So, our focus is in line with the development in the market, the development in the economy, the development in the growth of retail investors and the opportunities that are available in the overseas market and all these are achieved through tech-based solutions. So, technology would be the key growth driver for all the initiatives that were taken by the -- taken by Share India.

Moderator: We have next question from the line of Sarvesh Mutha from Antique Stock Broking.

Sarvesh Mutha: Sir, my question is on the employee count. So last quarter, we had reported around 1,500-plus employees, and this quarter our employee count has gone beyond 3,500. So, can you highlight what exactly has happened? And which segment are these hirings being done for?

Sachin Gupta: Sorry, so total employee count, you said has gone up from 1,500 to what number?

Sarvesh Mutha: 3,500.

Abhinav Gupta: Yes. So, I would...

Sachin Gupta: Yes, yes, Abhinav, please...

Abhinav Gupta: Yes. So, as we have very clearly mentioned that we continue to maintain that 25% to 30 % CAGR in our organic business. Plus, as we are going on our retail acquisition, we would see a lot of employees getting added into the traction. So, if you look at our branch count, our branch count has gone from around 70 to around 150 in the last few quarters.

In the event what has happened, a lot of franchisees that were there are now existing as branch model in order to get into the entire retail acquisition space, we would need to add an employee strength. So, a lot of employee strength has been added because of that.

Number two, in our stand-alone and our traditional business, we continue to engage with more traders and continue to hire in order to grow that business consistently.

So yes, there has been a spurred of employee count in the last 6, 7 quarters, especially in the last 9 months-or-so. But going forward, we believe it would stabilize in the next maybe 2 -- after 2 or 3 quarters.

Sarvesh Mutha: Okay. But -- so I'm seeing this data -- so for Q2, you had reported 1,500 employees in...

Sachin Gupta: Sir, your voice is not clear at all.

Sarvesh Mutha: Yes. So, I'm saying on behalf of last quarter, you had reported 1,500 employees and this quarter it's 3,500, so within 1 quarter...

Abhinav Gupta: No, no. So, the number is not because of that one quarter, it's just that in the 9 months, we were able to -- so what has happened, the last quarter number was 1,500-plus we hadn't done the employee count exercise in the last half year. So that's why within 1 presentation, you are seeing quite a big jump.

But if you look at it on a more detailed and annual report presentation perspective, you would realize that we always had around 2,000-odd employees. The number has increased in the last 9 months-or-so, we just in the last presentation, we were not able to consolidate the number of employees in the presentation.

Moderator: We have our next question from the line of Raj Tater, a shareholder.

Raj Tater: Good evening, all of you. My question is related to the CAGR growth that was -- the guidance that was given -- in the last quarter, it was mentioned that for the next -- we expect to grow by CAGR 25% to 30%. But in today's guidance, we are mentioning upwards of 20%. Can you please elaborate on that?

Sachin Gupta: Yes, Kamlesh, sir, please continue, please.

Kamlesh Shah: No, no. We always would like to be conservative. If you see the -- I mean, the performance for the 9 months, it is already showing the healthy growth of upward of 25%. So, I mean this is what we believe we have discounted all the unforeseen events and the global turmoil or any other events. So that we would like to be conservative rather than liberal on the numbers, but you will see from the actual performance that we have delivered more than what we have mentioned in our conversation.

Abhinav Gupta: Yes. And also, I would just like to add, when we mentioned for 35% -- 25% to 30% CAGR growth, since then, the company has grown at a faster rate than 25% to 30%. We maintained that when we acquired uTrade. So, it's the first time that we gave the 25% to 30% guidance essentially was in March '22, right?

And now we are sitting at March '24. In the last 2 years, company has grown at a much faster pace, both in terms of top line and bottom line. So even though we believe that the endpoint remains same 25%, 30% from those levels, we believe that even with that 20%, we would be able to maintain an entire CAGR of around 25% to 30%.

And as sir said, it's much more prudent on our side to remain conservative on this because future, as everyone says, will flow out on its own. But we continue to remain bullish both on the traditional business and any additional business that we are able to grow because of the efforts that we have taken in the last 2 years, including mutual fund advisory or institutional business or merchant banking or NBFC business will add on to the bottom line and improve our CAGR growth.

Kamlesh Shah: Just to elaborate, just to mention. See, in my initial remarks I have mentioned our performance for 9 months. The revenue has grown by 36% in 9 months. And the profit after tax has grown by 39%. So that itself shows lot of things about the actual performance. Going forward, as that is the best policy to be conservative and to achieve more than what we promised.

Moderator: We have our next question from the line of Mr. Abhishek, a shareholder.

Abhishek: First of all, congratulations on the wonderful results. My question is related to NBFC. Could you please give a broad-based breakup of loan book and borrowings in NBFC? Additionally, what are the geographies we intend to grow NBFC book?

Sachin Gupta: Rajesh, sir, can answer this question. Rajesh, sir, can you please answer this question?

Rajesh Gupta: Good evening, everyone. Our loan book as on 31st December was INR235 crores. Out of this, INR169 crores was from -- entrepreneur loans. And the remaining was from SMB loans of bigger ticket sizes. These are the two main breakups. And our borrowings are from banks, from corporate, intercorporate loans and from our relative also.

As far as our geographical expansion is concerned, in these 9 quarters, we have opened our branches in Bihar and MP. We will continue to grow in these areas looking forward. And in the coming period, we also looking to seeing our expansion in other states also, including Odisha and Jharkhand.

Abhinav Gupta: Yes. So just what Rajesh, sir, has -- just to add on to those points. we have closed this quarter with around 57 branches for NBFC and more than 67,000 -- or around 68,000 active customers from the NBFC division as well. So, the client within the NBFC division...

Abhishek: Yes, yes.

Abhinav Gupta: Yes. So, 57 branches and around 68,000 customer base for the NBFC.

Abhishek: Okay. So, as we are talking about the expansion of this vertical, are there any new products we are planning to launch in NBFCs?

Kamlesh Shah: Sure. As already Sachinji has told that we are interested -- more interested in collateralized products. We are looking for the secured loans to SME and like that. We will definitely grow our book in SME loans.

Moderator: We have our next question from the line of Vikas Jain, a shareholder.

Vikas Jain: Sir, congratulations for good set of numbers. Sir, I wanted to know the view of management that in near future management of the company intend to give any bonus share to the shareholders as a corporate action or corporate benefits to shareholders?

Abhinav Gupta: Sir, as of right now, there is no plan that is presented to the Board on this. As and when there are certain things that might come to -- presented to the Board, appropriate disclosures will be made to the exchange.

Sachin Gupta: Okay. But sir, you will appreciate that every quarter company is giving some dividends. So as for the dividend policy, so we have distributed it in every quarter. So -- but as far as any corporate action, there is no discussion with the Board.

Vikas Jain: But in near future management have a...

Sachin Gupta: Might be, but -- yes, might be, but right now, we don't have any proposal.

Moderator: We have our next question from the line of Raj Tater, an individual investor.

Raj Tater: Sir, our core business, which is the broking business has grown phenomenally well over the last so many years. And now we are diversifying into merchant banking, NBFC, insurance broking businesses. So, all of us know that NBFC is a huge business in itself. So are we diversifying too much in 3, 4 new businesses at the same time, instead of just focusing on maybe NBFC, which is like the largest business in India. I wanted your views on that.

Sachin Gupta: So, I will start the answer then Rajesh, sir, can add. So, the idea is, as I explained earlier, the idea is that as a group Share India should be a diversified group. So, things should not be like that if stock market went down like, let us say, by 50%, so all the stock market related revenues definitely dry up.

We have all experienced it in the last 15, 20 years, multiple times. We see the periods where there is no revenue from any vertical stock market if market performs bad in a certain period, correct? So, with that opinion, we were diversifying into new verticals, which are not directly related to the stock market.

So NBFC and insurance are the 2 verticals in our kitty. So NBFC is quite big. But the idea is, we will grow -- we will diversify within NBFC also, like Rajesh, sir, explained, collateralized loan and non-collateralized loan, personal loan types everything will be there. But definitely, we are not going to take much leverage with NBFC.

We are not going to take too much loan or on book that it should not pose any risk to the parent company. So, it should give us good revenues, it should grow, but eventually, it should not be burdened or risky for the group as a whole. So, with having a conservative opinion, we'll grow organically we'll go slow, but definitely, even slow, I didn't mean that like we'll not grow at all. We'll go at a decent pace. And now we have started looking for diversifying the verticals within NBFC. So, Rajesh, sir, can add here. Rajesh, sir, you want to...

Rajesh Gupta: Okay. Okay. Okay. As Sachinji has explained, we are definitely keeping pace with our holding company. Our loan book as on 31st March '23 was INR127 crores, and now it is INR235 crores. Our branches were 42 and now these are 57. We are adding SME loans, we are adding collateralized loan and we are adding states further. Yes, definitely, we are not growing at unexpected pace.

We are conservative as RBI has already red flag regarding unsecured personal loan. We are more conservative. We have installed more checks in our system to take the -- to onboard the clients like we have fixed some exposure of the clients, we are -- we are boarding, total exposure of loan of the clients, total monthly instalment, if he is paying, like that.

So, we will be more focusing on quality of our AUM. It is for only this division that our GNPR only 0.9% and net NPR only 0.66%. So, we are growing, but keeping the quality of our AUM.

Abhinav Gupta: Yes. And just to answer your question, only from an NBFC person, what Sachin, sir, and Rajesh, sir, are trying to tell you is that internal accruals and equity remains the main source of funding for that book. And essentially, though we would -- we are very positive about the outlook of that, but the growth would be very streamlined in that sense for that business to be in. And yes, as far as the diversification into other division is concerned, you would appreciate that the diversification is not about only a quarter impact.

It's more from a strategic angle that we want to pursue and become a financial conglomerate and offer multiple financial services and we believe all of these businesses will start giving traction maybe a few years down the line, we are just sowing the seeds right now and putting into the efforts of creating those divisions, maybe a couple of years down the line when you will start their impact the entire impact on the income statement or income on that matter.

Moderator: Thank you. Due to time constraint, that would be the last question of the day. I would now like to hand the conference over to Mr. Raju Barnawal for closing comments. Over to you, sir.

Raju Barnawal: Thank you, Kamlesh, sir, and Share India team for giving us this opportunity to host the call and good luck for the future performance. 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.

Sachin Gupta: Thank you, everyone. Thank you.

Kamlesh Shah: Thank you. Thank you, everyone.