

20.05.2021

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

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

Dear Sir/Madam,

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

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing herewith the transcript of the Analyst/Institutional Investors conference call held on Monday, 17 May, 2021 at 11.00 AM.

**Thanking you,**

**For Geojit Financial Services Limited**

**Liju K Johnson  
Company Secretary**



## “Geojit Financial Services 4QFY21 Earnings Conference Call hosted by Ambit Capital”

**May 17, 2021**



**MANAGEMENT:** **MR. C J GEORGE – MANAGING DIRECTOR, GEOJIT  
FINANCIAL SERVICES**  
**MR. SATISH MENON – EXECUTIVE DIRECTOR, GEOJIT  
FINANCIAL SERVICES**  
**MR. A BALAKRISHNAN – EXECUTIVE DIRECTOR,  
GEOJIT FINANCIAL SERVICES**  
**MS. MINI NAIR – CHIEF FINANCIAL OFFICER, GEOJIT  
FINANCIAL SERVICES**  
**MR. LIJU JOHNSON – COMPANY SECRETARY, GEOJIT  
FINANCIAL SERVICES**

**MODERATORS:** **MR. MITESH GOHIL FROM AMBIT CAPITAL**

**Moderator:** Ladies and gentlemen, Good Day and welcome to Geojit Financial Services 4QFY21 Earnings Call hosted by Ambit Capital. 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 ‘\*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mitesh Gohil from Ambit Capital. Thank you and over to you, sir.

**Mitesh Gohil:** Good morning everyone. I welcome you all for the call. We have with us Mr. C J George – Managing Director, Mr. Satish Menon – Executive Director, Mr. A Balakrishnan – Executive Director, Ms. Mini Nair – Chief Financial Officer, Mr. Liju Johnson – Company Secretary. So, I welcome the management team on this call and without further ado over to you, sir.

**Satish Menon:** Thank you Mitesh. Good morning to everybody. This is Satish Menon – Executive Director of Geojit Financial Services and welcome to this full year call for the Financial Results of FY2021. Thank you very much for joining.

I would just take you through the board numbers which is already disclosed in all shareholders presentation uploaded to our website as well as for the exchanges website and then we can open for Q&A.

It was of course the best year in the history of Geojit in terms of revenues also in terms of profits. Speaking about the last quarter as well as for the full year I will just say that there has been good increase in terms of income and profit. Last quarter the operational income grew by 47% YoY and for the full year the operational income was up by 39%.

For the full year the total income including other income is 426.81 crores which is 39% higher than FY20. In terms of expenses, for the full year the expenses up by 13% primarily coming in from fees and commission expenses which is a variable expenses directly a link to the brokerage and employee benefit expenses. So, expenses up by 13% to 261.64 crores. Profit before tax of 165.17 crores which is 123% higher than what we declared in FY20 that was 74.11 crore. Total comprehensive income it is 126.80 crores for FY21 compared to 50.56 crores which was in FY20 which has shown us 151% growth.

Broadly talking about the different sets of income:

Equity and equity related income we close the year at 319.66 crores which is a 49% growth from FY20.

Financial product income overall saw a 15% growth of which mutual fund income was 43.18 crores which saw a 13% growth, insurance income of 13.52 crores which saw 18% growth.

Software also grew by 10% to 9.68 crores broad aspects of the income.

Expenses I have already said, the increase in expense have come from employee benefit expenses. Last year we closed at 119.49 crore which is up 9% from FY20 and fees and commission expenses of 69.36 crores up 53% from FY20.

So, this is in terms of figures. Otherwise in terms of statistics, of course we have covered lot of things in our presentation. I hope that people listening to this call have gone through the presentation, but just for the benefit of everybody I will just touch upon few numbers.

As I said this is the best year in terms of income, in terms of profits, in terms of income across categories also whether you call it brokerage whether you call mutual fund or insurance.

In terms of the year went by of course you all would be knowing that COVID had impacted the physical movement of people in spite of that the financial markets were quite steady, and we were able to increase the income and the volumes that is in fact true for the whole industry.

In terms of Geojit quite a few percentage of our volume move towards internet. For the financial year 21, 74% of our volume total volume came online and 57% of the brokerage came online of which a larger percentage is through mobile.

In terms of account opening also, since clients were not able to visit our branches and the branches were closed on and off, we went to digital mode of acquiring clients. In the last quarter of the last financial year (+80%) account opened were through digital mode.

Our mutual fund equity AUM also grew we grew 70% AUM end of March 21 compared to March 20 compared to 60% of the industry.

In terms of brokerage market also, our delivery market share has gone up in the industry which is again coming back to our clientele which is more of long-term investors and less of speculation.

In terms of active clients including all products we have close to 3,76,290 clients compared to 3,76,000 compared to 3,26,000 which is also a good growth. So, this is as far as the broad numbers are concerned.

We will be happy to answer questions if there are any. Mitesh over to you. We can now take Q&A.

**Moderator:**

Thank you sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Vijay Karpe from Bryanston Investments. Please go ahead.

- Vijay Karpe:** Sir, can you give me the breakup of the pure broking income depository and MTF revenues for Q1 and for FY21 separately?
- Satish Menon:** I will just give you that in a minute since it is financial figure we will take it and give it by the time if there are other questions Vijay we can answer that.
- Vijay Karpe:** Also, on the MTF book what was the end period number and the average for Q4?
- Satish Menon:** I will give it to you in some time.
- Vijay Karpe:** My next question is what is the new client addition target for FY22, how will the tie up with PNB benefit us and also what is the cost of customer acquisition for Geojit?
- C J George:** We are not going to give any figures at the moment, but at the same time I can tell you that all our branches subject to of course is how COVID is unfolding will be very active and acquiring clients and they also use the digital on boarding platform for digitally onboarding clients, but there will be two basic rules which we will concentrate on, one is the branch initiatives and the other one is digital marketing initiatives. So, these are the two ways we are looking at, we are not going to share the numbers at the moment, but we are going to be very aggressive, but I can also tell you that we are looking at clients basically who are having disposable income and good savings in place, looking for some advice relationship. So, that is the kind of customer category we are focusing that is in line with Geojit accepting customer base. So, we will be focusing on that particular profile of customers they have serious money to invest, they value relationship a lot and they are looking for also some advice. So, this is going to be the customer profile we are going to focus on, and we have been getting fairly good dividend out of this customer profile so that is what we are going to focus. Of course, digitally we will be very happy to onboard anybody who is coming through digital marketing initiatives. So, this is what I wanted to say we are not going to share the numbers with regard to projections at the moment.
- Satish Menon:** Vijay we started the quarter with 49 crore margin funding book and ended with 100 crores. In terms of the revenue split up you had asked Vijay that is uploaded already in our shareholder presentation 64% of the income comes from gross brokerage, 66% from depository and 12% from interest.
- Vijay Karpe:** And what was the client acquisition cost for FY21?
- Satish Menon:** For FY21 the total client acquired was 65,500.
- Vijay Karpe:** I am asking is what was the cost of customer acquisition for FY21?
- Satish Menon:** Cost, we will come back Vijay.

- C J George:** Vijay let me come in between we are all working from home because there is a triple lockdown in the city. So, we are operating from different places.
- Vijay Karpe:** Sir I wanted to know what is the cash that belongs to the company at the end of March?
- Satish Menon:** As of March, end 568 crores belong to the group.
- Vijay Karpe:** And what was the insurance premium for Q3 and Q4 if you have those numbers?
- Satish Menon:** I cannot get you the numbers as of now, but the last quarter was a best quarter for insurance in terms of insurance, in terms of income also in the last quarter we had an insurance income of 6.26 crores income compared to 3.27 crores the previous quarter.
- Vijay Karpe:** But could you share the insurance premium number later on?
- Satish Menon:** I will come back to you Vijay on that. It is a true granular numbers Vijay I am not sure okay let me see.
- Vijay Karpe:** My next question is on the mutual fund distribution part of it are you seeing any of your clients which are experienced moving on to the direct mutual fund route, are those numbers alarming and also what is your view on the competition which is building up in the distribution space because these days everyone is wanting to get into distribution?
- C J George:** I can take this question your second question I will answer first. We are seeing competition what you said is right, but largely if you are talking about the competition from the direct space, we are seeing some traction in that, but basically this is coming from these people who are financially well educated, who can take their own decision like the employees of financial services, organizations for example. So, these are the people what we have seen moving to direct plans, but at the same time market is so huge such a very big opportunity we are getting clients who wants some advice, who want some handholding for investments, some risk profiling for them. So, we are basically active in that particular space at the moment we are not seeing significance competition affecting us and what was your first question.
- Vijay Karpe:** Client moved to direct models?
- C J George:** So, I answered that question that number was not very big.
- Satish Menon:** Vijay in terms of insurance collector I will give you the full years number 2021 it was 45 crores of premium compared to 38 crores for 19-20 and in terms of the last two quarters 22 crores and 10 crores. 22 crores for the last quarter and 10 crores for Quarter 3.
- Vijay Karpe:** I have one last question I think in the presentation the total standalone mutual fund AUM has not been mentioned so I wanted that number one?

**Satish Menon:** We have mentioned only the equity AUM 5,606 crores that is the equity AUM, and the debt is 546 Vijay so total makes it 6154 crores end of March 21.

**Vijay Karpe:** And lastly the last question any update on the loan distribution business, have you done anything for Q4?

**C J George:** The impact of COVID was relatively large on this particular business because this also needed some meetings with the clients etcetera. So, this business is now taking in this quarter taking some shape, but otherwise there was no number I have to talk about but let me once again tell you that depending on how the lockout is withdrawn or the lockout is pending. So, depending on that because it is a new business and that needs some amount of discussions and meetings with the clients. So, we cannot digitally get the clients on board and do a loan distribution business. So, this is something that we will not commit any numbers at the moment.

**Moderator:** Thank you. The next question is from the line of Shaleen Seth from Seers Fund Management. Please go ahead.

**Shaleen Seth:** Sir it is heartening to see this that we have to started to make our brand very ESG cautious, I just wanted to understand why are we actually projecting our brand as ESG, do you we have any interest from such funds coming up?

**C J George:** I did not understand the question.

**Shaleen Seth:** We have started to show our brand as ESG cautious in our presentation, is there any thought process behind it?

**C J George:** Basically, let me tell you we have been very ESG conscious over a period of time, but we never basically presented that to the public or the investors. So, this time onwards we have decided that the general thought process is in line with understanding more about the ESG positioning of corporate. So, we will continue to present all the initiatives hereafter.

**Shaleen Seth:** Sir, my second question is related to the B2B partnerships that we do with that, so I just wanted you to throw some light on it are these brand specific or they are completely related to us because just now in March Federal Bank has also announced a partnership with ICICI Securities, sir how exactly do these partnership works?

**Satish Menon:** Shaleen basically this is a partnership where the banks tie up with one or more brokerage houses to provide a 3 in 1 facility for their clients. Most of these banks of all of whom we have tied up do not have direct brokerage membership with the exchanges and they would like to provide even brokerage services at doorsteps to these clients. So, these banks enter into partnership with brokerage houses like us and we together provide a 3 in 1 account to these clients where the brokerage account is provided by the brokerage and depository and the banking services is provided by the bank. So, it is never an exclusive contract between broker and bank. So, bank is

free to tie up with brokers as they want, and the brokers are free to tie-up with as many banks as they want. Ultimately, what it depends upon is end of the year what is the contribution from both the sides to get the services on the table. So, we have been doing B2B partnership for a long term and now we have tie up with 7 bank branches banks which gives us excess to close to 20,000 bank branches. So, it all depends on bank-to-bank they can have one or more tie up also with the broker.

**C J George:** We recently tied up with PNB Punjab National Bank and then very soon we will announce Union Bank also the work is going on for integration of the system. So, we will very soon announce that also.

**Shaleen Seth:** Sir, my follow up on this would be currently if I talk about the brokerage income, how much in percentage is really coming from these kind of partnership just as a percentage?

**C J George:** It is around 5% as a total brokerage.

**Shaleen Seth:** Sir my last question would be related to the new products that we had launched the STEPS and smart portfolios, how are they really performing?

**C J George:** Smartfolios is doing well this is basically model portfolios. We have seen significant attraction over a period, and this also needed some kind of handholding. So, currently the total AUM so to say is around 60 crores and STEPS I must tell you that we have it is only one branch that we started in Cochin that was started along with the last lockdown of COVID. So, in that it is basically a meeting based largely meeting based business, but that is now shifted to online platform. So, we have around 100 paying clients at the moment. So, one branch we want to slowly increase the capacity and increase the number of people as well as the number of branches we will see a few more branches adding up this year.

**Shaleen Seth:** So, sir in both of these our source of revenue is through the brokerage or we are charging any other fees also?

**C J George:** In STEPS we are only charging fees there is no other commissions or brokerage from the clients of STEPS. It is basically financial planning business advisory service. So, we are not allowed to charge any other commissions.

**Shaleen Seth:** But in case of smart portfolios, we would be just.....

**C J George:** These are basically model portfolios and hence the income is reflected in brokerage.

**Moderator:** Thank you. The next question is from the line of Mitesh Gohil from Ambit Capital. Please go ahead.



**Mitesh Gohil:** Sir, if I go on Slide #17 which is assets slide the mutual fund AUM has reported a strong growth, but the mutual fund holding clients have come down, so what is the reason basically is it just ticket size?

**Satish Menon:** So, basically you have seen even for the industry as far as for Geojit for the financial year 2021 there has been redemptions in the whole industry. So, basically what has happened some clients would have redeemed their mutual funds and gone out. So, the number of holding clients came down from 2.20 lakhs to 2.13 lakhs. So, basically 7% net client have actually redeemed their mutual fund and gone out of the mutual fund market for Geojit. In spite of that we have grown 70% YoY compared to the industry 60%. We have seen 8 months of negative inflow for the industry in equity mutual fund as well as for Geojit to be around 5 months. So, because of our SIP culture we were little bit better than the industry in terms of convincing clients to stay put with their investments compared to the industry.

**Mitesh Gohil:** Second on the other income side so there is a huge bump up in other income quarter-on-quarter as well as YoY, so what has led to that?

**Mini Nair:** Basically, the fixed deposit interest income was reduced because of the interest income reduction throughout the year, rate of fixed deposit really has gone up the average interest rate has gone down that has led to the reduction in income.

**Satish Menon:** I would like to answer Mitesh that it is more of an appropriation of the investments in terms of margins and all those things when free cash which is available with the Company's investment in FD it comes in other income.

**Mini Nair:** Mitesh I want to rectify that you are asking other income of 1.18 crore of the quarter?

**Mitesh Gohil:** Yes.

**Mini Nair:** That is basically if the other income which is not an operational income it include some income tax refunds or some sell of fixed assets in that. It is not actually operational income the operational income is part of the first line. So. this is basically income tax refund interest received and sell of fixed assets, only these two items.

**Satish Menon:** Mitesh it is overall 1.82 crore for the full year very small I do not think percentage has gone up.

**Mitesh Gohil:** Sir lastly on the employees count side the number of employees have reduced by around 90 to 100 I guess during the year, so any reason behind that, is it to do with digitalization?

**Satish Menon:** No, digitalization of course have helped in terms of account opening like we said that 80% of our accounts have opened digitally. In terms of volume more than 70% for the full year and 80% plus for the last quarter are happening digitally that gives us savings in terms of infrastructure.

Also, most of this reduction has come from this sales kind of concept where people are not performing they tend to go.

**C J George:** Also let me add one more point last year we saw some people leaving the organization basically because of lockout who were operating away from home etcetera. So, we saw some resignations due to that also.

**Moderator:** Thank you. The next question is from the line of Chander Bhatia from Seers Fund Management. Please go ahead.

**Chander Bhatia:** I have couple of questions first question is on the employee cost in Quarter 4 in three quarters employee cost has not gone up much in fourth quarter the employee cost has gone up from 28 crore if I compare with the last quarter to 35.78, so can you give some color on this, is it anything is one off or something else?

**Satish Menon:** So, this is primarily coming from the variable expenses. So, the last quarter was a best quarter in terms of brokerage even if you look at the increase in the operational income quarter-on-quarter 17% growth YoY this quarter saw 47% growth compared to that of course the employee benefit expenses will go up. This is we have brokerage going up in the last quarter, we have insurance income going up in the last quarter, we have mutual fund income also going up in the last quarter. So, this is most of these expenses are directly related to the income. It is mostly on the incentives paid to the employees.

**Chander Bhatia:** And sir other question is about AMC license as AIF manager under international financial services center, so how much investment do you foresee is to be required to be done and what is you are objective or target to do business there?

**Satish Menon:** At the moment what we are looking at is not more than 10 crore of investment to start with if we get the license etcetera and we have this joint ventures outside and we have significant NRI business. So, we are looking to some kind of business getting attracted from the NRI's through the GIFT venture because my position to compete effectively with other competitors in the market when we have an AIF that is operating out of GIFT City so that is the whole idea.

**Chander Bhatia:** And sir there are incentives in terms of taxation and other that is the reason of going to gift city?

**Satish Menon:** That is right.

**Chander Bhatia:** Sir my third question is about peak margin which was introduced in the month of December two phases have already been done up to 50% and the third phase will start in June and the fourth phase will start in September, so how do you foresee for next two phases and what happened in last two phases, does it impact the volume in any way, or it is just a normal thing?

**Satish Menon:** So, the first phase penalty started in December 20, the second phase started in March 21. So, these phases are over when the first phase you had 25% compulsory then you had 50% compulsory. The third and the fourth phase which will come in June and September where you need to have 75% and 100%. If you look at Geojit volume as well as the industry volumes the first and the second phase does not seem to have any major impact in the volumes. In fact, in some of the cases the volumes have gone up. I am not sure what is going to happen in the third and the fourth phase my personal feeling is in terms of the leverage volume it could see some reduction, but like I said the first and the second phase there has been actually not major impact in terms of volumes both for the industry as well as for Geojit including in terms of number of clients are being active.

**C J George:** And the impact will be Geojit will be relatively less because of the customer profile that we have these are basically largely long-term investors. So, the impact could be relatively less in our assessment.

**Moderator:** Thank you. The next question is from the line of Ajin an Individual Investor. Please go ahead.

**Ajin:** My question is about what are the opportunities are we looking for GIFT City AMC registration and membership and second question is about the same what about the international exchange operating from the city and do we have a membership, or do you have any presence through different channels at the moment or what are our plans about that?

**Satish Menon:** At the moment we are taking this AMC license to setup AIF in GIFT City. The idea is to take advantage from the tax benefits that are available so that the investors will benefit out of it. So, we plan to have mostly NRI investors who have been our clients for a large number of years, we have significant presence there in middle east. So, we plan to offer products to them from the GIFT venture. We will also be offering portfolio in international equities. So, that is our plan at the moment. So, we just decided to apply for this license and that will be the beginning and then depending on how these developing we will look for other businesses.

**Ajin:** We are expecting almost like I mean no conversion US dollar investment we can retain the money without converting to Indian rupees?

**Satish Menon:** That is right.

**C J George:** And also, today there is an income tax incidence on that income for NRI's who are investing directly through the PIS route. So, when they come through the GIFT City route there will be some benefit to them, so we wanted to take advantage also we have through our joint venture close to 50,000 plus clients from the middle east alone. So, we thought it is an opportunity we must provide to these industries so that is the whole idea.

**Ajin:** Because it is a free trade area I think due to like tax free zone something like that?

- Satish Menon:** Yes it is.
- Ajin:** So, what kind of business you are expecting in your future?
- Satish Menon:** We are not giving any projections at the moment because it is a new business we are starting, and we are of the view and I must also tell you that we have received request from our clients already where we are not looking at this opportunity. So, it is basically coming from the inquiries from clients. So, I am not going to share any projections with regard to potential revenue size or business size at the moment.
- Moderator:** Thank you. The next question is from the line of Vijay Karpe from Bryanston Investments. Please go ahead.
- Vijay Karpe:** Sir what was the mutual fund gross enclosed a net inflows and that was the first question, and the second question was what was the cash ADTO for Q4 the variability of ADTO and also the cash yields and total yields?
- Satish Menon:** Vijay in terms of inflows and outflows for the last Quarter 4 FY21 we had a total inflow of 359 crores and an outflow of 522 crores and what was your next question the yield?
- Vijay Karpe:** The ADTO cash and total and also the yield cash in hand total yield?
- Satish Menon:** ADTO for cash was 734 crores and F&O it was 3,087 crores. For the cash market delivery, the total yield was 0.03% for Quarter 4 FY21 of which equity was 0.132.
- Vijay Karpe:** So, the mutual fund gross outflow was 522 crores am I right?
- Satish Menon:** Yes.
- Moderator:** Thank you. Ladies and gentlemen as there are no further questions from the participants I now hand the conference over to Mr. Mitesh Gohil for closing comments.
- Mitesh Gohil:** Thank you so much everybody for joining us for the call. I also thank the management for their time and taking us to the Q4 performance. Thank you so much I am looking forward to have back with us. Thank you so much.
- Satish Menon:** Thank you Mitesh and thank you Ambit for organizing this call. Thank you very much. Have a nice day.
- Moderator:** Thank you very much sir. Ladies and gentlemen, on behalf of Ambit Capital that concludes this conference. We thank you all for joining us and you may now disconnect your lines.