DELHI SCHOOL OF BUSINESS
By Vivekananda Institute of Professional Studies TC

SUMMER TRAINING REPORT ON

Portfolio Management Services for SMC Global Securities Ltd.

By

Akansha Sharma
Enrollment Number: 2202210004

This Report is submitted in Partial Fulfilment for the award of the degree:

Post Graduate Diploma in Management

Batch 2022-2024

Specialization: Finance and Human Resources

DELHI SCHOOL OF BUSINESS

By Vivekananda Institute of Professional Studies TC

Outer Ring Rd, AU Block, Jal Board Colony, Pitampura, New Delhi, Delhi, 110034

SUMMER TRAINING REPORT ON

Portfolio Management Services

for

SMC Global Securities Ltd.

Under the supervision

of

Mr. B Sanjeev Kumar

Submitted by-   Submitted to -

Akansha Sharma   Prof. Dr. Rashmi Sharma

CERTIFICATE

SMC GLOBAL SECURITIES LIMITED

Member: NSE • BSE • MSE • NCDEX • MCX
Clearing & Trading Member : Cash, F&O, Currency, Debt & Commodity
SEBI Regn. No. : INZ 000199438 • Research Analyst No. : INH100001849

Regd. Office : 11/6B, Shanti Chamber, Pusa Road, New Delhi-110005
Ph : +91-11-30111000, 40753333 Fax : +91-11-25754365 • CIN No. : L74899DL1994PLC063609
E-mail : smc@smcindiaonline.com Website : www.smcindiaonline.com

Date :-15/07/2023

TO WHOM SO EVER IT MAY CONCERN

This is to certify that **Ms. Akansha Sharma** student of Delhi School of Business has successfully completed her internship program dated from 1st May 2023 to 31 June 2023 on project title **"Project Report on Portfolio Management Services"** and was given an opportunity to do 15 days live project with research team from 1st July 2023 to 15th July 2023.

Performance of the student during the project was excellent.

We take this opportunity to wish her good luck for future endeavors.

Thanking You.

For SMC Global Securities Ltd.

Authorized Signature

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ACKNOWLEDGEMENT

The summer internship opportunity that I had completed with **SMC Global Securities Limited** has been a great learning curve and an excellent platform for professional development. I consider myself a very lucky individual as I was provided with an opportunity to be a part of it. I am also grateful for having a chance to meet so many wonderful people and professionals who led me though this internship period.

Bearing in mind previous I am using this opportunity to express my deepest gratitude and special thanks to **Mr. B. Sanjeev Kumar, Head (Online Trading),** who in spite of being extraordinarily busy with his duties, took time out to hear, guide and keep me on the correct path and allowing me to carry out my project at their esteemed organization and extending during the training.

I would also like to express my gratitude towards **Prof. Dr. Rashmi Sharma,** who offered a great deal of helpful suggestions which, whenever and wherever feasible, were incorporated into the project work. She has not only guided me in the right direction but also extended her full support, co-operation and wisdom to complete my work.

I perceive as this opportunity as a big milestone in my career development. I will strive to use gained skills and knowledge in the best possible way, and I will continue to work on their improvement, in order to attain desired career objectives.

Sincerely

Akansha

Place: New Delhi

DECLARATION

I **Akansha Sharma** student of **Delhi School Of Business Batch (2022-2024)** declare that every part of the Project Report of **"Portfolio Management Services"** is submitted by me is original. I was in regular contact with my faculty guide and contacted many times to discuss the project.

Date of project submission: 31st July 2023

Signature:

Akansha Sharma

CERTIFICATE OF AUTHENTICITY

Faculty Mentor's Comments:

_____

_____

Prof. Dr. Rashmi Sharma

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Executive Summary

It is important for every investor to have a ready source of income, so he looks for investmentopportunities. One investment we can make is placing money in the stock markets; they have a higher yield than many businesses. If someone doesn't know the market, he has to outsourcethis expertise to someone who knows the market, its trend, processes and many other things, the market is so huge that one person cannot learn it by himself.

The portfolio manager provides the client with a portfolio according to their requirements, riskcapacity and decision-making in order to get the maximum return.

The portfolio management service helps the investor to effectively and efficiently manage his investment, to create an effective portfolio by researching all the fundamental and technical aspects of the market, he knows the risks in each investment, what the returns will be, which investment is better in short When building a portfolio, it is very important - the term or whichis good in the long run, time frame, what are the costs, etc. as it all helps to maximize returns and minimize risks.

This can be achieved by diversifying investments into different sectors, their current growth inthe market, promoter holding, government policies etc. All these factors have made portfolio management an important service in today's world.

This project includes details on PMS (meaning, features, benefits, risks, steps to follow), learning from the company and effective portfolio as per the current market.
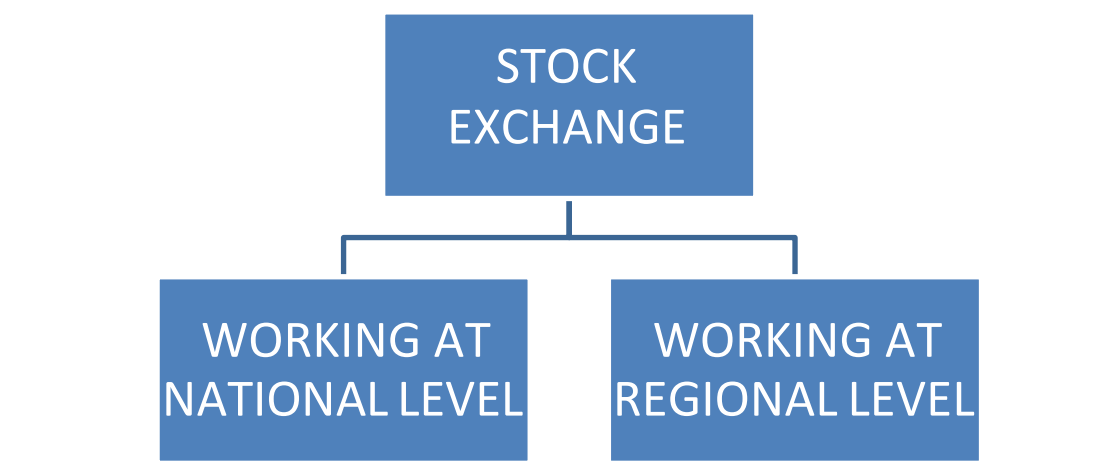
Introduction

Industry overview

Financial services in India comprises of commercial banks, insurance companies, NBFCs, co-operative banks, mutual funds, pension funds as well as other smaller financial institutions. The Reserve Bank of India has recently opened gates for the new entities like payment banks, small finance banks, etc., augmenting the entities operating in the sector.

Indian Stock Market -

The word stock market hints to public markets that function to issue as well as buy and sell shares on a stock exchange or in an over-the-counter form. The word shares and stocks are used interchangeably and represent partial ownership in a company, and the stock market serves as a single roof where investors can buy and sell ownership of these investable assets. The stock market serves two very important functions. The first is to provide companies with capital that can be used to fund and expand their capacity of spending. A secondary purpose of the stock market is to allow investors—those who buy stocks—to sharein the profits of publicly traded companies.

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        ┌─────────────┐
        │    STOCK    │
        │  EXCHANGE   │
        └─────────────┘
          │         │
┌──────────────┐ ┌──────────────┐
│ WORKING AT   │ │ WORKING AT   │
│ NATIONAL LEVEL│ │REGIONAL LEVEL│
└──────────────┘ └──────────────┘
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Major Broker in industry

- Zerodha

- Angel One

- Kotak Securities

- Upstox

- Groww

- ICICI Direct

- Sharekhan

- Motilal Oswal

- HDFC Securities

- IIFL/India Infoline

Scope and impact of the industry on the Indian economy

- India is perceived to be the 4th largest private wealth market globally by 2028

- India's insurance industry has huge growth potential. India's insurance market is expected to be US$ 250 billion by 2025. It also offers an opportunity of US$ 78 billion of additional life insurance premiums from 2020-30

- India is today one of the fastest emerging global economies on the back of well-structured banking as well as insurance sectors. The relaxation of rules pertaining to foreign investment has provided a positive impetus from the insurance sector, with several companies announcing plans to increase their stakes in joint ventures with Indian companies. The coming quarters, might witness a series of joint-venture deals between local players with the global insurance giants.

- The Association of Mutual Funds in India (AMFI) is targeting nearly five-fold growthin AUM to Rs. 95 lakh crore (US$ 1.47 trillion) and more than three times growth in investor accounts to 130 million by 2025
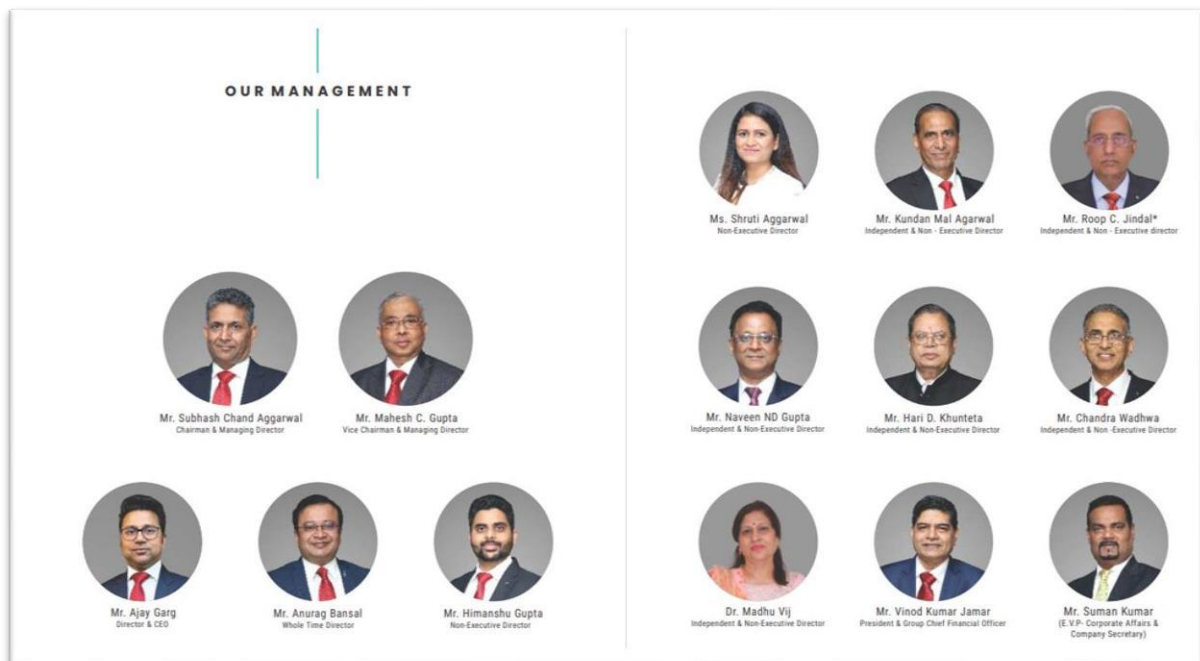
INTRODUCTION TO THE COMPANY

ABOUT THE COMPANY

SMC Global is one of the largest and highly reputed companies that provides a wide range of financial services to its substantial as well as diverse group of client pool. It was founded in the year 1994, by Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta. The CFO of the company is Vinod Jamar, who is the Head of finance and accounting department. SMC mainly deals in financial services catering to almost every class of investors. The company has its corporate office in New Delhi with regional offices in Mumbai, Kolkata, Chennai, Ahmadabad, Cochin, Hyderabad, and Jaipur with an emerging network of more than 1250 offices across over 350 cities/towns in India and an overseas office in Dubai.

SMC subsidiaries

- SMC finvest ltd
- SMC real estate advisory private ltd
- SMC global IFSC private ltd
- SMC capital ltd
- SMC Insurance brokers private ltd
- SMC comtrade ltd.
- SMC investment and advisory Ltd
- Indunia realtech ltd
- SMC & IM Capitals Investment Manager LLP

SMC PROMOTERS

OUR MANAGEMENT

Mr. Subhash Chand Aggarwal
Chairman & Managing Director

Mr. Mahesh C. Gupta
Vice Chairman & Managing Director

Mr. Ajay Garg
Director & CEO

Mr. Anurag Bansal
Whole Time Director

Mr. Himanshu Gupta
Non-Executive Director

Ms. Shruti Aggarwal
Non-Executive Director

Mr. Kundan Mal Agarwal
Independent & Non - Executive Director

Mr. Roop C. Jindal*
Independent & Non - Executive director

Mr. Naveen ND Gupta
Independent & Non-Executive Director

Mr. Hari D. Khunteta
Independent & Non-Executive Director

Mr. Chandra Wadhwa
Independent & Non -Executive Director

Dr. Madhu Vij
Independent & Non-Executive Director

Mr. Vinod Kumar Jamar
President & Group Chief Financial Officer

Mr. Suman Kumar
(E.V.P- Corporate Affairs & Company Secretary)

PRODUCTS AND SERVICES PROVIDED BY THE COMPANY

- Broking

- Equities & Derivatives

- Currency & Commodities

- Clearing Services

- Institutional Broking

- Depository

- MF and IPOs

- NBFC

- Real Estate

- Insurance

- Online Trading

- NRI & FPI

- Wealth Management and Investment Banking

- Research

Turnover and Market capitalization

SMC global market capitalization is Rs 1,059 Cr

	Mar'22	Mar'21	Mar'20	Mar'19	Mar'18
	12Months	12Months	12Months	12Months	12Months
INCOME:					
Sales Turnover	669.94	492.98	421.85	424.75	405.82
Excise Duty	.00	.00	.00	.00	.00
NET SALES	669.94	492.98	421.85	424.75	405.82
Other Income	14.1555	21.5757	31.0531	18.5329	9.5788
TOTAL INCOME	684.10	514.55	452.90	443.29	415.40

Customer segment

SEGMENTATION:

• **DEMOGRAPHICS**- In this context, SMC has no part in segmenting the customers on the basis of their profile because the company specializes in trading and investment solutions, as well as brokerage, who serves customers worldwide irrespective of the age, gender, income, education etc.

• **PSYCHOGRAPHICS-** This refers to 'personality and emotions' based on behavior, linkedto purchase choices, including attitudes, lifestyle, hobbies, risk aversion, personality etc. While demographics explain 'who' your buyer is, psychographics inform you 'why' your customer buys. After making an investment if the financial markets start to perform badly, mostly 45.50% of the respondents are likely to invest more funds to take advantage of the lower price

• **BELIEFS AND VALUES-** This refers to political, nationalistic, religious, as well as cultural beliefs and values. Investors has a belief in the context of stock market that if the market goes down they try to sell off the shares of the company to the buyer whereas on the other hand, most investors belief that when the market goesdown they buy the shares at a lower price and at thelatter, they would sell off theshares at a higher price

• **BEHAVIOUR-** It refers to the nature of the purchase, attitude towards brand loyalty, degree of usage, benefits sought etc. In the industry of stock market, Intraday means when the trading and the settlement is to be done on the same day itself then the 0.01% brokerage charges is to be availed to the investor whereas delivery means when the trading and the settlement is to be done on the another day or any other day then the brokerage charges are more i.e. 0.10% because the settlement are to be done on another day. On the basis of such purchasing behavior of the investors, SMC provides the best or the least possible brokerage charges

Geographical Location

SMC is having its corporate office in New Delhi with regional offices in Mumbai, Kolkata, Chennai, Ahmadabad, Cochin, Hyderabad, Jaipur plus a growing network of more than 1250 offices across over 550 cities/towns in India and overseas office in Dubai.

Whether any funding received by firm – No

Which product/service is advertised maximum online and why?

SMC global doesn't advertise on social media

Which digital platform contribute maximum to customer engagement –
SMC global doesn't advertise on social media

SMC Competitors

- Sharekhan
- FXTM
- HDFC Securities
- Kotak Securities
- Motilal Oswal
- Zerodha
- ICICI Direct
- India Bulls
- Angel One Ltd.

CSR activities

CSR Activity under the collaboration with Umeed - a drop of Hope NGO was organized for the Underprivileged Kids where School Bags, Books & Stationary items were distributed During FY 2019-20, the Company has spent `1,12,08,000 (Rupees One Crore Twelve Lakhs Eight Thousand Only) towards the CSR activities. The Company was in the process of evaluating the focus areas / locations of intervention for CSR activities to cater to the pressing needs of society and deliver optimal impact. At SMC, the CSR and welfare activities inter aliaare in the following areas: -

- Promoting girl child education including special education

- employment enhancingvocation skills especially among children and livelihood enhancement projects
- Promoting preventive health care and sanitation and making available safe drinkingwater, Environment Sustainability, Kerala Relief (Flood) and clean Ganga
- Promoting of education for tribal and rural children

Leadership model

SMC global is public listed firm they follow democratic style of leadership where authority and responsibility has been delegated among individual at different level and directors.

MARKET SEGMENTATION

SMC has divided the market on the basis of the various financial services offered by SMC Global which are sales services, advisory services, insurance brokerage services, financial services, housing consulting services and Distribution Services.

- Marketing Services - At SMC, Research Analyst and Advisory Managers guide their clients with solutions, based on research, information and expertise to invest in Equityand other outputs

- Advisory Services - At SMC Investments & Advisors Ltd., they are compiling a comprehensive knowledge base with over 20 years of experience to design customizedsolutions. Our dedicated Asset Managers develop personal asset management strategiesfor our clients by listening to them and understanding their financial needs and policies

- Insurance Forensic Services- SMC Insurance is the largest direct and professional insurance Broking House in India accredited by the Insurance Regulatory and Development Authority of India (IRDAI)

- Financial Services - At SMC Finance, they meet the short, medium and long-term financial requirements of their clients. They provide financial support for various typesof business companies & SEG (Mfg., Traders & Service Providers), where major assessments are conducted on the basis of business model, finance, promoters, collateral

- Distribution Services - SMC provides distribution services for IPOs, Joint Funds, SocialIssues, Focused Company Deposit, Bonds, through its branch network throughout India. SMC also provides trading application funds to IPOs, FPOs and bonds. Their goal is to provide integrated solutions to our

investment needs

- Real Estate Advisory Services - They provide services of various types of real estate transactions such as residential and commercial properties. SMC Real Estate Advisoryincorporates specialist expertise in the advertising and marketing of real estate products

TURNOVER AND REVENUE MODEL

Particulars	Year Ended	
	March 31, 2020	March 31, 2019
Segment Revenue		
(1) Trading and distribution	69,837	64,498
(2) Advisory services	3,544	3,597
(3) Financing activities	8,782	9,888
Total	82,163	77,983
Less: Inter Segment Revenue	3,750	2,036
Total Revenue	78,413	75,947
Segment Profit/(Loss) before tax		
(1) Trading and distribution	8,841	9,894
(2) Advisory services	-2,122	-876
(3) Financing activities	3,787	6,358
Total	10,506	15,376
Less: Interest	5,991	6,288
Total Profit/(Loss) Before Tax	4,515	9,088

Total Turnover of SMC is **Rs. 78413.45 lakhs** and PAT is **Rs. 2386.17 lakhs** in FY 2019-20. SMC's revenue from operations largely comprises of income from equity, commodity and currency brokerage & trading, clearing services, income from depository business, income from distribution of third-party financial products, income from insurance brokerage & real estate advisory, Financing, capital market operations, etc. A comparisonof the segment wise revenue and profit before tax in FY 2019-20 and FY 2018-19 is tabulated above.

DIGITAL PLATFORM THAT CONTRIBUTES TO MAXIMUM CUSTOMER ENGAGEMENT

SMC Global have their official page on Facebook, Twitter, Instagram and LinkedIn. SMC have16.8K followers on LinkedIn, 170,185 on Facebook, 25678 followers on Twitter and 7232 followers on Instagram. For SMC, Facebook is a digital platform which contributes the maximum customer engagement as SMC have the highest followers on Facebook and also getthe maximum likes on post shared on Facebook

IT MEASURES ADOPTED BY SMC DURING LOCKDOWN

For the duration of the lockdown, Exchange Board of India has been continuing the enterprises operations with minimum accredited group of workers and last personnel had been advocatedto make money working from home. The market evidenced file participation all through the most unpredictable duration with buyers rebalancing their portfolios, making opportune tradesfor the duration of unstable times or locating a great access point with prices at a Multi – 12-month low, massive scale does business from home, purchaser's engagements completely viaelectronic channels and big volumes of online income proved the important function of Digitalization in sustainable business growth and fee, financial savings.

Innovation and Entrepreneurial Opportunities

SMC has developed Auto trend software. SMC **Auto trender**, a unique market analysis tool which is designed by professional traders to help you with fast and rich analysis of the marketthrough unique data analysis and automated tools to time your trade with greater efficiency.

KEY BENEFITS OF SMC AUTOTRENDER

- Customize and automate the manual technical analysis

- Get faster access to analyses data table with scanning

- Improve accuracy by algorithms, trading signal

- Real-time market signals update

- Covers Nifty, Bank Nifty, Options, Bullions, Metals, Energy and Agra

- Easy access through all the devices like, desktop/laptop, tablets and mobiles

- Helps in better decision making

As an Entrepreneur, I will take new measures of improving customer satisfaction for the SMC Global which are as follows: -

SMC's mobile app for NSE trading needs to be improved, So I will come up with all thedigital facilities for customers as it helps in increasing brand loyalty, as through mobile apps we build a connection between the customer and brand through constant remindersand notifications. Also, Mobile applications have proven to be quick and effective in engaging customer interest and communicating product launches.

1.) Most Indian investors lack a basic knowledge about the way stocks market's function so I will come up with free recorded demo videos and content in simple language for beginners to learn the basics of stock market trading before startingtrading to attract more customers.

2.) Brand Awareness- As an entrepreneur, I will try various strategies to increase thebrand awareness for more customer reach like by advertising the product more onfinancial platforms, by being active on official pages of social media, by runningcampaigns, by conducting different quizzes to attract more clients.

On the Job Training

During my job training, I have worked on a variety of financial analysis tasks. I have calculated profitability ratios, liquidity ratios, and solvency ratios for my company, SMC Global. I have also compared SMC Global to other companies in the same industry, Motilal Oswal, and Angel One, using both fundamental analysis and technical analysis. Finally, I have predicted the trend of various share's price by analysing chart patterns.

Here are the specific tasks I have completed:

1. Please study the comparative financial data for the last four quarters 1st April 21- 1st April 22 underthe following parameters

- Profitability Ratio

Revenue from operations	Mar-23	Dec-22	Sep-22	Jun-22
Fee and commission income	18,012.97	18,083.92	16,692.52	14,029.39
Interest income	5,553.41	5,045.08	4,688.02	4,561.26
Dividend income	304.71	382.22	124.17	28.95
Net gain on proprietary trading	4,500.58	5,142.03	5,005.64	4,454.12
Net gain on fair value changes	4,023.95	0.00	0.00	0.00
Total revenue from operation	**32,395.62**	**28,653.25**	**26,510.35**	**23,073.72**
(B) Other income	-1,436.59	1,820.81	883.55	181.37
Total revenue	**30,959.03**	**30,474.06**	**27,393.90**	**23,255.09**
(A) Fees and commission expenses	14,081.81	14,731.89	13,094.90	11,190.18
(B) Employee benefits expenses	5,433.60	5,285.73	5,004.54	4,848.35
Gross profit	**11,443.62**	**10,456.44**	**9,294.46**	**7,216.56**
(D) Depreciation and amortization expenses	557.27	522.1	471.74	460.49
(E) Impairment on financial instrument	322.33	311.15	634.89	348.20
(F) Other expenses	1,880.15	1,813.93	1,625.48	1,571.43
Operating profit	**8,683.87**	**7,809.26**	**6,562.35**	**4,836.44**
(C) Finance cost	1,603.04	1,537.00	1,376.06	1,236.28
Tax	1,342.99	1,230.72	1,130.10	977.92

Net profit	5,737.84	5,041.54	4,056.19	2,622.24
Gross profit ratio	11443.62/30959.03	10456.44/30959.03	9294.46/30959.03	7261.56/30959.03
	36.96%	33.78%	30.02%	23.46%
Operating profit ratio	8683.87/30959.03	7809.26/30959.03	6562.35/30959.03	4836.44/30959.03
	28.05%	25.22%	21.20%	15.62%
Net profit ratio	5737.84/30959.03	5041.54/30959.03	4056.19/30959.03	2622.24/30959.03
	18.53%	16.28%	13.10%	8.47%

- Liquidity Ratio

	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
CURRENT LIABILITIES					
Short Term Borrowings	393.93	382.09	180.09	753.49	458.5
Trade Payables	710.81	484.28	435.03	249.78	280.97
Other Current Liabilities	786.86	626.96	535.12	631.53	380.43
Short Term Provisions	0	0	0	0	2.7
TOTAL CURRENT LIABILITIES	1891.6	1493.33	1150.25	1634.8	1122.6
CURRENT ASSETS					
Current Investments	170.59	117.14	85.67	195.2	12.89
Inventories	34.52	13.18	0	5.93	109.3
Trade Receivables	434.65	333.88	278.28	787.7	479
Cash And Cash Equivalents	1281.95	1097.46	654.82	520.47	463.65
Short Term Loans And Advances	691.14	575.84	499.47	570.53	378.34
Other Current Assets	128.29	108.01	199.39	148.41	5.41
TOTAL CURRENT ASSETS	2741.14	2245.5	1717.62	2228.23	1448.59
Current ratio	0.69	0.665	0.669	0.733	0.774
Quick asset (Current asset - Trade receivables and other current asset)	2178.2	1803.61	1239.95	1292.12	964.18
Quick ratio	1.15	1.20	1.07	0.790	0.85

- From profitability ratio, we can say profits are increasing for SMC. Its major contributor is FFE and commission from clients also there is decrease in dividend income as comparing to competitors HDFC and Bajaj finance HDFC has outperform as it is able to generate net profit margin of 64%
- Liquidity position of SMC is near to benchmark of its peer which 0.63 and 1.26

2. Analyze the CAGR on sales and Profit and the impact of major expenses on Profit.

Revenue of last 5 years

Years	2022-23	2021-22	2020-21	2019-20	2018-19
Sales	112082.08	90,820	77,852.80	75,274.83	64,791.53

CAGR OF 5 YEARS = $(1,12,082.08/ 64,791.53)^{1/5} -1$

$= (1.729)^{1/5} -1$

$= 1.115-1$

= 11.5%

Profit of last 5 years

Years	2022-23	2021-22	2020-21	2019-20	2018-19
Profit	17,457.81	10,501.53	2,386.17	7,478.25	6,163.64

CAGR OF 5 YEARS = $(17,457.81 /6,163.64)^{1/5} -1$

$= (2.832)^{1/5} -1$

$= 1.231-1$

= 23.1%

- <u>Solvency Position</u>

NON-CURRENT ASSETS					
Tangible Assets	112.03	61.86	67.85	33.5	36.6
Intangible Assets	1.76	1.68	1.58	1.34	3.41
Capital Work-In-Progress	0	0	0.5	0	0
FIXED ASSETS	114.97	63.6	70.77	35.08	40.01
Non-Current Investments	0	0	0	0	19.47
Deferred Tax Assets [Net]	22.35	31.7	39.9	46.57	19.59
Long Term Loans And Advances	0	0	0	0	291.14
Other Non-Current Assets	64.04	46.56	48.36	40.24	8.9
TOTAL NON-CURRENT ASSETS	**201.36**	**141.87**	**159.03**	**121.89**	**379.11**
TOTAL ASSETS	**2942.5**	**2387.37**	**1876.65**	**2350.12**	**1827.7**
Non -CURRENT LIABILITIES					
Long Term Borrowings	70.21	78.26	4.62	0	36.38
Deferred Tax Liabilities [Net]	0	0	0	0	0
Other Long Term Liabilities	26.14	18.06	12.06	13.95	10.17
Long Term Provisions	26.81	23.39	26.63	18.93	16.38
TOTAL NON-CURRENT LIABILITIES	**123.16**	**119.71**	**43.31**	**32.88**	**62.93**
SHAREHOLDER'S FUNDS					
Equity Share Capital	22.63	22.63	22.63	22.63	22.63
TOTAL SHARE CAPITAL	22.63	22.63	22.63	22.63	22.63
Reserves and Surplus	903.48	750.08	658.79	658.33	618.01
TOTAL RESERVES AND SURPLUS	**903.48**	**750.08**	**658.79**	**658.33**	**618.01**
TOTAL SHAREHOLDERS FUNDS	**926.1**	**772.71**	**681.42**	**680.95**	**640.64**
Proprietary ratio	**0.315**	**0.324**	**0.363**	**0.290**	**0.351**
Total asset to debt ratio	**23.892**	**19.943**	**43.331**	**71.476**	**29.043**
Debt to equity	**0.133**	**0.155**	**0.064**	**0.048**	**0.098**

Industry average debt to equity ratio is 0.7 for which SMC. SMC ratio is lower which means SMC can use more debt to generate greater return on asset.

Stock Price Trend Predictions

Having collaborated with the research team of SMC GLOBAL Securities ltd for a span of 15 days, I am pleased to share a selection of snapshots showcasing my successful predictions of the share price trends for various stocks.

IDFC FIRST BANK · 30 · NSE — O82.05 H83.80 L81.40 C83.80 +2.90 (+3.58%)

the trend is in upward direction and then double top pattern appears showing that further trend will be downward. though the neckline broke and trend went in downward direction but at speed price fall(marked as a circle) at same time buyer quantity is as much high making a green candle and rising the price. no other candle able to break that support till now, showing that the trend will be uptrend.

TATA CONSULTANCY S · 30 · NSE — O3189.00 H3192.30 L3188.00 C3190.00 +0.90 (+0.03%)

As already the trend is in upward direction making head n shoulder pattern implies that the further trend will go in downward direction. further more, neckline is also cut by heavy price down showing the predicted trend. so the trend will go in downward direction but we need to wait as green candle is formed which can cut the trend line and can take the trend in upward direction.

with best

NIFTY BANK · 30 · NSE — O43667.25 H43671.80 L43588.90 C43653.65 −12.70 (−0.03%)

it is more like symmetrical triangle and can be both bearish and bullish. we have to wait until the confirmation when it break resistance or support to know which trend it follows.

CIPLA LTD · 30 · NSE O968.00 H968.00 L964.00 C966.15 −1.85 (−0.19%)

1021.90   0.00   1021.90

Vol 97.339K

A   B   C

as the trend is in upward direction and
existence of double top pattern reflects
that the further trend should be
in downward direction.
at point A, support converted to
resistance making downward
direction but the buyer quantity is
much high that pattern failed. further
at point B, tried to make triple bottom
but line fail to touch the neckline
and break out the resistance to
follow the upward trend. hence
two failure of reversal pattern
shows that the trend must go
in upward direction.

TradingView

1030.00
1023.80
1020.00
1010.00
1000.00
992.90
990.00
980.00
970.00
960.00
950.00
940.00
207.283K

29   Jun   6   Thu 08 Jun '23   06:15   19   26   Jul   10

1D 5D 1M 3M 6M YTD 1Y 5Y All   17:49:00 (UTC)   RTH   ADJ   log

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MARUTI SUZUKI IND · 30 · NSE O9463.15 H9500.00 L9440.00 C9440.00 −23.15 (−0.24%)

9461.00   0.00   9461.00

Vol 40.421K

as of now inverse head n shoulder is
there, we expect the trend will
move in upward direction. but we
have to wait till the neckline break.
and once the price will go above the
neckline we will buy it.

9840.00
9800.00
9760.00
9720.00
9680.00
9640.00
9600.00
9560.00
9520.00
9480.00
9440.00
9400.00
9360.00
9320.00
9280.00
9264.60
9240.00

TATA POWER CO LTD · 30 · NSE O221.50 H223.55 L220.35 C223.00 +1.90 (+0.86%)

219.25   0.00   219.25

Vol 1.744M

rectangular pattern shows that there
will be continuation of previous
pattern i.e. upward. so the trend will
be in upward direction.

227.00
226.00
225.00
224.00
223.00
222.00
221.00
220.00
219.30
219.00
218.00
217.00
216.35
216.00
215.00
214.00
213.00
412.466K

TradingView   D   ⚡

29   Jun   6   Mon 12 Jun '23   03:45   19   26   Jul   10

1D 5D 1M 3M 6M YTD 1Y 5Y All   18:57:28 (UTC)   RTH   ADJ

Portfolio Management Service

In this kind of service, the stock broker makes the investment decision on behalf of the client and manages his portfolio. The portfolio manager decides the mix of securities that the investorwill invest in. Portfolio is updated with the new stocks replacing existing stocks as and when required to optimize performance. Apart from portfolio management, the stock brokers also offer advice on managing the client's portfolio depending upon the client's needs. Based on this advice, the client can make the investment decisions. PMS is a customized service offeredto High Net-worth Individuals (HNI) clients. The service is tailored as per the investor's return requirementsand the ability and willingness to assume the risk. The portfolio manager ensures that the return requirements coincide with the risk profile.

Portfolio manager

As per SEBI (Portfolio Managers) Regulation, 2020 , "portfolio manager" means a body corporate, which pursuant to a contract with a client, advises or directs or undertakes on behalfof the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or funds of the client, as the case may be: Provided that the Portfolio Manager may deal in goods received in delivery against physical settlement of commodity derivatives. Portfolio manager can be discretionary or non- discretionary.

Asset allocation decision

The interaction between the two sets of information – about the investor and about the risk return on investment opportunity culminates into asset allocation decision. The asset allocation decision follows logically from the investor's needs and goals, risk preferences and liquidity needs. After developing a forecast on risk and return on various asset classes, the portfolio manager has to decide the mix

of assets that maximizes the after-tax returns for the investor

Alpha and Beta return

The most popular asset pricing model is Capital Asset Pricing Model (CAPM). used for alpha and beta returns. Market risk is measured by Beta. Under CAPM, the required return on a security or portfolio is computed as: Required return = Rf + β (Rm – Rf) Alpha is the return generated by the portfolio over the over the required rate of return as per CAPM.

Portfolio Return

The return of the portfolio is the weighted average return of individual securities in it.

Standard deviation as a measure of total risk

Standard deviation and variance are measures of dispersion in return. Standard deviation is thesquare root of variance. It quantifies the degree to which returns fluctuate around their average.A higher value of standard deviation means higher risk. Standard deviation is used probably more than any other measure to describe the risk of a security (or portfolio of securities).

$$SD = \sqrt{\frac{\sum_{i=1}^{n}(x_i - \bar{x})^2}{n}}$$

.

Portfolio management services depend on the knowledge about the product and servicesof the company and the requirement of the person concerned. The person doing PMS should know the valuation of shares and other assets which means he should know theFUNDAMENTAL ANALYSIS and TECHNICAL ANALYSIS which are explained below with detailed examples.

FUNDAMENTAL ANALYSIS

1- SMC GLOBAL SECURITIES LTD.

SHAREHOLDING

Summary

Trend

| Promoter | FII | DII | Public | Others |
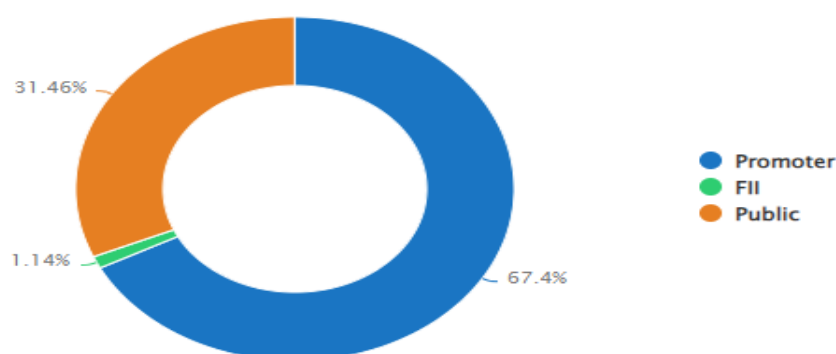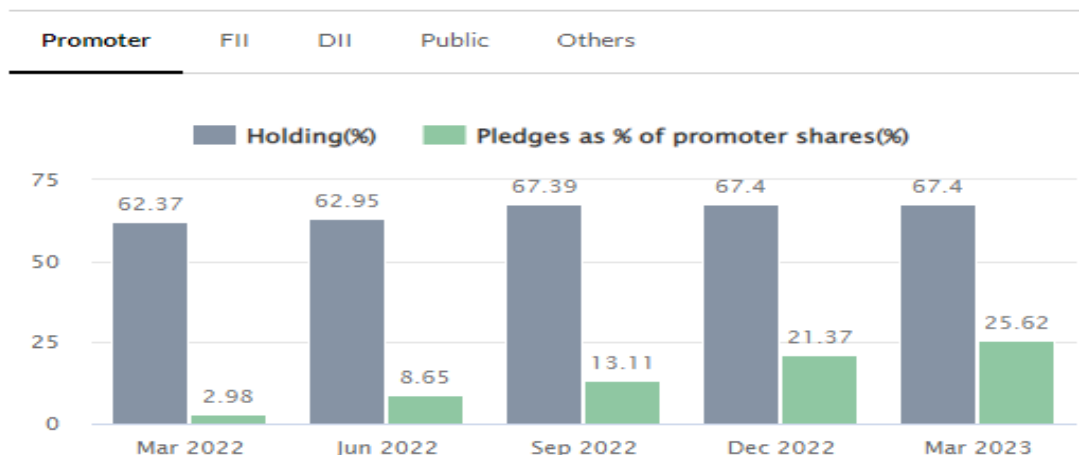
2- MOTILAL OSWAL FINANCIAL SERVICES

SHAREHOLDING

Summary

●	Promoter
●	FII
●	DII
●	Public

17.58%
6.28%
6.47%
69.68%

Trend

Promoter   FII   DII   Public   Others

Holding(%)   Pledges as % of promoter shares(%)

	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Holding(%)	69.5	69.5	69.58	69.47	69.68
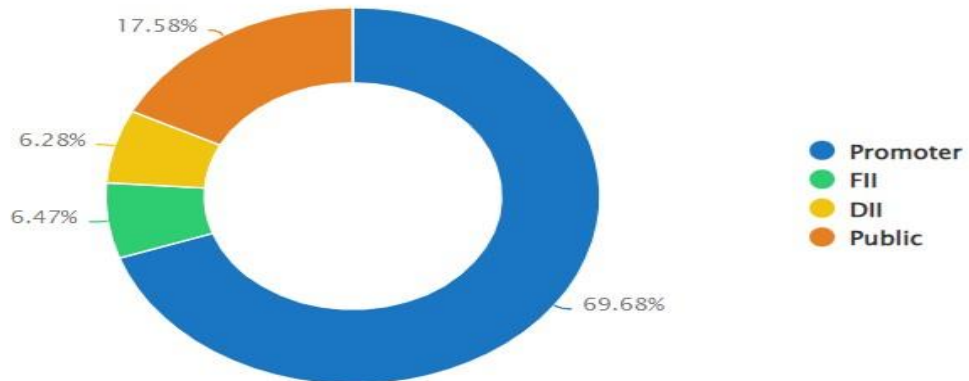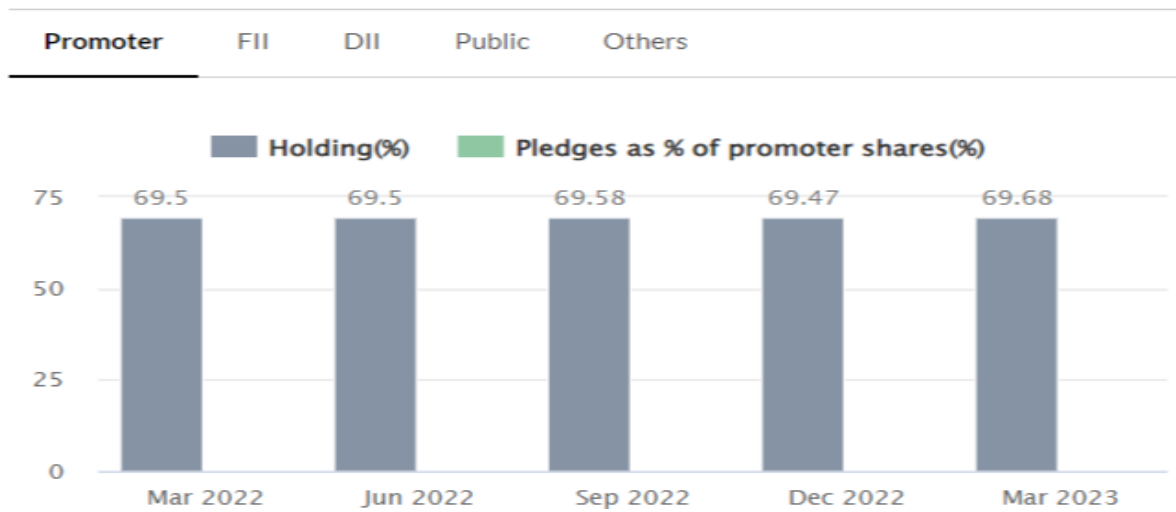
3- ANGEL ONE LIMITED

SHAREHOLDING

Summary

Trend

Promoter	FII	DII	Public	Others
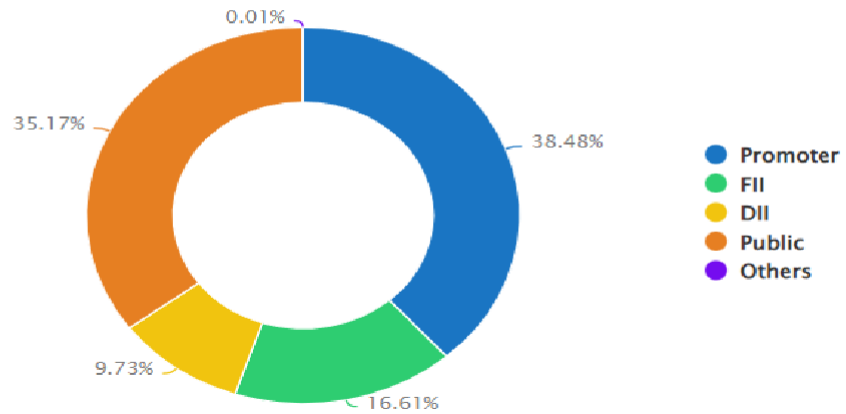
RATIOS

RATIOS/ COMPANY	SMC GLOBAL SECURITIES LTD	MOTILAL OSWAL FINANCIAL SERVICES	ANGEL ONE
MARKET CAPITALISATION	1045 Cr.	11,419Cr.	10,029Cr.
DIVIDEND YIELD RATIO	2.60%	1.30%	2.25%
RETURN ON CAPITAL EMPLOYED	20.8%	19.0%	35.5%
RETURN ON EQUITY	20.5%	25.8%	46.0%
EARNING PER SHARE	15.4	87.9	75.4
RETURN ON ASSETS	6.55%	8.49%	10.4%
DIVIDEND PAYOUT RATIO	15.6%	11.4%	35.9%
INDUSTRY PE	25.0	25.0	25.0
PRICE EARNING RATIO	5.99	8.72	16.0
DEBT TO EQUITY	0.54	1.08	0.79
PAT MARGIN	14.23%	32.96%	23.22%
EBITDA MARGIN	23.80	50.41	36.67
INTEREST COVERAGE RATIO	4.82	4.38	12.0

ANALYSIS OF BALANCE SHEET

The balance sheet has several purposes including telling us the assets a company has to protectshareholders, how efficiently management is using capital, the risk of bankruptcy, and how fasta business can grow. With the help of above stated ratios we can easily get an idea about SMCGlobal Securities Company's financial position.

ANALYSIS OF PROFIT AND LOSS STATEMENT

The income statement of the firm contains information that can be used for computation of certain financial ratios, which measure firm's performance and position over the reporting period. Depending on the ratio, it can be a measure of firm's profitability or financialsustainability.

SMC GLOBAL SECURITIES

RATIO INTERPRETATION

- LAST YEARS INCOME GROWTH – 1 year – 33.64%, 3 years – 16.4%, 5 years –13.5%
- LAST YEARS PROFIT GROWTH – 1 year – 92.96%, 3 years – 63.65%, 5 years – 37.58%
- LAST YEARS ROE% - 1 year – 19.75%, 3 years – 12.12%, 5 years – 9.54%
- LAST YEARS ROCE% - 1 year – 23.7%, 3 years – 16.53%, 13.4%
- ROA% - 6.64
- PEG RATIO – 0.05
- PAT Margin % - 14.23
- EPS Growth % - 135.91

UNDERSTANDING THE FINANCIAL PERFORMANCE OF THE COMPANY (SMC)

Strengths

Experienced promoters and management team

The group is promoted by first generation entrepreneurs, Mr. Subhash C. Aggarwal (Chairmanand MD) and Mr. Mahesh C. Gupta (Vice-Chairman and MD). Both the promoters are Chartered Accountant by qualification and have more than 35 years of diverse experience in financial services and securities market. The company has a strong and experienced Board of 12 members, including 6 Independent Directors.

Long track record of operations with established brand

SMC Group was incorporated in December 1994 and has more than two decades of track record of operations in the equity broking business. The group diversified into commodity broking in 2003, insurance broking in 2006 and NBFC business in 2008. The company also has international presence through its subsidiary in Dubai (for commodity trading on DGCX). Over the years, the group has established its brand, in the broking, advisory and financial product distribution businesses. Given its track record and established brand, the company hasbeen able to enter into various strategic partnerships including being the preferred insurance broker for Honda cars under Honda Assure, for KIA cars with KIA motors, preferred broker for PNB providing trading facilities and demat services etc. Further, SMC has launched its owndiscount broking platform in order to cater to the larger segment that prefers online trading. Also, shares of SMC got listed on NSE and BSE on 24th February 2021.

Wide branch network with large franchisee network and client base

SMC has a strong pan India presence through its network of around 95 branches and 2500+ sub-brokers and 13,700+ independent distributors as on Dec 31, 2020. SMC has a client base of around 18 lacs which includes largely retail customers and few institutional customers with most of the brokerage income (equity, commodity and currency) coming from retail customers.SMC leverages its wide network for distribution of various financial products (Mutual Funds, Insurance, Debt, etc.).

Diversified product profile albeit stagnant share of the lending business (NBFC)

The group has presence in broking, depositary services, proprietary trading, distribution of financial products (Mutual Funds, Insurance, Debt instruments, IPO, etc.), lending operations,

portfolio management services (PMS) and Wealth management, real estate broking and advisory services and investment banking. Furthermore, within broking, the company has a well-diversified product profile with presence in equity, derivatives, currency and commodity. During 9M FY21, the broking income accounted for 53% of total income followed by proprietary trading income at 20%, financing income (17%), distribution income (7%) and others at 3%. Within the lending segment under company's wholly owned subsidiary Moneywise Financial Services, the loan book remains fairly well diversified across products with SME working capital loans forming 32% of AUM as on Dec-20, SME LAP forming 22%,capital market financing constituting 18%, onward lending at 16%, asset financing at 6% and consumer durable financing comprising remaining 5%.

Adequate Risk Management systems

SMC has well documented risk management framework to handle the risk in the broking, proprietary trading and lending business. There is Risk Management Committee of the Board which is responsible for identifying the risk and setting up processes to mitigate the risk. SMChas separate risk management teams which constantly evaluate the various risk, viz. market risk, credit risk, operational risk, and puts necessary mitigation measures in place on near realtime basis for both broking and arbitrage operations. SMC has further tightened its risk management practice by implementing a system for automatic square off of positions at day end, thereby further reducing the manual intervention risks. On the back of adequate risk management systems, the company has been able to control credit losses / write-offs in brokingand lending segment with provisions and write-offs being 0.61% of the average total assets during FY20 and 0.88% (annualized) during 9M FY21

Comfortable capital structure

The capital structure of SMC Group was comfortable overall gearing of SMC consolidated being 0.40x as on March-20 given the CARE adjusted tangible net worth of Rs.641 crore and on-book debt of Rs.258 crores as on March 31, 2020. The overall gearing decreased from 1.19times as on March-19 owing to decrease in on-book debt of the group. For nine months endingDecember 31, 2020, the company's consolidated overall gearing stood at 0.38 times. Besides the on-book debt, SMC also avails bank guarantees for trading on the exchanges. Bank Guarantees (at consolidated level) to the exchange stood at Rs.623 crores as on March 31, 2020.Since the majority of Money Wise's book remains equity funded, its capital structure remainscomfortable with overall CRAR and Tier-I CRAR of 61.55% and 61.18% respectively as on Sep 30, 2020 and overall gearing at 0.52x as on Sep-20. End December 31, 2020, the gearing of Moneywise stood at 0.91 time

Weakness

Dependency on capital markets which has inherent volatility

Capital market led activities which include broking, arbitrage operations, margin lending, portfolio management and depository services contribute about 53% share in SMC's consolidated revenue. The revenue from capital markets remains susceptible to market volatility, which exposes the company to the risk of volatility in income and profitability. Also, income earned as delayed payment charges / margin trade funding (MTF) tends to be volatile as also seen in significant reduction during FY20 due to regulatory changes restricting the number of days for which MTF can be allowed. The group's arbitrage book also remains susceptible to capital market conditions, however, most trades are hedged and algo-based and there is established track record of consistent stable profits in arbitrage book. However, the dependence on capital market has reduced over years with the increased focus of group towards distribution segment and lending

business. The distribution income and income from lending business contributes about 7% and17% respectively to the total income in 9M FY21.

Moderation in profitability in FY20

The profitability profile of SMC (consolidated) moderated in FY20 with SMC reporting net profit of Rs.23.86 crore on a net income of Rs.547.61 crore in FY20 as against net profit of Rs.74.78 crore in FY19 on a net income of Rs.562.35 crore in FY19. The profitability was impacted on account of increase in operating expenses of the group and provisioning cost at the NBFC level and owing to increase in losses in real estate vertical. SMC (consolidated) reported Adjusted PBILDT and PAT margin of 22.69% and 4.36% respectively in FY20 as against 29.36% and 13.30% respectively in FY19. Also, the RoNW declined to 3.74% in FY20 from 12.33% in FY19. Further, during 9M FY21, SMC on a consolidated basis reported PAT of Rs.67.71 crore on net income of Rs.427.63 crore during 9M FY21. The annualized RoNW stood at 13.32% during 9M FY21.

Low seasoning of lending book, though on an improving trend. Borrower concentration risk prevails

SMC Group commenced lending business in 2008, however, there has been a significant change in product mix during the last 2 years. Thus, the asset quality trend is evolving given the loan book is under second credit cycle for many loan products. Also, given a moderate booksize, nearly 27% of the portfolio entails loans of ticket size more than Rs.5 crores. The Top 10 borrowers constituted 19% of the loan book as on Dec-20 improved from 27% of the loan bookas on Dec-19) and hence the borrower concentration continues to be high, though declining trend is seen. However most of these are secured loans (secured by immovable property, liquidsecurities, receivable, etc.). Also, the concentration is expected to reduce further with company's focus on retail loans as well as loan run-off.

Liquidity: Strong

The liquidity profile of SMC is strong supported by arbitrage book of Rs.115 crores which canbe liquidated in case of need, comfortable capital structure and healthy level of margin utilization with exchanges. The company had free cash and bank balances of Rs.59 crores as on Dec-20. Furthermore, the company maintains adequate margin with stock exchanges (Averageutilization of 60% over the period Apr-19 to June-20) and the unutilized margin offers liquiditycushion to SMC in the case of eventuality. The liquidity profile of Moneywise also remains adequate owing to largely capital funded loan book and support from group in terms of inter- corporate loan

TECHNICAL ANALYSIS

1- <u>SMC GLOBAL SECURITIES LTD.</u>

<u>CHART TYPE</u>- Candlestick chart

<u>CHART PATTERN</u>- Double bottom and cup and handle

pattern

<u>INTERPRETATION</u>-

A double bottom pattern is a technical analysis charting pattern that describes a change in trend and a momentum reversal from prior leading price action. It describes the drop of a stock or index, a rebound, another drops to the same or similar level as the original drop, and finally another rebound. The double bottom looks like the letter "W". The twice-touched low is considered a support level. The double bottom pattern begins at 86 and drops to 72.3 before beginning an uptrend that takes the price to 78.95 before dropping back to the price in the first scenario, which is 72.3. However, this time, due to increased buyer interest, the price managed to break above 78.95 resistance and went to the price of 87.45. A cup and handle price pattern on a security's price chart is a technical indicator that resembles a cup with a handle, where the cup is in the shape of a "u" and the handle has a slight downward drift. The cup and handle are considered a bullish signal. The pattern's formation may be as short as seven weeks or as long as 65 weeks

2- MOTILAL OSWAL

CHART TYPE- Candlestick chart

PATTERN- Head and shoulder pattern

INTERPRETATION –

A head and shoulders pattern is a chart formation that appears as a baseline with three peaks, where the outside two are close in height and the middle is highest. In technical analysis, a head and shoulders pattern describes a specific chart formation that predicts a bullish-to-bearish trend reversal. In this, we see a shoulder pattern first, which starts at 665 and makes support and re-tests it, giving a break-out and going to 853, after which we can see a big fall and the stock taking support at 665 again. However, the support has become weak this time, and the stock has moved slightly upwards and then downwards, crossing the neckline where it was taking support, signaling the end of a positive uptrend and the beginning of a negative downtrend**.**
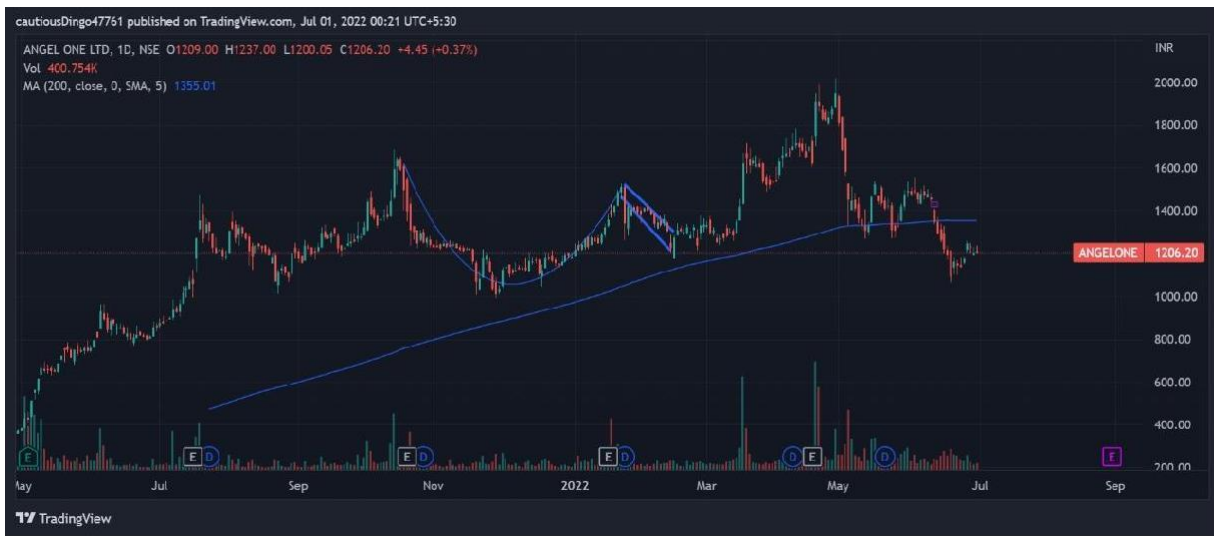
3- ANGEL ONE LTD.

CHART TYPE – Candlestick chart

CHART PATTERN- Cup and handle

INTERPRETATION-

The cup and handle is considered a bullish signal, with the right-hand side of the pattern typically experiencing lower trading volume. The pattern's formation may be as short as sevenweeks or as long as 65 weeks. In other words, this is a bullish continuation pattern where an uptrend has paused but continues after or sometimes this price starts dropping from 1649 and went to 993 and then goes up. This is the formation of a cup-like structure and it goes to 1529after that pricegoes to 1183 which makes the handle-like structure it is a point where it gives a break-out which goes to the price of 1717.

Harnessing Business Analytics: Potential at SMC GLOBAL

In the context of my internship experience at SMC Global, business analytics can play a significant role in several aspects:

- Stock Performance Analysis: Business analytics can be used to analyze historical stock performance data, identifying trends and patterns that can help in making more informed investment decisions

- Predictive Modeling: Utilizing business analytics techniques, we can develop predictive models to forecast stock price movements based on various factors, contributing to more accurate stock predictions

- Algorithmic Trading Strategies: Business analytics can be applied to optimize and refine algorithmic trading strategies, leveraging data-driven insights to enhance trading algorithms' performance and profitability

- Customer Segmentation: By analyzing customer data, business analytics can help segment clients based on their preferences, investment goals, and behavior, allowing for personalized and targeted wealth management and customer care.

- Market Research: Business analytics can assist in gathering and analyzing market data to identify emerging trends, competitor strategies, and potential investment opportunities

- Resource Allocation: Analytics can aid in optimizing resource allocation within different departments, ensuring efficient utilization of human resources, technology, and budget

Conclusion

During my two-month internship at SMC Global, I gained valuable insights into the dynamic world of capital markets. My exposure to various departments, including quality control, Algo trading, customer care, wealth management, and research, provided me with a comprehensive understanding of the industry's multifaceted operations.

One of the highlights of my experience was delving into research analysis of stocks, allowing me to develop a skill set in assessing market trends and making informed predictions. This hands-on involvement in researching and analyzing stocks has not only enhanced my analytical abilities but also provided me with practical knowledge that I can apply in real-world scenarios.

My internship at SMC Global has been an enriching journey that has deepened my understanding of capital markets and equipped me with valuable skills that will undoubtedly contribute to my future endeavors in the finance industry.

Recommendations

Based on my observations and learning, I would like to offer the following recommendations in my internship: -

- Customer support: SMC Global can use AI and ML to improve their customer support experience by automating tasks such as answering FAQs and resolving simple issues. This can free up human customer support representatives to focus on more complex issues and provide better service to customers. AI can also be used to analyse customer feedback and identify trends that can be used to improve the customer experience

- Quality control: SMC Global can use AI and ML to automate tasks such as inspecting products, detecting defects, and ensuring compliance with regulations. This can help to improve the quality of their products and services, reduce costs, and improve efficiency. AI can also be used to analyse data from sensors and other devices to identify potential problems before they occur

- Skill Development Initiatives: Advocate for training programs that empower interns and employees to further develop their analytical skills, contributing to their growth within the organization

- Knowledge Sharing Platforms: Propose the creation of internal platforms or forums where employees can share research findings, insights, and best practices, fostering a culture of continuous learning and collaboration

These recommendations are intended to contribute to the ongoing growth and success of SMC Global, based on the insights and experiences gained during my internship.

Major Learnings

SMC Global has provided me with several valuable learnings that can greatly benefit me in future in the finance sector.

- Technical Skills: I have learned a variety of technical skills from SMC Global, including reading chart patterns and analyzing the trend of share prices. I have learned how to identify different chart patterns, such as head and shoulders formations and double bottoms. I have also learned how to use these patterns to predict future price movements. Additionally, I have learned how to analyze the trend of share

- Fundamental Skills: This involves evaluating a company's financial statements and other publicly available information to assess its financial health. I have learned how to calculate different financial ratios. I have also learned how to use these ratios to compare different companies and to identify companies that are undervalued or overvalued. I have found that fundamental analysis is a valuable tool for making investment decisions

- Comprehensive Industry Understanding: Exposure to various departments has given me a holistic view of how a financial organization operates, enabling to comprehend the intricate workings of the capital market

- Cross-Functional Collaboration: Interacting with different departments has honed the ability to collaborate and communicate effectively with diverse teams, a vital skill in the finance sector where cross-functional cooperation is crucial

- Market Trends Awareness: Exposure to the capital market has heightened my ability to identify and interpret market trends, enabling to make informed investment decisions and anticipate market movements

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