



SMC GLOBAL SECURITIES LIMITED

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Sub: Submission of the transcript of Q2 FY25- Earnings Conference Call.

Dear Sir/Ma'am,

In compliance with regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part A (15) of Schedule III, please find attached herewith the transcript of Q2 FY25 Earnings Conference Call held on 29th October, 2024.

This will also be hosted on the Company's website at www.smcindiaonline.com

This is for your information and record.

For SMC Global Securities Limited

Suman Kumar
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SMC Global Securities Limited
Q2 FY2025 H1 FY'25 Earnings Conference Call
October 29, 2024

Moderator: Ladies and gentlemen, good day and welcome to the SMC Global Securities Limited Q2 H1 FY'25 Earnings Conference Call.

As a reminder, all participants' 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 "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Rasika Sawant from X-B4 Advisory. Thank you and over to you Ma'am.

Rasika Sawant: Thank you. Good evening, everyone and welcome to the Q2 and H1 FY'25 Earning Conference Call. Today on this call, we have Mr. Subhash Chand Aggarwal - Chairman and Managing Director of SMC Group, Mr. Mahesh C. Gupta - Vice Chairman and Managing Director of SMC Group, Dr. D. K. Aggarwal - Chairman and Managing Director of SMC Capital Limited, Mr. Ajay Garg - Director and CEO of SMC Global Securities Limited, Mr. Anurag Bansal – Whole-Time Director of SMC Global Securities, Mr. Himanshu Gupta - Director and CEO of Moneywise Financial Service Private Limited, Ms. Shruti Aggarwal - Whole-Time Director of SMC Global Securities Limited, Mr. Pranay Aggarwal – Director and CEO of StoxKart (Moneywise Finvest Limited), and Mr. Vinod Kumar Jamar - President and Group CFO.

This Conference Call may contain forward-looking statements about the Company which are based on beliefs, opinions and expectations as of today. Actual results may differ. The statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. A detailed Safe-harbor statement is given on the second last page of "Earnings Presentation" of the Company, which has been uploaded on the Stock Exchange and Company's website as well.

With this, I now hand over the call to Mr. Subhash Chand Aggarwal for his opening remarks. Over to you, sir.

Subhash Chand Aggarwal: Good evening. A warm welcome and Happy Diwali to everyone joining us today. I hope you have had the chance to review our financial results and earnings presentations, which are available on the Stock Exchange and the company's website. Let me take you through recent developments in the broking industry for the quarter ending September 2024. The broking

landscape is evolving rapidly shaped by regulatory changes aimed at enhancing governance and investor protection. One notable update from SEBI reveals that 9 out of 10 individual traders experience losses in F&O trading, averaging around Rs. 2 lakh each. This stark statistic highlights the pressing needs for stronger investor education and informed trading practices. To address these issues and strengthen market transparency, SEBI has introduced two significant regulatory changes.

Transaction charges standardization: Effective October 1, 2024. Brokers can no longer apply transaction fees beyond those defined by exchanges. This shift to a single rate structure ensures greater transparency, reduced costs and strengthened investor trust.

Index Derivative Reforms: starting November 20, 2024. SEBI will implement changes in index derivatives including larger contract sizes, limits on weekly expiries, uptrend premium collections, intraday position monitoring, the removal of calendar spread benefits and increased expiry day margin requirements. These reforms aim to enhance liquidity, manage risk and provide stronger safeguards for retail investors.

We believe these regulatory updates will foster a more secure and sustainable trading environment, helping build long-term confidence in the market even as they may initially affect volumes, especially in the derivative segments.

Company Highlights

Now let me take you through SMC Global Securities highlights. Despite the challenges posed by evolving regulations, we remain committed to the growth of all our business segments. Our focus on enhancing client services, building a resilient operational infrastructure, and driving innovation has positioned us to capitalize on opportunities in this dynamic environment. I am pleased to report a year-on-year quarterly revenue growth of 15.8%, with our half-yearly revenue increasing by 28.2% compared to last year. We're excited to share the significant progress in our technology initiatives, showcasing our commitment to customer-centric innovation and resilience. We recently launched a new in-house web trading portal for StoxKart, providing a seamless, high-performance experience for our clients. Additionally, the new SMC Trade Online website offers extended capabilities with an enhanced user interface. We have also introduced new features and enhancements in the SMC Ace and StoxKart mobile apps, making trading more intuitive and accessible. In a testament to our robust infrastructure, we successfully conducted a full day of live trading from our disaster recovery site ensuring continuity and reliability for our users.

The company's extensive network, comprising of 2,297 authorized persons covering 434 cities, demonstrates our widespread reach in financial distribution. In addition, our network of 6,990 associates continues to expand. Our mutual fund AUM stands at INR 4,618 crore.

In our NBFC segment, AUM stands at INR 1,278 crore, an increase of 25.8% YoY. The company has 31 branches covering 8 states and 23 major cities.

In the insurance broking segment, SMC Insurance operates through 7 branches nationwide. We utilize a network of 15,858 points of sale. We engage with 328 motor insurance service providers (MISPs). We are confident that our unwavering dedication to product development, technology enhancement and cost efficiency, will enable us to navigate through this regulatory landscape successfully and continue delivering value to all our stakeholders.

Now, I hand over to Mr. Vinod Jamar, our President and Group CFO, to take you through the financial accomplishments of Quarter 2, Financial year 25. Over to Mr. Vinod Jamar.

Vinod Kumar Jamar:

Thank you, Subhash Sir and good evening, everyone. I also wish you all a Very Happy and Prosperous Diwali.

Talking about the financial performance for Q2 FY'25 of our company on a consolidated basis, the operating income for the quarter was Rs. 451 crores, which grew by 16% YoY. Operating EBITDA was reported at approximately Rs. 118 crores, an increase of approximately 26% YoY and the EBITDA margin stood at around 26.2%. Net profit after tax reported was Rs. 46 crores, while PAT margin stood at 10.1%. For H1 FY'25, the operating income stood at Rs. 899 crores, which grew by 28% on YoY basis. Operating EBITDA was reported at approximately Rs. 244 crores, an increase of approximately 41% on YoY basis and EBITDA margin stood at 27.1%. Net profit after tax was reported at approximately Rs. 99 crores, while PAT margin stood at about 11% approximately.

Let me now take you through quarterly segmental performance on a consolidated basis. In the Broking Distribution and Trading segment, the Quarter 2 revenue stood at about Rs. 277 crores, which grew by 22% on YoY basis. Number of branches increased to 198 as on 30th September 2024. Coming to Financing Division, revenue for Q2 was around Rs. 50 crores, which grew by 9% on YoY basis. Loan AUM increased to Rs. 1,278 crores, an increase of 26% on YoY basis. The GNPA and NNPA decreased to 2.16% and 1.00% respectively, from 2.32% and 1.30% in September last year. Lastly in the Insurance Broking Division, revenue for Q2 stood at about Rs. 134 crores, which grew by 9% on YoY basis. EBIT increased in Q2 by 3% on YoY basis.

With this, floor is open for the Q&A session. Thank you.

Moderator:

Thank you. The first question is from the line of Sherwin from K3PL. Please go ahead.

Sherwin:

Hi sir, thanks for the opportunity. Just had one query as to how is the company looking to differentiate when you have a flurry of competition or you have a flux of competition in this similar space, plus you have upcoming players and how does the management envisage,

where will the growth be coming from in the next few years to come, maybe in the next 2, 3 or 5 years if the management can probably give some idea or lay the map here.

Ajay Garg:

Hi Sherwin. So, your question is very valid. In this competitive world, how the business would increase? You see, like pre-COVID, the number of Demat accounts were 4 crores, now it is more than 17 crores. So, the cake size is very big and it is growing multi-fold year on year because awareness and penetration is increasing day by day. Currently, like even in SMC, more than 50 to 60% of the new Demat accounts are coming from tier 3, tier 4 cities. So, SMC is well-poised to even beat the competition and to capture the market. Like we do have more than 2300 franchises present in more than 430 cities and we do have around 125 broking branches all across India and Digital foot prints also we are making it very-very strong because recently we have launched our new mobile app and lot of digital transformations we are making. Even in our full broking services, around 60% of the clients trade through online trading. So, you are right that competition is increasing but it is increasing for good because awareness is increasing, and new investors are coming into the market, and I think everyone would gain out of it. Recently, SMC has been included in the list of QSB. So, only the 11 brokers of India are in the list of qualified stock brokers by SEBI. So, we are among one of them and as an instrumental player into the financial services, we would be able to compete and capture the market.

Sherwin:

Right. So, any particular segments or pockets that you are looking at when you say capture the market because the narrative from most of the brokers would more or less be overlapping. So, just to get a sense as to the amount of growth because this over a period of time will become a pricing game, I mean discount brokers have already been there in the market and have kind of disrupted this business model. So, just on that front and also if you could highlight, which are the other segments which will contribute to the growth.

Ajay Garg:

You see like we are present both in discount as well as full broking and we do have a very sound research team. So, we are present on ground in more than 430 cities of India through more than 2200 offices and digitally also we are giving even discount offerings to meet the competition and improving our technologies day by day. So, whether it is online or offline, both we are able to capture, and you see the more and more investors who are coming into the market, they would take time to get themselves matured. So, even in full broking we get lot of clients who work with other big discount broking houses, and they want hand holding and they want to trade with us and there is a cannibalization as well. Like the clients who want lesser brokerage, they want to deal into discount. Then we open their account even into our discount broking arm. So, both ways things are going on and industry is evolving and I think currently even with 17 crore demat accounts, if you see the unique numbers, it is still very less. Penetration is around 5-6% and in developed countries the penetration ranges from 30-50%. So, currently the scope is humongous and there is a room for everyone.

Subhash Chand Aggarwal: Moreover, this product in GIFT City is increasing and market share of GIFT City gold, silver and other products that is also increasing. So, there is a wide scope, and SMC is capturing and having good market share in GIFT City. So, as Ajay ji said that market share for everyone since its size is increasing and GIFT City is having lot of potential, it is a global market in India and we are attracting lot of FPI investors as well as HNI investors and there is a unique product marketing that is being promoted by government also.

Sherwin: So, how big would that share of pie be when you are referring to targeting the FPI's and FII's? How much could it accrue to the company in terms of revenues? Although it might be minuscule now, but maybe a few years down the line.

Ajay Garg: Currently that Pie is not very big, but we are surely focusing on it. Currently we have onboarding around 60 FPI's and around 3000 NRI's we are catering to. But most of the FPI's are looking for high frequency trading. But the scope is very big and we are looking forward to attract.

Sherwin: So, just one last question is all the technology which is being developed, it's all developed in-house?

Subhash Chand Aggarwal: Ya, Earlier we were majorly focused on vendor-based technology. Now it is in-house technology. I will request Shruti to elaborate further. She is a technology head.

Shruti Aggarwal: In the last 1-2 years what we have done is we have created a tech team of more than 250 employees and everything, our new mobile app is completely built in-house. Our trading services on which the mobile app is based is also all built in-house. Our broadcast is built in-house and slowly we are reducing our reliance on all vendor products to move in-house. Even the website that we recently launched, our web trading portal and website both are built in-house.

Sherwin: So, just one last question is recently the regulator has come up with some imposing some regulations posed in phase manner from November and few will be imposed in January. So, what kind of impact do you see in terms of revenue and profitability?

Ajay Garg: You see couple of regulation changes has happened like the transaction charges have reduced. So, to SMC, the impact is not much. For the client business annually, the impact would be around 4 to 5 crores which is not very high and transaction charges, if the cost of the transaction reduces for the investor then ultimately the volume would increase and secondly the contract size of indexes is going to be increased in November from 5 lakhs to around 15-20 lakhs. So, the objective of SEBI is that very small investors have entered into the derivative market and they have made a study that more than 90% of the investors in F&O segment loses money. So, SEBI's intention is that small investors who doesn't know about the

market and they are indulging in derivative trading should be kept out of the derivative segment.

So, this is a very good move, and we welcome that. In SMC our derivative brokerage is around 38% and cash segment brokerage is around 60%. What I feel is that the retail investor would shift from derivative to cash segment. So, they would reduce turnover into derivative and they would shift to retail in cash segment and in cash segment the brokerages are generally high as compared to the derivative segment. So, from the company point of view there should be a positive impact and one third important regulatory change which has come is that they have stopped weekly options and futures in some of the contracts like Bank Nifty, Fin Nifty. Only Nifty and Sensex, the weekly contracts would be there. So, this might impact in short term because a lot of people are active into weekly contracts. But what I foresee is that because Nifty is highly traded, and Bank Nifty is highly traded people might shift to Sensex for weekly contracts. But in the long run I think people would make their own strategies and after 3-4 months the impact would be negligible.

Subhash Chand Aggarwal: Because investors will shift to the cash market or other markets like Sensex in Bombay Stock Exchange. Because those who want to do trading and those who are doing trading in Nifty indices they will shift in cash market.

Sherwin: Right sir. But the volumes will be relatively smaller compared to the derivative volume. Just wanted to understand the last question is what kind of ticket size is when you say these are small investors who will get weeded out of the market. So, what would be the ticket size that they will be operating in when you say they are small investors?

Subhash Chand Aggarwal: Small investors whose capital is less than Rs. 1 lakh, they will be out.

Ajay Garg: Small investors in derivative market I mean to say like because in the contract size you say Rs. 5 lakhs. So, generally the small investors buy options, call option or a put option. So, they just have to pay a premium amount of say Rs. 5,000-10,000. So, even with the amount of Rs. 10,000, currently they are able to buy and take position into options. So, when the contract size would become say Rs. 15 lakhs to Rs. 20 lakhs, then the amount required would be more. So, they will not like to take more exposure and will not like to trade into derivatives and they might shift to the cash market.

Sherwin: I am sure we are doing this but do we have a track record of what kind of customers that we are servicing today are kind of vintage in the system? What I am trying to understand is how do we actually keep our customers today? Because the rate of inertia is pretty high in this kind of segment.

Ajay Garg:

You are very right but you see we have been there into the market for the last three decades and our footprints are there into various cities and penetration is there into more than 400 cities through franchise network and branch network. So, personal relationships are there, and we keep on engaging people through webinars, on-ground seminars and our research arm is very, very good. We do have a research team which is even our weekly magazine is there which is there for last I think more than 17-18 years and we are sending research through e-mails, through SMS and keep on engaging people through webinars. In SMC we are a one-stop investment shop. We are into mutual funds, we are into insurance, we are into fixed income products like corporate FDs. We do have our own NBFC and we do have a mortgage division. We are selling PMS, unlisted securities. So, we do have multiple products whether the client is retail or the client is HNI or Ultra HNI and clients stick to us because of our relationship, because of our presence in various cities through various offices. So, local flavor and local touch is there and we have given all the tools to our offices so that they should be able to nurture clients in a proper way. So, that differentiates us as compared to the other competitors and technologically we are very good but it is an ongoing process. So, last 2 years we have increased the focus multi-fold and in time to come we will be much better even as compared to the competition.

Moderator:

Thank you. The next question is from the line of Vidur Dayal who is an individual investor. Please go ahead.

Vidur Dayal:

Hi, my question was that we have had a drop in profitability on a quarter-on-quarter basis and on a year-on-year basis we have had a 14% growth in profit. Now if I look at our competition, whether it is ICICI Securities or IIFL Securities or Motilal Oswal or Aditya Birla Money or Angel One, everybody is showing lifetime high profit this quarter and their growth on a year-on-year basis is in excess of 50% and on a quarter-on-quarter basis also they have grown substantially. So, where is SMC sort of missing that element?

Vinod Kumar Jamar:

Hi Vidur, this is Vinod Jamar, Group CFO. Sir, our YoY growth is in line with market. It is around 40% from 71 crores to 99 crores. However, for the Quarter 1 versus Quarter 2 there is a dip of around 7 crores which is contributed mainly by the dip in the investment income. If you see our results, there is one line item in the results, net gain on fair value changes which is 6.66 crores in Q2 versus 17.93 crores in Quarter 1. So, that is a major reason of dip in profit. However, for the same item if you compare half yearly basis, the amount is almost similar, 24.59 crores versus 24.57 crores. So, the major reason I have explained to you.

Vidur Dayal:

I have to disagree. There is substantial growth in profit of a company like Motilal Oswal which also has significant investment in securities. So, the market is pretty much reasonably all-time high. We are having a drop in fair value. Mr. Aggarwal last quarter also suggested that things are going to look much better in the next quarter. But on a quarter-on-quarter basis we have dipped and even if I look at our 5-year CAGR revenue which you have shown in your presentation, it is 20% and the gentleman earlier was talking about how Demat accounts

have grown from 4 crores to 17 crores. So, I don't see SMC having the kind of growth that the industry is having. So, is there any outlook going forward for the next 4 or 5 years in terms of growth? Are we aiming for 15% CAGR, 20% CAGR, 25% CAGR? Is there any thought behind this?

Subhash Chand Aggarwal: Yes, Vidur ji. You see, we are growing and if you compare YoY, we are growing. We are doing much better and in comparison, to the last year, our entire year will be better and if you compare with others like Motilal, IIFL, they are into advisory services, debt advisory services that income is much more, like their Wealth division and PMS division and such things. But in a stand-alone, like our broking, it is better through last quarter as well as YoY, we are doing good and it is very difficult because we have other services like Insurance broking and other, NBFC and other, everything, every segment is under this consolidated income. So, definitely we have not progressed as compared to Angel and other brokers. But we have done reasonably good and since we are improving our technology, so a lot of expense is being debited in that head also.

Vidur Dayal: I appreciate your comments, Mr. Aggarwal. One last question, taking the cue from the previous person. So, there are some SEBI changes expected on 20th of November. Now, Angel One has suggested that they expect a 14% drop in revenue from these activities. So, since you mentioned that this year you expect our profit to be higher than last year, are you fairly confident that Q3 will look better than Q2, given these changes that are coming in?

Subhash Chand Aggarwal: You can compare YoY, H1 this year and last year. Next quarter, you see, I don't know whether I can comment on it or not, but we are doing very, very well. So, in time to come, we will do much better.

Ajay Garg: See, the regulatory changes, as I explained earlier, there might be some short-term impact. But in the long term, I think by Q4 we should be able to make up if any dip would be there in Q3 because of this weekly option. But it is a market, how the clients would behave, how the investors would behave, we have to even see. But we are there to provide all kinds of services and we would be in line with the market for that. There seems to be a short-term impact and in long-term, I think by Q4, there should not be any impact as such.

Vidur Dayal: Okay, thank you. Can I just squeeze in one last question? We have a very large insurance business, but it seems to contribute very minimally to profit. So, is there any thought process or strategy on how to make this more profitable?

Pravin K Aggarwal: Hello, Happy Diwali to you. Actually, yes, we are focusing on profit. Actually, the market is considerably safe. All other players are aggregating the business and burning the money. But we are not burning the money, we are waiting. Recently, IRDA introduced surrender value norms, effective from 1st of October. So, insurers are likely to see 20%-30% impact on profitability. But we are focusing on more profitable products, and we are focusing on growth

with profitability, not burning the money just like others. So, we are focusing on other products also. And we are also doing technology advancement, and we are ready with the app and the website, high-tech, and with the AI. So, we are very much confident we will see results in the future.

Vidur Dayal: Thank you

Pravin K Aggarwal: Thank you

Moderator: The next question is from the line of Aakash from GuidePoint Financial Group. Please go ahead.

Aakash: Good evening, everyone. Happy Dhanteras and Happy Diwali to all. So, I want to ask Mr. Himanshu, what is the growth outlook for NBFC for the next 6-8 months in terms of AUM growth and gross NPA and net NPA, could you please give some light on it?

Himanshu Gupta: Hi Akash. So, this year, for the first half of the year, we have closed with the AUM of about Rs.1,278 crores. If we compare it with the last year YoY, we have grown at about 25% and during the current year, for the first half, though our loan book growth has been a little less, we expect to make it during the rest half of the year. Because most of the disbursement happens during quarter 3 and quarter 4 has always been real growth in terms of the disbursement. Further we have also started to focus more on the high-yield products like Micro-LAP, going forward for which we are building up the entire team and distribution network and going forward, we expect good results to be shown for this new line of products. The reason being, the existing products LAP, the yield which we were able to get is quite low and we will focus on increasing our yields. In the short term, there is an impact in the disbursement numbers, particularly due to the reduction in fresh disbursement of the lap portfolio. But going forward, as results start coming from Micro-LAP, we will pick up the number and the disbursement will be even higher than what we were doing for LAP products. All other products, we continue to do disbursement and as you have seen, in the last couple of years, we have grown at about 35% CAGR. So, we expect a similar kind of number for the next few years also. As you have seen in the market, in the NBFC space, there have been some stress over the asset quality. But however, if you look at our numbers, we have maintained the asset quality and GNPA. In fact, our GNPA level for the current year, they are almost the same as last year's numbers.

Aakash: Himanshu, I just want to interrupt you. I completely agree with you, whatever you are saying on the YoY basis and I am not here to discuss, like the industry should be compared on the YoY basis. But my question is that the initial guidance for the loan book in March, in the June, both the quarters when the concall happened, you gave the guidance for 24% to 26%. But actually, in the last 6 months, we have just delivered somewhere about 4% to 5%. And another concern is that when the AUM was almost negligible in the first quarter, even then, I

think you said we are on the track to double our book in the next 3 years. So, that's the only concern that was giving the frustration and that's what I want to discuss with you.

Himanshu Gupta: Aakash, we are on that track only. What I was trying to say, on the short term, there have been a couple of reasons why the loan book growth is not visible in the first half of the year. One, I have told you, is the shifting of focus from LAP to Micro-LAP business and secondly, considering the asset quality stress in the market, we have tightened our policies and there was a short-term impact on the new disbursements because approval rates had gone down as a result of our own policy changes which now, the business working has been streamlined now over the last few months according to the new revised business policy and now the approval rates have again come up. So, therefore, I was telling you that

Aakash: Himanshu if you want to give your number in March for the complete year, how much you are confident to deliver that AUM growth for this complete year?

Himanshu Gupta: So, this is very difficult to give a figure but roughly we expect to grow at about 25-30% this year.

Aakash: But you are saying 25-30% for the 1st April, 2024 to 31st March, 2025 and what you have actually delivered in initial 6 months was just 4 or 4.5%. So, I just want you to be clear, are you sure that in the next 6 months you will be able to cross this line to above the 24% from just 4%. So, it will be a huge 20% growth. That's why I just want you to be clear about it in that aspect.

Himanshu Gupta: Because if you see historically also, quarter 4 has been our highest quarter always in terms of disbursements and even in industry. So, we are confident of doing that.

Aakash: Okay and another question I want to ask in this StoxKart Client and the overall client's data. What client number we had at the end of FY'24 was somewhere about, if I am not wrong, 10.56 lakhs or 10.60 lakhs. Now it is coming after 6 months somewhere about 11.60 lakhs. Okay. Even I think in the last call Pranay Aggarwal guided that we will double our clients by next 3 years. If not 2 years, we will double our clients by the next 3 years. Okay. So, even on these StoxKart Clients and total number of clients, if I calculate the growth number, so it is somewhere coming to around 6 to 7%. But if you are aiming to double the clients every 3 years, so your number should have been somewhere about 10 to 12% if my math is not wrong. So, I just wanted you to be clear on that aspect. If we are on the right path or on the same path, what we have actually guided in that path in earlier concalls.

Ajay Garg: Yeah. You see, like, currently, like we have launched new e-KYC platform and new mobile app and even mobile app will take another 6 months to get matured and so then we would put more money into digital marketing and even our banking tie-ups with Punjab National Bank, Union, Bank of India, IOB. So, even there a lot of digital transformation we are going to do

where the journey of account opening would be very seamless in 3 in 1 account because currently, the Demat and bank account is of bank and trading account is of the SMC. So, journey is a bit distracted, which we are aligning. So, I think after that, the number should multiply. So, currently, in last quarter, I think we have opened 33,000 accounts and there is a small growth in number of accounts. But once we are fully ready, then we will do 360-degree drive to increase the number of accounts.

Moderator: Thank you. The next question is from the line of Shubhash B from Value Investments. Please go ahead.

Shubhash B: So, out of the previous questions, you mainly highlighted a point to show why you have the quarter-on-quarter decline, right? But I think I missed that point. Could you please repeat that?

Vinod Jamar: Yeah, Mr. Shubhash. Actually, we have growth YoY. Our PAT has grown by 40% YoY but if you compare with the previous quarter, there is a small dip of, say, 7-8 crores. This is due to change in investment income. In Q1, we had around 18 crores of investment income and whereas in Q2, we had only 7 crores. So, that is the main reason of a slight dip in the net profit QoQ. However, if you compare half-yearly performance of the same thing, net gain on fair value changes, it is in the same range of 24.59 crores and 24.57 crores. So, it is quarter-on-quarter there could be some variance in this thing. But overall, we are growing and for the full year also, we will be growing at the targeted rate.

Shubhash B: Got it. So, the investment income is down. Is it because of the, I mean, do you value that using the mark-to-mark basis? Is that why?

Vinod Jamar: Yes. We mark it to mark-to-market.

Shubhash B: Got it and also, I mean, the previous person who asked these questions asked you, you showed only 4-5%. I didn't understand that point. Because when I compare your first half of the year of 2024 and when I compare to the first half of 2025, you have grown your pack by 42% almost. Am I right?

Vinod Jamar: Yes, that's right.

Shubhash B: Yes. So, I didn't understand from where I mean, why did you agree on that 4-5%? Because what was he referring to, the 4-5%?

Himanshu Gupta: So, he was referring to the loan book AUM in our NBFC Division and he was comparing March 2024 figure with September 2024.

Shubhash B: Got it. Okay. And also, you also spoke about that you opened a new branch in Dubai last quarter, right? So, what is the progress on that? So, are you getting any business out of that branch and how much of it was recorded in Q2?

Ajay Garg: We didn't open any branch in Dubai. We are a member of the Dubai Gold Stock Exchange. So, our office is already there. No new branch has been opened out there in Dubai.

Shubhash B: Also, are there any new tie-ups with banks in Q2? In Q1, you had with Ujjivan Small Finance Bank and also few more banks, right? So, in Q2, did you have any new tie-ups with the banks?

Ajay Garg: No, no fresh tie-up is there. We are focusing on existing tie-ups.

Shubhash B: Okay. So, in Q2, you didn't have any. Got it. Also, you were talking about the new market campaign by StoxKart, right? So, is that market campaign already started or what is the status on it?

Pranay Aggarwal: This is Pranay Agarwal, CEO of StoxKart. So, the marketing campaign is live with some limited audience. But as Ajay ji also said that our new mobile app and new tech platform has time to get matured and once we feel fully confident that it is matured, we will launch it all around the media streams. So, I think maybe in next quarter, we will see an increased activity in digital marketing around StoxKart also.

Shubhash B: Okay. Thank you so much. So, the only last question I have now is, I mean everybody is curious about the second half of the year, right? So, you have consistently delivered good numbers. So, are you sure that the H2 will be definitely better year-on-year? Because, I mean all I care is the year-on-year improvement. So, just because the competitors delivered good numbers, we cannot, you know, strike off the growth that you have shown, right? The growth what you have shown year on year is really good. I mean, even though it is not as good as your peers, still these are good numbers, I believe. So, if you assure that H2 would be great, right, the growth, then I think that will be good for the investors. So, do you want to comment something about that?

Subhash Chand Aggarwal: We working very hard and we are quite hopeful. We will do much better than the last year.

Moderator: Thank you so much. The next question is from the line of Namit Arora from Indgrowth Capital. Please go ahead.

Namit Arora: Thank you for the opportunity and happy Dhanteras and happy Diwali to the promoters and the management team.

My question was around differentiation. There is a fairly competitive space. You did mention about your pedigree over the last few decades and, your pan India presence and touch points. But, do you somehow feel that that has not really been leveraged so far? Some

relatively newer competitors, you know, have sort of gained precedence. Just some thoughts on how do you have a foundation and goodwill and pedigree. But how do you hope to sort of leverage that for the next 3 to 5 years and also in terms of this industry is about trust and technology and seamless access. So, any thoughts on that given that, you know, you do have a legacy, but it probably doesn't fully reflect in the performance so far. Thank you.

Ajay Garg: So, happy Diwali and Dhanteras. We are well-poised and, like, improving on our fundamentals. Like, recently, even we have revamped our back-office software and mobile trading app, website. A lot of things at technology fronts are going on and you see, like, if you do away with discount brokerage arms and banking brokers, SMC is still among top five brokers of India in terms of number of active clients. So, once, like, the groundwork is done, I think we will be doing 360-degree digital marketing and would be able to capture the market in a big way. So, the players who have already made their names, so, I can only say that we would strive to be among top 10 to 15 players into the industry.

Namit Arora: Got it. Thanks a lot, sir, for your candid and detailed thoughts and all the best to the entire team for the new summer.

Moderator: Thank you, sir. The next question is from the line of Shubhash B from Value Investments. Please go ahead

Shubhash B: You mentioned about the list for qualified stock brokers by Sebi, So, when was this list released? Was it in March 2024 or did they release another one recently? Because I have only seen the press releases from March, and I cannot see your name in the list.

Subhash Chand Aggarwal: No. Recently we have been added and it is effective from 1st October 2024.

Shubhash B: Ok got it, thank you.

Moderator: Thank you. As there are no further questions, we have reached the end of our Q&A session. I would now like to hand the conference over to Mr. Mahesh C. Gupta for closing comments.

Mahesh C Gupta: Thank you all for participating in this Earnings Concall and Happy Diwali to everyone. I hope we have been able to answer your question satisfactorily. If you have any further questions, or would like to know more about the Company, please feel free to reach out to our Investors Relation Managers at X-B4 Advisory. Thank you, stay safe and healthy. Thank you very much to all.

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