

November 04, 2024

To,
BSE Limited
P J Towers, Dalal Street,
Fort, Mumbai- 400001
Scrip Code: 540725

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai- 400051
SYMBOL: SHAREINDIA

Sub: Transcript of Conference Call with Analyst/Investors held on October 30, 2024 to discuss Unaudited Financial Results of the Company for the quarter and half-year ended on September 30, 2024

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") read with Para A of Part A to Schedule III of the SEBI Listing Regulations, please find enclosed herewith the transcript of Conference Call with Analyst/Investors held on October 30, 2024 to discuss Unaudited Financial Results of the Company for quarter and half-year ended on September 30, 2024.

Please take the same on your records.

Thanking you,

Yours faithfully,
For Share India Securities Limited

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



**“Share India Securities Limited Q2 FY '25 Earnings
Conference Call”
October 30th, 2024**



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

Moderator: Ladies and gentlemen, good day, and welcome to Share India Securities Limited Q2 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Savli Mangle from Adfactors PR. Thank you, and over to you, ma'am.

Savli Mangle: Thank you, Neerav. Good evening everyone and wish you all a very Happy Diwali. On behalf of Share India Securities, I thank all participants present on the call and wish you a very warm welcome to our Q2 and H1 FY '25 earnings conference call.

To guide us through the Results today, we have with us the Senior Management Team of Share India Securities represented by Mr. Kamlesh Shah – Managing Director; Mr. Sachin Gupta – CEO and Whole-Time Director; Mr. Rajesh Gupta – Director; and Mr. Abhinav Gupta – President, Capital Markets.

Before we begin, I would like to state that some of the statements made in today's discussion may be forward-looking in nature. The actual results may vary as they are dependent on several external factors. We will now commence the call with Mr. Kamlesh Shah – Managing Director, followed by Mr. Sachin Gupta – CEO and Whole-Time Director, after which we will open the forum to Q&A.

With that said, I would like to now hand it over to Mr. Shah to share his comments. Over to you, sir. Thank you.

Kamlesh Vadilal Shah: Yes. Thank you. Thank you, Savli, Madam. Good evening. On behalf of Share India Management, I would like to wish you all a very happy festive season.

At Share India, we are guided by principle of Shubh Lakshmi. We shall continue to follow path of doing business with integrity, honesty and self-discipline. We shall also continue our mission of giving back to the society through Share India Smile Foundation.

You will be happy to note that the second quarter of this year, ending September '24, is one of the best quarters in the history of Share India, despite challenges. Also, the next two quarters will showcase our ability to adjust to the far-reaching regulatory reforms. Recently, SEBI has announced a slew of measures to protect retail investors. Mr. Sachin Gupta will discuss in detail about the impact and our strategy.

We are in the Financial Service sector where there is only one factor which is constant, that is change. We try to be ready for all the changes and reforms. Ultimately, what is good for industry and particularly for the investors is good for all the intermediaries and stakeholders. Challenges are uniform for all the intermediaries, and we believe that those who will find a better solution

would emerge as winners. We, at Share India, have always worked towards creating sustainable business model. And with a diversified product portfolio, we may not have any significant impact on our performance. We are pleased to present the numbers for this quarter.

First, I would like to highlight consolidated financials:

During Quarter 2 Financial Year '25, our total consolidated revenue from the operations was Rs. 453 crores, giving an increase of 24% on year-on-year basis, an increase of 9% compared to the June quarter. Consolidated profit after tax grew by 10% on a year-on-year basis to Rs. 124 crores, an increase of 21% compared to June quarter. Earnings per share work out to Rs. 6.03 for Rs. 2 paid-up share. Net worth for the Quarter 2 Financial Year '25, stood at Rs. 2,272 crores on consolidated basis. The net profit margin for the quarter has improved to 27.45%, compared with 24.86% in previous quarter. Our debt equity ratio is just 0.14x and our current ratio stands healthy at 1.91x.

Now, I will come to the standalone numbers:

Total revenue for Quarter 2 Financial Year '25 was Rs. 366 crores, showing an increase of about 32.68% in comparison with Quarter 2 Financial Year '24, an increase of 13% compared to June quarter. The profit after tax for Quarter 2 Financial Year '25 was Rs. 98 crores, showing an increase of 22.74% in comparison with Quarter 2 Financial Year '24, an increase of 34% compared to June quarter.

Earnings per share on a standalone basis work out to Rs. 4.75 for Rs. 2 paid up share. For Quarter 2 Financial Year '25, we have successfully accumulated net worth of Rs. 1,910 crores. Here again, the net profit margin has increased to 26.67% from 22.42% in the previous quarter. The debt equity ratio on a standalone basis is just 0.11x and current ratio is 1.94x. This gives us comfort on the liquidity front. The Board of Directors have approved dividend of Rs. 0.50 per Rs. 2 face value shares. The record date for the same is decided as 7th November 2024.

Pursuant to our ongoing business, I aspire to summarize the key updates that have taken place:

Streamlining and automating our IBT and uTrade Algos:

Making the onboarding process for our clients a very pleasant experience. Expanding into new area, I am happy to inform you that margin trading fund book as of 30th September 2024 stands around Rs. 200 crores. Our institutional desk is also doing well. Within a short span of a year, we are able to cater 100 plus institutional clients. Harnessing technology, which is core to our each operations, which explains our investment in technology to create a sustainable business model. Expanding geographically through more branches and franchisee model to reach out to the next-generation clients.

The way forward, we are focusing on to explore and design a model to maximize cross-selling opportunities. We are focusing on strengthening our wealth management division. We are focusing on international expansion through Gift City and our subsidiary at Singapore, which is

a great asset and that will help us to achieve the larger profits and the volume. The other significant development is our engagement with Messrs. MSKA and Associates, as our auditor, which is an arm of international firm, BDO. This will further enhance our ability to follow best practices in the industry and bring transparency with consistent performance and strengthening our net worth of our company through internal accrual and right issues.

Our vision of technology as a growth driver, and sustainable business model, with focus on retail investors will guide our future. I would also like to thank all the stakeholders for their continued support. We shall try our best to protect your interest.

Wishing you all a very Happy Diwali and prosperous new year. Thank you.

Savli Mangle:

Thank you, Kamlesh ji. I would now request Mr. Sachin Gupta, CEO and Full-Time Director to share his comments. Thank you.

Sachin Gupta:

Thank you, Kamlesh sir, for giving in-detail Presentation about the Q2 FY '25. So, as my comment on this is, as Kamlesh sir, already explained, Quarter 2 was the best quarter in our history in terms of profitability. And last one year is very challenging in terms of extremely regulatory pressures and new regulations coming in. But we are happy to say that we were able to adopt all these changes and pass-through all these challenges and are still able to achieve these kind of numbers for the company.

And I would like to inform the investors that, like, the company has ventured into new verticals in the last two years, which are showing very good results. Like, as Kamlesh sir explained, is that they are doing a fabulous job led by Mr. Kalpesh Parekh. They have enrolled more than 100 institutions in less than one year. So, this is quite an achievement.

And in our Merchant Banking division last year, we did help the nine companies to get listed on the SME platform. This year, we have got three companies listed and six are filed with the exchanges, and many more to come by end of December. So, even this division is showing very profitable and very promising numbers. So, Abhinav is leading this number. And on the retail side, we have got great success in terms of MTF, in terms of overall brokerage numbers. So, we are very hopeful that all these verticals will help us keep on going and managing the regulatory changes in the trading business and otherwise.

So, focus is, Share India should be more sustainable company, when it comes to the challenges in the overall business environment, and we should be one of the companies, who will sail through all these new challenges, new regulations, and will show promising results in coming quarters also. So, going in detail, so there is a buzz in the industry about the new regulations by the SEBI, and they are actually the game changer point for lot many people, and we are also strategizing how to manage, where to focus more, and how to go ahead with all the changes.

I just want to highlight some large points, which will impact us, and I want to clarify how we are going to manage it. So, first, they have increased the lot size by broadly 3x, so that the overall intent of the SEBI, we should understand the intent. The intent is that the retailers should stay

alive, they should not be the temporary player in the market, they should be able to stay afloat and keep on trading in the market in a mature manner.

The people who do not have access to the proper knowledge, proper guidance, they lose lot of money in the market, and that is also not good for all the intermediaries. So, we all want the retailers and clients, their life in the market should be more, and they should earn from the market, only then we will be able to sustain. So, the bigger lot size will definitely be a problem for the smaller traders, but in overall scenario, if we go the worldwide, worldwide derivative lot sizes are of even higher than what SEBI has proposed.

And in India, lot sizes were, value-wise, they were very small, so I believe it will help the large traders also, but it is not good for small traders, but ultra-small traders, who cannot afford to trade at a certain level, they should not trade in the market, that's the whole wish of the SEBI. But it is not going to impact badly to the company, because with the, like we do not charge on the per lot basis, or on per trade basis, we charge on the turnover basis. So, this will help us in doing better turnovers by the client, and it will impact us positively in terms of brokerage we charge.

So, this is not negative for us. We do not believe that much participation will go away, only smaller players will find it difficult, but largely people will adapt. And as I said, universally, in the larger markets, lot sizes are even bigger than this what SEBI has proposed. So, this is not a negative sign, we will adopt, and I think this will result into better revenue for the companies. And the next bigger point is, two expiries in a week. So, weekly expiries are gone now. So, people used to trade on 0- DTE (days to expiration) on every day, on all the expiries, and now they are gone. They are on a monthly basis, only two benchmarks, SENSEX and Nifty will be on the weekly basis. So, I just want to share some data on it. So, people are talking that this will hamper the turnover by 50%, and this and that. I just want to share some data.

Moderator:

Sir, sorry to interrupt you, we are losing your audio. Sir, sorry to interrupt you, we are losing your audio. Can you hear us?

Sachin Gupta:

Yes. Sorry. I was explaining that, right now we have 20 expiries to trade. All so people are get used to trade in the 0-DTE expiries. But I tell you, I tell you, the data is that Mondays are not good days. So, Monday volumes are even 25% on the other days. So, Mondays, we do not count. So, practically 16 expiries right now we trade. And our total universe of the traders, clients, traders, everything is based on these 16 days.

And what SEBI has proposed, they are still giving us 10 expiries. So, like four expiries in the last week and two expiries on the rest three weeks, so six plus four ten. So, technically, we are down by 30% expiries only, which will impact us, correct, which will impact the entire traders' life. But on the contrary, what is going to happen, we believe that this volatility will stabilize. We believe that spikes will go away. Concentration will not be there. So, market will be far easier to trade than what we are feeling now.

So, now volatility is at its peak. It's very difficult to trade on 0-DTE expiry these days. So, people are losing hell lot of money, because of the unnatural volatility we are seeing in the Indian market. So, we do not believe that Indian markets are so mature to handle so many 0-DTE expiries. That's the primary reason that the regulator has proposed this. So, yes, there can be a caution. There can be a pause of two months, maybe one or two months to study the data of the new change that will happen after the end of November. So, people will be cautious for one or two months. But once the data is in, people will get used to. I believe that the 10x price we do have, again, they are 0-DTE. But rest of this, because of the less volatility and no spikes era, so we will be able to generate better profit.

So, at Share India, we believe, maybe after a pause of two, three months, the trading volume will go up. I'm not saying that trading volume will be like this today, but logical volumes will be there. People's trading margin will go up. So, in net, I'm not seeing a negative impact of it. Maybe after three years, we guys can see a better profit resulting out of this.

As sir explained, all we have seen in last two, two and a half decades, all these regulatory changes, they are universal in nature, they result into positive impacts rather than a negative impact. So, we are not very negative on it, we are rather positive. Yes, because December will be the month. So, next quarter, only one month may be impacted. And maybe January also, then February, March, things should pick up. So, overall, we do not see, even on quarter-on-quarter basis, much hit on the bottom line, on the revenue side. So, this is our take on the SEBI side. And if there will be any queries, we are happy to take up in the Q&A session.

And I want to share one more data. So, next is like we are focusing on the different verticals like to, give us better sustainability and growth. As I explained earlier, as Kamlesh sir also explained, Merchant Banking and Insti-Desk, all these businesses have started showing positive results. Merchant banking is starting giving us, like we started two, two-and-a-half years back, now this vertical is very profitable. It's very encouraging for us. And Insti-Desk, this is a first year. So, we believe next two to three years, this business will also give us very good numbers. And I must compliment the Insti-Desk team, not only they have empaneled 100 institutions, more than 100 institutions, they are also doing at least two roadshows in a week.

And they are taking companies to Singapore, they are taking companies to Dubai, they are taking companies to Muscat. So, obviously, Mumbai. So, they are taking companies to international investors also. And on that side, they are very promising and helping companies to meet with the good institutions for the investment. And if there are any blocks, we are guiding them good.

So, on that side, Insti-Desk is very promising. And keeping this in mind, focusing more on fee-based business like MTF. MTF, sir explained, we have Rs. 210 crores book right now. And the annual target was given by the team was Rs. 250 crores, which we have turned Rs. 210 crores by first half year only. So, now we have increased the annual target to Rs. 300 crores. Correct. So, this number is not helping us only in garnering interest income. Also, this is helping us in the increasing overall broking business.

So, MTF is an another vertical, which is very promising, high revenues and stable returns, which is giving us the stability. So, keeping this in mind, yesterday in Board meeting, Board has approved to form another subsidiary of Share India, which will be called Share India Wealth Multiplier. So, here we will propose to get AIF and PMS, it will be a wealth division of the Share India. Share India is venturing into the wealth division very soon. Once the Board has approved, our company formation will be there, then we will apply for the licenses.

So, maybe six to eight months, once we get the SEBI approvals, so we will start with the AIF and PMS. These areas we have never touched. Again, these are fee-based areas. So, next two to three years, when we see, we see all the fee-based businesses will be far better and comfortable, and give us better sustainability. And we have the network of investors, intermediaries, who can help us grow in this business. So, this is another business. Yesterday, we got approval from the Board, and we are proposing it, and we are informing to the shareholders about this.

And another thing is, last thing is from my side, yesterday we got the Board approval for Rs. 100 crores NCDs, as the legal process will be over. So, we are proposing the Rs. 100 crores NCDs. This money will be primarily used to increase the MTF book. It will be secured against the MTF book. So, focus is on MTF, on retail, on wealth. Wealth is the new division we are picking up. Like, we are done with Merchant Banking and Insti. So, professional teams, they are doing a very good job. So, now we focus more on wealth, and also on the international side.

So, international side, yes, there were some challenges in the last quarter, because there were some large spikes because of the Japanese market. Some of the investors may know that there was extreme volatility in a day, in Japanese market, because of which we saw some problems in the International Trading side. But keeping that in mind, we are still hopeful, we will try to get more mature and try to get better strategies to implement. And next two to three years, we will focus on International Trading, Wealth side, MTF, and all these verticals. This is a submission from my side.

Thank you very much, investors, and Happy Diwali to everyone. And Savli ma'am, over to you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Bharani, an individual investor. Please go ahead.

Bharani: Yes, how much active clients we have so far? And as per the plan, we plan on acquiring 2 lakh to 3 lakh customers, what's the process for in that? And what's the expected gross NPA in the NBFC business?

Sachin Gupta: Kamlesh, can you answer the first part, I will answer the second part. Rajesh sir, can answer the second part.

Abhinav Gupta: And in terms of representation, sir, you want me to answer or you will take that up in terms of the plan to reach around 2.5 lakh customers that we had for the last three years?

Bharani: I would like to know the current active customers, and what's the process in acquiring those 2 lakh customers in future?

Abhinav Gupta: Sure. So, as of right now, the active customer base is around 12,000. And as stated earlier, that uTrade Algos as a product was launched to acquire customers. The product is now working beautifully, and we are adding new customers on a daily basis. Alongside, because of the market matrix, we have also launched MTF and other allied, retail allied product. And cumulatively for all of them, we are getting good traction.

We remain consistent on our plan to reach another 2.5 lakh customers for three years. It's a long-term trajectory that we are trying to do. We are mostly focused on our product orientation for this to be achieved, rather than just pure-play marketing. But slowly and steadily, our old marketing initiative will also start reaping benefits. Also what we have done is, we have started adding multiple ancillary businesses in terms of mutual fund and insurance businesses, which will add-on to our retail broking business clientele as well.

Sachin Gupta: May I add something, Abhinav?

Abhinav Gupta: Sure. Sure.

Sachin Gupta: So, as far as acquiring new clients, I tell you, MTF is helping us a lot. We are continuously doing small roadshows in the Tier-3 cities, like we are going to Bikaner in January. We are doing roadshows in all the small cities possible. And we have recently opened a branch, an independent retail branch, full-fledged retail branch in Calcutta. And also in Connaught Place, CP, the core Delhi area, and planning to start one small branch in Mumbai also. So, this is the first time we are doing all these offline things in Share India, because we have enough products to offer to the retailer, like I said, we are distributing different products, MTF, Good Research, all the products, which retailers are looking at.

And the unique product, which only we have, is uTrade Algos. This is what we are offering on the plate. So, you guys can see the serious effort from our side. We are opening retail branches, which earlier we never did. So, so branches we will be opening in the main cities, like Ahmedabad, Mumbai, Kolkata, maybe Southside, and some branches, but we will try to cater the Tier-3 cities from main branch.

So, going further, we believe that, as you said, 2 lakhs, so we are targeting in next two years, we should be having more than 1 lakh customers. And the speed of acquiring customers has gone up. As Kamlesh sir earlier explained in the presentation, we have made the onboarding system very smooth and comfortable for the investors, for the clients, sorry. And keeping all these things in mind, our target is one lakh customers in the next two years for purely, purely retail purpose, not only for uTrade Algos, correct?

So, this is the answer of the first part. And your next question?

Kamlesh Vadilal Shah: I would like to add one sentence here.

- Sachin Gupta:** Yes, sir.
- Kamlesh Vadilal Shah:** Yes. See here, there is a difference between discount brokerage and our business model. We are catering to our clients through strategy and through Algos. So, it is not apple-to-apple comparison with the discount brokerages. The number of clients in our company, you may feel lesser compared to the clients, active clients of discount brokerages. But those clients use very large volumes. And that is how we are also managing a very large volume. So, our business model is slightly different from the discount brokerage. Thank you.
- Moderator:** Mr. Bharani, do you have any follow-up question?
- Bharani:** Yes. So, there is one more question. So, in the NBFC business, last quarter, we can be able to see a high gross NPA. So, what are we going to achieve in gross NPA in the upcoming quarters? Because I can able to see lot of companies are struggling with gross NPA recently. So, what is our goal and how are we going to handle it?
- Sachin Gupta:** Rajesh sir, may I start, and then you can please follow on with that. Hello? Rajesh sir, do you want to take it or should I start?
- Rajesh Gupta:** Yes, yes please.
- Sachin Gupta:** So, I will tell you. So, in NBFC business, primarily we were focusing on the MFI. And on that side, we have seen all the NBFCs in the country are feeling some stress, likewise with us. And that's why the book has gone down, and we are seeing some NPA pressures on it.
- Secondly, RBI has reduced the 180 days to 150 days, which has also added to some NPA numbers for everyone. And going further, keeping this in mind that this business has become very volatile, and lot of MFIs are giving too much money in one hand, in different, different pockets. So, we have selected our pockets, where we will be focusing more, and try to slow down on the difficult parts like Punjab, Haryana, deep North. UP is good for us, and Odisha is doing very good. So, we will try to focus on the more stable markets and try to just stay in certain limits.
- We do not want to grow beyond a point in the entire country. We just want to fixed to certain pockets. And secondly, we are more focusing on collateral-based lending, like based on real estate, and business loans based on real estate. And there are some numbers in the book you guys can see. And going further, we are also proposing to start loan against shares. So, we are raising small entries in NBFC also, because our focus is on collateral-based lending. Their net margin is not that high as MFI, but they are stable loans. NPAs are very, very low. And overall portfolio should look like some numbers in MFI, maybe 50% and 25%-25% in collateral-based. So, 50% book will be collateral-based, 50% book will be unsecured. So, this is how we are overall thinking.
- And as your question is, what can be the future NPAs, Rajesh sir, can take this further.

Rajesh Gupta: Good evening, everyone. As we all know, these unsecured business and unsecured loans are under pressure for the last couple of quarters. And due to this, NPA has gone up for our company too. This is happening to all the companies. As Sachin ji has explained, we are going to close some of our branches, where NPAs are more, like some branches in Punjab and Haryana. And we are looking for more stable business. We have added secured business-like loan against property and LAS (loan against shares). So, in future, we are going to balance our book with secured and unsecured.

Moreover, as across the industry, we can see that most of the companies have stopped or reduced further distribution of unsecured loans. This will ease the pressure on the market, and in due course say couple of, one or two quarters, this will bring down the unsecured loan book in the market, and ultimately NPA will also come down.

Sachin Gupta: I would just like to add on one more point here that all the stress that you are seeing in NBFC is cyclical in nature. We, as a management, if you see that we have grown significantly in our MTF book, which is also a form of lending, just that it happens via the standalone entity instead of the NBFC arm. But cumulatively the group's lending business has grown significantly, in terms of secured business as well. And we will have a higher IRR if we combine both NBFC and the MTF book in the securities business as well.

Moderator: Bharani, do you have any follow-up question?

Bharani: Yes, the very last one. I would like to know 90 plus revenue, we are getting in from broking business. And we have close to 10 subsidiaries for the upcoming 11 years. So, as of now, only one platform is giving most of the revenues. In future, maybe three years, five years, what could be the revenue split we can expect? As of now, only one is concentrating very high level. Maybe NBFC or any subsidiary, what could be the percentage we can expect or overall, what may be the guideline we can expect?

Sachin Gupta: Kamlesh sir, Abhinav, yes.

Abhinav Gupta: Yes, so I will start Kamlesh sir. Kamlesh sir, you can start, and I will then add on the points then. Please go ahead, sir.

Kamlesh Vadilal Shah: See, all the subsidiaries have grown significantly in the last two, three years. And they are more or less breakeven, even the one which we started very recently. So, some of them are giving really very good revenue and going forward, we expect at least 25% of the consolidated revenue to come from the subsidiaries, and in years to come, this may go up to 30%, 35%.

So, roughly one-third of the revenue should come from the subsidiaries and apart from the revenue, all these subsidiaries can do a large amount of value unlocking. The business which we have selected for subsidiaries are all specialized business, and there the valuation are really going to be commanding.

Say for example, insurance broking business, where we are going to touch, last year we touched premium of around Rs. 50 crores. This year we will be touching Rs. 75 crores and year after, we are targeting Rs. 100 crores. Even the Merchant Banking division is doing extremely well. The other specialized algo-trading arm, which is 100% subsidy of the company and having membership of all the exchanges. Share India Algo Plus is also doing very well.

On NBFC, we have already discussed a lot of things. Then we have subsidiary at the international places, like Gift City, as well as in Singapore. So, there also things seem to be very promising. Recently, we did the acquisition of Silverleaf. So, that will add our capabilities in terms of HFT trading. So, overall, the scenario seems to be really encouraging. And all these businesses not only will give good revenue, but also will create good sustainable business model for the company.

You can take it forward, Abhinav.

Abhinav Gupta: Sure.

Sachin Gupta: Yes. I want to add some point here. Apart from the subsidiaries, even in the standalone company, as I said, MTF comes under standalone, and the Broking business, all these branches and offline, even uTrade Algos. So, putting all that, if you see this time, the entire senior management and the core workforce is focusing on the non-core, non-trading side.

So, in the standalone kitty, so MTF book, we are expanding. So, this year we are targeting Rs. 300 crores. Next year, we are not targeting less than Rs. 550 odd crores. So, that number is huge. Once if we touch Rs. 500 crores and maybe above Rs. 500 crores numbers, so that will add lot of revenue, based on the clientele business to the standalone. It's not only MTF. In MTF, lot of broking business goes up. All these are delivering. uTrade Algos, they will start delivering.

So, if you believe, if you ask me next year, as sir has said, 35% from the subsidiary. In 65% also, I believe 35% to 40%-odd should be from the non-trading side. So, then if you see cumulatively trading should not be more than 35%, 40% odd in the total revenue in next years, this is our hard-core target. And we all are working, strategizing very hard to achieve this target. Abhinav, you carry on.

Abhinav Gupta: Yes, yes, I would just like to add on. I think, in terms of number, I would like to reiterate. In terms of revenue, the standalone constitutes around 80%. And in terms of profitability, it is around 78%. So, what Kamlesh sir, said about being 25% of the profitability coming from subsidiaries, the target is almost achieved and will be done by Fiscal Year '25 itself.

And as Sachin sir also explained, that was my point, that within the standalone entity, there are multiple divisions that are working. And we look at subsidiary, so standalone business in terms of business divisions, and cumulatively trading should not constitute more than 40% going three years from here. Yes.

- Moderator:** Thank you very much. Bharani, I will request you to come back for a follow-up question. Next question is from the line of Nikita Mehta from SRS Investments. Please go ahead.
- Nikita Mehta:** Thank you, sir, for the opportunity. So, my question is, with the AUA at Rs. 172 crores, what strategies can be employed to stimulate further growth in AUA? And are there any particular products or customer segments that could be prioritized for maximum impact?
- Abhinav Gupta:** Yes. So, I will start with it, and then Kamlesh sir, and Sachin sir, can add on to it. So, that currently....
- Sachin Gupta:** Sorry, Abhinav, I missed some part of the question. Can you repeat for my sake, please?
- Nikita Mehta:** Yes, yes, I will repeat it. So, with the AUA at Rs. 172 crores, what strategies can be employed to stimulate further growth in AUA? And are there any particular products or customer segments that should be prioritized for maximum impact?
- Abhinav Gupta:** Sure. So, sir, I will start with it and then you can add on to it.
- Sachin Gupta:** Yes.
- Abhinav Gupta:** So, the Rs. 172 crores, currently the business that you see is mostly from the distribution business that comes into the standalone entity. As we said that we see great traction in this business, and what we want to see is, transform into a wealth management business.
- And as you can see, this time, this quarter, the Board has already approved the creation of a subsidiary, which would be used for wealth management purposes. And as Sachin sir, gave in his opening remarks, we have great vision for this business, and we want to see that advisory business go forward.
- In terms of product portfolio, we would be in a better position to discuss that forward, once the new subsidiary comes in, and we start launching those products. But having said that, we do believe that this entire wealth space and the entire asset management space should do really well. And we would continue to work both on creating or developing products like PMS and AIF, and distribution as well, which is currently into the standalone entity.
- Sachin Gupta:** So, we do not have an expert team who have hands-on experience on distributing all third-party products. So, as I said, the Board has approved the creation of the subsidiary. So, we are taking a top-down approach. We will look for a guy who can lead it, probably the CEO, then his team, forming his team, who will be having experience in distributing third-party products. So, then there's a whole goal that this number is nothing, minuscule number. So, we want to increase this number, third-party product number. Also, we will launch our own products.
- As you guys know that our products definitely will not be so much easy to offer to the clients. So, we will offer third-party products along with our own products. So, once the wealth company will be there, they will be taking charge of distributing this wealth. And the number will be

much, much higher, ma'am. So, three years, distribution business or wealth business, that new business will add lot of value to the parent company.

Nikita Mehta: And I have one more question. How can the 319 branches be promoting mutual funds boost sales? And what training, marketing, or outreach strategies could enhance mutual fund adoption at these locations?

Abhinav Gupta: Sure. So, I will start with this, sir, again, and then you can add on to it. So, ma'am, going forward, what we are doing, we are integrating our mutual fund platform with our retail IBT platform. As we have already, Kamlesh sir and Sachin sir have both explained that, the account openings are going good. And we are trying to integrate and do the cross-sales across our products. So, the first step in that process is the integration of the mutual fund into the same product and the same application, and the same web portal that you see for broking business.

Once that is available, all these branches that you are there, would be cross-selling each other's products. So, the mutual fund business would be able to cross-sell retail business directly. And the retail business branches would be able to cross-sell mutual fund directly. Of course, we are also working on creative incentive structure across our teams as well, different teams, so that they will have different KPIs. So, as to enable them and incentivize them for all the cross-selling opportunities.

And once the book is expanded to include insurance and other portfolio items as well, including the uTrade Algos as well, I think our sales team would be a cohesive unit, which will have multiple products on their shelves and can offer that to clients going forward.

Abhinav Gupta: Just to give you an idea, the mutual fund integration into the app should start from this quarter onwards, which is Q3 Fiscal Year '25.

Moderator: Thank you very much. Next question is from the line of Rohan Shah, individual investor. Please go ahead. Rohan, may I request you to unmute your line and go ahead with your question, please?

Rohan Shah: So, I had a couple of questions on our IB business. So, I just wanted to understand, like, how are we standing in the SME IPO market, like how has our client base been, and like how actively are we scouting on opportunities in that space?

Abhinav Gupta: Sure. So, just to give you an idea, last year our market share was 3% in terms of number of IPOs that came to the market and in terms of number of the amount of fund that was raised. This year we are expecting that we will maintain our 3% market share in terms of the number of issues, but in terms of the total fund raise, we should achieve a higher number of higher single-digit numbers, because we are focusing on larger ticket size IPOs.

A lot of tractions will start coming in Quarter 2, because as you know, for both the exchanges there is quite a bit of backlog. So, currently we have six DRHPs already filed, which we are expecting a quick turnaround-time going forward in the next two quarters for this year.

And as far as, you know, the marketing is concerned, we are in discussion with a lot of potential clients. Our focus continues to be on larger ticket size IPOs. We are currently focusing on IPO, both for SME and Mainboard only, and not on other IB activities, which might include right issue or something like that. But of course, our institutional team is doing really well, and all the QIB business that we can generate from these, and these IPO businesses that we have done are being passed on to the institutional clients going forward, and the institutional team is taking those QIB business as well.

Rohan Shah: Okay, on that front itself.

Sachin Gupta: I also want to add one point here as Abhinav said. So, Share India is having a unique advantage. I tell you, Share India is the only merchant banker in the whole industry, on SME space, who got listed on SME. So, we have experienced the problems of benefits of getting listed on SME, and we are also a merchant banker. We have helped 14 companies to get listed. And as Abhinav said, exchanges are taking far a lot of time in giving the approvals. So, already DRHP has been filed, and nine we are planning to file by end of November. So, it is like 15, and 3 already IPOs have been launched. So, 18 number.

So, the target is that we should be able to do all these IPOs finish before 31st March. That will add a lot of value to the company, and the unique advantage with Share India is, we have a very good insti desk. So, we have a very good rapport with the higher institutions and large HNIs. So, the merchant banking team plays as a company. We got listed. After two years, we carry very good relation with the company. The same company comes back to us for QIP, for further fundraising, maybe for block placement or whatever. So, that value addition is very rare, very few merchant bankers can give that kind of handholding and value-addition to the company. So, that's why we are able to get very good quality companies in our fold.

Kamlesh Vadilal Shah: Sachin, can I add one point?

Sachin Gupta: Yes, sure, sir.

Kamlesh Vadilal Shah: Yes. See, the unique advantage with Share India is its net worth. Now we will be standing in net worth in excess of Rs. 2,000 crores. There are very few merchant bankers, who have this kind of net worth, and the credibility. Credibility is the most important part for the Merchant Banking division. Here, whatever IPO we have brought in, are all trading at a premium, and investors are benefiting from that. So, our conservative approach, our in-depth analysis, and to be selective on the IPO, along with the high net worth, gives a lot of credibility to our IPO. Thank you.

Rohan Shah: Just to follow up on that, what kind of percentage fees do we make on every company that we take public?

Abhinav Gupta: Sorry, yes, so these deals are essentially customized in nature. The revenue number that you see for this quarter essentially is represented in numbers, and in terms of segmental data. We did a top line of around Rs. 13 crore for first half, and around Rs. 10 crores for this quarter. But this includes a lot of consultancy business and ancillary businesses as well. In terms of the percentage

for the IPO, the disclosures for each and every IPO are done in the DRHP and the RHP of that company. But a lot of customization happens before we do interaction. So, it would be very difficult to pinpoint a number in terms of the percentage we make on each IPO.

Rohan Shah: Okay, fair enough. Also, just in this space, is there any specific sector we target for these SME companies? Because we see a few sectors like solar or renewables or engineering companies, they are in the limelight right now. There's a lot of demand for companies in this sector. So, are we targeting any particular sector or are we across the board?

Abhinav Gupta: We have been across the board. But yes, we do believe that going forward, a lot of green-led initiatives, which might include solar, renewables, and everything. So, if you see Gem or VVIP, one was in water treatment, the other one was in EPR. So, we do believe that sustainability would be a theme strategically going forward. But having said that, at Share India, we are sector agnostic, and we look at each and every company individually on its own merit.

Sachin Gupta: But I want to add one thing, Abhinav. Yes, we are all over, but we are very conservative, very careful, when it comes to the valuation. And you guys can back-check that the kind of valuation we have given to the companies is far lesser than the industry standards. So, we believe that our brand name and our culture should be there, our ethics of working should be there. So, because solar companies and renewable, some of the renewable companies, they expect extremely high valuations because of the demand in the investors. So, but we go very slow. We have our own way of working. So, we do not go above certain multiples when it comes to the valuation. So, we are very conservative, very careful, when it comes to the valuation.

Moderator: Thank you very much. Next question is from the line of Rohan Mehta, individual investor. Please go ahead.

Rohan Mehta: Sir, just building a little on the previous questions on the SME IPO part of our work, the investment banking. So, can we expect a sort of target in terms of percentage share in our revenue that we can expect from this line of business?

Abhinav Gupta: So, currently, yes. So, that business constitutes around 3% in terms of top-line shares. Going forward, you know, we do have targets for this business for our own level. But in terms of percentages, we do not measure it in terms of percentage, because all the businesses will have their own segment. But yes, given that the standalone business and the broking business is also growing alongside, we believe that it would be somewhere between mid to high-single-digit in terms of revenue share for Fiscal Year '25 and Fiscal Year '26.

Sachin Gupta: Sir, may I add something, sir? I will tell you one thing. So, this, how we take. We, like Abhinav is taking care of this particular division like. So, there are different vertical heads, like Abhinav is leading one, Kalpesh Bhai is leading one, Mr. Patel is leading one, Kunal. There are different vertical heads, who take care of this. So, everyone is acting as a business owner in their own vertical. Correct, So, they are more focused. Our strategy is to focus more on one project. Let the one guy focus, he should run his division as his own company, take ownership of that and focus on its growth.

So, overall, if you ask us, our way of thinking is growing individual vertical, like Rajesh sir is leading NBFC. His total focus is on NBFC, and our focus is on standalone company. So, once you put it together, then it comes to the number of percentages. But our way of thinking is growing every vertical as a separate set of business and with a different owner. This is how we are working. So, every vertical is a separate business entity for us.

So, actually we do not look at the percentage in the consol numbers. But eventually, when it comes to presentation, then things go like this. But we are very pushy for SME in next coming years, if not SME. Next year we are also looking to engage into some Mainboard IPOs, because we got good hands-on experience on some SME IPOs. So, we just want to expand this vertical as in its individual capacity.

Rohan Mehta: And speaking of the broking business, our institutional section of the broking has really grown well. So, congrats on that, sir. Is there any particular strategy that we are executing over there? What can be expected from that segment, sir?

Sachin Gupta: I can give you very, very smart strategy, which people generally do not know. And I should give all thanks to the guy, who is leading. So, you all know that getting empanelment to large mutual funds is very difficult these days. So, we just tried with this pain point.

Moderator: Sir, we lost your audio. Can you hear us?

Sachin Gupta: So, the pain point was they all launched equity in their own ETFs. So, they expect liquidity. They expect good quotes. So, we have an expert team who provide them the liquidity, who provide them the quotes in their ETFs. And in return, they give us very good flows and good business. So, this is how we are getting empanelment in a few companies. But overall, good research. We have an extremely good research team. We have more than eight people in our research, and we are trying to expand it to 15 people by, in the next six months.

So, very good research. Good research team is helping us. Helping them in their strategies is, again, one point, where we are getting the empanelment. And also, some foreign clients, where they trade heavily on the derivative side, and Share India has hands-on experience on the risk management and delivering the large derivative orders. So, putting all these things, expertise on derivative side, good research, good, helping them in their ETF products, all these things helping us in getting the empanelments and good clients' onboarding.

Rohan Mehta: Just one last question, sir. So, in terms of our mutual fund distribution, we have more than 300 branches already. So, is there any, if you could give some color on what we are looking at, in terms of our network of branches, or any partnership with any other institution to expand our geographical reach for mutual fund business?

Sachin Gupta: Abhinav, do you want to answer?

Abhinav Gupta: Yes, sir. So, I think, what you are saying is mutual fund branches essentially is a cumulation of all the franchisee and AP businesses, essentially, right? So, that is the business model that

essentially works in an offline, independent financial instrument distribution. Going forward, as I said, we would be a lot more focused on our product, because currently we have different products for mutual funds and broking. These two products will be merged eventually, and the process has already started. We would be looking at a Pan-India basis, but as far as having any structural agreement with any third-party on a larger size, we look at it on a case-to-case basis. Currently, nothing is there on the table of the Board or on any Executive team for such kind of an arrangement with third-parties.

Rohan Mehta: Sir, our EBITDA margin has dipped slightly, so if you could shed some light on what can be expected in a ballpark range for the second half of this year?

Abhinav Gupta: Sir, should I answer that?

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

Abhinav Gupta: Yes. So, if you remember our past commentary as well, we have always maintained that the previous margins were at an all-time high, and we would be only able to maintain those margins, and we have been able to do that. Earlier, our margins were, in terms of PAT margin, we were at somewhere around 30%. Last quarter, the number dropped to 26%. This quarter, it has stabilized and has seen an upward traction of around 27%. While we were doing 26%, we listed out on the reasons, which included a lot of expenses for these ancillary businesses that we are talking about, including the Institutional business and including the Merchant Banking businesses, which are initially cost-heavy, when they are in the gestation period.

Sachin Gupta: Initial level.

Abhinav Gupta: Yes, in the initial period. And going forward, we believe that the similar PAT margins would be sustainable. So, in terms of guidance, we would be able to maintain the similar margins that we would expect going forward as well.

Moderator: Thank you very much. I now hand the conference over to Mr. Kamlesh Shah for closing comments.

Kamlesh Vadilal Shah: Yes. I would like to once again thank all the participants for participating in large numbers. Your trust is important for us. Together, we shall take the company, Share India, to a new high. My special thanks to the entire team for conducting this investor call successfully and seamlessly. I once again wish you all a very happy festive season. Enjoy, and God bless us all. Thank you very much.

Sachin Gupta: We just want to say thank you, everyone. Happy Diwali and stay safe. Thank you.

Moderator: Thank you very much.

Abhinav Gupta: Yes, we wish everyone a Happy Diwali. Thanks a lot for the call. Thank you.

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