

Date: 15th November, 2023

To,

Listing Operations BSE Limited, P J Towers, Dalal Street, Mumbai -400001, India	Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400051
Scrip Code: 543263	Symbol: SMCGLOBAL

Subject: Submission of the Transcript of Q2 FY24 Earnings Conference Call.

Dear Sir(s)/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 FY24 Earnings Conference Call held on 8th November, 2023.

The same shall be available at the Company's website i.e. www.smcindiaonline.com

This is for your information and records.

Thanking you,

For SMC Global Securities Limited

Suman Kumar

E.V.P. (Corporate Affairs & Legal), Company Secretary & General Counsel
(Membership No. F5824)

SMC Global Securities Limited
Q2 FY24 Earnings Conference Call
November 8, 2023

Moderator: Ladies and gentlemen, good day and welcome to SMC Global Securities Limited Q2 FY22 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. I now hand the conference over to Mrs. Purvangi Jain from Valorem Advisors. Thank you and over to you Mrs. Jain.

Purvangi Jain: Good afternoon, everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of SMC Global Securities Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the second quarter of the Financial Year 2024.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's concall may be forward looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs, as well as assumptions made by an information currently available to management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. Now, I would like to introduce you to the management participating in today's earnings conference call and give it over to them for their opening remarks. We have with us. Mr. Subhash C. Aggarwal – Chairman and Managing Director of SMC Group. Mr. Mahesh C. Gupta – Vice Chairman and Managing Director of SMC Group. Mr. Ajay Garg – Director and CEO of SMC Global Securities Limited; Mr. Himanshu Gupta – Chairman and CEO of Moneywise Financial Services Private Limited; Dr. D. K. Aggarwal – CMD of SMC Capitals Limited; Mr. Anurag Bansal – Wholetime Director of SMC Global Securities Limited; Mr. Pranay Aggarwal – Chairman and CEO of Stoxkart, and Mr. Vinod Kumar Jamar – President and Group CFO.

I will hand it over to Mr. Subhash C. Aggarwal for his opening remarks.

Subhash C. Aggarwal: Thank you, and good afternoon, everyone. It is my pleasure to welcome you to the earning conference call of our company for the Second Quarter and Financial Year 2024.

For the benefit of those joining this call for the first time, let me begin by providing some background information on our company, to get everyone on the same page.

SMC Global Securities Limited over the years has grown into a diversified financial services company offering a wide spectrum of services like brokerage, investment banking, wealth management, distribution of financial products, financing, insurance broking, clearing and depository services, fixed income securities, financial advisory services to corporate, institution, high net worth individuals, and other retail clients.

We have a strong network of 2485 sub-brokers and authorized persons spreading across 455 cities in India. Over the years, we have also launched various innovative digital technology-enabled capabilities to offer best in class products and services. Our discount broking arm under the brand name of Stoxkart which is a first of its kind platform in the broking industry has noticed a very positive response. The company is governed by strong board including ten independent director of high standing and is run by highly qualified and experienced management team. With our established presence and by embracing the latest technology, we are pioneered for continued growth in coming years. I now hand over to Mr. Vinod Jamar – our Group CFO to take you through the financial and operational accomplishments for the 2nd quarter of Financial Year 2024. Over to Mr. Vinod Jamar.

Vinod Jamar:

Thank you, Subhash Sir, and Good after noon everyone. Talking about the financial performance for quarter 2 FY24 of our company. On a consolidated basis, the operating income for the quarter was Rs 390 crores, which grew by 29.7% on a year-on-year basis. Operating EBITDA was reported at approximately Rs 94 crores increased approximately by 45% year-on-year. EBITDA margin stood at around 24.13%. Net profit after tax reported Rs. 40 crores while PAT margin stood at 10.24%. For the first half of Financial Year 2024, the operating income stood at Rs. 701 crores, which grew by 18.8% on year-on-year basis. Operating EBITDA reported was approximately Rs. 173 crores increased approximately by 27% year-on-year basis and EBITDA margin stood at 24.63%. Net profit after tax was reported at approximately Rs. 70 crores, while the PAT margin percent stood at about 10%.

Let me now take you through quarterly segmental performance on a consolidated basis: In the broking distribution and trading segment Q2 revenue stood at about Rs 227 crores, which is increased by 16% on a year-on-year basis and for first half of FY24 revenue increased by 13% on a year-on-year basis. The number of branches increased to 142 from 129 during quarter ended September 2023.

Coming to the insurance broking division, revenue for Q2 stood at about Rs 123 crores which grew by 47% on a year-on-year basis and in first half of FY24 revenue increased by 28% on year-on-year basis. The EBIT increased in Q2 by 87% and in first half of FY24 it grew by 71%.

Lastly in the financing division segment revenue for quarter 2 was around 46 crores, which grew by 65% on a year-on-year basis and in first half of FY 24 increased by 50% on a year-on-year basis. Loan AUM stood at Rs 1016 crores, an increase by 40% on a year-on-year basis. EBIT in quarter 2 grew by 53% on a year-on-year basis and in the first half of FY24 by 53% on year-on-year basis. The GNPA and NNPA decreased to 2.32% and 1.3% in September 2023 respectively, from 2.62% and 1.51% in September 2022. With this, we can now open the floor for the questions and answer session. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead.

Sanjeev Kumar Damani: Namaskar sir, and congratulations for such a nice performance. Financially operating businesses have been doing so well, your clients are also adding. So, something good, Sir I as a shareholder and client of SMC would like to just request you that why we did not give a dividend interim dividend for the second quarter as well. That is one and secondly sir, how our good performance can be reflected in the prices. So, you are expert people of the share market. So, you can better suggest that. Thank you.

Subhash C. Aggarwal: Mr. Sanjeev Kumar Damani Ji, you see just two quarters are there, we are always open for future quarter for interim dividend and it is not correct to disclose when we will declare, but as usual we are open and secondly price is not reflecting that is investors to decide, share price is less than book value, so, it is up to the investor. I do not want to comment on share price increasing, but it should there. You people should decide why it is like that.

Sanjeev Kumar Damani: One more question regarding one announcement was there before few quarters that you had purchased some real estate. So, what was the purpose. I mean, is it for development or what is it planned? I think it was on the Faridabad side or something like that, if I am not wrong.

Subhash C. Aggarwal: We are constructing our own office in Mohan cooperative Property. Our offices are spread in Delhi in many places, so we want to consolidate it and put it in one place for administrative purposes and for effectiveness.

Sanjeev Kumar Damani: So, the building is ready by now or because it was a plot of land that was.

Subhash C. Aggarwal: It will be ready by around the year 2025, target has been given to architect by March 2025.

Sanjeev Kumar Damani: Okay. Will we be able to get some extra square feet for letting out to others or it will be only ours?

Subhash C. Aggarwal: It is for our own use which will be around 1,50,000 square feet. So, in total for our use only we think we will not let it to others.

Moderator: Thank you. Next question is from the line of Harsh Shah from Dimensional Securities. Please go ahead.

Harsh Shah: Hi, good after-noon sir and congratulations on great sets of numbers. My first question is on the broking part of the business. Currently we are seeing the entire industry is seeing uptick in volume. There is an uptick in volume as well as number of clients. So, just wanted to understand I mean share broking is that by structure it is a cyclical business. The markets are doing well, which is causing volumes to be on the higher side. See if the volume has to come down tomorrow. What are we doing to make this business more sustainable. So, current rate of revenue, which we saw for H1 FY24, how can we make this sustain this business on sustainable basis?

Subhash C. Aggarwal: Just I can say one thing. Even if economy is not doing well because broking business can be reduced only when the economy is not doing well and our economy as per statistics and research given by research institutions India is to grow from 6% to 8% to 9%, at least for the next 50 years. So, the financial industry will be the most beneficial when economy is growing. So, I always say we are very positive about the economy as well as our financial industry and penetration will be definitely there because we are very positive. We are well diversified in our financial services and even one segment is not performing well, we have various other segments like NBFC, Insurance broking, real estate broking, investment banking, etc to compensate. So, many businesses we are doing under one roof. We are providing more type of financial services. So, we are very positive and we have seen all negative positive part in the industry. We have seen 1992, we have seen 2000, we have seen 2008 and so many up and down we have seen in the industry. We are very positive, and we have always stood without being affected even in negative things.

Ajay Garg: Let me add to this, I am Ajay Garg, Director and CEO of SMC Global. So, basically you see in the broking industry after COVID like we have seen before COVID **4 crs.** demat account were there, now **12 crs.** demat accounts are there and even penetration is happening in Tier-3, Tier-4 cities. If you see the data more than 55% of the new demat trading are coming from Tier-3, Tier-4 cities. So, SMC is a full broking house as well as we do have our discount arm and we are working 360 degrees as we are increasing number of branches, we are focusing on even franchises into Tier-3, Tier-4 cities and we are doing a lot of digital marketing and we are putting lot of stress on the improvement of technology. So, in coming six months you will see like the complete face of SMC to change, be it back office software, be it website, the mobile trading application, be it KYC app. So, lot of things we are revamping and as Subhash Ji said that Indian economy is bound to grow and we are becoming from #3 to #2 in next 5 years and #1 in next 15- 20 years, so SMC is also poised to grab all the opportunities and we are very positive about the financial industry.

Harsh Shah: Okay, fair enough and in terms of competition, I mean broking is becoming a fairly competitive business, stock broking as well as insurance broking business because we have

heard that Jio Financial wants to get into this space and when someone like Jio enters the space, they want to disrupt the industry. So, what is your strategy to withstand the competition? So, one of the earlier participants had asked something about the stock not performing. I think one of the key aspects is that either the market feels that the broking revenue is not sustainable because if the market doesn't do well or if the market activity comes down, the earnings will fall at a faster rate and #2 is the competition aspect of it on the broking side you have say Zerodha, Groww, Angel who are growing aggressively. Anyone on the insurance broking side, more and more players are getting into it. So, how are you positioning yourself to send your market share?

Ajay Garg:

You see like Subhash Ji has pointed out that SMC is a well-diversified financial services provider. We do have insurance, mutual funds, fixed income products like besides grouping like we are into various spaces and even to the clients like through our mobile app, we will be providing besides broking services, mutual funds and insurance services and lot of advisory products and like lot of Fintech tie-up we are doing as well. So, we are continuously working on improving our technology and we will be ahead of the competitor in time to come and you see in the growing market even till date lot of competition had come but since then we are holding this position and with the new technology we try to even surpass lot of competitors. Our discount process arm is also doing very well. We have opened more than 2,00,000 trading account through our discount broking arm and even the new mobile app has been launched which is currently working in a beta phase and we are going to promote it once it is fully developed. So, we are very confident that we will be ahead of the competition.

Harsh Shah:

Okay, that is good to hear and on the NBFC business side, so when we talk with the other players that we listen to the player, the commentary for the smaller banks say the small finance banks or even the NBFC, they are quite skeptical about the SME space. They are going slow or somewhere they are saying that some sort of stress is still there. So, in comparison you are doing this book at a faster rate. So, just wanted to get a sense of how the underlying industry is pairing for you and what gives you this confidence to grow in this business?

Himanshu Gupta:

I am Himanshu Gupta CEO of Moneywise Financial Services Private Limited. So, basically you see, as we discussed the India as a country is doing very well. So, SME sector would also be doing very well even today and in time to come. So, we are very confident about the SME market and even as you said, the small finance banks and other NBFCs are equally focused on the SME space. Our book size is relatively smaller to them. We have not diversified into the consumer lending space, but we are also fully focused on the SME space and the credit quality is holding in the SME lending space, however we have also added products within the SME space, we have diversified our exposure to geographical diversification and even the industry within the SME sectors is also very well diversified. So, we are not concentrated on any particular location or industry and also our underwriting practices are very-very strong. So, we are very confident of growing in this space.

Harsh Shah: Okay. Understood. All right, thank you so much, Sir. And all the best.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Mahesh Gupta from SMC Global Securities Limited for the closing comments.

Mahesh Gupta: Myself, Mahesh Gupta, thank you all for participating in this in this earning concall. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations Manager at Valorem Advisors. Thank you. Stay safe and healthy. Thank you very much to all.

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