Operator: Welcome to 5paisa Capital Limited Q1 FY27 earnings conference call. On the line, we have the management team joining us today.

Management: We are very actively looking at the right partnerships in the AI ecosystem to accelerate our AI journey, both within the company internally for improving productivity and unleashing creative forces, but also, more importantly, for our customers, where they can leverage the power of AI to make them better investors and traders. Third, of course, we continue to selectively evaluate inorganic opportunities in the market which can accelerate our journey and give us additional speed and talent to move forward as an integrated platform.

Now, just a few words on where we are and what the long-term opportunity is. I think the long-term opportunity in the Indian market remains very robust even though the past few months have been volatile or the past year has been a little choppy. We think the journey of retail traders in Indian capital markets is still in its early innings. A lot of financialization is happening in the economy and people are coming to the market. The retail audience, whether it is the investor persona, the trader persona, or a combination of both, is a very serious, robust, and growing segment of customers in the market, which was not the case 5 or 10 years ago.

On top of it, the level at which AI is transforming tech platforms and almost every facet of our lives, where it is becoming almost a lifestyle feature, makes us very confident. With a combination of a very strong Fintech plus financial services offering coupled with AI, we can completely transform the market and provide value-adds to our customers. That is the bet we are making for differentiation at 5paisa.

Over the next 12 months, we are focused on stepping up user engagement, adoption, and monetization for all of our new app and feature rollouts. As I said, early-stage beta trials are very encouraging as we transform the platform. We are looking to make meaningful improvements in our unit economics to improve our margin and overall PAT. The idea is to reach a state very quickly where we have operating leverage because, at the heart of it, we are a tech platform. We want to reach operating leverage very quickly so that every incremental revenue does not bring incremental costs. We are also looking at expansion into adjacent areas, whether it is wealth or investment services, through both organic product development and inorganic paths. I will continue to report on this meaningfully over the next quarter. That is all I had today. With that, I am happy to take any questions.

Operator: Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press star and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing star and 1 again. The first question comes from the line of Mr. Jatin Sahani, an individual investor. Please go ahead, sir.

Jatin Sahani – Individual Investor: Gaurav sir, thank you for giving me this opportunity and congratulations on setting up a great tech platform. Coming from a tech background, I understand you guys have set up a really good platform. However, I have a couple of questions from a financial perspective. We had good growth in Q3 and then in Q4 we were doing well, but there has been some slowness in this quarter. I wanted to understand whether this is a one-off because of recent incidences, and if growth will start picking up from Q2 onwards. I just wanted to get a better perspective on how we should look at this.

Management: Sure. Your voice was a little muffled. Was the first part of your question about the slowness?

Jatin Sahani – Individual Investor: Yes. Basically, we had good growth in Q3 and did really well in Q4, but this quarter has been a bit slow. Is this a one-off because of the various incidences that have been happening? Can we see growth picking up, given that you have set up a great tech platform and operating leverage is just waiting to be utilized? Can we see growth from Q2 onwards? How should we look at it?

Management: Yes, there was a little bit of moderation in Q1. It was slightly one-off. Overall revenue-wise, we have grown, but given the volatility in the last quarter, there is obviously some rub-off effect on us. I cannot make forward-looking statements, but we do expect growth to accelerate from our current base. We are doing the right things on the product side and the growth marketing side. In our business, those are the two most important things, specifically the intense focus on improving the experience. I believe that from these quarters on, we can see an acceleration in growth.

Jatin Sahani – Individual Investor: Thank you, sir. My next question is regarding the investor decks you have been publishing. I noticed that ADT growth and customer acquisition have kind of tapered off. I wanted to understand what steps you are taking to increase ADT growth and customer acquisition, as we monitor those closely as investors. Q3 and this quarter have both slowed down. What are we doing to make this more robust?

Management: That is a good question. Our focus, now more than ever, is on both quantitative acquisition and, more importantly, the quality of that acquisition. That is already being reflected in our unit numbers. We are seeing better RPC, or revenue per customer, over the last few months and the last quarter. Our RPC has actually grown. That continues to be our focus because we want to acquire customers at a decent cost, but ultimately it is the RPC and long-term value (LTV) that the customer generates.

We have seen multiple times through data and platform experience that better RPC customers and better ADT customers give you higher retention. That is our focus, and it reflects in the product we are building and how we approach the market. Our positioning for the people we attract to the platform is synced to that velocity. In short, we are already seeing improvements in both RPC and LTV. Our focus now is being able to also bring in a higher number of customers with that higher quality. That is our approach rather than just focusing on the headline number of how many customers are coming in.

Jatin Sahani – Individual Investor: And what about ADT growth?

Management: Overall exchange ADT was down at least for Q1. It was a slight dip for us on F&O, but on the cash side, it grew. Forward-looking, I don't want to comment, but again, our ADT growth depends on the kind of customers on the platform, their average order value, and their patterns.

Typically, long-term customers at 5paisa have contributed to higher ADT growth for us. That will continue to be the focus because those types of customers drive ADT, and ADT drives revenue. We are looking to be consistent with that.

Jatin Sahani – Individual Investor: Just one last question from my side. If you look at the market, there are a couple of large players. I wanted to hear your thoughts on whether these players are taking market share from smaller players, or if smaller players are still active and can regain the territories they have lost.

Management: Everyone has their own strategy depending on the kind of customers they are targeting. Scaled-up players have one strategy, and others might have another. There could be some cross-pollination. It is hard for me to say if they are taking customers away specifically from others.

However, in the past 18 months or so, after the F&O changes came in October 2024, there was moderation across the board for players whose major source of revenue was F&O. Many of them have since diversified. Our strategy is quality customer acquisition, not quantity, and then retaining them over a longer period to drive higher revenue share and offer adjacent value-added products. A good example is NPS. Our NPS business has grown through the retention of existing customers. Typically, the NPS cycle doesn't grow with new customers; it grows as older customers trust your platform over time and try out the offering. That has shown encouraging growth for us—literally doubling over the last 15 months.

While there might be some moderation in overall volumes that affects market share in the short term, I am very positive about the long-term opportunity over the next 3 to 5 years. The market is going to grow and there will be enough for everyone to go after.

Jatin Sahani – Individual Investor: Thank you, sir. I really wish you guys the best going ahead.

Management: Thank you so much.

Operator: Thank you. The next question comes from the line of Mr. Amit Mahindel from Robo Capital. Please go ahead, sir.

Amit Mahindel – Robo Capital: Thank you for the opportunity. I want to check on the capital raise. We have raised almost 450 odd crores now. How do we plan to deploy it? What are the top two or three items where the money will be deployed?

Management: The exact number is 468 crores. We mentioned that in our rights issue as well. There are three main areas where we are deploying this, or have already taken action. One is the exchange margin, the second is our MTF book, and the third is general corporate purposes, which includes investment in product, tech, and marketing, as well as potential organic opportunities we see in the market.

Management: To be specific, out of the 468 crores, we have deployed 227 crores for exchange margin purposes. Effective July 1, the RBI stated that banks cannot provide intraday facilities to brokers, so every broker has to arrange the money. We were fortunate to get the money at the right time and have increased our margin. We are ready for the next phase with this. Second, we had loan repayments of about 150 crores to different banks and Commercial Papers (CPs). Third is general corporate purposes, which is 88 crores. Overall, that totals 468 crores.

Amit Mahindel – Robo Capital: Right, thanks for that. My second question is on revenue growth. We have been almost flat for the last 3 years or so. What things need to fall in place so that we start growing at a healthy clip?

Management: I think the biggest priority for us is the completely revamped product. That is happening now. A lot of work has gone into the product over the last few years, especially in the last 15 to 18 months. We have completely revamped and redone the product. While we have a large base of customers on the current platform, we felt very strongly that major improvements were needed. We are very confident, looking at initial data and adoption metrics, that this will make a significant difference to our standing in the market.

The second aspect is increased growth marketing spend. We are in a good capital position after the raise, with a net worth of about 1,100 crores. We can strategically deploy capital for the right positioning, growth marketing, and brand building.

In the last year, many things happened in the market that affected overall volumes. We have had an F&O heavy base, like many other players. We are looking to deepen the product stack for this F&O base while also looking at other revenue-generating areas. I cannot share all the details yet, but we have a couple of things in the pipeline that will be meaningful revenue generators for us in the coming quarters. Additionally, NPS is already showing significant traction, which is reflected in our numbers.

Amit Mahindel – Robo Capital: On customer acquisition channels, will you broadly maintain the same channels you are currently using, or is there a change expected there as well?

Management: There are four or five main channels: paid, organic, referral partners, affiliates, and so on. We want to go after quality acquisition through whatever channel suits that goal. We believe organic works best for us, but building those channels takes time. We already have the machinery in place. Going forward, our focus will be on quality paid and quality organic acquisition. Organic covers many things beyond just SEO; it includes how you reach your intended audience. Our positioning is now very clear on who we need to target, and we will make the right investments in marketing to achieve that. The channel mix will change. We keep refining where we put money and how much based on the CAC plus RPC metrics we see in each channel on a quarterly basis.

Amit Mahindel – Robo Capital: Thank you for that. If I may squeeze in one last question regarding third-party distribution. We don't seem to be doing much regarding third-party distribution like buying mutual funds, fixed income, or other products. Are there plans to start that? If we look at a group company like IIFL Securities, they have fairly large income there. Why have we not done this in the past, and what is the thought process now?

Management: We did try a couple of years ago. In the very near future, the answer is no, but in the mid-to-long term, we might potentially look at it if there are synergies to be leveraged. We won't do it in the very near term because our hands are full with our core platform, and we want to do a very good job at that first. Once that is done, we can look at other third-party distribution. We believe related products, like NPS which we already have, are the first port of call. In the absolute near term, we are not doing it; in the medium term, we will consider it.

Amit Mahindel – Robo Capital: Got it. Thank you very much.

Management: Thank you.

Operator: Thank you. As there are no further questions, I now hand over the floor to the management for closing comments.

Management: Thank you so much for your time this evening. If you have further questions, please send an email to IR@5paisa.com and we will respond. Thank you again.

Operator: Thank you, sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation. You may disconnect your lines now. Thank you and have a pleasant day.