



5paisa Capital Limited

Q1 | FY 2025-26 | Earnings Conference Call

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CORPORATE PARTICIPANTS:

Mr. Gaurav Seth

MD & CEO

Mr. Gourav Munjal

Whole-Time Director & CFO

Mr. Ameya Agnihotri

Whole-time director & CTO

Q&A PARTICIPANTS:

Meet Mehta	: SGSITS
Jaiprakash Kumhar	: Korman Capital
Kajal Gandhi	: ICICI Securities
Mayank Khadiwala	: Millennium Money Finance
Arasan M	: Individual Investor

Moderator:

Good morning, ladies and gentlemen, I'm Pelsia, moderator for the conference call. Welcome to Spaisa Capital Limited Q1 FY '26 Earnings Conference call.

We have with us today Mr. Gaurav Seth, MD and CEO, Mr. Gourav Munjal, Whole-time Director & CFO, Mr. Ameya Agnihotri, Whole-time Director & CTO from Spaisa Capital Limited. As a reminder, all participants 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 * and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand over the floor to Mr. Gaurav Seth. Thank you and over to you sir.

Mr. Gaurav Seth:

Good morning, everyone. Welcome to the Q1 FY '26 earnings call. I'll just say a few words, kind of note how this quarter has been.

In Q1 FY '26, for us began on a strong note and in general, for the broking industry as well. Easing global uncertainties and strengthening domestic economic indicators led to a notable improvement in investor sentiment. During this quarter, both Nifty and Sensex indices recorded a significant recovery, rising about 16% from the recent lows. Additionally, turnover in the retail F&O segment at the exchange level improved by 10% as well quarter on quarter. Industry added 66.9 lakh new customers in this quarter, taking the total number of demat accounts in the country to over INR 19.85 crore.

Now, specifically for Spaisa, we continue to invest in product and tech to enhance our customer experience. Focus remains delivering best-in-class solutions while acquiring high-quality customers to ensure a healthy lifetime value and sustainable payback period. In Q1 FY '26, we acquired 80,000 new customers at 12% quarter-on-quarter decline, reflecting the broader industry trend. Our total customer base now stands at 49.1 lakhs. Our ADTO or average daily turnover grew to 2.25 trillion rupees marking a robust 17% quarter-on-quarter growth. Our average client funding book reached 312 crores which is 20% improvement quarter on quarter. Our mutual fund AUM surged to INR 1573 crores, which is again a 13% growth quarter-on-quarter. Driven by positive market conditions and our focused execution, our total income grew to 77.8 crores which is 9% quarter-on-quarter growth. The rising expenses during the quarter was variable in nature and aligned with revenue growth. So our profit after tax (PAT) for Q1 FY '26 stood at INR 11.5 crores, which registered a 15% on a quarter-on-quarter basis.

As of June 30th, 2025, our net worth stood at 616 crores. Now, specifically on the product and tech side, in Q1 FY '26 remain sharply focused on product-led innovation to enhance trading experiences and deepen customer experience. This quarter was marked by several initiatives which were aimed at empowering traders and enabling smarter investor decisions. Key highlights included the launch of an option strategy builder, which equips F&O traders with readymade customizable strategies with advanced analytics, enabling smarter and faster trading.

We introduced a reimagined version of MTF, which is a margin trading facility, called Pay Later, which allows investors to purchase stocks by paying only part of the value, total value upfront, with the broker funding the remainder. The mutual fund web journey was also enhanced with the more modern UI/UX experience enhancing discoverability and making investing simpler and more intuitive. Additionally, the launch of IPO guest journey allows Spaisa users to apply for IPOs using the existing demat accounts, expanding our acquisition funnel and boosting lead conversions, enhancing brand visibility during our IPO cycles. Specifically, on tech and infrastructure, we reduced our order placement latency significantly boosting execution, speed, and platform reliability.

In line with our vision of adopting AI for the benefit of investors, we've introduced a couple of AI-powered features like live news, extreme API assistance to support real-time decision making and streamline

developer on boarding. A major milestone in the launch of 5paisa MCP which is based on the model context portfolio cloud AI assistant, which is essentially an AI trading companion. So you could connect it to a broking account and execute trades, do whatever you can while using basically an assistant. You can think of as an AI assistant connected to your broking account. So it gives you all the execution capabilities as well as deeper analysis on your portfolio as well as all the other aspects of an AI assistant like checking out how my portfolio is doing with respect to the market and so on so forth. We are also very excited about launching Trade Better, which is our community-driven platform, specifically aimed at both our investor and trader communities to come and interact with our product managers and 5paisa employees in general to ask questions about anything related to our product and the market in general. We remain committed to delivering new innovations and continue to strengthen both our product and tech stack as well as sharply use AI to enhance customer experience. With that, I conclude my opening remarks and open the floor for any questions.

Moderator:

Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on the telephone keypad and wait for your turn to ask the questions. If you would like to withdraw your request, you may do so by pressing * and 1 again. The first question comes from Meet Mehta from SGSITS. Please go ahead.

Meet Mehta:

So, sir, basically, what marketing initiatives are you taking for newer client acquisition and how do you acquire new clients in the near future?

Mr. Gaurav Seth:

Marketing for us is an on-going activity as an investment. Typically, we follow the entire stack. There is marketing through digital means which is performance marketing as well as we continue to build our brand and using organic initiatives, so brand name and brand-related marketing as well. We also do content-led marketing, etc., which provides information to a lot of prospects out there about markets, etc., and that is also an acquisition channel. In general, going forward and present, there is no specific plan as such to change tracks but we do calibrate marketing strategy as well as how much investment we do in it from time to time based on what our strategic goals are. When is it that you want to actually grow the market, whether the macros and fundamentals are in place where it is supportive of customer acquisition and so on and so forth. I hope I answered your question. We acquire through performance marketing, we acquire through organic initiatives, etc., so usual marketing stats.

Mr. Meet Mehta:

Next, are you seeing any moderation in investing activities due to these macroeconomic events and geopolitical tensions? Are you seeing the growth coming back? Next, do you start to also cross sell other means by increasing the revenue by cross selling the insurance and other things which your peers are doing or you want to stick to only trading and investing kind of activities?

Mr. Gaurav Seth:

Part one of your question, are you seeing a moderation? I think with respect to where the market was last year versus where it is today, not specifically about this quarter or the earlier quarter, we have seen some moderation because market compared to a frenzy last year. Compared to that, there is moderation but there is still a healthy addition of clients who are opening demat account. There is still a lot of people very, very interested in investing and trading. Obviously, the macro environment is, because of geopolitical uncertainty and what has happened earlier this year across the world, had some sort of an impact, temporary impact but if you see the markets, overall, I think they have come back in a very positive way. Going forward, obviously,

I can't comment nor do I know the answer how the markets will be. Yes, compared to last year, there was some moderation in the activity.

Second part of your question was do you want to cross sell insurance? The answer is no. At least in the short term, we don't have any plans to do third-party products. I think there is a lot to focus on in this segment itself and to be the best player in investing and trading and that's what our strategic focus is.

Mr. Meet Mehta:

Coming back to Jane Street and also news came up about SEBI curbing linking your cash positions to F&O. Do we see that impact coming in the coming years or kind of any impact that will be there on your F&O turn over and so on?

Mr. Gaurav Seth:

Again, all of this really started where SEBI took, and I think the regulator knows best, and they do the right things. This all started last year with the publishing of the report as well as some of the measures that were taken, and they did have a material impact across the industry. So the volumes fell earlier this year for not just us but for all of our peers and broking industry in general, but you also see the volumes are coming back again. Now, what the regulator will do in the next couple of weeks or months or whenever they come up with, maybe, some additional measures, I don't know, I can't comment on it. What we've seen typically is that retail investors provide not just the big ones of the retail investors of today. There is a different breed. They want to build wealth, they want to learn, and they are a critical part of capital markets and broadening and deepening of our capital markets in terms of providing liquidity.

Yes, there could be a short term impact, which I can't speculate on but, usually, if history is any guide, I think these things come back to normal over a period of time with adjustments.

Mr. Meet Mehta:

Last question, about your AI assistant platform, basically, it is an algorithmic trading platform that you only have to kind of write your code and select your strategy and it will execute on your behalf or is it that it will manage your portfolio or it will guide you on what you are doing wrong on the basis of your performance with the indices. What kind of platform is it?

Mr. Gaurav Seth:

5paisa MCP is specifically an AI assistant. It is not an algo trading platform. What it does is that there is a setup that you can do. Once you have done, there are a few steps you have to do. Once you have done that setup, it uses the MCP protocol which is model context portfolio, connects to cloud AI. Cloud is one of the AI providers or AI assistant providers, and I think everybody knows it, like a ChatGPT. Let's say you have a broking account with 5paisa and you do the initial setup where you connect to your broking account and whatever you can do in your broking account, today you can do via chat, via the AI chat. You could buy two shares of 5paisa, and it will go and execute that, analyse my portfolio. It'll give you analysis of your existing positions. It would also suggest you strategies. It really depends on the prompts that they give you. It's an AI assistant as well as has the capability to integrate with your trading account and you can basically use that to do whatever you want to do with your trading app. It is not an algo trading platform.

Mr. Meet Mehta:

So basically, it will connect with your broking account and it will give you the answer based on your prompts? Basically, are you willing to provide a best solution for traders. Are you willing to go in the algo trading, also building an algo trading platform and how do you help traders who are newer to the market? Is that a plan in future or it will only remain the AI assistant that you are talking about?

Mr. Gaurav Seth:

I think there are two different things. The AI assistant itself is a channel for people who are excited about AI, who understand the power of AI to be able to use AI assistance for their benefit. That's something that we have given to our customers, and we will continue to build on functionality and features on top of it. On the algo front, we've seen a lot of interest. We are in the midst of actually building something, which we will launch in the next couple of months on the algo side, and that is to your point, would be something where customers can use algos and do not necessarily to write algos.

If we cater to a different spectrum of customers, people who can write their own algos, we will simply write for them. People who want to use out-of-the box algo and people who want to use algos from trusted providers. This is the strategy that we are working on.

Mr. Meet Mehta:

To understand what is the mix of customers, basically, more customers are using your trading part or are they also investing? That is the first. Second one, are you doing something on fundamental research or are you empowering the customers with the fundamentally strong companies or what sort of customer mix you are seeing in your platform?

Mr. Gaurav Seth:

I think Gaurav can answer the question of the split. Gaurav, why don't you take this?

Mr. Gourav Munjal:

To be honest, we can't share this kind of a data because it is internal statistical data. I mean, how many are using algos data's and all. Regarding second question, you can take.

Mr. Gaurav Seth:

The second question I think here was how are you empowering your users, right?

Mr. Meet Mehta:

Yeah. On basis of fundamentals of the companies. Because you see your markets are so much dynamic and retail public do not know much about fundamentals. Also, how are you empowering them from going from your trading journey to kind of build a long-term wealth to investing and by selecting stronger, fundamentally rich companies so that they can build long-term wealth?

Mr. Gaurav Seth:

I think on the first part, also the data that you asked but in general, like, this is all linked quite a lot. It's not that people only trade. There is a percentage of people who only trade, but a lot of people are actually linked. They have mutual funds, they have equity investments, and they also do F&O trading. There is a mix and match of the people.

We have direct mutual funds on our platform and almost the entire universe of it. We have seen that AUM grow year on year. So that is one thing which shows robust that people are not just trading, they're all investing. So that is one. On the second part, we do have analysts who we have as part of 5paisa, and then they provide calls both intraday which is obviously not fundamental calls and also certain stocks which could be good buys in the near term. However, it has not been our strategy so far to have a large research team because we are more tech first and we want to focus on that, doing analysis on fundamental aspects of stocks

and recommending things for the long run. But, yes, we do consider from time to time in partnering with the right analysts in the market and start providing that research. Currently, we don't do that.

Mr. Meet Mehta:

Thank you so much. That's all from my side.

Mr. Gaurav Seth:

Thank you.

Moderator:

Thank you. The next question comes from Jaiprakash Kumhar from Korman Capital. Please go ahead.

Mr. Jaiprakash Kumhar:

Hi. I'm a bit new to the company. So pardon me if I ask some basic questions. The first question is on cash on books. Can you hear me?

Mr. Gaurav Seth:

Yes. Yes. Please go on.

Mr. Jaiprakash Kumhar:

Cash on books from the last balance sheet was 1300 crores. I just want to understand how much of it is available for investors and how much it is encumbered to the clients or anything which we are using, just throw some light on that.

Mr. Gaurav Seth:

I think Gaurav, you should take that.

Mr. Gourav Munjal:

Approximately cash and equity balance where you can see approximately 1400 crores, which consist of 500 crores are ours and rest of the INR 800 to 900 crores are the clients.

Mr. Jaiprakash Kumhar:

Okay. I understand. Thank you. Next question is about midterm. I just want to understand how do you see yourself in the next three or four years because a lot of brokers are trying to become wealth managers and, maybe, become distributor of wealth management products. What is your strategy and where your marketing research are?

Mr. Gaurav Seth:

I think your overall strategy is to continue to build trust in the market. I think the financial services market, especially if you are being in the business for some time and with the pedigree that we have, we've been one of the earliest discount brokers in the industry before everyone else. So you want to continue to build on that legacy. We want to be tech first, which we are but there's a lot of work and a lot of investment which is needed on an ongoing basis to remain competitive. Our investments will be on products and our investments will be on user experience and our investments will be on continuously upgrading our tech stack, specifically

to provide the best experience to F&O traders, investors, and obviously, equity investors both on the mutual fund side as well as people who are buying and selling stocks as well. We believe that there is a lot to do and there is a lot of growth in the market. I think we are in very early stages in our Indian capital market journey.

To answer your question, at this point in time, we are not looking to get into wealth or any such related trajectory. We think there's a lot to do in this space as well and being the best top three, top five players in the next few years.

Mr. Jaiprakash Kumhar:

If you can give a little bit of mix of your clients, where they are from, tier 1, tier 2, tier 3? What is the new client addition which you're doing, incrementally where is it coming from?

Mr. Gaurav Seth:

Gaurav, would you have split between tier 1 and beyond 30 cities, in general, some kind of a split?

Mr. Gourav Munjal:

Approximately, on the basis on address side, more than 75% to 80% is from the tier 2, tier 3 cities, but again, in India, there are many questions have coming up that the people have address of their hometown but they are staying in Bangalore or in metro cities. On the basis of their addresses, I can say that the split is 75% and 25%. 75% is from tier 2, tier 3 and from tier 1, it is 25%.

Mr. Jaiprakash Kumhar:

Thank you.

Moderator:

Thank you. The next question comes from Kajal Gandhi from ICICI Securities. Please go ahead.

Ms. Kajal Gandhi:

Hello. Hi, Gaurav. One question on we show 49 Lakh customers and downloads are like 22 million. Are these just registering for looking at the app or are we doing some cross selling to them? How are we approaching this segment? One was that and the Second, we need to discuss how we handle expiry volume and non-expiry days per ADT that we provide. If it needs to be split, how should it happen, and what can be quantified? These are my two questions. Thank you.

Mr. Gaurav Seth:

The first question, I think, was that you have 49 Lakh and what are you doing with them? What are you cross selling to them? Is that right?

Ms. Kajal Gandhi:

Yes. App download set up appears as 22 million. Which is higher. So that segment of customer, how we are doing or do we have any details about that?

Mr. Gourav Munjal:

I guess, Kajal, many people download our app to check some information, to check some news. No that essentially, they have opened the account. Some people have 2 or 3 phones also. They have downloaded with the single PAN number. These kinds of cases happen, but it is not like that we are specifically looking to cross sell to them.

Ms. Kajal Gandhi:

Okay.

Mr. Gaurav Seth:

I think the numbers that you should focus on is who is opening the account because you can't cross sell to anybody unless they open an account with us. People would have downloaded app or they would have browsed or they would have known about us, which is great because it broadens our funnel, but finally, the moment of truth for us is that who opens an account and then how do they use the platform, how do they transact and so and so forth. That number is 49 lakhs. Obviously, beyond that, there is NSE active, etc.

Ms. Kajal Gandhi:

Yeah and there was a second question.

Mr. Gourav Munjal:

Kajal, what was the second question, value on expiry?

Ms. Kajal Gandhi:

Expiry date and non-expiry date. Broadly, what will be a ratio, like 1x if you want to say the number is good. If it is not, on a normal day its one on expiry days, 10x, 20x.

Mr. Gourav Munjal:

If the expiry number is one, the normal day would be the 0.65 to 0.7. So 30% to 40% more ADTO in exchange ADTO and ours ADTO also.

Ms. Kajal Gandhi:

Okay. Sure. Do you think this recent news flow? I think somebody asked this question at start, but fortnightly expiries which are being talked about is a possibility and will there be some impact then?

Mr. Gaurav Seth:

I can take that. First of all, yes, there has been talk about fortnightly expiries or the order actually comes, no one can say anything. So I would not like to speculate.

Second is, if something like this does come, if you look at an example from last year where a lot of major changes were done in terms of increasing the lot size, etc., and changing the expiries as well. It did have some impact, but again, it reverted to normal this year. It is hard to estimate impact. In fact, yes, there could be some short term impact, possibly if something like this comes, but in the long run, we estimate that it should normalize.

Ms. Kajal Gandhi:

Thanks for the answer.

Moderator:

Thank you. Ladies and gentlemen, if you have any question, please press * and 1 on the telephone keypad. We have a follow-up question from Meet Mehta from SGSITS. Please go ahead.

Mr. Meet Mehta:

Basically, I was seeing the client acquisition data. Despite rebound in the market, we are not seeing any kind of newer client acquisition in the growth terms. Are we not pushing aggressively to acquire newer clients? Are we seeing same kind of data similar in the industry or what is the issue that they are not able to acquire newer clients?

Mr. Gaurav Seth:

It is not that we are not able to acquire new clients. I think that the metrics that we go by are initially not just the number of clients and what is the ARPU for us, right? ARPU and RPT is revenue per customer and the quality of the customer. We are interested in quality acquisition. We are doing calibrated acquisition. Even though if you look at last two quarters, the acquisition of the quarter that is concluded is lower than the acquisition of previous quarter, but the market share has increased, so it is the quality of the customers. Second is, in some cases, if you go very aggressive on performance marketing and digital acquisition, you can acquire higher numbers, but what we also end up seeing is that some of those higher numbers do not necessarily translate into revenue and then as an extension of that margin and profit. That is it. It's not that we are not acquiring. It is our own calibrated approach to acquire higher quality customers, and then we continue to see the quality and the performance on the platform of how we are acquiring customers, what kind of customers we want to acquire and so on and so forth?

Mr. Gourav Munjal:

Do we add on this? Sometimes, you know, intent is also important. So overall industry, we were acquiring more than 1 crore customers per quarter. Right now, the number is 66 Lakhs you know flash by 50%. So intent is also matters because of many other factors. That's also the reason.

Mr. Meet Mehta:

Thank you.

Moderator:

Thank you. The next question comes from Mayank Khadiwala from Millennium Money Finance. Please go ahead.

Mr. Mayank Khadiwala:

Hi. I hope I'm audible. Thank you for taking my question. I'm relatively new here, so my question might be basic, but there's been talk about pricing levers in this industry, just wanted to get your thoughts on the same.

Mr. Gaurav Seth:

Pricing levers, you mean raising the prices, lowering the prices? What do you mean by that?

Mr. Mayank Khadiwala:

Raising the prices. That's usually what we have heard that there's potential to raise prices given volumes have gone lower and the assumption is that the demand is fairly insensitive to pricing. So just, ballpark, wanted to understand your thoughts around all of this.

Mr. Gaurav Seth:

There is no consensus in the market, so to say, and there cannot be a consensus in a competitive market. Players are free to figure out their own independent strategies and go with them. As far as we are concerned, we don't have free stuff. Generally, we are our equity delivery is also chargeable. So we have reasonable pricing because we think we provide value. Some of the other players in the market might have, let's say, certain aspects of or specifically agreed delivery fee. There has been speculation. There has been some chatter on social media. Some of the larger players saying that look, we might consider raising the pricing, but, again, what SEBI will do we don't know what the larger industry will come around and do. Specifically, our belief is that if you provide the best-in-class experience and a lot of reliability, at least on our platform where people know that, we are we are getting what we want with full brokerage issue, on brokerage pricing becomes, I would not say immaterial, but it's not a very big lever. We continue to charge, don't know how others will think about it. Perhaps, they might also come around and start charging for stuff which they are not charging.

Mr. Mayank Khadiwala:

What is our current pricing on the options, futures trades and all of that?

Mr. Gaurav Seth:

It is twenty rupees.

Mr. Mayank Khadiwala:

Which is standard with most of the other stockbrokers.

Mr. Gaurav Seth:

Yes.

Mr. Mayank Khadiwala:

Specifically, to this, do you think that if some of the other brokers were to raise this, could it have any regulatory implications? Could it have any demand implications or competitive implications? Do you think the pricing would largely be insensitive if this 20 is increased to 25 or 30 at any point in time?

Mr. Gaurav Seth:

You mean demand in the elasticity of demand with respect to pricing?

Mr. Mayank Khadiwala:

Yeah. Specifically, in this segment.

Mr. Gaurav Seth:

I don't think there is any regulatory asking anyone to do anything on the pricing front. As I said, it's a competitive open market. People can charge 100 rupees also if they think they have value and they provide enough value, so we say. Some of the bank-based brokers, they charge they charge higher because they provide a bouquet of services that others may not be, but elasticity of demand with respect to pricing, my personal view is I'll be more.

Mr. Mayank Khadiwala:

What is the competitive scenario as in if one person raises from 20 to 30 and another one keeps it at 20? Does it make any difference?

Mr. Gaurav Seth:

Hard to say, but I think

Mr. Mayank Khadiwala:

By keeping it at either 20 or 30 from a competitive standpoint?

Mr. Gaurav Seth:

I think the way that I would address your question is that as far as the serious people on any platform are concerned, unless the pricing drastically changes on the upside, it typically does not matter because they value other things like stability, reliability nobody leave for 5 rupees, but there could be a bunch of customers who would believe that there is more value to add, we had in another platform which is lower. Yes, they might they might leave. Finally, we can't estimate whether someone raises the price, it will be good for us or not. Maybe, they even raise the price, people still stick with them. You follow what I'm saying? The same methodology even applies to us, for people who believe that 5paisa is better with adding value. Even if we raise the prices, they will stick with us or newer customers will continue to come.

Mr. Mayank Khadiwala:

If I could just ask one more question, just very basic one because I'm not completely on track. Of your brokerage income, what percentage comes from cash trades versus derivative trades?

Mr. Gaurav Seth:

Gaurav, you want to take that?

Mr. Gourav Munjal:

It's 80/20. 80% is for derivative and 20% is in the cash segment. It is in line with most of the other discount brokers.

Mr. Mayank Khadiwala:

Most of the other discount brokers? Okay. Got it. Are there still any revenue streams that some of the other discount brokers might be pulling in that we still don't have, like MTF or something. I'm just trying to understand. Are there any revenue gaps that we can still plug?

Mr. Gourav Munjal:

In terms of blocking, we also provide MTF facility. We also have DP and everything. If other one is doing cross selling, outside the broking income, then we are not going into that as I mentioned. In terms of broking segment, we are doing everything.

Mr. Mayank Khadiwala:

Perfect. Thank you so much. Thank you so much for answering the questions.

Moderator:

Thank you. The next question comes from Arasan M an individual investor. Please go ahead.

Mr. Arasan M:

Hello? Am I audible?

Mr. Gaurav Seth:

Yes. Please go ahead.

I just want to understand regarding your strategic direction and the focus that you're giving for the business because as you would also realize, for the past five years, capital market participation has been at an all-time high, but our client acquisition has comparatively gone down from what it used to be before. The general question is why is it that we are not focusing more on the client acquisition part? You're saying that you want quality clients, but while I understand we have a technology superior platform? You are providing integration and a lot of other things, but how will customers even come to know about the platform if you are not marketing aggressively. Should the focus not be to increase a number of people who come in so that there's more stickiness and more people who stay with the platform rather than just getting quality clients?

Mr. Gaurav Seth:

That's a great question. I think you have to do both, I think answering related question earlier. As far as focus is concerned, it is clearly on tech for investors and traders or traders and investors. I think from our company perspective, we are in a sort of a massive product plus tech upgrade cycle. We would like that to be concluded, although it is never concluded in this industry because we have to continually invest and then start to go more aggressive on client acquisition. I'm telling you as is. Right now, we are doing more calibrated acquisition. We will be mindful of our costs as well. Obviously, we all realize that we are a publicly listed company. We are mindful of both revenue as well as cost and the profits that we make. I think we get the best ROI when this product and tech upgrade cycle is complete. That's where, depending on macro factors, we'll significantly accelerate acquisition.

Mr. Arasan M:

Got it. Is there any estimated time line, maybe, 2 years or 3 years. When do you expect a major part of this tech upgrade to conclude so that you focus more on the marketing part?

Mr. Gourav Munjal:

It's not that far out. It's, I would say, in next few quarters.

Mr. Arasan M:

Okay, got it. Thank you very much. All the best.

Mr. Gourav Munjal:

Thank you.

Moderator:

Thank you. We have a follow-up question from Jaiprakash Kumhar from Korman Capital. Please go ahead.

Jaiprakash Kumhar:

Thank you. Just a question on this cash you have about INR 1400 crores. You must be earning the interest income on that, maybe, let's say, I assume it to be 6%, maybe then INR 75 odd crore interest income. Your last year's profit was INR 60 crores. It means that all the profit is coming from just the cash you have and nothing is coming from the broking part.

Mr. Gourav Munjal:

When we see this consolidated figure, we should not do a one on one because the cash component on which a broker enjoying the float is also part of a broking income. If hypothetically tomorrow SEBI says that you can't enjoy the float income, it will be difficult for every discount broker to go for a rate of 20 rupees per order. Then the order may become 40 rupees or 50 rupees per order. My point is, mathematically, what you are saying is yes, if you remove that income, there will be no profit, but the name is interest income, but it is allied to the broking business. We should always see together.

Jaiprakash Kumhar:

Yeah. Maybe, your own 500 crore, it should become part of other income because you said INR 500 crore is there so that should at least show in other income rather than allied?

Mr. Gourav Munjal:

INR 500 crores, technically, you get a 5% interest rate it would be 25 crores. Yes, you are right. INR 25 crores is our own interest income, but again, you need these funds but there is costing to that also. You need to go for the bank guarantee. You need to do the OD/FD for regular paying purpose.

Jaiprakash Kumhar:

I didn't understand the last part, sorry.

Mr. Gourav Munjal:

What I'm saying is, there is income associated to that, if you are saying INR 500 crores and you are getting interest on that, but there is also cost associated to that because you don't keep all funds in exchange just in the FD. You take bank guarantee for margin purpose. There are some costs associated to that also.

Jaiprakash Kumhar:

Okay. Understood. Thank you. That's it. Thank you.

Moderator:

Thank you. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad. That will be the last question for the day. Now, I hand over the floor to the management for closing comments.

Mr. Gaurav Seth:

Well, if there are any follow-up questions, I think there is an email which is ir@5paisa.com. If there are any follow-up questions, you can use that email to ask. Thank you very much for your participation. Have a good day.

Mr. Gourav Munjal:

Have a good day. Thanks, everyone.

Moderator:

Thank you, sir. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good day.

Note: 1. *This document has been edited to improve readability*
2. *Blanks in this transcript represent inaudible or incomprehensible words.*