Management Discussion

Gaurav Seth - Chief Executive Officer and Managing Director, 5paisa Capital Limited
Hello. Hi, can you all hear me?

Operator
Yes, sir.

Gaurav Seth - Chief Executive Officer and Managing Director, 5paisa Capital Limited
Okay, thank you. Hi. Good afternoon, everyone, and welcome to 5paisa Capital's Q2 FY '27 earnings call. Before I get into the numbers, I wanted to say a few words about the purpose and the objective by which 5paisa was formed many years back as one of the earliest discount brokerages in the country. When we started 5paisa, we wanted any Indian with a phone to be able to invest in the market at a fair cost in a completely digital manner, with support as good as a traditional broker.

That was our original vision. That is what still drives us to this day, and we keep fixing things that slow our customers down, and we keep adding products as their needs grow. To give you an example, more than 95% of customers who joined us this quarter opened their accounts completely on their own, which is in a DIY fashion. A lot of our work in this quarter went into preparing for the year ahead. We want our growth to come from customers who enjoy using the product. The new 5paisa trading and investing app is our biggest step in that direction.

We have rebuilt it grounds up with robust back-end APIs, a completely new OMS and RMS system powering a fast, low-latency front end. Orders now go through in a single swipe. Traders can build option positions directly from the option chain and also use an AI assistant known as Ask 5paisa for research, portfolio analysis, trading, and investing insights, and we are also going to launch something related to IPO in the near future.

Collateral from shares, mutual funds, and ETFs is now managed in one place and withdraws up to INR2 lakhs to each customer's account almost instantly. During this quarter, we capitalized about INR62 million of costs on this build, and we expect to pay it off over the next several years. Coming to our performance, we serve 53.4 lakh customers today, added close to 81,600 new ones during the quarter and have more than 24 million app users.

Revenue for the quarter was INR865 million or INR86.5 crores. For the first half, revenue grew 13% to about INR1,750 million. Allied broking income grew 25% year-on-year, and other operating income grew 18%. Net profit was INR7.1 crores, lower than quarter one because we choose to keep investing in technology products and brands even though trading activity was slower across the board.

It was a soft quarter for the overall market. Derivatives volume dropped after the CAS rollout and active NSE clients stayed at about 46 million overall. Our average daily turnover was INR2.59 trillion, reflected the same trend. That said, the long-term picture is still very encouraging. India added roughly 16 million demat accounts in the first half, and domestic funds and households continue to own a larger share of listed companies. We see this as a phase in the cycle, and we're using this time to build a stronger business.

The rights issue has significantly strengthened our balance sheet. Our net worth now is INR1,136 million or INR1,136 crores compared with INR650 crores at the end of March 2026. This gives us room to grow our client funding business, and we are doing it carefully. Average funding book is about INR480 crores spread across a large number of clients, rather than concentrated in a few

clients. Mutual fund assets on our platform now are at INR2,095 crores.

We have also contributed to add to our product range with the AlgoSpace, which is our Algo trading platform. Everyday traders can run ready-made automated strategies across cash, futures, and options, which earlier required coding knowledge. For our most active traders, we offer exchange APIs, co-location, and the F&O 360 platform. Trendlyne is a company that we acquired. We will bring research-theme-based lists, and portfolio analysis directly to the 5paisa app.

A few words on artificial intelligence. We believe it will change what customers expect from an investing app and how quickly we can build what they need. Our customers are already using it to research stocks, read open interest, spot chart patterns, check the health of their portfolios, and build option strategies.

Within the company, that has changed the way our engineering design and services team work. You will see it in every product we launch from here on. To sum up, our purpose remains the same. We are investing for the long term, and we believe our best years are still ahead of us. Thank you for your continued support. Now, happy to take any questions. Thank you.

Questions & Answers

Operator
Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions]. The first question comes from Mahesh Tolani from Goquarter. Please go ahead. Mahesh, sir, please go ahead with your question, sir. There's no response, sir. We'll move on to the next question. The next question comes from Darshan [Phonetic]. Please go ahead, sir.

Unidentified Participant - Analyst
Hi, sir. Am I audible?

Operator
Yes, sir.

Unidentified Participant - Analyst
Yes, hello. Sir, my question was on the acquisition of Trendlyne. Could you shed some light on how you plan to position the platform going forward? Will it be into the 5paisa app or will it continue to operate? How do you see this acquisition creating synergies with the 5paisa app?

Gaurav Seth - Chief Executive Officer and Managing Director, 5paisa Capital Limited
Yeah. So, I mean, right now their board has approved the acquisition end of July. But the formal acquisition still needs to close like it needs to formally close, and we will take a decision whether from a legal perspective, do we completely merge it or have it as a fully owned subsidiary, as an example, or completely merge the operations.

Obviously, the idea is to get some of their products surfaced on the 5paisa app either directly or as a migration strategy. We think we bring best of Trendlyne and bring best of 5paisa for our customers. They are strong in a couple of areas, like they have very good baskets, a lot of better screeners, also the AI side. So we're bringing that together.

We will do that anyway, whether it is Trendlyne continues to be a separate company or fully merged. So that will decide once the acquisition closes. But from a product perspective, our plan is to bring all the good features of Trendlyne to the 5paisa platform.

Unidentified Participant - Analyst
Right, sir. That's very helpful. And sir, I just have another question. What level of user engagement or trade conversion are we seeing from our AI tools? Are customers using these tools or are demonstrating higher retention, or what are we seeing?

Gaurav Seth - Chief Executive Officer and Managing Director, 5paisa Capital Limited
So right now it is a little early days. Most of these good products have been in the market, at least from our perspective, only for a few weeks to a few months. So, we will see how it pans out. But usually what we've seen is that if you give a mature product, which is not like gimmicky, but gives real value, the engagement rate tends to go up, whether it is for existing customers or for new customers. So we have tried this now in the mutual fund area, like in the mutual fund product, where you can come to 5paisa and say, "Ask 5paisa" It will give you a recommendation of funds or where to invest, etc.

Obviously, we cannot give advice, but it'll give you all the different information. And we can drill down as much as you like, whether it is large cap, mid-cap, small cap, in that category, whether it is by expense ratios, whether it is by fund managers and all. So, all of that manual work of actually having to find that information is now solved in a very insightful way by Ask 5paisa. By any, we would want it to drive higher engagement. We don't know at this point in time. It's too early.

Unidentified Participant - Analyst
It's very helpful. Congratulations on a great set of numbers. Thank you, sir.

Operator
Thank you, sir.

Unidentified Participant
Thank you.

Operator
[Operator Instructions]

Gaurav Seth - Chief Executive Officer and Managing Director, 5paisa Capital Limited
So, Moderator, if there is no question, we can close that.

Operator
Okay, sir. I will hand over the floor to Mr. Gaurav Seth for closing comments.

Gaurav Seth - Chief Executive Officer and Managing Director, 5paisa Capital Limited
Sure. Thank you very much for joining. If you have any further questions, you can email us at ir@5paisa.com. So thank you again.

Operator
[Operator Closing Remarks]