DiGiSPICE

Date: 12th **August, 2026**

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001
Scrip Code: 517214

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra – Kurla Complex, Bandra (E)
Mumbai – 400051
Scrip Code: DIGISPICE

Sub.: **Transcript of the Investors/Analysts Conference Call held on 07th August, 2026**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the transcript of the Investors/ Analyst Call held on 07th August, 2026 with senior management team. The transcript will also be available on the website of the Company at: https://investorrelations.digispice.com/information.php?page=transcripts.

You are requested to kindly take the above on record.

Thanking you

Yours faithfully,
For **DiGiSPICE Technologies Limited**

PANKAJ ARORA

(Pankaj Arora)
Company Secretary and Compliance Officer

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"DiGiSPICE Technologies Limited
Q1 FY '27 Earnings Conference Call"
August 7, 2026

MANAGEMENT:	**MR. DILIP MODI – CHAIRMAN – DIGISPICE TECHNOLOGIES LIMITED** **MR. SUNIL KAPOOR – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – SPICE MONEY LIMITED** **MR. ROHIT SOOD – CHIEF BUSINESS OFFICER – PLATFORM BUSINESS - SPICE MONEY LIMITED** **MR. AKASH BAFNA - CHIEF BUSINESS OFFICER – LENDING BUSINESS - SPICE MONEY LIMITED** **MS. AASTHA GARG – HEAD, INVESTOR RELATIONS – SPICE MONEY LIMITED**
MODERATOR:	**MS. HASHIKA MUTREJA – ADFACTORS PR**

DiGiSPICE Technologies Limited
Q1 FY 2027 Earnings Call
August 7, 2026

Hashika: Good afternoon everyone and a very warm welcome to the Earning Zoom webinar of DiGiSPICE Technology Limited for Q1 and FY27.

We have with us Mr. Dilip Modi – Chairman of DiGiSPICE Technology Limited, Mr. Sunil Kapoor – Whole-time Director and Chief Financial Officer of Spice Money Limited and Ms. Aastha Garg – Head of Investor Relations, Spice Money Limited.

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. A statement in this regard has also been included in the Result Presentation sent to you earlier. We will commence the call with the Management taking you through the operational and the financial performance for the period under review, following which we will have an interactive Q&A session.

I would now like to invite Mr. Dilip Modi to commence the presentation over to you, sir. Thank you.

Dilip Modi: Thank you, Hashika. Good afternoon, everyone. Thank you for taking out the time to join us this afternoon.

Every quarter for the last five years, we have been having these calls to introduce what we do at DiGiSPICE Technologies to the market. As you are aware, DiGiSPICE Technologies itself is a holding company under which we are building a business called Spice Money. This is the only business sitting under DiGiSPICE Technologies.

And we have been going through a process with NCLT to merge this business into DiGiSPICE Technologies. So, we give you an update on that. So, really, the way we would encourage you to think about DiGiSPICE Technologies is effectively look at what we are building under the brand Spice Money.

So, let me start my presentation by sharing with you what has been the vision behind which we are building at Spice Money. And then we will specifically dive into Quarter 1 in terms of what have been our achievements for the quarter.

If you really look at what we are building at Spice Money, we are effectively building a digital stack for banking in Bharat. All of us know about UPI and what it has done for our digital payments' ecosystem. But what we are also seeing an opportunity going forward is for a digital banking ecosystem to evolve in India.

A lot of banks have their apps and onboard customers directly on the apps. But there are lots of customers who today are not either using a banking app actively or a UPI app. And effectively, that's a cash first economy. A lot of this economy is sitting in Tier-3, Tier-4 and Tier-5 India. That is also looking to transact with their bank account. We at Spice Money have built a stack for these consumers. There are nearly half a billion of these consumers living in Tier-3, Tier-4 and Tier-5 India.

What we have started with is building an app which is used by small merchants in Tier-3, Tier-4 and Tier-5 India who use our app to function as a banking agent in their community. To date, we have onboarded over 16 lakh agents on our platform. I would ask you to correct the typo. It's 1.68 million Adhikaris on our platform. We refer to them as Adhikaris. Covering around 2.5 lakh towns. And on a monthly basis, we are catering to 27 million customers. Which on an annual basis is about 170 million. What these customers do, they come to these merchant points which function as our banking agents using our app to withdraw cash, deposit cash, to also open an account, to take a loan, to take an insurance policy.

So, effectively, we have created a lot of these touch points where people can transact with their bank account. This has allowed us to gather a lot of data around these consumers. And now our goal is to move them from being a cash first consumer to a digital first consumer. And that is where now we are looking to build our own consumer app. Where effectively our goal is to digitize their cash payments using UPI. We as a company have a PPI wallet license from the regulator which now has become UPI interoperable. So, effectively it can function like a UPI account. So, what we are looking at is the 170 million customers on an annual basis.

Who today are cash first customers. Basically, depositing cash in their account, bank account, withdrawing cash and then spending in cash. To open a simple easy to use UPI account and use our agent network to deposit cash into that account.

And then spend using a very simple easy to use app that we give to the consumer. So, effectively the two apps that we are looking to build is an app for the banking agent and an app for the banking consumer. On top of this, we are also building out a credit business.

Where effectively we have seen that in Tier-3, Tier-4, Tier-5 India. There are a lot of small merchants, a lot of independent workers, self-employed. Who are not given access to formal credit.

Because of lack of enough data, collateral or just pure access. That there isn't a bank branch or an NBFC branch close to where they live. Majority of these customers are living around our agents.

And therefore, through our agents we can access them for data. As well as profile them and be able to provide them loans. We already as we show you in the data have started offering loans of third-party capital to our agents.

And going forward we are looking to offer loans to merchants and consumers around the agents. So, effectively at Spice Money we are a fintech business. With 1.7 million consumers using our mobile app. Or our digital platform to offer digital payment, basic banking and financial services. To over 170 million customers across 2.6 lakh small towns.

What is the journey that we are on in terms of products on the next slide.

Our goal is to drive, if we move to the next slide please. Our goal is to drive digital led financial inclusion in Bharat. And effectively these are the five pillars that we are focusing on. So, the first thing if you think of ATM as a banking product. Today there are about 2 lakhs plus ATM machines in the country. The ones we are used to seeing in big cities and towns.

What we have created is nearly a 17 lakh against the 2-lakh human assisted ATM points. Where consumers looking to withdraw and deposit cash from their bank account. Can visit our merchant point and withdraw deposit cash into any bank account using that point.

We at the last global fintech festival in partnership with the regulator and NPCI. Have also launched the product called UPI cash point. So, in addition to using Aadhaar as an authentication mechanism to withdraw and deposit cash.

With the growing adoption of UPI. We are also enabling our agent points to have a QR. UPI QR where specifically customers can come with any UPI app.

Google Pay, PhonePe or any of the popular apps. And scan it at our agent point and take cash. Today UPI QRs has become popular in the country for the merchants to accept cash.

We at Spice Money are now going to drive a UPI QR through our agent point. Where people can come and also withdraw cash. A lot of this may be happening informally.

We are looking to formalize that by creating a dedicated network of UPI cash points. Collections continue to be a big area when it comes to lending. We at Spice Money are looking to build Bharat's largest rural cash collection network.

We have tied up with over 80 NBFCs and MFIs. Who are using our banking agent points to make sure that they can deposit their EMIs. Whether the agents are coming and depositing it or customers are coming and depositing it.

And the whole idea is to digitize cash faster. So, basically, if an MFI agent is going to a village to collect cash. Once he collects the cash he can also come to our Spice Money banking point in the village itself.

To deposit the cash and we move it digitally to the enterprise account. We are also a BBPS operating unit license holder with the Reserve Bank of India. Which allows us to bring more and more recurring payment and collection use cases onto our platform.

The third big building block that we are looking at is around financial services. Where a lot of our customers who are living in Tier-3, Tier-4, Tier-5 India. Who don't have access to ability to get formal credit, insurance or saving products or even getting a basic banking account or a second account in the family. We are using our banking agent network to also start functioning like a mini branch in the village. And be able to enable customers in that community to be able to open accounts, get loans.

As well as other banking products. So, effectively our banking agent network starting as an ATM point to becoming a collections and payments point. To also becoming a mini branch.

So, this is the platform that we built. We continue to partner with banks, NBFCs, MFIs, insurance companies, mutual funds on one end. And consumers on the other and as we scale up our agent network, we end up bringing more products to more consumers. Two of our own products that we are looking to build on the back of this platform is our own SPICE UPI. Which is going to be positioned as Bharat's own UPI account.

Today we see a lot of popular UPI apps. But what we are looking at is to build a very easy to use safe UPI account. Which is front ended by a very simple easy to use UPI app.

Who are we building this for?

We are building this for cash first consumers who are either new to UPI or are existing to UPI. But use it very minimal. So, we want to make sure a lot of our studies have shown that the next generation of power users in UPI. Will come based on their confidence in the platform. So, what was meant for convenience has to now move to trust.

Our banking agents in Tier-3, Tier-4, Tier-5 India are at points where consumers can start trusting digital platforms like UPI. And we want to help them through our agents to be able to cross this bridge from the lack of trust to deeply trusting. Because if their transaction gets stuck there is somewhere they can go to solve for it. So, having access to 25 million transacting customers a month, 170 million a year. We have a captive consumer base into whom we can seed Bharat's own UPI account. And then finally our lending stack where we are looking to look at data.

That we are collecting to be able to start offering like I said we have started offering loans to our own agents. But going forward to merchants and consumers around the agents. So, our goal is to drive the reach of financial services across Bharat. By deepening our presence of our agent base and the products on the platform. As well as bringing new to UPI or existing to UPI but low users. As well as new to credit users into the formal financial services fold. So, this is what we are building. And as we go forward all of this starts translating into metrics that we share with you quarter on quarter. And we hope that at the annual general meeting some of you who are shareholders will also get an opportunity to see things through the annual report in more detail.

Moving on to Quarter 1, I will give basic highlights on the next page.

On what the Quarter 1 highlights have been for this new financial year. So, to begin with DiGiSPICE Technologies, like I said, is like an investment company. It had other businesses in it which have been discontinued. So, now Spice Money is the only continuing business in DiGiSPICE Technologies. For the first quarter of this financial year the company has delivered a INR 9 crores PAT for the continuing business. So, that is one key highlight.

The second one is that the two new engines we are building which is credit and UPI. We have already seen a break even in our credit business. So, the team and the other costs that are associated with building that business. We have already started earning enough gross margin to cover the cost of our new engine. So, all of this starts flowing into profitability.

So, those are the two financial key highlights.

On the merger, happy to report that we are now at a situation where we move to the second motion with NCLT as of the second half of July. And therefore, as you look at DiGiSPICE Technologies we are hoping that by March 2027, which is by the close of this financial year.

We will effectively DiGiSPICE Technologies will convert into Spice Money as a pure play listed fintech. On both those on the main exchange. On product and partnerships, we continue to bring in new products and new partners on our platform.

Like I explained as a platform we have an opportunity to give product companies the opportunity to reach millions of consumers and merchants living in Tier-3, Tier-4, Tier-5 India. Insurance is one big area that we are doubling down on and we continue to bring more products. As you can see, we continue to add partners.

FD Backed credit card now is the new trend compared to debit cards. And what we are looking at is to use a secured credit card as a way for people to improve their Bureau. As well as for them to start getting exposed to a new credit line. And moving forward they can become move from secured towards unsecured. So, this again building a bridge and making sure lots of consumers in Tier-3, Tier-4, Tier-5 India got exposed to the concept of a Bureau. And we want to work with them to improve their Bureau.

Savings continues to be a big focus area for us. We have already launched FDRT products on our UPI app which is at a beta stage, and we are trying to see how to scale this. And going forward we are looking at investments.

So, the idea is to mobilize a lot of the savings and investments which are informal in small town India into formal savings and insurance. So, we continue to strengthen the foundation of the platform through innovation and making sure that we focus on end consumer needs. And be able to bring in products to serve those needs.

And then let me close with some of the key highlights. Again, for quarter 1 both at the operating and financial and product side. So, if you look at the key metrics on the top are the number of registered agents which is about 16.8 lakhs. These are our users who use our app to deliver financial services. I already spoke about the number of towns and the customers we serve. In terms of just the product metrics AePS which is Aadhar enabled payment system. This is our biggest product. We closed this quarter about 13,300 crores. We have seen a dip quarter on quarter which Aastha will talk about later. But this is a segment where we are a clear market leader. We are close to an 18% market share in a crowded market. And we are looking to strengthen the share.

In terms of collections, we continue to onboard more enterprises on our platform. Here our goal is to drive BBPS which is the Bharat Bill Payment System platform. We are close to 1500 crores for this quarter.

And we will see how to keep scaling this up. In terms of savings accounts to date, we have opened nearly 1.8 million saving accounts in our ecosystem. And the important part is that in these accounts we are seeing balances grow.

Which means more and more accounts are becoming active and that's our goal. And we have seen a 45% growth in the float balances over the last one year. And we also earn from these balances.

Credit disbursement continues to be a big area because there is a big ask. So, finding relevant credit products for our consumers and merchants in our ecosystem we continue to focus on. Came in close to INR 200 crores in this quarter which is a 64% up year on year.

In terms of financial numbers, the revenues have been pretty flattish because we have seen a change in our product mix. And again, Aastha will talk about that. Similar on gross margin but on EBIT and PAT through cost measures we have been able to drive our profitability faster than our top line growth.

And then we are an asset light business, a zero-debt play. And therefore it reflects in our metrics around ROCE and ROI. And we continue to try and stay as asset light as possible to be able to drive better return economics.

Our goal going forward is to look at these customers that are using our platform. Collect more data around them and make sure that we can bring in products around banking and financial services that work for them. And can help them grow and invest their money in a more productive way.

So, with that I will hand over to Sunil – our CFO who can walk us through the financials. Sunil over to you.

Sunil Kapoor: Thank you, Dilip. Can we go to the slide please. Good afternoon participants. This is a, this sheet contains about the financial highlights. It contains about the last two years performance also. Just for a reference how we are performing year to year and what is in this quarter what we have performed.

If we see that we have a soft volume in this quarter even that has also not reduced our gross margin. Because we are gross margin mix is changing because we are working on the new products primarily financial products distribution. And UPI cash point is also bringing up the numbers from this quarter onwards.

And if we see that on the cost side indirect cost, we have continued operating efficiency in the cost side. And of course, the gross margin has not grown much but on the cost side we are working regularly to be more efficient and effective. And from that perspective the EBITDA has 8.6 crores which is kind of almost 6.5x in comparison to the previous quarter. And resultant EBIT is also have a 87% growth from the previous quarter. And if we see that in the last quarter some onetime items were there. If we compare it from the last year same quarter even then there is a 25% growth in the EBIT.

And consequently, the PAT has also grown in comparison to the previous year same quarter. So, we are focusing on the operating efficiency and side by side also working on the new products as Dilip has called out. And hopefully that gross margin standpoint of view we will be able to post the growth in the coming quarters from the new products.

And that will flow to our EBITDA and PAT. And if we see on the overall basis the PAT is INR 6.6 crores that is also grown from the last quarter which was INR 2.8 crores. So, that's all from these financial highlights.

Aastha you can take it over.

Aastha Garg: Thank you, Sunil. Good afternoon, everyone. So, building on the strategic and financial highlights that Dilip and Sunil have already given.

I will talk about the operational momentum that our business is seeing and the expanding power of our distribution grid. So, I will start with the geographic footprint where if you see our agent base has already reached 16.85 lakh agents across India by end of Q1. And it's been growing at a CAGR of almost 12.9% over the last 5 years. If you see in these numbers our core strength lies deeply rooted in the Tier-4, 5, 6 small towns where our 13.3 lakh Adhikaris are located. But what in our key strategy is evolving in this quarter is our deliberate push towards the adjacent or adjoining micro urban clusters as well. So, as Dilip has already mentioned that now we are working on growing our financial product distribution which is typically the savings, investments and insurance products including lending.

These markets are a huge demand centre for these products. So, what we are trying to do here is basically we are bridging our deep rural coverage with these adjacent micro urban pockets so that we can build and maximize the transaction frequency as well as the cross-sell yields across India. In line with the geographic strategy, if you move to the next slide, what you will see happening in the GTVs and gross margins is the evolving product mix.

Looking at the CICO numbers, we can see there has been a seasonal dip here. But we can see a recalibration that is happening between our high volume, low margin collections business which now is moving towards the growth that we can see in the other segment which is basically the financial product distribution involving CASA, credit and insurance products. If you see on the other segment, we have posted a GTV growth of almost 16.3% quarter on quarter which has led to a margin expansion of almost 50.7% quarter on quarter. So, that's a huge growth in the margins that is coming from this segment in a quarter which has helped us at landing the overall gross margin at INR 48.1 crores for this quarter. So, you can see that what is emerging is that these new verticals are helping in cushioning the impact that our CICO business continues to see due to seasonality as well as regulatory changes that happen in this industry. Now let's zoom into our products and what is happening across each product line starting with the payments business here.

If you see on our AEPS cash withdrawal business, we have seen a slight dip in our market share this quarter moving to 17.93%. And like we have last quarter also mentioned, we have been seeing some industry proportion changes on how the withdrawals are happening across this industry. And some lower withdrawals have happened in our stronger regions which is leading to this market share dip. But we have shown strong resilience in this business and in the month of July, we have been able to bring our market share back to 18.3%. What is more important in this slide is to see that the key growth levers which is the subscription packs. One of which is subscription packs, we can see that the agents who have subscribed to these subscription packs are growing quarter on quarter as well as the overall GTVs that these agents contribute to our AEPS GTVs is also growing. So, if you see in Quarter 1, almost 47% of our GTV of AEPS has come in from these agents who have subscribed to our packs. So, which is a signal that these agents are sticking with us and giving us a recurring revenue.

On the two other buckets, growth buckets that we talked about, which is the AEPS cash deposit space as well as the UPI cash point, which Dilip and Sunil also mentioned. These are the growing buckets in this payment space. And if you see, we have expanded on our GTVs on both products this quarter, and these continue to be one of the major growth drivers that will be tracking growth in the next quarters as well.

Let's move to the next slide. Now coming to the collections business, in the collections business, which is basically a traditional corporate CMS space. We have talked about that there have been high commoditization in this space, as well as this market has become highly price sensitive.

So, to drive growth in this segment, what we have been focusing on is the high margin BBPS led collections. So, if you see on the BBPS front, we have shown almost a 14.2% growth year on year. And the BBPS contribution to our overall GTV is also rising from a 9% overall GTV contribution in the Quarter 1 of last financial year to a 15% contribution in the Quarter 1 of this financial year.

What is the other focus in this area is to expand on the client funnel that we are working with across both the products, whether it's CMS or BBPS. So, we have added, if you see three clients on the BBPS front, and what will remain as a key growth driver here is that we will be working and driving the BBPS led digital adoption in this space through the partners and billers who are already live and as more and more billers go live on this platform. So, with that, let's move to the financial product distribution business, which is a high margin growth engine for us.

And that we have been talking about in the presentation also that this is a space where we are leveraging our physical footprint to cross sell the financial products. So, the products that we are cross selling here is one of them is CASA, where we have already sold 17.8 lakhs account till date. And here we have built a float balance of approximately 320 crores till date, which is helping us drive a predictable recurring float income in our P&L.

And that balance is continuing to grow every quarter. If you see on the Grahak loan disburses also, we have posted almost 167.7 crores of disbursals this quarter, which is a 1.7X growth as compared to the last year same quarter, which is basically anchored by the seven lending partners that we are working with in this space. In the newer product categories, we have also expanded into five new secured card categories in the last quarter, as well as rolled out our two wheeler insurance product in the Q1 in the month of July in the insurance pipeline.

Now, what remains is the next introduction as a next roadmap in the financial distribution space is the introduction of savings and investment products as we go. Now let's move to the next slide. So, talking about the credit business, which is the largest growth engine in this quarter for us, you can see that we have disbursed close to INR 30.8 crores of loans in this quarter, which is a 55% growth quarter on quarter and a 2.8x growth year on year. This is the business where I have mentioned earlier as well. We are leveraging the real time transaction data for our Adhikaris to drive higher approval rates, as well as maintaining tight risk control. So, this is the business that we are trying to drive growth in.

In this segment, the MSME product that we launched last year, which is the Vyapar loan product, if you see the GTVs are growing in that product as well, which is helping us to expand our addressable market into the small merchant category also. So, with that, I would say that our overall focus will be to maximize our network yield, leveraging the rural mode that we have built across India and the micro urban expansion that we are trying to see to accelerate the financial product distribution that we are doing, build float balances and in the end, drive credit. So, that's the update that we would like to give you.

With that, I would thank you all for joining in today and I would now hand back over to Dilip sir for the closing remarks.

Dilip Modi: Thank you, Aastha. I think we have a final slide which shows the partnerships and the licenses that we have. So, let me close with that slide.

Can we just put that up please? Aastha, do we have that slide now? Yes.

So, like we said, we do have licenses from the regulator, but as a platform business, as you have been seeing through this presentation, our focus is to bring in more and more partners across product lines. And our goal is to drive more products with them and our focus generally is to co-create products for our ecosystem. So, we are not only enabling reach, but also enabling the right product for the right consumer.

And I think in that context, we see ourselves as a value-added distribution partner. And wherever we feel that there are gaps in the market, we will end up manufacturing our own products, whether the credit saving or investment space. So, thank you once again for listening to us.

Would love to answer any questions that you may have. Also, I would like to introduce you to two of our colleagues. So, if you can get to the Q&A.

I have two of my colleagues who've joined on this call. Akash, who's actually leading our credit business. And Rohit, who's leading our platform business.

So, effectively, all the areas that you see around payments, collections, financial product distribution, it's being driven by Rohit. And Akash is building the credit business. So, they're joining me as well for the first time to interact with you.

So, I am more than happy to answer any questions at this point. Or even later, you can write to us through our website or through our partners. So, over to you, Hashika.

Hashika: Thank you so much, sir, for that presentation. We will now open the Q&A session for the participants. If you wish to ask a question, please raise your hand and ask a question directly or type it in the chat box. I would just request everyone before you ask your question, kindly state your name and the company you represent.

So, we have one question from Mr. Raj Vyas. Looking three years ahead, what would success look like for DigiSpice? Would it be defined by transaction volumes, profitability, customer ownership, lending scale, or the contribution from higher margin financial products?

Dilip Modi: Thank you, Raj, for the question. Actually, the way we think of ourselves, the first thing is driving transactions. I think fundamentally that that's the bedrock of what we are building.

Because on the back of driving transaction volumes, we get access to data. And through that data, we can build new products. Having built a scale of nearly 17 lakh agents who are using our platform, we already have some critical mass of agents on board.

So, we are hoping that our future investments to build more agents or to drive more products are going to be incremental. So, we are hoping that a lot of what we build in terms of new partnerships, we are able to drive in terms of operating leverage and finally profitability. Our challenges are generally that we are in an ecosystem where it is regulated.

And especially when it comes to cash withdrawal, cash deposit, we are also dependent on third party banks. And their rules in terms of conditions that they keep putting on controls that they keep having, which obviously we are on an off-Us rate compared to an honest rate of the bank. So, to that extent, there are certain things beyond our control.

But our goal is that we keep trying to grow the transaction part of the business by having more agents and more transactions per agent. And that's the real goal to drive a very profitable, high impact business. And our mode continues to be the strong banking agent network that we are uniquely placed to leverage going forward. Thank you.

Hashika: Thank you. I hope that answers your question. We have a follow up question from Raj Vyas Sir. Are we planning any fundraising?

Dilip Modi: So, Raj, as of now, we don't have any formal fundraising plans. As you can see, we are a profitable entity, Touchwood. So, we hope that we can continue to drive healthy bottom line growth. But yes, as we go forward, if there's a need for us, whether it's for investing in new engines, customer acquisition, if we see any gaps in capital requirements, we will come back to the market. But as of now, we are growing through our internal accruals and generating more cash for us to be able to keep as a war chest for the future.

Hashika: Thank you. We will take the next question from Samruddhi Bane.

Samruddhi: Thank you. Thank you for taking my question. My question is regarding the Spice Money.

Hashika: Samridhi, we lost you there..

Dilip Modi: Please go ahead, Samruddhi. I think there's an audio issue, right, Hashika?

Hashika: Yes, Samridhi, we are not able to hear you. I think she has left the chat. We will take the next question from Prisha Shah.

Prisha Shah: Okay. So, sir, I have a couple of questions. Firstly, regarding the insurance policy sales.

So, we saw that this quarter, they moderated despite the new product launches we had. So, I just wanted to understand what drove this decline and how are you planning to accelerate the insurance policy growth from year on given the decline this quarter?

Dilip Modi: Yes. Rohit, you want to just talk through the way we are thinking around building the insurance product?

Rohit Sood: Sure. So, thank you, Prisha, for your question. So, first of all, Prisha the current insurance business is structured around our own Adhikaris.

We are selling them a shopkeeper insurance. And therefore it is being served on a captive audience base. And that's how you could see that we could saturate that base very quickly.

And it is only now that we are seeing certain softer growth in that product. And therefore, we are expanding into more products in that space. Also owing to the fact that we are changing the construct of our insurance distribution business today.

You know, we are in trying to work around with in a large portfolio with the insurer tech where we can bring in more products directionally. So, I think the portfolio expansion, which we are planning for this coming quarter, along with that change of construct of operating model will allow us to kind of overcome the current degrowth.

Dilip Modi: Yes. Prisha, did you have any other question?

Prisha Shah: Yes, sir. I have two more questions and that answered my question. So, going forward with my another question. So, considering the current macro environment, are you seeing any early signs in the credit repayments or the transaction volume? You know, given this credit uncertainty, which we have. So, any word on that?

Dilip Modi: Akash, you want to just comment on that?

Akash Bafna: Yes. So, Prisha, we have been lending to our agent network at this point in time, where basically we have a visibility on the cash flow of the agents, because they are transacting again to our platform.

And so far, we have not seen any stress. Our portfolio performance has been in line with the expectation. And apart from that, even in the open market, which we started lending very recently, we have been very cautious and careful while underwriting this customer in terms of their business vintage, their business model, assessment of the business model, business vintage and thereafter we are lending.

So, right now, as such, we have not seen any stress in our lending business or risk at this point in time.

Prisha Shah: Okay, sir. Well understood that question. So, if I may just one last question, if I can squeeze in.

So, I just wanted to understand that in over next two to three years, let's say, so how are you seeing the revenue mix to evolve across your AEPs, UPI cash point, financial distribution segment, also credit? And given that, which business would you expect to become the largest profit contributed from year on, if you could provide some colour on that?

Dilip Modi: So, Prisha, basically what we are seeing now is that we achieved a good critical mass of banking agents, while there is still opportunity to grow more deeper in South and West markets, which we continue to do. But the next phase of growth, Prisha, is around financial products, formal financial products. So, I think that's going to be the big driver for us going forward because we have access to customers. So, basically, using our banking agent points more to withdraw and deposit cash. And now they are beginning to use these points to open a second and third account in the household, as well as we bring more relevant products to be able to access loans at lower cost or get exposed to formal saving investment insurance. So, those clearly are going to be our drivers for the next several years, because there's a huge unserved market, whether it's MSME credit, whether it's insurance. We know the numbers, right? The more you move from Metro to Tier-5, the penetration of formal financial services drops from double digit to even very, very small single digits, if not less than 1%. So, there's a huge untapped market when it comes to formal penetration of financial products.

So, that's something as a fee-based model we continue to scale. On the credit side we definitely see an opportunity to build new products using data that we are capturing, where we will work with partners. We try and stay as asset light as possible.

So, obviously with third party capital, maybe on a first loss model, wherever we are confident of our data to be able to work with them and give them the confidence to start lending. And as they get more confident, they can end up doing more. Right.

And then I think the big one that we are running a lot of experiments around is on our UPI account. This one, Prisha, is a big one for us because we believe, truly believe, that India is now close to half a billion UPI users. Where will the next half a billion come from?

And that's going to be from Tier-3, Tier-4, Tier-5. But it's not going to be just by having a UPI app or a bank account. In our mind, it's a three-pronged strategy where we will give them both a UPI account, a UPI app, as well as UPI assistance on the ground through our agent network.

So, we believe that going forward, UPI users are going to grow on the back of more trust than convenience. And we believe that we are well positioned in our network to gain confidence of the investors to come onto UPI and start using a very simple to use app. So, I think that's the big call out for us as we go forward.

And of course, as we start bringing in more users at a lower tag, we can then also start capturing their data and giving them more products. So, eventually, the goal is to get there over the next few years. And our whole idea is to basically build a very strong digital financial ecosystem in Tier-3, Tier-4, Tier-5 India.

Prisha Shah: Very well answered, sir. That sets the direction of growth for each of your segments. Just a follow up, what would be the quantitative range bound revenue mix if you could provide among these segments?

Dilip Modi: So, if I look at our gross margin mix, Prisha, you would see that majority of that is coming through transaction, a significant part. I think going forward, I would imagine that the mix would get more and more skewed towards financial product and credit, right? I think UPI account is something that we are still going to figure out the monetization model as we go forward. You know, the whole country is debating on how to monetize UPI. So, let's see how that debate closes. You know, just to share with you on the wallet side, of course, we have been talking about MDR for some time, but now we are beginning to talk about MDR even on UPI for large merchants. But Aastha, do you want to just touch on the mix of revenue broadly five years out? How do you think? Aastha, you are on mute.

Aastha Garg: So, if I just talk about the revenue mix and how it looks today, if you see almost 60% of our revenue comes from the cash in cash out segment, which is the payments business that we were talking about. 10-12% comes from collections and the rest is coming from the newer business lines together, which is approximately close to 20-25%. So, that's the mix right now.

What we could say is that though on overall numbers, we are saying that we will grow on all segments, including transactions, because the UPI space we are talking about there and UPI cash point and all. So, overall, we will be trying to grow in the transaction segment as well as the collection segment. But what will drive major growth like Dilip mentioned, it will be the financial product distribution and credit segment.

And what we hope from five years down the line to see is that 50% or more of our margin will be coming from these two segments. If we are able to target the growth as we are planning internally in the company.

Prisha Shah: Thank you, Aastha. Thank you, Dilip sir. That answers my question. Wish you all the best for coming quarter and years.

Hashika: We take the next question from Bhavya Agarwal. Bhavya, I would request you to unmute yourself and ask your question.

Bhavya Agarwal: Yes. Could you hear me?

Hashika: Yes.

Bhavya Agarwal: Thanks for the opportunity. I have two set of questions. Firstly, the AePS market share declined to 17.93% this quarter before recovering in July. What drove this temporary decline and are you confident of sustaining market share gains? And secondly, the UPI cash point GTV reached Rs. 276 crore this quarter. Do you remain confident of scaling it to around 50% of the AePS business over the next one to two years? And what are the key growth drivers?

Dilip Modi: Rohit.

Rohit Sood: Yes. Hi, Bhavya. Thank you for that question. So, Bhavya, the decline in Quarter 1 in our **AEPS** market share, as Dilip mentioned, our shares are very strong in the north and the east markets. And while our market share in the AEPS business segment are slightly lower in the southern territories. And whenever there is a dispersal of government benefit in these markets, that kind of changes our overall skew of market share overall.

So, the disbursements of direct benefit transfers skew our market share to a certain extent. And that is what has precisely impacted our market share in Quarter 1. I think it's a very wishful thinking that UPI cash point could sit at 50% of AePS.

You know, we hope so. Because we seem to be quite doing quite well. You know, we seem to be sitting at about 40% of market share informally on that product today. And directionally it goes to 50% of it'll straightaway hit to our bottom line.

So, I think 276 crores of Quarter 1. In fact, we are looking at an exit of close to 500 CR in the quarter two. So, I think, Bhavya, I hope that kind of settles your query.

Bhavya Agarwal: Yes, absolutely. And I have two more follow up query as such. So, with UPI cash point lowering entry barriers, how do you plan to sustain your competitive advantage beyond the scale of your agent network? And the other one is the North and East continue to dominate your agent network. What is your strategy to accelerate expansion in South and West India?

Dilip Modi: So, Rohit, let me pick the first point. Maybe you can pick up the second. On the first one, obviously, very clearly from a regulator ecosystem point of view, the whole goal is to enable people who are looking for convenience to withdraw cash from their bank account by using UPI. So, the whole goal is to drive new to UPI users. But there's a very clear distinction being made of building a QR product for a merchant acceptance versus building a QR product for UPI cash withdrawal. And I think in the guidelines, it's very clear that the onboarding process for UPI cash point is that of a BC agent.

And today we are a leading BC agent network in the country. So, actually it's players like us who have the opportunity to take a lead in driving this product called UPI cash point across Bharat. So, obviously, the early adoption is amongst the counters where customers are already coming to withdraw cash using AePS.

Can they withdraw cash using UPI? You know, as they move to UPI and new to UPI. But ultimately, the idea is that it can also help us expand into markets that Aastha spoke about.

There are some of the semi-urban micro-urban markets where people are looking to withdraw cash, you see. But what's happening today is if you and I go and withdraw cash using UPI at any point, which is not onboarded as a BC agent, it's actually not allowed. So, merchants end up getting notices and things like that because it was meant to accept a payment, not give cash.

So, effectively, our idea is to formalize this market, and it may open up a new market for us, but that is something we will discover as we go along. Rohit, if you want to add to that, as well as talk about the second point of South and West.

Rohit Sood: No, no, absolutely. I think UPI Cashpoint definitely creates a horizon for us to expand the territories where we kind of operate and get into more maybe urban, semi-urban markets. In terms of South, I think Bhavya we look at certain markets in two fashions, right?

We look at markets where there are cash-in markets and where there are markets which are like cash-out markets. You know, they are sending corridors and receiving corridors. And our assessment is that there are certain products which are in pipeline by the regulator, which are coming in the coming quarter, which is like AePS' third-party money transfer kind of a product, which is a replacement to a large money movement kind of a product.

So, those kind of products when sitting on our portfolio, along with the bunch of financial product distribution work that we are doing and the UPI Cashpoint product that we are trying to penetrate, I think this portfolio will help us gain more market share establish our network better. And I think that could create our tailwinds in the markets where we currently don't see high market shares.

Bhavya Agarwal: Got it. That's all from my side. Sure.

Dilip Modi: Thank you, Bhavya.

Hashika: Thank you. We will now take the next question from Shruti Sharma. Shruti, you can unmute yourself and ask a question. **O**kay. I think we have a couple of questions in the chat box. We can go ahead with those till that time. So, there's a question from Dev Saha. Thanks for the detailed presentation. Wanted to understand that the broader fintech industry is increasingly focused on monetizing rather than payment volumes. So, in such a scenario, how do you see revenue mix for Digi Spice evolving over the next two to three years? And which businesses do you expect to drive incremental profitability?

Dilip Modi: Actually, Dev, thank you for your question. See, what is happening is if you look at the fintech industry.

Hashika: Can you please unmute yourself, whoever is talking?

Dilip Modi: Maybe I will just continue. So, thank you, Dev, for your question. So, basically, if you look at, Dev, the fintech industry, actually, while we are the third largest fintech ecosystem in the world, but effectively, if you look at most of the fintechs, 90% plus or even more, are focused on metro and urban markets. We are among the very, very few fintechs who are focused on semi-urban and rural Bharat. So, actually, Dev, the way we see it is we are actually building the foundational stack in the form of our banking agents. So, think about it this way, that there are 200,000 branches of banks in India with SBI taking a lead, there's 200,000 plus ATMs in India, but effectively, the moment you start going to Tier-three, Tier-four, Tier-five, you will see that the bank branch penetration, ATM penetration, formal product penetration starts dropping. So, the way we think about it is that we don't just see ourselves as a platform riding on the top of other things. We are actually building the foundation. So, our agents are actually going to function like mini branches in their community. And therefore, there are lots of products that can flow through it. So, while the entire fintech industry, and a lot of them are trying to drive recurring payments business and then monetization of those payment rails, we are more like a bank tech versus a fintech, right, where we are effectively building more the foundational digital banking layer in Bharat, on the back of which we can drive penetration of banking and financial services into Bharat. So, we are more sitting in the banking value chain than the payments value chain.

And so, for us, the way we see it is it's about taking banking to Bharat. And by definition there is an economic model sitting in this. So, that's why you have seen that while UPI over the last five years, people have grown volumes but not grown profits.

We, in the last five years, we have grown AePS business and grown profit. So, effectively, it's a different ecosystem being driven on different building blocks.

Hashika: Thank you, sir. I hope that answers your question. The next question is from Samriddhi. What is the expected timeline for completing the SPICE money merger and listing? And would that have any structural impact on our reporting statements? Are there any residual costs from the discontinued businesses?

Dilip Modi: Sunil, you want to take that?

Sunil Kapoor: Yes. Thank you for the question. The merger is, we are expecting that the merger will get completed by end of this financial year. And with respect to the discontinued business, as we mentioned earlier also, that we are in the process of kind of closing all the companies and structure to be out. And if you see the numbers also on the discontinued business, we are reporting separately. And that discontinued business loss or the expenses on that side is very minimal.

And third point of yours is that what will be the benefit of this merger structurally? This will give up because you understand that holding company shares always traded on the discount and underlying business have different values. And whenever this merger will happen, then DiGiSPICE, which will become a SPICE money limited and the business directly will be kind of will be tracked by the investors or other communities who are interested in the business.

So, from that perspective, this will increase the visibility, and we will have a better presentation in the market with respect to the directly with respect to the business. So, that will help us to kind of position us better. And as you mentioned about a discontinued business, hopefully we are targeting also that this discontinued business, whatever the structure we have of the companies, whether it is foreign or Indian companies, we will be closing that structure itself by this financial year end.

So, hopefully it will be a clean structure, merged entity having the business that will position our self-better. That will be helpful for the shareholders' value.

Hashika: Thank you, sir. I hope that answers your question. We have the next question from Mandira. What is the current number of active Adhikaris and what strategy do we have in place to replace the inactive Adhikaris?

Dilip Modi: So, Rohit, do you want to just pick up on that?

Rohit Sood: Sure. So, Mandira, I think this is an interesting one. So, our activity of Adhikari is concentrated with obviously our core flagship product, which is AePS cash withdrawal. So, whenever there is any subsidy disbursal in the market, this activity picks up and this number continues to shuttle anywhere between 3.5 lakh monthly to close to 5 lakh every quarter. It is the number where these Adhikaris keep becoming active on the platform. In terms of replacing inactive Adhikaris so we don't look at, in fact, replacing anyone in terms of the way we look at the strategies constantly making them active and that is what we do by focusing on the core metric of increasing their income.

You know, if during non-subsidy disbursal times, we have a portfolio product which can keep the Adhikari active. That is what we are trying to aspire to become as a platform for so their default income generation platform. And that's where the entire focus of the platform has been to move beyond transaction products into financial product distribution portfolio.

Apart from that, I think we continue to onboard new set of Adhikaris. We have a digital program apart from our sales teams on the ground going and trying to engage with the Adhikaris and trying to make them active. We have a digital program in terms of constantly reaching out to these Adhikaris and checking on their issues, queries and trying to make them active there.

So, I think that's more like it. It's not about replacement. It's about constantly engaging and growing the network with more active Adhikaris.

Yes. I hope that kind of answers your questions.

Hashika: We will take the next question from Utsav. Hi, as we move towards more financial products, what can be our margin profile in the next three to four years?

Aastha Garg: Thank you Utsav for the question. Like we were discussing our margin profile a couple of minutes back also. So, right now, as we are already talking about scaling financial product distribution so three to four years out, if I talk about first three years, what we imagine is our financial product bucket to grow in the margin segment where we land our insurance, savings and investment products. And then looking towards a five-year number, there is where scale of lending comes in because we will be building a lot of customers on our platform already who are coming to our platform doing the transaction business. And then when we start cross selling to them these financial products also, we will be having a touch base with these customers on a regular basis. So, what we are trying to do is, as you know, as more and more of these customers grow, we will be looking forward to credit, enabling credit to them in whatever form or shape they need in those rural areas. So, that is what is the target. So, three years down the line, if I see, the margin should come from the financial products typically alongside our transaction revenues. And around five years is what is where our credit AUMs and margins will start significantly contributing.

Hashika: Thank you. We have a follow-up question from Dave. With competitors also expanding into lending, insurance, etc. So, what is our biggest mode beyond the scale of our agent network?

Dilip Modi: So, Dave what we are seeing in our ecosystem, is that when there are people manufacturing credit and insurance products, majority of these are being manufactured for markets outside our ecosystem. Our ecosystem is more small ticket loans, small ticket insurance, small ticket savings. And for example, we have seen for the kind of credit business we are building ourselves, which we showed the numbers, these are like sub INR 50,000-rupee loans, like sub INR 1 lakh rupee loans. So, we see that for this kind of ecosystem we are in, the ability to access customers for small ticket loans at a cost structure that works is not easy from an economics point of view. So, I think what our agent network has enabled us to do is build a unit economic model for delivery of financial products in a manner which is unique to us. So, by definition, it's not just the scale of the agent network.

It's also the unit economics benefit of the agent network that allows us to develop a moat to build products in the financial space and our conversations with our partners are generally around customizing products that work for our ecosystem. So, I think yes, it is an open market and competition is there, but it's really about how we are building using our data and our understanding and insights of the consumers in our ecosystem to build products that work for them. And I think that's the journey of innovation that we believe will be a moat for us.

So, it's going to be a combination of scale, scope and innovation.

Hashika: Thank you, sir. Any other participants who have a question, they can put it in the chat box or raise their hand. I think that's it from their end. So, we can now close the call. Dilip sir, would you like to?

Dilip Modi: Yes. Well, let me just thank everyone to come out on a Friday afternoon and listen to us. You know, it's amazing that every quarter the number of questions goes up. So, it's heartening to see deepening interest in what we are doing. We are building a business for the long term. And every time I meet someone from the outside, I always say that look at us from a long-term perspective. We are building a financial institution, riding on all the digital rails for the real Bharat. And we hope that as our economy is looking to scale in GDP financial services is going to play a big role. And our role is to drive penetration of formal financial services deeper to Bharat.

So, please do keep tracking our story and how we see. We continue to look for well-wishers because it is a new story being told. So, let's see how it unfolds. And we look forward to your continued interest. Thank you so much for coming out. Thank you.

Hashika: Thank you, everyone, for joining us for DiGiSPICE Technology Limited's Q1 FY 27 Call.