**Operator:** Good afternoon, ladies and gentlemen. Welcome to Billionbrains Garage Ventures Ltd. or Groww Q4 FY26 earnings conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the management's remarks. Please note that this call is being recorded.

Additionally, please note that this earnings call is scheduled for a duration of 45 minutes. If you wish to ask a question, please use the raise hand feature available on your Zoom dashboard. We will announce your name on the call and unmute your line, after which you can proceed with your questions.

For today's call, from the management, we have Mr. Lalit Keshre, Co-founder and CEO; Mr. Harsh Jain, Co-founder and COO; Mr. Neerad Singh, Co-founder and CTO; Mr. Ishan Bansal, Co-founder and CFO; Mr. Lalit Bhimani, Group Head of Finance; and Mr. Kunal Raj Singh Chabra, Head of Investor Relations. I now hand the call over to Kunal. Thank you and over to you, sir.

**Kunal Raj Singh Chabra – Head Investor Relations:** Thank you, Michelle. Good evening everyone and welcome to the call. Our results and shareholders' letter have been published on the exchanges as well as uploaded on the company's IR website. Before we begin, I would like to remind all the attendees that some statements or comments made on the call today by the management may reflect the outlook or can be deemed as forward-looking and hence may involve certain risks and are not subject to any review. Such statements or comments are not guarantees of future performance and the actual results may differ. With that, I would like to invite Lalit for opening remarks.

**Management:** Thank you, Kunal. Hello everyone and welcome to the earnings call. This is our third call after we became public and almost 13 quarters since we started. As you know, overall in India, there are maybe 70 to 80 million unique investors in stocks and mutual funds, and if you look at the active internet population who are transacting online and so on, it is in the order of 500 to 600 million and that is also growing. Why we are telling you this is because it feels like we can continue working for hundreds of more quarters and continue building.

In every quarter, you will probably hear us say the same thing; it might become repetitive what our purpose is and how we want to build wealth for our customers in the country. Since this is the fourth quarter, we also thought that it would be good to give you quick highlights of the last financial year and how we look forward from here.

First thing, as you know, last year was a very important year for us as we became a public company. We also saw a lot of regulatory changes in our broking business, like those related to F&O. I think your company did well there. We launched new products, namely commodities and bonds. On bonds, we had launched primary and now we are launching secondaries. Both the products have done well. We scaled some of the existing products. Mutual funds scaled really well for us, and in other products be it equity mutual funds, we grew our market share.

We forayed into wealth management with the Fissdom acquisition, and this helped us introduce three more products on the platform. This includes Fissdom, which is the bank partnership product; 'W', which is wealth management for affluent and HNI customers on Groww; and 'Prime', which is more for mass affluent customers on Groww. On the AMC side, we partnered with SG, though of course, it is subject to regulatory approvals. Our AUM grew 2.5 times in one year. Of course, we became public, so that was another milestone.

Going forward, our focus will continue to be on scaling our wealth business. It has been six months since the Fissdom acquisition and now we have got a lot of learnings on how to look at the problem of scaling. We will continue scaling wealth.

Secondly, we will continue compounding our existing businesses and growing market share, which we have been continuously doing. Thirdly, we see this year as the inflection point for how AI will start impacting things, and we look at it in two ways. One is how we can improve the customer experience leveraging AI, and second is on the productivity side where our internal teams are shipping much faster and better. Lastly, we continue finding new gaps and new products to launch, finding smaller S-curves. We will continue doing that. I look forward to the questions today. Thank you.

**Kunal Raj Singh Chabra – Head Investor Relations:** Thank you, Lalit. We will now begin with Q&A. Michelle, please go ahead.

**Operator:** Thank you very much, sir. We will now begin the question and answer session. Anyone who wishes to ask questions may click on the raise hand icon. Before asking the question to the management, please introduce yourself providing your name and your organization name. Please limit yourself to maximum of two questions so we can accommodate as many participants as possible. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from Supratim Dutta. Please unmute yourself and proceed with your question.

**Supratim Dutta:** Hi, thanks a lot for the opportunity. My first question is on the overall broking business. In the DRHP, you had given data around how customer assets grew over a period of time. Typically, people who started in somewhere around 2022 or 2023 saw their assets grow by 3-4 times over a 3-4 year period. How are the cohorts which started in 2023 or 2024 tracking, given the kind of market correction that we have seen? What is the difference in behavior you are seeing in these cohorts which would have started in the last one or two years versus the ones which started before, because they would have seen a sharper correction in the last 12 months? If you could give us some color on how you are seeing customer behavior vary across different cohorts, that would be very helpful.

Secondly, coming to your wealth management business, thanks a lot Lalit for giving us some color around those businesses. Now that Groww Prime has been launched since January, what is the kind of feedback that you are getting from the product? How do you see that scale up over a 2-3 year period? From the perspective of investments, how do you see investment on the wealth side play out over the next two years?

Lastly, a few data-keeping questions. You used to give the affluent customer asset breakup and revenue contribution. If you could provide that, it would be very helpful. How much of the assets today are from affluent clients on the platform and what is their revenue contribution? Thank you.

**Management:** Let me take the first question on the broking side. We earlier talked about how in the last year and a half, the acquisition funnel has been slightly different. Markets have not been doing so great since September 2024. Since then, we have seen that the acquisition funnel has shifted more towards mutual funds and ETFs as products. Hence, the way customers are actually getting introduced to the capital market has become slightly different.

However, their AUM gathering is still in line with the similar trajectory that was happening earlier. SIP is one of the largest modes of AUM accumulation happening on mutual funds, and on ETFs as well, SIP is very big now. The other thing is the mark-to-market (MTM) that keeps happening across different products. Even for ETFs, because gold and silver is a large part of it, there was a huge MTM that people saw. During February versus January, people were probably significantly positive. What we have seen at an aggregate level is that most of these customers are still profitable. March 31 was obviously not the best day for a cutoff, but if you look just after that, most of the pain that was there in March reversed. People are still making money and hence the inflows are not going down. But on an MTM basis, there is a dip in the AUM.

**Supratim Dutta:** Thanks for that. If I could add to the second question.

**Management:** Sorry, what was the second question actually?

**Supratim Dutta:** The second question was on the wealth management business. Given Groww Prime has been launched since January, I wanted to understand your initial trends or learnings and how you plan to scale that up over the next two years. What kind of investments would Groww Prime, 'W' for Groww, and Fissdom require over the next 2-3 years? In the shareholder letter, you mentioned that Fissdom should be profitable by FY28. I wanted to understand how you are looking at investments across these three platforms.

**Management:** I think it is a bit early. It has been two quarters since the acquisition. We are solving it in a very focused way, so it is too early to comment on anything right now. There are a lot of things we are building.

**Supratim Dutta:** Understood. Lalit, on the wealth business, have you seen any cross-sell currently between those who are taking mutual funds and broking versus wealth, or is it still too early to comment?

**Management:** Of course there is cross-sell. But as I said, it is early and we are still streamlining the flows. From the overall potential and demand perspective, there is a large market. We are focusing more on service levels and raising the bar of the experience.

**Supratim Dutta:** Understood. And on the last question regarding affluent customer assets and their share of revenue?

**Management:** We will get back to you on this. That should be on the top of our minds.

**Supratim Dutta:** Sure, thank you.

**Operator:** Thank you. The next question is from Sanket Godha. Please unmute yourself and proceed with your question.

**Sanket Godha:** Thanks for the opportunity. My first question is on your equity options market share. If I look at a like-for-like basis compared to the previous quarter and the current quarter, it seems your market share has increased from 9.1% to 10.6%. What exactly has led to this sharp jump in market share of 150 basis points? Is it related to new product launches like 9:15, or has Groww Cloud and the API played a role? Can you also give a bit of color on how much of the total options trading on your platform is contributed by alga, and how do you see it playing out going ahead?

Second is more of a data-keeping question. On commodities, you give the orders and the number of users indirectly. If you could provide the market share in retail ADTO terms, that would be useful to understand how quickly you achieved market share. The number of orders gives some color, but we do not know exactly what the market share is.

**Management:** On the derivative side, it is not just options; it is a combination of futures and options. The market share expansion in this quarter is a continuation of what has been happening on a year-over-year basis.

There is a two-fold reason for this. First, with the new customers coming to the derivatives market, we are driving some benefits from new initiatives, including 9:15. But a large part of this is coming on Groww itself. Second, because the last quarter had a lot of volatility, we saw that our customers who used to trade earlier have started doing more. The absolute number of customers has significantly increased. Roughly, we had around 14 lakh customers transacting on a quarterly basis earlier, and this time we had around 17 lakh customers transacting. This has helped us increase the volume and market share. This shows that our overall retention is high on the platform, which helps us whenever the customer is interested in any other product. A customer might not have been doing derivatives last quarter but started this quarter, while having done stocks or mutual funds previously.

Regarding the algo side, API or algo trading is not meaningful in terms of transactions today. For the third point, we will start giving commodity-related ADTO once we cross a year since the commodities launch. We thought that once we cross a year, we will start delivering the market share numbers so that a year-over-year comparison is available to you.

**Sanket Godha:** Do you have a specific strategy on algo-based trading? They contribute meaningfully to volume and order growth. Any outlook or plans you have for that piece would be useful. Second, in the quarter, we saw a decent jump in the employee cost and depreciation. Is it largely related to Fissdom and the apportionment which led to the increase in employee cost, and is this the new normal going ahead?

**Management:** As of now, we do not have a very strong strategy focused on algo. We believe the new regulations that are still getting cleaned up will eventually give us more clarity. We will probably jump into this market once we have full clarity on the regulatory piece. Only then will we be able to build a product we can scale. We are waiting for that to happen.

On the second part, you are right about depreciation. There is an impact primarily coming from the Fissdom acquisition. On the employee cost, we are investing across multiple functions, including asset management and the wealth side. There are also initiatives on the AI side in Groww where we are investing. This investment typically comes in the form of people, and hence the employee cost has increased a little bit from last quarter to this quarter.

**Sanket Godha:** Can you give the headcount, if you don't mind?

**Management:** Today the headcount is around 1,800.

**Sanket Godha:** That is it from my side.

**Operator:** Thank you. We will take the next question from Manish Oswal. Please unmute yourself and proceed with your question, sir.

**Manish Oswal:** Thank you for the opportunity. On the wealth management business, if you take a 3-5 year view, what are the differentiating factors Groww will bring to the market compared to existing models?

**Management:** There is a significant change in the customer base from a wealth point of view. A new segment of users who are becoming affluent and HNI are coming from a new-age experience background. There is an experiential layer that is going to be different for the wealth business. As Lalit was saying, we are investing in raising the bar for experience and service, which will be a differentiator for us. This comes both from the technology point of view and from the product selection and advisory role. We will continue building on this. It takes us time to nail the right solution for people and then keep scaling from there.

**Manish Oswal:** The last two years we have seen hardly any return to the investor, and now things are turning around. Active customer base participation at the industry level and in your business should increase if the trend sustains. Regarding the cost to serve and cost to grow compared to revenue growth, what pace can we assume for expenditure growth versus, say, 20% revenue growth? What kind of growth should we model for the overall cost of Groww and maintenance?

**Management:** On the new users coming to the industry, things are looking better than earlier. But again, we are wary of macroeconomic factors impacting the markets, including tariffs and the fact that FIIs have been negative in the market. We are waiting for a clear signal, like when FIIs start putting money into India. That could be a good indicator that we are on a positive cycle. It is not yet obvious, and we might need to wait for a few more quarters to say we are in the next cycle of growth. But we are away from the bottom.

On the cost to serve and cost to grow, the cost to serve is largely a tech-related cost. As the revenue per transaction grows, our cost to serve actually goes down. With AI coming in, all of our tech-related AI costs will become part of the cost to serve. There might be a slight increase, but we do not see that being proportional to revenue. As a percentage, we expect it to be slightly lower, though there will be absolute increases. On the cost to grow, the spend has been more or less consistent. Between last year and this year, we would have spent around 450 to 500 crores. We will keep increasing this a little bit, but it is not going to be linear with revenue. It will be more about building new brands. 'W' or 9:15 might have some spends attached, but likely it will be lower than the growth in revenue.

**Manish Oswal:** Thank you very much, sir.

**Operator:** Thank you. The next question is from Vivek Gautam. Please unmute yourself and proceed with your question, sir.

**Vivek Gautam:** I wanted to understand about the opportunity size and expected growth rate, and more importantly, the differentiator versus the competition. Also, regarding any concern about SEBI and the government wanting to curb speculation in futures and options, especially for retail traders. How do we mitigate that?

**Management:** From an opportunity point of view, we look forward to compounding our core business where new investors are coming in. We spoke about the potential penetration in the country and our goal to gain a larger market share. This builds one dimension of opportunity where new investors are participating in various products. The other dimension is launching new products and services for specific segments, like wealth and 9:15. This creates opportunities for the future.

Regarding the differentiator, we believe our investment in building a user experience converts into higher retention. Users stay longer on our platform and participate in different products across different market scenarios. Our technology investment allows us to create differential experiences in terms of activation and engagement.

On the regulation side, we have been operating in a regulated space since we started. We participate with the regulators on a regular basis regarding all their concerns. Their concerns are pretty much our concerns; we are all trying to work in favor of investors and create wealth for our customers. Anything that comes up, we will participate at an industry level.

**Operator:** Thank you. We will take the next question from Dipanjan Ghosh. Please unmute yourself and proceed with your question.

**Dipanjan Ghosh:** Good evening. My first question is regarding the MTF book, which has been on a rising trajectory. Are these customers who are taking the MTF proposition new to MTF, or are they existing customers who became acquainted with the product once you started it? Or are they existing customers who were availing this product through a competitor and have now shifted platforms?

The second question is on the platform ARPU, which is almost back to pre-November 2024 levels. Have you studied whether weaker customers got weeded out or into dormancy, or are you acquiring higher quality new customers? Or have existing customers just acclimatized to the new regime of taxation and regulations? Finally, can you give the average MTF book for the quarter?

**Management:** On MTF, it is not an acquisition product for us. Mostly our existing customers are using MTF. Earlier, they might have been doing intraday trading; now they are holding positions for longer. It is difficult to figure out if customers were doing MTF elsewhere, but we know most of our customers are unique to us and only transact with us. It is unlikely they are doing MTF elsewhere and everything else here.

On the ARPU, it is a complicated mix. The penetration of F&O went down, which led to the overall platform ARPU decreasing. But at the same time, with MTF coming in, things are balancing.

**Raghav Maheshwari:** Hi team, thank you for the opportunity. Just a quick question regarding the user acquisition trends. Given that you have mentioned cost to acquire is largely stable, do you see any shifts in the demographics or profiles of new users that you are onboarding now compared to, say, one or two years back?

**Management:** Thanks, Raghav. What we are seeing currently is that as we expand into tier 2 and tier 3 towns, the profile of the customer is slightly different. These people are now new to stocks, and we have seen that their behavior and their investing habits are more long-term oriented. They are looking at building wealth over time, not just trading in the short term. That reflects in our product strategies where we cater to these segments with more educational content and simpler product journeys.

**Raghav Maheshwari:** Understood. And are you seeing any impact of that on engagement or ARPUs from these newer cohorts?

**Management:** It is too early to call out significant trends. But there are initial indications that the ARPUs from these segments are slightly lower initially, but they tend to be stickier and have longer lifetime values. Over a period of time, we think that through consistent engagement and upsell, these customers will start contributing more meaningfully to the overall ARPU and engagement metrics.

**Raghav Maheshwari:** Got it, thanks for the insight. One last question: with the macro environment and rising interest rates, are you seeing any trends in terms of customer flows or asset allocation preferences shifting?

**Management:** Yes, definitely. Equity flows are still strong, but we are also seeing significant interest in debt instruments, especially in safer government bonds and corporate bonds. We have seen a pick-up in SIPs in balanced or hybrid funds as well. Customers are looking for a diversified approach in the current scenario.

**Raghav Maheshwari:** Perfect, that is all from my side. Thanks once again.

**Operator:** Thank you. We will take the last question from Gaurav Singal. Please unmute yourself and proceed.

**Gaurav Singal:** For the industry, we have seen the NSE active clients plateauing at around 50 million for a while. For Groww, the client growth has been good because of market share gains, but eventually the industry needs to grow. You mentioned that 500 to 600 million people shop online. To get the industry from 50 million to 100 million over time, what gives you the confidence that the industry can keep expanding rapidly?

Secondly, are we hitting any open interest limits on single-script products like Sensex options because of our scale? Thirdly, what is our settlement cycle right now in terms of repatriating client cash balances back to their bank accounts, and what is the thinking of the regulators on changing this time period?

**Management:** The growth rate of this industry is driven a lot by the market environment. In the last year and a half, we have been in a more volatile market. Before that, we were in a bull run, which was when a large part of the customer base grew. Growth typically comes in those bull runs and then stabilizes. When the next bull run comes, that is when the market will expand, and that expansion is typically very high. In a longer frame, the industry is growing at a 10-15% CAGR.

On the questions regarding settlement, customers broadly have three options: bill-to-bill settlement, monthly settlement, or quarterly settlement. Quarterly settlement is an obligation you cannot go beyond. We do whatever the customer has chosen. Quarterly settlement is done on the first month of the quarter, monthly is done on the first week of the month, and bill-to-bill is done when the actual settlement happens from the exchange side.

**Gaurav Singal:** This settlement cycle limit, which is a quarter now, seems to keep going down. Is the regulator's thinking that it should keep decreasing?

**Management:** It has been quarterly for the last 10 years now. It is a choice. We have not seen customers choosing bill-to-bill settlement significantly more than monthly or quarterly. Quarterly is probably what most customers want because it is more convenient. Whenever a quarterly settlement happens, many customers are surprised why their money was refunded, and it becomes an inconvenience. We look at it less from an income perspective and more from what the customer wants. We provide an option for instant withdrawals where you can withdraw money and it will come to your bank account within a few seconds.

**Gaurav Singal:** Lastly, are we hitting any limits on single-script option open interest?

**Management:** We talked about it last quarter. On average, we are at less than half of the limit. In the last quarter, we have not hit that limit at all for any day or any script.

**Gaurav Singal:** All right. Thank you.

**Operator:** Thank you. As that was the last question for today, I now hand over the conference back to Kunal for closing comments.

**Management:** Thank you, everyone, for joining the call today. Feel free to reach out to us for any questions or clarifications. Have a good week.

**Operator:** Thank you, members of the management. On behalf of Billionbrains Garage Ventures Ltd., that concludes this conference. Thank you for joining us. You may disconnect your lines now.