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## Billionbrains Garage Ventures (GROWW)

### Initiating Coverage

<b>Date:</b> 2026-04-20	<b>Ticker:</b> GROWW
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### EXECUTIVE SUMMARY

Groww is India's largest retail investing and wealth platform by active clients on the National Stock Exchange, operating as a discount brokerage that earns transaction fees on equity derivatives (~55% of revenue), brokerage on cash equities (~19%), distribution income from mutual funds, float income on client balances, and a rapidly scaling margin trading facility (MTF). The platform's defining structural characteristic is its 80% organic user acquisition rate — the vast majority of its 21.6 million transacting users arrived without paid marketing, creating a customer acquisition cost structure that is fundamentally different from traditional financial intermediaries. In FY26, the platform generated ₹46,446 Mn in revenue from operations, a 19% increase over FY25. [Q4 FY26 Interim Report; Q4 FY26 Shareholder Letter]

The financial picture is one of rapid margin expansion driven by operating leverage on a largely fixed cost base. FY26 consolidated revenue from operations was ₹46,446 Mn (+19% YoY), EBITDA (as defined by the company) reached ₹9,387 Mn in Q4 alone (+142% YoY), and PAT for FY26 was ₹20,830 Mn (+14% YoY) with a PAT margin of 43.3% on total income. The balance sheet carried ₹96,514 Mn in equity as of March 2026 following the November 2025 IPO, with total assets of ₹185,409 Mn — a reflection of the growing lending book and client fund balances held on the platform. Free cash flow is structurally negative because growth in client balances and the lending book consumes cash from operations. [Q4 FY26 Interim Report]

The central tension is between Groww's powerful organic growth flywheel and its concentration risk in equity derivatives revenue, which constitutes ~55% of total income and is directly exposed to SEBI regulatory intervention. The bull case requires continued expansion of India's capital market penetration (currently single-digit %) and successful cross-selling into lending, wealth management, and asset management. The bear case centres on SEBI's demonstrated willingness to tighten F&O regulations (as seen in the October 2024 framework changes that caused derivative user churn) and the structural ceiling on per-user monetisation in a discount brokerage model where the ₹20 flat fee is both a competitive advantage and a margin constraint. [Q2 FY26 Earnings Transcript; Q4 FY26 Shareholder Letter]

## SECTION 1: COMPANY PROFILE AND KPI FRAMEWORK

### 1A — Company Identity

Field	Detail	Source
Legal Name	Billionbrains Garage Ventures Limited (formerly Billionbrains Garage Ventures Private Limited)	Q4 FY26 Interim Report <a href="#">[Q]</a>
Ticker(s)	GROWW (NSE), 544603 (BSE)	Q4 FY26 Interim Report <a href="#">[Q]</a>
Exchange(s)	National Stock Exchange of India (NSE) + BSE Limited	Q4 FY26 Interim Report <a href="#">[Q]</a>
Headquarters	Vaishnavi Tech Park, South Tower, 3rd Floor, Bellandur, Bengaluru 560103, Karnataka, India	Q4 FY26 Interim Report <a href="#">[Q]</a>
Country of Incorporation	India	Q4 FY26 Interim Report <a href="#">[Q]</a>
CIN	L72900KA2018PLC109343	Q4 FY26 Interim Report <a href="#">[Q]</a>
Founding Year	2018 (incorporated)	Q4 FY26 Interim Report <a href="#">[Q]</a>
IPO Date	12 November 2025 (NSE + BSE)	Q3 FY26 Interim Report Note 4 <a href="#">[Q]</a>
IPO Details	663,230,051 equity shares at ₹100/share; fresh issue of 106,000,000 shares + OFS of 557,230,051 shares; net proceeds ₹10,159.84 Mn	Q4 FY26 Interim Report Note 6 <a href="#">[Q]</a>
Industry / GICS	Investment Banking and Brokerage	QuartrPro <a href="#">[Q]</a>
Employee Count	~832 core employees + ~300 customer service + ~500 via Fisdom acquisition (as of Q2 FY26)	Q2 FY26 Earnings Transcript <a href="#">[TR]</a>
Fiscal Year End	March 31	Q4 FY26 Interim Report <a href="#">[Q]</a>
Operating Geography	India (single geographic segment)	Q3 FY26 Interim Report Note 5 <a href="#">[Q]</a>
Reporting Currency	INR	Q4 FY26 Interim Report <a href="#">[Q]</a>
Filing Unit	INR Millions	Q4 FY26 Interim Report <a href="#">[Q]</a>

Auditor	BSR & Co. LLP (Firm Reg No: 101248W/W-100022)	Q4 FY26 Interim Report [Q]
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### Key Market & Financial Snapshot

Metric	Value	As Of / Period	Source
Current Stock Price	₹214.01	2026-04-21	[WS]
Market Capitalisation	₹1,34,261 Cr	2026-04-21	[WS]
52-Week High	₹216.75	Apr 21, 2026	[WS]
52-Week Low	₹112.00	Trailing 52 weeks	[WS]
All-Time High	₹216.75	Apr 21, 2026 (IPO Nov 2025)	[WS]
Average Daily Volume (shares)	[NR]	Web search did not return reliable data	
FY26 Revenue from Operations	₹46,446 Mn	FY26 (Mar 31)	[Q] Q4 FY26 Interim Report
FY26 Revenue Growth (YoY)	+19%	FY26 vs FY25	[Q] Q4 FY26 Interim Report
FY26 PAT	₹20,830 Mn	FY26 (Mar 31)	[Q] Q4 FY26 Interim Report
Q4 FY26 EBITDA	₹9,387 Mn	Q4 FY26	[Q] Shareholder Letter

Note: Groww IPO'd November 2025. FCF is structurally negative due to lending book growth and client balance accumulation — not included as it would be misleading without context.

## 1B — Business Model Narrative

Groww operates India's largest retail investing and wealth platform, offering a technology-driven marketplace where retail investors can trade equities, equity derivatives, commodity derivatives, and mutual funds, as well as access lending products (margin trading facility, loan against securities, personal loans) and insurance distribution. The platform monetises primarily through transaction-based fees — a flat ₹20 brokerage per derivative order and per-trade brokerage on cash equities — supplemented by distribution commissions from mutual fund houses, float income earned on client funds held on the platform, interest income from the MTF and lending book, and nascent revenue from its asset management subsidiary (Groww Mutual Fund). The model is asset-light on the brokerage side (minimal physical infrastructure, no branch network, ~1,100-1,600 employees) but is becoming increasingly balance-sheet-intensive as the lending book (MTF + LAS + personal loans) scales. The core value proposition is a mobile-first, zero-friction investing experience built on proprietary technology, which drives the 80% organic acquisition rate that underpins the economics. [Q2 FY26 Earnings Transcript; Q4 FY26 Shareholder Letter]

The company reports as a **single operating segment**: "sale of financial services through web & app based technology platform." The CODM (Board of Directors) reviews consolidated financial

information as a whole without distinguishing revenues, costs, and expenses between segments. [Q3 FY26 Interim Report Note 5 [\[Q\]](#)]

However, management's internal view, as disclosed in shareholder letters, breaks economics into: Revenue from Operations → Cost to Serve (software/server/technology + transaction charges) → Cost to Grow (marketing) → Cost to Operate (everything else, mainly employee costs) → EBITDA. This is a useful supplementary lens even though it is not the statutory segment structure.

**Business model classification:** MARKETPLACE — discount brokerage platform with transaction-fee revenue, distribution income, float income, and a growing on-balance-sheet lending component. The platform is a two-sided marketplace connecting retail investors with Indian capital markets (exchanges, mutual fund houses, insurance providers).

## 1C — Revenue Model

Stream Name	Trigger	Recurring vs. One-Time	Recognition Method	% of Total Revenue (Q4 FY26)	Trend
Equity Derivatives Brokerage	₹20 flat fee per executed derivative order	Transaction / Recurring activity	Revenue recognised on trade execution per Ind AS	~55%	Stable / Slight increase QoQ <a href="#">[Q]</a>
Cash Equities Brokerage	Per-trade brokerage on stock transactions	Transaction / Recurring activity	Revenue recognised on trade execution	~19%	Stable <a href="#">[Q]</a>
Mutual Fund Distribution	Trail commission from AMCs for MF SIPs and lumpsum flows	Recurring (trail-based)	Commission recognised over service period	~8%	Stable <a href="#">[Q]</a>
Float Income	Interest earned on client funds held on platform	Recurring	Accrual basis	~6%	Declining share (was 8% in Q4 FY25) <a href="#">[Q]</a>
MTF Interest Income	14.95% annual interest on margin trading facility book	Recurring (AUM-based)	Interest income accrued over loan tenure	~5%	Rapid growth (was 0% in Q4 FY25) <a href="#">[Q]</a>
Commodity Derivatives	Transaction fees on commodity derivative trades	Transaction	Revenue recognised on trade execution	~5%	Rapid growth (was 0% in Q4 FY25) <a href="#">[Q]</a>
Personal Loans	Interest	Recurring	Interest	~3%	Growing <a href="#">[Q]</a>

+ LAS	income on personal loans and loan against securities	(AUM-based)	income accrued over loan tenure		
Treasury Income	Returns on surplus cash invested in NCDs, government securities, mutual funds	Recurring	Fair value / accrual per Ind AS	Reported as Other Income	Growing with IPO proceeds [Q]
Other Income	Miscellaneous	Various	Various	~2%	—

Source: Q4 FY26 Shareholder Letter revenue mix chart [Q]. Revenue recognition: Ind AS applied per Note 2 of Q3 FY26 Interim Report [Q]. Note: Gross-vs-net is not an issue for brokerage (Groww is the principal collecting fees); for MF distribution, commissions are net.

### 1D — Ecosystem Map

Category	Details
<b>Customers</b>	Retail investors in India. 21.6 Mn total transacting users, 16.7 Mn active users as of Q4 FY26. Predominantly young, mobile-first demographic. No individual customer concentration (millions of retail accounts). [Q4 FY26 Shareholder Letter [Q]]
<b>Suppliers &amp; Dependencies</b>	NSE and BSE (exchange infrastructure — single-source dependency for order routing); CDSL/NSDL (depository services for demat accounts); payment gateways (UPI, NEFT for fund transfers); cloud infrastructure providers; mutual fund AMCs (for distribution). [△ SOURCE: TRAINING DATA — not verified against retrieved documents]
<b>Channel Partners</b>	Fisdom (acquired subsidiary, ~500 employees, distributes regular MFs, PMS/AIF, insurance, unlisted securities through advisor network with ~180 sales personnel). [Q2 FY26 Earnings Transcript [TR]]
<b>Technology Partners</b>	Platform is built on proprietary technology. No specific third-party technology partnerships disclosed in retrieved documents. [△ NOT RETRIEVED]
<b>Regulators</b>	<b>SEBI</b> (Securities and Exchange Board of India) —

	<p>primary regulator for broking, derivatives, mutual fund distribution. <b>RBI</b> (Reserve Bank of India) — regulator for lending activities (personal loans, LAS). <b>AMFI</b> (Association of Mutual Funds in India) — industry body for MF distribution. <b>IRDAI</b> — for insurance broking subsidiary. Groww holds multiple licenses: stockbroking, depository participant, mutual fund distribution, insurance broking, NBFC (through subsidiary). [Q2 FY26 Earnings Transcript <a href="#">[TR]</a>; Q3 FY26 Interim Report subsidiary list <a href="#">[Q]</a></p>
<b>Competitors</b>	<p>Zerodha (named in the IPO context as the incumbent discount broker), Angel One, ICICI Securities, HDFC Securities, Upstox — competitors named in the context of NSE active client market share and MTF book competition. Management states pricing is not the primary differentiator; experience is. [Q2 FY26 Earnings Transcript <a href="#">[TR]</a>] <a href="#">△ [SOURCE: TRAINING DATA — specific competitor names not explicitly listed in retrieved filings' Risk Factors section since no 20-F/10-K Risk Factors section was retrieved]</a></p>

Note: No annual report Risk Factors section was available for retrieval (Groww's first annual report as a listed entity was filed today, 20 April 2026, and is not yet available on QuartrPro). The competitor list is therefore less complete than it would be for a company with an available 20-F or S-1.

## 1E — KPI Inventory

### Operational KPIs:

KPI	Definition	Most Recent Value	Period	Source	Why It Matters
Total Transacting Users (NTUs)	Cumulative unique users who deposited/invested ≥₹1,000 and transacted, or took a first loan	21.6 Mn	Q4 FY26	Shareholder Letter <a href="#">[Q]</a>	Platform scale; lifetime monetisation base
Active Users	Users who transacted in last 3 months or have assets	16.7 Mn	Q4 FY26	Shareholder Letter <a href="#">[Q]</a>	Engagement intensity; denominator for ARPU

	>₹0				
Total Customer Assets	Sum of stocks in demat + MF holdings + client funds on platform	₹3.0 Tn	Q4 FY26	Shareholder Letter [Q]	AUM proxy; drives float income and distribution revenue
Net Inflows	Investments by users in quarter less outflows at cost price	₹0.25 Tn	Q4 FY26	Shareholder Letter [Q]	Net asset accumulation; organic growth signal
MF Active Users	Users transacting in MFs in last 3 months or with MF holdings >₹0	⚠ [NOT RETRIEVED — not separately disclosed in Q4 FY26 shareholder letter]	—	—	MF cross-sell penetration
MF SIP Inflows	Total value of SIPs purchased through platform	Not quantified in absolute terms for Q4 FY26; +34.8% YoY, +5.6% QoQ	Q4 FY26	Shareholder Letter [Q]	Recurring revenue stickiness from MF trail
Stocks Active Users	Users transacting in stocks/IPO/MTF in last 3 months or with demat value >₹0	Not separately disclosed in Q4	Q4 FY26	Shareholder Letter [Q]	Core broking user base
Equity Derivatives Active Users	Users who traded equity derivatives in last 3 months	Not separately disclosed in absolute terms for Q4; +21.7% YoY, +14.7% QoQ	Q4 FY26	Shareholder Letter [Q]	Key monetisation segment
Commodity Derivatives Active Users	Users who traded commodity derivatives in last 3 months	393k (+53.8% QoQ)	Q4 FY26	Shareholder Letter [Q]	New product adoption; 2.4% attach rate
MTF Book	Margin trading facility outstanding (funded) book	₹28,143 Mn	Q4 FY26	Shareholder Letter [Q]	Balance-sheet-intensive revenue driver

Product Attach Rates	Active users on specific product / platform active users	Stocks: 72%, MF: 60%, Equity Derivatives: 10%	Q4 FY26	Shareholder Letter <a href="#">[Q]</a>	Cross-sell penetration; multi-product engagement
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**Financial KPIs:**

KPI	Most Recent Value	Period	Source	
Revenue from Operations	₹46,446 Mn (FY26); ₹15,054 Mn (Q4 FY26)	FY26 / Q4 FY26	Q4 FY26 Interim Report <a href="#">[Q]</a>	
Revenue Growth	+19% YoY (FY26); +88% YoY (Q4 FY26)	FY26 / Q4 FY26	Q4 FY26 Interim Report <a href="#">[Q]</a>	
EBITDA	₹9,387 Mn (Q4 FY26); +142% YoY	Q4 FY26	Shareholder Letter <a href="#">[Q]</a>	
PAT	₹20,830 Mn (FY26); ₹6,864 Mn (Q4 FY26)	FY26 / Q4 FY26	Q4 FY26 Interim Report <a href="#">[Q]</a>	
PAT Margin	43.3% on total income (FY26); 44.7% (Q4 FY26)	FY26 / Q4 FY26	Q4 FY26 Interim Report <a href="#">[Q]</a> ; Shareholder Letter <a href="#">[Q]</a>	
Contribution Margin %	Revenue from Ops minus Cost to Serve, as % of Revenue from Ops	66.1% (Q4 FY26 platform)	Q4 FY26	Shareholder Letter <a href="#">[Q]</a>
Diluted EPS	₹3.40 (FY26); ₹1.09 (Q4 FY26)	FY26 / Q4 FY26	Q4 FY26 Interim Report <a href="#">[Q]</a>	

**Pipeline / Forward-Looking KPIs:**

KPI	Observation	Source
NSE Active Client Market Share	Groww has disproportionate share of net new additions; exact market share percentage not quantified in retrieved documents	Q4 FY26 Shareholder Letter Q4 <a href="#">[Q]</a>
India Capital Market Penetration	Single-digit %, potential to grow 3-4x over the next decade	Q4 FY26 Shareholder Letter Q4 <a href="#">[Q]</a>

**Unit Economics KPIs:**

KPI	Observation	Source
Customer Acquisition	~80% organic (word of mouth, brand pull); ~20% performance marketing + referral	Q2 FY26 Earnings Transcript <a href="#">[TR]</a>
Average Orders Per User (Derivatives)	+43.1% YoY, +8.7% QoQ in Q4 FY26	Q4 FY26 Shareholder Letter <a href="#">[Q]</a>
Turnover Per User (Stocks)	+25.4% YoY, +13.8% QoQ in Q4 FY26	Q4 FY26 Shareholder Letter <a href="#">[Q]</a>
ARPU	Not separately disclosed; management states quarterly ARPU is volatile and should be viewed annually; new user quality similar to historical vintages	Q2 FY26 Earnings Transcript <a href="#">[TR]</a>

#### KPIs management does NOT disclose (notable absences):

- **ARPU (average revenue per user):** Management explicitly declined to provide this on a quarterly basis in the Q2 FY26 call, stating it should be viewed annually. No annual ARPU figure was disclosed.
- **Churn rate:** Not disclosed separately; only net new additions to NSE active clients are discussed.
- **Gross CAC:** Management discusses "Cost to Grow" as a bucket (marketing spend) but does not disclose CAC per user. In Q2, analysts pushed for this number and management deflected.
- **LTV / LTV:CAC ratio:** Not disclosed.
- **Gross margin:** Not a statutory line item in Groww's Ind AS filing (expenses reported by nature, not function). Management's closest proxy is "Contribution Margin" (revenue minus Cost to Serve).

#### 1F — Retrieved Documents Log

#	Document Title	Document Type	Period Covered	Source Platform	Source Location	Date Retrieved
1	Q4 FY26 Shareholders' Letter	Shareholder Letter	Q4 FY26 (Jan-Mar 2026)	QuartrPro	Doc ID 3245971	2026-04-20
2	Q4 FY26 Audited Consolidated Financial Results (Interim Report)	Interim Report / Annual Results	FY26 (Apr 2025 - Mar 2026) + FY25 comparatives	QuartrPro	Doc ID 3245957	2026-04-20
3	Q3 FY26	Shareholder	Q3 FY26	QuartrPro	Doc ID	2026-04-20

	Shareholders' Letter	Letter	(Oct-Dec 2025)		2595521	
4	Q3 FY26 Unaudited Consolidated Financial Results (Interim Report)	Interim Report	Q3 FY26 + 9M FY26 + comparatives	QuartrPro	Doc ID 2595437	2026-04-20
5	Q2 FY26 Shareholders' Letter	Shareholders' Letter	Q2 FY26 (Jul-Sep 2025)	QuartrPro	Doc ID 2340904	2026-04-20
6	Q2 FY26 Unaudited Consolidated Financial Results (Interim Report)	Interim Report	Q2 FY26 + H1 FY26 + comparatives	QuartrPro	Doc ID 2340887	2026-04-20
7	Q2 FY26 Earnings Conference Call Transcript	Earnings Call Transcript	Q2 FY26 (First post-IPO call, Nov 2025)	QuartrPro	Doc ID 2367985	2026-04-20
8	QuartrPro Structured Financials (quarterly)	Structured Data	Q3 FY26	QuartrPro	get_financials(21712, quarterly)	2026-04-20
9	QuartrPro Company Profile	Company Profile	Current	QuartrPro	get_company(21712)	2026-04-20
10	FY 2026 Key Performance Indicators (Q4 FY26)	KPI Handbook (Excel)	Q2 FY25 through Q4 FY26	User-provided file	FY_2026_Key_Performance_Indicators_(Q4_FY26).xlsx	2026-04-20

**Notes on retrieval completeness:**

- QuartrPro `get_financials(yearly)` returned **zero** records for Groww. All annual financial data was sourced from the Q4 FY26 audited interim report.
- QuartrPro `get_financials(quarterly)` returned **one** record (Q3 FY26 income statement + partial balance sheet). Most quarterly data was sourced from the interim reports' comparative columns.
- Q4 FY26 and Q3 FY26 earnings call transcripts were unavailable (Q4 released today, not yet processed; Q3 returned 0 pages).

- Q2 and Q3 shareholder letters were image-based PDFs with no extractable text — financial data from those periods was sourced from the interim reports.
- No standalone annual report (20-F or equivalent) was available — Groww's first full fiscal year as a listed entity ended today (March 31, 2026).
- No S-1/DRHP was retrieved via QuartrPro. The IPO prospectus (Red Herring Prospectus) was filed with SEBI prior to the November 2025 listing but is not available on the QuartrPro platform.

> **Investor Implication:** Groww's data availability is structurally limited by its recent listing (November 2025). The absence of a 20-F/annual report means the Risk Factors section, detailed accounting policies, related party disclosures, and management biographical information that typically anchor an initiation report are not available from retrieved documents. The Q4 FY26 audited results filed today provide the first full-year consolidated view.

## SECTION 2: BUSINESS MODEL: THE CAUSAL ARCHITECTURE

### Strategic Pivots

#### Pivot 1: From Mutual Fund Distribution Platform to Full-Stack Discount Broker (Pre-2020 → FY2020+)

- **Trigger:** Groww was originally founded as a mutual fund distribution platform. The opportunity to offer equity brokerage at zero/low cost emerged as Zerodha proved the discount brokerage model in India and SEBI's interoperability and demat digitisation initiatives lowered barriers to entry.
- **Financial model change:** Revenue shifted from pure MF trail commissions (recurring but low per-user) to transaction-based brokerage (higher per-user, market-activity-dependent). By Q4 FY26, equity derivatives brokerage alone constitutes ~55% of revenue, with MF distribution at only ~8%.
- **Counterfactual reasoning:** [△ \[ANALYTICAL JUDGMENT — inputs sourced, causal logic is Claude's inference\]](#) Had Groww remained a pure MF distribution platform, its revenue would be a function of AUM trail (typically 0.3-0.5% of AUM annually for direct plan trails, higher for regular plans). With current customer assets of ₹3 Tn, a 0.3% trail rate would yield ~₹9 Bn annually — roughly one-fifth of Groww's actual FY26 revenue of ₹46.4 Bn. The brokerage pivot multiplied the revenue potential per user by providing a transaction-fee revenue stream in addition to AUM-based trails.
- **Quantified impact:** FY26 Revenue from Operations: ₹46,446 Mn vs. estimated MF-only counterfactual of ~₹9,000 Mn. [Q4 FY26 Interim Report [\[Q\]](#); counterfactual inputs from shareholder letter AUM [\[Q\]](#)]

#### Pivot 2: IPO and Public Listing (November 2025)

- **Trigger:** Groww had achieved scale (17+ Mn transacting users) and profitability (FY25 PAT: ₹18,244 Mn). The IPO provided capital for the lending book expansion and the Fisdom acquisition, while offering liquidity to pre-IPO investors (OFS of 557 Mn shares out of 663 Mn total offer).
- **Financial model change:** Net IPO proceeds of ₹10,160 Mn funded the balance sheet. Total equity jumped from ₹48,554 Mn (March 2025) to ₹96,514 Mn (March 2026). The IPO also introduced quarterly public reporting discipline.
- **Quantified impact:** Equity share capital increased from ₹3,656 Mn to ₹12,478 Mn. Diluted share count moved from ~5.5 Bn (pre-IPO, estimated) to ~6.1-6.3 Bn. [Q4 FY26 Interim Report [\[Q\]](#)]

#### Pivot 3: Balance Sheet Lending — MTF, LAS, Personal Loans (FY24 onwards)

- **Trigger:** Groww's 16+ Mn active users represent a captive lending audience with observable financial behaviour (trade history, portfolio, income proxies). The MTF product launched ~FY24 and scaled rapidly as a natural extension of the trading workflow.
- **Financial model change:** Revenue model shifted from purely fee-based (low capital intensity) to partially balance-sheet-intensive (lending book requires capital deployment). MTF book grew from ₹6,019 Mn (Q4 FY25) to ₹28,143 Mn (Q4 FY26) — a 4.7x increase in one year. Personal loan book was ₹1,140 Cr (~₹11,400 Mn) as of H1 FY26. [Q4 FY26 Shareholder Letter [\[Q\]](#); Q2 FY26 Earnings Transcript [\[TR\]](#)]

- **Quantified impact:** MTF + PL + LAS contributed ~5% of total revenue in Q4 FY26 and growing. Consolidated lending book (current loans on BS): ₹35,101 Mn (March 2026) vs. ₹10,553 Mn (March 2025), a 3.3x increase. Credit business contributed 4.1% of consolidated PAT in Q4 FY26. [Q4 FY26 Shareholder Letter [\[Q\]](#); Q4 FY26 Interim Report BS [\[Q\]](#)]

#### Pivot 4: Fisdom Acquisition — Wealth Management Entry (September 2025)

- **Trigger:** Groww's core platform serves self-directed retail investors. The Fisdom acquisition (₹9,611 Mn consideration) added an advisor-led wealth management capability targeting higher-net-worth customers through regular MF advisory, PMS/AIF distribution, insurance distribution, and unlisted securities.
- **Financial model change:** Added ~500 employees (including ~180 sales staff) and a distribution-income revenue stream. Currently contributing ~3% of consolidated revenue and still loss-making (Fisdom EBITDA: -₹102 Mn in Q4 FY26; expected to be profitable by FY28). Goodwill on BS increased from ₹3,187 Mn (March 2025) to ₹12,387 Mn (March 2026), reflecting the acquisition premium. [Q2 FY26 Earnings Transcript [\[TR\]](#); Q4 FY26 Shareholder Letter [\[Q\]](#); Q4 FY26 Interim Report BS [\[Q\]](#)]

### Segment Mini-P&Ls

Groww reports as a single segment. Management's disclosed cost structure (from shareholder letter) provides the closest available view:

**Q4 FY26 Platform Economics (₹ Mn, excluding Fisdom & Growwfmf):** [Q4 FY26 Shareholder Letter [\[Q\]](#)]

Line Item	Q4 FY25	Q4 FY26	YoY Growth
Revenue from Operations	7,994	14,684	+84%
Cost to Serve	(1,476) — 18.5%	(1,567) — 10.7%	+6%
Cost to Grow	(969) — 12.1%	(1,252) — 8.5%	+29%
Cost to Operate	(1,504) — 18.8%	(2,162) — 14.7%	+44%
<b>Platform EBITDA</b>	<b>4,045 — 50.6%</b>	<b>9,704 — 66.1%</b>	<b>+140%</b>

Operating leverage is the defining feature: revenue nearly doubled while Cost to Serve grew only 6% — technology and exchange costs are largely fixed per incremental trade. Cost to Grow (marketing) grew 29% — manageable given that 80% of acquisition is organic. Cost to Operate grew 44% (employee costs + G&A), but as a share of revenue fell from 18.8% to 14.7%.

#### Consolidated EBITDA walk to segment-level (Q4 FY26):

- Groww Platform EBITDA: ₹9,704 Mn
- Fisdom EBITDA adjustment: -₹102 Mn
- Growwfmf EBITDA adjustment: -₹214 Mn
- **Consolidated EBITDA: ₹9,387 Mn** [Q4 FY26 Shareholder Letter [\[Q\]](#)]

### Structural Recurring Revenue

What percentage of revenue persists 12+ months with zero incremental S&M?

- **MF trail commissions (~8% of revenue):** Fully recurring as long as customer AUM remains on the platform. SIP flows provide monthly recurring inflows.
- **Float income (~6% of revenue):** Recurring as long as client balances remain. Sensitive to interest rate changes.
- **MTF interest income (~5% of revenue):** Semi-recurring — the MTF book is sticky month-to-month but can shrink rapidly in market downturns.
- **Brokerage revenue (~74% of revenue):** Not contractually recurring, but behaviourally persistent. Active user retention is high (per management). However, this revenue is directly correlated with market activity volumes and can decline sharply in low-volatility or bearish markets.

**Estimate:** ~19-20% of revenue is structurally recurring (MF trail + float + MTF). The remaining ~80% is transaction-based and behaviourally recurring but not contractually locked. **Assumption:** This estimate is directional. Groww does not disclose retention rates or revenue cohort data that would allow precise quantification.

> **Investor Implication:** Groww's revenue model has an unusually high operating leverage profile — largely fixed technology costs and organic acquisition mean that incremental revenue growth drops to the bottom line at very high marginal margins (platform EBITDA margin expanded from 50.6% to 66.1% in one year). The risk is symmetrical: in a market downturn, revenue contracts against a partially fixed cost base, though Groww's demonstrated profitability even in FY25 (before the IPO cash injection) suggests the model can sustain moderate volume declines.

## SECTION 3: MANAGEMENT QUALITY: ACTIONS OVER WORDS

### Credibility Scorecard

Groww listed in November 2025. The first earnings call was Q2 FY26 (November 2025). There is only one quarter of public forward-looking commentary to evaluate — insufficient for a multi-year credibility scorecard. The company has no track record of public guidance to assess.

Claim	Source	Promise	Outcome	Score
"CAC will normalize on an annual basis"	Harsh Jain, Q2 FY26 call <a href="#">[TR]</a>	Marketing spend will not deviate materially from historical levels	Cost to Grow was ₹1,252 Mn in Q4 FY26 (8.5% of revenue), down from 12.1% in Q4 FY25 as a % of revenue. Absolute spend grew 29% YoY but revenue grew 84% YoY.	Met — operating leverage on marketing played out as implied
"MTF fair share target: double-digit market share, ~3 years away"	Ishan Bansal, Q2 FY26 call <a href="#">[TR]</a>	MTF market share to reach double-digit % within ~3 years	MTF book grew from ₹6,019 Mn (Q4 FY25) to ₹28,143 Mn (Q4 FY26) — 4.7x in one year. Market share reached 2.7% (Q4 FY26).	In progress — trajectory is consistent with the claim, though "double-digit" is still 4x the current share

**Limitation:** With only 5 months of public disclosure history, a meaningful credibility assessment requires at least 2-3 more years of quarterly results and guidance. [△ \[NOT RETRIEVED — no pre-IPO forward-looking claims were available in retrieved documents\]](#)

### Capital Allocation ROIC

Major capital deployments in the last 2 years:

Deployment	Amount (₹ Mn)	Year	Purpose	Actual/Required ROIC
Fisdom Acquisition	9,611	FY26 (Q2)	Wealth management entry	Fisdom contributed -₹102 Mn EBITDA in Q4 FY26. At current trajectory, requires ₹400+ Mn annual EBITDA to reach a 12%

				<p>ROIC on deployed capital. Management expects breakeven by FY28. Current ROI is negative. [Q4 FY26 Shareholder Letter <a href="#">[Q]</a>; Q2 FY26 Earnings Transcript <a href="#">[TR]</a>]</p>
<p>Groww AMC Capital Infusion</p>	<p>Up to ₹2,820 Mn</p>	<p>FY26 (Q3)</p>	<p>Capitalise Groww Mutual Fund for AUM growth</p>	<p>Growwmf EBITDA: -₹214 Mn in Q4 FY26. AUM needs to grow 5-6x for profitability. Current ROI is negative. Partially offset by State Street Global Advisors' investment of up to ₹580 Cr into Groww AMC (strategic relationship). [Q3 FY26 Interim Report <a href="#">[Q]</a>; Q4 FY26 Shareholder Letter <a href="#">[Q]</a>]</p>
<p>MTF/Lending Book Build-Up</p>	<p>~₹24,500 Mn net increase in current loans</p>	<p>FY26</p>	<p>Balance-sheet lending expansion (MTF + PL + LAS)</p>	<p>MTF yields 14.95%. Personal loan yields are higher. Credit business contributed 4.1% of consolidated PAT in Q4 FY26. Return on the incremental lending capital appears to be above the 12-15% hurdle, though credit losses must be monitored — provision for loss allowance was ₹1,401 Mn in FY26</p>

				vs. ₹716 Mn in FY25. [Q4 FY26 Shareholder Letter [Q]; Q4 FY26 Interim Report CF [Q]]
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### Narrative Consistency

- **No KPI redefinitions detected** in the limited public history, with one exception: in Q4 FY26, management changed the EBITDA definition (removed "Adjusted" label since all merger-related one-offs crossed one year) and revised the market share calculation methodology for Retail Cash ADTO and Retail Premium Turnover ADTO to account for double-counting (dividing by Exchange Turnover × 2 instead of Exchange Turnover, since each trade has two parties). Both changes were explicitly disclosed and explained. [Q4 FY26 Shareholder Letter [Q]]
- **This is a positive finding:** management proactively flagged metric redefinitions rather than silently changing the methodology.

### Compensation Alignment

△ [NOT RETRIEVED] — Executive compensation structure, performance metrics driving pay, and SBC details are not available in the quarterly interim reports. A full analysis requires the Annual Report / Proxy Statement, which was not available at the time of this analysis.

**Partial data on SBC:** FY26 share-based payments expense was ₹793.78 Mn (from cash flow statement adjustments), up from ₹413.22 Mn in FY25. During Q3 FY26, 75,338,591 equity shares were issued pursuant to ESOP exercises. During Q4 FY26, 100,000,000 equity shares were allotted to the Employee Welfare Trust (including 62,320,847 bonus shares), and 17,980,291 shares were transferred to employees via ESOP exercises. [Q4 FY26 Interim Report Notes [Q]; Q3 FY26 Interim Report Notes [Q]]

> **Investor Implication:** Groww's management quality assessment is structurally incomplete due to the company's brief public history. The limited evidence available (one earnings call, three quarters of shareholder letters) shows transparent communication and proactive metric methodology changes. The capital allocation picture is mixed: lending book expansion appears to be generating returns above hurdle, while the Fisdom acquisition and AMC build-out are still value-destructive and require multi-year patience.

## SECTION 4: THE MOAT: INDEPENDENT VERIFICATION

### Claimed Competitive Advantage 1: Technology-Driven User Experience

**Management's claim (exact quote):** "Our obsession to build the best customer experience kind of will continue kind of help us getting a lot more customers, and that would be like our highest priority going forward." — Lalit Keshre, CEO, Q2 FY26 Earnings Call [TR]

"The experience is what matters to them. And over a period of time, typically, customers end up doing more and more products with the same platform. The reason to selection can be different for different customers. But in the end of the day, pricing is least of the concern when looking at the selection of the platform." — Ishan Bansal, CFO, Q2 FY26 Earnings Call [TR]

**Independent Verification:** Unverifiable from public sources — no non-management source for this claim was retrieved during Phase 1 document collection. The claim is supported by the 80% organic acquisition rate (which implies strong word-of-mouth, a proxy for product satisfaction), but no third-party NPS score, app store ranking analysis, or independent technology assessment was retrieved.

**Switching cost:** The switching cost in Indian retail brokerage is low in theory (opening a new demat account takes minutes) but moderate in practice. Estimated ₹0-500 per customer per year in direct costs (zero brokerage switching cost, potential minor fees for demat transfer). The real switching cost is behavioural: portfolio history, SIP mandates, familiarity with the platform, and the hassle of re-linking bank accounts and KYC. **Assumption:** No retrieved document quantifies switching costs. The estimate is based on the general structure of Indian demat account portability. [△ \[ANALYTICAL JUDGMENT — switching cost estimate is Claude's inference based on industry structure\]](#)

**Vulnerability trigger:** If Zerodha or Angel One achieves a consistent >50% share of net new NSE active client additions for 4 consecutive quarters by March 2027, Groww's brand-pull acquisition advantage is eroding. [△ \[ANALYTICAL JUDGMENT — competitor/metric identified by Claude, not drawn from retrieved documents\]](#)

### Claimed Competitive Advantage 2: Organic Acquisition Flywheel (80% Organic)

**Management's claim (exact quote):** "For us, the organic is the biggest channel and almost -- I think we reported also almost 80% people come organically." — Harsh Jain, COO, Q2 FY26 Earnings Call [TR]

**Independent Verification:** Unverifiable from public sources — no non-management source for this claim was retrieved during Phase 1 document collection. The claim is internally consistent with the Cost to Grow bucket being only 8.5% of platform revenue in Q4 FY26, which is unusually low for a financial services platform at this scale.

**Vulnerability trigger:** If Groww's Cost to Grow as a percentage of revenue rises above 15% for two consecutive quarters, it would signal that organic acquisition is weakening and the company is compensating with paid marketing — undermining the unit economics that drive profitability. [△ \[ANALYTICAL JUDGMENT — metric threshold identified by Claude, not drawn from retrieved documents\]](#)

### Claimed Competitive Advantage 3: Multi-Product Platform with Cross-Sell

**Management's claim:** Management presents product attach rates (Stocks: 72%, MF: 60%, Derivatives: 10%) as evidence that users engage with multiple products, increasing switching costs and lifetime value. [Q4 FY26 Shareholder Letter [\[Q\]](#)]

"As customers join us, they build their wealth, they continue buying more and more products. So far, we have built 10-plus products on the platform. But good thing is that there is like a long road map in front of us, and we will continue building multiple products." — Lalit Keshre, CEO, Q2 FY26 Earnings Call [\[TR\]](#)

**Independent Verification:** Unverifiable from public sources — no non-management source for this claim was retrieved during Phase 1 document collection.

**Vulnerability trigger:** If average product attach rate (across Stocks, MF, Derivatives) declines for 3 consecutive quarters, the multi-product flywheel is stalling. [△ \[ANALYTICAL JUDGMENT — metric identified by Claude, not drawn from retrieved documents\]](#)

### Competitor Mention Analysis

From the Q2 FY26 earnings transcript, management did not name any specific competitor. When asked about MTF competition (analysts mentioned "players offering it at 7.99%"), Ishan Bansal responded that "we don't see competition from an MTF perspective" and that "pricing is least of the concern when looking at the selection of the platform." [Q2 FY26 Earnings Transcript [\[TR\]](#)]

Management's refusal to name competitors is notable but not unusual for Indian discount brokers in their early public life. Without a Risk Factors section from an annual filing, the competitor landscape cannot be comprehensively mapped from retrieved documents.

> **Investor Implication:** Groww's moat is best characterised as a nascent brand-driven network effect — the 80% organic acquisition rate and high product attach rates create a virtuous cycle where more users → more word-of-mouth → more users → more product cross-sell → higher switching costs. However, none of these advantages have been independently verified, and the switching costs in brokerage are structurally low compared to enterprise software or banking. The moat is real but shallow and dependent on continued product execution.

## SECTION 5: UNIT ECONOMICS: DERIVE, DON'T DESCRIBE

### CAC (Customer Acquisition Cost)

#### Derivation:

Groww's "Cost to Grow" (marketing and business promotion expense) is the most direct proxy for acquisition spend. From the Q4 FY26 shareholder letter:

Period	Cost to Grow (₹ Mn)	Net New Transacting Users Added (Mn)	Implied CAC (₹)
Q4 FY25	969	△ [NOT RETRIEVED — Q4 FY25 NTU additions not separately disclosed]	Cannot compute
Q4 FY26	1,252	~1.2 Mn (derived: 21.6 Mn Q4 end - 20.4 Mn Q3 end, where Q3 = 21.6 / 1.06 ≈ 20.4 Mn based on +6% QoQ growth in Q4)	~₹1,043

**Assumption:** The NTU addition is derived from the +6% QoQ growth rate disclosed in Q4 FY26 shareholder letter. This is a net addition — gross additions are higher. Management stated on the Q2 call that actual gross additions depend on market conditions and they "would not predict" CAC going forward. [TR]

#### Sensitivity table (mandatory):

Scenario	Assumption	CAC (₹)
Low CAC	80% organic, only 20% of Cost to Grow is variable CAC (rest is brand/fixed) — effective paid CAC on incremental paid users	~₹208 per organic user (imputed from total marketing / total NTUs); ~₹1,043 blended
Mid CAC (base)	All of Cost to Grow allocated to net new NTU additions	~₹1,043
High CAC	Gross additions = 1.3x net (assuming ~23% churn) — CAC on gross additions	~₹802

**Assumption:** Churn rate is not disclosed. Using 1.3x gross/net ratio implies ~23% of previously added users churning out of NTU status. This is a directional assumption. △ [ANALYTICAL JUDGMENT — churn multiplier is Claude's estimate, not sourced from retrieved documents]

## LTV (Lifetime Value)

No cohort data is disclosed by Groww. ARPU is not disclosed.

### Directional estimate using available data:

FY26 Revenue from Operations: ₹46,446 Mn. Average active users (approximate midpoint of FY26): ~15 Mn (estimated based on Q4 FY25 ~13.3 Mn implied, Q4 FY26 16.7 Mn). This gives an approximate annual ARPU of ~₹3,096.

**Assumption:** Active user count for prior quarters is not separately disclosed. The midpoint estimate is rough. [△ \[ANALYTICAL JUDGMENT — midpoint active user estimate is Claude's interpolation\]](#)

Scenario	ARPU (₹)	Avg. Lifetime (years)	Gross Margin Proxy (Contribution %)	LTV (₹)	LTV/CAC
Bear	2,500	3	60%	4,500	4.3x
Base	3,100	5	65%	10,075	9.7x
Bull	4,000	7	70%	19,600	18.8x

At all scenarios, LTV/CAC is >3x (healthy). The economics are primarily driven by the low blended CAC from 80% organic acquisition. If organic acquisition deteriorated to 50%, the blended CAC would roughly double (~₹2,000+), and the base-case LTV/CAC would fall to ~5x — still healthy but materially less attractive.

## Marginal Economics

Period	YoY Δ Revenue from Ops (₹ Mn)	YoY Δ Contribution (Revenue - Cost to Serve) (₹ Mn)	Incremental Contribution Margin
FY26 vs FY25	+7,429 (46,446 - 39,017)	Cannot compute — Cost to Serve not separately disclosed for full FY25 and FY26	<a href="#">△ [NOT RETRIEVED]</a>
Q4 FY26 vs Q4 FY25 (Platform)	+6,690 (14,684 - 7,994)	+6,599 (13,117 - 6,518), where contribution = revenue - Cost to Serve	<b>98.6%</b>

The Q4 FY26 vs Q4 FY25 incremental contribution margin of ~99% is extraordinary — essentially every incremental rupee of revenue dropped to contribution after covering the marginal cost to serve. This is consistent with a platform business where technology and exchange infrastructure costs are largely fixed. [Q4 FY26 Shareholder Letter [\[Q\]](#)]

## Revenue Quality

What % of next year's revenue is locked in today?

- **Contractually locked / subscription:** ~0%. Groww has no subscription revenue. No user pays a monthly fee.
- **Behaviourally recurring (MF SIPs):** MF SIP inflows of ~₹78,871 Mn in Q4 FY26 provide a recurring monthly cash flow that generates trail commissions. If all existing SIPs continue for 12 months, this locks in a trail revenue stream. However, SIPs can be cancelled at any time. Estimated trail-commission-equivalent: ~₹3,000-4,000 Mn annually from existing SIP base. **Assumption:** 0.3-0.4% trail rate on SIP AUM. [△ \[ANALYTICAL JUDGMENT — trail rate is estimated\]](#)
- **Float income:** Persistent as long as client balances remain. Approximately ₹1,713 Mn (FY26 Other Income, which includes float + treasury income). [Q4 FY26 Interim Report [\[Q\]](#)]
- **MTF book interest:** ₹28,143 Mn book at 14.95% = ~₹4,207 Mn annualised interest income if the book stays flat. This is behaviourally recurring but can shrink in a market downturn. [Q4 FY26 Shareholder Letter [\[Q\]](#)]

**Total estimated locked-in revenue for FY27:** ~₹8,000-9,000 Mn (float + MTF interest + MF trail), or roughly 17-19% of FY26 revenue from operations. The remaining 81-83% is transaction-dependent and will vary with market activity.

> **Investor Implication:** Groww's unit economics are exceptional when the 80% organic acquisition rate holds — the blended CAC is so low that even conservative LTV assumptions produce a healthy ratio. The critical variable is not LTV/CAC but revenue quality: ~80% of revenue is transaction-dependent, making the P&L highly sensitive to market volumes and SEBI regulatory changes affecting derivative trading activity.

## SECTION 6: FINANCIAL MODEL: STATUTORY, NOT ADJUSTED

### Consolidated Financial Summary (₹ Mn)

#### Income Statement — Reported by Nature (Ind AS)

Line Item	FY25 (Audited)	FY26 (Audited)	YoY Growth	Source
Revenue from Operations	39,017.23	46,445.79	+19.0%	[Q] Q4 FY26 Interim Report
Other Income	1,599.22	1,712.97	+7.1%	[Q] Q4 FY26 Interim Report
<b>Total Income</b>	<b>40,616.45</b>	<b>48,158.76</b>	<b>+18.6%</b>	[Q]
Employee Benefits Expense	3,151.75	5,908.33	+87.4%	[Q] Q4 FY26 Interim Report
Finance Costs	425.49	459.43	+8.0%	[Q] Q4 FY26 Interim Report
Depreciation & Amortisation	246.00	478.72	+94.6%	[Q] Q4 FY26 Interim Report
Other Expenses	12,141.62	13,073.46	+7.7%	[Q] Q4 FY26 Interim Report
<b>Total Expenses</b>	<b>15,964.86</b>	<b>19,919.94</b>	<b>+24.8%</b>	[Q]
PBT (before associate share)	24,651.59	28,238.82	+14.6%	[Q] Q4 FY26 Interim Report
Share of Net Loss of Associate	(13.77)	(24.71)	—	[Q]
<b>Profit Before Tax</b>	<b>24,637.82</b>	<b>28,214.11</b>	<b>+14.5%</b>	[Q]
Current Tax	6,163.10	7,702.40	+25.0%	[Q]
Deferred Tax	230.99	(318.29)	—	[Q]
<b>Total Tax</b>	<b>6,394.09</b>	<b>7,384.11</b>	<b>+15.5%</b>	[Q]
<b>Profit After Tax (PAT)</b>	<b>18,243.73</b>	<b>20,830.00</b>	<b>+14.2%</b>	[Q]
PAT Margin (on Total Income)	44.9%	43.3%	-1.6pp	Derived
Basic EPS (₹)	3.34	3.47	+3.9%	[Q] Q4 FY26 Interim Report
Diluted EPS (₹)	3.19	3.40	+6.6%	[Q] Q4 FY26 Interim Report

Weighted Avg Diluted Shares (Mn)	<a href="#">⚠ [NOT RETRIEVED — FY25 diluted shares not in Q4 report]</a>	6,128 (derived: PAT 20,830 / Diluted EPS 3.40)	—	Derived
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**Notes on FY25 comparatives:**

- FY25 figures include one-off items: a long-term incentive accrual of ₹4,247 Mn was reversed in Q3 FY25 (nine months ended December 2024), which depressed Employee Benefits Expense for FY25 (making it look artificially low at ₹3,152 Mn). Excluding this reversal, underlying FY25 employee costs would have been ~₹7,398 Mn, making FY26's ₹5,908 Mn actually a *decrease* in underlying employee costs — reflecting the one-time nature of the FY25 reversal and normalisation. [Q3 FY26 Interim Report Note 6 [\[Q\]](#)]
- FY25 PAT of ₹18,244 Mn benefited from this reversal. Underlying FY25 PAT excluding the reversal (pre-tax impact of ₹4,247 Mn) would have been approximately ₹14,900-15,000 Mn after tax. This means underlying FY26 PAT growth was closer to ~39%, not the headline 14%.

**Quarterly Revenue Trend (Consolidated, ₹ Mn):**

Quarter	Revenue from Ops	Total Income	PAT	Source
Q4 FY25	8,010.06	8,495.72	3,090.89	<a href="#">[Q]</a> Q4 FY26 Interim Report
Q1 FY26	9,044.98 (derived: 9M FY26 31,392 - Q2 10,187 - Q3 12,161)	9,484.72 (derived)	3,784.74 (derived: 9M 13,966 - Q2 4,713 - Q3 5,469)	Derived from <a href="#">[Q]</a>
Q2 FY26	10,187.42	10,707.97	4,713.39	<a href="#">[Q]</a> Q3 FY26 Interim Report
Q3 FY26	12,160.72	12,610.72	5,469.33	<a href="#">[Q]</a> Q3 FY26 Interim Report
Q4 FY26	15,053.67	15,355.35	6,863.54	<a href="#">[Q]</a> Q4 FY26 Interim Report

Revenue from operations grew every quarter, with Q4 FY26 showing the strongest sequential acceleration (+24% QoQ). The growth is driven by both volume increases (more active users, more orders per user) and new product contributions (MTF, commodities).

**Balance Sheet Summary (₹ Mn):**

Line Item	Mar 2025 (Audited)	Mar 2026 (Audited)	Change	Source
Total Assets	100,773.14	185,409.23	+84%	<a href="#">[Q]</a> Q4 FY26 Interim Report
— Non-Current Investments	3,812.59	18,995.04	+398%	<a href="#">[Q]</a>

— Current Investments	15,255.74	7,380.93	-52%	[Q]
— Cash & Cash Equivalents	3,611.07	11,654.67	+223%	[Q]
— Bank Balances (other)	38,950.80	71,733.75	+84%	[Q]
— Current Loans	10,552.74	35,100.53	+233%	[Q]
— Non-Current Loans	6,354.23	7,371.06	+16%	[Q]
— Goodwill	3,186.89	12,387.43	+289%	[Q]
— Other Intangible Assets	436.24	1,645.37	+277%	[Q]
Total Equity	48,554.45	96,513.55	+99%	[Q]
— Equity Share Capital	3,656.30	12,478.06	+241%	[Q]
— Other Equity	44,456.25	84,035.49	+89%	[Q]
Total Debt (Debt Securities + Borrowings, current + non-current)	5,443.64	2,240.11	-59%	[Q] Derived
Net Cash / (Debt)	(1,832.57) excl. bank balances; 37,118.23 incl. bank balances	9,414.56 excl. bank balances; 81,148.31 incl. bank balances	—	Derived
Trade Payables (creditors other than MSME)	45,612.71	80,546.67	+77%	[Q]

**Critical balance sheet note:** The ₹80,547 Mn in trade payables (March 2026) and ₹71,734 Mn in bank balances (other) are substantially client fund balances — money held on behalf of customers that is both an asset (in bank/investment accounts) and a liability (payable to clients). This inflates total assets and liabilities relative to a typical tech company. The actual "operating" balance sheet is much smaller.

#### Cash Flow Summary (₹ Mn):

Line Item	FY25 (Audited)	FY26 (Audited)	Source
PBT (before associate)	24,651.59	28,238.82	[Q]
Operating Cash Flow before Working Capital	24,868.20	29,649.54	[Q] Q4 FY26 Interim Report

Working Capital Changes	(15,435.44)	(22,532.55)	[Q] Derived
Cash from Operations (before tax)	9,432.76	7,116.99	[Q]
Taxes Paid	(19,054.36)	(7,323.02)	[Q]
<b>Net Cash from Operating Activities</b>	<b>(9,621.60)</b>	<b>(206.03)</b>	[Q]
Capex (PP&E acquisition)	(164.88)	(120.79)	[Q]
Net Cash from Investing	1,396.77	(13,507.08)	[Q]
Net Cash from Financing	8,284.85 (derived)	21,756.71 (derived)	[Q]
— IPO Proceeds (net)	4,097.51	27,366.37	[Q]
— Borrowings Obtained	6,523.18	430.00	[Q]

**Key observation:** Operating cash flow is structurally negative/near-zero despite strong PAT because:

Massive working capital consumption from the growing client fund balances (bank balances other than cash grew ₹33 Bn) and lending book (loans grew ₹25 Bn).

FY25 had an unusually high tax payment (₹19,054 Mn vs. ₹6,394 Mn tax expense — likely advance tax timing).

**FCF is not a meaningful metric for Groww in its current form** — the business is deploying capital into its lending book (MTF, PL, LAS), which is an investment in revenue-generating assets, not a traditional capex or working capital drag. Traditional "Capex" (PP&E) was only ₹121 Mn in FY26.

### ESOP / SBC Analysis

Metric	FY25	FY26	Source
Share-Based Payments (Cash Flow Adjustment)	413.22	793.78	[Q] Q4 FY26 Interim Report CF
SBC as % of Revenue from Ops	1.1%	1.7%	Derived
SBC as % of PAT	2.3%	3.8%	Derived
ESOP Shares Issued During FY26	—	75,338,591 (Q3) + 100,000,000 allotted to Trust (Q4, incl. 62,320,847 bonus) + 17,980,291 exercised (Q4)	[Q] Q4 FY26 Interim Report Notes

SBC at 1.7% of revenue and 3.8% of PAT is **well below** the 20% EBITDA threshold. No ESOP dilution flag.

**Dilution:** IPO share count (post-IPO equity share capital ₹12,478 Mn at ₹2 face value = 6,239 Mn shares). Pre-IPO share count: ₹3,656 Mn / ₹2 = 1,828 Mn shares. Total dilution from IPO + ESOPs: 6,239 / 1,828 = 3.4x. However, much of this is the conversion from private to public structure (OFS + fresh issue), not economic dilution — the OFS shares were already outstanding. Fresh issue dilution: 106 Mn shares out of ~6,239 Mn = 1.7%.

### Economic EBITDA

Groww reports expenses by nature, not function, so there is no statutory EBITDA line.

Management's EBITDA definition: PAT + Tax + Finance Costs + D&A + Share of Associate Loss – Other Income.

Metric	FY25	FY26	Source
PAT	18,243.73	20,830.00	[Q]
+ Tax	6,394.09	7,384.11	[Q]
+ Finance Costs	425.49	459.43	[Q]
+ D&A	246.00	478.72	[Q]
+ Share of Associate Loss	13.77	24.71	[Q]
– Other Income	(1,599.22)	(1,712.97)	[Q]
<b>EBITDA (Mgmt Definition)</b>	<b>23,723.86</b>	<b>27,464.00</b>	Derived
– SBC	(413.22)	(793.78)	[Q]
<b>Economic EBITDA (EBITDA – SBC)</b>	<b>23,310.64</b>	<b>26,670.22</b>	Derived
Economic EBITDA Margin (on Revenue from Ops)	59.7%	57.4%	Derived

Economic EBITDA margin declined slightly YoY, reflecting the Fisdom acquisition drag and employee cost normalisation after the FY25 LTI reversal. On an underlying basis (adjusting FY25 for the LTI reversal), the margin expanded significantly.

**SBC is immaterial** — Economic EBITDA is within 3% of reported EBITDA.

### Core Operating PAT

Metric	FY25	FY26	Source
PAT	18,243.73	20,830.00	[Q]
– Other Income (Treasury/Non-	(1,599.22)	(1,712.97)	[Q]

Operating)			
+ Tax on Other Income (~25% rate assumed)	399.81	428.24	Derived
<b>Core Operating PAT</b>	<b>17,044.32</b>	<b>19,545.27</b>	Derived

Core operating PAT was positive in both years. Groww was profitable from operations even before the IPO treasury income. This is a notable finding for a company that listed only 5 months ago.

### Cash Flow Quality

Metric	FY25	FY26
CFO / EBITDA	-40.6% (negative CFO)	-0.8% (near-zero CFO)
FCF / PAT	N/M (negative CFO)	N/M (near-zero CFO)

Cash flow conversion is poor by traditional metrics, but this is structurally expected for a broking + lending business: client fund balances and the lending book are funded through operating cash flow/working capital, not capex. The correct way to assess Groww's cash generation is to look at PAT minus lending book growth — the brokerage business itself is highly cash-generative.

> **Investor Implication:** Groww's P&L is exceptionally strong — FY26 PAT margin of 43% on a ₹46 Bn revenue base, with SBC at only 1.7% of revenue. The key nuance is that the headline FY26 vs FY25 growth of +14% in PAT masks the underlying picture: FY25 PAT was inflated by ₹4.2 Bn in LTI reversal. Underlying PAT growth was ~39%. The balance sheet is rapidly expanding due to the lending book and client fund balances, which will continue to consume cash and make traditional FCF metrics misleading. The economic engine of the business — brokerage + distribution + float — is a high-margin, low-capital-intensity cash machine that funds the lending book build-out.

## SECTION 7: MANAGEMENT DISCUSSION & ANALYSIS: MULTI-YEAR SYNTHESIS

**Limitation:** Groww has been a publicly listed company for only 5 months (listed November 2025). There is no multi-year history of MD&A sections from annual reports. The synthesis below is based on the three shareholder letters (Q2-Q4 FY26) and the Q2 FY26 earnings call transcript — the entirety of Groww's public management commentary.

### Durable Themes (Present Across All Available Quarters)

**Customer experience as the primary competitive differentiator.** In every shareholder letter and the earnings call, management returns to "technology," "user experience," and "product" as the core drivers of organic acquisition and retention. This is not lip service — the 80% organic rate, the low Cost to Grow, and the consistently rising product attach rates are all consistent with this narrative.

**Operating leverage as the financial story.** Every quarter shows the same pattern: revenue growing faster than costs, margins expanding. Management explicitly articulates this: "As the revenue increases faster than the costs, which are largely fixed in nature, the margins will keep expanding." [Q4 FY26 Shareholder Letter [\[Q\]](#)]

**India capital market penetration as the TAM narrative.** Management consistently frames the opportunity as India's single-digit capital market penetration growing 3-4x over the next decade. This is the long-term structural tailwind they cite.

### Emerging Priorities (New in Recent Quarters)

**Lending as a growth vector.** MTF, LAS, and personal loans have scaled rapidly from near-zero to ~8-10% of revenue in under two years. Management is deploying IPO proceeds and earnings into the lending book, signalling that this is a strategic priority, not a side experiment.

**Wealth management via Fisdom.** The acquisition (closed Q2 FY26) signals a move beyond self-directed retail into advisor-led wealth management. Still loss-making and contributing only 3% of revenue, but management expects profitability by FY28.

**Asset management (Groww Mutual Fund).** The State Street Global Advisors investment in Groww AMC (announced Q3 FY26) signals a long-term commitment to building an AMC. Still sub-scale (AUM needs to grow 5-6x for profitability).

**Commodity derivatives.** Rapidly scaling (393k active users, 2.4% attach rate, contributing ~5% of revenue by Q4 FY26). This diversifies beyond equity derivatives.

### Narrative Consistency Check (Cross-Reference with Section 6)

Management's stated priority of operating leverage is fully consistent with the financial data:

- Platform EBITDA margin expanded from 50.6% (Q4 FY25) to 66.1% (Q4 FY26). ✓
- Cost to Serve as % of revenue fell from 18.5% to 10.7%. ✓
- PAT margin reached 44.7% in Q4 FY26. ✓

Management's lending growth claims are consistent with the balance sheet:

- Current loans grew from ₹10,553 Mn to ₹35,101 Mn (+233%). ✓
- MTF book grew from ₹6,019 Mn to ₹28,143 Mn (+367%). ✓

## Tone Evolution

Only three quarters of public commentary are available. The tone has been consistently confident — no defensive language, no guidance downgrades, no negative tone shifts. The Q4 FY26 shareholder letter introduced some caution around market volatility ("ongoing conflict in West Asia," "continued selling by FIIs"), noting that "sustained periods of market underperformance driven by continued selling by FIIs typically impacts investor sentiment... leads to moderation in new user acquisition and a decline in inflows of customer assets on the platform." [Q4 FY26 Shareholder Letter [\[Q\]](#)] This is the first instance of explicit downside acknowledgment in the available history.

> **Investor Implication:** Groww's management narrative is internally consistent and backed by the financial data. The risk is that the entire available history (3 quarters) coincides with a strong Indian equity market environment. Management has not yet been tested through a prolonged bear market or regulatory disruption while being a public company. The Q4 FY26 acknowledgment of FII selling and sentiment impact is a positive signal of intellectual honesty, but the real test is yet to come.

## SECTION 8: TAILWINDS AND RISKS

### Structural Tailwinds (5+ Year Horizon)

#### Tailwind 1: India's Capital Market Penetration Expansion

- **External trigger:** India's capital market penetration is in single digits (per management). Comparable economies have 2-4x higher penetration.
- **Financial line impact:** Revenue from Operations — more users → more transactions → more revenue. TAM expands 3-4x per management's estimate.
- **Second-order effects:** Higher penetration → deeper liquidity → more products viable (F&O, commodities, lending) → higher ARPU per user.
- **Magnitude:** If active demat accounts in India double from ~150 Mn to ~300 Mn over the next decade, and Groww maintains a ~15-20% share, active users could reach 45-60 Mn from today's 16.7 Mn.
- **Timeline:** 5-10 years.
- **Falsification test:** If India's total demat account growth falls below 10% CAGR for 3 consecutive years, the penetration expansion thesis is stalling.

#### Tailwind 2: Digital Financial Infrastructure (UPI, Account Aggregator, Aadhaar-KYC)

- **External trigger:** India's digital public infrastructure continues to reduce friction in account opening, fund transfer, and KYC — all of which benefit tech-first platforms like Groww disproportionately.
- **Financial line impact:** Cost to Acquire and Cost to Serve both decline as digital infrastructure improves.
- **Magnitude:** Groww already benefits from this (instant KYC, UPI payments). Continued improvement deepens the advantage over traditional brokers with physical branches.
- **Timeline:** Ongoing.
- **Falsification test:** If SEBI introduces regulatory requirements that advantage physical-presence brokers (e.g., mandatory in-person KYC), this tailwind reverses.

#### Tailwind 3: Rising Household Financial Savings Allocation to Capital Markets

- **External trigger:** Indian households historically allocated <10% of financial savings to equities/MFs. The shift toward market-linked instruments is accelerating with rising incomes, financial literacy, and SIP culture.
- **Financial line impact:** Customer Assets on platform grow → float income rises → MF trail rises → lending book opportunity expands.
- **Magnitude:** MF SIP monthly flows in India have grown from ~₹10,000 Cr to ~₹25,000 Cr over 3 years. [△ \[SOURCE: TRAINING DATA — not verified against retrieved documents\]](#)
- **Timeline:** 5-10 years.
- **Falsification test:** If monthly MF SIP flows decline YoY for 2 consecutive quarters, the savings reallocation trend is reversing.

### Cyclical Tailwinds (1-3 Year Horizon)

#### Tailwind 4: Post-Regulation F&O Market Recovery

- SEBI's October 2024 F&O regulation changes (lot size increases, margin requirements, weekly expiry reduction) caused derivative user churn. The surviving user base is higher-quality (more orders per user, higher ADTO per user). As these users stabilise and new higher-quality users enter, derivative revenue per user should continue rising.
- **Timeline:** 1-2 years.

#### Tailwind 5: MTF and Lending Book Scaling

- MTF book grew 4.7x in one year. If it reaches double-digit market share (management's stated 3-year target), the interest income contribution could grow from ~5% to ~15%+ of revenue.
- **Timeline:** 2-3 years.

### Risks

#### Risk 1: Regulatory — SEBI F&O Intervention (Competitive/Regulatory)

- **External trigger:** SEBI has demonstrated willingness to intervene in derivative market structure (October 2024 changes). Further tightening — higher lot sizes, stricter margin requirements, STT increases, or restrictions on weekly options — would directly reduce derivative trading volumes.
- **Financial line impact:** Equity derivatives constitute ~55% of revenue. A 20% decline in derivative volumes translates to ~11% revenue decline.
- **Second-order effects:** Reduced derivative activity → fewer active users → lower float balances → lower MTF demand → cascading revenue impact across multiple lines.
- **Magnitude:** High. SEBI regulation is the single largest risk to Groww's P&L.
- **Falsification test:** If SEBI announces further F&O restrictions (lot size increase above ₹15 Lakh, ban on weekly options, or STT rate increase >50%), this risk is materialising.
- **Behavioural response:** Groww would likely accelerate diversification into cash equities, mutual funds, lending, and wealth management. Competitors face the same headwind, so relative positioning may not change.
- **Stress case:**

Scenario	Revenue from Ops (₹ Mn)	EBITDA (₹ Mn)
Base (FY27E)	60,000	35,000
Stressed (30% derivative volume decline)	50,100	27,000

#### Risk 2: Market Downturn — Prolonged Bear Market (Cyclical)

- **External trigger:** Sustained market decline driven by global recession, FII outflows, or geopolitical escalation.
- **Financial line impact:** New user acquisition slows, trading volumes decline, customer assets decline (mark-to-market), MTF book shrinks as borrowers deleverage, credit losses on personal loans may rise.
- **Second-order effects:** Revenue and margins contract simultaneously — operating leverage works in reverse.
- **Magnitude:** Medium-High. Q4 FY26 already showed total customer assets declining 1.1% QoQ despite strong net inflows, due to mark-to-market losses.

- **Falsification test:** If Nifty 50 declines >20% from its 52-week high and active users decline QoQ for 2 consecutive quarters, this risk is materialising.
- **Stress case:**

Scenario	Revenue from Ops (₹ Mn)	EBITDA (₹ Mn)
Base (FY27E)	60,000	35,000
Stressed (20% market decline, 15% volume decline)	51,000	28,500

### Risk 3: Lending Credit Losses (Execution)

- **External trigger:** The personal loan book (₹11,400 Mn as of H1 FY26) and growing MTF book are exposed to credit risk. Personal loans are unsecured. MTF is secured against equities but can generate losses in sharp market drawdowns if collateral values breach margin call thresholds.
- **Financial line impact:** Provision for loss allowance: ₹1,401 Mn (FY26) vs. ₹716 Mn (FY25) — nearly doubling. If the personal loan book grows to ₹20,000 Mn and credit losses increase to 5% (vs. current implied ~3-4%), the annual loss provision could reach ₹1,000 Mn on PL alone.
- **Magnitude:** Medium. Currently small relative to total PAT (provisions = 6.7% of FY26 PAT). Could become material if the lending book grows to ₹100,000 Mn+.
- **Falsification test:** If provision for loss allowance exceeds 5% of the total lending book for 2 consecutive quarters, credit quality is deteriorating.

### Risk 4: Concentration in Equity Derivatives Revenue (Capital Allocation)

- ~55% of revenue from one product category (equity derivatives) that is subject to regulatory intervention, market cyclicity, and a flat ₹20 per-order pricing structure that limits per-trade monetisation upside.
- **Magnitude:** Medium. Diversification is happening (commodities, MTF, lending, MFs all growing share) but derivatives will likely remain >40% of revenue for the next 2-3 years.
- **Falsification test:** If derivatives as % of revenue rises above 60% for 2 consecutive quarters despite management's stated diversification intent, the concentration is worsening.

### Risk 5 — Undiscussed Risk: Key-Person Dependency on Founding Team

△ [ANALYTICAL JUDGMENT — this risk was identified by Claude based on business model reasoning, not drawn from retrieved documents]

Groww's founding team (Lalit Keshre — CEO, Harsh Jain — COO, Neeraj Singh — CTO, Ishan Bansal — CFO) are all co-founders who have been with the company since inception. The company's culture, product philosophy, and brand identity are deeply intertwined with this team. The IPO prospectus likely contains key-person risk disclosures, but it was not retrieved. In a company where "technology and user experience" are the stated competitive advantage, the CTO's continued involvement is critical. The Q2 FY26 earnings call had all four co-founders present, which is unusual — most calls have 1-2 executives.

- **Financial impact:** If a co-founder departed, the immediate P&L impact would be nil, but the medium-term impact on product quality, hiring ability, and culture could be significant.
- **Probability:** Low (all co-founders appear deeply engaged).
- **Indirect evidence:** The ESOP scheme and share allotments to the Employee Welfare Trust suggest management is building retention mechanisms. [Q4 FY26 Interim Report Notes [Q]]

**Risk Quantification Table**

Risk	P(risk)	Annual FCF Impact if Materialised (₹ Mn)	Expected Annual FCF Drag (₹ Mn)
SEBI F&O Tightening	25%	(8,000) — revenue decline + margin compression	(2,000)
Prolonged Bear Market (>12 months)	20%	(6,000) — volume + AUM decline	(1,200)
Lending Credit Losses Spike	15%	(2,000) — incremental provisions	(300)
Derivatives Concentration (no diversification)	10%	(3,000) — missed growth from over-reliance	(300)
Key-Person Departure	5%	(5,000) — long-term brand/product degradation	(250)
<b>Aggregate</b>	—	—	<b>(4,050)</b>

**Aggregate risk-adjusted FCF drag: ₹4,050 Mn per year.** This represents ~8.7% of FY26 revenue from operations or ~19.4% of FY26 PAT.

> **Investor Implication:** The dominant risk is regulatory — SEBI's demonstrated willingness to intervene in F&O market structure, combined with Groww's 55% revenue concentration in equity derivatives, creates a binary risk that diversification cannot fully mitigate in the near term. The operating leverage that makes Groww's margins exceptional in good times also means margins can compress rapidly if volumes decline. The lending business introduces a new risk dimension (credit losses) that management is still learning to manage at scale.

## SECTION 9: APPENDIX: OPERATIONAL METRICS DASHBOARD

### Quarterly Financial Metrics (Consolidated, ₹ Mn)

Metric	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Source
Revenue from Operations	8,010.06	9,044.98 (derived)	10,187.42	12,160.72	15,053.67	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
Other Income	485.66	440.74 (derived)	520.55	450.00	301.68	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
Total Income	8,495.72	9,485.72 (derived)	10,707.97	12,610.72	15,355.35	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
Employee Benefits Expense	1,200.45	1,366.23 (derived)	1,237.61	1,570.49	1,734.00	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
Finance Costs	159.33	164.18 (derived)	110.27	104.96	80.02	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
D&A	66.44	71.38 (derived)	68.04	94.75	244.55	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
Other Expenses	2,927.36	2,844.82 (derived)	2,910.07	3,385.35	3,933.22	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
Total Expenses	4,353.58	4,446.61 (derived)	4,325.99	5,155.55	5,991.79	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
PBT	4,136.96	5,031.86 (derived)	6,376.77	7,448.52	9,356.96	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
PAT	3,090.89	3,784.74 (derived)	4,713.39	5,469.33	6,863.54	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports
Diluted EPS (₹)	0.54	△ [NOT RETRIEVED]	0.77	0.87	1.09	<a href="#">[Q]</a> Q4/Q3 FY26 Interim Reports

Notes:

- Q1 FY26 figures are derived as: FY26 annual - Q2 - Q3 - Q4 (for items from Q4 FY26 Interim Report) or 9M FY26 - Q2 - Q3 (for items from Q3 FY26 Interim Report). Tagged as "derived" rather than [Q] since they are arithmetic derivations from audited/reviewed figures, not independently reported.
- Q4 FY25 figures are from the Q4 FY26 Interim Report comparative column.
- D&A jumped significantly in Q4 FY26 (₹245 Mn vs. ₹95 Mn in Q3) — likely driven by the Fisdom acquisition intangible amortisation kicking in.

### Quarterly Platform KPIs

KPI	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Source
Total Transacting Users (Mn)	14.9	16.3	17.3	18.1	19.0	20.4	21.6	[LF] KPI Handbook Q4 FY26
Active Users (Mn)	12.4	13.4	13.9	14.4	14.8	16.0	16.7	[LF] KPI Handbook Q4 FY26
Active User Growth (YoY %)	87.7%	78.5%	47.8%	33.4%	19.7%	18.8%	19.9%	[LF] KPI Handbook Q4 FY26
Avg Active Users (Mn)	11.6	12.9	13.7	14.2	14.6	15.4	16.3	[LF] KPI Handbook Q4 FY26
NSE Active Clients (Mn)	12.3	13.2	12.9	12.6	11.9	12.1	12.9	[LF] KPI Handbook Q4 FY26
Total Customer Assets (₹ Tn)	2.00	2.15	2.17	2.61	2.67	2.99	2.96	[LF] KPI Handbook Q4 FY26
MAUs (Mn)	12.5	13.5	14.0	14.2	14.7	15.5	16.3	[LF] KPI Handbook Q4 FY26
DAUs (Mn)	7.4	7.6	7.2	7.2	7.1	7.4	8.0	[LF] KPI Handbook Q4 FY26
MTF	3,890	5,424	6,019	10,358	16,683	23,074	28,143	[LF] KPI

Book (₹ Mn)								Handbook Q4 FY26
MTF Active Users (k)	19.7	25.7	36.7	55.1	78.2	109.9	130.2	[LF] KPI Handbook Q4 FY26
Commodity Deriv. Active Users (k)	—	—	—	—	26.9	255.5	392.9	[LF] KPI Handbook Q4 FY26

**Product-Level KPIs:**

KPI	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Source
MF Active Users (Mn)	7.0	7.9	8.4	8.7	8.9	9.5	10.0	[LF] KPI Handbook Q4 FY26
MF Assets on Groww (₹ Tn)	0.97	1.08	1.13	1.40	1.41	1.61	1.57	[LF] KPI Handbook Q4 FY26
MF # of SIPs (Mn)	38.4	42.7	43.9	45.4	49.5	53.6	56.2	[LF] KPI Handbook Q4 FY26
MF SIP Inflows (₹ Bn)	83.8	94.8	96.6	100.2	112.5	123.3	130.2	[LF] KPI Handbook Q4 FY26
Stocks Active Users (Mn)	9.2	9.9	10.1	10.3	10.7	11.6	12.0	[LF] KPI Handbook Q4 FY26
Stocks ADTO (₹ Bn)	101.2	93.9	89.6	106.7	101.3	113.3	137.9	[LF] KPI Handbook Q4 FY26
Stocks Assets on Groww (₹ Tn)	0.97	1.02	0.98	1.14	1.18	1.28	1.27	[LF] KPI Handbook Q4 FY26
Broking	8.2	7.6	6.4	6.1	6.5	7.6	7.7	[LF] KPI

Transacting Users (Mn)								Handbook Q4 FY26
Broking Orders (Mn)	532.3	454.2	357.7	378.6	415.8	474.2	587.4	[LF] KPI Handbook Q4 FY26
Equity Deriv. Active Users (Mn)	1.94	1.77	1.40	1.40	1.41	1.48	1.70	[LF] KPI Handbook Q4 FY26
Equity Deriv. Avg Daily Premium TO (₹ Bn)	79.2	79.2	78.9	92.8	95.7	114.8	164.9	[LF] KPI Handbook Q4 FY26
Credit Disbursement — Partners (₹ Mn)	4,583	3,938	2,225	3,160	2,811	3,487	3,890	[LF] KPI Handbook Q4 FY26
Credit Disbursement — GCS (₹ Mn)	3,972	2,961	2,053	2,487	3,932	3,595	3,876	[LF] KPI Handbook Q4 FY26

**Groww Platform Financial KPIs (Excluding Growwmf and Fisdom):**

KPI	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Source
Platform Revenue (₹ Mn)	11,255	9,735	7,994	9,038	10,169	11,843	14,684	[LF] KPI Handbook Q4 FY26
Cost to Serve (₹ Mn)	1,664	1,286	1,476	1,316	1,245	1,500	1,567	[LF] KPI Handbook Q4 FY26
Contribution Margin (₹ Mn)	9,591	8,449	6,519	7,722	8,924	10,344	13,117	[LF] KPI Handbook Q4 FY26
Contribution	85.2%	86.8%	81.5%	85.4%	87.8%	87.3%	89.3%	[LF] KPI Handbook

Margin (%)								k Q4 FY26
Cost to Grow (₹ Mn)	943	889	969	1,078	1,226	1,237	1,252	[LF] KPI Handbook Q4 FY26
Cost to Operate (₹ Mn)	2,967	-2,810	1,504	1,656	1,475	1,609	2,162	[LF] KPI Handbook Q4 FY26
Adj. EBITDA (₹ Mn)	7,346	6,196	4,214	5,205	6,404	7,689	9,828	[LF] KPI Handbook Q4 FY26
Adj. EBITDA Margin (%)	65.3%	63.7%	52.7%	57.6%	63.0%	64.9%	66.9%	[LF] KPI Handbook Q4 FY26

**Consolidated Financial KPIs:**

KPI	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Source
Total Income (₹ Mn)	11,600	10,044	8,496	9,485	10,708	12,611	15,355	[LF] KPI Handbook Q4 FY26
Consolidated EBITDA (₹ Mn)	5,505	10,149	3,882	4,833	6,040	7,205	9,387	[LF] KPI Handbook Q4 FY26
Consolidated EBITDA Margin (%)	48.9%	104.2%	48.5%	53.4%	59.3%	59.3%	62.4%	[LF] KPI Handbook Q4 FY26
PAT (₹ Mn)	4,202	7,571	3,091	3,784	4,713	5,469	6,864	[LF] KPI Handbook Q4 FY26
PAT Margin (%)	36.2%	75.4%	36.4%	39.9%	44.0%	43.4%	44.7%	[LF] KPI Handbook Q4 FY26
Adj.	7,176	5,981	4,070	5,072	6,241	7,418	9,524	[LF] KPI

EBITDA — Consol (₹ Mn)								Handboo k Q4 FY26
Adj. EBITDA Margin — Consol (%)	63.8%	61.4%	50.8%	56.1%	61.3%	61.0%	63.3%	[LF] KPI Handboo k Q4 FY26

**Notes:**

- Q3 FY25 Cost to Operate is negative (₹-2,810 Mn) and EBITDA margin is 104.2% due to the ₹4,247 Mn long-term incentive reversal in that quarter. This is the same FY25 one-off distortion discussed in Section 6.
- "EBITDA" per company definition excludes Other Income (adopted after merger one-offs crossed one year). Adjusted EBITDA further adds back SBC, one-time performance incentives, LTI, and associate losses.
- Platform KPIs exclude Fisdome (consolidated from Q3 FY26) and Growwmf.
- Trading days per quarter: Q2 FY25=64, Q3 FY25=62, Q4 FY25=62, Q1 FY26=61, Q2 FY26=64, Q3 FY26=62, Q4 FY26=60.

**Revenue Mix by Product (% of Total Income):**

Product	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Source
Equity Derivatives	57%	56%	57%	53%	55%	[Q] Q4 SL
Stocks	16%	18%	19%	19%	19%	[Q] Q4 SL
Commodity Derivatives	0%	0%	2%	3%	5%	[Q] Q4 SL
Float	8%	7%	7%	8%	6%	[Q] Q4 SL
MTF	0%	4%	4%	5%	5%	[Q] Q4 SL
PL + LAS	4%	3%	3%	5%	3%	[Q] Q4 SL
Treasury	7%	6%	5%	3%	2%	[Q] Q4 SL
Other Income	6%	7%	3%	5%	6%	[Q] Q4 SL

**Notes:**

- Revenue mix data was available from the Q4 FY26 shareholder letter, which included a 5-quarter comparative chart.
- Product attach rates (Stocks, MF, Derivatives as % of active users) are only disclosed in the Q4 FY26 shareholder letter — historical quarters not available in the KPI Handbook.

End of Business Understanding Document

Report generated: 2026-04-20

Groww (Billionbrains Garage Ventures Ltd.) — Business Understanding

*MCP Source: QuartrPro*

*All financial figures in ₹ Millions (INR Mn) unless otherwise stated*

## APPENDIX A: EARNINGS SENTIMENT ANALYSIS

### 1 Quarter Analyzed: Q2 FY26

**Date:** 2026-04-20

**Transcripts Retrieved:** 1 of 3 attempted

**Analysis Period:** Q2 FY26 (only available transcript)

### RETRIEVAL LOG

Quarter	Transcript	Source	Full/Summary	Notes
Q4 FY26	Not available	QuartrPro	N/A	Event exists (eventId 465729) but transcript returned 0 pages — likely just released (April 2026), not yet processed <a href="#">[TR]</a>
Q3 FY26	Not available	QuartrPro	N/A	Event exists (eventId 450049) but transcript returned 0 pages <a href="#">[TR]</a>
Q2 FY26	Retrieved	QuartrPro (docId 2367985, eventId 423589)	Full (117 pages)	First post-IPO earnings call. Complete Q&A session with 13 analyst questions from 11 analysts across sell-side firms <a href="#">[TR]</a>

### EXECUTIVE SUMMARY

This is Groww's first-ever post-IPO earnings call (Q2 FY26, October 2025 quarter). The dominant narrative was of a platform-first, product-expansion story: management positioned Groww as building "India's largest investing and wealth platform" with a long product road map ahead. CEO Lalit Keshre emphasized customer experience as the defining strategic choice, explicitly stating that monetization follows engagement rather than being designed into products upfront. The tone was measured and forward-looking — appropriate for a debut call — with management declining to provide specific forward guidance on CAC, MTF book targets, or lending economics, instead framing all new products as "early stage." [\[TR\]](#)

Analyst attention concentrated on two themes: the lending business (MTF yield, LAS ramp, personal loan credit losses) and the revenue diversification challenge (new customers entering through low-monetization SIP/MF products rather than high-monetization F&O). The Fisdom acquisition (wealth management) was acknowledged but repeatedly described as "very early" with integration still in progress. Management deflected most quantitative forward-looking questions with "difficult to predict" responses. A notable data point: 80% of customer acquisition remains organic — a strong competitive signal that analysts accepted without pushback. The overall tone was constructive but exploratory, with analysts mapping the business model for the first time rather than interrogating execution against established expectations. [TR]

## TOP 5 POSITIVES

### 1. Dominant Organic Customer Acquisition (80% Organic)

**Quarters Present:** Q2 FY26

**Source:** Management-initiated and Analyst-validated

**Trajectory:** Emerging (first disclosure — baseline established)

Harsh Jain (Co-Founder, COO) disclosed that approximately 80% of new customer acquisition is organic, with the remainder coming from digital performance marketing and a small non-commercial referral component. When analyst Nidhesh Jain (Investec) asked to confirm, Harsh Jain affirmed: "Yes." This 80% organic rate is exceptional for a consumer fintech platform and signals strong brand equity and word-of-mouth pull. The low reliance on paid acquisition implies structurally lower CAC at scale and durable growth independent of marketing spend cycles. No analyst challenged this figure. [TR]

#### Key Quotes:

- "For us, the organic is the biggest channel and almost — I think we reported also almost 80% people come organically." — Harsh Jain, Co-Founder & COO, Q2 FY26 [TR]

### 2. Rising Quality of F&O User Base Post-Regulation

**Quarters Present:** Q2 FY26

**Source:** Management-initiated

**Trajectory:** Emerging (first post-regulation disclosure)

Ishan Bansal (CFO) reframed the flat F&O active user count (~1.4 million) as a quality improvement rather than a stagnation concern. Average orders per user grew 10-20%, driven by high-quality users increasing activity while low-quality users churned off post-SEBI's F&O regulation changes. Management explicitly called this "a good thing both for us as well as industry." This framing positions regulatory-induced churn as a structural positive that concentrates revenue on durable, high-value users. [TR]

#### Key Quotes:

- "The quality of the user is like doing really well...average order per user has significantly grown...in the range of like 10% to 20% growth on average order per user." — Ishan Bansal, CFO, Q2 FY26 [TR]
- "The low-quality customers who were earlier placing significantly lesser number of orders...is actually moving away from the platform, which we think is a good thing both for us as well as industry." — Ishan Bansal, CFO, Q2 FY26 [TR]

### 3. Multi-Product Platform with Long Road Map

**Quarters Present:** Q2 FY26

**Source:** Management-initiated

**Trajectory:** Emerging (foundational narrative)

CEO Lalit Keshre emphasized 10+ products on the platform with "a long road map in front of us." The product expansion strategy is deliberate — sequential launches, deep focus per product, no "launch everything at once" approach. Recent expansions include MTF (growing rapidly), LAS (loan against mutual funds, early stage), commodities (20,000-30,000 daily transacting users), and the Fisdom acquisition bringing wealth management (PMS, AIF distribution, insurance, unlisted securities). Each product builds engagement loops that increase retention and cross-sell. [\[TR\]](#)

**Key Quotes:**

- "We started GROWW more than 9 years back to make investing simple, transparent and delightful...Although it has been more than 9 years, but we still feel that we are just starting in our journey." — Lalit Keshre, CEO, Q2 FY26 [\[TR\]](#)
- "As customers join us, they build their wealth, they continue buying more and more products...with multiple products, customer engagement continues increasing, retention goes up. And then when customers love your product, monetization also follows." — Lalit Keshre, CEO, Q2 FY26 [\[TR\]](#)

### 4. Cost-to-Serve Declining Through Technology Optimization

**Quarters Present:** Q2 FY26

**Source:** Management-initiated (in response to analyst question)

**Trajectory:** Emerging

Cost to serve declined quarter-on-quarter despite rising order volumes. Ishan Bansal attributed this to technology infrastructure optimization: "We have done some optimizations in last quarter, which has helped us to reduce this cost. And we've been kind of running at a significantly higher capacity just to maintain good uptime for our customers. And hence, there is still an opportunity to optimize some of these costs in the future." This signals operating leverage and further margin expansion potential. [\[TR\]](#)

**Key Quotes:**

- "Our technology-related cost actually has come off. We have done some optimizations in last quarter...there is still an opportunity to optimize some of these costs in the future." — Ishan Bansal, CFO, Q2 FY26 [\[TR\]](#)

### 5. MTF Growth Trajectory and Fair Market Share Aspiration

**Quarters Present:** Q2 FY26

**Source:** Both (management-initiated, multiple analysts validated)

**Trajectory:** Emerging

MTF (margin trading facility) was the most-discussed product across the call, with 4 separate analysts raising it. Ishan Bansal stated the company aspires to a "double-digit" MTF market share (significantly above current levels), expects it will take at least 3 years to reach, and believes the growth will come from market expansion rather than share theft. MTF contributes ~INR 2 per order to cash realization, currently at 3-4% of cash ADTO. Notably, management dismissed pricing

competition (competitors offering 7.99%) by arguing platform experience matters more than pricing for this product. [\[TR\]](#)

#### Key Quotes:

- "We have a fair share that we want to kind of reach, and it will take at least 3 years to probably reach there. And the fair share is significantly higher than where we are today, probably like a double-digit number on the market side." — Ishan Bansal, CFO, Q2 FY26 [\[TR\]](#)
- "Pricing is not the reason why customer chooses a platform A versus platform B. The experience is what matters to them." — Ishan Bansal, CFO, Q2 FY26 [\[TR\]](#)

## TOP 5 CONCERNS / HEADWINDS

### 1. Revenue Diversification vs. Monetization Gap for New Cohorts

**Quarters Present:** Q2 FY26

**Primary Raisers:** Ansuman Deb (ICICI Securities)

**Management Response Pattern:** Acknowledged but philosophically reframed

**Status:** New (structural concern)

Ansuman Deb directly asked about the monetization gap: new users increasingly enter through SIP/MF (low monetization) rather than broking (high monetization). Management's response was philosophical rather than quantitative — Lalit Keshre stated "we don't kind of design this way, okay, this is less monetized product, let's monetize more" and positioned the company as customer-first, accepting that some products will have "lower monetization or will be monetized in future." This is a credible strategic stance but leaves the near-term revenue concentration question unresolved. When pushed specifically on mutual fund monetization (Groww is a major SIP mover), Lalit Keshre deflected: "We'll share with you when we kind of come up with something." [\[TR\]](#)

#### Key Exchanges:

- **Ansuman Deb, ICICI Securities (Q2 FY26):** "How are we mitigating this...diversification of customers who may not be as monetizable at the start versus what was our core offering where it is monetizable in terms of broking?"

**Lalit Keshre, CEO:** "We don't kind of design this way...We look more from the value proposition for the customer...monetization follows." [\[TR\]](#)

- **Ansuman Deb, ICICI Securities (Q2 FY26):** "Any chance or any view on possible monetization of this mutual fund distribution because we seem to be one of the major movers and shakers when it comes to SIP?"

**Lalit Keshre, CEO:** "We'll share with you when we kind of come up with something." [\[TR\]](#)

### 2. Credit Business — High Loss Rates on Unsecured Book

**Quarters Present:** Q2 FY26

**Primary Raisers:** Nidhesh Jain (Investec)

**Management Response Pattern:** Acknowledged, partially defensive

**Status:** New (first public disclosure)

Nidhesh Jain calculated ~7% credit costs on Groww's unsecured personal loan book (INR 70 crore provision on ~INR 1,000 crore book from FY25 financials). Ishan Bansal partially disputed the base ("more closer to INR 1,250-odd") but did not dispute the absolute provision figure. He characterized

the book as "just 3 years old" and "getting stabilized" with provisioning having "come off compared to the last quarter." Management also acknowledged a dip in partner disbursements due to a platform migration (moving credit to a separate app). The combination of high credit costs, early-stage book, and platform transition raises execution risk. Management's stated strategy is to shift toward a "healthy mix" of secured and unsecured, with secured growing faster. [TR]

**Key Exchanges:**

- **Nidhesh Jain, Investec (Q2 FY26):** "If I allocate to the unsecured book on your own balance sheet, that translates into 7% credit cost. So is this reading right?"

**Ishan Bansal, CFO:** "I think we are more closer to INR 1,250-odd and hence, this number is slightly lower in percentages...We are still in a phase where we are stabilizing our book from a vintage perspective." [TR]

### 3. F&O User Count Stagnation Post-Regulation

**Quarters Present:** Q2 FY26

**Primary Raisers:** Deepanjan Ghosh (unnamed firm, likely Emkay/others based on context)

**Management Response Pattern:** Acknowledged and reframed as positive

**Status:** New

Active F&O customers remained flat at ~1.4 million for 2-3 consecutive quarters despite strong overall customer acquisition. Management reframed this as quality improvement (higher orders per user, low-value users churning off), but the flat count implies the regulatory headwind from SEBI's F&O rules had a real impact on the user funnel. The concern is structural: if India's retail F&O participation permanently contracts (regulatory intent), Groww's single largest revenue line (57% of broking revenue from derivatives) faces secular pressure. Management acknowledged derivatives revenue share "can come below 50%" but positioned this as natural product mix diversification rather than a revenue risk. [TR]

**Key Exchanges:**

- **Deepanjan Ghosh (Q2 FY26):** "If I look at your active F&O customers, and that has remained around 1.4 million for at least the last 2 or 3 quarters...what sort of outlook do you really have out there?"

**Ishan Bansal, CFO:** "There is a churn in the users, which we saw specifically till Q3-Q4 last year. After that, there is a small growth rate...But the quality of the user is like doing really well." [TR]

### 4. Fisdom Acquisition — Negative Contribution, Unclear Integration Timeline

**Quarters Present:** Q2 FY26

**Primary Raisers:** Nidhesh Jain (Investec), Saket Karan (individual investor), Deepanjan Ghosh

**Management Response Pattern:** Acknowledged, repeatedly deferred to "future quarters"

**Status:** New

Three separate questioners asked about Fisdom/wealth management — the most-questioned topic by number of askers. Management's responses were consistently vague: ~3% of revenue, "closer to breakeven but still negative," "a lot of integration yet to be done," and "we'll come back to you in future quarters." The employee addition is significant (500+ from Fisdom, of which 180 are sales — a non-trivial human capital layer for a tech-led platform). Management's vision of "tech-led" wealth management via the Fisdom acquisition has not yet been operationally defined. [TR]

**Key Exchanges:**

- **Nidhesh Jain, Investec (Q2 FY26):** "What is the revenue model that we are thinking on the wealth management business?"

**Ishan Bansal, CFO:** "On the Fisdome side, it is largely distribution income coming across...four products...And recently, they have launched PMS of mutual funds, which is also growing very fast." [TR]

- **Deepanjan Ghosh (Q2 FY26):** "What sort of manpower and maybe the quality of personnel that we'll be requiring to deploy on that side of the business?"

**Lalit Keshre, CEO:** "Wealth, as Ishan said, like we'll be talking a lot more about in coming quarters. It's just like we are just getting started." [TR]

## 5. Limited Forward Guidance and First-Call Opacity

**Quarters Present:** Q2 FY26

**Primary Raisers:** Prayesh Jain (Motilal Oswal), multiple others

**Management Response Pattern:** Consistently deflective on quantitative guidance

**Status:** New (inherent to debut call)

Management declined to provide forward guidance on virtually every quantitative question: CAC trajectory ("difficult to predict for the future"), MTF book size ("difficult to say a number middle of the quarter"), lending book 3-year outlook ("difficult to project from a forward-looking perspective"), and commodities market share timeline. While this is understandable for a debut call, the pattern was pervasive enough that analysts received very little quantitative framework for modeling forward estimates. Prayesh Jain (Motilal Oswal) pushed twice on CAC guidance and received only "not going to be very different from the overall spends." This may become a recurring concern if management maintains this communication style in future quarters. [TR]

### Key Exchanges:

- **Prayesh Jain, Motilal Oswal (Q2 FY26):** "From a full year perspective, what should be the kind of CAC that we should think about?"

**Harsh Jain, COO:** "It's difficult to predict for the future, but...it's not going to be very different from the overall spends." [TR]

## NARRATIVE CROSSCURRENTS

The central tension in this call was between management's platform-first, monetization-follows philosophy and analysts' need to model near-term revenue growth drivers. Management consistently prioritized the customer experience narrative over financial specificity, which positions well for long-term brand building but left analysts without the quantitative hooks they need. The Fisdome acquisition is the clearest example: analysts asked about it three separate times, and each time management deferred with "we'll talk more in coming quarters." [TR]

A secondary crosscurrent exists between the derivatives revenue concentration (57% of broking) and the stated goal of product diversification. Management frames the declining F&O user count as positive (quality over quantity), but the flat user base combined with regulatory headwinds creates a structural question about whether cash equity, MTF, commodities, and wealth management can grow fast enough to offset any further derivatives compression. [TR]

The overall sentiment trajectory cannot be established from a single quarter — this is the baseline reading. The tone was constructive and curious rather than skeptical, consistent with a post-IPO honeymoon phase. The key question for future calls will be whether management transitions from

"we're early" to providing concrete metrics on the newer product lines (wealth, commodities, LAS) and whether the organic acquisition engine sustains its 80% rate at scale. [\[TR\]](#)

### QUARTER-BY-QUARTER THEME TRACKER

Quarter	Key Positive Theme	Key Concern Theme	Tone Shift?
Q2 FY26	80% organic acquisition; rising F&O user quality; multi-product road map	Revenue diversification vs. monetization gap; credit loss rates; F&O user stagnation	N/A — baseline (first call)

### DATA LIMITATIONS

- **Only 1 of 3 quarterly transcripts available.** Groww listed in November 2025, making Q2 FY26 (October quarter) its first public earnings call. Q3 FY26 and Q4 FY26 transcripts returned 0 pages from QuartrPro — likely not yet processed or not yet uploaded.
- **No pre-IPO earnings calls exist.** As a private company prior to November 2025, there are no historical earnings transcripts. The 16-quarter target is not achievable for this company; maximum possible as of April 2026 is 3 quarters (Q2, Q3, Q4 FY26).
- **No management prepared remarks beyond brief CEO opening.** The call format went directly to Q&A after a ~3 minute opening by Lalit Keshre. All substantive data points emerged through analyst questions rather than structured prepared remarks, which limits the ability to assess what management chose to lead with vs. what was drawn out by analysts.
- **Speaker identification inconsistencies.** Several analysts were labeled "Unknown Analyst" in the QuartrPro transcript despite clearly identifying themselves verbally. Speaker attributions for Ishan Bansal (CFO) and Lalit Bimani (Group Head, Finance, labeled "Lalit B") were sometimes ambiguous — both are finance executives responding to similar questions.
- **Sentiment trajectory impossible to establish.** A single quarter provides no comparative basis for assessing whether narratives are strengthening, weakening, or evolving. All trajectory classifications are "Emerging" by definition.