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ZERODHA | Om Aditya

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ZERODHA

Presented by-
Om Aditya

WHAT IS ZERODHA

Zerodha Broking Limited is an Indian financial services company offering retail brokerage, currencies and commodities trading, mutual funds , and bonds.

Founded in 2010 by Nikhil Kamath and Nitin Kamath ,the company is headquartered in Bangalore.

Zerodha attained a self-assessed valuation of over $1 billion in 10 years. The fastest bootstrapped startup to do so.

Zerodha is the largest retail stockbroker in India with a client base of 5 million users.

Zerodha contributes more than 15% of daily retail volumes across all Indian Stock Exchanges.

ZERODHA KMPs

Nithin Kamath
Founder, CEO

Nikhil Kamath
Co-founder & CFO

Dr. Kailash Nadh
CTO

Venu Madhav
COO

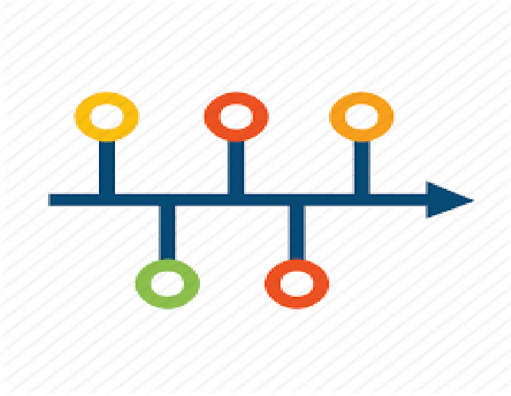
Hanan Delvi
CCO

Seema Patil
CQO

Karthik Rangappa
Chief of Education

Austin Prakesh
Director Strategy

ZERODHA TIMELINE



2010 — Started operations

2014 — Launched Zerodha Varsity

2015 — Launched Rainmatter

2017 — Launched Coin MF platform

2019 — Became India's Biggest stockbroker

2020 — Conducted 7 million trades a day

BEFORE ZERODHA

Before Zerodha ,there were 3 major hurdles troubling the existing Investors which were preventing the common people from investing into the market.

1. **Lack of Knowledge and awareness**: The Market operated mostly on Myths and emotions rather than knowledge and strategy.
2. **Exorbitant Brokerage Fees:** The conventional brokerage firms charged a percentage of total earnings from their client , leading to huge brokerage fees.
3. **Very Complex Process of Investing:** The process involved a lot of paperwork, and the process was difficult for the common investor to understand.

WHAT ZERODHA CHANGED

1. **ZERODHA Varsity:** To tackle lack of awareness in market, Zerodha launched Zerodha Varsity, which is an extensive collection of stock market and financial lessons aimed at enabling the common investor to gain enough knowledge about Investing.
2. **Discount Brokerage fees :** Zerodha lowered down brokerage fees to such an extent that it literally resulted in a revolution. Instead of charging a percentage of profits, Zerodha started charging Rs. 20 or 0.03% for all intraday trades , while making equity and direct fund investments completely free of cost.
3. **Web Based Service with a simple UI :** To tackle the cumbersome process of investing, they developed a User Friendly Website and Mobile Application to make it very easy to invest in the market.

BUSINESS MODEL

Low Margin and High Volume

Zerodha charges a free to very minimal amount to the dealers for transactions because of which the trading or exchange volume is generally high. This fee collection of smaller amounts from a larger number of clients leads to good revenue generation for Zerodha.

Total User Base : 5 million active users.

Charges per trade (F&O) : Rs 20

Avg no. Of trades per day : 3 million.

Avg operating daily revenue : approx Rs. 60 million.

BUSINESS MODEL

Low Operating Costs

Zerodha is able to keep its operational costs low because of its completely online structure. It also invests in continuous development of its UI to keep it user friendly to attract more users to its platform.

Diversification

Zerodha has diversified its core business to include partners like **SmallCase** , **Streak, Sensibull and GoldenPi** which offer specialised platforms for Investments, Algo and Strategy, Options Trading and Bonds Trading. These platforms help Zerodha in retaining a customer base looking for more specific platform for their needs.

smallcase

Streak™

sensibull

GoldenPi

SERVICES

<u>EQUITY TRADING</u>: Equity trading refers to **Trading i.e. buying and selling Company shares on the equity markets** with an intent to profit from the purchase/sale of these securities. Equity markets are divided into two segments , Primary market (IPO) and Secondary markets (OTC).

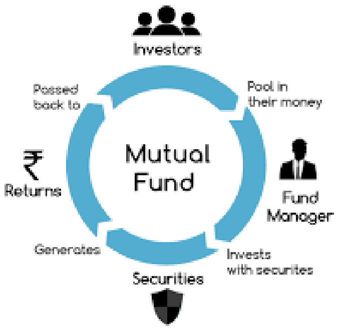
<u>DERIVATIVES TRADING</u> : Derivatives Trading is a contract between two or more parties where the derivative value is based upon an underlying asset. Traders **speculate on the future price** of the asset to buy/sell on expected gains from the price difference.

<u>CURRENCY TRADING</u> : Currency trading, often referred to as **foreign exchange or Forex**, is the purchasing and selling of currencies in the foreign exchange marketplace, done with the objective of making profits.

SERVICES

<u>COMMODITIES TRADING</u> : A commodity market is a marketplace for buying, selling, and trading raw materials or primary products. Commodities are often split into two broad categories: hard and soft commodities. Hard commodities include natural resources that must be mined or extracted—such as gold, rubber, and oil, where are agricultural products or livestock are soft commodities.

<u>MUTUAL FUNDS :</u> A mutual fund is an investment vehicle where many investors pool their money to earn returns on their capital over a period. This corpus of funds is managed by an investment professional known as a fund manager or portfolio manager.



<u>Bonds/G-Secs :</u> Zerodha provides a platform for users to buy and sell Bonds and allows tax free interest incomes .

PRODUCTS

COIN

Zerodha Coin is an order collection platform that lets you buy mutual funds online, with no commission pass back, directly from asset management companies. Your mutual funds, stocks, currencies, bonds, and more, all in your DEMAT account accessible in one place.

Coin charges 0% commission direct mutual funds and Govt, corporate, and gold bonds and is India’s largest direct mutual funds platform.

VARSITY

Varsity is an investor education & learning platform from Zerodha wherein investors can learn the nuisance of investing in the stock market. Zerodha Varsity provides the collection of stock market lessons along with in-depth coverage and illustrations in easy to understand language.

SUBSIDIARIES

Rainmatter Foundation

Zerodha set up Rainmatter Foundation, a non-profit foundation that aims to support individuals/organizations/companies working towards problems related to climate change. Rainmatter Foundation has committed a **$100 million fund** towards the above directions.

The Foundation has invested in **Terra** (online climate school training climate entrepreneurs on climate science, policy, business, social justice), and **Blue Sky Analytics** (Provides real-time and predictive environmental intelligence).

Rainmatter

RISKS AND CHALLENGES

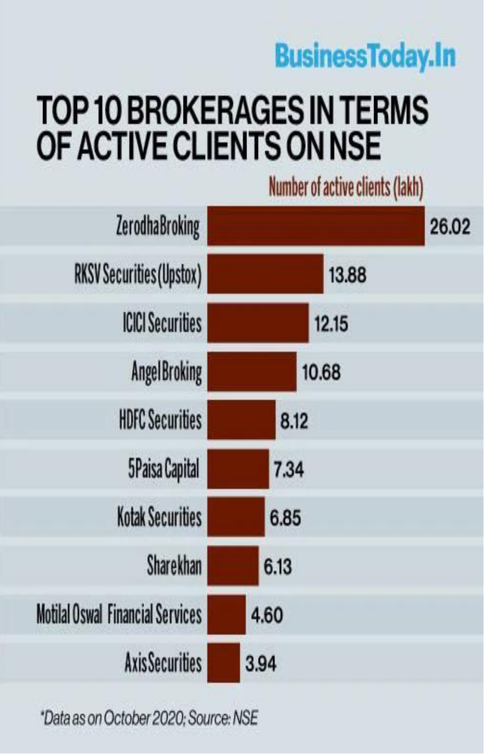
Zerodha faces the following Risks and Challenges: ZERODHA

Sr. No.	Risks
1	Technical glitches on the platform because of heavy trading, which leads to decreasing customer satisfaction.
2	Zerodha is an online platform, it does not have offline support branches so inefficient customer support, and lack of fast customer service is the greatest challenge that this company confronts.
3	Delayed Payments to traders , non adherence to the 48hr payout timeline may lead to customer dissatisfaction and accumulated payables.
4	Lack of delivery of valuable advisory reports and analysis of one's investments and trading activities be it either weekly or quarterly. Most of the big full-service brokers provide research reports.
5	Competition Risk as competitors are incresingly offering lower transaction charges which may lead to loss of market share.
6	Regulatory changes may affect margins leading to possible losses of revenues. May also affect business ventures .

COMPETITORS

Sr. No.	Name of Stockbroker	No. Of Active Clients	Market Share (%)
1	ZERODHA BROKING LIMITED	5484447	18.33%
2	RKSV SECURITIES INDIA PRIVATE LIMITED (Upstox)	4261522	14.24%
3	ANGEL BROKING LIMITED	2861515	9.56%
4	NEXTBILLION TECHNOLOGY PRIVATE LIMITED (Groww)	2671173	8.93%
5	ICICI SECURITIES LIMITED	2605215	8.70%
6	5PAISA CAPITAL LIMITED	1336132	4.46%
7	KOTAK SECURITIES LTD.	1065692	3.56%

ZERODHA



VISION AND MISSION

Upcoming goals for Zerodha is the aim to add 5-10 million new investors to the Indian stock market with the aid of the platform. **"India is very dependent on foreign capital to drive the country. For any country to do well, you need residents to put their money in the market. The money shouldn't just stay in fixed deposits and real estate. I want to encourage people to educate themselves and put the money in the ecosystem in some way or the other to drive growth," Nithin concluded.**

Zerodha is currently looking to reduce the transaction costs down in its discount brokerage services. The company will be launching low-cost funds in order to attain that target, as per the reports dated September 1, 2021.

ZERODHA

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Campus Address :

88, Sector 44,
Gurgaon – 122002

CONTACT US

www.grm.institute

Email :
admissions@grm.institute

Thank you!