

Monday, 3 November 2025

CM RATING 45 /100

Billionbrains Garage Ventures (Groww)

Largest and fastest growing investment platform

Diversifying business with robust customer base and multiple product portfolio

Billionbrains Garage Ventures, incorporated in 2018, is a direct-to-customer digital investment platform offering multiple financial products and services to invest and trade in stocks, derivatives, bonds, mutual funds (including Groww Mutual Fund) and other products such as margin trading facility and personal loans. It is India's largest and fastest growing investment platform by active users on NSE at end June 2025. The company provides customers a friendly design and deploys an in-house technology platform to enhance the investing experience. The products are categorized into two segments: (i) broking services which include stocks and derivatives; and (ii) others including mutual funds, margin trading facility (MTF), credit and Groww AMC.

The customer base is spread across cities, towns and villages in India covering 98.36% of pin-codes with 81% customer coming from outside top 6 cities. The customers are also young with 43.21% opening their first demat account on Groww platform. As many as 45% of Active Users are less than 30 years and another 21% were between 31 - 35 years of age. The median age of active users was 31 years at end June 2025. There is the potential to spend many years investing with Groww, availing multiple products and services on platform. More than 80% of customers have been acquired on platform organically. All customers are acquired digitally. There is no use any offline channels such as agents, affiliates or sub-brokers for user acquisition.

The number of transacting users on platform recorded a CAGR of 57.5% from FY2022 to 18.07 million at end June 2025. The total customer assets grew at CAGR of 91.09% to Rs 2.61 lakh crore. The company exhibited a sharp acceleration in market share among NSE clients, from 15.09% at end March 2023 to 26.27% at end June 2025. The broking business is operated through subsidiary, Groww Invest Tech (GIT), a registered stockbroker with SEBI. GIT is also registered as a distributor with the Association of Mutual Funds in India and is a designated qualified stockbroker (QSB) with SEBI. GIT's MTF book stood at Rs 1035.77 crore at end June 2025, accounting for 1.22% market share.

The company had achieved market leadership based on NSE active clients at the end of September 2023 since launching the broking business in 2020. CDSL and NSDL added net 36.66 million new demat account in TTM ended June 2025. Of this, Groww witnessed 9.45 million net demat account additions, implying a 25.8% market share. The outstanding number of individual demat accounts stood at 197.84 million at end June 2025, of which Groww had 37.41 million individual demat accounts, with a market share of 18.9% end June 2025, up from 17.3% at end June 2024.

The market share in retail cash ADTO across the BSE and the NSE increased from 12.66% in FY2024 to 19.31% in FY2025, and further to 23.66% in Q1FY2026. The market share in retail derivatives ADTO increased from 7.59% in FY2024 to 11.37% in FY2025, and further to 14.43% in Q2FY2026.

Groww is one of the foremost platforms for mutual funds distribution in India, with a 13% market share in SIP inflows in June 2025, up from 6% in June 2023 and 11% in June 2024. Additionally, one out of three new SIPs were created on Groww in June 2025.

Groww is the highest rated investing app in India and highest ranked (in the investment category) investment app on App Store, while it appears in the top 3 search hits on certain popular app stores and search engines for certain keywords related to investing. Groww is the only investment app in India to cross 100 million cumulative downloads at end June 2025. The growth of platform has been supported by customer growth, high engagement and retention translating into expanding revenue per user.

The positive effects of expanded and deeper customer relationships can be multi-fold: it often leads to higher retention, higher engagement, higher product attachment and higher revenue potential. Across the cohorts of active users to have completed three years on platform, the average retention was 77.70%. About 5.70 million active users used more than one product on Groww at end June 2025.

The company offers two types of credit products through the 'Groww Credit' mobile app: (i) personal loans since FY2022 and (ii) loans against securities (LAS), launched in February 2025. It distributes personal loans to customers on platform in partnership with third-party banks and NBFCs. Groww Creditserv Technology (GCS), a subsidiary, holds an NBFC license and provides on-balance sheet personal loans. GCS had a loan book of Rs 1163.91 crore comprising personal loan book of Rs 1153 crore and LAS book of Rs 11 crore with an NPA Ratio of 1.67% at end June 2025.

The company forayed into asset management with the acquisition of Indiabulls Asset Management Company in May 2023. It offers 30 products, with 11 active funds and 19 passive funds (14 equity, 5 debt, 2 commodities, 8 ETFs, and 1 hybrid fund) at end June 2025. Assets under management (AUM) of Groww AMC grew from Rs 707 crore at end March 2024 to Rs 2519.9 crore at end June 2025 with 1.03 million active investors.

In September 2025, the company completed the acquisition of Finwizard Technology (FTPL) to offer wealth management products such as distribution of MFs, PMS (including in-house manufacturing), insurance products, as well as full-service broking of stocks, and tax filing services. With 0.37 million active customers, FTPL held assets aggregating to Rs 10169.4 crore at end June 2025.

The Offer and the Objects

The initial public offer (IPO) consists of fresh issue to raise Rs 1060 crore through issuance of 11.16 crore equity shares at the lower band of Rs 95 per share (face value Rs 2 per share) and 10.6 crore equity shares at the upper band of Rs 100 per share.

The issue also comprises offer for sale of 55.723 crore equity share from investor selling share to raise Rs 5293.7-5572.3 crore

The issue is to be made through the book-building process and will open on 04 November 2025 and will close on 07 November 2025.

Out of the net proceeds from the fresh issue of shares, the company proposes to use Rs 152.5 crore for expenditure towards cloud infrastructure and Rs 225 crore for brand building and performance marketing activities. The company proposes to invest Rs 205 crore in subsidiary Groww Creditserv Technology, NBFC for augmenting its capital base and invest Rs 167.5 crore in Groww Invest Tech for funding its MTF business. The company also proposes to utilise balance net IPO proceeds post general corporate expenses and IPO related expenses for funding inorganic growth through unidentified acquisitions.

In addition, the company expects to receive the benefits of listing of the equity shares on the stock exchanges, including enhancement of brand name and creation of a public market for the equity shares in India.

Strengths

Groww is a well-known and preferred brand for investing across cities, towns and villages in India. About 81% of the active users were outside the top 6 cities at end June 2025. Groww has the highest search interest in India among top 10 brokers.

Brand recall, demonstrated by strong organic customer acquisition, was at 83.63% in FY2025. The company has shown high customer retention, engagement and price in-elasticity with 77.70% of customers remaining on platform for more than three years. A customer adopts incrementally more products on platform with higher retention and engagement.

By leveraging technology, the company has designed customer friendly platform to cater to different types of customers and their requirements in a single app, and provide transparency, simplicity and speed thereby enhancing customer experience.

The company has built most of technology in-house, helping to deliver a better experience to customers at low cost. It is able to react to changes quickly, both customer-demand related and regulatory and compliance driven.

The company operates in-house UPI payments, called Groww UPI (GUPI), contributing 77.84% of total deposit transactions by customers on the Groww platform in Q1FY2026 and grew from 56.75% in Q1FY2025.

The company has implemented an entrepreneurial and ownership-driven culture, with 77.29% of the employee base having stock options. It has a pod-based team structure, operating through lean cross-functional teams to drive outcomes and make independent decisions. This helps to introduce new products and services, and release product/service or app updates quickly.

The Groww platform is characterized by core principles of being customer first, technology-led and asset-light resulting in strong execution delivering growth and profitability.

Weaknesses

A significant portion of revenue is derived from broking Services at 84.50% in FY2025 and 79.49% in Q1FY2026. Changing laws, rules and regulations may adversely affect business.

Revenue from broking services declined 18% to Rs 719 crore in Q1FY2026, primarily due to the new regulatory changes related charges levied by market infrastructure institutions and a new framework for derivatives.

Success depends on ability to cost-effectively acquire and retain customers on platform. The extent to which customers use and engage with products and services is an important indicator of their level of interest in platform.

The customer base may decline for various reasons, including changes in customer behaviour or volatility in the financial markets, technological innovations, unavailability of product options on platform; competitors offering attractive brokerage, fees and commission rates; adverse changes in brokerage and fees, or competitors offering more user-friendly features or more products on their platforms, among others.

The business operates in a highly competitive environment, including competition from advanced innovation and technologies such as artificial intelligence and machine learning.

Uninterrupted access to technology platform is essential to business. System failures and interruptions could adversely affect the availability or performance of website, mobile applications or platform

The business is vulnerable to cyber-attacks, such as hacking, phishing, and trojans, which could exploit network and disrupt services and/or result in the theft of sensitive internal company data or customer information.

Strategic transactions, reorganizations, acquisitions, mergers, investments and corporate actions, may result in significant costs, resources, and present integration challenges.

NBFC subsidiary providing on-balance sheet unsecured personal loans, which may lead to asset quality concerns, affecting portfolio performance and profitability.

Dependence on digital application stores and third-party app marketplaces for the distribution and accessibility of mobile applications.

Valuation

The company posted a strong 84.9% CAGR in revenue from FY2023 to Rs 3901.72 crore in FY2025, making it one of the two fastest growing companies among the Top 10 brokers. Net profit jumped at a two-year CAGR of 99.7% to Rs 1824.37 crore in FY2025. The revenues declined 10% to Rs 904.4 crore in Q1FY2026 due to impact of regulatory changes, while the company managed to grow net profit by 12% to Rs 387.37 crore.

The company recorded a net loss of Rs 804.94 crore in FY2024, primarily due to a one-time tax expenses of Rs 1339.68 crore related to the amalgamation of Company and Groww Inc., as well as performance-based incentive payouts to management during the year. The employee benefits expense increased in FY2024 due to one-time performance-based incentive of Rs 778.6 crore paid to management and a long-term incentive of Rs 106.2 crore accrued as per long term incentive plan established for the management. The long-term incentive plan was cancelled during FY2025.

The EPS on post-issue equity for TTM ended June 2025 works out to Rs 3.0. At the price band of Rs 95 to Rs 100, P/E works out to 31.5 to 33.1 times EPS for TTM ended June 2025.

At the higher price band of Rs 100, the company is demanding m-cap of Rs 61736 crore.

Among the listed peer, Angel One is trading at PE of 22.8 times EPS for TTM ended June 2025, Motilal Oswal Financial Services at 21.1 times, Nuvama Wealth Management at 24.9 times and 360 One WAM at 41.5 times.

Billionbrains Garage Ventures: Issue highlights	
For Fresh Issue Offer size (in share crore)	
- On lower price band	11.16
- On upper price band	10.60
Offer size (in Rs crore)	1060.00
For Offer for Sale Offer size (in Rs crore)	
- On lower price band	5293.69
- On upper price band	5572.30
Offer size (in no of shares crore)	55.72
Price band (Rs)	95-100
Minimum Bid Lot (in no. of shares)	150
Post issue capital (Rs crore)	
- On lower price band	1235.84
- On upper price band	1234.72
Post-issue promoter & Group shareholding (%)	27.81
Issue open date	04-11-2025
Issue closed date	07-11-2025
Listing	BSE, NSE
Rating	45/100

Billionbrains Garage Ventures: Financials					
	2303 (12)	2403 (12)	2503 (12)	2506 (3)	2606 (3)
Income from Operations	1141.53	2609.28	3901.72	1000.79	904.40
OPM (%)	34.93	55.58	60.80	41.84	53.44
OP	398.78	1450.25	2372.39	418.75	483.29
Other Income	119.43	186.71	159.92	46.78	44.07
PBDIT	518.21	1636.96	2532.31	465.54	527.36
Interest (Net)	2.07	4.20	42.55	1.82	16.42
PBBDT	516.14	1632.76	2489.76	463.72	510.94
Depreciation / Amortization	12.30	20.12	24.60	5.20	7.14
PBT before EO	503.84	1612.65	2465.16	458.52	503.80
EO	0.00	-2224.45	0.00	0.00	0.00
PBT after EO	503.84	-611.80	2465.16	458.52	503.80
Tax Expenses	46.13	186.97	639.41	120.51	124.81
PAT	457.72	-798.77	1825.75	338.01	378.99
Profit attributable to non-controlling interest	0.05	-0.51	0.00	0.00	0.00
Share of Profit/(Loss) from Associates	0.00	-6.68	-1.38	0.00	-0.63
Net profit attributable to owners	457.66	-804.94	1824.37	338.01	378.37

EPS *	0.7	-	3.0	2.2	2.5
*EPS annualised on post issue equity capital of Rs 1234.72 crore of face value of Rs 2 each Figures in Rs crore Source: Billionbrains Garage Ventures Issue Prospectus					