IPO REVIEW

Groww IPO

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- The company is a direct-to-customer digital investment platform enjoying leadership with market share of 26+%
- It posted growth in its top lines for the reported periods.
- Setback marked for FY24 is attributed to accounting adjustments for taxes as one time exceptional item.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed investors may park funds for medium to long term.

About the Company

Billionbrains Garage Ventures Ltd. (BGVL) is a direct-to-customer digital investment platform that provides wealth creation opportunities to customers through multiple financial products and services. It is India’s largest and fastest growing investment platform by active users on NSE as of June 30, 2025. With Groww, customers can invest and trade in stocks (including via IPOs), derivatives, bonds, mutual funds (including Groww Mutual Fund) and other products. They can also avail margin trading facility and personal loans. Using the Groww app or website, customers can access tools, information and market insights across its products and services and build their investment and trading strategies. The company provides customers a friendly design and deploy an in-house technology platform to enhance the investing experience.

The technocrat promoters were colleagues at Flipkart and has vast experience in technology products and services. Having realized the complication in investing they started “Groww” platform which was initially for mutual funds, and then they added stock markets and other investment modules. Their active users on NSE as of March 31, 2016 was about 5 million, and with expansion of its services and other offerings, it went up to 47.89 million as of June 30, 2025. Further, Groww is the only investment app in India to cross 100 million cumulative downloads as of June 30, 2025, as noted in the Redseer Report.

BGVL’s customers are individuals seeking to build financial assets by investing in capital markets. It has a diverse customer base belonging to various socio-economic backgrounds, across cities, towns and villages in India, in 98.36% of pin-codes as of June 30, 2025. Furthermore, based on the KYC information, its customers are young, come from diverse backgrounds and from across India. Its young customer base is portrayed by ~45% of Active Users were less than 30 years and ~21% were between 31 - 35 years of age as of June 30, 2025. Its diverse customer base is represented by (i) 3.3 million Active Users who are women as of June 30, 2025; (ii) its Active Users have different

professions, including business owners, professionals, public sector or government employees, farmers, housewives and more; and (iii) ~81% Active Users are outside Delhi National Capital Region and top-5 cities as of June 30, 2025.

The company classifies its customers based on their total assets invested with it or tracked on its platform. Customers with total assets (i.e., assets invested through Groww and other investments that they track on Groww) of less than Rs. 2.5 million are classified as “Aspirational Users”, while customers with total assets of Rs. 2.5 million or more, at any point in time on its platform, are classified as "Affluent Users”. Aspirational Users generally start investing with smaller amounts, are younger (having a median age of ~30 years as of June 30, 2025) and over time graduate to become Affluent Users. Affluent Users can also join its platform directly with larger investible total customer assets and are older (having a median age of ~40 years as of June 30, 2025). Typically, it generates higher Annual Average Revenue Per User (“AARPU”) from Affluent Users.

At Groww, its relationship with customers typically does not end with the completion of a transaction. Its focus is on building long-term relationships by providing customers with a seamless investing experience and catering to their evolving needs over the years. Many of its customers are still in the

initial stages of investing. The median age of active users was ~31 years as of June 30, 2025. As a result, its customers have the potential to spend many years investing with it, avail multiple products and services on its platform, with the opportunity to grow with it. 5.70 million Active Users use more than one product on Groww as of June 30, 2025.

The number of Active Users on its platform grew at a CAGR of 52.74% from the beginning of Fiscal 2023 through the three months ended June 30, 2025. A majority of customers joined its platform organically (i.e., customer acquisitions that are not attributable to paid marketing channels). In the three months ended June 30, 2025 and 2024, and in Fiscals 2025, 2024 and 2023, 83.16%, 82.96%, 83.63%, 81.10% and 81.03% of its new customers, respectively, were acquired organically. Customers come to its platform via word of mouth, referrals, thereby helping it reduce the Cost to Grow (which it defines as marketing and business promotion expenses) and improve payback periods (which it defines as the length of time it takes for the investment to generate additional revenue to offset the initial costs).

Currently, Groww is: • The highest rated investing app in India, with a rating of 4.61 out of 5 on Google Play2 as of June 30, 2025, • The highest ranked (in the investment category) investment app on App Store3 in India as of June 30, 2025, based on the search results from App Store, • Typically appearing in the top 3 search hits in India on certain popular app stores and search engines for certain keywords related to investing; e.g., “mutual funds,” “SIP,” “demat,” “stocks” and “trading” based on the search results from Google Play, App Store, and Google Search. The company provides information relevant to the customer’s investment decision, regularly release relevant content such as financial literacy resources, news and information through Groww Digest, blogs and newsletters. On social media, it regularly shares educational videos and market insights.

Its revenue from operations grew at a CAGR of 84.88% from Fiscal 2023 to Fiscal 2025, making it one of the two fastest growing companies amongst the Top 10 brokers as per NSE active customers as

of June 30, 2025, according to the Redseer Report. As of June 30, 2025, it had 1415 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 663230051 equity shares of Rs. 2 each (worth Rs. 6632.30 cr. at the upper cap), The issue comprises of Offer for Sale (OFS) of 557230051 equity shares (worth Rs. 5572.30 cr. at the upper cap), and fresh equity shares issue worth Rs. 1060 cr. (approx. 106000000 equity shares at the upper cap). The company has announced a price band of Rs. 95 – Rs. 100 per equity shares of Rs. 2 each. The issue opens for subscription on November 04, 2025, and will close on November 07, 2025. The minimum application to be made is for 150 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 10.74% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 152.50 cr. for capex on cloud infrastructure, Rs. 225.00 cr. for brand building and performance marketing activities, Rs. 205.00 cr. for investment in one of material subsidiaries GCS, an NBFC, for augmenting its capital base, Rs. 167.50 cr. for investment in one of material subsidiaries GIT, for funding its MTF business, and the rest for unidentified inorganic acquisitions, and general corporate purposes.

The five Book Running Lead Managers (BRLMs) to this issue are Kotak Mahindra Capital Co. Ltd., J.P. Morgan India Pvt. Ltd., Citigroup Global Markets India Pvt. Ltd., Axis Capital Ltd., and Motilal Oswal Investment Advisors Ltd., while MUFG Intime India Pvt. Ltd., is the registrar to the issue. Kotak Securities Ltd., and Motilal Oswal Financial Services Ltd. are the syndicate members.

Having issued initial equity shares at par, the company has issued further equity shares in the price range of Rs. 2.00 – Rs. 301985.92 per share (based on FV of Rs. 2), between August 2018 and October 2025. It has also issued bonus shares in the ratio of 609 for 1 in March 2023, 14 for 1 in August 2024. The average cost of acquisition of shares by the promoters/selling stakeholders Rs. 0.29, Rs. 0.51, Rs. 0.79, Rs. 1.91, Rs. 1.98, Rs. 2.30, Rs. 2.37, Rs. 2.54, Rs. 3.18, Rs. 3.45, Rs. 5.39, Rs. 21.97, Rs. 37.83, Rs. 37.87, and Rs. 37.94 per share.

Post-IPO, its current paid-up equity capital of Rs. 121.35 cr. will stand enhanced to Rs. 123.47 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 61735.97 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit/ - (loss), of Rs. 1260.96 cr. / Rs. 457.72 cr. (FY23), Rs. 2795.99 cr. / Rs. – (805.45) cr. (FY24), and Rs. 4061.65 cr. / Rs. 1824.37 cr. (FY25). For Q1 of FY26 ended on

June 30, 2025, it posted a net profit of Rs. 378.37 cr. on a total income of Rs. 948.47 cr. The company marked growth in its top lines for the reported periods till FY25, but marked loss for FY24. Q1 of FY26 marked lower top in line with the industry performance, but posted growth in bottom line.

According to the management, setback posted with one time exceptional item for tax provisions for FY24 was on account of restructuring of the corporate body with foreign parents partnering with it and Indian promoters taking reins in their hands and the ESOPs done by the foreign body adjustments. Now that slat is cleaned and they are on expansion spree, they hope to mark good financial numbers going forward and will continue to lead its position with rising market share as online trading platform provider.

For the last three fiscals, the company has posted an average EPS of Rs. 1.31 and an average RoNW of 10.53%. The issue is priced at a P/BV of 9.55 based on its NAV of Rs. 10.47 (basic) as of June 30, 2025, and at a P/BV of 8.71 based on its post-IPO NAV of Rs. 11.48 per share (at the upper cap).

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 40.82. Based on FY25 earnings, the P/E stands at 33.78. Thus, the issue appears fully priced.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in April 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Angel One, Motilal Oswal, 360 One WAM, Nuvama Wealth Management, Prudent Corporate Advisory as its Indian listed peers, which are trading at a P/E of 29.0, 29.0, 38.8, 24.9, and 52.2 (as of October 31, 2025), and global peers like Robinhood Markets, Interactive Brokers Group, and Nordnet AB. Comparison with Indian peers appears to be an eyewash.

Merchant Banker's Track Record

The five BRLMs associated with the offer have handled 102 pubic issues in the past three fiscals, out of which 23 issues closed below the offer price on the listing date.

Conclusion / Investment Strategy

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About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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