Billionbrains Garage Ventures Ltd.

Q2 FY27 performance: Total income grew 44% YoY to ₹1,541 Cr, while EBITDA increased 60% YoY to ₹969 Cr and PAT rose 54% YoY to ₹726 Cr. EBITDA margin improved to 64.5% from 59.4% on a revenue-from-operations basis, supported by lower customer acquisition costs and a favorable product mix, partly offset by higher technology, compute and operating expenses.

Strong customer franchise driving market-share gains across core products: Groww's platform continues to scale, with 2.4 Cr total transacting users (+27% YoY) and ₹3.9 lakh Cr in customer assets (+46% YoY) in Q2 FY27. The company added 11 lakh new transacting users during the quarter, supported by primary-market activity, 42 lakh users applied for equity IPOs through Groww, giving it a 22% share of total IPO allotments. Market share improved across key products: stocks ADTO increased to ₹14,430 Cr, with retail market share rising to 15.4% from 12.9%, mutual fund SIP inflows grew to ₹14,347 Cr, with market share increasing to 14.8% from 13.1%, and equity derivatives premium ADTO reached ₹12,322 Cr, with market share rising to 11% from 8.6%. These gains strengthen Groww's distribution franchise and provide a larger customer base for cross-selling additional products.

Diversification of revenue mix reduces dependence on equity derivatives: Equity derivatives remained Groww's largest revenue contributor in Q2 FY27, accounting for 44.8% of total income versus 56.9% in Q2 FY26, reflecting softer activity following the introduction of SEBI's Closing Auction System (CAS). However, growth in other businesses is helping diversify the revenue base. Stocks contributed 17.4%, MTF 10.1%, commodity derivatives 6.2%, float income 8.4%, personal loans and loans against shares 5.9%, and other income 2.5%. MTF's contribution increased by 5.5 percentage points YoY, while commodity derivatives gained 1.5 percentage points. The MTF book more than doubled to ₹4,351 Cr from ₹1,668 Cr, with market share rising to 2.7% from 1.6%. Management expects underpenetrated products such as MTF and commodity derivatives to grow faster, creating additional monetization opportunities, recovery in derivatives activity remains a potential upside if the proposed regulatory changes normalize trading volumes.

Wealth, AMC and lending businesses provide long-term growth optionality: Groww is expanding beyond broking into wealth management, asset management and lending, creating opportunities to monetize customers across their investment lifecycle. Wealth assets crossed ₹10,000 Cr, while Groww AMC's AUM increased 145% YoY to ₹7,179 Cr from ₹2,928 Cr. Its actively managed AUM share rose to 57% from 47%, and AMC revenue grew 131% YoY, although the business reported an ₹8.3 Cr bottom-line loss. The completion of Fisdom integration enables wealth products to be distributed across multiple platforms, including mutual funds, insurance, AIFs and PMS, alongside Groww's bonds and MF Prime offerings. Groww is also deploying capital into MTF, personal loans and loans against shares, investing ₹1,915 Cr into these books during H1 FY27. These businesses offer diversification and incremental growth potential, although execution, funding requirements, credit risk, and the path to profitability in newer verticals remain important monitorables.

Outlook and Guidance:

Groww is well-positioned to sustain strong growth, with revenue/EBITDA/PAT expected to register a CAGR of 34%/39%/42% over FY26-28E, driven by continued market share gains, higher MTF penetration, and the scaling of its wealth management and AMC businesses following the Fisdom and State Street integrations. The upcoming US investing platform further expands the company's addressable market, creating an additional long-term growth lever. Supported by its AI-led technology platform, scalable operating model, market leadership and expanding product ecosystem, Groww remains well placed to deliver sustained margin expansion and profitable growth over the long term.

At CMP, the stock is trading at a P/E multiple of 30x on FY28E earnings. Given the company's strong market leadership, scalable technology-led business model, multiple growth levers through wealth management, AMC and international investing, and sustained earnings growth outlook, we assign a P/E multiple of 37x to FY28E EPS of ₹6.76. **We assign BUY rating with a target price of ₹249, implying an upside of 26%.**

CMP: ₹198
Reco: BUY
Target Price: ₹249

Stock Info	
BSE	544603
NSE	GROWW
Sector	Stockbroking & Allied
Face Value (₹)	2
Equity Capital (₹ Cr)	1,248
Mkt Cap (₹ Cr)	1,24,467
Avg volume (1 year)	5,82,67,842
Dividend yield (%)	0
52w H/L (₹)	227/ 112

Source: Company filings, PESB research

Shareholding Pattern (Sep 2026)	
Promoters	27.14%
FII	10.90%
DII	12.73%
Public	48.23%

Source: Company filings, PESB research

Returns	GROWW (%)	NIFTY 50 (%)
1M	-1.12	-0.67
3M	-4.99	-4.64
1 year (Since IPO)	48.76	-9.32

Source: Company filings, PESB research

Groww IC link:

Billionbrains garage ventures IC (groww).pdf

Anupama Bhootra
Analyst
Aman Bansal
Associate

Concall Highlights

Cost to Grow Declined Due to Lower Brand-Building Spend: Management clarified that the decline in cost to grow was primarily due to the absence of the IPL branding expense incurred in the previous quarter, rather than any direct relationship with cost to serve. Cost to grow includes brand-building and performance marketing, with annual expenditure depending on market conditions. Groww intends to retain flexibility in its marketing expenditure, increasing spending when market conditions and customer acquisition opportunities are attractive and reducing it when returns are less compelling.

Cost to Serve Increased Due to AI Investments and One-Time Expenses: Cost to serve increased due to three factors: higher AI-related expenditure and compute costs, a greater number of trading days during the quarter, and a one-time expense of approximately ₹10-13 Cr arising from a delay in files on a particular expiry day. Management emphasized that these factors were independent of the reduction in cost to grow. The higher AI expenditure also reflects the company's increasing focus on deploying AI capabilities across its platform.

Cash Market Volumes Expected to Normalize Following SEBI's Review: Management expects the proposed changes to the cash-market closing price mechanism to have a limited impact on derivatives trading, as the closing price would remain predominantly based on VWAP under either of the options discussed by SEBI. Groww expects volumes to normalize more quickly once the final circular becomes applicable, although the timing remains dependent on the implementation date. Management clarified that the expectation is normalization rather than a guaranteed sharp increase in volumes, since volatility and other market factors also influence trading activity.

MTF Book Continues to Grow by ₹600-700 Cr Quarterly: Groww's margin trading facility (MTF) book continues to expand, with management indicating average incremental growth of approximately ₹600-700 Cr per quarter. Short-term fluctuations are expected because customers increase positions when stock prices fall and may reduce them as prices recover. Management believes MTF remains significantly underpenetrated across both customers and market share, supporting continued growth over the foreseeable future.

Tighter MTF Risk Management Following Previous Market Disruptions: Groww has strengthened its MTF underwriting policies following issues experienced in earlier quarters. Management is increasingly assessing not just its own exposure to individual stocks but also the industry-wide MTF exposure, since crowded positions can become difficult to liquidate during sharp market declines.

Employee Costs Expected to Rise Structurally: Although employee expenses declined sequentially, management attributed the movement partly to short-term fluctuations in employee numbers and the normalization of appraisal-related costs. Variable compensation is generally amortized over the relevant 12-month period rather than fully expensed upfront. Management cautioned that the recent decline should not be treated as a permanent reduction in the cost base, indicating that employee costs are expected to increase structurally as the business continues to develop products and expand its capabilities.

Competitive Strategy Focused on Customer Value Rather Than Pricing: Management reiterated that Groww's competitive strategy is centred on customer experience and product value rather than reacting mechanically to competitors' pricing changes. The company intends to continue offering products that customers perceive as valuable relative to their cost, while investing in tools that help investors make better decisions. Management believes that following competitors too closely can compromise independent product thinking, and therefore prefers to build using direct customer feedback and first-principles analysis.

More Than Half of Customers Use Multiple Products: Groww disclosed that more than 50% of its customers use over two products, while more than 5% use over four products. Management tracks product adoption but emphasized that its objective is not simply to maximize products per customer. Instead, it aims to become the platform that meets the broadest range of relevant financial needs for each customer without pushing unnecessary products.

US Stocks Product Receiving Positive Initial Feedback: Groww's US stocks offering remains in the early testing phase, but management indicated that initial customer feedback has been positive. The product is gradually being made visible to more customers, with development driven by feedback and iterative improvements. Management has not committed to a specific full-launch date, preferring to refine the product before scaling it further.

Concall Highlights

Product Pipeline Expanding Across Wealth and Investment Offerings: Beyond US stocks, Groww is developing its wealth-management offering through MF Prime and integrating products from its acquired business across multiple applications. Management indicated that the integration has been completed and that more of the acquired business's products are being brought into Groww's mainstream platforms.

Brokerage Revenue Depends More on Orders Than Turnover in Several Segments: In equity derivatives and commodities, revenue is primarily linked to the number of orders, with brokerage generally charged at ₹20 per order. In commodities, the value of an order also varies considerably depending on whether customers trade gold, crude oil or natural gas. Cash-equity revenue, by contrast, depends on both order count and order value because pricing is 10 bps or ₹20, whichever is lower. Average brokerage income per cash order is approximately ₹15-16. Consequently, ADTV alone is insufficient to explain quarterly brokerage revenue movements.

MTF Contribution to Cash Turnover Has Increased: MTF-related activity currently accounts for slightly over 5% of cash-equity turnover, according to management. This contribution is expected to increase as the MTF book expands, although the ratio will not rise uniformly each quarter. It also depends on market volatility and customer trading frequency: higher volatility can increase turnover generated from the same lending book, while lower volatility can reduce the contribution.

Loan Against Shares Gains Traction: Groww has launched its loan against shares product and has seen encouraging initial traction over its first two quarters. The personal-loan business has continued to grow gradually on a sequential basis. The early traction suggests that lending is becoming an additional avenue for expanding the financial-services offering.

UPI Pricing Remains an Unresolved Cost Variable: Groww is still awaiting the final outcome of discussions around UPI pricing for capital-market transactions. Management's expectation is that the impact on cost to serve should not be material, although the final outcome depends on the applicable rate and transaction-level cap. The company has argued that a high cap could create disproportionate costs when customers add money to their accounts but do not subsequently transact. Groww is engaging with the regulator on the issue and has not indicated a decision to increase its existing brokerage charges in response. For lump-sum mutual-fund investments, management clarified that Groww would not bear the relevant cost.

Q2 FY27 Financials

Particulars	Q2 FY27	Q1 FY27	Q2 FY26	YoY (%)	QoQ (%)
In ₹ Crore					
Operational Income	1,502	1,501	1,019	**47%**	**0%**
Expenses					
Employee Expense	169	182	124	**36%**	**-7%**
Other Expense	363	348	290	**25%**	**4%**
EBITDA	**969**	**971**	**605**	**60%**	**0%**
EBITDA Margin	*65%*	*65%*	*59%*	*519bps*	*-15bps*
Depreciation and Amortization	18	18	7	168%	3%
Finance Costs	5	7	11	-57%	-36%
Other Income	39	47	52	-25%	-17%
EBT	**985**	**994**	**639**	54%	-1%
EBT Margin	*66%*	*66%*	*63%*	*290bps*	*-56bps*
Tax Expense	259	257	166	56%	1%
PAT	**726**	**737**	**473**	54%	-1%
PAT Margin	*48%*	*49%*	*46%*	*197bps*	*-69bps*

Source: Company filings, PESB research

Financials

INCOME STATEMENT

Particulars (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	1,142	2,609	3,902	4,645	6,101	8,377
Growth rate		***129%***	***50%***	***19%***	***31%***	***37%***
Expenses						
Employee Expense	287	1,188	315	590	793	1,257
Other Expense	456	856	1,214	1,307	1,560	1,811
EBITDA	**399**	**565**	**2,372**	**2,747**	**3,748**	**5,309**
EBITDA Margin	***35%***	***22%***	***61%***	***59%***	***61%***	***63%***
EBITDA Growth rate		***42%***	***320%***	***16%***	***36%***	***42%***
Depreciation and Amortization	12	20	25	48	22	36
EBIT	**386**	**545**	**2,348**	**2,699**	**3,726**	**5,273**
EBIT Margin	***34%***	***21%***	***60%***	***58%***	***61%***	***63%***
EBIT Growth rate		***41%***	***330%***	***15%***	***38%***	***41%***
Finance Cost	2	4	43	46	25	18
Other Income	119	187	160	171	287	395
Exceptional items	0	-1,340	0	-3	0	0
EBT	**504**	**-612**	**2,465**	**2,821**	**3,989**	**5,650**
EBT Margin	***44%***	***-23%***	***63%***	***61%***	***65%***	***67%***
EBT Growth rate		***-221%***	***-503%***	***14%***	***41%***	***42%***
Tax expense	46	187	639	738	1,044	1,479
PAT	**458**	**-799**	**1,826**	**2,083**	**2,945**	**4,171**
PAT Margin	***40%***	***-31%***	***47%***	***45%***	***48%***	***50%***
PAT Growth rate		***-275%***	***-329%***	***14%***	***41%***	***42%***
EPS	0.74	-1.29	2.96	3.38	4.77	6.76

	FY23 - 25	FY26 - 28E
Revenue CAGR	**85%**	**34%**
EBITDA CAGR	**144%**	**39%**
PAT CAGR	**100%**	**42%**

Source: Company filings, PESB research

BALANCE SHEET

Particulars (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Assets						
Net Block	321	396	402	1,492	1,456	1,466
Investments	361	739	381	1,923	2,171	2,171
Other Non Current Assets	113	502	668	789	817	817
Trade Receivables	36	69	97	277	169	224
Cash and Bank	1,661	3,682	4,256	8,339	8,059	10,106
Other Current Assets	2,316	2,630	4,274	5,720	7,481	11,473
Total Assets	**4,808**	**8,018**	**10,077**	**18,541**	**20,153**	**26,258**
Equity						
Equity Share Capital	21	21	366	1,248	1,248	1,248
Other Equity	3,296	2,522	4,490	8,404	11,348	15,518
Total Equity	**3,317**	**2,543**	**4,855**	**9,651**	**12,596**	**16,766**
Liabilities						
Current Borrowings	20	12	219	56	186	136
Other Non Current Liabilities	4	114	11	68	68	68
Non Current Borrowings	11	34	347	236	186	136
Trade Payables	1,373	3,916	4,595	8,057	6,686	8,721
Other Current Liabilities	82	1,398	49	472	431	431
Total Equity and Liabilities	**4,808**	**8,018**	**10,077**	**18,541**	**20,153**	**26,258**

Source: Company filings, PESB research

CASH FLOW

Particulars (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net cash from operations	548	885	-962	-21	1,398	4,310
Net cash from Investing	-371	-911	140	-1,351	-1,475	-2,164
Net cash from Financing	-5	4	876	2,175	-104	-143
Closing Cash flow	328	307	361	1,165	830	2,834

Source: Company filings, PESB research

RATIOS

	FY23	FY24	FY25	FY26	FY27E	FY28E
Margin Analysis						
EBITDA Margin	35%	22%	61%	59%	61%	63%
PAT Margin	40%	-31%	47%	45%	48%	50%
	FY23	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Profitability						
ROA (%)	10%	-10%	18%	11%	15%	16%
ROCE (%)	12%	21%	43%	27%	29%	31%
ROE (%)	14%	-31%	38%	21%	23%	25%
	FY23	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Liquidity and Solvency						
Current ratio (x)	2.8	1.3	1.9	1.7	2.3	2.4
Quick ratio (x)	2.8	1.3	1.9	1.7	2.3	2.4
Total Debt/ Equity (x)	0.0	0.0	0.1	0.0	0.0	0.0
Interest Coverage Ratio (x)	187	130	55	58	148	293
	FY23	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Valuation Ratios						
EV/EBITDA (x)				45	32	23
P/E (x)				60	42	30
P/B (x)				13	10	7
EV/Sales (x)				26	20	14

Source: Company filings, PESB research

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Stock Rating	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%