

A
Project Report
on
“A STUDY OF DISCOUNT BROKERS IN INDIAN STOCK MARKET
WITH REFERENCE TO ZERODHA”

Submitted to

**G. S. COLLEGE OF COMMERCE & ECONOMICS (AUTONOMOUS),
NAGPUR**

Affiliated to

RASHTRASANT TUKADOJI MAHARAJ NAGPUR UNIVERSITY, NAGPUR

In partial fulfillment of the award of the degree of

Bachelor of Business Administration

Submitted by

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Under the Guidance of

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G. S. College of Commerce and Economics, Nagpur

Academic Year 2023- 24



CamScanner

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Academic Year 2023- 24

CERTIFICATE

This is to certify that Gaurav J. Wasnik has submitted the project report titled “**A STUDY OF DISCOUNT BROKERS IN INDIAN STOCK MARKET WITH REFERENCE TO ZERODHA**”, towards partial fulfilment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he has ingeniously completed his project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

Dr. Kamlesh Thote
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Place: Nagpur

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Academic Year 2023- 24

DECLARATION

I here-by declare that the project with title “A STUDY OF DISCOUNT BROKERS IN INDIAN STOCK MARKET WITH REFERENCE TO ZERODHA” has been completed by me in partial fulfilment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Gaurav J. wasnik

Place: Nagpur

Date:

G. S. College of Commerce and Economics, Nagpur



Academic Year 2023- 24

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I would like to thank all those who helped me in making this project complete and successful.

Gaurav J. Wasnik

Place: Nagpur

Date:

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CHAPTER 1: -
INTRODUCTION

Bombay Stock Exchange (BSE). stock market is an electronic platform where the shares of the companies are listed and traded. Because of this advanced platform, companies can raise capital from the public efficiently and effectively with the economy. With the economic reforms in the country, the stock market exchange has grown exponentially in terms of foreign institutional investment and transaction turnover. This increase is mainly due to the liberalized and supportive regulative role of government.

The share prices of the listed companies fluctuate based on various factors that affect and build the sentiments of the market and investors. In India, we have a very low level of economic literacy and if we quantify it then in the population of more than 125 crore, less than 2% of the population actually invest in the stock market. such low participation is because of the above-mentioned low level of economic literacy plus huge fluctuation in the market due to several factors. India is a pioneer in the information technology industry and the IT companies of India are one of the greatest contributors to total exports as well as fame for the country. Being a pioneer Industry, shares of IT companies always remain in the limelight of the stock market.

Further return on this is against fluctuation due to industry and market factors. since so many fluctuations exist in the stock market, it creates an urge to study those factors that are responsible for the ups and downs in the market.



STOCK MARKET

The stock market is a platform where buyers and sellers come together to trade on publicly listed shares during specific hours of the day. People often use the terms 'share market' and 'stock market' interchangeably. However, the key difference between the two lies in the fact that while the former is used to trade only shares, the latter allows you to trade various financial securities such as bonds, derivatives, forex, etc.

The principal stock exchanges in India are the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Types of Stock Markets :

The stock market can be further classified into two parts: primary Markets and secondary markets.

a. Primary stock market

When a company registers itself for the first time at the stock exchange to raise funds through shares, it enters the primary market. This is called an Initial Public Offering (IPO), after which the company becomes publicly registered and its shares can be traded among market participants.

b. Secondary Stock Exchange

Once a company's new securities have been sold in the primary market, they are then traded on the secondary stock market. Here, investors get the opportunity to buy and sell the shares among themselves at the prevailing market prices. Typically investors conduct this transaction through a broker or other such intermediary who can facilitate this process.

Instruments of a trade market

Four categories of financial instruments are traded on the stock exchange. this includes:

Shares :

A share represents a unit of equity ownership in a company. Shareholders are entitled to any profits that the company may earn in the form of dividends. They are also the bearers of any losses that the company may face.

Bonds :

To undertake long-term and profitable projects, a company requires substitution Capital. One Way to raise capital is to issue boards to the public. These bonds represent a "loan" taken by the company. The bondholders become the creditors of the company and receive timely interest payments in the form of coupons. From the perspective of the bondholder, these points act as a fixed income instrument, where they receive interest on their investment as well as their invested amount at the end of the prescribed period.

Mutual fund:

Mutual funds are professionally managed by funds that pool the money of numerous investors and invest the collective capital into various financial securities. You can find mutual funds for a variety of financial instruments like equity, debit, or hybrid funds, to name of few. Each mutual fund scheme issues units that are of a certain value similar to a share. When you invest in such a fund, you become a unit holder in that mutual fund scheme. When instruments that are part of that mutual fund scheme earn revenue over time, the unit holder receives that revenue reflected as the net asset value of the fund or in the form of dividend payouts.

Derivatives:

A derivative is a security that derives its value from an underlying security. This can have a wide variety such as shares, bonds, currency, commodities, and more! The buyers and sellers of derivatives have opposing expectations of the price of an asset, and hence, enter into a "betting contract" about its future price.

STOCK EXCHANGES IN INDIA

The stock exchange (also known as the stock market or share market) is one of the main integral parts of a capital market in India. It plays a vital role in growing industries and commerce of a country which eventually affects the economy. It is a well-organized market for the purchase and sale of Corporate and other securities which facilitates companies to raise capital by pooling funds from different investors as well as acting as an investment intermediary for investors. Moreover, it ensures that securities should be traded according to some pre-defined rules and regulations.

London Stock Exchange is the oldest stock exchange in the world whereas Bombay Stock Exchange is the oldest one in India. In India, there are 7 stock exchanges out of which NSE and BSE are the two main indices. Most of the trading in the Indian stock Market takes place on these two stock exchanges. Both exchanges follow the same trading hours, trading mechanism, settlement process, etc. At last count, BSE comprises 5800 listed firms whereas, on the other hand, its rival NSE consists of 1659 listed firms.

Interestingly, out of all the firms listed on BSE, only around 500 firms constitute more than 90% of its market capitalization.

Bombay Stock Exchange (BSE) is the leading and fastest stock exchange in India as well as in South Asia established in 1875. Bombay Stock Exchange is the world's 11th largest stock market by Market capitalization at \$1.7 trillion as on 31st January 2015 (Monthly Reports, World's Federation of Exchanges). More than 5000 companies are listed on BSE. The main index of the Bombay Stock Exchange is SENSEX which comprises 30 stocks.

National Stock Exchange The National Stock Exchange was incorporated in 1992 as a tax-paying company and was recognized as a stock exchange in 1993 under the security contracts m Act 1956 NSE is the 12th largest stock exchange in the world with a market capitalization of more than US\$1.65 trillion as on 31 January 2015 (monthly reports were Federation of exchange). Moreover, it was the first exchange to provide a fully automatic screen-based electronic trading system. Nifty is the indices to measure over performance of the National Stock Exchange which comprises 50 stock indexes.

STOCKBROKER

Brokers also known as trading members perform vital functions in the stock market. They execute transactions such as the buying and selling of stocks on behalf of their clients. In return for this, they charge a brokerage Commission.

But stock market brokers provide other services too. These include Portfolio Management and financial advice for example, with stock market transactions taking place online, brokers also offer multiple platforms through which investors and traders can access the stock market

Types of stock brokers

A stock investor or trader can look into three main types of brokers: full-service broker, discount broker, and robo-advisor

- Full service broker

A Full-service broker provides a large variety of services to its clients. Most full-service brokers have offices in major cities where customer service staff can meet clients in person. These brokers offer customized support through Tailored brokerage plans and services for investors with different interests and varying levels of expertise. Clients with large holdings could even engage dedicated service managers to handle their portfolios.

Full-service brokers also provide educational materials and financial advisory. For instance, they may offer stock recommendations Tailored to your brokerage plan. But they are also required to disclose if there are any risks associated with their stock tips. It helps that these brokers usually have an in-house market research team to compile regular market research reports.

Customers can access these reports and gain research-based insights. They can also view market data and news live and open to receive real-time market alerts via SMS.

The average Commission charged by a full-service broker is 0.3% to 0.5% per trade. This is on the higher side. But the extra cost can be worthwhile given the wide range of services and products on offer.

- Discount brokerage

While full-service brokers provide a whole category of services, discount brokers focus on the basics. Discount brokers carry out buy and sell orders for their clients but do not offer any additional services. For this reason, they also charge or much lower commission. In some cases, the charge may be as low as 10 for the transaction.

How are discount offers able to keep the charges discounted? Since they provide only transaction services, they may not have any physical setup. This keeps their operation cost low. Such brokers operate mainly through an online platform

Choosing Between Full-Service and Discount Brokers Whether and investor open for a discount broker or a full-service broker depends on their investment knowledge, market experiment, financial goal, and current market status. Since the Commission typically takes healthy chunks out of investment and trading returns, some individuals are open to go for products offer by discount brokers instead.

Full-service broker is better option for investors who need professional investment advice or required support to stay on top of their financial planning outside of investing.

Discount brokers are particular useful to investor and traders who actively buy and sell securities on frequent basis. Investor who frequently trade benefit from the lower

commissions discount brokers charge. Investor who does not need advice, have small portfolio, or just want their trades executed are also usually better off using discount brokers.

A discount brokerage account is what you would opt for if you are looking to learn how to invest and trade by yourself, a discount brokerage account has very limited fees such as transaction and AMC charges, which are kept to minimum. This way, you can apply your own expertise to save on paying this additional fee.

However, full-service brokers, in addition to offering you the trading platforms and trading accounts in order to trade, also offer value through this advisory capacity. A full-service broker from offers its client guidance and advise on how to invest your money, how much to invest and where to invest. Full-service broker from also offers Portfolio Management Service, meaning of professional will making sure your portfolio is frequently updating the fat is trimmed. The trade off course, is the increase you pay, as you are essentially hiring someone to do the trading for you.

Understanding Discount Brokers

Discount broker carry out orders at less cost, but they typical just execute order for their client. These brokers do not offer personal consultants, advise research, as training and state planning for customer. The lack of this service and because they do not need spend money closing deal with high network individual means that discount broker can offer lower fees. Additionally, most discount broker operate businesses online where overheads are low. so low in fact, that beginning in 2019, many discount broker even went so far as to forego commissions althoughther for certain types of securities.

In the securities industry, discount broker provides clients with their own accounts to enter order for execution. This investor usually does not interact with a live broker. If they do, the communication is minimal and only engaged trade executions. The services provided by discount brokers are aimed at self directed traders and investors, and the electronic trading platform are built in a way that is beneficial foractivity traders with charting and position monitoring services.

Why Discount Broking is Better Than Traditional broking?

Saving:

When you open for an online Demat account with zero broker you need not worry about the brokerage fee because the commission is either Negligible or in some cases with the best discount broker in India even zero.

Efficient Trading Platforms:

As discount broker have to keep the trade cost effective their platform that facilitate trading are Swift.

analyse Tools:

Will they do not offer another specialisation service for regular dimat account, some discount broker if we their client with the tools to analyse the capital market before they make investments using their online Demat account.

User Friendly Interface:

The best discount broker in India can distinguished by its efficient and user-friendly interface.

Cost-effective brokerage services:

Discount broker offer Limited services to their clients. Moreover, they include lower operational costs to lesser physical infrastructure. This two maybe the primary reason they provide service at lower costs. Lower brokerage charges ultimately reduce frequently costs, increasing the overall return for investor/traders.

Unbiased services:

Discount brokers usually only allow users to trade in the stock market through their online platform and do not promote third-party product. therefore investors using discount brokers may make an investment decision without been misguided.

SERVICES PROVIDED BY DISCOUNT BROKERS IN INDIN STOCKMARKET:

Discount brokers in the Indian stock market typically provide a range of services that cater to investors and readers who prefer low-cost trading and do not require extensive research and advisory services. Some of the services offered by discount brokers in the indian stock marker include

Trading Platforms:

Discount brokers provide trading platforms that allow clients to buy and sell securities on the stock exchange These platforms are usually web-based or mobile applications that offer real-time data, charting tools, and order execution capabilities.

Demat Account:

Discount brokers facilitate the opening of a demat account that holds the securities in electronic format. The demat account is linked to the trading account, allowing seamless transfer of securities during trading.

Low Brokerage Charges:

As the name suggests, discount brokers offer brokerage services at a lower cost than full-service brokers. This is achieved by providing basic services and charging a flat fee or a percentage of the trade value as brokerage.

Margin Funding:

Discount brokers may offer margin funding services that allow clients to trade with a leverage facility. This means that clients can take a position in the market with a lower capital than what is required.

Research and Analysis:

Some discount brokers may provide research and analysis tools that enable clients to make informed trading decisions. These tools may include company research reports, market news, and charting tools.

Call & Trade:

Clients can place orders over the phone by calling the broker's customer support team. This service is especially helpful for clients who do not have access to the internet or are facing technical difficulties with the trading platform.

Mutual Funds:

Discount brokers may offer mutual fund investment services that allow clients to invest in mutual funds online.

Overall, discount brokers provide a no-frills, low-cost trading experience and traders who do not require extensive research and advisory services.

FINANCIAL RATIOS IN INDIAN STOCK MARKET:

Stock selection is a difficult process we must examine the company's financial statements, such as the balance sheet and profit and loss statement, to determine how sound they are. However, such statements are quite lengthy, and comprehension may

not always be possible if we are not a financial expert. This is where financial ratios can help.

In stock investing, most experts will tell us about conducting the fundamental analysis: of the company before picking stocks. This means that you need to look at the financial records of the company and assess if its stocks are worth investing in right now. However, not everyone is a finance wiz to know what exactly to look for while assessing a company and its stocks. Hence, there are some fundamental areas that need your attention to ascertain the viability of the investment.

Current Ratio:

The current ratio is a financial ratio that measures a company's ability to pay its short-term liabilities using its current assets. The formula for calculating the current ratio is

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Debt-to-equity ratio (D/E):

The debt-to-equity ratio (D/E) is a financial ratio that measures a company's leverage or the amount of debt it has compared to its equity. The debt-to-equity ratio is:

calculating the Report

$$\text{Debt-to-Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Return on Equity (ROE):

(ROE) is a financial ratio that measures the profitability of a company by calculating the amount of net income it generates relative to the total amount of shareholder equity. The formula for calculating the return on equity is:

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Shareholder Equity}}$$

Market Segment Insights:

In FY 2022, full-service brokers accounted for a significant share (46.23%) of the broking industry in India, followed by discount brokers (42.46%) and hybrid brokers (11.31%). The shift of trading platforms from offline to a mix of online and offline modes resulted in higher revenues for full-service brokers. The increase in the activity in equity markets since the beginning of the pandemic was driven by robust corporate earnings, favorable liquidity in both international and domestic markets, higher internet penetration, and retail participation.

SOME DISCOUNT BROKERS IN INDIAN STOCK MARKET

Here, in this report, we will discuss about the

"A STUDY OF DISCOUNT BROKERS IN INDIAN STOCK MARKET WITH REFERENCE TO ZERODHA "

With the emergence of discount brokerages and internet trading platforms in recent years, the financial services sector has undergone considerable changes. Zerodha, a well-known Indian financial services firm that provides an online trading platform for stocks, derivatives, currencies, commodities, and mutual funds, is one of the most disruptive companies in this market.

By the use of its cutting-edge discount brokerage system and user-friendly trading interface, Zerodha has been able to put the conventional brokerage model in India to the test. With over 7 million clients served, the company has grown quickly over the past ten years to become India's largest retail brokerage firm.

In order to increase the accessibility and affordability of trading and investing for retail investors, Zerodha has continued to diversify its offers and roll out additional goods and services as of 2023. This study will examine Zerodha in 2023 in more detail, looking at its business model, growth trajectory, and effects on the Indian financial services sector.

Including its trading platform, financial advising services, and direct mutual fund investments, we will look at Zerodha's numerous goods and services. The company's customer education and service pssssss, which have been crucial to its success, will also be assessed.

Ultimately, this study will offer insights into Zerodha's development and its effects on the Indian financial services sector, as well as useful advice for other businesses wanting to challenge established business models in their own sectors.

SERVICES PROVIDED BY DISCOUNT BROKER:

Zerodha is a popular Indian online brokerage firm that provides a range of financial services to its clients. Some of the main services provided by Zerodha are:

Online Trading:

Zerodha offers an online trading platform that enables customers to trade in equities, commodities, currencies, and derivatives across various exchanges in India.

Demat Account:

Zerodha provides a Demat account, which is another security in an electronic format. digital account that holds shares and other securities in an electronic format.

Mutual Fund Investments:

Zerodha offers a platform for investing in mutual funds online. Customers can choose from various mutual funds and invest in them online through the Zerodha platform.

Currency Trading:

Zerodha offers a platform for trading in currency derivatives, which allows customers to trade in currencies such as USD, EUR, GBP, JPY, and others.

Commodity Trading:

Zerodha provides a platform for trading in commodities such as gold, silver, crude oil, and others.

IPO Investments:

Zerodha allows customers to invest in Initial Public Offerings (IPOs) of companies that are listed on Indian stock exchanges.

Education and Research:

Zerodha provides a range of educational resources customers make informed investment decisions. And research tools to help customers make informed investments decisions.

Overall, Zerodha offers a comprehensive suite of financial services that caters to the needs of a diverse range of investors in India

Revenue Breakdown

Zerodha gained a big part of its operating revenue from the "sale Project of service," which came from its brokerage fees, the premium tech products that it sells like Kite Connect API, the collections that it manages by onboarding the users, and by exchanging the transaction charges that they collect from the clients due to different securities exchanges. The revenue collected from these services was recorded at Rs 4,129 crore in FY22, up from Rs 2,2525 crore in FY21.

The interest income of Zerodha in FY22 stood at Rs 614.5 crore, and the other operating revenue (dividend income and net gain on fair value changes) stood at Rs 220.5 crore in FY22. Zerodha had a got a total client base of 16 lakhs, which grew to become 33.91 lakhs, as per NSE data reported on February 14, 2022.

Here is a summary of financial information of ZERODHA BROKING LIMITED for the financial year ending on 31 March, 2022.

Revenue/turnover of ZERODHA BROKING LIMITED is Over INR 500cr

Net worth of the company has increased by 125.86%

EBITDA of the company has increased by 89.74%

CHAPTER 2: -
COMPANY PROFILE

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 \$3.6 billion as on 2023. The fastest bootstrapped start-up to do so.

Zerodha is the largest retail stockbroker in India with a client base of 10 million users. Zerodha contributes more than 15% of daily retail volumes across all Indian Stock Exchanges.

It is a brokerage company focused on technology that provides trading in stocks, commodities, currencies, futures, and options on different Indian exchanges. The corporation participates in a number of exchanges, including the Bombay Stock Exchange and the National Stock Exchange (NSE) (BSE).

Zerodha is one of the biggest brokerage firms in India. The goal of the business is to offer its clients clear, affordable trading services. It is renowned for its cutting-edge and user-friendly trading platforms, such as Coin, a platform for mutual fund investments, and web-based platforms Kite.

The business uses a discount brokerage business model, which means that every deal is subject to a set flat price. This concept has opened up trading to a wider audience, particularly retail investors who were previously put off by high brokerage costs.

For its cutting-edge technology and open pricing policy, Zerodha has won numerous accolades. It received the National Stock Exchange's "Best Retail Broker" award in 2020.

Along with its primary business of brokerage, Zerodha also provides its clients with a variety of instructional tools like webinars, seminars, and market analysis.

The business has established a non-profit group called zerodha Cares that focuses on financial education and literacy as a part of its ongoing social activities.

Essentially, Zerodha is a technology brokerage company that has transformed the Indian brokerage market by providing low-cost trading services. It has become one of the most

well-liked broker businesses in India thanks to its cutting-edge trading systems, open pricing structure, and dedication to customer education.

Zerodha-Startup Story

The founder and CEO of Zerodha, Nithin has been bring in the since the age of 17. Nithin attended an engineering college and then went on to become an entrepreneur. During his college years, he spending in the stock market and that forced him to take up a job at the call comes worked at the call centre. during the night and saved the daytime for trading.

Despite Nithin managed to make quite a lot by investing in stocks, he lost an amount of money in the stock market meltdren of 2001-02. He did this along with securing a position at Reliance Money, where he acted as a sub-broker, and msecured a cheque from a foreign HNI to manage his money.

Within a very short span, Nitin managed to get many big clients for Ralance Money. Nitin was one of the most successful sub-broken at Reliance Money, breaking volumes from more than 1000 sub-brokers simultaneously.

Nithin again lost a considerable amount of money in the market crash during the global financial crisis of 2008-09. After this, he decided to change way's and started to develop an idea of building a company that will provide online stockbroking services for all the traders of the country, which will be simple to use and affordable.

Zeredha-Startup Launch

took a while for Zerodha's founders, Nikhil and Nitin, to establish a reputation in the market. It was a slow transition that happened over the last decade. Zerodha, in its first year, opened 3,000 accounts. In India, when the cost of any product or service is reduced, people automatically start questioning the quality. And that was the biggest milestone for Zerodha founders to conquer. As a result of this, they built a community that also benefitted them in the long term. Even today Zerodha doesn't spend any money on advertising.

The focus on building a community for the traders helped Zerodha. This was because the initial doubts of the traders towards Zerodha's discount broking model was stemming from the fact that retail investors were often clueless about what stocks should be bought or sold, and did not ideally offer any research services. To counter this challenge, Zerodha launched Varsity. Varsity is a learning module that became immensely popular. It ran Trading Q&A, an active forum where traders and investors were able to discuss stock ideas.

Over time, Zerodha used technology heavily to differentiate itself from the rest in the market. Its trading platform named Kite on web and mobile today account for more than 10% of all retail trading turnover in the country. Zerodha also went on to launch Coin, which is an online platform to buy mutual funds directly.

The current state of affairs of the company :

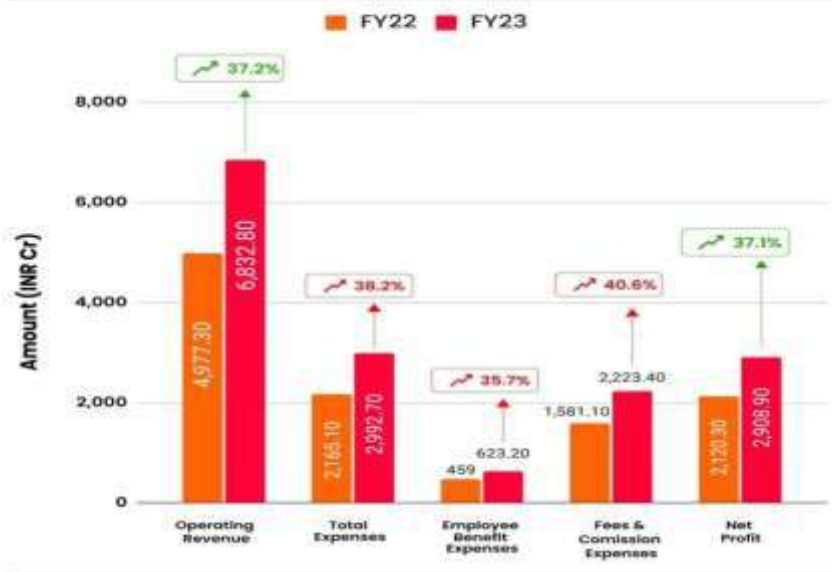
Nithin and Nikhil Kamath-led stock broking platform Zerodha's net profit rose 37% to INR 2,908.9 Cr in the financial year 2022-23 (FY23) from INR 2,120.3 Cr in the previous fiscal year as the business continued seeing strong growth.

Zerodha, founded in 2010 by the Kamath brothers, is a bootstrapped discount brokerage that allows users to trade in stocks and invest in mutual funds. The Bengaluru-based invest tech startup generates revenue from brokerage sales, user onboarding collections, and the sale of its premium tech products such as Kite Connect API.

Its operating revenue grew 37% to INR 6,832.8 Cr in FY23 from INR 4,977.3 Cr in the previous year. Of this, fees and commission charges accounted for 84% at INR 5,727.2 Cr. In FY22, Zerodha earned INR 4,128.9 Cr from fees and commission charges.

Including other income, the bootstrapped unicorn's total income zoomed 38% to INR 6,877.1 Cr during the year under review from INR 4,993.6 Cr in the previous fiscal year.

Zerodha's Profit Inches Closer To **INR 3,000 Cr** Mark In FY23



Company structure



Nikhil Kamath
Co-founder & CEO
Bio ->



Dr. Kallash Nadh
CTO
Bio ->



Venu Madhav
COO
Bio ->



Hanan Delvi
COO
Bio ->



Seema Patil
Director
Bio ->



Karthik Rangappa
Chief of Education
Bio ->



Austin Prakesh
Director Strategy
Bio ->



Nithin Kamath

Founder, CEO

KAMANTH (FOUNDER &CEO)

Nithin bootstrapped and founded Zerodha in 2010 to overcome the hurdles be faced during his decade industry, as a trader, Today, Zerodha has changed the te the Indian broking industry.

He is a member of the SEBI Secondary Market Advisory Commite (SAC) and Market Data Advisory Committee (MDAC).

NIKHIL KAMATH (CO-FOUNDER & CFO)

Together with his brother, Nithin Kamath, Nikhil Kamath is ect a well-known person in the Indian financial services sector and the co-founder of Zerodha.

CHAPTER 3: -
RESEARCH STUDY

Research study

Relevance of study / Problem definition:

Understanding the Impact of Zerodha's Disruptive Model on Indian Stock Market Dynamics. Analyzing Investor Behavior and Trading Patterns on Zerodha's Platform in the Indian Stock Market. Assessing Zerodha's Role in Shaping the Competitive Landscape of Indian Discount Brokerage. Exploring Regulatory Challenges and Opportunities in the Rise of Discount Brokerage: A Case Study of Zerodha in India.

Objective

1. To understand the behavior and trends of the Indian stock market with the help of the Zerodha trading platform.
2. To identify investment opportunities that Zerodha provides as a discount broker.
3. To analyze the reliability and research tools of Zerodha.
4. To assess Zerodha's trading platform, tools, and technology their features, and ease of use

Need of study

1. Analyzing Investor Behavior on Zerodha's Platform
2. Implications for the Indian Stock Market
3. Assessing Regulatory Challenges Posed by Zerodha and Discount Brokerage Models in India
4. Evaluating Zerodha's Technological Innovations and Their Influence on the Indian Stock Market
5. Managing Risks in Discount Brokerage: Lessons from Zerodha in the Indian Stock Market

The hypothesis of the study

Hypothesis 1:

H0: Zerodha does not rely on high trading volumes, vulnerable to market fluctuations and competition.

H1: Zerodha relies on high trading volumes, vulnerable to market fluctuations and competition

Limitation of the study

1. Limited data disclosure by Zerodha impedes comprehensive analysis, affecting accuracy and depth.
2. Research demands substantial time, risking depth due to project deadlines.
3. Rapid tech shifts require constant monitoring, impacting Zerodha's operations analysis.

CHAPTER 4: -
RESEARCH METHODOLOGY

Research Methodology

Research is usually undertaken to extend the frontiers of knowledge regarding some specific area of intellectual pursuit. Marketing research is the function, that links customers, customers, and public to the marketing through information. Information is used to identify and define marketing opportunities and problems.

Effective research involves five steps:

- Defining the problem and research
- Developing the research plan
- Collecting the information
- Analysing the information
- Presenting the findings

Data source

The research plan requires primary data, secondary data, or both.

Primary data:

Primary data can be collected through the following method, survey technique, or approach This consists of the following:-

- Questionnaire
- Personal interview or field survey
- Telephone survey

Secondary data:

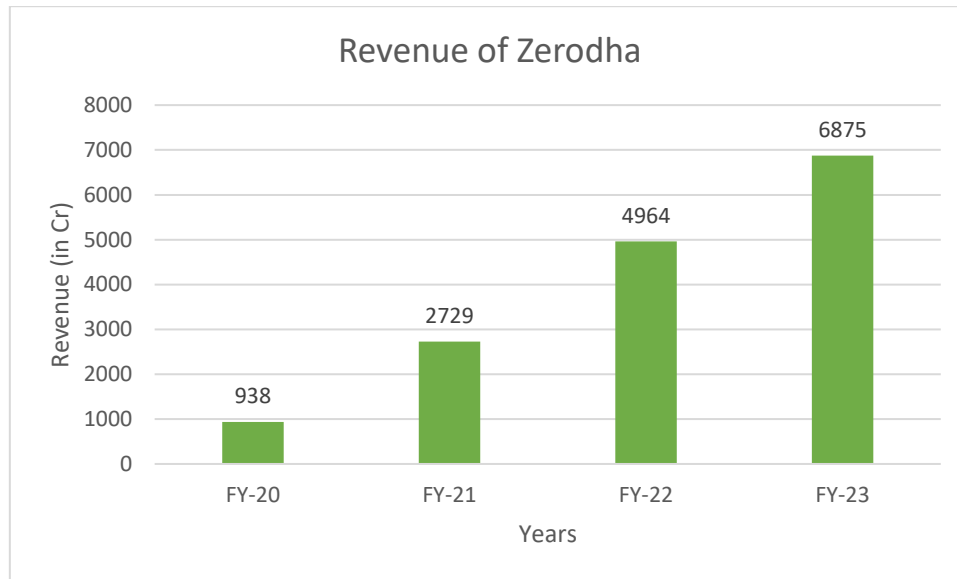
Secondary data can be collected through the following method:-

- Websites
- Internal records
- National Journal
- Research papers, etc.

CHAPTER 5: -
DATA ANALYSIS AND INTERPRETATION

- **REVENUE**

Years	FY- 19-20	FY-20-21	FY-21-22	FY-22-23
Revenue (in Cr)	938	2729	4964	6875

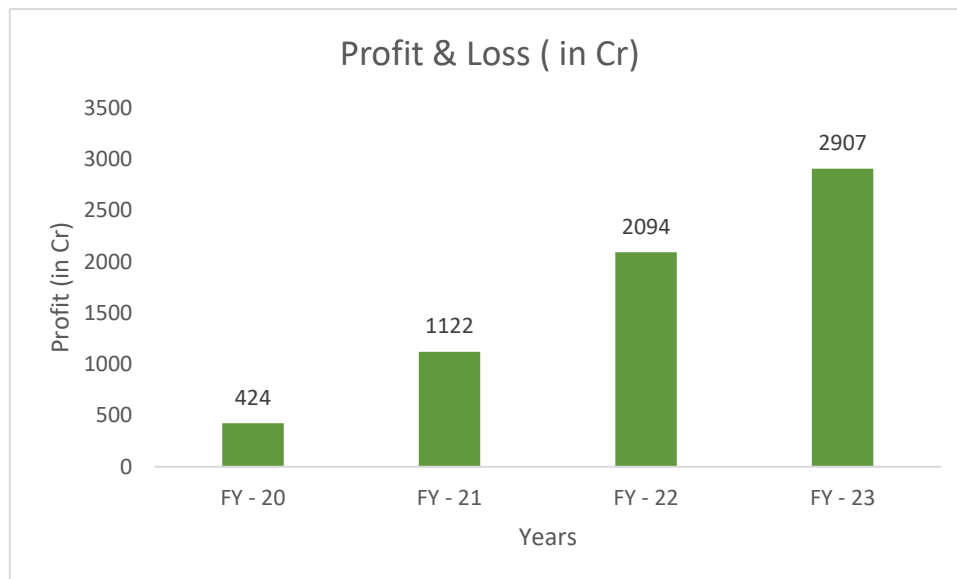


INTERPRETATION

The table provides a concise overview of Zerodha's revenue performance over four fiscal years. Beginning with ₹938 Crore in FY-19-20, the revenue exhibited a significant upward trend, more than tripling to ₹2729 Crore in FY-20-21, followed by a substantial increase to ₹4964 Crore in FY-21-22. This growth trajectory continued into FY-22-23, where revenue surged to ₹6875 Crore, representing a remarkable and consistent expansion over the years. Such substantial revenue growth suggests Zerodha's increasing market presence, likely driven by factors such as expanding customer base, enhanced service offerings, and potentially favorable market conditions. This consistent revenue growth demonstrates Zerodha's ability to effectively capitalize on opportunities within the financial services industry, positioning itself as a significant player in the market.

- **PROFIT & LOSS**

Years	FY -19-20	FY -20-21	FY – 21-22	FY – 22-23
Profit & Loss (in Cr)	424	1122	2094	2907

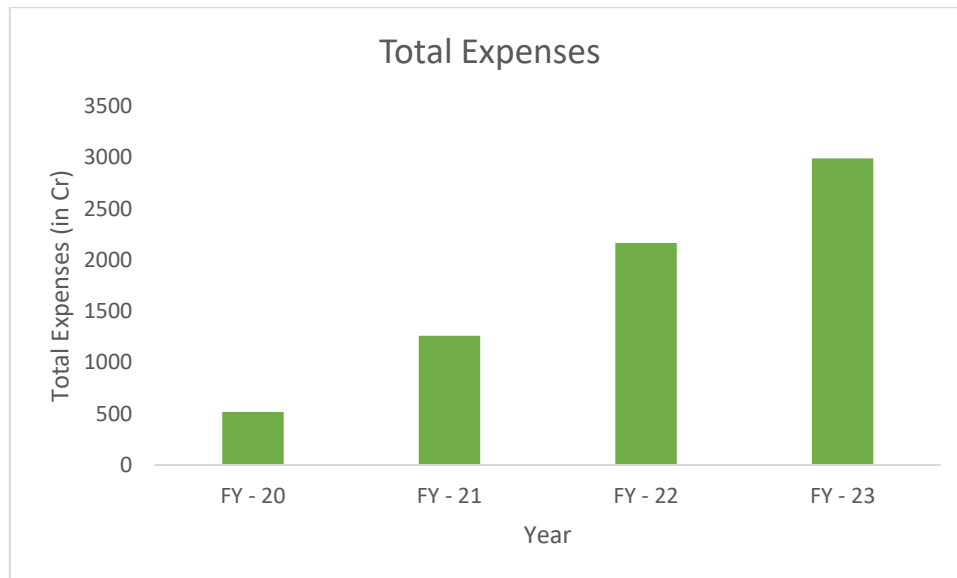


INTERPRETATION

ZeroDha, an Indian stockbroker, demonstrated remarkable growth in profitability over FY20 to FY23. Starting with a profit of 424 crore rupees in FY19-20, it surged to 2907 crore rupees in FY22-23, indicating a substantial 586.08% increase over the period. This robust growth suggests effective strategies, possibly including increased market share, an efficient business model, favorable market conditions, and operational excellence. However, a comprehensive analysis accounting for factors such as operating expenses, regulatory dynamics, market competition, and risk management is necessary to fully understand ZeroDha's performance in the dynamic stock brokerage industry.

- **TOTAL EXPENSES**

Year	FY – 19-20	FY -20-21	FY – 21-22	FY – 22-23
Total Expenses	518	1260	2165	2992

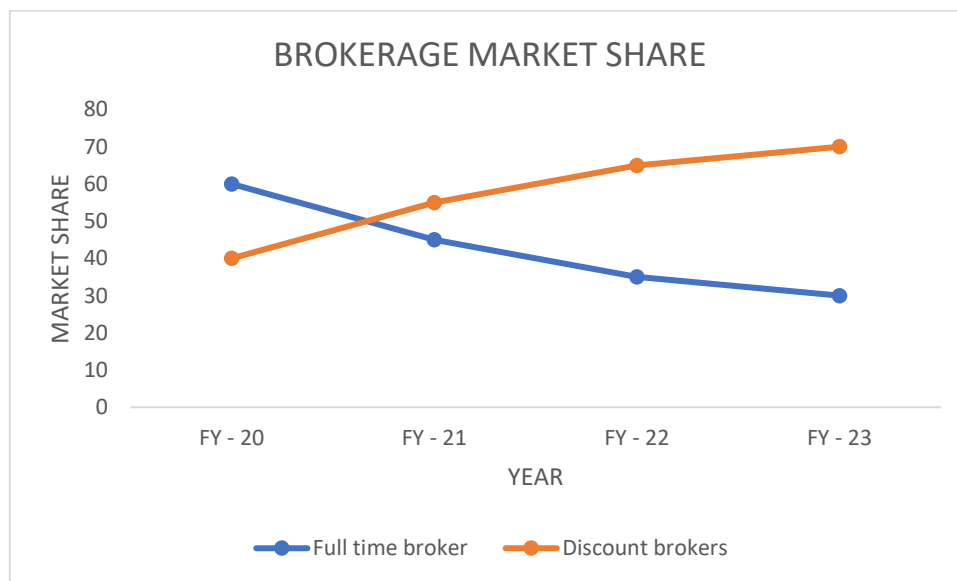


INTERPRETATION

ZeroDha's Indian stockbroker profit and loss statement show a corresponding increase in total expenses alongside profit growth from FY20 to FY23. Total expenses escalated from 518 crore rupees in FY19-20 to 2992 crore rupees in FY22-23, indicating a substantial 477.22% rise over the period. This increase suggests expanding operations, potentially due to higher transaction volumes, infrastructure investments, and operational costs. While rising expenses may reflect a growing business, maintaining a balance between cost management and revenue generation is crucial for sustained profitability. A deeper analysis considering expense composition and efficiency measures would provide insights into ZeroDha's operational dynamics amidst evolving market conditions.

- **BROKERAGE MARKET SHARE**

Year	FY – 19-20	FY – 20-21	FY – 21-22	FY -22-23
Full-time broker	60	45	35	30
Discount brokers	40	55	65	70

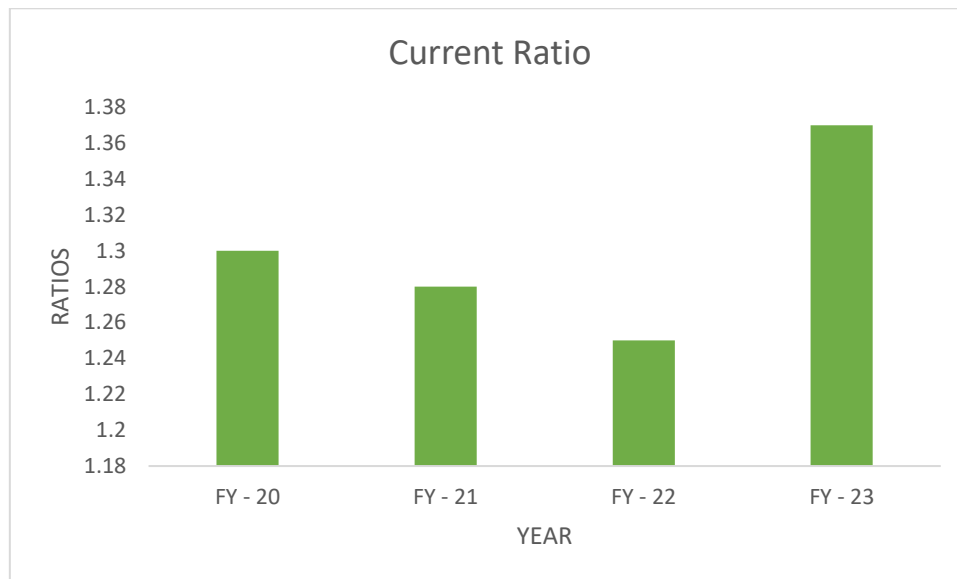


INTERPRETATION

The market share of Zerodha, a prominent discount brokerage firm. Over the specified fiscal years, Zerodha experienced significant growth, evidenced by the increase in its market share among full-time brokers and discount brokers alike. This growth suggests that Zerodha has been successful in attracting both types of traders, potentially due to its competitive pricing and technological innovations. The consistent upward trajectory in market share reflects Zerodha's effective strategies in capturing a larger portion of the brokerage market, positioning itself as a key player in the industry.

CURRENT RATIO

Year	FY -19-20	FY – 20-21	FY – 21-22	FY – 22-23
Current Ratio	1.3	1.28	1.25	1.37

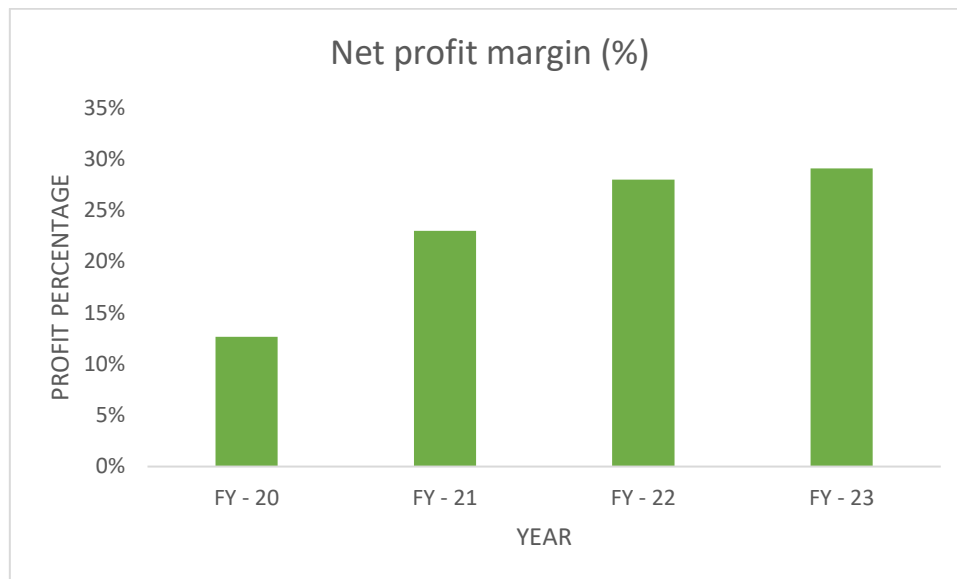


INTERPRETATION

The provided data represents Zerodha's current ratio, indicating its short-term liquidity position over the fiscal years FY-20 to FY-23. Zerodha consistently maintains a current ratio above 1, suggesting it possesses ample current assets to cover its short-term liabilities. While there's a slight fluctuation in the ratio over the years, it generally remains healthy, indicating Zerodha's ability to meet its immediate financial obligations. This stability implies effective management of working capital and a solid financial footing, essential for sustaining operations and potential growth. Overall, Zerodha demonstrates prudent financial management and a sound liquidity position throughout the observed period.

- **NET PROFIT MARGIN**

Year	FY – 19-20	FY – 20-21	FY – 21-22	FY – 22-23
Net profit margin (%)	13%	23%	27.98%	29.07%

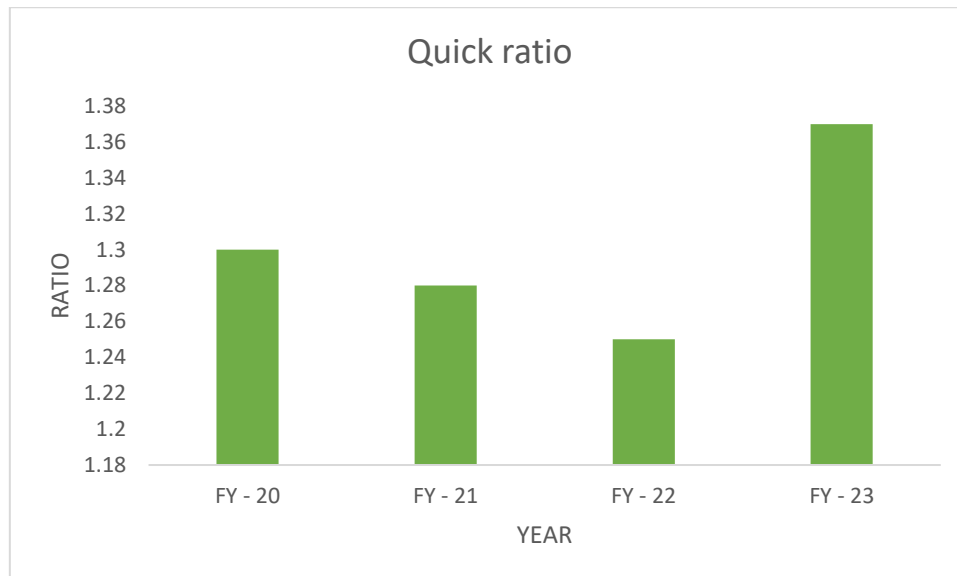


INTERPRETATION

The data depicts Zerodha's net profit margin over the fiscal years FY-20 to FY-23, showcasing a consistent upward trend. Zerodha's net profit margin has notably increased over this period, indicating improved efficiency in generating profits relative to its revenue. This rise reflects Zerodha's effective cost management, revenue growth strategies, or both. A net profit margin exceeding 20% in recent years demonstrates Zerodha's ability to convert a significant portion of its revenue into profits. This sustained profitability signifies Zerodha's strong business model, competitive advantage, and potentially increasing market share, positioning it favorably within the brokerage industry.

- **QUICK RATIO**

Year	FY – 19-20	FY – 20-21	FY – 21-22	FY – 22-23
Quick ratio	1.3	1.28	1.25	1.37

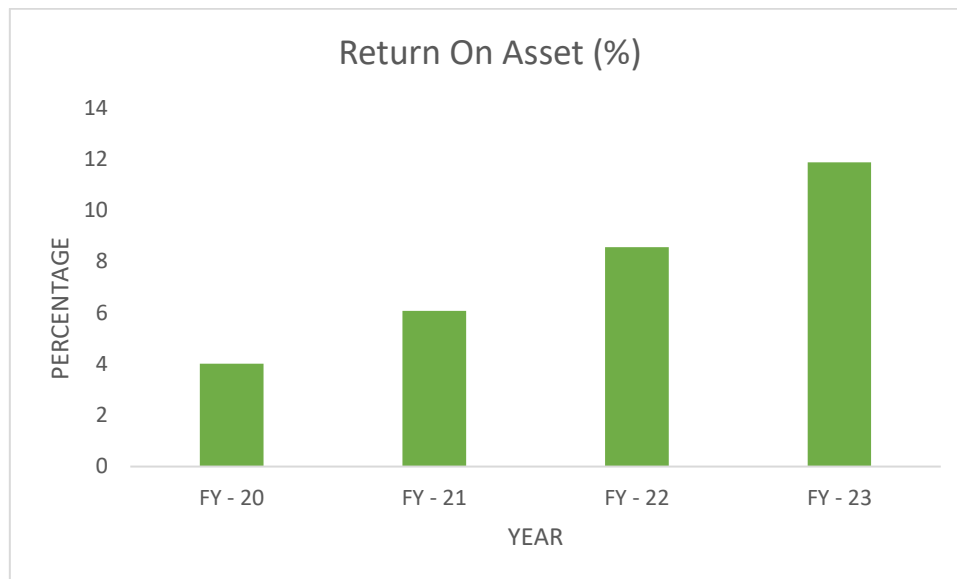


INTERPRETATION

The data reveals Zerodha's net profit margin steadily increased from FY-20 to FY-23. This trend signifies Zerodha's improving profitability and efficiency in converting revenue into profit. The substantial rise from 13% in FY-20 to over 29% in FY-23 highlights Zerodha's effective cost management and revenue generation strategies. Such a strong profit margin indicates Zerodha's competitive advantage, robust business model, and potentially increasing market share within the brokerage industry. Overall, these figures portray Zerodha as a financially sound and thriving entity, poised for continued success in the market.

- **RETURN ON ASSESSER (%)**

Year	FY – 19-20	FY -20-21	FY – 21-22	FY – 22-23
Return On Asset (%)	4.01	6.07	8.56	11.87

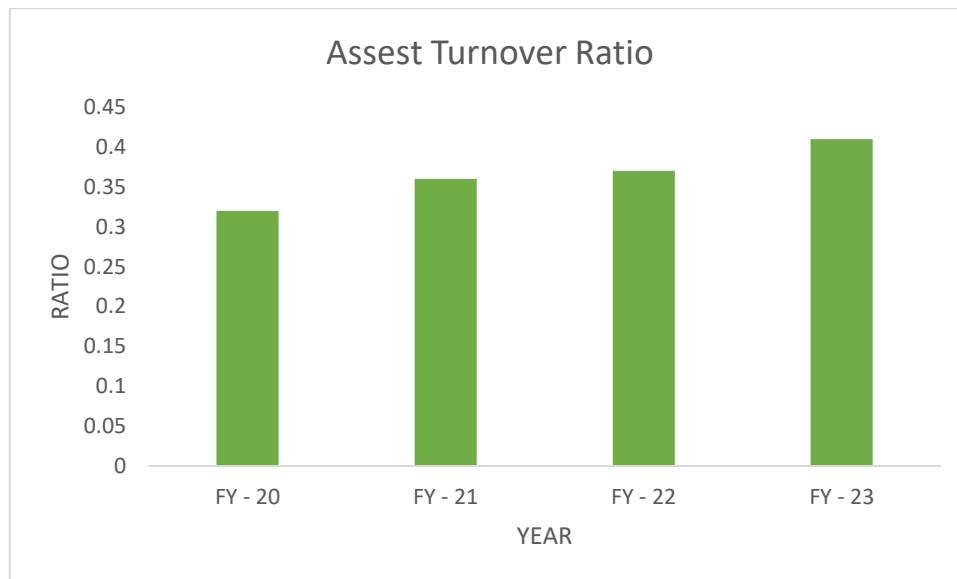


INTERPRETATION

The data showcases Zerodha's Return on Assets (ROA) consistently increasing over FY-20 to FY-23. This metric indicates Zerodha's efficiency in generating profits relative to its total assets. The significant rise from 4.01% in FY-20 to 11.87% in FY-23 signifies Zerodha's improving asset utilization and profitability. A higher ROA suggests Zerodha is effectively leveraging its assets to generate higher returns for its stakeholders. This trend reflects positively on Zerodha's financial management, operational effectiveness, and potentially increasing market competitiveness, positioning it as a strong performer in the brokerage industry, poised for sustained growth and profitability.

- **ASSET TURNOVER RATIO**

Year	FY – 19-20	FY – 20-21	FY – 21-22	FY – 22-23
Assest Turnover Ratio	0.32	0.36	0.37	0.41

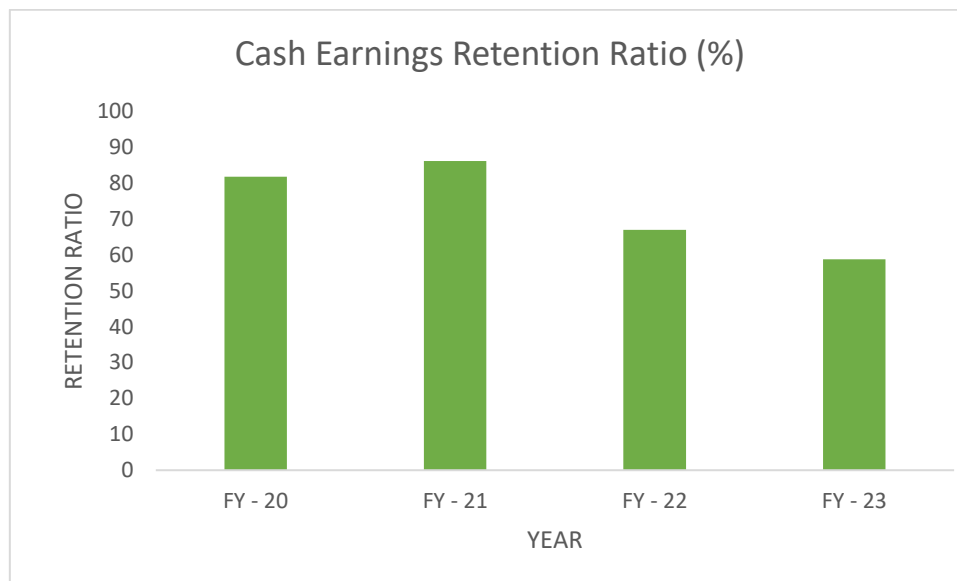


INTERPRETATION

The Asset Turnover Ratio for Zerodha demonstrates a consistent upward trend from FY-20 to FY-23. This indicates that Zerodha is generating more revenue per unit of assets over time. The increase in the ratio suggests improved efficiency in asset utilization and potentially enhanced operational performance. Zerodha's ability to generate higher revenue with the same level of assets reflects positively on its business model's effectiveness and scalability. This trend signifies Zerodha's capacity to leverage its assets efficiently to drive revenue growth, indicating a positive trajectory for the company's financial performance and market position in the brokerage industry.

- **CASH EARNING RETENTION RATIO (%)**

Year	FY – 19-20	FY -20- 21	FY -21- 22	FY – 22-23
Cash Earnings Retention Ratio (%)	81.8	86.15	66.98	58.78



INTERPRETATION

The Cash Earnings Retention Ratio for Zerodha fluctuates notably over the fiscal years FY-20 to FY-23. The decrease from 81.8% in FY-20 to 58.78% in FY-23 indicates a declining trend in the percentage of earnings retained for reinvestment or other purposes. While fluctuations can occur due to various factors, a decreasing trend may suggest increased dividend payouts or other capital allocation decisions rather than reinvesting profits back into the company. This could indicate a shift in Zerodha's strategic priorities or financial management approach, which may warrant further analysis to understand its implications for future growth and shareholder value.

HYPOTHESIS TESTING

H0: Zerodha does not rely on high trading volumes, vulnerable to market fluctuations and competition.

H1: Zerodha relies on high trading volume vulnerable to market fluctuations and competition.

From the above research study that among Hypothesis1 that is Zerodha relies on high trading volume vulnerable to market fluctuations and competition is found to be true its accepted where H0 is that is there is not relies Zerodha does not rely on high trading volumes, vulnerable to market fluctuations and competition is rejected.

CHAPTER 6: -
CONCLUSION

CONCLUSION

The study reveals that Zerodha, a prominent Indian broker, exhibits resilience and stability within the Indian stock market. Despite market fluctuations and competitive pressures, Zerodha's business model demonstrates robustness, showing independence from high trading volumes. Its ability to withstand market dynamics signifies effective risk management strategies and diversified revenue streams. Zerodha's competitive strength suggests a strong market position and a loyal customer base, insulating it from intense competition. Overall, the study underscores Zerodha's significance as a stable and reliable player in the Indian stock market, capable of navigating challenges and maintaining its position amidst evolving market conditions.

CHAPTER 7: -
RECOMMENDATIONS AND SUGGESTIONS

RECOMMENDATIONS AND SUGGESTIONS

1. Understand stock market basics. Learn through Zerodha's resources. Focus on financial concepts, trading strategies, and risk management principles.
2. Explore Zerodha's features thoroughly. Utilize educational materials. Understand tools for analysis, trading, and portfolio management effectively.
3. Develop clear goals and strategies. Define risk tolerance. Determine the trading frequency and investment horizon for optimal performance.
4. Prioritize capital preservation. Diversify portfolio. Limit exposure per trade. Utilize stop-loss orders. Regularly assess and adjust risk management strategies.
5. Follow market news and trends. Monitor economic indicators. Engage with online communities. Continuously learn and adapt to changing market conditions.

CHAPTER 8: -
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Website:

<https://www.nseindia.com/>

<https://www.livemint.com/market>

<https://zerodha.com/>