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SUMMER INTERNSHIP PROJECT 2024

REPORT TITLE

Benchmarking Zerodha: A comparative Study
of Indian Stock Broking Firms

SUBMITTED BY

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MBA Batch: 2023-25

University Regn. No.: 2306258019

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CERTIFICATE OF FACULTY/ INTERNAL GUIDE

This is to certify that **Mr. Amit Ranjan Patra** bearing university **registration no. 2306258019** of 2023-25 batch, has completed his summer internship at **Zerodha, Partners Pvt Ltd.** From **03/06/2024 to 13/07/2024** under the supervision of **Mr. Tarang Meher** (corporate guide) and has submitted this project report under my guidance in partial fulfilment of the requirements for award of the degree of Master of Business Administration at Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar. To the best of my knowledge and belief, this project report has been prepared by the student and has not been submitted to any other institute or university for the award of any degree or diploma.

Date:

Place: Bhubaneswar

Name: Dr. Debabrata Sharma

Asst. Prof. (Finance)

CERTIFICATE OF EXTERNAL GUIDE

Bizwiz Learnings Private Limited



Date: 15 July 2024

TO WHOM IT MAY CONCERN

This is to certify that **Mr. Amit Ranjan Patra** student of batch 2023-25 from BIITM, Bhubaneswar has successfully completed the Summer Internship Program in the field of **"Stock Broking/Equity Investment "** from 3rd June 2024 to 13th July 2024 at our organization.

During the period of his internship program with us he has been exposed to various practical aspects of stock broking as well as to the field of investment and trading in financial markets. He is found to be diligent, hardworking and inquisitive.

We wish him every success in his life and in his career.

For Bizwiz Learnings Pvt. Ltd.


Taranga Meher
Director
For Partner, Zerodha



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DECLARATION

I, **Mr. Amit Ranjan Patra** Bearing university **registration no. 2306258019** (2023-25 batch), hereby declare that the project report titled “**Benchmarking Zerodha: A comparative Study of Indian Stock Broking Firms**” is based on my internship at **Zerodha Partners Pvt Ltd**, during the period **03/06/2024 to 13/07/2024** and is an original work done by me under the supervision of **Mr. Tarang Meher** (Corporate Guide) and **Dr. Debabrata Sharma** (Internal Guide). This report is being submitted to Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar, affiliated to Biju Patnaik University of Technology, Odisha, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration. This project report has not been submitted to any other institute/university for the award of any degree or diploma.

Date:

Place:

Signature

ACKNOWLEDGEMENT

The accomplishment of this project report might not be so easy without the kind support & cooperation of many individuals. I would like to extend my sincere thanks to all of them.

First & foremost, I extend my special gratitude to Dr. Mihir Ranjan Nayak, Head of the Department of Business Management for giving me this opportunity.

I am extremely thankful to Dr . Debabrata Sharma, professor for guiding & helping me on my project and to Mr. Tarang Meher, corporate guide for giving me the idea and knowledge on actual field work.

I also acknowledge with a deep sense of reverence, my gratitude towards my parents & family members, who have always supported me morally as well as economically.

Date:

Place: Bhubaneswar

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EXECUTIVE SUMMARY

Among all the financial markets stock broking industry is one of the fastest growing financial brokerage markets which is growing very expeditiously. Due to the technology, traders and investors interest, awareness of securities trading, side-income, and very importantly stock broker services have contributed more in penetrating brokerage industry especially from last five financial years. There are more than hundreds of stock brokers operates in India, yet very few firms became the best service providers because of their customer service, customer value, and proper support to their clients in-terms of financial advisory. Apart from these very few firms like, Zerodha, Groww and Angle one, provides trading knowledge, financial literacy to their clients which eventually makes them to place more trading volumes, more investments value to their business model. So, to understand this brokerage industry very deeply this study has been carried out which covers various factors like, revenue & profit, value of broking industry, current market value of the firms, total active clients, market share, brokerage charges etc.

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CHAPTER: 1

1.1 INTRODUCTION

A stockbroker is a regulated representative of the financial market who completes the trading transaction between buyers and sellers on behalf of traders/investors, financial institutions and large financial or any other business firms. a stockbroker is also known as registered representative or a broker. The trading or purchase or sale of stocks on the both exchanges in India (i.e.) National stock exchange and Bombay stock exchange are usually executed through a stockbroker. Majority of the trader and investors are highly relied on brokers knowledge, expertise, and past portfolio management record. Brokers can work either independently or with any brokerage firm. According to the reports published by [ICRA]. In financial year 2021-2022 the industry generated total revenue of 27,000-28,000 crores with an increase in Year-on-Year growth rate of (28-33%), for the financial year 2023-2024 the expected growth rate is 28,500-29,500 crores with a Year-on Year growth percentage of (5-7%). There are nearly (314) registered stockbrokers with [SEBI] operates in the industry. typically, stock brokers consist of three types they are full-service broker, discount-broker and hybrid-broker. In the financial year 2022 the maximum market share gained broker is full-service brokers with a share of (46.23%) followed by discount-brokers with a share of (42.46%) and finally the least market share gainer is hybrid-brokers with just a minimal of (11.31%). Securities exchange and board of India [SEBI] is the sole authority/body who regulates this industry without any interference by the RBI or any Financing committees. Zerodha a new brokerage company and the first discount-brokerage firm started its operation since 2010 without huge market capital value, with no external fundings, and with no debts, currently dominating the industry by being the top brokerage firm with a current value of (2) billion dollars approximately (16,415) crores. With a total active client nearly up to (12) million i.e. (1.2) crores traders and investors actively trading with zerodha this result is disrupting the entire industry. In financial year (2022 2023) profit of zerodha has attained almost 86.6% (4,129) crores from financial year 2021-2022 with a growth of 60% (2,094) crores. maximum market share owns by only zerodha with a percentage of (17-18.5%) from (15-17%) in the previous financial year.

1.2 OBJECTIVES OF THE RESEARCH

- To understand the stock broking industry.
- To compare the top performers in the industry.
- To depict Zerodha business model.
- To analyse Zerodha business with other brokerages.
- To conduct SWOT analysis of Zerodha
- To provide findings/results based on analysis.

1.3 RESEARCH METHODOLOGY:

To carry out this research study, exploratory research design has been implemented for the entire work. Exploratory research is a type of research methodology which exists already available information or data, published by previous researchers, author, print media and survey firms. Which gives particular information in the form of data analysis and data interpretation.

The study is fully based on secondary data covering from financial years 2019- to 2024. The data has been collected from official websites and apps of all the selected broking firms. As well as from Various all the available research reports like magazines, journals, and published books.

1.4 REVIEW OF LITERATURE:

The authors have done literature review on various national publications, Articles, Journals which are described below.

Dr. S. Venkatesan 2022

In his research paper title as “investor behaviour towards stock broking service” concludes that to maintain good relations with customers and clients, stock brokers need to fulfil maximum requirements of their traders and investors, very importantly by delivering the proper customer value then there will be a credibility from the clients and customers to that brokerage firm.

Dr. S. Durga 2022

In his research paper title as “a study on the influence of stock broker on investors decision making with special reference to BSE” concludes that level of influence by the brokers is same for all investors.

Rajat Sarda 2018

In his research paper title as “comparative study of various stock broking companies in India” concludes that stocks tend out to be best investment strategy, ICICI securities is a big competitor in the industry, due to lack of online trading traders are opting for traditional trading majority are relying on their stock brokers.

Dr Jeelan Bashsa. V 2014

In his research paper title as an “empirical study of stock brokers in Indian stock markets with special reference to cash market” concludes that stock brokering services plays a significant role in organizing funds through its expertise by attracting investors to make investments based on their knowledge in that particular domain. It has become profitable service in terms of earnings provided there should not be unfair means.

1.5 LIMITATION OF RESEARCH

- Can be biased from the publishers.
- Could have missed some imperative factors.
- Wrong calculations from the authors/publishers.
- Mis-match of data-interpretation.

1.6 WHAT IS A STOCK MARKET?

The stock market is like a bustling marketplace where securities—such as stocks and bonds—are bought and sold. It’s where companies and investors come together to exchange ownership stakes and capital.

Key Participants in the Stock Market:

- **SEBI** – The Securities and Exchange Board of India, is the market regulator and is in charge of monitoring the stockbrokers and stock exchanges to protect the

interest of investors. The main aim of the SEBI is to protect the rights of the investors in the Stock Market

- **Investors** – These are the Individuals or Entities who buy and / or sell the shares of the publicly listed companies either in the primary market or the secondary market
- **Depositories** – India has currently 2 listed Depositories who regulate the working of Demat account which the Investors are required to Open
- **Stock Brokers** – These are Clearing members who maintain Trading accounts of the clients to enable the investor to participate in trade of securities through Stock Exchanges
- **Clearing Corporations** – Clearing Corporation/House is an entity responsible for clearing and settlement of trades done by clearing members on a recognised stock exchange. A Clearing Corporation / Clearing House of a stock exchange is admitted to the depository system for clearing and settlement of securities traded on their respective stock exchanges

How does stock market work?

- Stock markets provide a secure and regulated environment where market participants can transact in shares and other eligible financial instruments with confidence, with zero to low operational risk. Operating under the defined rules as stated by the regulator, the stock markets act as primary markets and secondary markets.
- As a primary market, the stock market allows companies to issue and sell their shares to the public for the first time through the process of an initial public offering (IPO). This activity helps companies raise necessary capital from investors.
- A company divides itself into several shares and sells some of those shares to the public at a price per share. To facilitate this process, a company needs a marketplace where these shares can be sold and this is achieved by the stock market. A listed company may also offer new, additional shares through other offerings at a later stage, such as through rights issues or follow-on offerings. They may even buy back or delist their shares.
- Investors will own company shares in the expectation that share value will rise or that they will receive dividend payments or both. The stock exchange acts as a facilitator for this capital-raising process and receives a fee for its services from the

company and its financial partners. Using the stock exchanges, investors can also buy and sell securities they already own in what is called the secondary market.

1.7 STOCK EXCHANGES

- The first organised stock exchange in India was started in 1875 at Bombay and it is stated to be the oldest in Asia. In 1894 the Ahmedabad Stock Exchange was started to facilitate dealings in the shares of textile mills there. The Calcutta stock exchange was started in 1908 to provide a market for shares of plantations and jute mills.
- At present there are **24** stock exchanges in the country, 21 of them being regional ones with allotted areas. Two others set up in the reform era, viz., the National Stock Exchange (NSE) and Over the Counter Exchange of India (OICEI), have mandate to have nation wise trading.
- They are located at Ahmedabad, Vadodara, Bangalore, Bhubaneswar, Mumbai, Kolkata, Kochi, Coimbatore, Delhi, Guwahati, Hyderabad, Indore, Jaipur, Kanpur, Ludhiana, Chennai, Mangalore, Meerut, Patna, Pune, Rajkot.
- The Stock Exchanges are being administered by their governing boards and executive chiefs. Policies relating to their regulation and control are laid down by the Ministry of Finance. Government also Constituted Securities and Exchange Board of India (SEBI) in April 1988 for orderly development and regulation of securities industry and stock exchanges.

BOMBAY STOCK EXCHANGE



Fig. 1

The Bombay Stock Exchange (BSE), also known as the Stock Exchange, Mumbai, is India's oldest and largest stock exchange. Established in 1875, it is located at Dalal Street in Mumbai. With over 6,000 listed companies and a market capitalization of \$2.5 trillion, it is one of the world's top 10 exchanges by total market capitalization. It is an integral part of the Indian financial system and provides liquidity to investors through the listing and trading of securities such as bonds, stocks, and derivatives.

NATIONAL STOCK EXCHANGE



Fig. 2

NSE was incorporated in 1992. It was recognised as a stock exchange by SEBI in April 1993 and commenced operations in 1994 with the launch of the wholesale debt market, followed shortly after by the launch of the cash market segment. NSE is focused on investor protection and disciplined development of the Indian capital market landscape. NSE's new identity reflect its multi-dimensional nature: multiple asset classes, multiple customer segments, and its multiple roles including, exchange, regulator, index provider, data and analytics, IT services, educator and market developer. NSE located in Mumbai, having with 2137 companies are listed in this stock exchange. Market capital of NSE is \$3.27trillion, putting it in 9th place of the largest stock exchanges in the world.

1.8 WHO IS STOCK BROKER?

A stockbroker is a regulated representative of the financial market who completes the trading transaction between buyers and sellers on behalf of traders/investors, financial institutions

and large financial or any other business firms. a stockbroker is also known as registered representative or a broker.

The trading or purchase or sale of stocks on the both exchanges in India (i.e.) National stock exchange and Bombay stock exchange are usually executed through a stockbroker. Majority of the trader and investors are highly relied on brokers knowledge, expertise, and past portfolio management record. Brokers can work either independently or with any brokerage firm.



Fig. 3

Objective Of Brokerage Firm

The primary objective of a brokerage firm is to facilitate the buying and selling of financial assets on behalf of its clients. Brokerage firms act as intermediaries in financial markets, connecting buyers and sellers of various financial instruments, such as stocks, bonds, commodities, currencies, and more. Here are some of the key objectives of a brokerage firm.

- **Facilitate Trading:** Brokerage firms act as intermediaries between buyers and sellers in financial markets. Their primary objective is to execute buy and sell orders for various financial instruments such as stocks, bonds, options, and futures on behalf of their clients.
- **Provide Investment Services:** They offer a range of services to meet the diverse needs of investors, including advisory services, research, and analysis. This helps clients make informed investment decisions based on market conditions, risk tolerance, and financial goals.

- **Ensure Market Liquidity:** By facilitating trading activities, brokerage firms contribute to market liquidity. This liquidity ensures that investors can buy or sell securities efficiently, without significant price disruptions.
- **Offer Financial Products:** Brokerage firms provide access to a wide array of financial products and investment opportunities, including mutual funds, exchange traded funds (ETFs), structured products, and more.
- **Client Education:** They educate clients about financial markets, investment strategies, and products to empower them to make sound investment choices. This may include seminars, webinars, research reports, and personalized advice.
- **Risk Management:** Brokerage firms help clients manage investment risks by offering diversified portfolios, hedging strategies, and risk assessment tools. They aim to optimize returns while minimizing potential losses.
- **Compliance and Regulation:** Ensuring compliance with regulatory requirements is crucial for brokerage firms. They adhere to laws and regulations set forth by financial authorities to protect investors' interests and maintain market integrity.
- **Profit Generation:** Ultimately, brokerage firms aim to generate revenue and profits by charging commissions, fees, spreads, or other charges for their services.

It's important to note that the specific objectives and services offered by brokerage firms can vary widely depending on the type of firm (e.g., full-service, discount, online), its target clientele, and the regulatory environment in which it operates. Clients should carefully consider their investment goals and needs when selecting a brokerage firm that aligns with their objectives.

Limitation Of Brokerage Firms

Brokerage firms in India play an important role in facilitating trading in the stock market. However, there are some limitations associated with these firms:

- **High brokerage fees:** Some brokerage firms charge high brokerage fees, which can eat into your profits. It is important to compare brokerage fees from different firms before choosing one.
- **Limited trading platforms:** Some brokerage firms offer limited trading platforms, which may not have all the features you need. It is important to choose a firm that offers a trading platform that meets your requirements.

- **Poor customer service:** Some brokerage firms have poor customer service. This can be a problem if you need help with your account or have any questions about trading. It is important to choose a firm with a good reputation for customer service.
- **Hidden charges:** Some brokerage firms charge hidden charges, such as account maintenance fees and inactivity fees. It is important to read the fine print carefully before opening an account with any brokerage firm.
- **Lack of transparency:** Some brokerage firms lack transparency in their dealings with clients. This can make it difficult for clients to understand how their accounts are being managed and how much they are paying in fees.

In addition to these limitations, brokerage firms in India are also subject to a number of regulations imposed by the Securities and Exchange Board of India (SEBI). These regulations are designed to protect investors, but they can also add to the complexity of trading and make it more difficult for brokerage firms to operate.

Overall, brokerage firms in India play an important role in the stock market, but they are not without their limitations. It is important to be aware of these limitations before choosing a brokerage firm and to carefully compare the different options available.

Here are some tips for choosing a brokerage firm in India:

- Compare brokerage fees from different firms.
- Choose a firm that offers a trading platform that meets your requirements.
- Read reviews of different firms to get a sense of their customer service.
- Ask about any hidden charges before opening an account.
- Make sure the firm is SEBI-registered.

CHAPTER: 2

COMPANY PROFILE AND INDUSTRY ANALYSIS

2.1 COMPANY PROFILE



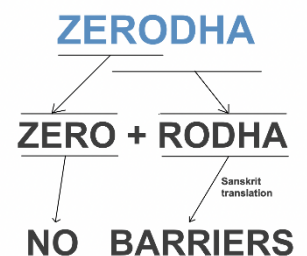
Fig. 4

Zerodha Broking Ltd. is an Indian leading stock broker and financial services company that is member of the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), and the Multi Commodity Exchange (MCX). It offers institutional and retail brokerage, **equity, derivative, currency and commodity trading, mutual funds and bonds.**

Founded in 2010, the company is headquartered in Bengaluru and has a physical presence in many major Indian cities. As of **May 2024**, they have an active client base of **75 lakh** customers registered with the NSE, giving them a market share of 17.5% and making them the **2nd** largest broker in India.

History:

- The company was founded in **August 2010** by two brothers **Nithin Kamath and Nikhil Kamath**. The company's name **Zerodha**, indicates a combination of words for the company's ideals: **Zero** and "**Rodha**", the Sanskrit word for "**barrier**".



- As of 2019, Zerodha was the largest retail stock broker in India by active client base and contributes up to 2% of daily retail volumes on Indian stock exchanges.

- In June 2020, Zerodha entered the "unicorn club" with a self-valuation of around \$1 billion. This valuation was based on the ESOP buyback exercise that the company undertook by valuing each share at more than four times the book value of ₹700 per share.
- In 2020, Zerodha applied for a license to set up an AMC mutual fund in India.

Funding And Investors of Zerodha:

Zerodha is interesting in that it's primarily a bootstrapped company, meaning it achieved its success largely without external funding.

- **Bootstrapped:** Founded in 2010, Zerodha wasn't reliant on venture capitalists and grew organically. This focus on self-sufficiency is a core part of their identity.
- **Rainmatter Fund:** However, they did establish their own investment arm called Rainmatter in 2014. Rainmatter focuses on funding early-stage startups, particularly in fintech, but isn't considered an investor in Zerodha itself.

Shareholders Of Zerodha:

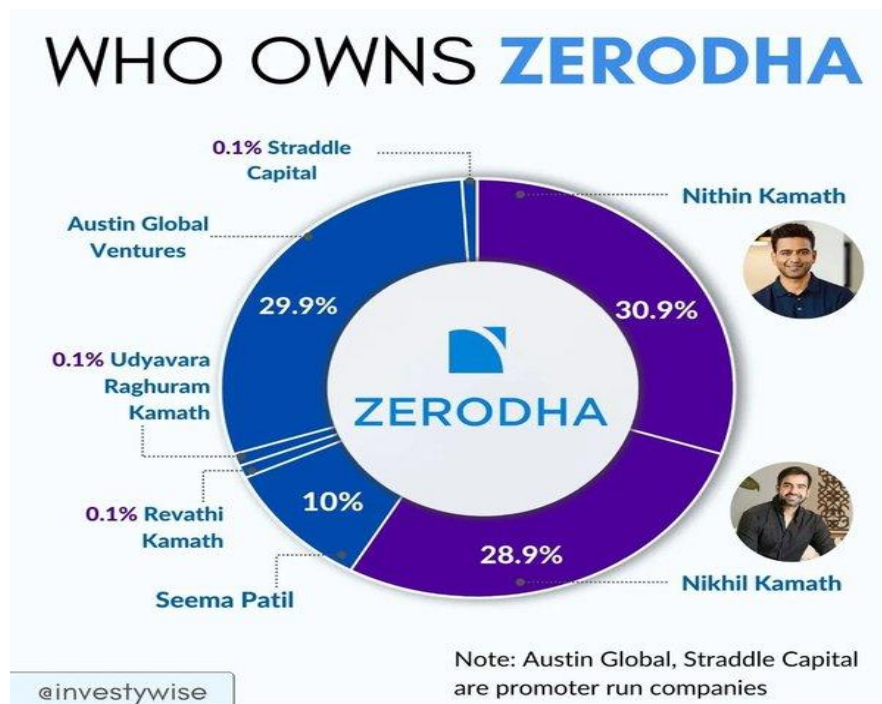


Fig. 5

2.2 FEATURES

Here are some of the key features of Zerodha:

Low brokerage rates: Zerodha offers one of the lowest brokerage rates in the Indian stock market.



Fig. 6

User-friendly trading platform: Zerodha's trading platform, Kite, is known for its user-friendly interface and its wide range of features.

Wide range of services: Zerodha offers a wide range of services to its clients, including equity trading, commodity trading, currency trading, and mutual fund investments.

Innovative technology: Zerodha is known for its innovative technology. It has developed a variety of trading tools and educational resources for its clients.

Commitment to customer service: Zerodha is committed to providing its clients with the best possible customer service. It offers a variety of customer support channels, including live chat, email, and phone support.

Here are some of the benefits of using Zerodha:

- Low brokerage rates
- Innovative technology
- Large customer base
- Strong brand image
- User-friendly trading platform
- Comprehensive educational resources

Here are some of the drawbacks of using Zerodha:

- Limited product offerings
- Customer service has been criticized for being slow and unresponsive
- Technical glitches have been reported occasionally

Overall, Zerodha is a good option for investors who are looking for a low-cost, user-friendly, and reliable stock broker. However, it is important to be aware of the drawbacks before opening an account.

2.3 PRODUCTS OF ZERODHA

1. **Kite** : is a web and mobile platform that offers access to trading and investment products, including equities, derivatives, currencies, and commodities, with streaming market data.
2. **Coin** : A platform for direct mutual fund investments, free.
3. **Varsity** : A free online education portal that provides educational content on various investment and trading-related topics.
4. **TradingQ&A** : The most active trading and investment community in India for all your market- related queries.
5. **Console** : A platform for account management
6. **KillSwitch** : A Service for risk management for retail traders

Zerodha Universe

Sensibull : Sensibull, India's pioneering options trading platform, caters to both novices and experts with tools for strategy building, real-time tracking, and identifying trading opportunities through various market indicators.

Smallcase : Smallcase is a platform for thematic investing, offering low-cost, intelligently-weighted portfolios of up to 20 stocks, each crafted to leverage specific themes or trends.

Streak : Streak is an algorithmic trading platform that allows users to create, back test, and deploy trading algorithms without needing to code, using a user-friendly strategy builder.

Learnapp : Learnapp offers top-tier financial education through meticulously crafted courses led by industry experts like S Naren, Archit Gupta, and Gautam Magoo, making finance knowledge accessible to everyone.

Tijori: In-depth data such as market share, revenue break-up, location exposure, operational metrics shareholding & financial on companies.

Ditto: Advisory-first insurance distribution platform.



Fig. 7

2.4 FINANCIAL RESULTS

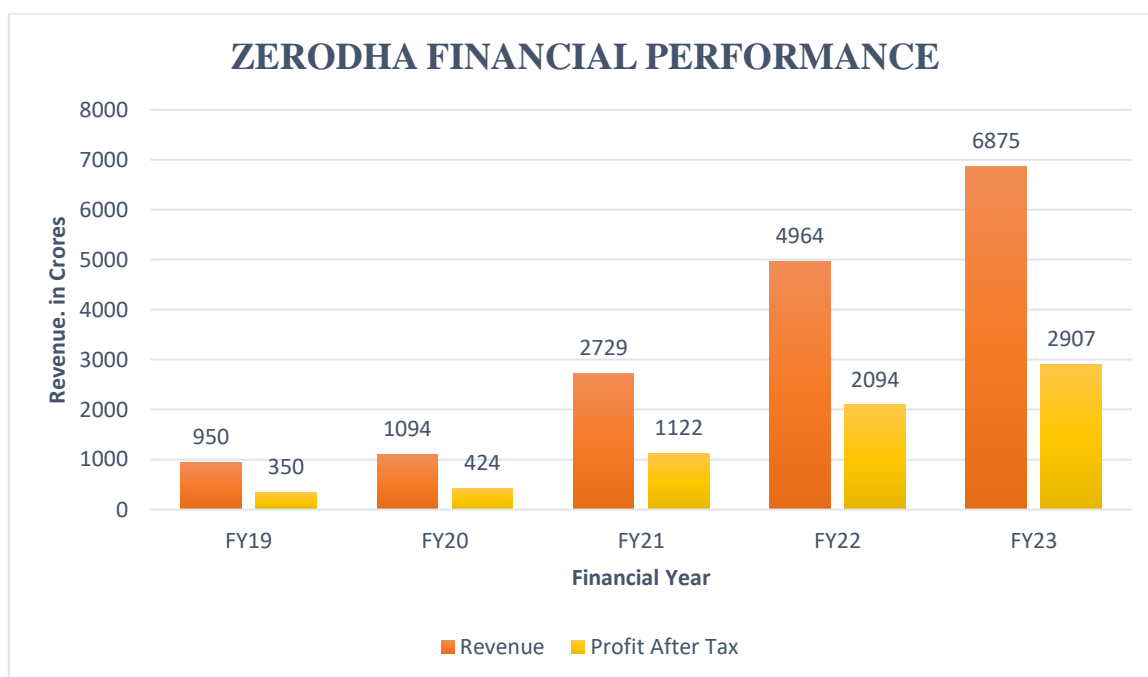


Fig. 8

India's largest stock broking platform Zerodha's growth slowed down its fiscal year 2023 as the net profits grew 39% to ₹2907 crore from ₹2094 crore in the fiscal before. The revenue of the company grew by 35.5% to ₹6875 crore in FY23 from ₹4694 crore during the fiscal year 2022. A day after the financial results came out, Zerodha founder and CEO Nithin Kamath shared a long post on X on how Zerodha's valuation is higher than calculated.

Market Value: 30000 Cr or \$3.6 billion

Market Share: 19.42%

2.5 SWOT ANALYSIS OF ZERODHA

Strengths:

1. **Low Brokerage Fees:** Zerodha's competitive pricing model with zero brokerage on equity investments and flat Rs. 20 per trade on intraday and F&O has made it a popular choice.
2. **Innovative Technology:** Advanced trading platforms like Kite, Coin, and Console offer a seamless trading experience with real-time data, ease of use, and high reliability.
3. **Customer Base:** Zerodha has a large and growing customer base, becoming one of the largest stock brokers in India by active clients.
4. **Educational Resources:** Initiatives like Zerodha Varsity provide extensive educational content, helping users to become better informed and more skilled traders.
5. **Transparency:** Clear communication of fees and charges builds trust and credibility among users.
6. **Diversified Offerings:** Besides brokerage services, Zerodha offers a range of financial products, including mutual funds, bonds, and government securities.
7. **Strong Brand Reputation:** Zerodha has built a strong brand reputation for reliability and innovation in the financial services industry.

Weaknesses:

- Doesn't provide stock tips, research reports or recommendations.
- Monthly unlimited trading plan are not available.
- Life time free AMC demat Account plans are not available.
- An additional charge of Rs 50 per executed order for MIS/BO/CO positions which are not square off by the customer.
- Call & Trade is available at an additional fee of Rs 50 per executed order.

- **3-in-1 trading account is not available** as Zerodha doesn't provide banking services.
- Unlike most 3-in-1 accounts providers, Zerodha Back Office (console) is not integrated with its trading platform. The data in the back office gets updated overnight.
- BSE SME IPOs are not available. NSE SME IPOs are available.

Opportunities:

1. **Expanding Market:** The growing interest in stock market investments in India provides a huge opportunity for Zerodha to expand its customer base.
2. **Financial Literacy:** Increasing efforts in financial education can attract more novice investors to the platform.
3. **Product Diversification:** Introducing new financial products and services can help in retaining existing customers and attracting new ones.
4. **Partnerships and Collaborations:** Collaborating with financial institutions, educational platforms, and fintech companies can enhance service offerings and market reach.
5. **International Expansion:** Exploring opportunities in international markets could diversify revenue streams and reduce dependency on the Indian market.

Threats:

1. **Regulatory Changes:** Changes in financial regulations can impact operations, pricing strategies, and profitability.
2. **Competition:** Increasing competition from both traditional brokerage firms and new fintech startups can affect market share.
3. **Market Volatility:** High market volatility can impact trading volumes and revenues.
4. **Cybersecurity Risks:** As a technology-driven company, Zerodha is vulnerable to cybersecurity threats which can compromise user data and platform integrity.
5. **Economic Downturns:** Economic downturns or financial crises can reduce investor confidence and trading activities.

Zerodha's strengths in low-cost trading, innovative technology, and educational initiatives position it well in the market. However, addressing weaknesses in customer support and

platform reliability, while leveraging opportunities for market expansion and diversification, will be crucial for sustaining its competitive edge.

2.6 INDUSTRY ANALYSIS

The Indian brokerage industry has been undergoing significant changes and experiencing substantial growth. Here are some key insights from recent analyses:

1. **Revenue and Market Growth:** The brokerage industry in India generated a revenue of INR 382 billion in FY 2023, expanding at a compound annual growth rate (CAGR) of approximately 13.73% from FY 2019 to FY 2023. The industry has seen a surge in trading activities, driven by higher retail participation and technological advancements.
2. **Segment Performance:** The market operates through different business verticals such as full-service, discount, and hybrid brokerage. In FY 2022, full-service brokers held the largest market share (46.23%), followed by discount brokers (42.46%) and hybrid brokers (11.31%). Discount brokers have notably increased their market share of active NSE clients from 18% in March 2019 to 65% in November 2023.
3. **Impact of COVID-19:** The pandemic led to a significant increase in retail investor participation, driven by lower interest rates on fixed deposits and the search for better investment returns. This resulted in a record number of new DEMAT accounts and a surge in equity market participation.
4. **Technological Advancements:** Brokers are increasingly investing in technology to meet the demands of tech-savvy investors. Innovations such as e-KYC, order management systems, and advanced analytical tools have made trading more accessible and efficient for retail investors.
5. **Future Outlook:** The industry is expected to achieve record high revenues and net profits in FY 2024. Factors contributing to this include sustained domestic and foreign investor participation, a robust IPO pipeline, and the expansion of margin trade funding (MTF) activities. The average revenue per user for leading brokers is also projected to exceed previous records, highlighting the industry's growth potential.

Overall, the Indian brokerage industry is positioned for continued growth, driven by technological adoption, increasing retail participation, and a diverse range of service offerings.

2.7 KEY TRENDS AND CHALLENGES IN THE INDIAN BROKERAGE INDUSTRY

Trends:

- **Rise of Retail Investors:** A surge in demat accounts, especially from tier-II and III cities, indicates a growing participation of retail investors in the stock market. This is driven by factors like increased disposable income, technological accessibility, and rising financial awareness.
- **Discount Brokerage Dominance:** Discount brokers with low fees and user-friendly platforms are attracting a significant portion of new investors. This trend is putting pressure on traditional full-service brokers to adapt their pricing models.
- **Shift Towards Fee-Based Services:** The industry is moving away from a purely transaction-based model. Brokerages are offering investment advice, wealth management services, and margin funding to generate recurring revenue streams.
- **Technology Adoption:** Fintech advancements are reshaping the industry. Brokerages are leveraging AI-powered tools for research, personalized investment recommendations, and enhanced customer service experiences.

Challenges:

- **Maintaining Profitability:** Discount brokers have compressed brokerage fees, making it difficult for traditional players to compete solely on cost. Brokerages need to focus on operational efficiency and upsell value-added services to maintain profitability.
- **Customer Inactivity:** A significant portion of new retail investors remain inactive. Brokerages need to develop strategies for customer education and engagement to keep them actively participating in the market.
- **Cybersecurity Threats:** With increased online trading activity, cybersecurity threats are a growing concern. Brokerages need to invest in robust security measures to protect customer data and financial assets.
- **Regulatory Compliance:** SEBI regulations play a crucial role in safeguarding investor interests. Staying updated and compliant with evolving regulations can be a challenge for brokerage firms.

CHAPTER: 3

COMPETITOR ANALYSIS

Sources Of Data:

Tools of analysis: the data collected to perform this research study is aligned properly and meaningfully to reach a logical conclusion. The statistical tools which have been used to portray the data in visual formats are: column charts, pie charts, combo charts and funnel chart.

Sample Size:

To perform this study, we have taken sample of some top discount broking firms and they are:

- Zerodha
- Groww
- Angle one
- Upstox
- 5paisa

These 5 companies are sample size for the complete study to meet our goal of this research study.

Comparison Of the Samples Under These Areas for The Period of Financial Year 2019 to 2023:

- Revenue and profit after tax
- Current market value of the firms
- Current Market Share of Firms
- Product & Services they offer including Brokerage Charges
- Total active clients and growth rate
- Product and Services offer by the firms
- User friendliness
- Trading & Learning platforms

REVENUE GENERATION OF INDUSTRY: from 2019-2023

Year	Revenue (in crores)	Y-O-Y growth rate
2019-2020	4,591	8%
2020-2021	11,076	141%
2021-2022	27,500	30%
2022-2023	29,500	7%
2023-2024	32,450	10%

Tab. 1

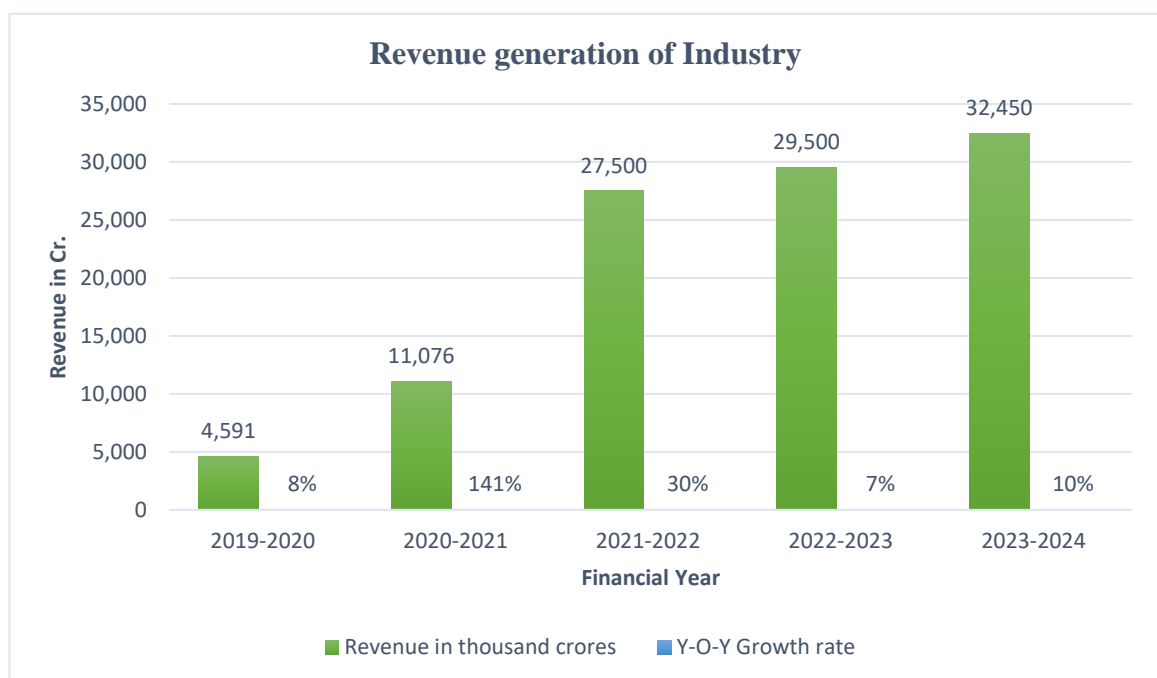


Fig. 9

Interpretation

From the above data we can clearly see the trends are highly volatile in terms of growth rate. especially from the year 2019-2021 the growth was highly expeditious from 8% to 141%. however again there is huge decline in growth rate from 2021-2023 because of covid-19 impact. Now in this financial year experts are anticipated the growth rate up to 10% Y-O-Y which is some percentage of increase from the last year.

3.1 OPERATING REVENUE AND PROFIT AFTER TAX FROM 2019-2023

Revenue is the total amount of money generated by the sale of goods or services related to the company's primary operations. Income or profit is a company's total earnings after deducting expenses. Both revenue and net income are useful in determining the financial strength of a company, but they are not interchangeable.

ZERODHA

Financial Year	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue (in Crores)	950	1094	2729	4964	6875
Profit After Tax (in Crores)	350	424	1122	2094	2907

Tab. 2

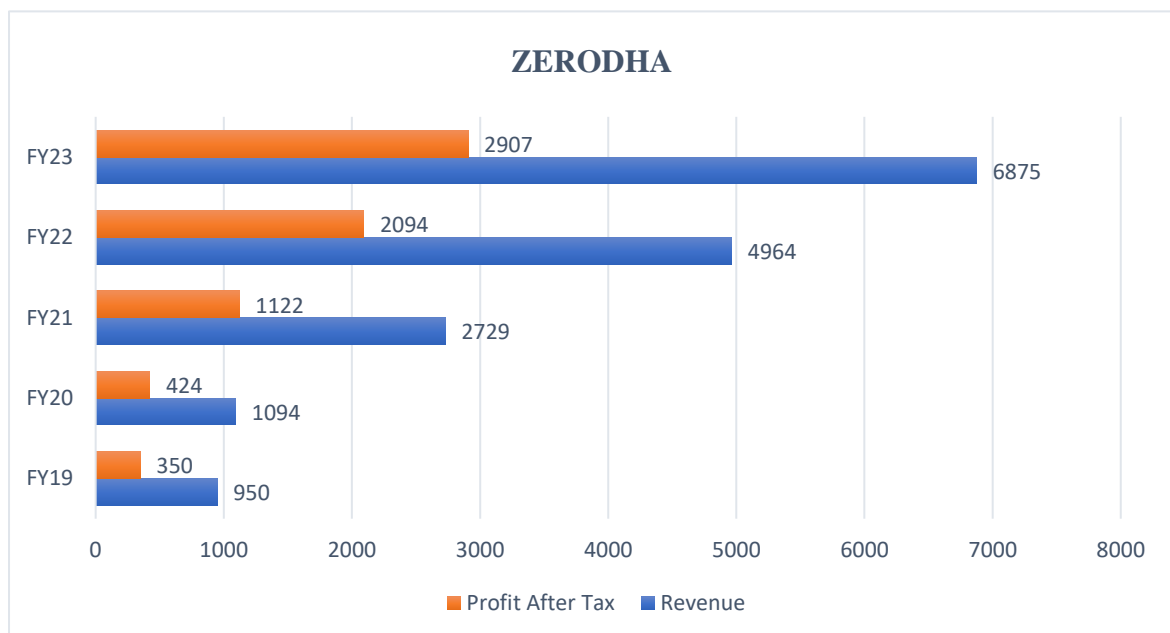


Fig. 10

Interpretation

Zerodha's revenue and profit after tax from FY19 to FY23. Revenue has grown steadily, reaching 6875 crores in FY23. Profit after tax also increased, reaching 2907 crores in FY23.

ANGEL ONE

Financial Year	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue (in Crores)	789.11	754.72	1298.98	2297.12	3021.11
Profit After Tax (in Crores)	79.83	82.35	296.84	624.81	889.95

Tab. 3

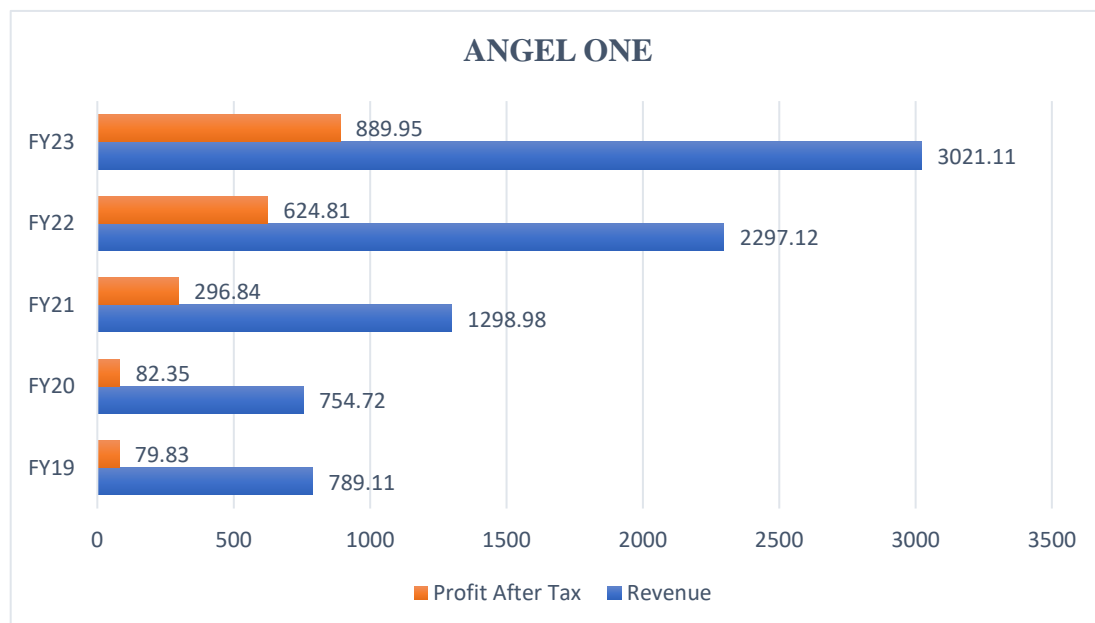


Fig. 11

Interpretation

Angel One's revenue and profit grew steadily from FY19 to FY23. Revenue reached 3021.11 crores in FY23, while profit after tax reached 889.95 crores.

GROWW

Financial Year	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue (in Crores)	-	-	40.4	326	1277
Profit After Tax (in Crores)	-	-	27	239	484

Tab. 4

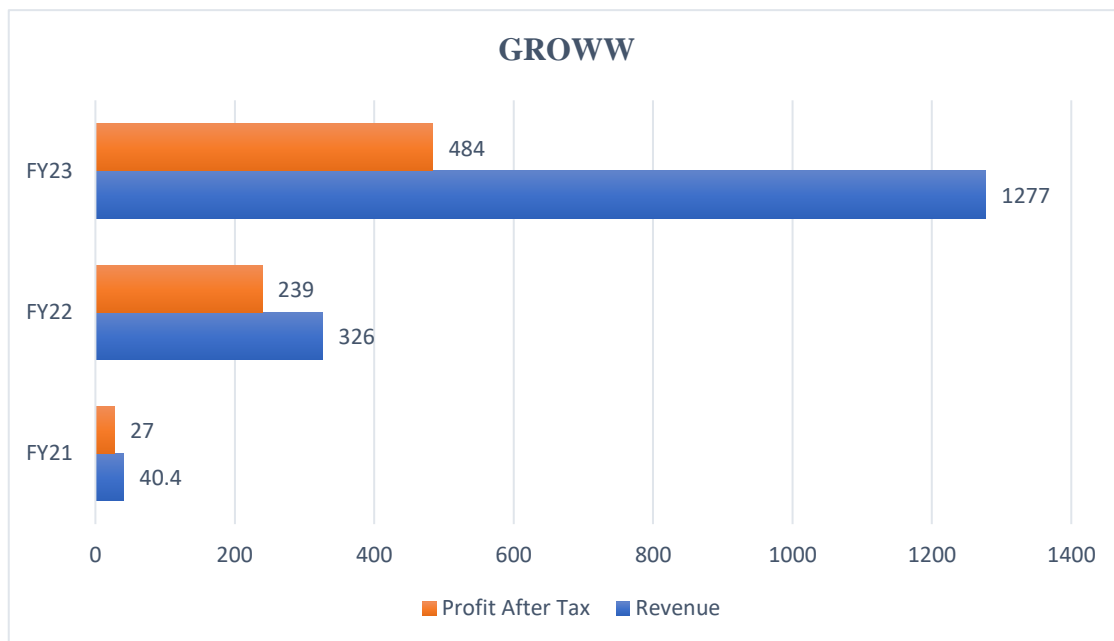


Fig. 12

Interpretation

Groww's revenue and profit after tax from FY21 to FY23. Revenue has grown steadily, reaching 1277 crores in FY23. Profit after tax has also increased, reaching 484 crores in FY23.

UPSTOX

Financial Year	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue (in Crores)	-	-	431.46	766	1000
Profit After Tax (in Crores)	-	-	-71.67	-445	25

Tab. 5

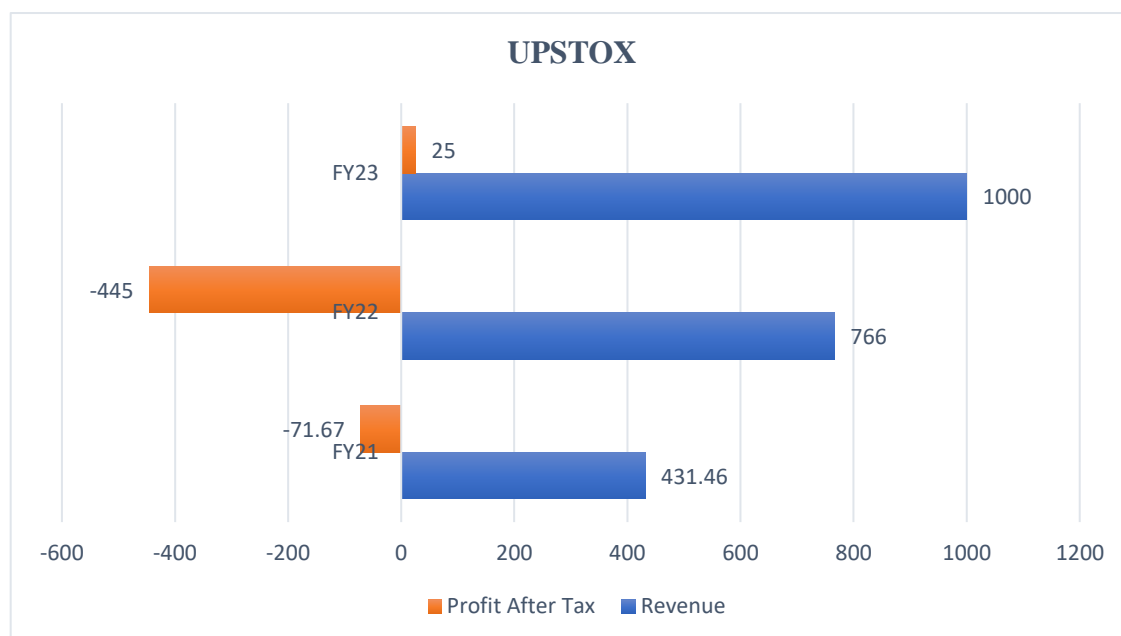


Fig. 13

Interpretation

Upstox's revenue increased from 431.46 crores in FY21 to 1000 crores in FY23. However, profit after tax fluctuated, with a loss of 71.67 crores in FY21, a loss of 445 crores in FY22, and a profit of 25 crores in FY23.

5 PAISA

Financial Year	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue (in Crores)	77.9	120.8	194.58	272.04	374.98
Profit After Tax (in Crores)	-9.8	-2.07	14.68	30.98	36.03

Tab. 6

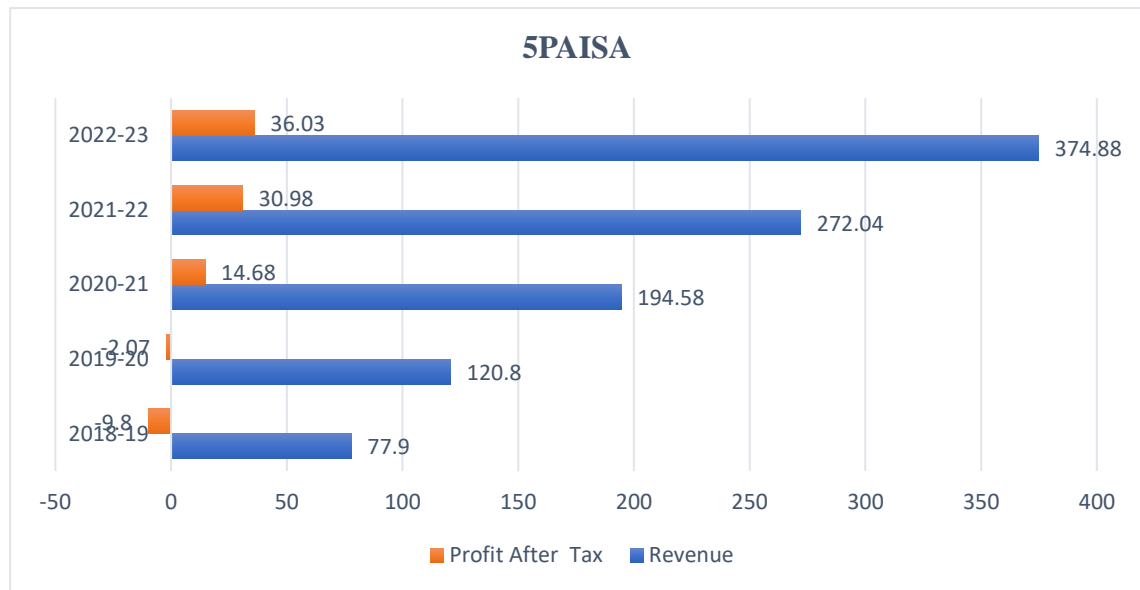


Fig. 14

Interpretation

5paisa's revenue grew from 77.9 crores in FY19 to 374.88 crores in FY23. Profit after tax increased from -5 crores in FY19 to 36.03 crores in FY23.

3.2 CURRENT MARKET VALUE OF THE FIRMS AS PER 2023:

YEAR	COMPANY	MARKET VALUE (in crores)
2023-2024	Zerodha	16500
2023-2024	Groww	24750
2023-2024	Angle One	13700
2023-2024	Upstox	28050
2023-2024	5paisa	2500

Tab. 7

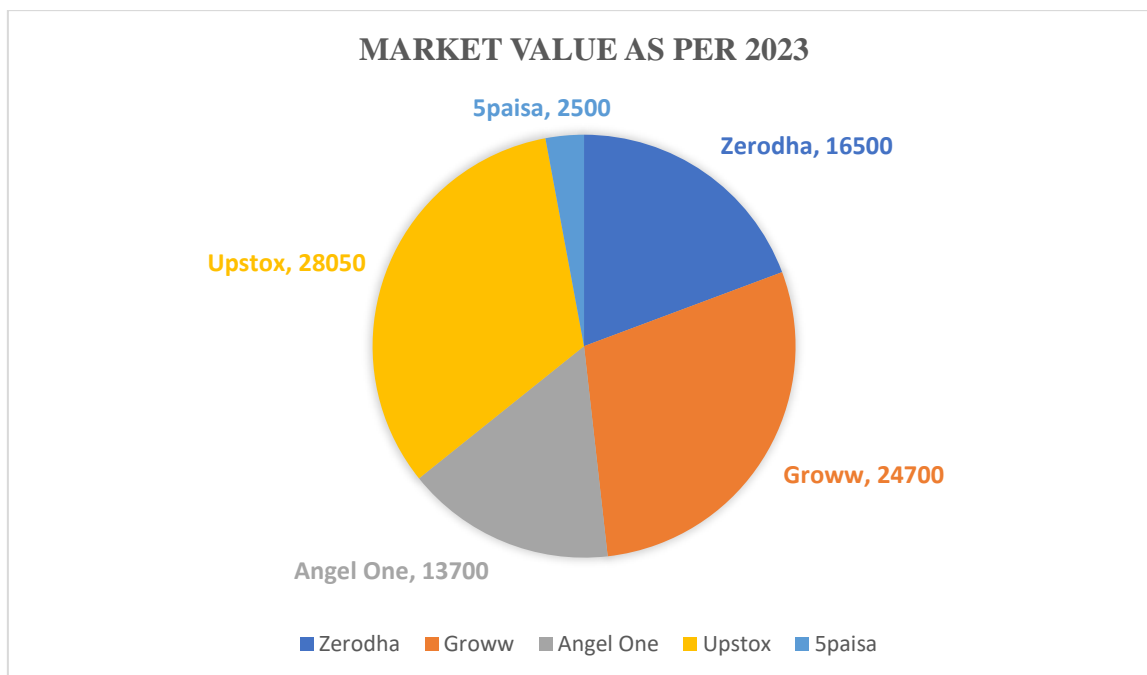


Fig. 15

Interpretation

In the financial year 2023-2024 the high-market value company is Upstox with a value of 28050 crores followed by Groww with a value of 24700 crores, Zerodha with value of 16500, Angel One with a value of 13700 then finally 5paisa with a value of 10,300 crore.

3.3 CURRENT MARKET SHARE OF FIRMS AS PER 2023

Market share indicates a company's size and position relative to its competitors within a specific industry.

YEAR	COMPANY	MARKET SHARE
2023-2024	Zerodha	19.1%
2023-2024	Angle one	15.1%
2023-2024	Upstox	6.5%
2023-2024	Groww	21.5%
2023-2024	5paisa	1.4%

Tab. 8

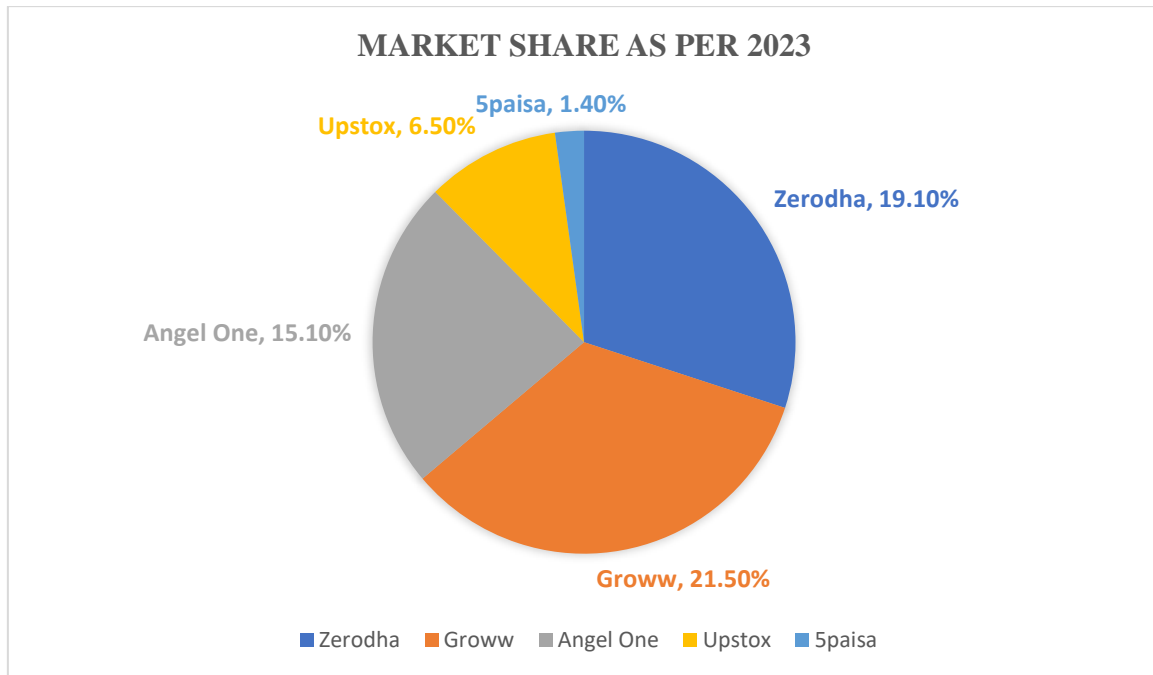


Fig. 16

Interpretation

Market Share is the percentage of total revenue/sales done by one individual company in a business world. The percentage/portion of a market controlled by a one particular company is called as market share. From the data we can easily identify that Groww has maximum market share value as compared to the other broking firms in this financial year 2023-2024.

3.4 PRODUCTS AND SERVICES OFFER BY THE FIRMS:

Broker	Equity	F&O	Mutual Funds	Currency	Commodity	US Stocks	IPO	Bonds
Zerodha	Yes	Yes	Direct (Commission Free)	Yes	Yes	Not Available	Yes	No
Groww	Yes	Yes	Direct (Commission Free)	No	No	Available (charges vary)	Yes	Yes
Angel One	Yes	Yes	Regular & Direct	Yes	Yes	Available (charges vary)	Yes	Yes
Upstox	Yes	Yes	Regular & Direct	Yes	Yes	Available (charges vary)	Yes	Yes
5paisa	Yes	Yes	Regular & Direct	No	No	Available (charges vary)	Yes	Yes

Tab. 9

Additional Services:

Broker	Research & Education	Customer Support
Zerodha	Varsity (Learning platform)	Chat, Email, Phone, Ticket System
Groww	Basic (via Groww blog)	Chat, Email
Angel One	Extensive research and advisory services	Chat, Email, Phone, Branch support
Upstox	Basic (via Upstox Learn)	Chat, Email, Phone
5paisa	School (Limited Resources)	Chat, Email, Phone

Tab. 10

Interpretation

Zerodha and Angel One offer extensive research and education services, while others provide basic resources. Zerodha stands out with a dedicated learning platform (Varsity). All brokers offer chat and email support, with Zerodha, Angel One, and Upstox providing phone support. Angel One is unique with branch support.

Trading Platforms:

Broker	Web Platform	Mobile App	Advanced Features (Algo Trading etc.)
Zerodha	Kite	Kite Mobile	Yes (through Zerodha Streak)
Groww	Groww Web	Groww App	Limited
Angel One	ARQ Prime	Angel Broking App	Yes (through Smart API)
Upstox	Pro App	Upstox Mobile	Yes (through Upstox Connect)
5paisa	5paisa Web	5paisa Mobile App	Limited

Tab. 11

Interpretation

The table compares five brokers based on web and mobile platforms, and advanced features. Zerodha, Angel One, and Upstox offer algo trading, while Groww and 5paisa have limited features. All brokers have web and mobile platforms.

3.5 BROKERAGE CHARGES OF FIRMS:

Broker	A/C opening Charge	AMC Charge	Equity Delivery Brokerage	Intraday, F&O Brokerage
Zerodha	Rs. 200	Rs. 300/year	ZERO	Rs. 20 or 0.03% per trade (whichever is less)
Groww	Free	ZERO	Rs. 20 or 0.05% per trade (whichever is lower)	Rs. 20 or 0.05% per trade (whichever is lower)
Angel One	Free	1 st year free, 2 nd year onwards Rs. 20/month	ZERO	Rs. 20 or 0.25% per trade (whichever is less)
Upstox	Free	Rs. 150/year	ZERO	Rs. 20 or 0.05% per trade (whichever is less)
5paisa	Free	Rs. 45/month while you trade	Rs. 20 per trade	Rs. 20 per trade

Tab. 12

Interpretation:

Zerodha offers competitive brokerage with a flat fee structure of Rs. 20 per trade across equity, commodities, and derivatives. Groww charges zero brokerage for investments in equity delivery, while Angel One, Upstox, and 5paisa offer varying rates depending on trade volumes and segments. Zerodha's simplicity and low costs make it ideal for regular traders.

CHAPTER: 4

CUSTOMER ANALYSIS

4.1 ACTIVE CLIENT GROWTH OF THE BROKING FIRMS Y-O-Y IN INDIA:

2019-20

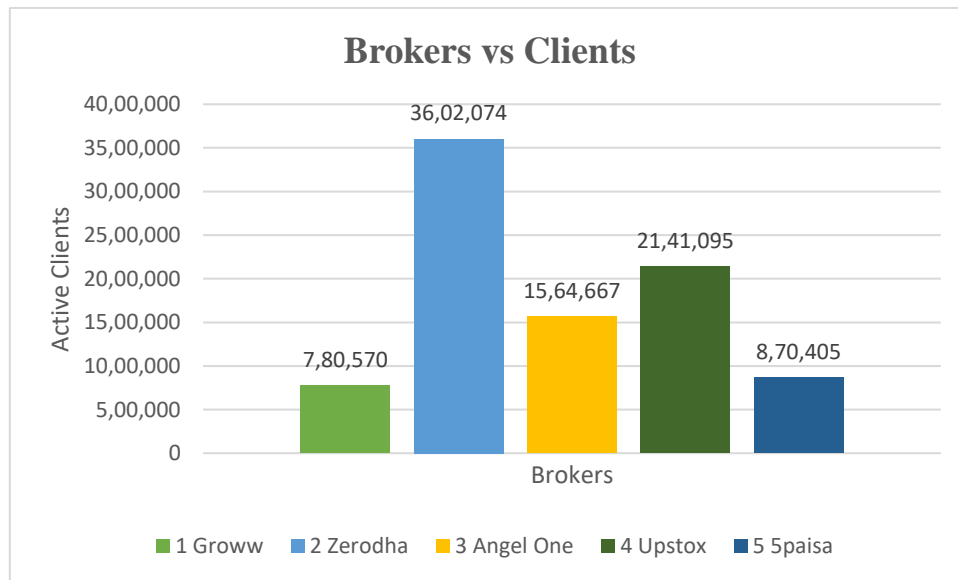


Fig. 17

Interpretation

Zerodha leads with 36 million active clients, followed by Upstox with 21.4 million. Groww has 7.8 million, Angel One has 15.6 million, and 5paisa has 8.7 million active clients.

2020-21

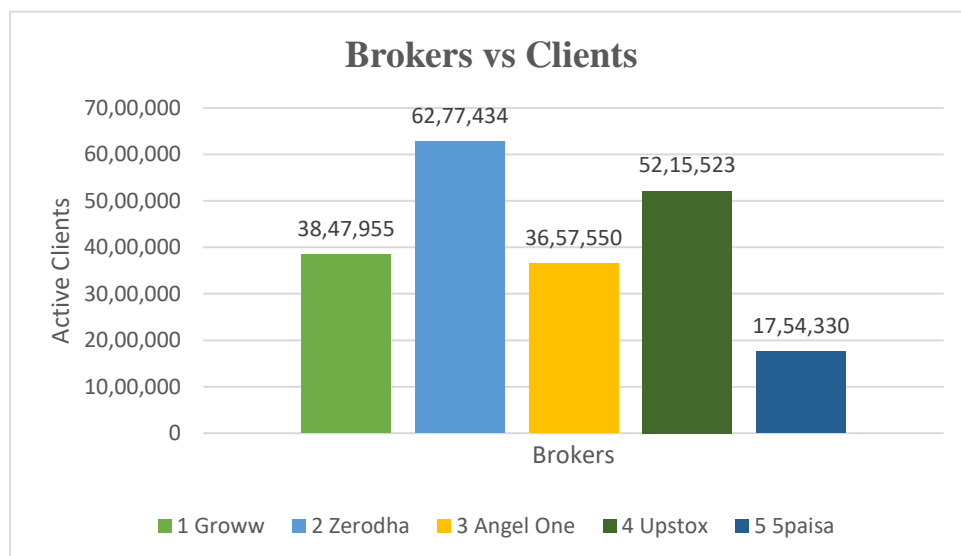


Fig. 18

Interpretation

Zerodha leads with 62.7 million clients, followed by Upstox with 52.1 million. Angel One has 36.5 million, Groww has 38.4 million, and 5paisa has 17.5 million.

2021-22

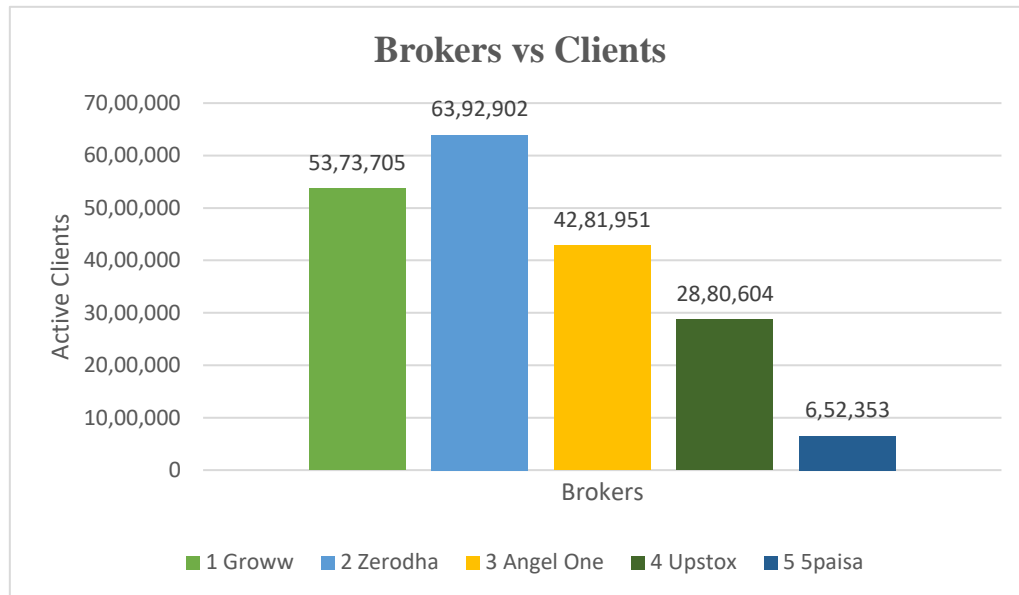


Fig. 19

Interpretation

Zerodha leads with 63.9 million clients, followed by Groww with 53.7 million. Angel One has 42.8 million, Upstox has 28.8 million, and 5paisa has 6.5 million.

2022-23

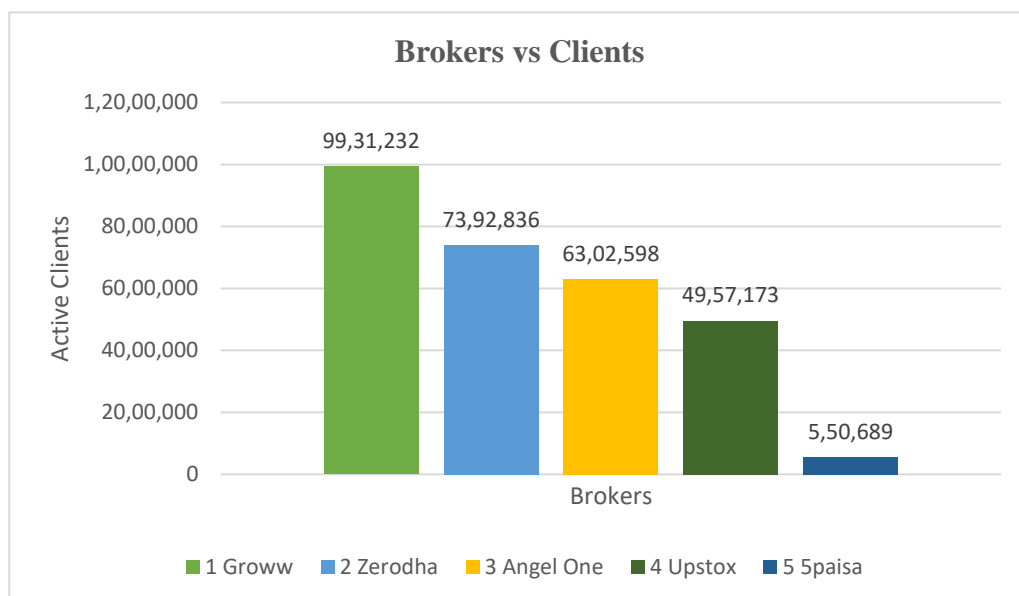


Fig. 20

Interpretation

Groww has the most with 99.3 million, followed by Zerodha, Angel One, and Upstox. 5Paisa has the fewest clients at 5.5 million.

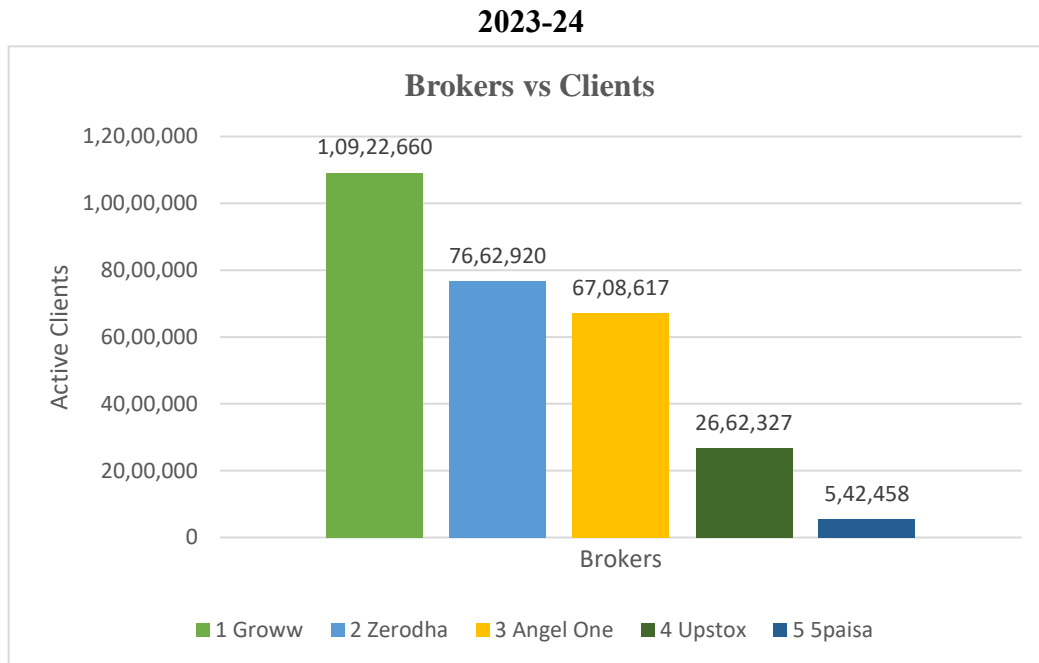


Fig. 21

Interpretation

Groww leads with over 10.9 million clients, followed by Zerodha and Angel One. 5Paisa has the fewest with about 0.54 million clients.

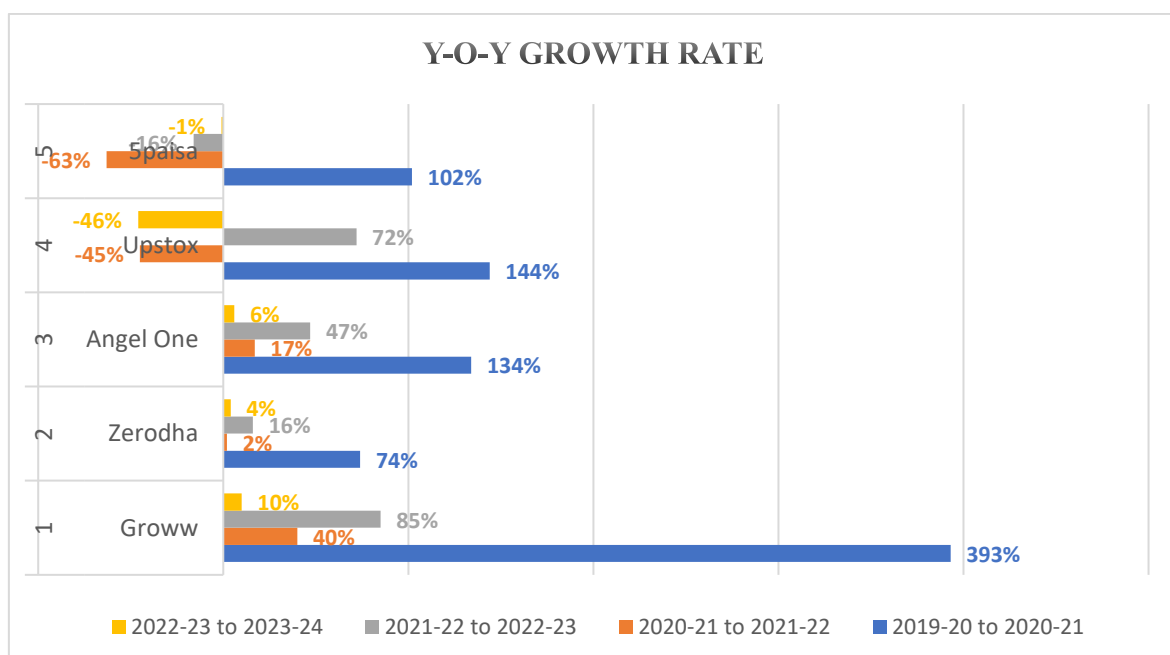


Fig. 22

Interpretation

The graph depicts the year-on-year growth rates of five companies from 2019 to 2024. Groww shows the highest growth of 393% in 2019-20, while 5Paisa experienced a significant decline of -63% in 2022-23. Other companies like Angel One and Zerodha showed varied growth rates across the years.

4.2 USER-FRIENDLINESS OF THE TRADING PLATFORMS:

Criteria	Zerodha Kite	Groww	Angel One	Upstox	5paisa
Ease of Use	8/10	9/10	7/10	8/10	7/10
Speed and Performance	9/10	8/10	7/10	8/10	7/10
Features	9/10	7/10	8/10	8/10	7/10
Customer Support	8/10	7/10	8/10	8/10	8/10
Mobile App Rating	4.3/5	4.5/5	4.0/5	4.4/5	4.1/5
Overall User Feedback	8/10	8/10	7/10	8/10	7/10

Tab. 13

Interpretation

- **Ease of Use:** Groww is noted for its simple, beginner-friendly interface, making it very easy to navigate for new investors. Zerodha Kite and Upstox are also user-friendly, but they offer more advanced features, which can be a bit overwhelming for beginners. Angel One and 5paisa have slightly more complex interfaces compared to the others.
- **Speed and Performance:** Zerodha Kite is known for its quick and reliable performance, especially during high trading volumes. Upstox also performs well in terms of speed. Groww, while fast, may have slight delays during peak times. Angel

One and 5paisa are generally reliable but have had occasional performance issues reported by users.

- **Features:** Zerodha Kite offers a wide range of features, including advanced charting tools, technical analysis, and integration with other Zerodha products. Upstox and Angel One also offer robust features suitable for active traders. Groww focuses more on simplicity and ease of use, providing essential features for trading and investment. 5paisa offers a good set of features but lags slightly behind in terms of innovation and user interface.
- **Customer Support:** All platforms provide decent customer support, but Zerodha and Upstox have a slight edge due to their comprehensive support systems, including detailed FAQs, customer care, and support tickets. Groww, Angel One, and 5paisa also offer good support but have had mixed reviews regarding response times.
- **Mobile App Rating:** Groww has the highest rating on Google Play, reflecting its ease of use and reliability. Upstox and Zerodha Kite also have high ratings, indicating user satisfaction with their mobile apps. Angel One and 5paisa have slightly lower ratings due to occasional usability issues and performance concerns.
- **Overall User Feedback:** User feedback generally aligns with the individual criteria. Groww and Zerodha Kite are highly rated for their user-friendly interfaces and robust performance. Upstox is well-regarded for its balance of features and usability. Angel One and 5paisa receive good feedback but have areas for improvement in ease of use and performance.

These evaluations are based on a mix of user reviews, expert opinions, and app ratings from platforms like Google Play and the Apple App Store.

CHAPTER: 5

ANALYSIS AND FINDINGS

- The whole study is completely based on comparisons of stock brokerage firms.
- Zerodha being the new entrant firm in the market without any fundings, and zero Debts, yet outperformed well in every aspect.
- The majority number of traders and investors handles by only Zerodha.
- Zerodha's growth slowed down its fiscal year 2023 as the net profits grew 39% to ₹2907 crore from ₹2094 crore in the fiscal before. The revenue of the company grew by 35.5% to ₹6875 crore in FY23 from ₹4964 crore during the fiscal year 2022.
- Upstox has a good market capital value as compared to Zerodha, Groww and Angel One.
- Groww has maximum market share value as compared to the other broking firms in this financial year 2023-2024, overtaken Zerodha with slight margin.
- Angel One, Upstox, and 5paisa offer wider investment options like US stocks (charges apply). Groww and 5paisa does not offer currency and commodity trading.
- Zerodha integrates Varsity within Kite, other platforms offer limited learning resources directly on the platform.
- Zerodha, Angel One and Upstox offer more customization options and algo trading features for experienced users.
- For a frequent trader, Zerodha or Upstox's low brokerage structure might be ideal.
- Groww offers a free account with no AMC, while Zerodha charges an annual AMC and account opening fee as compared to other brokers.
- **Groww** has overtaken Zerodha to become India's largest stockbroker with a substantial 10922660 active clients surpassing Zerodha.
- All platforms offer mobile apps, with Zerodha's Kite Mobile and Upstox Mobile generally considered the most user-friendly.

CHAPTER: 6

SUGGESTIONS

Here are some suggestions for Zerodha to navigate the current scenario:

- **Adapt to SEBI's Circular on Charges:** SEBI's recent circular mandates uniform and equal charges for market infrastructure institutions (MIIs), including stock brokers. Here are some suggestions for Zerodha to navigate the current scenario: This might involve reevaluating its zero-brokerage model.
- **Diversify Product Offerings:** While Zerodha excels in equities and derivatives, expanding into other asset classes (like thematic investments, international stocks, or bonds) can attract a broader investor base.
- **Enhance User Experience:** Continuously improve Zerodha's platforms (such as Kite) to maintain their user-friendly reputation. Smoother interfaces, advanced charting tools, and responsive customer support matter.
- **Educate and Engage Investors:** Zerodha's educational content has been valuable. They should continue providing webinars, blogs, and tutorials to empower investors. Regular communication builds trust.
- **Risk Management Tools:** Strengthen risk management features. Educate users on stop-loss orders, margin requirements, and portfolio diversification. Informed investors are more likely to stay loyal.
- **Explore International Markets:** As Indian investors become more global, Zerodha could consider partnerships or offerings related to international stocks, ETFs, or global indices.
- **Maintain Customer Support Excellence:** Exceptional customer service sets brokers apart. Zerodha should continue addressing queries promptly and efficiently.

Agility and customer-centricity are key. By adapting to regulatory changes, innovating, and consistently adding value, Zerodha can continue leading the way in India's brokerage industry.

CONCLUSION

In the entire brokerage industry, there are more than (314) registered stock brokers with [SEBI], yet very few brokerage firms are competing with each other. Maximum of brokers founded and started their operations before 2000's like, Motilal Oswal financial services, ICICI securities, Sharekhan pvt Ltd, HDFC securities and also SBI securities. But there remains only one broking firm who is disrupting the industry by being the Number one broker in India i.e., Zerodha because they highly focused on user convenience due to the online trading mandate by the [SEBI] changing from traditional trading to digital trading, Zerodha took the advantage of technology and created very user-friendly experience to their traders and investors to place transactions very efficiently, apart from technology Zerodha also focused on financial literacy, trading knowledge sessions, and add-family feature. which eventually makes them to get more high-value customers in their portfolio who are really passionate and dedicated to make good number of profits in the stock market. Since 2018 Zerodha has been tremendously performing well because of their high technology, Research and Development, and mainly focused on high-value customers, created the best mobile trading application with very simple user interface. Therefore, due to the technology adaption in their business model, today Zerodha is the only discount-broking firm who is dominating full-service brokers, hybrid-brokers and as well as discount brokers.

CHAPTER: 7

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