

MOST LISTED FIRMS POST DECLINE IN PROFIT OVER LAST QUARTER

Less Trade, Rules to Curb Speculation Weigh on Brokers

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Mumbai: Most listed broking firms saw a decline in profits and revenues in the September quarter from April–June, weighed down by a drop in cash and derivatives market volumes and the impact of Sebi's regulations introduced last year.

Five leading listed brokers, including Motilal Oswal Financial Services, IIFL Capital Services, 5Paisa Capital, Angel One and Anand Rathi Shares and Stock Brokers saw a decline in net profits between 14–67% compared to the same time last year.

"In the past year, after the regulator's measures to curb speculation in derivatives, and after decline in volumes and turnover due to a market correction, all players are now seeing results come down from last year's peak," said Roop Bhootra, CEO, Anand Rathi Shares & Stock Brokers.

Trading activity has been hit over the past year due to several regulatory interventions aimed at curbing excessive speculation. These include tighter margin and peak-margin norms, Sebi's 'true-

to-label' circular that ended volume-based lower exchange charges for large brokers, and heightened surveillance measures among others.

Vijay Singh Gour, analyst at Mirae Asset Sharekhan, said the second quarter was also weighed down by Sebi's 'true-to-label' circular, which ended volume-based lower charges for large brokers, negatively impacting revenues and profits.

"Intense competition in the industry and heavy spending on technology and customer acquisition have further driven up costs," he said.

Shares of these firms have seen mixed performances this year. Motilal Oswal Financial Services is up 2.3% in 2025, while Angel One, IIFL Capital Services and 5Paisa Capital have declined 6–40%. Anand Rathi Share and Stock Brokers, which got listed on September 30, is up 49.5%.

Shares of BSE are up 53%, whereas NSE shares in the unlisted market have moderated to ₹1,875 as of Thursday from a high of ₹2,400 in May.

Money managers see broking firms continuing being under

Brokerage*	Profit After Tax (₹ crore)	Qoq Change (%)	Yoy Change (%)	Revenue from Opt (₹ crore)	Qoq Change (%)	Yoy Change (%)
Angel One	236	76	-46	1,179	6	-21
Motilal Oswal	194	-63	-67	1,091	-27	-39
IIFL Capital	91	-42	-50	509	-3	-11
Anand Rathi	29	22	-14	227	13	-1
5 Paisa Capital	9	-18	-57	77	-1	-23
Exchanges**						
NSE	2,098	-28	-33	3,677	-9	-18
BSE	557	6	62	1,068	12	44

*Standalone nos | **Consolidated nos SOURCE: NSE, BSE, Exchange filings

pressure.

"We do not believe the worst is behind broking companies yet, as Sebi could still take measures to protect the interests of retail futures and options (F&O) traders without necessarily curbing weekly expiries," said Rakesh Vyas, chief investment officer at Quest Investment Managers. "Cash market volumes have yet to recover, and if the indices remain stable and range-bound, F&O activity could also slow down due to reduced market excitement."

WHAT NEXT?

Relatively, the third quarter performance may still end up being better than June–September.

"We're seeing several factors tilt in favour of the third quarter over the second, giving us confidence that profitability will improve from here," said R Kalyanaraman, MD at BlinkX by JM Financial.

Kalyanaraman said that regulatory clarity on weekly derivatives has brought relief.

Concerns over a clampdown on the equity derivatives segment

have receded after finance minister Nirmala Sitharaman recently said the government has no plans to ban retail trading in futures and options (F&O).

"As Q3 is seeing more stability, we expect greater participation and traders holding their positions longer," he said.

SHARE OUTLOOK

Vyas of Quest does not suggest investors enter these stocks at this stage. "At this stage, we do not see much merit in buying broking stocks given the prevailing uncertainty in the sector," he said. "Over the medium to long term, brokers who successfully monetise their client base through non-broking revenue streams are likely to perform better, but we do not recommend any specific stock at this point."

Gour said that while diversified players like Angel One and Motilal Oswal Financial Services may fare better in the coming quarters, smaller brokers such as IIFL Capital and 5Paisa continue to struggle with limited scale. He added that Anand Rathi Share and Stock Brokers' recently listed stock appears overvalued after a sharp run-up.