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Brokerages to see no Covid impact

Mumbai, Sept. 23: The domestic brokerage industry's revenue will grow up to 12 per cent in FY21 on the back of heightened retail participation in markets, a report said on Wednesday.

The revenue for the industry, which was reeling under pressure because of factors like penetration of tech-led discount brokerages till recently, has grown 34 per cent in the first five months of the fiscal year, rating agency Icrs said.

 While the economy has been reeling under the pressure of the Covid-19 pandemic, the trading volumes in the domestic markets have been on an upwards trajectory

— ICRA

The agency said its pool of 11 entities grew their revenue by three per cent in FY20, but the revenue growth has been 16 per cent per annum on a com-

pounded basis since FY16, and added that its outlook on the industry is "cautiously stable".

While growth momentum is expected to continue, operational and funding challenges could have a bearing on the performance, particularly for small to mid-sized brokerage companies, it said.

"In the current fiscal, the industry aggregate revenues are expected to increase to ₹23,000 crore (Y-o-Y growth of 10-12 per cent)," it said. "While the

economy has been reeling under the pressure of the Covid-19 pandemic and nationwide lockdowns, the trading volumes in the domestic capital markets have been on an upwards trajectory, reaching an all-time high in July 2020," it said.

The option of work from home, limited investment opportunities and attractive valuations have helped drive investor interest to capital markets, Icrs's Samriddhi Chowdhary said.

— PTI