

BSE

The all-new BSE

BSE's market share gain in the derivatives segment is quite impressive and the recent pricing reset improves revenue visibility with better profitability. The new BSE is well-placed to get a share of the large options market in India, powered by the new generation of option traders. The SENSEX contract has been quite successful and has reached a market share of 25% while the overall notional market share is at ~12%. The launch of the weekly BANKEX contract with Monday expiry will trigger the next phase of market share gain for BSE. We highlighted the need for an option price hike in our [Oct-23](#) note and assumed a ~3x price hike but the pricing was hiked by ~5.2x. The current pricing is at ~26% discount to NSE, which leaves scope for further hikes when the contracts mature. The price hike is effective Nov-23 and there has been no impact on the volumes. The go-live of large discount brokers and increase in active UCCs (~1mn vs ~10mn for NSE) is driving volume for BSE. Assuming a premium market share of ~10% in FY26E and current pricing, derivatives will contribute ~40% of BSE's total revenue, 53% of EBITDA and 70% of incremental growth. We expect a revenue/EPS CAGR of ~35/42% over FY23-26E, led by a revival in transaction revenue. We increase our EPS estimates by ~21/28% for FY25/26E and increase the core multiple to 40x (vs 33x). We maintain our BUY rating and assign a SoTP-based target price of INR 2,400, based on 40x core FY26E PAT + CDSL stake + net cash ex SGF.

- Derivatives market share gain continues:** BSE has reached a notional market share of 12/15/28% in October (Week-4), considering weekly/major expiry day/NIFTY weekly volume. Exchanges now have a daily expiry model with minimal overlap thus NSE volumes have not come down in absolute terms despite scale-up in BSE volumes. ~94% of BSE's weekly volume is on the day of expiry vs 60% for NIFTY. BANKEX has clocked a volume of INR 10tn in just two weeks post-launch, but it is still way below BankNifty volume (~ INR 350tn on expiry). We expect BSE derivative notional/premium ADTV to reach INR 77tn/61bn in FY26E with a volume/premium market share of 22/10%. BSE's premium to notional is ~5bps vs ~17bps for NSE.
- Pricing reset higher than expectation:** BSE hiked its options pricing by ~4-7.5x for various slabs; on a blended basis the hike was ~5.2x. The pricing hike was inevitable as BSE was losing money on derivatives due to higher clearing charges, but the quantum of the hike was higher than expected. Currently, BSE is charging ~5.2bps on options premium and NSE charges ~7bps. The cost of clearing options is ~1.5bps for BSE and lower for NSE. The pricing is still at ~26% discount to NSE, and future price hikes cannot be ruled out as BSE has similar/premium pricing for all other segments.
- Valuation and scenarios:** The stock has rallied ~2.5x in the last six months led by market share gains and is currently trading at a P/E of 37/30x FY25/26E vs 5Y average 1Y-fwd P/E ~21x. Our base case assumes a 10% premium market share, revenue/PAT CAGR of 35/42% and core multiple of ~40x resulting in ~22% upside. The bull case assumes a 15% premium market share, 43/52% revenue/PAT CAGR and 45x multiple, resulting in a ~70% upside from CMP.

Financial Summary

YE March (INR mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Revenues	5,014	7,432	8,155	11,629	16,131	19,944
EBITDA	725	2,772	2,887	5,036	8,104	10,590
APAT	1,750	3,184	3,120	4,605	7,099	8,948
Diluted EPS (INR)	12.9	23.5	23.0	34.0	52.4	66.1
P/E (x)	151.8	83.4	85.3	57.7	37.4	29.7
EV / EBITDA (x)	345.8	89.4	85.8	48.5	30.1	23.0
RoE (%)	7.1	12.3	11.6	15.8	22.3	26.0

Source: Company, HSIE Research, Consolidate

BUY

CMP (as on 9 Nov 2023)	INR 1,963
Target Price	INR 2,400
NIFTY	19,395

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,600	INR 2,400
	FY25E	FY26E
EPS %	+20.9	+28.4

KEY STOCK DATA

Bloomberg code	BSE IN
No. of Shares (mn)	135
MCap (INR bn) / (\$ mn)	266/3,252
6m avg traded value (INR mn)	2,311
52 Week high / low	INR 2,084/406

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	112.6	269.9	234.3
Relative (%)	114.4	264.9	228.1

SHAREHOLDING PATTERN (%)

	Jun-23	Sep-23
Promoters	0.00	0.00
FIs & Local MFs	0.54	4.80
FPIs	8.77	7.90
Public & Others	90.68	87.30
Pledged Shares	0.00	0.00

Source : BSE

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BSE options pricing up by 5.2x, still at a discount to NSE

Option Pricing Slabs	BSE - Old option pricing	BSE - New Option Pricing	BSE pricing increase	NSE options pricing	
Billable Monthly Turnover (Premium Value)	Transaction Charges (Rs. Per mn) - One side	Transaction Charges (Rs. Per mn) - One side	Increase (x)	Transaction Charges (Rs. Per mn.)	BSE vs NSE discount %
Upto 30 mn	50	50	1.0	250	-80%
More than Rs 30mn upto Rs 1000 mn	50	375	7.5	500	-25%
More than Rs 1,000 mn upto Rs 7,500 mn	50	350	7.0	475	-26%
More than Rs 7,500 mn upto Rs 15,000 mn	50	300	6.0	425	-29%
More than Rs 15,000 mn upto Rs 20,000 mn	50	250	5.0	375	-33%
Above Rs 20,000 mn	50	200	4.0	300	-33%
Blended (Calculated)	50	260	5.2	350	-26%
Blended - both sides (bps)	1.0	5.2		7.0	-26%

Source: NSE, BSE, HSIE Research

BSE derivative revenue and pricing assumption

BSE Derivative P&L - Assumptions	FY24E	FY25E	FY26E
Derivatives Notional ADTV (INR tn)	30	59	77
Growth %		93%	31%
Derivatives Premium Turnover ADTV (INR bn)	19.13	41.18	60.63
Growth %		115%	47%
Option Pricing (INR/mn) - One side	213	260	260
Pricing (bps) - both side - BSE (Blended)	4	5.2	5.2
Pricing (bps) - both side - NSE (Blended)	7	7	7
Discount to NSE %	-39%	-26%	-26%
Revenue from derivatives	1,902	5,353	7,881
% of Revenue	16%	33%	40%
Expenses (@1.5bps)	669	1,544	2,273
EBITDA	1,234	3,809	5,608
EBITDA %	65%	71%	71%
% of BSE Total EBITDA	24%	47%	53%
Days (Nos)	233	250	250
PAT from Derivatives (INR mn)	925	2,857	4,206
PAT margin %	49%	53%	53%
% of BSE Total PAT	20%	40%	47%
NSE			
NSE derivatives ADTV (INR tn)	297	324	357
BSE notional market Share %	10.3%	18.2%	21.7%
NSE premium ADTV (INR bn)	549.19	583.70	606.40
BSE premium market Share %	3.5%	7.1%	10.0%
NSE Options revenue (INR mn)	96,107	1,02,148	1,06,120
BSE revenue share %	2.0%	5.2%	7.4%
Premium/Notional (bps)			
NSE	18	18	17
BSE	6	7	8

Source: HSIE Research

Valuation Scenarios and SoTP

Parameters	Bear Case	Base Case	Bull Case
Revenue CAGR FY23-26E	28%	35%	43%
EBITDA CAGR FY23-26E	44%	54%	67%
APAT CAGR FY23-26E	35%	42%	52%
Core PAT CAGR FY23-26E	57%	69%	83%
Notional market share (Oct -23)	9.3%	9.3%	9.3%
Notional market share FY26E	14.9%	21.7%	32.1%
Premium market share (Oct -23)	3.3%	3.3%	3.3%
Premium market share FY26E	6.5%	10.0%	15.1%
Options pricing (INR/mn) on options premium	260	260	260
Core PAT FY26E (INR mn)	5,573	6,913	8,898
Core Multiple	25	40	45
Core Mcap (INR mn)	1,40,553	2,75,960	3,97,743
Add: Net Cash ex SGF (INR mn)	22,424	22,424	22,424
Mcap ex CDSL (INR mn)	1,62,977	2,98,384	4,20,167
Price per Share (INR)	1,204	2,204	3,104
CDSL value/share (INR)	196	196	196
TP (INR)	1,400	2,400	3,300
Upside (%)	-29%	22%	68%

Source: HSIE Research, Net cash excludes SGF of INR 9.76bn in FY26E

Change in estimate

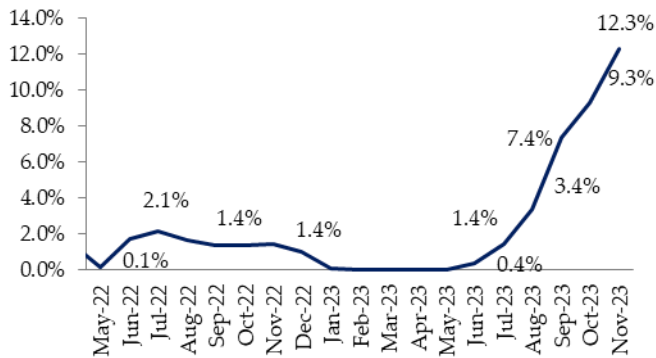
YE March (INR mn)	FY24E			FY25E			FY26E		
	FY24E Old	FY24E Revised	Chg %	FY25E Old	FY25E Revised	Chg %	FY26E Old	FY26E Revised	Chg %
Revenue	10,214	11,629	13.9	13,858	16,131	16.4	16,291	19,944	22.4
EBITDA	3,824	5,036	31.7	6,389	8,104	26.8	7,803	10,590	35.7
EBITDA margin (%)	37.4	43.3	587bps	46.1	50.2	414bps	47.9	53.1	520bps
APAT	3,874	4,605	18.9	5,872	7,099	20.9	6,968	8,948	28.4
EPS (INR)	28.6	34.0	18.9	43.4	52.4	20.9	51.5	66.1	28.4

Source: HSIE Research

BSE is gaining derivatives market share: SENSEX weekly contract has been a success and the launch of BANKEX will aid further gains

BSE derivative market reached ~10% with only one contract: Scaling new highs every week and will rise further with BANKEX

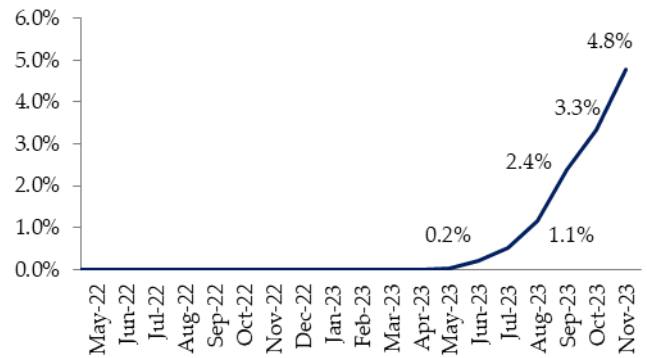
BSE derivative market share % (Notional)



Source: BSE, NSE, HSIE Research

BSE premium market has reached ~5% in November Expected to rise further with the scale of BANKEX and volume on non-expiry days

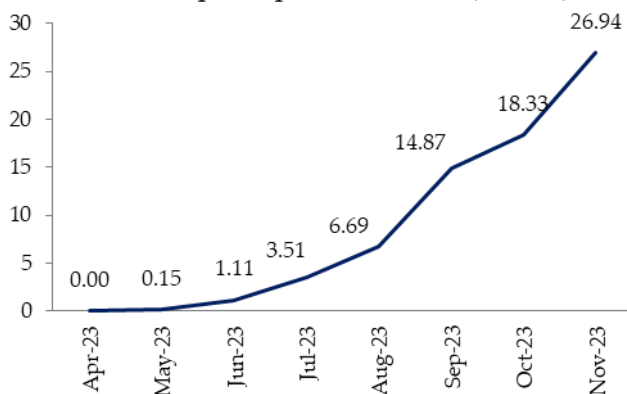
BSE derivative market share % (Premium)



Source: BSE, NSE, HSIE Research

BSE Premium ADTV has registered strong growth since the launch of the SENSEX contract

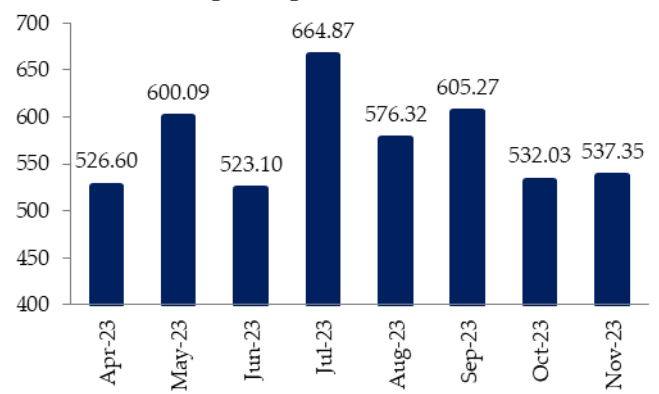
BSE options premium ADTV (INR bn)



Source: BSE, HSIE Research

NSE options premium growth has flattened post the scale in BSE volumes

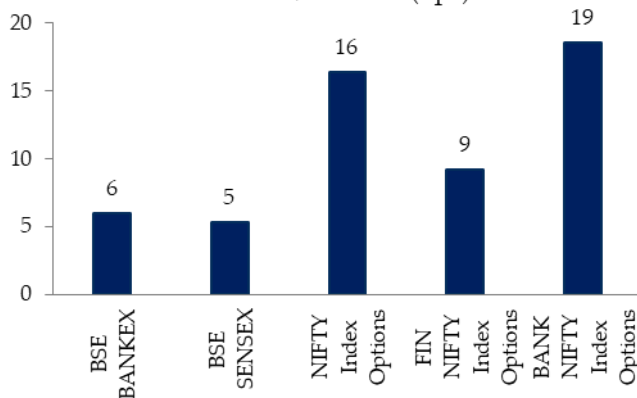
NSE options premium ADTV (INR bn)



Source: NSE, HSIE Research

BSE's premium/notional is still at ~5-6bps, expected to rise with increase in volume on non-expiry days

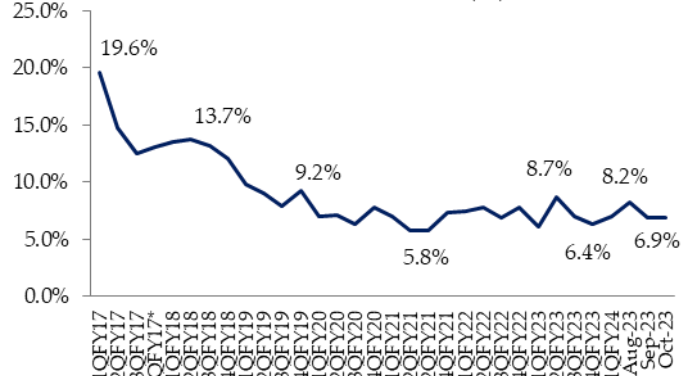
Premium/Notional (bps)



Source: BSE, NSE, HSIE Research

BSE cash market share at ~7%, expected to increase with increase in derivative market share

BSE cash market share (%)



Source: BSE, HSIE Research

Index options notional volume comparison for NSE and BSE

Day	Date	NSE BANK NIFTY (INR tn)	NSE FIN NIFTY (INR tn)	NSE NIFTY (INR tn)	NSE Others (INR tn)	NSE Index options volume (INR tn)	BSE SENSEX (INR tn)	BSE BANKEX (INR tn)	BSE derivatives volume (INR tn)
Tuesday	03-Oct-23	73	182	55	4	314	1		1
Wednesday	04-Oct-23	325	4	90	6	425	1		1
Thursday	05-Oct-23	42	8	310	6	367	5		5
Friday	06-Oct-23	62	23	45	10	140	128		128
Monday	09-Oct-23	70	41	54	65	230	1		1
Tuesday	10-Oct-23	86	217	51	4	359	1		1
Wednesday	11-Oct-23	375	5	75	5	459	1		1
Thursday	12-Oct-23	30	7	292	5	334	6		6
Friday	13-Oct-23	57	19	48	11	135	175		175
Monday	16-Oct-23	59	41	42	73	216	1	1	2
Tuesday	17-Oct-23	74	186	44	5	309	1	0	1
Wednesday	18-Oct-23	385	6	83	7	481	2	0	2
Thursday	19-Oct-23	47	14	341	8	410	7	0	7
Friday	20-Oct-23	49	29	37	15	131	138	0	138
Monday	23-Oct-23	70	152	58	61	341	1	1	2
Wednesday	25-Oct-23	181	5	144	9	339	2	0	2
Thursday	26-Oct-23	322	6	228	8	564	4	0	4
Friday	27-Oct-23	55	18	42	11	126	175	0	175
Monday	30-Oct-23	87	43	54	89	273	1	4	5
Tuesday	31-Oct-23	108	252	60	4	424	1	0	1
Average		128	63	108	20	319	33	1	33

Source: BSE, NSE, HSIE Research

Index options premium comparison for NSE and BSE

Day	Date	NSE BANK NIFTY Premium (INR bn)	NSE FIN NIFTY Premium (INR bn)	NSE NIFTY Premium (INR bn)	NSE Others Premium (INR bn)	NSE Index Options Premium (INR bn)	BSE SENSEX Premium (INR bn)	BSE BANKEX Premium (INR bn)	BSE options premium (INR bn)
Tuesday	03-Oct-23	170.18	118.28	135.47	49.32	473.25	2.44	0.00	2.44
Wednesday	04-Oct-23	320.09	13.50	172.43	56.21	562.24	2.99	0.00	2.99
Thursday	05-Oct-23	155.66	18.80	281.52	49.45	505.42	6.21	0.00	6.21
Friday	06-Oct-23	201.59	40.44	125.39	56.07	423.49	58.09	0.00	58.09
Monday	09-Oct-23	203.68	55.19	148.04	82.79	489.70	2.39	0.00	2.39
Tuesday	10-Oct-23	206.63	161.39	125.23	47.03	540.28	2.34	0.00	2.34
Wednesday	11-Oct-23	344.11	14.65	142.25	49.33	550.34	3.13	0.00	3.13
Thursday	12-Oct-23	113.13	14.67	238.12	49.14	415.06	6.11	0.00	6.11
Friday	13-Oct-23	188.46	34.31	139.52	63.00	425.29	87.60	0.00	87.60
Monday	16-Oct-23	178.60	60.39	115.43	95.74	450.16	2.60	0.37	2.98
Tuesday	17-Oct-23	156.37	111.20	105.87	42.79	416.23	2.16	0.00	2.16
Wednesday	18-Oct-23	369.05	16.40	153.35	46.42	585.23	3.60	0.01	3.61
Thursday	19-Oct-23	191.90	26.27	310.86	46.21	575.24	8.30	0.07	8.37
Friday	20-Oct-23	179.23	44.41	115.13	55.99	394.76	61.86	0.04	61.89
Monday	23-Oct-23	205.69	108.78	157.52	87.88	559.87	3.05	0.72	3.77
Wednesday	25-Oct-23	396.52	19.01	291.92	46.72	754.16	5.55	0.01	5.57
Thursday	26-Oct-23	404.40	19.25	291.42	54.20	769.27	6.83	0.01	6.84
Friday	27-Oct-23	211.98	38.71	154.53	65.33	470.55	94.12	0.07	94.19
Monday	30-Oct-23	273.55	64.95	161.77	127.38	627.66	3.25	2.64	5.88
Tuesday	31-Oct-23	270.17	176.79	162.55	42.88	652.40	0.62	0.01	0.62
Average		237.05	57.87	176.42	60.69	532.03	18.16	0.20	18.36

Source: BSE, NSE, HSIE Research

Index options premium/notional ratio comparison for NSE and BSE

Day	Date	NSE BANK NIFTY (bps)	NSE FINNIFTY (bps)	NSE NIFTY (bps)	NSE Index options (bps)	BSE SENSEX (bps)	BSE BANKEX (bps)	BSE Derivatives (bps)
Tuesday	03-Oct-23	23	6	25	15	34		34
Wednesday	04-Oct-23	10	31	19	13	24		24
Thursday	05-Oct-23	37	23	9	14	13		13
Friday	06-Oct-23	32	17	28	30	5		5
Monday	09-Oct-23	29	14	27	21	35		35
Tuesday	10-Oct-23	24	7	25	15	28		28
Wednesday	11-Oct-23	9	33	19	12	23		23
Thursday	12-Oct-23	38	21	8	12	11		11
Friday	13-Oct-23	33	18	29	32	5		5
Monday	16-Oct-23	30	15	27	21	35	4	18
Tuesday	17-Oct-23	21	6	24	13	27	14	27
Wednesday	18-Oct-23	10	27	18	12	20	30	20
Thursday	19-Oct-23	41	19	9	14	12	50	12
Friday	20-Oct-23	36	15	31	30	4	20	4
Monday	23-Oct-23	29	7	27	16	34	7	19
Wednesday	25-Oct-23	22	37	20	22	25	32	25
Thursday	26-Oct-23	13	31	13	14	17	32	17
Friday	27-Oct-23	39	22	36	37	5	12	5
Monday	30-Oct-23	31	15	30	23	42	7	13
Tuesday	31-Oct-23	25	7	27	15	6	13	5
Average		19	9	16	17	6	4	6

Source: BSE, NSE, HSIE Research

BSE revenue yearly trends and assumptions

BSE Business Segments	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR % FY15-20	CAGR % FY20-23	CAGR % FY23-26E
Securities services (A)													
Transaction Charges	1,224	1,581	1,139	1,131	1,389	2,589	2,413	5,166	9,174	12,341	18%	29%	72%
Treasury Income on margin	405	408	307	229	301	551	832	832	849	866	-16%	54%	1%
Others	292	311	269	330	504	750	1,111	1,333	1,467	1,613	5%	50%	13%
Total Security services	1,921	2,300	1,715	1,690	2,194	3,890	4,356	7,331	11,489	14,820	6%	37%	50%
Services to corporate (B)													
Listing Fees	1,382	1,776	1,881	1,880	1,855	2,202	2,328	2,545	2,701	2,866	14%	7%	7%
Book Building revenue	143	331	149	182	345	560	447	581	552	607	27%	35%	11%
Others	44	100	102	58	55	98	129	142	153	169	7%	31%	9%
Total services to corporate	1,569	2,207	2,132	2,120	2,255	2,860	2,904	3,268	3,406	3,642	15%	11%	8%
Data Dissemination (C)													
	447	565	656	695	565	682	895	1,030	1,236	1,483	26%	9%	18%
Total revenue (A+B+C)	3,937	5,072	4,503	4,505	5,014	7,432	8,155	11,629	16,131	19,944	12%	22%	35%

Source: Company, HSIE research

Growth Rate YoY %	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Securities services										
Transaction Charges	122.7	29.2	-28.0	-0.7	22.8	86.4	-6.8	114.1	77.6	34.5
Treasury Income on margin	-1.9	0.7	-24.8	-25.4	31.4	83.1	51.0	0.0	2.0	2.0
Others	30.7	6.5	-13.5	22.7	52.7	48.8	48.1	20.0	10.0	10.0
Total Security services	62.0	19.7	-25.4	-1.5	29.8	77.3	12.0	68.3	56.7	29.0
Services to corporate										
Listing Fees	-4.4	28.5	5.9	-0.1	-1.3	18.7	5.7	9.3	6.1	6.1
Book Building revenue	27.4	131.3	-55.0	22.1	89.6	62.3	-20.2	30.0	-5.0	10.0
Others	-17.0	128.3	2.0	-43.1	-5.2	78.2	31.6	10.0	8.0	10.0
Total services to corporate	-2.6	40.7	-3.4	-0.6	6.4	26.8	1.5	12.5	4.2	6.9
Data Dissemination	99.4	26.4	16.1	6.0	-18.8	20.7	31.4	15.0	20.0	20.0
Total revenue growth (A+B+C)	30.3	28.8	-11.2	0.0	11.3	48.2	9.7	42.6	38.7	23.6

Source: Company, HSIE research

BSE % of revenue	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Securities services										
Transaction Charges	31%	31%	25%	25%	28%	35%	30%	44%	57%	62%
Treasury Income on margin	10%	8%	7%	5%	6%	7%	10%	7%	5%	4%
Others	7%	6%	6%	7%	10%	10%	14%	11%	9%	8%
Total Security services	49%	45%	38%	38%	44%	52%	53%	63%	71%	74%
Services to corporate										
Listing Fees	35%	35%	42%	42%	37%	30%	29%	22%	17%	14%
Book Building revenue	4%	7%	3%	4%	7%	8%	5%	5%	3%	3%
Others	1%	2%	2%	1%	1%	1%	2%	1%	1%	1%
Total services to corporate	40%	44%	47%	47%	45%	38%	36%	28%	21%	18%
Data Dissemination	11%	11%	15%	15%	11%	9%	11%	9%	8%	7%
Total revenue growth (A+B+C)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, HSIE research

BSE Cost Analysis	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR	CAGR	CAGR
Employee Expenses	1,162	1,201	1,392	1,512	1,487	1,773	1,802	2,072	2,269	2,473	8.6%	6.0%	11.1%
Technology Expenses	964	1,111	1,134	1,176	948	969	1,239	1,425	1,567	1,724	10.8%	1.8%	11.6%
Other operating Expenses	1,452	1,458	1,666	1,736	1,854	1,918	2,227	3,096	4,190	5,157	3.1%	8.7%	32.3%
Total Expenses	3,578	3,770	4,192	4,424	4,289	4,660	5,268	6,593	8,026	9,355	6.7%	6.0%	21.1%
Growth YoY %	0.1%	5.4%	11.2%	5.5%	-3.1%	8.6%	13.1%	25.2%	21.7%	16.5%			
EBITDA	359	1,302	311	81	725	2,772	2,887	5,036	8,104	10,590	-39.1%	229.0%	54.2%
Margin %	9.1%	25.7%	6.9%	1.8%	14.5%	37.3%	35.4%	43.3%	50.2%	53.1%			

Source: Company, HSIE research

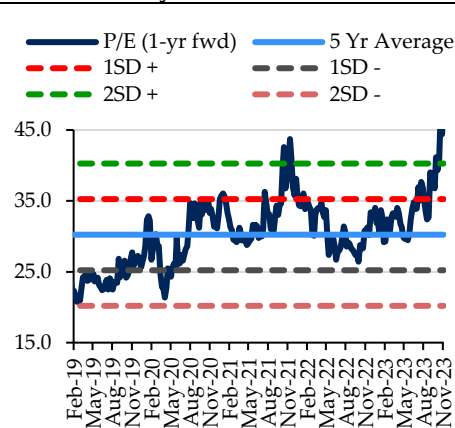
Peer Valuation

Company	MCap (INR bn)	CMP (INR)	TP (INR)	RECO	EPS (INR)				P/E (x)				ROE (%)				Rev CAGR%	EPS CAGR%
					FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23-26E	FY23-26E
MCX	126	2,475	2,850	BUY	29.3	24.0	87.4	104.7	84.6	103.0	28.3	23.6	10.3	8.2	28.1	30.4	23.3%	52.9%
CDSL	177	1,693	1,700	BUY	26.4	35.7	40.0	48.0	64.1	47.4	42.3	35.3	23.9	29.0	28.9	30.7	20.5%	22.0%
BSE	266	1,963	2,400	BUY	23.0	34.0	52.4	66.1	85.3	57.7	37.4	29.7	11.6	14.7	17.3	19.2	34.7%	42.1%

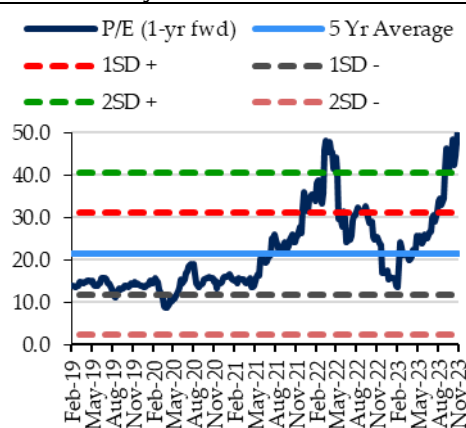
Source: Company, HSIE research. CMP as of 09th Nov, 2023

Valuation charts

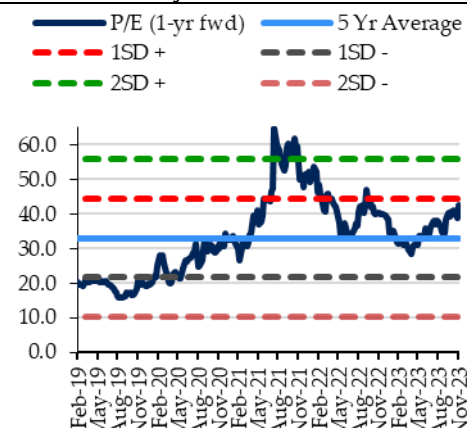
MCX P/E (1-yr fwd) trend



BSE P/E (1-yr fwd) trend



CDSL P/E (1-yr fwd) trend



Source: Bloomberg, HSIE research

Financials

Income Statement (Consolidated)

YE March (INR mn)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Revenues	4,503	4,505	5,014	7,432	8,155	11,629	16,131	19,944
<i>Growth (%)</i>	<i>(11.2)</i>	<i>0.0</i>	<i>11.3</i>	<i>48.2</i>	<i>9.7</i>	<i>42.6</i>	<i>38.7</i>	<i>23.6</i>
Employee Expenses	1,392	1,512	1,487	1,773	1,802	2,072	2,269	2,473
Technology Expenses	1,134	1,176	948	969	1,239	1,425	1,567	1,724
Other operating Expenses	1,666	1,736	1,854	1,918	2,227	3,096	4,190	5,157
EBITDA	311	81	725	2,772	2,887	5,036	8,104	10,590
<i>EBITDA Margin (%)</i>	<i>6.9</i>	<i>1.8</i>	<i>14.5</i>	<i>37.3</i>	<i>35.4</i>	<i>43.3</i>	<i>50.2</i>	<i>53.1</i>
<i>EBITDA Growth (%)</i>	<i>(76.1)</i>	<i>(73.9)</i>	<i>793.8</i>	<i>282.4</i>	<i>4.2</i>	<i>74.4</i>	<i>60.9</i>	<i>30.7</i>
Depreciation	511	510	579	483	603	814	887	1,097
EBIT	-200	-429	146	2,289	2,284	4,222	7,217	9,493
Other Income (Including EO Items)	2,142	1,607	1,232	563	471	4,616	836	721
Interest	9	24	103	222	275	289	294	300
PBT	1,934	1,154	1,275	2,631	2,480	8,549	7,758	9,914
Tax (Incl Deferred)	234	215	290	823	916	1,529	2,120	2,695
Minority Interest	0	-17	-32	-94	-150	-113	-113	-113
Share of profit / (Loss) of associate	292	267	432	642	492	560	628	752
RPAT	1,993	1,223	1,449	2,543	2,207	7,692	6,379	8,084
EO (Loss) / Profit (Net Of Tax)	129	188	301	641	913	-3,087	720	864
APAT	2,122	1,410	1,750	3,184	3,120	4,605	7,099	8,948
<i>APAT Growth (%)</i>	<i>(11.6)</i>	<i>(33.5)</i>	<i>24.1</i>	<i>82.0</i>	<i>(2.0)</i>	<i>47.6</i>	<i>54.2</i>	<i>26.0</i>
Adjusted EPS (INR)	15.7	10.4	12.9	23.5	23.0	34.0	52.4	66.1
<i>EPS Growth (%)</i>	<i>(11.6)</i>	<i>(33.5)</i>	<i>24.1</i>	<i>82.0</i>	<i>(2.2)</i>	<i>47.7</i>	<i>54.2</i>	<i>26.0</i>

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
SOURCES OF FUNDS								
Share Capital - Equity	104	90	90	271	271	271	271	271
Reserves	29,182	24,161	24,976	26,275	26,741	30,904	32,283	34,134
Total Shareholders' Funds	29,286	24,251	25,066	26,545	27,012	31,175	32,554	34,405
Settlement guarantee fund	4,016	4,354	5,391	6,409	7,576	8,176	8,896	9,760
Minority Interest	0	186	235	1,352	1,278	1,838	2,466	3,217
Total Debt	0	0	0	0	0	0	0	0
Net Deferred Taxes (Net)	-1,025	-1,276	-1,454	-1,198	-846	-846	-846	-846
Long-Term Provisions & Others	117	111	124	109	145	250	333	396
TOTAL SOURCES OF FUNDS	32,393	27,626	29,363	33,216	35,166	40,594	43,404	46,933
APPLICATION OF FUNDS								
Net Block	1,662	1,527	1,464	1,238	2,149	2,265	2,669	3,167
CWIP	182	219	38	100	19	19	19	19
Goodwill	374	374	374	374	374	374	374	374
Investments	4,302	3,862	4,220	4,881	4,104	3,997	3,997	3,997
LT Loans & Advances & Others	798	881	1,008	1,294	1,512	2,186	3,033	3,750
Total Non-current Assets	7,318	6,863	7,105	7,888	8,158	8,842	10,091	11,307
Inventories	0	0	0	0	0	0	0	0
Debtors	490	700	873	634	909	1,274	1,768	2,186
Other Current Assets	311	321	899	370	492	733	1,016	1,256
Cash & Equivalents	35,894	35,597	35,941	51,763	49,534	55,621	57,870	60,605
Total Current Assets	36,696	36,618	37,712	52,767	50,935	57,628	60,654	64,047
Trading margin from members & deposits from clearing banks	4,220	7,245	5,853	15,299	10,960	11,551	11,624	12,467
Other Current Liabilities & Provns	7,401	8,611	9,602	12,140	12,967	14,324	15,717	15,954
Total Current Liabilities	11,621	15,856	15,455	27,439	23,927	25,875	27,341	28,421
Net Current Assets	25,075	20,762	22,258	25,328	27,008	31,753	33,313	35,626
TOTAL APPLICATION OF FUNDS	32,393	27,626	29,363	33,216	35,166	40,594	43,404	46,933

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Reported PBT	1,934	1,154	1,275	2,631	2,480	4,844	7,758	9,914
Non-operating & EO items	(1,318)	(1,179)	(185)	188	497	(929)	(836)	(721)
Interest expenses	9	24	-	-	-	289	294	300
Depreciation	511	510	579	483	603	814	887	1,097
Working Capital Change	(3,911)	3,948	(1,928)	11,943	(4,291)	1,332	553	519
Tax Paid	(408)	(491)	(416)	(827)	(660)	(1,529)	(2,120)	(2,695)
OPERATING CASH FLOW (a)	(3,183)	3,967	(676)	14,418	(1,371)	4,821	6,538	8,414
Capex	(617)	(376)	(382)	(318)	(1,434)	(930)	(1,290)	(1,596)
Free cash flow (FCF)	(3,801)	3,591	(1,057)	14,099	(2,805)	3,891	5,248	6,818
Investments	-	-	-	-	-	107	-	-
Non-operating Income	1,049	493	184	185	659	5,234	1,556	1,585
INVESTING CASH FLOW (b)	432	117	(198)	(134)	(775)	4,411	265	(10)
Debt Issuance/(Repaid)	-	-	-	-	-	-	-	-
Interest Expenses	(9)	(24)	-	-	-	(289)	(294)	(300)
FCFE	(3,809)	3,567	(1,057)	14,099	(2,805)	3,602	4,953	6,518
Share Capital Issuance/Buyback	(1,230)	(4,570)	85	1,051	-	(93)	-	-
Dividend	(2,281)	(1,584)	(779)	(962)	(1,855)	(2,763)	(4,259)	(5,369)
FINANCING CASH FLOW (c)	(3,520)	(6,178)	(694)	89	(1,855)	(3,145)	(4,554)	(5,669)
NET CASH FLOW (a+b+c)	(6,272)	(2,093)	(1,568)	14,373	(4,001)	6,087	2,249	2,735
EO Items, Others	812	1,796	1,911	1,449	1,773	-	-	-
Closing Cash & Equivalents	35,894	35,597	35,941	51,763	49,534	55,621	57,870	60,605

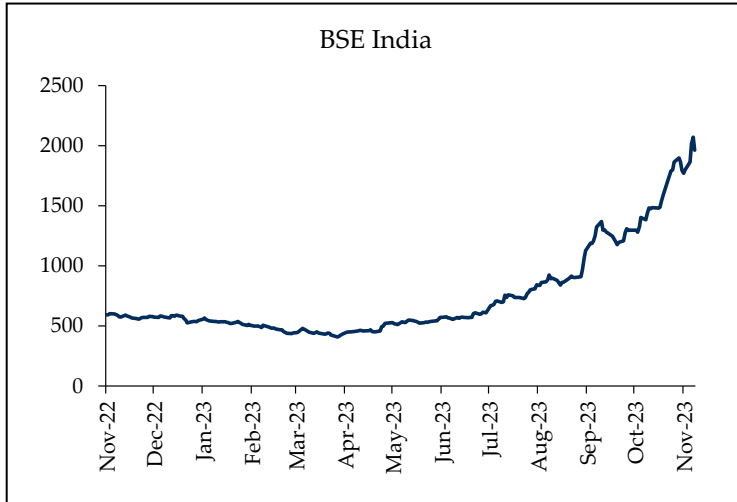
Source: Company, HSIE Research

Key Ratios

	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
PROFITABILITY (%)								
GPM	69.1	66.4	70.3	76.1	77.9	82.2	85.9	87.6
EBITDA Margin	6.9	1.8	14.5	37.3	35.4	43.3	50.2	53.1
APAT Margin	47.1	31.3	34.9	42.8	38.3	39.6	44.0	44.9
RoE	7.1	5.3	7.1	12.3	11.6	15.8	22.3	26.0
RoIC (or Core RoCE)	(1.5)	(2.9)	0.9	10.6	8.9	16.8	26.5	30.8
RoCE	6.5	4.8	6.4	10.7	9.6	12.7	17.4	20.3
EFFICIENCY								
Tax Rate (%)	12.1%	18.6%	22.7%	31.3%	36.9%	17.9%	27.3%	27.2%
Fixed Asset Turnover (x)	1.3	1.2	1.1	1.7	1.4	1.7	2.0	2.1
Inventory (days)	0	0	0	0	0	0	0	0
Debtors (days)	40	57	64	31	41	40	40	40
Other Current Assets (days)	25	26	65	18	22	23	23	23
Payables (days)	342	587	426	751	491	363	263	228
Other Current Liab & Provns (days)	600	698	699	596	580	450	356	292
Cash Conversion Cycle (days)	-877	-1,202	-996	-1,298	-1,008	-749	-556	-457
Debt/EBITDA (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net D/E (x)	-1.2	-1.5	-1.4	-1.9	-1.8	-1.8	-1.8	-1.8
Interest Coverage (x)	-23	-18	1	10	8	15	25	32
PER SHARE DATA (INR)								
EPS	15.7	10.4	12.9	23.5	23.0	34.0	52.4	66.1
CEPS	19.4	14.2	17.2	27.1	27.5	40.0	59.0	74.2
Dividend	16.9	11.7	5.8	7.1	13.7	20.4	31.5	39.7
Book Value	216.3	179.2	185.2	196.1	199.5	230.3	240.5	254.2
VALUATION								
P/E (x)	125.2	188.3	151.8	83.4	85.3	57.7	37.4	29.7
P/BV (x)	9.08	10.96	10.60	10.01	9.84	8.53	8.16	7.73
EV/EBITDA (x)	789.0	3,087.4	345.8	89.4	85.8	48.5	30.1	23.0
OCF/EV (%)	(1.3)	1.6	(0.3)	5.8	(0.6)	2.0	2.7	3.5
FCF/EV (%)	(1.5)	1.4	(0.4)	5.7	(1.1)	1.6	2.1	2.8
FCFE/Mkt Cap (%)	(1.4)	1.3	(0.4)	5.3	(1.1)	1.4	1.9	2.5
Dividend Yield (%)	0.9	0.6	0.3	0.4	0.7	1.0	1.6	2.0

Source: Company, HSIE Research

1 Yr Price movement



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

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