INSTITUTIONAL RESEARCH

BSE

Recovery validated; upgrade to BUY

The Closing Auction Session (CAS) dislocation has proved short-lived, as we had expected. When CAS went live in Aug, uncertainty over the expiry-day settlement price pushed option writers to the sidelines and industry options premium ADTV fell to INR 610bn, its lowest in over a year. We had argued in our Sep 2026 note that the drag would be temporary and that the regulator would refine the framework; both have now happened. Premium ADTV rebounded 42% MoM to INR 1,060bn in Oct, 13% above the pre-CAS Q1FY27 average, and notional ADTV recovered 31% MoM to INR 507trn. BSE led the rebound, as it had led the decline: its premium ADTV rose 53% MoM to INR 355bn, 20% above its Q1FY27 average, lifting notional/premium market share to 48.7/33.5% (46.8/32.0% in Q2FY27). Even adjusting Oct's five Sensex expiries to four, BSE's premium ADTV would be ~INR 335bn, 44% above Sep. Industry premium ADTV has risen to INR 1,178bn in Nov (25% above Q1FY27).

SEBI's 15 Oct circular (CAS 2.0, effective 7 Dec 2026) addresses the settlement issue; expiring index and stock derivatives revert to settlement on the 30-minute VWAP of continuous trading (3:00-3:30pm), expiring index contracts stop at 3:30pm, and the auction moves to 3:30-3:40pm. The auction now sets only the cash close, so BSE's thin auction book (~0.1% of cash ADTV) no longer weighs on Sensex settlement. Oct's rebound, which came while CAS 1.0 was still in force, was helped by higher volatility and five Sensex expiries. BSE's Nov-TD premium ADTV of INR 324bn is 9% below Oct but 9% above Q1FY27. Our Q3FY27E BSE premium ADTV of ~INR 313bn (~39% above Q2FY27 and ~6% above Q1FY27) implies only ~INR 275bn for the rest of the quarter, which we see as conservative. We raise FY27/28/29E EPS by 1.3/1.9/1.7%, building FY27/28E premium ADTV of INR 283/337bn, we raise our industry premium ADTV assumption by ~4% and BSE's options market share now stands at 30.6/31.0/32.6% for FY27/28/29E. H2FY27E premium ADTV of ~INR 308bn is ~13% below the Oct run rate.

We upgrade BSE to BUY (from ADD) with a TP of INR 4,450 (INR 4,180 earlier), rolling forward to 40x Dec-28E core EPS plus net cash ex-SGF and the CDSL stake. The upgrade is led by volume recovery, supportive regulation (CAS 2.0), continued (albeit slower) options market share gains, a lower SGF requirement and BSE's ability to grow faster than the industry. Our estimates do not factor in upside from cash market share gains, an index options price hike, co-location monetization, or the scaling up of index futures and stock futures and options segments. At 43.9/37.7x FY27/28E EPS, BSE is trading at ~5% discount to NSE.

- **Broad-based recovery:** BSE's expiry-day (Thursday) premium ADTV rose to INR 734bn in Oct, from INR 508bn in Sep (Aug: INR 422bn; Q1FY27: INR 679bn), and held at INR 712bn in Nov-TD. Expiry-1 premium ADTV, the session most exposed to settlement uncertainty under CAS 1.0, rose to INR 508bn from INR 353bn (Q1FY27: INR 389bn) and to INR 515bn in Nov-TD, and other-day premium ADTV rose to INR 127bn from INR 91bn (Nov-TD: INR 131bn). Weekly premium ADTV turned after SEBI's 12 Sep consultation paper and stepped up after the 15 Oct circular. Indexed to the Q1FY27 average (base 100), Oct premium ADTV stood at 120 for BSE vs 110 for NSE. In Nov-TD (15 sessions to 23 Nov), BSE averaged INR 324bn (index 109) while NSE surged to 133, taking BSE's premium/notional share to 27.5/40.0%; only three of the 15 sessions were Sensex expiries in Nov vs five of 20 in Oct. BSE's premium/notional ratio improved further to 15.2bps in Nov-TD, from 12.2bps in Q2FY27.

BUY

CMP (23 Nov 2026)	INR 3,757
Target Price	INR 4,450
NIFTY	25,350

KEY CHANGES	OLD	NEW
Rating	ADD	BUY
Price Target	INR 4,180	INR 4,450
EPS %	FY27E	FY28E
	+1.3	+1.9

KEY STOCK DATA

Bloomberg code	BSE IN
No. of Shares (mn)	408
MCap (INR bn) / ($ mn)	1,532/16,493
6m avg traded value (INR mn)	14,508
52 Week high / low	INR 4,447/2,377

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	15.9	(10.4)	31.4
Relative (%)	9.6	(19.7)	34.7

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	0.00	0.00
FIs & Local MFs	24.15	25.89
FPIs	21.32	17.10
Public & Others	54.54	57.02
Pledged Shares	0.00	0.00

Source: NSE

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- **CAS 2.0 restores the pre-CAS expiry structure:** Three changes matter. (1) Settlement: expiring index derivatives settle on the index value computed from constituents' VWAP over 3:00-3:30pm and stock derivatives on the underlying's VWAP over the same window across exchanges, replacing CAS closing prices. Writers can again hedge into a price they can observe, which was the core problem with CAS 1.0. (2) Expiry-day hours: expiring index contracts stop at 3:30pm, exactly when the settlement window closes, restoring the pre-CAS expiry-day structure for Sensex contracts. (3) Auction depth becomes irrelevant to settlement: under CAS 1.0, BSE's auction turnover of ~0.1% of cash ADTV (vs ~1% at the larger exchange) left the Sensex settlement print more fragile. Other changes are second-order: derivatives trade till 3:45pm (3:40pm under CAS 1.0), futures move to a static ±3% band from 3:30pm with dynamic flexing suspended, options bands are unchanged, and carry-forward of unexecuted CTS limit orders into the auction starts only on 8 Feb 2027. SEBI has described the VWAP method as interim, with a blended CTS-plus-auction approach to be considered only after at least a year of CAS operations.

- **BSE benefits from the change:** BSE's premium is concentrated on expiry and expiry-1 (~75% vs ~50% for the competitor). It, therefore, fell more under CAS 1.0 (August: -26% MoM vs -19% for the industry) and recovered more in Oct (+53% MoM vs +42%). With settlement decoupled from the auction, the depth of BSE's auction book no longer matters for its derivatives franchise. Monetization is also improving: BSE's premium/notional of 14.4bps in Oct was 53% of NSE's 27.1bps, and 15.2bps in Nov-TD was 57% of NSE's 26.8bps, above the 12-month average of ~50%. The extra 15 minutes of trading in non-expiring contracts helps monthly and next-week contracts at the margin, where BSE's share (~5-6% in monthly contracts) remains the key gap.

- **Estimates and valuation:** Following Q2FY27 (revenue INR 14.3bn, +34% YoY, -8.5% QoQ; APAT INR 8.1bn, +45% YoY), we build Q3FY27E revenue of INR 17.5bn (+22% QoQ) on the volume recovery. Versus our previous estimates, FY27/28/29E revenue rises 0.7/1.2/1.1% on higher industry premium ADTV, and EBITDA margin rises ~45-55bps to 69.2/70.3/70.7% as lower notional ADTV assumptions reduce SEBI turnover fees. Our EPS estimates are now 13.3/11.7/12.1% above our Sep estimates, reflecting the faster-than-expected recovery. We value BSE at 40x Dec-28E core EPS of INR 105.5 (INR 4,221/share), add net cash ex-SGF of INR 118/share and the CDSL stake at INR 95/share to arrive at a TP of INR 4,450. The multiple is unchanged; the TP rises ~6% on the roll-forward from Sep-28E and the estimate revision. The stock is trading at 43.9/37.7x FY27/28E EPS, with FY26-29E EPS CAGR of ~24% putting its PEG at ~1.6x.

Financial highlights (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	7,432	8,155	13,900	29,742	48,344	64,371	75,597	89,040
EBITDA	2,772	2,887	6,477	15,929	31,559	44,556	53,120	62,983
PAT	2,543	2,207	7,784	13,259	24,970	34,730	40,490	47,557
APAT	2,806	2,479	5,364	13,259	24,970	34,730	40,490	47,557
Diluted EPS (Rs)	6.9	6.1	13.2	32.7	61.5	85.5	99.7	117.1
P/E (x)				115.1	61.1	43.9	37.7	32.1
EV/EBITDA				93.9	46.8	32.7	26.9	22.2
ROE (%)	9.9	8.2	25.9	34.3	45.0	37.8	33.4	30.5

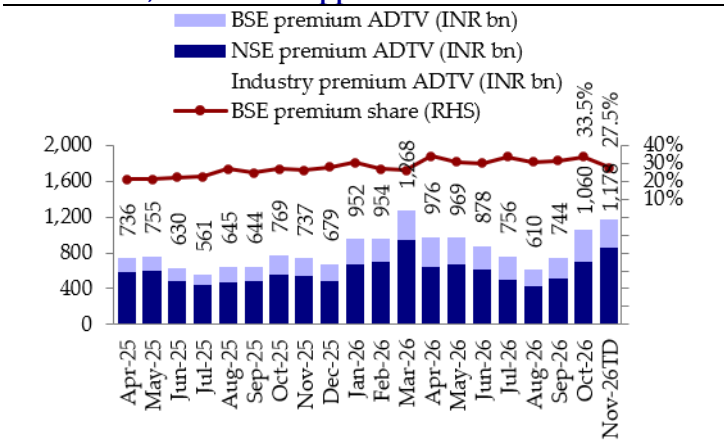
Source: Company, HSIE research

Exhibit 1: Volume snapshot - Oct premium ADTV is 13% above pre-CAS levels for the industry and 20% above for BSE; Nov-TD holds above Q1FY27

Metric	1QFY27	2QFY27	Aug-26	Sep-26	Oct-26	Nov-26TD	Oct vs 1Q	Nov-TD vs 1Q
Industry premium ADTV (INR bn)	940	705	610	744	1,060	1,178	+13%	+25%
NSE premium ADTV (INR bn)	644	480	423	512	705	855	+10%	+33%
BSE premium ADTV (INR bn)	**296**	**225**	**187**	**232**	**355**	**324**	**+20%**	**+9%**
BSE premium share (%)	31.5	32.0	30.6	31.2	33.5	27.5	+195bps	-403bps
Industry notional ADTV (INR trn)	487	395	346	389	507	532	+4%	+9%
BSE notional ADTV (INR trn)	237	185	154	164	247	213	+4%	-10%
BSE notional share (%)	48.8	46.8	44.4	42.1	48.7	40.0	-10bps	-877bps
BSE premium/notional (bps)	12.5	12.2	12.2	14.2	14.4	15.2	+1.9bps	+2.7bps
NSE premium/notional (bps)	25.8	22.8	22.0	22.8	27.1	26.8	+1.3bps	+1.0bps
BSE expiry-day premium ADTV (INR bn)	679	497	422	508	734	712	+8%	+5%
BSE expiry-1 premium ADTV (INR bn)	389	339	297	353	508	515	+30%	+32%
BSE cash ADTV (INR bn)	99.6	105.0	106.1	110.8	103.0	116.4	+3%	+17%
No. of trading sessions	60	65	21	21	20	15		
No. of Sensex weekly expiries	13	13	4	4	5	3		

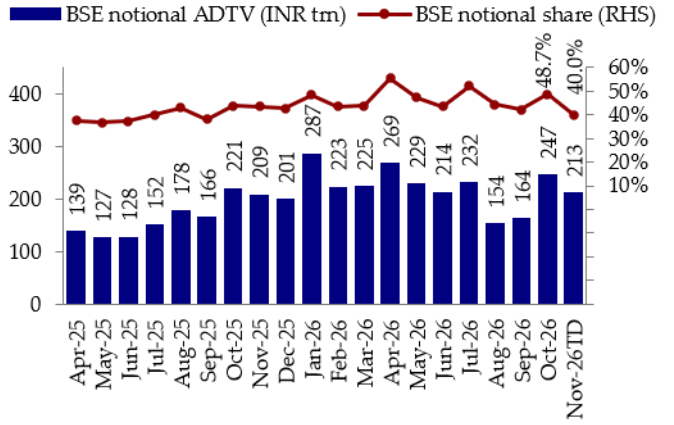
Source: NSE, BSE, HSIE Research; averages of daily data; Nov-26TD is 2-23 November 2026, 15 sessions (excludes the Muhurat session)

Exhibit 2: Industry premium ADTV rose to INR 1,178bn in Nov-TD; BSE share slipped to 27.5% from 33.5% in Oct



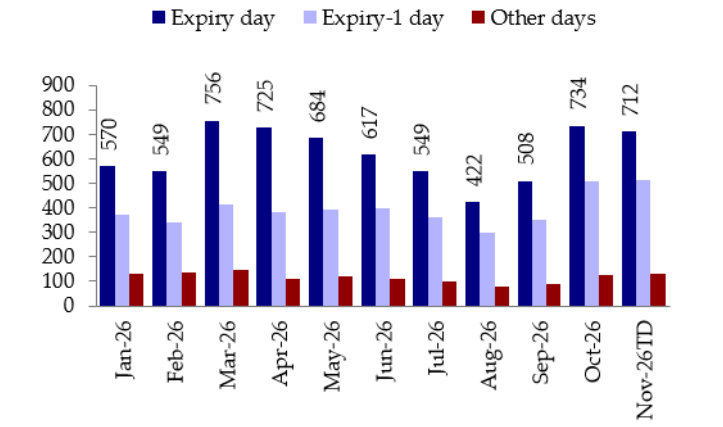
Source: NSE, BSE, HSIE Research

Exhibit 3: BSE notional ADTV recovered to INR 247trn in Oct; Nov-TD at INR 213trn (40.0% share)



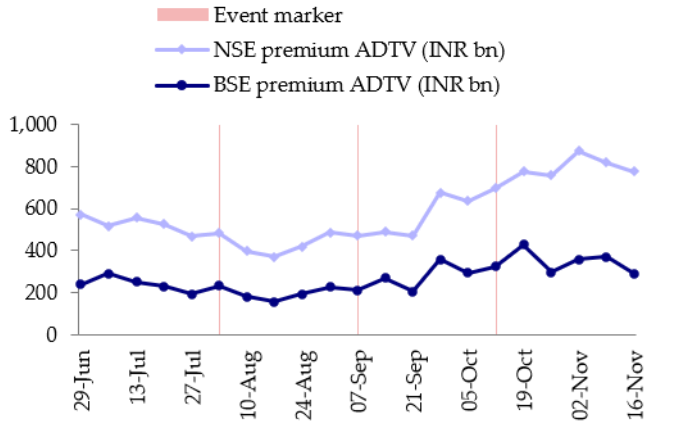
Source: NSE, BSE, HSIE Research

Exhibit 4: BSE premium ADTV on expiry, expiry-1 and other days above Q1FY27 averages in Oct and Nov-TD



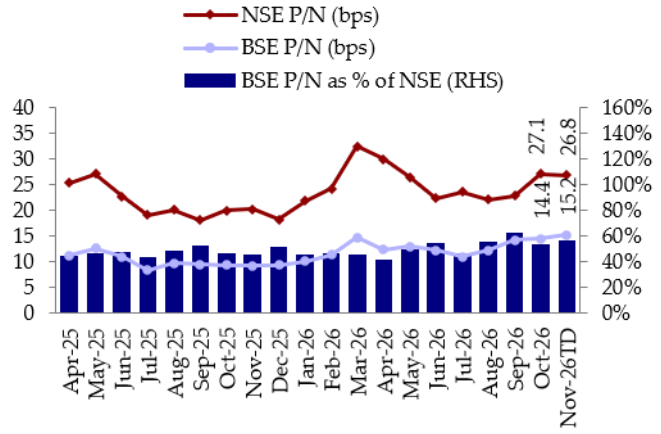
Source: BSE, HSIE Research

Exhibit 5: Weekly premium ADTV turned after the consultation paper and accelerated after the final circular



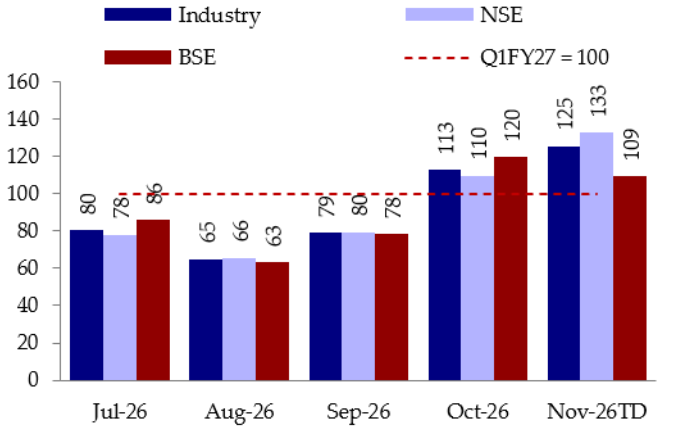
Source: NSE, BSE, SEBI, HSIE Research; shaded bars mark CAS 1.0 go-live, the consultation paper and the final circular

Exhibit 6: BSE premium/notional at 15.2bps in Nov-TD, 57% of NSE (12-month average ~50%)



Source: NSE, BSE, HSIE Research

Exhibit 7: Indexed premium ADTV (Q1FY27 = 100): BSE led in Oct; NSE led in Nov-TD



Source: NSE, BSE, HSIE Research; Nov-26TD covers 15 sessions to 23 Nov

Exhibit 8: Pre-CAS vs CAS 1.0 vs CAS 2.0 - CAS 2.0 restores the pre-CAS expiry structure while retaining the auction for the cash close

Parameter	Pre-CAS (till 2-Aug-26)	CAS 1.0 (3-Aug to 6-Dec-26)	CAS 2.0 (from 7-Dec-26)
Continuous trading end (F&O stocks)	3:30pm	3:15pm	3:30pm
Closing auction	None	3:15-3:35pm	3:30-3:40pm
Auction reference price	-	VWAP 3:00-3:15pm	VWAP 3:15-3:30pm
Random close of order entry	-	3:28-3:30pm	3:38-3:40pm
Cash closing price (F&O stocks)	VWAP 3:00-3:30pm	Auction price	Auction price
Derivatives trading close	3:30pm	3:40pm	3:45pm
Expiring index contracts close	3:30pm	3:40pm	3:30pm
Index expiry settlement	VWAP-based index, 3:00-3:30pm	Index from CAS closing prices	VWAP-based index, 3:00-3:30pm
Stock expiry settlement	VWAP 3:00-3:30pm	CAS closes across exchanges	VWAP 3:00-3:30pm, all exchanges
Futures price band after 3:30pm	-	Dynamic flexing	Static ±3%; flexing suspended
Post-close cash session	3:40-4:00pm	3:50-4:00pm	3:50-4:00pm
Implication for BSE	Base case	Thin auction book made Sensex settlement fragile; writers withdrew	Settlement observable and hedgeable; auction depth no longer relevant

Source: SEBI circular dated 15 October 2026; NSE circulars NSE/CMTR/77355 and NSE/FAOP/77356 dated 6 November 2026; HSIE Research

Exhibit 9: BSE annual derivatives volume projections

Premium ADTV (INR bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	CAGR FY26-29E
BSE	0.00	0.00	0.00	0.00	0.00	0.00	21.33	89.78	195.23	283.33	337.29	402.47	27%
YoY %								320.9%	117.5%	45.1%	19.0%	19.3%	
Industry	**24.75**	**34.44**	**53.10**	**128.87**	**277.47**	**477.44**	**646.74**	**714.26**	**771.84**	**927.15**	**1,088.68**	**1,235.80**	**17%**
YoY %		39.1%	54.2%	142.7%	115.3%	72.1%	35.5%	10.4%	8.1%	20.1%	17.4%	13.5%	
BSE Premium MS%							***3.3%***	***12.6%***	***25.3%***	***30.6%***	***31.0%***	***32.6%***	

Notional ADTV (INR trn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	
BSE	0	0	0	0	0	1	35	111	187	226	260	299	17%
YoY %								218.4%	69.1%	20.6%	15.0%	15.0%	
Industry	**6**	**9**	**13**	**25**	**67**	**154**	**362**	**424**	**445**	**472**	**547**	**617**	**11%**
YoY %		48.1%	50.6%	88.9%	171.3%	128.9%	135.7%	16.9%	5.2%	6.0%	15.8%	12.8%	
BSE Notional MS%						***0.9%***	***9.6%***	***26.1%***	***42.0%***	***47.8%***	***47.5%***	***48.4%***	

P/N (bps)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
BSE							6.1	8.1	10.4	12.6	13.0	13.5
Industry P/N	**42.1**	**39.6**	**40.5**	**52.1**	**41.3**	**31.1**	**17.9**	**16.9**	**17.3**	**19.6**	**19.9**	**20.0**
YoY %		-6.1%	2.4%	28.5%	-20.6%	-24.8%	-42.5%	-5.5%	2.7%	13.4%	1.4%	0.6%

Source: NSE, BSE, HSIE Research; premium ADTV in INR bn, notional ADTV in INR trn, P/N in bps

Exhibit 10: BSE vs industry (quarterly)

Equity Exchanges	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	3Q FY26	4Q FY26	1Q FY27	2Q FY27	3Q FY27TD
BSE Cash ADTV INR bn	66.43	98.27	89.99	97.08	68.00	54.48	71.77	79.64	76.43	90.78	99.55	105.02	108.71
QoQ Growth %	*12%*	*48%*	*-8%*	*8%*	*-30%*	*-20%*	*32%*	*11%*	*-4%*	*19%*	*10%*	*5%*	*4%*
YoY Growth %	*57%*	*182%*	*124%*	*64%*	*2%*	*-45%*	*-20%*	*-18%*	*12%*	*67%*	*39%*	*32%*	*42%*
BSE Cash Market Share %	*7.6%*	*8.2%*	*6.8%*	*7.0%*	*6.1%*	*5.4%*	*6.2%*	*7.7%*	*7.2%*	*7.1%*	*6.8%*	*8.1%*	*8.2%*
QoQ Growth bps	*53*	*60*	*(140)*	*20*	*(90)*	*(70)*	*80*	*148*	*(52)*	*(11)*	*(23)*	*132*	*11*

BSE	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**	**3QFY26**	**4QFY26**	**1QFY27**	**2QFY27**	**3QFY27TD**
BSE Notional Market Share %	**12.1%**	**14.9%**	**21.4%**	**24.9%**	**24.9%**	**36.0%**	**37.2%**	**40.2%**	**43.3%**	**45.4%**	**48.8%**	**46.8%**	**44.9%**
QoQ Growth bps	*793*	*280*	*650*	*350*	*0*	*1,110*	*115*	*306*	*310*	*212*	*334*	*(200)*	*(192)*

BSE Premium Market Share %	**4.3%**	**5.9%**	**9.1%**	**11.1%**	**12.5%**	**18.8%**	**21.4%**	**24.4%**	**26.8%**	**27.5%**	**31.5%**	**32.0%**	**30.7%**
QoQ Growth bps	*307*	*160*	*320*	*200*	*140*	*630*	*257*	*305*	*234*	*70*	*405*	*44*	*(121)*

	3QFY24	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**	**3QFY26**	**4QFY26**	**1QFY27**	**2QFY27**	**3QFY27TD**
BSE Notional ADTV (INR trn)	**46**	**70**	**98**	**128**	**105**	**112**	**131**	**164**	**210**	**245**	**237**	**185**	**232**
QoQ Growth %	*242%*	*52%*	*40%*	*31%*	*-18%*	*7%*	*17%*	*25%*	*28%*	*17%*	*-3%*	*-22%*	*26%*
Notional MS%	12.1%	14.9%	21.4%	24.9%	24.9%	36.0%	37.2%	40.2%	43.3%	45.4%	48.8%	46.8%	44.9%

BSE Premium ADTV (INR bn)	**25.51**	**46.30**	**71.62**	**82.03**	**87.58**	**117.83**	**150.84**	**150.04**	**194.59**	**289.21**	**296.17**	**225.31**	**341.55***
QoQ Growth %	*232%*	*81%*	*55%*	*15%*	*7%*	*35%*	*28%*	*-1%*	*30%*	*49%*	*2%*	*-24%*	*52%*
Premium MS%	4.3%	5.9%	9.1%	11.1%	12.5%	18.8%	21.4%	24.4%	26.8%	27.5%	31.5%	32.0%	30.7%

Industry	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**	**3QFY26**	**4QFY26**	**1QFY27**	**2QFY27**	**3QFY27TD**
Industry Notional ADTV (INR trn)	**382**	**468**	**457**	**511**	**420**	**311**	**353**	**409**	**485**	**539**	**487**	**395**	**518**
QoQ Growth %	17%	23%	-2%	12%	-18%	-26%	13%	16%	19%	11%	-10%	-19%	31%
YoY Growth %	135%	117%	81%	57%	10%	-34%	-23%	-20%	15%	73%	38%	-3%	7%

Industry Premium ADTV (INR bn)	**592.57**	**789.83**	**791.23**	**738.57**	**700.53**	**627.18**	**705.97**	**614.46**	**727.07**	**1,052.96**	**939.68**	**705.07**	**1,110.78**
QoQ Growth %	-5%	33%	0%	-7%	-5%	-10%	13%	-13%	18%	45%	-11%	-25%	58%
YoY Growth %	32%	33%	46%	19%	18%	-21%	-11%	-17%	4%	68%	33%	15%	53%

P/N Ratio (bps)

BSE	6	7	7	6	8	11	12	9	9	12	12	12	15
Industry	16	17	17	14	17	20	20	15	15	20	19	18	21

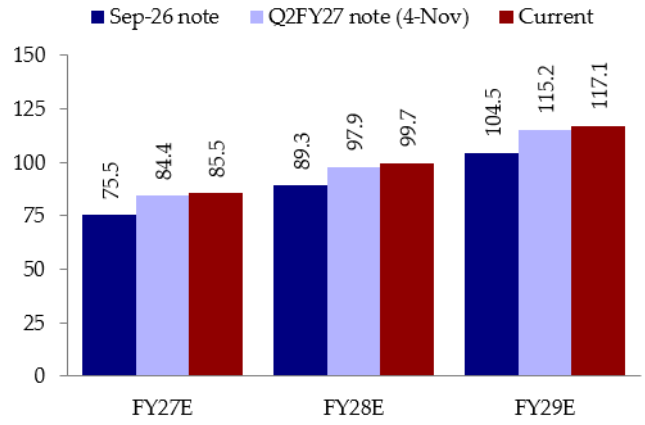
Source: NSE, BSE, HSIE Research; 3QFY27TD is 1 October to 23 November 2026 (excludes the Muhurat session)

Exhibit 11: Change in estimates vs Q2FY27 results note - EPS up 1-2% on higher industry premium ADTV

YE March (INR mn)	FY27E Old	FY27E New	Chg	FY28E Old	FY28E New	Chg	FY29E Old	FY29E New	Chg
Revenue	63,903	64,371	0.7%	74,676	75,597	1.2%	88,081	89,040	1.1%
EBITDA	43,943	44,556	1.4%	52,064	53,120	2.0%	61,862	62,983	1.8%
EBITDA margin (%)	68.8	69.2	45bps	69.7	70.3	55bps	70.2	70.7	50bps
APAT	34,290	34,730	1.3%	39,742	40,490	1.9%	46,762	47,557	1.7%
EPS (INR)	**84.4**	**85.5**	**1.3%**	**97.9**	**99.7**	**1.9%**	**115.2**	**117.1**	**1.7%**
BSE premium ADTV (INR bn)	280	283	1.0%	332	337	1.7%	396	402	1.5%
BSE premium share (%)	31.7	30.6	-109bps	31.9	31.0	-93bps	33.2	32.6	-63bps

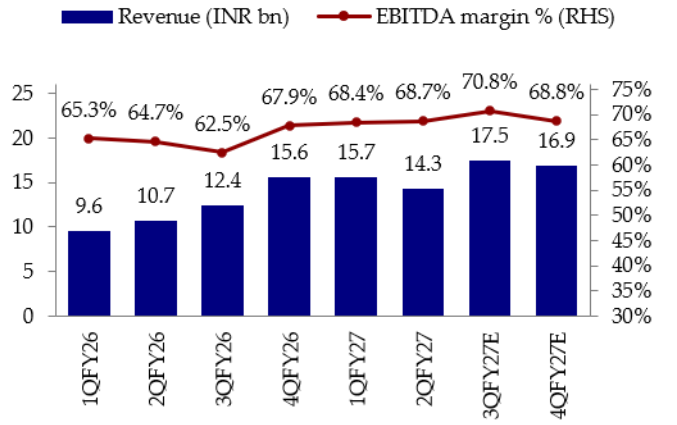
Source: Company, HSIE Research; old estimates as per our Q2FY27 results note (4 Nov 2026)

Exhibit 12: EPS estimates have risen 12-13% since our Sep note, mostly in the Q2 update



Source: Company, HSIE Research; Sep-26 update note, Q2FY27 results note (4 Nov 2026)

Exhibit 13: Q3FY27E revenue of INR 17.5bn, +22% QoQ, on the volume recovery



Source: Company, HSIE Research

Exhibit 14: SoTP valuation - TP of INR 4,450

Component	Basis	INR mn	INR/share
Core business	40x Dec-28E core PAT of INR 42,851mn	1,714,039	4,221
Net cash ex-SGF and clearing funds	FY26 balance sheet	47,826	118
CDSL stake (15%)	Market value less holding-co discount	38,704	95
Target price	Rounded to nearest INR 50	**1,800,568**	**4,450**
CMP (INR)			3,757
Upside (%)			18.4

Source: Company, HSIE Research; BSE - 406.05mn shares

Exhibit 15: TP sensitivity to multiple and Dec-28E core EPS (INR/share)

Dec-28E core EPS change	35x	38x	40x	42x	45x
-10% (INR 95.0)	3,550	3,800	4,000	4,200	4,500
-5% (INR 100.3)	3,700	4,000	4,200	4,400	4,700
+0% (INR 105.5)	**3,900**	**4,200**	**4,450**	**4,650**	**4,950**
+5% (INR 110.8)	4,100	4,400	4,650	4,850	5,200
+10% (INR 116.1)	4,300	4,600	4,850	5,100	5,450

Source: HSIE Research

Exhibit 16: BSE is trading at a higher P/E but a lower PEG on faster earnings growth

Metric	BSE
CMP (INR)	3,757
Market cap (INR bn)	1,533
Options premium share, 3QFY27TD (%)	30.7
Premium/notional, 3QFY27TD (bps)	14.7
Revenue CAGR FY26-29E (%)	22.6
EPS CAGR FY26-29E (%)	24.0
EBITDA margin FY28E (%)	70.3
RoE FY28E (%)	33.4
P/E FY27E (x)	43.9
P/E FY28E (x)	37.7
EV/EBITDA FY28E (x)	26.9
PEG (FY28E P/E / FY26-29E EPS CAGR) (x)	1.6

Source: Company, HSIE Research

Exhibit 17: Quarterly trajectory

INR mn	2QFY26	1QFY27	2QFY27	3QFY27E	4QFY27E
Net revenues	10,684	15,660	14,327	17,483	16,902
of which derivatives	6,242	11,550	9,519	12,629	11,790
EBITDA	6,909	10,719	9,840	12,372	11,625
EBITDA margin (%)	64.7	68.4	68.7	70.8	68.8
APAT	5,584	8,740	8,092	9,564	8,358
QoQ revenue growth (%)		0.2	(8.5)	22.0	(3.3)

Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues (INR mn)	**5,014**	**7,432**	**8,155**	**13,900**	**29,742**	**48,344**	**64,371**	**75,597**	**89,040**
Growth (%)	***11.3***	***48.2***	***9.7***	***70.4***	***114.0***	***62.5***	***33.2***	***17.4***	***17.8***
Employee Expenses	1,487	1,773	1,802	2,047	2,407	2,978	3,484	3,972	4,528
Technology Expenses	948	969	1,239	1,374	1,645	2,031	2,397	2,876	3,394
Other operating Expenses	1,854	1,918	2,227	2,391	2,176	2,475	2,524	2,903	3,338
Clearing & Settlement charges	0	0	0	1,331	3,481	2,804	3,689	3,749	4,473
Sebi turnover fees	0	0	0	279	4,105	6,497	7,720	8,977	10,324
EBITDA	**725**	**2,772**	**2,887**	**6,477**	**15,929**	**31,559**	**44,556**	**53,120**	**62,983**
EBITDA Margin (%)	***14.5***	***37.3***	***35.4***	***46.6***	***53.6***	***65.3***	***69.2***	***70.3***	***70.7***
EBITDA Growth (%)	***793.8***	***282.4***	***4.2***	***124.3***	***145.9***	***98.1***	***41.2***	***19.2***	***18.6***
Depreciation	579	483	603	954	1,132	1,590	1,931	2,646	3,116
EBIT	**146**	**2,289**	**2,284**	**5,523**	**14,796**	**29,970**	**42,625**	**50,474**	**59,866**
Other Income (Including EO Items)	1,533	854	1,021	4,270	2,809	3,137	3,726	3,579	3,621
SGF contribution	301	291	550	917	900	770	919	1,083	1,292
Interest	103	222	275	0	0	0	0	0	0
PBT	**1,275**	**2,631**	**2,480**	**8,876**	**16,706**	**32,337**	**45,432**	**52,970**	**62,195**
Tax (Incl Deferred)	290	823	916	1,878	4,315	8,238	11,585	13,507	15,860
Minority Interest	(32)	(94)	(150)	(67)	(36)	(97)	(77)	(77)	(77)
Share of profit / (Loss) of associate	432	642	492	718	826	654	806	950	1,145
Discontinued operations	0	0	0	0	6	120	0	***0***	***0***
RPAT	**1,449**	**2,543**	**2,207**	**7,784**	**13,259**	**24,970**	**34,730**	**40,490**	**47,557**
EO (Loss) / Profit (Net Of Tax)	0	263	272	(2,420)	0	0	0	0	0
APAT	**1,449**	**2,806**	**2,479**	**5,364**	**13,259**	**24,970**	**34,730**	**40,490**	**47,557**
APAT Growth (%)	***18.5***	***93.6***	***(11.6)***	***116.4***	***147.2***	***88.3***	***39.1***	***16.6***	***17.5***
Adjusted EPS (Rs)	**3.6**	**6.9**	**6.1**	**13.2**	**32.7**	**61.5**	**85.5**	**99.7**	**117.1**
EPS Growth (%)	***18.5***	***93.6***	***(11.6)***	***116.4***	***147.2***	***88.3***	***39.1***	***16.6***	***17.5***

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS									
Share Capital - Equity	90	271	271	271	271	816	816	816	816
Reserves	24,976	26,275	26,741	32,753	43,968	65,916	91,080	120,421	154,867
Total Shareholders' Funds	**25,066**	**26,545**	**27,012**	**33,024**	**44,239**	**66,731**	**91,896**	**121,237**	**155,682**
Settlement guarantee fund	5,391	6,409	7,576	9,550	11,326	12,468	13,388	14,471	15,763
Minority Interest	235	1,352	1,278	1,524	1,520	1,225	2,030	2,980	4,126
Total Debt	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net Deferred Taxes (Net)	(1,454)	(1,198)	(846)	(588)	(194)	(237)	(237)	(237)	(237)
Long Term Provisions & Others	124	109	145	136	187	333	712	783	790
TOTAL SOURCES OF FUNDS	**29,363**	**33,216**	**35,166**	**43,646**	**57,077**	**80,520**	**107,789**	**139,233**	**176,124**
APPLICATION OF FUNDS									
Net Block	1,464	1,238	2,149	2,479	2,618	6,039	7,326	8,460	9,796
CWIP	38	100	19	145	541	768	768	768	768
Goodwill	374	374	374	374	381	381	381	381	381
Investments	4,220	4,881	4,104	4,604	5,006	5,366	5,366	5,366	5,366
LT Loans & Advances & Others	1,008	1,294	1,512	1,212	1,243	691	3,540	4,158	4,897
Total Non-current Assets	**7,105**	**7,888**	**8,158**	**8,814**	**9,790**	**13,245**	**17,381**	**19,133**	**21,208**
Inventories	0	0	0	0	0	0	0	0	0
Debtors	873	634	909	2,109	3,097	5,532	7,936	9,320	10,978
Other Current Assets	899	370	492	585	2,603	1,449	1,802	2,117	2,493
Cash & Equivalents	35,941	51,763	49,534	82,407	87,733	113,999	183,018	228,862	283,018
Total Current Assets	**37,712**	**52,767**	**50,935**	**85,101**	**93,433**	**120,980**	**192,757**	**240,299**	**296,489**
Trading margin from members & deposits from clearing banks	2,048	2,132	2,289	2,533	2,531	2,589	6,569	6,027	6,645
Other Current Liabilities & Provns	13,407	25,308	21,638	47,737	43,615	51,116	95,781	114,172	134,929
Total Current Liabilities	**15,455**	**27,439**	**23,927**	**50,270**	**46,146**	**53,705**	**102,350**	**120,200**	**141,574**
Net Current Assets	22,258	25,328	27,008	34,831	47,287	67,275	90,406	120,099	154,915
TOTAL APPLICATION OF FUNDS	**29,363**	**33,216**	**35,166**	**43,645**	**57,076**	**80,519**	**107,788**	**139,232**	**176,122**

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	**1,275**	**2,631**	**2,480**	**5,171**	**16,706**	**32,337**	**45,432**	**52,970**	**62,195**
Non-operating & EO items	(185)	188	497	(3,749)	(2,256)	(2,198)	(2,807)	(2,496)	(2,328)
Interest expenses	0	0	0	0	0	0	0	0	0
Depreciation	579	483	603	949	1,130	1,590	1,931	2,646	3,116
Working Capital Change	(1,928)	11,943	(4,291)	24,025	(8,199)	5,862	44,223	16,554	19,754
Tax Paid	(416)	(827)	(660)	(1,735)	(3,280)	(6,554)	(11,585)	(13,507)	(15,860)
OPERATING CASH FLOW (a)	**(676)**	**14,418**	**(1,371)**	**24,662**	**4,102**	**31,037**	**77,194**	**56,167**	**66,877**
Capex	(382)	(318)	(1,434)	(1,309)	(1,532)	(5,152)	(3,219)	(3,780)	(4,452)
Free cash flow (FCF)	(1,057)	14,099	(2,805)	23,353	2,569	25,885	73,976	52,387	62,425
Investments	0	0	0	0	(7,029)	(24,631)	0	0	0
Non-operating Income	184	185	659	1,188	880	2,380	3,726	3,579	3,621
INVESTING CASH FLOW (b)	**(198)**	**(134)**	**(775)**	**(121)**	**(7,681)**	**(27,403)**	**507**	**(200)**	**(831)**
Debt Issuance/(Repaid)	0	0	0	0	0	0	0	0	0
Interest Expenses	142	0	0	0	0	0	0	0	0
FCFE	(916)	14,099	(2,805)	23,353	2,569	25,885	73,976	52,387	62,425
Share Capital Issuance/Buyback	85	1,051	0	159	0	122	0	0	0
Dividend	(779)	(962)	(1,855)	(1,649)	(2,060)	(3,159)	(8,682)	(10,123)	(11,889)
FINANCING CASH FLOW (c)	**(553)**	**89**	**(1,855)**	**(1,491)**	**(2,060)**	**(3,037)**	**(8,682)**	**(10,123)**	**(11,889)**
NET CASH FLOW (a+b+c)	**(1,426)**	**14,373**	**(4,001)**	**23,051**	**(5,639)**	**597**	**69,019**	**45,844**	**54,156**
EO Items, Others	1,770	1,449	1,773	9,822	10,965	25,669	0	0	0
Closing Cash & Equivalents	**35,941**	**51,763**	**49,534**	**82,407**	**87,733**	**113,999**	**183,018**	**228,862**	**283,018**

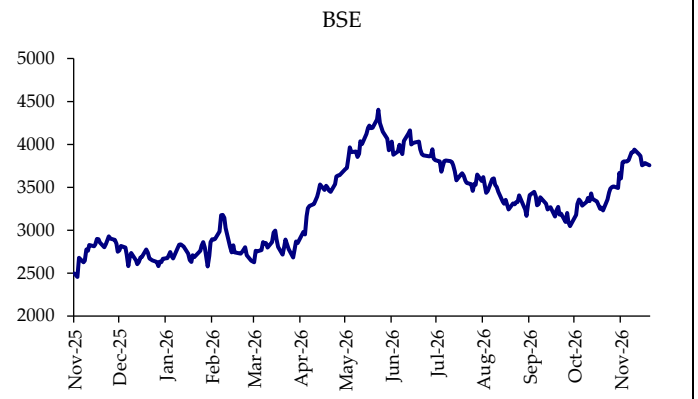
Source: Company, HSIE Research

Key Ratios

	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)									
GPM	70.3	76.1	77.9	85.3	91.9	93.8	94.6	94.7	94.9
EBITDA Margin	14.5	37.3	35.4	46.6	53.6	65.3	69.2	70.3	70.7
APAT Margin	28.9	37.8	30.4	38.6	44.6	51.7	54.0	53.6	53.4
RoE	5.9	9.9	8.2	25.9	34.3	45.0	37.8	33.4	30.5
RoIC (or Core RoCE)	0.9	10.6	8.9	22.8	45.9	75.1	86.8	87.9	93.4
RoCE	5.4	9.5	7.8	13.6	26.3	36.3	36.9	32.8	30.2
EFFICIENCY									
Tax Rate (%)	22.7%	31.3%	36.9%	21.2%	25.8%	25.5%	25.5%	25.5%	25.5%
Fixed Asset Turnover (x)	(511.6)	614.2	211.8	4.0	6.3	5.0	5.0	4.5	4.2
Inventory (days)	0	0	0	0	0	0	0	0	0
Debtors (days)	64	31	41	55	38	42	45	45	45
Other Current Assets (days)	65	18	22	15	32	11	10	10	10
Payables (days)	149	105	102	67	31	20	37	29	27
Other Current Liab & Provns (days)	976	1,243	968	1,253	535	386	543	551	553
Cash Conversion Cycle (days)	(996)	(1,298)	(1,008)	(1,249)	(496)	(353)	(525)	(525)	(525)
Debt/EBITDA (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net D/E (x)	(1.4)	(1.9)	(1.8)	(2.5)	(2.0)	(1.7)	(2.0)	(1.9)	(1.8)
Interest Coverage (x)									
PER SHARE DATA (INR)									
EPS	3.6	6.9	6.1	13.2	32.7	61.5	85.5	99.7	117.1
CEPS	5.0	8.1	7.6	15.6	35.4	65.4	90.3	106.2	124.8
Dividend	1.9	2.4	4.6	4.1	5.1	7.8	21.4	24.9	29.3
Book Value	61.7	65.4	66.5	81.3	108.9	164.3	226.3	298.6	383.4
VALUATION									
P/E (x)	1,052.8	543.7	615.3	284.4	115.1	61.1	43.9	37.7	32.1
P/BV (x)	60.86	57.47	56.48	46.19	34.48	22.86	16.60	12.58	9.80
EV/EBITDA (x)	2,083.6	543.9	522.1	232.0	93.9	46.8	32.7	26.9	22.2
OCF/EV (%)	0.0	1.0	(0.1)	1.6	0.3	2.1	5.3	3.9	4.8
FCF/EV (%)	(0.1)	0.9	(0.2)	1.6	0.2	1.8	5.1	3.7	4.5
FCFE/Mkt Cap (%)	(0.1)	0.9	(0.2)	1.5	0.2	1.7	4.8	3.4	4.1
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1	0.2	0.6	0.7	0.8

Source: Company, HSIE Research

Price History



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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